



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

Second Quarter Financial Statement and Dividend Announcement for the period ended 30 June 2018

Key Financial Performance

S\$'000	2018 2Q	2017 2Q	Change	2018 1H	2017 1H	Change
Revenue	92,132	85,536	7.7%	184,304	160,068	15.1%
Gross margin (%)	26.9%	25.7%	120bps	26.9%	27.3%	-40bps
Earnings before interest and tax (EBIT)	5,176	4,253	21.7%	13,007	8,368	55.4%
Profit after tax and non-controlling interests	4,321	3,002*	43.9%	10,023	6,003*	67.0%
Net cash generated from/(used in) operations	27,891	(7,324)	N.M	22,564	(5,677)	N.M
New orders received	89,138	90,728	-1.8%	158,087	208,604	-24.2%
Outstanding orders	148,750	207,943	-28.5%	148,750	207,943	-28.5%

***Before exceptional items incurred in 2017**

Review of Performance - 2nd Quarter

Group profit after tax and non-controlling interests in 2Q18 rose by 43.9% year-on-year to S\$4.3 million on the back of a 7.7% growth in revenue to S\$92.1 million.

The growth in Group revenues in 2Q18 was mainly attributed to higher revenues achieved in the Americas region. In line with the growth in revenues and supported by a moderate improvement in gross margins to 26.9%, gross profit in 2Q18 was 13.1% higher at \$24.8 million.

Group operating expenses were 9.4% higher in 2Q18 at S\$19.8 million as compared to 2Q17, mainly attributed to higher personnel costs.

With that, the profit after tax and non-controlling interest grew by 43.9% year-on-year to S\$4.3 million in 2Q18 from S\$3.0 million in 2Q17.

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\$89.1 million, ending the quarter with an order book of S\$148.8 million.

In 2Q18, the Group generated a strong cash inflow from operations of S\$27.9 million, mainly attributed to higher collections from trade receivables due to completion of milestones for some projects.



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Review of Performance - 1st Half

Group revenue increased by 15.1% year-on-year to S\$184.3 million in 1H18, mainly due to higher revenues achieved in the Americas region from time and material revenues and higher recognition of large greenfield project revenues. Gross profit rose by 13.4% or S\$5.8 million to \$49.5 million on the back of a 15.1% increase in revenue.

Group operating expenses increased by 5.7% to S\$38.2 million in 1H18, mainly attributed to higher personnel costs of S\$2.7 million.

In 1H18, CSE Group recorded profit after tax and non-controlling interests of S\$10.0 million as compared to S\$6.0 million in 1H17.

New orders received for 1H18 decreased by 24.2% year-on-year to S\$158.1 million as compared with S\$208.6 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 1H18. As at end of 1H18, outstanding orders stood at S\$148.8 million as compared to \$175.0m at end of 2017.

In 1H18, the Group generated a strong cash inflow from operations of S\$22.6 million, due to higher collections from trade receivables due to completion of milestones for some projects.

The Group ended the period with a net cash position of S\$20.9 million, after deducting the share buybacks of S\$1.5 million and dividend payments of S\$7.7 million.

Performance of Geographical Segments

SS'000	2018 2Q	2017 2Q	Change	2018 1H	2017 1H	Change
Revenue						
Asia-Pacific	30,652	36,316	-15.6%	59,369	64,820	-8.4%
Americas	58,586	40,873	43.3%	120,643	78,092	54.5%
Europe/Middle East/Africa	2,894	8,347	-65.3%	4,292	17,156	-75.0%
Group	92,132	85,536	7.7%	184,304	160,068	15.1%
Earnings before interest and tax (EBIT)						
Asia-Pacific	2,765	4,496	-38.5%	7,678	8,312	-7.6%
Americas	2,873	120	N.M	6,648	88	N.M
Europe/Middle East/Africa	(462)	(363)	-27.3%	(1,319)	(32)	N.M
Group	5,176	4,253	21.7%	13,007	8,368	55.4%

2Q18 vs 2Q17

In 2Q18, the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa contributed 33.3%, 63.6% and 3.1% to revenue respectively.

The Asia Pacific region recorded 15.6% and 38.5% lower revenue and EBIT respectively in 2Q18 as compared with 2Q17, mainly due to recognition of revenues for a large greenfield project in 2Q17, which did not recur in 2H18.

The Americas region 2Q18 revenues rose by 43.3%, mainly attributed to the higher recognition of revenues for some of the large greenfield projects as well as higher time and material revenues which contributed to the strong EBIT of S\$2.9 million in 2Q18.

Europe/Middle East/Africa ("EMEA") region recorded a lower revenue and EBIT in 2Q18, mainly attributed to a lack of oil and gas projects in this region in 2018.



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1H18 vs 1H17

In 1H18, the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa contributed 32.2%, 65.5% and 2.3% to revenue.

Revenue and EBIT for 1H18 as compared with 1H17 in the Asia-Pacific region decreased by 8.4% and 7.6% respectively, mainly the result of an absence of project revenues for a large project in Australia which was recognised in 1H17.

The Americas region reported a strong growth in revenue and EBIT for 1H18 as compared with 1H17, mainly due to higher revenues from higher greenfield and brownfield revenues in this region.

The EMEA region registered a sharp decline in revenue and EBIT for 1H18 compared with 1H17. This is mainly due to lower revenues recognised in 1H18 as compared to 1H17 due to a lack of oil and gas projects in this region in 2018.

Liquidity and Capital Resources

In 1H18, the Group generated a strong cash inflow from operations of S\$22.6 million, mainly due to higher collections from trade receivables due to completion of milestones for some projects. The Group ended the period with a net cash position of S\$20.9 million, after deducting the share buybacks of S\$1.5 million and dividend payments of S\$7.7 million.

Outstanding Orders

S\$'000	2Q2018	1Q2018	2Q2017
Asia-Pacific	76,562	75,373	95,741
Americas	54,920	57,649	89,436
Europe/Middle East/Africa	17,268	15,572	22,766
Total	148,750	148,594	207,943

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\$89.1 million, ending the quarter with an order book of S\$148.8 million.



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Outlook

Conditions in the industry sectors which the Group operates continue to remain uncertain. While there is improvement in oil and gas and commodity prices, our customers remain highly focused on cost control and cash flow generation, resulting in a lack of investments in large greenfield projects. This notwithstanding, we expect to see a steady flow of smaller projects.

The Group will continue to focus on its profitability and gross margins by supporting and servicing its existing installed base of customers more closely as well as exploring available opportunities either from its current operations or new investments in the market, including exploring synergies together with Serba Dinamik.

Looking ahead, CSE expects its operating net profit for the current financial year to improve over FY2017 and it intends to maintain the full year dividend of S\$0.0275 per ordinary share for FY2018.



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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.

SS'000	2018 2Q	2017 2Q	Group Change (%)	2018 1H	2017 1H	Change (%)
Revenue	92,132	85,536	7.7%	184,304	160,068	15.1%
Cost of sales	(67,310)	(63,581)	5.9%	(134,777)	(116,376)	15.8%
Gross profit	24,822	21,955	13.1%	49,527	43,692	13.4%
Operating expenses						
Administrative costs	(18,444)	(16,860)	9.4%	(35,441)	(33,378)	6.2%
Selling and distribution costs	(970)	(939)	3.3%	(1,990)	(1,915)	3.9%
Other operating costs (Note 1)	(408)	(327)	24.8%	(759)	(825)	-8.0%
Total operating expenses	(19,822)	(18,126)	9.4%	(38,190)	(36,118)	5.7%
Operating profit	5,000	3,829	30.6%	11,337	7,574	49.7%
Interest expense (Note 2)	(274)	(183)	49.7%	(476)	(382)	24.6%
Interest income (Note 2)	70	168	-58.3%	138	306	-54.9%
Other non-operating items (Note 3)	176	424	-58.5%	1,670	794	110.3%
Profit before exceptional items	4,972	4,238	17.3%	12,669	8,292	52.7%
Exceptional items (Note 4)	–	(16,845)	N.M	–	(16,845)	N.M
Profit/(Loss) before tax	4,972	(12,607)	N.M	12,669	(8,553)	N.M
Taxation (Note 5)	(805)	(1,189)	-32.3%	(2,961)	(2,153)	37.5%
Profit/(Loss) after tax	4,167	(13,796)	N.M	9,708	(10,706)	N.M
Attributable to :-						
Equity owners of the Company	4,321	(13,843)	N.M	10,023	(10,842)	N.M
Non-controlling interests	(154)	47	N.M	(315)	136	N.M
	4,167	(13,796)	N.M	9,708	(10,706)	N.M
Earnings/(loss) per ordinary share (cents)						
-basic	0.84	(2.68)		1.95	(2.10)	
-diluted	0.84	(2.68)		1.94	(2.10)	



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Consolidated statement of comprehensive income for the second quarter ended 30 June 2018

S\$'000	2018 2Q	2017 2Q	Group Change (%)	2018 1H	2017 1H	Change (%)
Profit/(Loss) after taxation	4,167	(13,796)	N.M	9,708	(10,706)	N.M
Other comprehensive income/(loss) :						
Foreign currency translation	7,949	(1,812)	N.M	2,053	(8,134)	N.M
Other comprehensive income/(loss) for the period, net of tax	7,949	(1,812)	N.M	2,053	(8,134)	N.M
Total comprehensive income/(loss) for the period	12,116	(15,608)	N.M	11,761	(18,840)	N.M
Total comprehensive income/(loss) attributable to :-						
Owners of the Company	12,326	(15,781)	N.M	12,076	(19,016)	N.M
Non-controlling interests	(210)	173	N.M	(315)	176	N.M
	12,116	(15,608)	N.M	11,761	(18,840)	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 2Q	2017 2Q	Change (%)	2018 1H	2017 1H	Change %
Profit/(Loss) before taxation is arrived at after charging/(crediting) the following:						
Interest expense	274	183	49.7%	476	382	24.6%
Interest income	(70)	(168)	-58.3%	(138)	(306)	-54.9%
Depreciation for property, plant and equipment	1,436	1,417	1.3%	2,946	2,699	9.2%
Amortisation of intangible assets	408	429	-4.9%	820	766	7.0%
(Write back)/allowance for doubtful trade receivables, net	(66)	(61)	8.2%	3	(58)	N.M
Allowance/(write back) for stock obsolescence made, net	2	(78)	N.M	14	34	-58.8%
Loss/(gain) on disposal of property, plant and equipment	4	(3)	N.M	(168)	–	N.M

Note 1

S\$'000	Group					
	2018 2Q	2017 2Q	Change (%)	2018 1H	2017 1H	Change (%)
(Write back)/allowance for doubtful trade receivables, net	(66)	(61)	8.2%	3	(58)	N.M
Amortisation of intangible assets	408	429	-4.9%	820	766	7.0%
Loss/(gain) on disposal of property, plant and equipment	4	(3)	N.M	(168)	–	N.M
Allowance/(write back) for stock obsolescence made, net	2	(78)	N.M	14	34	-58.8%
Bank charges	60	40	50.0%	90	83	8.4%
Other operating costs	408	327	24.8%	759	825	-8.0%

Note 2

Higher interest expense in 1H18 is due to higher loan drawdown compared to 1H17.

Lower interest income in 1H18 was mainly due to disposal of quoted investments in 3Q17.

Note 3

S\$'000	Group					
	2018 2Q	2017 2Q	Change (%)	2018 1H	2017 1H	Change (%)
Rental income	28	48	-41.7%	57	49	16.3%
Miscellaneous income	139	196	-29.1%	262	300	-12.7%
Net exchange gain	9	180	-95.1%	1,351	445	203.5%
Other non-operating items	176	424	-58.5%	1,670	794	110.3%

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.

SS'000	Group		Company	
	30-06-18	Restated 31-12-17	30-06-18	31-12-17
NON-CURRENT ASSETS				
Property, plant and equipment	27,560	28,002	2,490	2,705
Investment in subsidiaries	—	—	196,018	196,018
Quoted investment	1,293	1,296	1,293	1,296
Other investment	—	114	—	—
Investment in associate	110	—	—	—
Intangible assets	27,173	27,610	726	806
Deferred tax assets	3,220	2,799	1,534	1,556
	59,356	59,821	202,061	202,381
CURRENT ASSETS				
Contract Assets (Note 6)	50,850	63,343	—	—
Inventories (Note 6)	15,035	14,622	—	—
Trade and other receivables # (Note 6)	92,999	94,695	3,188	431
Prepaid operating expenses	2,246	2,963	140	95
Amount due from subsidiary companies	—	—	12,438	29,516
Short-term deposits	1,580	2,989	—	—
Cash and bank balances	52,553	43,921	4,774	3,874
	215,263	222,533	20,540	33,916
CURRENT LIABILITIES				
Contract liabilities (Note 6)	9,728	9,668	—	—
Trade payables and accruals	50,160	60,828	4,740	4,604
Loans and borrowings	33,198	31,408	33,198	31,408
Amount due to subsidiary companies	—	—	70,852	88,173
Provision for warranties	870	819	—	—
Provision for taxation	1,943	2,076	—	—
	95,899	104,799	108,790	124,185
Net current assets/(liabilities)	119,364	117,734	(88,250)	(90,269)
NON-CURRENT LIABILITIES				
Deferred tax liabilities	(1,651)	(3,047)	—	—
Accruals	(313)	(321)	—	—
Net Assets	176,756	174,187	113,811	112,112
Equity attributable to owners of the Company				
Share capital	98,542	98,542	98,542	98,542
Treasury shares	(1,451)	—	(1,451)	—
Revenue reserve #	84,339	82,057	6,844	3,694
Other reserve	9,844	9,844	9,876	9,876
Foreign currency translation reserve #	(16,002)	(18,055)	—	—
Total Shareholders' Fund	175,272	172,388	113,811	112,112
Non-controlling interests	1,484	1,799	—	—
Total Equity	176,756	174,187	113,811	112,112
Group net cash	20,935	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\$1.566 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 June 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
NIL	S\$33,198,000	NIL	S\$31,408,000

Amount repayable after one year

As at 30 June 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			
	1.4.2018 to 30.6.2018	1.4.2017 to 30.6.2017	1.1.2018 to 30.6.2018	1.1.2017 to 30.6.2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES :-</u>				
Profit/(loss) before taxation	4,972	(12,607)	12,669	(8,553)
Adjustments for :-				
(Write back)/allowance for doubtful receivables, net	(66)	(61)	3	(58)
Allowance/(write back) for stock obsolescence made, net	2	(78)	14	34
Depreciation for property, plant and equipment	1,436	1,417	2,946	2,699
Amortisation of intangible assets	408	429	820	766
Fixed assets written off	—	42	—	42
Loss/(gain) on disposal of property, plant and equipment	4	(3)	(168)	—
Interest expense	274	183	476	382
Interest income	(70)	(168)	(138)	(306)
Operating profit/(loss) before reinvestment in working capital	6,960	(10,846)	16,622	(4,994)
Decrease/(increase) in trade and other receivables and prepaid operating expenses	2,435	(11,219)	3,689	(15,240)
Decrease/(increase) in gross amount due from customers for contract assets, net and inventories	17,427	317	12,646	(12,561)
Increase/(decrease) in payables and accruals and provision for warranties	1,069	14,424	(10,393)	27,118
Cash generated from/(used in) operations	27,891	(7,324)	22,564	(5,677)
Interest paid	(274)	(183)	(476)	(382)
Interest received	70	168	138	306
Income tax paid	(3,034)	(3,165)	(4,873)	(3,468)
Net cash generated from/(used in) operating activities	24,653	(10,504)	17,353	(9,221)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Cash consideration paid on quoted investment	—	—	—	(2,059)
Cash consideration paid, net of cash assets & business acquired	—	—	(1,040)	(8,181)
Purchase of property, plant and equipment	(1,116)	(1,847)	(2,449)	(5,350)
Purchase of intangible assets	—	(4)	—	(131)
Proceeds from sale of property, plant and equipment	—	—	456	139
Net cash used in investing activities	(1,116)	(1,851)	(3,033)	(15,582)



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S\$'000	GROUP			
	1.4.2018 to 30.6.2018	1.4.2017 to 30.6.2017	1.1.2018 to 30.6.2018	1.1.2017 to 30.6.2017
<u>CASH FLOWS FROM FINANCING</u>				
<u>ACTIVITIES</u>				
Dividends paid to shareholders	(7,741)	(7,741)	(7,741)	(7,741)
Purchase of treasury shares	(1,451)	–	(1,451)	–
Repayment of finance lease obligations	–	(28)	–	(28)
(Repayment of)/proceeds from short-term borrowings, net	(4,282)	(1,328)	1,825	(1,858)
Net cash used in financing activities	(13,474)	(9,097)	(7,367)	(9,627)
Net effect of exchange rate changes on cash and cash equivalents	902	(470)	270	(2,452)
Net increase/(decrease) in cash and cash equivalents	10,063	(21,452)	6,953	(34,430)
Cash and cash equivalents at beginning of the quarter/financial year	43,168	75,818	46,910	90,778
Cash and cash equivalents at end of the financial period	54,133	53,896	54,133	53,896



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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
Total comprehensive income/(loss) for 1 st quarter	—	—	3,001	—	(6,236)	(3,235)	3	(3,232)
At 31 March 2017	98,542	—	145,965	9,844	(6,236)	248,115	3,501	251,616
Total comprehensive income/(loss) for 2 nd quarter	—	—	(13,843)	—	(1,938)	(15,781)	173	(15,608)
Dividend for FY2016 declared and paid	—	—	(7,741)	—	—	(7,741)	—	(7,741)
At 30 June 2017	98,542	—	124,381	9,844	(8,174)	224,593	3,674	228,267
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) ##	—	—	(28,668)	—	28,668	—	—	—
SFRS(I) 9 Transition adjustment ##	—	—	(1,566)	—	—	(1,566)	—	(1,566)
At 1 January 2018 (restated)	98,542	—	82,057	9,844	(18,055)	172,388	1,799	174,187
Total comprehensive income/(loss) for 1 st quarter	—	—	5,702	—	(5,952)	(250)	(105)	(355)
At 31 March 2018	98,542	—	87,759	9,844	(24,007)	172,138	1,694	173,832
Total comprehensive income/(loss) for 2 nd quarter	—	—	4,321	—	8,005	12,326	(210)	12,116
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)	84,339	9,844	(16,002)	175,272	1,484	176,756



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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 quarter	—	—	375	—	375
At 31 March 2017	98,542	—	22,274	9,876	130,692
Total comprehensive income 2 nd quarter	—	—	802	—	802
Dividend for FY2016 declared and paid	—	—	(7,741)	—	(7,741)
At 30 June 2017	98,542	—	15,335	9,876	123,753
At 1 January 2018	98,542	—	3,694	9,876	112,112
Total comprehensive income for 1 st quarter	—	—	11,031	—	11,031
At 31 March 2018	98,542	—	14,725	9,876	123,143
Total comprehensive income 2 nd quarter	—	—	(140)	—	(140)
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



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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 3,000,000 ordinary shares in the second quarter ended 30 June 2018. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$0.475 to S\$0.49 per price, the total consideration paid was S\$1,451,000 (including transaction costs).

As of 30 June 2018, there were share buybacks of 3,000,000 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 June 2018, there were 3,000,000 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 June 2018	: 513,067,852
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 \$1,566,000 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:-

	2Q 2018	2Q 2017	1H 2018	1H 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	0.84	(2.68)	1.94	(2.10)
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	0.84	(2.68)	1.94	(2.10)
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	516,067,852	516,067,852	516,067,852	516,067,852
Weighted average number of share buybacks during the period	(1,166,981)	—	(586,714)	—
Adjusted weighted average number of shares	514,900,871	516,067,852	515,481,138	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	514,900,871	516,067,852	515,481,138	516,067,852
Weighted average number of treasury shares	1,833,019	—	2,413,286	—
Adjusted weighted average number of shares	516,733,890	516,067,852	517,894,424	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 June 2018		31 December 2017	
	Group	Company	Group	Company
Net asset value per ordinary share based on existing issued share capital (in cents)	34.16	22.18	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

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

10. Date dividend is payable

The interim dividend will be paid on 13 September 2018.

11. Book closure date

The Share Transfer Books and the Register of Members of the Company will be closed on 24 August 2018. Duly completed registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623, up to 5.00pm on 23 August 2018 will be registered for the interim 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.

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 Second quarter ended 30 June 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
13 August 2018