

First Quarter Financial Statement And Dividend Announcement For The Period Ended 31 March 2010

Key Financial Performance

S\$'000	2010 1Q	2009 1Q	Change
Revenue	100,694	95,016	6.0%
Profits attributable to equity holders	11,317	8,116	39.4%
Basic earnings per ordinary share (in cents)	2.38	1.70	40.0%
Net asset value per ordinary share (in cents)	30.33	24.93	21.7%
Net cash (used in)/generated from operating activities	(8,976)	859	-944.9%
Net gearing (%)	56.5	70.9	20.3%
New orders received	151,385	160,900	-5.9%
Outstanding orders	429,504	342,821	25.3%
Dividend	-	-	-

Review of Performance

The Group recorded a 39.4% improvement in profit after tax in 1Q10 when compared to 1Q09 on a 6.0% increased in revenue for 1Q10 when compared to 1Q09. The basic earnings per ordinary share of 2.38 cents was 40.0% higher compared with 1.70 cents in 1Q09. The Group achieved a record outstanding orders of S\$429.5 million as at the end of 1Q10 after receiving a total new orders of S\$151.4 million for the quarter. However, the net cash acquisition of S\$18.2 million for Systems Integrated & Automation Limited and the increase in the activities resulted in an operating cash outflow of S\$9.0 million in 1Q10 and, increased the Group net gearing to 56.5% from 38.6% as at end of 4Q09.

The 35,022,000 treasury shares held as at 31 March 2010 was sold on 15 April 2010 for approximately S\$37.9 million. The proceeds from the sale will be applied to reduce its bank borrowings thereby reducing its net gearing on a proforma basis to 24.0% at the end of 1Q10.

Performance of Geographical Segments

S\$'000	2010 1Q	2009 1Q	Change
Revenue			
Asia-Pacific	27,969	23,416	19.4%
The Americas	38,453	44,198	-13.0%
Europe/Middle East/Africa	34,272	27,402	25.1%
Group	100,694	95,016	6.0%
Profit after tax, amortization and minority interest			
Asia-Pacific	3,545	708	400.7%
The Americas	2,961	4,611	-35.8%
Europe/Middle East/Africa	4,811	2,797	72.0%
Group	11,317	8,116	39.4%

In 1Q10, the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa contributed 27.8%, 38.2% and 34.0% to revenue and 31.3%, 26.2% and 42.5% to profit after tax and minority interest respectively.

Europe/Middle East/Africa region recorded an increase in revenue and profits for 1Q10 compared with 1Q09 as the Group recognized more contributions from the UK healthcare projects and more project revenue from Middle East/Africa in 1Q10.

The increase in revenue and profits for 1Q10 compared with 1Q09 in Asia-Pacific region was due to the recovery of South East Asia Market and foreign exchange difference. The Group recorded a foreign exchange gain of S\$0.5 million in 1Q10 compared with a foreign exchange loss of S\$1.8 million in 1Q09.

The Americas region showed a decline in revenue and profits for 1Q10 compared with 1Q09 as they recognized lesser project revenues.

Liquidity and Capital Resources

CSE generated operational cash outflow of S\$9.0 million in 1Q10 after accounting for S\$1.3 million foreign currency translation difference of the non-monetary current assets and current liabilities of its subsidiaries whose functional currencies are in USD, EUR, GBP and AUD. At the end of 1Q10, after accounting for the net of cash acquisition cost of S\$18.2 million for Systems Integrated & Automation Limited, CSE's improved its net gearing to 56.5% from 70.9% as at end 1Q09 but increased from 38.6% as at end of 4Q09.

Orders

S\$ million	2010 1Q	2009 1Q
<u>Outstanding orders</u>		
Oil & gas, mining & minerals & infrastructure	282.5	227.8
Healthcare	147.0	115.0
Total	429.5	342.8

CSE received S\$151.4 million new orders in 1Q10. The outstanding orders increased by 25.3% to S\$429.5 million as at end of 1Q10 from S\$342.8 million as at end of 1Q09. The outstanding orders as at end of 1Q10 comprises of S\$282.5 million of outstanding orders for Oil & Gas, Infrastructure and Mineral & Mining and S\$147.0 million of outstanding orders for Healthcare.

Outlook

CSE anticipates that the business environment to remain positive. The Systems Integrated & Automation Limited (SIAS) acquired in March will contribute positively to the CSE in the current financial year. Taking into account the outstanding orders as at end of 1Q10 of S\$429.5 million, a steady flow of brownfield business (maintenance / enhancement / upgrade of existing customers sites) and the acquisition of SIAS, CSE is confident of an improved performance in FY 2010.

As a result of the British Petroleum's oil spill in the Gulf of Mexico, the Government of USA has suspended all new drilling activities in the Gulf until completion of their review. This will not have a material impact on the Group's financial performance in FY2010 and beyond as the Group continue to grow its businesses in the Europe/Middle East/Africa and Asia-Pacific. Furthermore, the Group's USA operations has already to-date secured all the greenfield orders to be delivered in FY2010. In the event of a prolong suspension of new drilling in the Gulf, the Group's USA operations will continue to support brownfield work in the Gulf and overseas greenfield projects executed out from USA for Mexico and Brazil which constitute the bulk of its activities.

The 35,022,000 treasury shares held as at 31 March 2010 was sold on 15 April 2010 for approximately S\$37.9 million. The proceeds from the sale will be applied to reduce its bank borrowings thereby reducing its net gearing on a proforma basis to 24.0% at the end of 1Q10.

As acquisition has been part of CSE's growth strategy since its initial public offering in 1999, it is always on the lookout for potential acquisition target. CSE acquires to strengthen its geographical presence as well as its products, services and solutions portfolio.

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	2010 1Q	Group 2009 1Q	Change %
Revenue	100,694	95,016	6%
Cost of sales	(62,668)	(58,312)	7%
Gross profit	38,026	36,704	4%
Other operating income (Note 1)	750	(1,397)	N.M.
Other operating expenses			
Administrative costs	(20,243)	(20,199)	0%
Selling and distribution costs	(1,852)	(1,381)	34%
Other operating costs (Note 2)	(290)	(377)	-23%
Finance costs (Note 3)	(1,290)	(1,765)	-27%
Share of results of associated companies, net of tax	-	78	-100%
Total expenses	(23,675)	(23,644)	0%
Profit before taxation	15,101	11,663	29%
Taxation (Note 4)	(3,880)	(3,563)	9%
Profit from continuing operations after taxation	11,221	8,100	39%
Attributable to :			
Equity holders of the Company	11,317	8,116	39%
Minority interest	(96)	(16)	500%
	11,221	8,100	39%
Earnings per ordinary share (cents)			
- basic	2.38	1.70	40%
- diluted	2.38	1.70	40%

Consolidated statement of comprehensive income for the first quarter ended 31 March 2010

S\$'000	2010 1Q	Group 2009 1Q	Change %
Profit, net of tax	11,221	8,100	39%
Other comprehensive income :			
Foreign currency translation	(3,545)	2,332	N.M.
Other comprehensive (loss)/income for the period, net of tax	(3,545)	2,332	
Total comprehensive income for the period	<u>7,676</u>	<u>10,432</u>	-26%
Total comprehensive income attributable to :			
Equity holders of the Company	7,772	10,448	-26%
Minority interest	(96)	(16)	N.M.
	<u>7,676</u>	<u>10,432</u>	-26%

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	2010 1Q	Group 2009 1Q	Change %
Profit before taxation is arrived <u>at after charging/(crediting)</u> <u>the following:</u>			
(A) Interest on borrowings (Note 3)	1,028	1,709	-40%
(B) Depreciation and amortization	845	963	-12%
(C) Allowance for doubtful debts and bad debts	69	41	68%
(D)) Foreign exchange loss	-	1,810	-100%

Note 1

S\$'000	2010 1Q	Group 2009 1Q	Change %
Rental income	101	100	1%
Commission income	29	9	222%
Miscellaneous income	110	220	-50%
Net exchange gain /(loss)	479	(1,810)	N.M.
Miscellaneous income	719	(1,481)	149%
Finance income	31	84	-63%
Other operating income	750	(1,397)	N.M.

Note 2

S\$'000	2010 1Q	Group 2009 1Q	Change %
Allowance for doubtful debts and bad debts	69	41	68%
Miscellaneous expenses	-	1	-100%
Amortisation of intangible assets	193	330	-42%
Stock obsolescence	28	-	N.M.
Loss on disposal of plant and equipment	-	5	-100%
	290	377	-23%

Note 3

The decrease in finance costs and finance income was mainly due to lower 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		Company	
	31-03-10	31-12-09	31-03-10	31-12-09
	S\$'000	S\$'000	S\$'000	S\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	15,004	12,986	51	73
Investment in subsidiaries	-	-	166,431	166,431
Associated companies	7,171	7,171	-	-
Other investment	190	190	190	190
Intangible assets	79,793	65,146	37	44
Deferred tax assets	6,757	6,645	154	181
CURRENT ASSETS				
Projects in progress (Note 5)	99,849	89,250	-	-
Stocks (Note 5)	10,821	14,230	-	-
Trade & other debtors (Note 5)	86,849	79,613	4,631	3,432
Prepayments	2,276	2,133	133	10
Amount due from subsidiary companies	-	-	60,034	34,822
Amount due from an associated company	196	145	-	-
Short-term deposits	2,052	3,155	-	-
Cash & bank balances	47,310	52,898	4,418	3,891
	249,353	241,424	69,216	42,155
CURRENT LIABILITIES				
Projects in progress (Note 5)	16,209	17,285	-	-
Trade creditors & accruals	54,932	61,081	1,952	5,703
Finance leases	196	218	-	-
Amount due to bankers	74,395	47,855	74,395	47,855
Amount due to subsidiary companies	-	-	20,340	19,626
Provision for warranties	1,169	1,402	-	-
Provision for taxation	6,208	4,100	463	356
	153,109	131,941	97,150	73,540
Net current assets/(liabilities)	96,244	109,483	(27,934)	(31,385)
NON-CURRENT LIABILITIES				
Deferred tax liabilities	(3,806)	(3,915)	-	-
Finance leases	(338)	(314)	-	-
Amounts due to bankers	(56,616)	(60,669)	(56,616)	(60,669)
	144,399	136,723	82,313	74,865
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	120,680	109,363	17,858	10,410
Other reserves	(40,748)	(37,203)	-	-
Total Shareholders' Fund	144,387	136,615	82,313	74,865
Minority interest	12	108	-	-
	144,399	136,723	82,313	74,865
Group net borrowing	81,649	52,741		
Group net gearing (%)	56.5	38.6		

Note 5

Total stocks and net projects in progress increased to support the higher level of activities. The Group had a 25.3% increase in its outstanding orders at the end 1Q10.

The Group recognised revenue using the percentage completion method and bills its customers based on contractually agreed milestones. It does not see a material change in the payment pattern of its customers. The increase in the accounts receivables is due to higher project billing in 1Q10.

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 2010		As at 31 Dec 2009	
Secured	Unsecured	Secured	Unsecured
NIL	S\$74,395,000	NIL	S\$47,855,000

Amount repayable after one year

As at 31 Mar 2010		As at 31 Dec 2009	
Secured	Unsecured	Secured	Unsecured
NIL	S\$56,616,000	NIL	S\$60,669,000

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.

	GROUP	
	1.1.2010 to 31.3.2010	1.1.2009 to 31.3.2009
S\$'000		
<u>CASH FLOWS FROM OPERATING ACTIVITIES :-</u>		
Operating profit before taxation	15,101	11,663
Adjustments for :-		
Depreciation for property, plant and equipment	653	633
Amortisation of intangible assets	193	330
Loss on disposal of property, plant and equipment	-	5
Share of results of associated companies, net of tax	-	(78)
Changes in fair value of derivative financial instruments	137	(774)
Interest expense	1,028	1,709
Interest income	(31)	(84)
Currency realignment (Note 6)	(1,273)	119
Operating profit before reinvestment in working capital	15,808	13,523
Increase in debtors	(4,744)	(5,401)
(Increase)/decrease in projects-in-progress, net and stocks	(1,386)	5,427
Decrease in creditors	(14,818)	(5,816)
Cash (used in)/generated from operations	(5,140)	7,733
Interest paid	(1,028)	(1,709)
Interest received	31	84
Income tax paid	(2,839)	(5,249)
Net cash (used in)/generated from operating activities	(8,976)	859
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Advance to associated companies	(51)	(86)
Acquisitions of subsidiary companies, net of cash acquired	(18,180)	-
Purchase of property, plant and equipment	(1,018)	(737)
Proceeds from sale of property, plant and equipment	14	7
Net cash used in investing activities	(19,235)	(816)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from short term loans from bankers	26,539	4,954
(Repayment)/proceeds of long term loans from bankers	(4,053)	-
Repayment of finance lease obligations	1	20
Net cash generated from financing activities	22,487	4,974
Net effect of exchange rate changes on cash and cash equivalents	(967)	1,316
Net (decrease)/increase in cash and cash equivalents	(5,724)	5,017
Cash and cash equivalents at beginning of year	56,053	42,639
Cash and cash equivalents at end of year	49,362	48,972

Note 6

The currency realignment of S\$1.3 million was a result of CSE translating the non-monetary current assets and current liabilities of its subsidiaries whose functional currencies are USD, EUR, GBP and AUD.

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						Total Equity
	Share Capital	Treasury shares	Accumulated profits	Other reserves	Total	Minority Interest	
At 1 January 2009	92,498	(28,043)	79,985	(36,192)	108,248	14	108,262
Total comprehensive income for FY 2009	—	—	43,659	(1,011)	42,648	94	42,664
Dividend for 2008 declared and paid	—	—	(14,281)	—	(14,281)	—	(14,281)
At 31 December 2009	92,498	(28,043)	109,363	(37,203)	136,615	108	136,723
At 1 January 2010	92,498	(28,043)	109,363	(37,203)	136,615	108	136,723
Total comprehensive income for the period	—	—	11,317	(3,545)	7,772	(96)	7,676
At 31 March 2010	92,498	(28,043)	120,680	(40,748)	144,387	12	144,399

Company S\$'000	Share capital	Treasury shares	Accumulated profits	Other reserves	Total Equity
At 1 January 2009	92,498	(28,043)	3,093	8	67,556
Total comprehensive income for FY 2009	—	—	21,598	(8)	21,590
Dividend for 2008 declared and paid	—	—	(14,281)	—	(14,281)
At 31 December 2009	92,498	(28,043)	10,410	-	74,865
At 1 January 2010	92,498	(28,043)	10,410	—	74,865
Total comprehensive income for the period	—	—	7,448	—	7,448
At 31 March 2010	92,498	(28,043)	17,858	—	82,313

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, 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

The Company currently does not have any existing share option plan.

Treasury Shares

There were 35,022,000 shares held as treasury shares as at 31 March 2010.

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 2010	: 476,045,852
Number of shares as at 31 December 2009	: 476,045,852

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.

The 35,022,000 treasury shares held as at 31 March 2010 was sold on 15 April 2010 and has raised approximately S\$37.9 million. The proceeds from the sale will use to reduce its bank borrowings and net gearing. After the sale, the company does not hold any treasury share.

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 2009.

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 2010	1Q 2009
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	2.38	1.70
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	2.38	1.70
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	476,045,852
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 :-		
Adjusted weighted average number of shares	<u>476,045,852</u>	<u>476,045,852</u>

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 :-

	31 March 2010		31 December 2009	
	Group	Company	Group	Company
Net asset value per ordinary share based on existing issued share capital (in cents)	30.33	17.29	28.70	15.73

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.

9. 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

10. Date dividend is payable

Not applicable.

11. Book closure date

Not applicable.

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

Not applicable.

**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.

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/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. It 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.
- h. 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 the 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, 2010 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
10 May 2010