

UNAUDITED RESULTS FOR FIRST QUARTER ENDED 31 MARCH 2010
**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.

	Note	Group		+/- %
		3 Months Ended		
		31 Mar 10 S\$'000	31 Mar 09 S\$'000	
Revenue		46,674	35,693	30.8%
Cost of sales		(34,420)	(26,087)	31.9%
Gross profit		12,254	9,606	27.6%
Other items of income				
Interest income		30	33	-9.1%
Other income	(a)	672	1,809	-62.9%
Other items of expense				
Depreciation of property, plant and equipment		(374)	(491)	-23.8%
Staff salaries and related expenses		(7,284)	(6,276)	16.1%
Other expenses		(2,359)	(2,161)	9.2%
Interest expense		(18)	(24)	-25.0%
Share of results of associates		(48)	77	n/m
Profit before tax	(b)	2,873	2,573	11.7%
Income tax expense	(c)	(609)	(312)	95.2%
Profit net of tax		2,264	2,261	0.1%
Profit attributable to:				
Owners of the parent		2,291	2,349	-2.5%
Minority interests		(27)	(88)	-69.3%
		2,264	2,261	
Consolidated statement of comprehensive income				
Profit net of tax		2,264	2,261	0.1%
Other comprehensive income:				
Foreign currency translation		18	837	-97.8%
Other comprehensive income for the period, net of tax		18	837	-97.8%
Total comprehensive income for the period		2,282	3,098	-26.3%
Total comprehensive income attributable to:				
Owners of the parent		2,300	3,091	-25.6%
Minority interests		(18)	7	n/m
		2,282	3,098	

n/m = not meaningful

Explanatory notes to income statement

(a) Other income comprises :

	Group	
	3 Months Ended	
	31 Mar 10	31 Mar 09
	S\$'000	S\$'000
Administrative income	7	7
Corporate fee income	185	390
Jobs Credit grant	101	343
Management fee income	-	175
Net bad trade debt recovery	-	95
Net foreign exchange gain	-	351
Net gain on disposal of property, plant & equipment	16	10
Rental income	306	277
Miscellaneous income	57	161
	672	1,809

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

	Group	
	3 Months Ended	
	31 Mar 10	31 Mar 09
	S\$'000	S\$'000
Amortisation of intangible assets	86	93
Directors' remuneration	1,442	1,283
Inventories recognised as an expense in cost of sales	50	34
Net allowance for doubtful trade debts	7	-
Net foreign exchange loss	18	-
Operating lease expenses	829	809

(c) Included in income tax expense are under-provision of income tax relating to prior years of S\$4,000 (31 Mar 09: over-provision S\$63,000).

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.

	Note	Group		Company	
		As at 31 Mar 10 S\$'000	As at 31 Dec 09 S\$'000	As at 31 Mar 10 S\$'000	As at 31 Dec 09 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	(d)	14,300	9,824	261	212
Intangible assets	(e)	6,246	6,362	-	-
Investments in subsidiaries		-	-	16,264	16,264
Investments in associates		6,500	6,567	5,364	5,364
Other investments		805	805	805	805
Other receivables		44	33	-	-
		27,895	23,591	22,694	22,645
Current assets					
Inventories		89	66	-	-
Gross amount due from customers for contract work-in-progress	(f)	13,774	10,086	-	-
Trade receivables	(g)	54,213	75,669	1,223	913
Other receivables		5,325	5,619	736	997
Prepaid operating expenses		248	298	4	17
Amounts due from subsidiaries		-	-	1,172	1,141
Cash and cash equivalents	(h)	28,106	22,827	2,261	1,739
		101,755	114,565	5,396	4,807
Total assets		129,650	138,156	28,090	27,452
EQUITY AND LIABILITIES					
Current liabilities					
Gross amount due to customers for contract work-in-progress		3,510	2,613	-	-
Trade payables	(i)	31,367	37,067	-	-
Deferred income		3,951	3,337	-	-
Other payables and accruals		21,810	32,636	926	1,158
Amounts due to subsidiaries		-	-	2,407	1,530
Loans and borrowings	(j)	887	1,015	-	-
Income tax payable		5,875	5,298	-	-
		67,400	81,966	3,333	2,688
NET CURRENT ASSETS		34,355	32,599	2,063	2,119
Non-current liabilities					
Other payables		100	95	-	-
Loans and borrowings	(j)	4,085	276	-	-
Deferred tax liabilities		912	948	22	22
		5,097	1,319	22	22
Total liabilities		72,497	83,285	3,355	2,710
Net assets		57,153	54,871	24,735	24,742
Equity attributable to owners of the parent					
Share capital		23,266	23,266	23,266	23,266
Treasury shares		(1,850)	(1,850)	(1,850)	(1,850)
Retained earnings		33,170	30,879	3,319	3,326
Other reserves		(410)	(419)	-	-
		54,176	51,876	24,735	24,742
Minority interests		2,977	2,995	-	-
Total equity		57,153	54,871	24,735	24,742
Total equity and liabilities		129,650	138,156	28,090	27,452

Explanatory notes to balance sheet

(d) **Property, plant and equipment**

Increase in property, plant and equipment was mainly due to acquisition of two factory units under construction by subsidiaries in Selangor, Malaysia during the financial period.

(e) **Intangible assets**

	Group		
	Goodwill S\$'000	Customer relationship S\$'000	Total S\$'000
Cost:			
At 1 January 2010	6,447	1,716	8,163
Exchange differences	(26)	(10)	(36)
	<u>6,421</u>	<u>1,706</u>	<u>8,127</u>
At 31 March 2010	<u>6,421</u>	<u>1,706</u>	<u>8,127</u>
Accumulated amortisation and impairment:			
At 1 January 2010	1,000	801	1,801
Amortisation	-	86	86
Exchange differences	-	(6)	(6)
	<u>1,000</u>	<u>881</u>	<u>1,881</u>
At 31 March 2010	<u>1,000</u>	<u>881</u>	<u>1,881</u>
Net carrying amount:			
At 31 March 2010	<u>5,421</u>	<u>825</u>	<u>6,246</u>

(f) **Gross amount due from customers for contract work-in-progress**

Included in gross amount due from customers for contract work-in-progress are work-in-progress related to projects for Bank Negara Malaysia and Shanghai World Expo, and other interior fit-out projects across Asia.

(g) **Trade receivables**

Decrease in trade receivables was partly due to progress billings and collections for the projects at Universal Studios Singapore (USS).

(h) **Cash and cash equivalents**

	Group		Company	
	As at 31 Mar 10 S\$'000	As at 31 Dec 09 S\$'000	As at 31 Mar 10 S\$'000	As at 31 Dec 09 S\$'000
Cash at banks and in hand	16,343	16,218	269	247
Short-term deposits	11,763	6,609	1,992	1,492
	<u>28,106</u>	<u>22,827</u>	<u>2,261</u>	<u>1,739</u>
Total	<u>28,106</u>	<u>22,827</u>	<u>2,261</u>	<u>1,739</u>

(i) **Trade payables**

Decrease in trade payables was due to payments made during the financial period.

(j) **Loans and borrowings**

Included in loans and borrowings is a bank term loan which was granted for the acquisition of two factory units in Selangor, Malaysia.

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

	Group	
	As at 31 Mar 10	As at 31 Dec 09
	S\$'000	S\$'000
<u>Secured</u>		
- repayable within one year	887	1,015
- repayable after one year	4,085	276
	<hr/>	<hr/>
	4,972	1,291
	<hr/>	<hr/>
<u>Unsecured</u>		
- repayable within one year	-	-
- repayable after one year	-	-
	<hr/>	<hr/>
	-	-
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Details of any collateral

Bank term loans are secured by way of first legal charge on the Group's two factory units in Selangor, Malaysia, corporate guarantees of the Company and its subsidiaries in Malaysia and personal guarantees given by certain directors of its subsidiaries.

Bank overdrafts are secured by fixed deposits pledged to the banks, corporate guarantees of the Company and its subsidiaries in Malaysia and personal guarantees given by certain directors of its subsidiaries.

Finance lease obligations of the Group are secured by the rights to the leased equipment, machinery and motor vehicles.

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

	Note	Group	
		3 Months Ended	
		31 Mar 10	31 Mar 09
		S\$'000	S\$'000
Cash flows from operating activities			
Profit before tax		2,873	2,573
Adjustments for:			
Depreciation of property, plant and equipment		374	491
Net gain on disposal of property, plant and equipment		(16)	(10)
Income from other investment		-	(17)
Allowance for doubtful trade debts		7	-
Amortisation of intangible assets		86	93
Interest income		(30)	(33)
Interest expense		18	24
Share of results of associates		48	(77)
Currency realignment		70	(313)
Total adjustments		557	158
Operating cash flows before changes in working capital		3,430	2,731
Changes in working capital:			
Decrease in trade and other receivables		21,782	6,557
(Increase)/decrease in inventories		(23)	2
Increase in gross amount due from customers for contract work-in-progress		(3,688)	(4,102)
Increase in gross amount due to customers for contract work-in-progress		897	1,842
Increase in deferred income		614	1,904
Decrease in trade and other payables		(16,521)	(11,192)
Cash flows from/(used in) operations		6,491	(2,258)
Interest received		30	33
Interest paid		(18)	(24)
Income tax paid		(62)	(21)
Net cash flows from/(used in) operating activities		6,441	(2,270)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		16	10
Purchase of property, plant and equipment		(4,831)	(288)
Proceeds from disposal of other investment		-	1,144
Dividend received from associates		12	7
Net cash flows (used in)/from investing activities		(4,803)	873
Cash flows from financial activities			
Increase in amount pledged to banks for banking facilities		(19)	(12)
Proceeds from loans and borrowings		4,008	2,500
Repayment of finance lease obligations		(240)	(230)
Repayment of long-term bank borrowings		(139)	(177)
Net cash flows from financing activities		3,610	2,081
Net increase in cash and cash equivalents		5,248	684
Effect of exchange rate changes on cash and cash equivalents		(40)	823
Cash and cash equivalents at beginning of period		20,319	27,166
Cash and cash equivalents at end of period	(k)	25,527	28,673

Explanatory notes to cash flow statement

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

	Group	
	As at 31 Mar 10	As at 31 Mar 09
	S\$'000	S\$'000
Cash and bank balances	28,106	29,619
Bank overdrafts	(430)	(40)
	27,676	29,579
Amount pledged to banks for banking facilities	(2,149)	(906)
Cash and cash equivalents	25,527	28,673

- 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 owners of the parent						
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Other reserves S\$'000	Equity attributable to owners of the parent, total S\$'000	Minority interests S\$'000	Equity, total S\$'000
Opening balance at 1 January 2009	23,266	(1,850)	21,855	(565)	42,706	2,714	45,420
Total comprehensive income for the period	-	-	2,349	742	3,091	7	3,098
Closing balance at 31 March 2009	23,266	(1,850)	24,204	177	45,797	2,721	48,518
Opening balance at 1 January 2010	23,266	(1,850)	30,879	(419)	51,876	2,995	54,871
Total comprehensive income for the period	-	-	2,291	9	2,300	(18)	2,282
Closing balance at 31 March 2010	23,266	(1,850)	33,170	(410)	54,176	2,977	57,153

Company	Attributable to owners of the parent			
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Equity, total S\$'000
Opening balance at 1 January 2009	23,266	(1,850)	1,329	22,745
Total comprehensive income for the period	-	-	351	351
Closing balance at 31 March 2009	23,266	(1,850)	1,680	23,096
Opening balance at 1 January 2010	23,266	(1,850)	3,326	24,742
Total comprehensive income for the period	-	-	(7)	(7)
Closing balance at 31 March 2010	23,266	(1,850)	3,319	24,735

- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares, excluding treasury shares 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.

Share capital and treasury shares

	Group and Company	
	31 Mar 10	31 Dec 09
	'000	'000
Issued and fully paid-up share capital: As at beginning and end of period / year	194,183	194,183
No. of treasury shares as at end of period / year	(4,802)	(4,802)

- 1(d) (iii) 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.

	Group and Company	
	31 Mar 10	31 Dec 09
	'000	'000
Total number of issued shares (excluding treasury shares)	189,381	189,381

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

Not applicable.

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 compared with those used in the audited financial statements for the year ended 31 December 2009.

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.

Not applicable.

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	
	3 Months Ended	
	31 Mar 10	31 Mar 09
Net profit for the period attributable to ordinary shareholders for basic and diluted earnings per share (S\$'000)	2,291	2,349
Weighted average number of ordinary shares in issue ('000)	189,381	189,381
Effect of dilutive securities : Share options ('000)	-	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per shares ('000)	189,381	189,381
Earnings per share based on weighted average number of ordinary shares in issue (cents)	1.21	1.24
Earnings per share on fully diluted basis (cents)	1.21	1.24

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

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

**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 31 Mar 10	As at 31 Dec 09	As at 31 Mar 10	As at 31 Dec 09
Net asset value, net of minority interest (S\$'000)	54,176	51,876	24,735	24,742
Number of ordinary shares, excluding treasury shares ('000)	189,381	189,381	189,381	189,381
Net asset value per share (cents)	28.61	27.39	13.06	13.06

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

The Group recorded a revenue of S\$46.7 million, which was S\$11.0 million or 30.8% higher compared to the same period last year. The increase was due to better top-line performance from the Exhibitions & Museums division, the Interiors division and the Research and Design division.

The **Exhibitions & Museums division** posted higher revenue of S\$27.4 million, up by S\$7.0 million or 34.3%, as compared with 1Q09. Contributions to 1Q10's revenue for the division included exhibition projects undertaken for events such as Asia Pacific Maritime 2010 and Singapore Airshow 2010, as well additional variations orders recognized for works completed at Universal Studios Singapore. Significant progress was made for the pavilion construction projects for Shanghai World Expo in 1Q10. These projects have since been completed.

The **Interiors division** achieved higher revenue of S\$17.3 million, as compared to S\$13.5 million for the same period last year. The division continues to sustain good revenue contributions from key customers and brand names such as Burberry, Luxury Venture, Polo Ralph Lauren, Swarovski, The Hour Glass and Tiffany & Co., and recurring revenue from the export of fixtures.

Revenue from the **Research and Design division** increased from S\$0.8 million for 1Q09 to S\$1.0 million for 1Q10 and the **IMC division** posted a revenue of S\$1.0 which is comparable to that of 1Q09.

Gross Profit

Gross profit increased by S\$2.7 million or 27.6% to S\$12.3 million in 1Q10 as compared to S\$9.6 million in 1Q09. Overall gross profit margin was comparable to that of 1Q09.

Other Income

Other income comprises items set out in Note 1(a)(a).

Other Items of Expenses

Operating expenses increased by S\$1.0 million from S\$9.0 million for 1Q09 to S\$10.0 million for 1Q10 due to the following: -

- i) increase in staff salaries and related expenses of S\$1.0 million to S\$7.3 million;
- ii) increase in general & administrative expenses of S\$0.1 million to S\$1.2 million; and the above increases are offset by:-
- iii) decrease in depreciation of property, plant and equipment of S\$0.1 million as a result of some plant and machinery being fully depreciated in Year 2009.

Interest Income

This relates mainly to interest income derived from fixed deposits and bank balances with the banks.

Share of Results of Associates

The share of losses of associates was due to share of losses from Kingsmen Middle East LLC and Kingsmen Nikko Limited; but partially offset by higher profits from Ascend Com Pte Ltd, and Kingsmen (Korea) Limited.

Net Profit after MI

The Group recorded a net profit after MI of S\$2.3 million which was comparable with that of 1Q09.

- (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 of MI)

Net assets of the Group increased by S\$2.3 million from S\$51.9 million to S\$54.2 million which was contributed by the growth of the Group's business.

Purchase of two factory units in Selangor, Malaysia

During 1Q10, the Malaysia operations acquired two factory units under construction in Selangor, Malaysia. The acquisition was financed by bank term loans for up to 85% of the purchase price of the factory units.

Trade Receivables and Trade Payables

During 1Q10, there were substantial collections from trade receivables, and also substantial payments made to trade payables.

- 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 24 February 2010, we stated that we expect that the Group would continue to do well in FY2010. Our first quarter 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.**

2010 kicked off as another promising year for the Group. With the opening of the second integrated resort in Singapore, we have seen an increase in MICE-related activities and business, and expect this to improve further. In the region, we have successfully completed our projects at the Shanghai World Expo and are in the process of bidding for several new projects including thematic & scenic works around the region.

In our interiors business, we will be involved in fitting out numerous shops and boutiques at Marina Bay Sands Shoppes® and along Orchard Road. Regionally, we see strong demand for roll-out management services for our key clients and our fixture export business to the US and Europe has also been good.

As at 12 May 2010, we have been awarded contracts of approximately S\$133 million, of which S\$119 million is expected to be recognised in FY2010.

With the strong pipeline of contracts and the visibility and demand for our services, we are confident that we will do well in the next quarter and for FY2010, barring unforeseen circumstances.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No.

(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 interim dividend has been declared or recommended in the current reporting period.

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.

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the financial period ended 31 March 2010.

14. Confirmation by the Board pursuant to Rule 705(4) of the listing manual.

We, Soh Siak Poh Benedict and Simon Ong Chin Sim, being Directors of Kingsmen Creatives Ltd. ("the Company"), do hereby confirm, for and 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 which may render the unaudited interim financial results for the first quarter ended 31 March 2010 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

Soh Siak Poh Benedict
Executive Chairman

Simon Ong Chin Sim
Group Managing Director

13 May 2010

BY ORDER OF THE BOARD

Soh Siak Poh Benedict
Executive Chairman
13 May 2010