

First Quarter Financial Statement And Dividend Announcement For The Period Ended 31 March 2011

Key Financial Performance

S\$'000	1Q 2011	1Q 2010	Change
Revenue	102,624	100,694	1.9%
Profits attributable to equity holders	12,548	11,317	10.9%
Basic earnings per ordinary share (in cents)	2.43	2.38	2.1%
Net asset value per ordinary share (in cents)	40.55	30.33	33.7%
Net cash generated from/(used in) operating activities	4,567	(8,975)	N.M.
Net gearing (%)	14.3	56.5	74.7%
New orders received	104,838	151,385	-30.7%
Outstanding orders	391,662	429,504	-8.8%

Review of Performance

The Group recorded a 10.9% improvement in profit after tax in 1Q11 when compared to 1Q10 and a 1.9% increase in revenue for 1Q11 when compared to 1Q10. The basic earnings per ordinary share of 2.43 cents was 2.1% higher compared with 2.38 cents in 1Q10. Total new orders received for the quarter was S\$104.8 million and outstanding orders as at the end of 1Q11 was S\$391.7 million. Despite the weakening USD and GBP against SGD and the low level of activities in the Middle East, new orders received for 1Q11 from Oil and gas, mining and minerals and infrastructure customers increased 13.8% to S\$103.5 million from S\$91.0m in 1Q10. The Group generated operating cash inflow of S\$4.6 million in 1Q11. The acquisition of Astib Group Pty Ltd (Astib) in January 2011 for net cash of S\$39.1 million increased the Group net gearing to 14.3% at the end of 1Q11 from 0% as at end of 4Q10.

Performance of Geographical Segments

S\$'000	1Q 2011	1Q 2010	Change
Revenue			
Asia-Pacific	35,440	27,969	26.7%
The Americas	31,524	38,453	-18.0%
Europe/Middle East/Africa	35,660	34,272	4.0%
Group	102,624	100,694	1.9%
Profit after tax, amortization and non-controlling interests			
Asia-Pacific	6,331	3,545	78.6%
The Americas	2,493	2,961	-15.8%
Europe/Middle East/Africa	3,724	4,811	-22.6%
Group	12,548	11,317	10.9%

In 1Q11, the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa contributed 34.5%, 30.7% and 34.7% to revenue and 50.4%, 19.9% and 29.7% to profit after tax, amortization and non-controlling interests respectively.

The increase in revenue and profits for 1Q11 compared with 1Q10 in Asia-Pacific region was due to the higher revenue recognition in our automation business in Australia and the consolidation of Astib, acquired in January 2011, which was able to make a small contribution to the profits.

The Americas region was impacted by the weakening of USD against SGD when compared to 1Q11 average rate (1.2771) with 1Q10 average rate (1.4018), a depreciation of 8.9%. The lower exchange rate together with lower revenue recognition resulted in the decline in revenue and profits for 1Q11 compared with 1Q10.



(Reg No198703851D)

Europe/Middle East/Africa region recorded lower profits despite an increase in revenue for 1Q11 compared with 1Q10 as the telecommunications business unit in the Middle East incurred a loss in 1Q11. In 1Q11, CSE received its first order in the UK Acute Healthcare sector for the provision of Emergency Department Information Systems.

Liquidity and Capital Resources

CSE generated operational cash inflow of S\$4.6 million in 1Q11 after accounting for S\$2.2 million foreign currency translation difference of the non-monetary assets and liabilities of its subsidiaries whose functional currencies are in USD, EUR, GBP and AUD. At the end of 1Q11, after accounting for the net cash acquisition cost of S\$39.1 million for Astib, CSE managed to improve its net gearing to 14.3% from 56.5% as at end 1Q10 but increased from 0% as at end of 4Q10.

Outstanding Orders

S\$'000	1Q2011	1Q2010
Oil & gas, mining & minerals & infrastructure	280.2	282.5
Healthcare	111.5	147.0
Total	391.7	429.5

CSE received S\$104.8 million new orders in 1Q11. The outstanding orders decreased by 8.8% to S\$391.7 million as at end of 1Q11 from S\$429.5 million as at end of 1Q10. The outstanding orders as at end of 1Q11 comprises S\$280.2 million of outstanding orders for Oil & Gas, Infrastructure and Mineral & Mining and S\$111.5 million of outstanding orders for Healthcare.

Outlook

CSE continued to enjoy demand for its solutions and services from resource companies, which benefited from the high commodity prices (oil, gas, coal, gold, iron, copper, nickel, molybdenum), and from the continued procurement of IT services for its healthcare sector by the UK government and making inroads into the Acute Healthcare market. However, we anticipate further difficulties with some of our existing telecommunications and security projects in the Middle East and these issues will adversely impact our 2011 performance within that business unit. The management team is confident that these challenges will be resolved. CSE remains positive in its outlook for 2011.

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%
	1Q 2011	1Q 2010	
Revenue	102,624	100,694	2%
Cost of sales	(60,647)	(62,668)	-3%
Gross profit	41,977	38,026	10%
Other operating income (Note 1)	1,777	750	N.M.
Other operating expenses			
Administrative costs (Note 3)	(24,681)	(20,243)	22%
Selling and distribution costs (Note 3)	(1,308)	(1,852)	-29%
Other operating costs (Note 2)	(160)	(290)	-45%
Finance costs (Note 4)	(960)	(1,290)	-26%
Share of results of associated companies, net of tax	294	-	100%
Total expenses	(26,815)	(23,675)	13%
Profit before taxation	16,939	15,101	12%
Taxation (Note 5)	(4,358)	(3,880)	12%
Profit from continuing operations after taxation	12,581	11,221	12%
Attributable to :			
Equity holders of the Company	12,548	11,317	11%
Non-controlling interests	33	(96)	N.M.
	12,581	11,221	12%
Earnings per ordinary share (cents)			
- basic	2.43	2.38	2%
- diluted	2.43	2.38	2%



(Reg No198703851D)

Consolidated statement of comprehensive income for the first quarter ended 31 March 2011

S\$'000	Group		Change %
	1Q 2011	1Q 2010	
Profit, net of tax	12,581	11,221	12%
Other comprehensive income :			
Foreign currency translation	(4,476)	(3,545)	N.M.
Other comprehensive loss for the period, net of tax	<u>(4,476)</u>	<u>(3,545)</u>	
Total comprehensive income for the period	<u>8,105</u>	<u>7,676</u>	6%
Total comprehensive income attributable to :			
Equity holders of the Company	8,072	7,772	4%
Non-controlling interests	33	(96)	N.M.
	<u>8,105</u>	<u>7,676</u>	6%

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	1Q 2011	Group 1Q 2010	Change %
Profit before taxation is arrived <u>at after charging the following:</u>			
(A) Interest on borrowings (Note 4)	737	1,028	-28%
(B) Depreciation and amortization (Note 3)	1,164	845	38%
(C) Allowance for doubtful debts and bad debts	4	69	-94%

Note 1

S\$'000	1Q 2011	Group 1Q 2010	Change %
Rental income	92	101	-9%
Commission income	26	29	-10%
Miscellaneous income	121	110	10%
Net exchange gain	1,411	479	195%
Miscellaneous income	1,650	719	129%
Finance income	127	31	310%
Other operating income	1,777	750	137%

Note 2

S\$'000	1Q 2011	Group 1Q 2010	Change %
Allowance for doubtful debts and bad debts	4	69	-94%
Miscellaneous expenses	6	-	100%
Amortization of intangible assets	182	193	-6%
Stock obsolescence	25	28	-11%
Gain on disposal of plant and equipment	(57)	-	-100%
	160	290	-45%

Note 3

The increase in administrative costs and depreciation were mainly due to the consolidation of Astib and the reduction in selling and distribution costs was mainly due to the reduction in marketing activities.

Note 4

The decrease in finance costs was mainly due to lower loan drawdown.

Note 5

The Group operates in several tax jurisdictions with different tax rates. Thus, depending on where the revenue and profits are earned, the effective tax rate will differ.

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.

S\$'000	Group		Company	
	31-03-11	31-12-10	31-03-11	31-12-10
NON-CURRENT ASSETS				
Property, plant and equipment (Note 6)	20,089	15,039	56	62
Investment in subsidiaries	-	-	176,236	176,236
Associated companies	8,100	7,806	-	-
Other investment	190	190	190	190
Intangible assets (Note 6)	103,128	76,232	7	15
Deferred tax assets	8,160	7,282	31	42
CURRENT ASSETS				
Projects in progress (Note 8)	98,340	107,024	-	-
Stocks (Note 8)	11,936	12,960	-	-
Trade & other debtors (Note 8)	95,245	79,229	3,150	1,889
Prepayments (Note 7)	4,182	2,111	465	13
Amount due from subsidiary companies	-	-	90,493	39,890
Amount due from an associated company	-	1	-	-
Short-term deposits	11,086	6,648	-	-
Cash & bank balances	62,258	51,725	3,529	3,047
	283,047	259,698	97,637	44,839
CURRENT LIABILITIES				
Projects in progress (Note 8)	29,371	26,496	-	-
Trade creditors & accruals (Note 8)	65,602	74,315	2,630	5,127
Finance leases	185	190	-	-
Amount due to bankers	81,219	32,200	81,219	32,200
Amount due to subsidiary companies	-	-	27,942	25,902
Provision for warranties	2,051	1,969	-	-
Provision for taxation	8,541	5,515	683	614
	186,969	140,685	112,474	63,843
Net current assets/(liabilities)	96,078	119,013	(14,837)	(19,004)
NON-CURRENT LIABILITIES				
Deferred tax liabilities	(3,797)	(3,843)	-	-
Finance leases (Note 6)	(497)	(387)	-	-
Amounts due to bankers	(22,150)	(26,180)	(22,150)	(26,180)
	209,301	195,152	139,533	131,361
Equity attributable to equity holders of company				
Share capital	98,542	92,498	98,542	92,498
Accumulated profits	156,501	143,953	31,115	28,987
Other reserve	9,805	9,805	9,876	9,876
Foreign currency translation reserve	(55,580)	(51,104)	-	-
Total Shareholders' Fund	209,268	195,152	139,533	131,361
Non-controlling interests	33	-	-	-
	209,301	195,152	139,533	131,361
Group net borrowing	30,025	7		
Group net gearing (%)	14.3	0		

Note 6

The increase in fixed assets, finance lease and intangible assets are due to the consolidation and goodwill paid for the acquisition of Astib.

Note 7

The increase in prepayments is due to the prepayment of insurance premium for the full year.

Note 8

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 or its payment pattern to its suppliers. Beside the effects of the consolidation of Astib in 1Q 2011, the accounts receivables increased due to higher project billing.

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 2011		As at 31 Dec 2010	
Secured	Unsecured	Secured	Unsecured
NIL	S\$81,219,000	NIL	S\$32,200,000

Amount repayable after one year

As at 31 Mar 2011		As at 31 Dec 2010	
Secured	Unsecured	Secured	Unsecured
NIL	S\$22,150,000	NIL	S\$26,180,000

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.

S\$'000	GROUP	
	1.1.2011 to 31.3.2011	1.1.2010 to 31.3.2010
<u>CASH FLOWS FROM OPERATING ACTIVITIES :-</u>		
Operating profit before taxation	16,939	15,101
Adjustments for :-		
Depreciation for property, plant and equipment	982	653
Amortisation of intangible assets	182	193
Gain on disposal of property, plant and equipment	(57)	-
Share of results of associated companies, net of tax	(294)	-
Changes in fair value of derivative financial instruments	-	137
Interest expense	737	1,028
Interest income	(127)	(31)
Currency realignment (Note 9)	(2,208)	(1,272)
Operating profit before reinvestment in working capital	16,154	15,809
Increase in debtors	(11,666)	(4,744)
Decrease/(increase) in projects-in-progress, net and stocks	13,514	(1,386)
Decrease in creditors	(9,730)	(14,818)
Cash generated/(used in) operations	8,272	(5,139)
Interest paid	(737)	(1,028)
Interest received	127	31
Income tax paid	(3,095)	(2,839)
Net cash generated/(used in) operating activities	4,567	(8,975)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Advance to associated companies	-	(51)
Acquisitions of subsidiary companies, net of cash acquired	(39,080)	(18,180)
Purchase of property, plant and equipment	(521)	(1,018)
Proceeds from sale of property, plant and equipment	83	14
Net cash used in investing activities	(39,518)	(19,235)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from issuance of new shares	6,044	-
Proceeds from short term loans from bankers	49,019	26,539
Repayment of long term loans from bankers	(4,030)	(4,053)
Net cash generated from financing activities	51,033	22,486
Net effect of exchange rate changes on cash and cash equivalents	(1,111)	(967)
Net increase/(decrease) in cash and cash equivalents	16,082	(5,724)
Cash and cash equivalents at beginning of year	58,373	56,053
Cash and cash equivalents at end of year	73,344	49,362

Note 9

The currency realignment of S\$2.2 million was a result of CSE translating the non-monetary assets and 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.

—Attributable to equity holders of the Company

Group S\$'000	Attributable to equity holders of the Company					Total	Non- controlling interests	Total Equity
	Share capital	Treasury shares	Revenue reserve	Other reserve	Foreign currency translation reserve			
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
At 1 January 2011	92,498	–	143,953	9,805	(51,104)	195,152	–	195,152
Issuance of ordinary shares for consideration of acquisition	6,044	–	–	–	–	6,044	–	6,044
Total comprehensive income for the period	–	–	12,548	–	(4,476)	8,072	33	8,105
At 31 March 2011	98,542	–	156,501	9,805	(55,580)	209,268	33	209,301

Company S\$'000	Share capital	Treasury shares	Revenue reserve	Other reserve	Total Equity
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
At 1 January 2011	92,498	–	28,987	9,876	131,361
Issuance of ordinary shares for consideration of acquisition	6,044	–	–	–	6,044
Total comprehensive income for the period	–	–	2,128	–	2,128
At 31 March 2011	98,542	–	31,115	9,876	139,533

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.

The Company issued 5 million ordinary shares in February 2011 as part of the consideration for the acquisition of Astib in January 2011.

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 2011	: 516,067,852
Number of shares as at 31 December 2010	: 511,067,852

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 2010.

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 2011	1Q 2010
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	2.43	2.38
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	2.43	2.38
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	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>516,067,852</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 2011		31 December 2010	
	Group	Company	Group	Company
Net asset value per ordinary share based on existing issued share capital (in cents)	40.55	27.04	38.19	25.70

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.



(Reg No198703851D)

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. Oceano a new Healthcare product developed for Acute Healthcare market sector, the first module being Emergency Care ; and
- g. PICS a clinical decision support system developed by the University Hospital Birmingham and marketed under an exclusive arrangement by CSE Healthcare Systems Limited; and
- h. 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.
- i. Designs and installs 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 in the United States, Asia, Europe and South America.
- j. 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.



(Reg No 198703851D)

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 Alan Russell Stubbs, 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 2011 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: Alan Russell Stubbs
Designation : Group Managing Director

By order of the Board

Tan San-Ju
Company Secretary
12 May 2011