



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

First Half Financial Statement and Dividend Announcement for the period ended 30 June 2021

Key Financial Performance

S\$'000	1H21	1H20	Change
Revenue	234,455	255,575	-8.3%
Gross profit	70,006	77,437	-9.6%
Gross margin (%)	29.9%	30.3%	-0.4pp
Operating expenses	57,621	61,529	-6.4%
EBITDA	23,563	28,576	-17.5%
Net profit	10,071	15,090	-33.3%
Net cash generated from operations	15,111	33,959	-55.5%
New orders received	210,556	242,072	-13.0%
Outstanding orders	212,097	293,801	-27.8%

Review of Performance – 1st Half (“1H21”)

In 1H21, Group revenue decreased by 8.3% year-on-year to S\$234.5 million, mainly attributed to delay in projects and lower time and material revenues in the Americas region impacted by Covid-19 pandemic, the severe winter in 1Q21 and volatile energy prices. In line with lower revenues, gross profit decreased by 9.6% from S\$77.4 million in 1H20 to S\$70.0 million in 1H21. However, gross margin in 1H21 was relatively stable as compared to 1H20.

In 1H21, group operating expenses were 6.4% or S\$3.9 million lower year-on-year at S\$57.6 million, mainly due to lower personnel cost of S\$4.0 million.

EBITDA decreased by 17.5% to S\$23.6 million as compared to 1H20 of S\$28.6 million, mainly attributed from lower gross profits and lower favourable exchange differences of S\$2.1 million, partially offset by the reduction in operating expenses.

With higher depreciation and amortization expenses of S\$0.7 million but lower interest expenses of S\$0.4 million as compared to 1H20, net profit in 1H21 decreased by 33.3% to S\$10.1 million.

Order intake in 1H21 decreased by 13.0% to S\$210.6 million as compared to 1H20 of S\$242.1 million as a result of lower orders in Energy sector due to delays in project awards and the slower than expected recovery in demand for industrial automation systems and services in this sector, mainly impacted by the disruption caused by the Covid-19 pandemic, severe winter weather in USA in 1Q21, and volatile energy and bought in material prices. On the other hand, new orders for Infrastructure sector increased by 25.1% year-on-year, registering S\$79.7 million, which was attributed to higher orders of radio communication and solutions, mainly driven by a stronger pipeline of infrastructure projects across all key geographies in Australia, UK and USA. The Mining & Mineral sector clinched about S\$24.5 million of new orders in 1H21 as compared to S\$36.8 million in 1H20 which included two greenfield mining projects approximately S\$16.5 million to supply radio communication equipment and solutions in Australia. As at June 2021, the order book stood at S\$212.1 million.



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

Performance of Geographical Segments

S\$'000	1H21	1H20	Change
Revenue			
Americas	137,414	172,236	-20.2%
Asia Pacific	91,108	81,416	11.9%
EMEA	5,933	1,923	208.5%
Group	234,455	255,575	-8.3%
Earnings before interest and tax (EBIT)			
Americas	3,125	9,652	-67.6%
Asia Pacific	10,239	10,274	-0.3%
EMEA	474	(395)	N.M
Group	13,838	19,531	-29.1%

1H21 vs 1H20

In 1H21, the geographical regions of the Americas, Asia Pacific and Europe/Middle East/Africa (“EMEA”) contributed 58.6%, 38.9% and 2.5% to revenue respectively.

The Americas region registered a 20.2% decline in revenue for 1H21 of S\$137.4 million as compared to 1H20 of S\$172.2 million, mainly attributed to the delay in projects and lower time and material revenues in the Americas region impacted by Covid-19 pandemic and volatile energy prices. In line with lower revenue achieved coupled with higher unutilized labour costs, EBIT in 1H21 for the Americas region was 67.6% lower year-on-year.

The Asia Pacific region recorded a moderate growth of 11.9% in 1H21 revenues to S\$91.1 million, due to higher recognition of revenue from infrastructure projects in Australia. EBIT decreased marginally by 0.3% year-on-year to S\$10.2 million attributed to lower favorable exchange differences of S\$2.1 million offsetted by higher profitability for the infrastructure projects recognized in Australia. Excluding the effect of lower favourable exchange differences of S\$2.1 million, EBIT for 1H2021 in the Asia Pacific region would have increased by 29.5% year-on-year.

The EMEA region registered a 208.5% increase in revenues to S\$5.9 million mainly due to contributions from new acquisitions in United Kingdom (“UK”), hence, an improvement in EBIT to S\$0.5 million.

Liquidity and Capital Resources

For 1H21, the Group generated a cash inflow from operations of S\$15.1 million as compared to 1H20 of S\$34.0 million. The Group’s net debt position was S\$51.7 million as at end of Jun 2021, as compared to December 2020 of S\$39.0 million, after S\$6.0 million made for business acquisitions in 1H21 and dividend payments of S\$7.7 million.



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

Order Book

S\$'000	1H21	FY20	1H20
Americas	76,663	102,528	145,944
Asia Pacific	130,852	128,425	142,067
EMEA	4,582	5,045	5,790
Total	212,097	235,998	293,801

As at 30 June 2021, the order book stood at S\$212.1 million, with the geographical regions of the Americas, the Asia Pacific and EMEA contributing 36.1%, 61.7% and 2.2% to group order book respectively.

Outlook

The Group notes that the current market environment still presents numerous uncertainties going forward: COVID-19 pandemic and global economic outlook. Our customers in the Energy sector remain focused on their capital spending discipline that will translate to fewer large greenfield contract awards in the coming months, though we continue to see a steady pipeline of projects from our Infrastructure and Mining and Minerals customers, supported by increasing requirements for digitalization and enhancements in physical and cyber security. Despite these uncertainties in the coming months, CSE remains confident to achieve a profitable financial performance in 2021.

Our strategies have been to focus on deepening our presence in our key markets in USA, Australia/New Zealand, Singapore and UK. Going forward, we will continue to focus on these key markets as well as to expand our engineering capabilities and technology solutions to pursue new market opportunities or diversify into new markets (such as renewables and building automation) brought about by the emerging trends towards urbanization, electrification and decarbonisation.



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

CSE Global Limited

Condensed Interim Financial Statements
For the six months ended 30 June 2021

Table of Contents

A. Condensed interim consolidated statement of profit or loss and other comprehensive income	5
B. Condensed interim statements of financial position	7
C. Condensed interim consolidated statement of cash flows	8
D. Condensed interim statements of changes in equity	9
E. Notes to the condensed interim consolidated financial statements	11
F. Other information required by Listing Rule Appendix 7.2	23



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

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

SS'000	Note	1H21	1H20	Change
Revenue	4	234,455	255,575	-8.3%
Cost of sales		(164,449)	(178,138)	-7.7%
Gross profit		70,006	77,437	-9.6%
Operating expenses				
Administrative costs		(53,089)	(57,381)	-7.5%
Selling and distribution costs		(2,103)	(1,462)	43.8%
Other operating costs		(2,429)	(2,686)	-9.6%
Total operating expenses		(57,621)	(61,529)	-6.4%
Operating profit		12,385	15,908	-22.1%
Interest expense		(1,128)	(1,580)	-28.6%
Interest income		123	164	-25.0%
Share of profit of an associate		2	–	N.M
Other non-operating items	5	1,428	3,623	-60.6%
Profit before tax	5	12,810	18,115	-29.3%
Tax expense	7	(2,718)	(3,024)	-10.1%
Profit for the period		10,092	15,091	-33.1%
Attributable to :-				
Equity owners of the Company		10,071	15,090	-33.3%
Non-controlling interests		21	1	N.M.
		10,092	15,091	-33.1%
Earnings per ordinary share (cents)				
- basic		1.97	2.96	
- diluted		1.95	2.92	



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

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

SS'000	Note	1H21	1H20	Change
Profit after tax		10,092	15,091	-33.1%
Other comprehensive income/(loss) :				
Foreign currency translation		1,017	1,012	0.5%
Fair value changes on financial instruments		356	(3,325)	N.M
Other comprehensive income/(loss) for the period, net of tax		1,373	(2,313)	N.M
Total comprehensive income for the period		11,465	12,778	-10.3%
Total comprehensive income attributable to :-				
Owners of the Company		11,444	12,778	-10.4%
Non-controlling interests		21	—	N.M
		11,465	12,778	-10.3%

N.M. – Not meaningful



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

B. Condensed Interim Statements of Financial Position

S\$'000	Note	Group		Company	
		30-06-21	31-12-20	30-06-21	31-12-20
NON-CURRENT ASSETS					
Property, plant and equipment	11	63,604	61,582	1,463	1,641
Right-to-use assets		23,057	23,241	2,643	2,926
Investment in subsidiaries		–	–	127,171	127,171
Other investment		1,276	1,279	1,276	1,279
Investment in associate		227	224	–	–
Intangible assets	10	58,592	57,507	242	322
Deferred tax assets		2,800	2,980	913	908
Amount due from a subsidiary		–	–	398	578
Other receivables		618	451	–	–
		150,174	147,264	134,106	134,825
CURRENT ASSETS					
Contract assets		64,241	61,432	–	–
Inventories		28,997	26,079	–	–
Trade and other receivables		110,889	108,900	3,194	636
Prepaid operating expenses		7,153	5,670	604	291
Amount due from subsidiaries		–	–	137,264	143,186
Cash and bank balances	12	56,292	52,525	9,258	3,286
		267,572	254,606	150,320	147,399
CURRENT LIABILITIES					
Contract liabilities		(16,616)	(15,798)	–	–
Trade payables and accruals		(66,360)	(68,088)	(2,310)	(3,716)
Lease liabilities		(5,319)	(4,797)	(622)	(568)
Loans and borrowings	13	(55,844)	(65,002)	(55,844)	(64,907)
Derivative liability		(1,418)	(2,243)	(1,418)	(2,243)
Amount due to subsidiaries		–	–	(33,828)	(38,278)
Provision for warranties		(748)	(1,045)	–	–
Provision for taxation		(2,824)	(4,141)	(28)	(45)
		(149,129)	(161,114)	(94,050)	(109,757)
Net current assets		118,443	93,492	56,270	37,642
NON-CURRENT LIABILITIES					
Deferred tax liabilities		(2,819)	(2,672)	–	–
Lease liabilities		(19,265)	(19,728)	(2,647)	(2,981)
Loans and borrowings	13	(52,193)	(26,494)	(52,193)	(26,494)
Accruals		(246)	(224)	–	–
Net Assets		194,094	191,638	135,536	142,992
Equity attributable to owners of the Company					
Share capital	14	98,542	98,542	98,542	98,542
Treasury shares	14	(1,910)	(2,557)	(1,910)	(2,557)
Shares based payment reserve		–	1,935	–	1,935
Revenue reserve		107,810	105,425	29,849	36,290
Other reserve		9,023	8,750	9,055	8,782
Foreign currency translation reserve		(19,304)	(20,321)	–	–
Total Shareholders' Fund		194,161	191,774	135,536	142,992
Non-controlling interests		(67)	(136)	–	–
Total Equity		194,094	191,638	135,536	142,992



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

C. Condensed Interim Consolidated Statement of Cash Flows

S\$'000	Group	
	01.01.2021 to 30.06.2021	01.01.2020 to 30.06.2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,810	18,115
Adjustments for :-		
Allowance for doubtful receivables	471	847
(Write back of allowance)/allowance for stock obsolescence	(17)	11
Depreciation for property, plant and equipment	4,976	4,363
Depreciation for right-to-use assets	2,888	2,830
Amortisation of intangible assets	1,861	1,852
Gain on disposal and write-off of property, plant and equipment	(64)	(119)
Share of profit of an associate	(2)	-
Interest expense	1,151	1,590
Interest income	(123)	(164)
Operating profit before reinvestment in working capital	23,951	29,325
(Increase)/decrease in trade and other receivables and prepaid operating expenses	(3,592)	32,997
Increase in gross amount due from customers for contract assets and inventories	(4,676)	(24,186)
Decrease in payables and accruals and provision for warranties	(572)	(4,177)
Cash generated from operations	15,111	33,959
Interest paid	(1,087)	(1,232)
Interest received	123	164
Income tax paid	(3,421)	(1,112)
Net cash generated from operating activities	10,726	31,779
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of businesses, net of cash	(5,955)	-
Release of restricted cash	2,523	-
Purchase of property, plant and equipment	(5,653)	(5,206)
Purchase of intangible assets	-	(1,078)
Proceeds from sale of property, plant and equipment	282	325
Net cash used in investing activities	(8,803)	(5,959)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Purchase of treasury shares	(1,371)	-
Dividends paid to shareholders	(7,686)	-
Proceeds/(repayment) of borrowings, net	15,911	(14,413)
Proceeds from issuance of shares of a subsidiary to NCI	48	-
Payment of lease liabilities	(2,974)	(3,646)
Net cash generated from/(used in) financing activities	3,928	(18,059)
Net effect of exchange rate changes on cash and cash equivalents	415	1,225
Net increase in cash and cash equivalents	5,851	7,761
Cash and cash equivalents at beginning of the financial period	49,390	50,651
Cash and cash equivalents at end of the financial period	55,656	59,637
Cash and bank balances comprise of:-		
Cash and cash equivalents	55,656	59,637
Restricted cash arising from acquisition of subsidiaries	636	7,946
	56,292	67,583



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

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	Share based payment reserve	Other reserve	Foreign currency translation reserve			
At 1 January 2020	98,542	(4,039)	91,478	1,742	9,818	(21,204)	176,337	(132)	176,205
Total comprehensive income for the period	–	–	15,091	–	(3,325)	1,012	12,778	–	12,778
Re-issuance of treasury shares	–	1,482	–	(1,742)	260	–	–	–	–
At 30 June 2020	98,542	(2,557)	106,569	–	6,753	(20,192)	189,115	(132)	188,983
At 1 January 2021	98,542	(2,557)	105,425	1,935	8,750	(20,321)	191,774	(136)	191,638
Total comprehensive income for the period	–	–	10,071	–	356	1,017	11,444	21	11,465
Purchase of treasury shares	–	(1,371)	–	–	–	–	(1,371)	–	(1,371)
Re-issuance of treasury shares	–	2,018	–	(1,935)	(83)	–	–	–	–
Dividend for FY2020 declared and paid	–	–	(7,686)	–	–	–	(7,686)	–	(7,686)
Issuance of shares of a subsidiary to non-controlling interest	–	–	–	–	–	–	–	48	48
At 30 June 2021	98,542	(1,910)	107,810	–	9,023	(19,304)	194,161	(67)	194,094



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

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

Company S\$'000	Share capital	Treasury shares	Share-based payment reserve	Revenue reserve	Other reserve	Total Equity
At 1 January 2020	98,542	(4,039)	1,742	45,066	9,850	151,161
Total comprehensive loss for the period	–	–	–	1,684	(3,328)	(1,644)
Re-issuance of treasury shares	–	1,482	(1,742)	–	260	–
At 30 June 2020	98,542	(2,557)	–	46,750	6,782	149,517
At 1 January 2021	98,542	(2,557)	1,935	36,290	8,782	142,992
Total comprehensive income for the period	–	–	–	1,245	356	1,601
Purchase of treasury shares	–	(1,371)	–	–	–	(1,371)
Re-issuance of treasury shares	–	2,018	(1,935)	–	(83)	–
Dividend for FY2020 declared and paid	–	–	–	(7,686)	–	(7,686)
At 30 June 2021	98,542	(1,910)	–	29,849	9,055	135,536



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

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 2021 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 2021 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 annual financial statements for the year ended 31 December 2020.

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 2020.

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:



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

- 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	Asia Pacific	Americas	Europe/ Middle East	Consolidated
1 January 2021 to 30 June 2021				
Sales to external customers	91,108	137,414	5,933	234,455
Profit before interest and tax	10,239	3,125	474	13,838
Non-current assets	32,501	86,323	3,372	122,196
1 January 2020 to 30 June 2020				
Sales to external customers	81,416	172,236	1,923	255,575
Profit before interest and tax	10,274	9,652	(395)	19,531
Non-current assets	32,555	85,447	1,744	119,746



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

4.2 Disaggregation of revenue

S\$'000	Group 6 months ended 30 June 2021				
	Project revenue	Time and material revenue	Maintenance revenue	Equipment rental	Total revenue
Segments					
Primary geographical markets					
Asia Pacific	16,554	56,696	9,210	8,648	91,108
Americas	79,172	58,227	15	–	137,414
Europe/Middle East	1,819	1,470	240	2,404	5,933
	<u>97,545</u>	<u>116,393</u>	<u>9,465</u>	<u>11,052</u>	<u>234,455</u>
Timing of transfer of goods or services					
At a point in time	–	116,393	–	–	116,393
Over time	97,545	–	9,465	11,052	118,062
	<u>97,545</u>	<u>116,393</u>	<u>9,465</u>	<u>11,052</u>	<u>234,455</u>

S\$'000	Group 6 months ended 30 June 2020				
	Project revenue	Time and material revenue	Maintenance revenue	Equipment rental	Total revenue
Segments					
Primary geographical markets					
Asia Pacific	21,394	45,293	8,538	6,191	81,416
Americas	96,996	74,981	259	–	172,236
Europe/Middle East	359	422	530	612	1,923
	<u>118,749</u>	<u>120,696</u>	<u>9,327</u>	<u>6,803</u>	<u>255,575</u>
Timing of transfer of goods or services					
At a point in time	–	120,696	–	–	120,696
Over time	118,749	–	9,327	6,803	134,879
	<u>118,749</u>	<u>120,696</u>	<u>9,327</u>	<u>6,803</u>	<u>255,575</u>



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

5. Profit before taxation

5.1 Significant items

S\$'000	1H21	1H20	Change
(a) Other non-operating items			
Miscellaneous income	446	496	-10.1%
Net exchange gain	982	3,127	-68.6%
Other non-operating items	1,428	3,623	-60.6%
(b) Profit before tax is arrived at after charging/(crediting) the following:			
Interest expense *	1,128	1,580	-28.6%
Interest expense recognised as an expense in cost of sales	23	10	130.0%
Interest income	(123)	(164)	-25.0%
Depreciation for property, plant and equipment	4,976	4,363	14.0%
Depreciation for right-to-use assets	2,888	2,830	2.0%
Amortisation of intangible assets	1,861	1,852	0.5%
Allowance for expected credit loss on trade receivables, net	471	847	-44.4%
(Write back of allowance)/allowance for stock obsolescence made, net	(17)	11	N.M
Gain on disposal of property, plant and equipment	(64)	(119)	-46.2%

* Included unrealized fair value gain on financial instrument of S\$468,000 in 1H21.

5.2 Related party transactions

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



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

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 2021 and 31 December 2020:

S\$'000	Note	Group		Company	
		30-06-21	31-12-20	30-06-21	31-12-20
Financial Assets					
<u>Non-current:</u>					
Other investment	16	1,276	1,279	1,276	1,279
Other receivables		618	451	–	–
<u>Current:</u>					
Trade and other receivables		110,579	108,629	3,194	636
Add:					
Amount due from subsidiaries		–	–	137,662	143,764
Cash and bank balances		56,292	52,525	9,258	3,286
Total financial assets carried at amortised cost		168,765	162,884	151,390	148,965
Financial Liabilities					
<u>Non-current:</u>					
Accruals		246	224	–	–
<u>Current:</u>					
Trade payables and accruals		66,360	68,088	2,310	3,716
Add:					
Amount due to subsidiaries		–	–	33,828	38,278
Lease liabilities		24,584	24,525	3,269	3,549
Loans and borrowings		108,037	91,496	108,037	91,401
Total financial liabilities carried at amortised cost		199,227	184,333	147,444	136,944
Derivative liability	16	1,418	2,243	1,418	2,243
		200,645	186,576	148,862	139,187

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	
	1H21	1H20
Movement in allowance accounts:		
At 1 January	1,753	1,328
Charge for the year, net	471	847
Written off	(111)	–
Currency realignment	(16)	(3)
At 30 June	2,097	2,172



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

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	1H21	1H20
Current income tax expense	2,533	3,200
Deferred income tax expense relating to origination and reversal of temporary differences	167	(298)
Others	18	122
	2,718	3,024

8. Dividends

S\$'000	Group	
	1H21	1H20
Ordinary dividends paid:		
- Final exempt (one-tier) dividend for 2020: S\$0.015 per share	7,686	—
- Final exempt (one-tier) dividend for 2019: S\$0.015 per share	—	—
	7,686	—

9. Net Asset Value

	30 June 2021		31 December 2020	
	Group	Company	Group	Company
Net asset value per ordinary share based on existing issued share capital (in cents)	37.89	26.45	37.52	27.97



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

10. Intangible assets

Group (S\$'000)	Goodwill	Sales order backlog	Non-compete agreement	Licences	Intellectual property rights	R&D assets	Technical know-how	Customer relationships	Total
Cost									
At 31 December 2020	68,391	2,216	1,934	1,797	31	466	3,146	14,945	92,926
Acquisition of businesses (Note 15)	2,021	–	–	–	–	–	–	825	2,846
Reclassification	(79)	–	–	–	–	(473)	–	79	(473)
Currency realignment	608	30	28	3	–	7	45	173	894
At 30 June 2021	70,941	2,246	1,962	1,800	31	–	3,191	16,022	96,193
Accumulated Amortisation									
At 31 December 2020	23,846	2,216	967	1,357	31	–	–	7,002	35,419
Amortisation of the period	–	–	99	99	–	–	184	1,479	1,861
Currency realignment	215	30	15	1	–	–	2	58	321
At 30 June 2021	24,061	2,246	1,081	1,457	31	–	186	8,539	37,601
Net carrying amount as at 30 June 2021	46,880	–	881	343	–	–	3,005	7,483	58,592



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

10. Intangible assets (contd.)

Company	Licences S\$'000
Cost	
At 31 December 2020 and 30 June 2021	1,612
Accumulated Amortisation	
At 31 December 2020	1,289
Amortisation of the period	81
At 30 June 2021	1,370
Net carrying amount as at 30 June 2021	242

11. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$5,653,000 (30 June 2020: S\$5,206,000) and disposed of assets amount to S\$ 218,000 (30 June 2020: S\$206,000).

12. Cash and bank balances

	Group		Company	
	30-06-21 S\$'000	31-12-20 S\$'000	30-06-21 S\$'000	31-12-20 S\$'000
Cash and cash equivalents	55,656	49,390	9,258	3,286
Restricted cash arising from acquisition of subsidiaries	636	3,135	–	–
	56,292	52,525	9,258	3,286

13. Borrowings

Amount repayable in one year or less, or on demand

As at 30 June 2021		As at 31 December 2020	
Secured	Unsecured	Secured	Unsecured
NIL	S\$55,844,000	NIL	S\$65,002,000

Amount repayable after one year

As at 30 June 2021		As at 31 December 2020	
Secured	Unsecured	Secured	Unsecured
NIL	S\$52,193,000	NIL	S\$26,494,000

Details of any collateral

Not applicable.



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

14. Share capital

	Group and Company			
	30 June 2021		31 December 2020	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Issued and fully paid ordinary shares	516,068	98,542	516,068	98,542

Treasury shares

	Group and Company			
	30 June 2021		31 December 2020	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Beginning of interim period	(4,921)	(2,557)	(8,118)	(4,039)
Acquired during interim period	(2,654)	(1,371)	–	–
Re-issuance of treasury shares	3,909	2,018	3,197	1,482
End of interim period	(3,666)	(1,910)	(4,921)	(2,557)

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

15. Acquisition of subsidiaries

Acquisition of business in Australia

In April 2021, a wholly-owned subsidiary of the Group, CSE Crosscom Pty Ltd (“CSE Crosscom”) acquired 100% of the issued share capital in Gambier Electronics Pty Ltd (“Gambier”) with a consideration of AUD1.0 million (S\$1.0 million). The acquisition allowed the Group to continue to expand its business in the provision of telecommunications products and services in Australia.

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	242
Inventories	78
Trade and other receivables	154
Cash and bank balances	427
Trade and other payables	(259)
Tax payables	(37)
Total identifiable net assets at fair value	605
Goodwill arising from acquisition	416
Cash paid on acquisition	1,021
Less: cash and bank balances	(427)
Net cash outflow on acquisition	593



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

Acquisition of business in United States

In April 2021, a wholly-owned subsidiary of the Group, CSE W-Industries Inc completed the acquisition of 100% of the issued share capital in EPIC Engineering, LLC and EPIC Automation, LLC (collectively referred as “EPIC”) with a consideration of US\$2.3 million (S\$3.0 million). The acquisition allowed the Group to expand in process controls and system integration services in the United States.

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

	Fair value S\$'000
Customer relationships	296
Trade and other receivables	881
Trade and other payables	(296)
Net identifiable net assets at fair value	<hr/> 881
Goodwill arising from acquisition	<hr/> 2,167
Cash paid on acquisition	3,048
Less: deferred cash consideration	<hr/> (209)
Net cash outflow on acquisition	<hr/> <hr/> 2,839

Acquisition of business in United Kingdom

In December 2020, a wholly-owned subsidiary of the Group, CSE Crosscom UK Ltd (“CSE Crosscom UK”) entered into a business sale agreement for acquisition of assets and business of Zycomm Electronics Ltd (“Zycomm”) for a consideration of GBP 800,000 (approximately S\$1,434,000).

The acquisition allowed the Group to expand its business in the provision of communication systems in United Kingdom.

The acquisition of the business was reported based on provisional amounts in the Group’s financial statement for the year ended 31 December 2020 as the final results of the valuation have not been completed by the date of the financial statements authorized for issue.



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

Acquisition of business in United Kingdom (contd.)

The allocation of purchase price to the identifiable assets and liabilities was completed in the current financial period. The Group made certain adjustments in connection with the acquisitions as follows:

	Provisional fair value at date of acquisition S\$'000	Fair value adjustments S\$'000	Fair value recognized S\$'000
Property, plant and equipment	262	83	345
Customer relationship	–	529	529
Cash and bank balances	484	–	484
Trade and other receivables	745	–	745
Inventories	338	51	389
Trade and other payables	(722)	–	(722)
Tax payable	(245)	–	(245)
Deferred tax liability	(23)	(101)	(124)
Net identifiable net assets at fair value	839	562	1,401
Goodwill arising from acquisition	595	(562)	33
Cash paid on acquisition, representing net cash outflow on acquisition	1,434	–	1,434
Less: cash and bank balances	(484)	–	(484)
Less: deferred cash consideration	(269)	–	(269)
Net cash outflow on acquisition	681	–	681



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

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 2021		31 December 2020	
	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				
Debt securities	1,276	–	1,279	–
Assets and liabilities measured at fair value				
Derivative liability	–	1,418	–	2,243

The fair value of financial assets and liabilities which are not carried at fair values in the balance sheet as at 30 June 2021 and 31 December 2020 are represented in the following table:

S\$'000	Group and Company					
	30 June 2021			31 December 2020		
	Carrying amount	Fair value	Unrecognised gain	Carrying amount	Fair value	Unrecognised gain
Other investment						
Debt securities	1,276	1,358	82	1,279	1,363	84

17. Subsequent event

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



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

F. Other Information Required by Listing Rule Appendix 7.2



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

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 2021, the Company's number of issued and paid up shares comprised 512,401,686 (31 December 2020: 511,147,422) ordinary shares and 3,666,166 (31 December 2020: 4,920,430) treasury shares.

Treasury Shares

Please refer to Note 14 in Condensed Interim Financial Statements.

As at 30 June 2021, there were 3,666,166 (30 June 2020: 4,920,430) treasury shares, representing 0.72% (30 June 2020: 0.96%) of the total number of issued shares excluding treasury shares.

The Company does not have any outstanding convertibles as at 30 June 2021 and 30 June 2020.

- 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 2021	: 512,401,686
Number of shares as at 31 December 2020	: 511,147,422

- 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.

Other than the shares-based payment, 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 2021.



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

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 2020, 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.**

SFRS(I) 17 Insurance Contracts	1 January 2021
Amendments to SFRS(I) 10 and SFRS(I) 1 – 28 <i>Sale or Contribution of Assets between an investor and its Associate or Joint Venture</i>	To be determined

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



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

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:-**

	1H21	1H20
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	1.97	2.96
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	1.95	2.92
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	511,147,422	507,950,352
Weighted average number of share-based payment during the period	2,360,521	1,957,913
Weighted average number of share buybacks during the period	(1,635,779)	-
Adjusted weighted average number of shares	<u>511,872,164</u>	<u>509,908,265</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	511,872,164	509,908,265
Weighted average number of treasury shares	4,195,688	6,159,587
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 SFRS(I)1-33 Earnings Per Share.



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

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 2 September 2021.

(d) Record Date

The Share Transfer Books and the Register of Members of the Company will be closed on 19 August 2021. 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 19 August 2021 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.



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

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 2021 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

Chester Leong
Company Secretary
11 August 2021