



It's Time...

CSE Global Limited
Annual Report 2015

It's Time...

CSE Global takes the stakeholders on a journey of how she has navigated to steady growth. The concept of Time, Timing, and Timeliness encompass the heart of success. Success is built when growth seems slow, when the rest loses their bearings. Success comes to CSE Global as she artfully marry her fine track record with precise preparation and the courage to act when it matters the most.

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CSE Global Limited (CSE) is an international technology group listed on the Singapore Stock Exchange. Over the last decade, CSE has transformed itself to be a truly global organisation with over 1,200 employees worldwide.

The CSE group of companies has been very successful in offering cost effective, totally integrated solutions to the oil and gas, infrastructure and mining industries.

CSE commenced operations in 1985 as the engineering projects division of Chartered Electronics Industries, the electronics arm of Singapore Technologies (ST). As part of the ST Group's corporate strategy of encouraging a higher level of management participation and ownership in selective companies, a management buy-out was successfully concluded in January 1997.

In February 1999, CSE became a public listed company and its shares are traded on the main board of the Singapore Exchange. Since then CSE has adopted a global approach for sustained growth.

In January 2000, the Group acquired United States based CSE W-Industries, Inc.

During 2002, CSE purchased an American engineering systems integrator, Control Concepts & Technology Corporation based in Louisiana.

In 2003, the Group acquired CSE-Transtel Pte Ltd, a telecommunications network design & engineering company based in Singapore.

In 2004, CSE acquired CSE-Uniserve Pty Limited, an electrical engineering solutions company for the power and water utilities, and mining industries in Australia.

In 2008, the Group acquired CSE-W Arthur Fisher Limited, a New Zealand-based company that provides control and electrical engineering services, and CSE-Hankin Inc, a US based company that designs and installs high temperature thermal process and incineration systems for the industrial and environmental markets.

The start of 2011 saw the acquisition of the Astib Group, one of Australia's leading communications providers. The Astib Group provides a range of systems integration services for the development and delivery of sophisticated communications.

In July 2013, CSE acquired 75% share of S3ID Group Limited. S3ID designs and manufactures computer programmable safety systems for electronic mustering, principally for the oil and gas sector.

In January 2016, the Group acquired the business and assets of C C American Oilfield, L.L.C and Roc-Mar, L.L.C (known as CC American Group). CC American Group is an United States based certified ASME-code and non-code company in manufacturing and engineering for the pressure vessel in the oil and gas production.

The Group now operates a network of 36 offices across the globe, generating more than 94 % of its revenues outside its home market. In line with its global ambitions, the Group has adopted the ISO 9001 Quality Management System as certified by Lloyd's Register Quality Assurance (LRQA) and DNV.



Time tells

Our accomplishments may make our best critics rest their case. But we won't rest on our laurels. Time is the finest judge of what we are made of, good times and others.





A photograph of a person in a red hoodie and patterned pants on a boat. The person is holding a rope with a colorful pattern. In the background, another person in a blue jacket is visible. The scene is outdoors on a boat.

Timing rules

Knowing when to act and when not to, makes all the difference. In *Sunzi Art of War*: "Know thyself. Know thy enemy. Hundred battles fought, hundred battles won". Since 1985, it has been our sense of timing that has given us the edge. Again and again.



A photograph of a sailboat on the ocean. The sail is visible in the upper left corner. The water is a deep blue, and there is a white wake from the boat in the foreground. In the distance, a small island with green vegetation is visible on the horizon under a clear blue sky. A white rectangular box is overlaid on the image, containing the text 'Timeliness matters' in a large, white, sans-serif font.

Timeliness matters

Luck favours the prepared. Being ready for each pivotal turning point in global trends has accorded us enough time to yield more value for our shareholders in each cycle.



LIM MING SEONG,
Chairman

LIM BOON KHENG,
Group Managing
Director

2015 was a difficult and challenging year as we had a reduction in the number of project opportunities as our customers reduced their capital expenditure in line with the decline in the Oil & Gas and Mining Industries. The focus on meeting the needs of our existing customers and on operational effectiveness and efficiencies have bore fruits and cushioned us against a larger decline in revenue and profits. Our profit for 2015 was \$34.1 million, 3.7% lower than recorded in the previous year. We also recorded an order intake of S\$351.0 million in 2015, a 21.1% drop over 2014. We have increased our net cash position to \$54.2 million at the end of 2015 on a strong operating cash inflow of S\$43.4 million.

Going forward, CSE will continue to support its existing customers and take the pockets of opportunities that exist in its current markets. With an order book and a net cash position at the end 2015, CSE is resilient and well positioned to face and overcome the challenges ahead. We remain committed to build our geographical presence and solution/service capabilities and our business for the future.

FINANCIAL PERFORMANCE

In FY2015, the Group recorded S\$34.1 million full year profit after tax and non-controlling interests. Revenue and operating profit after tax and non-controlling interest for our continuing operations were S\$412.0 million and S\$31.2 million respectively [For FY2014 it was S\$416.7 million and S\$33.3 million respectively]

The gross margin in FY2015 improved to 28.7% compared to 28.6% for FY2014 for continuing operations of the Group. The Group received orders of S\$351.0 million in FY2015 and ended the year with an outstanding order balance of S\$192.7 million for continuing operations.

The Group in FY2015 generated net cash from operating activities of S\$43.4 million. With that, the Group now has a net cash of S\$54.2 million at the end of FY2015.

BUSINESS OVERVIEW

In FY2015, the continuing operations in the geographical regions of Asia-Pacific, the Americas and Europe/Middle East/Africa contributed 31.4%, 57.0% and 11.6% to revenue and 32.1%, 55.5% and 12.4% to earnings before interest and tax respectively.

CSE will continue to operate and enhance its businesses in Asia-Pacific, Middle East, Africa, Europe, Mexico and the United States of America. CSE will organically grow its engineering integration services business, providing solution/service to customers in oil and gas (80.9%), mining and minerals (7.6%) and infrastructure (utilities and transportation) (11.5%) industries. CSE, with a team of 1,230 staff, operates a network of 36 offices in 19 countries. CSE operates in two business segments: process controls (74.0%) and communications and security (26.0%).

With a net cash position at end of FY2015, the Group will be able to continue its current strategy of geographical expansion and addition of complementary capabilities through acquisitions.

OUTLOOK

Major oil and gas companies have announced in recent months a reduction in their capital expenditure and deferral of some of their planned projects. Hence, the Group expects to face increased competition for projects in the oil and gas industry. However, the market continues to provide pockets of opportunities for the Group's businesses in 2016 as it did in 2015.

As at 31 December 2015, the Group has an order book of S\$192.7 million, and expects to win more orders from its existing customers in 2016. In addition, the Group will continue to focus on cash generation and look for new growth prospects.

Overall, businesses of our major subsidiaries should remain resilient. The Group is on track to deliver its medium growth projectory through a combination of organic growth via meeting its existing customer needs together with a focused plan to make acquisitions to complement and complete the product, services and geographic gaps in our current business portfolio.

SHARING WITH SHAREHOLDERS

As part of sharing with our shareholders, the Board of Directors shall be recommending a final and special dividend for FY2015 of S\$0.0125 and S\$0.0025 per share respectively payable on 20 May 2016, subject to shareholders' approval at the AGM on 20 April 2016. Including the interim dividend of S\$0.0125 paid in September 2015, total dividends for FY 2015 is S\$0.0275 [S\$0.0275 in FY2014].

COMMUNITY SUPPORT

During FY2015, CSE donated to several charitable organisations which represent a broad spectrum of disadvantaged people across the various age groups.

CSE Global (Australia) management and employees continued to support a variety of charity campaigns during 2015, donating their time and services to some and providing financial donations to others.

Employees including management in CSE Global (Australia) volunteered their time at the Scitech in addition to continuing their annual sponsorship. Scitech is a not-for-profit organisation whose mission is to increase awareness, interest, capability and participation by all Western Australians in science, technology, engineering and mathematics.

Donations made to Daffodil Day, Australian Red Cross Cake Bake, and the Cancer Council's Biggest Morning Tea were of great success amongst the CSE Australia offices. The Salvation Army Christmas Appeal was a large mission for CSE in 2015 as boxes of much needed food for the less fortunate and homeless throughout Australia was collected. The year also brought about a number of sponsorships of individual and group participants in the Oxfam Trailwalker, Tour de Freedom 100, Friendship Circle Walk, The World Solar Challenge and Ride to Cure Diabetes. The year ended in the donation of 2 way radios at the Vision Australia's Carol by Candlelight held in Melbourne.

CSE Asia also contributed to The Salvation Army, Promisedland Community Services, KK Health Endowment, Singapore Association of the Visually Handicapped, National Arthritis foundation, Singapore Red Cross, Touch Community Services Limited, Thye Hua Kwan Moral Society and HCA Hospice.

CSE WI, our US subsidiary, held their annual Charity Tennis Tournament with all proceeds going to Texas Children Hospital.

In 2015, a total of 26 CSE Global Engineering Bursaries were awarded: 10 bursaries to students in National University of Singapore, 2 bursaries to students in Nanyang Technological University, 2 bursaries to students in Singapore University of Technology and Design and 12 bursaries to students of Singapore Polytechnic.

APPRECIATION

On behalf of the Board of Directors, we wish to thank our employees for their dedication, passion and contribution towards the Group's success. Our appreciation also goes to our customers, business associates as well as our shareholders for their continuing support in the past year.

Board of Directors

The key information regarding the Directors of the Company as at the date of this report in respect of academic and professional qualifications, the date of first appointment as a Director of the Company, the date of the last re-election as a Director of the Company, and other major appointments are set out as follows:

1



1. LIM MING SEONG, 68

Mr Lim was appointed as the Chairman and Non-Executive Director of the Company on 17 January 1997. He was last re-elected as a Director of the Company on 16 April 2014.

Mr Lim holds a Bachelor of Applied Science (Honours) with a major in Mechanical Engineering from the University of Toronto and a Diploma in Business Administration from the former University of Singapore. He has also participated in the Advanced Management Programmes conducted by INSEAD and the Harvard Business School.

Mr Lim is currently the Chairman of First Resources Limited and he also sit on the board of Starhub Limited. He held various senior positions within the Singapore Technologies (ST) Group from 1986 to 2002, where he left as Group Director. Prior to joining the ST Group, Mr Lim served as the Deputy Secretary with the Ministry of Defence, Singapore.

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2. LIM BOON KHENG, 49

Mr Lim is the Group Managing Director/Chief Executive Officer of CSE Global Limited, was appointed as an Executive Director on 13 August 2013 and was last re-elected as Director of the Company on 16 April 2014.

Mr Lim holds a Bachelor of Accountancy from the National University of Singapore.

Mr Lim joins CSE in 1999 as the Group Financial Controller. Prior to that Mr Lim began his career in 1990 as an accountant with ULC Systems (FE) Pte Ltd. He then joined Singapore Technologies Pte Ltd in 1991 as an accountant and was promoted to various positions in the organisation. He is concurrently the Managing Director of CSE Global (Asia) Limited.

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3. LEE SOO HOON PHILLIP, 73

Mr Lee was appointed as an Independent Director of the Company on 22 January 1999. Mr Lee was last re-elected as a Director of the Company on 16 April 2015.

Mr Lee is a Fellow of the Institute of Chartered Accountants in England and Wales and the Chartered Accountants of Singapore, a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Singapore Institute of Directors.

Mr Lee is currently serving as the Managing Director of Phillip Lee Management Consultants Pte Limited.

Prior to the above-mentioned, he was with the international public accounting firm, Ernst & Young Singapore, for 29 years, of which the last 19 years he was a partner of the firm. Mr Lee has vast experience in areas of audit, investigations, reorganisations, valuations and liquidations.

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4. LIM BOH SOON, 60

Dr Lim was appointed as an Independent Director of the Company on 22 January 1999. Dr Lim was last re-elected as a Director of the Company on 16 April 2015.

Dr Lim graduated from the University of Strathclyde (formally known as the Royal College of Science and Technology) in the United Kingdom with a Bachelor of Science (1st Class Honours) in Mechanical Engineering and subsequently a PhD in Mechanical Engineering. He is a Fellow Member of the Singapore Institute of Directors, Senior Member of Singapore Computer Society and Member of Singapore Institute of Management and Chartered Institute of Management (UK) in Singapore and an Associated Member of the Royal Aeronautical Society in the United Kingdom. He also served as a member of the Committee of Singapore's Competitiveness in the Finance and Venture Capital for the Government of Singapore.

Dr Lim has been in the venture capital and private equity fund management industry in Asia for more than 23 years. He was the first non-Muslim CEO of Kuwait Finance House (Singapore) Pte Limited. Prior to that he was first foreign CEO of Vietcombank Fund Management Company, a Partner co-heading UBS Capital Asia Pacific (S) Limited and a key founding member of Rothschild Ventures Asia Pte Limited. He has held various senior management position in major Singapore corporations, such as the Natsteel Group and the Singapore Technologies Group.

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5. SIN BOON ANN, 58

Mr Sin was appointed as an Independent Director of the Company on 13 May 2002. Mr Sin was last re-elected as a Director of the Company on 16 April 2014.

Mr Sin received his Bachelor of Arts and Bachelor of Laws (Honours) degrees from the National University of Singapore and his Master of Laws from the University of London.

Mr Sin is currently the Deputy Managing Director of Corporate and Finance Department in Drew & Napier LLC, a legal practice which he joined in 1992. Mr Sin is principally engaged in corporate and corporate finance practice. Prior to joining Drew & Napier LLC, Mr Sin taught at the Faculty of Law of National University of Singapore from 1987 to 1992. Mr Sin was formerly a Member of Parliament for Tampines Group Representation Constituency (GRC) and a member of Singapore Totalisator Board.

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6. LAM KWOK CHONG, 61

Mr Lam was appointed as an Independent Director of the Company on 6 May 2010 and was last re-elected as Director of the Company on 16 April 2015.

Mr Lam graduated from the University of Singapore with a Bachelor of Business Administration and currently provides management services to business based in Singapore and the surrounding regions. Between 2004 and 2009, he was the Managing Director of Keppel Telecommunications and Transportation Limited. Prior to that, Mr Lam held various senior management positions within the Keppel Group, including General Manager of Special Projects in Keppel Corporation, Managing Director of Keppel Securities Pte Limited and Chief Financial Officer of Keppel Insurance Pte Limited.

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7. TAN HIEN MENG, 67

Mr Tan was appointed as an Independent Director of the Company on 1 November 2014 and was last re-elected as Director of the Company on 16 April 2015.

Mr Tan graduated from the University of Singapore with a Bachelor of Science Applied Chemistry (1st Class Honours) and is a member of the American Institute of Chemical Engineers. Mr Tan has held directorships in General Sekiyu KK (Japan), Esso Singapore Pte Limited, Tuas Power Singapore. He has held positions as President, Exxonmobil Trading Company Asia Pacific (2001 to 2003); Vice President, Standard Tankers Bahamas, a division of Exxonmobil Corporation; Chairman, Exxonmobil Hongkong.

Mr Tan was a member of the National University of Singapore Biomolecular and Chemical Engineering Faculty Advisory Committee; Trading sub-committee of the Economic Restructuring Committee Singapore. He was Chairman of Siglap South Community Centre Management Committee and was awarded the public service medal (PBM) in 1999.

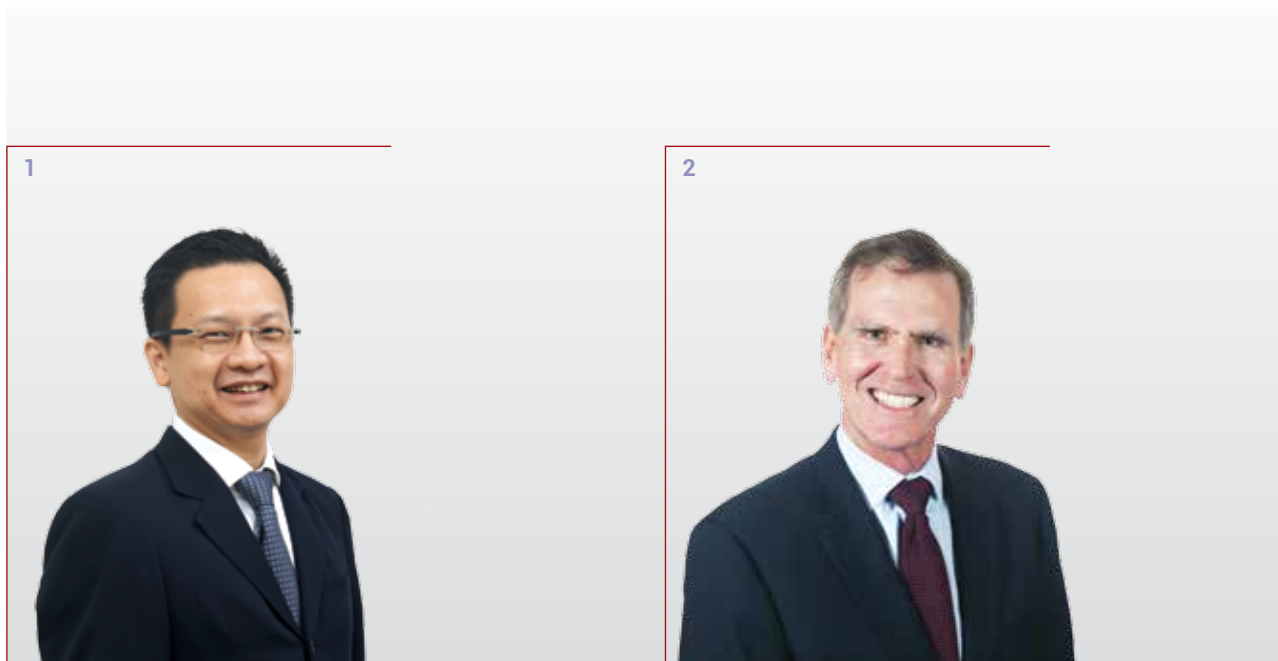
The key information regarding the Directors of the Company as at the date of this report, in respect to board committees of the Company served on (as a member or chairman) is set out as follows:-

The Board meets regularly with at least four Board meetings each financial year, and also as warranted by particular circumstances, as deemed appropriate by the Board. The Company has provided for telephonic and video-conference meetings in its Articles of Association. The details of the number of Board meetings held during the financial year, as well as the attendance of every Board member at those meetings and meetings of the specialised Committees established by the Board, are set out in the following table:-

Name of Director	Audit and Risk Committee	Nominating Committee	Compensation Committee	Executive Committee	Strategy Committee
Lim Ming Seong		Chairman	Chairman	Chairman	Member
Lim Boon Kheng			Member	Member	
Lee Soo Hoon Phillip	Chairman	Member			
Lim Boh Soon		Member	Member	Member	
Sin Boon Ann	Member				
Lam Kwok Chong	Member				Member
Tan Hien Meng	Member				Chairman

The key information regarding the Directors of the Company, as at the date of this report in respect of directorships and chairmanships both present and those held over the preceding three years in listed companies other than the Company is set out as follows:-

Name of Director	Present directorships in listed companies other than the Company	Past directorships over the preceding three years in listed companies other than the Company
Lim Ming Seong	StarHub Limited First Resources Limited	None
Lim Boon Kheng	None	None
Lee Soo Hoon Phillip	G K Goh Holdings Limited IPC Corporation Limited Kluang Rubber Company (Malaya) Berhad Estate & Trust Agencies (1927) Limited LMIRT Management Limited Kuchai Development Berhad Sungei Bagan Rubber Company (Malaya) Berhad	Transcorp Holdings Limited Heatec Jietong Holdings Limited
Lim Boh Soon	Across Asia Limited Jumbo Group Limited	Auric Pacific Group Limited SMTrack Berhad
Sin Boon Ann	OSIM International Limited Overseas Union Enterprise Limited Rex International Holding Limited	MFS Technology Limited Courage Marine Group Limited Swee Hong Limited Transcorp Holdings Limited
Lam Kwok Chong	None	None
Tan Hien Meng	None	None



1. EDDIE FOO, 44

Mr Eddie Foo is the Group Chief Financial Officer of the Company. Mr Foo is responsible for the Group's overall financial strategy and management, corporate finance and treasury management, tax and investor relations. Mr Foo has several years of financial management, fund raising and merger and acquisitions experience in listed and multinational companies. Prior to joining CSE Global, Mr Foo was the Group CFO of ECS Holdings Limited, a public listed company on SGX. Mr Foo holds a Bachelor degree in Accountancy from the Nanyang Technological University and is a member of the Institute of Chartered Accountants of Singapore.

2. PATRICK HOLLEY, 59

Patrick Holley was appointed as the President and CEO of CSE Americas, Inc. in March 2015, responsible for CSE's operations in the Americas region. Prior to joining CSE, Mr Holley was President of Centrifugal Compression Systems, a division of Cameron International. Mr Holley's previous position was President of Cameron's Measurement Systems division. Mr Holley has worked in the oil and gas industry since 1978 and he was with the Cameron group of companies since 1989, holding leadership positions in operations, project management, procurement and engineering. Before joining Cameron, he was with the Hydril Company, a provider of land and subsea drilling systems. He holds an MBA from Rice University and a BSME from Cal Poly Pomona.



3. GREG HANSON, 55

Mr Hanson was appointed as the President and Chief Operating Officer of CSE W-Industries of Texas, a wholly owned subsidiary company of CSE Global Ltd in November 2014.

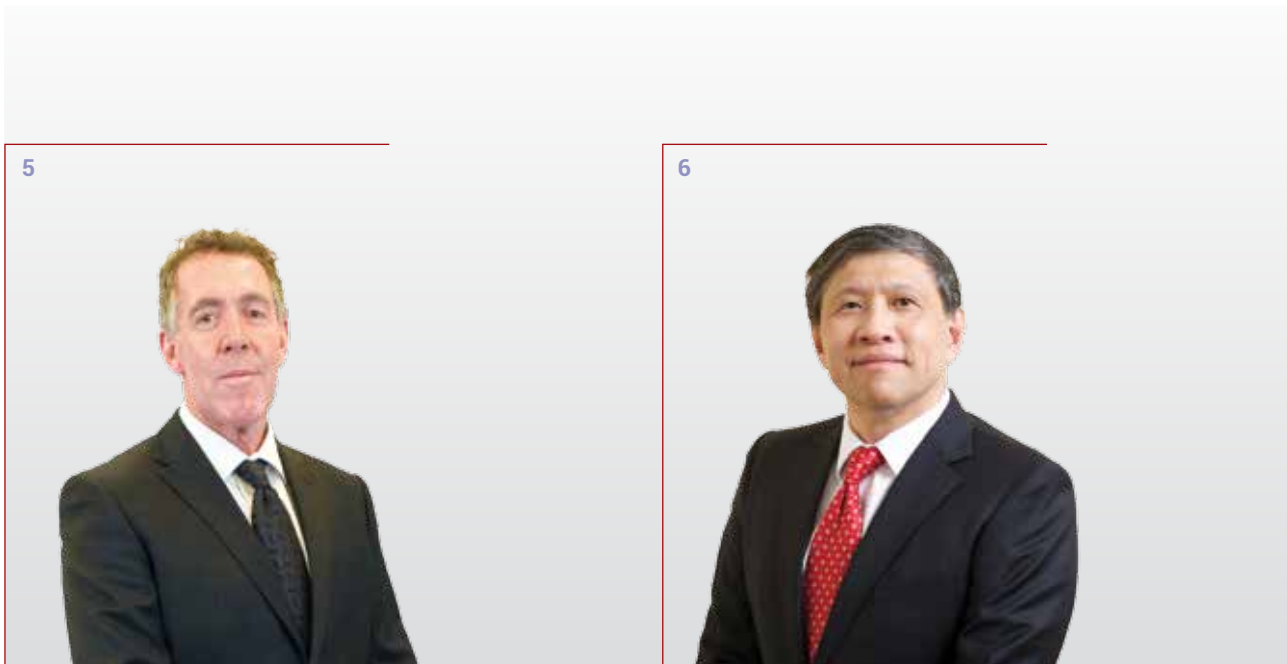
Mr Hanson has over 34 years of Upstream Oil & Gas experience working 20+ years for ARCO Oil & Gas both domestically and international and the last 14 years at CSE W-Industries as the Vice President of Engineered systems.



4. DONNIE SMITH, 43

Mr Smith was appointed as the President and Chief Operating Officer of CSE W-Industries of Louisiana, a wholly owned subsidiary company of CSE Global Ltd in November 2014.

Mr Smith has over 22 years of Upstream Oil & Gas experience, working the last 13+ years as President and Operations manager of Control Concepts & Technology, a CSE W-Industries company.



5. ROY ROWE, 58

Mr Rowe was appointed as the Chief Executive Officer of CSE Global's Australian and New Zealand operations in February 2011.

Mr Rowe has over 30 years experience working in the mining, processing, oil and gas and major construction industries.

Mr Rowe's experience has been gained working on major projects and managing major engineering and construction organisations throughout Australia and he spent seven years working and residing in the South-East Asia region.

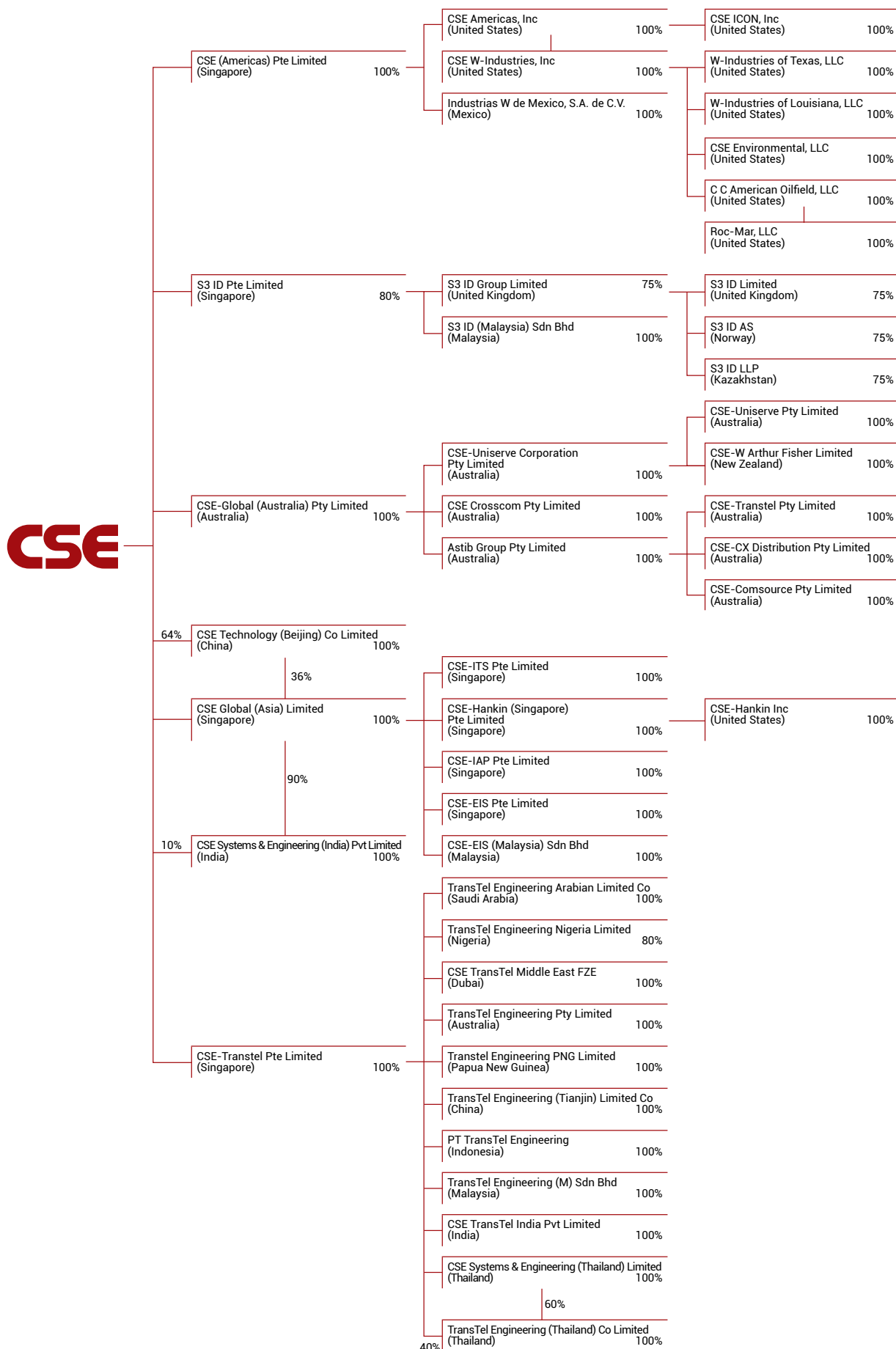
6. LEONG SAY HAUR, 56

Mr Leong joined CSE Transtel as Managing Director in July 2013.

His career experience spans 20 years with leading US technology firms and nearly a decade with locally listed company dealing in oil & gas, telecommunications, banking, defence, security, plus consulting & integration services.

Mr Leong was also a board member (2005-2011) and Deputy Chairman (2009-2011) of IPOS (Intellectual Property of Singapore). He holds a Bachelor of Arts (Economic & Finance) from University of Western Ontario, Canada.

Group Structure



Operations and Financial Review

	2015 S\$'000	2014 S\$'000 (Restated)	Change %
Revenue from continuing operations	411,954	416,746	-1.1%
Gross profit from continuing operations	118,162	119,194	-0.9%
Operating expenses from continuing operations	79,292	75,353	5.2%
Earnings before interest and tax (EBIT) from continuing operations	40,502	46,562	-13.0%
Profit attributable to shareholders	34,066	35,357	-3.7%
Total assets	374,310	362,307	3.3%
Cash and cash equivalents at end of the year	109,719	66,891	64.0%
Loans and borrowings	55,514	43,483	27.7%
Net cash	54,205	23,408	131.6%
Shareholders' funds	241,628	210,189	14.9%
Earning per share (cents)	6.60	6.85	-3.6%
Net assets value per share (cents)	46.82	40.73	15.0%
Net cash generated from operating activities	43,436	12,246	254.7%
Net cash used in investing activities	(2,857)	(6,511)	-56.1%
Net cash used in financing activities	(2,594)	(126,176)	-97.9%
Order intake from continuing operations	350,960	444,553	-21.1%
Order book from continuing operations	192,738	255,012	-24.4%

Continuing Operations By Geographic Segment	Revenue			EBIT		
	2015 S\$'000	2014 S\$'000	Variance %	2015 S\$'000	2014 S\$'000	Variance %
Asia Pacific	129,302	152,576	-15.3%	12,985	22,359	-41.9%
The Americas	234,666	220,040	6.6%	22,480	21,161	6.2%
Europe/Middle East/Africa	47,986	44,130	8.7%	5,037	3,042	65.6%
Total	411,954	416,746	-1.1%	40,502	46,562	-13.0%

Continuing Operations By Business Segment	Revenue			EBIT		
	2015 S\$'000	2014 S\$'000	Variance %	2015 S\$'000	2014 S\$'000	Variance %
Process Controls	304,830	310,095	-1.6%	35,968	40,559	-11.2%
Communications & Security	107,124	106,651	0.4%	4,534	6,003	-25.1%
Total	411,954	416,746	-1.1%	40,502	46,562	-13.0%



TURNOVER

Group revenue from continuing operations for FY2015 were moderately lower at S\$412.0 million, as compared to FY2014 of S\$416.7 million. This was driven mainly by lower revenues in the Australia region, partially offsetted by higher revenues recognised in the Americas and EMEA regions.

For FY2015, the mining sector in Australia continues to be weak as most large greenfield projects were frozen. Revenue for the oil and gas industry, however, was stable due to the completion of several greenfield projects in this sector. The Group had fewer infrastructure projects in FY2015, especially in the transportation sector, leading to a decline in revenue.

EARNINGS

Gross margins were relatively stable at 28.7% in FY2015 as compared to FY2014, attributed by better sales mix of brownfield jobs which carry higher gross margins. These higher margins were partially offsetted by lower margins for revenues recognised in Australia.

Operating expenses were 5.2% higher year-on-year mainly due to inclusion of expenses of newly acquired Crosscom business of S\$1.6 million and higher provisions for doubtful debts of S\$1.7 million.

Consequently, net profit attributable to owners of the Company declined by 3.7% from S\$35.4 million to S\$34.1 million.

PERFORMANCE OF GEOGRAPHICAL SEGMENTS

In FY2015, the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa contributed 31.4%, 57.0% and 11.6% to revenue and 32.1%, 55.5% and 12.4% to EBIT respectively.

In the Asia Pacific region, revenue and earnings before interest and tax ("EBIT") for FY2015 as compared with FY2014 in the Asia-Pacific region declined by 15.3% and 41.9% respectively. The decrease in EBIT was mainly attributed to lower revenues recognised in the Australia region at lower gross margins, coupled with the unfavourable exchange impact on earnings due to the weakening of AUD against SGD of 9.2% (1.0365 in FY2015 vs 1.1412 in FY2014).

The Americas region reported a moderate increase of 6.6% in revenue and 6.2% in EBIT for FY2015 as compared with FY2014. The increase in EBIT was mainly attributed to better margins achieved in the Americas regions arising from completion of projects.

The EMEA region recorded higher revenues in FY2015 of 8.7% year-on-year, and a 65.6% improvement in EBIT year-on-year. This was mainly due to higher revenues recognised in FY2015 for Middle East projects, supported by better profitability in these projects.

PERFORMANCE OF BUSINESS SEGMENTS

On a business segment basis, revenues

for Process Controls business segment in FY2015 were 1.6% lower year-on-year, whereas Communications & Security business segment revenues in FY2015 were comparable to FY2014. EBIT for Process Controls business segment were 11.2% lower year-on-year at S\$36.0 million, due to lower revenues and lower cost recoveries, which resulted in higher overheads. EBIT for the Communications & Security business segment declined by 25.1% to S\$4.5 million, attributed by higher proportion of lower-margin revenues being recognised and higher general and administration expenses incurred during the financial year.

FINANCIAL POSITION

The Group's non-current assets increased to S\$82.1 million as at 31 December 2015 from S\$80.3 million, mainly due to the acquisition of Crosscom assets during the year. Lower net work-in-progress and accounts receivable resulted in higher cash and short-term deposits at end of the year, thereby increasing the net current assets to S\$168.7 million. As at 31 December 2015, the Group's shareholder funds were higher at S\$241.6 million as compared to S\$210.2 million as at 31 December 2014.

CASH FLOW AND LIQUIDITY

The Group's total cash and cash equivalents grew to S\$109.7 million as at 31 December 2015.

The Group generated a strong cash inflow from operating activities of S\$43.4 million in FY2015, due to higher collections and billings, as a result of achievement of project delivery milestones for several projects.

With that, the Group improved its net cash position as at the end of FY2015 to S\$54.2 million from S\$23.4 million at the end of FY2014.

ORDERS

During the year, the Group continues to receive orders from greenfield (new installations) projects and brownfield (maintenance, upgrade and enhancement of existing installations) projects, amounting to S\$351.0 million (FY2014: S\$444.6 million). The lack of large greenfield orders remains. As at the end of FY2015, outstanding orders stood at S\$192.7 million.



Processing and delivering plant/system critical data ensuring optimum efficiency.

PROCESS CONTROL SYSTEM

CSE provides process control solutions that utilise supervisory control and data acquisition systems (SCADA), distributed control systems (DCS), programmable logic controllers (PLCs), motors, drives and plant transducers. Many of our mission critical solutions are used in highly integrity environments such as oil & gas, power and nuclear installations, with client processes being wholly dependent on the control system.

SAFETY SHUTDOWN SYSTEM

CSE has been providing safety critical solutions for nearly 30 years. During this time our expertise has been applied to oil, gas and power facilities where we have supplied the following systems:

- Emergency Shutdown Systems
- Process Shutdown Systems
- Integrated Control & Safety Systems

CSE has supplied many different types of safety critical systems utilising a range of technologies from relays and solid state (hardwired systems) through to

redundant PLC, DCS and TMR system architecture (software based systems). Over time these systems have evolved with advances in both the technology and the methods of implementation and validation.

Our safety critical systems are implemented to ensure protection of plant and personnel in potentially hazardous environments.

FIRE & GAS DETECTION SYSTEM

Fire and Gas Detection systems are of paramount importance to project plant, production and personnel. CSE specialises in the provision and implementation of high integrity fire and gas detection systems to significantly reduce the risk of incidents. CSE offers a range of solutions to monitor combustible gas, toxic gas, smoke and fire through the production facility, and provide control action for suppression, alarming and process shutdown.

SCADA

Recognised as one of the market

leaders, CSE has supplied SCADA (Supervisory Control & Data Acquisition) systems to a wide range of industries through the world. CSE's SCADA system integrates a real time database with business systems to provide totally managed asset-based solutions and automated predictive based decisions.

WELLHEAD CONTROL SYSTEMS

CSE provides hydraulic and/or pneumatic solutions to control dry wellhead valves and flowlines, in single or multi-headed wellhead systems. The wellhead control panel logic is often interfaced to and/or controlled by the facility safety system.

SUBSEA CONTROL SYSTEM

CSE has been providing Subsea Control systems since 1995 and is known as one of the premier suppliers of Subsea control systems around the world, especially in the Western hemisphere. Our products and services are installed on production facilities as well as on drilling rigs and include:

- Engineering FEED and Interface Management service provided to Subsea Equipment Vendors and Operators.
- Master Control Station (MCS): PLC-based control system that monitors and controls the entire subsea field and interfaces it with the facility Control and Safety system and Historian.
- Hydraulic Power Unit (HPU): HPU skid is responsible for providing reliable and clean hydraulic fluid at high pressures to the subsea controllers/actuators.
- Topsides Umbilical Termination Assembly (TUTA): Interfaces the subsea umbilical with all topsides controls, utilities, and Chemical Injection lines.
- Intervention and Workover Control System (IWOCS): This typically includes HPU and Operator cabin designed to be deployed in harsh hazardous area on the drilling rigs along with all the associated Subsea control panels such as the MCS and EPU.
- Fully managed Maintenance and life-of-the-field support contracts.

PROCESS SKID SYSTEM

CSE's chemical injection system, which consists of the skid assembly housing pumps, reservoirs, measurement and control devices and distribution circuitry, is used to disperse a wide array of treatment chemical into the production flow lines. Chemical injection is most often applied to subsea wellheads on offshore facilities.

ELECTRICAL DRIVE AND HIGH/MEDIUM VOLTAGE SYSTEMS

CSE's power conversion business incorporates various types of electrical control equipment including low/medium voltage variable speed drives and solid state soft starters, slip energy recovery drives and liquid resistance starters, all centred around the starting, running and electronic speed control of low, medium and high electric motors.

ELECTRICAL PROTECTION AND CONTROL SYSTEM

The protection system mainly deploys the GE Multilin range of products which cover motor protection, feeder protection, line protection, transformer

protection and generator protection. The offerings include industrial network and network security design and implementation to protect real-time process control and SCADA systems of critical infrastructure systems.

REAL-TIME INFORMATION SYSTEM

CSE provides a range of Real-time Information Systems (RtIS) solutions and services that are used by customers worldwide in the monitoring, analysis, automation and optimisation of their production processes. These RtIS solutions deliver timely and accurate plant information to the desktops of personnel in various disciplines, such as operations, process, engineering, maintenance and quality, thereby ensuring that informed business decisions are made in real time.

INTELLIGENT TRANSPORT SYSTEM (ITS)

Intelligent Transport System (ITS) is an application of advanced technologies such as electronics, communication, control and information technology for the benefit for more effective transportation. CSE has built up and established its competency and capability to provide intelligent transportation solutions such as:

- Electronic Road Pricing System (Congestion Charging)
- Electronic Toll Collection System
- Motorway and Tunnel Management System
- Urban Traffic Control System
- Communication Backbone System
- Electronic Information Display System

I&E CONSTRUCTION

I&E Construction is performed in offshore fabrication yards and offshore sites. It consists of installing the facility electrical power distribution cabling, control system cabling, fire & gas detection system and cabling, lighting system communication network and cabling, and instrumentation tubing systems. Commissioning, calibration services and commissioning services are also included.

SAFE SECURE SOLUTIONS

CSE provides manufacture of computer programmable safety systems for electronic mustering, principally for

the oil & gas sector. The company has developed a range of specialist hardware and software products for the automation of Person On Board and Person On Site (POB:Off-shore/ POS:On-shore) information at site access and muster assembly points and for location of personnel.

MULTIPLE HEARTH FURNACE

CSE's Multiple Hearth Furnace is a fully developed product which has established market recognition and product acceptance in municipal and industrial markets. The multi hearth is extremely flexible making it highly advantageous for use in several thermal processing areas, including wastewater treatment, carbon regeneration, carbon activation, drying, roasting, calcining and reduction.

FLUID BED INCINERATOR

The fluid bed incinerator provides an environmentally sound method of reducing wastewater sludge, hazardous wastes and liquid wastes to a sterile, inert ash. Typically the ash is approximately 5% of the volume of feed, significantly extending the life of existing landfill and reducing the cost of their operation.

CARBON AND ENERGY RECOVERY SYSTEMS

CSE combines state-of-the-art carbonisation, activation, waste heat recovery and power generation technologies to provide a sustainable solution for production of wood lump charcoal, activated carbon and electricity.

ROTARY KILN INCINERATOR

The rotary kiln incinerator is a horizontal refractory-lined steel chamber which rotates on a slight incline and is capable of incinerating a wide variety of hazardous and nonhazardous waste materials.

The rotary kiln can accept a wide variety of wastes such as containerised solids, bulk solids, drums, contaminated soils, spent catalysts, in addition to sludges and liquids.



Premier communications network system integrator for the oil, gas and energy markets.

CONSTRUCTION COMMUNICATIONS

CSE designs, installs and maintains two-way radio communications for both permanent and temporary locations. CSE offers turnkey packaged solutions or will provide rental and managed systems. CSE's two-way radio systems offer the latest in personnel safety management and personnel tracking, location and "man down" alert systems.

VSAT SATELLITE COMMUNICATIONS NETWORKS

VSAT satellite systems are typically used in remote areas where conventional telecommunications are not accessible, or to backup other communications

to form high reliability networks.

The systems can be scaled to provide complete corporate facilities or only emergency fallback. CSE can provide VSAT systems for voice, data, remote monitoring and video conferencing. We can also provide the bandwidth or space segment required for a complete turnkey solution.

FIBRE OPTIC SYSTEMS

Fibre optic networks offer the highest throughput of all commonly used forms of communications. The networks are also more secure and reliable than copper or wireless networks. CSE has the capability to design, construct and

commission fibre optic networks for hazardous and industrial applications.

MICROWAVE RADIO SYSTEMS

Microwave radio systems can provide point-to-point or point-to-multipoint communications. CSE provides complete system engineering for microwave systems. Our services include, site surveys, path analysis, spectrum planning, equipment recommendations and construction. Our system design can also incorporate solar and emergency diesel power as well as structural analysis and construction of towers.



CONVENTIONAL & TRUNKED RADIO SYSTEMS

Conventional two-way radio networks have evolved into complex digital trunked systems providing highly reliable, secure communications that can be delivered across a single site, along a corridor hundreds of kilometres long, through an underground tunnel or even linking multiple sites. These systems not only provide two-way voice communications but are now an integral part of companies OH&S policy, providing GPS tracking, man down emergency alarm and many other features including wireless data messaging. CSE has many years of experience in this area having designed, constructed and commissioned both analogue and digital trunked radio systems (TETRA and APC025) that now support many thousands of terminals.

PUBLIC ADDRESS & GENERAL ALARM SYSTEMS (PAGA)

These are essential safety systems which alert personnel within a plant in the event of an emergency. CSE builds and engineers the systems to individual client requirements as this may require integrating the PAGA system with many different legacy plant systems. As part of the design work, CSE can also perform sound analysis and coverage studies to ensure audible, clear sound coverage is achieved in all areas where personnel need to be alerted.

CCTV, ACCESS CONTROL & FIDS SYSTEMS

CSE can provide high-quality CCTV systems designed for remote

monitoring of plant and equipment as well as providing surveillance for security applications. Our systems are designed to comply with the highest intrinsic safety standards for operating in hazardous areas and are used extensively by the oil and gas industry.

TELEPHONE NETWORKS

Plant-wide telephone networks connected to, or integrated with, large corporate telephony networks are essential infrastructure for almost all industrial plants. As part of our overall solutions, CSE can work with clients to design telephony systems for greenfield sites incorporating the latest IP technology or integrate legacy TDM or circuit switched technology into new networks.

LAN/WAN NETWORKS

Local and wide area networks are the key to underlying infrastructure required to support plant-wide data communications. They enable computers and other devices to communicate with servers, company intranets and the internet. CSE provides design and construction services for LAN and WAN networks using fibre, copper, wireless or combinations or these mediums. CSE works with clients to ensure the design is engineered to meet their reliability requirements, this may include multiple levels of redundancy, fire resistant materials, etc.

IP-BASED NETWORKS

IP (Internet Protocol) is the dominant standard used by almost all equipment vendors as the default communications protocol. CSE provides IP network designs for clients enabling IP devices to communicate with other devices while protecting them from unauthorised access. The network design can incorporate automatic failover switching, remote monitoring and traffic reporting.

SCADA & TELEMETRY NETWORKS

CSE understands the special requirements for SCADA and Telemetry networks. While these networks are rapidly moving to a common IP protocol they still require a higher level of engineering than corporate data networks. CSE has a sound record in the design and construction of high reliability SCADA/Telemetry networks, including the integration of legacy serial systems with IP-based systems.





1. UNITED STATES

CSE W-Industries, Inc
W-Industries of Texas, LLC
CSE Environmental, LLC
CSE Americas, Inc

11500 Charles Street
Houston, Texas 77041, USA
Tel: 1-713-4669 463
Fax: 1-713-4667 205
Web: www.w-industries.com

W-Industries of Louisiana, LLC
7620 Johnston Street,
Lafayette, Louisiana 70555, USA
Tel: 1-337-2334 537
Fax: 1-337-2336 452
Web: www.w-industries.com

7616 Johnston Street,
Lafayette, Louisiana 70555, USA
Tel: 1-337-9937 425
Fax: 1-337-9937 427
Web: www.w-industries.com

113 IDA Road,
Broussard Louisiana 70518, USA
Tel: 1-337-8391 790
Fax: 1-337-8391 793
Web: www.w-industries.com

CSE ICON, Inc

Texas Office:

2645 Technology Forest Blvd. Suite 110
The Woodlands,
Texas 77381, USA
Tel: 1-281-6701 010
Web: www.cse-icon.com

Louisiana Office:

100 Central Street Suite 100,
Lafayette, LA 70501, USA
Tel: 1-337-4192 799
Web: www.cse-icon.com

Colorado Office:

1125 17th Street Suite 1050
Denver, Colorado 80202, USA
Tel: 1-303-3909 264
Web: www.cse-icon.com

C C American Oilfield, LLC **Roc-Mar LLC**

4826 Santa Elena, Corpus Christi
Texas 78405, USA
Tel: 1-361-8846 774
Fax: 1-361-8848 210
Web: www.aos-tx.com

Industrias W De Mexico, S.A. de. C.V.

Avenida del Mar No. 46
Col. Bibalvo, Cd. Del Carmen,
Campeche, Mexico, CP 24158
Tel: 938-1182 631
Fax: 938-1182 914
Web: www.ind-wmx.com

CSE-Hankin Inc.

One Harvard Way, Suite 6,
Hillsborough, New Jersey 08844,
USA
Tel: 1-908-7229 595
Fax: 1-908-7229 514
Web: www.hankines.com

2. EUROPE/MIDDLE EAST & AFRICA

S3 ID Group Limited

S3 ID Limited

Bow Bridge Close, Rotherham S60 1BY
United Kingdom
Tel: 44-1709-7824 00
Web: www.s3-id.com

S3 ID AS

Jattavagveien 7 Hinna Park
P.O. Box 130, 4065 Stavanger
Norway
Tel: 47-5180 1190

TransTel Engineering Nigeria Limited

No. 9 Rumuogba Estate Road
Port Harcourt Rivers State
Nigeria
Tel: 234-84-4863 31 / 4639 36
Fax: 234-84-4855 53
Web: www.cse-transtel.com

Transtel Engineering Pte Limited – Abu Dhabi

P.O. Box 43745, Office 401, Makeen Tower,
Tourist Club Area, Abu Dhabi
United Arab Emirates
Tel: 971-2-6797 522
Fax: 971-2-6797 523
Web: www.cse-transtel.com

Transtel Engineering Arabian Limited Co

CSE Transtel Middle East FZE

1st Floor, Air Line Centre Building
King Abdul Aziz Road, Al-Khobar – 31952
Kingdom of Saudi Arabia
Tel: 966-3-8870 230
Fax: 966-3-8870 410
Web: www.cse-transtel.com

3. ASIA PACIFIC

CSE Global Limited

CSE Global (Asia) Limited

CSE-IAP Pte Limited

CSE-EIS Pte Limited

CSE-ITS Pte Limited

CSE-Hankin (Singapore) Pte Limited

CSE (Americas) Pte Limited

S3 ID Pte Limited

2 Ubi View
5th Floor
Singapore 408556
Tel: 65-6512 0333
Fax: 65-6742 9179
Web: www.cse-global.com

CSE-Transtel Pte Limited

1 Jalan Kilang #06-00
Singapore 159402
Tel: 65-6276 7600
Fax: 65-6276 7800
Web: www.cse-transtel.com

CSE-EIS (Malaysia) Sdn. Bhd.

S3 ID (Malaysia) Sdn Bhd
Suite 3.02, 3rd Floor,
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Jalan Astaka U8/84
Bukit Jelutong
40150 Shah Alam,
Selangor Darul Ehsan, Malaysia
Tel: 603-7846 8580
Fax: 603-7846 9580

PT TransTel Engineering

Menara Bidakara 2, 10th Floor,
Unit 5, Jl. Jenderal Gatot Subroto
Kav 71-73, Pancoran,
Jakarta Selatan 12870
Indonesia
Tel: 62-21-8370 4720
Fax: 62-21-8370 4722
Web: www.cse-transtel.com

**CSE Systems & Engineering
(Thailand) Limited**

**Transtel Engineering
(Thailand) Co., Limited**
283/46 Unit No.1001-2,
Homeplace Office Bldg., 10th Floor
Soi Sukhumvit 55 Sukhumvit Road
Kwaeng Klongton Nur
Khet Wattanan
Bangkok 10110, Thailand
Tel: 66-2-7127 331/3
Fax: 66-2-7127 334

**CSE Systems & Engineering (India)
Pvt Limited**

No. 3, 3rd Floor, 100ft Road
2nd Stage, 1st Phase, BTM Layout
Bangalore - 560 076
India
Tel: 91-80-2678 3302 / 303 / 304
Fax: 91-80-2678 3305

CSE Transtel India Pvt Limited

OS 5D Chakolas Heights
Seaport – Airport Road
Kakkanad, CZEZ PO
Kochi, Kerala
India 682037
Tel: 91-48-4661 2255
Fax: 91-48-4661 2250
Web: www.cse-transtel.com

**Transtel Engineering (Tianjin)
Co., Limited**

#1-2-801 Xindu Garden,
Wangdezhuang Street
Nankai District, Tianjin City, China
PC: 300073
Tel: 86-22-2746 7878
Web: www.cse-transtel.com

CSE Technology (Beijing) Co. Limited

Tri-Tower Building C Room 508
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Haidian District, Beijing,
People's Republic of China 100190
Tel: 86-10-8201 4593
Fax: 86-10-8201 4600

**CSE Transtel Pte Ltd -
South Korea Branch**

5th Floor Hyundai Insurance Building
240 Jungang-daero, Dong-gu, Busan
Korea 48732
Tel: 82-51-9970 880
Fax: 82-51-9970 881
Web: www.cse-transtel.com

4. AUSTRALASIA**Transtel Engineering PNG Limited**

c/o Sinton Spence Chartered
Accountants
2nd Floor, Brian Bell Plaza
Turumu Street, Boroko
National Capital District
PO Box 6861, Boroko
Papua New Guinea
Tel: 67-5325 7611
Fax: 67-5325 9389
Web: www.cse-transtel.com

CSE-Global (Australia) Pty Limited

Level 3, 1050 Hays Street
West Perth 6005
Western Australia
Tel: 61-8-9204 8000
Fax: 61-8-9204 8080
Web: www.cse-globalaus.com

**CSE-Comsource Pty Limited –
Main Office & Warehouse**

45 King Edward Road
Osborne Park 6017
Western Australia
Web: www.cse-comsource.com

**CSE-Comsource Pty Limited –
Darwin Office**

116 Reichardt Road
Winnellie 0821, Northern Territory
Australia
Fax: 61-8-8947 2411
Web: www.cse-comsource.com

CSE-Transtel Pty Limited

51 King Edward Road
Osborne Park 6017
Western Australia
Web: www.cse-transtel.com

CSE-Uniserve Pty Limited

10 Columbia Way
Baulkham Hills
New South Wales 2153
Australia
Tel: 61-2-8853 4200
Fax: 61-2-8853 4260
Web: www.cse-uniserve.com.au

**CSE-Uniserve Pty Limited –
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45 King Edward Road
Osborne Park 6017
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Tel: 61-8-9204 8002
Fax: 61-8-9381 9821
Web: www.cse-uniserve.com.au

**CSE-Uniserve Pty Limited –
Victoria**

Unit 19, Level 1, 75 Lorimer St,
Docklands, Victoria 3008,
Australia
Tel: 61-3-9245 1700
Fax: 61-3-9245 1750
Web: www.cse-uniserve.com.au

**CSE-Uniserve Pty Limited –
Queensland**

Unit 2, 56 Lavarack Ave
Eagle Farm, Queensland 4009
Australia
Tel: 61-7-3861 7777
Fax: 61-7-3861 7700
Web: www.cse-uniserve.com.au

CSE Crosscom Pty Limited

3/59-63 Mark Street
North Melbourne, Victoria 3051
Australia
Tel: 61-3-9322 1500
Fax: 61-3-9328 3737
Web: www.crosscom.com.au

**CSE-W Arthur Fisher Limited
Auckland Head Office:**

15 Polaris Place
East Tamaki, Auckland
New Zealand 2013
Tel: 64-9-271 3810
Fax: 64-9-265 1362

Financial Highlights

Revenue

412.0m

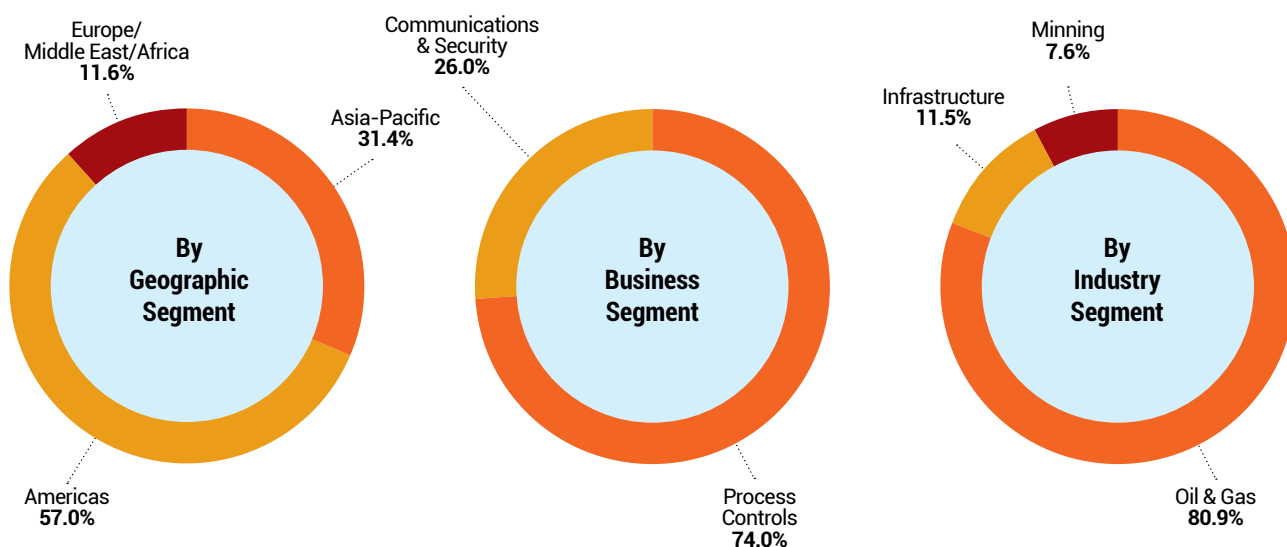
-1.1%

Net Profit

34.1m

-3.7%

Revenue Breakdown



Earnings Per Share

6.60¢

-3.6%

Dividend Per Share

2.75¢

Return On Equity

14.1%

-16.1%

Operating Cash Flow

43.4m

254.7%

Net Cash

54.2m

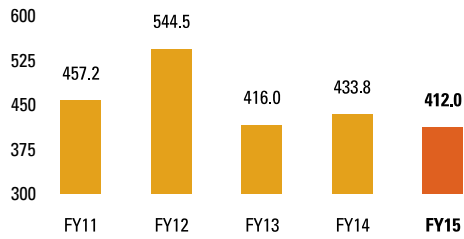
131.6%

Order Book

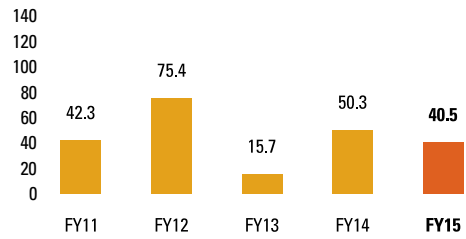
192.7m

-24.4%

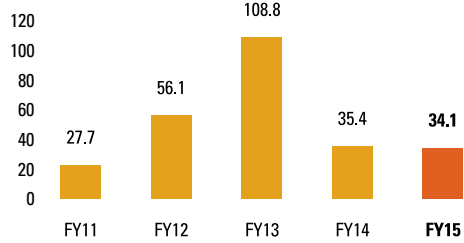
Turnover
(S\$'million)



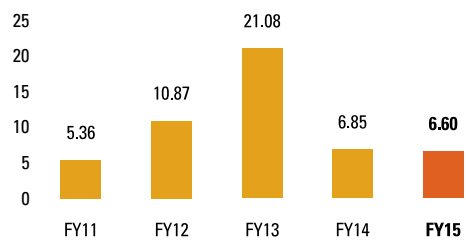
Earning Before Interest and Tax
(S\$'million)



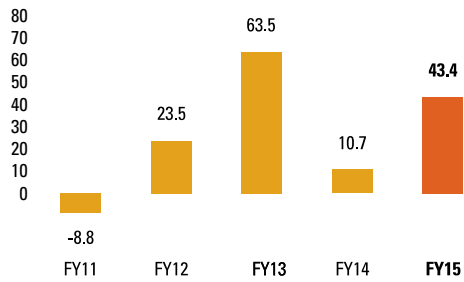
Profit Attributable To Shareholders
(S\$'million)



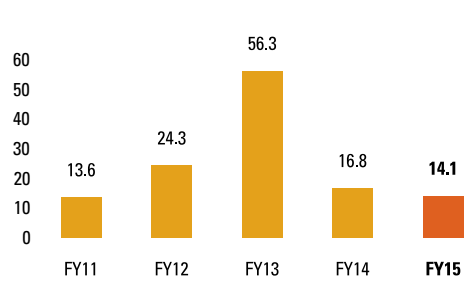
EPS
(Cents)



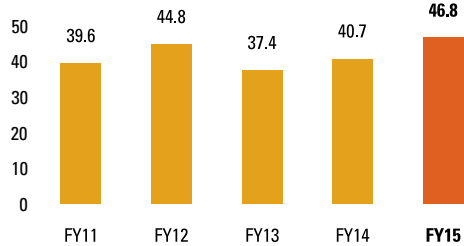
Operating Cash Flow
(S\$'million)



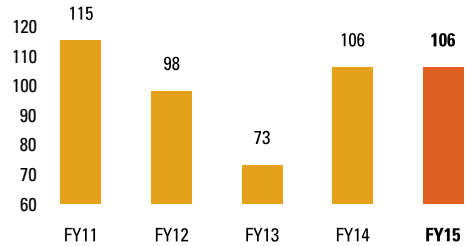
Return On Equity
(%)



Net Assets Value/share
(Cents)



Cash Conversion Cycle
(Days)



Note: Historical numbers are reported as per previous years' annual reports.

BOARD OF DIRECTORS

EXECUTIVE

Lim Boon Kheng (Group Managing Director)

NON-EXECUTIVE

Lim Ming Seong (Chairman, Independent)

Lam Kwok Chong (Independent)

Lee Soo Hoon Phillip (Independent)

Dr Lim Boh Soon (Independent)

Sin Boon Ann (Independent)

Tan Hien Meng (Independent)

AUDIT AND RISK COMMITTEE

Lee Soo Hoon Phillip (Chairman)

Lam Kwok Chong

Sin Boon Ann

Tan Hien Meng

NOMINATING COMMITTEE

Lim Ming Seong (Chairman)

Lee Soo Hoon Phillip

Dr Lim Boh Soon

COMPENSATION COMMITTEE

Lim Ming Seong (Chairman)

Dr Lim Boh Soon

Lim Boon Kheng (Appointed on 1 March 2016)

EXECUTIVE COMMITTEE

Lim Ming Seong (Chairman)

Dr Lim Boh Soon

Lim Boon Kheng

STRATEGY COMMITTEE

Tan Hien Meng (Chairman)

Lam Kwok Chong

Lim Ming Seong

COMPANY SECRETARY

Lynn Wan Tiew Leng

REGISTERED OFFICE

50 Raffles Place

Singapore Land Tower #32-01

Singapore 048623

Tel : 65-6536 5355

Fax: 65-6536 1360

BUSINESS OFFICE

No. 2 Ubi View

Singapore 408556

Tel: 65-6512 0333

Fax: 65-6742 9179

SHARE REGISTRAR

Boardroom Corporate & Advisory

Services Pte Limited

50 Raffles Place

Singapore Land Tower #32-01

Singapore 048623

Tel : 65-6536 5355

Fax: 65-6536 1360

AUDITORS

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

AUDIT PARTNER-IN-CHARGE:

Phua Chun Yen Alvin

(since financial year ended 31 December 2015)

BANKERS

Australia and New Zealand Banking Group Limited

Bank of China Limited

Bank of East Asia Limited

BNP Paribas

CIMB Bank Berhad

Citibank Singapore Limited

DBS Bank Limited

KBC Bank N.V.

Malayan Banking Berhad

Oversea-Chinese Banking Corporation Limited

RHB Bank Berhad

Sumitomo Mitsui Banking Corporation

The Hong Kong and Shanghai Banking Corporation Limited

United Overseas Bank Limited

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Report on Corporate Governance

The Board of Directors is committed to maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment in the Group, which strives to preserve the interests of all stakeholders and to promote investors' confidence in the Group. The Company has adopted practices based on the Code of Corporate Governance 2012 (the "Code") issued by the Monetary Authority of Singapore.

The Company believes that it is substantially in compliance with the Code. This Report describes the Company's corporate governance processes with reference to the Code.

1. The Board's Conduct of its Affairs

The Board plays an important role to oversee the Group's business affairs and to provide entrepreneurial leadership to the Company. This includes the approval of the Group's strategic plans, key business initiatives, financial objectives, major investments and funding decisions, the review of the Group's financial performance, the evaluation of the performance of the management and the Group, the establishment of a prudent and effective controls framework, the values and standards of the Company and the fulfilment of obligations to the shareholders. These functions are carried out directly by the Board or through committees of the Board, which have been set up to support its work.

The Directors ensure the decisions made by them are objectively in the interest of the Company.

The Board meets regularly with at least four Board meetings each financial year, as warranted by particular circumstances, as deemed appropriate by the Board. The Company has provided for telephonic and videoconference meetings in its Articles of Association. The details of the number of Board meetings held during the financial year, as well as the attendance of every Board member at those meetings and meetings of the specialised Committees established by the Board, are set out in the following table:

Name of Director	Board of Director Meetings		Audit and Risk Committee Meetings		Nominating Committee Meetings		Compensation Committee Meetings		Executive Committee Meetings		Strategy Committee Meetings	
	Number of meetings held attended		Number of Meetings held attended		Number of Meetings held attended		Number of Meetings held attended		Number of Meetings held attended		Number of Meetings held attended	
Lim Ming Seong	4	4	-	-	1	1	1	1	4	4	4	4
Tan Mok Koon (Resigned on 16 April 2015)	4	1	-	-	-	-	1	1	4	1	-	-
Lim Boon Kheng	4	4	-	-	-	-	-	-	4	4	-	-
Lam Kwok Chong	4	4	4	4	-	-	-	-	-	-	4	4
Lee Soo Hoon Phillip	4	4	4	4	1	1	-	-	-	-	-	-
Lim Boh Soon	4	4	-	-	1	1	1	1	4	4	-	-
Sin Boon Ann	4	4	4	4	-	-	-	-	-	-	-	-
Tan Hien Meng	4	4	4	4	-	-	-	-	-	-	4	4

The Company has adopted internal guidelines setting forth matters that require the Board's approval. In that aspect, the Board has delegated to the management of the Company the authority to approve transactions in the ordinary course of business as specified in the following table. Any transactions falling outside the scope as specified in the following table would then have to be approved by the Board:

Nature of transactions

Capital expenditure
Mergers, acquisitions and divestments

Quantum of transactions

Any amount more than \$3 million
Any amount

The Company has in place general orientation-training programmes to ensure that every newly appointed Director of the Company is familiar with the Group's structure, the Group's business and its operations and the Company's governance practices. Every newly appointed Director of the Company is expected to undergo an orientation programme which includes meeting with the Chairman, Managing Director and Group Chief Financial Officer as part of the training in the affairs of the business. The Company relies on the Directors to undergo further relevant training, if necessary to update themselves on the relevant new laws, regulations and changing commercial risks, from time to time.

The Company will issue a formal appointment letter, which sets out the director's duties and obligations, to each director upon appointment.

2. Board Composition and Balance

The members of the Board of Directors at the date of this report comprise the following Directors:-

Non-executive Independent Directors:

Lim Ming Seong – Chairman

Lee Soo Hoon Phillip

Lam Kwok Chong

Dr Lim Boh Soon

Sin Boon Ann

Tan Hien Meng

Executive Director:

Lim Boon Kheng – Group Managing Director

The Board currently comprises seven Directors, one of whom is an Executive Director of the Company. The remaining six Directors are Non-executive Directors of the Company who are also independent of the management of the Company. All of the Non-executive Directors are therefore considered to be independent within the meaning prescribed in the Code by the Board as they have no relationships with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment.

The responsibilities of the Non-executive Directors include:

- (a) assisting the Board to develop proposals on strategy, constructively challenging it when necessary; and
- (b) reviewing and monitoring the performance of the management in meeting the goals and objectives committed.

Besides the above, the Non-executive Directors' responsibilities include other duties as required in their capacity as members of the Audit and Risk Committee, Executive Committee, Strategy Committee, Nominating Committee and Compensation Committee.

The Non-Executive and Independent Directors meet amongst themselves without the presence of the Management regularly.

The Board has examined its size to determine the impact of the number upon effectiveness and is of the view that the current Board size of seven Directors is appropriate and facilitates effective decision-making, after taking into account the scope and nature of the operations of the Group.

In addition, the current Board and Board Committees comprise Directors who as a group provide core competencies, such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge that are necessary and critical to meet the Company's objectives. Board diversity considerations have also been taken into account in recommending appointments. Key information regarding the Directors of the Company in respect of academic and professional qualifications is set out in the Annual Report under Directors' Profile.

Report on Corporate Governance

As more than half of the Board consists of Non-Executive and Independent Directors, objectivity on issues deliberated is assured and Management is able to benefit from external perspectives on issues brought before the Board.

3. Chairman

The Company has a separate Chairman and Managing Director to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. In addition, the Chairman and the Managing Director are not related to each other.

The Chairman is a Non-executive Director who is independent of the management of the Company and his responsibilities pertaining to the Board includes but are not limited to:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) Setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) Promoting a culture of openness and debate at the Board;
- (d) ensuring that the directors receive accurate, timely and clear information;
- (e) ensuring effective communication with shareholders;
- (f) encouraging constructive relations between the Board and Management;
- (g) facilitating the effective contribution of Non-executive Directors in particular;
- (h) encouraging constructive relations between Executive Director and Non-executive Directors;
- (i) promoting high standards of corporate governance; and
- (j) reviewing the results of the Board's performance evaluation and taking appropriate actions in consultation with the Nominating Committee.

The Chairman's responsibilities pertaining to the Board also includes those other duties as required in his capacity as a member of the Executive Committee, Strategy Committee, Nominating Committee and Compensation Committee, as well as a director of CSE W-Industries, Inc, CSE Global (Asia) Ltd and CSE (Americas) Pte Ltd, all of which are wholly-owned subsidiary companies of the Company.

4. Board Membership

The members of the Nominating Committee at the date of this report comprise the following Directors:-

Non-executive Independent Directors:

Lim Ming Seong - Chairman
Lee Soo Hoon Phillip
Dr Lim Boh Soon

The Nominating Committee comprises three members, all of whom are Non-executive Directors and are independent of the management of the Company. All of the Non-executive Directors are considered to be independent by the Board as they have no relationships with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment.

Report on Corporate Governance

The Nominating Committee holds at least one Nominating Committee meeting each financial year and also as warranted by particular circumstances, as deemed appropriate by the Nominating Committee.

The Nominating Committee has formulated and adopted written terms of reference that describe the responsibilities of its members. The primary function of the Nominating Committee is to provide assistance to the Board in selecting suitable Directors and making recommendations on all appointments and re-elections of Directors to the Board.

The responsibilities of the Nominating Committee include:-

- (i) taking into account the scope and nature of the operations of the Group to determine the appropriate size of the Board;
- (ii) re-nominating Directors, having regard to each Director's contribution and performance, including, if applicable, as an independent Director;
- (iii) ensuring that the Board comprises Directors who as a group provide competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience;
- (iv) reviewing of training and professional development programs for the Board;
- (v) making plans for succession;
- (vi) recommending internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards
- (vii) determining annually if a director is independent, bearing in mind the circumstances set forth in Guideline 2.3 of the Code and any other salient factors; and
- (viii) evaluating the performance of the Board and individual Board Committee as a whole as well as each Director's contribution.

The Articles of the Company's Constitution provides for all Directors of the Company to retire by rotation at least once every three years. The Directors, who are eligible for re-election, may submit themselves for re-election at the Annual General Meeting ("AGM").

During the year, the Nominating Committee met and approved the re-nomination of Directors. No member of the Nominating Committee participated in deliberations or decisions on recommendations for his own re-nomination to the Board.

In determining the independence of a Non-executive Director, the Nominating Committee, with the Directors concerned abstaining from the review, takes into consideration, among others, Guideline 2.3 of the Code, in which, the Nominating Committee may consider a Director independent if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere with his exercise of independent business judgment. The Nominating Committee noted that none of the independent directors had any interested party transactions with the Group or the substantial shareholders that might affect their independence.

Although Mr Lim Ming Seong, Dr Lim Boh Soon, Mr Lee Soo Hoon and Mr Sin Boon Ann have served on the Board for more than fifteen years, the Board concurred with the Nominating Committee's view that they are independent in character and judgement and there were no circumstances which would likely affect or appear to affect their judgement. The Board has also observed their participations and deliberations at Board meetings and other occasions and has no reasons to doubt their ability to exercise independent judgment in the interest of the Company. The Board also acknowledges their combined strength of characters, objectivity and wealth of useful and relevant experience bring themselves to continue effectively as Independent Directors. The Board also acknowledges and recognizes the benefits of the experience and stability brought by these long-serving Independent Directors.

The Nominating Committee has adopted internal guidelines to address the conflict of competing time commitments that are faced by the Directors when the Directors have multiple board representations. With due respect to individual autonomy of each Director, no maximum number of listed company board representations a Director may hold is prescribed. If a

Director is on the Board of other companies, the Nominating Committee will consider whether adequate time and attention have been devoted to the Company. In the event that there are sufficient grounds for concern, the Chairman of the Board shall discuss, and if necessary, warn the Director of the issues and in any continuance, the consequences flowing from the situation. Despite some of the Directors having other board representations, the Nominating Committee is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company.

The Nominating Committee is responsible for identifying and recommending to the Board new Board members, after considering the necessary and desirable competencies. Accordingly, in selecting potential new directors, the Nominating Committee will seek to identify the competencies required to enable the Board to fulfil its responsibilities. In doing so, the Nominating Committee will have regard to the results of the annual appraisal of the Board's performance. The Nominating Committee may engage consultants to undertake research on, or assess candidates for new positions on the Board, or to engage such other independent experts as it considers necessary to carry out its duties and responsibilities. Recommendations for new Board members are put to the Board for its consideration.

The Directors who are retiring at the forthcoming AGM are as follows:

under Article 95(2)

Mr Lim Ming Seong (last re-elected 16 April 2014)
Mr Lam Kwok Chong (last re-elected 18 April 2013)

under Article 97

Mr Lee Soo Hoon Phillip (last re-appointed 16 April 2015)

Mr Lee Soo Hoon Phillip was previously re-appointed to hold office until this Annual General Meeting pursuant to Section 153(6) of the Companies Act (Cap 50), which was in force immediately before 3 January 2016.

The Nominating Committee has recommended the re-election of Mr Lim Ming Seong, Mr Lam Kwok Chong and Mr Lee Soo Hoon Phillip as Directors of the Company at the forthcoming AGM.

Key information regarding the Directors of the Company in respect of academic and professional qualifications, board committees served on (as a member or chairman), date of first appointment as a Director of the Company, date of last re-election as a Director of the Company, directorships and chairmanship both present and those held over the preceding three years in other listed companies and other major appointments are set out in the Annual Report under Directors' Profile. Key information regarding the Directors of the Company in respect of shareholdings in the Company and its subsidiary companies are disclosed in the Report of the Directors under Directors' interests in shares and debentures and share options.

5. Board Performance

The Nominating Committee has evaluated the Board taken as a whole. In evaluating the performance of the Directors, the Nominating Committee took into account, amongst other factors, the Directors' qualification by knowledge and experience to fulfil their duties, attendance and participation at Board meetings and Committee meetings (where applicable), quality of interventions or differences of opinion expressed and any other special contributions. The Nominating Committee also considered whether the Directors have reasonable understanding of the Company's business and the industry, and the Directors' working relationship with the other members of the Board. These performance criteria shall not change from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the Nominating Committee and the Board shall justify its decision for the change.

As the Nominating Committee will be measuring the Board's stewardship of the Company based principally on qualitative criteria, it is therefore not easy to show a direct correlation between the Board's actions taken as a whole and the Company's long term performance. Therefore, the Nominating Committee will not attempt to specifically quantify the Board's contribution to enhancing long term shareholders' value, for instance, by measuring it against the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index. As such, the Company's share price performance will not be used as a performance evaluation criterion of the Board. In addition, there are no specific benchmark indices of industry peers for comparison in respect of such quantitative performance criteria. In the absence of any appropriate and relevant benchmark indices, the benchmark indices of industry peers will also not be used as a performance evaluation criterion of the Board.

6. Access to Information

The management of the Company has an on-going obligation to supply the Board with complete, adequate information in a timely manner. In addition, the Board has separate and independent access to the Company's management in respect of obtaining information, as reliance purely on what is volunteered by the management of the Company may not be adequate in certain circumstances and further enquiries may be required for the Board to fulfil its duties properly.

The information that is provided by the management of the Company to the Board includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. In addition, in respect of budgets, any material variances between the projections and actual results are also disclosed and explained.

The Directors also have separate and independent access to the Company Secretary. In addition, the role of the Company Secretary is also clearly defined and includes the responsibility for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and the Audit and Risk Committee and between senior management and Non-executive Directors, as well as facilitating orientation and assisting with professional development as required. The Company Secretary attends all Board meetings and Audit and Risk Committee meetings. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

In addition to the above, the Board has procedures for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense.

7. Procedures for Developing Remuneration Policies

The members of the Compensation Committee at the date of this report comprise the following Directors:-

Non-executive Independent Directors:

Lim Ming Seong - Chairman
Dr Lim Boh Soon

Executive Non-independent Director:

Lim Boon Kheng (Appointed on 1 March 2016)

The Board established the Compensation Committee, whose functions are equivalent to a Remuneration Committee.

The Compensation Committee comprises three members, two of whom are Non-executive Directors and one Executive Director. Mr Lim Ming Seong and Dr Lim Boh Soon are independent of the management of the Company and are considered to be independent by the Board as they have no relationships with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment. Whilst Mr Lim Boon Kheng, the Executive Director, provides input from the perspective of operating metric and people management, he does not take part in formulation or review involving his own remuneration package.

The Chairman of the Compensation Committee, Mr Lim Ming Seong, is an independent Non-executive Director, who is knowledgeable in the field of executive compensation. In addition, the Compensation Committee has access to the relevant expert advice within the Company.

No individual Director of the Company fixes his own remuneration.

The Compensation Committee holds at least one meeting each financial year, and also as warranted by particular circumstances, as deemed appropriate by the Compensation Committee.

The primary function of the Compensation Committee is to provide assistance to the Board in respect of compensation issues generally, and in particular, in relation to Executive Directors and the key management of the Group, bearing in mind that a meaningful portion of the Executive Directors' remuneration as well as the remuneration of the key management of the Group, shall be contingent upon its financial performance in order to foster the creation of long term shareholder value. The Compensation Committee shall cover all aspects of remuneration, including but not limited to Non-executive Directors' fees. The Compensation Committee's recommendations to the Board are made in consultation with the Chairman of the Compensation Committee, who is also the Chairman of the Board, and shall be submitted for endorsement by the entire Board.

The Board as a whole shall cover all aspects of remuneration of Executive Directors, the only one of whom currently is the Managing Director of the Company. This includes but is not limited to Executive Directors' fees, salaries, allowances, bonuses, and benefits in kind, bearing in mind that a meaningful portion of the Executive Directors' remuneration shall be contingent upon the financial performance of the Group in order to foster the creation of long term shareholder value.

The responsibilities of the Compensation Committee include:-

- (i) recommending to the Board the framework of remuneration for the Executive Directors and the key management of the Group;
- (ii) determining and setting the specific remuneration packages for each of the Executive Directors and the key management of the Group;

8. Level and Mix of Remuneration

In setting remuneration packages, the Compensation Committee will take into consideration the pay and employment conditions within the industry the Group operates in as well as companies within the same business segment as there are no exactly comparable companies. In addition, the Compensation Committee will take into account the Group's relative performance and the performance of individual Directors and the key management of the Group when setting the remuneration packages.

The compensation of the Managing Director comprises performance-related elements, which form a significant proportion of his total remuneration package. These performance-related elements are designed to align the interests of the Managing Director with those of the shareholders such that the Managing Director's rewards are linked to the performance of the Group as well as his individual performance. There are appropriate and meaningful measures for the purpose of assessing the Managing Director's performance.

The remuneration of Non-executive Directors is determined based on the level of contribution by the respective Non-executive Directors, taking into account factors such as effort and time spent, and responsibilities of the Non-executive Directors. The Compensation Committee has assessed and is satisfied that the Non-executive Directors are not over-compensated to the extent that their independence is compromised and is of the opinion that it is not necessary to consult experts on the remuneration of Non-executive Directors.

The Board will be recommending the fees of the Non-executive Directors for approval at the Annual General Meeting.

There are no existing service contracts between the Company and the Executive Director.

9. Disclosure on Remuneration

The Group's remuneration policy is to be competitive within its industry and to offer fair and reasonable remuneration packages that are commensurate with competence, level of responsibility, performance and contributions to the Group. Based on this broad principle, the Compensation Committee has the responsibility and discretion to recommend to the Board the remuneration packages for the Executive Director, all of the Non-executive Directors and key management of the Group, and the Managing Director has the responsibility and discretion to determine remuneration packages of all other employees who are non-key management of the Group.

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The Company adopts an incentive compensation plan based on profits. Under the terms of the plan, incentive compensation for eligible employees is tied to the creation of profits. The purpose of the incentive plan is to use incentive compensation to motivate performance, which is consistent with the creation of shareholder value over the long term. A variable bonus is only declared if the Group earns more than its profit target. The plan thus makes participants accountable for the earnings of the Group.

The disclosure of details in respect of remuneration of the Directors of the Company is set out in the following table:

Name	Total remuneration (\$'000)	Fees (%)	Others (%)
Lim Ming Seong	96	100	–
Lam Kwok Chong	60	100	–
Lee Soo Hoon Phillip	65	100	–
Lim Boh Soon	55	100	–
Sin Boon Ann	49	100	–
Tan Hien Meng	69	100	–
Tan Mok Koon (resigned on 16 April 2015)	14	100	–

Name	Total remuneration (\$'000)	Salary (%)	Bonus (%)	Provident fund contributions (%)	Other benefits (%)
Lim Boon Kheng	1,036	58	29	1	12

The disclosure of details in respect of remuneration of the top 5 key executive officers of the Group who are not Directors of the Company is set out in the following table:

Name	Total remuneration (\$'000)	Salary (%)	Bonus (%)	Other benefits (%)
Executive A	2,610	18	76	6
Executive B	1,020	47	49	4
Executive C	999	48	50	2
Executive D	804	50	50	–
Executive E	673	67	26	7

To maintain confidentiality of staff remuneration the names of the top five key executives are not stated.

There are currently no employees whose remuneration exceeds \$50,000 per year who are immediate family members of a Director or the Managing Director.

10. Accountability

The Board adopted and commenced quarterly reporting of the Group's operating and financial performance via SGXNET with effect from 2002 in an effort to provide the shareholders of the Company with a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis.

The management of the Company provides the Managing Director with balanced and understandable management accounts of the Group's performance, position and prospects on a monthly basis. The Board is briefed on the Group's performance, position and prospects on a quarterly basis.

11. Audit and Risk Committee

To ensure that corporate governance is effectively practiced, the Directors have established self-regulatory and monitoring mechanisms, including the establishment of the Audit and Risk Committee.

The members of the Audit and Risk Committee at the date of this report comprise the following Directors:

Non-executive Independent Directors:

Lee Soo Hoon Phillip - Chairman
Lam Kwok Chong
Sin Boon Ann
Tan Hien Meng

The Audit and Risk Committee comprises four members, all of whom are Non-executive Directors and are independent of the management of the Company. All of the Non-executive Directors are considered to be independent by the Board, as they have no relationships with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment.

The Audit and Risk Committee meets regularly with at least four Audit and Risk Committee meetings within each financial year, and also as warranted by particular circumstances, as deemed appropriate by the Audit and Risk Committee.

The Board is satisfied that all the members of the Audit and Risk Committee are appropriately qualified to discharge their responsibilities. Two members of the Audit and Risk Committee, being Messrs. Lee Soo Hoon Phillip and Lam Kwok Chong, have accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgment.

The Audit and Risk Committee has full access to the external auditors and internal auditor without the presence of the management of the Company. The Audit and Risk Committee has explicit authority to investigate any matters within its terms of reference, full access to and co-operation by the management of the Company and full discretion to invite any Director or management of the Company to attend its meetings, and has reasonable resources to enable it to discharge its functions properly.

The primary function of the Audit and Risk Committee is to provide assistance to the Board in fulfilling its responsibilities relating to corporate accounting and auditing, reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's risk management and internal control systems regarding finance, accounting, legal and regulatory compliance, contractual obligations and ethics established by the Board and the management of the Company.

The responsibilities of the Audit and Risk Committee include:

- (i) recommending to the Board the appointment, re-appointment or discharge of the external auditors, and approving the remuneration and terms of engagement of the external auditors and in this connection, considering the independence and objectivity of the external auditors annually;

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- (ii) keeping under review the scope and results of the audit and its cost effectiveness, keeping the nature and extent of non-audit services supplied by the external auditors under review yearly where the external auditors also supply a substantial volume of such services to the company, with the objective of balancing the maintenance of objectivity and value for money;
- (iii) considering and reviewing with the external auditors and the internal auditor, at least annually, the adequacy, effectiveness and efficiency of the management processes, internal financial controls, operational and compliance controls, risk management policies and any significant findings and recommendations of the external auditors and the internal auditor, together with the management's responses thereto;
- (iv) meeting with the external auditors, the internal auditor, the management and any others considered appropriate in separate executive sessions to discuss any matters the Audit and Risk Committee believes should be discussed privately and establishing a practice to meet with the external auditors without the presence of the management of the Company at least annually;
- (v) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance;
- (vi) reviewing the effectiveness of the company's internal audit function that is independent of the activities that it audits, appropriate standing within the Company and adequately resourced;
- (vii) reviewing and taking actions on the arrangements by which staff of the company and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- (viii) reviewing the interested person transactions falling within the scope of the Listing Manual; and
- (ix) meeting principal overseas sub subsidiaries' independent directors, the management and any others considered appropriate in their periodic visits to these subsidiaries.

In appointing the auditing firms for the Company, subsidiaries and significant associated companies, the Group has complied with Listing Rules 712, 715, 716 and 717.

In particular, the Audit and Risk Committee has undertaken a review of all non-audit services that are provided by the external auditors and is satisfied that the provision of such services has not affected the independence of the external auditors. The fees that are charged to the Group by the external auditors are as follows:

	2015	2014
	\$'000	\$'000
Audit fees:		
-Auditors of the Company	355	430
-Other auditors	191	191
Non-audit fees:		
-Auditors of the Company	3	-
-Other auditors	48	67
Total Audit and non-audit fees	597	688

The number of Committee meetings held during the financial year and the attendance of the individual members of the Audit and Risk Committee at such meetings is set out in the Report on Corporate Governance under the section headed The Board's Conduct of its Affairs.

12. Internal Controls and Risk Management

The internal auditor has conducted independent reviews of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, information technology and risk management, at least annually. Besides, the external auditors have also performed a review of the internal financial systems and operating controls for the financial statements attestation purpose. Such reviews have been reported to the Audit and Risk Committee.

In addition, the Audit and Risk Committee has reviewed the adequacy of the Company's internal controls including financial, operational and compliance controls, information technology and risk management in the Company. The Board is satisfied that there are adequate and effective internal controls in the Company.

Pursuant to the requirement as stipulated under Rule 1207(10), the Board of Directors and the Audit and Risk Committee have reviewed the adequacy of the Group's internal controls to address the Group's financial, operational and compliance risks. Based on the reviews conducted, the Board of Directors, with the concurrence of the Audit and Risk Committee, are of the opinion that the system of internal controls in place are adequate and effective to address the Group's financial, operational, compliance and information technology risks of the current scope of the Group's business operations.

The Board also receives quarterly written assurances from the Group Managing Director and the Group Chief Financial Officer on the state of the Group's financial records, risk management and internal control systems, confirming that:-

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finance; and
- (b) the Company's risk management and internal control systems are adequate and effective.

Whistle-Blowing Policy

The Group has in place a Whistle-Blowing Policy. This Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting or other matters may be raised by employees and external parties in confidence and in good faith, without fear of reprisal. Details of this policy have been disseminated and made available to all employees of the Company. All matters which are raised are then independently investigated and appropriate actions taken. The Audit and Risk Committee ensures that independent investigations and any appropriate follow-up actions are carried out.

13. Internal Audit

The Company has established an in-house internal audit function that is independent of the activities that it audits. The internal auditor's primary line of reporting is directly to the Chairman of the Audit and Risk Committee. However, the internal auditor also reports administratively to the Managing Director of the Company.

The Audit and Risk Committee is satisfied that the internal auditor has met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Audit and Risk Committee is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Company.

The Audit and Risk Committee has reviewed the adequacy of the internal audit function at least annually, and is satisfied that the internal audit function is adequate.

14. Executive Committee

The members of the Executive Committee at the date of this report comprise the following Directors:-

Non-executive Independent Directors:

Lim Ming Seong – Chairman
Dr Lim Boh Soon

Executive Director:

Lim Boon Kheng

The primary function of the Executive Committee is to provide assistance to the Board in executing and overseeing the business, operational and financial affairs of the Group.

The responsibilities of the Executive Committee include:

- (i) setting the Group's policy direction and overseeing the strategic development of the Group's operations;
- (ii) reviewing and submitting to the Board for its approval all of the Group's budgets, business plans, reports on financial position, development and strategic plans and financial projections;
- (iii) execution of all decisions of the Board and other material matters relating to the business of the Group;
- (iv) reviewing and approving investment opportunities and overseeing the Group's investments.

15. Strategy Committee

The members of the Strategy Committee at the date of this report comprise the following Directors:-

Non-executive Independent Directors:

Tan Hien Meng – Chairman
Lam Kwok Chong
Lim Ming Seong

The Strategy Committee was formed on 11 February 2015 and held its first meeting on the same date. Its primary function is to provide assistance to the Board in the strategic direction of the Group by fostering in-depth discussions and consideration of the Group's long-term vision and strategy with senior management.

16. Communication with Shareholders

The shareholders of the Company have the opportunity to participate effectively and to vote at the Company's Annual General Meeting. The Company has employed electronic polling since the AGM in 2014. Shareholders are allowed to vote in person or by proxy if they are unable to attend the Company's Annual General Meeting.

There are separate resolutions at the general meetings on each distinct issue.

As part of the Company's effort to provide regular, effective and fair communication with the shareholders of the Company, the Board has adopted and commenced quarterly reporting of the Group's operating and financial performance via SGXNET and the press with effect from 2002. In addition to the above, the Managing Director conducts a briefing in respect of the Group's operating and financial performance for the financial year just ended to the shareholders of the Company during the Annual General Meeting of the Company.

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17. Securities Transactions

The Company has adopted and issued an internal compliance code entitled "Code of Best Practice on Securities Transactions by Officers" to the Officers of the Group. The internal compliance code set out a code of conduct to provide guidance for the Officers of the Group on their dealings with the Company's securities, as well as the implications of insider trading.

The Company has advised its Directors and all key executives not to deal in the Company's shares during the period commencing two weeks prior to the announcement of the Company's financial results for the first three quarters of the financial year, one month prior to the announcement of full-year results and ending on the date of the announcement of the results. The Company has also reminded its Directors and officers not to deal in the Company's securities on short-term considerations.

The Company has complied with its Best Practices Guide on Securities Transactions.

18. Interested Person Transactions

Pursuant to the requirements as stipulated under Rule 1207(17) and Rule 907 of the SGX-ST Listing Manual, the Group has not obtained any general mandates from shareholders for interested person transaction during the financial year.

During the financial period, the following interested person transactions were entered into by the Group:

S\$	Aggregate value of all interested person transactions during the financial period (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	FY 2015	FY 2014
Acquisition of 66% of the total issued and paid up share capital of Power Diesel Engineering Pte Ltd	(99,610)**	(148,074)*
Total interested person transactions	(99,610)	(148,074)

* Reduction in third tranche payment

** Reduction in fourth tranche payment

19. Material Contracts

Pursuant to the requirements as stipulated under Rule 1207(8) of the SGX-ST Listing Manual, except for the interested person transactions disclosed under item 17, there were no material contracts of the Company or its subsidiary companies involving the interests of any Directors of the Company, the Managing Director of the Company or any controlling shareholders of the Company or their associates, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

On behalf of the Directors,

Lee Soo Hoon Phillip
Chairman, Audit and Risk Committee

Lam Kwok Chong
Director

Singapore
18 March 2016

Risk Management Policies and Processes

Pursuant to the requirements as stipulated under Rule 1207(4)(d) of Chapter 12 of the SGX-ST Listing Manual as issued by the Singapore Exchange Securities Trading Limited, the operating and financial risk management policies and processes of the Group are set out in the following.

OPERATING RISK

Management of growth

The Group has experienced rapid growth in the past few financial years in terms of the number of employees, scope of activities, geographical markets and level of technical expertise. This growth has resulted in added responsibilities for the Group's management who are responsible for overseeing the expansion of the Group's operations into new products and geographical markets. Further, in order to meet the demand of its current and future projects, the Group will need to attract, motivate and retain a significant number of highly qualified professionals who have significant relevant industry experiences. As a systems integrator providing highly sophisticated information technology and industrial automation solutions and services locally and overseas, the Group requires qualified professionals who are experienced and possess the relevant skill sets. Given the exacting job specification, the pool of qualified professionals is relatively small. As such, the Group faces keen competition for such pool of qualified professionals. Moreover, due to rapid growth in the global information technology and industrial automation markets, increasing competition for such professionals may also increase the Group's labour costs. To manage and sustain its growth effectively, the Directors must continue to expand its management team by attracting more talent into the Group and to motivate and retain such professionals at a competitive cost, as well as improve its operational efficiency and financial management.

Risks associated with future acquisitions

The Group intends to continue to pursue strategic acquisitions that will provide it with complementary products/services, customer bases, technologies and qualified professionals. Such acquisitions present risks that could potentially have an adverse effect on the Group's operations and earnings, such as diversion of management's attention, failure to retain key acquired personnel, assumption of liabilities, and amortisation of goodwill and intangible assets. Moreover, customer dissatisfaction with, or problems caused by, the performance of any acquired technologies could have an adverse impact on the Group's reputation. In addition, the acquired businesses may not achieve the anticipated returns. The Group will continue to adopt a cautious approach and to exercise due diligence when considering all acquisitions. For example, the Group may impose performance guarantees and other warranties on vendors in all major acquisitions. Key acquired personnel are also expected to enter into service agreements with the Group to retain their expertise for the Group's benefit.

Competition

The Group competes internationally with many firms that are substantially larger and have substantially greater financial, professional and other resources than the Group. The Group's continued success depends on its ability to compete effectively with its competitors as well as to persuade customers to use the Group's products and services instead of those developed in-house by the customers. The Group intends to further develop its niche markets in the energy and petrochemical/chemical, oil and gas and power and process utility industries, as well as the water, drainage, sewerage and environmental (pollution and hydrology) industries and the public sector. The Group intends to achieve this by offering customers industry specific knowledge and cost-effective solutions. Such a strategy has enabled the Group to enjoy significant growth in recent years as reflected in its turnover and profits.

FINANCIAL RISK

The financial risk management objectives and policies of the Group are set out in the Notes to the Financial Statements in Note 31 under risk management.

Director's Statement

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of CSE Global Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors,

- (a) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are:

Lim Ming Seong
Lim Boon Kheng
Phillip Lee Soo Hoon
Lim Boh Soon
Sin Boon Ann
Lam Kwok Chong
Tan Hien Meng

Arrangements to enable Directors to acquire shares and debentures

Except as described in the subsequent paragraphs, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in the shares and share options of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

Name of Director	Held by Director			Other shareholdings in which the Director is deemed to have an interest		
	At 1.1.2015	At 31.12.2015	At 21.1.2016	At 1.1.2015	At 31.12.2015	At 21.1.2016
CSE Global Limited						
<i>Number of ordinary shares</i>						
Lim Boon Kheng *	500	500	500	7,094,500	7,094,500	7,172,500
Lim Ming Seong **	3,100,000	3,100,000	3,100,000	150,000	150,000	150,000
Phillip Lee Soo Hoon	450,000	450,000	450,000	–	–	–
Lim Boh Soon	330,000	330,000	330,000	–	–	–

Director's Statement

Directors' interests in shares and debentures (continued)

- * 7,172,500 shares are held by Citibank Nominees Singapore Pte Ltd, Maybank Nominees (Singapore) Pte Ltd and United Overseas Bank Nominees Pte Ltd for which Lim Boon Kheng is deemed to have an interest.
- ** 150,000 shares are held by the spouse of Lim Ming Seong.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share options

There is currently no share option scheme on unissued shares of the Company.

Audit and Risk Committee

The Audit and Risk Committee was established on 22 January 1999.

The Audit and Risk Committee comprises four members, all of whom are non-executive Directors and are independent of the management of the Company.

The members of the Audit and Risk Committee at the date of this report comprise the following Directors:-

Non-executive/Independent Directors:

Phillip Lee Soo Hoon (Chairman)
Lam Kwok Chong
Sin Boon Ann
Tan Hien Meng

The Audit and Risk Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:-

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;

Director's Statement

Audit and Risk Committee (continued)

- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the financial year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance in the Annual Report of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Lim Ming Seong
Director

Lim Boon Kheng
Director

Singapore
18 March 2016

Independent Auditor's Report

For the financial year ended 31 December 2015

Report on the financial statements

We have audited the accompanying financial statements of CSE Global Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 48 to 108, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company, and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

18 March 2016

Balance Sheet

as at 31 December 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000 (Restated)	2015 \$'000	2014 \$'000
Non-current assets					
Property, plant and equipment	4	23,412	22,449	230	52
Investment in subsidiaries	5	-	-	204,495	222,403
Other investment	7	190	190	190	190
Intangible assets	8	44,869	44,198	1,129	1,290
Deferred tax assets	9	13,666	13,479	3,208	4,095
Current assets					
Gross amount due from customers for contract work-in-progress	10	60,409	83,051	-	-
Inventories	11	11,821	17,166	-	-
Trade and other receivables	12	107,181	112,423	1,260	1,814
Prepaid operating expenses		3,043	2,460	15	27
Amounts due from subsidiary companies	5	-	-	30,661	24,779
Cash and cash equivalents	26	109,719	66,891	27,380	3,092
		292,173	281,991	59,316	29,712
Current liabilities					
Gross amount due to customers for contract work-in-progress	10	12,586	27,400	-	-
Trade payables and accruals	13	50,676	64,120	6,254	10,397
Finance leases	27	78	169	-	-
Loans and borrowings	14	55,514	42,619	50,189	39,125
Amounts due to subsidiary companies	5	-	-	79,655	71,572
Provision for warranties	15	1,808	1,506	-	-
Provision for taxation		2,858	3,579	-	-
		123,520	139,393	136,098	121,094
Net current assets/(liabilities)		168,653	142,598	(76,782)	(91,382)
Non-current liabilities					
Deferred tax liabilities	9	(4,950)	(4,220)	-	-
Finance leases	27	(28)	(224)	-	-
Loans and borrowings	14	-	(864)	-	-
Net assets		245,812	217,606	132,470	136,648
Equity attributable to owners of the Company					
Share capital	16	98,542	98,542	98,542	98,542
Revenue reserve		164,635	144,761	24,052	28,230
Other reserves	17	9,844	9,805	9,876	9,876
Foreign currency translation reserve	18	(31,393)	(42,919)	-	-
		241,628	210,189	132,470	136,648
Non-controlling interests		4,184	7,417	-	-
Total equity		245,812	217,606	132,470	136,648

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Income Statement

For the financial year ended 31 December 2015

	Note	2015 \$'000	Group 2014 \$'000 (Restated)
Continuing operations			
Revenue	19	411,954	416,746
Cost of sales		(293,792)	(297,552)
Gross profit		118,162	119,194
Other operating income			
Miscellaneous income	20	511	1,960
Finance income	21	258	261
Operating expenses			
Administrative expenses		(71,370)	(69,508)
Selling and distribution expenses		(3,994)	(4,168)
Other expenses		(2,807)	(916)
Finance costs	22	(1,121)	(761)
Profit before tax from continuing operations	23	39,639	46,062
Income tax expense	24	(8,741)	(12,262)
Profit from continuing operations, net of tax		30,898	33,800
Discontinued operation			
Profit from discontinued operation, net of tax		3,406	3,107
Profit for the year		34,304	36,907
Attributable to:-			
Owners of the Company			
Profit from continuing operations, net of tax		31,191	33,307
Profit from discontinued operation, net of tax	6	2,875	2,050
Profit for the year attributable to owners of the Company		34,066	35,357
Non-controlling interests			
(Loss)/profit from continuing operations, net of tax		(293)	493
Profit from discontinued operations, net of tax		531	1,057
		238	1,550
Earnings per share from continuing operations attributable to owners of the Company (in cents)			
Basic EPS	25	6.04	6.45
Diluted EPS	25	6.04	6.45
Earnings per share (in cents)			
Basic EPS	25	6.60	6.85
Diluted EPS	25	6.60	6.85

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Group	
	2015	2014
	\$'000	\$'000
Profit for the year	34,304	36,907
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
- Foreign currency translation	11,277	3,666
Other comprehensive income for the year, net of tax	11,277	3,666
Total comprehensive income for the year	<u>45,581</u>	<u>40,573</u>
Attributable to:-		
Owners of the Company	45,592	39,023
Non-controlling interests	(11)	1,550
Total comprehensive income for the year	<u>45,581</u>	<u>40,573</u>
Attributable to:-		
Owners of the Company		
Total comprehensive income from continuing operations, net of tax	42,717	36,973
Total comprehensive income from discontinued operation, net of tax	2,875	2,050
Total comprehensive income for the year attributable to owners of the Company	<u>45,592</u>	<u>39,023</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

Group	Attributable to owners of the Company						Total equity \$'000
	Share capital (Note 16) \$'000	Revenue reserve \$'000	Other reserves (Note 17) \$'000	Foreign currency translation reserve (Note 18) \$'000	Total \$'000	Non-controlling interests \$'000	
2015							
At 1 January 2015	98,542	144,761	9,805	(42,919)	210,189	7,417	217,606
Profit net of tax	-	34,066	-	-	34,066	238	34,304
<u>Other comprehensive income</u>							
- Foreign currency translation	-	-	-	11,526	11,526	(249)	11,277
Total comprehensive income for the year	-	34,066	-	11,526	45,592	(11)	45,581
<u>Contributions by and distributions to owners</u>							
- Dividends on ordinary shares (Note 34)	-	(14,192)	-	-	(14,192)	-	(14,192)
Total contributions by and distributions to owners	-	(14,192)	-	-	(14,192)	-	(14,192)
<u>Change in ownership interests in subsidiaries</u>							
Disposal of subsidiary	-	-	-	-	-	(3,183)	(3,183)
Acquisition of non-controlling interest without a change in control	-	-	39	-	39	(39)	-
Total change in ownership interests in subsidiaries	-	-	39	-	39	(3,222)	(3,183)
At 31 December 2015	98,542	164,635	9,844	(31,393)	241,628	4,184	245,812

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

Group	Attributable to owners of the Company						Total equity \$'000
	Share capital (Note 16) \$'0 00	Revenue reserve \$'000	Other reserves (Note 17) \$'000	Foreign currency translation reserve (Note 18) \$'000	Total \$'000	Non-controlling interests \$'000	
2014							
At 1 January 2014	98,542	131,337	9,805	(46,585)	193,099	5,867	198,966
Profit net of tax	-	35,357	-	-	35,357	1,550	36,907
<u>Other comprehensive income</u>							
- Foreign currency translation	-	-	-	3,666	3,666	-	3,666
Total comprehensive income for the year	-	35,357	-	3,666	39,023	1,550	40,573
<u>Contributions by and distributions to owners</u>							
- Dividends on ordinary shares (Note 34)	-	(21,933)	-	-	(21,933)	-	(21,933)
Total contributions by and distributions to owners	-	(21,933)	-	-	(21,933)	-	(21,933)
At 31 December 2014	98,542	144,761	9,805	(42,919)	210,189	7,417	217,606

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2015

Company	Share capital (Note 16) \$'000	Revenue reserve \$'000	Other reserves (Note 17) \$'000	Total equity \$'000
2015				
At 1 January 2015	98,542	28,230	9,876	136,648
Total comprehensive income for the year	-	10,014	-	10,014
<u>Contribution by and distribution to owners</u>				
Dividends on ordinary shares (Note 34)	-	(14,192)	-	(14,192)
At 31 December 2015	98,542	24,052	9,876	132,470
2014				
At 1 January 2014	98,542	22,980	9,876	131,398
Total comprehensive income for the year	-	27,183	-	27,183
<u>Contribution by and distribution to owners</u>				
Dividends on ordinary shares (Note 34)	-	(21,933)	-	(21,933)
At 31 December 2014	98,542	28,230	9,876	136,648

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2015

	2015 \$'000	2014 \$'000 (Restated)
Cash flows from operating activities:		
Profit before tax from continuing operations	39,639	46,062
Profit before tax from discontinued operation	3,663	3,714
Profit before tax, total	43,302	49,776
Adjustments for:		
Depreciation of property, plant and equipment attributable to continuing operations	4,332	4,017
Depreciation of property, plant and equipment attributable to discontinued operation	65	153
Amortisation of intangible assets attributable to continuing operations	1,062	788
Impairment of receivables	1,824	122
Gain on disposal of subsidiary (Note 6)	(1,843)	-
Gain on disposal of property, plant and equipment	(438)	(224)
Property, plant and equipment written off	15	207
Interest expense	1,121	761
Interest income	(258)	(261)
Operating cash flows before changes in working capital	49,182	55,339
Decrease in trade and other receivables and prepaid operating expenses	738	7,717
Decrease/(increase) in gross amount due from customers for contract work-in-progress, net and inventories	15,769	(26,755)
Decrease in payables and accruals and provision for warranties	(12,362)	(8,617)
Cash generated from operations	53,327	27,684
Interest paid	(1,121)	(761)
Interest received	258	261
Income tax paid	(9,028)	(14,938)
Net cash generated from operating activities	43,436	12,246
Cash flows from investing activities:		
Purchase of property, plant and equipment	(5,487)	(7,659)
Purchase of intangible assets	(966)	-
Acquisition of business and assets, net of cash acquired (Note 5)	(4,053)	-
Fourth/third tranche payment for the subsidiary acquired	(560)	(512)
Disposal of subsidiary (Note 6)	7,493	-
Proceeds from disposal of property, plant and equipment	716	1,660
Net cash used in investing activities	(2,857)	(6,511)
Cash flows from financing activities:		
Proceed from short-term borrowings	12,664	41,162
Repayment of long-term borrowings	(864)	(401)
Dividends paid on ordinary shares	(14,192)	(166,432) [#]
Repayment of finance lease obligations	(202)	(505)
Net cash used in financing activities	(2,594)	(126,176)
Net increase/(decrease) in cash and cash equivalents	37,985	(120,441)
Net effect of exchange rate changes on cash and cash equivalents	4,843	746
Cash and cash equivalents at beginning of financial year (Note 26)	66,891	186,586
Cash and cash equivalents at end of financial year (Note 26)	109,719	66,891

[#] Special dividend of \$144,499,000 was paid on 13 January 2014.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

1. Corporate information

CSE Global Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office of the Company is located at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 and its principal place of business is No. 2 Ubi View, Level 5, Singapore 408556.

The principal activities of the Company are those relating to provision of total integrated industrial automation, information technology and intelligent transport solutions and investment holding. The principal activities of the subsidiary companies are disclosed in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated.

Fundamental accounting concept

As at 31 December 2015, the Company's current liabilities exceeded its current assets by \$76,782,000 (2014: \$91,382,000). In the opinion of the Directors, the Company is able to continue as a going concern despite its net current liabilities position as the Company is able to deploy the available funds within the Group for the Company to pay its debts as and when they fall due. Accordingly, the Directors are of the view that the going concern assumption is appropriate for the preparation of the financial statements of the Company.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Improvements to FRSs (November 2015)	
(a) Amendments to FRS 107 <i>Financial Instruments Disclosures</i>	1 January 2016
(b) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Except for FRS 115 and FRS 109, the Directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in account policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgment, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.4 Significant accounting judgments and estimates (continued)

(a) Judgments made in applying accounting policies (continued)

(i) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of intangible assets

As disclosed in Note 8 to the financial statements, the recoverable amounts of the cash generating units which goodwill has been allocated to is determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 8 to the financial statements.

The carrying amount of the intangible assets as at 31 December 2015 is \$44,869,000 (2014: \$44,198,000).

(ii) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 12 to the financial statements.

(iii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.4 Significant accounting judgments and estimates (continued)

(b) Key sources of estimation uncertainty (continued)

(iii) Income taxes (continued)

tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities as at 31 December 2015 was \$2,858,000 and \$4,950,000 (2014: \$3,579,000 and \$4,220,000), respectively.

(iv) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The aggregate carrying value of recognised tax losses and capital allowances as at 31 December 2015 was \$40,453,000 (2014: \$29,584,000).

(v) Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion. In making these estimates, management has relied on past experience and knowledge of the project engineers. Significant judgment is also involved in the recoverability of the gross amount due from customers and the adequacy of foreseeable losses, if any. The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 10 to the consolidated financial statements.

2.5 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.5 Foreign currency (continued)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.7 Basis of consolidation and business combinations (continued)

(b) Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.5.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

2.8 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	-	20 to 39 years
Leasehold improvements	-	2 to 20 years
Plant and machinery	-	4 to 5 years
Tools and equipment	-	5 years
Office furniture and fittings	-	5 years
Computer equipment	-	2 to 5 years
Motor vehicles	-	5 to 7 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.10 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least once per year at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.10 Intangible assets (continued)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Sales order backlog

Significant confirmed orders and pipeline projects which are acquired in a business combination and amortised on a straight-line basis over 3 years.

Licences and intellectual property rights

Costs relating to licences and intellectual property rights, which are acquired, are capitalised and amortised on a straight-line basis over their 10 to 15 year useful lives.

Customer relationships

Customer relationships acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is fair value at the acquisition date. Subsequent to initial recognition, customer relationships acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Customer relationships are amortised on a straight-line basis over their useful lives of 6 years.

2.11 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(b) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(b) Available-for-sale financial assets (continued)

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (*continued*)

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.15 Construction contracts

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- (i) Raw materials: purchase costs on a first-in first-out basis.
- (ii) Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.17 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.17 Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Provisions for foreseeable loss

Provisions for foreseeable loss are made when it is probable that total contract costs will exceed total contract revenue.

2.20 Employee benefits

(a) Defined contribution plans

As required by law, the Group's companies in Singapore, Malaysia, India, Australia and New Zealand make contributions to their respective countries' state pension schemes, being the Central Provident Fund ("CPF") in Singapore, the Employees Provident Fund ("EPF") in Malaysia and India, the Superannuation in Australia and the KiwiSaver in New Zealand. These state pension schemes are defined contribution plans that serve as the national retirement benefits plan for the employees of the Group working in those countries.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.20 Employee benefits (continued)

(a) Defined contribution plans (continued)

As required by law, the Group's companies in the United Kingdom operate a defined contribution pension scheme. Assets of the scheme are held separately from those of the companies in the United Kingdom in an independently administered fund.

The contributions that are made towards the above-mentioned contribution pension schemes are recognised as compensation expenses in the same period as the employment that gives rise to the contributions.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

2.21 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(f). Contingent rents are recognised as revenue in the period in which they are earned.

2.22 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.22 Revenue recognition (continued)

(a) Contract revenue

Accounting policy for recognising contract revenue is stated in Note 2.15.

(b) Sale of goods

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Maintenance revenue

Maintenance revenue is recognised on a straight-line basis over the specified contract period. Maintenance revenue received in advance is deferred as unearned income and recognised as income over the life of the maintenance contracts.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(f) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.23 Income taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.23 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.24 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.27 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 Discontinued operations

A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held-for-sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

In the profit or loss of the current reporting period, and of the comparative period, all income and expenses from discontinued operation are reported separately from income and expenses from continuing activities.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. Group companies

Details of subsidiary companies of the Company at 31 December are:-

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Cost		Effective equity interest held by the Group	
			2015 \$'000	2014 \$'000	2015 %	2014 %
iii	CSE Systems & Engineering (India) Private Limited ⁽⁹⁾ (India)	Sales and provision of computer network systems (India)	36	36	100	100
iv	CSE Systems & Engineering (America), Inc. (America)	Sales and provision of computer network systems (America)	—*	759	—	100
i	CSE Global (Asia) Limited (Singapore)	E-business integration, research and development and investment holding (Singapore)	27,264	27,264	100	100
i	CSE Semaphore Singapore Pte Ltd (Singapore)	Distribution and marketing of remote terminal units (Singapore)	—**	11,262	—	100
iii	Power Diesel Engineering Pte Ltd (Singapore) ⁽¹⁰⁾	Overhauling and spares supply for diesel engine for Marine, Oil and Gas, Industrial and construction sectors (Singapore)	—***	5,887	—	66
i	S3 ID Pte Ltd (Singapore)	Sale and provision of safe secure solution and investment holding (Singapore)	13,600	13,600	80	80
i	CSE (Americas) Pte Ltd (Singapore)	Sale and provision of system integration services and investment holding (Singapore)	39,556	39,556	100	100

* Filed a certificate of dissolution and dissolved on 29 December 2015.

** Placed under voluntary liquidation proceedings and struck off on 17 September 2015.

*** The fourth and third tranche payment in FY2015 and FY2014 reduced by \$100,000 and \$148,000 respectively for investment in Power Diesel Engineering Pte Ltd and the Group completed its disposal of 66% equity interest in Power Diesel Engineering Pte Ltd on 12 June 2015 (Note 6).

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. Group companies (continued)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Cost		Effective equity interest held by the Group	
			2015 \$'000	2014 \$'000	2015 %	2014 %
iii	CSE Technology (Beijing) Co., Ltd ⁽⁵⁾ (China)	Sale and provision of computer network systems (China)	2,524	2,524	100	100
i	CSE-TransTel Pte Ltd (Singapore)	Provision of turnkey telecommunications solutions (Singapore)	75,302	75,302	100	100
iii	CSE-Global (Australia) Pty Ltd ⁽⁶⁾ (Australia)	Distribution of electrical engineering equipment and distribution and marketing of remote terminal units (Australia)	46,213	46,213	100	100

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group	
			2015 %	2014 %
Held by CSE Global (Asia) Limited				
i	CSE-ITS Pte Ltd (Singapore)	Provision of infrastructure engineering services (Singapore)	100	100
i	CSE-IAP Pte Ltd (Singapore)	Provision of computer systems integration services (Singapore)	100	100
i	CSE-EIS Pte Ltd (Singapore)	Provision of computer systems integration services (Singapore)	100	100
ii	CSE-EIS (Malaysia) Sdn Bhd ⁽¹⁾ (Malaysia)	Sales and provision of computer network systems (Malaysia)	100	100
iii	CSE Systems & Engineering (India) Private Limited ⁽³⁾ (India)	Sales and provision of computer network systems (India)	100	100
i	CSE Hankin (Singapore) Pte Ltd (Singapore)	Provision of process plant and environmental engineering services (Singapore)	100	100
iii	CSE Technology (Beijing) Co., Ltd ⁽⁵⁾ (China)	Sale and provision of computer network systems (China)	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. Group companies (continued)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group	
			2015 %	2014 %
Held by CSE Hankin (Singapore) Pte Ltd				
iii	CSE-Hankin Inc ⁽²⁾ (America)	Design and install high temperature thermal process and incineration systems (America)	100	100
Held by S3 ID Pte Ltd				
iii	S3 ID Group Ltd ⁽¹¹⁾ (United Kingdom)	Sale and provision of safety system and automation hardware product (United Kingdom)	60	60
ii	S3 ID (Malaysia) Sdn Bhd ⁽¹⁾ (Malaysia)	Sale and provision of safety system and automation hardware product (Malaysia)	80	80 [#]
Held by S3 ID Group Ltd				
iii	S3 ID Ltd ⁽¹¹⁾ (United Kingdom)	Sale and provision of safety system and automation hardware product (United Kingdom)	60	60
iii	S3 ID AS ⁽¹²⁾ (Norway)	Sale and provision of safety system and automation hardware product (Norway)	60	60
iv	S3 ID LLP (Kazakhstan)	Sale and provision of safety system and automation hardware product (Kazakhstan)	60	60
#	S3 ID (Malaysia) Sdn Bhd, a newly incorporated Company in the financial year ended 31 December 2014.			

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. Group companies (continued)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group	
			2015 %	2014 %
Held by CSE (Americas) Pte Ltd				
iv	CSE Americas, Inc (America)	Sale and provision of system integration services (America)	100	100
iv	W-Industries of Mexico, SA de CV (Mexico)	Sale and provision of system integration services (Mexico)	100	100
Held by CSE Americas, Inc.				
iv	CSE W-Industries, Inc (America)	Sale and provision of system integration services (America)	100	100
v	CSE ICON, Inc (America)	Sale and provision of system integration services (America)	100	100
Held by CSE W-Industries, Inc.				
v	W-Industries of Texas, LLC (America)	Sale and provision of system integration services (America)	100	100
v	W-Industries of Louisiana, LLC (America)	Sale and provision of system integration services (America)	100	100
iv	CSE Environmental LLC (America)	Sales and marketing of air injection technology and energy storage projects (America)	100	100

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. Group companies (continued)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group	
			2015 %	2014 %
Held by CSE-TransTel Pte Ltd				
iv	P.T. TransTel Engineering (Indonesia)	Provision of turnkey telecommunications solutions (Indonesia)	100	100
iv	TransTel Engineering (Nigeria) Ltd (Nigeria)	Provision of turnkey telecommunications solutions (Nigeria)	80	80
iii	Transtel Engineering (Tianjin) Co. Ltd ⁽⁴⁾ (China)	Provision of turnkey telecommunications solutions (China)	100	100
iii	Transtel Engineering Thailand Ltd ⁽⁸⁾ (Thailand)	Provision of turnkey telecommunications solutions (Thailand)	100	100
iv	Transtel Engineering Pty Ltd (Australia)	Provision of turnkey telecommunications solutions (Australia)	100	100
iii	TransTel Engineering (M) Sdn Bhd ⁽⁹⁾ (Malaysia)	Provision of turnkey telecommunications solutions (Malaysia)	100 ^{##}	80
iv	Transtel Engineering Arabian Limited Co. (Saudi Arabia)	Provision of turnkey telecommunications solutions (Saudi Arabia)	100	100
iv	Transtel Engineering PNG Limited (Papua New Guinea)	Provision of turnkey telecommunications solutions (Papua New Guinea)	100	100
iii	CSE Systems & Engineering (Thailand) Limited ⁽⁸⁾ (Thailand)	Sales and provision of computer network systems (Thailand)	100	100
iii	CSE Transtel India Private Limited ⁽⁷⁾ (India)	Sales and provision of telecommunications network systems (India)	100 ^{###}	-
iv	CSE Transtel Middle East FZE (Dubai)	Sales and provision of telecommunications network systems (Dubai)	100 ^{###}	-

^{##} CSE Transtel Pte Ltd acquired the remaining 20% shareholding in the financial year ended 31 December 2015 for a purchase consideration of RM1 (approximately \$0.35).

^{###} CSE Transtel India Private Limited and CSE Transtel Middle East FZE are newly incorporated Company in the financial year ended 31 December 2015.

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. Group companies (continued)

	Name of Company (Country of incorporation)	Principal activities (Place of business)	Effective equity interest held by the Group	
			2015 %	2014 %
Held by CSE-Global (Australia) Pty Ltd				
iii	CSE-Uniserve Corporation Pty Ltd ⁽⁶⁾ (Australia)	Distribution of electrical engineering equipment and investment holding (Australia)	100	100
iii	Astib Group Pty Ltd ⁽⁶⁾ (Australia)	Provision of telecommunications solutions (Australia)	100	100
iii	CSE Crosscom Pty Ltd ⁽⁶⁾ (Australia)	Provision of telecommunications solutions (Australia)	100 ^{####}	-
Held by CSE-Uniserve Corporation Pty Ltd				
iii	CSE-Uniserve Pty Ltd ⁽⁶⁾ (Australia)	Distribution of electrical engineering equipment (Australia)	100	100
iii	CSE-W Arthur Fisher Limited ⁽¹³⁾ (New Zealand)	Distribution of electrical engineering equipment and manufacture of process control and automation equipment (New Zealand)	100	100
Held by Astib Group Pty Ltd				
iii	CSE-Transtel Pty Ltd ⁽⁶⁾ (Australia)	Provision of telecommunications solutions (Australia)	100	100
iii	CSE-CX Distribution Pty Ltd ⁽⁶⁾ (Australia)	Provision of telecommunications solutions (Australia)	100	100
iii	CSE-Comsource Pty Ltd ⁽⁶⁾ (Australia)	Provision of telecommunications solutions (Australia)	100	100

^{####} CSE Crosscom Pty Ltd, a newly incorporated Company in the financial year ended 31 December 2015 and CSE Crosscom Pty Ltd completed its acquisition of business from Crosscom Pty Ltd on 30 June 2015 (Note 5).

Notes to the Financial Statements

For the financial year ended 31 December 2015

3. Group companies (continued)

- (i) Audited by Ernst & Young LLP, Singapore
- (ii) Audited by associated firms of Ernst & Young LLP, Singapore
 - (1) Audited by Ernst & Young, Kuala Lumpur
- (iii) Audited by other auditors
 - (2) Audited by Flynn, Horlacher & Parker, P.C., Certified Public Accountants
 - (3) Audited by M.V Guruprasad, Chartered Accountants
 - (4) Audited by Tianjin Zhong Hao Hai, Certified Public Accountants
 - (5) Audited by Beijing Zhong Yong LiQin, Certified Public Accountants
 - (6) Audited by Foster Raffan, Certified Public Accountants
 - (7) Audited by AFC Corporate Advisors Pvt Ltd
 - (8) Audited by Siam Council Audit Services Limited, Certified Public Accountants
 - (9) Audited by RSM Robert Teo, Kuan & Co.
 - (10) Audited by Goh Boon Kok & Co
 - (11) Audited by RSM UK Audit LLP
 - (12) Audited by Deloitte Norway
 - (13) Audited by JSA Audit
- (iv) Not required to be audited under the laws of the country of incorporation
- (v) Not required to be audited under the laws of the country of incorporation, but audited by Ernst & Young LLP, Singapore for the purpose of consolidation of the Group.

As required by Rule 716 of the Listing Manual of the Singapore Securities Trading Limited, the Audit and Risk Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2015

4. Property, plant and equipment

Group	Assets under construction		Freehold land	Buildings	Leasehold improvements	Plant and machinery	Tools and equipment	Office furniture and fittings	Computer equipment	Motor vehicles	Total
	\$'000	\$'000									
Cost:											
At 1 January 2014	770	1,385	8,442	2,928	3,288	15,190	3,330	7,317	3,636	46,286	
Currency realignment	30	54	265	58	13	(478)	25	167	60	194	
Additions	863	-	1,098	638	362	2,822	702	977	762	8,224	
Disposals	-	(514)	-	(126)	(134)	(1,065)	(137)	(483)	(681)	(3,140)	
Write-off	-	-	-	(80)	-	(207)	-	(17)	-	(304)	
Reclassification	(1,033)	-	613	90	182	148	-	-	-	-	
At 31 December 2014	630	925	10,418	3,508	3,711	16,410	3,920	7,961	3,777	51,260	
and 1 January 2015	45	67	726	150	22	(516)	82	346	135	1,057	
Currency realignment	648	-	673	54	202	1,601	748	685	950	5,561	
Additions	-	-	-	8	328	397	18	102	72	925	
Acquisition of assets (Note 5)	-	-	-	(46)	(41)	(218)	(10)	(53)	(324)	(1,370)	
Disposal of subsidiary (Note 6)	-	-	(678)	-	(22)	(1,147)	(28)	(65)	(573)	(1,835)	
Disposals	-	-	-	(16)	-	-	(3)	(225)	(42)	(286)	
Write-off	(763)	-	43	-	-	684	11	25	-	-	
Reclassification	560	992	11,182	3,658	4,200	17,211	4,738	8,776	3,995	55,312	
At 31 December 2015	560	992	11,182	3,658	4,200	17,211	4,738	8,776	3,995	55,312	

Notes to the Financial Statements

For the financial year ended 31 December 2015

4. Property, plant and equipment (continued)

Group	Assets under construction		Freehold land	Buildings	Leasehold improvements	Plant and machinery	Tools and equipment	Office furniture and fittings	Computer equipment	Motor vehicles	Total
	\$'000	\$'000									
Accumulated depreciation:											
At 1 January 2014	-	2,431	-	2,431	2,230	2,503	8,903	2,532	5,453	2,136	26,188
Currency realignment	-	90	-	90	108	62	(321)	57	185	73	254
Charge for the year	-	-	-	-	-	-	-	-	-	-	-
- Continuing operations	-	328	-	328	179	292	1,165	305	1,160	588	4,017
- Discontinued operation	-	15	-	15	39	10	18	2	11	58	153
Disposals	-	-	-	-	(48)	(106)	(584)	(117)	(298)	(551)	(1,704)
Write-off	-	-	-	-	(80)	-	-	-	(17)	-	(97)
At 31 December 2014 and 1 January 2015	-	2,864	-	2,864	2,428	2,761	9,181	2,779	6,494	2,304	28,811
Currency realignment	-	283	-	283	133	69	(149)	95	341	129	901
Charge for the year	-	-	-	-	-	-	-	-	-	-	-
- Continuing operations	-	261	-	261	204	365	1,919	341	756	486	4,332
- Discontinued operation	-	33	-	33	2	1	10	-	3	16	65
Disposals of subsidiary (Note 6)	-	(80)	-	(80)	(46)	(41)	(33)	(3)	(50)	(128)	(381)
Disposals	-	-	-	-	-	(20)	(1,013)	(22)	(62)	(440)	(1,557)
Write-off	-	-	-	-	(1)	-	-	(3)	(225)	(42)	(271)
At 31 December 2015	-	3,361	-	3,361	2,720	3,135	9,915	3,187	7,257	2,325	31,900
Net carrying value:											
At 31 December 2015	560	992	992	7,821	938	1,065	7,296	1,551	1,519	1,670	23,412
At 31 December 2014	630	925	925	7,554	1,080	950	7,229	1,141	1,467	1,473	22,449

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$74,000 (2014: \$565,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to \$5,487,000 (2014: \$7,659,000). The carrying amount of property, plant and equipment held under finance leases at the end of the financial year was \$41,000 (2014: \$395,000).

Notes to the Financial Statements

For the financial year ended 31 December 2015

4. Property, plant and equipment (continued)

Company	Leasehold improvements \$'000	Office furniture and fittings \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost:					
At 1 January 2014	434	70	245	–	749
Additions	34	–	14	–	48
At 31 December 2014 and 1 January 2015	468	70	259	–	797
Additions	12	9	–	216	237
Write-off	(16)	–	–	–	(16)
At 31 December 2015	464	79	259	216	1,018
Accumulated depreciation:					
At 1 January 2014	408	63	221	–	692
Charge for the year	26	3	24	–	53
At 31 December 2014 and 1 January 2015	434	66	245	–	745
Charge for the year	10	3	13	18	44
Write-off	(1)	–	–	–	(1)
At 31 December 2015	443	69	258	18	788
Net carrying value:					
At 31 December 2015	21	10	1	198	230
At 31 December 2014	34	4	14	–	52

Notes to the Financial Statements

For the financial year ended 31 December 2015

5. Investment in subsidiaries and amounts due from/(to) subsidiary companies

	Company	
	2015 \$'000	2014 \$'000
Unquoted shares, at cost	204,495	222,403

Details of the subsidiary companies are set out in Note 3.

As at 31 December 2015, the Group does not have any subsidiaries that have non-controlling interests (NCI) that are material to the Group.

Acquisition of business from Crosscom Pty Ltd

On 19 June 2015, a wholly-owned subsidiary of the Group, CSE Crosscom Pty Ltd entered into an asset purchase agreement with Crosscom Pty Ltd ("Crosscom") for the acquisition of assets and business of Crosscom (the "Crosscom Acquisition") for a cash consideration of AUD 5,000,000 (or approximately S\$5,066,000). The transaction was completed on 30 June 2015.

The Crosscom Acquisition allowed the Group to invest in a company with an established platform from which to expand its business in the provision of two-way radio communication products and services in Australia.

The fair values of the identifiable assets and liabilities acquired are as follows:

	Fair value recognised on acquisition \$'000
Customer relationships	1,575
Property, plant and equipment	925
Inventories	1,180
Cash and cash equivalent	1,013
	<hr/> 4,693
Deferred tax liabilities	(556)
Total identifiable net assets at fair value	<hr/> 4,137
Goodwill arising from acquisition	929
Cash paid on acquisition	<hr/> 5,066
Less: Cash and cash equivalent received upon acquisition	(1,013)
Net cash outflow on acquisition	<hr/> 4,053

Notes to the Financial Statements

For the financial year ended 31 December 2015

5. Investment in subsidiaries and amounts due from/(to) subsidiary companies (continued)

Goodwill arising from acquisition

Goodwill of \$929,000 comprises the value of strengthening of the Group's market position in the telecommunication industry. None of the goodwill recognised is expected to be deductible for tax purposes.

Customer relationships arising from acquisition

Customer relationships have been identified as an intangible asset arising from this acquisition. The Group engaged an independent valuer to determine the fair value of the customer relationships.

Impact of the acquisition on profit or loss

From the acquisition date, the acquired business contributed approximately \$4,969,000 of revenue and \$143,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the revenue from continuing operations would have been approximately \$5,508,000 and the Group's profit from continuing operations, net of tax would have been approximately \$428,000.

Provisional accounting of the acquisition of business from Crosscom Pty Ltd

The purchase price allocation of the acquisition of Crosscom in the financial year ended 31 December 2015 were provisional as the Group had sought an independent valuation for the Crosscom Acquisition. The results of this valuation had not been finalised at the date the 2015 financial statements were authorised for issue.

Amounts due from/(to) subsidiary companies

	Company	
	2015	2014
	\$'000	\$'000
Amounts due from subsidiary companies, current:-		
Trade	9,542	6,743
Non-trade	1,054	324
Short term loans	20,065	17,712
Amounts due from subsidiary companies, current	<u>30,661</u>	<u>24,779</u>
Amounts due from subsidiary companies denominated in foreign currencies at December are as follows:		
United States Dollars	26,865	22,061
British Pounds Sterling	39	91
Australia Dollars	630	161
Amounts due to subsidiary companies, current:-		
Trade	1,742	4,063
Non-trade	317	403
Short term loans	77,596	67,106
Amounts due to subsidiary companies, current	<u>79,655</u>	<u>71,572</u>
Amounts due to subsidiary companies denominated in foreign currencies at December are as follows:-		
United States Dollars	<u>56,422</u>	<u>46,386</u>

The amounts due from/(to) subsidiary companies are unsecured, non-interest bearing, repayable on demand and are to be settled in cash. The short term loans due from subsidiary companies bear interest at 3.0% - 6.0% (USD) per annum (2014: 4.25% (USD)). The short term loans due to subsidiary companies bear interest at 1.5% (USD), 0.38% (SGD) per annum (2014: 4.25%(USD), 0.38% (SGD)).

Notes to the Financial Statements

For the financial year ended 31 December 2015

6. Discontinued operation

On 12 June 2015, the Group completed the disposal of its entire shareholding interest of 66% in Power Diesel Engineering Pte Ltd ("Power Diesel") for a cash consideration of \$15,470,380 to IMR Power Pte Ltd.

The disposal would enable the Group to focus on its process controls and communication and security businesses.

Following the completion of disposal of equity interest of 66% in Power Diesel, the Group recorded a gain on disposal of subsidiary of \$1,843,000. The effects of the disposal of Power Diesel on the financial results of the Group for the financial period up to the date of disposal are as follows:

The summarised financial information of the discontinued operation is as follows:

	2015 \$'000	2014 \$'000
Result		
Revenue	7,701	17,079
Cost of sales	(5,435)	(11,808)
Gross profit	2,266	5,271
Expenses	(446)	(1,557)
Profit before tax	1,820	3,714
Taxation	(257)	(607)
Non-controlling interest	(531)	(1,057)
Gain on disposal of subsidiary	1,843	–
Profit from discontinued operation, net of tax	2,875	2,050

Notes to the Financial Statements

For the financial year ended 31 December 2015

6. Discontinued operation (continued)

The effect of the disposal of Power Diesel on the financial position of the Group as at the date of disposal are as follows:

	2015
	\$'000
Assets	
Property, plant and equipment	989
Gross amount due from customers for contract work-in-progress	1,706
Trade and other receivables	5,020
Prepaid operating expenses	28
Cash and bank balances	3,413
Intangible asset	2,884
Assets of the subsidiary	<u>14,040</u>
Liabilities	
Trade payables and accruals	403
Finance lease	151
Provision for tax	646
Deferred tax liabilities	51
Gross amount due to customers for contract work-in-progress	516
Liabilities of the subsidiary	<u>1,767</u>
Net assets directly associated to the subsidiary	<u>12,273</u>
Investment at cost	5,787
Share of post-acquisition reserves as at 1 January 2015	2,244
Share of post-acquisition reserves for the period ended 31 May 2015	1,032
Carrying amount of investment	9,063
Cash and bank balances as at date of disposal	(3,413)
Gain on disposal of subsidiary	1,843
Total cash consideration received net of cash disposed	<u>7,493</u>

7. Other investment

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Available-for-sale investment				
- Equity instruments (unquoted) at cost	190	190	190	190

Notes to the Financial Statements

For the financial year ended 31 December 2015

8. Intangible assets

Group	Goodwill \$'000	Sales order backlog \$'000	Licences \$'000	Intellectual property rights \$'000	Customer relationship \$'000	Others \$'000	Total \$'000
Cost:							
At 1 January 2014	43,643	427	1,759	4,113	–	–	49,942
Currency realignment	399	(2)	–	(45)	–	–	352
Adjustment for contingent settlement	(148)	–	–	–	–	–	(148)
At 31 December 2014 and 1 January 2015	43,894	425	1,759	4,068	–	–	50,146
Currency realignment	1,231	8	–	87	–	–	1,326
Additions	–	–	–	642	–	324	966
Due to acquisition of assets	929	–	–	–	1,575	–	2,504
Due to disposal of subsidiary	(2,884)	–	–	–	–	–	(2,884)
Adjustment for contingent settlement	(100)	–	–	–	–	–	(100)
At 31 December 2015	43,070	433	1,759	4,797	1,575	324	51,958
Accumulated amortisation and impairment loss:							
At 1 January 2014	4,565	59	308	208	–	–	5,140
Currency realignment	29	(3)	–	(6)	–	–	20
Provided during the year	–	144	161	483	–	–	788
At 31 December 2014 and 1 January 2015	4,594	200	469	685	–	–	5,948
Currency realignment	56	6	–	17	–	–	79
Provided during the year	–	143	161	513	213	32	1,062
At 31 December 2015	4,650	349	630	1,215	213	32	7,089
Net carrying value							
At 31 December 2015	38,420	84	1,129	3,582	1,362	292	44,869
At 31 December 2014	39,300	225	1,290	3,383	–	–	44,198
Remaining amortisation period (years) – 2015	NA	1	7	11	5	9	NA
Remaining amortisation period (years) – 2014	NA	2	8	12	–	–	NA

Licences

The licences are related to industrial design rights for automatic chemical resistance starters for electric motors.

Intellectual property rights

Intellectual property rights relate to the patented and unpatented technologies of trading system and lock device.

Notes to the Financial Statements

For the financial year ended 31 December 2015

8. Intangible assets (continued)

Company	Licences \$'000
Cost:	
At 1 January 2014, 31 December 2014 and 31 December 2015	1,759
Accumulated amortisation:	
At 1 January 2014	308
Provided during the year	161
At 31 December 2014	469
Provided during the year	161
At 31 December 2015	630
Net carrying value:	
At 31 December 2015	1,129
At 31 December 2014	1,290

Amortisation of intangible assets other than goodwill are included in the "Other expenses" line item in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2015

8. Intangible assets (continued)

Impairment testing of goodwill and intellectual property rights

Goodwill acquired through business combinations and intellectual property rights have been allocated to the Group's cash-generating units (CGU) identified according to each individual business unit for impairment testing, as follows:-

	Group	
	2015 \$'000	2014 \$'000
CSE W-Industries, Inc.		
- W-Industries of Louisiana, LLC	15,215	14,192
CSE-Global (Australia) Pty Ltd		
- Uniserve Group	5,596	5,943
- W-Arthur Fisher Ltd	920	977
- CSE-Crosscom Pty Ltd.	929	-
CSE-Global (Asia) Pte Ltd		
- CSE-EIS (Malaysia) Sdn Bhd	486	486
- CSE Hankin Inc	5,085	4,743
S3 ID Group Ltd	10,189	9,975
Power Diesel Engineering Pte Ltd (Note 6)	-	2,984
	<u>38,420</u>	<u>39,300</u>

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The value-in-use calculations use 5-year cash flow projections based on financial budgets approved by management. Management have considered and determined the factors applied in these financial budgets which include budgeted gross margins and average growth rates. The budgeted gross margins are based on past performance and its expectation of market development. Average growth rates of 5% - 15% (2014: 5% - 15%) used are consistent with forecasts based on existing contracts and book orders. The discount rate applied is assumed at 10.2% (2014: 7.4%) for value-in-use calculations, which approximates the Group weighted average cost of capital.

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins - Gross margins are based on average values achieved in the year preceding the start of the budget period. These have been forecasted to remain constant over the budget period.

Discount rate - Discount rate used reflecting management's estimate of the risks and the expected returns from the CGUs.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

If the management's estimated discount rate applied to the cash flow projections had been increased by 1% - 4% (2014: 1%), this would result in a 24% - 40% (2014: 12%) decrease to the recoverable amount of the CGU, which would still be in excess of the carrying amount.

Notes to the Financial Statements

For the financial year ended 31 December 2015

9. Deferred tax assets/(liabilities)

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred tax assets	13,666	13,479	3,208	4,095
Deferred tax liabilities	(4,950)	(4,220)	–	–
	8,716	9,259	3,208	4,095

This can be analysed as follows:-

Deferred tax assets:

Differences in depreciation and amortisation and donation	439	195	–	–
Provisions	1,938	3,400	61	–
Unutilised tax losses	8,291	5,236	–	–
Revenue recognised on accrual basis	3,156	3,510	3,156	3,510
Other deferred tax assets	19	1,148	16	585
Gross deferred tax assets	13,843	13,489	3,233	4,095

Deferred tax liabilities:

Differences in depreciation and amortisation and donations	(4,449)	(3,776)	(25)	–
Due to acquisition of subsidiary	(556)	–	–	–
Other deferred tax liabilities	(122)	(454)	–	–
Gross deferred tax liabilities	(5,127)	(4,230)	(25)	–
Net deferred tax assets	8,716	9,259	3,208	–

Recognised tax losses, capital allowance and donations

As at 31 December 2015, the Group has \$40,453,000 recognised tax losses and capital allowances (2014: \$29,584,000) and \$60,000 unutilised donations (2014: \$994,000) available for offset against future taxable profits of the companies in which the losses and donations arose. Donations are further eligible for a 250% enhanced deduction. The use of the tax losses and donations are subject to the agreement of the tax authorities and compliance with tax regulations of the respective countries in which the subsidiary companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

At 31 December 2015, no deferred income tax liability has been recognised (2014: \$Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has control over the remittance and has determined that unremitted earnings will not be remitted in the foreseeable future.

Tax consequences of proposed dividends

There are no income tax consequences (2014: \$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

Notes to the Financial Statements

For the financial year ended 31 December 2015

10. Gross amount due from/(to) customers for contract work-in-progress

	Group	
	2015 \$'000	2014 \$'000
Aggregate amount of costs incurred and attributable profits less recognised losses to date	679,677	701,266
Less: Progress billings	(631,118)	(644,929)
Less: Provision for foreseeable losses	(736)	(686)
Amounts due from customers for contract work, net	47,823	55,651
Movement in provision account:		
At 1 January	686	9,065
Currency realignment	50	318
Utilisation	-	(8,697)
	736	686
The provision made represents management's estimate for additional costs to be incurred to complete various projects for its telecommunication division in the Middle East.		
Presented as :		
Gross amount due from customers for contract work	60,409	83,051
Gross amount due to customers for contract work	(12,586)	(27,400)
	47,823	55,651
Advances received included in gross amount due to customers for contract work	3,737	1,840
Retention sums on project contracts included in trade receivables	6,755	5,817

11. Inventories

	Group	
	2015 \$'000	2014 \$'000
Balance sheet:		
Raw materials	5,754	5,045
Work-in-progress	895	6,574
Finished goods	5,172	5,312
Inventories in transit	-	235
Total inventories at lower of cost and net realisable value	11,821	17,166
Income statement:		
Inventories recognised as an expense in cost of sales is inclusive of the following charge/(credit):		
Allowance made/(written back) during the year	128	(150)
Inventories written off	-	108
	-	108

Notes to the Financial Statements

For the financial year ended 31 December 2015

12. Trade and other receivables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	99,617	104,882	1,132	1,535
Other receivables	7,053	6,547	12	238
Refundable deposits	351	766	116	41
Staff advances	129	197	–	–
Interest receivables	31	31	–	–
Total trade and other receivables	107,181	112,423	1,260	1,814
Add:				
Amounts due from subsidiary companies (Note 5)	–	–	30,661	24,779
Cash and cash equivalents (Note 26)	109,719	66,891	27,380	3,092
Total loans and receivables	216,900	179,314	59,301	29,685

Trade receivables are non-interest bearing and are generally on 30 to 120 days' terms. They are recognised at their original amounts which represent their fair values on initial recognition.

Trade and other receivables denominated in foreign currencies other than functional currencies for respective entities at 31 December are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
United States Dollars	2,920	2,934	645	721
British Pounds Sterling	5	5	–	–
Australian Dollars	–	1,072	–	–
Euro	1,168	5,386	–	–

Staff advances

Staff advances are unsecured and non-interest bearing.

Notes to the Financial Statements

For the financial year ended 31 December 2015

12. Trade and other receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$46,172,000 (2014: \$51,574,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables past due but not impaired:				
Less than 30 days	18,263	13,614	–	31
30 to 60 days	6,208	13,111	–	557
61 to 90 days	2,937	4,313	–	–
91 to 120 days	6,149	3,939	–	–
More than 120 days	12,615	16,597	645	28
	<u>46,172</u>	<u>51,574</u>	<u>645</u>	<u>616</u>

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance account used to record the impairment are as follows:

	Group Individually impaired		Company Individually impaired	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables – nominal amounts	3,671	1,093	–	–
Less: Allowance for impairment	(2,854)	(1,093)	–	–
	<u>817</u>	<u>–</u>	<u>–</u>	<u>–</u>
Movement in allowance account:				
At 1 January	1,093	876	–	–
Currency realignment	40	95	–	–
Charge for the year	1,824	147	–	–
Written back	–	(25)	–	–
Written off	(103)	–	–	–
At 31 December	<u>2,854</u>	<u>1,093</u>	<u>–</u>	<u>–</u>

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

13. Trade payables and accruals

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables	19,296	33,352	34	35
Accruals	29,172	30,226	6,220	10,362
Customers advances	2,208	542	–	–
Total trade payables and accruals	50,676	64,120	6,254	10,397
Add :				
Amounts due to subsidiaries (Note 5)	–	–	79,655	71,572
Finance leases (Note 27)	106	393	–	–
Loans and borrowings (Note 14)	55,514	43,483	50,189	39,125
Customers advances	(2,208)	(542)	–	–
Total financial liabilities carried at amortised cost	104,088	107,454	136,098	121,094

Trade payables and accruals are non-interest bearing and are normally settled on 60-day terms.

Trade payables and accruals denominated in foreign currencies other than functional currencies for respective entities at 31 December are as follows:

United States Dollars	2,814	4,836	–	4
British Pounds Sterlings	255	4,128	–	–
Australian Dollars	11	1,020	–	–
Euro	889	1,911	–	–
Singapore Dollars	517	2,911	–	–

14. Loans and borrowings

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Short term loans, unsecured				
- Singapore Dollars	50,189	32,551	50,189	32,150
- United States Dollars	–	6,975	–	6,975
- Australian Dollars	5,325	3,093	–	–
	55,514	42,619	50,189	39,125
Long term loans, unsecured				
- Singapore Dollars	–	864	–	–
	–	864	–	–
Total loans and borrowings	55,514	43,483	50,189	39,125

The unsecured short term loans of the Company and the Group bear interest at 0.98% - 4.35% (2014: 0.98% - 2.40%) per annum, the unsecured long term loans of the Company and of the Group bear interest at Nil% (2014: 2.08% - 2.12%) per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2015

15. Provision for warranties

	Group	
	2015 \$'000	2014 \$'000
At 1 January	1,506	1,575
Currency realignment	35	32
Provision during the year	907	712
Provision written back	(351)	(782)
Provision utilised	(289)	(31)
At 31 December	1,808	1,506

Provision for warranties relates to estimated costs for possible rectification work during the warranty period of the gross amount due from/(to) customers for contract work-in-progress. The provision for such costs is based on estimates made from historical data associated with similar projects. Upon the expiry of the warranty period, the Group would proceed to write back any unused portion of the warranty provision.

16. Share capital

	Group and Company			
	2015		2014	
	No. of shares \$'000	No. of shares \$'000	No. of shares \$'000	No. of shares \$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	516,068	98,542	516,068	98,542

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

17. Other reserves

Other reserves comprised the surplus from the sale of the treasury shares and premium paid on acquisition of non-controlling interests from the purchase of Transtel Arabia Limited Co and Transtel Engineering (M) Sdn Bhd of approximately \$9,876,000 and (\$32,000) (2014: \$9,876,000 and (\$71,000)) respectively.

18. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

19. Revenue

Revenue mainly represents the revenue recognised on projects-in-progress.

Notes to the Financial Statements

For the financial year ended 31 December 2015

20. Miscellaneous income from continuing operations

	Group	
	2015 \$'000	2014 \$'000 (Restated)
Rental income	201	180
Miscellaneous income	265	1,072
Net foreign exchange gain	45	708
	<u>511</u>	<u>1,960</u>

21. Finance income

	Group	
	2015 \$'000	2014 \$'000
Interest income – short-term deposits	<u>258</u>	<u>261</u>

22. Finance costs from continuing operations

	Group	
	2015 \$'000	2014 \$'000 (Restated)
Interest expense	<u>1,121</u>	<u>761</u>

Notes to the Financial Statements

For the financial year ended 31 December 2015

23. Profit before tax from continuing operations

	Group	
	2015	2014
	\$'000	\$'000
		(Restated)
The following items have been included in arriving at profit before tax from continuing operations:-		
Audit services paid to:-		
Auditors of the Company	355	430
Other auditors of subsidiary companies	191	191
Non-audit services paid to:-		
Other auditors of subsidiary companies	48	67
Depreciation of property, plant and equipment (Note 4)	4,332	4,017
Gain on disposal of property, plant and equipment	(438)	(224)
Amortisation of intangible assets (Note 8)	1,062	788
Allowance for inventories obsolescence made/(written back), net (Note 11)	128	(150)
Allowance for doubtful trade receivables, net (Note 12)	1,824	122
Bad trade receivables written (back)/off directly to profit or loss	(113)	86
Provision for warranties made/(written back), net (Note 15)	556	(70)
Personnel and related costs comprising:-		
Salaries and bonuses	26,624	25,818
Employees' provident fund	2,607	2,739
Other personnel and related costs	20,015	19,055
Rental expenses	4,245	4,544
Directors' fees		
- Directors of the Company	408	378

Notes to the Financial Statements

For the financial year ended 31 December 2015

24. Income tax expense

The major components of income tax expense for the years ended 31 December are:

	Group	
	2015 \$'000	2014 \$'000
Current taxation – continuing operations:		
- Singapore	1,559	2,006
- Foreign	7,570	9,642
Deferred taxation – continuing operations:		
- Singapore	393	497
- Foreign	(528)	(145)
Income tax expense attributable to continuing operations	8,994	12,000
Withholding tax	583	639
Over provision for prior years' taxation – current	(50)	(377)
Over provision for prior years' taxation – deferred	(786)	-
Income tax expense attributable to continuing operations	8,741	12,262
Income tax expense attributable to discontinued operation	257	607
Income tax expense recognised in the statement of comprehensive income	8,998	12,869

A reconciliation between the tax expense and the product of accounting profit before tax multiplied by the applicable tax rate for the financial years ended 31 December can be analysed as follows:

	Group	
	2015 \$'000	2014 \$'000
Profit before tax from continuing operations	39,639	46,062
Profit before tax from discontinued operation (excluding share of results of associated companies)	3,663	3,714
Accounting profit before tax	43,302	49,776
Taxation at statutory tax rate of 17% (2014:17%)	7,361	8,462
Adjustments :		
Expenses not deductible for tax purposes	778	863
Income not subject to taxation	(2,801)	(1,022)
Effect of tax deductions and reliefs	(378)	(1,104)
Deferred tax assets not recognised	70	499
Utilisation of tax losses and capital allowance previously not recognised	-	(61)
Different effective tax rates of other countries	4,139	5,067
Over provision in respect of previous year	(837)	(377)
Withholding tax	583	639
Others	83	(97)
	8,998	12,869

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The statutory tax rate applicable to the companies incorporated in Singapore, United States and Australia were 17%, 35% and 30% respectively for year of assessment 2016 and 2015.

Notes to the Financial Statements

For the financial year ended 31 December 2015

25. Earnings per share

Continuing operations

Basic earnings per share amounts are calculated by dividing profit from continuing operations, net of tax, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share from continuing operations amounts are calculated by dividing profit from continuing operations, net of tax, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Basic earnings per share

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2015 \$'000	2014 \$'000
Profit for the year attributable to owners of the Company	34,066	35,357
Less: Profit from discontinued operation, net of tax, attributable to owners of the Company	(2,875)	(2,050)
Profit from continuing operation, net of tax, attributable to owners of the Company used in computation of basic and diluted earnings per share*	31,191	33,307
		No. of shares
	2015	2014
	\$'000	\$'000
Weighted average number of shares for basic earnings per share computation:-*		
Outstanding during the year	516,068	516,068

* Rounded to the nearest thousand.

Diluted earnings per share

The basic ordinary fully diluted earnings per share are the same as the Group did not have any dilutive potential ordinary shares outstanding as at 31 December 2015 and 2014.

Notes to the Financial Statements

For the financial year ended 31 December 2015

26. Cash and cash equivalents

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Short-term deposits	3,494	1,425	-	-
Cash and bank balances	106,225	65,466	27,380	3,092
	109,719	66,891	27,380	3,092

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates ranging from 0 - 8.75% (2014: 0 - 9.75%) per annum.

Cash and cash equivalents denominated in foreign currencies other than functional currencies for respective entities at 31 December are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
United States Dollars	23,298	2,300	21,072	698
British Pounds Sterling	3,187	416	1,972	10
Australian Dollars	548	313	530	291
Euro	2,796	262	2,158	11
Singapore Dollars	149	879	-	-

27. Finance lease

The Group conducts a portion of its operations with leased office equipment and motor vehicles. These leases are classified as finance leases and expire over the next two years.

As at the balance sheet date, the Group has the following future minimum lease payments under finance leases together with the present value of the net minimum lease payments on equipment with initial or remaining term of one year or more :-

	Group			
	Total minimum lease payments 2015 \$'000	Present value of payments 2015 \$'000	Total minimum lease payments 2014 \$'000	Present value of payments 2014 \$'000
Current:				
Payable within 1 year	82	78	187	169
Non-current:				
Payable later than 1 year but not later than 5 years	28	28	211	187
Payable after 5 years	-	-	39	37
	28	28	250	224
Total finance leases	110	106	437	393
Less: Amounts representing finance charges	(4)	-	(44)	-
Present value of minimum lease payments	106	106	393	393

Included in lease payables of the Group is an amount of approximately \$106,000 (2014: \$227,000) denominated in Australian dollars.

The finance leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or entering into other lease agreements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

28. Segment information

For management purposes, the Group is organised as one business unit with a single reportable operating segment. The Group is in the business of systems integration solution and the provision of computer network systems. The provision of these services provides the Group with similar risks and rates of returns. For this reason, the management and the Directors are of the opinion that the Group only has one operating segment.

Geographical information

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced.

The following table presents revenue and non-current assets information regarding geographical segments for the year ended 31 December 2015 and 2014:

	Asia-Pacific*		America		Europe/ Middle East		Consolidated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Sales to external customers	129,302	152,576	234,666	220,040	47,986	44,130	411,954	416,746
Non-current assets	34,111	35,960	33,056	30,687	1,114	-	68,281	66,647

* *Projects in Asia-Pacific cover countries such as Singapore, China, Hong Kong, Korea, Japan, Thailand, Malaysia, Indonesia, Vietnam, and Australia.*

Non-current assets information presented above consists of intangible assets and fixed assets as presented in the consolidated balance sheet.

Information about major customers

Revenue from major customers amount to approximately \$16,532,000 (2014: \$17,044,000).

29. Commitments

(a) *Operating lease commitments – As lessee*

As at the balance sheet date, the Group has the following minimum lease payments under non-cancellable operating leases on premises and equipment with initial or remaining terms of one year or more.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2015 amounted to \$4,245,000 (2014: \$4,544,000).

	Group	
	2015 \$'000	2014 \$'000
Payable within 1 year	3,521	4,572
Payable later than 1 year but not later than 5 years	6,730	8,826
	10,251	13,398

The Group leases a number of office premises under operating leases. These leases typically run for an initial tenure of between one to five years. Certain leases include options to renew the leases after the expiry of the initial tenure. Lease payments under these leases are usually fixed for the entire initial tenure.

Notes to the Financial Statements

For the financial year ended 31 December 2015

29. Commitments (continued)

(b) Operating lease commitments – As lessor

As at the balance sheet date, the Group and Company have the following minimum lease receivables under non-cancellable operating lease on rental premises located within its leasehold buildings with a remaining term of one year:-

	Group and Company	
	2015	2014
	\$'000	\$'000
Receivable within 1 year	74	180
Receivable later than 1 year but not later than 5 years	-	36
	<u>74</u>	<u>216</u>

30. Related party transactions

(a) Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	2015	2014
	\$'000	\$'000
Management fee received	8,617	6,956
Royalties/licensing/agency fees received	21	81
Interest received	988	522
Rental income received	364	365
Sales commission received	833	876
Dividend received	11,000	20,000
Waiver of payable	1,087	5,235
Interest paid	(822)	(1,667)
Administrative and support service paid	(1,108)	(1,170)
Consultancy services paid	-	(175)

Related parties:

These are subsidiaries and associates of the CSE Global Ltd and its subsidiaries.

Notes to the Financial Statements

For the financial year ended 31 December 2015

30. Related party transactions (continued)

(b) Compensation of directors and key management personnel

	Group	
	2015 \$'000	2014 \$'000
Short-term employee benefits	8,148	8,383
Central Provident Fund contributions	87	31
Directors service fees	-	175
Directors fees	408	378
	<u>8,643</u>	<u>8,967</u>
Comprise amounts paid to:		
Directors of the Company	1,444	1,568
Other key management personnel	7,199	7,399
	<u>8,643</u>	<u>8,967</u>

31. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, finance leases, cash and short term deposits. The main purpose of these financial instruments is to finance the Group's operations. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors resolutions and banking mandates which define the permitted financial instruments and facilities limits, approved by the Board of Directors. All financial transactions require dual signatories. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollar (SGD), United States Dollar (USD), British Pound (GBP), Euro (EUR), and Australia Dollar (AUD). Approximately 98% (2014: 98%) of the Group's sales and approximately 78% (2014: 79%) of costs including taxes are denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payables balances at the balance sheet date have similar exposures with 91% (2014: 85%) and 88% (2014: 75%) denominated in their respective functional currencies.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances are mainly in USD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as the currency positions in the respective countries are considered to be long-term in nature.

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a 1% (2014: 1%) change in the USD, GBP, AUD, EUR and SGD remain exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group Transactional exposure	
		2015 Profit before tax \$'000	2014 Profit before tax \$'000
USD/SGD	Strengthened	200	(56)
	Weakened	(200)	56
GBP/SGD	Strengthened	25	(32)
	Weakened	(25)	32
AUD/SGD	Strengthened	(41)	(23)
	Weakened	41	23
EUR/SGD	Strengthened	26	32
	Weakened	(26)	(32)
SGD/USD	Strengthened	(3)	(17)
	Weakened	3	17

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

In respect of credit risk arising from the inability of customers of the Group to make payments when their receivables fall due, it is the Group's policy to provide credit terms to creditworthy and reputable customers. These receivables are monitored on an ongoing basis to ensure that issues arising from non-collectibility are minimised. Therefore, the Group does not expect material credit losses on its debts with customers.

Exposure to credit risk

The Group's maximum exposure to credit risk, in the event that the counter-parties to the transactions with the Group fail to perform their obligations as of the balance sheet date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the balance sheet, and is generally limited to the amounts, if any, by which the counter-parties' obligations exceed the obligations of the Group.

The Group has no significant concentration of credit risk.

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Financial risk management objectives and policies (continued)

Credit risk (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the geographical segments profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade at the balance sheet date is as follows:

	Group			
	2015		2014	
	\$'000	% of total	\$'000	% of total
By geographical segments:				
Asia-Pacific	16,943	17	27,335	26
The Americas	47,840	48	44,326	42
Europe/Middle East/Africa	34,834	35	33,221	32
Total	99,617	100	104,882	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 12.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to related companies and bank deposits. The Company's loans at floating rate given to related parties form a natural hedge for its current floating rate bank loan. All the Group's and Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2014: less than 6 months) from the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Financial risk management objectives and policies (continued)

Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a 1% (2014: 1%) change in the interest rates with all other variables held constant on the Group's profit net of tax.

		Group			
		2015		2014	
		Profit after tax \$'000	Equity \$'000	Profit after tax \$'000	Equity \$'000
SGD	Increase in 1% interest rate	(415)	–	(265)	–
	Decrease in 1% interest rate	415	–	265	–
USD	Increase in 1% interest rate	289	–	(18)	–
	Decrease in 1% interest rate	(289)	–	18	–
GBP	Increase in 1% interest rate	4	–	3	–
	Decrease in 1% interest rate	(4)	–	(3)	–
EUR	Increase in 1% interest rate	–	–	5	–
	Decrease in 1% interest rate	–	–	(5)	–
AUD	Increase in 1% interest rate	(10)	–	(22)	–
	Decrease in 1% interest rate	10	–	22	–

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with 14 different banks. At the balance sheet date, 100% (2014: 98%) of the Group's loans and borrowings (Note 14) will mature in less than one year based on the carrying amount reflected in the financial statements. The Group and the Company have mitigated liquidity risk by restructuring their debt structure through the syndicated loan (Note 14), improving the Group's ability to meet its obligation to its banks from its operating cash flow.

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted payments.

	Group					
	2015			2014		
	1 year or less \$'000	1 to 5 years \$'000	Total \$'000	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Trade and other receivables	107,181	–	107,181	112,423	–	112,423
Short term deposits	3,494	–	3,494	1,425	–	1,425
Cash and bank balances	106,225	–	106,225	65,466	–	65,466
	216,900	–	216,900	179,314	–	179,314
Trade payables and accruals	50,676	–	50,676	64,120	–	64,120
Finance leases	82	28	110	187	250	437
Loans and borrowings	55,664	–	55,664	42,765	883	43,648
	106,422	28	106,450	107,072	1,133	108,205
Total net undiscounted financial assets/ (liabilities)	110,478	(28)	110,450	72,242	(1,133)	71,109
	Company					
	2015			2014		
	1 year or less \$'000	1 to 5 years \$'000	Total \$'000	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Trade and other receivables	1,260	–	1,260	1,814	–	1,814
Cash and bank balances	27,380	–	27,380	3,092	–	3,092
Amounts due from subsidiary companies	30,661	–	30,661	24,779	–	24,779
	59,301	–	59,301	29,685	–	29,685
Trade payables and accruals	6,254	–	6,254	10,397	–	10,397
Loans and borrowings	50,304	–	50,304	39,256	–	39,256
Amounts due to subsidiary companies	79,655	–	79,655	71,572	–	71,572
	136,213	–	136,213	121,225	–	121,225
Total net undiscounted financial assets/ (liabilities)	(76,912)	–	(76,912)	(91,540)	–	(91,540)

Notes to the Financial Statements

For the financial year ended 31 December 2015

32. Financial instruments

Fair value

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, trade and other receivables, trade payables and accruals, current finance lease and current bank loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Management has determined that the carrying amounts of the non-current portions of the finance leases amounting to \$28,000 (2014: \$224,000) approximate their fair values.

Financial instruments carried at cost

Fair value information has not been disclosed for the Group's investment in the equity instrument that is carried at cost (Note 7) because the fair value cannot be measured reliably. This equity instrument represents ordinary shares in a United States company that is not quoted on any market and does not have any comparable industry peer that is listed. The Group does not intend to dispose of this investment in the foreseeable future.

33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group monitors its monthly cash flows and also manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in objectives, policies and processes during the years ended 31 December 2015 and 31 December 2014.

Notes to the Financial Statements

For the financial year ended 31 December 2015

34. Dividends

	Group and Company	
	2015	2014
	\$'000	\$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2013: \$0.02 per share	–	10,321
- Special exempt (one-tier) dividend for 2013: \$0.01 per share	–	5,161
- Interim exempt (one-tier) dividend for 2014: \$0.0125 per share	–	6,451
- Final exempt (one-tier) dividend for 2014: \$0.015 per share	7,741	–
- Interim exempt (one-tier) dividend for 2015: \$0.0125 per share	6,451	–
	14,192	21,933
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2015: \$0.0125 (2014: \$0.015) per share	6,451	7,741
- Special exempt (one-tier) dividend for 2015: \$0.0025 (2014: \$Nil) per share	1,290	–
	7,741	7,741

35. Comparative figures

The following comparative figures in the financial statements have been restated as a result of the Group's disposal of its entire share of Power Diesel Engineering Pte Ltd in June 2015. The results of the Power Diesel Engineering Pte Ltd have been restated as discontinued operation.

	Group	
	As restated	As previously reported
	\$'000	\$'000
Continuing operations		
Revenue	416,746	433,824
Cost of sales	(297,552)	(309,360)
Miscellaneous income	1,960	2,020
Finance income	261	261
Administrative expenses	(69,508)	(70,861)
Selling and distribution expenses	(4,168)	(4,387)
Other expenses	(916)	(769)
Finance costs	(761)	(952)
Income tax expenses	(12,262)	(12,869)
Profit from continuing operations, net of tax	33,800	36,907
Discontinued operation		
Profit from discontinued operation, net of tax	3,107	–
Profit for the year	36,907	36,907

Notes to the Financial Statements

For the financial year ended 31 December 2015

35. Comparative figures (continued)

The following comparative figures have been reclassified to conform to the current year's presentation and to better reflect the nature of transactions. There was no impact to the Group's net assets.

	Group	
	As restated \$'000	As previously reported \$'000
Current assets		
Gross amount due from customers from contract work-in-progress	83,051	85,820
Trade and other receivables	112,423	109,892
Current liabilities		
Gross amount due from customers to contract work-in-progress	27,400	28,806
Trade payables and accruals	64,120	62,952

36. Events occurring after the reporting period

Subsequent to the end of financial year, in pursuant to the asset purchase agreement the Group acquired certain assets of CC American Oilfield, LLC and Roc-Mar LLC with the aggregate consideration of US\$6,050,000 (approximately S\$8,536,000). An additional consideration of US\$750,000 (approximately S\$1,058,000) will be payable to the sellers upon achievement of profit before tax targets of US\$4,000,000 per annum set for 2015 and 2016 respectively.

37. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 18 March 2016.

Statistics of Shareholdings

As at 11 March 2016

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	14	0.36	294	0.00
100 - 1,000	154	3.93	115,614	0.02
1,001 - 10,000	2,250	57.44	12,746,048	2.47
10,001 - 1,000,000	1,478	37.73	74,459,059	14.43
1,000,001 and above	21	0.54	428,746,837	83.08
Total:	3,917	100.00	516,067,852	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	Citibank Nominees Singapore Pte Ltd	105,504,039	20.44
2.	HSBC (Singapore) Nominees Pte Ltd	100,595,899	19.49
3.	DBS Nominees Private Limited	77,131,254	14.95
4.	Raffles Nominees (Pte) Limited	52,628,361	10.20
5.	Maybank Nominees (Singapore) Private Limited	20,000,000	3.88
6.	Tan Mok Koon	16,700,750	3.24
7.	George Lee Pte Ltd	10,272,000	1.99
8.	DBSN Services Pte. Ltd.	8,162,012	1.58
9.	Wong Yon Ching	6,088,187	1.18
10.	Teo Kit Choon	5,731,187	1.11
11.	United Overseas Bank Nominees (Private) Limited	3,948,480	0.77
12.	Phillip Securities Pte Ltd	3,826,150	0.74
13.	Lim Ming Seong	3,100,000	0.60
14.	DB Nominees (Singapore) Pte Ltd	3,081,430	0.60
15.	Tiong Kuok Thai	3,000,000	0.58
16.	Hong Leong Finance Nominees Pte Ltd	2,094,500	0.41
17.	OCBC Nominees Singapore Private Limited	1,815,900	0.35
18.	DBS Vickers Securities (Singapore) Pte Ltd	1,350,600	0.26
19.	Cheng Heng Seng	1,296,500	0.25
20.	Tan Chin Chuan	1,212,000	0.23
		427,539,249	82.85

Statistics of Shareholdings

As at 11 March 2016

CSE GLOBAL LIMITED

Class of equity securities : Ordinary share
No. of equity securities : 516,067,852
Voting rights : One vote per share

As at 11 March 2016, the Company did not hold any treasury shares.

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 11 MARCH 2016

(As recorded in the Register of Substantial Shareholders)

Names of Substantial Shareholders	Direct interest	%	Deemed interest	%
Tan Mok Koon ⁽¹⁾	16,700,750	3.24	50,500,000	9.79
Chartered Asset Management Pte Limited ⁽²⁾	-	-	57,454,000	11.13
Capital Growth Investments Pte Limited ⁽³⁾	-	-	57,454,000	11.13
Low Siew Kheng ⁽⁴⁾	-	-	57,454,000	11.13
Colin Lee Yung-Shih ⁽⁵⁾	-	-	57,454,000	11.13
CAM-GTF Limited ⁽⁶⁾	43,743,000	8.48	-	-
FMR LLC ⁽⁷⁾	-	-	51,799,000	10.04

Note:

- (1) 50,500,000 shares owned are held through nominee accounts.
- (2) Chartered Asset Management Pte Ltd, an investment manager is deemed to have an interest in 57,454,000 shares of the Company by virtue of certain investment portfolios taken in its ordinary course of business in fund management.
- (3) Capital Growth Investments Pte Ltd ("CGI") is the holding company of Chartered Asset Management Pte Ltd ("CAM"). CGI's deemed interest arising by virtue of its no less than 50% shareholding in CAM.
- (4) Low Siew Kheng's deemed interest arising by virtue of her no less than 20% shareholding in CAM.
- (5) Colin Lee Yung-Shih's deemed interest arising by virtue of his 100% shareholding in CGI, the holding company of CAM.
- (6) 43,743,000 shares owned are held through HSBC (Singapore) Nominees Pte Ltd.
- (7) FMR LLC's deemed interest arising by virtue of the managed accounts for and on behalf of its direct and indirect subsidiaries.

PUBLIC FLOAT

As at 11 March 2016, 63.6% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CSE Global Limited ("the Company") will be held at Suntec Singapore, International Convention & Exhibition Centre, Room 331 (Level 3), 1 Raffles Boulevard Suntec City, Singapore 039593 on Wednesday, 20 April 2016 at 2.30p.m for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final (one-tier tax exempt) dividend of 1.25 Singapore cents per ordinary share and a special (one-tier tax exempt) dividend of 0.25 Singapore cents per ordinary share for the year ended 31 December 2015 (2014: Final (one-tier tax exempt) dividend of 1.5 Singapore cents per ordinary share). **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Article 95 of the Constitution of the Company:

Mr Lim Ming Seong **(Resolution 3)**
Mr Lam Kwok Chong **(Resolution 4)**

Mr Lim Ming Seong will, upon re-election as a Director of the Company, remain as Chairman of the Board, Chairman of the Nominating, Compensation and Executive Committees and a member of Strategy Committee, and will be considered independent.

Mr Lam Kwok Chong will, upon re-election as a Director of the Company, remain as a member of the Audit and Risk and Strategy Committees, and will be considered independent.
4. To re-elect Mr Lee Soo Hoon Phillip as a Director of the Company pursuant to Article 97 of the Constitution of the Company.

Mr Lee Soo Hoon Phillip, who was previously re-appointed to hold office until this Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50, which was then in force, will upon re-election as a Director of the Company, remain as Chairman of the Audit and Risk Committee and a member of the Nominating Committee, and will be considered independent. **(Resolution 5)**
5. To approve the payment of Directors' fees of S\$407,776 for the year ended 31 December 2015 (2014: S\$378,195). **(Resolution 6)**
6. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

Notice of Annual General Meeting

- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)]

(Resolution 8)

By Order of the Board

Lynn Wan Tiew Leng
Secretary
Singapore, 4 April 2016

Notice of Annual General Meeting

Explanatory Notes:

- (i) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. (a) A Member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

(b) A Member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a Member of the Company.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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CSE GLOBAL LIMITED

(Company Registration No. 198703851D)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before
completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy CSE Global Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____

of _____

being a member/members of CSE Global Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Suntec Singapore, International Convention & Exhibition Centre, Room 331 (Level 3), 1 Raffles Boulevard Suntec City, Singapore 039593 on 20 April 2016 at 2.30p.m and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾
1.	Directors' Statement and Audited Financial Statements for the year ended 31 December 2015		
2.	Payment of a proposed final and special (one-tier tax exempt) dividend		
3.	Re-election of Mr Lim Ming Seong as Director		
4.	Re-election of Mr Lam Kwok Chong as Director		
5.	Re-election of Mr Lee Soo Hoon Phillip as Director		
6.	Approval of Directors' fees amounting to S\$407,776		
7.	Re-appointment of Ernst & Young LLP as Auditors		
8.	Authority to issue new shares		

⁽¹⁾ If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

*Delete where applicable

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2016.





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