

Half Year Financial Statement for the Period Ended 30 June 2004

**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	Actual Jun-04 S\$'000	Proforma Jun-03 S\$'000	Increase/ (decrease) %
Turnover	26,387	18,577	42%
Cost of sales	(19,835)	(12,876)	54%
Gross profit	6,552	5,701	15%
Other income	418	469	-11%
Cost and expenses			
Selling & marketing expenses	(123)	(224)	-45%
Bad & doubtful debts	24	(7)	-443%
Depreciation expenses	(236)	(208)	13%
Rental of premises	(567)	(549)	3%
Rental of equipment & vehicles	(111)	(112)	-1%
Directors' remuneration and fees	(1,090)	(845)	29%
Staff costs	(3,300)	(3,118)	6%
Exchange loss	(56)	(8)	600%
General & administrative expenses	(1,063)	(881)	21%
Total operating expenses	(6,522)	(5,952)	10%
Profit from operating activities	448	218	106%
Financial expenses	(28)	(41)	-32%
Financial income	12	6	100%
Profit before share of results of associates	432	183	136%
Share of results of associates	91	-	n/m
Profit before taxation	523	183	186%
Taxation	(101)	(20)	405%
Profit after taxation	422	163	159%
Minority interest	(5)	49	-110%
Net profit for the period	417	212	97%

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 Jun-04 S\$'000	Group Dec-03 S\$'000	Company Jun-04 S\$'000	Company Dec-03 S\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	2,220	2,252	122	113
Investment in subsidiaries	-	-	5,519	5,519
Investment in associates	458	-	367	-
Other investments	381	381	381	381
Total non-current assets	3,059	2,633	6,389	6,013
CURRENT ASSETS				
Inventories	2	2	-	-
Contract work-in-progress	371	1,541	-	-
Trade receivables	18,102	21,756	40	46
Other receivables & prepayments	606	544	227	130
Amount owing by related parties	1,455	1,076	816	542
Amount owing by subsidiaries	-	-	3,109	4,248
Dividends receivable	-	-	-	1,290
Fixed deposits	3,703	3,800	1,134	-
Cash on hand and at bank	1,071	1,664	35	161
Total current assets	25,310	30,383	5,361	6,417
TOTAL ASSETS	28,369	33,016	11,750	12,430
CAPITAL AND RESERVES				
Share capital	7,500	7,500	7,500	7,500
Share premium	3,252	3,252	3,252	3,252
Retained earnings	1,195	1,528	(150)	772
Foreign currency translation reserve	(5)	(9)	-	-
	11,942	12,271	10,602	11,524
Minority Interests	483	496	-	-
	12,425	12,767	10,602	11,524
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	253	308	-	-
Deferred taxation	103	103	-	-
Total non-current liabilities	356	411	-	-
CURRENT LIABILITIES				
Progress billings in excess of WIP	194	1,760	-	-
Trade Payables	7,974	10,491	-	-
Other payables & accruals	3,509	3,593	183	333
Deferred income	201	1,145	-	-
Amount owing to related parties	1,080	1,020	410	346
Amount owing to subsidiaries	-	-	555	227
Interest-bearing loans and borrowings	2,206	1,218	-	-
Provision for taxation	424	611	-	-
Total current liabilities	15,588	19,838	1,148	906
TOTAL EQUITY AND LIABILITIES	28,369	33,016	11,750	12,430

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

Amount repayable in one year or less, or on demand

As at 30/06/04	As at 31/12/03
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,206	0	1,218	0

Amount repayable after one year

As at 30/06/04	As at 31/12/03
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Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
253	0	308	0

Details of any collateral

The bank term loan of the Group is 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 and other banking facilities of the Malaysia subsidiaries were secured by joint and several guarantees given by certain directors of these subsidiaries and a pledge of fixed deposits of S\$204,000.

The bank overdrafts and other banking facilities of the Singapore subsidiaries were secured by a debenture covering the fixed and floating charge on all the assets and undertakings of these subsidiaries, both present and future.

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

	Actual Jun-04 S\$'000	Proforma Jun-03 S\$'000
Profit before taxation and minority interests	523	183
Adjustment for:		
Depreciation of property, plant and equipment	236	208
Loss on disposal of fixed assets	1	-
Interest income	(12)	(6)
Interest expenses	28	41
Share of profit of associates	(91)	-
Currency realignment	3	11
Operating profit before working capital changes	688	437
Increase in inventories	-	(1)
Increase in work-in-progress (net)	(396)	(1,639)
Decrease in trade and other receivables	3,213	8,255
Decrease in trade and other payables	(3,485)	(8,353)
Cash from/(used in) operations	20	(1,301)
Interest paid	(28)	(41)
Interest received	12	6
Tax paid	(290)	(1,166)
Net cash used in operating activities	(286)	(2,502)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	1	-
Acquisition of property, plant and equipment	(201)	(272)
Acquisition of associates	(367)	-
Net cash flows used in investing activities	(567)	(272)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid on ordinary shares by the company	(750)	-
Dividend paid to minority interest of the subsidiaries	(20)	-
Placement of fixed deposits (pledged)	(4)	(26)
Repayment of/(proceeds from) finance lease obligations	(1)	1
Repayment of/(proceeds from) long term borrowings	(54)	5
Net cash flows used in financing activities	(829)	(20)
Net decrease in cash and cash equivalents	(1,682)	(2,794)
Cash and cash equivalents at beginning of period	4,108	3,609
Cash and cash equivalents at end of period (Note A)	2,426	815

Note A:

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

	Actual Jun-04 S\$'000	Proforma Jun-03 S\$'000
Cash and bank balances	1,071	775
Fixed deposits	3,703	903
Bank overdraft (secured)	<u>(2,144)</u>	<u>(664)</u>
	2,630	1,014
Less: fixed deposits (pledged)	<u>(204)</u>	<u>(199)</u>
Cash and cash equivalents	<u>2,426</u>	<u>815</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share Capital S\$'000	Share Premium S\$'000	Revenue Reserves S\$'000	Translation Reserves S\$'000	Total S\$'000
Proforma June 2003					
Balance at 1 January 2003	3,736	-	2,240	24	6,000
Net profit for the period	-	-	212	-	212
Translation adjustment	-	-	-	7	7
Balance at 30 June 2003	<u>3,736</u>	<u>-</u>	<u>2,452</u>	<u>31</u>	<u>6,219</u>
Group Actual					
Balance at 1 January 2004	7,500	3,252	1,528	(9)	12,271
Dividend	-	-	(750)	-	(750)
Net profit for the period	-	-	417	-	417
Translation adjustment	-	-	-	4	4
Balance at 30 June 2004	<u>7,500</u>	<u>3,252</u>	<u>1,195</u>	<u>(5)</u>	<u>11,942</u>
Company					
Proforma June 2003					
Balance at 1 January 2003	3,736	-	-	-	3,736
Net loss for the period	-	-	(250)	-	(250)
Balance at 30 June 2003	<u>3,736</u>	<u>-</u>	<u>(250)</u>	<u>-</u>	<u>3,486</u>
Company Actual					
Balance at 1 January 2004	7,500	3,252	772	-	11,524
Dividend	-	-	(750)	-	(750)
Net loss for the period	-	-	(172)	-	(172)
Balance at 30 June 2004	<u>7,500</u>	<u>3,252</u>	<u>(150)</u>	<u>-</u>	<u>10,602</u>

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.

- a) 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>At date of grant</u>	<u>Exercised</u>	<u>Balance at 30-Jun-04</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	-	3,100,000	S\$0.21	31-May-09

- b) On 24 June 2004, the Company entered into a conditional Share Acquisition Agreement with Lim Hock Chye Stephen, the managing director of Kingsmen Indochina Pte. Ltd. to acquire 10% of the entire existing issued and paid-up capital of Kingsmen Indochina Pte. Ltd. for a consideration of S\$229,675.

The purchase consideration in relation to this 10% interest in Kingsmen Indochina Pte. Ltd. will be satisfied by the allotment and issuance of 1,093,690 new ordinary shares of par value of S\$0.075 each in the capital of the Company (the "Consideration Shares") at an issue price of S\$0.21 per share.

The completion date for the above acquisition is expected to be in late August 2004 after the Company has obtained the necessary shareholders' approval in an EGM.

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.**

	Group Actual Jun-04	Group Proforma Jun-03
Net profit for the period (S\$'000)	417	212
Number of ordinary Shares ('000)	100,000	80,000
Earning per shares (cents)	<u>0.42</u>	<u>0.27</u>

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 Jun-04	Group Dec-03	Company Jun-04	Company Dec-03
Net assets (S\$'000)	11,942	12,271	10,602	11,524
Number of ordinary shares ('000)	100,000	100,000	100,000	100,000
Net assets value per share (cents)	<u>11.94</u>	<u>12.27</u>	<u>10.60</u>	<u>11.52</u>

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business:-

Revenue

Revenue for the first half of FY2004 has increased by S\$7.81 million to S\$26.39 million as compared to S\$18.58 million for the corresponding period for FY2003. The increase in revenue is mainly contributed by the Exhibition and Museums division, while revenue from Interiors division has decreased for the first half of FY2004.

The recovery in the Exhibition and Museums division was strong in the first half of FY2004. Some of the more significant exhibitions projects/events which we have completed during the first half includes Asian Aerospace 2004, Communique Asia 2004, Tax Free Asia Pacific 2004 and the STB stand for ITB Berlin 2004, which contributed to a total of S\$7.6 million in revenue for the first half of FY2004. We have also completed Museum projects totaling S\$2.9 million for Science Centre Atrium, Fort Siloso and Merlion at Sentosa, and NTUC Awareness Centre.

Revenue from Interiors division has traditionally been slow in the first six months of the year. Some of the jobs that were completed during the first half of FY2004 were for DFS Venture, Adidas Singapore, Esprit Retail, John Little, Gucci, Burberry, as well as various office fit out projects. The above jobs contributed approximately S\$5.1 million of revenue to the first half of FY2004.

Revenue from Research and Design division and Integrated Marketing Communications division has also improved. We continue to manage the roll-out for the design of Burberry Boutiques throughout Asia and have completed 21 shop designs for the first half of FY2004.

Gross Profit

Gross profit increased by S\$851,000 or 15% to S\$6.55 million for the first half of FY2004 as compared to S\$5.70 million for the corresponding period for FY2003. Gross profit margin for the first half of FY2004 has decreased to 24.8% as compared to 30.7% for the first half of FY2003.

During the first half of FY2003, with the onset of the SARs epidemic and the threat of terrorism, we experienced a sharp decline in volume of activities for our Exhibitions division. Several major events, were cancelled and most of our projects during this period were small jobs which typically have a slightly higher gross profit margin. In the first half of FY2004, some of the major exhibition events which we have completed contributed higher absolute gross profit, although the gross profit margin tends to be slightly lower for such projects.

Operating Expenses

Operating expenses increased by S\$570,000 to S\$6.52 million for the first half of FY2004 as compared to S\$5.95 million for the corresponding period for FY2003 mainly due to the following: -

- i) increase in payroll cost from S\$4.0 million to S\$4.39 million (including a provision of S\$106,000 for incentive bonus scheme for the first half of FY2004);
- ii) increase in general and administrative expenses from S\$881,000 to S\$1.06 million
offset by:-
- iii) decrease in selling & marketing expenses from S\$224,000 to S\$123,000.

Share of Results of Associates

The Company has on 10 May 2004, entered into an Agreement to acquire a 40% stake in the entire issued and paid up capital of Ascend Computer Rental Pte Ltd. The effective date of the acquisition was 1 January 2004. The share of results from Ascend Computer Rental Pte Ltd for the first half of FY2004, after amortisation of goodwill amounted to S\$91,000.

Profit before taxation

Profit before taxation increased by S\$340,000 or 186% to S\$523,000 for the first half of FY2004 as compared with S\$183,000 for the corresponding period for FY2003.

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 25 February 2004.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group is expected to continue to report improved earnings this year, especially from the Exhibitions & Museums division, with the continual trend of increasing museums and visitor centers in both Singapore and Malaysia.

On the Interior side, we are confident of achieving higher revenue than the first half as generally, interior fit-outs for the retail sector take place during the second half of the year. Furthermore, we have already secured projects for the second half of FY2004 including an airport lounge project and an airport restaurant project, and various contracts from Coffee Club, Esprit Retail, Marks & Spencer and Pertama Mechandising totaling some S\$5.5 million.

On a Group basis, the confirmed contract/sales achieved as at 31 July 2004 totaled S\$41.6 million (including the S\$26.4 million sales reported for the first half of FY2004).

The Company has also announced on 29 June 2004 that it has entered into two conditional Share Acquisition Agreements to acquire (i) 90% of the entire existing issued and paid-up capital of Kingsmen Indochina Pte Ltd; (ii) 25% of the entire existing issued and paid-up capital of Kingsmen (Korea) Limited; and (iii) 30% of the entire existing issued and paid-up capital of Kingsmen Nikko Limited. The completion date for the above acquisition is expected to be in late August 2004 after the Company has obtained the necessary shareholders' approval in an EGM. The effective date of the acquisition shall be 1 January 2004.

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.

Not applicable.

BY ORDER OF THE BOARD

Soh Siak Poh Benedict
Group Managing Director
07/08/2004