

Design Studio Furniture Manufacturer Limited

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

**3rd Quarter and 9 Months Financial Statement
And Dividend Announcement
For The Period Ended
30 September 2012**

Design Studio Furniture Manufacturer Limited
(Registration Number: 199401553D)

3rd Quarter and 9 Months Financial Statement 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.

Income Statement

		Group					
		3rd Quarter ended			9 Months ended		
		30.09.2012	30.09.2011	+ / (-)	30.09.2012	30.09.2011	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue		40,788	20,186	102.1	106,821	69,255	54.2
Cost of sales		(32,393)	(14,102)	129.7	(84,141)	(50,009)	68.3
Gross profit		8,395	6,084	38.0	22,680	19,246	17.8
Other income	1(a)(1)	-	-	N.M.	2,368	3	78,833.3
		8,395	6,084	38.0	25,048	19,249	30.1
Marketing and distribution expenses		(1,448)	(952)	52.1	(4,114)	(3,206)	28.3
General and administrative expenses		(3,464)	(1,306)	165.2	(9,547)	(4,912)	94.4
Profit from operations	1(a)(2)	3,483	3,826	(9.0)	11,387	11,131	2.3
Finance expenses	1(a)(3)	(1)	(3)	(66.7)	(4)	(8)	(50.0)
Finance income	1(a)(3)	3	18	(83.3)	17	47	(63.8)
Share of result of an associate		-	(824)	(100.0)	-	2,033	(100.0)
Profit before tax		3,485	3,017	15.5	11,400	13,203	(13.7)
Tax expense	1(a)(4)	(1,123)	(799)	40.6	(2,493)	(2,332)	6.9
Profit net of tax		2,362	2,218	6.5	8,907	10,871	(18.1)
Profit attributable to:							
Equity holders of the Company		2,466	2,218		9,281	10,871	
Non-controlling interests		(104)	-		(374)	-	
Profit before tax		2,362	2,218		8,907	10,871	

N.M.: Not Meaningful

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Notes to Income Statement

Note 1(a)(1) Other income

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2012	30.09.2011	+ /(-)	30.09.2012	30.09.2011	+ /(-)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Gain on re-measurement of equity interest to fair value	-	-	N.M.	2,339	-	N.M.
Sundry income	-	-	N.M.	29	3	866.7
	-	-	N.M.	2,368	3	78,833.3

Note 1(a)(2) Profit from operations is determined after charging/(crediting) the following:

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2012	30.09.2011	+ /(-)	30.09.2012	30.09.2011	+ /(-)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Depreciation of property, plant and equipment	938	731	28.3	2,880	2,266	27.1
Foreign exchange loss/ (gain), net	414	(374)	N.M.	990	275	260.0
Gain on disposal of property, plant and equipment	-	(20)	N.M.	(57)	(23)	147.8
Interest accretion	(38)	-	N.M.	(143)	-	N.M.
Amortisation of club membership	1	1	0.0	4	4	0.0
Amortisation of order backlog	779	-	N.M.	2,337	-	N.M.

Note 1(a)(3) Finance expenses and finance income:

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2012	30.09.2011	+ /(-)	30.09.2012	30.09.2011	+ /(-)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Finance expenses						
- Bank overdrafts	-	-	N.M.	1	-	N.M.
- Bills payable and discounting	1	1	0.0	-	1	N.M.
- Finance leases	-	-	N.M.	3	1	200.0
- Bankers' guarantee and commitment fee	-	2	N.M.	-	6	N.M.
	1	3	(66.7)	4	8	(50.0)
Finance income						
- Fixed deposits	3	18	(83.3)	17	47	(63.8)
	3	18	(83.3)	17	47	(63.8)

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Note 1(a)(4) Tax include the following:

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2012	30.09.2011	+ / (-)	30.09.2012	30.09.2011	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	578	553	4.5	1,755	1,454	20.7
- overprovision for prior year	-	-	N.M.	(310)	-	N.M.
Foreign						
- current year	662	333	98.8	1,574	624	152.2
- under provision for prior year	7	2	250.0	7	21	(66.7)
	<u>1,247</u>	<u>888</u>	<u>40.4</u>	<u>3,026</u>	<u>2,099</u>	<u>44.2</u>
Deferred tax						
Singapore						
	(204)	42	N.M.	(531)	81	N.M.
Foreign						
	80	(131)	N.M.	(2)	152	N.M.
	<u>1,123</u>	<u>799</u>	<u>40.6</u>	<u>2,493</u>	<u>2,332</u>	<u>6.9</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	
		30.09.2012 S\$'000	31.12.2011 S\$'000	30.09.2012 S\$'000	31.12.2011 S\$'000
Non-current assets					
Property, plant and equipment		26,910	25,886	5,165	5,982
Investment in subsidiaries	1(b)(1)	-	-	43,120	21,279
Investment in an associate		-	9,661	-	2,250
Intangible assets	1(b)(2)	3,565	61	57	61
Trade and other receivables	1(b)(3)	11,312	10,196	7,626	10,196
Prepayments		350	724	-	-
Current assets					
Inventories	1(b)(4)	14,918	11,610	1,777	1,404
Gross amount due from customers for contract work-in-progress	1(b)(5)	15,477	6,776	10,100	6,074
Trade and other receivables	1(b)(3)	48,559	22,957	24,557	19,261
Prepayments		1,106	2,681	368	648
Cash and short-term deposits		15,238	28,611	4,734	25,785
		<u>95,298</u>	<u>72,635</u>	<u>41,536</u>	<u>53,172</u>
Current liabilities					
Trade and other payables	1(b)(6)	34,439	21,054	20,321	17,879
Finance lease liabilities		-	3	-	-
Provision for tax		2,763	3,145	711	2,098
		<u>37,202</u>	<u>24,202</u>	<u>21,032</u>	<u>19,977</u>
Net current assets		58,096	48,433	20,504	33,195
Non-current liabilities					
Deferred tax liabilities		174	88	23	63
Other payables		109	115	-	-
Net assets		<u>99,950</u>	<u>94,758</u>	<u>76,449</u>	<u>72,900</u>
Equity attributable to equity holders of the Company					
Share capital		32,732	30,161	32,732	30,161
Reserves		67,551	64,597	43,717	42,739
		<u>100,283</u>	<u>94,758</u>	<u>76,449</u>	<u>72,900</u>
Non-controlling interests		(333)	-	-	-
Total equity		<u>99,950</u>	<u>94,758</u>	<u>76,449</u>	<u>72,900</u>

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Notes to Balance Sheets

Note 1(b)(1) Acquisition of subsidiary

On 8 March 2012, the Company acquired an additional 55% equity interest in its 45%-owned associate, DDS Asia Holdings Pte. Ltd. ("DDS"). Upon completion of the acquisition, DDS became a wholly-owned subsidiary of the Company. The transaction was accounted for by the acquisition method of accounting.

The fair value of the identifiable assets and liabilities of DDS as at the acquisition date were:

	Fair value recognised upon acquisition S\$'000
Property, plant and equipment	466
Order backlog	3,116
Contracts work in progress	3,450
Trade and other receivables	24,607
Prepayments	28
Cash and short-term deposits	11,727
	<u>43,394</u>
Trade and other payables	17,761
Finance leases	28
Provision for tax	998
Deferred tax liabilities	620
	<u>19,407</u>
Non-controlling interest	(45)
Total identifiable net assets at fair value	<u>23,942</u>
Goodwill arising from acquisition	<u>2,729</u>
	<u>26,671</u>

Consideration transferred (at acquisition date fair values)

	S\$'000
Cash paid	12,100
Fair value of equity instruments (5,041,666 ordinary shares of Design Studio Furniture Manufacturer Limited)	2,571
Total consideration transferred	<u>14,671</u>
Fair value of equity interest in DDS	<u>12,000</u>
	<u>26,671</u>

Note 1(b)(2) Intangible assets

	Group		Company	
	30.09.2012 S\$'000	31.12.2011 S\$'000	30.09.2012 S\$'000	31.12.2011 S\$'000
Club membership	128	128	128	128
Goodwill	2,729	-	-	-
Order backlog	3,116	-	-	-
	<u>5,973</u>	<u>128</u>	<u>128</u>	<u>128</u>
Less: Accumulated amortisation	(2,408)	(67)	(71)	(67)
	<u>3,565</u>	<u>61</u>	<u>57</u>	<u>61</u>

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Note 1(b)(3) Trade and other receivables

	Group		Company	
	30.09.2012 S\$'000	31.12.2011 S\$'000	30.09.2012 S\$'000	31.12.2011 S\$'000
Non-current Trade and other receivables:				
<u>Trade receivables: Retention monies</u>				
Third parties	11,168	5,921	6,903	5,921
Corporate shareholder	144	3,618	144	3,618
Subsidiaries	-	-	579	-
Associate	-	657	-	657
	<u>11,312</u>	<u>10,196</u>	<u>7,626</u>	<u>10,196</u>
Current Trade and other receivables:				
Trade receivables	38,836	18,024	17,436	14,350
Other receivables and deposits	9,723	4,933	7,121	4,911
	<u>48,559</u>	<u>22,957</u>	<u>24,557</u>	<u>19,261</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	28,298	8,887	9,363	8,417
Retention monies	8,137	3,330	4,059	3,169
	<u>36,435</u>	<u>12,217</u>	<u>13,422</u>	<u>11,586</u>
Less: Allowance for doubtful receivables	-	-	-	-
	<u>36,435</u>	<u>12,217</u>	<u>13,422</u>	<u>11,586</u>
Movement in allowance accounts:				
At beginning of the year	-	-	-	-
Charge for the year	-	(3)	-	-
Written off during the year	-	3	-	-
At end of the year	-	-	-	-
<u>Corporate shareholder:</u>				
Trade receivables	2,401	695	2,401	695
	<u>2,401</u>	<u>695</u>	<u>2,401</u>	<u>695</u>
<u>Subsidiary:</u>				
Trade receivables	-	-	1,121	141
Retention monies	-	-	492	-
	-	-	<u>1,613</u>	<u>141</u>
<u>Associate:</u>				
Trade receivables	-	4,281	-	1,519
Retention monies	-	831	-	409
	-	<u>5,112</u>	-	<u>1,928</u>
Total current trade receivables	<u>38,836</u>	<u>18,024</u>	<u>17,436</u>	<u>14,350</u>
Other receivables and deposits:				
Other receivables	4,092	2,734	91	74
Deposits	5,631	2,199	206	126
	<u>9,723</u>	<u>4,933</u>	<u>297</u>	<u>200</u>
Non-trade amount due from subsidiaries	-	-	6,824	4,711
	<u>9,723</u>	<u>4,933</u>	<u>7,121</u>	<u>4,911</u>

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Note 1(b)(4) Inventories

	Group		Company	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	12,321	9,909	1,412	1,248
Work-in-progress, at cost	2,422	1,614	365	156
Finished goods, at cost	175	87	-	-
	<u>14,918</u>	<u>11,610</u>	<u>1,777</u>	<u>1,404</u>

Note 1(b)(5) Gross amount from customers for contract work-in-progress

	Group		Company	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	348,548	315,851	334,182	295,706
Less: Progress billings	<u>(333,071)</u>	<u>(309,075)</u>	<u>(324,082)</u>	<u>(289,632)</u>
	<u>15,477</u>	<u>6,776</u>	<u>10,100</u>	<u>6,074</u>
Presented as:				
Gross amount due from customers for contract work	15,477	6,776	10,100	6,074
Gross amount due to customers for contract work	-	-	-	-
	<u>15,477</u>	<u>6,776</u>	<u>10,100</u>	<u>6,074</u>

Note 1(b)(6) Trade and other payables

	Group		Company	
	30.09.2012	31.12.2011	30.09.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	8,974	5,084	2,907	3,216
Amount due to subsidiaries	-	-	10,616	1,159
Amount due to a corporate shareholder	72	141	-	-
Retention payables	<u>4,247</u>	<u>950</u>	<u>876</u>	<u>862</u>
	<u>13,293</u>	<u>6,175</u>	<u>14,399</u>	<u>5,237</u>
Other payables	985	685	442	423
Non-trade payables due to a corporate shareholder	-	-	-	-
Accrued operating expenses	17,414	11,731	3,953	10,460
Deposits received	<u>2,747</u>	<u>2,463</u>	<u>1,527</u>	<u>1,759</u>
	<u>34,439</u>	<u>21,054</u>	<u>20,321</u>	<u>17,879</u>

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

Amount repayable in one year or less, or on demand

As at 30.09.2012		As at 31.12.2011	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	3	-

Amount repayable after one year

As at 30.09.2012		As at 31.12.2011	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	-	-

Details of any collateral

As at 30 September 2012, our Group's bank facilities were secured by the following:

- (i) pledge of fixed deposit of the Company amounting to Nil (December 2011: S\$1,530,000);
- (ii) pledge of cash and short-term deposits of a subsidiary amounting to approximately S\$3,096,000 ;
- (iii) 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			
	3rd Quarter ended		9 Months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	3,485	3,017	11,400	13,203
Adjustments:				
Depreciation of property, plant and equipment	938	731	2,880	2,266
Gain on disposal of property, plant and equipment	-	(20)	(57)	(23)
Finance expenses	1	3	4	8
Finance income	(3)	(18)	(17)	(47)
Share of loss/ (gain) of an associate	-	824	-	(2,033)
Amortisation of club membership	1	1	4	4
Amortisation of order backlog	779	-	2,337	-
Interest accretion	(38)	-	(143)	-
Gain on re-measurement of equity interest to fair value	-	-	(2,339)	-
Currency translation difference	(120)	(131)	(380)	(65)
Operating profit before working capital changes	<u>5,043</u>	<u>4,407</u>	<u>13,689</u>	<u>13,313</u>
(Increase)/ decrease in:				
Inventories	466	(1,284)	(3,308)	(305)
Contract work-in-progress	(2,060)	255	(5,251)	(661)
Trade and other receivables	(2,745)	(2,586)	(1,843)	11,189
Prepayments	310	(1,169)	1,977	(1,430)
(Decrease)/increase in:				
Trade and other payables	1,649	1,192	(4,508)	(5,593)
Cash flows from operations	<u>2,663</u>	<u>815</u>	<u>756</u>	<u>16,513</u>
Finance expense paid	(1)	(3)	(4)	(8)
Income taxes paid	(2,058)	(1,253)	(4,406)	(3,504)
Net cash flows from/ (used in) operating activities	<u>604</u>	<u>(441)</u>	<u>(3,654)</u>	<u>13,001</u>
Cash flows from investing activities				
Costs incurred for construction-in-progress	69	(1,009)	(2,616)	(1,017)
Finance income received	3	18	17	47
Proceeds from sale of property, plant and equipment	-	30	112	34
Purchase of property, plant and equipment	(492)	(5,497)	(1,623)	(12,111)
Proceeds from sale of investment securities	-	-	-	4
Net cash outflow from acquisition of subsidiary (Note B)	-	-	(2,147)	-
Net cash flows used in investing activities	<u>(420)</u>	<u>(6,458)</u>	<u>(6,257)</u>	<u>(13,043)</u>

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Consolidated Statement of Cash Flows (cont'd)

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
(Increase)/ Decrease in cash and short-term deposits pledged	(1,225)	-	208	558
Dividends paid on ordinary shares by the Company	(1,952)	(3,191)	(5,205)	(6,381)
Repayment of finance lease liabilities	(7)	(5)	(31)	(25)
Net cash flows used in financing activities	(3,184)	(3,196)	(5,028)	(5,848)
Net decrease in cash and cash equivalents	(3,000)	(10,095)	(14,939)	(5,890)
Cash and cash equivalents at beginning of the period	15,142	36,158	27,081	31,953
Cash and cash equivalents at end of the period (Note A)	12,142	26,063	12,142	26,063

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.09.2012	30.09.2011
	S\$'000	S\$'000
Cash and short-term deposits	15,238	28,253
Less: Cash and short-term deposits pledged	(3,096)	(2,190)
Cash and cash equivalents	12,142	26,063

B. Net cash outflow on acquisition of subsidiary

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Cash consideration	-	-	12,100	-
Less: cash and cash equivalent acquired*	-	-	(9,953)	-
	-	-	2,147	-

* Included in the cash and short-term deposits acquired as part of the acquisition of subsidiary is an amount of fixed deposit of S\$1,774,000 that is pledged.

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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					
	3rd Quarter ended			9 Months ended		
	30.09.2012	30.09.2011	+ / (-)	30.09.2012	30.09.2011	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit net of tax						
Other comprehensive income	2,362	2,218	6.5	8,907	10,871	(18.1)
Foreign currency translation	(395)	828	(147.7)	(1,126)	875	(228.7)
Share of other comprehensive income of an associate	-	24	(100.0)	-	(38)	(100.0)
Total comprehensive income	<u>1,967</u>	<u>3,070</u>	<u>(35.9)</u>	<u>7,781</u>	<u>11,708</u>	<u>(33.5)</u>
Total comprehensive income attributable to:						
Equity holders of the Company	2,073	3,070		8,159	11,708	
Non-controlling interests	(106)	-		(378)	-	
	<u>1,967</u>	<u>3,070</u>		<u>7,781</u>	<u>11,708</u>	

(B) Statement of Changes in Equity

Group	Attributable to Equity holders of Company						Non-controlling interests	Total Equity
	Share capital	Revenue reserves	Other reserves	Total	S\$'000	S\$'000		
	S\$'000	S\$'000	S\$'000	S\$'000				
2012								
Balance at 1 January 2012	30,161	63,307	1,290	94,758	-	94,758		
Total comprehensive income for 9M2012	-	9,281	(1,122)	8,159	(378)	7,781		
Dividends on ordinary shares	-	(5,205)	-	(5,205)	-	(5,205)		
Non-controlling interest from acquisition of a subsidiary	-	-	-	-	45	45		
Shares issued for acquisition of a subsidiary	2,571	-	-	2,571	-	2,571		
Balance at 30 September 2012	<u>32,732</u>	<u>67,383</u>	<u>168</u>	<u>100,283</u>	<u>(333)</u>	<u>99,950</u>		
2011								
Balance at 1 January 2011	30,161	54,431	34	84,626	-	84,626		
Total comprehensive income for 9M2011	-	10,871	837	11,708	-	11,708		
Dividends on ordinary shares	-	(6,381)	-	(6,381)	-	(6,381)		
Balance at 30 September 2011	<u>30,161</u>	<u>58,921</u>	<u>871</u>	<u>89,953</u>	<u>-</u>	<u>89,953</u>		

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

<u>Company</u>	Share capital S\$'000	Revenue reserves S\$'000	Total S\$'000
2012			
Balance at 1 January 2012	30,161	42,739	72,900
Total comprehensive income for 9M2012	-	6,183	6,183
Dividends on ordinary shares	-	(5,205)	(5,205)
Shares issued for acquisition of a subsidiary	2,571	-	2,571
Balance at 30 September 2012	<u>32,732</u>	<u>43,717</u>	<u>76,449</u>
2011			
Balance at 1 January 2011	30,161	38,977	69,138
Total comprehensive income for 9M2011	-	7,045	7,045
Dividends on ordinary shares	-	(6,381)	(6,381)
Balance at 30 September 2011	<u>30,161</u>	<u>39,641</u>	<u>69,802</u>

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-back, exercise of share options of warrants, conversion of other issues of equity securities, issue of share 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.

	Number of shares	Share capital in S\$'000
Issued and fully paid ordinary shares:		
As at 31 December 2011	255,222,505	30,161
Shares issued for acquisition of a subsidiary	5,041,666	2,571
As at 30 September 2012	<u>260,264,171</u>	<u>32,732</u>

On 8 March 2012, the Company acquired an additional 55% equity interest in its 45%-owned associate, DDS Asia Holdings Pte. Ltd. 20% of the purchase consideration was made by way of the Company allotting and issuing to Controlling Shareholder, Depa Interiors LLC ("DEPA"), credited as fully paid up, 5,041,666 new Shares in the capital of the Company (the "Consideration Shares") at a fair value price of S\$0.51 per Consideration Share.

The 5,041,666 new Shares were listed and quoted on the SGX-ST on 12 March 2012, which increased the total issued and fully paid up ordinary shares to 260,264,171.

There were no outstanding convertible securities as at 30 September 2012 and 30 September 2011.

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.

	30.09.2012	31.12.2011
Total number of shares (excluding treasury shares)	260,264,171	255,222,505

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2012 as the Company does not have any treasury shares.

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.

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 2011, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2012. Please see note 5.

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

In the current year, the Group adopted the new/revised Financial Reporting Standards ("FRS") and that are effective for annual periods beginning on or after 1 January 2012. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS that is relevant to the Group:

Description	Effective for annual periods beginning on or after
Amendment to FRS 107 – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies or any significant financial impact on the financial statements.

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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			
	3rd Quarter ended		9 Months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
(a) Based on weighted average number of ordinary shares in issue	0.95 cents	0.87 cents	3.58 cents	4.26 cents
(b) On fully diluted basis	0.95 cents	0.87 cents	3.58 cents	4.26 cents

The basic earnings per ordinary share for the third quarter ended 30 September 2012 is calculated by dividing the 3rd quarter profit attributable to shareholders of S\$2.5 million (30 September 2011: S\$2.2 million) by the weighted average number of 260,264,171 (30 September 2011: 255,222,505) shares in issue during the financial period.

The basic earnings per ordinary share for the half year ended 30 September 2012 is calculated by dividing the half year profit attributable to shareholders of S\$9.3 million (30 September 2011: S\$10.9 million) by the weighted average number of 258,957,754 (30 September 2011: 255,222,505) 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 30.09.2012	Company 30.09.2012
Net asset value per ordinary share for the period based on existing issued share capital as at 30 September 2012 of 260,264,171 ordinary shares	38.40 cents	29.37 cents

- (2) Immediately preceding financial year

	Group 31.12.2011	Company 31.12.2011
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2011 of 255,222,505 ordinary shares	37.13 cents	28.56 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

For the comparative figures of 3Q2011, DDS was only accounted as an associate company.

3Q2012 vs 3Q2011

	3rd Quarter ended		+ / (-) %
	30.09.2012 S\$'000	30.09.2011 S\$'000	
Residential property	12,617	11,609	8.7
Hospitality and commercial	25,804	7,880	227.5
Distribution	2,367	697	239.6
Total	40,788	20,186	102.1

The Group's 3Q2012 revenue increased 102.1% to S\$40.8 million from S\$20.2 million in 3Q2011 largely due to an increase in contribution from the Hospitality and commercial projects and Distribution businesses, following the strategic acquisition of DDS Group in March 2012.

The gross margin decreased from 30.1% in 3Q2011 to 20.6% for 3Q2012, as a result of lower margins recorded in Hospitality and commercial projects completed during the quarter.

Marketing and distribution expenses increased by 52.1% to S\$1.4 million for 3Q2012 as compared with S\$952,000 in 3Q2011, mainly due to the increase in staff-related costs and printing of marketing collateral during the quarter.

General and administrative expenses (before amortisation of order backlog and foreign exchange loss) increased by 35.2% from S\$1.6 million in 3Q2011 to S\$2.3 million in 3Q2012. The increase in expenses was primarily attributed by the acquisition of DDS Group. After taking into account the amortisation expense and the foreign exchange loss, the net general and administrative expenses had increased from S\$1.3 million in 3Q2011 to S\$3.5 million in 3Q2012.

In 3Q2011, the Group recognised S\$824,000 of loss from associate. The Company had since acquired the DDS group as its fully owned subsidiary in 1Q2012.

As a result, the Group achieved a higher net profit before tax of S\$3.5 million for 3Q2012, as compared with S\$3.0 million for 3Q2011. After taking into account the tax expenses, the Group's net profit after tax for 3Q2012 increased marginally to S\$2.4 million, as compared with S\$2.2 million in 3Q2011.

9M2012 vs 9M2011

	9 Months ended		+ / (-) %
	30.09.2012 S\$'000	30.09.2011 S\$'000	
Residential property	26,748	52,295	(48.9)
Hospitality and commercial	74,111	13,145	463.8
Distribution	5,962	3,815	56.3
Total	106,821	69,255	54.2

The Group's revenue for 9M2012 increased by 54.2% to S\$106.8 million, compared with revenue of S\$69.3 million for 9M2011. The increase was mainly due to higher revenue contribution from the Hospitality and commercial projects and Distribution projects, offset by the decrease in Residential property projects completed during the period.

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The Group's gross margin for 9M2012 as compared with 9M2011 was lower, decreased from 27.8% for 9M2011 to 21.2% for 9M2012.

In 9M2012, the Group recognized a gain of S\$2.3 million on the re-measurement of equity interest to fair value in other income.

Marketing and distribution expenses increased by 28.3% to S\$4.1 million for 9M2012 as compared with S\$3.2 million in 9M2011 due to increase in staff-related costs, offset by a decrease in the exhibition expenses.

General and administrative expenses (before amortisation of order backlog and foreign exchange loss) increased by 34.1% from S\$4.6 million in 9M2011 to S\$6.2 million in 9M2012, mainly due to the expenses related to the Huizhou factory and DDS Group. Taking into account the amortisation expense and the foreign exchange loss, the net general and administrative expenses increased from S\$4.9 million in 9M2011 to S\$9.5 million in 9M2012.

For the 9M2011, the Group recognised S\$2.0 million of profit from its associate. The Company had since acquired the DDS group as its fully owned subsidiary in 1Q2012.

As a result, the Group achieved a lower net profit before tax of S\$11.4 million for 9M2012, as compared with S\$13.2 million for 9M2011. After taking into account the tax expenses, the Group's net profit after tax was S\$8.9 million for 9M2012, a decline of 18.1% compared to S\$10.9 million for 9M2011.

Balance Sheet (30 September 2012 vs 31 December 2011)

Property, plant and equipment increased by S\$1.0 million to S\$26.9 million as compared with S\$25.9 million as at 31 December 2011. The increase was mainly due to the purchase of plant and equipment for the new factory in Huizhou and the set up costs for the showroom in Dongguan, offset by depreciation charges for the year.

As the result of the DDS acquisition and requirement of FRS 103, the Group had identified an order backlog of S\$3.1 million and goodwill of S\$2.7 million. The order backlog represents the fair value of the contracts outstanding as at the acquisition date and will be amortised over one year. In view of the above, intangible assets increased by S\$3.5 million as compared with 31 December 2011.

Inventories increased by S\$3.3 million mainly due to the increase in inventories in the Huizhou factory.

Contracts work-in-progress increased by S\$8.7 million to S\$15.5 million as at 30 September 2012, mainly contributed by the contracts work-in-progress from DDS Group.

Current trade receivables increased by S\$20.8 million to S\$38.8 million as at 30 September 2012 as compared with 31 December 2011. The increase was mainly due to trade receivables from DDS Group which was acquired in 1Q2012. Generally, the payment terms of receivables from DDS overseas subsidiaries are longer.

The Group's total cash and short term deposits decreased from S\$28.6 million in 31 December 2011 to S\$15.2 million as at 30 September 2012.

Other receivables and deposits increased by S\$4.8 million to S\$9.7 million. The increase was mainly due to other receivables and deposits from DDS Group, which largely relates to advance payments to suppliers.

Trade payables increased by S\$7.1 million to S\$13.3 million, mainly contributed by DDS Group.

Accrued operating expenses increased by S\$5.7 million to S\$17.4 million as at 30 September 2012 as compared with 31 December 2011. This was mainly contributed by the DDS Group, offset by the decrease in accrued operating expenses in the Company.

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Cash Flow (3Q2012 vs 3Q2011 and 9M2012 vs 9M2011)

3Q2012 vs 3Q2011

For 3Q2012, there was net cash outflow of S\$3.0 million. Cash was used in the payment of dividends, purchase of manufacturing equipments and pledged. The outflow is offset by the increase in cash derived from operating activities.

9M2012 vs 9M2011

For 9M2012, there was cash outflow of S\$14.9 million. Cash was mainly used in payment of dividends, purchase of manufacturing equipments for the new Huizhou factory, and acquisition of the DDS subsidiary.

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

Not applicable

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

In Singapore, the Group will maintain our focus on growing our pipeline of projects in the residential, hospitality and commercial segments. The Singapore mid and mass residential markets remain viable with strong demands driven by genuine home purchasers and low interest rates. We will also continue to focus on the opportunities presented by Singapore's hospitality segment as the tourism sector flourishes.

Despite slowing growth in China recently, the nation is still one of the fastest growing economies in the world. Underpinned by strong urbanisation, a growing middle class with high disposable income, the longer term outlook for the real estate sector in China looks positive. The Group will continue to pursue opportunities in China.

The Group is on firm footing with a healthy order book of S\$250.6 million as at 30 September 2012 and a strong balance sheet. Barring any unforeseen circumstances, the Group expects to remain profitable for FY2012.

11. Dividend

(1) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(2) Corresponding Period of the immediately Preceding Financial Year

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

Nil

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Date payable

Not applicable

Books closure date

Not applicable

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

Not interim dividend has been declared / recommended for 3Q ended 30 September 2012.

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

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

Aggregate value of transactions conducted pursuant to the general mandate for interested persons transactions for the 3 months period ended 30 September 2012 pursuant to Rule 920(1)(a)(ii) of the listing Manual:

Name of interest person	Aggregate value of all interested persons 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	Nil

BY ORDER OF THE BOARD

Helen Campos
Secretary

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 9M ended 30 September 2012 to be false or misleading in any material respect.

ON BEHALF OF BOARD OF DIRECTORS

Name: Bernard Lim Leng Foo
Director

Name: Kelly Ng Chai Choey
Director

Date: 7 November 2012