



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

First Quarter Financial Statement and Dividend Announcement for the period ended 31 March 2015

Key Financial Performance

S\$'000	1Q 2015	1Q 2014	Change
Revenue	105,524	93,186	13.2%
Gross margin (%)	28.5%	27.5%	3.6%
Operating profit	11,144	9,229	20.7%
Profit attributable to owners of the Company	7,597	7,532	0.9%
Basic earnings per ordinary share (in cents)	1.47	1.46	0.7%
Net asset value per ordinary share (in cents)	44.21	39.36	12.3%
Net cash (used)/generated from operating activities	(1,635)	5,936	N.M.
Net gearing (%)	–	–	–
New orders received from continuing operations	103,053	73,396	40.4%
Outstanding orders from continuing operations	252,541	207,413	21.8%

Review of Performance

Group revenue grew by 13.2% year-on-year from S\$93.2 million in 1Q14 to S\$105.5 million in 1Q15, mainly due to higher revenues achieved in the Americas and EMEA regions. During the quarter, gross margins in 1Q15 improved to 28.5% from 1Q14 of 27.5%. In line with the growth in revenues and stable gross margins achieved, 1Q15 operating profit (“Earnings before interest and tax” or “EBIT”) also grew by 20.7% year-on-year to S\$11.1 million.

Operating expenses were 15.0% higher at S\$19.3 million in 1Q15, driven mainly by higher personnel related expenses and provisions for doubtful debts. Tax expenses in 1Q15 were S\$3.1 million, as compared to 1Q14 of S\$1.2 million, mainly attributed to the write-back of deferred tax and the non-recurring tax deductions received for education funds made to polytechnics and universities in 1Q14 of S\$1.3 million. Consequently, the Group recorded profit attributable to owners of the Company of S\$7.6 million in 1Q15, as compared to S\$7.5 million in 1Q14.

The basic earnings per ordinary share as at 31 March 2015 was 1.47 cents (as at 31 March 2014: 1.46 cents).

During the quarter, the Group continues to receive orders from greenfield (new installations) projects and brownfield (maintenance, upgrade and enhancement of existing installations) projects, a total of S\$103.1 million of new orders received, an increase of 40.4% year-on-year. Outstanding orders increased by 21.8% to S\$252.5 million as at end of 1Q15 from S\$207.4 million as at end of 1Q14.

The Group generated an operating cash outflow of S\$1.6 million in 1Q15 mainly due to the increase in work-in progress for an LNG project in Australia, which is moving to Final Acceptance Test stage. The Group ended the quarter with a net cash of S\$23.0 million.



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

Performance of Geographical Segments

S\$'000	1Q 2015	1Q 2014	Change
Revenue			
Asia-Pacific	38,015	40,201	-5.4%
The Americas	58,825	45,899	28.2%
Europe/Middle East/Africa	8,684	7,086	22.5%
Group	105,524	93,186	13.2%
Earnings before interest and tax (EBIT)			
Asia-Pacific	5,436	5,178	5.0%
The Americas	5,060	3,971	27.4%
Europe/Middle East/Africa	648	80	710.0%
Group	11,144	9,229	20.7%

In 1Q15, the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa contributed 36.0%, 55.7% and 8.3% to revenue respectively, and also 48.8%, 45.4% and 5.8% to EBIT respectively.

The overall increase in revenues and EBIT was mainly due to the higher revenues achieved in the Americas regions as a result of higher offshore process control systems and services projects recognized in 1Q15.

Europe/Middle East/Africa region recorded a higher EBIT in 1Q15 due to contributions from more profitable project revenues recognized in 1Q15 as compared to 1Q14.

The Asia Pacific region also recorded a higher EBIT in 1Q15 due to improved sales margin mix.

Liquidity and Capital Resources

The Group generated an operating cash outflow of S\$1.6 million in 1Q15 mainly due to the increase in work-in progress for an LNG project in Australia, which is moving to Final Acceptance Test stage. The Group ended the quarter with a net cash of S\$23.0 million.

Outstanding Orders

S\$'000	1Q2015	4Q2014	1Q2014
Process Controls	161.5	162.6	92.4
Communications & Security	91.0	92.4	115.0
Total	252.5	255.0	207.4

During the quarter, the Group continues to receive orders from greenfield (new installations) projects and brownfield (maintenance, upgrade and enhancement of existing installations) projects, a total of S\$103.1 million of new orders received, an increase of 40.4% year-on-year. Outstanding orders increased by 21.8% to S\$252.5 million as at end of 1Q15 from S\$207.4 million as at end of 1Q14.



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

Outlook

CSE has a healthy outstanding order book of S\$252.5 million and a net cash position of S\$23.0 million at the end of 1Q15. The Group is optimistic of its prospects for FY2015, notwithstanding the challenging global economic outlook and low commodity prices. CSE believes, however, that there are opportunities available in the market which the Group will work on to secure more orders. The Group will also continue to support and service its existing installed base or customers (brownfield projects) as well as execute its outstanding order book.



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

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	1Q 2015	Group 1Q 2014	Change %
Revenue	105,524	93,186	13.2%
Cost of sales	(75,420)	(67,520)	11.7%
Gross profit	30,104	25,666	17.3%
Other operating income (Note 1)	342	353	-3.1%
Other operating expenses			
Administrative costs	(17,021)	(15,609)	9.0%
Selling and distribution costs (Note 3)	(1,122)	(931)	20.5%
Other operating costs (Note 2)	(1,159)	(250)	N.M.
Total operating expenses	(19,302)	(16,790)	15.0%
Operating profit	11,144	9,229	20.7%
Finance costs (Note 4)	(23)	(27)	-14.8%
Profit before taxation	11,121	9,202	20.9%
Taxation (Note 5)	(3,134)	(1,226)	155.6%
Profit after taxation	7,987	7,976	0.1%
Attributable to :			
Equity owners of the Company	7,597	7,532	0.9%
Non-controlling interests	390	444	-12.2%
	7,987	7,976	0.1%
Earnings per ordinary share (cents)			
- basic	1.47	1.46	-
- diluted	1.47	1.46	-



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

Consolidated statement of comprehensive income for the first quarter ended 31 March 2015

S\$'000	Group		Change %
	1Q 2015	1Q 2014	
Profit after taxation	7,987	7,976	0.1%
Other comprehensive income :			
Cashflow hedge	–	61	N.M.
Foreign currency translation	10,346	2,436	N.M.
Other comprehensive loss for the period, net of tax	<u>10,346</u>	<u>2,497</u>	
Total comprehensive income for the period	<u>18,333</u>	<u>10,473</u>	75.1%
Total comprehensive income attributable to :			
Owners of the Company	17,943	10,029	78.9%
Non-controlling interests	390	444	-12.2%
	<u>18,333</u>	<u>10,473</u>	75.1%

N.M. – Not meaningful



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

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	1Q 2015	Group 1Q 2014	Change %
Profit before taxation is arrived at after charging the following:			
(A) Interest on borrowings (Note 4)	199	111	79.3%
(B) Interest income (Note 4)	(176)	(84)	109.5%
(C) Depreciation and amortisation	976	861	13.4%
(D) Allowance for doubtful debts and bad debts	927	7	N.M.

Note 1

S\$'000	1Q 2015	Group 1Q 2014	Change %
Rental income	48	78	-38.4%
Miscellaneous income	165	229	-27.9%
Net exchange gain	129	46	180.4%
Other operating income	342	353	-3.1%

Note 2

S\$'000	1Q 2015	Group 1Q 2014	Change %
Allowance for doubtful debts and bad debts	927	7	N.M.
Miscellaneous expenses	8	12	-33.3%
Amortisation of intangible assets	199	196	1.5%
(Gain)/loss on disposal of plant and equipment	(20)	3	N.M.
Allowance for stock obsolescence	12	-	N.M.
Bank charges	33	32	N.M.
	1,159	250	N.M.

Note 3

The increase in selling and distribution costs was mainly due to an increase in marketing activities.

Note 4

S\$'000	1Q 2015	Group 1Q 2014	Change %
Interest on borrowings	199	111	79.3%
Interest income	(176)	(84)	109.5%
Finance costs	23	27	-14.8%

The decrease in finance costs was mainly due to higher interest income which knocked off the increase of interest on borrowings due to higher loan drawdown when compared to 1Q14.

Note 5

Tax expenses in 1Q15 were S\$3.1 million, as compared to 1Q14 of S\$1.2 million, mainly attributed to the write-back of deferred tax and the non-recurring tax deductions received for education funds made to polytechnics and universities in 1Q14 of S\$1.3 million.



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

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	
	31-03-15	31-12-14	31-03-15	31-12-14
NON-CURRENT ASSETS				
Property, plant and equipment	22,677	22,449	30	52
Investment in subsidiaries	–	–	222,303	222,403
Other investment	190	190	190	190
Intangible assets	44,795	44,198	1,249	1,290
Deferred tax assets	14,725	13,479	3,926	4,095
CURRENT ASSETS				
Gross amount due from customers for contract work-in-progress (Note 6)	80,826	85,820	–	–
Inventories (Note 6)	13,897	17,166	–	–
Trade and other receivables (Note 6)	108,737	109,892	2,260	1,814
Prepaid operating expenses (Note 7)	2,778	2,460	79	27
Amount due from subsidiary companies	–	–	27,578	24,779
Short-term deposits	1,385	1,425	–	–
Cash and bank balances	65,658	65,466	13,229	3,092
	273,281	282,229	43,146	29,712
CURRENT LIABILITIES				
Gross amount due to customers for contract work-in-progress (Note 6)	7,635	28,806	–	–
Trade payables and accruals	56,697	62,952	9,114	10,397
Finance leases	89	169	–	–
Loans and borrowings	43,168	42,619	40,073	39,125
Amount due to subsidiary companies	–	–	85,216	71,572
Provision for warranties	1,621	1,506	–	–
Provision for taxation	5,394	3,579	–	–
	114,604	139,631	134,403	121,094
Net current assets/(liabilities)	158,677	142,598	(91,257)	(91,382)
NON-CURRENT LIABILITIES				
Deferred tax liabilities	(4,038)	(4,220)	–	–
Finance leases	(223)	(224)	–	–
Loans and borrowings	(864)	(864)	–	–
	235,939	217,606	136,441	136,648
Equity attributable to owners of the Company				
Share capital	98,542	98,542	98,542	98,542
Revenue reserve	152,358	144,761	28,023	28,230
Other reserve	9,805	9,805	9,876	9,876
Foreign currency translation reserve	(32,573)	(42,919)	–	–
Total Shareholders' Fund	228,132	210,189	136,441	136,648
Non-controlling interests	7,807	7,417	–	–
Total Equity	235,939	217,606	136,441	136,648
Group net cash	23,011	23,408		
Group net gearing (%)	–	–		



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

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.

Note 7

The increase in prepaid operating expenses was due to the prepayment of insurance premium for the full year.

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 31 Mar 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
NIL	S\$43,168,000	NIL	S\$42,619,000

Amount repayable after one year

As at 31 Mar 2015		As at 31 Dec 2014	
Secured	Unsecured	Secured	Unsecured
NIL	S\$864,000	NIL	S\$864,000

Details of any collateral

Not applicable.



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

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	
	1.1.2015 to 31.3.2015	1.1.2014 to 31.3.2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES :-</u>		
Profit before taxation	11,121	9,202
Adjustments for :-		
Depreciation for property, plant and equipment	777	665
Amortisation of intangible assets	199	196
(Gain)/loss on disposal of property, plant and equipment	(20)	3
Changes in fair value of derivative financial instruments	-	61
Interest expense	199	111
Interest income	(176)	(84)
Currency realignment (Note 8)	6,587	1,236
Operating profit before reinvestment in working capital	18,687	11,390
Decrease/(increase) in trade and other receivables and prepaid operating expenses	835	(2,708)
(Increase)/decrease in gross amount due from customers for contract work-in-progress, net and inventories	(12,908)	1,865
Decrease in payables and accruals and provision for warranties	(5,480)	(2,892)
Cash generated from operations	1,134	7,655
Interest paid	(199)	(111)
Interest received	176	84
Income tax paid	(2,746)	(1,692)
Net cash (used)/generated from operating activities	(1,635)	5,936
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Fourth/third tranche payment for the subsidiary acquired	(560)	(512)
Purchase of property, plant and equipment	(897)	(1,453)
Proceeds from sale of property, plant and equipment	404	374
Net cash used in investing activities	(1,053)	(1,591)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from short term loans from bankers	549	16,918
Repayment of long term loans from bankers	-	(100)
Dividend paid on ordinary shares	-	(144,500)
Net cash generated/(used) in financing activities	549	(127,682)
Net effect of exchange rate changes on cash and cash equivalents	2,291	536
Net decrease in cash and cash equivalents	(2,139)	(123,337)
Cash and cash equivalents at beginning of the financial year	66,891	186,586
Cash and cash equivalents at end of the financial period	67,043	63,785

Note 8

The currency realignment of S\$6.6 million resulted from CSE translating the non-monetary assets and liabilities of its subsidiaries whose functional currencies are USD, GBP and AUD.



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

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 holders of the Company						
	Share capital	Revenue reserve	Other reserve	Foreign currency translation reserve	Total	Non- controlling interests	Total Equity
At 1 January 2014	98,542	131,337	9,805	(46,585)	193,099	5,867	198,966
Total comprehensive income for the period	–	7,532	61	2,436	10,029	444	10,473
At 31 March 2014	98,542	138,869	9,866	(44,149)	203,128	6,311	209,439
At 1 January 2015	98,542	144,761	9,805	(42,919)	210,189	7,417	217,606
Total comprehensive income for the period	–	7,597	–	10,346	17,943	390	18,333
At 31 March 2015	98,542	152,358	9,805	(32,573)	228,132	7,807	235,939

Company S\$'000	Share capital	Revenue reserve	Other reserve	Total Equity
At 1 January 2014	98,542	22,980	9,876	131,398
Total comprehensive income for the period	–	272	–	272
At 31 March 2014	98,542	23,252	9,876	131,670
At 1 January 2015	98,542	28,230	9,876	136,648
Total comprehensive income for the period	–	(207)	–	(207)
At 31 March 2015	98,542	28,023	9,876	136,441



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

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, 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.

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

The Company does not have any outstanding convertibles and does not have any treasury shares.

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 31 March 2015	: 516,067,852
Number of shares as at 31 December 2014	: 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 2014.



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

5. 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:-

	1Q 2015	1Q 2014
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	1.47	1.46
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	1.47	1.46
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
Weighted average number of shares issued during the period		
Adjusted weighted average number of shares	<u>516,067,852</u>	<u>516,067,852</u>

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		
Adjusted weighted average number of shares	<u>516,067,852</u>	<u>516,067,852</u>

* 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.

6. 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 :-

	31 March 2015		31 December 2014	
	Group	Company	Group	Company
Net asset value per ordinary share based on existing issued share capital (in cents)	44.21	26.44	39.36	25.51

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.



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

8. Dividend

(a) Current financial period reported on

No interim ordinary dividend has been declared or recommended during the current financial period or the previous corresponding financial period.

(b) Corresponding Period of the Immediately Preceding Financial Year

Not applicable

9. Date dividend is payable

Not applicable.

10. Book closure date

Not applicable.

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

Not applicable.



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

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

12. 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.

CSE Offers

- a) A wide and diverse range of solutions involving the implementation of Process Control Systems, Safety Shutdown Systems, Fire and Gas Detection Systems, Supervisory Control and Data Acquisition (SCADA) Systems, Pipeline Control Systems, Wellhead Control Systems, Subsea Control Systems, Chemical Injection Systems, Instrumentation & Electrical Construction, Plant Information Systems, Data Reconciliation & Yield Accounting Systems, Laboratory Information Management Systems and Terminal Automation Systems;
- b) Turnkey telecommunication network solutions for infrastructure projects to the Oil and Gas and Power industry including voice, data, radio, video, security access and LAN/WAN telecommunication systems;
- c) Electrical engineering products/solutions to the Mining, Process, Power generation, Power Transmission/Distribution, Oil and Gas, Water and Sewerage and Manufacturing industries, specializing in the supply and support of high quality electrical engineering products such as protection, control and motor starting control equipment;
- d) Intelligent Transport Systems such as the toll collection system, congestion charging system, urban traffic control and surveillance system, motorway management system, transportation communication system and security system;
- e) Design and installation of high temperature thermal process and incineration systems. It supplies multiple hearth, fluidised bed, shaft kiln and rotary kiln furnace systems, usually on an installed basis, to municipal and industrial clients;
- f) Sales and service of diesel engine parts, transmission, fabrication and repair works mainly for the oil and gas industries;
- g) Manufacture and development of computer programmable safety systems and a range of specialist hardware and software products for the automation of Person On Board and Person On Site (POB: Off-shore/POS:On-shore) information at site access and muster assembly points and for location of personnel.

13. 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.

14. A breakdown of sales as follows:-

Not applicable.



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

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

Not applicable.

16. 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.

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

Aggregate value of all interested person transactions during the financial period (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)

S\$	1Q 2015	1Q 2014
Acquisition of 66% of the total issued and paid up share capital of Power Diesel Engineering Pte Ltd	(99,610)*	(148,074)**
Total interested person transactions	(99,610)	(148,074)

*Reduction in fourth tranche payment

**Reduction in third tranche payment

17. 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 of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the First quarter ended 31 March 2015 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

Lynn Wan Tiew Leng
Company Secretary
11 May 2015