

Half Year Financial Statement for the Period Ended 30 June 2005

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR 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.

| Group | 30 Jun 05 S\$'000 | 30 Jun 04 S\$'000 | Increase/ (decrease) % |
|---|-----------------------------|-----------------------------|--------------------------------------|
| Turnover | 28,104 | 26,387 | 7% |
| Cost of sales | (20,372) | (19,835) | 3% |
| Gross profit | 7,732 | 6,552 | 18% |
| Other income | 512 | 418 | 22% |
| Cost and expenses | | | |
| Selling & marketing expenses | (163) | (123) | 33% |
| Bad & doubtful debts | (49) | 24 | -304% |
| Depreciation expenses | (338) | (236) | 43% |
| Rental of premises | (695) | (567) | 23% |
| Rental of equipment & vehicles | (24) | (111) | -78% |
| Directors' remuneration and fees | (1,140) | (1,090) | 5% |
| Staff costs | (3,873) | (3,300) | 17% |
| Exchange gain / (loss) | 12 | (56) | -121% |
| General & administrative expenses | (1,251) | (1,063) | 18% |
| Total operating expenses | (7,521) | (6,522) | 15% |
| Profit from operating activities | 723 | 448 | 61% |
| Financial expenses | (29) | (28) | 4% |
| Financial income | 6 | 12 | -50% |
| Profit before share of results of associates | 700 | 432 | 62% |
| Share of results of associates before taxation | 195 | 91 | 114% |
| Profit before taxation | 895 | 523 | 71% |
| Taxation - group companies | (108) | (101) | 7% |
| associates | (23) | - | n/m |
| Profit after taxation | 764 | 422 | 81% |
| Minority interest | (56) | (5) | 1020% |
| Net profit for the period | 708 | 417 | 70% |

Note: n/m = not meaningful

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.

| | Group | | Company | |
|---------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 30 Jun 05 S\$000 | As at 31 Dec 04 S\$000 | As at 30 Jun 05 S\$000 | As at 31 Dec 04 S\$000 |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 2,827 | 2,350 | 125 | 119 |
| Goodwill on consolidation | 1,689 | 1,689 | - | - |
| Investment in subsidiaries | - | - | 7,924 | 7,677 |
| Investment in associates | 1,854 | 1,682 | 1,471 | 1,471 |
| Other investments | 434 | 381 | 434 | 381 |
| Total Non-Current Assets | 6,804 | 6,102 | 9,954 | 9,648 |
| CURRENT ASSETS | | | | |
| Inventories | 2 | 2 | - | - |
| Contract work-in-progress | 1,813 | 756 | - | - |
| Trade receivables | 18,664 | 20,747 | 15 | 12 |
| Other receivables & prepayments | 1,102 | 1,014 | 197 | 225 |
| Amount owing by related parties | 1,128 | 815 | 544 | 454 |
| Amount owing by associates | 429 | 339 | 257 | 156 |
| Amount owing by subsidiaries | - | - | 1,795 | 1,304 |
| Dividend receivable | - | - | - | 1,138 |
| Fixed deposits | 142 | 199 | - | - |
| Cash on hand and at bank | 1,734 | 3,161 | 29 | 89 |
| Total Current Assets | 25,014 | 27,033 | 2,837 | 3,378 |
| TOTAL ASSETS | 31,818 | 33,135 | 12,791 | 13,026 |
| CAPITAL AND RESERVES | | | | |
| Share capital | 7,582 | 7,582 | 7,582 | 7,582 |
| Share premium | 3,400 | 3,400 | 3,400 | 3,400 |
| Retained earnings | 2,192 | 2,192 | (64) | 721 |
| Foreign currency translation reserve | (30) | (66) | - | - |
| | 13,144 | 13,108 | 10,918 | 11,703 |
| Minority interests | 687 | 685 | - | - |
| | 13,831 | 13,793 | 10,918 | 11,703 |
| NON-CURRENT LIABILITIES | | | | |
| Interest-bearing loans and borrowings | 365 | 305 | - | - |
| Deferred taxation | 135 | 133 | - | - |
| Total Non-Current Liabilities | 500 | 438 | - | - |
| CURRENT LIABILITIES | | | | |
| Progress billings in excess of WIP | 1,578 | 921 | - | - |
| Trade payables | 8,575 | 12,205 | - | - |
| Other payables & accruals | 4,424 | 3,971 | 186 | 467 |
| Deferred income | 370 | 325 | - | - |
| Amount owing to related parties | 1,707 | 830 | 1,174 | 445 |
| Amount owing to subsidiaries | - | - | 513 | 407 |
| Amount owing to associates | 87 | 122 | - | - |
| Interest-bearing loans and borrowings | 486 | 148 | - | - |
| Provision for taxation | 260 | 382 | - | 4 |
| Total Current Liabilities | 17,487 | 18,904 | 1,873 | 1,323 |
| TOTAL EQUITY AND LIABILITIES | 31,818 | 33,135 | 12,791 | 13,026 |

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

Amount repayable in one year or less, or on demand

| As at 30/06/05 | | As at 31/12/04 | |
|--------------------|----------------------|--------------------|----------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| 486 | 0 | 148 | 0 |

Amount repayable after one year

| As at 30/06/05 | | As at 31/12/04 | |
|--------------------|----------------------|--------------------|----------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| 365 | 0 | 305 | 0 |

Details of any collateral

The bank term loans are secured by way of a first legal charge over the Group's leasehold building in Malaysia, and the joint and several personal guarantees of certain directors of the Company and its subsidiaries.

The bank overdraft and other banking facilities are secured by fixed deposits pledged to the bank, a charge over the leasehold building of a subsidiary in Malaysia, joint and several guarantees from certain directors of the Company and its subsidiaries; and by debenture deeds which provide for first fixed & floating charges over the present and future undertakings and assets of certain subsidiaries.

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

| | Group | |
|--|----------------|----------------|
| | 30 Jun 05 | 30 Jun 04 |
| | S\$'000 | S\$'000 |
| Profit before taxation and minority interests | 895 | 523 |
| Adjustment for: | | |
| Depreciation of property, plant and equipment | 338 | 236 |
| (Gain)/loss on disposal of property, plant and equipment | (1) | 1 |
| Fixed assets written off | 1 | - |
| Interest income | (6) | (12) |
| Interest expenses | 29 | 28 |
| Share of profit of associates before tax | (195) | (91) |
| Currency realignment | 24 | 3 |
| Operating profit before working capital changes | 1,085 | 688 |
| Increase in contracts work-in-progress (net) | (400) | (396) |
| Decrease in trade and other receivables | 1,592 | 3,213 |
| Decrease in trade and other payables | (2,290) | (3,485) |
| Cash (used in)/from operations | (13) | 20 |
| Interest paid | (29) | (28) |
| Interest received | 6 | 12 |
| Tax paid | (228) | (290) |
| Net cash flows used in operating activities | (264) | (286) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 15 | 1 |
| Acquisition of property, plant and equipment | (737) | (201) |
| Acquisition of associates | - | (367) |
| Acquisition of other investment | (53) | - |
| Net cash flows used in investing activities | (775) | (567) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid on ordinary shares by the company | (708) | (750) |
| Dividend paid to minority shareholders of the subsidiaries | (62) | (20) |
| Withdrawal/(placement) of fixed deposits (pledged) | 57 | (4) |
| Proceeds from/(repayment) of finance lease obligations | (27) | (1) |
| Repayment of long term borrowings | 13 | (54) |
| Net cash flows used in financing activities | (727) | (829) |
| Net decrease in cash and cash equivalents | (1,766) | (1,682) |
| Cash and cash equivalents at beginning of period | 3,100 | 4,108 |
| Cash and cash equivalents at end of period (Note A) | 1,334 | 2,426 |

Note A: Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following:-

| | Group | |
|----------------------------------|--------------------|--------------------|
| | 30 Jun 05 | 30 Jun 04 |
| | S\$'000 | S\$'000 |
| Cash on hand and at bank | 1,734 | 1,071 |
| Fixed deposits | 142 | 3,703 |
| Bank overdraft | (400) | (2,144) |
| | <hr/> 1,476 | <hr/> 2,630 |
| Less : Fixed deposits (pledged) | (142) | (204) |
| Cash and cash equivalents | <hr/> 1,334 | <hr/> 2,426 |

- 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.

| The Group | Share Capital S\$000 | Share Premium S\$000 | Revenue Reserves S\$000 | Translation Reserves S\$000 | Total S\$000 | Minority Interest S\$'000 | Total Equity S\$'000 |
|--|----------------------------|----------------------------|-------------------------------|-----------------------------------|-----------------|---------------------------------|----------------------------|
| As at 1 January 2004 | 7,500 | 3,252 | 1,528 | (9) | 12,271 | 496 | 12,767 |
| Dividend paid | - | - | (750) | - | (750) | (20) | (770) |
| Net profit for the period | - | - | 417 | - | 417 | 5 | 422 |
| Foreign currency translation Adjustment | - | - | - | 4 | 4 | 2 | 6 |
| As at 30 June 2004 | 7,500 | 3,252 | 1,195 | (5) | 11,942 | 483 | 12,425 |

| The Group | Share Capital S\$000 | Share Premium S\$000 | Revenue Reserves S\$000 | Translation Reserves S\$000 | Total S\$000 | Minority Interest S\$'000 | Total Equity S\$'000 |
|--|----------------------------|----------------------------|-------------------------------|-----------------------------------|-----------------|---------------------------------|----------------------------|
| As at 1 January 2005 | 7,582 | 3,400 | 2,192 | (66) | 13,108 | 685 | 13,793 |
| Dividend paid | - | - | (708) | - | (708) | (62) | (770) |
| Net profit for the period | - | - | 708 | - | 708 | 56 | 764 |
| Foreign currency translation Adjustment | - | - | - | 36 | 36 | 8 | 44 |
| As at 30 June 2005 | 7,582 | 3,400 | 2,192 | (30) | 13,144 | 687 | 13,831 |

| The Company | Share Capital S\$000 | Share Premium S\$000 | Revenue Reserves S\$000 | Translation Reserves S\$000 | Total S\$000 |
|---------------------------|----------------------------|----------------------------|-------------------------------|-----------------------------------|-----------------|
| As at 1 January 2004 | 7,500 | 3,252 | 772 | - | 11,524 |
| Dividend paid | - | - | (750) | - | (750) |
| Net loss for the period | - | - | (13) | - | (13) |
| As at 30 June 2004 | 7,500 | 3,252 | 9 | - | 10,761 |

| The Company | Share Capital S\$000 | Share Premium S\$000 | Revenue Reserves S\$000 | Translation Reserves S\$000 | Total S\$000 |
|---------------------------|----------------------------|----------------------------|-------------------------------|-----------------------------------|-----------------|
| As at 1 January 2005 | 7,582 | 3,400 | 721 | - | 11,703 |
| Dividend paid | - | - | (708) | - | (708) |
| Net loss for the period | - | - | (77) | - | (77) |
| As at 30 June 2005 | 7,582 | 3,400 | (64) | - | 10,918 |

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 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 details of the share options granted under the Kingsmen Share Option Scheme which was approved by the members of the Company at an Extraordinary General Meeting held on 26 April 2004, are as follows:

| <u>Date of grant</u> | No. of shares under options <u>granted</u> | <u>Options</u> <u>forfeited</u> | Balance at <u>30 Jun 05</u> | Subscription <u>price</u> | Expiry <u>Date</u> |
|----------------------|--|------------------------------------|--------------------------------|------------------------------|-----------------------|
| 21-May-04 | 200,000 | - | 200,000 | S\$0.25 | 21-May-09 |
| 31-May-04 | 3,100,000 | (100,000) | 3,000,000 | S\$0.21 | 31-May-09 |

No options were granted to employees or directors during the financial period.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 current period's financial statements as in the last audited annual financial statements.

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.**

None.

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.**

| | 30 Jun 2005 Group | 30 Jun 2004 Group |
|---|----------------------|----------------------|
| Net profit for the period attributable to ordinary shareholder | | |
| For basic and diluted earnings per shares (S\$000) | 708 | 417 |
| Weighted average number of ordinary shares of S\$0.075 each in issue (In thousands) | 101,094 | 100,000 |
| Effect of dilutive securities : Share options (Note A) | - | - |
| Adjusted weighted average number of ordinary shares applicable to Diluted earnings per shares | 101,094 | 100,000 |
| Earnings per share based on weighted average number of ordinary Shares in issue (cents) | 0.70 | 0.42 |
| Earnings per share on fully diluted basis (cents) | 0.70 | 0.42 |

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit for the period attributable to ordinary shares by the weighted average number of ordinary shares outstanding, after adjusting for the effects of potential dilutive ordinary shares, during the period.

Note A: The number of unissued shares for the option granted under the Kingsmen Share Option Scheme and their exercise price are set out in Para 1(d)(ii). As the exercise price of the options are higher than the market value during the financial period, therefore there is no adjustment to the weighted average number of ordinary shares outstanding arising from dilutive potential 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 financial period reported on; and
(b) immediately preceding financial year.

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | As at 30 Jun 05 | As at 31 Dec 04 | As at 30 Jun 05 | As at 31 Dec 04 |
| Net asset value (S\$000) | 13,144 | 13,108 | 10,918 | 11,703 |
| Number of ordinary shares (In thousands) | 101,094 | 101,094 | 101,094 | 101,094 |
| Net asset value per ordinary share based on issued share capital at end of the year / period (cents) | <u>13.00</u> | <u>12.97</u> | <u>10.80</u> | <u>11.58</u> |

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

Revenue

Revenue for the first half of FY2005 increased by S\$1.71 million to S\$28.10 million as compared to S\$26.39 million for the corresponding period in FY2004. The increase in revenue is mainly contributed by business growth in the Group's Interiors division, as well as contribution from its newly acquired subsidiaries operating in Vietnam (namely Kingsmen Indochina Pte Ltd and Kingsmen Vietnam Company Limited).

Despite the competitive environment in the retail and office fit-out industry in Singapore, the Group has been able to achieve higher turnover for its Interiors division during the first half of FY2005 as compared with the same period last year. This is mainly due to major overseas fit-out projects for new travel retail shops in Guam and Okinawa, as well as a few motor showrooms in Singapore.

Revenue for the Group's Exhibitions and Museums division decreased during the first half of FY2005 as compared with the same period last year, due mainly to a major exhibition event, Asian Aerospace, which took place in the first half of FY2004. This year's major revenue contributor to this division includes the completion of a Museum, retail and F&B project in Sentosa, as well as the set-up for several automobile event launches.

Revenue from the Group's Integrated Marketing Communications division increased in the first half of FY2005, mainly as a result of the contribution from the newly acquired subsidiaries operating in Vietnam.

Gross Profit

Gross profit increased by S\$1.18 million or 18.0% to S\$7.73 million for the first half of FY2005 as compared to S\$6.55 million for the corresponding period in FY2004.

Gross profit margin for the first half of FY2005 rose to 27.5% as compared to 24.8% for the corresponding period in FY2004.

Other Income

The Group's other income included corporate fees income of S\$289,000 for the first half of FY2005, an increase of S\$45,000 over the S\$244,000 for the corresponding period in FY2004.

Operating Expenses

Operating expenses increased by S\$1.00 million to S\$7.52 million for the first half of FY2005 as compared to S\$6.52 million for the corresponding period in FY2004, mainly due to the following: -

- a) Increase in operating expenses due to the inclusion of the results of the operations of Kingsmen Indochina Pte Ltd and Kingsmen Vietnam Company Limited amounting to S\$490,000 comprising mainly the following expenses:-
 - i) Rental of premises amounting to S\$92,000
 - ii) Directors' remuneration amounting to S\$101,000
 - iii) Staff costs amounting to S\$187,000
 - iv) General & administrative expenses amounting to S\$94,000
 - v) Other expenses amounting to S\$35,000Offset by:-
 - i) Exchange gain of S\$19,000

- b) Increase in operating expenses of the Group's Singapore and Malaysian subsidiaries of S\$510,000 (first half of FY2005: S\$7.03 million; first half of FY2004: S\$6.52 million) comprising:-
 - i) Increase in depreciation expenses from S\$236,000 to S\$327,000
 - ii) Increase in staff costs from S\$3.30 million to S\$3.68million
 - iii) Increase in general & administrative expenses from S\$1.06 million to S\$1.15 millionOffset by:-
 - i) Decrease in exchange loss from S\$56,000 to S\$7,000

Share of Results of Associates before taxation

This relates to the share of results before taxation of the associated companies, namely Ascend Computer Rental Pte Ltd (40%), Kingsmen (Korea) Limited (25%), and Kingsmen Nikko Limited (30%), which were acquired in FY2004.

Profit before taxation

Profit before taxation increased by S\$372,000 or 71.0% to S\$895,000 for the first half of FY2005 as compared to S\$523,000 for the corresponding period in FY2004.

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

The results are in line with that stated in our announcement dated 25th February 2005.

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.

With the improved market sentiments in general, we have been able to achieve growth in our Retail and Office Interiors division. The increased revenue from the division is also attributed to the growth in our regional export business. Going forward, we will continue to allocate our resources to grow our exports in the Asia-Pacific region, United States and Europe, where we have the advantage in producing cost-competitive, high quality fixtures for retail interiors.

Due to the crossover between the market segments of our Exhibition business and Interiors business, we have shifted our focus on key accounts with an overall macro view on the needs of our customers. We will continue to offer “roll-out programmes” to cater to the regional needs of each client.

We are still confident that the Vietnam market will continue to provide growth opportunities for the Group, given the recent increase in investor confidence, growth in the tourism industry, new infrastructure projects planned by the Vietnamese government, as well as the boom in the retail sector and exhibition sector.

Our subsidiary company in Indonesia has been set up to cater to the anticipated boom in the country’s retail sector. Our Malaysian operations have also registered encouraging growth with a new production facility there.

On a Group basis, the confirmed contract/sales achieved as at 31 July 2005 totalled S\$47.0 million (including the S\$28.1 million sales reported in the first half of FY2005). As in previous years, we expect to see a higher volume of business and revenue in the second half of the year.

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?
None.

(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/recommendeded for the period ended 30.06.2005.

BY ORDER OF THE BOARD

Soh Siak Poh Benedict
Group Managing Director
13/08/2005