



## NEWS RELEASE

### KINGSMEN BACK ON GROWTH TRACK – POSTS 111% JUMP IN INTERIM NET PROFIT TO S\$1.6 MILLION

- Growth driven by Exhibitions & Museum and Interiors Divisions
- Significant contribution from key accounts
- Well positioned to capitalise on potential projects from new Integrated Resorts

	1HFY06	1HFY05	Change
Turnover	S\$40.9m	S\$28.1m	+46%
Gross profit	S\$11.1m	S\$7.7m	+44%
Net profit	S\$1.6m	S\$0.7m	+111%
Diluted EPS	1.69 cent	0.70 cent	+141%

Singapore, August 11, 2006 – Kingsmen Creatives Ltd (“Kingsmen” or “the Group”), a leading communications design and production group in Asia Pacific and the Middle East, today announced that its net profit increased a stellar 111% to S\$1.6 million for the six months ended June 30, 2006 (“1HFY2006”) from S\$0.7 million for the previous corresponding period. This was achieved on the back of a 46% rise in revenue to S\$40.9 million, compared to S\$28.1 million in 1HFY2005.

Mr Benedict Soh, Group Managing Director of Kingsmen said: “I am very pleased with the Group’s first half performance. Our bottomline performance demonstrates the success of our regional and local “roll-out” programmes for several key accounts. The travel retail industry, which is experiencing a resurgence in growth, has also provided us numerous opportunities in overseas markets. Our strong reputation and expertise as a fit-out service provider, has stood us well and major works have already been lined up for the second half of FY2006. We intend to continue our strategy of capitalising on opportunities from the emerging markets, thus expanding our regional operations and building on our service capabilities.”

## **Performance Review**

The Group's increase in revenue was driven by business growth across all divisions within the Group, but with significant contributions from the Exhibitions and Museums and the Interiors divisions.

"Despite the competitive environment, our Exhibitions and Museums division achieved healthy growth of 65% in revenue for 1HFY2006 over the same period last year. This was attributed to major exhibition events such as the Asian Aerospace, TFAP, Arabian Travel Mart, Communique Asia, ITB Berlin, Cannex and FHA, in addition to regional event launches for BMW and Yamaha Motors," explained Mr Soh.

Revenue from the Group's Interiors division increased by 26% in 1HFY2006, with approximately 75% of the revenue contributed by key accounts. The export of fixtures continued to figure prominently, contributing S\$3.8 million to division revenue.

The Research and Design division and the Integrated Marketing Communications division also registered growth for 1HFY2006.

The Group's gross profit grew by 44% to S\$11.1 million in 1HFY2006, from S\$7.7 million in the same period last year. Gross profit margin was marginally lower at 27.2% due mainly to lower gross margin contribution of the mega Asian Aerospace event.

Net profit was S\$1.6 million, an 111% increase over the S\$0.7 million in 1HFY2005.

Operating expenses increased by S\$2.3 million or 31% to S\$9.8 million in 1HFY2006, due to operational costs for the new factory in Malaysia, Kingsmen Ooh-media Pte Ltd in Singapore and PT Kingsmen Indonesia, and the increased operating expenses of the Group's Singapore, Vietnam and Malaysian subsidiaries.

As at August 8, 2006, the Group's confirmed contracts/sales totalled S\$62.9 million, including the S\$40.9 million sales reported in 1HFY2006.

## **Prospects for FY2006**

Going forward, the Group anticipates good growth, as it continues to implement “roll-out programmes” for POSBank in Singapore and Nokia within the Asia Pacific region.

The travel retail industry is also experiencing a renewal in growth. This has provided the Group with numerous retail fit-out projects in places as far as San Francisco, Fiji, Guam, Hawaii and Australia. The Group will be capitalising on its capabilities to offer our services in the Asia Pacific region and beyond.

With the completion of the new production facility in Malaysia, the Group will also position itself as a producer of high quality shop fixtures for export to the USA and European markets.

“Although we have not been awarded the main contract for the next Asian Aerospace in Year 2008 to be held in Hong Kong, we are confident that we will continue to derive significant business from this event. This is because more than 50% of our revenue from this event comprises custom-designed or special-designed booths for our customers who take part in the show. In addition, we also expect to have a significant number of projects for the new Singapore Air Show 2008,” commented Mr Soh.

Closer to home, the Group is currently working on various projects including Vivo City which is scheduled to open in 2006 as well as working on a few key accounts for museums/visitor centres, including the National Museum of Singapore.

The development of the Integrated Resort in Singapore will also create a host of potential opportunities, particularly for the Interiors division. When the resort commences operation, it is anticipated that there will be opportunities in the events and exhibitions space.

Given these exciting prospects, the Group is confident of achieving better results for FY2006.

## **About Kingsmen Creatives Ltd.**

Listed on the SGX-SESDAQ in 2003, Kingsmen is a leading communications design and production group in Asia Pacific and the Middle East. Established in 1976, its four business segments comprise Exhibitions & Museums, Retail & Office Interiors, Research & Design, and Integrated Marketing Communications.

Kingsmen offers a “one-stop-shop” solution through a vertical and horizontal integration of services, giving their clients the benefits of convenience and cost savings. Building on its design-led, quality and service-driven culture, the Group has established a visible brand name that is synonymous with creative and innovative solutions.

Together with its affiliates, Kingsmen has a regional network of 16 offices and full-service facilities in Asia Pacific and the Middle East. The Group has a long-standing base of clients from diverse industries including well-known names such as Robinsons, DFS Venture, Dickson Group, F J Benjamin, Burberry, Asian Aerospace and Reed Exhibitions.

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ISSUED ON BEHALF OF	:	Kingsmen Creatives Ltd.
BY	:	Citigate Dewe Rogerson, i.MAGE Pte Ltd 1 Raffles Place #26-02 OUB Centre SINGAPORE 048616
CONTACT	:	Mr Andrew Cheng at telephone
DURING OFFICE HOURS	:	6534-5122 (Office)
AFTER OFFICE HOURS	:	9633-7377 (Handphone)
EMAIL	:	andrew.cheng@citigatedrimage.com

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