

UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020
PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

	Note	Group		Change %
		Half Year Ended		
		30 Jun 20 S\$'000	30 Jun 19 S\$'000	
Revenue		122,989	172,842	-28.8%
Cost of sales		(99,574)	(134,083)	-25.7%
Gross profit		23,415	38,759	-39.6%
Other items of income				
Interest income		207	299	-30.8%
Other income	(a)	5,477	1,773	208.9%
Other items of expense				
Depreciation of property, plant and equipment		(1,583)	(1,590)	-0.4%
Employee benefits expense		(23,578)	(28,408)	-17.0%
Other expenses		(9,048)	(7,168)	26.2%
Interest expense		(630)	(734)	-14.2%
Share of result of joint venture		364	27	1248.1%
Share of results of associates		(1,164)	110	n/m
(Loss)/profit before tax	(b)	(6,540)	3,068	n/m
Income tax credit/(expense)	(c)	530	(1,272)	n/m
(Loss)/profit net of tax		(6,010)	1,796	n/m
Other comprehensive income/(loss):				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of tax		1,136	(523)	n/m
Other comprehensive income/(loss) for the period, net of tax		1,136	(523)	n/m
Total comprehensive (loss)/income		(4,874)	1,273	n/m
Profit/(loss) net of tax attributable to:				
Equity holders of the Company		(5,320)	1,774	n/m
Non-controlling interests		(690)	22	n/m
(Loss)/profit net of tax		(6,010)	1,796	n/m
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		(4,101)	1,241	n/m
Non-controlling interests		(773)	32	n/m
Total comprehensive (loss)/income		(4,874)	1,273	n/m

Note :

n/m = not meaningful

1(a) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)**

Explanatory notes to consolidated income statement

(a) Other income comprises :-

	Group	
	Half Year Ended	
	30 Jun 20	30 Jun 19
	S\$'000	S\$'000
Bad trade debts recovered	-	56
Corporate fee income	318	380
Dividend income from equity instrument at fair value through other comprehensive income	-	105
Grants, subsidies and rebates	3,820	-
Net foreign exchange gain	569	30
Net gain on disposal of property, plant and equipment	14	20
Rental income	623	760
Write-back of impairment loss on doubtful trade receivables	-	188
Miscellaneous income	133	234
	5,477	1,773

(b) The following items have been included in arriving at (loss)/profit before tax :-

	Group	
	Half Year Ended	
	30 Jun 20	30 Jun 19
	S\$'000	S\$'000
Amortisation of intangible assets	102	98
Amortisation of land use rights	135	122
Bad trade debts written off	65	7
Depreciation of property, plant and equipment	2,385	1,996
Depreciation of right-of-use assets	1,811	1,798
Goodwill written off on acquisition of interest in an associate	-	55
Impairment loss on contract assets	1,190	-
Impairment loss on doubtful trade receivables	1,951	78
Property, plant and equipment written off	-	85

(c) Included in income tax credit/(expense) for the half year ended 30 June 2020 is an over-provision of income tax of S\$34,000 (2019: under-provision of S\$114,000) relating to prior year.

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Note	Group		Company	
		As at 30 Jun 20 S\$'000	As at 31 Dec 19 S\$'000	As at 30 Jun 20 S\$'000	As at 31 Dec 19 S\$'000
ASSETS					
Non-current assets					
Land use rights		7,427	7,534	6,130	6,252
Property, plant and equipment		51,238	53,357	24,185	24,696
Intangible assets		9,173	9,015	-	-
Investments in subsidiaries		-	-	31,736	31,736
Investment in joint venture		758	381	-	-
Investments in associates		5,005	6,127	3,430	3,430
Other investments		1,296	1,296	1,296	1,296
Right-of-use assets		8,954	9,187	3	5
Deferred tax assets		3,281	2,268	-	-
		<u>87,132</u>	<u>89,165</u>	<u>66,780</u>	<u>67,415</u>
Current assets					
Inventories		1,927	2,482	-	-
Contract assets	(d)	29,895	20,035	-	-
Trade and other receivables	(e)	65,773	105,986	11,614	7,812
Other assets		4,379	3,687	14	42
Cash and cash equivalents	(f)	74,896	65,003	6,067	6,928
		<u>176,870</u>	<u>197,193</u>	<u>17,695</u>	<u>14,782</u>
Total assets		<u>264,002</u>	<u>286,358</u>	<u>84,475</u>	<u>82,197</u>
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital		29,191	29,191	29,191	29,191
Retained earnings		88,253	93,713	36,824	34,409
Other reserves		(6,456)	(7,815)	(1,496)	(1,496)
		<u>110,988</u>	<u>115,089</u>	<u>64,519</u>	<u>62,104</u>
Non-controlling interests		(1,220)	(312)	-	-
Total equity		<u>109,768</u>	<u>114,777</u>	<u>64,519</u>	<u>62,104</u>
Non-current liabilities					
Trade and other payables		1,244	1,171	-	-
Other financial liabilities		25,785	27,382	16,590	17,375
Deferred tax liabilities		511	520	41	41
		<u>27,540</u>	<u>29,073</u>	<u>16,631</u>	<u>17,416</u>
Current liabilities					
Contract liabilities	(g)	10,802	9,393	-	-
Trade and other payables	(h)	93,886	110,702	1,705	1,380
Other financial liabilities		16,230	15,876	1,363	1,179
Other liabilities		3,463	3,057	131	37
Income tax payable		2,313	3,480	126	81
		<u>126,694</u>	<u>142,508</u>	<u>3,325</u>	<u>2,677</u>
Total liabilities		<u>154,234</u>	<u>171,581</u>	<u>19,956</u>	<u>20,093</u>
Total equity and liabilities		<u>264,002</u>	<u>286,358</u>	<u>84,475</u>	<u>82,197</u>

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. (Cont'd)**

Explanatory notes to statements of financial position

(d) **Contract assets**

Contract assets comprise of the contract costs incurred and the profits/losses recognised less the progress billings on our interior fit-out projects and various thematic works across Asia Pacific and the Middle East.

(e) **Trade and other receivables**

	Group		Company	
	As at 30 Jun 20 S\$'000	As at 31 Dec 19 S\$'000	As at 30 Jun 20 S\$'000	As at 31 Dec 19 S\$'000
Trade receivables	52,586	90,318	2,031	1,231
Other receivables	13,187	15,668	9,583	6,581
Total	65,773	105,986	11,614	7,812

(f) **Cash and cash equivalents**

	Group		Company	
	As at 30 Jun 20 S\$'000	As at 31 Dec 19 S\$'000	As at 30 Jun 20 S\$'000	As at 31 Dec 19 S\$'000
Cash at banks and in hand	62,063	50,416	2,831	2,155
Short-term deposits	12,833	14,587	3,236	4,773
Total	74,896	65,003	6,067	6,928

(g) **Contract liabilities**

Contract liabilities comprise of the progress billings less the contract costs incurred and the profits/losses recognised on our interior fit-out projects and various thematic works across Asia Pacific and the Middle East.

(h) **Trade and other payables**

	Group		Company	
	As at 30 Jun 20 S\$'000	As at 31 Dec 19 S\$'000	As at 30 Jun 20 S\$'000	As at 31 Dec 19 S\$'000
Trade payables	78,290	90,634	-	-
Other payables	15,596	20,068	1,705	1,380
Total	93,886	110,702	1,705	1,380

1(b)(ii) In relation to the aggregate amount of the 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.

	Group	
	As at 30 Jun 20	As at 31 Dec 19
	S\$'000	S\$'000
<u>Secured</u>		
- repayable within one year or on demand	13,346	13,297
- repayable after one year	18,904	20,077
	<hr/>	<hr/>
	32,250	33,374
	<hr/>	<hr/>
<u>Unsecured</u>		
- repayable within one year or on demand	-	-
- repayable after one year	-	-
	<hr/>	<hr/>
	-	-
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Details of any collaterals

Bank loans, trust receipts and bank overdrafts are secured by way of legal charges on the Group's four properties in Singapore and Malaysia, corporate guarantees of the Company and a subsidiary in Malaysia, personal guarantees given by certain directors of the subsidiaries in Malaysia and short-term deposits pledged to the banks.

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

	Group	
	Half Year Ended	
Note	30 Jun 20	30 Jun 19
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(6,540)	3,068
Adjustments for:		
Amortisation of intangible assets	102	98
Amortisation of land use rights	135	122
Bad trade debts written off	65	7
Depreciation of property, plant and equipment	2,385	1,996
Depreciation of right-of-use assets	1,811	1,798
Dividend income from equity instrument at fair value through other comprehensive income	-	(105)
Goodwill written off on acquisition of interest in an associate	-	55
Impairment loss on contract assets	1,190	-
Net gain on disposal of property, plant and equipment	(14)	(20)
Net impairment loss/(write-back of impairment loss) on doubtful trade receivables	1,951	(110)
Performance share scheme expense	(185)	94
Property, plant and equipment written off	-	85
Interest income	(207)	(299)
Interest expense	630	734
Share of result of joint venture	(364)	(27)
Share of results of associates	1,164	(110)
Currency realignment	(155)	(34)
Operating cash flows before changes in working capital	1,968	7,352
(Increase)/decrease in:		
Inventories	555	1,012
Contract assets	(11,050)	(5,461)
Trade and other receivables	38,197	18,520
Other assets	(668)	(800)
Increase/(decrease) in:		
Contract liabilities	1,409	3,862
Trade and other payables	(16,775)	(23,776)
Other liabilities	591	1,023
Net cash flows from operations	14,227	1,732
Interest received	207	299
Interest paid	(452)	(616)
Income tax paid	(1,748)	(2,680)
Net cash flows from/(used in) operating activities	12,234	(1,265)
Cash flows from investing activities		
Purchase of property, plant and equipment	(366)	(3,931)
Proceeds from disposal of property, plant and equipment	41	37
Dividend income from equity instrument at fair value through other comprehensive income	-	105
Net cash flows used in investing activities	(325)	(3,789)
Cash flows from financing activities		
Dividends paid on ordinary shares	-	(3,029)
Dividends paid to non-controlling interests of subsidiaries	(135)	(30)
Proceeds from draw down of loans and borrowings	3,752	5,981
Repayment of loans and borrowings	(5,305)	(7,181)
Repayment of lease liabilities	(1,875)	(1,713)
Decrease in deposits pledged for bank facilities	137	1,480
Net cash flows used in financing activities	(3,426)	(4,492)
Net increase/(decrease) in cash and cash equivalents	8,483	(9,546)
Effect of exchange rate changes on cash and cash equivalents	1,116	(270)
Cash and cash equivalents at beginning of period	63,587	77,508
Cash and cash equivalents at end of period	73,186	67,692

(i)

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)**

Explanatory note to consolidated cash flow statement

(i) Cash and cash equivalents included in the consolidated cash flow statement comprise the following:-

	Group	
	As at 30 Jun 20	As at 30 Jun 19
	S\$'000	S\$'000
Cash at banks and in hand	62,063	51,912
Short-term deposits	12,833	16,955
Cash and cash equivalents in statement of financial position	<u>74,896</u>	<u>68,867</u>
Bank overdrafts	(640)	(406)
Deposits pledged for bank facilities	<u>(1,070)</u>	<u>(769)</u>
Cash and cash equivalents for statement of cash flows	<u>73,186</u>	<u>67,692</u>

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	Attributable to equity holders of the Company					
	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000	Equity attributable to equity holders of the Company, total S\$'000	Non-controlling interests S\$'000	Equity, total S\$'000
Opening balance at 1 January 2020	29,191	93,713	(7,815)	115,089	(312)	114,777
Loss for the period	-	(5,320)	-	(5,320)	(690)	(6,010)
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation	-	-	1,219	1,219	(83)	1,136
Other comprehensive income/(loss) for the period, net of tax	-	-	1,219	1,219	(83)	1,136
Total comprehensive (loss)/income for the period	-	(5,320)	1,219	(4,101)	(773)	(4,874)
<u>Changes in ownership interests in subsidiaries</u>						
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	(135)	(135)
Total changes in ownership interests in subsidiaries	-	-	-	-	(135)	(135)
Total transactions with equity holders in their capacity as equity holders	-	-	-	-	(135)	(135)
<u>Other</u>						
Appropriation to statutory reserve fund	-	(140)	140	-	-	-
Total other	-	(140)	140	-	-	-
Closing balance at 30 June 2020	29,191	88,253	(6,456)	110,988	(1,220)	109,768

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. (Cont'd)

Group	Attributable to equity holders of the Company					
	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000	Equity attributable to equity holders of the Company, total S\$'000	Non-controlling interests S\$'000	Equity, total S\$'000
Opening balance at 1 January 2019, as previously reported	27,984	98,631	(5,393)	121,222	177	121,399
Effect of adopting SFRS(I) 16	-	(176)	-	(176)	(3)	(179)
Opening balance at 1 January 2019, as restated	27,984	98,455	(5,393)	121,046	174	121,220
Profit for the period	-	1,774	-	1,774	22	1,796
<u>Other comprehensive income/(loss)</u>						
Foreign currency translation	-	-	(533)	(533)	10	(523)
Other comprehensive (loss)/income for the period, net of tax	-	-	(533)	(533)	10	(523)
Total comprehensive income/(loss) for the period	-	1,774	(533)	1,241	32	1,273
<u>Contributions by and distributions to equity holders</u>						
Ordinary shares issued pursuant to acquisition of non-controlling interest in a subsidiary	917	-	-	917	-	917
Ordinary shares issued pursuant to performance share scheme	290	-	-	290	-	290
Dividends paid on ordinary shares	-	(3,029)	-	(3,029)	-	(3,029)
Total contributions by and distributions to equity holders	1,207	(3,029)	-	(1,822)	-	(1,822)
<u>Changes in ownership interests in subsidiaries</u>						
Acquisition of non-controlling interest of a subsidiary without a change in control	-	-	(531)	(531)	(386)	(917)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	(30)	(30)
Total changes in ownership interests in subsidiaries	-	-	(531)	(531)	(416)	(947)
Total transactions with equity holders in their capacity as equity holders	1,207	(3,029)	(531)	(2,353)	(416)	(2,769)
Closing balance at 30 June 2019	29,191	97,200	(6,457)	119,934	(210)	119,724

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. (Cont'd)

Company	Attributable to equity holders of the Company			
	Share capital S\$'000	Retained earnings S\$'000	Other reserves S\$'000	Equity, total S\$'000
Opening balance at 1 January 2020	29,191	34,409	(1,496)	62,104
Profit for the period	-	2,415	-	2,415
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	2,415	-	2,415
Total transactions with equity holders in their capacity as equity holders	-	-	-	-
Closing balance at 30 June 2020	29,191	36,824	(1,496)	64,519
Opening balance at 1 January 2019, as previously reported	27,984	34,892	(263)	62,613
Effect of adopting SFRS(I) 16	-	(6)	-	(6)
Opening balance at 1 January 2019, as restated	27,984	34,886	(263)	62,607
Profit for the period	-	3,534	-	3,534
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	3,534	-	3,534
<u>Contributions by and distributions to equity holders</u>				
Ordinary shares issued pursuant to acquisition of non-controlling interest in a subsidiary	917	-	-	917
Ordinary shares issued pursuant to performance share scheme	290	-	-	290
Dividends paid on ordinary shares	-	(3,029)	-	(3,029)
Total contributions by and distributions to equity holders	1,207	(3,029)	-	(1,822)
Total transactions with equity holders in their capacity as equity holders	1,207	(3,029)	-	(1,822)
Closing balance at 30 June 2019	29,191	35,391	(263)	64,319

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares, excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 changes in the Company's share capital for the current financial period ended 30 June 2020.

There were no outstanding convertibles issued by the Company as at 30 June 2020 and 30 June 2019.

There were no treasury shares held by the Company as at 30 June 2020 and 30 June 2019. There were no subsidiary holdings as at 30 June 2020 and 30 June 2019. The percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares excluding treasury shares and subsidiary holdings of 201,948,299 and 201,948,299 as at 30 June 2020 and 30 June 2019 were Nil% and Nil% respectively.

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.

	Company	
	As at 30 Jun 20	As at 31 Dec 19
Total number of issued shares excluding treasury shares	<u>201,948,299</u>	<u>201,948,299</u>

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period ended 30 June 2020.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period ended 30 June 2020.

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 the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

This is not required for any audit issue that is a material uncertainty relating to going concern.

(a) updates on the efforts taken to resolve each outstanding audit issue; and

Not applicable. The latest audited financial statements for the financial year ended 31 December 2019 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) confirmation from the board of directors that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The latest audited financial statements for the financial year ended 31 December 2019 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2019.

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 Group and the Company have adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for the accounting periods beginning on or after 1 January 2020. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current reporting period.

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.

	Group	
	Half Year Ended	
	30 Jun 20	30 Jun 19
Net (loss)/profit attributable to shareholders (S\$'000)	(5,320)	1,774
Weighted average number of ordinary shares in issue	201,948,299	201,099,927
Basic and diluted (losses)/earnings per share (S\$ cents)	(2.63)	0.88

The basic and diluted (losses)/earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2020 and 30 June 2019.

- 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.

	Group		Company	
	As at 30 Jun 20	As at 31 Dec 19	As at 30 Jun 20	As at 31 Dec 19
Net asset value, net of non-controlling interests (S\$'000)	110,988	115,089	64,519	62,104
Number of ordinary shares in issue, excluding treasury shares	201,948,299	201,948,299	201,948,299	201,948,299
Net asset value per ordinary share (S\$ cents)	54.96	56.99	31.95	30.75

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
(a) 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; and

Revenue

	Group			
	Half Year Ended		+/-	%
	30 Jun 20	30 Jun 19		
	S\$'000	S\$'000	S\$'000	
Exhibitions, Thematic & Attractions	66,260	83,142	(16,882)	-20.3%
Retail & Corporate Interiors	47,806	79,280	(31,474)	-39.7%
Research & Design	6,808	8,132	(1,324)	-16.3%
Alternative Marketing	2,115	2,288	(173)	-7.6%
	122,989	172,842	(49,853)	-28.8%

For the half year ended 30 June 2020 ("1H 2020"), the Group recorded a revenue of S\$123.0 million, a decrease of S\$49.9 million or 28.8% compared to S\$172.9 million for the previous corresponding half year ended 30 June 2019 ("1H 2019").

The **Exhibitions, Thematic & Attractions division** registered a revenue of S\$66.3 million in 1H 2020, a decrease of S\$16.9 million or 20.3% from S\$83.2 million in 1H 2019. The decrease in revenue was mainly due to the cancellation and postponement of trade shows, conferences and events by clients and the temporary closure of operations of the experiential attractions due to circuit breaker measures. Amid the pandemic, the Group's diversified capabilities have enabled it to secure government related COVID-19 projects which contributed to the division's revenue.

The **Retail & Corporate Interiors division** recorded a revenue of S\$47.8 million in 1H 2020, a decrease of S\$31.5 million or 39.7% compared to S\$79.3 million in 1H 2019. The division was impacted by delays and restrictions in project execution from significant disruption in its supply chain and production activities from temporary closure of factories.

The **Research & Design division** achieved a revenue of S\$6.8 million in 1H 2020, a decrease of S\$1.3 million or 16.3% from S\$8.1 million in 1H 2019. Although some projects were put on hold, the division continued to see numerous projects proceeding or completed as planned.

The **Alternative Marketing division** registered a revenue of S\$2.1 million in 1H 2020, a decrease of S\$0.2 million or 7.6% compared to S\$2.3 million in 1H 2019. The division was impacted by the decline in demand for brand activation events and projects following cancellations and postponement by clients.

- (a) 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; and (Cont'd)

Gross Profit

	Group		
	Half Year Ended		
	30 Jun 20	30 Jun 19	+/-
	S\$'000	S\$'000	%
Revenue	122,989	172,842	-28.8%
Gross profit	23,415	38,759	-39.6%
Gross profit margin	19.0%	22.4%	

Gross profit in 1H 2020 decreased by S\$15.3 million or 39.6% to S\$23.4 million compared to S\$38.7 million in 1H 2019. The decrease was a result of the lower revenue registered and higher cost of sales incurred due to a disruption in the supply chain. Gross profit margin was lower at 19.0% in 1H 2020 compared to 22.4% in 1H 2019.

Other Items of Income

Interest income relates mainly to interest income earned from short-term deposits and bank balances placed with banks.

Other income comprises items as set out in Note 1(a)(a). Other income increased by S\$3.7 million or 208.9% from S\$1.8 million in 1H 2019 to S\$5.5 million in 1H 2020. The increase was mainly due to the recognition of grants, subsidies and rebates of S\$3.8 million (arising mainly from the Jobs Support Scheme) and a higher net foreign exchange gain recorded of S\$0.5 million, and partially offset by an absence of write-back of impairment loss on doubtful trade receivables, which amounted to S\$0.2 million in 1H 2019.

Other Items of Expense

	Group		
	Half Year Ended		
	30 Jun 20	30 Jun 19	+/-
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	1,583	1,590	-0.4%
Employee benefits expense	23,578	28,408	-17.0%
Other expenses	9,048	7,168	26.2%
Interest expense	630	734	-14.2%
	34,839	37,900	-8.1%

Lower operating expenses were incurred in 1H 2020 compared to 1H 2019. Depreciation charge on property, plant and equipment was relatively unchanged at S\$1.6 million in 1H 2020 compared to 1H 2019. Employee benefits expense was lower mainly due to salary reduction effected and a reduction in headcount as the Group continues to right-size its workforce. The increase in other expenses was mainly due to higher impairment loss on contract assets and doubtful trade receivables of S\$3.1 million recorded in 1H 2020 compared to 1H 2019. Excluding the impairment loss on contract assets and doubtful trade receivables, other expenses would have decreased by S\$1.2 million or 16.7% in 1H 2020 compared to 1H 2019 mainly due to cost containment and saving measures implemented. The fall in interest expense was mainly due to lower interest rates charged on the loans and borrowings outstanding in 1H 2020 compared to 1H 2019.

Share of Result of Joint Venture

Share of profit of joint venture increased by S\$337,000 from S\$27,000 in 1H 2019 to S\$364,000 in 1H 2020. The increase was due to a higher profit contribution from the joint venture.

- (a) 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; and (Cont'd)

Share of Results of Associates

Share of results of associates changed by S\$1.3 million from a profit of S\$0.1 million in 1H 2019 to a loss of S\$1.2 million in 1H 2020. The change was mainly due to higher loss contribution from certain associates.

Profit/(Loss) Net of Tax Attributable to Equity Holders of the Company

Based on the above, the Group recorded a loss net of tax attributable to equity holders of the Company of S\$5.3 million in 1H 2020 compared to a profit net of tax attributable to equity holders of the Company of S\$1.8 million in 1H 2019.

- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Cash Flow

Net cash from operating activities of S\$12.2 million in 1H 2020 arose mainly from loss before tax of S\$6.5 million and adjusted for a net increase in non-cash flow items of S\$8.5 million (largely from depreciation of property, plant and equipment, depreciation of right-of-use assets, impairment loss on contract assets and impairment loss on doubtful trade receivables) and cash inflow from a net decrease in working capital requirements of S\$12.3 million (largely from movements in contract assets, trade and other receivables and trade and other payables), and partially offset by income tax paid of S\$1.7 million. Net cash used in investing activities of S\$0.3 million in 1H 2020 comprised mainly of purchase of property, plant and equipment of S\$0.4 million. Net cash used in financing activities of S\$3.4 million in 1H 2020 arose mainly from net repayment of loans and borrowings of S\$1.6 million and repayment of lease liabilities of S\$1.9 million. Based on the above, the Group had a net increase in cash and cash equivalents of S\$8.5 million in 1H 2020 and the cash and cash equivalents stood at S\$73.2 million as at 30 June 2020.

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

The 1H 2020 results are in line with the announcement on profit guidance for 1H 2020 released on 16 July 2020 where the Group stated that it is expected to report a net loss for 1H 2020.

- 10 A commentary at the date of the announcement of the significant trends and 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 COVID-19 pandemic is severely impacting global economic activity. While business activities are gradually resuming, uncertainty remains, especially as the Group sees the resurgence of the virus in major cities around the world. The Group expects the months ahead to be challenging, given the on-going disruption to supply chains, and delays and restrictions in executing existing projects. Clients, while already planning for the future, are cautious in committing new orders, especially in exhibitions and events, and this business area is likely to remain depressed in the near term. On the positive side, the Group is seeing a pick up in the other business areas and are in pitches for several project opportunities.

While the pandemic has had a devastating impact on the experiential attractions business for the moment, the Group sees pent up and good demand for activity and engagement platforms once the pandemic is under control. The Group will press on with its transformation efforts, with an aim to create better experiences and differentiated solutions to ensure that it remains relevant to market needs.

As at 31 July 2020, the Group has secured contracts of S\$270 million, of which S\$225 million is expected to be recognised in FY2020.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in SGD Cents)	1.00
Tax Rate	Tax exempt (one tier)

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the current financial period ended 30 June 2020 as the Group wishes to retain cash for its business operations.

13 If the group has obtained a general mandate from shareholders for interested person transactions, the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited. If no interested person transactions mandate has been obtained, a statement to that effect.

No interested person transaction mandate has been obtained from the shareholders of the Company.

14 Confirmation of negative assurance by the board of directors pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

We, Soh Siak Poh Benedict and Simon Ong Chin Sim, being two of the Directors of Kingsmen Creatives Ltd. (the "Company"), do hereby confirm on 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 which may render the unaudited financial results for the current financial period ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Soh Siak Poh Benedict
Executive Chairman

Simon Ong Chin Sim
Deputy Executive Chairman

13 August 2020

15 Confirmation that the issuer has procured undertakings from its directors and executive officers under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Company confirms that it has procured undertakings from its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD OF DIRECTORS

Soh Siak Poh Benedict
Executive Chairman

13 August 2020