

Second Quarter Financial Statement And Dividend Announcement for The Period Ended 30 June 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	Group			Group		
	2Q2005	2Q2004 (restated)	Change (%)	1H2005	1H2004 (restated)	Change (%)
Revenue	57,550	39,975	44%	109,389	95,739	14%
Cost of sales	(38,635)	(26,288)	47%	(73,701)	(64,745)	14%
Gross profit	18,915	13,687	38%	35,688	30,994	15%
Other operating income						
Miscellaneous income (<i>Note 1</i>)	(345)	618	-156%	982	1,080	-9%
Finance income	106	22	N.M.	166	33	N.M.
Other operating expenses						
Personnel and related costs (<i>Note 2,3</i>)	8,432	5,801	45%	16,623	13,280	25%
General and administrative costs (<i>Note 3</i>)	1,560	1,441	8%	3,582	3,112	15%
Selling and distribution costs (<i>Note 3</i>)	1,105	672	64%	2,376	1,424	67%
Upkeep building and equipment costs (<i>Note 3</i>)	1,650	1,519	9%	3,322	2,679	24%
Other operating costs (<i>Note 4</i>)	431	(103)	N.M.	640	(169)	N.M.
Total expenses	13,178	9,330	41%	26,543	20,326	31%
Profit from operating activities	5,498	4,997	10%	10,293	11,781	-13%
Finance costs	(615)	(320)	92%	(1,209)	(617)	96%
Share of results of associated companies	289	310	-7%	52	428	-88%
Profit before taxation	5,172	4,987	4%	9,136	11,592	-21%
Taxation	(1,487)	(1,101)	35%	(2,136)	(3,041)	-30%
Minority interest, net of tax	-	(14)	-100%	12	(23)	-152%
Net profit for the period	3,685	3,872	-5%	7,012	8,528	-18%
Earnings per ordinary shares (in cents)						
- Basic	1.13	1.22		2.16	2.70	
- Diluted	1.12	1.19		2.14	2.61	

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	2Q2005	Group 2Q2004 (restated)	Change %	1H2005	Group 1H2004 (restated)	Change %
(A) Investment income	-	-	N.M.	-	-	N.M.
(B) Other income/(loss) including interest income (Note 1)	(239)	640	-137%	1,148	1,113	3%
(C) Interest on borrowings	582	272	114%	1,112	532	109%
(D) Depreciation and amortisation	583	410	42%	1,173	833	41%
(E) (Writeback) / allowance of doubtful debts and bad debts written off	18	(131)	N.M.	78	(255)	N.M.
(F) Write-off for stock obsolescence	-	-	N.M.	-	58	N.M.
(G) Foreign exchange gain /(loss)	(483)	498	N.M.	477	746	N.M.
(H) Adjustment for under or (over)-provision for tax in respect of prior years	-	(26)	N.M.	-	-	N.M.
(I) Profit /(loss) on sale of investment, properties, and/or plant and equipment	(27)	11	N.M.	(27)	11	N.M.

N.M. – Not meaningful

Note 1

S\$'000	2Q2005	Group 2Q2004 (restated)	Change %	1H2005	Group 1H2004 (restated)	Change %
Rental income	54	136	-60%	142	272	-48%
Gain on partial disposal of an associated company	-	12	N.M.	-	12	N.M.
Miscellaneous income	84	(28)	N.M.	363	50	N.M.
Net exchange gain / (loss)	(483)	498	N.M.	477	746	N.M.
Miscellaneous income (1(a)(i))	(345)	618	-156%	982	1,080	-9%
Finance income	106	22	N.M.	166	33	N.M.
Other income including interest income (1(a)(ii)(B))	(239)	640	-137%	1,148	1,113	3%

N.M. – Not meaningful

Note 2

Pursuant to Part 1 item 4 below, the comparative figure of personnel and related costs for 2Q 2004 has been restated to \$5,801,000 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 2Q 2004 was decreased by \$124,000 as a result.

Note 3

The increase in the personnel & related costs, general & administrative costs, selling & distribution costs and upkeep building and equipment costs of the Group for the 6 months ended 30 June 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	2Q2005	Group 2Q2004 (restated)	Change %	1H2005	Group 1H2004 (restated)	Change %
Provision / (writeback of provision) for doubtful debts and bad debts written off	18	(109)	-117%	78	(233)	-133%
Miscellaneous expenses	328	-	N.M.	407	-	N.M.
Amortisation of intangible assets	58	5	N.M.	128	5	N.M.
Stocks written off	-	-	N.M.	-	58	N.M.
Disposal of fixed assets	27	1	N.M.	27	1	N.M.
	431	(103)		640	(169)	

N.M. – Not meaningful

Pursuant to Part 1 item 4 below, the comparative figure of amortization of goodwill for 2Q 2004 has been restated to \$nil in order to account for the impact of the early adoption of FRS 103: Business Combinations with effect from 1 January 2004. The profit and loss account of the Group for 2Q 2004 was increased by \$383,000 as a result.

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-Jun-05	31-Dec-04 (restated)	30-Jun-05	31-Dec-04 (restated)
S\$'000				
Fixed assets	18,296	17,236	7,728	7,892
Subsidiary companies	-	-	146,102	146,102
Associated companies	6,743	6,655	-	-
Intangible assets	33,261	32,606	-	-
Deferred tax assets	960	785	-	-
Current Assets				
Projects in progress (Note 5)	16,508	21,300	531	1,228
Stocks (Note 5)	3,547	4,194	-	-
Trade debtors (Note 5)	66,406	53,726	2,860	3,334
Other debtors, deposits & prepayments	6,592	4,247	1,024	323
Amount due from subsidiary companies	-	-	4,587	5,378
Amount due from an associated company	92	320	7	29
Fixed deposits	1,355	1,481	-	-
Cash & bank balances	20,586	20,057	677	1,449
	115,086	105,325	9,686	11,741
Current Liabilities				
Projects in progress (Note 5)	4,282	1,708	-	-
Trade creditors & accruals	25,214	29,385	1,449	1,906
Finance leases	254	182	-	-
Amount due to bankers	61,891	52,863	61,891	52,863
Amount due to subsidiary companies	-	-	8,124	14,453
Amount due to an associated company	287	852	272	852
Provision for warranties	1,301	1,330	-	-
Provision for taxation	3,928	2,209	109	214
	97,157	88,529	71,845	70,288
Net current assets/(liabilities)	17,929	16,796	(62,159)	(58,547)
Long term liabilities				
Deferred tax liabilities	73	401	-	230
Finance leases	386	314	-	-
Amounts due to bankers	4,178	4,569	4,178	4,569
	72,552	68,794	87,493	90,648
Capital and reserves				
Share capital	16,323	16,028	16,323	16,028
Share premium	67,111	65,450	67,111	65,450
(Accumulated loss)/revenue reserve	(11,049)	(11,537)	4,453	10,322
Other reserves	751	506	751	506
Foreign currency translation reserve	(584)	(1,665)	(1,145)	(1,658)
Total Shareholders' Fund	72,552	68,782	87,493	90,648
Minority interest	-	12	-	-
	72,552	68,794	87,493	90,648

Note 5

Net assets in the billing cycle comprising Stock, Projects-in-progress and Trade debtors, increased by \$4.667 million to \$82.179 million as at 30 June 2005 from \$77.512 million as at 31 December 2004 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 Jun 2005		As at 31 Dec 2004	
Secured	Unsecured	Secured	Unsecured
NIL	S\$62,145,096	NIL	S\$53,045,000

Amount repayable after one year

As at 30 Jun 2005		As at 31 Dec 2004	
Secured	Unsecured	Secured	Unsecured
NIL	S\$4,563,568	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	1.4.2005 to 30.6.2005	1.4.2004 to 30.6.2004 (restated)	1.1.2005 to 30.6.2005	1.1.2004 to 30.6.2004 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES :-				
Operating profit before taxation	5,172	4,987	9,136	11,592
Adjustments for :-				
Depreciation for fixed assets	525	405	1,045	828
Amortisation of intangible assets	58	5	128	5
(Gain)/loss on disposal of fixed assets	27	1	27	1
Share of results of associated companies and joint venture	(289)	(310)	(52)	(428)
(Gain)/loss on partial disposal of an associate company	-	(12)	-	(12)
Changes in fair value of financial instruments	(810)	-	(754)	-
Share based payment expenses	123	124	245	248
Interest expense	582	272	1,112	532
Interest income	(106)	(22)	(166)	(33)
Currency realignment	386	222	536	40
Operating profit before reinvestment in working capital	5,668	5,672	11,257	12,773
(Increase)/decrease in debtors	(6,239)	(2,404)	(13,865)	(9,148)
Decrease/(increase) in projects-in-progress	1,587	4,522	8,013	2,206
(Decrease)/increase in creditors	307	(3,409)	(4,389)	1,407
Cash (used in)/generated from operations	1,323	4,381	1,016	7,238
Interest paid	(582)	(272)	(1,112)	(532)
Interest received	106	22	166	33
Income tax paid	169	(1,244)	(1,127)	(2,593)
Net cash (used in)/generated from operating activities	1,016	2,887	(1,057)	4,146
CASH FLOWS FROM INVESTING ACTIVITIES				
Repayment from / (advance to) associated companies	(379)	(4)	(337)	(12)
Incorporation of a subsidiary company	-	(7)	-	(7)
Proceeds from partial disposal of an associate company	-	12	-	12
Deposits for acquisitions of subsidiary and associated company, net	-	(2,159)	-	(2,159)
Additional investment in associated companies	(46)	-	(46)	-
Purchase of fixed assets	(960)	(637)	(2,123)	(1,221)
Proceeds from sale of fixed assets	94	-	103	1
Purchase of Intangible assets	(349)	-	(349)	-
Net cash used in investing activities	(1,640)	(2,795)	(2,752)	(3,386)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	462	299	1,957	2,144
Dividends paid to shareholders	(6,524)	(5,072)	(6,524)	(5,072)
Proceeds/(Repayment)of short term loans to bankers	9,898	3,246	8,636	(1,970)
Proceeds of finance leasing obligations	13	-	143	-
Net cash generated from/(used in) financing activities	3,849	(1,527)	4,212	(4,898)
Net increased/(decrease) in cash and cash equivalents	3,225	(1,435)	403	(4,138)
Cash and cash equivalents at beginning of period	18,716	14,414	21,538	17,117
Cash and cash equivalents at end of period	21,941	12,979	21,941	12,979

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 30.6.2005	1.1.2004 to 30.6.2004 (restated)	1.1.2005 to 30.6.2005	1.1.2004 to 30.6.2004 (restated)
Issued Capital				
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 Premium				
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
(Accumulated Loss) / Revenue Reserve				
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
Other Reserve				
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
Translation Reserve				
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)

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 2Q 2005, there was an issue of 1,331,000 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 June 2005, there were unexercised options for 13,206,000 of unissued ordinary shares of \$0.05 each in the capital of the Company under the CSE Global Limited Executives' Share Option Scheme and 1,812,000 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 is 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)	Other Reserves (\$'000)
Hedge Accounting:	
Hedge of net investment in foreign entities	232
Cashflow hedge	497
	729

The adoption of FRS 39 has resulted in an increase in the equity as at 1 January 2005 of \$729,000. In accordance with the transitional adjustment rules, there is no restatement of the 2Q 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 were 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 2Q 2004 decreased by \$124,000 each as a result.

The effect of FRS 102 on basic and diluted EPS for 2Q 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 early adopted FRS 103: Business Combinations 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. However, 1Q 2004 and 2Q 2004 announcements had stated the results of the Group on the basis of amortising goodwill; these were restated in the results for the year ended 31 December 2004. The 2Q 2004 comparative figures in this announcement have been restated to account for the impact of FRS 103. As such, the profit and loss account for 2Q 2004 increased by \$383,000 as a result.

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 2Q 2005	Previous period 2Q 2004 (restated)	Current period 1H 2005	Previous period 1H 2004 (restated)
Earning per ordinary share of the group after deducting any provision for preference dividends:-				
(a) Based on weighted average number of ordinary shares in issue; and	1.13	1.22	2.16	2.70
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	1.12	1.19	2.14	2.61
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	325,134,407	316,862,407	324,312,241	312,507,407
Weighted average number of shares issued during the period	803,495	527,648	403,967	3,182,791
Weighted average number of shares	325,937,902	317,390,055	324,716,208	315,690,198

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	325,937,902	317,390,055	324,716,208	315,690,198
Weighted average number of unissued shares under share options	14,100,505	23,172,352	15,334,630	26,507,709
Number of shares that would have been issued at fair value under share options	(11,493,546)	(15,478,516)	(12,160,705)	(15,813,526)
Adjusted weighted average number of shares	328,544,861	325,083,891	327,890,133	326,384,381

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 June 2005 (in cents)	22.22	26.80

(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 the second quarter of 2005, CSE recorded an increase in revenue of \$17.6 million (44.0%) to \$57.6 million in 2Q 2005 from \$40 million in 2Q 2004. However, CSE recorded a slight decrease in profit after tax by \$0.2million (5.0%) to \$3.7 million in 2Q 2005 from \$3.9 million in 2Q 2004. In the current quarter, the Group's operation in the Americas and Asia Pacific continued to perform well. The Europe/Middle East/Africa operation is lackluster for the current quarter due to the delay in the award of orders by customers in the last two quarters.

Performance of Geographical Segments

S\$'000	2Q 2005	2Q 2004 (restated)	Variance %	1H 2005	1H 2004 (restated)	Variance %
Revenue						
Asia-Pacific	20,009	5,213	283.8%	33,513	23,315	43.7%
The Americas	28,973	25,628	13.1%	58,661	50,871	15.3%
Europe/Middle East/Africa	8,568	9,134	-6.2%	17,215	21,553	-20.1%
Group	57,550	39,975	44.0%	109,389	95,739	14.3%
Profit before tax & minority interest						
Asia-Pacific	2,042	1,504	35.8%	3,113	4,413	-29.5%
The Americas	2,832	2,191	29.3%	5,658	4,534	24.8%
Europe/Middle East/Africa	298	1,292	-76.9%	365	2,645	-86.2%
Group	5,172	4,987	3.7%	9,136	11,592	-21.2%

For 2Q 2005, the contributions from the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa are 34.8%, 50.3% and 14.9% for revenue and 39.5%, 54.8% and 5.7% for profit before tax and minority interest respectively.

Performance of Business Segments

S\$'000	2Q 2005	2Q 2004 (restated)	Variance %	1H 2005	1H 2004 (restated)	Variance %
Revenue						
Industrial	57,550	38,097	51.1%	109,389	90,857	20.4%
IT Consulting	-	1,878	-100.0%	-	4,882	-100.0%
Group	57,550	39,975	44.0%	109,389	95,739	14.3%
Profit before tax & minority interest						
Industrial	4,883	4,259	14.7%	9,084	10,502	-13.5%
IT Consulting	289	728	-60.3%	52	1,090	-95.2%
Group	5,172	4,987	3.7%	9,136	11,592	-21.2%

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 2Q 2005, CSE's IBU division contributed \$57.6 million to revenue and \$4.9 million to profit before tax and minority interest respectively.

Liquidity and Capital Resources

For 2Q 2005, CSE generated an operational cash inflow of \$1.0 million. For the first six month of 2005, CSE generated an operational cash outflow of \$1.1million due to the increase level of activities. At the end of the period, CSE's net gearing was 0.61 times.

Orders

S\$'000	Industrial Business
Outstanding orders b/f from 1Q 2005	87,524
Q2 2005 order book in	143,759
Q2 2005 sales	(57,550)
Outstanding orders c/f to 3Q 2005	173,733

A record \$143.8 million of new orders was received in 2Q 2005. Together with \$53.5 million received in 1Q 2005, new orders received in the first six months of \$197.3 million exceeded new orders of S\$194.1 million received for the full year 2004.

The outstanding orders as at end of 2Q 2005 compared with end of 1Q 2005 grew 98% to the \$173.7 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.

Based on the current outlook and the existing outstanding orders, CSE expects 2nd half 2005 profits to be better than 1st half 2005 and for FY2005 profits to be better than FY2004. CSE also anticipates an improved performance for the next 12 months.

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 patients 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