KINGSMEN CREATIVES LTD.
(Company Registration Number: 200210790Z)

UNAUDITED THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014

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

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

		Group					
		Third Quarter Ended			Nine Months Ended		
	Note	30 Sep 14	30 Sep 13	Change	30 Sep 14	30 Sep 13	Change
		S$'000	S$'000	%	S$'000	S$'000	%
Revenue		86,188	63,573	35.6%	223,109	186,019	19.9%
Cost of sales		(64,865)	(46,416)	39.7%	(165,724)	(135,244)	22.5%
Gross profit		21,323	17,157	24.3%	57,385	50,775	13.0%
Other items of income							
Interest income		83	102	-18.6%	246	278	-11.5%
Other income	(a)	1,187	844	40.6%	3,408	3,158	7.9%
Other items of expense							
Depreciation of property, plant and equipment		(536)	(434)	23.5%	(1,516)	(1,244)	21.9%
Staff salaries and related expenses		(14,120)	(10,664)	32.4%	(37,019)	(31,161)	18.8%
Other expenses		(3,189)	(3,362)	-5.1%	(11,401)	(9,134)	24.8%
Interest expense		(58)	(57)	1.8%	(166)	(220)	-24.5%
Share of results of associates		(72)	120	n/m	1,198	891	34.5%
Profit before tax	(b)	4,618	3,706	24.6%	12,135	13,343	-9.1%
Income tax expense	(c)	(988)	(576)	71.5%	(2,324)	(2,476)	-6.1%
Profit net of tax		3,630	3,130	16.0%	9,811	10,867	-9.7%
Profit/(loss) attributable to:							
Owners of the Company		3,458	3,209	7.8%	9,687	10,823	-10.5%
Non-controlling interests		172	(79)	n/m	124	44	181.8%
		3,630	3,130	16.0%	9,811	10,867	-9.7%
Consolidated statement of comprehensive income							
Profit net of tax		3,630	3,130	16.0%	9,811	10,867	-9.7%
Other comprehensive income/(loss):							
Item that may be reclassified subsequently to profit or loss							
Foreign currency translation		774	(417)	n/m	176	336	-47.6%
Total comprehensive income for the period		4,404	2,713	62.3%	9,987	11,203	-10.9%
Total comprehensive income/(loss) attributable to:							
Owners of the Company		4,205	2,826	48.8%	9,767	11,139	-12.3%
Non-controlling interests		199	(113)	n/m	220	64	243.8%
		4,404	2,713	62.3%	9,987	11,203	-10.9%

Note:-
n/m = not meaningful

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

Explanatory notes to income statement

(a) Other income comprises :-

	Group			
	Third Quarter Ended		Nine Months Ended	
	30 Sep 14	30 Sep 13	30 Sep 14	30 Sep 13
	S$'000	S$'000	S$'000	S$'000
Corporate fee income	40	(63)	387	327
Dividend income from other investment	-	-	-	182
Other service income	637	463	1,481	1,203
Net allowance for doubtful trade debts written back	-	-	4	-
Net gain on disposal of property, plant & equipment	-	41	89	41
Rental income	400	357	1,129	1,083
Miscellaneous income	110	46	318	322
	1,187	844	3,408	3,158

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

	Group			
	Third Quarter Ended		Nine Months Ended	
	30 Sep 14	30 Sep 13	30 Sep 14	30 Sep 13
	S$'000	S$'000	S$'000	S$'000
Amortisation of intangible asset	22	-	66	-
Bad trade debts written off	28	-	56	23
Directors' remuneration (including fees)	2,208	1,949	5,771	5,659
Inventories recognised as an expense in cost of sales	638	63	1,667	145
Net allowance for doubtful trade debts	-	11	-	71
Net foreign exchange loss	112	192	40	131
Operating lease expenses	1,039	862	2,814	2,767
Property, plant and equipment written off	-	1	-	1

(c) Included in income tax expense for the third quarter and nine months ended 30 September 2014 are under-provison of income tax of S$Nil (3Q 2013: over-provision of S$9,000) and S$66,000 (9M 2013: over-provision of S$9,000) relating to prior years respectively.

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.

	Note	Group		Company	
		As at 30 Sep 14	As at 31 Dec 13	As at 30 Sep 14	As at 31 Dec 13
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Non-current assets					
Property, plant and equipment		11,742	11,311	268	237
Intangible assets		7,415	4,939	-	-
Investments in subsidiaries		-	-	22,496	19,859
Investments in associates		8,262	9,415	4,012	6,067
Other investments		1,093	1,635	1,093	1,635
Other receivables		474	343	-	-
Deferred tax assets		419	338	-	-
		29,405	27,981	27,869	27,798
Current assets					
Inventories		3,502	1,561	-	-
Gross amount due from customers for contract work-in-progress	(d)	28,644	18,586	-	-
Trade and other receivables	(e)	88,433	95,561	2,451	3,600
Income tax recoverable		203	512	-	-
Amounts due from subsidiaries		-	-	1,310	531
Amounts due from associates		-	772	-	469
Prepaid operating expenses		837	803	32	29
Cash and short-term deposits	(f)	68,061	63,722	6,187	5,454
		189,680	181,517	9,980	10,083
Total assets		219,085	209,498	37,849	37,881
EQUITY AND LIABILITIES					
Current liabilities					
Gross amount due to customers for contract work-in-progress	(g)	15,128	6,299	-	-
Trade and other payables	(h)	95,318	98,041	1,051	1,528
Deferred income		3,284	2,870	-	-
Amounts due to associates		1,013	1,081	-	-
Loans and borrowings		3,611	2,800	-	-
Income tax payable		5,950	6,833	82	231
		124,304	117,924	1,133	1,759
Net current assets		65,376	63,593	8,847	8,324
Non-current liabilities					
Other payables		120	119	-	-
Loans and borrowings		1,726	1,762	-	-
Deferred tax liabilities		401	421	28	28
		2,247	2,302	28	28
Total liabilities		126,551	120,226	1,161	1,787
Net assets		92,534	89,272	36,688	36,094
Equity attributable to owners of the Company					
Share capital		23,614	23,266	23,614	23,266
Treasury shares		-	(334)	-	(334)
Retained earnings		67,506	65,601	11,248	11,808
Other reserves		(2,456)	(3,008)	1,826	1,354
		88,664	85,525	36,688	36,094
Non-controlling interests		3,870	3,747	-	-
Total equity		92,534	89,272	36,688	36,094
Total equity and liabilities		219,085	209,498	37,849	37,881

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. (Cont'd)

Explanatory notes to statement of financial position

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

Gross amount due from customers for contract work-in-progress comprises of the contract costs incurred and the profits/ losses recognised less the progress billings on our interior fit-out projects and various thematic works across Asia.

(e) **Trade and other receivables**

	Group		Company	
	As at 30 Sep 14	As at 31 Dec 13	As at 30 Sep 14	As at 31 Dec 13
	S$'000	S$'000	S$'000	S$'000
Trade receivables	78,203	90,124	1,213	1,397
Other receivables	10,230	5,437	1,238	2,203
Total	88,433	95,561	2,451	3,600

(f) **Cash and short-term deposits**

	Group		Company	
	As at 30 Sep 14	As at 31 Dec 13	As at 30 Sep 14	As at 31 Dec 13
	S$'000	S$'000	S$'000	S$'000
Cash at banks and in hand	48,894	48,192	4,607	3,874
Short-term deposits	19,167	15,530	1,580	1,580
Total	68,061	63,722	6,187	5,454

(g) **Gross amount due to customers for contract work-in-progress**

Gross amount due to customers for contract work-in-progress comprises of the progress billings less the contract costs incurred and the profits/losses recognised on our interior fit-out projects and various thematic works across Asia.

(h) **Trade and other payables**

	Group		Company	
	As at 30 Sep 14	As at 31 Dec 13	As at 30 Sep 14	As at 31 Dec 13
	S$'000	S$'000	S$'000	S$'000
Trade payables	55,247	64,396	-	-
Accrued project costs	25,396	14,267	-	-
Other payables and accruals	14,675	19,378	1,051	1,528
Total	95,318	98,041	1,051	1,528

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group	
	As at 30 Sep 14	**As at 31 Dec 13**
	S$'000	S$'000
Secured		
- repayable within one year	3,611	2,800
- repayable after one year	1,726	1,762
	5,337	4,562
Unsecured		
- repayable within one year	-	-
- repayable after one year	-	-
	-	-

Details of any collaterals

Bank term loans, trust receipts and bank overdrafts are secured by way of legal charges on the Group's two factory units in Malaysia, corporate guarantees of the Company and a subsidiary in Malaysia, personal guarantees given by certain directors of the subsidiaries in Malaysia and fixed deposits pledged to the banks.

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

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.

	Note	Group			
		Third Quarter Ended		Nine Months Ended	
		30 Sep 14	30 Sep 13	30 Sep 14	30 Sep 13
		S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities					
Profit before tax		4,618	3,706	12,135	13,343
Adjustments for:					
Depreciation of property, plant and equipment charged to cost of sales		301	57	307	57
Depreciation of property, plant and equipment charged to operating expenses		536	434	1,516	1,244
Net gain on disposal of property, plant and equipment		-	(41)	(89)	(41)
Property, plant and equipment written off		-	1	-	1
Bad trade debts written off		28	-	56	23
Net allowance for doubtful trade debts provided/(written back)		-	11	(4)	71
Amortisation of intangible asset		22	-	66	-
Interest income		(83)	(102)	(246)	(278)
Interest expense		58	57	166	220
Dividend income from other investment		-	-	-	(182)
Share of results of associates		72	(120)	(1,198)	(891)
Currency realignment		428	126	182	(152)
Total adjustments		1,362	423	756	72
Operating cash flows before changes in working capital		5,980	4,129	12,891	13,415
Changes in working capital:					
(Increase)/decrease in trade and other receivables		(4,806)	6,999	10,197	16,470
Increase in inventories		(1,106)	(264)	(1,297)	(486)
Decrease/(increase) in gross amount due from customers for contract work-in-progress		1,645	(977)	(10,000)	(6,901)
(Decrease)/increase in gross amount due to customers for contract work-in-progress		(1,296)	5,116	8,829	8,983
Increase/(decrease) in deferred income		815	(897)	415	(1,860)
Increase/(decrease) in trade and other payables		2,858	(12,883)	(7,583)	(15,377)
Cash flows from operations		4,090	1,223	13,452	14,244
Interest received		83	102	246	278
Interest paid		(58)	(57)	(166)	(220)
Income tax paid		(563)	(1,752)	(2,951)	(3,719)
Net cash flows generated from/(used in) operating activities		3,552	(484)	10,581	10,583
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		-	61	101	62
Purchase of property, plant and equipment		(417)	(1,213)	(1,882)	(2,544)
Acquisition of additional shares in an associate		-	-	(40)	-
Capital contribution by non-controlling interest in a newly set-up subsidiary		-	-	-	90
Capital contribution into a subsidiary by a non wholly-owned subsidiary attributable to non-controlling interest		-	-	6	-
Cash acquired from re-measurement of ownership interest in a subsidiary		-	-	1,805	-
Dividend received from other investment		-	-	-	182
Dividends received from associates		385	-	495	-
Net cash flows (used in)/generated from investing activities		(32)	(1,152)	485	(2,210)
Cash flows from financial activities					
Increase in amount pledged to banks for banking facilities		(13)	(4)	(650)	(54)
Proceeds from draw down of loans and borrowings		2,154	287	5,574	934
Dividends paid on ordinary shares		(2,919)	(2,899)	(7,782)	(7,725)
Dividends paid to non-controlling interests		(60)	(53)	(103)	(53)
Ordinary shares issued pursuant to performance share scheme		15	-	348	-
Repayment of finance lease obligations		(7)	(15)	(36)	(54)
Repayment of loans and borrowings		(2,795)	(177)	(4,804)	(1,419)
Net cash flows used in financing activities		(3,625)	(2,861)	(7,453)	(8,371)
Net (decrease)/increase in cash and cash equivalents		(105)	(4,497)	3,613	2
Effect of exchange rate changes on cash and cash equivalents		304	(324)	78	473
Cash and cash equivalents at beginning of period		65,652	56,874	62,160	51,578
Cash and cash equivalents at end of period	(i)	**65,851**	**52,053**	**65,851**	**52,053**

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. (Cont'd)

Explanatory note to statement of cash flow

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

	Group	
	As at 30 Sep 14	**As at 30 Sep 13**
	S$'000	S$'000
Cash and short-term deposits	68,061	53,610
Less: Amount pledged to banks for banking facilities	(2,210)	(1,557)
Cash and cash equivalents	65,851	52,053

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 Company						
	Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserves S$'000	Equity attributable to owners of the Company, total S$'000	Non-controlling interests S$'000	Equity, total S$'000
Opening balance at 1 January 2014	**23,266**	**(334)**	**65,601**	**(3,008)**	**85,525**	**3,747**	**89,272**
Profit/(loss) for the period	-	-	6,229	-	6,229	(48)	6,181
Other comprehensive (loss)/income							
Foreign currency translation	-	-	-	(667)	(667)	69	(598)
Other comprehensive (loss)/income for the period, net of tax	-	-	-	(667)	(667)	69	(598)
Total comprehensive income/(loss) for the period	**-**	**-**	**6,229**	**(667)**	**5,562**	**21**	**5,583**
Contributions by and distributions to owners							
Dividends paid on ordinary shares	-	-	(4,863)	-	(4,863)	-	(4,863)
Ordinary shares issued pursuant to performance share scheme	333	-	-	-	333	-	333
Treasury shares reissued pursuant to performance share scheme	-	334	-	472	806	-	806
Total contributions by and distributions to owners	333	334	(4,863)	472	(3,724)	-	(3,724)
Changes in ownership interests in subsidiaries							
Capital contribution into a subsidiary by a non wholly-owned subsidiary attributable to non-controlling interest	-	-	-	-	-	6	6
Dividends paid to non-controlling interests	-	-	-	-	-	(43)	(43)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	(37)	(37)
Total transactions with owners in their capacity as owners	**333**	**334**	**(4,863)**	**472**	**(3,724)**	**(37)**	**(3,761)**
Closing balance at 30 June 2014	**23,599**	**-**	**66,967**	**(3,203)**	**87,363**	**3,731**	**91,094**
Profit for the period	-	-	3,458	-	3,458	172	3,630
Other comprehensive income							
Foreign currency translation	-	-	-	747	747	27	774
Other comprehensive income for the period, net of tax	-	-	-	747	747	27	774
Total comprehensive income for the period	**-**	**-**	**3,458**	**747**	**4,205**	**199**	**4,404**
Contributions by and distributions to owners							
Dividends paid on ordinary shares	-	-	(2,919)	-	(2,919)	-	(2,919)
Ordinary shares issued pursuant to performance share scheme	15	-	-	-	15	-	15
Total contributions by and distributions to owners	15	-	(2,919)	-	(2,904)	-	(2,904)
Changes in ownership interests in subsidiaries							
Dividends paid to non-controlling interests	-	-	-	-	-	(60)	(60)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	(60)	(60)
Total transactions with owners in their capacity as owners	**15**	**-**	**(2,919)**	**-**	**(2,904)**	**(60)**	**(2,964)**
Closing balance at 30 September 2014	**23,614**	**-**	**67,506**	**(2,456)**	**88,664**	**3,870**	**92,534**

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. (Cont'd)

Group	Attributable to owners of the Company						
	Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserves S$'000	Equity attributable to owners of the Company, total S$'000	Non-controlling interests S$'000	Equity, total S$'000
Opening balance at 1 January 2013	**23,266**	**(978)**	**55,582**	**(4,022)**	**73,848**	**2,980**	**76,828**
Profit for the period	-	-	7,614	-	7,614	123	7,737
Other comprehensive income							
Foreign currency translation	-	-	-	698	698	54	752
Other comprehensive income for the period, net of tax	-	-	-	698	698	54	752
Total comprehensive income for the period	**-**	**-**	**7,614**	**698**	**8,312**	**177**	**8,489**
Contributions by and distributions to owners							
Treasury shares reissued pursuant to performance share scheme	-	543	-	704	1,247	-	1,247
Dividends paid on ordinary shares	-	-	(4,826)	-	(4,826)	-	(4,826)
Total contributions by and distributions to owners	-	543	(4,826)	704	(3,579)	-	(3,579)
Changes in ownership interests in subsidiaries							
Capital contribution by non-controlling interest in a newly set-up subsidiary	-	-	-	-	-	90	90
Total changes in ownership interests in subsidiaries	-	-	-	-	-	90	90
Total transactions with owners in their capacity as owners	**-**	**543**	**(4,826)**	**704**	**(3,579)**	**90**	**(3,489)**
Closing balance at 30 June 2013	**23,266**	**(435)**	**58,370**	**(2,620)**	**78,581**	**3,247**	**81,828**
Profit/(loss) for the period	-	-	3,209	-	3,209	(79)	3,130
Other comprehensive loss							
Foreign currency translation	-	-	-	(383)	(383)	(34)	(417)
Other comprehensive loss for the period, net of tax	-	-	-	(383)	(383)	(34)	(417)
Total comprehensive income/(loss) for the period	**-**	**-**	**3,209**	**(383)**	**2,826**	**(113)**	**2,713**
Contributions by and distributions to owners							
Dividends paid on ordinary shares	-	-	(2,899)	-	(2,899)	-	(2,899)
Treasury shares reissued pursuant to performance share scheme	-	101	-	132	233	-	233
Total contributions by and distributions to owners	-	101	(2,899)	132	(2,666)	-	(2,666)
Changes in ownership interests in subsidiaries							
Dividends paid to non-controlling interests	-	-	-	-	-	(53)	(53)
Dilution of interest in a subsidiary	-	-	-	(113)	(113)	113	-
Total changes in ownership interests in subsidiaries	-	-	-	(113)	(113)	60	(53)
Total transactions with owners in their capacity as owners	**-**	**101**	**(2,899)**	**19**	**(2,779)**	**60**	**(2,719)**
Closing balance at 30 September 2013	**23,266**	**(334)**	**58,680**	**(2,984)**	**78,628**	**3,194**	**81,822**

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. (Cont'd)

	Attributable to owners of the Company				
Company	**Share capital** S$'000	**Treasury shares** S$'000	**Retained earnings** S$'000	**Other reserves** S$'000	**Equity, total** S$'000
Opening balance at 1 January 2014	**23,266**	**(334)**	**11,808**	**1,354**	**36,094**
Profit for the period	-	-	4,625	-	4,625
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**4,625**	**-**	**4,625**
Contributions by and distributions to owners					
Ordinary shares issued pursuant to performance share scheme	333	-	-	-	333
Treasury shares reissued pursuant to performance share scheme	-	334	-	472	806
Dividends paid on ordinary shares	-	-	(4,863)	-	(4,863)
Total transactions with owners in their capacity as owners	**333**	**334**	**(4,863)**	**472**	**(3,724)**
Closing balance at 30 June 2014	**23,599**	**-**	**11,570**	**1,826**	**36,995**
Profit for the period	-	-	2,597	-	2,597
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**2,597**	**-**	**2,597**
Contributions by and distributions to owners					
Ordinary shares issued pursuant to performance share scheme	15	-	-	-	15
Dividends paid on ordinary shares	-	-	(2,919)	-	(2,919)
Total transactions with owners in their capacity as owners	**15**	**-**	**(2,919)**	**-**	**(2,904)**
Closing balance at 30 September 2014	**23,614**	**-**	**11,248**	**1,826**	**36,688**
Opening balance at 1 January 2013	**23,266**	**(978)**	**10,689**	**518**	**33,495**
Profit for the period	-	-	5,138	-	5,138
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**5,138**	**-**	**5,138**
Contributions by and distributions to owners					
Treasury shares reissued pursuant to performance share scheme	-	543	-	704	1,247
Dividends paid on ordinary shares	-	-	(4,826)	-	(4,826)
Total transactions with owners in their capacity as owners	**-**	**543**	**(4,826)**	**704**	**(3,579)**
Closing balance at 30 June 2013	**23,266**	**(435)**	**11,001**	**1,222**	**35,054**
Loss for the period	-	-	(247)	-	(247)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(247)**	**-**	**(247)**
Contributions by and distributions to owners					
Treasury shares reissued pursuant to performance share scheme	-	101	-	132	233
Dividends paid on ordinary shares	-	-	(2,899)	-	(2,899)
Total transactions with owners in their capacity as owners	**-**	**101**	**(2,899)**	**132**	**(2,666)**
Closing balance at 30 September 2013	**23,266**	**(334)**	**7,855**	**1,354**	**32,141**

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.

Ordinary shares issued and fully paid-up	Number of shares
Balance as at 30 June 2014	194,536,961
Issuance of shares pursuant to performance share scheme	16,300
Balance as at 30 September 2014	194,553,261

There were Nil and 866,200 treasury shares held by the Company as at 30 September 2014 and 30 September 2013 respectively and they have been excluded in the above number of issued ordinary shares.

There were no outstanding convertibles issued by the Company as at 30 September 2014 and 30 September 2013.

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.

	Company	
	As at 30 Sep 14	As at 31 Dec 13
Total number of issued shares excluding treasury shares	194,553,261	193,316,951

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. The Company did not have any treasury shares during and as at the end of the current financial period ended 30 September 2014.

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

The figures have not been audited nor reviewed by the Company's 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.

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2013.

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 all the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 January 2014. The adoption of these new and revised FRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current reporting period except as discussed below:

FRS 110 Consolidated Financial Statements replaces the control assessment criteria and consolidation requirements previously in FRS 27 Consolidated and Separate Financial Statements and INT FRS 12 Consolidation - Special Purpose Entities. FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns.

The Directors of the Company made an assessment as at the date of initial application of FRS 110 (i.e. 1 January 2014) as to whether or not the Group has control over Kingsmen Middle East LLC ("KME") in accordance with the definition of control and the related guidance set out in FRS 110.

The Directors of the Company concluded that the Group has control over KME on the basis of the Group's effective beneficial interest of 55.51% in KME.

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. (Cont'd)

Therefore, in accordance with the requirements of FRS 110, KME has been accounted for as a subsidiary of the Company in financial year 2014 with its financial statements consolidated with those of the Group. Prior to the adoption of FRS 110, KME has been treated as an associate of the Group and accounted for using the equity method of accounting.

With the adoption of FRS 110, the effects of the change in accounting treatment of KME are to be applied retrospectively. However, as the effect of the adoption is not material to the comparative figures, no restatement of comparative figures has been made.

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			
	Third Quarter Ended		Nine Months Ended	
	30 Sep 14	30 Sep 13	30 Sep 14	30 Sep 13
Net profit attributable to shareholders (S$'000)	3,458	3,209	9,687	10,823
Weighted average number of ordinary shares in issue	194,542,985	193,207,224	194,035,531	192,423,232
Basic and diluted earnings per share (S$ cents)	1.78	1.66	4.99	5.62

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 30 September 2014 and 30 September 2013.

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 30 Sep 14	As at 31 Dec 13	As at 30 Sep 14	As at 31 Dec 13
Net asset value, net of non-controlling interests (S$'000)	88,664	85,525	36,688	36,094
Number of ordinary shares in issue, excluding treasury shares	194,553,261	193,316,951	194,553,261	193,316,951
Net asset value per ordinary share (S$ cents)	45.57	44.24	18.86	18.67

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

	Group					
	Third Quarter Ended			Nine Months Ended		
	30 Sep 14	30 Sep 13	+/-	30 Sep 14	30 Sep 13	+/-
	S$'000	S$'000	%	S$'000	S$'000	%
Exhibitions & Museums	33,360	25,128	32.8%	82,909	68,417	21.2%
Retail & Corporate Interiors	42,218	33,509	26.0%	119,257	98,835	20.7%
Research & Design	3,885	2,392	62.4%	9,519	7,553	26.0%
Alternative Marketing	6,725	2,544	164.3%	11,424	11,214	1.9%
	86,188	63,573	35.6%	223,109	186,019	19.9%

For the third quarter ended 30 September 2014 ("3Q 2014"), the Group recorded revenue of S$86.2 million as compared to S$63.6 million for the previous corresponding quarter ended 30 September 2013 ("3Q 2013"). This brought revenue for the nine months ended 30 September 2014 ("9M 2014") to S$223.1 million, an increase of S$37.1 million or 19.9% as compared to S$186.0 million for the previous corresponding nine months ended 30 September 2013 ("9M 2013").

The **Exhibitions & Museums division** performed well in 9M 2014 with revenue of S$82.9 million as compared to S$68.4 million in 9M 2013. In 3Q 2014, the division's revenue was S$33.4 million, an increase of 32.8% from S$25.1 million recorded in 3Q 2013. The key contributors to the division's revenue were revenue from major projects such as Formula 1 Singapore 2014, Sportshub, Singapore Airshow 2014, Food & Hotel Asia 2014, Tax Free Asia Pacific 2014 and thematic projects in China.

The **Retail & Corporate Interiors division** recorded revenue of S$119.3 million in 9M 2014, an increase of S$20.5 million or 20.7% from S$98.8 million in 9M 2013. In 3Q 2014, the division's revenue was S$42.2 million as compared to S$33.5 million in 3Q 2013. The increase in revenue was due to the continued strong demand for interior design and fit-out services from key accounts such as Tiffany & Co., Lotte Group, H&M, Christian Dior, Fendi and Uniqlo.

Revenue from the **Research & Design division** increased from S$7.6 million in 9M 2013 to S$9.5 million in 9M 2014. Revenue was also higher at S$3.9 million in 3Q 2014 as compared to S$2.4 million in 3Q 2013. Key accounts which contributed to the division's revenue included customers and brand names such as Burberry, SKII, Metro and Shilla.

The **Alternative Marketing division** continued to grow steadily registering revenue of S$11.4 million in 9M 2014, an increase of 1.9% as compared to S$11.2 million in 9M 2013. For 3Q 2014, revenue increased from S$2.5 million in 3Q 2013 to S$6.7 million mainly due to the completion of projects and events for clients such as BMW and Jurong Health.

(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 (Cont'd)

Gross Profit

	Group					
	Third Quarter Ended			Nine Months Ended		
	30 Sep 14	30 Sep 13	+/-	30 Sep 14	30 Sep 13	+/-
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	86,188	63,573	35.6%	223,109	186,019	19.9%
Gross profit	21,323	17,157	24.3%	57,385	50,775	13.0%
GP margin	**24.7%**	**27.0%**		**25.7%**	**27.3%**	

Gross profit for 9M 2014 and 3Q 2014 increased by 13.0% and 24.3% to S$57.4 million and S$21.3 million respectively. The increase was brought about mainly by higher revenue registered.

Other Items of Income

Interest income relates mainly to interest income earned from fixed deposits and bank balances placed with banks.

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

Other Items of Expenses

	Group					
	Third Quarter Ended			Nine Months Ended		
	30 Sep 14	30 Sep 13	+/-	30 Sep 14	30 Sep 13	+/-
	S$'000	S$'000	%	S$'000	S$'000	%
Depreciation of property, plant and equipment	536	434	23.5%	1,516	1,244	21.9%
Staff salaries and related expenses	14,120	10,664	32.4%	37,019	31,161	18.8%
Other expenses	3,189	3,362	-5.1%	11,401	9,134	24.8%
Interest expense	58	57	1.8%	166	220	-24.5%
	17,903	14,517		50,102	41,759	

Higher operating expenses were incurred in 9M 2014 and 3Q 2014 as compared to 9M 2013 and 3Q 2013 respectively. The increase was mainly due to the inclusion of Kingsmen Middle East LLC as a subsidiary of the Group with effect from 1 January 2014 and increases in expenses such as staff salaries and related expenses due to higher headcount and increased average wages and a one-off provision for costs and damages in relation to a law suit in China as first announced by the Company on 26 April 2014, followed by an update announced on 24 September 2014.

Share of Results of Associates

Share of results of associates changed by S$0.2 million from a profit of S$0.1 million in 3Q 2013 to a loss of S$0.1 million in 3Q 2014. Overall, share of profits of associates increased by S$0.3 million from S$0.9 million in 9M 2013 to S$1.2 million in 9M 2014. The changes in the share of results of the associates were mainly attributable to profit contribution from a new associate, namely Kingsmen C.M.T.I Co., Limited acquired in January 2014 and lower profit contribution from an existing associate.

(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 (Cont'd)

Profit attributable to Owners of the Company

Profit attributable to owners of the Company decreased by 10.5% from S$10.8 million in 9M 2013 to S$9.7 million in 9M 2014. This was mainly due to the one-off provision for costs and damages in relation to the law suit in China in 1Q 2014. Profit attributable to owners of the Company was higher at S$3.5 million in 3Q 2014 as compared to S$3.2 million in 3Q 2013.

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

Shareholders' Equity

Shareholders' equity increased by S$3.2 million from S$85.5 million as at 31 December 2013 to S$88.7 million as at 30 September 2014 mainly as a result of the net profit generated for 9M 2014 of S$9.7 million and partially offset by dividend distribution of S$7.8 million to shareholders of the Company.

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 14 August 2014, we stated that we expect the Group would continue to do well for the financial year ending 31 December 2014 ("FY2014"). Our third quarter results for the financial period ended 30 September 2014 are in line with the Group's overall expectation for the year.

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 last quarter of 2014 will see the usual fast pace of activities for our Retail & Corporate Interiors division before the festive season. For our Exhibitions & Museums division, other than working on several thematic projects, we will also be engaged with various exhibitions and events and numerous museum and visitor centre projects, which will carry through to the next year.

As at 31 October 2014, we have secured contracts of approximately S$395 million, of which S$318 million is expected to be recognised in FY2014. Barring unforeseen circumstances, we expect 4Q 2014 to be a good quarter and FY2014 to be another rewarding year.

11 If a decision regarding dividend has been made:-

(a) Whether an interim/final ordinary dividend has been declared/recommended; and

None.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Book closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the current financial period reported on.

13 If the group has obtained a general mandate from shareholders for interested person transactions, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no interested person transactions 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 30 September 2014.

14 Confirmation of negative assurance by the Board of Directors pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

We, Soh Siak Poh Benedict and Simon Ong Chin Sim, being two of the Directors of Kingsmen Creatives Ltd. (the "Company"), do hereby confirm 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 of Directors which may render the unaudited financial results for the third quarter and nine months ended 30 September 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Soh Siak Poh Benedict	Simon Ong Chin Sim
Executive Chairman	Group Managing Director

12 November 2014

BY ORDER OF THE BOARD OF DIRECTORS

Soh Siak Poh Benedict
Executive Chairman

12 November 2014