
UNAUDITED HALF YEAR FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014

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		
	2014	2013	
	S\$'000	S\$'000	%
Revenue	30,325	23,508	29.0
Cost of sales	(20,407)	(16,186)	26.1
Gross profit	9,918	7,322	35.5
Other operating income	320	473	(32.3)
Marketing and distribution expenses	(392)	(463)	(15.3)
Administrative and other operating expenses	(9,564)	(9,086)	5.3
Total Operating expenses	(9,956)	(9,549)	4.3
Finance costs	(170)	(157)	8.3
Profit/(Loss) before income tax	112	(1,911)	105.9
Income tax expense	(6)	18	(133.3)
Profit/(Loss) for the period	106	(1,893)	105.6
Other comprehensive income for the period, net of tax			
Items that may be reclassified subsequently to profit or loss	205	178	15.2
Total comprehensive income for the period	311	(1,715)	118.1
Profit attributable to:			
Owners of the parent	122	(1,869)	106.5
Non-controlling interests	(16)	(24)	(33.3)
Profit/(Loss) for the period	106	(1,893)	105.6
Total comprehensive income attributable to:			
Owners of the parent	327	(1,691)	119.3
Non-controlling interests	(16)	(24)	(33.3)
	311	(1,715)	
Gross profit margin	32.7%	31.1%	5.1
Profit/(Loss) before tax margin	0.4%	-8.1%	104.9
Net profit/(loss) attributable to owners of the parent as a percentage of revenue	0.4%	-8.0%	105.0
Additional Information:			
Profit from operation is determined after charging/(crediting):			
Allowance for doubtful debt	25	206	(87.9)
Depreciation of property, plant and equipment	417	592	(29.6)
Foreign exchange loss / (gain) (net)	212	(264)	(180.3)
Gain on disposal of property, plant and equipment	(1)	-	n.a
Government grants	66	70	(5.7)
Property, plant and equipment written off	1	1	-

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 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current				
Property, plant and equipment	2,573	2,333	-	-
Intangible assets	97	97	-	-
Investment in subsidiaries	-	-	10,858	10,858
Prepayments	1,291	1,296	-	-
	<u>3,961</u>	<u>3,726</u>	<u>10,858</u>	<u>10,858</u>
Current				
Inventories	259	266	-	-
Amounts due from contract customers	4,558	6,738	-	-
Trade and other receivables	19,329	23,903	15,543	13,863
Cash and cash equivalents	20,711	14,176	4,092	4,007
	<u>44,857</u>	<u>45,083</u>	<u>19,635</u>	<u>17,870</u>
TOTAL ASSETS	<u>48,818</u>	<u>48,809</u>	<u>30,493</u>	<u>28,728</u>
EQUITY				
Capital and Reserves				
Share capital	14,602	14,602	14,602	14,602
Reserves	7,524	7,197	2,045	2,331
Equity attributable to owners of the parent	<u>22,126</u>	<u>21,799</u>	<u>16,647</u>	<u>16,933</u>
Non-controlling interest	504	520	-	-
TOTAL EQUITY	<u>22,630</u>	<u>22,319</u>	<u>16,647</u>	<u>16,933</u>
LIABILITIES				
Non-Current				
Finance lease obligations	223	63	-	-
Deferred taxation liabilities	35	35	5	5
	<u>258</u>	<u>98</u>	<u>5</u>	<u>5</u>
Current				
Amounts due to contract customers	3,410	2,015	-	-
Trade and other payables	8,132	11,651	1,574	823
Bank borrowings	10,283	8,648	8,267	6,967
Loan from ultimate holding company	4,000	4,000	4,000	4,000
Finance lease obligations	50	23	-	-
Provision for taxation	55	55	-	-
	<u>25,930</u>	<u>26,392</u>	<u>13,841</u>	<u>11,790</u>
TOTAL EQUITY AND LIABILITIES	<u>48,818</u>	<u>48,809</u>	<u>30,493</u>	<u>28,728</u>

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

	Group	
	30 Jun 2014	31 Dec 2013
	S\$'000	S\$'000
Amount repayable within one year:		
- secured	10,333	8,671
- unsecured	4,000	4,000
	<u>14,333</u>	<u>12,671</u>
Amount repayable after one year but within five years:		
- secured	223	63
- unsecured	-	-
	<u>223</u>	<u>63</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	
		2014	2013
		S\$'000	S\$'000
Operating Activities			
Profit/(Loss) before income tax		112	(1,911)
Adjustments for:-			
Depreciation of property, plant and equipment		417	592
Interest income		(40)	(17)
Interest expense		170	157
Property, plant and equipment written off		1	1
Gain on disposal of property, plant and equipment		(1)	-
Allowance for doubtful debt		25	206
Allowance for doubtful debt no longer required		(22)	(20)
Operating cash flows before working capital changes		662	(992)
Changes in working capital:			
Inventories		6	3
Trade and other receivables		4,735	2,575
Amounts due from contract customers, net		3,744	1,075
Trade and other payables		(3,610)	(5,067)
Cash generated from/(used in) operations		5,537	(2,406)
Interest paid		(170)	(157)
Income taxes paid		31	(1)
Net cash generated from/(used in) operating activities		5,398	(2,564)
Investing Activities			
Purchase of property, plant and equipment	A	(476)	(84)
Proceeds from disposal of property, plant and equipment		8	305
Acquisition of subsidiary	B	-	(45)
Interest received		40	17
Net cash (used in)/generated from investing activities		(428)	193
Financing Activities			
Repayment of finance lease obligations		(12)	(37)
Proceeds from bank borrowings		2,317	15,851
Repayment of bank borrowings		(681)	(14,040)
Net cash generated from financing activities		1,624	1,774
Net change in cash and cash equivalents		6,594	(597)
Cash and cash equivalents at beginning of the financial period		14,176	10,941
Exchange differences on re-translation of cash and cash equivalents at beginning of year		(59)	78
Cash and cash equivalents at end of the financial period		20,711	10,422

Notes:

A Property, plant and equipment

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of approximately S\$675,000 (1H2013: S\$84,000) of which approximately of S\$199,000 (1H2013: S\$Nil) was acquired by means of finance lease. Cash payment of approximately S\$476,000 (1H2013: S\$84,000) were made to purchase property, plant and equipment.

B Acquisition of subsidiary

The fair value of assets acquired and liabilities assumed during the financial period were as follows:-

	Group	
	6 months ended	
	30 June	
	2014	2013
	S\$'000	S\$'000
Net tangible liabilities acquired	-	2
Goodwill arising from consideration	-	(47)
Purchase consideration	-	(45)

- 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
2013									
As at 1 January 2013	14,602	9,072	149	707	(3,820)	(10)	20,700	585	21,285
Loss for the period	-	(1,869)	-	-	-	-	(1,869)	(24)	(1,893)
Other comprehensive income	-	-	-	-	178	-	178	-	178
Total comprehensive income for the period	-	(1,869)	-	-	178	-	(1,691)	(24)	(1,715)
As at 30 June 2013	14,602	7,203	149	707	(3,642)	(10)	19,009	561	19,570
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 to retained earnings	-	78	-	(78)	-	-	-	-	-
As at 30 June 2014	14,602	10,166	149	629	(3,410)	(10)	22,126	504	22,630

Company (S\$'000)

	Share capital	Share option reserve	Retained earnings	Total
2013				
As at 1 January 2013	14,602	708	768	16,078
Total comprehensive income for the period	-	-	(210)	(210)
As at 30 June 2013	14,602	708	558	15,868
2014				
As at 1 January 2014	14,602	708	1,623	16,933
Total comprehensive income for the period	-	-	(286)	(286)
Transfer of share-based payments	-	(41)	41	-
As at 30 June 2014	14,602	667	1,378	16,647

- 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 2014 is S\$14,602,328 divided into 88,525,400 shares.

Share Options

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

	2014	2013
As at 1 January	5,386,400	5,628,400
Lapsed/forfeited	<u>(368,000)</u>	<u>(188,000)</u>
As at 30 June	<u>5,018,400</u>	<u>5,440,400</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 5,018,400 (30/06/2013: 5,440,400) share options under the Scheme granted by the Company as at 30 June 2014.

- 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 2014	31 Dec 2013
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 2014, 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 2013, 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 2014. 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 change 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 2014	30 Jun 2013
	(cents)	(cents)
EPS (based on consolidated net profit attributable to owners of the parent)		
- Basic earnings per share (cents) ⁽¹⁾	0.1	(2.1)
- Diluted earnings per share (cents) ⁽²⁾	0.1	(2.1)

Note

- 1 Basic earnings per share is computed based on the weighted average number of shares during the financial period of 88,525,400 (30/06/2013: 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 (30/06/2013: 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 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	(cents)	(cents)	(cents)	(cents)
Net assets value per share based on existing issued share capital as at the respective dates	25	25	19	19

Net asset value per share is computed based on the number of issued shares of 88,525,400 as at 30 June 2014 (31 December 2013: 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 2014 ("1H2014") increased by S\$6.8 million or 29.0% to S\$30.3 million as compared to S\$23.5 million recorded in the previous corresponding period ended 30 June 2013 ("1H2013"). The increase was mainly due to higher revenue achieved from Interior Architecture, Exhibitions and Experiential Environment Business segment.

Gross Profit

Corresponding to the increase in revenue, gross profit of the Group rose by S\$2.6 million from S\$7.3 million in 1H2013 to S\$9.9 million in 1H2014. Gross profit margin improved from 31.1% in 1H2013 to 32.7% in 1H2014.

Other Operating Income

	Group		Change
	6 months ended		
	30 June		
	2014	2013	
	S\$'000	S\$'000	%
Account payable written back	103	46	123.9
Allowance for doubtful debts no longer required	22	20	10.0
Bank interest income	40	17	135.3
Foreign exchange gain (net)	-	264	(100.0)
Government grants	66	70	(5.7)
Rental income	50	27	85.2
Miscellaneous income	39	29	34.5
Total other operating income	320	473	(32.3)

Other operating income decreased by S\$0.15 million in 1H2014 mainly due to non-recurring foreign exchange gain recorded in 1H2013.

Expenses

	Group		
	6 months ended		Change
	30 June		
	2014	2013	%
	S\$'000	S\$'000	
Marketing and distribution expenses	392	463	(15.3)
Administrative and other operating expenses	9,564	9,086	5.3
Total Operating Expenses	9,956	9,549	4.3
Finance cost	170	157	8.3
Total Expenses	10,126	9,706	4.3

	Group		
	6 months ended		Change
	30 June		
	30-Jun-14	30-Jun-13	%
	S\$'000	S\$'000	

Included in the total expenses are the following:-

(a) Operating expenses			
Depreciation of property, plant and equipment	417	592	(29.6)
Property, plant and equipment written off	1	1	-
Allowance for doubtful debt	25	206	(87.9)
Foreign exchange loss (net)	212	-	n.a

Marketing and Distribution Expenses

Marketing and distribution expenses decreased by approximately S\$71,000 in the period under review. It was mainly due to cost control measures put in place for unconfirmed projects.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by S\$0.5 million from S\$9.1 million in 1H2013 to S\$9.6 million in 1H2014. The increase was mainly due to the following:

- Foreign exchange loss incurred due to depreciation of Chinese Renminbi and Vietnamese Dong against Singapore dollar in the financial period under review.
- Increase in staff costs due to commission accrued for higher revenue target achieved in 1H2014.

The increase in expenses were mitigated by the following:

- Lower depreciation due to lower fixed asset cost after an one-time impairment was provided in FY2013.
- Allowance for doubtful debts reduced from S\$0.2 million in 1H2013 to approximately S\$25,000 in 1H2014.

Finance cost

Finance cost increased mainly due to interest incurred on bank borrowings drawn down for project purpose in the period under review.

Income tax expense

There was a tax expense of approximately S\$6,000 in 1H2014 compared to tax refund of approximately S\$18,000 in 1H2013 mainly due to tax incurred on profit generated.

Profit for the period

With higher revenue and improved gross profit margin in 1H2014, the Group has turned around from a loss making position a year ago to a net profit after tax of approximately S\$106,000.

Review of Financial Position

Net assets of the Group increased by S\$0.3 million from S\$21.8 million as at 31 December 2013 to S\$22.1 million as at 30 June 2014.

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

- Decrease in amount due from contracts customers due to lesser major projects carried out in the financial period under review.
- Decrease in trade and other receivables was mainly due to more collections received from customers during the financial period under review.
- Increase in amount due to contracts customers mainly due to more progress billing related to projects.
- Decrease in trade and other payables were mainly due to more payments made in the financial period under review.
- Increase in finance lease obligations under current and non-current liabilities are mainly due to new hire-purchase agreement entered into to purchase a motor vehicle.

Cash Flows Review

As at 30 June 2014, the Group's cash position increased by S\$10.3 million from S\$10.4 million as at 30 June 2013 to S\$20.7 million as at 30 June 2014.

The Group recorded net cash generated in operating activities of \$5.4m in 1H2014 compared to net cash used of \$2.6m in 1H2013, mainly due to:

- Trade and other receivables recorded a higher net increase of \$4.7m in 1H2014 compared to the previous corresponding period, in view of more debts were collected.
- Amount due from contract customers recorded a net increase of \$3.7m due to more sales activities recorded compared to a year ago.
- The net decrease of \$3.6m in trade and other liabilities for 1H2014 was due to creditors and cost accrued that were paid.

The Group recorded net cash used in investing activities amounted to \$0.4m in 1H2014 mainly for purchase of property, plant and equipment.

The Group recorded net cash generated from financing activities of \$1.6m in 1H2014 mainly due to draw down of bank borrowings of \$2.3m, offset by repayment of bank borrowings of \$0.7m in the period under review.

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

1H2014 was a significant period for the Group after it has adjusted its strategic focus and re-balanced its business model.

With the business strategies and cost savings measures in place, the Group has generated net profit after tax of S\$0.1m, turned around from net loss of S\$1.9m a year ago.

Although MICE sector remains competitive, Exhibitions business continues to be the forte of the Group. We are also striving to maintain our market share in Sports & Events. In 1H2014, we had successfully delivered a few major exhibitions and events such as Food and Hotel Asia 2014, Maison & Objet 2014, Communic Asia 2014 and Energy Efficiency Pavilion.

Our Interior Architecture ("IA") business segment continues to gain traction locally as we have expanded our services covering commercial, retail, residential and hospitality industries. To stay competitive, our IA team has ventured into other emerging markets such as Vietnam and Myanmar and has secured a few projects.

Under the Thematic business segment, works at the International Theme Park in Pudong, Shanghai are progressing well.

Moving forward, the Group will continue its marketing efforts to improve its sales order and adopt a prudent approach in managing its costs in order to ensure we are well positioned in a challenging environment.

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
Nil	NA	NA

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

We, Ko Chee Wah and Lim Poh Hock, 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 2014 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors

Ko Chee Wah
Group Managing Director

Lim Poh Hock
Non-Executive Director

ON BEHALF OF THE BOARD

KO CHEE WAH
GROUP MANAGING DIRECTOR
12 August 2014