DEFINING DESIGN QUALITY

ANNUAL REPORT 2014

kingsmen

Vision

Design-led, quality and service-driven

Mission

To maintain our position as one of the leaders in Asia Pacific

To be an active global player and be recognised as one of the elite marketing communication houses globally

To provide exciting and fulfilling career opportunities for all members through continual expansion and continuous learning

Upholding stringent quality standards in everything that we do has been our operating ethos from day one. At the heart of it, our belief is that good design translates ideas into reality. Our creative process is simultaneously fuelled by a desire to provide value, even as we embrace the challenges that come with evolving industry needs. Above all, we continue to treasure the relationships we have built with our partners and clients, for our success is their success.

Executive Chairman's Message

Dear Shareholders,

Positioning for the next phase of our growth...

2014 was a fruitful year as we made strides in ramping up our production and human resource capabilities in anticipation of increasing demand for our products and services around the world. The acquisition of the Johor property was a strategic step towards establishing a permanent manufacturing base. We continued to upgrade and align the skills and knowledge of our people through the Kingsmen Academy, with training courses tailored to develop well-rounded individuals attuned to our business needs.

We also sought to extend our expertise in the design and production of shop fixtures and decorations to the United States with the incorporation of our subsidiary, Kingsmen Projects US, in California in 2014. This is in line with our long-term view of the growth prospects for our business, as we continue to build and invest in facilities, processes and manpower. In 2014, we included our Dubai office, Kingsmen Middle East LLC, as a subsidiary in accordance with the new accounting standard, FRS 110 – Consolidated Financial Statements.

In FY2014, our full year net profit experienced a 3.3% dip to S$17.2 million, despite a favourable growth of 13.6% in revenue to S$336.4 million, from S$296.2 million in the previous corresponding year. The decrease in net profit occurred due to a one-off settlement for costs in relation to a legal case in China. Without these costs, we would have increased our bottom line over the previous year.

We experienced positive increase in demand for our services in all business divisions, despite the uncertainties of the global economy. With Asia Pacific remaining the bright spot for growth, the strategic positioning of our offices in the region had largely insulated us from the challenges faced by those in the West.

The face of marketing communication media also continued to change dynamically, especially owing to the influence of technology and trends. There are winners and losers. We continue to monitor and adapt to the changes and cleverly offered solutions, including embracing new technologies, to help clients gain a superior return on their marketing dollar in the multi-disciplinary marketing mix. Thus, offering them the convenience of a one-stop service in the Asia Pacific region. This has enabled us to keep our teams in the different divisions relevant to market needs.

We appreciate the continuing support of all the prestigious clients that have been using the services of Kingsmen for many years, even as we win over new ones. Our Group's quest for continuous learning and upgrading of our offerings will stand us in good stead in the years to come.

Looking ahead, all our offices remain confident about the prospects for 2015 as we continue to secure new contracts across all our business divisions. We envisage 2015 to be a strong year, given the regional pipeline of contracts and continued demand for the Group's services. As at 31 January 2015, the Group has secured contracts of S$137 million, of which S$119 million is expected to be recognised in FY2015.

Our Exhibitions & Museums division expects to perform well in FY2015, considering the exciting line-up of projects and attractions that will be built in Asia and the Middle East. This coupled with the SG50 celebrations in Singapore and Asia's continued status as the epicentre for major lifestyle events and developments in the MICE industry bode well for our business.

On the Retail & Corporate Interiors front, we expect the division to sustain its momentum, as more mid-tier and fast fashion brands enter the Asian markets and expand rapidly in the city centres. International and domestic travel is also rising at a steady pace, backed by the building and refurbishment of airports in Asia, which in turn has led to travel retail becoming an important expansion strategy for luxury brands to court transit passengers.

We are also excited about the potential of our Alternative Marketing division to increase its business exponentially, as a growing number of brands continue to explore new ways of reaching out to customers by adopting a seamless omni-channel strategy to keep up with the proliferation of social media.

In appreciation of the support from our loyal shareholders, the Board of Directors is pleased to propose a final dividend of 2.5 cents per ordinary share. Combined with the interim dividend of 1.5 cents per ordinary share paid in September 2014, we would have paid out a total dividend of 4.0 cents per ordinary share for FY2014.

In closing, I would like to express my sincere gratitude to all members of the Kingsmen group who have contributed towards our success with their dedication and hard work. I would also like to extend my appreciation to the Board of Directors for their steadfast support and guidance throughout the year. Last but not least, I would like to thank our business associates, clients and shareholders for their continued support and belief in us.

Through lasting partnerships and an unwavering commitment to exceeding our design, quality and service standards, I am positive that we can achieve great results at Kingsmen.

BENEDICT SOH
Executive Chairman

Board of Directors

BENEDICT SOH
Executive Chairman

Benedict Soh spearheads the strategic planning and business development of the Group. One of two founders of the Group, he has contributed significantly to its growth and has over 40 years of experience in the design & production of interiors, exhibits and marketing communication. Mr. Soh has served IE Singapore, Spring Singapore and STB for various initiatives to improve Singapore's international standing in Tourism & Exhibition Services. He is currently a trustee of the Migrant Workers Centre and is actively involved as a member of the Investment Panel of Spring Seeds Capital.

A strong proponent of education, Mr. Soh is the Chairman of Tourism & Hospitality Programmes and a member of the Academic Advisory Board at MDIS. He is also a member of the School Advisory Council of Northbrooks Secondary School and SHATEC's Academic & Examination Advisory Council. In 2014, US-based Exhibit Designers & Producers Association (EDPA) conferred the prestigious Hazel Hays Award in recognition of Mr. Soh's outstanding contributions to the trade show industry, in addition to the Lifetime Achievement for Outstanding Contribution to Tourism accorded by the Singapore Tourism Board in 2012. He was the former President of the Rotary Club of Pandan Valley and holds a Master of Business Administration from the University of Hull in the UK.

SIMON ONG
Group Managing Director

Simon Ong spearheads the Group's strategic planning, creative standards and its day-to-day management. He is one of two founders of the group and has contributed significantly to its growth. He is currently Chairman of the design cluster in the Manpower, Skills & Training Council of WDA and a member of the advisory board to the Design Business Chamber of Singapore, Interior Designers Confederation of Singapore and Singapore Furniture Industries Council (Design). Mr. Ong is also an IDP member of the DesignSingapore Council and a former board member of the Association of Retail Environments (USA).

A keen advocate of education, Mr. Ong currently serves as a member of the Advisory Board to the School of Design & Environment at the National University of Singapore (NUS). He was the former Chairman of the School Advisory Board of Cedar Girls Secondary School, and once served as a member of the Advisory Board of Temasek Polytechnic School of Design. Mr. Ong also served as President of the Interior Designers Association (Singapore) and Vice-Chairman of the Potong Pasir CC Management Committee. He was awarded a Master of Business Administration from the University of South Australia and a Master in Design from the University of New South Wales.

ANTHONY CHONG
Managing Director, Exhibitions & Museums

Anthony Chong directs the strategic management and day-to-day operations of the Group's Exhibitions, Museums and Theme Parks division. He has more than 30 years of experience in marketing and project management of different disciplines that encompass tradeshows, retail interiors and large-scale events. Mr. Chong joined the Group in 1981, was appointed Project Director in 1989, Executive Director in 1999 and became Managing Director in 2011. He was awarded a Master of Business Administration from the Victoria University of Technology in Australia.

SEBASTIAN TAN
Independent Director

Sebastian Tan was appointed Independent Director of the Company in April 2013. In May 2000, he co-founded Boardroom Limited, a company listed on the Singapore Exchange. He was the Managing/Finance Director of Boardroom Limited from May 2000 to March 2013. Having retired from Boardroom Limited, he continues to be an Advisor. Prior to May 2000, he was with Ernst & Young Singapore and its affiliates since September 1973. Mr. Tan is currently an Independent Director of Vibrant Group Ltd and Wilton Resources Corporation Ltd. He is also a Trustee of Kwan Im Thong Hood Cho Temple and a director of D S Lee Foundation and EtonHouse Foundation Limited. He is a qualified financial professional from the Association of Chartered Certified Accountants of the United Kingdom. He was awarded the Public Service Medal in 1996.

PRABHAKARAN N. NAIR
Independent Director

Prabhakaran N. Nair was appointed Independent Director of the Company in August 2003. He began practicing law in 1974 and is an Advocate and Solicitor of Singapore. Mr. Nair is currently a partner of law firm, Messrs Derrick Wong & Lim BC LLP. He obtained a degree in law from the University of Singapore and is a litigation lawyer specialising in Commercial Litigation, Arbitration and Estates and Trusts matters.

WONG AH LONG
Independent Director

Wong Ah Long was appointed Independent Director of the Company in April 2008. He is currently the Chairman of Utraco Pte Ltd, Executive Director of Utraco Greentech Pte Ltd and Honorary Chairman of Lucrum Pte Ltd. Mr. Wong also serves as Deputy Chairman of the Institute of South East Asian Studies (ISEAS) Board of Trustees and was a member of NUS Board of Trustees (2000-2008). He served as Chief Executive Officer of Suntec City Development Pte Ltd (1996-2005) and Chairman of Pacific Star China Pte Ltd (2005-2007). Mr. Wong graduated with a Master of Business Administration from the University of Singapore.

Left to right: Anthony Chong, Sebastian Tan, Benedict Soh, Prabhakaran N. Nair, Simon Ong and Wong Ah Long

ALEX WEE
Managing Director

Alex Wee is the Managing Director of Kingsmen Projects Pte Ltd. He is responsible for the business development, project management and operations of the interiors division. Alex graduated with a Bachelor's (Honours) degree in Construction Management from University of Newcastle, Australia.

FRANCIS YEE
Executive Director
(Retired wef 31 Mar 2015)

Francis Yee is the Executive Director of Kingsmen Projects Pte Ltd. He is responsible for the day-to-day operations, sales development and project management of the company. Francis studied Furniture Design and Production at the Baharuddin Vocation Institute and was awarded a certificate by the Industrial Training Board.

FRANCIS CHANG
Managing Director

Francis Chang is the Managing Director of PT Kingsmen Indonesia. He oversees the daily operations of our Indonesia office from design and project management to fabrication. Francis has more than 20 years of experience in interiors, exhibitions and events and six years in architectural construction and management.

Senior

ROY ONG
Executive Director & Creative Director

Roy Ong is the Executive Director and Creative Director of Kingsmen Design Pte Ltd. He is responsible for charting the creative direction and developing its design capabilities, ensuring that all designs meet the aesthetic, functional and budgetary requirements of our clients. Roy is a member of the Interior Design Confederation (Singapore). He received a Master of Design from the University of New South Wales.

GERALD TAY
Executive Director & Creative Director

Gerald Tay is the Executive Director and Creative Director of Kingsmen Design Pte Ltd. Apart from looking after its daily operations, he also provides creative direction and ensures that design specifications are met up till the realization of the project. Gerald is a member of the Interior Design Confederation (Singapore) and Design & Media Academic Advisory Committee of the Institute of Technical Education. He received the Industrial Technician Certificate in Interior Design by the Vocation and Industrial Training Board in Singapore.

CHEONG CHAI KENG
Managing Director

Cheong Chai Keng is the Managing Director of our Malaysia operations. He is responsible for the overall management of the company including sales and marketing, operations and finance. He obtained a diploma in Mechanical Engineering from the Federal Institute Technology.

STEPHEN LIM
General Director

Stephen Lim is the General Director of Kingsmen Indochina Pte Ltd. He is responsible for the day-to-day operations, sales, marketing and management of our Vietnam offices. Stephen has more than 30 years of experience in operations and project management of exhibitions, events and retail interiors.

Management

KREZ PEOK
Managing Director

Krez Peok has over 25 years of practical experience in museums, visitor centres, exhibitions, events and interiors, and is responsible for the overall management of all six Greater China offices. Krez joined the Group in 1997 as Executive Director (Greater China) and became Managing Director of our Greater China operations in 2011.

EDMUND TAN
Financial Controller

Edmund Tan is our Financial Controller. He is in charge of the Company's financial and accounting functions in Singapore and responsible for overseeing the financial reporting and accounting functions relating to the Group. Edmund has more than 18 years of experience in the areas of accounting, finance and auditing. He holds a Diploma in Business with Merit (majoring in Accounting and Finance) from Temasek Polytechnic. He is a member of The Association of Chartered Certified Accountants and Institute of Singapore Chartered Accountants.

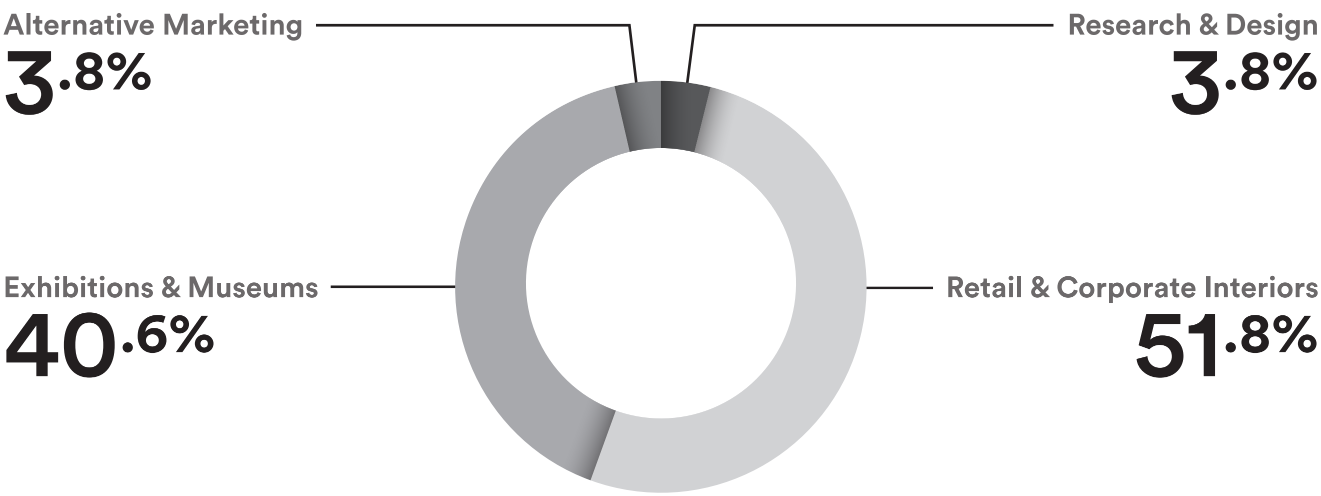
ANDREW CHENG
Group General Manager
(Group Chief Operating Officer wef 1 Mar 2015)

Andrew Cheng is our Group General Manager. He is responsible for the Group's corporate affairs and business development. Andrew has a Bachelor of Economics degree from the University of Tasmania, Australia and is a committee member of the Securities Investors Association Singapore (SIAS).

Financial Highlights

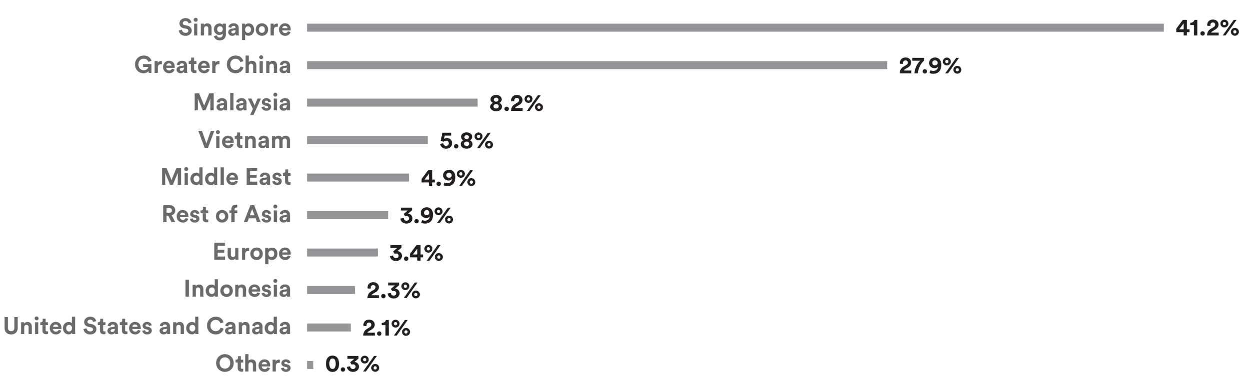
For the Year (S$'000)	FY2010	FY2011	FY2012	FY2013	FY2014
Revenue	233,631	260,988	290,190	296,251	336,413
Gross profit	62,421	66,665	72,388	75,972	84,840
Profit before tax	18,256	19,807	21,554	22,005	21,354
Profit net of tax attributable to equity holders of the Company	13,610	16,327	16,914	17,744	17,155
At Year-end (S$'000)					
Total assets	144,119	165,646	179,639	209,498	223,914
Total liabilities	86,175	97,634	102,811	120,226	122,849
Shareholders' funds	55,600	65,418	73,848	85,525	96,747
Cash and cash equivalents	28,029	31,595	51,578	62,160	81,360
Borrowings	5,290	5,205	4,645	4,562	6,514
Per Share (cents)					
Earnings - basic and diluted	7.17	8.56	8.84	9.21	8.84
Dividends	4.00	4.00	4.00	4.00	4.00
Net assets	29.25	34.25	38.53	44.24	49.73
Key Ratios (%)					
Revenue growth	(3.2)	11.7	11.2	2.1	13.6
Gross profit margin	26.7	25.5	24.9	25.6	25.2
Net profit margin	5.8	6.3	5.8	6.0	5.1
Return on shareholders' funds	25.3	27.0	24.3	22.3	18.8
Debt equity	9.5	8.0	6.3	5.3	6.7

Revenue By Activities



	Year Ended 31 Dec 14		Year Ended 31 Dec 13	
Activities	**S$'000**	**%**	**S$'000**	**%**
Exhibitions & Museums	136,455	40.6	103,440	34.9
Retail & Corporate Interiors	174,344	51.8	166,604	56.2
Research & Design	12,928	3.8	11,389	3.9
Alternative Marketing	12,686	3.8	14,818	5.0
Total Revenue	336,413	100.0	296,251	100.0

Revenue By Geography



	Year Ended 31 Dec 14		Year Ended 31 Dec 13	
Geography	**S$'000**	**%**	**S$'000**	**%**
Singapore	138,597	41.2	111,010	37.5
Greater China	93,992	27.9	100,240	33.8
Malaysia	27,728	8.2	20,996	7.1
Vietnam	19,422	5.8	16,092	5.4
Middle East	16,397	4.9	604	0.2
Rest of Asia	13,233	3.9	12,316	4.2
Europe	11,309	3.4	12,023	4.0
Indonesia	7,805	2.3	15,029	5.1
United States and Canada	6,955	2.1	6,132	2.1
Others	975	0.3	1,809	0.6
Total Revenue	336,413	100.0	296,251	100.0

Financial Highlights

Consolidated Income Statement

	Group		
	Year Ended 31 Dec 14	Year Ended 31 Dec 13	+ / (–)
	S$'000	S$'000	%
Revenue			
Exhibitions & Museums	136,455	103,440	31.9
Retail & Corporate Interiors	174,344	166,604	4.6
Research & Design	12,928	11,389	13.5
Alternative Marketing	12,686	14,818	(14.4)
Total revenue	336,413	296,251	13.6
Cost of sales	(251,573)	(220,279)	14.2
Gross profit	84,840	75,972	11.7
Other items of income			
Interest income	441	394	11.9
Other income	5,229	5,012	4.3
Other items of expense			
Depreciation of property, plant and equipment	(2,083)	(1,629)	27.9
Employee benefits expense	(54,092)	(47,721)	13.4
Other expenses	(13,761)	(10,567)	30.2
Interest expense	(241)	(276)	(12.7)
Share of results of associates	1,021	820	24.5
Profit before tax	21,354	22,005	(3.0)
Income tax expense	(3,595)	(3,623)	(0.8)
Profit net of tax	17,759	18,382	(3.4)
Profit net of tax attributable to			
Equity holders of the Company	17,155	17,744	(3.3)
Non-controlling interests	604	638	(5.3)
Profit net of tax	17,759	18,382	(3.4)

Revenue

For the financial year ended 31 December 2014 ("FY2014"), the Group recorded revenue of S$336.4 million, an increase of S$40.2 million or 13.6% as compared to S$296.2 million for the previous corresponding financial year ended 31 December 2013 ("FY2013"). This was mainly attributable to organic growth within the Group and revenue contribution from Kingsmen Middle East LLC ("KME") which was accounted for as a subsidiary of the Group with effect from 1 January 2014.

The Exhibitions & Museums division performed well in FY2014 with revenue of S$136.4 million as compared to S$103.4 million in FY2013, an increase of S$33.0 million or 31.9%. The key contributors to the division's revenue were revenue from major projects such as Formula 1 Singapore Grand Prix 2014, FIA Formula E Putrajaya ePrix 2014, Singapore Sports Hub, Singapore Airshow 2014, Food & Hotel Asia 2014, TFWA Asia Pacific Exhibition & Conference 2014, BNP Paribas WTA Finals Singapore presented by SC Global and thematic projects in China.

The Retail & Corporate Interiors division recorded revenue of S$174.3 million in FY2014, an increase of S$7.7 million from S$166.6 million in FY2013. The increase in revenue was due to the continued strong demand for interior design and fit-out services from key accounts such as Shilla, Tiffany & Co., Lotte Group, H&M, Christian Dior, Fendi and Uniqlo.

The Research & Design division continued to grow steadily registering revenue of S$12.9 million in FY2014, an increase of 13.5% as compared to S$11.4 million in FY2013. Key accounts which contributed to the division's revenue included customers and brand names such as Burberry, SKII, Metro and Shilla.

Revenue from the Alternative Marketing division was S$12.7 million in FY2014, reflecting a decrease of S$2.1 million as compared to S$14.8 million in FY2013. The higher revenue in FY2013 was due to the completion of a major one-off project. In FY2014, the division completed projects and events for clients such as BMW, Jurong Health, Heineken and StarHub.

Gross Profit

Gross profit for FY2014 increased by S$8.8 million or 11.7%, from S$76.0 million in FY2013 to S$84.8 million in FY2014. The increase was brought about mainly by higher revenue registered. Gross profit margin was stable at 25.2% in FY2014 as compared to 25.6% in FY2013.

Other Items of Income

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

Other income comprises mainly of corporate fee income, other service income, rental income and miscellaneous income.

Other Items of Expense

Higher operating expenses were incurred in FY2014 as compared to FY2013. The increase was mainly due to the inclusion of KME as a subsidiary of the Group with effect from 1 January 2014, and increases in expenses such as employee benefits expense due to higher headcount and increased average wages, and one-off costs in relation to the settlement of a legal case in China.

Share of Results of Associates

Share of results of associates increased by S$0.2 million or 24.5% from S$0.8 million in FY2013 to S$1.0 million in FY2014. The increase was mainly due to contribution from a new associate, namely Kingsmen C.M.T.I Co., Limited acquired in January 2014.

Profit Net of Tax Attributable to Equity Holders of the Company

Profit net of tax attributable to equity holders of the Company decreased by S$0.6 million or 3.3% from S$17.8 million in FY2013 to S$17.2 million in FY2014, notwithstanding the higher revenue and gross profit registered. This was largely due to the higher operating expenses (such as employee benefits expense and one-off costs in relation to the settlement of a legal case in China) incurred.

BNP Paribas WTA Finals Singapore presented by SC Global, Singapore

Exhibitions & Museums

Singapore Nanjing Eco Hi-Tech Island, China

Dubai Smart Government at GITEX 2014, U.A.E.

The Group's Exhibitions and Museums division posted revenue of S$136.4 million, a 31.9% increase over FY2013. This was primarily driven by contributions from major projects such as Food & Hotel Asia, Formula 1 Singapore Grand Prix, FIA Formula E Putrajaya ePrix, Singapore Airshow, Singapore Sports Hub, TFWA Asia Pacific Exhibition & Conference, BNP Paribas WTA Finals Singapore presented by SC Global and thematic projects in China. The division expects to perform well in 2015, in view of the exciting pipeline of projects and attractions that will be built in Asia and the Middle East, alongside Singapore's SG50 celebrations and Asia's position as the leading hub for global MICE industry developments and major lifestyle events.

Korea Legal Aid Corporation Museum, Korea

COSCIA, China

Retail & Corporate Interiors

MOS Café Karasuma Rokkaku, Japan

Zenith, Singapore

The Retail & Corporate Interiors division continued to do well, recording a 4.6% rise in revenue to S$174.3 million in FY2014. This was a result of strong demand for its interior design and fit-out services in the region throughout the year. Key contributors to the division's revenue include renowned brand names such as Christian Dior, Fendi, H&M, Shilla, Tiffany & Co. and Uniqlo. The division believes it will sustain its momentum, as more mid-tier and fast fashion brands expand rapidly in Asian markets, in tandem with the proliferation of travel retail backed by luxury brands seeking to tap on Asia's airports.

Ralph Lauren, Thailand

Famille Station, Korea

Research & Design

Larry Jewelry, Singapore

Metro, Singapore

The Group's Research and Design division gained traction in FY2014, with a 13.5% growth in revenue to S$12.9 million from S$11.4 million in FY2013, underlined by contributions from key accounts such as Burberry, Metro, Shilla and SKII. Growing demand for the division's design consultancy expertise and design capabilities propelled this growth, leading it to boost its human resource and design capabilities, to support key clients in their expansion within the region.

Cool de Sac, Singapore

BMW World 2014, Singapore

Alternative Marketing

Pasticceria Ferrero Christmas Activation 2014, Singapore

Tissot at 17th Asian Games Incheon 2014, Korea

Our Alternative Marketing division experienced a 14.4% dip in revenue to S$12.7 million in FY2014, from S$14.8 million in FY2013. This decrease was a result of the non-recurrence of a major one-off project, which took place in FY2013. Key accounts that contributed to the division's FY2014 revenue include BMW, Health Promotion Board, Heineken, Jurong Health, OCBC and StarHub. The division also continued its exclusive media representation for LED screens at *SCAPE, PoMo and Wilkie Edge in central Singapore. As the official marketing & sponsorship representative for Singapore's LionsXII team, the division secured sponsorship deals with SilkAir, SilkPro and Stamford Tyres, while Shuttle Cargo and Weldman Welding participated in the "Friends of LionsXII" programme. The division also brought events such as Asia Clean Energy Summit, Techventure, and the World Rubber Summit to fruition.

The Link × Tesla Technology Drives Exhibition, Hong Kong

Corporate Information

Directors

Benedict Soh Siak Poh
Executive Chairman

Simon Ong Chin Sim
Group Managing Director
and Executive Director

Anthony Chong Siew Ling
Managing Director, Exhibitions & Museums
and Executive Director

Prabhakaran Narayanan Nair
Independent Director

Wong Ah Long
Independent Director

Sebastian Tan Cher Liang
Independent Director

Joint Company Secretaries

Yang Yanru Cheryl

Tan Yong Kwang

Audit Committee

Prabhakaran Narayanan Nair
Chairman

Wong Ah Long

Sebastian Tan Cher Liang

Nominating Committee

Wong Ah Long
Chairman

Prabhakaran Narayanan Nair

Sebastian Tan Cher Liang

Benedict Soh Siak Poh

Simon Ong Chin Sim

Remuneration Committee

Sebastian Tan Cher Liang
Chairman

Prabhakaran Narayanan Nair

Wong Ah Long

Registered Office

Kingsmen Creative Centre
3 Changi South Lane
Singapore 486118
Tel (65) 688 000 88
Fax (65) 688 000 38
Website www.kingsmen-int.com

Company Registration Number

200210790Z

Share Registrar

Boardroom Corporate
& Advisory Services Pte Ltd
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623

Auditors

RSM Chio Lim LLP
8 Wilkie Road #03-08
Wilkie Edge
Singapore 228095

Partner-in-charge: Eu Chee Wei David
Appointed since financial year ended
31 December 2014

Principal Bankers

United Overseas Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Corporate Governance Report

Kingsmen Creatives Ltd. (the ***Company***) and its subsidiaries (collectively the ***Group***) are committed to achieving a high standard of corporate governance, and to complying with the Code of Corporate Governance 2012 (the ***Code***). The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment, which will safeguard the interests of shareholders. The Company is pleased to confirm that throughout the financial year ended 31 December 2014 (***FY2014***), the Group has adhered to the principles and guidelines of the Code.

1. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with management to achieve this objective and management remains accountable to the Board.

The principal role of the Board of Directors (the ***Board***) is to:

- set and direct the long-term vision and strategic direction of the Group;
- review the performance of management;
- establish a proper risk management system to ensure that key potential risks faced by the Group are properly identified and managed;
- conduct periodic reviews of the Group's internal controls, financial performance, compliance practices and resource allocation;
- approve annual budgets and proposals for acquisitions, investments and disposals;
- ensure the Group's compliance with good corporate governance practices; and
- set the Group's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met.

Delegation by the Board

Board committees, namely the Nominating Committee (the ***NC***), Remuneration Committee (the ***RC***) and Audit Committee (the ***AC***), have been constituted to assist the Board in the discharge of specific responsibilities. The duties, authority and accountabilities of each committee are set out in their respective written terms of reference. Further information on the roles and responsibilities of the NC, RC and AC are described separately under the various sections of each committee below.

Board Approval

Matters which specifically require the Board's approval are:

- corporate strategy and business plans;
- major funding proposals and investments including the Group's commitment in terms of capital and other resources;
- the appointment and remuneration packages of the directors and management;
- the Group's quarterly, half-year and full-year financial result announcements and annual report for each financial year;
- material acquisitions and disposals of assets;
- share issuances, interim dividends and other returns to shareholders; and
- matters involving a conflict of interest for a substantial shareholder or a director.

While matters relating to the Group's strategies and policies require the Board's direction and approval, management is responsible for the day-to-day operations and administration of the Group.

Board and Board Committees Meetings

The schedule of all Board and Board committees meetings and the Annual General Meeting (***AGM***) for each financial year is planned well in advance, in consultation with the directors. The Board meets at least four times a year at regular intervals and on an ad hoc basis, as and when circumstances require. Tele-conferencing at Board meetings is allowed under the Company's Articles of Association.

The number of Board and Board committees meetings held in FY2014 and the attendance of our directors at these meetings are as follows:

	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Soh Siak Poh Benedict	4	3	4	3 *	1	-	1	-
Simon Ong Chin Sim	4	4	4	4 *	1	1	1	1 *
Chong Siew Ling	4	4	4	4 *	1	1 *	1	1 *
Prabhakaran S/O Narayanan Nair	4	4	4	4	1	1	1	1
Wong Ah Long	4	3	4	3	1	1	1	1
Tan Cher Liang	4	4	4	4	1	1	1	1

* Attendance by invitation

Corporate Governance Report

Board Orientation and Training

A formal letter of appointment is provided to every new director, setting out his duties and obligations. A new director will also receive an orientation package which includes materials to familiarise new directors with the Group's business, operations, structure and governance practices relating to, inter alia, disclosure of interests in the Company's securities, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information. For new directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties.

All directors are also provided with briefings and updates in areas such as corporate governance, changes to laws and regulations pertaining to the Group's business and operations, and changes in financial reporting standards, so as to enable them to properly discharge their duties as Board or Board committee members.

Further, in order to provide our independent directors with a better understanding of the Group's business and operations, the Company conducts visits to the Group's operational facilities. Directors can also request further briefings or information on any aspect of the Group's business or operations from management.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10% shareholders[1]. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Board Composition

Currently, the Board comprises six directors, three of whom are independent. The Board is constituted as follows:

Mr Soh Siak Poh Benedict	(Executive Chairman)
Mr Simon Ong Chin Sim	(Group Managing Director and Executive Director)
Mr Chong Siew Ling	(Managing Director, Exhibitions & Museums and Executive Director)
Mr Prabhakaran S/O Narayanan Nair	(Independent Director)
Mr Wong Ah Long	(Independent Director)
Mr Tan Cher Liang	(Independent Director)

Each year, the Board reviews its size and composition, taking into account, inter alia, the scope and nature of the Group's business and operations and the benefits of all aspects of diversity, including but not limited to gender, age, cultural, educational background and professional experience in order to maintain an appropriate range and balance of skills, experience and background of the Board. As independent directors make up half of the Board, there is a strong independent element on the Board and no individual or group of individuals is able to dominate the Board's decision-making process. The Board believes that its current composition and size provides an appropriate balance of skills, experience and knowledge of the Group, which facilitates effective decision-making. The directors provide core competencies such as accounting, finance and legal expertise, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge.

Board Independence

The independence of each director is reviewed by the NC on an annual basis. In determining whether a director is independent, the NC has adopted the definition in the Code of what constitutes an independent director. Following its annual review, the Board and the NC are of the view that Mr Prabhakaran S/O Narayanan Nair, Mr Wong Ah Long and Mr Tan Cher Liang are independent.

The NC noted that under the Code, the independence of any director who has served on the Board beyond nine years from the date of first appointment should be subject to particularly rigorous review. Amongst the three independent directors, Mr Prabhakaran S/O Narayanan Nair has served as the independent director of the Company for more than nine years from his date of first appointment to the Board. The Board concurred with the NC that Mr Prabhakaran S/O Narayanan Nair remains objective in expressing his views and in participating in the deliberation and decision making of the Board and Board committees, notwithstanding his tenure of service. The Board and the NC hold the view that a director's independence cannot be determined arbitrarily with reference to a set period of time, and that the Group benefits greatly from Mr Prabhakaran S/O Narayanan Nair's long service due to his detailed knowledge of the Group's business and operations. Mr Prabhakaran S/O Narayanan Nair had abstained from deliberating on the matter relating to his review.

The independent directors contribute accounting and finance knowledge, legal expertise and business management experience to the Group, and provide the executive directors and management with diverse and objective perspectives of issues that are brought before the Board. The independent directors also aid in developing the Group's strategic process, reviewing the performance of management in meeting agreed goals and objectives, monitoring the reporting of performance and operating as an appropriate check and balance. The independent directors meet regularly on their own without the presence of the executive directors and management and they will provide feedback to the Executive Chairman after such meetings.

[1] The term "**10% shareholder**" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Soh Siak Poh Benedict is the Executive Chairman, and Mr Simon Ong Chin Sim is the Group Managing Director of the Group. This ensures that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. Mr Soh Siak Poh Benedict and Mr Simon Ong Chin Sim are not related to each other.

At the operational level, the Group Managing Director is responsible for the Group's overall management and development of the Group's local and overseas operations, as well as executing the strategic plans set out by the Board. He is also responsible for the overall strategy and policies of the Group's creative directions and standards. The Executive Chairman oversees the Group's strategic development and sets the overall strategy and policies. He is also responsible for exploring strategic business opportunities.

The Executive Chairman promotes high standards of corporate governance and leads the Board to ensure its effectiveness on all aspects of its role. As part of his administrative duties, the Executive Chairman sets the Board meeting agenda in consultation with the senior management and company secretaries of the Company and ensures that the directors receive complete, adequate and timely information. He also encourages constructive relations within the Board and between the Board and management and facilitates effective contribution of the independent directors. In addition, the Executive Chairman is responsible for ensuring effective communication with shareholders.

The roles of the Executive Chairman and the Group Managing Director are separated and each of the Board committees is chaired by an independent director. Although the Executive Chairman is part of the management team, the Board is of the view that there is an appropriate balance of power and accountability that enhances the Board's capacity for independent decision-making and at present, it would not be necessary to appoint a lead independent director.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Nominating Committee

The NC is chaired by Mr Wong Ah Long and comprises Mr Prabhakaran S/O Narayanan Nair, Mr Tan Cher Liang, Mr Soh Siak Poh Benedict and Mr Simon Ong Chin Sim. The majority of the NC members, including the Chairman, are independent directors.

The principal functions of the NC in accordance with its written terms of reference are as follows:

- to make recommendations on matters relating to the appointment and re-appointment of directors, Board succession plans for directors, evaluation of the performance of the Board, the Board committees and directors, and training programmes for the Board;
- to determine on an annual basis, and as and when circumstances require, whether or not a director is independent;
- to decide whether a director is able to and has been adequately carrying out his duties as a director of the Company;
- to ensure that all directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years; and
- to assess the effectiveness of the Board as a whole, its Board committees and the contribution by each director to the effectiveness of the Board.

The date of appointment and last re-election of each director is set out below. For the profile of the directors, please refer to the section entitled "Board of Directors" of this Annual Report. In addition, information on each director's shareholding in the Company, if any, is set out in the section entitled "Directors' Report" of this Annual Report. Pursuant to the Companies Act, Chapter 50 of Singapore, a director who attains the age of 70 years may, by an ordinary resolution passed at an AGM of the Company, be re-appointed as a director of the Company to hold office until the next AGM.

Name of Director	Date of Appointment	Date of Last Election
Soh Siak Poh Benedict	16 December 2002	29 April 2014
Simon Ong Chin Sim	16 December 2002	30 April 2013
Chong Siew Ling	12 August 2003	29 April 2012
Prabhakaran S/O Narayanan Nair	12 August 2003	29 April 2014
Wong Ah Long *	28 April 2008	29 April 2012
Tan Cher Liang	30 April 2013	30 April 2013

* Mr Wong Ah Long is above 70 years of age.

Directors' Commitments

The NC considers whether a director is able to and has been adequately carrying out his duties as a director of the Company, taking into consideration, inter alia, the director's number of listed company board representations and other principal commitments[2]. In addition, the NC will also take into consideration, inter alia, a qualitative assessment of each director's contributions as well as any other relevant time commitments. The Board is of the view that at present, it would not be meaningful to prescribe a maximum number of listed company board representations which any director may hold. Each director has confirmed that notwithstanding other listed company board representations (if any) and principal commitments, he is able to devote sufficient time and attention to the affairs of the Group.

Process for Nomination and Selection of New Directors

The Company adopts a comprehensive and detailed process in the selection of new directors. Candidates are first sourced through an extensive network of contacts and identified based on, inter alia, the needs of the Group and the relevant expertise required. In selecting suitable candidates, the Board, in consultation with the NC, would also consider the Group's strategic goals, business direction and medium-term needs. The NC then conducts interviews with the candidates and nominates the most suitable candidate for appointment to the Board.

Process for Re-nomination and Re-election of Directors

All directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years. Pursuant to Article 107 of the Company's Articles of Association, one-third of the Board are to retire from office by rotation and be subject to re-election at the AGM. In addition, Article 117 of the Company's Articles of Association provides that a newly appointed director must retire and submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to be re-elected at least once every three years.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each director to the effectiveness of the Board.

Board Evaluation Process

The NC will assess and discuss the performance of the Board as a whole and its Board committees on an annual basis. This process includes a questionnaire completed individually by each director and the results of which are presented to the NC for review. Following its review, the NC identifies key areas for improvement and requisite follow-up actions, and provides feedback to the Board.

Each director will evaluate the performance of the Board taking into account a set of performance criteria which includes, inter alia, the evaluation of the Board composition and size, the Board process, the Board effectiveness, the provision of information to the Board, the Board standards of conduct and financial performance indicators. The Board is of the view that this set of performance criteria allows for appropriate comparison and addresses how the directors have enhanced long-term shareholders' value.

Individual Director Evaluation

There is an assessment conducted annually and informally by the NC of each director's contribution to the effectiveness of the Board. In evaluating the contribution by each director, numerous factors are taken into consideration, including attendance and participation in meetings and commitment of time to director's duties. The NC also considers other contributions by a director such as providing objective perspectives of issues, facilitating business opportunities and strategic relationships, and accessibility to management outside of formal Board and/or Board committees meetings. The performance of each director is taken into account in re-election or re-appointment.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Company makes available to all directors its monthly management accounts and other financial statements, budgets and forecasts, together with all other relevant information. Detailed board papers are provided to the directors before the scheduled meetings so as to enable them to make informed decisions. In respect of budgets, any material variance between the projections and the actual results is reviewed by the Board and disclosed and explained by management, where required by the Board.

The directors have also been provided with the contact details of the Company's management and company secretaries to facilitate separate and independent access. At least one company secretary is in attendance at all Board and Board committees meetings. Together with management, the company secretaries are responsible for ensuring that appropriate board procedures are followed and that the requirements of the Companies Act, Chapter 50 of Singapore and the provisions in the Listing Manual of the Singapore Exchange Securities Trading Limited (the ***Listing Manual***) are complied with. The appointment and removal of each company secretary is subject to the Board's approval.

The directors may, in furtherance of their duties, take independent professional advice, if necessary, at the Company's expense.

[2] The term "**principal commitments**" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Remuneration Committee

The RC is chaired by Mr Tan Cher Liang and comprises Mr Prabhakaran S/O Narayanan Nair and Mr Wong Ah Long. All the RC members, including the Chairman, are independent directors. The principal function of the RC, in accordance with its written terms of reference, is to set the remuneration guidelines and policies of the Group. The RC also administers the Kingsmen Performance Share Scheme (the ***Scheme***). Details of the Scheme are contained in the section entitled "Directors' Report" of this Annual Report.

The Board considers that the members of the RC, who each have years of experience in senior management positions and/or on the boards of various listed companies, collectively have strong management experience and expertise on remuneration issues. If necessary, the RC members may seek professional advice inside and/or outside the Company on the remuneration of all directors and management.

Procedures for Setting Remuneration

The Company has implemented a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. The RC reviews and recommends to the Board a general framework of remuneration and specific remuneration packages for the Board and management, covering all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board. Each RC member does not participate in discussions, and abstains from decision-making, relating to any remuneration, compensation, options or any form of benefits to be granted to him.

The RC also reviews the Company's obligations, if any, arising in the event of termination of the executive directors' and/or management's contracts of service, to ensure that the termination clauses of such contracts of service are fair and reasonable.

Remuneration Policies

In order to maximise shareholders' value and promote the long-term success of the Group, the Company seeks to attract, retain and motivate management and employees by offering competitive remuneration packages. The remuneration of our management and employees is set based on, inter alia, the relevant scope and extent of responsibilities, prevailing market conditions, and comparable industry benchmarks. The Company rewards management and employees based on achievement of individual performance objectives using indicators such as competencies, key result areas, performance ratings and potential of the individual and the Group's financial performance. The Board is of the view that this will motivate our management and employees to achieve superior performance and promote the long-term growth of the Group. Having reviewed and considered the variable components of the remuneration of management, which comprises of bonus, incentives and/or share awards that are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim these variable components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The executive directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the executive directors in the event of a breach of fiduciary duties.

Executive Directors' Remuneration

In accordance with the terms of their service agreements, each of our executive directors is entitled to, inter alia, performance-related incentives which are linked to the financial performance of the Group and the individual performance of each executive director. The terms of our executive directors' service agreements and their remuneration packages are subject to review by the RC. There are no excessive or onerous removal clauses in these service agreements.

Independent Directors' Remuneration

The independent directors have not entered into service agreements with the Company. Each independent director receives a basic fee and additional fees for serving on any of the committees, which is determined by the Board, taking into account the effort, time spent and responsibilities of the director. Such fees are subject to approval of the shareholders at each AGM of the Company.

Level and Mix of Remuneration

The remuneration of the Company's directors and the Group's key executives for FY2014 is set out below. Overall, the Company's executive directors and the Group's key executives have met the key performance objectives required of them. No termination, retirement or post-employment benefits have been granted to the Company's directors and the Group's key executives.

(a) Directors

	Fees	Salary	Bonus / Incentives	Benefits	Share Award	Total Remuneration	
Name of Director	**%**	**%**	**%**	**%**	**%**	**%**	**S$'000**
Executive Directors							
Soh Siak Poh Benedict	10	29	58	1	2	100	1,257
Simon Ong Chin Sim	9	29	59	1	2	100	1,248
Chong Siew Ling	6	31	50	2	11	100	860
Independent Directors							
Prabhakaran S/O Narayanan Nair	100	-	-	-	-	100	50
Wong Ah Long	100	-	-	-	-	100	43
Tan Cher Liang	100	-	-	-	-	100	43

(b) Key Executives

Remuneration of the top five key executives in bands of S$250,000 (who are not directors of the Company)

	Fees	Salary	Bonus / Incentives	Benefits	Share Award	Total Remuneration
Name of Key Executive	**%**	**%**	**%**	**%**	**%**	**%**
S$750,000 to S$999,999						
Alex Wee Huat Seng	2	27	67	2	2	100
S$500,000 to S$749,999						
Francis Yee Chee Kong	4	29	62	2	3	100
Roy Ong Chin Kwan	3	39	53	3	2	100
Krez Peok Chong Eng	6	52	39	3	-	100
Andrew Cheng Oon Teck	-	41	53	3	3	100

The aggregate amount of the total remuneration paid to the Group's top five key executives (who are not directors or chief executive officer) is S$3,170,000.

Mr Roy Ong Chin Kwan is the brother and thus an immediate family member of Mr Simon Ong Chin Sim, our Group Managing Director and Executive Director. Mr Roy Ong Chin Kwan's remuneration for FY2014 falls in the band of S$550,000 to S$600,000. Save as disclosed above, there are no other employees who are related to a director, whose remuneration exceeds S$50,000.

Employee Share Scheme

Pursuant to the Scheme, an aggregate of 1,236,310 fully-paid shares, constituting approximately 0.6% of the total number of issued shares of the Company (excluding treasury shares), were awarded and issued in FY2014. Since the commencement of the Scheme, an aggregate of 5,083,110 fully-paid shares, constituting approximately 2.6% of the total number of issued shares of the Company (excluding treasury shares), have been awarded and issued.

Further details of the Scheme are set out in the section entitled "Directors' Report" of this Annual Report.

3. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In line with the Company's disclosure obligations under the Listing Manual, the Board's policy is that shareholders shall be informed of all major developments relating to the Group. Information is communicated to shareholders on a timely basis through SGXNET and the press. The Board also provides shareholders with a detailed explanation of the Group's performance, position and prospects on a quarterly basis.

Management makes available to all directors the management accounts and other financial statements, together with all other relevant information of the Group's performance, position and prospects on a monthly basis and as and when the directors may require from time to time.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The AC and management are responsible for overseeing the Group's risk management framework and policies, including reviewing the Group's business and operational activities to identify areas of significant business risks, and recommending to the Board the appropriate strategy and resources required for managing risks that are consistent with the Group's risk appetite.

Material transactions are subject to risk analysis by the AC and management, and safeguard measures against significant risks are established prior to undertaking new projects. The AC, together with management, will continue to enhance and improve the existing risk management and internal control systems.

The internal and external auditors also assist in the risk management process by identifying certain areas of concern that are uncovered through financial/audit checks. The key risks facing the Group have been identified and appropriate measures are in place to mitigate such risks.

The Board has received assurance from the Executive Chairman, the Group Managing Director and the Financial Controller, that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on the internal controls (including financial, operational, compliance and information technology controls) established and maintained by the Group, work performed by the internal and external auditors, a board risk and assurance framework developed with the assistance of an external consultant, information provided to the AC and the Board and reviews performed by the AC and the Board at least annually, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems are adequate and effective as at the date of this Annual Report.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC is chaired by Mr Prabhakaran S/O Narayanan Nair and comprises Mr Wong Ah Long and Mr Tan Cher Liang. All the AC members, including the Chairman, are independent directors.

The AC holds at least four meetings in each financial year. The principal functions of the AC in accordance with its written terms of reference are as follows:

- reviewing the Group's financial statements, and significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the Board;
- reviewing the audit plans and reports of the internal and external auditors and to consider the effectiveness of the actions taken by management on the auditors' recommendations;
- ensuring that management provides assistance and co-operation to the internal and external auditors;
- evaluating the adequacy and effectiveness of the Group's internal controls by, inter alia, reviewing the reports of the internal and external auditors, and management's responses and actions to correct any deficiencies and reporting the same to the Board at least annually;
- reviewing the adequacy and effectiveness of the Group's internal audit function;
- making recommendations to the Board on the appointment, re-appointment and removal of external auditors;
- approving the remuneration and terms of engagement of the external auditors;
- reviewing the independence and objectivity of the external auditors at least annually; and
- reviewing interested person transactions (as defined in the Listing Manual).

In addition, the AC is tasked to commission independent investigations of any suspected fraud or irregularity, which has or is likely to have a material impact on the Group's operating results or financial position, and to review the findings of such investigations. The AC has reasonable resources to enable it to discharge its responsibilities properly. It has full access to, and the co-operation of, management and full discretion to invite any director or key executive to attend its meetings.

The AC also meets with the internal auditors and external auditors without management, at least annually and whenever necessary to review the adequacy of audit arrangements, with emphasis on the scope and quality of audit and the independence and objectivity of the auditors.

The external auditors provide regular updates and briefings to the AC on changes to accounting standards and other financial issues to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements.

External Auditors

The AC reviews the independence of the Group's external auditors annually. No non-audit services were rendered by the external auditors, RSM Chio Lim LLP, during FY2014. The audit fees paid/payable to the external auditors, RSM Chio Lim LLP, for FY2014 are S$185,000. The partner in charge of auditing the Group, Mr Eu Chee Wei David, was appointed from FY2014. The AC is satisfied with the independence and objectivity of the external auditors, RSM Chio Lim LLP.

The Company has complied with Rules 712 and 715 of the Listing Manual in the appointment of its external auditors.

Whistle-blowing Policy

The Company implemented a whistle-blowing policy in 2010, which provides the Group's employees and any other persons with well-defined and accessible channels through which they may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Whistle-blowing concerns may be reported using a prescribed form, in person or via letter, electronic mail or telephone call. The AC reviews such policy to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up action.

The Company will protect the identity and interest of all whistle-blowers, and treat all information received confidentially. Anonymous reports will also be accepted.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

We have engaged Nexia TS Risk Advisory Pte. Ltd. (***Nexia***) as our internal auditors. Nexia is a certified public accounting firm and a member of the Institute of Internal Auditors (***IIA***). In performing the internal audit, Nexia applied the Standards for the Professional Practice of Internal Auditing set by IIA.

The Board recognises that it is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's business and assets. The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The internal auditors report primarily to the Chairman of the AC and have full access to the documents, records, properties and personnel (including the AC) of the Group. The audit plan is submitted to the AC for approval prior to commencement of the internal audit.

The AC reviews the adequacy and effectiveness of the internal audit function at least annually to, inter alia, ensure that (i) the internal audit function is adequately resourced and has appropriate standing within the Group; and (ii) the recommendations of the internal auditors are properly implemented.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. The Company does not practise selective disclosure. Price sensitive information is first publicly released via SGXNET and/or our corporate website before the Company meets with any group of investors or analysts. The Group's financial results and annual reports are announced or issued within the period specified under the Listing Manual, and are also made available to the public via the Company's website.

The Board welcomes the views of shareholders on matters affecting the Group, whether at shareholders' meetings or on an ad-hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspapers, reports and/or circulars provided to all shareholders. Each item of special business included in the notices of shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at shareholders' meetings for approval. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved. The Executive Chairman and chairpersons of the AC, NC and RC are typically available at shareholders' meetings to answer queries. The external auditors are also present at the AGM to assist the directors in addressing any relevant queries by shareholders regarding the conduct of audit and the preparation and content of the auditors' report. The AGM is the principal forum for dialogue with shareholders. In addition, the Company also holds briefings to present half-year and full-year financial results for the media and analysts. Outside of the financial announcement periods, when necessary and appropriate, management will meet investors and analysts who like to seek a better understanding of the Group's business and operations. This also enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company on investors' views. When opportunities arise, the Company conducts media interviews to give its shareholders and the public a better perspective of the Group's business, operations and prospects.

The Articles of Association of the Company allow a member of the Company to appoint one or two proxies to attend and vote instead of the member. Voting in absentia and electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of member through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

The minutes of general meetings, which include questions and comments from shareholders and responses from the Board and management, are available to shareholders upon written request.

5. DEALINGS IN SECURITIES

The Company has adopted an internal policy on dealings in the Company's securities, which is in line with the requirements of the Listing Manual and notified to all directors and employees of the Group. The Company and all directors, officers and employees of the Group are prohibited from dealing in the Company's securities during the period commencing two weeks before the announcement of the Group's quarterly and half-year financial results, and the period commencing one month before the announcement of its full-year financial results.

All directors, officers and employees are expected to observe insider trading laws at all times. In particular, they are aware that dealing in the Company's securities, when they are in possession of unpublished material price-sensitive information in relation to those securities, is an offence. Our directors, officers and employees are also discouraged from dealing in the Company's securities on short-term considerations.

6. MATERIAL CONTRACTS

Except as disclosed in the financial statements, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Chairman, Group Managing Director, directors or controlling shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

7. INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transaction with interested party within the definition of Chapter 9 of the Listing Manual and has in place procedures for review and approval of all interested person transactions. In the event that a potential conflict of interest arises, the director concerned will not participate in discussions, abstains from decision-making, and refrains from exercising any influence over other members of the Board.

There are no interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual and excluding transactions amounting to less than S$100,000, there are no other interested person transactions during FY2014. To ensure compliance with Chapter 9 of the Listing Manual, the Board and the AC review, on a quarterly basis, interested person transactions entered into by the Group (if any).

Financial Statements

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Kingsmen Creatives Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the reporting year ended 31 December 2014.

1. Directors

The directors of the Company in office at the date of this report are:

Soh Siak Poh Benedict	(Executive Chairman)
Simon Ong Chin Sim	(Group Managing Director and Executive Director)
Chong Siew Ling	(Managing Director, Exhibitions & Museums and Executive Director)
Prabhakaran S/O Narayanan Nair	(Independent Director)
Wong Ah Long	(Independent Director)
Tan Cher Liang	(Independent Director)

2. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, other than as disclosed under "Kingsmen Performance Share Scheme" in this report.

3. Directors' interests in shares and debentures

The following directors of the Company, who held office at the end of the reporting year, had, according to the register of directors' shareholdings required to be kept by the Company under section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

	Direct interest		Deemed interest	
	At the beginning of the reporting year	At the end of the reporting year	At the beginning of the reporting year	At the end of the reporting year
Name of director	Ordinary shares of the Company			
Soh Siak Poh Benedict	7,917,269	8,035,409	37,993,060	37,993,060
Simon Ong Chin Sim	7,917,250	8,035,390	37,993,060	37,993,060
Chong Siew Ling	3,634,761	3,634,761	–	–
Wong Ah Long	–	–	36,000	36,000

There was no change in any of the above-mentioned interests in the Company between the end of the reporting year and 21 January 2015.

By virtue of section 7 of the Act, Soh Siak Poh Benedict and Simon Ong Chin Sim are deemed to have interests in shares of the subsidiaries of the Company.

Except as disclosed in this report, no director of the Company who held office at the end of the reporting year had interests in shares, debentures or share options of the Company, or of related corporations, either at the beginning of the reporting year, or at the end of the reporting year.

4. Contractual benefits of directors

Since the beginning of the reporting year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in the financial statements. Certain directors of the Company received remuneration from related corporations in their capacity as directors and/or executives of those related corporations. There were certain transactions (shown in the financial statements under related party transactions) with corporations in which certain directors have an interest.

5. Share options

During the reporting year, no option to take up unissued shares of the Company or any subsidiary was granted and there were no shares of the Company or any subsidiary issued by virtue of the exercise of an option to take up unissued shares. At the end of the reporting year, there were no unissued shares of the Company or any subsidiary under option.

6. Kingsmen performance share scheme

The Kingsmen Performance Share Scheme (the "KPSS") was approved and adopted by the members of the Company at an Extraordinary General Meeting of the Company held on 29 April 2009. The purpose of the KPSS is to provide an opportunity for (a) Group employees, (b) Group executive directors (which refers to directors of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function within the Group), (c) Group non-executive directors (which refers to independent directors of the Company or directors of the Company and/or any of its subsidiaries, as the case may be, other than a Group executive director) and (d) associated company employees who have met performance targets to be remunerated through an equity stake in the Company and/or when due recognition should be given to any good work performance and/or significant contribution to the Group as well as for Group employees to receive part of their annual cash bonus payment in the form of shares of the Company. Persons eligible to participate in the KPSS who are also controlling shareholders of the Company or associates of a controlling shareholder of the Company would be eligible to participate in the KPSS subject to the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"). Under the KPSS, an award of fully paid shares of the Company may only be vested and consequently any shares comprised in such awards shall only be delivered upon (i) the committee administering the KPSS (the "KPSS Committee") being satisfied that the participant has achieved the pre-determined performance targets and/or due recognition should be given for good work performance and/or significant contribution to the Group and/or (ii) the Company decides to pay a pre-determined percentage of a Group employee's annual cash bonus payment in the form of shares of the Company. The pre-determined performance targets for each participant and the pre-determined percentage of a Group employee's annual cash bonus payment in the form of shares of the Company shall be determined by the KPSS Committee in its absolute discretion.

The KPSS Committee consists of the directors of the Company (being the three executive directors, Mr Soh Siak Poh Benedict, Mr Simon Ong Chin Sim and Mr Chong Siew Ling, and the three independent directors, Mr Tan Cher Liang, Mr Prabhakaran S/O Narayanan Nair and Mr Wong Ah Long). The quorum for any KPSS Committee meeting shall be three directors, of which two of the directors shall be independent directors. The KPSS shall be administered by the KPSS Committee in its absolute discretion with such powers and duties as are conferred on it by the board of directors, except that in compliance with the requirements of the Listing Manual, no member of the KPSS Committee shall participate in any deliberation or decision in respect of share awards granted or to be granted to him.

The KPSS shall continue in force at the discretion of the KPSS Committee, subject to a maximum period of ten years commencing on 29 April 2009 which is the date the KPSS is adopted by the Company in general meeting, provided always that the KPSS may continue beyond the above stipulated period with the approval of members of the Company by ordinary resolution in general meeting and of any relevant authorities which may then be required. The KPSS may be terminated at any time by the KPSS Committee or by resolution of the Company in general meeting subject to all relevant approvals, which may be required, and if the KPSS is terminated, no further awards shall be vested by the Company.

During the reporting year, an aggregate of 1,236,310 (2013: 1,670,850) performance shares were awarded to and accepted by 78 (2013: 62) participants.

At the end of the reporting year under review, details of the performance shares awarded under the KPSS are as follows:

Detail of participant	Balance as at 1.1.2014	Share awards granted during the reporting year	Share awards vested during the reporting year	Balance as at 31.12.2014	Aggregate ordinary shares awarded since commencement of KPSS to end of reporting year under review
	(a)		(b)	(a)+(b)	
Controlling shareholders and associate					
Soh Siak Poh Benedict	182,830	118,140	118,140	300,970	300,970
Simon Ong Chin Sim	182,830	118,140	118,140	300,970	300,970
Ong Chin Kwan	86,730	10,080	10,080	96,810	96,810
Employees	3,394,410	989,950	989,950	4,384,360	4,384,360
	3,846,800	1,236,310	1,236,310	5,083,110	5,083,110

6. Kingsmen performance share scheme (cont'd)

No participants have been awarded 5% or more of the total number of performance shares which may be issued under the KPSS since its commencement.

The aggregate number of performance shares available to controlling shareholders and their associates must not exceed 25% of the performance shares available under the KPSS. The number of performance shares available to each controlling shareholder or his associate must also not exceed 10% of the performance shares available under the KPSS.

The aggregate number of performance shares issued and issuable pursuant to the KPSS and any other share based incentive schemes of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

7. Audit Committee

At the date of this report, the Audit Committee comprises the following members, all of whom are independent:

Prabhakaran S/O Narayanan Nair (Chairman)
Wong Ah Long
Tan Cher Liang

The Audit Committee has held four meetings since the last directors' report and carried out its functions in accordance with section 201B(5) of the Act, the Listing Manual and the Code of Corporate Governance 2012 which include the following:

- reviewing the Group's financial statements, and significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the board of directors;
- reviewing the audit plans and reports of the internal and external auditors and to consider the effectiveness of the actions taken by management on the auditors' recommendations;
- ensuring that management provides assistance and co-operation to the internal and external auditors;
- evaluating the adequacy and effectiveness of the Group's internal controls by, inter alia, reviewing the reports of the internal and external auditors, and management's responses and actions to correct any deficiencies and reporting the same to the board of directors at least annually;
- reviewing the adequacy and effectiveness of the Group's internal audit function;
- making recommendations to the board of directors on the appointment, re-appointment and removal of external auditors;
- approving the remuneration and terms of engagement of the external auditors;
- reviewing the independence and objectivity of the external auditors at least annually; and
- reviewing interested person transactions (as defined in the Listing Manual).

In addition, the Audit Committee is tasked to commission independent investigations of any suspected fraud or irregularity, which has or is likely to have a material impact on the Group's operating results or financial position, and to review the findings of such investigations. The Audit Committee has reasonable resources to enable it to discharge its responsibilities properly. It has full access to, and the co-operation of, management and full discretion to invite any director or key executive to attend its meetings.

The Audit Committee also meets with the internal auditors and external auditors without management, at least annually and whenever necessary to review the adequacy of audit arrangements, with emphasis on the scope and quality of audit and the independence and objectivity of the auditors.

The Group does not have any subsidiary or associate that is considered significant as defined under Rule 718 of the Listing Manual. The Audit Committee and the board of directors confirmed that they are satisfied that the appointment of different auditors for the Group's subsidiaries and associates would not compromise the standard and effectiveness of the audit of the Group. The Company has complied with Rules 712 and 715 of the Listing Manual in the appointment of its external auditors.

No non-audit services were rendered by the external auditors during the reporting year. The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the board of directors that the external auditors, RSM Chio Lim LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

8. Independent auditors

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

On behalf of the board of directors

Soh Siak Poh Benedict
Director

Simon Ong Chin Sim
Director

24 March 2015

Statement by Directors

In the opinion of the directors,

(a) the accompanying consolidated statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the reporting year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

On behalf of the board of directors

Soh Siak Poh Benedict
Director

Simon Ong Chin Sim
Director

24 March 2015

Independent Auditor's Report

to the Members of KINGSMEN CREATIVES LTD. (Registration No: 200210790Z)

Report on the financial statements

We have audited the accompanying financial statements of Kingsmen Creatives Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statements of profit or loss and other comprehensive income and statements of financial position and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Other matters

The financial statements of the Company and of the Group for the reporting year ended 31 December 2013 were audited by another firm of independent auditors whose report dated 2 April 2014 expressed an unqualified opinion on those financial statements and had an emphasis of matter relating to Note 35 of the financial statements.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

24 March 2015

Partner in charge of audit: Eu Chee Wei David
Effective from reporting year ended 31 December 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000 (Note 39)
Revenue	5	336,413	296,251
Cost of sales		(251,573)	(220,279)
Gross profit		84,840	75,972
Other items of income			
Interest income	6	441	394
Other income	7	5,229	5,012
Other items of expense			
Depreciation of property, plant and equipment	13	(2,083)	(1,629)
Employee benefits expense	8	(54,092)	(47,721)
Other expenses	9	(13,761)	(10,567)
Interest expense	10	(241)	(276)
Share of results of associates		1,021	820
Profit before tax		21,354	22,005
Income tax expense	11	(3,595)	(3,623)
Profit net of tax		17,759	18,382
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		863	258
Other comprehensive income for the year, net of tax		863	258
Total comprehensive income		18,622	18,640
Profit net of tax attributable to:			
Equity holders of the Company		17,155	17,744
Non-controlling interests		604	638
Profit net of tax		17,759	18,382
Total comprehensive income attributable to:			
Equity holders of the Company		17,901	18,035
Non-controlling interests		721	605
Total comprehensive income		18,622	18,640
Earnings per share attributable to equity holders of the Company (cents per share)			
Basic	12	8.84	9.21
Diluted	12	8.84	9.21

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

as at 31 December 2014

	Note	Group		Company	
		2014	**2013**	**2014**	**2013**
		$'000	$'000 (Note 39)	$'000	$'000 (Note 39)
ASSETS					
Non-current assets					
Property, plant and equipment	13	11,366	11,311	254	237
Intangible assets	14	7,562	4,939	–	–
Investments in subsidiaries	15	–	–	22,496	19,859
Investments in associates	16	8,095	9,415	4,012	6,067
Other investments	17	1,093	1,635	1,093	1,635
Trade and other receivables	18	662	343	–	–
Deferred tax assets	19	540	338	173	–
		29,318	27,981	28,028	27,798
Current assets					
Inventories	20	2,182	1,561	–	–
Gross amount due from customers for contract work-in-progress	21	15,684	18,586	–	–
Trade and other receivables	18	92,503	96,333	5,150	4,600
Other assets	22	1,255	1,315	45	29
Cash and cash equivalents	23	82,972	63,722	6,288	5,454
		194,596	181,517	11,483	10,083
Total assets		223,914	209,498	39,511	37,881
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	24	23,614	22,932	23,614	22,932
Retained earnings		74,923	65,601	12,346	11,808
Other reserves	25	(1,790)	(3,008)	1,826	1,354
		96,747	85,525	37,786	36,094
Non-controlling interests		4,318	3,747	–	–
Total equity		101,065	89,272	37,786	36,094
Non-current liabilities					
Trade and other payables	26	154	119	–	–
Other financial liabilities	27	1,671	1,762	–	–
Deferred tax liabilities	19	479	421	–	28
		2,304	2,302	–	28
Current liabilities					
Gross amount due to customers for contract work-in-progress	21	7,026	6,299	–	–
Trade and other payables	26	99,560	97,955	1,642	1,442
Other financial liabilities	27	4,843	2,800	–	–
Other liabilities	28	2,091	4,037	83	86
Income tax payable		7,025	6,833	–	231
		120,545	117,924	1,725	1,759
Total liabilities		122,849	120,226	1,725	1,787
Total equity and liabilities		223,914	209,498	39,511	37,881

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2014

Group	Share capital	Retained earnings	Other reserves	Equity attributable to equity holders of the Company, total	Non-controlling interests	Equity, total
	Attributable to equity holders of the Company					
	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2014	22,932	65,601	(3,008)	85,525	3,747	89,272
Profit for the year	–	17,155	–	17,155	604	17,759
Other comprehensive income						
Foreign currency translation	–	–	746	746	117	863
Other comprehensive income for the year, net of tax	–	–	746	746	117	863
Total comprehensive income for the year	–	17,155	746	17,901	721	18,622
Contributions by and distributions to equity holders						
Ordinary shares issued pursuant to performance share scheme (Note 24)	348	–	–	348	–	348
Treasury shares reissued pursuant to performance share scheme (Notes 24 and 25)	334	–	472	806	–	806
Dividends paid on ordinary shares (Note 29)	–	(7,782)	–	(7,782)	–	(7,782)
Total contributions by and distributions to equity holders	682	(7,782)	472	(6,628)	–	(6,628)
Changes in ownership interests in subsidiaries						
Capital contribution by non-controlling interest of subsidiaries	–	–	–	–	6	6
Disposal of interest in a subsidiary with a change in control	–	(51)	–	(51)	(20)	(71)
Dividends paid to non-controlling interest of subsidiaries	–	–	–	–	(136)	(136)
Total changes in ownership interests in subsidiaries	–	(51)	–	(51)	(150)	(201)
Total transactions with equity holders in their capacity as equity holders	682	(7,833)	472	(6,679)	(150)	(6,829)
Closing balance at 31 December 2014	23,614	74,923	(1,790)	96,747	4,318	101,065

Statements of Changes in Equity
for the year ended 31 December 2014

Group	Share capital	Retained earnings	Other reserves	Equity attributable to equity holders of the Company, total	Non-controlling interests	Equity, total
	Attributable to equity holders of the Company					
	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance at 1 January 2013	22,288	55,582	(4,022)	73,848	2,980	76,828
Profit for the year	–	17,744	–	17,744	638	18,382
Other comprehensive income/(loss)						
Foreign currency translation	–	–	291	291	(33)	258
Other comprehensive income/(loss) for the year, net of tax	–	–	291	291	(33)	258
Total comprehensive income for the year	–	17,744	291	18,035	605	18,640
Contributions by and distributions to equity holders						
Treasury shares reissued pursuant to performance share scheme (Notes 24 and 25)	644	–	836	1,480	–	1,480
Dividends paid on ordinary shares (Note 29)	–	(7,725)	–	(7,725)	–	(7,725)
Total contributions by and distributions to equity holders	644	(7,725)	836	(6,245)	–	(6,245)
Changes in ownership interests in subsidiaries						
Capital contribution by non-controlling interest of subsidiaries	–	–	–	–	148	148
Dilution of interest in a subsidiary	–	–	(113)	(113)	113	–
Dividends paid to non-controlling interest of subsidiaries	–	–	–	–	(99)	(99)
Total changes in ownership interests in subsidiaries	–	–	(113)	(113)	162	49
Total transactions with equity holders in their capacity as equity holders	644	(7,725)	723	(6,358)	162	(6,196)
Closing balance at 31 December 2013	22,932	65,601	(3,008)	85,525	3,747	89,272

Statements of Changes in Equity
for the year ended 31 December 2014

Company	Attributable to equity holders of the Company			
	Share capital	Retained earnings	Other reserves	Equity, total
	$'000	$'000	$'000	$'000
Opening balance at 1 January 2014	22,932	11,808	1,354	36,094
Profit for the year	–	8,320	–	8,320
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	8,320	–	8,320
Contributions by and distributions to equity holders				
Ordinary shares issued pursuant to performance share scheme (Note 24)	348	–	–	348
Treasury shares reissued pursuant to performance share scheme (Notes 24 and 25)	334	–	472	806
Dividends paid on ordinary shares (Note 29)	–	(7,782)	–	(7,782)
Total contributions by and distributions to equity holders	682	(7,782)	472	(6,628)
Total transactions with equity holders in their capacity as equity holders	682	(7,782)	472	(6,628)
Closing balance at 31 December 2014	23,614	12,346	1,826	37,786
Opening balance at 1 January 2013	22,288	10,689	518	33,495
Profit for the year	–	8,844	–	8,844
Other comprehensive income for the year, net of tax	–	–	–	–
Total comprehensive income for the year	–	8,844	–	8,844
Contributions by and distributions to equity holders				
Treasury shares reissued pursuant to performance share scheme (Notes 24 and 25)	644	–	836	1,480
Dividends paid on ordinary shares (Note 29)	–	(7,725)	–	(7,725)
Total contributions by and distributions to equity holders	644	(7,725)	836	(6,245)
Total transactions with equity holders in their capacity as equity holders	644	(7,725)	836	(6,245)
Closing balance at 31 December 2013	22,932	11,808	1,354	36,094

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2014

	Group	
	2014	2013
	$'000	$'000 (Note 39)
Cash flows from operating activities		
Profit before tax	21,354	22,005
Adjustments for:		
Amortisation of intangible asset	91	–
Bad trade debts written off	68	128
Depreciation of property, plant and equipment	2,563	2,017
Dividend income from available-for-sale asset	–	(297)
Loss on disposal of interest in a subsidiary	17	–
Net impairment loss/(write-back of impairment loss) on doubtful trade receivables	369	(389)
Net gain on disposal of property, plant and equipment	(93)	(83)
Performance share scheme expense	1,160	1,135
Property, plant and equipment written off	22	16
Interest income	(441)	(394)
Interest expense	241	276
Share of results of associates	(1,021)	(820)
Currency realignment	330	(532)
Operating cash flows before changes in working capital	24,660	23,062
Decrease/(increase) in:		
Inventories	22	(1,540)
Gross amount due from customers for contract work-in-progress	2,754	(888)
Trade and other receivables	4,786	(11,878)
Other assets	(143)	(101)
Increase/(decrease) in:		
Gross amount due to customers for contract work-in-progress	802	5,118
Trade and other payables	(3,107)	14,911
Other liabilities	(1,944)	(1,838)
Net cash flows from operations	27,830	26,846
Interest received	441	394
Interest paid	(241)	(276)
Income taxes paid	(3,192)	(4,047)
Net cash flows from operating activities	24,838	22,917
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 13)	(2,425)	(4,550)
Proceeds from disposal of property, plant and equipment	107	330
Net cash inflow from re-measurement of ownership interest in a subsidiary (Note 15)	1,805	–
Net cash outflow on disposal of interest in a subsidiary (Note 15)	(19)	–
Capital contribution by non-controlling interest of a subsidiary	– *	90
Acquisition of an associate	(40)	–
Acquisition of additional interest in an associate	–	(703)
Acquisition of other investments	–	(1,093)
Dividend income from available-for-sale asset	–	297
Dividend income from associates	496	497
Net cash flows used in investing activities	(76)	(5,132)

Consolidated Statement of Cash Flows
for the year ended 31 December 2014

	Group	
	2014	2013
	$'000	$'000
Cash flows from financing activities		
Dividends paid on ordinary shares	(7,782)	(7,725)
Dividends paid to non-controlling interest of subsidiaries	(136)	(99)
Proceeds from draw down of loans and borrowings	8,478	2,197
Repayment of loans and borrowings	(6,429)	(2,101)
Repayment of finance lease obligations	(41)	(71)
Increase in deposits pledged to banks for banking facilities	(52)	(57)
Net cash flows used in financing activities	(5,962)	(7,856)
Net increase in cash and cash equivalents	18,800	9,929
Effect of exchange rate changes on cash and cash equivalents	400	653
Cash and cash equivalents at beginning of year	62,160	51,578
Cash and cash equivalents at end of year (Note 23)	81,360	62,160

* Amount less than $1,000

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

1. General

Kingsmen Creatives Ltd. (the "Company") is a limited liability company incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The registered office and principal place of business of the Company is located at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118.

The principal activities of the Company are investment holding and the provision of corporate marketing and other related services. The principal activities of the subsidiaries are disclosed in the note on investments in subsidiaries.

The financial statements are presented in Singapore dollars ("SGD" or "$") and all values are rounded to the nearest thousand ($'000) except when otherwise indicated and they cover the Company and the subsidiaries. The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

2. Summary of significant accounting policies

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Singapore Companies Act, Cap. 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies which are in accordance with FRSs need not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting period of the Company and its subsidiaries (collectively, the "Group"). The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the Company and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the Group obtains control of the investee and cease when the Group loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as an associate, a jointly-controlled entity or an available-for-sale financial asset in accordance with FRS 39 Financial Instruments: Recognition and Measurement.

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation prior to 1 January 2010:

- Acquisition of non-controlling interests, prior to 1 January 2010, was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these losses. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investments as at 1 January 2010 has not been restated.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Singapore Companies Act, Cap. 50, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. **Summary of significant accounting policies (cont'd)**

Basis of preparation of the financial statements

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations and assumptions, management has made judgements in the process of applying the Group's accounting policies. The areas requiring management's subjective or complex judgements, or areas where estimates and assumptions are significant to the financial statements, are disclosed at the end of this note to the financial statements.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting period arising from the course of the activities of the Group and it is shown net of any related sales taxes and rebates.

- Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts (see next note below).
- Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed.
- Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.
- Interest income is recognised using the effective interest method.
- Dividend income from equity instruments is recognised when the Group's right to receive payment is established.

Construction contracts

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the "percentage of completion method"), when the outcome of a construction contract can be estimated reliably. Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they can be reliably measured. Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the Group; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, the stage of completion is measured by reference to certification of value of work performed to date. Where there is no certification of value available, the stage of completion is based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

2. Summary of significant accounting policies (cont'd)

Construction contracts (cont'd)

The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts. Assets covered by a single contract are treated separately when: (i) separate proposals have been submitted for each asset; and (ii) each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset - the revenue and costs of each asset can be identified. A group of contracts are treated as a single construction contract when: (i) the group of contracts are negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin; and (ii) the contracts are performed concurrently or in a continuous sequence.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The Group's legal or constructive obligation is limited to the amount that it agrees to contribute to independently administered funds, such as the Central Provident Fund in Singapore and the Employees Provident Fund in Malaysia. For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the Group is contractually obliged or where there is constructive obligation based on past practice.

Share-based compensation

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares. As there is no vesting period, the fair value of the employee services rendered is measured by reference to the fair value of the shares granted on the date of the grant which is expected to be the prevailing market price per share on the date of grant multiplied by the number of shares under each grant. This fair value amount is charged to profit or loss on the date of grant as an expense in the Group's income statement with a corresponding adjustment to the share capital account when new shares are issued, or to treasury shares account when treasury shares are re-issued to the employees.

Income tax

Income taxes are accounted for using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantively enacted tax laws at the end of each reporting period; the effects of future changes in tax laws or rates are not anticipated. Tax expense/(tax income) is the aggregate amount included in the determination of profit or loss for the reporting period in respect of current tax and deferred tax. Current and deferred taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

2. **Summary of significant accounting policies (cont'd)**

Foreign currency transactions and balances

The functional currency of the Company is the Singapore dollar as it reflects the primary economic environment in which the Company operates.

Transactions in foreign currencies are recorded in the functional currency at the exchange rates ruling at the dates of the transactions. At the end of each reporting period, recorded monetary balances, balances measured at historical cost that are denominated in non-functional currencies and balances measured at fair value that are denominated in non-functional currencies are reported at the exchange rates ruling at the end of the reporting period, initial transaction dates and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss, except when recognised in other comprehensive income.

The presentation currency is the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines its appropriate functional currency to reflect the primary economic environment in which the entity operates in. In translating the financial statements of an investee for incorporation in the consolidated financial statements in the presentation currency i.e. the Singapore dollar, the assets and liabilities denominated in other currencies are translated at the exchange rates ruling at the end of the reporting period and the profit or loss items are translated at average exchange rates for the reporting period. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that investee.

The step-by-step method is used whereby the financial statements of the foreign operation are first translated into the functional currency of any intermediate holding company/companies and then translated into the functional currency of the Company.

Segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision makers in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Subsidiaries

A subsidiary is an entity that is controlled by the Group and the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the Group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the Group controls another entity.

In the Company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity in which the Group has a significant influence and that is neither a subsidiary nor a joint arrangement of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However, the entire carrying amount of the investment is tested under FRS 36 Impairment of Assets for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 Financial Instruments: Recognition and Measurement indicates that the investment may be impaired.

2. Summary of significant accounting policies (cont'd)

Associates (cont'd)

In the consolidated financial statements, investment in an associate is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associate's net assets. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired. The Group's profit or loss includes its share of the associate's profit or loss and the Group's other comprehensive income includes its share of the associate's other comprehensive income. Distributions received from an associate reduce the carrying amount of the investment. Losses of an associate in excess of the Group's interest in the associate are not recognised except to the extent that the Group has an obligation. Profits and losses resulting from transactions between the Group and an associate are recognised in the financial statements only to the extent of the Group's unrelated interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the associates are prepared as of the same reporting date as the Company. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the Group. The Group discontinues the use of the equity method of accounting from the date when its investment ceases to be an associate and accounts for the investment as a financial asset in accordance with FRS 39 Financial Instruments: Recognition and Measurement from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the Company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in an associate are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting.

The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received. At acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition date fair values as defined in and that meet the conditions for recognition under FRS 103 Business Combinations. If the acquirer has made a gain from a bargain purchase, that gain is recognised in profit or loss. For gain on bargain purchase, a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

For business combinations achieved in stages, any equity interest held in the acquiree is remeasured immediately before achieving control at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Where the fair values are measured on a provisional basis, they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of acquisition method of accounting at the date of acquisition are treated as assets and liabilities of the acquired entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the exchange rates ruling at the end of the reporting period.

In comparison to the above mentioned requirements, the following differences were applied to business combinations prior to 1 January 2010:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

2. **Summary of significant accounting policies (cont'd)**

Non-controlling interests

Non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the Group as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the Company. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date and measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred measured at acquisition date fair value; (ii) the amount of any non-controlling interest in the acquiree measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets; and (iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the identifiable assets acquired and the liabilities assumed measured at acquisition date fair values in accordance with FRS 103 Business Combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy on translation of financial statements of other entities.

Goodwill and fair value adjustments which arose on the acquisition of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the exchange rates prevailing at the date of acquisition.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition, other than freehold land, at cost less any accumulated depreciation and accumulated impairment losses. The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Cost includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

2. Summary of significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. Freehold land has an unlimited useful life and therefore is not depreciated. The estimated annual rates of depreciation are as follows:

Buildings	-	2%
Machinery and exhibition equipment	-	14% - 36%
Office equipment, computers and software	-	10% - 40%
Motor vehicles, furniture and fittings and renovations	-	8% - 40%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not available for use.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss.

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets; or (b) the arrangement conveys a right to use the asset.

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is not practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting periods in which they are incurred. The assets are depreciated as owned depreciable assets over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. **Summary of significant accounting policies (cont'd)**

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying amounts may be impaired individually or at the cash-generating unit level. An intangible asset with an indefinite useful life is not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The amortisation period and amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The estimated useful lives are as follows:

Customer relationships	-	5 - 6 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the acquiree or from other rights and obligations.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at the end of each reporting period for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The Group bases its impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

At the end of each reporting period, non-financial assets, other than goodwill, with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversal is recognised in profit or loss.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined.

2. Summary of significant accounting policies (cont'd)

Financial assets

A financial asset is recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 Financial Instruments: Recognition and Measurement relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

The Group's financial assets include loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. Subsequent measurement of the financial assets is as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically, trade and other receivables and cash and cash equivalents are classified in this category.

Held-to-maturity financial assets

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. Financial assets that upon initial recognition are designated as at fair value through profit or loss or available-for-sale and those that meet the definition of loans and receivables are not classified in this category. These assets are carried at amortised costs using the effective interest method minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. Impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. Non-current investments in bonds and debt securities are usually classified in this category.

Available-for-sale financial assets

These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in any of the other categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However, for debt instruments classified as available-for-sale, impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. For non-equity instruments classified as available-for-sale, the reversal of impairment is recognised in profit or loss. The financial assets are classified as non-current assets unless management intends to dispose of the investments within 12 months of the end of the reporting period. Usually, non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques, the relevant unquoted investments are stated at fair value. For unquoted equity instruments, impairment losses are not reversed.

2. **Summary of significant accounting policies (cont'd)**

Financial assets (cont'd)

Available-for-sale financial assets (cont'd)

Changes in the fair value of non-functional currency denominated investments classified as available-for-sale are analysed between translation differences and other changes in the carrying amount of the investments. The translation differences on monetary investments are recognised in profit or loss measured based on the amortised cost of the monetary investments; translation differences on non-monetary investments are recognised in other comprehensive income. Interest income calculated using the effective interest method and dividends are recognised in profit or loss. Other changes in the carrying amount of the investments classified as available-for-sale are recognised in other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the Group. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Treasury shares

Where the Company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the Company's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners and no gain or loss is recognised in profit or loss. Voting rights relating to the treasury shares are nullified for the Company and no dividends are allocated to them.

Financial liabilities

A financial liability is recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The Group's financial liabilities include liabilities at fair value through profit or loss and other financial liabilities. Subsequent measurement of the financial liabilities is as follows:

Liabilities at fair value through profit or loss

Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 Provisions, Contingent Liabilities and Contingent Assets and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18 Revenue. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

Other financial liabilities

All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2. Summary of significant accounting policies (cont'd)

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Group's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes to the financial statements); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of each reporting period. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The disclosure of fair values of current financial instruments is not made when the carrying amounts of these current financial instruments are a reasonable approximation of their fair values. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of each reporting period and in the event, the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimate of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting period they occur.

Contingencies

A contingent liability is (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or (b) a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statement of financial position, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. **Summary of significant accounting policies (cont'd)**

Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting period are discussed below. These judgements, assumptions and estimates are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to certification of value of work performed to date. Where there is no certification of value available, the stage of completion is based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and the work of specialists. The carrying amount of assets and liabilities arising from construction contracts at the end of the reporting year are disclosed in the notes on gross amount due from/to customers for contract work-in-progress.

Unbilled contract revenue

Costs and estimated profits in excess of billings on uncompleted contracts include amounts that management seek or will seek to collect from customers or others, which may include amounts for changes in contract specifications or design, contracts in dispute or other unanticipated additional contract costs. Such amounts are recorded at estimated net realisable value and take into account factors that may affect the Group's ability to bill unbilled revenues and collect amounts after billing.

Impairment of loans and receivables

An allowance is made for doubtful loans and receivables for estimated losses resulting from the subsequent inability of the counterparties to make required payments. If the financial conditions of the counterparties were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible, impairment and uncollectibility is determined individually for each specific counterparty. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of each reporting period, the carrying amount of loans and receivables approximates the fair value but the carrying amount might change materially within the next reporting period and these changes may arise from assumptions or other sources of estimation uncertainty at the end of the previous reporting period. The carrying amount of loans and receivables at the end of the reporting year is disclosed in the notes on trade and other receivables and cash and cash equivalents.

Provision for inventory obsolescence

A review is made periodically on inventories for obsolescence, excess inventories and declines in net realisable value below cost and an allowance is recorded against the carrying amount of inventories for any such obsolescence, excess and declines. These reviews require management to consider the future demand for the inventories. In any case, the realisable value represents the best estimate of the recoverable amount and is based on acceptable evidence available at the end of each reporting period and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include expected usage, ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may affect the carrying amount of inventories at the end of each reporting period. Possible changes in these estimates could result in revisions to the carrying amount of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the note on inventories.

2. Summary of significant accounting policies (cont'd)

Critical judgements, assumptions and estimation uncertainties (cont'd)

Income taxes

The Group recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the Group will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the Group expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature, assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the notes on income tax payable, income tax recoverable, deferred tax assets and deferred tax liabilities.

Useful lives of property, plant and equipment

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is revised where useful lives are different from previously estimated lives, or the carrying amounts impaired for technically obsolete items or assets that have been abandoned. The carrying amount of property, plant and equipment at the end of the reporting year is disclosed in the note on property, plant and equipment.

Impairment of intangible assets

An assessment is made at least annually to determine whether intangible assets have suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in evaluating the assumptions and methodologies used by management as disclosed in the note on intangible assets. Actual outcomes could vary from these estimates.

Impairment of investments in subsidiaries and associates

When a subsidiary or an associate is in net equity deficit and/or has suffered operating losses, the recoverable amount of the investee is estimated to assess whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require adjustments to the carrying amount of the investments in subsidiaries and associates. The carrying amount of investments in subsidiaries and associates at the end of the reporting year is disclosed in the notes on investments in subsidiaries and investments in associates respectively.

Impairment of available-for-sale financial assets

An available-for-sale financial asset is regarded as impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of what is "significant" or "prolonged" requires significant judgement. In making this judgement, the Group would consider, among other factors, the magnitude by which the fair value of the investment is below cost, the duration of the decline and the financial health and business outlook of the investment. Actual outcomes could vary from these judgements. The carrying amount of available-for-sale financial assets at the end of the reporting year is disclosed in the note on other investments.

Held-to-maturity investment

The classification of this non-derivative financial asset with fixed or determinable payments and fixed maturity as held-to-maturity investment requires significant judgement. Judgement is required in evaluating management's intention and ability to hold the investment to maturity. If this investment is not kept to maturity other than for specific circumstances, the investment is required to be reclassified and would therefore be measured at fair value and not at amortised cost. The accounting treatment would then be as for financial asset at fair value through profit or loss or as available-for-sale financial asset. The carrying amount of held-to-maturity investment at the end of the reporting year is disclosed in the note on other investments.

3. Related party relationships and transactions

FRS 24 Related Party Disclosures defines a related party as a person or entity that is related to the Group and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group. (b) An entity is related to the Group if any of the following conditions apply: (i) The entity and the Group are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

In these financial statements, related companies comprise the members of the Company's group of companies and associates and related parties comprise directors of the Company, a close family member of a director of the Company, key management personnel of the Group and entities in which a director of the Company has significant influence or control.

There are transactions and arrangements between the Group and the related companies and related parties and the effects of these on the basis determined between the related companies and related parties are reflected in these financial statements.

Intragroup transactions and balances that have been eliminated in the consolidated financial statements are not disclosed as related company transactions and balances.

In addition to the transactions disclosed elsewhere in the notes to the financial statements, significant related company and party transactions include the following:

	Group		Company	
	2014 $'000	**2013** $'000	**2014** $'000	**2013** $'000
Associates				
Sales	4,056	1,486	–	–
Purchases	4,718	6,987	3	13
Corporate fee income	386	282	386	282
Interest income	–	6	–	6
Dividend income	496	497	496	497
Related parties				
Sales	2	1,899	–	–
Purchases	67	193	17	8
Corporate fee income	1	148	1	148
Dividend income	–	297	–	297

3. Related party relationships and transactions (cont'd)

Key management personnel compensation

	Group	
	2014	**2013**
	$'000	$'000
Salaries and other short-term employee benefits	10,017	9,927
Comprise amounts paid/payable to:		
- Directors of the Company	3,501	3,431
- Other key management personnel	6,516	6,496

Key management personnel are the directors and those persons having authority and responsibility over the activities of the Group. Key management personnel compensation is included under employee benefits expense.

4. Segment information

Disclosure of information about the operating segments, products and services, geographical areas and major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

(a) The Exhibitions and Museums segment relates to the production of exhibition displays for trade shows and promotional events, interiors and displays for museums and visitor centres, as well as the production of thematic and scenic displays for theme parks.

(b) The Retail and Corporate Interiors segment relates to the provision of interior fitting-out services to commercial and retail properties.

(c) The Research and Design segment relates to design works for upmarket specialty stores, departmental stores, eateries, museums, visitors' centres, corporate offices, showrooms, trade shows, events, promotional functions and festivals.

(d) The Alternative Marketing segment relates to event management, branding consultancy services and custom publishing.

(e) The Corporate and Others segment relates to Group-level corporate services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the chief operating decision makers based on operating profit or loss which in certain respects, as explained in the tables below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets and liabilities are not disclosed as they are not regularly provided to the chief operating decision makers.

The following tables illustrate the information about the reportable segment profit or loss.

4. Segment information (cont'd)

Group	Exhibitions and Museums	Retail and Corporate Interiors	Research and Design	Alternative Marketing	Corporate and Others	Eliminations	Per Consolidated Financial Statements
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014							
Revenue							
External customers	136,455	174,344	12,928	12,686	–		336,413
Inter-segment (Note A)	4,961	8,330	11	3,510	–	(16,812)	–
Total revenue	141,416	182,674	12,939	16,196	–	(16,812)	336,413
Results							
Interest income	86	274	12	11	58		441
Interest expense	(129)	(112)	–	–	–		(241)
Amortisation of intangible asset	(45)	(46)	–	–	–		(91)
Depreciation of property, plant and equipment	(1,444)	(680)	(244)	(64)	(131)		(2,563)
Net gain on disposal of property, plant and equipment	55	9	29	–	–		93
Bad trade debts written off	–	(68)	–	–	–		(68)
Net (impairment loss)/write-back of impairment loss on doubtful trade receivables	(145)	(202)	(26)	4	–		(369)
Share of results of associates	675	346	–	–	–		1,021
Performance share scheme expense	(196)	(632)	(234)	(15)	(83)		(1,160)
Property, plant and equipment written off	(17)	(1)	–	–	(4)		(22)
Segment profit/(loss)	4,769	15,192	3,024	135	(1,766)		21,354

4. Segment information (cont'd)

Group	Exhibitions and Museums	Retail and Corporate Interiors	Research and Design	Alternative Marketing	Corporate and Others	Eliminations	Per Consolidated Financial Statements
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2013							
Revenue							
External customers	103,440	166,604	11,389	14,818	–		296,251
Inter-segment (Note A)	13,232	7,456	3	99	–	(20,790)	–
Total revenue	116,672	174,060	11,392	14,917	–	(20,790)	296,251
Results							
Interest income	146	214	6	5	23		394
Interest expense	(167)	(109)	–	–	–		(276)
Depreciation of property, plant and equipment	(1,043)	(597)	(153)	(123)	(101)		(2,017)
Net gain on disposal of property, plant and equipment	9	32	–	42	–		83
Bad trade debts written off	(40)	(47)	(1)	(40)	–		(128)
Net (impairment loss)/write-back of impairment loss on doubtful trade receivables	(56)	456	(11)	–	–		389
Share of results of associates	518	302	–	–	–		820
Performance share scheme expense	(159)	(672)	(203)	(15)	(86)		(1,135)
Property, plant and equipment written off	(13)	(3)	–	–	–		(16)
Segment profit/(loss)	3,008	17,166	2,624	198	(991)		22,005

Note: Nature of eliminations to arrive at amounts reported in the consolidated financial statements is as follows:

A. Inter-segment revenue are eliminated on consolidation.

4. **Segment information (cont'd)**

Geographical information

Revenue by geographical location are based on the location of customers, except for site orders of booth accessories placed by customers for official trade shows, which are based on location of the shows.

	Group	
	2014 $'000	2013 $'000
Revenue by geographical location are as follows:		
Singapore	138,597	111,010
Greater China	93,992	100,240
Malaysia	27,728	20,996
Vietnam	19,422	16,092
Middle East	16,397	604
Rest of Asia	13,233	12,316
Europe	11,309	12,023
Indonesia	7,805	15,029
United States and Canada	6,955	6,132
Others	975	1,809
	336,413	296,251

Information about major customers

For the reporting years ended 31 December 2014 and 2013, the Group does not have revenue from transactions with a single customer that amounted to 10 per cent or more of the Group's revenue.

5. **Revenue**

	Group	
	2014 $'000	2013 $'000
Contract revenue	332,615	292,385
Sale of goods	3,611	3,587
Rental of equipment	187	279
	336,413	296,251

6. **Interest income**

	Group	
	2014 $'000	2013 $'000
Interest income from loans and receivables		
- Short term deposits and bank balances	375	370
- Amount due from an associate	–	6
- Others	26	10
Interest income from held-to-maturity investment	40	8
	441	394

7. Other income

	Group	
	2014 $'000	**2013** $'000
Corporate fee income	387	430
Dividend income from available-for-sale asset	–	297
Gain on disposal of an associate	–	35
Net foreign exchange gain	73	92
Net gain on disposal of property, plant and equipment	93	83
Other services income	2,350	1,628
Rental income	1,642	1,468
Write-back of impairment loss on doubtful trade receivables	4	473
Miscellaneous income	680	506
	5,229	5,012

8. Employee benefits expense

	Group	
	2014 $'000	**2013** $'000 (Note 39)
Salaries, wages and bonuses	47,849	42,099
Contributions to defined contribution plans	3,977	3,635
Provision for unutilised leave	31	123
Directors' fees	568	641
Other employee benefits	1,667	1,223
	54,092	47,721

The Kingsmen Performance Share Scheme (the "KPSS") was approved and adopted by the members of the Company at an Extraordinary General Meeting of the Company held on 29 April 2009. The purpose of the KPSS is to provide an opportunity for (a) Group employees, (b) Group executive directors (which refers to directors of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function within the Group), (c) Group non-executive directors (which refers to independent directors of the Company or directors of the Company and/or any of its subsidiaries, as the case may be, other than a Group executive director) and (d) associated company employees who have met performance targets to be remunerated through an equity stake in the Company and/or when due recognition should be given to any good work performance and/or significant contribution to the Group as well as for Group employees to receive part of their annual cash bonus payment in the form of shares of the Company. Persons eligible to participate in the KPSS who are also controlling shareholders of the Company or associates of a controlling shareholder of the Company would be eligible to participate in the KPSS subject to the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited. Under the KPSS, an award of fully paid shares of the Company may only be vested and consequently any shares comprised in such awards shall only be delivered upon (i) the committee administering the KPSS (the "KPSS Committee") being satisfied that the participant has achieved the pre-determined performance targets and/or due recognition should be given for good work performance and/or significant contribution to the Group and/or (ii) the Company decides to pay a pre-determined percentage of a Group employee's annual cash bonus payment in the form of shares of the Company. The pre-determined performance targets for each participant and the pre-determined percentage of a Group employee's annual cash bonus payment in the form of shares of the Company shall be determined by the KPSS Committee in its absolute discretion.

Included in salaries, wages and bonuses is an amount of $1,160,000 (2013: $1,135,000) which relates to bonus provision which would be settled in subsequent years through the grant of performance shares.

For the reporting year ended 31 December 2014, an aggregate of 1,236,310 (2013: 1,670,850) performance shares were awarded to employees of the Group at an average fair value of $0.932 (2013: $0.884) per share. This includes 515,350 (2013: 792,570) performance shares that were awarded to key management personnel.

9. Other expenses

The major and other selected components of other expenses include the following:

	Group	
	2014 $'000	2013 $'000
Amortisation of intangible asset	91	–
Impairment loss on doubtful trade receivables	373	84
Audit fees		
- Auditors of the Company	185	240
- Other auditors	206	226
Bad trade debts written off	68	128
Loss on disposal of interest in a subsidiary	17	–
Operating lease expenses	3,762	3,712
Property, plant and equipment written off	22	16
Selling and distribution expenses	1,459	1,251
Travelling and telecommunication expenses	1,899	2,374
Upkeep and maintenance expenses	610	605
Utilities	530	589

10. Interest expense

	Group	
	2014 $'000	2013 $'000
Interest expense on financial liabilities carried at amortised cost		
- Obligations under finance leases	12	7
- Trust receipts, bank overdrafts and bank loans	229	269
	241	276

11. Income tax expense

	Group	
	2014 $'000	2013 $'000
Current tax expense		
Current year tax expense	3,814	3,785
Over provision in respect of prior years	(70)	(624)
	3,744	3,161
Deferred tax (income)/expense		
Deferred tax (income)/expense (Note 19)	(149)	462
	(149)	462
Income tax expense	3,595	3,623

11. Income tax expense (cont'd)

A reconciliation between the income tax expense and the product of profit before tax multiplied by the applicable corporate tax rates for the reporting years ended 31 December 2014 and 2013 is as follows:

	Group	
	2014 $'000	**2013** $'000
Profit before tax	21,354	22,005
Less: Share of results of associates	(1,021)	(820)
	20,333	21,185
Tax at domestic tax rates applicable to profits in the countries where the Group operates *	3,769	4,425
Expenses not deductible for tax purposes	366	310
Benefits from previously unrecognised tax losses	(60)	(54)
Tax exemptions and reliefs granted	(410)	(448)
Over provision in respect of prior years	(70)	(624)
Others	–	14
Income tax expense	3,595	3,623
Effective tax rate	17.7%	17.1%

* The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

12. Earnings per share

Basic earnings per share of the Group for the reporting year ended 31 December 2014 is calculated by dividing the Group's profit net of tax attributable to equity holders of the Company of $17,155,000 (2013: $17,744,000) by the weighted average number of ordinary shares outstanding during the year of 194,166,000 (2013: 192,648,000) which take into account the weighted average effect of changes in treasury share transactions during the year.

The basic and diluted earnings per share of the Group are the same as there were no potential dilutive ordinary shares outstanding as at 31 December 2014 and 2013.

13. Property, plant and equipment

Group	Freehold land	Buildings	Machinery and exhibition equipment	Office equipment, computers and software	Motor vehicles	Furniture and fittings	Renovations	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 January 2013	2,059	2,175	16,333	3,198	1,100	456	2,636	415	28,372
Additions	–	–	2,511	664	174	194	775	279	4,597
Reclassifications	–	141	(141)	–	–	–	–	–	–
Disposals/write-offs	–	–	(9,136)	(569)	(119)	(91)	(49)	–	(9,964)
Foreign exchange adjustments	(75)	(85)	(11)	(36)	(16)	(8)	70	–	(161)
At 31 December 2013	1,984	2,231	9,556	3,257	1,139	551	3,432	694	22,844
Additions	–	–	689	799	411	63	376	87	2,425
Arising from acquisition of a subsidiary	–	–	36	301	3	–	–	–	340
Transferred from assets under construction	–	–	–	781	–	–	–	(781)	–
Disposals/write-offs	–	–	(52)	(344)	(324)	(20)	(331)	–	(1,071)
Disposal of a subsidiary	–	–	–	(68)	–	(13)	(49)	–	(130)
Foreign exchange adjustments	(33)	(38)	29	54	13	1	38	–	64
At 31 December 2014	1,951	2,193	10,258	4,780	1,242	582	3,466	–	24,472
Accumulated depreciation									
At 1 January 2013	–	66	15,103	1,882	661	228	1,226	–	19,166
Depreciation charge for the year	–	46	755	536	150	51	479	–	2,017
Disposals/write-offs	–	–	(8,894)	(560)	(115)	(83)	(49)	–	(9,701)
Foreign exchange adjustments	–	(5)	(7)	(13)	(13)	(21)	110	–	51
At 31 December 2013	–	107	6,957	1,845	683	175	1,766	–	11,533
Depreciation charge for the year	–	45	764	1,000	175	60	519	–	2,563
Disposals/write-offs	–	–	(46)	(336)	(306)	(19)	(328)	–	(1,035)
Disposal of a subsidiary	–	–	–	(30)	–	(3)	(13)	–	(46)
Foreign exchange adjustments	–	(2)	17	35	7	5	29	–	91
At 31 December 2014	–	150	7,692	2,514	559	218	1,973	–	13,106
Net carrying amount									
At 31 December 2013	1,984	2,124	2,599	1,412	456	376	1,666	694	11,311
At 31 December 2014	1,951	2,043	2,566	2,266	683	364	1,493	–	11,366

13. Property, plant and equipment (cont'd)

Company	Office equipment, computers and software $'000	Motor vehicles $'000	Furniture and fittings $'000	Renovations $'000	Total $'000
Cost					
At 1 January 2013	322	7	43	207	579
Additions	101	–	2	18	121
Disposals/write-offs	(3)	–	–	–	(3)
At 31 December 2013	420	7	45	225	697
Additions	73	–	2	62	137
Disposals/write-offs	(44)	–	(7)	(163)	(214)
At 31 December 2014	449	7	40	124	620
Accumulated depreciation					
At 1 January 2013	221	2	11	128	362
Depreciation charge for the year	51	1	5	44	101
Disposals/write-offs	(3)	–	–	–	(3)
At 31 December 2013	269	3	16	172	460
Depreciation charge for the year	66	1	5	44	116
Disposals/write-offs	(44)	–	(6)	(160)	(210)
At 31 December 2014	291	4	15	56	366
Net carrying amount					
At 31 December 2013	151	4	29	53	237
At 31 December 2014	158	3	25	68	254

Depreciation expense is charged as follows:

	Group 2014 $'000	Group 2013 $'000
Cost of sales	480	388
Operating expenses	2,083	1,629
Total	2,563	2,017

During the reporting year ended 31 December 2014, the Group acquired property, plant and equipment with an aggregate fair value of $2,425,000 (2013: $4,597,000), of which $Nil (2013: $47,000) was acquired by means of finance leases. Cash payments of $2,425,000 (2013: $4,550,000) were made to purchase property, plant and equipment.

Assets held under finance leases

As at 31 December 2014, the Group had motor vehicles held under finance leases with an aggregate net carrying amount of $74,000 (2013: $125,000).

Assets pledged as securities

In addition to motor vehicles held under finance leases, the Group's freehold land and buildings with an aggregate net carrying amount of $1,951,000 (2013: $1,984,000) and $2,043,000 (2013: $2,124,000) respectively are pledged as securities for certain banking facilities granted (Note 27).

14. Intangible assets

Group	Goodwill $'000	Customer relationships $'000	Total $'000
Cost			
At 1 January 2013	5,823	1,491	7,314
Foreign exchange adjustments	116	48	164
At 31 December 2013	5,939	1,539	7,478
Arising from acquisition of a subsidiary	1,940	546	2,486
Foreign exchange adjustments	228	75	303
At 31 December 2014	8,107	2,160	10,267
Accumulated amortisation and impairment			
At 1 January 2013	1,000	1,491	2,491
Foreign exchange adjustments	–	48	48
At 31 December 2013	1,000	1,539	2,539
Amortisation	–	91	91
Foreign exchange adjustments	–	75	75
At 31 December 2014	1,000	1,705	2,705
Net carrying amount			
At 31 December 2013	4,939	–	4,939
At 31 December 2014	7,107	455	7,562

Goodwill arose from the acquisition of Kingsmen (North Asia) Limited and Kingsmen Indochina Pte Ltd in 2007 and the accounting of Kingsmen Middle East LLC as a subsidiary under FRS 110 Consolidated Financial Statements in 2014.

The customer relationships were recognised upon the acquisition of Kingsmen (North Asia) Limited in 2007 and the accounting of Kingsmen Middle East LLC as a subsidiary under FRS 110 Consolidated Financial Statements in 2014 and are amortised over a period of 5 years and 6 years respectively. The customer relationship in relation to Kingsmen (North Asia) Limited was fully amortised in the reporting year ended 31 December 2012.

Goodwill and customer relationships are allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the respective subsidiaries as follows:

	Group	
	2014	2013
	$'000	$'000
Name of subsidiary		
- Kingsmen (North Asia) Limited	4,478	4,250
- Kingsmen Indochina Pte Ltd	689	689
- Kingsmen Middle East LLC	2,395	–
Net carrying amount at end of the year	7,562	4,939

14. Intangible assets (cont'd)

The goodwill and customer relationships were tested for impairment at the end of the reporting year. To assess the impairment, the Group estimated the value in use (Level 3) of the respective subsidiaries, being the lowest cash generating unit ("CGU") to which the goodwill and customer relationships are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each subsidiary, based on the financial budgets approved by management covering a three-year period. The calculations of value in use for the CGUs are most sensitive to the following assumptions:

- Budgeted gross margins – gross margins are estimated based on values achieved in the past years. These are generally adjusted over the budget period for anticipated changes in performance.
- The pre-tax discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the three-year period were between 16.2% to 18.6% (2013: 13.1% to 18.0%) and 1% to 2% (2013: 1% to 2%) per annum respectively. The discount rates reflect management's estimate of the risks specific to the subsidiaries and approximate the weighted average cost of capital for the subsidiaries. The growth rates used are based on management's best estimate of the long-term average growth rate relevant to the business activities of the CGUs.

Management believes that any reasonably possible change in the key assumptions on which each subsidiary recoverable amount is based on would not cause the carrying amount to exceed its recoverable amount. The quantitative information about the value in use measurement using significant unobservable inputs for each CGU are consistent with those used for the measurement last performed.

During the reporting year ended 31 December 2014, no impairment loss (2013: $Nil) was recognised to write down the carrying amount of goodwill and customer relationships attributable to the subsidiaries as the values in use were estimated to be higher than the respective carrying amounts.

15. Investments in subsidiaries

	Company	
	2014	**2013**
	$'000	$'000
Unquoted equity shares		
Balance at beginning of the year	20,409	20,552
Addition	–	210
Transfer from investments in associates	2,637	–
Disposal	–	(353)
Balance at end of the year	23,046	20,409
Impairment loss	(550)	(550)
Carrying amount of investments	22,496	19,859

No impairment loss (2013: $Nil) was recognised for the reporting year ended 31 December 2014 as the recoverable amounts were in excess of the carrying amounts.

15. Investments in subsidiaries (cont'd)

The listing of and information on the subsidiaries are given below:

Name of subsidiary Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2014	2013
	%	%
Held by the Company		
Kingsmen Exhibits Pte Ltd	100.00	100.00
Singapore		
Advertising contractors and agents and design and production of exhibitions, decorations and museums		
(RSM Chio Lim LLP)		
Kingsmen Projects Pte Ltd	100.00	100.00
Singapore		
Design and production of architectural interiors, decorations and museums		
(RSM Chio Lim LLP)		
Kingsmen Design Pte Ltd	100.00	100.00
Singapore		
Design consultancy and planning management		
(RSM Chio Lim LLP)		
Kingsmen Ooh-media Pte Ltd	65.00	65.00
Singapore		
Advertising services, consultancy event management and marketing communications		
(RSM Chio Lim LLP)		
Hi-Light Electrical Pte Ltd	80.00	80.00
Singapore		
Electrical engineering		
(RSM Chio Lim LLP)		
Kingsmen Indochina Pte Ltd	90.00	90.00
Singapore		
Design and production of architectural interiors, decorations and museums		
(RSM Chio Lim LLP)		
Thinkfarm Pte Ltd	70.00	70.00
Singapore		
Custom publishing, media sales and events marketing		
(RSM Chio Lim LLP)		
Kingsmen Sdn Bhd	71.00	71.00
Malaysia		
Investment holding and advertising contractors		
(RSM Robert Teo, Kuan & Co)		

15. Investments in subsidiaries (cont'd)

Name of subsidiary **Country of incorporation and principal place of business** **Principal activities** **(Independent Auditor)**	**Percentage of effective equity interest held by the Group**	
	2014	**2013**
	%	%
Held by the Company (cont'd)		
Kingsmen (North Asia) Limited Hong Kong Investment holding (RSM Nelson Wheeler)	92.20	92.20
PT Kingsmen Indonesia Indonesia Design and production of interiors, exhibitions, decorations and museums (Hendrawinata Eddy Siddharta & Tanzil)	95.00	95.00
Kingsmen Middle East LLC [a] United Arab Emirates Design and production of interiors, exhibitions, decorations and museums (Puthran Chartered Accountants)	55.51	–
Held through Kingsmen Exhibits Pte Ltd		
Kingsmen Environmental Graphics Pte Ltd Singapore Graphic design and production (RSM Chio Lim LLP)	80.00	80.00
Held through Kingsmen Projects Pte Ltd		
K-Fix Production Sdn Bhd Malaysia Manufacturer, wholesaler and trader of interior and exhibition furniture, fixtures and displays (AA Associates)	100.00	100.00
K-Fix (Kunshan) Co Ltd. [b] People's Republic of China Manufacturer, wholesaler and trader of interior and exhibition furniture, fixtures and displays (Suzhou Xin Da Hua Accounting Services Co., Ltd)	97.66	97.66
Kingsmen Projects US United States of America Design and production of architectural interiors and decorations (Not required to be audited by the law of its country of incorporation)	70.00	–
Held through Kingsmen Ooh-media Pte Ltd		
I-Promo Pte Ltd Singapore Design consultancy, projects and events management and provision of special design and construction facilities to exhibitors (RSM Chio Lim LLP)	65.00	65.00

15. **Investments in subsidiaries (cont'd)**

Name of subsidiary **Country of incorporation and principal place of business** **Principal activities** **(Independent Auditor)**	**Percentage of effective equity interest held by the Group**	
	2014	**2013**
	%	%
Held through Kingsmen Indochina Pte Ltd		
Kingsmen Vietnam Co., Ltd Vietnam Design and production of interiors, exhibitions, decorations and museums (A&C Auditing and Consulting Co., Ltd)	90.00	90.00
Held through Kingsmen Sdn Bhd		
Kingsmen Designers & Producers Sdn Bhd Malaysia Design and production of interiors, exhibitions, decorations and museums (RSM Robert Teo, Kuan & Co)	71.00	71.00
Kingsmen-Keb Systems Sdn Bhd Malaysia Design and production of interiors, exhibitions, decorations and museums (RSM Robert Teo, Kuan & Co)	71.00	71.00
Kingsmen KEG Sdn Bhd (formerly known as Kingsmen Environmental Graphics Sdn Bhd) [c] Malaysia Design and production of interiors, exhibitions, decorations and museums (RSM Robert Teo, Kuan & Co)	–	56.80
Held through Kingsmen (North Asia) Limited		
Kingsmen Hong Kong Limited Hong Kong Design and production of interiors, exhibitions, decorations and museums (RSM Nelson Wheeler)	88.51	88.51
Kingsmen Beijing Co., Limited [d] People's Republic of China Design and production of interiors, exhibitions, decorations and museums (Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd)	92.20	92.20
Kingsmen Shanghai Co., Limited [d] People's Republic of China Design and production of interiors, exhibitions, decorations and museums (Shanghai Jiuzhou Certified Public Accountants)	92.20	92.20
Kingsmen Taiwan International Co. Limited [d] Taiwan Design and production of interiors, exhibitions, decorations and museums (Sun Home CPF Firm)	85.75	85.75

15. Investments in subsidiaries (cont'd)

Name of subsidiary Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group 2014 %	2013 %
Held through Kingsmen (North Asia) Limited (cont'd)		
Kingsmen Macau Limited [(d)]	92.20	92.20
Macau		
Design and production of interiors, exhibitions, decorations and museums		
(Not required to be audited by the law of its country of incorporation)		
Held through Kingsmen Hong Kong Limited		
Kingsmen (Shenzhen) Co Ltd. [(d)]	88.51	88.51
People's Republic of China		
Design and production of interiors, exhibitions, decorations and museums		
(Shenzhen Tongde Certified Public Accountants)		

(a) Pursuant to the requirements of FRS 110 Consolidated Financial Statements, Kingsmen Middle East LLC was accounted for as a 55.51% subsidiary of the Group with effect from 1 January 2014. Prior to the adoption of FRS 110, Kingsmen Middle East LLC was treated as a 25% associate of the Group.

(b) The Group holds an effective interest of 97.66% in K-Fix (Kunshan) Co Ltd., of which 70.00% is held through Kingsmen Projects Pte Ltd and 27.66% is held through Kingsmen (North Asia) Limited.

(c) Pursuant to Kingsmen Sdn Bhd's disposal of a 40% equity interest in Kingsmen KEG Sdn Bhd in August 2014, the Group's effective interest in Kingsmen KEG Sdn Bhd decreased to 28.40%. Consequently, Kingsmen KEG Sdn Bhd became an associate of the Group as disclosed in Note 16.

(d) For the purposes of the preparation of the Group's financial statements to comply with Singapore Financial Reporting Standards, these subsidiaries are audited by RSM Nelson Wheeler.

15. **Investments in subsidiaries (cont'd)**

Deemed acquisition of a subsidiary due to re-measurement of interest

As disclosed in Note 37 of the financial statements, the Group made an assessment as at the date of initial application of FRS 110 Consolidated Financial Statements (i.e. 1 January 2014) and concluded that it has control over Kingsmen Middle East LLC, which was previously accounted for as a 25% associate of the Group using the equity method of accounting. Although the Group does not own more than half of the voting power of the company, it is able to govern the financial and operating policies of Kingsmen Middle East LLC by virtue of agreements with other shareholders of the company. The nature of these agreements results in the Group having the power over Kingsmen Middle East LLC's variable returns. The effective beneficial interest of the Group in Kingsmen Middle East LLC is assessed to be 55.51%. Therefore, in accordance with the requirements of FRS 110, Kingsmen Middle East LLC was accounted for as a subsidiary of the Group in the current reporting year with its financial statements consolidated with those of the Group.

The fair value of the identifiable assets and liabilities of Kingsmen Middle East LLC deemed acquired for the reporting year ended 31 December 2014 is based on book value, which is a reasonable approximation of fair value. The cash flow effect of the deemed acquisition are as follows:

	$'000
Property, plant and equipment	340
Inventories	643
Gross amount due from customers for contract work-in-progress	58
Trade and other receivables	2,411
Other assets	157
Cash and cash equivalents	1,805
Trade and other payables	(5,598)
Carrying amount of net liabilities	(184)
Share of net identifiable liabilities deemed acquired	(102)
Other reserves arising from acquisition	253
Goodwill arising from acquisition	1,940
Intangible asset arising from acquisition	546
Deemed purchase consideration	2,637

As a result of the re-measurement of interest in Kingsmen Middle East LLC, the Group recorded a net cash inflow of $1,805,000 in its consolidated statement of cash flow.

From the date of the re-measurement of interest in Kingsmen Middle East LLC (i.e. 1 January 2014), Kingsmen Middle East LLC has contributed $17,682,000 and $592,000 to the revenue and net profit of the Group respectively.

With the adoption of FRS 110, the effects of the change in accounting treatment of Kingsmen Middle East LLC 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.

15. Investments in subsidiaries (cont'd)

Disposal of interest in a subsidiary

In August 2014, Kingsmen Sdn Bhd, a 71% owned subsidiary of the Group, disposed a 40% equity interest in Kingsmen KEG Sdn Bhd. With this disposal, the effective equity interest held by the Group in Kingsmen KEG Sdn Bhd decreased from 56.80% to 28.40% and accordingly, Kingsmen KEG Sdn Bhd became an associate of the Group.

The fair value of the identifiable assets and liabilities of Kingsmen KEG Sdn Bhd disposed and the cash flow effect of the disposal are as follows:

	$'000
Property, plant and equipment	84
Gross amount due from customers for contract work-in-progress	206
Trade and other receivables	699
Cash and cash equivalents	39
Gross amount due to customers for contract work-in-progress	(75)
Trade and other payables	(851)
Other liabilities	(8)
Carrying amount of net assets	94
Share of net identifiable assets disposed	(37)
Consideration received in cash	20
Loss on disposal of interest in a subsidiary	(17)
Consideration received in cash	20
Cash and cash equivalents of Kingsmen KEG Sdn Bhd	(39)
Net cash outflow on disposal of interest in a subsidiary	(19)

16. **Investments in associates**

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost				
Balance at beginning of the year	5,803	5,680	5,803	5,680
Additions	40	703	40	703
Transfer from investments in subsidiaries	33	–	–	–
Transfer from other investments	542	–	542	–
Disposal	–	(580)	–	(580)
Transfer to investments in subsidiaries	(2,637)	–	(2,637)	–
Balance at end of the year	3,781	5,803	3,748	5,803
Unquoted preference shares, at cost				
Balance at beginning and end of the year	264	264	264	264
Share of post acquisition reserves				
Balance at beginning of the year	3,522	3,199	–	–
Share of profit for the year	1,021	820	–	–
Dividend income	(496)	(497)	–	–
Arising out of transfer to investments in subsidiaries	193	–	–	–
Balance at end of the year	4,240	3,522	–	–
Foreign exchange adjustments	(190)	(174)	–	–
Carrying amount of investments	8,095	9,415	4,012	6,067

No impairment loss (2013: $Nil) was recognised for the reporting year ended 31 December 2014 as the recoverable amounts were in excess of the carrying amounts.

Name of associate **Country of incorporation and principal place of business** **Principal activities** **(Independent Auditor)**	**Percentage of effective equity interest held by the Group**	
	2014	**2013**
	%	%
Ascend Com Pte. Ltd. Singapore Renting and selling audio-visual, computer and peripheral equipment (C Y Ng & Co)	40.00	40.00
Kingsmen Korea Limited Korea Design and production of architectural interiors, decorations and museums (SEOU Accounting Corporation)	38.00	38.00
Kingsmen Nikko Limited Japan Advertising contractors and agents and design and production of exhibitions, decorations and museums (Not required to be audited by the law of its country of incorporation)	30.00	30.00

16. Investments in associates (cont'd)

Name of associate **Country of incorporation and principal place of business** **Principal activities** **(Independent Auditor)**	**Percentage of effective equity interest held by the Group** **2014** %	 **2013** %
Kingsmen Middle East LLC [(a)] United Arab Emirates Design and production of interiors, exhibitions, decorations and museums (Puthran Chartered Accountants)	–	25.00
Enterprise Sports Group Pte Ltd Singapore Sports event marketing, public relations and organising (VC Assurance PAC)	30.00	30.00
Kingsmen C.M.T.I. Co., Ltd [(b)] Thailand Design and production of interiors, exhibitions, decorations and museums (AST Master Co., Ltd)	20.00	–
<u>Held through Ascend Com Pte. Ltd.</u>		
Crescendo Media Pte Ltd Singapore Media production and event planning (C Y Ng & Co)	16.00	16.00
<u>Held through Kingsmen Korea Limited</u>		
Kingsmen Busan Ltd Korea Design and production of architectural interiors and decorations for museums and commercial interiors and alternative marketing (SEOU Accounting Corporation)	38.00	38.00
<u>Held through Kingsmen Nikko Limited</u>		
Kingsmen Project Japan Limited Japan Advertising contractors and agents and design and production of exhibitions, decorations and museums (Not required to be audited by the law of its country of incorporation)	24.00	24.00
Kingsmen Architects and Design Limited Japan Design consultancy and planning management (Not required to be audited by the law of its country of incorporation)	24.00	24.00
<u>Held through Enterprise Sports Group Pte Ltd</u>		
ESG Endurance Sports Pte Ltd Singapore Sports event organising (VC Assurance PAC)	30.00	30.00

16. **Investments in associates (cont'd)**

Name of associate Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2014	2013
	%	%
Held through Enterprise Sports Group Pte Ltd (cont'd)		
ESG Timing Pte Ltd [c] Singapore Sale, rental and provision of services for timing equipment (VC Assurance PAC)	30.00	30.00
Enterprise Sports Singapore Pte Ltd Singapore Sports event marketing (VC Assurance PAC)	30.00	30.00
Held through Kingsmen Sdn Bhd		
Kingsmen KEG Sdn Bhd (formerly known as Kingsmen Environmental Graphics Sdn Bhd) [d] Malaysia Design and production of interiors, exhibitions, decorations and museums (RSM Robert Teo, Kuan & Co)	28.40	–

(a) Pursuant to the requirements of FRS 110 Consolidated Financial Statements, Kingsmen Middle East LLC was accounted for as a 55.51% subsidiary of the Group with effect from 1 January 2014. Prior to the adoption of FRS 110, Kingsmen Middle East LLC was treated as a 25% associate of the Group.

(b) Pursuant to the Company's acquisition of a 0.004% equity interest in Kingsmen C.M.T.I. Co., Ltd in January 2014, the Group's effective interest in Kingsmen C.M.T.I. Co., Ltd increased to 20%. Consequently, Kingsmen C.M.T.I. Co., Ltd became an associate of the Group. Prior to that, Kingsmen C.M.T.I. Co., Ltd was accounted for as an available-for-sale financial asset of the Group.

(c) Under members' voluntary liquidation.

(d) Pursuant to Kingsmen Sdn Bhd's disposal of a 40% equity interest in Kingsmen KEG Sdn Bhd in August 2014, the Group's effective interest in Kingsmen KEG Sdn Bhd decreased to 28.40%. Consequently, Kingsmen KEG Sdn Bhd became an associate of the Group.

The summarised unaudited financial information of all the associates, which are non-material, and the aggregated amounts (and not the Group's share of those amounts) based on the financial statements of the associates are as follows:

	2014	2013
	$'000	$'000
Current assets	51,626	36,489
Non-current assets	11,736	7,109
Current liabilities	40,537	25,962
Non-current liabilities	1,998	2,256
Revenue	163,238	123,328
Profit for the reporting year	2,375	2,417

17. Other investments

	Group and Company	
	2014	2013
	$'000	$'000
Available-for-sale financial assets		
- Unquoted equity shares	38	580
Held-to-maturity investment		
- 4% p.a. US bonds due 23 October 2017 (quoted)	1,055	1,055
	1,093	1,635

Pursuant to the Company's acquisition of a 0.004% equity interest in Kingsmen C.M.T.I. Co., Ltd in January 2014, the Group's effective interest in Kingsmen C.M.T.I. Co., Ltd increased to 20%. Consequently, Kingsmen C.M.T.I. Co., Ltd became an associate of the Group. Prior to that, Kingsmen C.M.T.I. Co., Ltd was accounted for as an available-for-sale financial asset of the Group.

Fair value information has not been disclosed for the Group's investment in equity shares that is carried at cost because the fair value (Level 3) cannot be measured reliably. The Group does not intend to dispose of this investment in the foreseeable future.

The fair value (Level 1) of the Group's investment in the US bonds, of which the issuer is from the financial services industry, is determined to be $1,055,000 (2013: $1,055,000) based on the published market bid price at the end of the reporting year.

18. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Trade receivables				
Non-related parties	78,395	88,663	–	–
Less: Impairment loss	(1,065)	(771)	–	–
Subsidiaries	–	–	798	859
Associates	2,076	740	75	390
Related parties	33	1,492	1	148
Sub-total	79,439	90,124	874	1,397
Other receivables				
Other receivables	2,974	3,842	201	348
Subsidiaries	–	–	1,460	1,612
Loan receivable from subsidiaries	–	–	2,572	531
Associates	38	208	37	208
Loan receivable from associates	268	772	–	469
Related parties	6	35	6	35
Staff advances and loans	675	481	–	–
Refundable deposits	9,103	871	–	–
Sub-total	13,064	6,209	4,276	3,203
Current, total	92,503	96,333	5,150	4,600
Non-current				
Other receivables				
Other receivables	650	315	–	–
Staff loans	12	28	–	–
Non-current, total	662	343	–	–
Current and non-current, total	93,165	96,676	5,150	4,600

18. Trade and other receivables (cont'd)

Movements in impairment loss on doubtful trade receivables during the reporting year are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At beginning of the year	771	1,223	–	–
Impairment loss for the year	373	84	–	–
Write-back of impairment loss	(4)	(473)	–	–
Write-off against impairment loss	(36)	(45)	–	–
Disposal of a subsidiary	(35)	–	–	–
Foreign exchange adjustments	(4)	(18)	–	–
At end of the year	1,065	771	–	–

Included in trade receivables is an amount of $3,243,000 (2013: $3,922,000) which relates to retention sums and advance billings.

Except for an amount of $774,000 (2013: $198,000) under loan receivable from subsidiaries and an amount of $36,000 (2013: $33,000) under staff loans, the remaining current trade and other receivables are unsecured, non-interest bearing and repayable on demand in cash. The amount of $774,000 (2013: $198,000) under loan receivable from subsidiaries and the amount of $36,000 (2013: $33,000) under staff loans are unsecured, bear interest at 3.89% to 6.00% (2013: 3.94% to 3.97%) and 3% (2013: 3%) per annum respectively and are repayable on demand in cash.

Except for an amount of $12,000 (2013: $28,000) under staff loans, the remaining non-current trade and other receivables are unsecured, non-interest bearing, not repayable within the next twelve months and to be settled in cash. The amount of $12,000 (2013: $28,000) under staff loans is unsecured, bears interest at 3% (2013: 3%) per annum and is not repayable within the next twelve months and to be settled in cash.

19. Deferred tax

Deferred tax as at 31 December relates to the following:

	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss and Other Comprehensive Income	
	2014	2013	2014	2013
Group	$'000	$'000	$'000	$'000
Deferred tax assets				
Excess of net book value of plant and equipment over tax values	(109)	(69)	(40)	123
Provisions	127	374	(247)	(318)
Unutilised tax losses	242	–	242	–
Others	280	33	247	(2)
	540	338		
Deferred tax liabilities				
Excess of net book value of plant and equipment over tax values	(359)	(287)	(72)	(139)
Provisions	48	212	(164)	(33)
Others	(168)	(346)	178	(77)
	(479)	(421)		
Foreign exchange adjustments			5	(16)
Deferred tax income/(expense) (Note 11)			149	(462)

19. Deferred tax (cont'd)

	Statement of Financial Position	
	2014	**2013**
Company	$'000	$'000
Deferred tax assets		
Excess of net book value of plant and equipment over tax values	(40)	–
Provisions	11	–
Unutilised tax losses	202	–
	173	–
Deferred tax liabilities		
Excess of net book value of plant and equipment over tax values	–	(38)
Provisions	–	10
	–	(28)

Unrecognised tax losses

As at 31 December 2014, the Group has unabsorbed tax losses and unutilised capital allowances totalling $845,000 (2013: $611,000) available for offset against future taxable profits of certain subsidiaries in which the tax losses and capital allowances arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. These unabsorbed tax losses and unutilised capital allowances are available for offset against future taxable profits for an unlimited future period except for amounts of $70,000, $129,000, $303,000 and $87,000 (2013: $68,000, $126,000, $296,000 and $Nil) which expire in the reporting years ending 31 December 2016 to 2019 respectively. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in which the subsidiaries operate.

Unrecognised temporary differences relating to investments in subsidiaries

Deferred tax liabilities of $331,000 (2013: $271,000) have not been recognised for taxes that would be payable on the distribution of the undistributed earnings of certain subsidiaries for the reporting year ended 31 December 2014 as the Group has determined that the undistributed earnings of these subsidiaries will not be distributed in the foreseeable future.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders of the Company of $4,864,000 (2013: $4,833,000) proposed by the Company but not recognised as a liability in the financial statements as at the end of the reporting year (Note 29).

20. Inventories

	Group	
	2014	**2013**
	$'000	$'000
Project materials	2,182	1,561

Project materials recognised as cost of sales during the reporting year amounted to $907,000 (2013: $1,434,000).

21. Gross amount due from/(to) customers for contract work-in-progress

	Group	
	2014	2013
	$'000	$'000
Contract costs incurred and recognised profits (less recognised losses) to date	37,564	26,927
Less: Progress billings to date	(28,906)	(14,640)
Net amount arising from construction contracts at end of the year	8,658	12,287
Presented in consolidated statement of financial position as:		
Gross amount due from customers for contract work-in-progress	15,684	18,586
Gross amount due to customers for contract work-in-progress	(7,026)	(6,299)
	8,658	12,287

22. Other assets

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Income tax recoverable	152	512	1	–
Prepayments	1,103	803	44	29
	1,255	1,315	45	29

23. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash at banks and in hand	59,127	48,192	4,702	3,874
Short-term deposits	23,845	15,530	1,586	1,580
Cash and cash equivalents in statement of financial position	82,972	63,722	6,288	5,454
Bank overdrafts	–	(2)	–	–
Deposits pledged for bank facilities	(1,612)	(1,560)	(1,567)	(1,560)
Cash and cash equivalents for consolidated statement of cash flows	81,360	62,160	4,721	3,894

Cash at banks earn interest at rates based on daily bank deposit rates. Short-term deposits are placed for varying periods from one month to one year (2013: one month to one year) depending on the immediate cash requirements of the Group. The short-term deposits bear interest of 0.15% to 1.30% (2013: 0.15% to 3.05%) and 0.15% to 0.50% (2013: 0.15% to 0.50%) per annum respectively for the Group and the Company during the reporting year.

As at 31 December 2014, short term deposits of $1,612,000 (2013: $1,560,000) and $1,567,000 (2013: $1,560,000) of the Group and the Company have been pledged to banks for banking facilities granted respectively.

24. Share capital

	Group and Company				
	Number of ordinary shares issued	Number of treasury shares held	Share capital	Treasury shares	Total
			$'000	$'000	$'000
At 1 January 2013	194,183,151	(2,537,050)	23,266	(978)	22,288
Reissued pursuant to performance share scheme	–	1,670,850	–	644	644
At 31 December 2013	194,183,151	(866,200)	23,266	(334)	22,932
Issued pursuant to performance share scheme	370,110	–	348	–	348
Reissued pursuant to performance share scheme	–	866,200	–	334	334
At 31 December 2014	194,553,261	–	23,614	–	23,614

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

Treasury shares relate to ordinary shares of the Company that are held by the Company. The Company reissued 866,200 (2013: 1,670,850) treasury shares pursuant to its performance share scheme at an average fair value of $0.929 (2013: $0.884) per share.

Capital management

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risks taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

In order to maintain its listing on the Singapore Exchange Securities Trading Limited, the Company has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital appropriately to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

25. Other reserves

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Foreign currency translation reserve	(1,774)	(2,520)	–	–
Statutory reserve fund	707	707	–	–
Gain on reissuance of treasury shares	1,826	1,354	1,826	1,354
Premium paid on acquisition of non-controlling interests	(2,549)	(2,549)	–	–
	(1,790)	(3,008)	1,826	1,354

Foreign currency translation reserve

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At beginning of the year	(2,520)	(2,811)	–	–
Exchange differences on translating foreign operations	746	291	–	–
At end of the year	(1,774)	(2,520)	–	–

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Statutory reserve fund

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At beginning and end of the year	707	707	–	–

In accordance with the Foreign Enterprise Law applicable in the People's Republic of China ("PRC"), the subsidiaries in the PRC are required to make appropriations to the Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

Gain on reissuance of treasury shares

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At beginning of the year	1,354	518	1,354	518
Gain on reissuance of treasury shares during the year taken to equity pursuant to performance share scheme	472	836	472	836
At end of the year	1,826	1,354	1,826	1,354

The Company reissued 866,200 (2013: 1,670,850) treasury shares pursuant to its performance share scheme at an average fair value per share of $0.929 (2013: $0.884). The excess of the average fair value per share over the weighted average cost per treasury share of $0.385 (2013: $0.385) was recognised in this reserve. This reserve is not available for dividend distribution to shareholders.

25. Other reserves (cont'd)

Premium paid on acquisition of non-controlling interests

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At beginning of the year	(2,549)	(2,436)	–	–
Dilution of interest in a subsidiary	–	(113)	–	–
At end of the year	(2,549)	(2,549)	–	–

26. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Trade payables				
Non-related parties	55,836	62,676	–	–
Associates	1,165	1,619	–	–
Related parties	27	101	–	–
Accrued project costs	24,646	14,267	–	–
Sub-total	81,674	78,663	–	–
Other payables				
Other payables	4,684	6,566	261	258
Subsidiaries	–	–	75	12
Loan payable to associates	–	1,081	–	–
Associates	2	387	–	–
Provision for unutilised leave	960	675	65	57
Accrued operating expenses	11,730	10,515	1,227	1,101
Deposits received	510	68	14	14
Sub-total	17,886	19,292	1,642	1,442
Current, total	99,560	97,955	1,642	1,442
Non-current				
Other payables				
Post-employment benefits	154	119	–	–
Non-current, total	154	119	–	–
Current and non-current, total	99,714	98,074	1,642	1,442

Except for an amount of $Nil (2013: $1,013,000) under loan payable to associates, the remaining current trade and other payables are unsecured, non-interest bearing and repayable on demand in cash. For the reporting year ended 31 December 2013, the loan payable to associates of $1,013,000 was unsecured, subjected to interest at 9% per annum and repayable on demand in cash.

The non-current trade and other payables are unsecured, non-interest bearing and not repayable within the next twelve months and to be settled in cash.

27. Other financial liabilities

	Group	
	2014	2013
	$'000	$'000
Current		
Trust receipts	935	551
Bank overdrafts	–	2
MYR term loan at BLR - 2% p.a.	1,705	1,784
MYR term loan at BECOF + 1.5% p.a.	52	59
VND term loans at BLR + 2% p.a.	2,133	363
Finance leases	18	41
Current, total	4,843	2,800
Non-current		
MYR term loan at BECOF + 1.5% p.a.	1,656	1,730
Finance leases	15	32
Non-current, total	1,671	1,762
Current and non-current, total	6,514	4,562
The range of floating interest rates per annum paid was as follows:		
Trust receipts	8.10% to 8.35%	8.10%
Bank overdrafts	8.10% to 8.35%	8.10%
MYR term loan at BLR - 2% p.a.	4.60% to 4.85%	4.60%
MYR term loan at BECOF + 1.5% p.a.	4.78% to 5.13%	4.78% to 4.80%
VND term loans at BLR + 2% p.a.	7.50% to 9.75%	9.00% to 14.00%
The range of fixed interest rates per annum paid was as follows:		
Finance leases	3.75% to 16.80%	2.60% to 16.80%

The carrying amount of the Group's non-current MYR term loan at BECOF + 1.5% p.a. is a reasonable approximation of fair value as it is a floating rate instrument that is repriced to market interest rate on or near the end of the reporting year.

The fair value of the Group's non-current finance leases is determined to be $9,000 (2013: $20,000) which is estimated by discounting expected future cash flows at market incremental lending rates for similar types of leasing arrangements.

The details of the loans and borrowings are as follows:

Trust receipts

The trust receipts are denominated in Malaysian Ringgit ("MYR"), bear interest at bank lending rate ("BLR") + 1.5% (2013: BLR + 1.5%) per annum and are repayable within the next twelve months. The trust receipts are secured by a first mortgage over freehold land and building with an aggregate net carrying amount of $2,014,000 (2013: $2,072,000), corporate guarantees given by the Company and a subsidiary, Kingsmen Sdn Bhd and personal guarantees given by certain directors of subsidiaries, Kingsmen-Keb Systems Sdn Bhd and Kingsmen Designers & Producers Sdn Bhd.

Bank overdrafts

The bank overdrafts are denominated in MYR, bear interest at BLR + 1.5% (2013: BLR + 1.5%) per annum and are repayable on demand. The bank overdrafts are secured by corporate guarantees given by the Company and a subsidiary, Kingsmen Sdn Bhd and personal guarantees given by certain directors of a subsidiary, Kingsmen-Keb Systems Sdn Bhd.

MYR term loan at BLR – 2% p.a.

The callable MYR term loan at BLR - 2% p.a. is denominated in MYR, bears interest at BLR - 2% (2013: BLR - 2%) per annum and is repayable on demand. The loan is secured by a first mortgage over freehold land and building with an aggregate net carrying amount of $1,980,000 (2013: $2,036,000), a corporate guarantee given by a subsidiary, Kingsmen Sdn Bhd and personal guarantees given by certain directors of a subsidiary, Kingsmen-Keb Systems Sdn Bhd.

`27. Other financial liabilities (cont'd)

MYR term loan at BECOF + 1.5% p.a.

The MYR term loan at BECOF + 1.5% p.a. is denominated in MYR, bears interest at bank effective cost of funds ("BECOF") + 1.5% (2013: BECOF + 1.5%) per annum and is fully repayable by 2031. The loan is secured by a first mortgage over freehold land and building with an aggregate net carrying amount of $2,014,000 (2013: $2,072,000), corporate guarantees given by the Company and a subsidiary, Kingsmen Sdn Bhd and personal guarantees given by certain directors of a subsidiary, Kingsmen Designers & Producers Sdn Bhd.

VND term loans at BLR + 2% p.a.

The Vietnam Dong ("VND") term loans at BLR + 2% p.a. are denominated in VND, bear interest at BLR + 2% (2013: BLR + 2%) per annum and are fully repayable in 2015. The loans are secured by a corporate guarantee of the Company.

Finance leases

The Group has finance leases for certain motor vehicles. There are no restrictions placed upon the Group by entering into these leases. The lease terms of such finance lease obligations range from 1 to 3 (2013: 1 to 4) years. The average effective interest rate implicit in the finance lease obligations is 8.10% (2013: 4.58%) per annum. The outstanding amount of finance lease obligations is secured by way of legal mortgages on the underlying leased assets (Note 13).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	2014		2013	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	$'000	$'000	$'000	$'000
Not later than one year	20	18	45	41
Later than one year and not later than five years	16	15	36	32
Total minimum lease payments	36	33	81	73
Less: Amounts representing finance charges	(3)	–	(8)	–
Present value of minimum lease payments	33	33	73	73

28. Other liabilities

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred income comprising:				
- Advance billings receivable	624	2,828	–	–
- Advance billings received	–	42	–	–
Provision for performance share scheme	1,467	1,167	83	86
	2,091	4,037	83	86

29. Dividends

	Group and Company	
	2014	2013
	$'000	$'000
Declared and paid during the year		
Dividends on ordinary shares		
- Interim tax exempt one-tier dividend for 2014: $0.015 (2013: $0.015) per ordinary share	2,919	2,899
- Final tax exempt one-tier dividend for 2013: $0.025 (2012: $0.025) per ordinary share	4,863	4,826
	7,782	7,725
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting		
- Final tax exempt one-tier dividend for 2014: $0.025 (2013: $0.025) per ordinary share	4,864	4,833

30. Financial instruments: information on financial risks

Classification of financial assets and liabilities

The carrying amounts of financial assets and liabilities recorded at the end the reporting year are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables				
- Trade and other receivables	93,165	96,676	5,150	4,600
- Cash and cash equivalents	82,972	63,722	6,288	5,454
Available-for-sale financial assets				
- Unquoted equity shares	38	580	38	580
Held-to-maturity investment				
- 4% p.a. US bonds due on 23 October 2017 (quoted)	1,055	1,055	1,055	1,055
At end of the year	177,230	162,033	12,531	11,689
Financial liabilities				
Financial liabilities at amortised cost				
- Trade and other payables	99,714	98,074	1,642	1,442
- Other financial liabilities	6,514	4,562	–	–
At end of the year	106,228	102,636	1,642	1,442

Further quantitative disclosures are included throughout these financial statements.

Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statements of financial position. The carrying amounts of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

30. Financial instruments: information on financial risks (cont'd)

Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Group's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, foreign currency risk and equity price risk. Management has certain practices for the management of these financial risks. All financial risk management activities are carried out based on good market practices and are monitored by management staff. The Group's overall financial risk management strategy seeks to minimise the potential material adverse effects from these financial risk exposures. The information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing these risks are presented below. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures these risks.

Credit risk on financial assets

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, trade and other receivables and other investments. The maximum exposure to credit risk is the total of the fair values of the financial instruments.

Credit risk on cash balances with banks and financial institutions, other receivables and other investments is limited because the counterparties are entities with acceptable credit ratings. Note 23 discloses the maturity of the cash and cash equivalents balances. Other receivables are normally with no fixed terms and therefore there is no maturity. Note 17 discloses the maturity of the other investments balances.

For credit risk on trade receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss where necessary. The Group's exposure to credit risk on trade receivables is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. Other than as disclosed below, there is no significant concentration of credit risk on trade receivables as the exposure is spread over a large number of customers. As part of the process of setting customer credit limits, different credit terms are used. The credit period granted to customers is generally between 60 to 90 (2013: 60 to 90) days.

Ageing analysis of trade receivables that are past due as at the end of the reporting year but not impaired is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Past due less than 30 days	4,725	2,347	–	59
Past due 31 to 60 days	2,002	1,575	–	–
Past due 61 to 90 days	1,216	818	268	394
Past due over 90 days	8,291	9,015	68	337
	16,234	13,755	336	790

Ageing analysis of trade receivables as at the end of the reporting year that are impaired is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Past due over 365 days	1,065	771	–	–

At the end of the reporting year, approximately 19% (2013: 18%) and 45% (2013: 48%) of the Group and the Company's trade receivables are due from three customers as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Top 1 customer	8,119	9,112	182	353
Top 2 customer	4,561	3,786	120	170
Top 3 customer	2,315	3,593	92	154

30. Financial instruments: information on financial risks (cont'd)

Financial risk management (cont'd)

Liquidity risk – financial liabilities maturity analysis

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Group's reputation.

The following tables analyse the financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

	Due less than 1 year	Due within 2 – 5 years	Due after 5 years	Total
Group	$'000	$'000	$'000	$'000
2014				
Trade and other payables	99,560	154	–	99,714
Other financial liabilities	5,424	559	1,518	7,501
At end of the year	104,984	713	1,518	107,215
2013				
Trade and other payables	97,955	119	–	98,074
Other financial liabilities	3,418	586	1,732	5,736
At end of the year	101,373	705	1,732	103,810

The Company's financial liabilities consist only of trade and other payables which have a contractual maturity of within one year. The undiscounted cash flows of the trade and other payables amounted to $1,642,000 (2013: $1,442,000).

The undiscounted amounts on the other financial liabilities with fixed and floating interest rates are determined by reference to the conditions existing at the end of the reporting year.

It is expected that all the liabilities will be settled at their contractual maturity. The credit period taken to settle trade payables is generally between 30 to 90 (2013: 30 to 90) days. Other payables are with short-term durations. In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows.

The following tables analyse the financial guarantee contracts based on the earliest dates in which the maximum guaranteed amount could be drawn upon:

	Due less than 1 year	Due within 2 – 5 years	Due after 5 years	Total
Group	$'000	$'000	$'000	$'000
2014				
Financial guarantee contracts	22,625	3,763	1,446	27,834
2013				
Financial guarantee contracts	15,133	3,788	1,494	20,415
Company				
2014				
Financial guarantee contracts	20,920	3,763	1,446	26,129
2013				
Financial guarantee contracts	13,349	3,788	1,494	18,631

As at the end of the reporting year, no claims on the financial guarantee contracts are expected.

30. Financial instruments: information on financial risks (cont'd)

Financial risk management (cont'd)

Interest rate risk

The Group's exposure to interest rate risk relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The interest rate risk exposure is from changes in fixed and floating interest rates. The breakdown of the significant financial instruments by type of interest rate is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Financial assets				
Fixed rate	24,948	16,647	2,641	2,635
Floating rate	51,874	40,810	5,474	4,071
	76,822	57,457	8,115	6,706
Financial liabilities				
Fixed rate	33	1,086	–	–
Floating rate	6,481	4,489	–	–
	6,514	5,575	–	–

Sensitivity analysis

For the floating rate financial assets and liabilities, a hypothetical increase of 100 (2013: 100) basis points in interest rate at the end of the reporting year would increase/(decrease) pre-tax profit for the reporting year by the amounts shown below. A decrease of 100 (2013: 100) basis points in interest rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Pre-tax profit for the reporting year	454	363	55	41

The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

30. Financial instruments: information on financial risks (cont'd)

Financial risk management (cont'd)

Foreign currency risk

The Group has exposure to foreign currency movements on financial assets and financial liabilities denominated in foreign currencies. It also has exposure on sales and purchases that are denominated in foreign currencies. The currencies giving rise to the foreign currency risk are primarily the SGD, United States Dollar ("USD"), Hong Kong Dollar ("HKD"), Malaysian Ringgit ("MYR") and China Renminbi ("RMB"). The Group hedges its foreign currency exposure should the need arise through the use of forward foreign currency contracts.

Other than as disclosed elsewhere in the financial statements, the Group's exposures to foreign currencies are as follows:

Group	SGD $'000	USD $'000	HKD $'000	MYR $'000	RMB $'000	Others $'000	Total $'000
2014							
Financial assets							
Trade and other receivables	170	2,918	109	431	34	56	3,718
Cash and cash equivalents	1,180	6,563	84	–	243	178	8,248
Total financial assets	1,350	9,481	193	431	277	234	11,966
Financial liabilities							
Trade and other payables	1,583	603	502	195	408	353	3,644
Other financial liabilities	–	–	–	–	–	–	–
Total financial liabilities	1,583	603	502	195	408	353	3,644
Net financial (liabilities)/assets	(233)	8,878	(309)	236	(131)	(119)	8,322
2013							
Financial assets							
Trade and other receivables	202	3,290	238	444	560	514	5,248
Cash and cash equivalents	1,650	5,852	226	–	204	215	8,147
Total financial assets	1,852	9,142	464	444	764	729	13,395
Financial liabilities							
Trade and other payables	950	1,021	393	797	187	12	3,360
Other financial liabilities	–	–	–	–	–	–	–
Total financial liabilities	950	1,021	393	797	187	12	3,360
Net financial assets/(liabilities)	902	8,121	71	(353)	577	717	10,035

30. Financial instruments: information on financial risks (cont'd)

Financial risk management (cont'd)

Foreign currency risk (cont'd)

	USD	MYR	Total
Company	$'000	$'000	$'000
2014			
Financial assets			
Trade and other receivables	324	66	390
Cash and cash equivalents	–	–	–
Total financial assets	324	66	390
Financial liabilities			
Trade and other payables	–	–	–
Other financial liabilities	–	–	–
Total financial liabilities	–	–	–
Net financial assets	324	66	390
2013			
Financial assets			
Trade and other receivables	445	100	545
Cash and cash equivalents	–	–	–
Total financial assets	445	100	545
Financial liabilities			
Trade and other payables	–	–	–
Other financial liabilities	–	–	–
Total financial liabilities	–	–	–
Net financial assets	445	100	545

Sensitivity analysis

A hypothetical 3% (2013: 3%) strengthening of the above currencies against the functional currency of the respective entities of the Group at the end of the reporting year would increase/(decrease) pre-tax profit for the reporting year by the amounts shown below. A 3% (2013: 3%) weakening of the above currencies against the functional currency of the respective entities of the Group would have an equal but opposite effect. This analysis has been carried out without taking into consideration of hedged transactions and assumes all other variables remain constant.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Pre-tax profit for the reporting year	250	301	12	16

The hypothetical sensitivity rate used in the above tables is the reasonably possible change in foreign exchange rates.

Equity price risk

There are investments in equity shares or similar instruments. As a result, such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities. The fair values of these assets are disclosed in Note 17.

The sensitivity analysis effect on post-tax profit and other comprehensive income is not significant.

31. Capital expenditure commitments

Capital expenditure contracted for at the end of the reporting year but not recognised in the financial statements are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Commitments in respect of contracts placed for the purchase of property, plant and equipment	11,923	45	–	–

32. Operating lease payment commitments – as lessee

The Group has entered into lease agreements for office premises and equipment. These leases, of which some are cancellable, have remaining lease terms of between 1 to 5 (2013: 1 to 4) years and some of these leases have renewal options or escalation clauses included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum lease payments payable under operating leases at the end of the reporting year are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Not later than one year	3,649	2,856	1,923	1,455
Later than one year and not later than five years	9,105	4,155	6,401	1,586
	12,754	7,011	8,324	3,041

33. Operating lease income commitments — as lessor

The Group has entered into lease agreements for office premises and machinery. These non- cancellable leases have remaining lease terms of 5 (2013: 1) years with no renewal option or escalation clauses included in the contracts.

Future minimum lease payments receivable under operating leases at the end of the reporting year are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Not later than one year	822	540	–	–
Later than one year and not later than five years	3,472	–	–	–
	4,294	540	–	–

34. Contingent liabilities

The Group has provided corporate guarantees to banks amounting to $27,834,000 (2013: $20,415,000) in connection with banking facilities granted to its subsidiaries.

35. Other matters

As reported in the financial statements for the reporting year ended 31 December 2012, a Settlement Agreement dated 20 December 2010 ("Settlement Agreement") was executed between a subcontractor and its business affiliate and Kingsmen Exhibits Pte Ltd ("KE") (a wholly owned subsidiary of the Company) which involved the subcontractor assuming the repayment of a prepaid amount of $2,756,000 made by KE to its business affiliate in respect of a project. It was subsequently discovered that up to two employees of KE may have possibly provided personal guarantees to the subcontractor for the project. When the personal guarantees were viewed together with the Settlement Agreement, it would appear that some of the costs of the previously completed projects were under-recognised.

On 10 January 2013, KE had, on the advice of its professionals, entered into a subsequent Settlement Agreement ("2013 Settlement Agreement") with the subcontractor for the resolution of certain disputes relating to the value of work done for the above project which was completed as of 31 December 2010.

Management had therefore reassessed the value of the works done and ascertained that a prepaid amount of $2,756,000 could not be recovered. In prior years, $1,300,000 of the prepaid amount of $2,756,000 had been written off to the consolidated income statement due to management being unsure of a full recovery of the prepaid amount. Pursuant to the 2013 Settlement Agreement, KE paid a settlement sum of $765,000 to the subcontractor and also wrote off a net sum of $691,000 which was sought to be recovered from the subcontractor. The financial impact of $1,456,000 in relation to the aforesaid matter was adjusted for in the financial statements for the reporting year ended 31 December 2012.

In connection with the aforesaid matter, the Audit Committee of the Company lodged a police report with the Commercial Affairs Department ("CAD") on 18 January 2013. As at the date the board of directors approved and authorised these financial statements for issue, the Company is unable to ascertain the progress and outcome of the investigation by the CAD and whether any findings that may arise from such investigation would result in any impact on the financial statements of the Group.

36. Event after the end of the reporting year

Subsequent to the end of the reporting year, the Company's indirect wholly owned subsidiary, K-Fix Production Sdn Bhd completed the purchase of a property located at Geran 237182 Lot 2592 in the Mukim Senai, District of Kulaijaya, State of Johor, Malaysia in January 2015. The purchase consideration of MYR 35,000,000 was funded through internal resources of the Group and bank borrowings.

37. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous reporting year except that in the current reporting year, the Group has adopted all the new and revised FRS and INT FRS that are effective for annual periods beginning on or after 1 January 2014. The adoption of these FRS and INT FRS did not result in any substantial change to the Group's accounting policies and has no significant impact on the financial statements for the current reporting year 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 Group made an assessment as at the date of initial application of FRS 110 (i.e. 1 January 2014) as to whether or not it has control over Kingsmen Middle East LLC in accordance with the definition of control and the related guidance set out in FRS 110. The Group concluded that it has control over Kingsmen Middle East LLC, which was previously accounted for as a 25% associate of the Group using the equity method of accounting. Although the Group does not own more than half of the voting power of the company, it is able to govern the financial and operating policies of Kingsmen Middle East LLC by virtue of agreements with other shareholders of the company. The nature of these agreements results in the Group having the power over Kingsmen Middle East LLC's variable returns. The effective beneficial interest of the Group in Kingsmen Middle East LLC is assessed to be 55.51%. Therefore, in accordance with the requirements of FRS 110, Kingsmen Middle East LLC was accounted for as a subsidiary of the Group in the current reporting year with its financial statements consolidated with those of the Group.

With the adoption of FRS 110, the effects of the change in accounting treatment of Kingsmen Middle East LLC 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.

38. Future changes in financial reporting standards

The following new or revised FRS that have been issued will be effective in future. The directors of the Company expect that the adoption of the new or revised standards is not expected to result in material adjustments to the financial position, results of operations and cash flows in the period of initial application.

FRS No.	Title	Effective date for periods beginning on or after
FRS 19	Amendments to FRS 19: Defined Benefit Plans: Employee Contributions	1 July 2014
Various	Improvements to FRSs (Issued in January 2014) Relating to FRS 102 Share-based Payment FRS 103 Business Combinations FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures FRS 38 Intangible Assets	1 July 2014
Various	Improvements to FRSs (Issued in February 2014) Relating to FRS 103 Business Combinations FRS 113 Fair Value Measurement FRS 40 Investment Property	1 July 2014
FRS 114	Regulatory Deferral Accounts	1 January 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 January 2016
FRS 16 and FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16 and FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants	1 January 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 115	Revenue from Contracts with Customers Illustrative Examples	1 January 2017
FRS 110 and FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Various	Improvements to FRSs (November 2014)	1 January 2016
FRS 109	Financial Instruments Illustrative Examples Implementation Guidance Amendments to Guidance on Other Standards	1 January 2018
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 110, FRS 112 and FRS 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016

39. Reclassifications and comparative figures

Certain prior year comparatives have been reclassified to conform with current year's presentation. These are not regarded as retrospective restatement or reclassification of items in the financial statements as envisaged by FRS 1 Presentation of Financial Statements. The reclassifications are as follows:

	Group	
	Previously reported	As reclassified
	$'000	$'000
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Employee benefits expense	45,902	47,721
Other expenses	12,386	10,567
Employee benefits expense		
Salaries, wages and bonuses	40,280	42,099
Consolidated Statement of Cash Flows		
Cash flows from operating activities		
Adjustments for:		
Performance share scheme expense	476	1,135
(Increase)/decrease in:		
Trade and other receivables	(11,979)	(11,878)
Other assets	–	(101)
Increase/(decrease) in:		
Trade and other payables	16,093	14,911
Deferred income	(2,361)	–
Other liabilities	–	(1,838)

	Group		Company	
	Previously reported	As reclassified	Previously reported	As reclassified
	$'000	$'000	$'000	$'000
Statements of Financial Position				
Current assets				
Trade and other receivables	95,561	96,333	3,600	4,600
Amount due from subsidiaries	–	–	531	–
Amount due from associates	772	–	469	–
Other assets	–	1,315	–	29
Income tax recoverable	512	–	–	–
Prepaid operating expenses	803	–	29	–
Equity attributable to equity holders of the Company				
Share capital	23,266	22,932	23,266	22,932
Treasury shares	(334)	–	(334)	-
Current liabilities				
Trade and other payables	98,041	97,955	1,528	1,442
Other liabilities	–	4,037	–	86
Deferred income	2,870	–	–	–
Amount due to associates	1,081	–	–	–

Statistics of Shareholdings
as at 25 March 2015

Number of shares : 194,553,261
Class of shares : Ordinary share
Voting rights : One vote per ordinary share

TREASURY SHARES

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	3	0.24	40	0.00
100 – 1,000	105	8.48	80,445	0.04
1,001 - 10,000	597	48.18	3,369,305	1.73
10,001 - 1,000,000	513	41.40	32,614,695	16.77
1,000,001 and above	21	1.70	158,488,776	81.46
Total	1,239	100.00	194,553,261	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	ISLANDA PTE. LTD.	37,993,060	19.53
2.	O-VEST PTE. LTD.	37,993,060	19.53
3.	DBS NOMINEES (PRIVATE) LIMITED	18,028,029	9.27
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	11,711,869	6.02
5.	SOH SIAK POH BENEDICT	8,035,409	4.13
6.	SIMON ONG CHIN SIM	8,035,390	4.13
7.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,093,561	2.10
8.	CHONG FOOK SENG PATRICK	4,014,000	2.06
9.	CHONG SIEW LING	3,634,761	1.87
10.	ONG CHIN KWAN	3,608,730	1.86
11.	CITIBANK NOMINEES SINGAPORE PTE LTD	2,618,800	1.35
12.	JONATHAN CHADWICK	2,400,000	1.23
13.	RAFFLES NOMINEES (PTE) LIMITED	2,318,600	1.19
14.	CHEONG CHAI KENG	2,275,038	1.17
15.	YEE CHEE KONG	2,266,419	1.17
16.	TAN AI LIN	2,245,573	1.15
17.	TAY KAY SOCK GERALD	1,821,969	0.94
18.	PEOK CHONG ENG	1,680,749	0.86
19.	DB NOMINEES (SINGAPORE) PTE LTD	1,383,000	0.71
20.	PHILLIP SECURITIES PTE LTD	1,326,000	0.68
	Total	157,484,017	80.95

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest Number of Shares	Direct Interest %	Deemed Interest Number of Shares	Deemed Interest %
Soh Siak Poh Benedict [1]	8,035,409	4.13	37,993,060	19.53
Simon Ong Chin Sim [2]	8,035,390	4.13	37,993,060	19.53
Islanda Pte. Ltd.	37,993,060	19.53	-	-
O-Vest Pte. Ltd.	37,993,060	19.53	-	-
Png Geok Choo Rose [1]	-	-	37,993,060	19.53
Soh E-Ling Marianne [1]	-	-	37,993,060	19.53
Soh Hsien Wern Gavin [1]	-	-	37,993,060	19.53
Jillian Soh E-Ping [1]	-	-	37,993,060	19.53
Vera Ong Lim Guek Noi [2]	-	-	37,993,060	19.53
Ong Mei Lin Elita [2]	-	-	37,993,060	19.53
Delta Lloyd Asset Management N.V. [3]	-	-	11,632,000	5.98

Notes:

(1) Mr Soh Siak Poh Benedict's, Mdm Png Geok Choo Rose's, Ms Soh E-Ling Marianne's, Mr Soh Hsien Wern Gavin's and Ms Jillian Soh E-Ping's deemed interest refers to the 37,993,060 shares held by Islanda Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap. 50.

(2) Mr Simon Ong Chin Sim's, Mdm Vera Ong Lim Guek Noi's and Ms Ong Mei Lin Elita's deemed interest refers to the 37,993,060 shares held by O-Vest Pte. Ltd. by virtue of Section 7 of the Companies Act, Cap. 50.

(3) Delta Lloyd Asset Management N.V.'s deemed interest refers to the 11,632,000 shares held by Delta Lloyd Azië Deelnemingen Fonds N.V. (custodian being KAS Bank N.V.) and Delta Lloyd L Asian Participation Fund (custodian being Banque de Luxembourg S.A.) by virtue of Section 7 of the Companies Act, Cap. 50.

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 25 March 2015, approximately 36.02% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Twelfth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Kingsmen Creatives Ltd. (the "***Company***") will be held at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118 on Thursday, 30 April 2015 at 11.00 a.m. (the "***Annual General Meeting***") for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 December 2014 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a final tax exempt one-tier dividend of 2.5 Singapore cents per ordinary share for the financial year ended 31 December 2014.

   (Resolution 2)

3. To re-elect Mr. Chong Siew Ling, a Director who is retiring pursuant to Article 107 of the Articles of Association of the Company.

   (Resolution 3)

4. To re-appoint Mr. Wong Ah Long as a Director of the Company pursuant to Section 153(6) of the Companies Act (Cap. 50) of Singapore (the "***Companies Act***"), to hold such office from the date of this Annual General Meeting until the next annual general meeting.
   [See Explanatory Note (i)] **(Resolution 4)**

5. To approve the payment of Directors' fees of S$260,000 for the financial year ended 31 December 2014 (2013: S$260,000).

   (Resolution 5)

6. To re-appoint RSM Chio Lim LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.
   (Resolution 6)

7. To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to allot and issue shares in the capital of the Company - Share Issue Mandate**

"That, pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "***SGX-ST***"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("***Shares***") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "***Instruments***") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and convertible securities that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (ii)] **(Resolution 7)**

9. **Authority to allot and issue Shares under the Kingsmen Performance Share Scheme**

"That pursuant to Section 161 of the Companies Act, the Directors of the Company be and are hereby authorised and empowered to grant awards in accordance with the Kingsmen Performance Share Scheme and allot and issue from time to time such number of Shares in the capital of the Company to the holders of awards granted by the Company under the Kingsmen Performance Share Scheme upon the vesting of such share awards in accordance with the terms and conditions of the Kingsmen Performance Share Scheme, provided always that the aggregate number of Shares issued and issuable pursuant to the Kingsmen Performance Share Scheme and any other share based incentive schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time."

[See Explanatory Note (iii)] **(Resolution 8)**

10. **Grant of share award under the Kingsmen Performance Share Scheme to Mr. Soh Siak Poh Benedict, a controlling shareholder of the Company**

"That the Directors of the Company be and are hereby authorised to offer and grant an award to Mr. Soh Siak Poh Benedict in accordance with the rules of the Kingsmen Performance Share Scheme and on the following terms:

Proposed date of grant of award	:	within four (4) weeks from the date of the Annual General Meeting
Number of Shares	:	up to 140,000 Shares
Moratorium period	:	12 months from the date of issue and allotment
Date of vesting of award	:	the date of grant of the award."

[See Explanatory Note (iv)] **(Resolution 9)**

11. **Grant of share award under the Kingsmen Performance Share Scheme to Mr. Simon Ong Chin Sim, a controlling shareholder of the Company**

"That the Directors of the Company be and are hereby authorised to offer and grant an award to Mr. Simon Ong Chin Sim in accordance with the rules of the Kingsmen Performance Share Scheme and on the following terms:

Proposed date of grant of award	:	within four (4) weeks from the date of the Annual General Meeting
Number of Shares	:	up to 140,000 Shares
Moratorium period	:	12 months from the date of issue and allotment
Date of vesting of award	:	the date of grant of the award."

[See Explanatory Note (iv)] **(Resolution 10)**

12. **Grant of share award under the Kingsmen Performance Share Scheme to Mr. Roy Ong Chin Kwan, an associate of a controlling shareholder of the Company**

"That the Directors of the Company be and are hereby authorised to offer and grant an award to Mr. Roy Ong Chin Kwan in accordance with the rules of the Kingsmen Performance Share Scheme and on the following terms:

Proposed date of grant of award	:	within four (4) weeks from the date of the Annual General Meeting
Number of Shares	:	up to 30,000 Shares
Moratorium period	:	12 months from the date of issue and allotment
Date of vesting of award	:	the date of grant of the award."

[See Explanatory Note (iv)] **(Resolution 11)**

13. **Proposed renewal of the Share Purchase Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary Shares in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "***Market Purchase***") on the SGX-ST transacted through the Central Limit Order Book (CLOB) trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "***Off-Market Purchase***") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the Directors of the Company as they consider fit, such scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "***Share Purchase Mandate***");

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases or acquisitions have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

(c) in this Resolution:

"***Prescribed Limit***" means ten per cent. (10%) of the issued ordinary Shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution; and

"***Maximum Price***" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105 per cent. (105%) of the Average Closing Price (as hereafter defined); and

(ii) in the case of an Off-Market Purchase: 120 per cent. (120%) of the Highest Last Dealt Price (as hereafter defined),

where:

"***Average Closing Price***" is the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"***Highest Last Dealt Price***" means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer (as hereafter defined) pursuant to the Off-Market Purchase; and

"***day of the making of the offer***" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

[See Explanatory Note (v)] **(Resolution 12)**

By Order of the Board of Directors of the Company

Yang Yanru, Cheryl
Tan Yong Kwang
Joint Company Secretaries

Singapore
15 April 2015

Notice of Twelfth Annual General Meeting

Explanatory Notes:

(i) The effect of the Ordinary Resolution 4 proposed in item 4 above is to re-appoint a director who is over 70 years of age. Mr. Wong Ah Long is an Independent Director of the Company. He also serves as the Chairman of the Nominating Committee and as a Member of the Audit Committee and Remuneration Committee. Upon his re-appointment, Mr. Wong Ah Long will continue to serve as the Chairman of the Nominating Committee and as a Member of the Audit Committee and Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to twenty per cent. (20%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares and convertible securities that may be issued, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(iii) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company to allot and issue such number of fully paid Shares from time to time as may be required to be issued to the holders of awards granted by the Company pursuant to the provisions of the Kingsmen Performance Share Scheme.

(iv) The grant of awards to the controlling shareholders of the Company and/or their associates under the Kingsmen Performance Share Scheme must be approved by the shareholders of the Company. Mr. Soh Siak Poh Benedict and Mr. Simon Ong Chin Sim are controlling shareholders of the Company. Mr. Roy Ong Chin Kwan is an immediate family member and thus an associate of Mr. Simon Ong Chin Sim.

Further details are set out in the Circular to Shareholders in relation to the Proposed Grant of Awards to Mr. Soh Siak Poh Benedict, Mr. Simon Ong Chin Sim and Mr. Roy Ong Chin Kwan under the Kingsmen Performance Share Scheme enclosed together with the Annual Report.

(v) The Ordinary Resolution 12 in item 13 above, if passed, will empower the Directors of the Company to purchase or otherwise acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Purchase Mandate does not exceed the Prescribed Limit, and at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price. The information relating to this proposed Ordinary Resolution is set out in the Circular to Shareholders in relation to the Proposed Renewal of the Share Purchase Mandate enclosed together with the Annual Report.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.
3. If the member is a corporation, the instrument appointing the proxy must be executed under its common seal or the hand of its attorney or a duly authorised officer.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118 not less than 48 hours before the time appointed for holding the Annual General Meeting.

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is circulated to the shareholders (the "***Shareholders***") of Kingsmen Creatives Ltd. (the "***Company***"), together with the Company's annual report for the financial year ended 31 December 2014 (the "***Annual Report***"). Its purpose is to provide the Shareholders with information relating to, and explain the rationale for, the proposed grant of awards to controlling shareholders and an associate of a controlling shareholder under the Kingsmen Performance Share Scheme, to be tabled at the annual general meeting ("***AGM***") of the Company to be held on 30 April 2015 at 11.00 a.m. at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118.

The notice of the Company's AGM and a proxy form are enclosed with the Annual Report.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular, the Annual Report and proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

kingsmen

KINGSMEN CREATIVES LTD.

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200210790Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED GRANT OF AWARDS TO:

(I) MR. SOH SIAK POH BENEDICT, A CONTROLLING SHAREHOLDER OF THE COMPANY;

(II) MR. SIMON ONG CHIN SIM, A CONTROLLING SHAREHOLDER OF THE COMPANY; AND

(III) MR. ROY ONG CHIN KWAN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY,

UNDER THE KINGSMEN PERFORMANCE SHARE SCHEME

CONTENTS

DEFINITIONS

For the purpose of this Circular, the following definitions have, where appropriate, been used:

"2011 Award"	:	Has the meaning ascribed to it in Section 3.4(b)
"2013 Award"	:	Has the meaning ascribed to it in Section 3.4(b)
"2014 Award"	:	Has the meaning ascribed to it in Section 3.4(b)
"2015 AGM"	:	The annual general meeting of the Company to be held on 30 April 2015 at 11.00 a.m. at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118
"Annual Report"	:	The annual report of the Company for the financial year ended 31 December 2014
"Associates"	:	Shall bear the meaning ascribed to it in the Listing Manual
"Available Shares"	:	Has the meaning ascribed to it in Section 3.4(b)
"Award"	:	A contingent award of Shares granted under the Scheme
"Board"	:	The board of directors of the Company
"CDP"	:	The Central Depository (Pte) Limited
"Committee"	:	A committee comprising Directors duly authorised and appointed by the Board to administer the Scheme
"Company"	:	Kingsmen Creatives Ltd.
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, varied or supplemented from time to time
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares (excluding treasury shares) in the Company; or (b) in fact exercises control over the Company
"Directors"	:	Directors of the Company for the time being
"Executive Directors"	:	The executive directors of the Company
"FRS"	:	Singapore Financial Reporting Standards
"FY"	:	The financial year ended or ending (as the case may be) 31 December
"Group"	:	The Company and its subsidiaries
"Independent Directors"	:	The independent directors of the Company
"Independent Shareholders"	:	Shareholders other than Shareholders who are Participants or Associates of Participants
"Latest Practicable Date"	:	25 March 2015, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	The Listing Manual of the SGX-ST, as amended, varied or supplemented from time to time
"Participant"	:	A person who is eligible to participate in the Scheme
"Performance Shares"		The Shares which may be allotted, issued or transferred from time to time pursuant to an Award under the Scheme
"Performance Target(s)"	:	The performance target(s) prescribed by the Committee to be fulfilled by a Participant for any particular period under the Scheme

DEFINITIONS

"Proposed Awards"	:	Has the meaning ascribed to it in Section 1
"Scheme"	:	The Kingsmen Performance Share Scheme, as may be amended, varied or supplemented from time to time
"Scheme Shares"	:	Has the meaning ascribed to it in Section 2.1
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	Ordinary shares in the capital of the Company
"Shareholders"	:	Persons who are registered as holders of the Shares except where the registered holder is CDP, in which case the term "***Shareholders***" shall in relation to such Shares mean the Depositors whose securities accounts with CDP are credited with the Shares. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' securities accounts
Currencies and others		
"S$"	:	Singapore dollars
"%" or **"per cent"**	:	Per centum or percentage

The terms "***Depositor***", "***Depository Agent***" and "***Depository Register***" shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

The term "***treasury shares***" shall have the meaning ascribed to it in Section 4 of the Companies Act.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

Any word defined under the Companies Act, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Listing Manual or any statutory modification thereof, as the case may be.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of a day in this Circular is a reference to Singapore time unless otherwise stated.

Any discrepancies in this Circular between the total sum of the figures stated and the total shown thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

KINGSMEN CREATIVES LTD.

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200210790Z)

Directors:
Soh Siak Poh Benedict (Executive Chairman)
Simon Ong Chin Sim (Group Managing Director and Executive Director)
Chong Siew Ling (Managing Director, Exhibitions & Museums and Executive Director)
Prabhakaran s/o Narayanan Nair (Independent Director)
Wong Ah Long (Independent Director)
Tan Cher Liang (Independent Director)

Registered Office:
3 Changi South Lane
Kingsmen Creative Centre
Singapore 486118

15 April 2015

To: The Shareholders of Kingsmen Creatives Ltd.

Dear Shareholder,

THE PROPOSED GRANT OF AWARDS TO:

(I) MR. SOH SIAK POH BENEDICT, A CONTROLLING SHAREHOLDER OF THE COMPANY;

(II) MR. SIMON ONG CHIN SIM, A CONTROLLING SHAREHOLDER OF THE COMPANY; AND

(III) MR. ROY ONG CHIN KWAN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY,

UNDER THE KINGSMEN PERFORMANCE SHARE SCHEME

1. INTRODUCTION

The Board is convening the 2015 AGM to seek Independent Shareholders' approval for, *inter alia*, the proposed grant of Awards under the Scheme to Controlling Shareholders of the Company, Mr. Soh Siak Poh Benedict and Mr. Simon Ong Chin Sim, and Mr. Roy Ong Chin Kwan, an Associate of a Controlling Shareholder ("***Proposed Awards***"). Mr. Roy Ong is the brother, and thus an Associate, of Mr. Simon Ong, a Controlling Shareholder.

On 27 March 2009, the SGX-ST granted approval in-principle for the Company's application for the listing and quotation of new ordinary shares to be issued pursuant to the Scheme, subject to, *inter alia*, approval of the Independent Shareholders for the Scheme.

At the extraordinary general meeting of the Company held on 29 April 2009, the Independent Shareholders approved, *inter alia*, the Scheme, and the participation by the following Controlling Shareholders and an Associate of a Controlling Shareholder in the Scheme:

(i) Mr. Soh Siak Poh Benedict;

(ii) Mr. Simon Ong Chin Sim; and

(iii) Mr. Roy Ong Chin Kwan.

The Scheme is administered by the Committee, comprising the Executive Directors and the Independent Directors. The detailed rules of the Scheme as approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 29 April 2009 are set out in Schedule A of this Circular.

This Circular is circulated to the Shareholders together with the Company's Annual Report. The purpose of this Circular is to provide the Shareholders with information relating to, and explain the rationale for, the Proposed Awards to be tabled at the 2015 AGM.

2. THE KINGSMEN PERFORMANCE SHARE SCHEME

2.1 Size of the Scheme

The aggregate number of Shares available under the Scheme ("***Scheme Shares***") shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time, in accordance with Rule 845(1) of the Listing Manual. As at the Latest Practicable Date, the aggregate Awards granted comprise 2.6% of the Company's issued share capital.

2.2 Delivery of Performance Shares

The Company will deliver Shares to Participants upon vesting of Awards by way of issue of new Shares and/or purchase of existing Shares. In determining whether to issue new Shares and/or purchase existing Shares, the Company will take into account, *inter alia*, the number of Performance Shares to be delivered, the prevailing market price of the Shares and the potential cost to the Company.

2.3 Rationale for participation by Controlling Shareholders and their Associates

Directors and employees of the Group who are also Controlling Shareholders or Associates of Controlling Shareholders should be remunerated for their contribution to the Group on the same basis as other Directors and employees who are not Controlling Shareholders or Associates of Controlling Shareholders. Although Controlling Shareholders and their Associates (as the case may be) already have shareholding interests in the Company, the extension of the Scheme to encompass them will ensure that they are equally entitled to take part and benefit from the same. The Scheme is intended to be part of the remuneration package for selected Directors and employees of the Group, and the Controlling Shareholders and their Associates should not be unduly discriminated against by virtue only of the Controlling Shareholders' shareholdings in the Company. The extension of the Scheme to them will enhance the long-term commitment of such Controlling Shareholders and their Associates as they will continue to have a stake in the Company even if they sell down their existing Shares in the Company.

Eligible Controlling Shareholders and their Associates shall be treated equally for the purposes of the Scheme. Accordingly, the Scheme does not unduly favour such Controlling Shareholders or their Associates. The terms and conditions of the Scheme do not differentiate between eligible Controlling Shareholders and their Associates from other Participants. In this manner, the Scheme would not unduly favour such Controlling Shareholders or their Associates over other Participants.

Participation by Controlling Shareholders and/or their Associates allows the Group to propose a more balanced and flexible remuneration package which would link an employee's total remuneration to the results of the Group, and this would in turn increase Shareholders' value. The grant of Awards to eligible Controlling Shareholders and/or their Associates will act as an incentive for such persons to better their performance as the delivery of Shares pursuant to the Scheme is contingent upon prescribed Performance Targets and conditions being met and/or good work performance.

3. PROPOSED AWARDS

3.1 Proposed Award to Mr. Soh Siak Poh Benedict, a Controlling Shareholder

As set out in Resolution 9 of the notice of the 2015 AGM, it is proposed that Mr. Benedict Soh be granted an Award in accordance with the rules of the Scheme and on the following terms:

Proposed date of grant of Award	:	within four (4) weeks from the date of the 2015 AGM
Number of Performance Shares	:	up to 140,000 Shares
Moratorium period	:	12 months from the date of issue and allotment
Date of vesting of Award	:	the date of grant of the Award

Rationale

Mr. Benedict Soh is the Group's Executive Chairman, overseeing the Group's strategic development and setting the overall strategy and policies. He is also responsible for exploring strategic business opportunities. As one of the founders of the Group, Mr. Benedict Soh has been instrumental in spearheading the growth of the Group's business operations.

The Company seeks to reward Mr. Benedict Soh, via the Proposed Award, for his significant contributions to the Group's success and growth. The Proposed Award will form a part of Mr. Benedict Soh's remuneration. Under the leadership of Mr. Benedict Soh and the senior management team, the Group achieved a compounded annual growth rate of 9.9% in revenue from S$190.6 million in FY2008 to S$336.4 million in FY2014 and a compounded annual growth rate of 3.2% in net profit after tax from S$14.2 million in FY2008 to S$17.2 million in FY2014.

The Directors are of the view that granting the Award to Mr. Benedict Soh will motivate him to continue to achieve superior performance, and create greater Shareholders' value in order to realise the benefits of the Award in due course. This will enhance Mr. Benedict Soh's long-term commitment to the Group, and promote the long-term growth and development of the Group.

The Committee is of the view that granting the Award to Mr. Benedict Soh will provide him with an increased sense of ownership in, and encourage greater dedication to, the Group, which would align Mr. Benedict Soh's interests with the interests of Shareholders. In arriving at the value of the Proposed Award to Mr. Benedict Soh and the number of Performance Shares proposed to be granted, the Committee took into consideration, *inter alia*, Mr. Benedict Soh's scope of responsibilities, his performance and contributions to the Group, the Group's financial performance and comparable industry benchmarks for executive remuneration.

Mr. Benedict Soh has abstained from the decision-making process of the Board and the Committee in relation to the Proposed Award.

3.2 Proposed Award to Mr. Simon Ong Chin Sim, a Controlling Shareholder

As set out in Resolution 10 of the notice of the 2015 AGM, it is proposed that Mr. Simon Ong be granted an Award in accordance with the rules of the Scheme and on the following terms:

Proposed date of grant of Award	:	within four (4) weeks from the date of the 2015 AGM
Number of Performance Shares	:	up to 140,000 Shares
Moratorium period	:	12 months from the date of issue and allotment
Date of vesting of Award	:	the date of grant of the Award

Rationale

Mr. Simon Ong is the Group Managing Director and Executive Director, responsible for the Group's overall management and development of the Group's local and overseas operations, as well as executing the strategic plans set out by the Board. He is also responsible for the overall strategy and policies of the Group's creative directions and standards. As one of the founders of the Group, Mr. Simon Ong has been instrumental in formulating the Group's business strategy and creative direction.

The Company seeks to reward Mr. Simon Ong, via the Proposed Award, for his significant contributions to the Group's success and growth. The Proposed Award will form a part of Mr. Simon Ong's remuneration. Under the leadership of Mr. Simon Ong and the senior management team, the Group achieved a compounded annual growth rate of 9.9% in revenue from S$190.6 million in FY2008 to S$336.4 million in FY2014 and a compounded annual growth rate of 3.2% in net profit after tax from S$14.2 million in FY2008 to S$17.2 million in FY2014.

The Directors are of the view that granting the Award to Mr. Simon Ong will motivate him to continue to achieve superior performance, and create greater Shareholders' value in order to realise the benefits of the Award in due course. This will enhance Mr. Simon Ong's long-term commitment to the Group, and promote the long-term growth and development of the Group.

The Committee is of the view that granting the Award to Mr. Simon Ong will provide him with an increased sense of ownership in, and encourage greater dedication to, the Group, which would align Mr. Simon Ong's interests with the interests of Shareholders. In arriving at the value of the Proposed Award to Mr. Simon Ong and the number of Performance Shares proposed to be granted, the Committee took into consideration, *inter alia*, Mr. Simon Ong's scope of responsibilities, his performance and contributions to the Group, the Group's financial performance and comparable industry benchmarks for executive remuneration.

Mr. Simon Ong has abstained from the decision-making process of the Board and the Committee in relation to the Proposed Award.

3.3 Proposed Award to Mr. Roy Ong Chin Kwan, an Associate of a Controlling Shareholder

As set out in Resolution 11 of the notice of the 2015 AGM, it is proposed that Mr. Roy Ong be granted an Award in accordance with the rules of the Scheme and on the following terms:

Proposed date of grant of Award	:	within four (4) weeks from the date of the 2015 AGM
Number of Performance Shares	:	up to 30,000 Shares
Moratorium period	:	12 months from the date of issue and allotment
Date of vesting of Award	:	the date of grant of the Award

Rationale

Mr. Roy Ong is the Executive Director and Creative Director of Kingsmen Design Pte Ltd ("***Kingsmen Design***"), a wholly-owned subsidiary of the Company. Mr. Roy Ong is responsible for charting the creative direction and developing the design capabilities of Kingsmen Design, ensuring that all designs meet the aesthetic, functional and budgetary requirements of the Group's clients.

The Company seeks to reward Mr. Roy Ong, via the Proposed Award, for his good performance and valuable contributions to the Group over the years. The Proposed Award will form a part of Mr. Roy Ong's remuneration. The Company recognises that Mr. Roy Ong has made significant contributions to the growth of the Group. From FY2008 to FY2014, the Group's research and design business segment achieved a compounded annual growth rate of 14.0% in segment revenue from S$5.9 million to S$12.9 million and a compounded annual growth rate of 10.5% in segment profits from S$1.7 million to S$3.0 million.

The Directors are of the view that granting the Award to Mr. Roy Ong will motivate him to continue to achieve superior performance, and create greater Shareholders' value in order to realise the benefits of the Award in due course. This will enhance Mr. Roy Ong's long-term commitment to the Group, and promote the long-term growth and development of the Group.

The Committee is of the view that granting the Award to Mr. Roy Ong will provide him with an increased sense of ownership in, and encourage greater dedication to, the Group, which would align Mr. Roy Ong's interests with the interests of Shareholders. In arriving at the value of the Proposed Award to Mr. Roy Ong and the number of Performance Shares proposed to be granted, the Committee took into consideration, *inter alia*, Mr. Roy Ong's scope of responsibilities and potential for future development, his performance and contributions to the Group, the Group's financial performance and comparable industry benchmarks for executive remuneration.

Mr. Simon Ong has abstained from the decision-making process of the Board and the Committee in relation to the Proposed Award to Mr. Roy Ong.

3.4 Applicable rules of the Listing Manual

(a) Independent Shareholders' Approval

Pursuant to Rule 853 of the Listing Manual, the Company is required to seek Independent Shareholders' approval for the grant of Awards to Mr. Benedict Soh, Mr. Simon Ong and Mr. Roy Ong in accordance with the terms set out in Sections 3.1, 3.2 and 3.3 respectively.

(b) Maximum entitlement for Controlling Shareholders and their Associates

As stated in Rules 845(2) and 845(3) of the Listing Manual:

(i) the aggregate number of Shares available ("***Available Shares***") to Controlling Shareholders and their Associates must not exceed 25% of the total number of Scheme Shares; and

(ii) the number of Available Shares to each Controlling Shareholder or his Associate must not exceed 10% of the total number of Scheme Shares.

As at the Latest Practicable Date:

(i) there is a total of 29,182,989 Scheme Shares.

(ii) the aggregate awards of Available Shares to Controlling Shareholders and their Associates (excluding the Proposed Awards) comprise of:

(1) the award of 36,830 Performance Shares, representing 0.13% of the total number of Scheme Shares, to Mr. Roy Ong in FY2011 ("***2011 Award***");

(2) the award of 182,830, 182,830 and 49,900 Performance Shares, representing 0.63%, 0.63% and 0.17% of the total number of Scheme Shares to Mr. Benedict Soh, Mr. Simon Ong and Mr. Roy Ong respectively in FY2013 ("***2013 Award***"); and

(3) the award of 118,140, 118,140 and 10,080 Performance Shares, representing 0.40%, 0.40% and 0.03% of the total number of Scheme Shares to Mr. Benedict Soh, Mr. Simon Ong and Mr. Roy Ong respectively in FY2014 ("***2014 Award***").

Upon vesting of the Proposed Awards, assuming that the maximum number of Performance Shares are issued, the aggregate awards of Available Shares to Controlling Shareholders and their Associates (including the Proposed Awards) will comprise 3.45% of the total number of Scheme Shares.

(iii) the aggregate awards of Available Shares to Mr. Benedict Soh (including the 2013 Award, the 2014 Award and the Proposed Award) comprise 1.51% of the total number of Scheme Shares.

The aggregate awards of Available Shares to Mr. Simon Ong (including the 2013 Award, the 2014 Award and the Proposed Award) comprise 1.51% of the total number of Scheme Shares.

The aggregate awards of Available Shares to Mr. Roy Ong (including the 2011 Award, the 2013 Award, the 2014 Award and the Proposed Award) comprise 0.43% of the total number of Scheme Shares.

(c) Announcement relating to the Proposed Awards

The Company will make an announcement in relation to the Proposed Awards, if approved by Independent Shareholders, on the date of grant of Awards and provide details, including (i) the date of grant; (ii) the number of Performance Shares granted; (iii) the market price of its Shares on the date of grant; and (iv) the number of Performance Shares granted to each Director and Controlling Shareholder (and each of their Associates), in accordance with Rule 704(29) of the Listing Manual.

3.5 Potential cost

The Scheme is considered a share-based payment that falls under the scope of FRS 102, Share-based Payment. For the grant of Awards, the fair value of employee services received in exchange for the grant of such Awards would be determined by reference to the fair value of each Award granted on the date of the grant and would be recognised as an expense in the Group's income statement with a corresponding adjustment to the share capital account when new Shares are issued, or to treasury shares account when treasury shares are re-issued to the employees. The fair value of the Proposed Awards to Mr. Benedict Soh, Mr. Simon Ong and Mr. Roy Ong is expected to be the prevailing market price per Share on the date of grant multiplied by the number of Shares under each Award.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the Company's Register of Directors' Shareholdings, and the interests of substantial Shareholders (being a Shareholder whose interest in the Company's issued share capital is equal to or more than 5%), as extracted from the Company's Register of Substantial Shareholders, are as follows:

	Number of Shares			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Directors				
Soh Siak Poh Benedict	8,035,409	4.13	37,993,060(1)	19.53
Simon Ong Chin Sim	8,035,390	4.13	37,993,060(2)	19.53
Chong Siew Ling	3,634,761	1.87	-	-
Prabhakaran s/o Narayanan Nair	-	-	-	-
Wong Ah Long	-	-	36,000(3)	0.02
Tan Cher Liang	-	-	-	-
Substantial Shareholders				
Islanda Pte Ltd	37,993,060	19.53	-	-
O-Vest Pte Ltd	37,993,060	19.53	-	-
Png Geok Choo Rose	-	-	37,993,060(1)	19.53
Soh E-Ling Marianne	-	-	37,993,060(1)	19.53
Soh Hsien Wern Gavin	-	-	37,993,060(1)	19.53
Jillian Soh E-Ping	-	-	37,993,060(1)	19.53
Vera Ong Lim Guek Noi	-	-	37,993,060(2)	19.53
Ong Mei Lin Elita	-	-	37,993,060(2)	19.53
Delta Lloyd Asset Management N.V.	-	-	11,632,000(4)	5.98

Notes:

(1) Mr Soh Siak Poh Benedict's, Mdm Png Geok Choo Rose's, Ms Soh E-Ling Marianne's, Mr Soh Hsien Wern Gavin's and Ms Jillian Soh E-Ping's deemed interest refers to the 37,993,060 Shares held by Islanda Pte Ltd by virtue of Section 7 of the Companies Act.

(2) Mr Simon Ong Chin Sim's, Mdm Vera Ong Lim Guek Noi's and Ms Ong Mei Lin Elita's deemed interest refers to the 37,993,060 Shares held by O-Vest Pte Ltd by virtue of Section 7 of the Companies Act.

(3) Mr Wong Ah Long's deemed interest refers to the 36,000 Shares held by his spouse.

(4) Delta Lloyd Asset Management N.V.'s deemed interest refers to the 11,632,000 Shares held by Delta Lloyd Azië Deelnemingen Fonds N.V. (custodian being KAS Bank N.V.) and Delta Lloyd L Asian Participation Fund (custodian being Banque de Luxembourg S.A.) by virtue of Section 7 of the Companies Act.

5. DIRECTORS' RECOMMENDATION

The Directors are eligible to participate in, and are therefore interested in, the Scheme. Accordingly, the Directors have abstained from making any recommendation on the Proposed Awards to Mr. Benedict Soh, Mr. Simon Ong and Mr. Roy Ong.

6. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

All Shareholders who are eligible to participate in the Scheme (including Mr. Benedict Soh, Mr. Simon Ong and Mr. Roy Ong) shall abstain, and ensure that their respective Associates abstain, from voting on the resolution pertaining to the Proposed Awards at the 2015 AGM, and will not accept nominations to act as proxy unless the Shareholder concerned has provided specific instructions as to voting.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2015 AGM and wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the proxy form which is attached to the notice of the 2015 AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118, not less than 48 hours before the time fixed for the holding of the 2015 AGM. The completion and return of the proxy form by a Shareholder will not preclude him from attending the 2015 AGM and voting in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2015 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the 2015 AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Awards, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118, during normal business hours from the date of this Circular up to and including the date of the 2015 AGM:

(a) the Annual Report; and

(b) the Memorandum and Articles of Association of the Company.

Yours faithfully

For and on behalf of the Board of

Kingsmen Creatives Ltd.

Soh Siak Poh Benedict

Executive Chairman

SCHEDULE A

RULES OF THE KINGSMEN PERFORMANCE SHARE SCHEME

1. Name of the Scheme

The Scheme shall be called the “Kingsmen Performance Share Scheme”.

2. Definitions

2.1 In the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Act"	*The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time*
"Adoption Date"	*The date on which the Scheme is adopted by the Company in general meeting*
“Associated Company”	*A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group and over which the Company has control*
“Associated Company Employee”	*An executive or non-executive director of an Associated Company or a full time employee of an Associated Company selected by the Committee to participate in the Scheme in accordance with Rule 4*
"Auditors"	*The auditors for the time being of the Company*
"Awards"	*The contingent award of Shares under the Scheme*
"Board"	*The board of directors of the Company for the time being*
"CDP"	*The Central Depository (Pte) Limited*
“Commencement Date”	*The date for the commencement of the Scheme*
"Committee"	*A committee comprising directors of the Company, duly authorised, appointed and nominated by the Board pursuant to the Rules to administer the Scheme*
"Company"	*Kingsmen Creatives Ltd., a company incorporated in Singapore*
"Controlling Shareholder"	*A shareholder who, in relation to the Company, has control, or as such term may be defined in the Listing Manual*
"CPF”	*The Central Provident Fund*
"Group"	*The Company together with its subsidiaries*
"Group Employee"	*Any employee of the Group (including any Group Executive Directors) who meet the relevant age and rank criteria and whose services had been seconded to a company within the Group) selected by the Committee to participate in the Scheme in accordance with Rule 4*
“Group Executive Director”	*A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function within the Group*
“Listing Manual”	*The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time*
“Market Day”	*A day on which the SGX-ST is open for trading in securities*
“Non-Executive Director”	*A person who is: (a) an independent director of the Company; or (b) a director of the Company and/or any of its subsidiaries, as the case may be, other than a Group Executive Director*
“Participant”	*A person who is selected by the Committee to participate in the Scheme in accordance with these provisions*
“Performance Period”	*The performance period during which the Performance Targets shall be satisfied*

"Performance Targets"	*The performance targets prescribed by the Committee to be fulfilled by a Participant for any particular period under the Scheme*
"Rules"	*The rules of the Scheme, as amended, modified or supplemented from time to time*
"Scheme"	*The Kingsmen Performance Share Scheme, as amended, modified or supplemented from time to time*
"SGX-ST"	*The Singapore Exchange Securities Trading Limited*
"Shareholders"	*The registered holders of the Shares or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register*
"Shares"	*Ordinary shares in the capital of the Company*
"%" or "per cent"	*Percentage or per centum*
"$" or "S$"	*Singapore dollars*

2.2 For the purposes of the Scheme:

(a) in relation to a Shareholder (including, where the context requires, the Company), "control" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;

(b) unless rebutted, a person who holds directly or indirectly, a shareholding of 15% or more of the Company's issued share capital shall be presumed to be a Controlling Shareholder; and

(c) in relation to a Controlling Shareholder, his "associate" shall have the meaning ascribed to it by the Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-ST (as amended, modified or supplemented from time to time).

2.3 The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively by Section 130A of the Act.

2.4 Any reference in the Scheme or the Rules to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in the Scheme and the Rules shall have the meaning assigned to it under the Act.

2.5 Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.

2.6 Any reference to a time of day shall be a reference to Singapore time.

3. Objectives

The purpose of the Scheme is to provide an opportunity for Group Employees, Group Executive Directors and Associated Company Employees, who have met the Performance Targets to be remunerated through an equity stake in the Company and/or when due recognition should be given to any good work performance and/or significant contribution to the Company as well as for Group Employees to receive part of their annual cash bonus payment in the form of Shares. The Scheme is also extended to Non-Executive Directors.

The Company believes that the retention of outstanding employees within the Group is paramount to the Group's long-term objectives of pursuing continuous growth and expansion in its future business and operations. Furthermore, the Group acknowledges that the importance of preserving financial resources for future business development and to withstand difficult times. In light of this, the Group's strategy is to contain the remuneration of its employees and executives which constitutes a major component of the Group's operating costs.

The Scheme is formulated with those objectives in mind. Through the Scheme, the Company hopes to be able to remain an attractive and competitive employer, and to be better able to manage its fixed overhead costs without compromising on performance standards and efficiency.

4. Eligibility

4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time and have attained the age of 21 years on or before the date of grant of the Award) shall be eligible to participate in the Scheme at the absolute discretion of the Committee:

(a) Group Employees (including Group Executive Directors);

(b) Non-Executive Directors;

(c) subject to Rule 4.3 below, Associated Company Employees; and

(d) subject to Rule 4.2 below, Controlling Shareholders and their associates.

4.2 Controlling Shareholders and their associates shall be eligible to participate in the Scheme. However, the aggregate number of Shares available to Controlling Shareholders and their associates must not exceed 25% of the Shares available under the Scheme. The number of Shares available to each Controlling Shareholder or his associate must also not exceed 10% of the Shares available under the Scheme.

4.3 Only Associated Company Employees from Associated Companies which the Company has control will be eligible to participate in the Scheme.

4.4 For the purposes of determining eligibility to participate in the Scheme, the secondment of a Group Executive to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.

4.5 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by the Company or any other company within the Group.

4.6 Subject to the Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee.

5. Limitations under the Scheme

5.1 The Company may deliver Shares pursuant to the Awards granted under the Scheme in the form of existing Shares held as treasury shares and/or an issue of new Shares.

5.2 Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon (i) the Committee being satisfied that the Participant has achieved the Performance Targets and/or due recognition should be given for good work performance and/or significant contribution to the Company and/or (ii) the Company decides to pay part of a Group Employee's annual cash bonus payment in the form of Shares.

5.3 The aggregate number of Shares over which the Committee may grant Awards on any date, when added to the number of Shares issued and issuable in respect of all Awards granted under the Scheme and all other awards granted under any other share option, share incentive, performance share or restricted share scheme implemented by the Company and for the time being in force, shall not exceed fifteen percent. (15%) of the issued Shares of the Company (excluding treasury shares) on the date preceding the grant of an Award.

6. Date of grant

The Committee may grant Awards at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be granted and hence any Shares comprised in such Awards may only be delivered on or after the second Market Day from the date on which the aforesaid announcement is made.

7. Awards

7.1 Awards, which will comprise of fully paid Shares, are personal to the Participant to whom it is given and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.

7.2 Once an Award is finalised by the Committee, the Committee shall send an Award letter to the Participant confirming the said Award. The said Award letter shall specify, *inter alia*, the following:

(a) in relation to a performance-related Award:

(i) the Performance Target(s) for the Participant; and

(ii) the Performance Period for the Participant;

(b) the number of Shares to be vested on the Participant; and

(c) the date by which the Award shall be vested.

7.3 The Committee shall take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the predetermined dollar amount which the Committee decides that a Participant deserves for meeting his Performance Targets. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively the Committee may decide absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the Scheme will comply with the relevant rules of the SGX-ST.

8. Performance Targets

8.1 The Committee shall, in its absolute discretion, determine the relevant Performance Target(s) for each Participant, and such Performance Target(s) shall be specified in the Award letter as set out in Rule 7.2.

8.2 The Committee has the right to amend the Performance Target(s) if the Committee decides that it would be a fairer measure of the performance of a Participant or for the Scheme as a whole. The Committee shall have the sole discretion to determine whether Performance Target(s) have been satisfied (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to the Company and/or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to take into account such factors as the Committee may in its sole discretion determine to be relevant, and further, the right to amend the service conditions and/or Performance Target(s), if any, if the Committee decides that it would be more equitable to do so.

8.3 For the avoidance of doubt, the Performance Target(s) is measured with reference to the quarterly, semi-annual and/or annual financial results of the Group (the "Accounts") and any pre-determined performance condition(s) to be achieved by each specific Participant.

9. Vesting of the Awards

9.1 Notwithstanding that a Participant may have met his Performance Targets, no Awards shall be vested:

(a) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award; or

(b) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion;

(c) in the event that the Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the Scheme (as set out in Rule 3) have not been met;

(d) in the event that the Participant ceases to be employed by the Group or Associated Company before vesting of the Award to him; or

(e) in the event that the Participant who is a Group Executive Director or Non-Executive Director ceases to be a director of the Group.

10. Take-over and winding up of the Company

10.1 Subject to Rule 9 and Rule 10.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to the Shares under the Awards if he has met the Performance Targets for the corresponding Performance Period. For the avoidance of doubt, the vesting of such Awards will not be affected by the take-over offer.

10.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target shall be entitled, but subject to Rule 10.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.

10.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that Shares may have not been released to the Participants shall be deemed or become null and void.

10.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Shares under the Awards shall be released to the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Targets prior to the date that the members' voluntary winding-up shall be deemed to have been commenced or effective in law.

10.5 If in connection with the making of a general offer referred to in Rule 10.1 or the scheme referred to in Rule 10.2 or the winding-up referred to in Rule 10.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.

11. Shares

11.1 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Memorandum and Articles of Association of the Company, the Company shall within one (1) month after the vesting of an Award, transfer and/or allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.

11.2 Shares which are the subject of an Award shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.

11.3 Shares delivered upon the vesting of an Award shall be subject to all the provisions of the Memorandum and Articles of Association of the Company, and shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant vesting date of the Award, and shall in all other respects rank pari passu with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

11.4 The Company shall keep available sufficient treasury shares and/or issue sufficient new Shares to satisfy the delivery of the Shares pursuant to vesting of the Awards.

12. Variation of capital

12.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, distribution or otherwise) shall take place, then:

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or

(b) the class and/or number of Shares over which future Awards may be granted under the Scheme,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made.

12.2 Unless the Committee considers an adjustment to be appropriate:

(a) the issue of securities as consideration for an acquisition or a private placement of securities; or

(b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force,

shall not normally be regarded as a circumstance requiring adjustment.

12.3 Notwithstanding the provisions of Rule 12.1:

(a) no such adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and

(b) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

12.4 Any increase in the issued share capital of the Company as a consequence of the delivery of Shares pursuant to the vesting of Awards from time to time by the Company or through any other share-based incentive schemes implemented by the Company will also not be regarded as a circumstance requiring adjustment.

12.5 Upon any adjustment required to be made pursuant to this Rule 12, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.

13. Administration of the Scheme

13.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him. The quorum for any Committee meeting shall be three (3) directors, of which two (2) of the directors shall be independent directors.

13.2 The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as they think fit including, but not limited to:

(a) imposing restrictions on the number of Awards that may be vested within each financial year;

(b) amending Performance Targets in accordance with Rule 8.2, if by so doing, it would be a fairer measure of performance for a Participant or for the Scheme as a whole.

13.3 Any decision of the Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested) or to disputes as to the interpretation of the Scheme or any rule, regulation, procedure thereunder or as to any rights under the Scheme.

14. Notices and annual report

14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.

14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.

14.3 The Company shall disclose the following in its annual report:

(a) the names of the members of the Committee administering the Scheme;

(b) the information required in the table below for the following participants:

(i) Directors of the Company;

(ii) Controlling Shareholders and their Associates; and

(iii) Participants other than those in (i) and (ii) above, who received Shares pursuant to the vesting of the Awards granted under the Scheme which, in aggregate, represent five per cent. (5%) or more of the aggregate of the total number of Shares available under the Scheme; and

Name of Participant	Number of Shares comprised in Awards during financial year under review (including terms)	Aggregate number of Shares comprised in Awards from commencement of Scheme to the end of financial year under review	Number of Shares comprised in Awards which have been issued and/ or transferred during the financial year under review	Number of Shares comprised in Awards not released during financial year under review	Proportion of Shares comprised in Awards which have vested during financial year under review

(c) such other information as may be required by the Listing Manual or the Act.

If any of the information in sub-paragraphs (a) to (c) above is not applicable, an appropriate negative statement shall be included.

15. Modifications to the Scheme

15.1 Any or all the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

(a) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of Shareholders in a general meeting;

(b) the modification or alteration must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and

(c) no modification or alteration shall be made without due compliance with the Listing Manual and such other regulatory authorities as may be necessary.

15.2 The Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the rules or provisions of the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.

16. Terms of employment unaffected

The terms of employment of a Participant (who is a Group Employee) shall not be affected by his participation in the Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

17. Duration

17.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Scheme may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

17.2 The Scheme may be terminated at any time by the Committee or by resolution of the Company in general meeting subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Awards shall be vested by the Company thereunder.

17.3 The termination of the Scheme shall not affect Awards which have been vested, whether such Shares have been delivered or not.

18. Taxes

All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Participant under the Scheme shall be borne by that Participant.

19. Costs and expenses

19.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.

19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards shall be borne by the Company.

20. Disclaimer of liability

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing or transferring the Shares or applying for or procuring the listing of the Shares on the SGX-ST.

21. Disputes

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

22. Condition of Awards

Every Award shall be subject to the condition that no Shares would be issued or transferred pursuant to the vesting of any Award if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

23. Governing law

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the Scheme, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is circulated to the shareholders (the "***Shareholders***") of Kingsmen Creatives Ltd. (the "***Company***"), together with the Company's annual report for the financial year ended 31 December 2014 (the "***Annual Report***"). Its purpose is to explain to the Shareholders the rationale for, and provide the Shareholders with information relating to, the proposed renewal of the Share Purchase Mandate (as defined herein) to be tabled at the annual general meeting ("***AGM***") of the Company to be held on 30 April 2015 at 11.00 a.m. at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118.

The notice of the Company's AGM and a proxy form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

If you have sold or transferred all your Shares (as defined herein) in the capital of the Company, you should immediately forward this Circular, the Annual Report and proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

kingsmen

KINGSMEN CREATIVES LTD.

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200210790Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

CONTENTS

DEFINITIONS

For the purpose of this Circular, the following definitions have, where appropriate, been used:

"2014 Mandate"	:	Has the meaning ascribed to it in Section 1
"2015 AGM"	:	The annual general meeting of the Company to be held on 30 April 2015 at 11.00 a.m. at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118
"AGM"	:	Annual general meeting of the Company
"Annual Report"	:	The annual report of the Company for the financial year ended 31 December 2014
"Approval Date"	:	Has the meaning ascribed to it in Section 2.2.1
"Average Closing Price"	:	Has the meaning ascribed to it in Section 2.2.4
"Board"	:	The board of directors of the Company for the time being
"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	Kingsmen Creatives Ltd.
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
"controlling shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares (excluding treasury shares) in the Company; or (b) in fact exercises control over the Company
"date of the making of the offer"	:	Has the meaning ascribed to it in Section 2.2.4
"Directors"	:	Directors of the Company for the time being
"EPS"	:	Earnings per Share
"FY"	:	Financial year ended, or as the case may be, ending 31 December
"Group"	:	The Company and its subsidiaries
"Highest Last Dealt Price"	:	Has the meaning ascribed to it in Section 2.2.4
"Latest Practicable Date"	:	25 March 2015, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	The Listing Manual of the SGX-ST, as amended, supplemented or modified from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Market Purchase(s)"	:	Has the meaning ascribed to it in Section 2.2.3(a)
"Maximum Price"	:	Has the meaning ascribed to it in Section 2.2.4
"NA"	:	Net asset
"NTA"	:	Net tangible asset
"Off-Market Purchase(s)"	:	Has the meaning ascribed to it in Section 2.2.3(b)
"public"	:	Persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Group, and their associates (as defined in the Listing Manual)

"Registrar"	:	Has the meaning ascribed to it in Section 2.9
"Securities Account"	:	Securities account maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Persons who are registered as holders of the Shares except where the registered holder is CDP, in which case the term "***Shareholders***" shall in relation to such Shares mean the Depositors whose Securities Accounts with CDP are credited with the Shares. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' Securities Accounts
"Share(s)"	:	Ordinary share(s) in the capital of the Company
"Share Purchase Mandate"	:	The general mandate to authorise the Directors to purchase Shares in accordance with the rules and regulations set forth in the Companies Act and the Listing Manual
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time

Currencies and others

"S$"**, **"$" and **"cents"**	:	Singapore dollars and cents respectively
"%" or **"per cent"**	:	Per centum or percentage

The terms "***Depositor***", "***Depository Register***" and "***Depository Agent***" shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.

The term "***treasury shares***" shall have the meaning ascribed to it in Section 4 of the Companies Act.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

Any word defined under the Companies Act, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Listing Manual or any statutory modification thereof, as the case may be.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of a day in this Circular is a reference to Singapore time unless otherwise stated.

Any discrepancies in this Circular between the total sum of the figures stated and the total shown thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

KINGSMEN CREATIVES LTD.

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200210790Z)

Directors:

Soh Siak Poh Benedict (Executive Chairman)

Simon Ong Chin Sim (Group Managing Director and Executive Director)

Chong Siew Ling (Managing Director, Exhibitions & Museums and Executive Director)

Prabhakaran s/o Narayanan Nair (Independent Director)

Wong Ah Long (Independent Director)

Tan Cher Liang (Independent Director)

Registered Office:

3 Changi South Lane

Kingsmen Creative Centre

Singapore 486118

15 April 2015

To: The Shareholders of Kingsmen Creatives Ltd.

Dear Shareholder,

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

The Directors of the Company are convening the 2015 AGM to seek the Shareholders' approval for, *inter alia*, the proposed renewal of the Share Purchase Mandate.

At the extraordinary general meeting of the Company held on 28 April 2008, the Shareholders had approved the Share Purchase Mandate to enable the Company to purchase or otherwise acquire the Shares. The Share Purchase Mandate was last renewed at the annual general meeting of the Company held on 29 April 2014 (the "***2014 Mandate***"). The validity period of the 2014 Mandate will expire at the 2015 AGM. Accordingly, the Company is seeking approval from the Shareholders for, *inter alia*, the renewal of the Share Purchase Mandate at the 2015 AGM.

This Circular is circulated to the Shareholders together with the Company's Annual Report. The purpose of this Circular is to explain the rationale for, and provide the Shareholders with information relating to, the proposed renewal of the Share Purchase Mandate to be tabled at the 2015 AGM.

2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Rationale for the Share Purchase Mandate

The Share Purchase Mandate would give the Company flexibility to undertake purchases or acquisitions of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases or acquisitions provide the Company with a mechanism to facilitate the return of surplus cash (if any) over and above its ordinary capital requirements to its Shareholders, in an expedient and cost-efficient manner. Share purchases or acquisitions will also allow the Directors greater flexibility over the Company's share capital structure with a view to enhancing its NTA per share and/or EPS.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it may benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances, which would or, in the Directors' reasonable opinion, may have a material adverse effect on the financial position, liquidity and capital of the Company or the Group.

2.2 Authority and Limitations of the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if approved at the 2015 AGM, are summarised below:

2.2.1 Maximum Number of Shares

The Company may purchase or acquire only Shares, which are issued and fully paid-up. The total number of Shares that may be purchased or acquired is limited to that number of Shares representing not more than 10% of the issued Shares as at the date on which the resolution authorising the proposed renewal of the Share Purchase Mandate is passed (the "***Approval Date***"). Shares which are held as treasury shares, will be disregarded for purposes of computing the 10% limit. The Company does not hold any treasury shares as at the Latest Practicable Date.

For illustrative purposes only, based on 194,553,261 issued Shares (excluding treasury shares) as at the Latest Practicable Date, and assuming that there is no change in the number of issued Shares as at the Approval Date, not more than 19,455,326 Shares (representing 10% of the issued Shares (excluding treasury shares) as at the Approval Date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

2.2.2 Duration of Authority

Purchase(s) or acquisition(s) of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:

(a) the date on which the next AGM is held or required by law to be held;

(b) the date on which purchase(s) or acquisition(s) of Shares have been carried out to the full extent permitted under the Share Purchase Mandate; or

(c) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

2.2.3 Manner of Purchase or Acquisition

Purchase(s) or acquisition(s) of Shares may be made by way of:

(a) on-market purchase(s) ("***Market Purchase(s)***") transacted on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) off-market purchase(s) ("***Off-Market Purchase(s)***") made under an equal access scheme in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate and the Companies Act, as they consider to be in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(a) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(c) the terms of all the offers are the same, except that there shall be disregarded:

(i) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;

(ii) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and

(iii) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed purchase(s) or acquisition(s) of Shares;

(d) the consequences, if any, of purchase(s) or acquisition(s) of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the purchase(s) or acquisition(s) of Shares, if made, could affect the listing of the Shares on the SGX-ST;

(f) details of any purchase(s) or acquisition(s) of Shares made by the Company in the previous 12 months (whether Market Purchase(s) or Off-Market Purchase(s)), giving the total number of Shares purchased or acquired, the purchase or acquisition price per Share or the highest and lowest prices paid for the purchase(s) or acquisition(s), where relevant, and the total consideration paid for the purchase(s) or acquisition(s); and

(g) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

2.2.4 Maximum Purchase or Acquisition Price

The purchase or acquisition price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase or acquisition price must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price (as defined below),

(the "***Maximum Price***") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"***Average Closing Price***" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in Shares were recorded, preceding the date of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day period;

"***Highest Last Dealt Price***" means the highest price transacted for a Share as recorded on the Market Day on which transactions in Shares were recorded, immediately preceding the date of the making of the offer (as defined below) for an Off-Market Purchase; and

"***date of the making of the offer***" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase or acquisition price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3 Status of Purchased or Acquired Shares

Any Share which is purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on cancellation), unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the key provisions on treasury shares under the Companies Act are summarised below:

(a) *Maximum Holdings*

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) *Voting and other Rights*

The Company will not have the right to attend or vote at meetings and/or to receive any dividends in respect of treasury shares. However, the allotment of treasury shares as fully paid bonus shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) *Disposal and Cancellation*

The Company may dispose of treasury shares at any time in the following ways:

(i) selling the treasury shares for cash;

(ii) transferring the treasury shares for the purposes of or pursuant to an employees' share scheme;

(iii) transferring the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancelling the treasury shares; or

(v) selling, transferring or otherwise using the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.4 Source of Funds

The Companies Act permits the Company to purchase or acquire Shares out of its capital and/or distributable profits, provided that:

(a) the Company is able to pay its debts in full at the time it purchases or acquires the Shares and will be able to pay its debts as they fall due in the normal course of business in the 12 months immediately following the purchase or acquisition; and

(b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities), and will not become less than the value of its liabilities (including contingent liabilities) after the purchase or acquisition of Shares.

The Company intends to use internal sources of funds, or a combination of internal resources and external borrowings, to finance its purchase(s) or acquisition(s) of Shares.

2.5 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NTA and EPS of the Group, as the resultant effect will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the purchase prices paid for such Shares, whether the purchase or acquisition is made out of capital or profits, whether the Shares purchased or acquired are held in treasury or cancelled, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchases or acquisitions.

Where a purchase or an acquisition of Shares is made out of distributable profits, such purchase or acquisition (including costs incidental to the purchase or acquisition) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where a purchase or an acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where a purchase or an acquisition of Shares is financed by internal resources and/or external borrowings, there may be an increase in the Group's gearing ratio, and a decline in the Group's current ratio and Shareholders' funds. The actual impact on the Group's gearing and current ratios will depend on, *inter alia*, the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that the Group's working capital requirements and ability to service its debts would be adversely affected. The purchase(s) or acquisition(s) of Shares will be effected taking into account, *inter alia*, the Group's working capital requirements, availability of financial resources, the Group's expansion and investment plans and prevailing market conditions. The Company intends to exercise the Share Purchase Mandate with a view to enhancing the Group's NTA per share and/or EPS.

For illustrative purposes only and on the basis of the following assumptions:

(a) the purchase or acquisition by the Company of the maximum of 19,455,326 Shares (representing 10% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date) was made on 1 January 2014;

(b) in the case of Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S$1.029 for each Share (being 105% of the Average Closing Price as at the Latest Practicable Date), and in the case of Off-Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S$1.176 for each Share (being 120% of the Highest Last Dealt Price as at the Latest Practicable Date);

(c) the purchase or acquisition of Shares by the Company, which required funds amounting to, in the case of Market Purchases, S$20,019,530, and in the case of Off-Market Purchases, S$22,879,463, was financed entirely using internal sources of funds, and the Company received dividends from its subsidiaries to finance the purchase or acquisition;

(d) the Singapore corporate tax rate applied was 17%; and

(e) the cash reserves applied by the Group to pay for the purchase or acquisition of Shares, would otherwise have earned negligible return,

the financial effects of purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and the Group for FY2014 are set out below:

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for FY2014 and are in no way indicative of the Company's and the Group's future financial performance or a forecast of the Company's and the Group's financial position.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire part of or the entire 10% of the issued Shares (excluding treasury shares).

Market Purchases Scenario

Market Purchases of 19,455,326 Shares out of profits, and the maximum number of Shares permitted under the Companies Act to be held in treasury are held in treasury and the balance are cancelled

	Group		Company	
	Before Share Purchase	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
	S$'000	S$'000	S$'000	S$'000
As at 31 December 2014				
Share capital	23,614	23,614	23,614	23,614
Revenue reserves (distributable)	74,923	73,993	12,346	31,436
Other reserves	(1,790)	(1,790)	1,826	1,826
Treasury shares	-	(19,090)	-	(19,090)
Shareholders' funds	96,747	76,727	37,786	37,786
NA	96,747	76,727	37,786	37,786
Current assets	194,596	174,576	11,483	11,483
Current liabilities	120,545	120,545	1,725	1,725
Working capital	74,051	54,031	9,758	9,758
Total liabilities	122,849	122,849	1,725	1,725
Cash and cash equivalents	81,360	61,340	4,721	4,721
Profit attributable to Shareholders	17,155	17,155	8,320	28,340
Number of Shares, excluding treasury shares ('000)	194,553	175,098	194,553	175,098
Weighted average number of Shares ('000)	194,166	174,711	194,166	174,711
Financial Ratios				
NA per Share[(1)] (cents)	49.73	43.82	19.42	21.58
EPS[(2)] (cents)	8.84	9.82	4.28	16.22
Gearing ratio[(3)] (times)	1.27	1.60	0.05	0.05
Current ratio[(4)] (times)	1.61	1.45	6.66	6.66

Off-Market Purchases Scenario

Off-Market Purchases of 19,455,326 Shares out of profits, and the maximum number of Shares permitted under the Companies Act to be held in treasury are held in treasury and the balance are cancelled

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	S$'000	S$'000	S$'000	S$'000
As at 31 December 2014				
Share capital	23,614	23,614	23,614	23,614
Revenue reserves (distributable)	74,923	73,861	12,346	34,163
Other reserves	(1,790)	(1,790)	1,826	1,826
Treasury shares	-	(21,817)	-	(21,817)
Shareholders' funds	96,747	73,868	37,786	37,786
NA	96,747	73,868	37,786	37,786
Current assets	194,596	171,717	11,483	11,483
Current liabilities	120,545	120,545	1,725	1,725
Working capital	74,051	51,172	9,758	9,758
Total liabilities	122,849	122,849	1,725	1,725
Cash and cash equivalents	81,360	58,481	4,721	4,721
Profit attributable to Shareholders	17,155	17,155	8,320	31,199
Number of Shares, excluding treasury shares ('000)	194,553	175,098	194,553	175,098
Weighted average number of Shares ('000)	194,166	174,711	194,166	174,711
Financial Ratios				
NA per Share[(1)] (cents)	49.73	42.19	19.42	21.58
EPS[(2)] (cents)	8.84	9.82	4.28	17.86
Gearing ratio[(3)] (times)	1.27	1.66	0.05	0.05
Current ratio[(4)] (times)	1.61	1.42	6.66	6.66

Notes:

(1) NA per Share equals Shareholders' funds divided by the total number of Shares, excluding treasury shares

(2) EPS equals profit attributable to Shareholders divided by the weighted average number of Shares

(3) Gearing ratio equals total liabilities divided by Shareholders' funds

(4) Current ratio equals current assets divided by current liabilities.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Purchase Mandate, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.6 Requirements under the Listing Manual

2.6.1 Maximum Price

Under the Listing Manual, a listed company may purchase or acquire shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases or acquisitions were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 2.2.4, conforms to this restriction.

2.6.2 Reporting Requirements

The Listing Manual requires a listed company to notify the SGX-ST of any purchase or acquisition of its shares (i) in the case of a Market Purchase, by 9.00 a.m. on the Market Day following the day on which it purchased or acquired shares; and (ii) in the case of an Off-Market Purchase under an equal access scheme, by 9.00 a.m. on the second Market Day after the close of acceptances of the offer. Such notification shall be in such form and include such details as may be prescribed by the Listing Manual.

2.6.3 No Purchases or Acquisitions after Occurrences of Price Sensitive Developments

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time(s), because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period of two (2) weeks immediately preceding the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year, and during the period of one (1) month immediately preceding the announcement of the Company's full-year financial statements.

2.7 Listing Status of the Shares

Under Rule 723 of the Listing Manual, the Company shall ensure that at least 10% of its issued Shares (excluding treasury shares) is at all times held by the public.

As at the Latest Practicable Date:

(a) approximately 70,086,000 Shares, representing 36.02% of the total number of issued Shares (excluding treasury shares), are held by the public; and

(b) no Shares are held by the Company as treasury shares.

If the Company had purchased or acquired Shares from the public up to the full 10% limit pursuant to the Share Purchase Mandate on the Latest Practicable Date, the number of Shares held by the public would be approximately 50,631,000 Shares, representing 28.92% of the total number of issued Shares (excluding treasury shares).

The Company is of the view that there is a sufficient number of Shares held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading of the Shares.

2.8 Obligations to Make a Take-over Offer

If, as a result of any purchase or acquisition of Shares by the Company, the percentage of voting rights in the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors, and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or an acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, if as a result of the Company purchasing or acquiring Shares, (i) the voting rights of Directors and their concert parties would increase to 30% or more; or (ii) in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months, the Directors and their concert parties will be exempted from the requirement to make a take-over offer subject to certain conditions, including the submission by such Directors of an executed form prescribed by the Securities Industry Council of Singapore within seven (7) days of the passing of the resolution to authorise the proposed renewal of the Share Purchase Mandate.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code, if as a result of the Company purchasing or acquiring its Shares, (i) the voting rights of such Shareholder would increase to 30% or more; or (ii) in the event that such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting on the resolution authorising the proposed renewal of the Share Purchase Mandate.

2.8.1 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert: (i) a company with any of its directors (together with their immediate family members); and (ii) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies, and companies whose associated companies include any of the foregoing. Under the Take-over Code, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

Based on substantial shareholding notifications received by the Company as at the Latest Practicable Date, as set out in Section 3, none of the substantial Shareholders would become obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of the purchase or acquisition of Shares by the Company up to the maximum limit of 10% of the Share Purchase Mandate.

The Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, persons acting in concert such that their respective shareholding interests in the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or an acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

The statements set out above do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore and/or other relevant authorities at the earliest opportunity.

2.9 Reporting Requirements

Within 30 days of approval by Shareholders of the proposed renewal of the Share Purchase Mandate, the Company shall lodge a copy of the relevant Shareholders' resolution with the Registrar of Companies (the "***Registrar***").

The Company shall notify the Registrar within 30 days of a purchase or an acquisition of Shares by the Company. Such notification shall include the date of the purchase or acquisition, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of the profits or capital of the Company, and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Company shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

2.10 Share Purchases or Acquisitions in the Previous 12 Months

No purchases or acquisitions of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the Company's Register of Directors' Shareholdings, and the interests of substantial Shareholders (being a Shareholder whose interest in the Company's issued share capital is equal to or more than 5%), as extracted from the Company's Register of Substantial Shareholders, are as follows:

	Number of Shares			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Directors				
Soh Siak Poh Benedict	8,035,409	4.13	37,993,060[1]	19.53
Simon Ong Chin Sim	8,035,390	4.13	37,993,060[2]	19.53
Chong Siew Ling	3,634,761	1.87	-	-
Prabhakaran s/o Narayanan Nair	-	-	-	-
Wong Ah Long	-	-	36,000[3]	0.02
Tan Cher Liang	-	-	-	-
Substantial Shareholders				
Islanda Pte Ltd	37,993,060	19.53	-	-
O-Vest Pte Ltd	37,993,060	19.53	-	-
Png Geok Choo Rose	-	-	37,993,060[1]	19.53
Soh E-Ling Marianne	-	-	37,993,060[1]	19.53
Soh Hsien Wern Gavin	-	-	37,993,060[1]	19.53
Jillian Soh E-Ping	-	-	37,993,060[1]	19.53
Vera Ong Lim Guek Noi	-	-	37,993,060[2]	19.53
Ong Mei Lin Elita	-	-	37,993,060[2]	19.53
Delta Lloyd Asset Management N.V.	-	-	11,632,000[4]	5.98

Notes:

(1) Mr Soh Siak Poh Benedict's, Mdm Png Geok Choo Rose's, Ms Soh E-Ling Marianne's, Mr Soh Hsien Wern Gavin's and Ms Jillian Soh E-Ping's deemed interest refers to the 37,993,060 Shares held by Islanda Pte Ltd by virtue of Section 7 of the Companies Act.

(2) Mr Simon Ong Chin Sim's, Mdm Vera Ong Lim Guek Noi's and Ms Ong Mei Lin Elita's deemed interest refers to the 37,993,060 Shares held by O-Vest Pte Ltd by virtue of Section 7 of the Companies Act.

(3) Mr Wong Ah Long's deemed interest refers to the 36,000 Shares held by his spouse.

(4) Delta Lloyd Asset Management N.V.'s deemed interest refers to the 11,632,000 Shares held by Delta Lloyd Aziё Deelnemingen Fonds N.V. (custodian being KAS Bank N.V.) and Delta Lloyd L Asian Participation Fund (custodian being Banque de Luxembourg S.A.) by virtue of Section 7 of the Companies Act.

4. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2015 AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the notice of 2015 AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118, not later than 48 hours before the time fixed for the 2015 AGM. The appointment of a proxy or proxies by a Shareholder does not preclude him from attending and voting in person at the 2015 AGM if he so wishes in place of the proxy or proxies if he finds that he is able to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2015 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the 2015 AGM.

5. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 12 relating to the proposed renewal of the Share Purchase Mandate to be tabled at the 2015 AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118, during normal business hours from the date of this Circular up to and including the date of the 2015 AGM:

(a) the Annual Report; and

(b) the Memorandum and Articles of Association of the Company.

Yours faithfully

For and on behalf of the Board of

Kingsmen Creatives Ltd.

Soh Siak Poh Benedict

Executive Chairman

KINGSMEN CREATIVES LTD.

(Company Registration Number: 200210790Z)
(Incorporated in Singapore)

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT
1. For investors who have used their CPF monies to buy shares in the capital of Kingsmen Creatives Ltd., this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intent and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to their CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ... (name) of

.... (address)

being a member/members of **KINGSMEN CREATIVES LTD.** (the "***Company***"), hereby appoint:

Name	Address	NRIC / Passport No.	Proportion of Shareholdings %

and/or (delete as appropriate)

or failing him/her/them, the Chairman of the Twelfth Annual General Meeting (the "***Meeting***") of the Company as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting to be held on Thursday, 30 April 2015 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the financial year ended 31 December 2014		
2.	Declaration of a final tax exempt one-tier dividend of 2.5 Singapore cents per ordinary share for the financial year ended 31 December 2014		
3.	Re-election of Mr. Chong Siew Ling as a Director		
4.	Re-appointment of Mr. Wong Ah Long as a Director		
5.	Approval of Directors' fees amounting to S$260,000 for the financial year ended 31 December 2014		
6.	Re-appointment of RSM Chio Lim LLP as Auditors and authorisation of the Directors to fix their remuneration		
7.	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate		
8.	Authority to allot and issue shares under the Kingsmen Performance Share Scheme		
9.	Grant of share award to Mr. Soh Siak Poh Benedict under the Kingsmen Performance Share Scheme		
10.	Grant of share award to Mr. Simon Ong Chin Sim under the Kingsmen Performance Share Scheme		
11.	Grant of share award to Mr. Roy Ong Chin Kwan under the Kingsmen Performance Share Scheme		
12.	Renewal of the Share Purchase Mandate		

Dated this .... day of 2015

Total number of Shares in:	Number of Shares Held
(a) CDP Register	
(b) Register of Members	

....

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or two proxy/proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members of the Company, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
4. This proxy form must be deposited at the Company's registered office at 3 Changi South Lane, Kingsmen Creative Centre, Singapore 486118 not less than 48 hours before the time appointed for the Meeting.
5. This proxy form must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where this proxy form is executed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

General:
The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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The Secretary
Kingsmen Creatives Ltd.
Kingsmen Creative Centre
3 Changi South Lane
Singapore 486118

KINGSMEN CREATIVES LTD ANNUAL REPORT 2014

Kingsmen Creatives Ltd

Co. Reg. No. 200210790Z

Kingsmen Creative Centre
3 Changi South Lane
Singapore 486118
Tel (65) 688 000 88
Fax (65) 688 000 38

info@kingsmen-int.com
www.kingsmen-int.com

A Testoni / Abercrombie & Fitch / Adidas / AIA / Aigner / Aldo / Alfa Romeo / All Watches / Anya Hindmarch / ANZ / APM / Apple / ArtScience Museum / Art Stage Singapore / Asahi / Ascott International / Asia Pacific Breweries / Aspial / ATR / Audi / Audio–Technica / Aussino / Balenciaga / Bally / Banana Republic / Bang & Olufsen / Bank of America / Barclays / Base Entertainment / Bausch & Lomb / Bebe / Bell & Ross / Bershka / Billabong / Binny & Smith / Blackberry / Bloomberg / BMW / Boeing / Boncafé / Bonia / Bottega Veneta / Boucheron / Braun Buffel / Bridgestone / British Dispensary / British India / Broadridge / Brooks Brothers / Bruno Magli / Buratti / Burberry / Bvlgari / Calvin Klein / Camel Active / Camus / Canali / Canon / Caran d'Ache / Carl F. Bucherer / Cartier / Celine / Cemax Asia / Central Narcotics Bureau / CGV / Chanel / Changi Airport Group / Charles & Keith / Charles Jourdan / Chaumet / Chevignon / Chevrolet / Christian Dior / Christian Louboutin / Citibank / Clarins / Club Culture / Clubmarc / Coach / CoCo ICHIBANYA / Coffee Bean & Tea Leaf / Cold Wear / Cortina Watch / COS / COSCIA / Cotton On / Credit Suisse / CVTOS / Daim Chrysler / DBS / Debenhams / Delifrance / Desigual / Deutsche Telekom / DFS / Diane von Furstenberg / Dickson Group / DKNY / Doosan Heavy Industries / Dunhill / Economic Development Board / Elecom / Electrolux / Eli Lily / Elle / Embassy of Ireland / Embraer / Emporio Armani / EQ:IQ / Ericsson / Ermenegildo Zegna / Escada / Esprit / Estee Lauder / Etro / Etude House / Eurocosmesi / Eu Yan Sang / Evergrande Group / Football Association of Singapore / Fendi / Ferragmo Parfums / Ferrero / FJ Benjamin / Ford / Forever 21 / Forever Jewels / Francesco Biasia / Frey Wille / G2000 / G-Star / Gant / GAP / General Dynamics / Georg Jensen / Giuseppe Zanotti / GlaxoSmithKline / Goodyear / Gucci / Guerlain / Guess / Gulfstream / H&M / Hard Rock Café / Harry Winston / Harvey Norman / Havaianas / Heineken / Hermès / Hewlett–Packard / Hilton International / Hollister / HSBC / HTC / Hublot / Hugo Boss / Hush Puppies / Hyundai / Imagine Exhibitions Inc. / ING / Innisfree / Invensys / iRoo / IWC / JC Decaux / Jim Thompson / Joan & David / John Little / Johnnie Walker / JP Morgan / JTC Corporation / Korea Aerospace Industries / Kallman Worldwide Inc. / Karl Lagerfeld / Kate Spade / Kenneth Cole / Keppel Corporation / Kohler / KU DÉ TA / Lacoste / Land Rover / La Perla / La Senza / Lancôme / Larry Jewelry / LeSportsac / Levi's / Lexus / LG Mobile / Lockheed Martin / Loewe / Longchamp / Longines / L'Oreal / Lotte / Louis Quatorze / Louis Vuitton / Maison de Chronus / Manchester United / Mango / Marina Bay Sands / Marks & Spencer / Maybank / Mazda / MCI / Mercedes-Benz / Merrill Lynch / Metro / Michelin / Microsoft / Mimco / Miss Sixty / Mitsubishi Motors / Miu Miu / Montblanc / Morgan Stanley / Motorola / MTV / Murex / National Heritage Board / Nespresso / Nike / Nine West / Nissan / Nokia / NParks / Nu Skin / Nuance Watson / OCBC / Omega / Osim / P&G / Pal Zileri / Pan Pacific Hotels / Panasonic / Pedder Red / Performance Motors Ltd / Peugeot / Philip Morris / Piaget / Porsche Design / Prada / PricewaterhouseCoopers / Proenza Schouler / Rado / Rabeanco / Raoul / Ralph Lauren / Ray Ban / RBS / Red Army Watches / Reed Business Information / Renault Samsung Motors / Resorts World Sentosa / Richard Mille / Richemont / River Island / Robinsons / Rolls–Royce / Sacoor Brothers / Salvatore Ferragamo / Samsonite / Samsung / Satair / Science Centre Singapore / Sega / Sembonia / Sentosa Development Corporation / Sephora / Shinsegae / Shiseido / Shu Uemura / Siemens / Silvian Imberg / Singapore GP / Singapore Technologies / Singapore Tourism Board / Singex / SingTel / SK-II / / Sony / Sotheby's / Sport Singapore / ST Dupont / Stage / Standard Chartered Bank / StarHub / Starwood Asia Pacific Hotels / Stefano Ricci / Steve Madden / Stradivarius / SUTL / Suzuki / Swarovski / Swensen's / TAG Heuer / Tax Free World Association / Telkomsel / The Body Shop / The Hour Glass / The Soup Spoon / Tiffany & Co. / Timberland / Tissot / Titan Industries / TNT / Tommy Hilfiger / Topshop/Topman / Tory Burch / TOTO / Toyota / True Religion / Twinings / UGG / Unilever / Uniqlo / United Overseas Bank / Universal Studios Singapore / Uomo / Urban Redevelopment Authority / Valentino / Valiram Group / Van Cleef & Arpels / Vilebrequin / Versace / Victoria's Secret / Vizona GmbH / Volkswagen / Walt Disney / William E. Connor / Wing Tai Asia / Witchery / World Sport Group / WTA / Yahoo! / Yamaha / Yves Saint Laurent / Zenith / A Testoni / Abercrombie & Fitch / Adidas / AIA / Aigner / Aldo / Alfa Romeo / All Watches / Anya Hindmarch / ANZ / APM / Apple / ArtScience Museum / Art Stage Singapore / Asahi / Ascott International / Asia Pacific Breweries / Aspial / ATR / Audi / Audio–Technica / Aussino / Balenciaga / Bally / Banana Republic / Bang & Olufsen / Bank of America / Barclays / Base Entertainment / Bausch & Lomb / Bebe / Bell & Ross / Bershka / Billabong / Binny & Smith / Blackberry / Bloomberg / BMW / Boeing / Boncafé / Bonia / Bottega Veneta / Boucheron / Braun Buffel / Bridgestone / British Dispensary / British India / Broadridge / Brooks Brothers / Bruno Magli / Buratti / Burberry / Bvlgari / Calvin Klein / Camel Active / Camus / Canali / Canon / Caran d'Ache / Carl F. 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