

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 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 31 March		%
		2014	2013	change
		S\$'000	S\$'000	+ / (-)
Revenue		8,761	16,780	(47.8)
Other operating income		82	229	(64.2)
		8,843	17,009	(48.0)
Material costs		(2,620)	(4,081)	(35.8)
Subcontractor costs		(1,710)	(6,865)	(75.1)
Staff costs - direct		(1,830)	(2,593)	(29.4)
Staff costs - indirect		(1,405)	(2,241)	(37.3)
Other operating expenses	(i)	(1,409)	(1,304)	8.1
Results from operations		(131)	(75)	74.7
Finance income		664	319	108.2
Finance costs		(432)	(305)	41.6
Net finance costs		232	14	n.m
Share of loss of associates (net of tax)		-	(92)	(100.0)
Profit/(loss) before taxation		101	(153)	(166.0)
Income tax expense		(5)	(133)	(96.2)
Profit/(loss) for the period		96	(286)	
Profit/(loss) attributable to:				
Owners of the Company		(251)	(243)	3.3
Non-controlling interests		347	(43)	(907.0)
Profit/(loss) for the period		96	(286)	

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(i) Other operating expenses include the following items :

	The Group		
	Period Ended 31 March		
	2014	2013	%
	S\$'000	S\$'000	change + / (-)
Amortisation of intangible assets	66	26	153.8
Depreciation of property, plant and equipment	192	206	(6.8)
Exchange loss/(gain)	117	(269)	(143.5)
Reversal of impairment loss on doubtful trade receivables	-	(3)	(100.0)

(ii) Consolidated statement of comprehensive income for the period ended 31 March 2014:

	The Group		
	Period Ended 31 March		
	2014	2013	%
	S\$'000	S\$'000	change + / (-)
Profit/(loss) for the period	96	(286)	(133.6)
Other comprehensive income			
Foreign currency translation differences for foreign operations	(442)	973	(145.4)
Total comprehensive income for the period	(346)	687	(150.3)
Total comprehensive income attributable to:			
Owners of the Company	(673)	714	(194.3)
Non-controlling interests	327	(27)	n.m
Total comprehensive income for the period	(346)	687	(150.3)

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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	
	31.3.2014 S\$'000	31.12.2013 S\$'000	31.3.2014 S\$'000	31.12.2013 S\$'000
Assets				
Property, plant and equipment	4,085	4,247	539	590
Intangible assets	6,120	6,144	359	360
Subsidiaries	-	-	35,972	35,972
Associates and jointly controlled entities	1,217	1,222	327	327
Other investments	2,604	2,620	2,083	2,083
Service concession receivable	27,320	27,420	-	-
Deferred tax assets	484	488	464	464
Trade and other receivables	246	246	97	97
Non-current assets	42,076	42,387	39,841	39,893
Inventories	1,344	1,423	6	6
Contract work-in-progress	46,834	47,145	19,342	17,167
Trade and other receivables	38,146	43,222	7,322	11,278
Amounts due from related parties	9,603	9,328	7,008	6,643
Cash and cash equivalents	8,261	10,512	4,493	4,423
Current assets	104,188	111,630	38,171	39,517
Total assets	146,264	154,017	78,012	79,410
Equity				
Share capital	64,096	64,096	64,096	64,096
Reserves	(24,509)	(23,836)	(19,822)	(19,924)
Equity attributable to owners of the Company	39,587	40,260	44,274	44,172
Non-controlling interests	(13,126)	(13,453)	-	-
Total equity	26,461	26,807	44,274	44,172
Liabilities				
Loans and borrowings	4,555	7	871	7
Deferred tax liabilities	11	12	-	-
Trade and other payables	-	517	-	-
Non-current liabilities	4,566	536	871	7
Excess of progress billings over work-in-progress	1,686	1,720	1,441	1,441
Amount due to related parties	16,175	16,095	1,548	1,438
Trade and other payables	50,942	55,031	10,554	10,671
Loans and borrowings	43,699	50,868	19,324	21,681
Current tax liabilities	2,735	2,960	-	-
Current liabilities	115,237	126,674	32,867	35,231
Total liabilities	119,803	127,210	33,738	35,238
Total equity and liabilities	146,264	154,017	78,012	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 31 March 2014		As at 31 December 2013	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Bank overdrafts	-	162	-	307
Bank loans	7,130	36,407	14,320	36,241
Total	7,130	36,569	14,320	36,548

(b) Amount repayable after one year

	The Group		The Group	
	As at 31 March 2014		As at 31 December 2013	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Bank loans	4,550	-	-	-
Finance lease liabilities	-	5	-	7
	4,550	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\$1,889,514.

The secured bank loans of S\$11.7 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 31 March	
	2014	2013
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/(loss) before taxation	101	(153)
Adjustments for:		
Depreciation	192	206
Amortisation of intangible assets	66	26
Interest expense	432	305
Interest income	(664)	(319)
Write back trade and other payables	(1,473)	-
Share of loss of associates (net of tax)	-	92
Reversal of impairment loss on trade and other receivables	-	(3)
	(1,346)	154
Changes in inventories	59	193
Changes in contract work-in-progress	(229)	3,953
Changes in trade and other receivables	4,912	(2,963)
Changes in trade and other payables	(2,207)	601
Cash generated from operating activities	1,189	1,938
Income tax paid	(154)	(91)
Net cash from operating activities	1,035	1,847
Cash flows from investing activities		
Acquisition of property, plant and equipment	(48)	(61)
Changes in service concession receivable	(407)	(2,840)
Interest received	32	11
Net cash used in investing activities	(423)	(2,890)
Cash flows from financing activities		
Proceeds from loans and borrowings	1,679	1,404
Payment of loans and borrowings	(3,901)	(2,465)
Balances with related parties (non-trade)	(308)	361
Interest paid	(341)	(305)
Decrease in deposits pledged	25	-
Net cash used in financing activities	(2,846)	(1,005)
Net decrease in cash and cash equivalents	(2,234)	(2,048)
Cash and cash equivalents at 1 January ⁽¹⁾	9,951	9,087
Effects of exchange rate fluctuations on cash held	153	504
Cash and cash equivalents at 31 March⁽¹⁾	7,870	7,543

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Explanatory Notes:

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

	The Group	
	31.3.2014	31.3.2013
	S\$'000	S\$'000
Cash at banks and in hand	3,353	3,752
Fixed deposits - current	4,908	4,558
	8,261	8,310
Less: Deposits pledged	(229)	(319)
	8,032	7,991
Bank overdrafts	(162)	(448)
Cash and cash equivalents	7,870	7,543

	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	Foreign currency translation reserve	Reserve fund	Reserve for own shares	Other reserve	Retained earnings	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	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	-	-	-	-	-	(243)	(243)	(43)	(286)
Foreign currency translation differences/ Total other comprehensive income	-	957	-	-	-	-	957	16	973
<i>Total comprehensive income for the period</i>	-	957	-	-	-	(243)	714	(27)	687
At 31 March 2013	54,413	(3,633)	1,056	(203)	(1,338)	4,451	54,746	4,296	59,042
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	-	-	-	-	-	(251)	(251)	347	96
Foreign currency translation differences/ Total other comprehensive income	-	(422)	-	-	-	-	(422)	(20)	(442)
<i>Total comprehensive income for the period</i>	-	(422)	-	-	-	(251)	(673)	327	(346)
At 31 March 2014	64,096	(3,360)	1,056	(203)	(1,338)	(20,664)	39,587	(13,126)	26,461

Company	Share capital	Reserve for own shares	Retained earnings	Total Equity
	S\$'000	S\$'000	S\$'000	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	-	-	201	201
At 31 March 2013	54,413	(203)	(580)	53,630
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	-	-	102	102
At 31 March 2014	64,096	(203)	(19,619)	44,274

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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 31 March 2014, the total number of shares held as treasury shares was 1,321,000 (31 Mar 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>31.3.2014</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 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 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 31 March	
	2014	2013
Earnings per share (in SGD cents)		
- Basic	(0.07)	(0.09)
- Fully diluted ⁽¹⁾	(0.07)	(0.09)
Weighted average number of shares used in computing earnings per share	367,816,974	270,816,974

Note:

(1) As at 31 March 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	
	31.3.2014	31.12.2013	31.3.2014	31.12.2013
Net asset value per share (in SGD cents)	10.76	10.95	12.04	12.01
Net assets (S\$'000)	39,587	40,260	44,274	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 quarter period ended 31 March 2014 ("1Q2014"), the Group registered revenue of S\$8.8 million, compared with S\$16.8 million for the same period last year ("1Q2013"). This decrease was due to Singapore, China and Vietnam operations which registered lower revenues due to the weak economic environment. Gross profit correspondingly declined to S\$1.3 million from S\$3.2 million in 1Q13.

Direct costs (comprising material, subcontractor and staff costs) decreased by S\$7.4 million over the corresponding period, in line with the decrease in revenue and a reversal of S\$1.3 million of trade payables of the Group's share of its Dubai subsidiary agreements with unsecured creditors in conjunction with the arbitration award.

The indirect staff costs for 1Q2014 was 37.3% lower than 1Q2013 due the ongoing strategic restructuring and realignment of headcount undertaken in China and Vietnam. Other operating expenses saw an increase of 8.1% mainly due to a net foreign exchange loss of S\$117,000 against a net gain of S\$269,000 for 1Q2013 arising from the general strengthening of the Singapore Dollar against the Group subsidiaries' functional currencies.

The Group's results from operations was a loss of S\$131,000 in 1Q2014 against a loss of \$75,000 in 1Q2013. Vietnam and Singapore operations recorded a profit of S\$1.4 million.

Higher finance income of S\$664,000 in 1Q2014 compared to S\$319,000 in 1Q2013 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\$127,000 was due 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 of S\$5,000 in 1Q2014 (1Q2013 : S\$133,000) was due mainly to the net tax provisions on profits from Vietnam and Thailand operations.

Overall, the Group registered a profit of S\$96,000 for 1Q2014 against a loss of S\$286,000 for 1Q2013. Loss attributable to shareholders was S\$251,000 compared against a loss of S\$243,000 for 1Q2013.

REVIEW OF THE FINANCIAL POSITION OF THE GROUP

The decrease in contract work-in-progress by S\$311,000 and current trade receivables from S\$43.2 million to S\$38.1 million due mainly to the FY2013 year end impairment provisions as announced on 28 February 2014.

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 bank loans due.

The decrease of Trade and Other payables of S\$4.1 million was mainly due to the payments to subcontractors and suppliers and the reversal of S\$1.3 million of trade payables of the Group's share of its Dubai subsidiary agreements with unsecured creditors in conjunction with the arbitration award as aforementioned.

The decrease in current portion of loans and borrowing from S\$50.9 million to S\$43.7 million was due to the settlement of bank loans in Singapore and the reclassification of S\$3.8 million to non-current portion of loans and borrowings.



CNA GROUP LTD.
(Company Registration No. 199000449K)

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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

The Group's operations in Singapore continues to contribute significantly to its revenue for the quarter ended 31 March 2014 ("1Q2014"). Looking ahead, Singapore operations will continue to be the main revenue contributor as the Group delivers on its order book.

In addition to strengthening its market presence in its home base in Singapore, CNA is actively continuing to expand its geographical reach in the region. In FY2013, the Group has secured orders from Laos and Vietnam, and it will continue to tender for regional projects and build on this momentum.

As announced on 30 April 2014, the Company has signed a Bond Subscription Agreement as a step towards strengthening its financial position.

As at 31 March 2014, the orderbook of the Group stood at S\$77.5 million.



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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
8 May 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

8 May 2014