
UNAUDITED HALF YEAR FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS

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

Consolidated statement of comprehensive income

	Group		Change
	6 months ended		
	30 June		
	2015	2014	
	S\$'000	S\$'000	%
Revenue	40,688	30,325	34.2
Cost of sales	(31,135)	(20,407)	52.6
Gross profit	9,553	9,918	(3.7)
Other operating income	215	320	(32.8)
Marketing and distribution expenses	(455)	(392)	16.1
Administrative and other operating expenses	(9,868)	(9,564)	3.2
Total Operating expenses	(10,323)	(9,956)	3.7
Finance costs	(180)	(170)	5.9
(Loss)/Profit before income tax	(735)	112	n.m.
Income tax expense	-	(6)	(100.0)
(Loss)/Profit for the period	(735)	106	n.m.
Other comprehensive income for the period, net of tax			
Exchange difference on translation of foreign operations, net of tax amounting to \$Nil (2014: \$Nil)	97	205	(52.7)
Total comprehensive income for the period	(638)	311	n.m.
Profit attributable to:			
Owners of the parent	(713)	122	n.m.
Non-controlling interests	(22)	(16)	37.5
(Loss)/Profit for the period	(735)	106	n.m.
Total comprehensive income attributable to:			
Owners of the parent	(616)	327	n.m.
Non-controlling interests	(22)	(16)	37.5
	(638)	311	
Gross profit margin	23.5%	32.7%	(28.1)
(Loss)/Profit before tax margin	(1.8%)	0.4%	n.m.
Net (loss)/profit attributable to owners of the parent as a percentage of revenue	(1.8%)	0.4%	n.m.
Additional Information:			
Loss from operation is determined after charging/(crediting):			
Allowance for doubtful debt	-	25	(100.0)
Depreciation of property, plant and equipment	400	417	(4.1)
Foreign exchange loss (net)	173	212	(18.4)
Gain on disposal of property, plant and equipment	-	(1)	(100.0)
Government grants	123	66	86.4
Property, plant and equipment written off	-	1	(100.0)

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

Statements of Financial Position

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current				
Property, plant and equipment	2,210	2,257	-	-
Goodwill	97	97	-	-
Investment in subsidiaries	-	-	14,642	14,184
Investment in an associate	360	-	-	-
Prepayments	1,124	1,116	-	-
	<u>3,791</u>	<u>3,470</u>	<u>14,642</u>	<u>14,184</u>
Current				
Inventories	172	319	-	-
Amounts due from contract customers	9,396	8,268	-	-
Trade and other receivables	23,450	20,230	12,107	11,407
Cash and cash equivalents	19,441	23,881	2,512	3,634
	<u>52,459</u>	<u>52,698</u>	<u>14,619</u>	<u>15,041</u>
TOTAL ASSETS	<u>56,250</u>	<u>56,168</u>	<u>29,261</u>	<u>29,225</u>
EQUITY				
Capital and Reserves				
Share capital	14,602	14,602	14,602	14,602
Reserves	9,008	10,510	1,430	2,002
Equity attributable to owners of the parent	<u>23,610</u>	<u>25,112</u>	<u>16,032</u>	<u>16,604</u>
Non-controlling interest	468	490	-	-
TOTAL EQUITY	<u>24,078</u>	<u>25,602</u>	<u>16,032</u>	<u>16,604</u>
LIABILITIES				
Non-Current				
Finance lease obligations	150	181	-	-
Deferred taxation liabilities	35	35	5	5
	<u>185</u>	<u>216</u>	<u>5</u>	<u>5</u>
Current				
Amounts due to contract customers	7,468	1,858	-	-
Trade and other payables	10,040	14,796	3,124	2,016
Bank borrowings	10,868	9,877	6,600	7,100
Loan from ultimate holding company	3,500	3,500	3,500	3,500
Finance lease obligations	62	61	-	-
Provision for taxation	49	258	-	-
	<u>31,987</u>	<u>30,350</u>	<u>13,224</u>	<u>12,616</u>
TOTAL EQUITY AND LIABILITIES	<u>56,250</u>	<u>56,168</u>	<u>29,261</u>	<u>29,225</u>

^{1(b)(ii)} Aggregate amount of group's borrowings and debts securities

	Group	
	30 Jun 2015	31 Dec 2014
	S\$'000	S\$'000
Amount repayable within one year:		
- secured	10,930	9,938
- unsecured	3,500	3,500
	<u>14,430</u>	<u>13,438</u>
Amount repayable after one year but within five years:		
- secured	150	181
- unsecured	-	-
	<u>150</u>	<u>181</u>

Details of any collateral

The bank loans are secured by corporate guarantees.

The finance lease obligations of the Group are secured by the rights to the leased motor vehicles.

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

Consolidated Statement of Cash Flows

	Note	Group	
		6 months ended	
		30 June	
		2015	2014
		S\$'000	S\$'000
Operating Activities			
(Loss)/Profit before income tax		(735)	112
Adjustments for:-			
Depreciation of property, plant and equipment		387	417
Depreciation of property, plant and equipment charged to cost of sales		13	-
Interest income		(24)	(40)
Interest expense		180	170
Property, plant and equipment written off		-	1
Gain on disposal of property, plant and equipment		-	(1)
Allowance for doubtful debt		-	25
Allowance for doubtful debt no longer required		-	(22)
Operating cash flows before working capital changes		(179)	662
Changes in working capital:			
Inventories		146	6
Trade and other receivables		(3,422)	4,735
Amounts due from contract customers, net		4,537	3,744
Trade and other payables		(4,679)	(3,610)
Cash (used in)/generated from operations		(3,597)	5,537
Interest paid		(180)	(170)
Income taxes paid		(213)	31
Net cash (used in)/generated from operating activities		(3,990)	5,398
Investing Activities			
Purchase of property, plant and equipment	A	(362)	(476)
Proceeds from disposal of property, plant and equipment		-	8
Investment in an associate		(360)	-
Interest received		24	40
Net cash used in investing activities		(698)	(428)
Financing Activities			
Repayment of finance lease obligations		(30)	(12)
Proceeds from bank borrowings		4,620	2,317
Repayment of bank borrowings		(3,630)	(681)
Dividend paid to shareholders of the Company		(885)	-
Net cash generated from financing activities		75	1,624
Net change in cash and cash equivalents		(4,613)	6,594
Cash and cash equivalents at beginning of the financial period		23,881	14,176
Exchange differences on re-translation of cash and cash equivalents at beginning of year		173	(59)
Cash and cash equivalents at end of the financial period		19,441	20,711

Notes:

A Property, plant and equipment

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of approximately S\$362,000 (1H2014: S\$675,000) of which approximately of S\$Nil (1H2014: S\$199,000) was acquired by means of finance lease. Cash payment of approximately S\$362,000 (1H2014: S\$476,000) were made to purchase property, plant and equipment.

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

Statements of Changes in Equity

Group (\$S'000)	Attributable to owners of the parent								
	Share capital	Retained earnings	Statutory reserve	Share option reserve	Translation of foreign operations	Premium paid on acquisition of non-controlling interest	Total	Non-controlling interest	Total equity
2014									
As at 1 January 2014	14,602	9,966	149	707	(3,615)	(10)	21,799	520	22,319
Profit for the period	-	122	-	-	-	-	122	(16)	106
Other comprehensive income	-	-	-	-	205	-	205	-	205
Total comprehensive income for the period	-	122	-	-	205	-	327	(16)	311
Transfer of share options reserve	-	78	-	(78)	-	-	-	-	-
As at 30 June 2014	14,602	10,166	149	629	(3,410)	(10)	22,126	504	22,630
2015									
As at 1 January 2015	14,602	12,451	149	565	(2,647)	(10)	25,110	490	25,600
Loss for the period	-	(712)	-	-	-	-	(712)	(22)	(734)
Other comprehensive income	-	-	-	-	97	-	97	-	97
Total comprehensive income for the period	-	(712)	-	-	97	-	(615)	(22)	(637)
Dividends	-	(885)	-	-	-	-	(885)	-	(885)
Transfer to retained earnings	-	34	-	(34)	-	-	-	-	-
As at 30 June 2015	14,602	10,888	149	531	(2,550)	(10)	23,610	468	24,078

Company (\$S'000)

	Share capital	Share option reserve	Retained earnings	Total
2014				
As at 1 January 2014	14,602	708	1,623	16,933
Total comprehensive income for the period	-	-	(286)	(286)
Transfer of share options reserve	-	(41)	41	-
As at 30 June 2014	14,602	667	1,378	16,647
2015				
As at 1 January 2015	14,602	667	1,335	16,604
Total comprehensive income for the period	-	-	313	313
Transfer of share-based payments	-	(24)	24	-
Dividends	-	-	(885)	(885)
As at 30 June 2015	14,602	643	787	16,032

- 1 (d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Share Capital

There have not been any changes in the Company's share capital since the end of the previous period reported on. The share capital of the Company as at 30 June 2015 is S\$14,602,328 divided into 88,525,400 shares.

Share Options

The movements in the number of share options are as follows:

	2015	2014
As at 1 January	4,530,400	5,386,400
Lapsed/forfeited	(185,000)	(368,000)
As at 30 June	<u>4,345,400</u>	<u>5,018,400</u>

Since the end of the previous financial year, no ordinary shares were issued to share option holders and no new share option granted during the financial period. There were 4,345,400 (30/06/2014: 5,018,400) share options under the Scheme granted by the Company as at 30 June 2015.

- 1 (d)(iii) **Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Group and Company	
	30 Jun 2015	31 Dec 2014
Total number of issued shares	88,525,400	88,525,400

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

Treasury shares

As at 30 June 2015, the Company did not hold any treasury shares.

- 2 **Whether the figures have been audited, or reviewed and in accordance with which standard or practice [e.g. Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard]**

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

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

Not Applicable.

- 4 **Whether the same accounting policies and method of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2014, except for the adoption of certain revised Financial Reporting Standards ("FRS") and interpretations to FRS ("INT FRS") that became effective for the annual period beginning on 1 January 2015. The adoption of the revised FRS and INT FRS did not result in substantial changes to the Group's and the Company's accounting policies.

- 5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, the change**

There are no changes in the accounting policies and methods of computations.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	Group	
	6 months ended	
	30 Jun 2015	30 Jun 2014
	(cents)	(cents)
EPS (based on consolidated net profit attributable to owners of the parent)		
- Basic (loss)/earnings per share (cents) ⁽¹⁾	(0.8)	0.1
- Diluted (loss)/earnings per share (cents) ⁽²⁾	(0.8)	0.1

Note

1 Basic earnings per share is computed based on the number of shares in issue during the financial period of 88,525,400 (30/06/2014: 88,525,400).

2 Diluted earnings per share is computed based on the weighted average number of ordinary shares after adjusting for the effects of potential dilutive ordinary shares during the period of 88,525,400 (30/06/2014: 88,525,400).

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

NET ASSET VALUE PER SHARE	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	(cents)	(cents)	(cents)	(cents)
Net assets value per share based on existing issued share capital as at the respective dates	27	28	18	19

Net asset value per share is computed based on the number of issued shares of 88,525,400 as at 30 June 2015 (31 December 2014: 88,525,400).

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. Any material factors that affected the cash flows, working capital, assets or liabilities of the group during the current financial period reported on

Revenue

The Group's revenue for first half ended 30 June 2015 ("1H2015") increased by S\$10.4 million or 34.2% to S\$40.7 million as compared to S\$30.3 million recorded in the previous corresponding period ended 30 June 2014 ("1H2014"). The increase was mainly due to higher revenue achieved from Interior Architecture and Experiential Environment Business segments.

Gross Profit

Despite a favourable growth in revenue, gross profit of the Group dipped by S\$0.4 million from S\$9.9 million in 1H2014 to S\$9.5 million in 1H2015. Gross profit margin drop from 32.7% in 1H2014 to 23.5% in 1H2015 mainly due to projects undertaken in 1H2015 were of lower margin.

Other Operating Income

	Group		Change
	6 months ended		
	30 June		
	2015	2014	
	S\$'000	S\$'000	%
Account payable written back	-	103	(100.0)
Allowance for doubtful debts no longer required	-	22	(100.0)
Bank interest income	24	40	(40.0)
Government grants	123	66	86.4
Rental income	49	50	(2.0)
Miscellaneous income	19	39	(51.3)
Total other operating income	215	320	(32.8)

Other operating income decreased by S\$0.1 million in 1H2015 mainly due to non-recurring account payable written back recorded in 1H2014.

Expenses

	Group		
	6 months ended		Change
	30 June		
	2015	2014	
	S\$'000	S\$'000	%
Marketing and distribution expenses	455	392	16.1
Administrative and other operating expenses	9,868	9,564	3.2
Total Operating Expenses	10,323	9,956	3.7
Finance cost	180	170	5.9
Total Expenses	10,503	10,126	3.7

Marketing and Distribution Expenses

Marketing and distribution expenses increased by approximately S\$63,000 in the period under review. It was mainly due to more marketing effort put into sourcing for new sales.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by S\$0.3 million from S\$9.6 million in 1H2014 to S\$9.9 million in 1H2015. The increase was mainly due to professional fees of approximately S\$810,000 incurred in an acquisition exercise as well as increased rental cost.

This increase was mitigated by cost savings mainly in staff cost.

Finance cost

Finance cost increased by 5.9% due to higher cost of borrowings and usage of project financing in the period under review.

Loss for the period

With the above explanations, the Group recorded net loss before tax of S\$735,000 mainly due to professional fees of approximately S\$810,000 incurred in the proposed acquisition of a business in 1H2015.

Review of Financial Position

Net assets of the Group as at 30 June 2015 was S\$23.6 million. This translates into 27 cents per share.

The major movements in balance sheet items are summarised as follow:

- (i) Increase in amount due from contracts customers due to more project works completed but yet to raise billings in the financial period under review.
- (ii) Increase in trade and other receivables was mainly due to more billings to customers towards the end of the financial period under review.
- (iii) Increase in amount due to contracts customers mainly due to more progress billing related to projects.
- (iv) Decrease in trade and other payables were mainly due to more payments made in the financial period under review.

Cash Flows Review

As at 30 June 2015, the Group recorded net cash used in operating activities of S\$4.0 million.

- Net cash generated from Trade and other receivables decreased by S\$3.4m in 1H2015 due to more billings raised to customers toward the end of the financial period under review.
- Amount due from contract customers recorded a net increase of S\$4.5m due to more projects work done and recorded compared to a year ago.
- The net decrease of S\$4.7m in trade and other liabilities in 1H2015 indicated more trade creditors and accrued expenses were paid.

The Group recorded net cash used in investing activities amounted to approximately S\$698,000 in 1H2015 mainly for purchase of property, plant and equipment of approximately S\$362,000 and an amount of approximately S\$360,000 was invested into a newly set-up associated company.

The Group recorded net cash generated from financing activities of approximately S\$75,000 in 1H2015 mainly from drawdown of bank borrowings of S\$4.6m which was offset by repayment of bank borrowings of S\$3.6m. There was also dividend pay-out of S\$0.9 million in May 2015.

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

There is no forecast or prospect statement previously disclosed to shareholders.

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

The first 6 months of 2015 were marked by 2 significant developments: –

1. The sharp decline in the price of crude oil by more than 50%;
2. A significant slow-down in the growth of the world's second largest economy – China.

These two developments have an impact on our Group's two major markets where we have most of our operations - Asia and the Middle East. We are facing challenges in coping with the weakening demand, increased competition, and margin compression in most sectors.

Facing these challenges, we continue to steadfastly focus on defending our current market share, aggressively pursuing new leads in current and emerging markets, and managing our costs as tightly as possible.

So far the results from these efforts have been quite gratifying. During the last 6 months, on the events sector, we have successfully delivered the Oman National Pavilion at the on-going World Exposition in Milan (Italy), the Maison & Objet and Communic Asia exhibitions in Singapore, the South East Asian Games and various term contracts for the URA, HDB and NLB in Singapore. We also continue to invest and grow our Interior Architecture segment, and the period saw us successfully delivering the fit-out works at Klang Hospital in Kuala Lumpur, child-care centres for AWWA and YMCA, and the DB Bistro (Singapore), and the head-office of the Royal Brunei Airlines. The period also saw the successful completion of almost 90% of our work at the international theme park in Shanghai.

Going forward, we expect the operating environment to remain challenging. We will continue with our strategy of tight cost management, and constantly looking out for new opportunities.

11 If a decision regarding dividend has been made:-

(a) Current Financial Period reported on

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

(b) Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended in the current reporting period.

13 Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	\$'000	\$'000
Star Media Group Berhad	NA	101

14 Confirmation by the Board pursuant to Rule 705(5) of the listing manual

We, Ko Chee Wah and Lew Weng Ho, being Directors of Cityneon Holdings Limited (the "Company"), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited half year results for the financial period ended 30 June 2015 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

Ko Chee Wah
Group Managing Director

Lew Weng Ho
Non-Executive Chairman

ON BEHALF OF THE BOARD

KO CHEE WAH
GROUP MANAGING DIRECTOR
12 August 2015