

UNAUDITED HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF AND FULL YEAR RESULTS

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

Note	The Group		
	Period Ended 30 June		
	2014	2013	%
	S\$'000	S\$'000	change
			+ / (-)
Revenue	18,420	32,134	(42.7)
Other operating income	109	411	(73.5)
	18,529	32,545	(43.1)
Material costs	(5,895)	(14,223)	(58.6)
Subcontractor costs	(3,196)	(7,499)	(57.4)
Staff costs - direct	(3,583)	(4,138)	(13.4)
Staff costs - indirect	(3,183)	(4,136)	(23.0)
Other operating expenses	(3,114)	(3,061)	1.7
Results from operations	(442)	(512)	(13.7)
Finance income	1,331	711	87.2
Finance costs	(844)	(703)	20.1
Net finance costs	487	8	n.m
Share of loss of associates (net of tax)	-	(188)	(100.0)
Profit/(loss) before taxation	45	(692)	(106.5)
Income tax expense	(21)	(231)	(90.9)
Profit/(loss) for the period	24	(923)	
Profit/(loss) attributable to:			
Owners of the Company	(815)	(912)	(10.6)
Non-controlling interests	839	(11)	n.m
Profit/(loss) for the period	24	(923)	

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(i) Other operating expenses include the following items :

	The Group		
	Period Ended 30 June		
	2014	2013	%
	S\$'000	S\$'000	change
			+ / (-)
Amortisation of intangible assets	125	62	101.6
Depreciation of property, plant and equipment	372	419	(11.2)
Exchange loss/(gain)	307	(282)	(208.9)
Reversal of impairment loss on doubtful trade receivables	-	(3)	(100.0)

(ii) Consolidated statement of comprehensive income for the period ended 30 June 2014:

	The Group		
	Period Ended 30 June		
	2014	2013	%
	S\$'000	S\$'000	change
			+ / (-)
Profit/(loss) for the period	24	(923)	(102.6)
Other comprehensive income			
Foreign currency translation differences for foreign operations	(551)	1,858	(129.7)
Total comprehensive income for the period	(527)	935	(156.4)
Total comprehensive income attributable to:			
Owners of the Company	(1,342)	903	(248.6)
Non-controlling interests	815	32	n.m
Total comprehensive income for the period	(527)	935	(156.4)

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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

	The Group		The Company	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Property, plant and equipment	3,903	4,247	466	590
Intangible assets	6,108	6,144	371	360
Subsidiaries	-	-	35,972	35,972
Associates and jointly controlled entities	1,132	1,222	322	327
Other investments	2,600	2,620	2,083	2,083
Service concession receivable	29,486	27,420	-	-
Deferred tax assets	483	488	464	464
Trade and other receivables	244	246	97	97
Non-current assets	43,956	42,387	39,775	39,893
Inventories	1,665	1,423	6	6
Contract work-in-progress	41,783	47,145	19,679	17,167
Trade and other receivables	41,919	43,222	6,738	11,278
Amounts due from related parties	9,613	9,328	6,999	6,643
Cash and cash equivalents	8,316	10,512	3,395	4,423
Current assets	103,296	111,630	36,817	39,517
Total assets	147,252	154,017	76,592	79,410
Equity				
Share capital	64,096	64,096	64,096	64,096
Reserves	(25,178)	(23,836)	(20,878)	(19,924)
Equity attributable to owners of the Company	38,918	40,260	43,218	44,172
Non-controlling interests	(12,638)	(13,453)	-	-
Total equity	26,280	26,807	43,218	44,172
Liabilities				
Loans and borrowings	5	7	750	7
Deferred tax liabilities	4	12	-	-
Trade and other payables	-	517	-	-
Non-current liabilities	9	536	750	7
Excess of progress billings over work-in-progress	2,058	1,720	1,440	1,441
Amount due to related parties	16,135	16,095	1,480	1,438
Trade and other payables	50,551	55,031	10,442	10,671
Loans and borrowings	49,515	50,868	19,262	21,681
Current tax liabilities	2,704	2,960	-	-
Current liabilities	120,963	126,674	32,624	35,231
Total liabilities	120,972	127,210	33,374	35,238
Total equity and liabilities	147,252	154,017	76,592	79,410

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1(b)(ii) Aggregate amount of group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

	The Group		The Group	
	As at 30 June 2014		As at 31 December 2013	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Bank overdrafts	-	626	-	307
Bank loans	11,025	37,864	14,320	36,241
Total	11,025	38,490	14,320	36,548

(b) Amount repayable after one year

	The Group		The Group	
	As at 30 June 2014		As at 31 December 2013	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Bank loans	-	-	-	-
Finance lease liabilities	-	5	-	7
	-	5	-	7

(c) Details of any collateral

A subsidiary of the Company pledged its leasehold building for the Company to obtain loans from a financial institution. The net book value of the property mortgaged amounted to S\$1,860,444.

The secured bank loans of S\$11 million include assignments of rights over the proceeds from the service concession agreement, pledging of receivables and assignment of insurance relating to the project.

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

	The Group	
	Period Ended 30 June	
	2014	2013
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/(loss) before taxation	45	(692)
Adjustments for:		
Depreciation	372	419
Amortisation of intangible assets	125	62
Interest expense	844	703
Interest income	(1,331)	(711)
Write back trade and other payables	(2,789)	-
Share of loss of associates (net of tax)	-	188
Reversal of impairment loss on trade and other receivables	-	(3)
	(2,734)	(34)
Changes in inventories	(284)	262
Changes in contract work-in-progress	4,786	2,192
Changes in trade and other receivables	984	(2,979)
Changes in trade and other payables	(1,153)	1,501
Cash generated from operating activities	1,599	942
Income tax paid	(262)	(314)
Net cash from operating activities	1,337	628
Cash flows from investing activities		
Acquisition of property, plant and equipment	(58)	(124)
Changes in service concession receivable	(957)	(5,433)
Interest received	52	39
Net cash used in investing activities	(963)	(5,518)
Cash flows from financing activities		
Proceeds from loans and borrowings	4,861	5,554
Payment of loans and borrowings	(7,976)	(5,741)
Balances with related parties (non-trade)	(470)	843
Proceeds from issue of new shares	-	2,997
Interest paid	(663)	(703)
Decrease in deposits pledged	30	-
Net cash used in financing activities	(4,218)	2,950
Net decrease in cash and cash equivalents	(3,844)	(1,940)
Cash and cash equivalents at 1 January ⁽¹⁾	9,951	9,087
Effects of exchange rate fluctuations on cash held	1,358	716
Cash and cash equivalents at 30 June ^(1,2)	7,465	7,863



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Explanatory Notes:

(1) Cash and cash equivalents in the cash flow statement comprises the following:

	The Group	
	30.6.2014	30.6.2013
	S\$'000	S\$'000
Cash at banks and in hand	4,025	3,669
Fixed deposits - current	4,291	4,784
	8,316	8,453
Less: Deposits pledged	(225)	(306)
	8,091	8,147
Bank overdrafts	(626)	(284)
Cash and cash equivalents	7,465	7,863

	The Group	
	01.01.2014	01.01.2013
	S\$'000	S\$'000
Cash at banks and in hand	5,345	4,998
Fixed deposits - current	5,167	4,549
	10,512	9,547
Less: Deposits pledged	(254)	(299)
	10,258	9,248
Bank overdrafts	(307)	(161)
Cash and cash equivalents	9,951	9,087

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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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital S\$'000	Foreign currency translation reserve S\$'000	Reserve fund S\$'000	Reserve for own shares S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2013	54,413	(4,590)	1,056	(203)	(1,338)	4,694	54,032	4,323	58,355
Total comprehensive income for the period									
Loss for the period	-	-	-	-	-	(912)	(912)	(11)	(923)
Foreign currency translation differences/									
Total other comprehensive income	-	1,815	-	-	-	-	1,815	43	1,858
Total comprehensive income for the period	-	1,815	-	-	-	(912)	903	32	935
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares	2,997	-	-	-	-	-	2,997	-	2,997
Total contributions by and distributions to owners	2,997	-	-	-	-	-	2,997	-	2,997
At 30 June 2013	57,410	(2,775)	1,056	(203)	(1,338)	3,782	57,932	4,355	62,287
At 1 January 2014	64,096	(2,938)	1,056	(203)	(1,338)	(20,413)	40,260	(13,453)	26,807
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	(815)	(815)	839	24
Foreign currency translation differences/									
Total other comprehensive income	-	(527)	-	-	-	-	(527)	(24)	(551)
Total comprehensive income for the period	-	(527)	-	-	-	(815)	(1,342)	815	(527)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
At 30 June 2014	64,096	(3,465)	1,056	(203)	(1,338)	(21,228)	38,918	(12,638)	26,280

Company	Share capital S\$'000	Reserve for own shares S\$'000	Retained earnings S\$'000	Total Equity S\$'000
At 1 January 2013	54,413	(203)	(781)	53,429
Total comprehensive income for the period				
Profit for the period/Total other comprehensive income	-	-	(224)	(224)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	2,997	-	-	2,997
At 30 June 2013	57,410	(203)	(1,005)	56,202
At 1 January 2014	64,096	(203)	(19,721)	44,172
Total comprehensive income for the period				
Profit for the period/Total other comprehensive income	-	-	(954)	(954)
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	-	-	-	-
At 30 June 2014	64,096	(203)	(20,675)	43,218

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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 purposes 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 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

As at 30 June 2014, the total number of shares held as treasury shares was 1,321,000 (30 June 2013: 1,321,000 shares).

1(d)(iii) Disclosure of information required under paragraph 1(d)(iii) and (iv) of App. 7.2 of the listing manual

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 financial year.

	<u>30.6.2014</u>	<u>31.12.2013</u>
Total number of shares held as treasury shares	1,321,000	1,321,000
Total number of issued shares (excluding treasury shares)	<u>367,816,974</u>	<u>367,816,974</u>

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or used of treasury shares as at end of the current financial period reported on

Not Applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or equivalent standard)

The figures have not been audited or reviewed.

3. Where these figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of

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 compared with those of the audited financial statement for the year ended 31 December 2013.

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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

The adoption of the new and revised FRSs is assessed to have no material impact to the results of the Group and of the Company for the year ending 31 December 2014.

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

	The Group	
	Period Ended 30 June	
	2014	2013
Earnings per share (in SGD cents)		
- Basic	(0.22)	(0.32)
- Fully diluted ⁽¹⁾	(0.22)	(0.32)
Weighted average number of shares used in computing earnings per share	367,816,974	284,513,107

Note:

(1) As at 30 June 2014, diluted earnings per share is the same as basic earnings per share as the Group does not have any potential dilutive ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	The Group		The Company	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Net asset value per share (in SGD cents)	10.58	10.95	11.75	12.01
Net assets (S\$'000)	38,918	40,260	43,218	44,172
Number of shares used in calculating NAV	367,816,974	367,816,974	367,816,974	367,816,974

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected cash flow, working capital, assets or liabilities of the group during the current financial period reported on

REVIEW OF THE PERFORMANCE OF THE GROUP

For the first half year ended 30 June 2014 ("1H2014"), the Group registered revenue of S\$18.4 million, compared with S\$32.1 million for the same period last year ("1H2013"). This represents, in aggregate for all major territories combined, a decrease in group revenue by 42.7%. Thailand experienced the largest drop of 89.8% due to the political turmoil which has delayed several major project implementation, followed by Vietnam at 65.9% and China at 52.8% due mainly to the dampened property sector in both countries.

Direct costs (comprising material, subcontractor and staff costs) decreased by S\$13.2 million over the corresponding period, in line with the decrease in revenue. A partial waiver of S\$2.6 million of trade payables of the Group's Dubai subsidiary was taken up in cost of sales. Arising from this, overall gross margin improved by 11.0%.

The indirect staff costs for 1H2014 was 23.0% lower than 1H2013 due to pro-active cost control actions. Other operating expenses saw an increase of 1.7% mainly due to a net foreign exchange loss of S\$307,000 (against a net gain of S\$282,000 for 1H2013) arising from the general strengthening of the Singapore Dollar against the Group subsidiaries' functional currencies.

The Group's results from operations showed a slight improvement with a reduced loss of S\$442,000 in 1H2014 against a loss of S\$512,000 in 1H2013.

Higher finance income of S\$1,331,000 in 1H2014 compared to S\$711,000 in 1H2013 was due largely to the continuing recognition of financial income from service concession receivables attributable to the Dongying industrial waste water treatment project in China. The increase in finance expenses by S\$141,000 was due mainly to the increased utilisation of bank loans related to the same project and the Group's share of its Dubai subsidiary interest on bank loans.

The decrease in income tax expense by S\$210,000 in 1H2014 was due mainly to the reduced net tax provisions in Thailand and Vietnam.

Overall, the Group incurred a gain of S\$24,000 for 1H2014 against a loss of S\$923,000 for 1H2013. Loss attributable to shareholders was S\$815,000 compared against a loss of S\$912,000 for 1H2013.

REVIEW OF THE FINANCIAL POSITION OF THE GROUP

The decrease in contract work-in-progress by S\$5.4 million over the period was due to completion of project works. Current trade receivables decreased from S\$43.2 million to S\$41.9 million due to project collections.

The decrease in cash at bank and cash equivalents from S\$10.5 million to S\$8.3 million was due mainly to the part repayment of Singapore and China bank loans due and payments to creditors.

The decrease of Trade and other payables of S\$5.7 million was mainly due to the generally lower level of subcontractor billings arising from the lower revenue performance and payments to creditors and a partial waiver of S\$2.6 million of trade payables of the Group's Dubai subsidiary as aforementioned.

The decrease in current portion of loans and borrowing from S\$50.9 million to S\$49.5 million was due to the settlement of bank loans in Singapore and China.



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9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, and variance between it and the actual results

Not Applicable.

10. A commentary at the date of the announcement 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

For the six months ended 30 June 2014 ("1H2014"), the Group's operations in the region were impacted by the political turmoil and dampened property market in the region, namely, Thailand, Vietnam and China. Nevertheless, the Group continues to look for business opportunities in other parts of the region.

One of the Group's strategic emphases is securing projects that generate recurring income so as to help smoothen the volatile nature of project-based revenue. Adding on to the Group's growing recurring income pool would be the Memorandum of Agreement ("MOA") signed between CNA and Buathip Lao Co., Ltd.s to jointly deliver a national Integrated Fuel Management System in Laos. This MOA is expected to generate recurring income of approximately US\$3 million per year for 20 years.

As announced on 12 May 2014, the Group has completed Phase I of the Dongying Industrial Water Treatment Plant and it has already started to contribute a monthly recurring tariff from commercial operations from the tail end of 1H2014.

Additionally, the Group has been expanding its business space by forging partnerships regionally including the recently announced Memorandum of Understanding ("MOU") with Jilin Mailong Xuntong Electronic Products Co., Jilin Province, China.

Whilst regional turmoil will continue to impact the Group, CNA will continue to find opportunities in new market segments by leveraging on its integration capabilities and partnerships.



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11. Dividend***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date Payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

No dividend has been declared or recommended for the financial period.

BY ORDER OF THE BOARD

Michael Lee Thiam Chye
Joint Company Secretary
12 August 2014

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705 (4) OF THE SGX-ST LISTING MANUAL

We, Michael Ong Liang Huat and Siew Chak Hung, being Directors of CNA Group Ltd (the "Company") do hereby confirm on the behalf of the Board of Directors of the Company, that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the period ended 31 March 2014 to be false or misleading in any material respect.

Michael Ong Liang Huat
Director

Siew Chak Hung
Director

12 August 2014