



Design Studio Group Ltd

(Incorporated in Singapore)
(Registration Number: 199401553D)

**2nd Quarter and Half Year Financial Statements
And Dividend Announcement
For The Period Ended
30 June 2018**

Design Studio Group Ltd
(Registration Number: 199401553D)

2nd Quarter and Half Year Financial Statements and Dividend Announcement

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

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

Consolidated Income Statement

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2018	30.06.2017 (Restated*)	+ / (-)	30.06.2018	30.06.2017 (Restated*)	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	48,602	33,815	43.7	89,589	68,844	30.1
Other items of income						
Other income	289	34	750.0	338	80	322.5
Finance Income	21	33	(36.4)	38	61	(37.7)
	<u>48,912</u>	<u>33,882</u>	<u>44.4</u>	<u>89,965</u>	<u>68,985</u>	<u>30.4</u>
Items of expenses						
Change in inventories of finished goods and work in progress	789	662	19.2	1,602	1,540	4.0
Raw materials and consumables used	(11,196)	(12,184)	(8.1)	(18,282)	(21,461)	(14.8)
Subcontractors costs	(25,704)	(10,223)	151.4	(47,135)	(22,991)	105.0
Staff costs	(7,418)	(7,153)	3.7	(15,141)	(13,714)	10.4
Depreciation and amortisation expenses	(369)	(870)	(57.6)	(1,256)	(1,749)	(28.2)
Finance costs	(66)	(106)	(37.7)	(93)	(193)	(51.8)
Other expenses	(3,572)	(3,678)	(2.9)	(7,313)	(7,425)	(1.5)
Profit before tax	<u>1,376</u>	<u>330</u>	<u>317.0</u>	<u>2,347</u>	<u>2,992</u>	<u>(21.6)</u>
Income tax expense	(399)	(109)	266.1	(1,048)	(699)	49.9
Profit after tax	<u>977</u>	<u>221</u>	<u>342.1</u>	<u>1,299</u>	<u>2,293</u>	<u>(43.3)</u>
Profit attributable to:						
Owners of the Company	965	221		1,287	2,294	
Non-controlling interests	12	-		12	(1)	
	<u>977</u>	<u>221</u>		<u>1,299</u>	<u>2,293</u>	

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Consolidated Income Statement (cont'd)

* The comparative figures for the financial period ended 30 June 2017 have been restated to take into account the retrospective adjustments arising from the adoption of SFRS(I) 9 - Financial Instruments and SFRS(I) 15 – Revenue From Contracts With Customers.

Note 1: With effect from 1 January 2018 the Group has changed the presentation of the consolidated income statement from the classification based on function to the classification based on the nature of expenses. Presenting the consolidated income statement by nature provides information that is reliable and more relevant to users of the financial statements. Accordingly, the 1H2017 and 2Q2017 results have been reclassified to ensure that comparability is maintained.

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Notes to Consolidated Income Statement

Note 1(a)(1) Other income

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2018	30.06.2017	+/(-) %	30.06.2018	30.06.2017	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sundry income	38	34	11.8	87	80	8.8
Write back of doubtful receivables	251	-	N.M.	251	-	N.M.
	<u>289</u>	<u>34</u>	<u>750.0</u>	<u>338</u>	<u>80</u>	<u>322.5</u>

Note 1(a)(2) Finance income:

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2018	30.06.2017	+/(-) %	30.06.2018	30.06.2017	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
- Cash and short-term deposits	21	33	(36.4)	38	61	(37.7)

Note 1(a)(3) Other expenses include the following:

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2018	30.06.2017	+/(-) %	30.06.2018	30.06.2017	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange (gain)/ loss, net	(238)	(21)	1,033.3	177	413	(57.1)
Gain on disposal of property, plant and equipment	(1)	(122)	(99.2)	(119)	(119)	-
(Write back of impairment loss)/ impairment loss on receivables arising from adoption of SFRS(l) 9	(7)	3	N.M.	(17)	(53)	(67.9)
Impairment loss on contract assets arising from adoption of SFRS(l) 9	31	11	181.8	65	18	261.1

Note 1(a)(4) Income tax expense include the following:

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2018	30.06.2017	+/(-) %	30.06.2018	30.06.2017	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax	339	113	200.0	945	689	37.2
Deferred tax	60	(4)	N.M.	103	10	930.0
	<u>399</u>	<u>109</u>	<u>266.1</u>	<u>1,048</u>	<u>699</u>	<u>49.9</u>

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

Balance Sheets

	Note	Group		Company	
		30.06.2018	31.12.2017 (Restated)	30.06.2018	31.12.2017
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment		14,366	14,536	3,078	3,249
Investment in subsidiaries		-	-	41,359	41,359
Intangible assets	1(b)(2)	2,736	2,738	7	9
Deferred tax assets		1,295	1,333	274	280
Trade and other receivables	1(b)(1)	8,793	11,873	-	-
Total non-current assets		27,190	30,480	44,718	44,897
Current assets					
Inventories	1(b)(3)	8,940	8,047	-	-
Contract assets	1(b)(4)	50,400	16,240	-	-
Trade and other receivables	1(b)(1)	57,723	56,494	3,104	3,355
Prepayments		391	171	26	33
Loans to subsidiaries		-	-	7,725	8,725
Tax recoverable		945	1,070	-	-
Cash and short-term deposits		24,075	28,942	2,041	1,693
Total current assets		142,474	110,964	12,896	13,806
Current liabilities					
Trade and other payables	1(b)(5)	72,272	41,734	723	1,139
Contract liabilities	1(b)(4)	1,553	6,230	-	-
Finance lease liabilities	1(b)(ii)	-	50	-	-
Provision for tax		734	824	-	-
Total current liabilities		74,559	48,838	723	1,139
Net current assets		67,915	62,126	12,173	12,667
Non-current liabilities					
Deferred tax liabilities		123	85	-	-
Net assets		94,982	92,521	56,891	57,564
Equity attributable to owners of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		62,697	60,248	24,159	24,832
		95,429	92,980	56,891	57,564
Non-controlling interests		(447)	(459)	-	-
Total equity		94,982	92,521	56,891	57,564

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Notes to Balance Sheets

Note 1(b)(1) Trade and other receivables

	Group		Company	
	30.06.2018	31.12.2017 (Restated)	30.06.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables (non-current):				
<u>Trade receivables: Retention monies</u>				
Third parties	7,579	10,709	-	-
Immediate holding company	1,231	1,187	-	-
	<u>8,810</u>	<u>11,896</u>	-	-
Less: Impairment loss arising from adopting of SFRS (I) 9	(17)	(23)	-	-
	<u>8,793</u>	<u>11,873</u>	-	-
Trade and other receivables (current):				
Trade receivables	47,605	50,336	684	942
Other receivables and deposits	10,118	6,158	2,420	2,413
	<u>57,723</u>	<u>56,494</u>	<u>3,104</u>	<u>3,355</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	27,696	31,989	19	277
Retention monies	9,206	7,151	-	-
	<u>36,902</u>	<u>39,140</u>	<u>19</u>	<u>277</u>
<u>Immediate holding company:</u>				
Trade receivables	10,369	12,056	-	-
	<u>10,369</u>	<u>12,056</u>	-	-
<u>Related parties:</u>				
Trade receivables	1,158	499	-	-
	<u>1,158</u>	<u>499</u>	-	-
<u>Subsidiaries:</u>				
Trade receivables	-	-	665	665
	<u>-</u>	<u>-</u>	<u>665</u>	<u>665</u>
Total gross trade receivables (current)	48,429	51,695	684	942
Less: Allowance for doubtful receivables	(713)	(1,237)	-	-
Less: Impairment loss arising from adoption of SFRS(I) 9	(111)	(122)	-	-
Net trade receivables (current)	<u>47,605</u>	<u>50,336</u>	<u>684</u>	<u>942</u>
<u>Movement in allowance accounts:</u>				
At beginning of the year	1,382	452	-	-
Charge for the year	-	1,163	-	-
Impact of adoption of SFRS(I) 9	(17)	145	-	-
Write-back during the year	(251)	(8)	-	-
Write-off during the year	(273)	(370)	-	-
At end of the year	<u>841</u>	<u>1,382</u>	-	-

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Note 1(b)(1) Trade and other receivables (cont'd)

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Other receivables and deposits:				
Other receivables	942	295	64	64
Deposits	9,176	5,863	66	70
	10,118	6,158	130	134
Amount due from subsidiaries (non-trade)	-	-	2,290	2,279
	<u>10,118</u>	<u>6,158</u>	<u>2,420</u>	<u>2,413</u>

Note 1(b)(2) Intangible assets

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Club membership	128	128	128	128
Less: Impairment loss on club membership	(28)	(28)	(28)	(28)
	100	100	100	100
Less: Accumulated amortisation	(93)	(91)	(93)	(91)
Goodwill	2,729	2,729	-	-
	<u>2,736</u>	<u>2,738</u>	<u>7</u>	<u>9</u>

Note 1(b)(3) Inventories

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	5,023	5,256	-	-
Work-in-progress, at cost	1,958	1,584	-	-
Finished goods, at cost	1,959	1,207	-	-
	<u>8,940</u>	<u>8,047</u>	<u>-</u>	<u>-</u>

Note 1(b)(4) Contract assets and contract liabilities

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	S\$'000	(Restated) S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	339,917	428,803	-	-
Less: Progress billings	(291,070)	(418,793)	-	-
	<u>48,847</u>	<u>10,010</u>	<u>-</u>	<u>-</u>
Presented as:				
Contract assets	50,400	16,240	-	-
Contract liabilities	1,553	6,230	-	-

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Note 1(b)(5) Trade and other payables

	Group		Company	
	30.06.2018	31.12.2017 (Restated)	30.06.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	14,029	7,001	13	1
Amount due to subsidiaries	-	-	30	187
Amount due to related companies	234	231	-	-
Amount due to immediate holding company	5,266	2,653	-	-
Retention payables	8,616	8,609	-	-
Advance payments from customers	3,810	828	-	-
Provision for foreseeable losses	371	354	-	-
Accrued contract cost	35,130	13,541	-	-
	<u>67,456</u>	<u>33,217</u>	<u>43</u>	<u>188</u>
Other payables	2,725	1,877	125	-
Amount due to immediate holding company	-	-	-	-
Amount due to a related company	483	360	439	317
Accrued operating expenses	1,608	6,280	116	634
	<u>72,272</u>	<u>41,734</u>	<u>723</u>	<u>1,139</u>

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

Amount repayable in one year or less, or on demand

As at 30.06.2018		As at 31.12.2017	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	50

Amount repayable after one year

As at 30.06.2018		As at 31.12.2017	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 30 June 2018, the Group's bank facilities were secured by the corporate guarantees provided by the Company.

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

Consolidated Statement of Cash Flows

	Group			
	2nd Quarter ended		Half Year ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017 (Restated)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	1,376	330	2,347	2,992
Adjustments:				
Depreciation of property, plant and equipment	369	870	1,255	1,748
Gain on disposal of property, plant and equipment	(1)	(122)	(119)	(119)
Finance income	(21)	(33)	(38)	(61)
Finance expenses	66	106	93	193
Write back of doubtful receivables	(251)	-	(251)	-
Impairment loss on contract assets arising from adoption of SFRS (I) 9	31	11	65	18
(Write back of impairment loss)/ impairment loss on receivables arising from adoption of SFRS(I) 9	(7)	3	(17)	(53)
Amortisation of club membership	-	-	1	1
Operating profit before working capital changes	1,562	1,165	3,336	4,719
(Increase)/ decrease in:				
Inventories	(583)	298	(710)	280
Net contract assets/liabilities	(17,209)	(6,863)	(38,584)	(16,152)
Trade and other receivables	(2,429)	6,656	2,690	31,777
Increase/ (decrease) in:				
Trade and other payables	19,847	2,572	29,941	(15,440)
Cash flows from operations	1,188	3,828	(3,327)	5,184
Finance expenses paid	(66)	(106)	(93)	(193)
Income taxes paid	(643)	(1,721)	(926)	(2,154)
Net cash flows generated from/ (used in) operating activities	479	2,001	(4,346)	2,837
Cash flows from investing activities				
Costs incurred for construction-in-progress	(270)	(15)	(282)	(15)
Finance income received	21	33	38	61
Proceeds from sale of property, plant and equipment	2	130	130	130
Purchase of property, plant and equipment	(360)	(498)	(622)	(541)
Net cash flows used in investing activities	(607)	(350)	(736)	(365)
Cash flows from financing activities				
Decrease/ (increase) in fixed deposits pledged	46	-	1,023	(45)
Repayment of finance lease liabilities	(25)	(8)	(50)	(8)
Dividends paid on ordinary shares by the Company	-	(13,664)	-	(13,664)
Net cash flows used in financing activities	21	(13,672)	973	(13,717)

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Consolidated Statement of Cash Flows (cont'd)

	Group			
	2nd Quarter ended		Half Year ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Net decrease in cash and cash equivalents	(107)	(12,021)	(4,109)	(11,245)
Effect of exchange rate changes on cash and cash equivalents	236	2	266	(216)
Cash and cash equivalents at beginning of the period	23,946	54,521	27,918	53,963
Cash and cash equivalents at end of the period (Note A)	24,075	42,502	24,075	42,502

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.06.2018	30.06.2017
	S\$'000	S\$'000
Cash at banks and on hand	23,327	40,579
Fixed deposits	748	1,968
Cash and short-term deposits	24,075	42,547
Less: Cash and short-term deposits pledged	-	(45)
Cash and cash equivalents	24,075	42,502

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

(A) Consolidated Statement of Comprehensive Income

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2018	30.06.2017	+ / (-)	30.06.2018	30.06.2017	+ / (-)
	S\$'000	(Restated) S\$'000	%	S\$'000	(Restated) S\$'000	%
Profit after tax	977	221	342.1	1,299	2,293	(43.3)
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	71	(145)	(149.0)	1,162	(723)	(260.7)
Total comprehensive income	1,048	76	1,278.9	2,461	1,570	56.8
Total comprehensive income attributable to:						
Equity holders of the Company	1,036	76		2,449	1,571	
Non-controlling interests	12	-		12	(1)	
	1,048	76		2,461	1,570	

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B) Statements of Changes in Equity

Group

	Attributable to owners of the Company				Non-controlling interests S\$'000	Total Equity S\$'000
	Share capital	Revenue reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
2018						
Balance at 1 January 2018, as previously reported	32,732	61,488	(959)	93,261	(459)	92,802
Impact of adoption of SFRS(I) 15 on previously reported reserves as at 1 January 2017	-	(417)	-	(417)	-	(417)
Impact of adoption of SFRS(I) 9 on previously reported reserves as at 1 January 2017	-	(185)	-	(185)	-	(185)
Impact of adoption of SFRS(I) 15 on previously reported results for the year ended 31 December 2017	-	321	(8)	313	-	313
Impact of adoption of SFRS(I) 9 on previously reported results for the year ended 31 December 2017	-	8	-	8	-	8
Balance at 1 January 2018, as restated	32,732	61,215	(967)	92,980	(459)	92,521
Total comprehensive income for 1H2018	-	1,287	1,162	2,449	12	2,461
Balance at 30 June 2018	32,732	62,502	195	95,429	(447)	94,982
2017						
Balance at 1 January 2017, as previously reported	32,732	77,204	(863)	109,073	(456)	108,617
Impact of adoption of SFRS(I) 15 on previously reported reserves as at 1 January 2017	-	(417)	-	(417)	-	(417)
Impact of adoption of SFRS(I) 9 on previously reported reserves as at 1 January 2017	-	(185)	-	(185)	-	(185)
Balance at 1 January 2017, as restated	32,732	76,602	(863)	108,471	(456)	108,015
Total comprehensive income for 1H2017, restated	-	2,294	(723)	1,571	(1)	1,570
Dividends on ordinary shares	-	(13,664)	-	(13,664)	-	(13,664)
Balance at 30 June 2017	32,732	65,232	(1,586)	96,378	(457)	95,921

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(B) Statement of Changes in Equity (cont'd)

<u>Company</u>	Share capital S\$'000	Revenue reserve S\$'000	Total S\$'000
2018			
Balance at 1 January 2018	32,732	24,832	57,564
Total comprehensive income for 1H2018	-	(673)	(673)
Balance at 30 June 2018	<u>32,732</u>	<u>24,159</u>	<u>56,891</u>
2017			
Balance at 1 January 2017	32,732	28,662	61,394
Total comprehensive income for 1H2017	-	8,649	8,649
Dividends on ordinary shares	-	(13,664)	(13,664)
Balance at 30 June 2017	<u>32,732</u>	<u>23,647</u>	<u>56,379</u>

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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

	Number of shares	Share capital in S\$'000
Issued and fully paid ordinary shares:		
At 31 December 2017 and 30 June 2018	<u>260,264,171</u>	<u>32,732</u>

There were no changes in the share capital of the company in the 2nd quarter of 2018.

There were no outstanding convertible securities as at 30 June 2017 and 30 June 2018

The Company had adopted an employee share option scheme and performance share plan known as the Design Studio's Employee Share Option Scheme and the Design Studio's Performance Share Plan respectively, approved by the shareholders in an Extraordinary General Meeting held on 25 January 2013.

As of 30 June 2018, no options or shares have been granted to employees or directors.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.06.2018	31.12.2017
Total number of shares (excluding treasury shares)	260,264,171	260,264,171

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

There were no sales, transfers, cancellation and/or use of treasury shares as at 30 June 2018 as the Company does not have any treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 June 2018.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group and Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2017.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial information for the current period as compared with the audited financial statements as at 31 December 2017 except for the adoption of Singapore IFRS-identical Financial Reporting Standards ["SFRS(I)"].

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS (I) on 1 January 2018. The Company has concurrently applied new major SFRS (I) equivalent of IFRS9 Financial Instruments and IFRS15 Revenue from Contracts with Customers.

The main changes in the adoption of SFRS (I) equivalent of IFRS9 Financial Instruments and IFRS15 Revenue from Contracts with Customers are explained below:

(i) Adoption of SFRS(I) equivalent of IFRS9

The Group's following financial assets have been subjected to the expected credit loss model under the SFRS(I) equivalent of IFRS 9:

- Trade and other receivables and contract assets recognised under the SFRS(I) equivalent of IFRS 15;

There has been an increase in the provision for impairment for the above financial assets and a corresponding decrease in the opening reserves.

5. If there are any changes in the accounting policies and methods of computation including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change. (cont'd)

(ii) Adoption of SFRS(I) equivalent of IFRS15

In accordance with the requirements of IFRS 1, the Group has adopted the SFRS(I) equivalent of IFRS 15 retrospectively. The main adjustments are as follows:

a. Measurement of progress of contracts

- Under FRS 18 and FRS 11, revenue is recognised in accordance with percentage-of-completion method. The stage of completion is determined by reference to professional surveys of work performed.
- Under SFRS(I), the Group has assessed that an input measure using the cost-to-cost method will best depict the transfer of goods and services to customers. This has resulted in the Group's adoption of the cost-to-cost method where the stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract.

b. Presentation of contract assets and liabilities

The Group has changed the presentation of certain amounts in the balance sheet to reflect the terminology in SFRS(I) equivalent of IFRS 15:

- Gross amounts due from customers for contract work-in-progress under FRS 11 has been reclassified to be presented as part of contract assets.
- Gross amounts due to customers for contract work-in-progress under FRS 11 has been reclassified to be presented as part of contract liabilities.

The impact of adoption of SFRS(I) equivalent of IFRS 15 and IFRS 9 has been disclosed in the Statements of Changes in Equity.

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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: -

- (a) Based on weighted average number of ordinary shares on issue
(b) Based on fully diluted basis (detailing any adjustments made to the earnings)

	Group			
	2nd Quarter ended		Half Year ended	
	30.06.2018	30.06.2017 (Restated)	30.06.2018	30.06.2017 (Restated)
(a) Based on weighted average number of ordinary shares in issue	0.37 cents	0.09 cents	0.49 cents	0.88 cents
(b) On fully diluted basis	0.37 cents	0.09 cents	0.49 cents	0.88 cents

The basic earnings per ordinary share for the second quarter ended 30 June 2018 is calculated by dividing the 2nd quarter profit attributable to shareholders of S\$1.0 million (30 June 2017: S\$0.2 million) by the weighted average number of 260,264,171 (30 June 2017: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the half year ended 30 June 2018 is calculated by dividing the half year profit attributable to shareholders of S\$1.3 million (30 June 2017: S\$2.3 million) by the weighted average number of 260,264,171 (30 June 2017: 260,264,171) shares in issue during the financial period.

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

- (1) Current period reported on

	Group 30.06.2018	Company 30.06.2018
Net asset value per ordinary share for the period based on existing issued share capital as at 30 June 2018 of 260,264,171 ordinary shares	36.49 cents	21.86 cents

- (2) Immediately preceding financial year

	Group 31.12.2017 (Restated)	Company 31.12.2017
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2017 of 260,264,171 ordinary shares	35.55 cents	22.12 cents

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group Performance

2Q2018 vs 2Q2017

	2nd Quarter ended		+ / (-)
	30.06.2018	30.06.2017 (Restated)	
	S\$'000	S\$'000	%
Singapore	18,828	22,493	(16.3)
Malaysia	18,810	8,197	129.5
China	3,575	239	1,395.8
International	7,389	2,886	156.0
Total	48,602	33,815	43.7

For 2Q2018, the Group's revenue increased by 43.7% to S\$48.6 million as compared with revenue for 2Q2017 mainly due to increased revenue from Malaysia, China and International business units.

Other income increased due to writeback of doubtful receivables for payment received in 2Q2018.

Raw materials and consumables used decreased from S\$12.2 million in 2Q2017 to S\$11.2 million in 2Q2018, mainly due to the current composition of projects having lower material costs.

Subcontractors' costs increased from S\$10.2 million in 2Q2017 to S\$25.7 million in 2Q2018, mainly due to more related subcontract works incurred for current projects.

Staff costs increased from S\$7.2 million in 2Q2017 to S\$7.4 million in 2Q2018 due to increased projects activities.

The Group achieved a higher profit before tax of S\$1.4 million for 2Q2018, an increase of 317.0% as compared with S\$0.3 million for 2Q2017. After taking into account tax expenses, the Group's net profit after tax was S\$1.0 million for 2Q2018.

1H2018 vs 1H2017

	Half Year ended		+ / (-)
	30.06.2018	30.06.2017 (Restated)	
	S\$'000	S\$'000	%
Singapore	35,901	43,452	(17.4)
Malaysia	37,121	15,765	135.5
China	6,127	428	1334.9
International	10,440	9,199	13.5
Total	89,589	68,844	30.1

For 1H2018, the Group's revenue increased by 30.1% to S\$89.6 million as compared with revenue for 1H2017 due mainly to higher revenue from the Malaysia and China segments, offset by a decrease in revenue in the Singapore segment.

Raw materials and consumables used decreased from S\$21.5 million in 1H2017 to S\$18.3 million in 1H2018, mainly due to the current composition of projects having lower material costs.

Subcontractors' costs increased from S\$23.0 million in 1H2017 to S\$47.1 million in 1H2018, mainly due to more related subcontract works incurred for current projects.

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Review of Group Performance (cont'd)

1H2018 vs 1H2017 (cont'd)

Staff costs increased from S\$13.7 million in 1H2017 to S\$15.1 million in 1H2018 due to increased projects activities.

The Group achieved lower profit before tax of S\$2.3 million for 1H2018, a decrease of 21.6% as compared with S\$3.0 million for 1H2017. After taking into account tax expenses, the Group's net profit after tax was S\$1.3 million for 1H2018.

Balance Sheet (30 June 2018 vs 31 December 2017)

Property, plant and equipment decreased by S\$0.2 million mainly due to depreciation charges, offset by the plant and equipment purchased in 1H2018.

Inventories increased by S\$0.9 million to S\$8.9 million [Note 1(b)(3)]. The increase was mainly due to increase in finished goods pending delivery.

Net contract assets increased by S\$38.8 million to S\$48.9 million [Note 1(b)(4)] as at 30 June 2018 due to higher amount of work in progress related to costs being incurred ahead of billings.

Total current trade receivables decreased to S\$47.6 million [Note 1(b)(1)] as at 30 June 2018 as compared with S\$50.3 million as at 31 December 2017. The decrease is mainly due to collections from customers and lesser billings in the current period.

Other receivables and deposits increased by S\$3.9 million to S\$10.1 million [Note 1(b)(1)]. The increase was mainly due to more deposits made to suppliers and subcontractors in the current period.

Trade payables increased by S\$34.3 million to S\$67.5 million [Note 1(b)(5)]. The increase was mainly due to more project related costs in the current period.

Cash Flow

2Q2018 vs 2Q2017

For 2Q2018, there was net cash outflow of S\$0.1 million. There was a S\$0.6 million net outflow from investing activities and a net inflow of \$0.5 million from operating activities.

1H2018 vs 1H2017

For 1H2018, there was a cash outflow of S\$4.1 million. There was a S\$4.3million net outflow from operating activities and S\$0.7 million net outflow from investing activities, offset by cash inflow from financing activities due to the return of a security deposit pledge reaching maturity.

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

The Group's performance is in line with the commentary previously disclosed in the results announcement for the period ended 31 March 2018, via SGXNET.

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

Despite the additional property cooling measures implemented by the Singapore government, which we are monitoring, we remain optimistic on continuing our momentum in securing new work.

The Group secured S\$109.5 million of new work in 1H2018, which is an increase from S\$13.5 million in 1H2017. This brings the order book to S\$157.1 million as at 30 June 2018.

11. Dividend

(1) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil. The dividend policy remains unchanged.

(2) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

Date payable

Not applicable

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

No interim dividend has been declared/recommended for 1H ended 30 June 2018.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable

- 15. A breakdown of sales**

Not applicable

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable

AGGREGATE VALUE OF TRANSACTIONS UNDER RULE 920(1)(A)(II) OF THE LISTING MANUAL

Aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the 3 months period ended 30 June 2018 pursuant to Rule 920(1)(a)(ii) of the Listing Manual:

Name of interested person	Aggregate value of all interested person transactions during the period 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)
Depa Interiors LLC & its associates	Nil	\$5,673,616

CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Hazel Chia
Company Secretary

Date: 19 July 2018

CONFIRMATION BY THE BOARD

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the 2Q and 1H ended 30 June 2018 to be false or misleading in any material respect.

ON BEHALF OF BOARD OF DIRECTORS

Name: Edgar Ramani
Director

Name: Ong Tiew Siam
Director

Date: 19 July 2018