



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

Third Quarter Financial Statement and Dividend Announcement for the period ended 30 September 2018

Key Financial Performance

SS'000	2018 3Q	2017 3Q	Change	2018 9M	2017 9M	Change
Revenue	92,381	85,557	8.0%	276,685	245,625	12.6%
Gross margin (%)	27.5%	25.1%	240bps	27.1%	26.5%	60bps
Earnings before interest and tax (EBIT)	6,429	4,743	35.5%	19,436	13,112	48.2%
Profit after tax and non-controlling interests	5,018	3,004	67.0%	15,041	9,007*	67.0%
Cash generated from operations	24,789	6,211	299.1%	47,353	535	N.M
New orders received	80,907	86,406	-6.4%	238,994	295,011	-19.0%
Outstanding orders	136,548	207,625	-34.2%	136,548	207,625	-34.2%

*Before exceptional items incurred in 2017

Review of Performance - 3rd Quarter

Group profit after tax and non-controlling interests in 3Q18 rose by 67.0% year-on-year to S\$5.0 million on the back of a 8.0% growth in revenue to S\$92.4 million.

The growth in Group revenues in 3Q18 was mainly attributed to higher revenues achieved in Asia-Pacific and the Americas regions. In line with the growth in revenues and supported by a moderate improvement in gross margins to 27.5%, gross profit in 3Q18 rose by 18.1% to \$25.4 million.

Group operating expenses in 3Q18 were 6.6% lower year-on-year at S\$18.9 million, mainly due to lower provisions for doubtful debts as compared to 3Q17.

With that, the profit after tax and non-controlling interest grew by 67.0% year-on-year to S\$5.0 million in 3Q18 from S\$3.0 million in 3Q17.

During the quarter, the Group continues to secure new orders from greenfield (new installations) projects and brownfield (maintenance, upgrade and enhancement of existing installations) projects totalling S\$80.9 million. The Group's order book decreased from S\$148.8 million a quarter ago to S\$136.5 million as more projects were completed and billed.



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Review of Performance - 9 months

Group revenue increased by 12.6% year-on-year to S\$276.7 million in 9M18, mainly due to higher revenues recognised from time and material revenues and higher recognition of large greenfield project revenues in the Americas region. In line with growth in revenue, gross profit rose by 14.9% or S\$9.7 million to \$74.9 million. Group gross margin increased to 27.1% in 9M18 from 26.5% in 9M17.

Group operating expenses increased moderately by 1.3% to S\$57.1 million in 9M18, resulting from higher personnel costs of S\$3.0 million and higher selling and distribution costs of S\$0.2 million in 9M18, which was offsetted by lower rental expenses of S\$1.2 million and lower provisions for doubtful debts of S\$1.9 million.

Consequently, CSE Group recorded profit after tax and non-controlling interests of S\$15.0 million in 9M18 as compared to S\$9.0 million in 9M17.

New orders received for 9M18 decreased by 19.0% year-on-year to S\$239.0 million as compared with S\$295.0 million for the same corresponding period in 2017, mainly due to the award of two large greenfield projects received in 1Q17 which did not recur in 9M18. As at end of 9M18, outstanding orders stood at S\$136.5 million as compared to \$175.0 million at end of 2017.

Performance of Geographical Segments

SS'000	2018 3Q	2017 3Q	Change	2018 9M	2017 9M	Change
Revenue						
Asia-Pacific	34,072	30,060	13.3%	93,440	94,879	-1.5%
Americas	55,781	53,926	3.4%	176,424	132,018	33.6%
Europe/Middle East/Africa	2,528	1,571	60.9%	6,821	18,728	-63.6%
Group	92,381	85,557	8.0%	276,685	245,625	12.6%
Earnings before interest and tax (EBIT)						
Asia-Pacific	3,385	6,571	-48.5%	11,063	14,883	-25.7%
Americas	4,639	237	1,855.2%	11,287	326	3,365.5%
Europe/Middle East/Africa	(1,595)	(2,065)	22.8%	(2,914)	(2,097)	-39.0%
Group	6,429	4,743	35.5%	19,436	13,112	48.2%

3Q18 vs 3Q17

In 3Q18, the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa contributed 36.9%, 60.4% and 2.7% to revenue respectively.

The Asia Pacific region recorded 48.5% lower in EBIT despite of higher revenue achieved in 3Q18 as compared with 3Q17, mainly attributed to higher proportion of revenues with lower gross margins recognised in this quarter coupled with lower exchange differences of S\$3.2 million as compared to 3Q17.

The Americas region 3Q18 revenues rose slightly by 3.4% compared with 3Q17. With the growth in revenues supported by the higher gross margin achieved, the EBIT grew to S\$4.6 million in 3Q18 from S\$0.2 million in 3Q17.

Europe/Middle East/Africa (“EMEA”) region recorded a lower loss before interest and tax in 3Q18, due to higher revenues recognised from the completion of some oil and gas projects in this region in 3Q18.



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9M18 vs 9M17

In 9M18, the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa contributed 33.8%, 63.8% and 2.4% to revenue.

Revenue and EBIT for 9M18 as compared with 9M17 in the Asia-Pacific region decreased by 1.5% and 25.7% respectively. The decline in EBIT in the Asia-Pacific region was mainly attributed to the lower exchange gain of S\$1.2 million in 9M18 vs S\$3.5 million in 9M17.

The Americas region reported a 33.6% growth in revenue was mainly due to higher time and material revenues as well as higher revenues recognized from large greenfield projects. As a result, EBIT grew strongly to S\$11.3 million in 9M18 as compared to S\$0.3 million in 9M17.

The EMEA region registered a 63.6% decline in revenue and a higher loss before interest and tax for 9M18 as compared with 9M17. This is mainly due to a lack of oil and gas projects in this region in 2018.

Liquidity and Capital Resources

In 3Q18, the Group generated a strong cash inflow from operations of S\$24.8 million, mainly attributed to higher collections from trade receivables due to completion of milestones for some projects. For 9M18, the Group generated a strong cash inflow from operations of S\$47.4 million. The Group ended the period with a net cash position of S\$34.4 million, after deducting the share buybacks of S\$3.3 million and dividend payments of S\$14.2 million.

Outstanding Orders

SS'000	3Q2018	2Q2018	3Q2017
Asia-Pacific	72,114	76,562	104,543
Americas	49,748	54,920	86,934
Europe/Middle East/Africa	14,686	17,268	16,148
Total	136,548	148,750	207,625

During the quarter, the Group continues to secure new orders from greenfield (new installations) projects and brownfield (maintenance, upgrade and enhancement of existing installations) projects totalling S\$80.9 million. The Group's order book decreased from S\$148.8 million a quarter ago to S\$136.5 million as more projects were completed and billed.



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Outlook

The current improvement in oil and gas and commodity prices has not translated into significant investments in large greenfield projects in the markets that we operate. Customers remain focused on cost control and cashflow generation. That notwithstanding, we continue to see a steady flow of smaller projects in US and Australia.

The Group will continue to focus on its profitability and gross margins by supporting and servicing its existing installed base of customers more closely. At the same time, it is actively exploring acquisition opportunities in the market.

Looking ahead, CSE expects its operating net profit for the current financial year to be better than FY2017.



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PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1. The following statements in the form presented in the issuer's most recently audited annual financial statement:-

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

S\$'000	Group			Group		
	2018 3Q	2017 3Q	Change (%)	2018 9M	2017 9M	Change (%)
Revenue	92,381	85,557	8.0%	276,685	245,625	12.6%
Cost of sales	(66,990)	(64,053)	4.6%	(201,767)	(180,429)	11.8%
Gross profit	25,391	21,504	18.1%	74,918	65,196	14.9%
Operating expenses						
Administrative costs	(17,054)	(16,465)	3.6%	(52,495)	(49,842)	5.3%
Selling and distribution costs	(1,236)	(1,084)	14.0%	(3,226)	(2,999)	7.6%
Other operating costs (Note 1)	(598)	(2,681)	-77.7%	(1,357)	(3,503)	-61.3%
Total operating expenses	(18,888)	(20,230)	-6.6%	(57,078)	(56,344)	1.3%
Operating profit	6,503	1,274	410.4%	17,840	8,852	101.6%
Interest expense	(221)	(275)	-19.6%	(697)	(657)	6.1%
Interest income (Note 2)	80	120	-33.3%	218	426	-48.8%
Other non-operating items (Note 3)	(74)	3,469	N.M	1,596	4,260	-62.5%
Profit before exceptional items	6,288	4,588	37.1%	18,957	12,881	47.2%
Exceptional items (Note 4)	–	–	N.M	–	(16,845)	N.M
Profit/(Loss) before tax	6,288	4,588	37.1%	18,957	(3,964)	N.M
Taxation (Note 5)	(1,430)	(1,630)	-12.3%	(4,390)	(3,784)	16.0%
Profit/(Loss) after tax	4,858	2,958	64.2%	14,567	(7,748)	N.M
Attributable to :-						
Equity owners of the Company	5,018	3,004	67.0%	15,041	(7,838)	N.M
Non-controlling interests	(160)	(46)	N.M	(474)	90	N.M
	4,858	2,958	64.2%	14,567	(7,748)	N.M
Earnings/(Loss) per ordinary share (cents)						
-basic	0.99	0.58		2.96	(1.52)	
-diluted	0.98	0.58		2.94	(1.52)	



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Consolidated statement of comprehensive income for the third quarter ended 30 September 2018

SS'000	2018 3Q	2017 3Q	Group Change (%)	2018 9M	2017 9M	Change (%)
Profit/(Loss) after taxation	4,858	2,958	64.2%	14,567	(7,748)	N.M
Other comprehensive income/(loss) :						
Foreign currency translation	(2,057)	(2,215)	7.1%	(6)	(10,349)	N.M
Other comprehensive income/(loss) for the period, net of tax	(2,057)	(2,215)	7.1%	(6)	(10,349)	N.M
Total comprehensive income/(loss) for the period	2,801	743	277.0%	14,561	(18,097)	N.M
Total comprehensive income/(loss) attributable to :-						
Owners of the Company	2,960	729	306.0%	15,035	(18,287)	N.M
Non-controlling interests	(159)	14	N.M	(474)	190	N.M
	2,801	743	277.0%	14,561	(18,097)	N.M

N.M. – Not meaningful



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1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

S\$'000	Group					
	2018 3Q	2017 3Q	Change (%)	2018 9M	2017 9M	Change %
Profit/(Loss) before taxation is arrived at after charging/(crediting) the following:						
Interest expense	221	275	-19.6%	697	657	6.1%
Interest income	(80)	(120)	-33.3%	(218)	(426)	-48.8%
Depreciation for property, plant and equipment	1,566	1,431	9.4%	4,512	4,130	9.2%
Amortisation of intangible assets	490	564	-13.1%	1,310	1,330	-1.5%
Write off/allowance for doubtful trade receivables, net	125	2,048	-93.9%	128	1,989	-93.6%
Allowance for stock obsolescence made, net	21	79	-73.7%	34	113	-69.4%
Gain on disposal of property, plant and equipment	(54)	(55)	-1.8%	(222)	(55)	303.6%

Note 1

S\$'000	Group					
	2018 3Q	2017 3Q	Change (%)	2018 9M	2017 9M	Change (%)
Write off/allowance for doubtful trade receivables, net	125	2,048	-93.9%	128	1,989	-93.6%
Miscellaneous expenses	-	2	N.M	-	1	N.M
Amortisation of intangible assets	490	564	-13.1%	1,310	1,330	-1.5%
Gain on disposal of property, plant and Equipment	(54)	(55)	-1.8%	(222)	(55)	303.6%
Allowance for stock obsolescence made, net	21	79	-73.7%	34	113	-69.4%
Bank charges	16	43	-62.8%	107	125	-14.4%
Other operating costs	598	2,681	-77.7%	1,357	3,503	-61.3%

Note 2

Lower interest income in 9M18 was mainly due to disposal of quoted investments in 3Q17.

Note 3

S\$'000	Group					
	2018 3Q	2017 3Q	Change (%)	2018 9M	2017 9M	Change (%)
Rental income	32	27	18.5%	89	76	17.1%
Miscellaneous income	5	341	-98.5%	268	641	-58.2%
Net exchange (loss)/gain	(111)	3,101	N.M	1,239	3,543	-65.0%
Other non-operating items	(74)	3,469	N.M	1,596	4,260	-62.5%

Note 4

In July 2017, CSE entered into a settlement agreement (with no admission of liability) with the US government to settle its potential civil liability for alleged violations of the IEEPA and ITSR Act. Arising from this settlement, a provision of US\$12.0 million was recorded in 2Q17.

Note 5

The Group operates in several tax jurisdictions with different tax rates. Thus, depending on where the revenue and profits are earned, the effective tax rate will differ.



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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

S\$'000	Group		Company	
	30-09-18	Restated 31-12-17	30-09-18	31-12-17
NON-CURRENT ASSETS				
Property, plant and equipment	28,762	28,002	2,385	2,705
Investment in subsidiaries	–	–	196,018	196,018
Quoted investment	1,292	1,296	1,292	1,296
Other investment	–	114	–	–
Investment in associate	108	–	–	–
Intangible assets	26,627	27,610	685	806
Deferred tax assets	3,208	2,799	1,578	1,556
	59,997	59,821	201,958	202,381
CURRENT ASSETS				
Contract Assets (Note 6)	40,761	66,284	–	–
Inventories (Note 6)	17,545	14,622	–	–
Trade and other receivables # (Note 6)	81,903	90,663	1,833	431
Prepaid operating expenses	3,269	2,963	116	95
Amount due from subsidiary companies	–	–	16,381	29,516
Short-term deposits	1,567	2,989	–	–
Cash and bank balances	54,577	43,921	2,455	3,874
	199,622	221,442	20,785	33,916
CURRENT LIABILITIES				
Contract liabilities (Note 6)	16,094	14,369	–	–
Trade payables and accruals	49,618	60,828	5,105	4,604
Loans and borrowings	21,720	31,408	21,720	31,408
Amount due to subsidiary companies	–	–	82,485	88,173
Provision for warranties	795	819	–	–
Provision for taxation	4,855	2,076	58	–
	93,082	109,500	109,368	124,185
Net current assets/(liabilities)	106,540	111,942	(88,583)	(90,269)
NON-CURRENT LIABILITIES				
Deferred tax liabilities	(707)	(3,047)	–	–
Finance lease	(28)	–	–	–
Accruals	(326)	(321)	–	–
Net Assets	165,476	168,395	113,375	112,112
Equity attributable to owners of the Company				
Share capital	98,542	98,542	98,542	98,542
Treasury shares	(3,327)	–	(3,327)	–
Revenue reserve #	77,152	76,265	8,284	3,694
Other reserve	9,844	9,844	9,876	9,876
Foreign currency translation reserve #	(18,060)	(18,055)	–	–
Total Shareholders' Fund	164,151	166,596	113,375	112,112
Non-controlling interests	1,325	1,799	–	–
Total Equity	165,476	168,395	113,375	112,112
Group net cash	34,424	15,502		
Group net gearing (%)			–	–

FY2017 numbers had been restated due to the adoption of new financial reporting framework to reclassify S\$28.668 million of foreign currency translation reserve and S\$7.358 million transition adjustment to the opening retained earnings



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Note 6

The Group recognises revenue using the percentage of completion method and bills its customers based on contractually agreed milestones. There was no material change in the payment pattern of its customers or its payment pattern to its suppliers.

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

As at 30 September 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
NIL	S\$21,720,000	NIL	S\$31,408,000

Amount repayable after one year

As at 30 September 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
NIL	NIL	NIL	NIL

Details of any collateral

Not applicable.



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1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

S\$'000	GROUP			
	1.7.2018 to 30.9.2018	1.7.2017 to 30.9.2017	1.1.2018 to 30.9.2018	1.1.2017 to 30.9.2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES :-</u>				
Profit/(loss) before taxation	6,288	4,588	18,957	(3,964)
Adjustments for :-				
Write off/allowance for doubtful receivables, net	125	2,048	128	1,989
Allowance for stock obsolescence made, net	21	79	34	113
Depreciation for property, plant and equipment	1,566	1,431	4,512	4,130
Amortisation of intangible assets	490	564	1,310	1,330
Fixed assets written off	–	–	–	42
Gain on disposal of property, plant and Equipment	(54)	(55)	(222)	(55)
Gain on disposal of quoted investment	–	(137)	–	(137)
Interest expense	221	275	697	657
Interest income	(80)	(120)	(218)	(426)
Operating profit before reinvestment in working capital	8,577	8,673	25,198	3,679
Decrease/(increase) in trade and other receivables and prepaid operating expenses	4,791	571	8,481	(14,668)
Decrease/(increase) in gross amount due from customers for contract assets, net and inventories	11,665	(2,745)	24,311	(15,306)
(Decrease)/increase in payables and accruals and provision for warranties	(244)	(288)	(10,637)	26,830
Cash generated from operations	24,789	6,211	47,353	535
Interest paid	(221)	(275)	(697)	(657)
Interest received	80	120	218	426
One-off settlement costs	–	(16,595)	–	(16,595)
Income tax refund/(paid)	488	(1,219)	(4,383)	(4,687)
Net cash generated from/(used in) operating Activities	25,136	(11,758)	42,491	(20,978)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Cash consideration paid on quoted investment	–	8,050	–	5,991
Cash consideration paid, net of cash assets & business acquired	(200)	–	(1,240)	(8,181)
Purchase of property, plant and equipment	(2,989)	(1,654)	(5,437)	(6,869)
Purchase of intangible assets	(14)	(3)	(14)	(134)
Proceeds from sale of property, plant and Equipment	51	336	506	340
Net cash used in investing activities	(3,152)	(6,729)	(6,185)	(8,853)



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S\$'000	GROUP			
	1.7.2018 to 30.9.2018	1.7.2017 to 30.9.2017	1.1.2018 to 30.9.2018	1.1.2017 to 30.9.2017
<u>CASH FLOWS FROM FINANCING</u>				
<u>ACTIVITIES</u>				
Dividends paid to shareholders	(6,413)	(6,451)	(14,154)	(14,192)
Purchase of treasury shares	(1,876)	–	(3,327)	–
Repayment of finance lease obligations	–	–	–	(28)
(Repayment of)/proceeds from short-term borrowings, net	(11,531)	8,092	(9,706)	6,234
Net cash (used in)/generated from financing Activities	(19,820)	1,641	(27,187)	(7,986)
Net effect of exchange rate changes on cash and cash equivalents	(153)	(3,094)	115	(5,547)
Net increase/(decrease) in cash and cash equivalents	2,164	(3,388)	9,119	(37,817)
Cash and cash equivalents at beginning of the quarter/financial year	54,133	53,896	46,910	90,778
Cash and cash equivalents at end of the financial Period	56,144	47,414	56,144	47,414



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group S\$'000	Attributable to equity owners of the Company							Total Equity
	Share capital	Treasury Shares	Revenue reserve	Other reserve	Foreign currency translation reserve	Total	Non- controlling interests	
As previously reported at 1 January 2017	98,542	–	171,632	9,844	(28,668)	251,350	3,498	254,848
Adoption of SFRS(I) ##	–	–	(28,668)	–	28,668	–	–	–
At 1 January 2017 (restated)	98,542	–	142,964	9,844	–	251,350	3,498	254,848
Dividend for FY2016 declared and paid	–	–	(7,741)	–	–	(7,741)	–	(7,741)
Total comprehensive income/(loss) for 1 st half 2017	–	–	(10,842)	–	(8,174)	(19,016)	176	(18,840)
At 30 June 2017	98,542	–	124,381	9,844	(8,174)	224,593	3,674	228,267
Total comprehensive income/(loss) for 3 rd quarter	–	–	3,004	–	(2,275)	729	14	743
Currency translation of equity to financial liabilities	–	–	–	–	(2,511)	(2,511)	–	(2,511)
Interim dividend for FY2017 declared and paid	–	–	(6,451)	–	–	(6,451)	–	(6,451)
At 30 September 2017	98,542	–	120,934	9,844	(12,960)	216,360	3,688	220,048



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Group S\$'000	Attributable to equity owners of the Company							Total Equity
	Share capital	Treasury Shares	Revenue reserve	Other reserve	Foreign currency translation reserve	Total	Non- controlling interests	
As previously reported at 31 December 2017	98,542	–	112,291	9,844	(46,723)	173,954	1,799	175,753
Adoption of SFRS(I) ## SFRS(I) 9 Transition adjustment ##	–	–	(28,668)	–	28,668	–	–	–
At 1 January 2018 (restated)	98,542	–	76,265	9,844	(18,055)	166,596	1,799	168,395
Total comprehensive income/(loss) for 1 st half 2018	–	–	10,023	–	2,053	12,076	(315)	11,761
Purchase of treasury shares	–	(1,451)	–	–	–	(1,451)	–	(1,451)
Dividend for FY2017 declared and paid	–	–	(7,741)	–	–	(7,741)	–	(7,741)
At 30 June 2018	98,542	(1,451)	78,547	9,844	(16,002)	169,480	1,484	170,964
Total comprehensive income/(loss) for 3 rd quarter	–	–	5,018	–	(2,058)	2,960	(159)	2,801
Purchase of treasury shares	–	(1,876)	–	–	–	(1,876)	–	(1,876)
Interim dividend for FY2018 declared and paid	–	–	(6,413)	–	–	(6,413)	–	(6,413)
At 30 September 2018	98,542	(3,327)	77,152	9,844	(18,060)	164,151	1,325	165,476

Company S\$'000	Share capital	Treasury Shares	Revenue reserve	Other reserve	Total Equity
At 1 January 2017	98,542	–	21,899	9,876	130,317
Total comprehensive income for 1 st half 2017	–	–	1,177	–	1,177
Dividend for FY2016 declared and paid	–	–	(7,741)	–	(7,741)
At 30 June 2017	98,542	–	15,335	9,876	123,753
Total comprehensive income 3 rd quarter	–	–	1,370	–	1,370
Dividend for FY2016 declared and paid	–	–	(6,451)	–	(6,451)
At 30 September 2017	98,542	–	10,254	9,876	118,672
At 1 January 2018	98,542	–	3,694	9,876	112,112
Total comprehensive income for 1 st half 2018	–	–	10,891	–	10,891
Purchase of treasury shares	–	(1,451)	–	–	(1,451)
Dividend for FY2017 declared and paid	–	–	(7,741)	–	(7,741)
At 30 June 2018	98,542	(1,451)	6,844	9,876	113,811
Total comprehensive income 3 rd quarter	–	–	7,853	–	7,853
Purchase of treasury shares	–	(1,876)	–	–	(1,876)
Interim dividend for FY2018 declared and paid	–	–	(6,413)	–	(6,413)
At 30 September 2018	98,542	(3,327)	8,284	9,876	113,375



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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares and subsidiary holdings, if any, against the total number of issue shares excluding treasury shares 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.

Pursuant to the share purchase mandate approval at the Annual General Meeting held on 19 April 2017, the Company purchased a total of 7,177,500 ordinary shares as at end 30 September 2018. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$0.44 to S\$0.49 per price, the total consideration paid was S\$3,327,000 (including transaction costs).

As of 30 September 2018, there were share buybacks of 7,177,500 ordinary shares in the capital of the Company.

Other than the above-mentioned, there were no other changes in the Company's share capital arising from rights issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

Treasury Shares

As at 30 September 2018, there were 7,177,500 treasury shares (31 December 2017: nil) in the share capital of the Company.

The Company does not have any outstanding convertibles and any subsidiary holdings.

1(d)(iii) 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 September 2018	: 508,890,352
Number of shares as at 31 December 2017	: 516,067,852

1(d)(iv) 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.

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

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

The figures have not been audited nor reviewed by our auditors.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared with the audited financial statements as at 31 December 2017, except for that disclosed under item 5.



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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

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting standards. The Group has adopted the new financial reporting framework on 1 January 2018 and adopted the Singapore Financial Reporting Standards (International) (“SFRS(I)”) which are effective on 1 January 2018.

The effects of the adoption of the new SFRS(I) are detailed as follows:

(a) SFRS(I) 1 – *First-time Adoption of Singapore Financial Reporting Standards (International)*

The Group has elected the optional exemption in SFRS(I) to deem cumulative translation differences for foreign operations to be zero on 1 January 2017 and reclassified (\$28,668,000) of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

(b) SFRS(I) 9 – *Financial Instrument*

The Group adopted SFRS(I) 9 on the required effective date without restating prior period’s information. As a result of adopting SFRS(I) 9, the Group recognised additional allowance for doubtful debts of \$7,358,000 which has been included in the opening retained earnings as at the date of initial application, 1 January 2018.

(c) SFRS(I) 15 – *Revenue from contracts with customers*

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance.

Following the presentation requirements in SFRS(I) 15, the Group has presented certain amounts in the Group’s balance sheet as follows:

- i) Amounts due from customers on construction contracts was presented as contract assets.
- ii) Amounts due to customers on construction contracts was presented as contract liabilities.

Other than the abovementioned, the Group adopted SFRS(I) 15 retrospectively in accordance with the requirement of SFRS(I) 1 on the required effective date from 1 January 2018 and the impact is immaterial to the Group’s financial statement.



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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:-

	3Q 2018	3Q 2017	9M 2018	9M 2017
Earnings/(Loss) 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	0.99	0.58	2.96	(1.52)
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	0.98	0.58	2.94	(1.52)
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	513,067,852	516,067,852	516,067,852	516,067,852
Weighted average number of share buybacks during the period	(1,478,227)	–	(1,898,140)	–
Adjusted weighted average number of shares	511,589,625	516,067,852	514,169,712	516,067,852

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	511,589,625	516,067,852	514,169,712	516,067,852
Weighted average number of treasury shares	2,699,273	–	5,279,360	–
Adjusted weighted average number of shares	514,288,898	516,067,852	519,449,072	516,067,852

* Weighted average number of ordinary shares issued during the year, the earnings per ordinary share of the Group has been computed based on adjusted issued share capital in accordance with FRS33 Earnings Per Share.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year :-

	30 September 2018		31 December 2017	
	Group	Company	Group	Company
Net asset value per ordinary share based on existing issued share capital (in cents)	32.26	22.28	33.71	21.72

8. 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.



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9. Dividend

(a) Current financial period reported on

No Interim dividend has been declared or recommended in relation to third quarter ended 30 September 2018 or the previous corresponding financial period.

(b) Corresponding Period of the Immediately Preceding Financial Year

Not applicable.

10. Date dividend is payable

Not applicable.

11. Book closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.



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PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales as follows:-

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its previous full year.

Not applicable.

17. 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.

The Company does not have a general mandate for interested person transactions.

18. Confirmation by the Board

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 Third quarter ended 30 September 2018 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

Victor Lai Kuan Loong
Company Secretary
7 November 2018