

COMMUNICATION DESIGN INTERNATIONAL LIMITED
(The “Company”)



**Half-Year Financial
Statements for the Period
Ended 31 December 2014**

11 February 2015

Company Registration Number: 1995-05053-Z

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Note:

- Numbers in all tables may not exactly add up due to rounding differences.

**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY
(Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group		
	31 Dec 2014	31 Dec 2013	Increase/ (Decrease)
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
	(Unaudited)	(Unaudited)	
Income statement:			
Sales	12,549	7,667	63.7
Cost of Sales	(9,417)	(5,638)	67.0
Gross Profit	3,132	2,029	54.4
Gross profit margin	25.0%	26.5%	
Other income	24	82	(70.7)
Administrative expenses	(3,792)	(2,250)	68.5
Distribution costs	(258)	(85)	n.m
Other expenses	(9)	(60)	(85.0)
Finance costs	(5)	(17)	(70.6)
Loss before tax	(908)	(301)	n.m
Income tax expense	(66)	(86)	(23.3)
Net loss	(974)	(387)	n.m
Other comprehensive income:			
Exchange differences on translating foreign operations	(95)	157	n.m
Total comprehensive loss for the period	(1,069)	(230)	n.m

*n.m – not meaningful

1(a)(ii) Loss before taxation is stated after charging/(crediting) the following :-

	The Group		Increase /
	31 Dec	31 Dec	(Decrease)
	2014	2013	
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
	(Unaudited)	(Unaudited)	
After charging/(crediting):			
Directors' remuneration ^(a)	524	251	n.m
Depreciation of property, plant and equipment ^(b)	150	110	36.4
Depreciation on investment properties	-	7	n.m
Staff costs ^(c)			
- salaries, wages, bonuses and other costs	1,997	1,263	58.1
- Central Provident Fund and other pension costs	136	137	(0.7)
Interest expense	5	17	(70.6)
Loss on disposal of property, plant and equipment	-	13	n.m
Foreign exchange loss/ (gain), net	(44)	26	n.m
Interest income	(18)	(4)	n.m
Rental income from investment properties	-	(49)	n.m

*n.m – not meaningful

Notes:

- Increase in directors' remuneration was mainly due to six (6) months' salary paid to Mr. Robert Walter Dell in relation to his retirement as director of the Company and Clements and Street Limited ("C&S"), as well as to Mr. David Bay in relation to his re-designation from President & CEO to Executive Director of the Company during the last annual general meeting of the Company held on 29 October 2014. Their then service agreements were terminated pursuant thereto.
- Depreciation of property, plant and equipment increased as a result of additions of property, plant and equipment in C&S and CDI USA, Inc ("CDIU").
- Increase in staff costs was primarily due to the inclusion of CDIU as a wholly owned subsidiary of the CDI Group starting from January 2014.

1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	31 December	30 June	31 December	30 June
	2014	2014	2014	2014
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
ASSETS				
Non-Current Assets				
Property, plant and equipment	1,524	1,422	758	677
Intangible assets	1,295	1,274	-	-
Investments in subsidiaries	-	-	1,363	1,363
	2,819	2,696	2,121	2,040
Current Assets				
Cash and bank balances	42,078	17,321	37,469	11,060
Trade and other receivables	4,546	4,287	120	28
Amount due from subsidiaries	-	-	3,096	2,439
Due from customers on contracts	879	513	-	-
	47,503	22,121	40,685	13,527
Total Assets	50,322	24,817	42,806	15,567
LIABILITIES				
Current Liabilities				
Trade and other payables	5,970	7,430	782	1,453
Amount due to subsidiaries	-	-	1,259	1,148
Due to customers on contracts	-	134	-	-
Finance lease liabilities	57	80	40	40
Current income tax liabilities	481	627	-	-
	6,508	8,271	2,081	2,641
Non-Current Liabilities				
Finance lease liabilities	130	150	130	150
Deferred income tax liabilities	28	29	-	-
	158	179	130	150
Total Liabilities	6,666	8,450	2,211	2,791
Net Assets	43,656	16,367	40,595	12,776
EQUITY				
Share capital	47,815	19,456	47,815	19,456
Accumulated losses	(4,260)	(3,285)	(7,220)	(6,680)
Foreign currency translation reserve	101	196	-	-
Total Equity	43,656	16,367	40,595	12,776

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

(a) Amount repayable in one year or less, or on demand

As at 31 December 2014 (Unaudited)		As at 30 June 2014 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
57	-	80	-

(b) Amount repayable after one year

As at 31 December 2014 (Unaudited)		As at 30 June 2014 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
130	-	150	-

(c) Details of any collateral

The hire purchase obligations amounting to S\$187,000 as at 31 December 2014 (30 June 2014: S\$230,000) were used to finance the purchases of a motor vehicle and some office equipment, which are secured by a charge over the same motor vehicle and office equipment.

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

	31 Dec 2014 <u>S\$'000</u> (Unaudited)	31 Dec 2013 <u>S\$'000</u> (Unaudited)
Cash Flows From Operating Activities		
Loss before taxation	(908)	(301)
Adjustments for:		
Depreciation of property, plant and equipment	150	110
Depreciation charge on investment properties	-	7
Loss on disposal of property, plant and equipment	-	13
Interest expense	5	17
Interest Income	(18)	(4)
Net effect of exchange rate changes in consolidating foreign operations	(107)	146
Operating cash flow before working capital changes	(878)	(12)
Changes in working capital		
Trade and other receivables	(259)	(6,324)
Trade and other payables	(1,461)	969
Contract work-in-progress	(500)	6,783
Cash (used in)/from operations	(3,098)	1,416
Income tax paid	(212)	(185)
Net cash (used in)/from operating activities	(3,310)	1,231
Cash Flows From Investing Activities		
Interest received	18	4
Proceeds from sale of property, plant and equipment	-	12
Purchases of property, plant and equipment	(262)	(84)
Net cash used in investing activities	(244)	(68)

	31 Dec 2014 S\$'000 (Unaudited)	31 Dec 2013 S\$'000 (Unaudited)
Cash Flows From Financing Activities		
Proceeds from bank borrowings	-	983
Repayment of bank borrowings	-	(145)
Repayment of finance lease liabilities	(43)	(27)
Proceeds from issuance of ordinary shares	29,400	3,500
Share issue expenses	(1,041)	(62)
Cash pledged for bank facilities	-	500
Interest paid	(5)	(17)
Net cash from financing activities	28,311	4,732
Net increase in cash and cash equivalents	24,757	5,895
Cash and cash equivalents at beginning of financial year	17,321	2,137
Cash and cash equivalents at end of financial period	42,078	8,032
<u>Cash and cash equivalent is derived as follows:</u>		
Cash at bank	42,078	6,032
Short-term bank deposit	-	2,000
Cash and bank balances	42,078	8,032
Less:		
Time deposit pledged to bank	-	-
Bank overdraft	-	-
Trade financing	-	-
Cash and cash equivalents, consolidated statement of cash flows, balance at end of financial period	42,078	8,032

Note:

- Cash and cash equivalents comprise cash on hand and bank deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, trade financing and time deposits pledged to a bank for trade facilities.

- 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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital S\$'000	Translation Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000
<u>The Group (Unaudited)</u>				
Balance as at 1 July 2013	9,183	(41)	(6,345)	2,797
Issue of new shares	3,500	-	-	3,500
Share issue expenses	(62)	-	-	(62)
Total comprehensive income/(loss) for the period	-	157	(387)	(230)
Balance as at 31 December 2013	12,621	116	(6,732)	6,005
Issue of new shares	7,067	-	-	7,067
Share issue expenses	(232)	-	-	(232)
Total comprehensive income for the period	-	80	3,447	3,527
Balance as at 1 July 2014	19,456	196	(3,285)	16,367
Issue of new shares	29,400	-	-	29,400
Share issue expenses	(1,041)	-	-	(1,041)
Total comprehensive loss for the period	-	(95)	(975)	(1,070)
Balance as at 31 December 2014	47,815	101	(4,260)	43,656

	Share Capital S\$'000	Retained Earnings S\$'000	Total S\$'000
<u>The Company (Unaudited)</u>			
Balance as at 1 July 2013	9,183	(8,017)	1,166
Issue of new shares	3,500	-	3,500
Share issue expenses	(62)	-	(62)
Total comprehensive loss for the period	-	(406)	(406)
Balance as at 31 December 2013	12,621	(8,423)	4,198
Issue of new shares	7,067	-	7,067
Share issue expenses	(232)	-	(232)
Total comprehensive income for the period	-	1,743	1,743
Balance as at 1 July 2014	19,456	(6,680)	12,776
Issue of new shares	29,400	-	29,400
Share issue expenses	(1,041)	-	(1,041)
Total comprehensive loss for the period	-	(540)	(540)
Balance as at 31 December 2014	47,815	(7,220)	40,595

- 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**

Issued and fully paid ordinary share capital

	Number of shares '000	S\$'000
Balance as at 1 July 2014	245,000	19,456
Shares issued during the financial period	245,000	28,359
Balance as at 31 December 2014	<u>490,000</u>	<u>47,815</u>

The Company had on 18 November 2014, issued and allotted 245,000,000 new ordinary shares at an issue price of S\$0.12 per share pursuant to a share placement exercise undertaken by the Company (the "November 2014 Placement").

The Company has no outstanding convertibles and/or treasury shares as at 31 December 2013 and 31 December 2014.

- 1(d) (iii) To show the 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**

	<u>31 Dec 2014</u>	<u>30 June 2014</u>
No. of issued shares	490,000,000	245,000,000

- 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. There were no treasury shares during and as at the end of the current financial period reported on.

- 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 Company's auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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

Save as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the most recently audited annual financial statements for the financial year ended 30 June 2014.

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

The Group has adopted the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretation of FRS ("INT FRS") that are relevant to its operations and are effective for financial periods beginning on or after 1 July 2014. The adoption of these new or revised FRS and INT FRSs did not result in any substantial changes to the Group's accounting policies and does not have any material impact on the Group's financial statements for the current financial period reported on.

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

	Half year ended 31 Dec 2014 (Unaudited)	The Group Half year ended 31 Dec 2013 (Unaudited)
Net loss for the period attributable to ordinary shareholder (in S\$'000)	(974)	(387)
Weighted average number of ordinary shares on issue	303,587,000	160,444,000
Basic loss per share ("LPS") (Singapore cents)*	(0.32)	(0.24)
Fully diluted LPS (Singapore cents)	(0.32)	(0.24)

* Based on the weighted average number of ordinary shares in issue during the respective financial periods.

Note:

The basic and diluted LPS were the same as there are no potentially dilutive ordinary shares in existence during the respective financial periods.

- 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**

	The Group		The Company	
	31 Dec	30 June	31 Dec	30 June
	<u>2014</u>	<u>2014</u>	<u>2014</u>	<u>2014</u>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value ("NAV") (in S\$'000)	43,656	16,367	40,595	12,776
No. of ordinary shares	490,000,000	245,000,000	490,000,000	245,000,000
NAV per ordinary share based on issued share capital (Singapore cents)	8.91	6.68	8.28	5.21

- 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**

STATEMENT OF COMPREHENSIVE INCOME

The Group's revenue for the half-year ended 31 December 2014 ("1H FY2015") increased by 63.7% to S\$12.549 million from S\$7.667 million for the half-year ended 31 December 2013 ("1H FY2014") mainly due to S\$4.6 million sales contributed by our 100% subsidiary, CDIU which commenced operations in January 2014 following the completion of the acquisition of the business assets and undertakings from Geo Creative LLC.

Gross profit increased by 54.4% from S\$2.029 million in 1H FY2014 to S\$3.132 million in 1H FY2015 as a result of higher revenue recorded. However, gross profit margin decreased marginally.

Other income decreased by 70.7% from S\$0.082 million to S\$0.024 million mainly attributable to the absence of rental income in 1H FY2015 after the disposal of investment properties which were completed between January and May 2014.

Administrative expenses increased by 68.5% from S\$2.250 million in 1H FY2014 to S\$3.792 million in 1H FY2015. The increase was due to the inclusion of CDIU as a subsidiary of the Group beginning January 2014, increased workshop space and increased headcount in C&S as well as legal

and professional fees incurred for corporate exercises of diversifying the Group's business and the Acquisition (as defined herein).

Distribution costs increased from \$0.085 million in 1H FY2014 to \$0.258 million in 1H FY2015 mainly due to higher travelling costs.

Other expenses decreased by 85.0% from \$0.060 million in 1H FY2014 to \$0.009 million in 1H FY2015 mainly attributable to the one-off loss from the disposal of office and exhibition equipment in 1H FY2014.

Overall, the Group recorded a net loss of S\$0.974 million in 1H FY2015 as compared to S\$0.387 million in 1H FY2014.

STATEMENT OF FINANCIAL POSITION

Non-Current Assets

Non-current assets of the Group increased by S\$0.123 million from S\$2.696 million in FY2014 to S\$2.819 million in 1H FY2015, mainly due to the purchase of motor vehicle offset by depreciation of property, plant and equipment.

Current Assets

Current assets increased by S\$25.382 million from S\$22.121 million in FY2014 to S\$47.503 million in 1H FY2015, mainly due to an increase in cash and bank balances of S\$24.757 million from the November 2014 Placement as well as increase in amount due from customers on contracts in excess of progress billing of S\$0.366 million.

Current Liabilities

Current liabilities decreased by S\$1.763 million from S\$8.271 million in FY2014 to S\$6.508 million in 1H FY2015, mainly attributable to improved payment cycles for trade payables.

Non-Current Liabilities

Non-current liabilities decreased by S\$0.021 million from S\$0.179 million in FY2014 to \$0.158 million in 1H FY2015 mainly as a result of repayment of finance lease.

Working Capital

The Group had a positive working capital of S\$40.995 million as at 31 December 2014 as compared to approximately S\$13.850 million as at 30 June 2014.

STATEMENT OF CASH FLOWS

Net cash used in operating activities was S\$3.310 million as at 31 December 2014 mainly due to higher losses, improved payment cycles for trade payables and reduction in advance collections for projects against previous corresponding period.

Net cash used in investing activities was S\$0.244 million as at 31 December 2014 mainly pursuant to the purchase of plant and equipment.

Net cash from financing activities was S\$28.311 million as at 31 December 2014 mainly attributable to the net proceeds from issuance of new ordinary shares pursuant

to the completion of the November 2014 Placement amounting to S\$28.359 million. This was partially offset by repayment of finance leases of approximately S\$0.043 million.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

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

Existing Business – Outsourced marketing and communication

We expect the economic climate and conditions to continue to be challenging in the coming year and the Group remains cautious in pursuing expansion plans for its existing business of events and exhibitions. As we saw relatively encouraging contributions from CDIU in 1H FY2015, the Group will continue to focus our resources on the USA and European markets in order to secure more orders from both existing and new customers.

New Business – Property development and property investment

On 23 December 2014, the Group successfully obtained shareholders' approval for the diversification into the business of property development and property investment ("**New Business**") and the acquisition of the entire issued and paid-up share capital of Richwood Asia I Investments Limited and One Room Mansion Limited ("**Acquisition**").

The Acquisition completed on 6 January 2015 and pursuant thereto, the Company currently holds 3 properties in Tokyo, Japan. We are positive about the contributions from the new business in the second half of financial year ending 30 June 2015.

We will make the relevant announcements on the development of the New Business as and when appropriate.

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/recommended, a statement to that effect

No dividend has been declared/ recommended for the financial period ended 31 December 2014.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No interested person transaction mandate has been obtained from the shareholders of the Company. There were no interested person transactions of S\$100,000 and above entered into by the Group during the financial period ended 31 December 2014. The aggregate value of all IPTs during 1H FY2015 is less than S\$100,000.

14. Update on Use of Net Proceeds from the Placement(s)

(a) The net proceeds from the placement completed on 29 July 2013 ("**2013 Placement**") of approximately S\$3.425 million, has been fully utilised as set out below:

Intended Use	Amount of Net Proceeds allocated (S\$'000)	Amount utilised to date (S\$'000)	Amount unutilised to date (S\$'000)
General working capital	856	856 ⁽¹⁾	-
Potential acquisitions and investments	2,412	2,412 ⁽³⁾	-
Purchase of fixed assets ⁽²⁾	157	157	-
Total	3,425	3,425	-

Notes:

(1) Utilised for the payment to suppliers, and general and administrative expenses.

(2) Mainly for the purchase of machinery, paint booth and workshop equipment for CDIU.

(3) S\$2,005,000 has been utilised to partially fund the consideration for the Acquisition.

The utilisation of proceeds from the 2013 Placement is in accordance with its intended use.

- (b) The net proceeds from the placement which completed on 12 June 2014, was approximately S\$6.800 million (“**June 2014 Placement**”), out of which the amount utilised as at the date of this announcement was approximately S\$2.072 million, as set out below:

Intended Use	Amount of Net Proceeds allocated (S\$'000)	Amount utilised to date (S\$'000)	Amount unutilised to date (S\$'000)
General working capital	680	-	680
Potential acquisitions and investments	6,120	2,072 ⁽¹⁾	4,048
Total	6,800	2,072	4,728

Notes:

- (1) Utilised to partially fund the consideration for the Acquisition.

The utilisation of proceeds from the June 2014 Placement is in accordance with its intended use.

- (c) The net proceeds from the November 2014 Placement was approximately S\$28.340 million, out of which the amount utilised as at the date of this announcement was approximately S\$26.923 million, as set out below:

Intended Use	Amount of Net Proceeds allocated (S\$'000)	Amount utilised to date (S\$'000)	Amount unutilised to date (S\$'000)
General working capital	1,417	-	1,417
The Proposed Acquisition and other potential acquisitions and investments pursuant to the Proposed Diversification	26,923	26,923 ⁽¹⁾	-
Total	28,340	26,923	1,417

Notes:

- (1) Utilised to partially fund the consideration for the Acquisition.

The utilisation of proceeds from the November 2014 Placement is in accordance with its intended use as stated in the Company's announcement dated 27 October 2014 and offer information statement dated 3 November 2014.

15. Negative Assurance

We, ZHENG JIABIN and DAVID BAY CHEOW GUAN, being two directors of Communication Design International Limited (the "**Company**"), do hereby confirm on behalf of the board of directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the half-year period ended 31 December 2014 to be false or misleading in any material aspect.

On behalf of the board of directors

ZHENG JIABIN
President & Chief Executive Officer

DAVID BAY CHEOW GUAN
Executive Director

BY ORDER OF THE BOARD
ZHENG JIABIN
President & Chief Executive Officer

Singapore
11 February 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.