

Half Year Financial Statement for the Period Ended 30 June 2006

**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 06 S\$'000	30 Jun 05 S\$'000	Increase/ (decrease) %
Turnover	40,940	28,104	46%
Cost of sales	(29,821)	(20,372)	46%
Gross profit	11,119	7,732	44%
Other income	724	512	41%
Cost and expenses			
Selling and marketing expenses	(240)	(163)	47%
Bad debt recovered (trade)	2	22	(91%)
Bad debt written off (trade)	(109)	-	n/m
Allowance for doubtful debts (trade)	(179)	(71)	152%
Write-back of allowance for doubtful debts (trade)	18	-	n/m
Depreciation of property, plant and equipment	(474)	(339)	40%
(Loss)/gain on disposal of property, plant and equipment	(7)	1	n/m
Property, plant and equipment written off	(54)	-	n/m
Rental of premises	(909)	(695)	31%
Rental of equipment and vehicles	(30)	(24)	25%
Directors' remuneration and fees	(1,527)	(1,140)	34%
Staff costs	(4,724)	(3,873)	22%
Exchange (loss)/gain	(145)	12	n/m
General and administrative expenses	(1,467)	(1,251)	17%
Total operating expenses	(9,845)	(7,521)	31%
Share of results of associates	99	172	(42%)
Financial expenses	(41)	(29)	41%
Financial income	27	6	350%
Profit before taxation	2,083	872	139%
Taxation – current year	(451)	(130)	247%
– (under)/over provision in respect of previous years	(20)	22	n/m
Profit for the financial year	1,612	764	111%
Attributable to:			
Equity holders of the parent	1,710	708	142%
Minority interests	(98)	56	n/m
	1,612	764	

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 06 S\$000	As at 31 Dec 05 S\$000	As at 30 Jun 06 S\$000	As at 31 Dec 05 S\$000
NON-CURRENT ASSETS				
Property, plant and equipment	3,771	3,384	130	129
Goodwill on consolidation	1,689	1,689	-	-
Investments in subsidiaries	-	-	8,267	7,994
Investments in associates	1,965	1,866	1,683	1,471
Other investments	434	434	434	434
Total Non-Current Assets	7,859	7,373	10,514	10,028
CURRENT ASSETS				
Inventories	2	2	-	-
Contracts work-in-progress	2,500	1,992	-	-
Trade receivables	22,517	24,353	22	17
Other receivables, deposit and prepayments	2,580	1,187	294	1,963
Amounts due from related parties	2,550	1,586	592	504
Amounts due from associates	681	660	158	306
Amounts due from subsidiaries	-	-	1,317	1,220
Fixed deposits	2,159	1,193	-	-
Cash on hand and at bank	2,680	5,710	124	136
	35,669	36,683	2,507	4,146
CURRENT LIABILITIES				
Progress billings in excess of contracts work-in-progress	2,248	150	-	-
Trade payables	12,388	15,945	-	86
Other payables and accruals	6,474	6,727	220	330
Deferred income	2,649	1,827	-	-
Amounts due to related parties	1,165	1,439	224	272
Amounts due to subsidiaries	-	-	1,279	1,188
Amounts due to associates	329	613	-	-
Interest-bearing loans and borrowings	480	353	-	-
Provision for taxation	744	691	5	114
	26,477	27,745	1,728	1,990
NET CURRENT ASSETS	9,192	8,938	779	2,156
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	780	591	-	-
Deferred taxation	182	182	9	9
	16,089	15,538	11,284	12,175
CAPITAL AND RESERVES				
Share capital	10,982	7,582	10,982	7,582
Share premium	-	3,400	-	3,400
Revenue reserves	4,222	3,523	48	939
Capital reserves	254	254	254	254
Translation reserves	(119)	(51)	-	-
	15,339	14,708	11,284	12,175
Minority interests	750	830	-	-
TOTAL EQUITY	16,089	15,538	11,284	12,175

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

Amount repayable in one year or less, or on demand

As at 30/06/06		As at 31/12/05	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
480	0	353	0

Amount repayable after one year

As at 30/06/06		As at 31/12/05	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
780	0	591	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 overdrafts are secured by fixed deposits pledged to the banks, by personal guarantees given by certain directors of the Company and its subsidiaries; and by debenture deeds which provide for first fixed and floating charges over the present and future undertakings and assets of certain subsidiaries.

The finance lease liabilities of the Group are secured by the rights to the leased motor vehicles and machinery.

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 06	30 Jun 05
	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,083	872
Adjustments for:		
Depreciation of property, plant and equipment	474	339
Loss/(gain) on disposal of property, plant and equipment	7	(1)
Property, plant and equipment written off	54	-
Bad debt recovered (trade)	(2)	(22)
Bad debt written off (trade)	109	-
Allowance for doubtful debts (trade)	179	71
Write-back of allowance for doubtful debts (trade)	(18)	-
Interest income	(27)	(6)
Interest expenses	41	29
Share of results of associates	(99)	(172)
Currency realignment	(27)	24
Operating profit before working capital changes	2,774	1,134
Decrease/(increase) in contracts work-in-progress (net)	1,590	(400)
(Increase)/decrease in trade and other receivables	(810)	1,543
Decrease in trade and other payables	(3,546)	(2,290)
Cash generated from/(used in) operations	8	(13)
Interest paid	(41)	(29)
Interest received	27	6
Tax paid	(418)	(228)
Net cash used in operating activities	(424)	(264)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	15	15
Acquisition of property, plant and equipment	(440)	(737)
Acquisition of other investment	-	(53)
Net cash used in investing activities	(425)	(775)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid on ordinary shares by the company	(1,011)	(708)
Dividend paid to minority shareholders of the subsidiaries	(6)	(62)
Repayment of finance lease obligations (net)	(171)	(27)
Repayment of long-term borrowings (net)	(23)	13
Net cash used in financing activities	(1,211)	(784)
Net decrease in cash and cash equivalents	(2,060)	(1,823)
Cash and cash equivalents at beginning of period	6,772	3,299
Cash and cash equivalents at end of period (Note A)	4,712	1,476

Note A: Cash and cash equivalents

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

	Group	
	30 Jun 06	30 Jun 05
	S\$'000	S\$'000
Cash on hand and at bank	2,680	1,734
Fixed deposits	2,159	142
Bank overdrafts	(127)	(400)
Cash and cash equivalents	4,712	1,476

- 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	Capital Reserve S\$000	Translation Reserves S\$000	Total S\$000	Minority Interests 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
Translation adjustments	-	-	-	-	36	36	8	44
As at 30 June 2005	7,582	3,400	2,192	-	(30)	13,144	687	13,831

The Group	Share Capital S\$000	Share Premium S\$000	Revenue Reserves S\$000	Capital Reserve S\$000	Translation Reserves S\$000	Total S\$000	Minority Interests S\$'000	Total Equity S\$'000
As at 1 January 2006	7,582	3,400	3,523	254	(51)	14,708	830	15,538
Transfer of share premium to share capital	3,400	(3,400)	-	-	-	-	-	-
Dividend paid	-	-	(1,011)	-	-	(1,011)	(6)	(1,017)
Net profit / (loss) for the period	-	-	1,710	-	-	1,710	(98)	1,612
Translation adjustments	-	-	-	-	(68)	(68)	24	(44)
As at 30 June 2006	10,982	-	4,222	254	(119)	15,339	750	16,089

The Company	Share Capital S\$000	Share Premium S\$000	Revenue Reserves S\$000	Capital Reserve 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

The Company	Share Capital S\$000	Share Premium S\$000	Revenue Reserves S\$000	Capital Reserve S\$000	Total S\$000
As at 1 January 2006	7,582	3,400	939	254	12,175
Transfer of share premium to share capital	3,400	(3,400)	-	-	-
Dividend paid	-	-	(1,011)	-	(1,011)
Net profit for the period	-	-	120	-	120
As at 30 June 2006	10,982	-	48	254	11,284

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.

On 30 January 2006, in accordance with Companies (Amendment) Act 2005, the concepts of "par value" and "authorised capital" were abolished and on that date, the shares of the Company ceased to have a par value. In addition, the amount standing in the share premium reserve had become part of the Company's share capital.

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>	<u>No. of shares under options granted</u>	<u>Options forfeited</u>	<u>Balance at 30 June 06</u>	<u>Subscription price</u>	<u>Expiry 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 and the Company have 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.

	Group	
	30 Jun 2006	30 Jun 2005
Net profit for the period attributable to ordinary shareholder for basic and diluted earnings per share (S\$000)	1,710	708
Weighted average number of ordinary shares of S\$0.075 each in issue ('000)	101,094	101,094
Effect of dilutive securities : Share options (Note A)	-	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per shares	101,094	101,094
Earnings per share based on weighted average number of ordinary shares in issue (cents)	1.69	0.70
Earnings per share on fully diluted basis (cents)	1.69	0.70

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 06	As at 31 Dec 05	As at 30 Jun 06	As at 31 Dec 05
Net asset value (S\$000)	15,339	14,708	11,284	12,175
Number of ordinary shares ('000)	101,094	101,094	101,094	101,094
Net asset value per ordinary share based on issued share capital at end of the period/year (cents)	<u>15.17</u>	<u>14.55</u>	<u>11.16</u>	<u>12.04</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 FY2006 increased by S\$12.84 million to S\$40.94 million as compared with S\$28.1 million for the corresponding period in FY2005. The increase in revenue was attributable to all divisions within the Group, in particular from the Exhibitions and Museums division and the Interiors division.

The Exhibitions and Museums division achieved a growth of 65% in revenue for the first half of FY2006. The revenue contributor to this division includes major exhibition events such as the Asian Aerospace, TFAP, Arabian Travel Mart, Communique Asia, ITB Berlin, Cannex and FHA. The Group has also continued to undertake the event launches for BMW in Singapore and Yamaha Motors in Vietnam and Malaysia throughout the year.

The Interiors division achieved a growth of 26% in revenue for the first half of FY2006. Approximately 75% of our revenue from the Interiors division for the first half of FY2006 was derived from our key accounts, which include Adidas, Baccarat, DFS, FJ Benjamin, GRI, Marks & Spencer, Nokia, Nuance-Watsons, Osim, P&G, Performance Motors, POSBank, The Hour Glass, Watsons, Wing Tai, Marionnaud Perfumaries, Philip Electronics and Planet Traveller. Of these, about S\$3.8 million were from the export of fixtures.

Revenue from both the Research and Design division and the IMC division has also registered a growth for the first half of FY2006.

Gross Profit

Gross profit increased by S\$3.38 million or 44% to S\$11.12 million for the first half of FY2006 as compared to S\$7.7 million for the corresponding period in FY2005.

Gross profit margin for the first half of FY2006 was 27.2% as compared to 27.5% for the corresponding period in FY2005.

In the earlier part of FY2006, a significant portion of our exhibition revenue and absolute gross profit were derived from the Asian Aerospace event, although in terms of margins (%), the official contract portion of this event yields a slightly lower gross profit margin. If the gross profit margin from this official contract portion were to be excluded, the Group would in fact have achieved a higher GP margin for the first half of FY2006 as compared with the corresponding period of FY2005.

Other Income

Other income, which comprises mainly corporate fees income, rental income, bank interest income and miscellaneous income, increased from S\$512,000 in the first half of FY2005 to S\$724,000 for the corresponding period in FY2006 due to:-

- a) higher corporate fees income from associated companies and affiliated companies of S\$376,000 (1H05: S\$289,000);
- b) higher rental income from the sublet of premises/factory of S\$302,000 (1H05: S\$161,000); and
- c) higher bank interest income of S\$25,000 (1H05: S\$1,000);

Operating Expenses

Operating expenses increased by S\$2.32 million to S\$9.85 million for the first half of FY2006 as compared to S\$7.52 million for the corresponding period in FY2005, mainly due to the following: -

- a) Expenses due to the operations of the newly set up factory/workshop in Johore Bahru, Malaysia, amounting to S\$143,000 comprising mainly:-
 - i) rental of premises of S\$110,000, and
 - ii) other general and administrative expenses of S\$30,000.

The factory/workshop occupies a premise of 200,000 sq ft and is located next to Senai Airport in Johore Bahru. It was set up in April 2006 and its main activities are to manufacture retail and office interiors, exhibition set-ups, as well as shop fixtures and displays.

- b) Expenses due to the operations of a subsidiary in Singapore, Kingsmen Ooh-media Pte Ltd (which was incorporated during the last quarter of FY2005), amounting to S\$163,000 comprising mainly:-
 - i) directors' remuneration and staff costs amounting to S\$118,000, and
 - ii) other general and administrative expenses of S\$36,000.
- c) Expenses due to the operations of a subsidiary in Indonesia, PT Kingsmen Indonesia (which was incorporated during the second quarter of FY2005), amounting to S\$198,000 (1H05: S\$57,000) comprising mainly:-
 - i) directors' remuneration and staff costs amounting to S\$118,000 (1H05: S\$8,000), and
 - ii) other general and administrative expenses of S\$80,000 (1H05: S\$49,000).
- d) Increase in operating expenses of the Group's Singapore, Vietnam and Malaysia subsidiaries of S\$1.88 million (1H06: S\$9.34 million; 1H05: S\$7.46 million) comprising:-
 - i) increase in staff costs from S\$3.87 million to S\$4.59 million (with an increase in headcount of 11%);
 - ii) increase in directors' remuneration from S\$1.14 million to S\$1.42 million;
 - iii) increase in general and administrative expenses from S\$1.23 million to S\$1.44 million;
 - iv) increase in premises rental expenses from S\$692,000 to S\$782,000;
 - v) increase in bad and doubtful debts expenses from S\$49,000 to S\$268,000;
 - vi) increase in depreciation expenses from S\$325,000 to S\$455,000;
 - vii) increase in selling and distribution expenses from S\$163,000 to S\$236,000, and
 - viii) exchange loss of S\$145,000 for 1H06 as compared with an exchange gain of S\$12,000 for 1H05.

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%).

Profit before taxation

Profit before taxation increased by S\$1.21 million or 139% to S\$2.08 million for the first half of FY2006 as compared to S\$872,000 for the corresponding period in FY2005.

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

Not applicable.

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.

Our efforts in managing our key accounts have produced results. In the current year, we will continue to implement the “roll-out programmes” for POSBank in Singapore and Nokia within the Asia Pacific region.

The travel retail industry, which is experiencing a renewal in growth, has provided us with numerous retail fit-out projects in places as far as San Francisco, Fiji, Guam, Hawaii and Australia. Such jobs have strengthened our reputation and expertise in this area and we will continue to capitalise on our strength to offer these services in the Asia Pacific region and beyond.

On the home-front, we are currently working on various projects at Vivo City, which is scheduled to open in a few months' time. We are also working on a few key accounts for museums/visitor centres, including the National Museum of Singapore.

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

In June 06, we undertook a major exhibition set-up for Nakheel Group in Dubai. The project was jointly undertaken with one of our affiliated companies. The success which we achieved in this project has given us substantial recognition in Dubai in terms of the capabilities of our Group and our network. Going forward, we are confident to gain a larger share in this market for our Exhibitions division.

We have been appointed as the main fit-out service provider for the interior works for the National Museum and one of the main contractors for the design and construction for the stages and décor for the National Day Parade 2006. For the second half of FY2006, major works has been lined up for SIBOS 06, ITU 06.

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, and typically such special-designed jobs also yield a better gross profit margin than the main contract. We also expect to have a significant number of projects for the new Singapore Air Show 2008.

Going forward, the development of the Integrated Resort in Singapore will create a host of potential contracts for interior works, theme decorations and retail interiors. In addition, our services may be required when the resorts are operational and events and exhibitions are held there.

On a Group basis, the confirmed contract/sales achieved as at 8 August 2006 totalled S\$62.90 million (including the S\$40.94 million sales reported in the first half of FY2006).

Overall, it has proved to be a busy and rewarding half-year for us. Barring unforeseen circumstances, we are confident that we will achieve better results for FY2006.

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/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded for the period ended 30 June 2006.

13. Pursuant to Rule 1207(16), please provide the information required by Rule 907 in respect of any interested person transactions entered into during the financial period.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transaction less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S\$100,000)
Kingsmen International Pte Ltd *	\$630,421	-
Kingsmen Fairtech Int'l (P) Ltd	-	\$659,472
Kingsmen Middle East LLC	-	\$974,395

* in respect of the lease of office and workshop premises

BY ORDER OF THE BOARD

Soh Siak Poh Benedict
Group Managing Director
11/08/2006