

Half Year Financial Statement for the Period Ended 30 June 2007
**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 07 S\$'000	30 Jun 06 S\$'000	Increase/ (decrease) %
Turnover	48,285	40,940	18%
Cost of sales	(35,493)	(29,821)	19%
Gross profit	12,792	11,119	15%
Other income	971	724	34%
Cost and expenses			
Selling and marketing expenses	(219)	(240)	(9%)
Bad debts recovered (trade)	-	2	n/m
Bad debts written off (trade)	(4)	(109)	(96%)
Allowance for doubtful debts (trade)	-	(179)	n/m
Write-back of allowance for doubtful debts (trade)	13	18	(28%)
Depreciation of property, plant and equipment	(773)	(474)	63%
Loss on disposal of property, plant and equipment	-	(7)	n/m
Property, plant and equipment written off	(1)	(54)	(98%)
Rental of premises	(1,040)	(909)	14%
Rental of equipment and vehicles	(50)	(30)	67%
Directors' remuneration and fees	(1,773)	(1,527)	16%
Staff costs	(4,946)	(4,724)	5%
Exchange loss	(34)	(145)	(77%)
General and administrative expenses	(1,763)	(1,467)	20%
Total operating expenses	(10,590)	(9,845)	8%
Share of results of associates	207	99	109%
Financial expenses	(49)	(41)	20%
Financial income	87	27	222%
Profit before taxation	3,418	2,083	64%
Taxation – current year	(597)	(451)	32%
– over/(under) provision in respect of previous years	54	(20)	n/m
Profit for the financial period	2,875	1,612	78%
Attributable to:			
Equity holders of the parent	2,830	1,710	65%
Minority interests	45	(98)	n/m
	2,875	1,612	

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 07 S\$000	As at 31 Dec 06 S\$000	As at 30 Jun 07 S\$000	As at 31 Dec 06 S\$000
NON-CURRENT ASSETS				
Property, plant and equipment	3,906	4,334	107	125
Goodwill on consolidation	1,689	1,689	-	-
Investments in subsidiaries	-	-	8,324	8,324
Investments in associates	3,126	2,334	2,268	1,683
Other investments	543	543	543	543
Total Non-Current Assets	9,264	8,900	11,242	10,675
CURRENT ASSETS				
Inventories	2	2	-	-
Contracts work-in-progress	5,447	2,088	-	-
Trade receivables	32,000	28,155	25	28
Other receivables, deposits and prepayments	2,275	2,021	851	3,878
Amounts due from related parties	2,009	3,599	669	591
Amounts due from associates	523	332	249	155
Amounts due from subsidiaries	-	-	1,132	1,134
Fixed deposits	13,386	6,581	9,011	-
Cash on hand and at bank	2,678	6,546	3	41
	58,320	49,324	11,940	5,827
CURRENT LIABILITIES				
Progress billings in excess of contracts work-in-progress	5,421	648	-	-
Trade payables	13,681	20,235	100	135
Other payables and accruals	12,182	9,937	218	289
Deferred income	2,756	2,837	-	-
Amounts due to related parties	1,360	1,016	1	262
Amounts due to subsidiaries	-	-	2,052	1,445
Amounts due to associates	164	560	-	-
Interest-bearing loans and borrowings	700	635	-	-
Provision for taxation	1,808	2,013	490	490
	38,072	37,881	2,861	2,621
NET CURRENT ASSETS	20,248	11,443	9,079	3,206
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	855	1,046	-	-
Deferred taxation	89	136	10	10
NET ASSETS	28,568	19,161	20,311	13,871
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
Share capital	20,255	10,982	20,255	10,982
Revenue reserves	7,800	7,449	31	2,635
Share option reserves	25	254	25	254
Foreign currency translation reserves	(170)	(165)	-	-
	27,910	18,520	20,311	13,871
Minority interests	658	641	-	-
TOTAL EQUITY	28,568	19,161	20,311	13,871

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 Jun 07		As at 31 Dec 06	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
700	0	635	0

Amount repayable after one year

As at 30 Jun 07		As at 31 Dec 06	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
855	0	1,046	0

Details of any collateral

The bank term loans are secured by way of a first legal mortgage on 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 obligations 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	
	Year Ended 30 Jun 07 S\$'000	Year Ended 30 Jun 06 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,418	2,083
Adjustments for:		
Depreciation of property, plant and equipment	773	474
Loss on disposal of property, plant and equipment	-	7
Property, plant and equipment written off	1	54
Bad debts recovered (trade)	-	(2)
Bad debts written off (trade)	4	109
Allowance for doubtful debts (trade)	-	179
Write-back of allowance for doubtful debts (trade)	(13)	(18)
Interest income	(87)	(27)
Interest expenses	49	41
Share of results of associates	(207)	(99)
Currency realignment	(52)	(27)
Operating profit before working capital changes	3,886	2,774
Decrease in contracts work-in-progress (net)	1,414	1,590
Increase in trade and other receivables	(2,691)	(810)
Decrease in trade and other payables	(4,442)	(3,546)
Cash generated from operations	(1,833)	8
Interest paid	(49)	(41)
Interest received	87	27
Tax paid	(793)	(418)
Net cash used in operating activities	(2,588)	(424)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	15
Purchase of property, plant and equipment	(258)	(440)
Acquisition of associates	(585)	-
Net cash used in investing activities	(843)	(425)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in amount pledged to banks for overdraft facilities	(3)	16
Dividends paid on ordinary shares by the Company	(2,479)	(1,011)
Proceeds from issue of new ordinary shares	9,044	-
Dividends paid to minority shareholders of the subsidiaries	-	(6)
Repayments of finance lease obligations (net)	(237)	(171)
Repayments of long-term bank borrowings (net)	(15)	(23)
Net cash generated from/(used in) financing activities	6,310	(1,195)
Net increase in cash and cash equivalents	2,879	(2,044)
Cash and cash equivalents at beginning of year	12,879	6,629
Cash and cash equivalents at end of year (Note A)	15,758	4,585

Note A: Cash and cash equivalents

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

	Group	
	30 Jun 07	30 Jun 06
	S\$'000	S\$'000
Cash on hand and at bank	2,678	2,680
Fixed deposits	13,386	2,159
Bank overdrafts	(158)	(127)
	<hr/>	<hr/>
	15,906	4,712
Amount pledged to banks for overdraft facilities	(148)	(127)
	<hr/>	<hr/>
Cash and cash equivalents	15,758	4,585
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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.**

The Group

	Share Capital S\$000	Share Premium S\$000	Revenue Reserves S\$000	Other 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	203	14,708	830	15,538
Transfer of share premium to share capital	3,400	(3,400)	-	-	-	-	-
Dividends paid	-	-	(1,011)	-	(1,011)	-	(1,011)
Dividends paid to minority interests	-	-	-	-	-	(6)	(6)
Profit / (loss) for the period	-	-	1,710	-	1,710	(98)	1,612
Net effect of exchange differences	-	-	-	(68)	(68)	24	(44)
As at 30 June 2006	10,982	-	4,222	135	15,339	750	16,089
As at 1 January 2007	10,982	-	7,449	89	18,520	641	19,161
Dividends paid	-	-	(2,479)	-	(2,479)	-	(2,479)
Profit for the period	-	-	2,830	-	2,830	45	2,875
Capital contribution due to increase in share capital	9,044	-	-	-	9,044	-	9,044
Transfer of share option reserve to share capital	229	-	-	(229)	-	-	-
Net effect of exchange differences	-	-	-	(5)	(5)	(28)	(33)
As at 30 June 2007	20,255	-	7,800	(145)	27,910	658	28,568

The Company

	Share Capital S\$000	Share Premium S\$000	Revenue Reserves S\$000	Other Reserves 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)	-	-	-
Dividends paid	-	-	(1,011)	-	(1,011)
Profit for the period	-	-	120	-	120
As at 30 June 2006	10,982	-	48	254	11,284
As at 1 January 2007	10,982	-	2,635	254	13,871
Capital contribution due to increase in share capital	9,044	-	-	-	9,044
Transfer of share option reserve to share capital	229	-	-	(229)	-
Dividends paid	-	-	(2,479)	-	(2,479)
Loss for the period	-	-	(125)	-	(125)
As at 30 June 2007	20,255	-	31	25	20,311

- 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 the 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 Exercised</u>	<u>Balance at 30 June 07</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	3,000,000	(2,685,000)	315,000	S\$0.21	31 May 09

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

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

The figures have not been audited or 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 year'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 2007	30 Jun 2006
Net profit for the year attributable to ordinary shareholders for basic and diluted earnings per share (\$000)	2,830	1,710
Weighted average number of ordinary shares of \$0.075 each in issue ('000)	111,420	101,094
Effect of dilutive securities : Share options	1,824	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per shares	113,244	101,094
Earnings per share based on weighted average number of ordinary shares in issue (cents)	2.54	1.69
Earnings per share on fully diluted basis (cents)	2.50	1.69

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

**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 07	As at 31 Dec 06	As at 30 Jun 07	As at 31 Dec 06
Net asset value (\$000)	27,910	18,520	20,311	13,871
Number of ordinary shares ('000)	123,979	101,094	123,979	101,094
Net asset value per ordinary share based on issued share capital at end of the year (cents)	<u>22.51</u>	<u>18.32</u>	<u>16.38</u>	<u>13.72</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**

Revenue

Revenue for 1H07 increased by \$7.35 million, or 18%, to \$48.29 million as compared to \$40.94 million for 1H06. The increase in revenue was mainly contributed by the Group's Interiors division.

The Interiors division achieved revenue of \$27.34 million in 1H07. The Group's continued focus on key accounts management and "roll-out programmes" throughout Singapore, Malaysia and Indonesia has provided it with a source of repeat revenue from customers and brands such as Banana Republic, Burberry, Coach, DBS, Esprit, Gap, Guess, La Senza, Nokia, the Robinsons Group and Tag Heuer. Revenue from key accounts and repeat customers accounted for up to 90% of the Group's Interiors revenue during 1H07. The fixture division has also expanded its geographical reach with fixture export to the US market.

The Exhibitions and Museums division achieved revenue of \$18.14 million for 1H07. This includes revenue from major exhibition events such as Communique Asia, Paris Airshow, TFAP, event launches undertaken for BMW in Singapore and Yamaha Motors in Vietnam, and the year round Jomheboh event in Malaysia. On Museum business, significant progress has been made for the two museum projects in Singapore scheduled for completion in the third quarter of the year, namely the Home Team Academy Museum and the Army Museum.

Revenue from the Research and Design division and Integrated Marketing Communication division has also experienced an increase in 1H07.

Gross Profit

Gross profit increased by \$1.67 million or 15% to \$12.79 million in 1H07 as compared to \$11.12 million in 1H06. Gross profit margin for 1H07 was 26.5% as compared to 27.2% for H106.

Other Income

Other income, which comprises mainly rental income, corporate fees and miscellaneous income, increased from \$724,000 in 1H06 to \$971,000 in 1H07 mainly due to higher rental income from the sublet of premises/factory of \$536,000 (1H06: \$302,000).

Operating Expenses

Operating expenses increased from \$9.85 million for 1H06 to \$10.59 million for 1H07 due to the following: -

- (a) Higher expenses of \$404,000 in 1H07 for the production facilities in Johore Bahru (which was set up in April 06), as compared with \$143,000 in 1H06 as a result of higher premises rental expenses, depreciation expenses, general and administrative expenses and staff costs.
- (b) Increase in operating expenses of the Group's other existing Singapore, Vietnam, Indonesia and Malaysia subsidiaries of \$484,000 (1H07: \$10.19 million; 1H06: \$9.70 million) mainly due to:-
- i) increase in staff salaries and related expenses from \$4.72 million to \$4.93 million;
 - ii) increase in directors' incentive payment from \$318,000 to \$523,000;
 - iii) increase in depreciation expenses from \$474,000 to \$713,000;
 - iv) increase in other G&A expenses from \$1.36 million to \$1.61 million;
- offset by:-
- v) decrease in bad and doubtful debts expenses from \$268,000 in 1H06 to a net write back of \$9,000 in 1H07; and
 - vi) lower exchange loss of \$28,000 for 1H07 as compared with \$145,000 for 1H06.

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 (30%), and Kingsmen Nikko Limited (30%).

Profit before taxation

Profit before taxation increased by S\$1.34 million or 64% to S\$3.42 million for the first half of FY2007 as compared to S\$2.08 million for the corresponding period in FY2006.

Taxation expenses

With effect from Year of Assessment 2008 (for FY2007), the Singapore statutory corporate tax rate was reduced from 20% to 18%, and the partial tax exemption on chargeable income was increased from \$100,000 to \$300,000. The partial tax exemption has allowed for a total tax savings of approximately \$108,000 for our Singapore subsidiaries.

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

Net Assets

Net Asset of the Group increased from \$19.16 million to \$28.57 million during the first half of FY2007, of which \$8.43 million is the result of net proceeds raised through the issue of 20,000,000 new ordinary shares in the capital of the Company by way of a placement exercise at a price of S\$0.438 per share.

Investment in associates

The investment in associates comprises the companies mentioned in Note 8(a) above as well as a newly acquired 30% equity interest in Enterprise Sports Group Pte Ltd which was completed on 29th June 2007.

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

In our announcement on 27 February 2007, we stated that the Group expects to do well for FY2007. Our half year results are in line with this statement.

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.

We continue to focus on the growth of our fixture manufacturing and export business to the European and US markets. A significant portion of Interiors revenue for the rest of 2007 will be derived from “roll-out programmes” for key accounts within Asia, lined up for completion before the end of the year. In addition, more than \$15 million worth of projects are currently in progress for the two new major shopping centres in Kuala Lumpur which are scheduled for opening before the end of 2007, namely Mid Valley (The Gardens) and Pavillion. Therefore, 2007 will be a record year for our Interiors division in terms of revenue.

The last couple of years have seen our Government’s strong commitment towards propelling the growth of the MICE Industry, to establish Singapore as the premier meeting capital of the world as well as a world-class entertainment city. This, coupled with our Exhibitions divisions recent winning of the Service Partner Excellence of the Year award at the inaugural Singapore Business Events Awards by the Singapore Tourism Board, we expect to reap the rewards of the growth in this sector.

With the expected completion in August 07 of the acquisition of equity stakes in the Kingsmen-affiliated companies operating in Greater China, the Middle East and India, the Group will be reporting positive contribution from these markets in its Group results by the end of the year.

As at 6th August 2007, we have already achieved confirmed sales/contracts of approximately \$93.2 million (including sales for 1H07) for FY2007.

Barring unforeseen circumstances, the Group expects to achieve better results for the second half of FY2007.

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 2007.

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 *	105,070	-
Kingsmen Taiwan (Int'l) Co., Ltd	-	144,608

* in respect of the lease of office and workshop premises

BY ORDER OF THE BOARD

Soh Siak Poh Benedict
 Executive Chairman
 07/08/2007