

First Quarter Financial Statement And Dividend Announcement For The Period Ended 31 March 2009

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

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

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

S\$'000	Group		Change (%)
	2009 1Q	2008 1Q	
Revenue	95,016	105,116	-10%
Cost of sales	(58,312)	(67,021)	-13%
Gross profit	36,704	38,095	-4%
Other operating income (Note 1)	(1,397)	44	N.M.
Other operating expenses			
Administrative costs	(20,199)	(18,698)	8%
Selling and distribution costs	(1,381)	(1,491)	-7%
Other operating costs (Note 2)	(377)	(539)	-30%
Finance costs (Note 3)	(1,765)	(1,198)	47%
Share of results of associated companies, net of tax	78	110	-29%
Total expenses	(23,644)	(21,816)	8%
Profit before taxation	11,663	16,323	-29%
Taxation (Note 4)	(3,563)	(4,260)	-16%
Profit after taxation	8,100	12,063	-33%
Profit attributable to :-			
Equity holders of the Company	8,116	12,074	-33%
Minority interest	(16)	(11)	45%
	8,100	12,063	-33%

Consolidated statement of comprehensive income for the first quarter ended 31 March 2009

S\$'000	Group		Change (%)
	2009 1Q	2008 1Q	
Profit, net of tax	8,100	12,063	M.M.
Other comprehensive income :			
Foreign currency translation	2,332	(4,592)	N.M.
Cashflow hedges	-	(857)	N.M.
Other comprehensive income for the period, net of tax	2,332	(5,449)	N.M.
Total comprehensive income for the period	10,432	6,614	N.M.
Total comprehensive income attributable to :-			
Equity holders of the Company	10,448	6,625	N.M.
Minority interest	(16)	(11)	N.M.
	10,432	6,614	N.M.

N.M. – Not meaningful

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	2009	2008	Change
Profit before taxation is arrived at after charging/(crediting) the following:	1Q	1Q	%
(A) Interest on borrowings (Note 3)	1,709	1,124	52%
(B) Depreciation and amortisation	963	939	3%
(C) Allowance for doubtful debts and bad debts	41	210	-80%
(D) Foreign exchange loss	1,810	494	N.M.

N.M. – Not meaningful

Note 1

S\$'000	2009	2008	Change
	1Q	1Q	(%)
Rental income	100	107	-6%
Commission income	9	32	-72%
Miscellaneous income	220	171	29%
Net exchange loss	(1,810)	(494)	N.M.
Miscellaneous income	(1,481)	(184)	N.M.
Finance income	84	228	-63%
Other operating income	(1,397)	44	N.M.

N.M. – Not meaningful

Note 2

S\$'000	2009	Group	2008	Change (%)
		1Q		
Allowance for doubtful debts and bad debts	41	210	-80%	
Miscellaneous expenses	1	-	100%	
Amortisation of intangible assets #	330	329	N.M.	
Disposal of property, plant and equipment	5	-	N.M.	
	377	539		

N.M. – Not meaningful

Note 3

The increase in finance costs for 1Q 2009 was mainly due to additional loan drawdown and increase in interest rates.

Note 4

The Group operates in several tax jurisdictions with different tax rates. Thus, the effective tax rate will vary from time to time depending on where the sales and profits are recorded.

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

	Group 31-Mar-09 S\$'000	Group 31-Dec-08 S\$'000	Company 31-Mar-09 S\$'000	Company 31-Dec-08 S\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	13,287	12,669	115	136
Investment in subsidiaries	-	-	194,734	192,702
Associated companies	7,361	7,283	-	-
Other investment	190	190	190	190
Intangible assets	69,303	67,775	66	73
Deferred tax assets	4,279	4,225	32	26
CURRENT ASSETS				
Projects in progress (Note 5)	75,445	88,720	-	-
Stocks (Note 5)	11,378	11,922	-	-
Trade & other debtors (Note 5)	99,727	96,857	3,514	6,612
Prepayment	6,457	3,927	161	7
Amount due from subsidiary companies	-	-	43,143	45,482
Amount due from an associated company	808	717	-	-
Short-term deposits	2,312	3,696	-	-
Cash & bank balances	46,660	38,943	1,384	999
	242,787	244,782	48,202	53,100
CURRENT LIABILITIES				
Projects in progress (Note 5)	10,563	18,956	-	-
Trade creditors & accruals	62,073	66,767	9,750	10,682
Finance leases	179	177	-	-
Amount due to bankers (Note 6)	121,855	117,431	101,366	102,965
Amount due to subsidiary companies	-	-	59,672	53,946
Amount due to an associated company	81	77	-	-
Provision for warranties	1,173	1,582	-	-
Provision for taxation	7,098	8,825	409	301
	203,022	213,815	171,197	167,894
Net current assets/(liabilities)	39,765	30,967	(122,995)	(114,794)
NON-CURRENT LIABILITIES				
Deferred tax liabilities	(3,769)	(3,672)	-	-
Finance leases	(415)	(398)	-	-
Amounts due to bankers (Note 6)	(11,307)	(10,777)	(11,307)	(10,777)
	118,694	108,262	60,835	67,556
Equity attributable to equity holders of company				
Share capital	92,498	92,498	92,498	92,498
Treasury share	(28,043)	(28,043)	(28,043)	(28,043)
Accumulated profits	88,101	79,985	(3,620)	3,093
Other reserves	(33,860)	(36,192)	-	8
Total Shareholders' Fund	118,696	108,248	60,835	67,556
Minority interest	(2)	14	-	-
	118,694	108,262	60,835	67,556

Note 5

The billing cycle turnover period comprising Stocks, Net Project-in-progress and Trade Debtors as of 31 March 2009 increase to 166 days from 146 days as at 31 March 2008.

Note 6

The increase in loan from bankers is due to revaluation of foreign currencies denominated loans.

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 2009		As at 31 Dec 2008	
Secured	Unsecured	Secured	Unsecured
NIL	S\$121,855,000	NIL	\$117,431,000

Amount repayable after one year

As at 31 Mar 2009		As at 31 Dec 2008	
Secured	Unsecured	Secured	Unsecured
NIL	S\$11,307,000	NIL	\$10,777,000

Details of any collateral

Not Applicable.

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

	1.1.2009 to 31.3.2009 \$'000	1.1.2008 to 31.3.2008 \$'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES :-</u>		
Profit before taxation	11,663	16,323
Adjustments for :-		
Depreciation for property, plant and equipment	633	610
Share of results of associated companies, net of tax	(78)	(110)
Amortisation of intangible assets	330	329
Gain on disposal of property, plant and equipment	5	-
Changes in fair value of financial instruments	(774)	-
Interest expense	1,709	1,124
Interest income	(84)	(228)
Currency realignment	119	(918)
Operating profit before reinvestment in working capital	13,523	17,130
Increase in debtors	(5,401)	(8,937)
Decrease/(increase) in projects-in-progress, net and stocks	5,427	(9,518)
Decrease in creditors	(5,816)	(6,557)
Cash generated from/(used in) operations	7,733	(7,882)
Interest paid	(1,709)	(1,124)
Interest received	84	228
Income tax paid	(5,249)	(1,468)
Net cash generated from/(used in) operating activities	859	(10,246)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Advance to associated companies	(86)	(195)
Purchase of property, plant and equipment	(737)	(835)
Proceeds from sale of property, plant and equipment	7	-
Net cash used in investing activities	(816)	(1,030)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from issuance of shares	-	27
(Proceeds from)/repayment of short term loans to bankers (note 7)	4,954	(3,664)
Repayment of finance leasing obligations	20	(4)
Net cash generated from/(used in) financing activities	4,974	(3,641)
Net effect of exchange rate changes on cash and cash equivalents	1,316	(1,774)
Net change in cash and cash equivalents	5,017	(14,917)
Cash and cash equivalents at beginning of period	42,639	58,908
Cash and cash equivalents at end of period	48,972	42,217

Note 7

The increase in loan from bankers is due to revaluation of foreign currencies denominated loans.

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	—Attributable to equity holders of the Company —					Minority Interest	Total Equity
	Share capital	Treasury shares	Accumulated profits	Other reserves	Total		
S\$'000							
At 1 January 2008	90,343	—	54,545	(8,523)	136,365	14	136,379
Total comprehensive income for the period	—	—	12,074	(5,449)	6,625	(11)	6,614
Transfer from Other Reserves-on exercise of share options	11	—	—	(11)	—	—	—
Issuance of ordinary share for cash	27	—	—	—	27	—	27
At 31 March 2008	90,381	—	66,619	(13,983)	143,017	3	143,020
At 1 January 2009	92,498	(28,043)	79,985	(36,192)	108,248	14	108,262
Total comprehensive income for the period	—	—	8,116	2,332	10,448	(16)	10,432
At 31 March 2009	92,498	(28,043)	88,101	(33,860)	118,696	(2)	118,694

1(d)(i)

Company	Share capital	Treasury shares	Accumulated profits	Other reserves	Total Equity
S\$'000					
As at 1 January 2008	90,343	–	9,774	684	100,801
Total comprehensive income for the period	–	–	1,273	(857)	416
Transfer from Other Reserves-on exercise of share options	11	–	–	(11)	–
Issuance of ordinary share for cash	27	–	–	–	27
At 31 March 2008	90,381	–	11,047	(184)	101,244
At 1 January 2009	92,498	(28,043)	3,093	8	67,556
Total comprehensive income for the period	–	–	(6,713)	(8)	(6,721)
At 31 March 2009	92,498	(28,043)	(3,620)	–	60,835

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 period reported on.

Share Options

As at 31 March 2009, there were no unexercised options (31 December 2008 : nil) in the capital of the Company under the CSE Global Limited Executives' Share Option Scheme and the CSE (U.S. Subsidiaries) Incentive Stock Option Plan respectively. There are 35,022,000 shares held as treasury shares as at 31 March 2009.

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 2009	:	476,045,852
Number of shares as at 31 December 2008	:	476,045,852

1(d)(iv) A statement showing all sales, transfers, disposals, cancellations and/or use of treasury shares as at the end of the current financial period reported on.

Not Applicable.

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 2008.

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

Not Applicable.

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:-

	1Q 2009	1Q 2008
Earning 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	1.70*	2.38
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	1.70*	2.37

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	476,045,852	506,772,602
Weighted average number of shares issued during the period	-	60,833
Weighted average number of shares	476,045,852	506,833,435

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	476,045,852	506,833,435
Weighted average number of unissued shares under share options	-	4,372,417
Number of shares that would have been issued at fair value under share options	-	(2,381,223)
Adjusted weighted average number of shares	476,045,852	508,824,629

**Weighted average number of shares issued during the year and weighted average number of share outstanding during the year have been adjusted for the bonus issue, 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 capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year:-

	31 March 2009		31 December 2008	
	Group	Company	Group	Company
Net asset value per ordinary share based on existing issued share capital (in cents)	24.93	12.78	22.74	14.29

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Performance

The Group recorded a decrease in revenue of \$10.1 million (-10%) to \$95.0 million in 1Q 2009 from \$105.1 million in 1Q 2008 and a decrease in profit after tax by \$4.0 million (-33%) to \$8.1 million in 1Q 2009 from \$12.1 million in 1Q 2008.

The Asia-Pacific region showed a decline in the revenue and profits due to lesser project revenue recognized in Asia and the lower AUD (-20.5%) exchange rate used to translate revenue and profit from Australia/New Zealand. The Group also accounted for the foreign exchange loss of S\$1.8 million under the Asia-Pacific region. The Americas region showed a growth in the revenue and profits due to the higher USD exchange rate (+9.1%) used to translate revenue and profit and delivery of higher labor content projects which gave higher net margins for the United States of Americas. The Europe/Middle East/Africa region recorded a decrease in revenue and profits due to the lower GBP exchange rate (-22.1%) used to translate revenue and profit from the United Kingdom and lesser project revenue recognized for the Middle East/Africa.

Performance of Geographical Segments

	1Q 2009 \$'000	1Q 2008 \$'000	Variance %
Revenue			
Asia-Pacific	23,416	32,212	-27.3%
The Americas	44,198	40,475	9.2%
Europe/Middle East/Africa	27,402	32,429	-15.5%
Group	95,016	105,116	-9.6%
Profit after tax, amortisation and minority interest			
Asia-Pacific	708	5,091	-86.1%
The Americas	4,611	3,613	27.6%
Europe/Middle East/Africa	2,797	3,370	-17.0%
Group	8,116	12,074	-32.8%

For 1Q 2009, the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa contributed 24.7%, 46.5% and 28.8% to revenue and 8.7%, 56.8% and 34.5% to profit after tax and minority interest respectively.

Performance of Business Segments

	1Q 2009 \$'000	1Q 2008 \$'000	Variance %
Revenue			
Industrial	95,016	105,116	-9.6%
IT Consulting			
Group	95,016	105,116	-9.6%
Profit after tax, amortization and minority interest			
Industrial	8,038	11,964	-32.8%
IT Consulting	78	110	-28.8%
Group	8,116	12,074	-32.8%

N.B.: For details on business under Industrial business unit ("IBU") and IT Consulting business unit ("ITCBU"), please refer to Part II Item 13.

For 1Q 2009, CSE's IBU division contributed \$95.0 million to revenue and \$8.1 million to profit after tax and minority interest respectively.

Liquidity and Capital Resources

For 1Q 2009, CSE generated an operational cash inflow of \$0.9 million (1Q 2008 -\$10.2 million). Several major payment milestones will only be achieved in 2Q/3Q 2009 as reflected in the increased in account receivables and a reduction in projects-in-progress. At the end of the period, CSE's improved its net gearing to 0.71 times from 0.79 times at end of 2008.

Orders

\$'000	
Q1 2009 order book in	160,900
Outstanding orders as of end 1Q 2009	342,821

For 1Q 2009, CSE received new orders totaling \$160.9 million and the outstanding orders as at end of 1Q 2009 was \$342.8 million (comprising S\$227.8 million of outstanding orders for Oil & Gas, Infrastructure and Mineral & Mining and S\$115.0 million of outstanding orders for Healthcare).

9. 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.

10. A commentary at the date of the announcement significant trends and of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

CSE expects its business environment to be difficult and challenging in its existing markets. In light of the uncertain environment CSE will continue to focus on streamlining and improving its business processes and operations, cost control and cash flow generation to position itself to meet any future challenges as well as to capitalize on opportunities to enhance its operations.

Taking into account the outstanding orders as at end of 1Q FY2009 of \$342.8 million, CSE remains confident that it will be profitable for FY2009 and it will be able to term out its net loan by end of the 2Q FY2009.

11. 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

(c) Date dividend is payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

Not Applicable.

**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.

Business Segments

The Industrial Business unit (“IBU”) offers

- a. a wide and diverse range of solutions involving the implementation of Control and Safety Shutdown Systems, Plant Information Systems, Terminal Automation Systems, Pneumatic and Hydraulic Control Systems, Subsea Control Systems, Supervisory Control and Data Acquisition (SCADA) Systems, Instrumentation and Electrical Field Construction Services for applications to the Oil and Gas, Power, Water and Sewerage, Process and Utility industries on a turnkey basis;
- 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/solution 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 and control and motor starting control equipment;
- d. SEPROL, TBOX and Kingfisher Ranges of RTU products designed for SCADA applications in a broad range of industries;
- e. RIO, a fully integrated Clinical Information System, to automate and facilitate the recording and reporting of patients’ related information to the Healthcare industry in relation to Mental Health, Community, Maternity and Children; and
- f. 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.
- g. Designs and installs high temperature thermal process and incineration systems
- h. Supplies multiple hearth, fluidized bed, shaft kiln and rotary kiln furnace systems usually on an installed basis, to municipal and industrial clients in the United States, Asia, Europe and South America.

IT Consulting Business Unit (“ITCBU”) offers

- a. solutions for Credit Management, Cash Management, Online Internet Banking Services, Mobile / Wireless Banking, Provision of Digital Sales Force Automation with built-in Customer Relationship Management Systems and the Trade Finance to the banking and finance industry.

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

Not applicable.

15. A breakdown of sales

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. Interested person transactions

Not applicable.

18. Confirmation by the Board

We, Lim Ming Seong and Tan Mok Koon, 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, 2009 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: Tan Mok Koon
Designation : Managing Director

By order of the Board

Tan San-Ju
Company Secretary

14 May 2009