



CSE GLOBAL LIMITED
(Co. Reg. No. 198703851D)

First Half Financial Statement and Dividend Announcement for the period ended 30 June 2023

Key Financial Performance

S\$'000	1H2023	1H2022	Change
Revenue	349,279	262,186	33.2%
Gross profit	95,824	72,789	31.6%
Gross margin (%)	27.4%	27.8%	-0.4pp
Operating expenses	78,142	65,569	19.2%
EBITDA	30,862	18,023	71.2%
Net profit	11,007	4,534	142.8%
Net cash generated from operations	6,116	8,134	-24.8%
New orders received	390,998	421,733	-7.3%
Outstanding orders	521,780	388,948	34.2%

Review of Performance – 1st Half (“1H2023”)

In 1H2023, Group’s revenue rose by 33.2% or S\$87.1 million year-on-year to S\$349.3 million, mainly attributed to broad-based growth in flow revenues across all geographical regions as well as contribution from new acquisitions of S\$38.1 million.

In line with higher revenues, group gross profit increased by S\$23.0 million or 31.6% year-on-year to S\$95.8 million. Group gross margin was relatively stable when compared year-on-year at around 27%. The Group recognized higher proportion of material revenues which carries lower gross margin in the Americas region, but this was offsetted substantially by higher gross margins in the Asia Pacific and EMEA regions.

Group’s operating expenses for 1H2023 were 19.2% or S\$12.6 million higher year-on-year at S\$78.1 million, mainly due to impact of newly acquired subsidiaries of S\$7.3 million, higher personnel costs of S\$2.8 million, increase in upkeep of building and equipment cost of S\$1.4 million and higher allowance for expected credit losses (“ECL”) of S\$1.1 million.

Group EBITDA improved by 71.2% to S\$30.9 million as compared to 1H2022 of S\$18.0 million, mainly attributed to higher gross profits of S\$23.0 million offsetted by higher operating costs (excluding depreciation and amortization expenses) of S\$10.8 million.

Consequently, group net profit for 1H2023 surged by 142.8% to S\$11.0 million from S\$4.5 million in 1H2022, despite higher interest costs of S\$2.9 million, additional depreciation and amortization expenses of S\$1.8 million, and increased tax expenses of S\$1.7 million.



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Performance of Geographical Segments

S\$'000	1H2023	1H2022	Change
Revenue			
Americas	204,287	149,040	37.1%
Asia Pacific	134,928	104,450	29.2%
EMEA	10,064	8,696	15.7%
Group	349,279	262,186	33.2%
Earnings/(loss) before interest and tax (EBIT)			
Americas	3,393	(3,726)	N.M
Asia Pacific	15,111	11,422	32.3%
EMEA	855	621	37.7%
Group	19,359	8,317	132.8%

1H2023 vs 1H2022

In 1H2023, the geographical regions of the Americas, Asia Pacific and Europe/Middle East/Africa (“EMEA”) contributed 58.5%, 38.6% and 2.9% to revenue respectively.

The Americas region registered a strong growth of 37.1% in revenue for both Energy and Infrastructure sectors in 1H2023 of S\$204.3 million as compared to 1H2022 of S\$149.0 million, mainly attributed to higher project and time and material revenue achieved. In line with growth in revenue with stable gross margin and improvement in cost efficiencies, EBIT rose to S\$3.4 million, reversing from a loss before interest and tax of S\$3.7 million in 1H2022.

The Asia Pacific region reported a growth of 29.2% in 1H2023 revenue to S\$134.9 million, due to higher infrastructure project revenue in Australia of S\$10.0 million and revenue contributions from new business acquisitions of S\$26.8 million. In line with higher revenue achieved in 1H2023, EBIT rose by 32.3% year-on-year to S\$15.1 million.

The EMEA region registered a 15.7% increase in revenues from S\$8.7 million in 1H2022 to S\$10.1 million in 1H2023 mainly due to contributions from new acquisition in United Kingdom of S\$1.5 million and hence, an improvement in EBIT to S\$0.9 million.

Liquidity and Capital Resources

The Group generated cash inflow from operations of S\$6.1 million and S\$8.1 million in 1H2023 and 1H2022 respectively. The Group’s net debt position was S\$113.7 million as at end of June 2023, as compared to December 2022 of S\$72.2 million, after S\$18.9 million (cash paid on acquisition) made for business acquisitions in 1H2023, S\$7.4 million capital expenditure, and higher working capital requirements to support the increase in business volume.



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Order Book

S\$'000	1H2023	FY2022	1H2022
Americas	342,769	314,649	248,458
Asia Pacific	170,012	157,198	130,699
EMEA	8,999	8,216	9,791
Total	521,780	480,063	388,948

As at 30 June 2023, the order book stood robust at S\$521.8 million, with the geographical regions of the Americas, the Asia Pacific and EMEA contributing 65.7%, 32.6% and 1.7% to group order book respectively.

Outlook

The current global economic outlook and inflationary pressures continue to present uncertainties in the markets we operate. In the coming quarters, we will continue to work with our existing and new customers to secure a steady flow of small greenfield and brownfield maintenance projects. This, together with the receipt of 2 major contracts totalling S\$86.4 million announced on 1 August 2023, will enable CSE to build its growing backlog for the rest of 2023 and beyond.

With a robust order book of S\$521.8 million as at 30 June 2023 compared with S\$480.1 million as at 31 December 2022, coupled with a positive turnaround in the financial performance of our business in the Americas region, CSE is well positioned to achieve a strong financial performance in 2023.

Our diversification strategy to invest in and acquire communications businesses has contributed to the better financial performance for the Group.

Going forward, we will expand our engineering capabilities and technology solutions such as automation, electrification and critical communications, to pursue new market opportunities and diversify into new markets brought about by the emerging trends towards urbanization, electrification and decarbonisation.



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CSE Global Limited

Condensed Interim Financial Statements
For the six months ended 30 June 2023

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

SS'000	Note	1H2023	1H2022	Change
Revenue	4	349,279	262,186	33.2%
Cost of sales		(253,455)	(189,397)	33.8%
Gross profit		<u>95,824</u>	<u>72,789</u>	31.6%
Operating expenses				
Administrative costs		(70,322)	(59,320)	18.5%
Selling and distribution costs		(4,041)	(3,858)	4.7%
Other operating costs		(3,779)	(2,391)	58.1%
Total operating expenses		<u>(78,142)</u>	<u>(65,569)</u>	19.2%
Operating profit		17,682	7,220	144.9%
Interest expense		(4,719)	(1,851)	154.9%
Interest income		109	124	-12.1%
Share of loss of an associate		(5)	(25)	-80.0%
Other non-operating items	5	1,665	1,106	50.5%
Profit before tax	5	14,732	6,574	124.1%
Tax expense	7	(3,714)	(2,018)	84.0%
Profit for the period		<u>11,018</u>	<u>4,556</u>	141.8%
Attributable to:				
Equity owners of the Company		11,007	4,534	142.8%
Non-controlling interests		11	22	-50.0%
		<u>11,018</u>	<u>4,556</u>	141.8%
Earnings per ordinary share (cents)				
- basic		1.79	0.85 [^]	
- diluted		1.79	0.85 [^]	

[^] With the completion of the issuance of rights shares on 19 December 2022, prior year comparatives for earnings per share were restated per SFRS(I)1-33 Earnings Per Share through retrospective application of a bonus factor to the average weighted number of shares. The bonus factor is derived from the division of fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value.



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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (contd.)

SS'000	Note	1H2023	1H2022	Change
Profit after tax		11,018	4,556	141.8%
Other comprehensive (loss)/income:				
Foreign currency translation		(181)	65	N.M
Fair value changes on derivative liability		–	491	N.M
Other comprehensive (loss)/income for the period, net of tax		(181)	556	N.M
Total comprehensive income for the period		10,837	5,112	112.0%
Total comprehensive income attributable to:				
Owners of the Company		10,825	5,090	112.7%
Non-controlling interests		12	22	-45.5%
		<u>10,837</u>	<u>5,112</u>	<u>112.0%</u>

N.M. – Not meaningful



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B. Condensed Interim Statements of Financial Position

S\$'000	Note	Group		Company	
		30-06-23	31-12-22	30-06-23	31-12-22
NON-CURRENT ASSETS					
Property, plant and equipment	11	68,711	63,519	915	1,063
Right-to-use assets		20,133	19,763	1,598	1,870
Investment in subsidiaries		–	–	221,712	136,840
Investment in associate		182	190	–	–
Intangible assets	10	92,310	80,826	–	–
Deferred tax assets		3,418	3,079	484	506
Finance lease receivables		280	337	–	–
		185,034	167,714	224,709	140,279
CURRENT ASSETS					
Contract assets		122,974	93,793	–	–
Inventories		68,630	52,025	–	–
Trade and other receivables		155,311	138,073	4,974	915
Finance lease receivables		227	263	–	–
Prepaid operating expenses		11,299	7,581	356	431
Derivative asset		14	–	14	–
Amount due from subsidiary companies		–	–	110,890	169,803
Cash and bank balances	12	23,451	34,211	3,687	1,115
		381,906	325,946	119,921	172,264
Asset held-for-sale		4,015	–	–	–
		385,921	325,946	119,921	172,264
CURRENT LIABILITIES					
Contract liabilities		(45,415)	(39,588)	–	–
Trade payables and accruals		(139,821)	(102,611)	(2,361)	(2,070)
Lease liabilities		(6,637)	(6,735)	(671)	(640)
Loans and borrowings	13	(115,633)	(68,738)	(112,139)	(62,697)
Derivative liability		–	(196)	–	(196)
Amount due to subsidiary companies		–	–	(56,651)	(44,436)
Provision for warranties		(629)	(595)	–	–
Provision for taxation		(5,741)	(4,082)	(90)	(136)
		(313,876)	(222,545)	(171,912)	(110,175)
Net current assets		72,045	103,401	(51,991)	62,089
NON-CURRENT LIABILITIES					
Deferred tax liabilities		(3,374)	(3,666)	–	–
Lease liabilities		(15,013)	(14,940)	(1,384)	(1,745)
Loans and borrowings	13	(21,478)	(37,677)	(21,000)	(37,677)
Accruals		(3,300)	(2,532)	–	–
		(43,165)	(58,815)	(22,384)	(39,422)
Net Assets		213,914	212,300	150,334	162,946
Equity attributable to owners of the Company					
Share capital	14	131,902	131,902	131,902	131,902
Treasury shares	14	(1,910)	(1,910)	(1,910)	(1,910)
Revenue reserve		98,799	97,015	10,316	22,928
Other reserve		9,994	9,994	10,026	10,026
Foreign currency translation reserve		(24,882)	(24,700)	–	–
Total Shareholders' Fund		213,903	212,301	150,334	162,946
Non-controlling interests		11	(1)	–	–
Total Equity		213,914	212,300	150,334	162,946



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C. Condensed Interim Consolidated Statement of Cash Flows

S\$'000	Group	
	01-01-2023 to 30-06-2023	01-01-2022 to 30-06-2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	<u>14,732</u>	<u>6,574</u>
Adjustments for :-		
Allowance for expected credit loss on trade receivables, net (Write back of allowance)/allowance for stock obsolescence, net	1,273 (307)	166 202
Depreciation for property, plant and equipment	5,854	5,036
Depreciation for right-to-use assets	3,255	2,932
Amortisation of intangible assets	2,394	1,738
Gain on disposal and write-off of property, plant and equipment, net	(50)	(47)
Gain on lease modification	(136)	-
Share of loss of an associate	5	25
Interest expense	4,736	1,867
Interest income	(109)	(124)
Operating profit before changes in working capital	<u>31,647</u>	<u>18,369</u>
Increase in trade and other receivables and prepaid operating expenses	(15,858)	(23,437)
Increase in gross amount due from customers for contract assets and inventories	(32,128)	(3,456)
Decrease in payables and accruals and provision for warranties	22,455	16,658
Cash generated from operations	<u>6,116</u>	<u>8,134</u>
Interest paid	(4,572)	(1,453)
Interest received	109	124
Income tax paid	(2,794)	(2,819)
Net cash (used in)/generated from operating activities	<u>(1,141)</u>	<u>3,986</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of businesses, net of cash	(16,945)	(8,334)
Release of restricted cash from acquisition of business	2,125	-
Purchase of property, plant and equipment	(7,351)	(9,447)
Proceeds from sale of property, plant and equipment	541	109
Release of restricted cash from disposal of a property	7,940	-
Purchase of intangible assets	(900)	-
Net cash used in investing activities	<u>(14,590)</u>	<u>(17,672)</u>



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C. Condensed Interim Consolidated Statement of Cash Flows (contd.)

S\$'000	Group	
	01-01-2023 to 30-06-2023	01-01-2022 to 30-06-2022
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Dividends paid to shareholders	(9,223)	(7,686)
Proceeds of borrowings, net	28,212	5,406
Payment of lease liabilities	(3,861)	(3,315)
Net cash generated from/(used in) financing activities	15,128	(5,595)
Net effect of exchange rate changes on cash and cash equivalents	(93)	(70)
Net decrease in cash and cash equivalents	(603)	(19,281)
Cash and cash equivalents at beginning of the financial period	24,147	45,523
Cash and cash equivalents at end of the financial period	23,451	26,172
Cash and bank balances comprise of:-		
Cash and cash equivalents	23,451	26,172
Restricted cash arising from acquisition of subsidiaries	–	917
	23,451	27,089



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D. Condensed Interim Statements of Changes in Equity

Group S\$'000	Attributable to equity owners of the Company					Total	Non- controlling interests	Total Equity
	Share capital	Treasury shares	Revenue reserve	Other reserve	Foreign currency translation reserve			
At 1 January 2022	98,542	(1,910)	106,337	9,503	(20,429)	192,043	(39)	192,004
Total comprehensive income for the period	–	–	4,534	491	65	5,090	22	5,112
Dividend for FY2021 declared and paid	–	–	(7,686)	–	–	(7,686)	–	(7,686)
At 30 June 2022	98,542	(1,910)	103,185	9,994	(20,364)	189,447	(17)	189,430
At 1 January 2023	131,902	(1,910)	97,015	9,994	(24,700)	212,301	(1)	212,300
Total comprehensive income/(loss) for the period	–	–	11,007	–	(182)	10,825	12	10,837
Dividend for FY2022 declared and paid	–	–	(9,223)	–	–	(9,223)	–	(9,223)
At 30 June 2023	131,902	(1,910)	98,799	9,994	(24,882)	213,903	11	213,914



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D. Condensed Interim Statements of Changes in Equity (contd.)

Company S\$'000	Share capital	Treasury shares	Revenue reserve	Other reserve	Total Equity
At 1 January 2022	98,542	(1,910)	25,757	9,535	131,924
Total comprehensive income for the period	–	–	20	491	511
Dividend for FY2021 declared and paid	–	–	(7,686)	–	(7,686)
At 30 June 2022	98,542	(1,910)	18,091	10,026	124,749
At 1 January 2023	131,902	(1,910)	22,928	10,026	162,946
Total comprehensive loss for the period	–	–	(3,389)	–	(3,389)
Dividend for FY2022 declared and paid	–	–	(9,223)	–	(9,223)
At 30 June 2023	131,902	(1,910)	10,316	10,026	150,334



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E. Notes to the Condensed Interim Consolidated Financial Statements

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). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “Group”). The primary 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 Group are:

- (a) Provision of infrastructure engineering services and telecommunications solutions
- (b) Sale and provision of system integration services
- (c) Distribution of electrical engineering equipment and manufacture of process control and automation equipment

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards set out in Note 2.1.

The condensed interim financial statements are presented in Singapore Dollars (“S\$”) and all values are rounded to the nearest thousand (S\$’000), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgement made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgement in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:



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- Note 4 – Project revenue

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 6 – Impairment assessment of trade receivables and contract assets
- Note 10 – Impairment of goodwill

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

4.1 Reportable segments

For management purpose, the Group is organized into three operating segments based on their geographical locations, namely Asia Pacific, Americas and Europe/Middle East. These operating segments are reported in a manner consistent with internal reporting provided to the management of the Company who are responsible for allocating resources and assessing performance of the operating segments.

SS'000	Americas	Asia Pacific	Europe/ Middle East	Consolidated
1 January 2023 to 30 June 2023 (1H2023)				
Sales to external customers	204,287	134,928	10,064	349,279
Profit before interest and tax	3,393	15,111	855	19,359
Non-current assets	94,428	57,130	9,463	161,021
1 January 2022 to 30 June 2022 (1H2022)				
Sales to external customers	149,040	104,450	8,696	262,186
(Loss)/profit before interest and tax	(3,726)	11,422	621	8,317
Non-current assets	86,048	34,771	7,458	128,277



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4.2 Disaggregation of revenue

S\$'000	Group				
	6 months ended 30 June 2023 (1H2023)				
Segments	Project revenue	Time and material revenue	Maintenance revenue	Equipment rental	Total revenue
Primary geographical markets					
Americas	128,439	69,715	5,388	745	204,287
Asia Pacific	19,146	93,319	12,804	9,659	134,928
Europe/Middle East	120	6,667	801	2,476	10,064
	<u>147,705</u>	<u>169,701</u>	<u>18,993</u>	<u>12,880</u>	<u>349,279</u>
Timing of transfer of goods or services					
At a point in time	–	169,701	–	–	169,701
Over time	147,705	–	18,993	12,880	179,578
	<u>147,705</u>	<u>169,701</u>	<u>18,993</u>	<u>12,880</u>	<u>349,279</u>

S\$'000	Group				
	6 months ended 30 June 2022 (1H2022)				
Segments	Project revenue	Time and material revenue	Maintenance revenue	Equipment rental	Total revenue
Primary geographical markets					
Americas	81,426	64,678	2,936	–	149,040
Asia Pacific	22,240	62,533	10,884	8,793	104,450
Europe/Middle East	860	4,712	350	2,774	8,696
	<u>104,526</u>	<u>131,923</u>	<u>14,170</u>	<u>11,567</u>	<u>262,186</u>
Timing of transfer of goods or services					
At a point in time	–	131,923	–	–	131,923
Over time	104,526	–	14,170	11,567	130,263
	<u>104,526</u>	<u>131,923</u>	<u>14,170</u>	<u>11,567</u>	<u>262,186</u>



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5. Profit before taxation

5.1 Significant items

SS'000	1H2023	1H2022	Change
(a) Other non-operating items			
Miscellaneous income	424	528	-19.7%
Net exchange gain	1,167	531	119.8%
Gain on disposal and write-off of property, plant and equipment, net	50	47	6.4%
Others	24	–	N.M
Other non-operating items	<u>1,665</u>	<u>1,106</u>	50.5%
(b) Profit before tax is arrived at after charging/(crediting) the following:			
Interest expense *	4,719	1,851	154.9%
Interest expense recognised as an expense in cost of sales	17	16	6.3%
Interest income	(109)	(124)	-12.1%
Depreciation for property, plant and equipment	5,854	5,036	16.2%
Depreciation for right-to-use assets	3,255	2,932	11.0%
Amortisation of intangible assets	2,394	1,738	37.7%
Allowance for expected credit loss on trade receivables, net	1,273	166	666.9%
(Write back of allowance)/allowance for stock obsolescence, net	(307)	202	N.M
Gain on disposal and write-off of property, plant and equipment, net	<u>(50)</u>	<u>(47)</u>	6.4%

* Included unrealized fair value gain on derivative asset/(liability) of S\$210,000 in 1H2023 (unrealised fair value loss in 1H2022: S\$53,000).

5.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.



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6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

SS'000	Note	Group		Company	
		30-06-23	31-12-22	30-06-23	31-12-22
Financial Assets					
<u>Current:</u>					
Trade and other receivables		155,291	137,909	4,974	904
GST receivables		20	164	–	11
		<u>155,311</u>	<u>138,073</u>	<u>4,974</u>	<u>915</u>
Add:					
Amount due from subsidiaries		–	–	110,890	169,803
Finance lease receivables		507	600	–	–
Cash and bank balances		23,451	34,211	3,687	1,115
Less:					
GST receivables		(20)	(164)	–	(11)
Total financial assets carried at amortised cost		179,249	172,720	119,551	171,822
Derivative asset carried at fair value through profit and loss	16	14	–	14	–
		<u>179,263</u>	<u>172,720</u>	<u>119,565</u>	<u>171,822</u>
Financial Liabilities					
<u>Non-current:</u>					
Accruals		3,300	2,532	–	–
<u>Current:</u>					
Trade payables and accruals		134,935	99,391	2,219	2,070
GST payables		4,886	3,220	142	–
		<u>139,821</u>	<u>102,611</u>	<u>2,361</u>	<u>2,070</u>
Add:					
Amount due to subsidiaries		–	–	56,651	44,436
Lease liabilities		21,650	21,675	2,055	2,385
Loans and borrowings		137,111	106,415	133,139	100,374
Less:					
GST payables		(4,886)	(3,220)	(142)	–
Total financial liabilities carried at amortised cost		296,996	230,013	194,064	149,265
Derivative liability carried at fair value through profit and loss	16	–	196	–	196
		<u>296,996</u>	<u>230,209</u>	<u>194,064</u>	<u>149,461</u>



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6.1 Impairment assessment of trade receivables

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

S\$'000	Group	
	1H2023	1H2022
Movement in allowance accounts:		
At 1 January	1,494	1,181
Charge for the year, net	1,273	166
Acquisition of subsidiaries	108	–
Written off	(48)	(107)
Currency realignment	10	26
At 30 June	2,837	1,266

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

S\$'000	1H2023	1H2022
Current income tax expense	4,432	1,812
Deferred income tax expense relating to origination and reversal of temporary differences	(781)	–
Others	63	206
	3,714	2,018

8. Dividends

S\$'000	Group	
	1H2023	1H2022
Ordinary dividends paid:		
- Final exempt (one-tier) dividend for 2022: S\$0.015 per share	9,223	–
- Final exempt (one-tier) dividend for 2021: S\$0.015 per share	–	7,686
	9,223	7,686

9. Net Asset Value

	30 June 2023		31 December 2022	
	Group	Company	Group	Company
Net asset value per ordinary share based on existing issued share capital (in cents)	34.79	24.45	34.53	26.50



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10. Intangible assets

Group (S\$'000)	Goodwill	Sales order backlog	Non-compete agreement	Licences	Intellectual property rights	Technical know-how	Customer relationships	Total
Cost								
At 31 December 2022	88,907	2,255	1,970	1,801	503	3,761	24,682	123,879
Additions	–	–	–	900	–	–	–	900
Acquisition of businesses (Note 15)	11,731	–	–	10	–	–	1,691	13,432
Currency realignment	(306)	4	3	–	1	6	(121)	(413)
At 30 June 2023	100,332	2,259	1,973	2,711	504	3,767	26,252	137,798
Accumulated Amortisation								
At 31 December 2022	24,124	2,255	1,383	1,757	79	853	12,602	43,053
Amortisation of the period	–	–	97	38	13	343	1,903	2,394
Currency realignment	26	4	3	–	–	5	3	41
At 30 June 2023	24,150	2,259	1,483	1,795	92	1,201	14,508	45,488
Net carrying amount as at 30 June 2023	76,182	–	490	916	412	2,566	11,744	92,310



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10. Intangible assets (contd.)

Company	Licences S\$'000
Cost	
At 31 December 2022 and 30 June 2023	1,612
Accumulated Amortisation	
At 31 December 2022 and 30 June 2023	1,612
Net carrying amount as at 30 June 2023	–

11. Property, plant and equipment

During the financial year ended 30 June 2023, the Group acquired assets amounting to S\$7,351,000 (30 June 2022: S\$9,447,000) and disposed of assets amount to S\$491,000 (30 June 2022: S\$62,000).

12. Cash and bank balances

	Group		Company	
	30-06-23 S\$'000	31-12-22 S\$'000	30-06-23 S\$'000	31-12-22 S\$'000
Cash and cash equivalents	23,451	24,146	3,687	1,115
Restricted cash arising from acquisition of subsidiaries and disposal of a property	–	10,065	–	–
	<u>23,451</u>	<u>34,211</u>	<u>3,687</u>	<u>1,115</u>

13. Borrowings

Amount repayable in one year or less, or on demand

As at 30 June 2023		As at 31 December 2022	
Secured	Unsecured	Secured	Unsecured
NIL	S\$115,633,000	NIL	S\$68,738,000

Amount repayable after one year

As at 30 June 2023		As at 31 December 2022	
Secured	Unsecured	Secured	Unsecured
NIL	S\$21,478,000	NIL	S\$37,677,000

Details of any collateral

Not applicable.



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14. Share capital

	Group and Company			
	30 June 2023		31 December 2022	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Issued and fully paid ordinary shares				
Beginning of period	618,548	131,902	516,068	98,542
Shares issued pursuant to rights issue in December 2022	–	–	102,480	33,360
End of period	618,548	131,902	618,548	131,902

Treasury shares

	Group and Company			
	30 June 2023		31 December 2022	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Beginning and end of period	(3,666)	(1,910)	(3,666)	(1,910)

Treasury shares relate to ordinary shares of the Company that are held by the Company.



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15. Acquisition of subsidiaries

Acquisition of business in New Zealand

In April 2023, a wholly-owned subsidiary of the Group, CSE New Zealand Ltd acquired 100% of the issued share capital in TL Parker Ltd, Parker Communication Limited and the remaining 50% shares in Orion NZ Radio Group Limited (collectively referred as “TL Parker Group”) for a consideration of NZD2.7 million (approximately S\$2.2 million). The acquisition allowed the Group to expand and extend its existing radio communication business and solutions to its customers in New Zealand.

The fair values of the identifiable assets and liabilities acquired, measured on provisional basis were as follows:

	Fair value
	S\$'000
Property, plant and equipment	349
Right-to-use assets	61
Inventories	130
Trade and other receivables	706
Cash and bank balances	2
Trade and other payables	(603)
Lease liabilities	(59)
Loans and borrowings	(35)
Tax payables	(8)
	<hr/>
Total identifiable net assets at fair value	543
Goodwill arising from acquisition	1,648
	<hr/>
Cash paid on acquisition	2,191
Less: cash and bank balances	(2)
Less: contingent consideration	(812)
	<hr/>
Net cash outflow on acquisition	1,377
	<hr/>

Acquisition of business in Singapore

In March 2023, the Group acquired 100% of the issued share capital in Grid Communications Pte Ltd (“Grid”) with a consideration of S\$2.9 million. The acquisition allowed the Group to expand and extend its existing communication business solutions to its customers in Singapore.

The fair values of the identifiable assets and liabilities acquired, measured on provisional basis were as follows:

	Fair value
	S\$'000
Intangible assets	10
Property, plant and equipment	3,233
Right-to-use assets	279
Contract assets	1,802
Trade and other receivables	2,360
Cash and bank balances	3,878
Trade and other payables	(8,816)
Lease liabilities	(279)
	<hr/>
Total identifiable net assets at fair value	2,467
Goodwill arising from acquisition	393
	<hr/>
Cash paid on acquisition	2,860
Less: cash and bank balances	(3,878)
	<hr/>
Net cash inflow on acquisition	(1,018)
	<hr/>



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Acquisition of business in United States

In January 2023, a wholly-owned subsidiary of the Group, CSE Crosscom USA, Inc acquired 100% of the issued share capital in Radio One, Inc and Communication Service Co. (collectively referred as “Radio One Group”) for a consideration of USD10.3 million (approximately S\$13.9 million). The acquisition allowed the Group to expand and extend its existing radio communication business and solutions to its customers in United States.

The fair values of the identifiable assets and liabilities acquired, measured on provisional basis were as follows:

	Fair value
	S\$'000
Customer relationship	1,393
Property, plant and equipment	4,468
Inventories	5,252
Trade and other receivables	2,330
Cash and bank balances	81
Trade and other payables	(7,356)
Loans and borrowings	(1,486)
	<hr/>
Total identifiable net assets at fair value	4,682
Goodwill arising from acquisition	9,181
	<hr/>
Cash paid on acquisition	13,863
Less: cash and bank balances	(81)
	<hr/>
Net cash outflow on acquisition	13,782
	<hr/>



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Acquisition of business in New Zealand, Australia and United Kingdom

In December 2022, a wholly-owned subsidiary of the Group, CSE Technologies Pte Ltd and its subsidiaries (collectively referred as “CSE Technologies”) acquired 100% of the issued share capital in Logic Wireless Limited, Logic Wireless Pty Ltd and Logic Wireless Europe Limited (collectively referred as “Logic Wireless”) with a consideration of NZD 25.8 million (approximately S\$21.9 million). The acquisition allowed the Group to expand and extend its existing radio communication business and solutions to its customers in New Zealand, Australia and United Kingdom (“UK”).

The purchase price allocation of the acquisition was provisional in the Group’s financial statement for the year ended 31 December 2022. Subsequent to the completion of the purchase price allocation in the current financial year, the Group made certain adjustments to the valuations of the business recorded the adjustments in the current financial year as follows:

	Fair value	Adjustments	Fair value
	S\$’000	S\$’000	recognized
			S\$’000
Customer relationships	4,970	298	5,268
Property, plant and equipment	943	–	943
Right-to-use assets	357	–	357
Inventories	5,396	–	5,396
Trade and other receivables	4,378	–	4,378
Cash and bank balances	564	–	564
Trade and other payables	(5,686)	–	(5,686)
Lease liabilities	(334)	–	(334)
Loans and borrowings	(648)	–	(648)
Tax payables	(203)	–	(203)
Deferred tax liabilities	(1,391)	(128)	(1,519)
Total identifiable net assets at fair value	8,346	170	8,516
Goodwill arising from acquisition	12,915	509	13,424
Cash paid on acquisition	21,261	679	21,940
Less: cash and bank balances	(564)	–	(564)
Add/(less): Deferred cash consideration	(2,125)	2,125	–
Net cash outflow on acquisition	18,572	2,804	21,376



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16. Fair value of assets and liabilities

The Group classifies fair value measurements using a fair value hierarchy that is dependent on the valuation of inputs used as follows:

- (a) Level 1 – Quoted prices (unadjusted) in active market for identical assets and liabilities that the Group can access at the measurement date;
- (b) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3 – Unobservable inputs for the asset and liability.

S\$'000	Group and Company			
	30 June 2023		31 December 2022	
	Level 1	Level 2	Level 1	Level 2
	Quoted prices in active market for identical instruments	Significant unobservable inputs other than quoted prices	Quoted prices in active market for identical instruments	Significant unobservable inputs other than quoted prices
Fair value of financial instrument by classes that are not carried at fair value but which fair value is disclosed				
Finance lease receivables	–	507	–	600
Assets and liabilities measured at fair value				
Derivative asset	–	14	–	–
Derivative liability	–	–	–	196

The fair value of financial assets and liabilities which are not carried at fair values in the balance sheet as at 30 June 2023 and 31 December 2022 are represented in the following table:

S\$'000	Group and Company					
	30 June 2023			31 December 2022		
	Carrying amount	Fair value	Unrecognised gain	Carrying amount	Fair value	Unrecognised gain
Finance lease receivables	507	546	39	600	681	81

17. Subsequent event

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



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F. Other Information Required by Listing Rule Appendix 7.2



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OTHER INFORMATION

- 1(a) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Please refer to Note 14 in the Condensed Interim Financial Statement.

As at 30 June 2023, the Company's number of issued and paid up shares comprised 614,882,023 (31 December 2022: 614,882,023) ordinary shares and 3,666,166 (31 December 2022: 3,666,166) treasury shares.

Treasury Shares

Please refer to Note 14 in Condensed Interim Financial Statements.

As at 30 June 2023, there were 3,666,166 (31 December 2022: 3,666,166) treasury shares, representing 0.60% (31 December 2022: 0.60%) of the total number of issued shares excluding treasury shares.

The Company does not have any outstanding convertibles as at 30 June 2023 and 31 December 2022.

- 1(b) To show the total number of issued shares, excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

Number of shares as at 30 June 2023	: 614,882,023
Number of shares as at 31 December 2022	: 614,882,023

- 1(c) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Please refer to Note 14 in Condensed Interim Financial Statements.

There is no sale, transfer, disposal, cancellation and/or use of treasury shares for the current financial period.

- 1(d) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company has no subsidiary holdings as at 30 June 2023.



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2. **Whether the figures have been audited, or reviewed, and in accordance with which auditing standard or practice**

The condensed interim consolidated financial statements have not been audited nor reviewed by our auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter)**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared with the audited financial statements as at 31 December 2022, except for that disclosed under item 5.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Amendments to SFRS(I) 1-1 and SFRS(1) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the standards above will have no material impact on the financial statements in the current financial year.



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6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**

	1H2023	1H2022 [^]
Earnings per ordinary share of the group after deducting any provision for preference dividends:-		
(a) Based on weighted average number of ordinary shares in issue; and	1.79	0.85
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	1.79	0.85
For the computation of basic earnings per share, the basis of arriving at the weighted average number of shares is determined as follows :-		
Weighted average number of shares outstanding during the period	614,882,023	530,511,517
For the computation of diluted earnings per share, the weighted average number of shares adjusted for the effect of all dilutive potential ordinary shares is determined as follows :-		
Weighted average number of shares outstanding during the period, used in computation of basic earnings per share	614,882,023	530,511,517

[^] With the completion of the issuance of rights shares on 19 December 2022, prior year comparatives for earnings per share were restated per SFRS(I)1-33 Earnings Per Share through retrospective application of a bonus factor to the average weighted number of shares. The bonus factor is derived from the division of fair value per share immediately before the exercise of rights by the theoretical ex-rights fair value.



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7. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There is no variance between the previous prospect statement and the actual results.

8. **Dividend**

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim (one-tier tax-exempt) dividend
Dividend type	Cash
Dividend Amount per share (in Singapore cents)	1.25 cents per ordinary share
Tax rate	Tax-exempt one-tier

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for corresponding period of the immediately preceding financial year?
Yes.

Name of Dividend	Interim (one-tier tax-exempt) dividend
Dividend type	Cash
Dividend Amount per share (in Singapore cents)	1.25 cents per ordinary share
Tax rate	Tax-exempt one-tier

(c) Date dividend is payable

The interim dividend will be paid on 1 September 2023.

(d) Record Date

The Share Transfer Books and the Register of Members of the Company will be closed on 18 August 2023. Duly completed registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to 5.00pm on 17 August 2023 will be registered for the dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the dividend will be paid by the Company to CDP which will, in turn, distribute the dividend to holders of the securities accounts.

9. **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision**

Not applicable.

10. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No Interested Person Transaction mandate has been obtained.



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11. Confirmation pursuant to Rule 705(5) and Undertaking from all Directors and Executive Officers pursuant to Rule 720(1).

We, Lim Ming Seong and Lim Boon Kheng, being two directors of CSE Global Limited (the “Company”), do hereby confirm on behalf of the directors that the Company has procured the undertakings under Appendix 7.7 of the SGX-ST Listing Manual from the directors and executive officers and to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the half year ended 30 June 2023 financial statements to be false or misleading in any material aspect.

On behalf of the Board of Directors

Name: Lim Ming Seong
Designation: Chairman

Name: Lim Boon Kheng
Designation: Group Managing Director

BY ORDER OF THE BOARD

Eunice Hooi
Company Secretary
10 August 2023