



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 2015

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		
		30.06.2015 S\$'000	30.06.2014 S\$'000	+/(-) %	30.06.2015 S\$'000	30.06.2014 S\$'000	+/(-) %
Revenue		44,516	32,634	36.4	93,937	57,727	62.7
Cost of sales		(36,047)	(24,420)	47.6	(76,345)	(43,550)	75.3
Gross profit		8,469	8,214	3.1	17,592	14,177	24.1
Other income	1(a)(1)	-	-	N.M.	109	94	16.0
		8,469	8,214	3.1	17,701	14,271	24.0
Marketing and distribution expenses		(1,125)	(1,395)	(19.4)	(2,465)	(2,779)	(11.3)
General and administrative expenses		(2,585)	(2,236)	15.6	(5,149)	(4,699)	9.6
Profit from operations	1(a)(2)	4,759	4,583	3.8	10,087	6,793	48.5
Finance income	1(a)(3)	38	16	137.5	69	25	176.0
Profit before tax		4,797	4,599	4.3	10,156	6,818	49.0
Tax expense	1(a)(4)	(506)	(623)	(18.8)	(1,303)	(769)	69.4
Profit net of tax		4,291	3,976	7.9	8,853	6,049	46.4
Profit attributable to:							
Equity holders of the Company		4,293	3,984		8,881	6,064	
Non-controlling interests		(2)	(8)		(28)	(15)	
		4,291	3,976		8,853	6,049	

N.M.: Not Meaningful

Design Studio Group Ltd
(Registration Number: 199401553D)

Notes to Consolidated Income Statement

Note 1(a)(1) Other income

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2015	30.06.2014	+/-)	30.06.2015	30.06.2014	+/-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sundry income	-	-	N.M.	109	94	16.0

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

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2015	30.06.2014	+/-)	30.06.2015	30.06.2014	+/-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	1,013	1,100	(7.9)	2,108	2,265	(6.9)
Foreign exchange loss, net	119	103	15.5	395	384	2.9
Loss/ (Gain) on disposal of property, plant and equipment	1	(8)	N.M.	13	(20)	N.M.
Interest accretion	-	-	N.M.	-	22	N.M.
Amortisation of club membership	-	1	N.M.	1	3	(66.7)
Impairment loss on club membership	-	18	N.M.	-	18	N.M.

Note 1(a)(3) Finance income:

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2015	30.06.2014	+/-)	30.06.2015	30.06.2014	+/-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
- Cash and short-term deposits	38	16	137.5	69	25	176.0

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

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2015	30.06.2014	+/-)	30.06.2015	30.06.2014	+/-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	581	597	(2.7)	943	895	5.4
- over provision for prior year	(3)	-	N.M.	(72)	(43)	67.4
Foreign						
- current year	(77)	26	N.M.	395	100	295.0
- under provision for prior year	5	-	N.M.	5	-	N.M.
	506	623	(18.8)	1,271	952	33.5
Deferred tax						
Singapore	-	-	N.M.	32	14	128.6
Foreign	-	-	N.M.	-	(197)	N.M.
	506	623	(18.8)	1,303	769	69.4

Design Studio Group Ltd
(Registration Number: 199401553D)

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	
		30.06.2015 S\$'000	31.12.2014 S\$'000	30.06.2015 S\$'000	31.12.2014 S\$'000
Non-current assets					
Property, plant and equipment		19,662	21,128	2,405	2,610
Investment in subsidiaries		-	-	41,359	41,500
Intangible assets	1(b)(2)	2,744	2,745	15	16
Deferred tax assets		263	302	218	244
Trade and other receivables	1(b)(1)	9,704	7,548	1,975	2,574
Prepayments		-	198	-	-
Current assets					
Inventories	1(b)(3)	11,877	14,002	33	-
Gross amount due from customers for contract work-in-progress	1(b)(4)	6,533	9,755	311	780
Trade and other receivables	1(b)(1)	41,383	61,377	5,271	16,394
Prepayments		2,322	1,454	147	248
Loan to a subsidiary		-	-	2,675	2,675
Tax recoverable		1,308	1,328	-	-
Cash and short-term deposits		55,400	48,404	15,254	14,714
		<u>118,823</u>	<u>136,320</u>	<u>23,691</u>	<u>34,811</u>
Current liabilities					
Trade and other payables	1(b)(5)	46,111	55,849	5,360	8,447
Provision for tax		2,525	2,961	345	646
		<u>48,636</u>	<u>58,810</u>	<u>5,705</u>	<u>9,093</u>
Net current assets		70,187	77,510	17,986	25,718
Non-current liabilities					
Deferred tax liabilities		<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>
Net assets		<u>102,558</u>	<u>109,429</u>	<u>63,958</u>	<u>72,662</u>
Equity attributable to equity holders of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		70,278	77,121	31,226	39,930
		<u>103,010</u>	<u>109,853</u>	<u>63,958</u>	<u>72,662</u>
Non-controlling interests		<u>(452)</u>	<u>(424)</u>	<u>-</u>	<u>-</u>
Total equity		<u><u>102,558</u></u>	<u><u>109,429</u></u>	<u><u>63,958</u></u>	<u><u>72,662</u></u>

Design Studio Group Ltd
(Registration Number: 199401553D)

Notes to Balance Sheets

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

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables (non-current):				
<u>Trade receivables: Retention monies</u>				
Third parties	9,704	7,548	1,084	1,752
Subsidiary	-	-	891	822
	<u>9,704</u>	<u>7,548</u>	<u>1,975</u>	<u>2,574</u>
Trade and other receivables (current):				
Trade receivables	36,908	53,433	5,087	7,878
Other receivables and deposits	4,475	7,944	184	8,516
	<u>41,383</u>	<u>61,377</u>	<u>5,271</u>	<u>16,394</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	29,233	43,885	1,403	2,370
Retention monies	7,675	9,548	2,338	3,413
	<u>36,908</u>	<u>53,433</u>	<u>3,741</u>	<u>5,783</u>
Movement in allowance accounts:				
At beginning of the year	-	440	-	440
Charge for the year	-	89	-	89
Write-off during the year	-	(529)	-	(529)
At end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	1,056	1,805
Retention monies	-	-	290	290
	<u>-</u>	<u>-</u>	<u>1,346</u>	<u>2,095</u>
Total trade receivables (current)	<u>36,908</u>	<u>53,433</u>	<u>5,087</u>	<u>7,878</u>
Other receivables and deposits:				
Other receivables	1,065	3,236	64	66
Deposits	3,410	4,708	61	61
	<u>4,475</u>	<u>7,944</u>	<u>125</u>	<u>127</u>
Amount due from subsidiaries (non-trade)	-	-	59	8,389
	<u>4,475</u>	<u>7,944</u>	<u>184</u>	<u>8,516</u>

Design Studio Group Ltd
(Registration Number: 199401553D)

Note 1(b)(2) Intangible assets

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Club membership	128	128	128	128
Order backlog	3,116	3,116	-	-
Less: Impairment loss on club membership	(28)	(28)	(28)	(28)
	3,216	3,216	100	100
Less: Accumulated amortisation	(3,201)	(3,200)	(85)	(84)
Goodwill	2,729	2,729	-	-
	<u>2,744</u>	<u>2,745</u>	<u>15</u>	<u>16</u>

Note 1(b)(3) Inventories

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	9,402	10,997	33	-
Work-in-progress, at cost	1,750	1,839	-	-
Finished goods, at cost	725	1,166	-	-
	<u>11,877</u>	<u>14,002</u>	<u>33</u>	<u>-</u>

Note 1(b)(4) Gross amount due from customers for contract work-in-progress

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	376,322	386,683	175,001	190,286
Less: Progress billings	(369,789)	(376,928)	(174,690)	(189,506)
	<u>6,533</u>	<u>9,755</u>	<u>311</u>	<u>780</u>
Presented as:				
Gross amount due from customers for contract work	<u>6,533</u>	<u>9,755</u>	<u>311</u>	<u>780</u>

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

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	9,200	11,988	617	683
Amount due to subsidiaries	-	-	244	286
Amount due to a corporate shareholder	140	128	-	-
Retention payables	7,894	6,610	863	1,083
	<u>17,234</u>	<u>18,726</u>	<u>1,724</u>	<u>2,052</u>
Other payables	1,402	2,018	65	125
Non-trade payables due to a corporate shareholder	96	38	76	24
Accrued operating expenses	27,248	33,301	3,105	5,296
Deposits received	131	1,766	390	950
	<u>46,111</u>	<u>55,849</u>	<u>5,360</u>	<u>8,447</u>

Design Studio Group Ltd (Registration Number: 199401553D)

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

Amount repayable in one year or less, or on demand

As at 30.06.2015		As at 31.12.2014	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	-	-

Amount repayable after one year

As at 30.06.2015		As at 31.12.2014	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	-	-

Details of any collateral

As at 30 June 2015, our Group's bank facilities were secured by the following:

- (i) pledge of cash and short-term deposits of a subsidiary amounting to approximately S\$238,000 (31 December 2014: S\$90,000); and
- (ii) corporate guarantees provided by the Company.

Design Studio Group Ltd
(Registration Number: 199401553D)

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	
	30.06.2015 S\$'000	30.06.2014 S\$'000	30.06.2015 S\$'000	30.06.2014 S\$'000
Cash flows from operating activities				
Profit before tax	4,797	4,599	10,156	6,818
Adjustments:				
Depreciation of property, plant and equipment	1,013	1,100	2,108	2,265
Loss/ (Gain) on disposal of property, plant and equipment	1	(8)	13	(20)
Finance income	(38)	(16)	(69)	(25)
Amortisation of club membership	-	1	1	3
Impairment loss on club membership	-	18	-	18
Interest accretion	-	-	-	22
Currency translation difference	(390)	55	(370)	57
Operating profit before working capital changes	5,383	5,749	11,839	9,138
(Increase)/ decrease in:				
Inventories	23	(4,060)	2,125	(5,279)
Contract work-in-progress	1,601	(2,618)	3,222	(4,449)
Trade and other receivables	3,324	(1,206)	17,838	12,595
Prepayments	(874)	(127)	(670)	(626)
Increase/ (decrease) in:				
Trade and other payables	2,088	(1,162)	(9,738)	(14,295)
Cash flows from/ (used in) operations	11,545	(3,424)	24,616	(2,916)
Income taxes paid	(1,540)	(1,476)	(1,681)	(2,143)
Net cash flows from/ (used in) operating activities	10,005	(4,900)	22,935	(5,059)
Cash flows from investing activities				
Costs incurred for construction-in-progress	(62)	-	(81)	-
Finance income received	38	16	69	25
Proceeds from sale of property, plant and equipment	-	9	-	37
Purchase of property, plant and equipment	(222)	(38)	(311)	(282)
Net cash flows used in investing activities	(246)	(13)	(323)	(220)

Design Studio Group Ltd
(Registration Number: 199401553D)

Consolidated Statement of Cash Flows (cont'd)

	Group			
	2nd Quarter ended		Half Year ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Decrease/ (Increase) in fixed deposits pledged	7	-	(148)	-
Dividends paid on ordinary shares by the Company	(15,616)	(15,616)	(15,616)	(15,616)
Net cash flows used in financing activities	(15,609)	(15,616)	(15,764)	(15,616)
Net (decrease)/ increase in cash and cash equivalents	(5,850)	(20,529)	6,848	(20,895)
Cash and cash equivalents at beginning of the period	61,012	44,419	48,314	44,785
Cash and cash equivalents at end of the period (Note A)	55,162	23,890	55,162	23,890

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.06.2015	30.06.2014
	S\$'000	S\$'000
Cash at banks and on hand	48,630	23,184
Fixed deposits	6,770	798
Cash and short-term deposits	55,400	23,982
Less: Cash and short-term deposits pledged	(238)	(92)
Cash and cash equivalents	55,162	23,890

Design Studio Group Ltd
(Registration Number: 199401553D)

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		
	30.06.2015	30.06.2014	+ / (-)	30.06.2015	30.06.2014	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit net of tax	4,291	3,976	7.9	8,853	6,049	46.4
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	(698)	(81)	761.7	(108)	(648)	(83.3)
Total comprehensive income	<u>3,593</u>	<u>3,895</u>	<u>(7.8)</u>	<u>8,745</u>	<u>5,401</u>	<u>61.9</u>

Total comprehensive income attributable to:

Equity holders of the Company	3,597	3,904		8,773	5,416
Non-controlling interests	(4)	(9)		(28)	(15)
	<u>3,593</u>	<u>3,895</u>		<u>8,745</u>	<u>5,401</u>

(B) Statements of Changes in Equity

Group

	Attributable to Equity holders of the Company				Non-controlling interests	Total Equity
	Share capital	Revenue reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
2015						
Balance at 1 January 2015	32,732	75,615	1,506	109,853	(424)	109,429
Total comprehensive income for 1H2015	-	8,881	(108)	8,773	(28)	8,745
Dividends on ordinary shares	-	(15,616)	-	(15,616)	-	(15,616)
Balance at 30 June 2015	<u>32,732</u>	<u>68,880</u>	<u>1,398</u>	<u>103,010</u>	<u>(452)</u>	<u>102,558</u>
2014						
Balance at 1 January 2014	32,732	71,950	1,195	105,877	(400)	105,477
Total comprehensive income for 1H2014	-	6,064	(648)	5,416	(15)	5,401
Dividends on ordinary shares	-	(15,616)	-	(15,616)	-	(15,616)
Balance at 30 June 2014	<u>32,732</u>	<u>62,398</u>	<u>547</u>	<u>95,677</u>	<u>(415)</u>	<u>95,262</u>

Design Studio Group Ltd
(Registration Number: 199401553D)

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

<u>Company</u>	Share capital S\$'000	Revenue reserve S\$'000	Total S\$'000
2015			
Balance at 1 January 2015	32,732	39,930	72,662
Total comprehensive income for 1H2015	-	6,912	6,912
Dividends on ordinary shares	-	(15,616)	(15,616)
Balance at 30 June 2015	<u>32,732</u>	<u>31,226</u>	<u>63,958</u>
2014			
Balance at 1 January 2014	32,732	48,377	81,109
Total comprehensive income for 1H2014	-	7,375	7,375
Dividends on ordinary shares	-	(15,616)	(15,616)
Balance at 30 June 2014	<u>32,732</u>	<u>40,136</u>	<u>72,868</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:		
At 31 December 2014 and 30 June 2015	<u>260,264,171</u>	<u>32,732</u>

There were no outstanding convertible securities as at 31 December 2014 and 30 June 2015.

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 2015, 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.

	30.06.2015	31.12.2014
Total number of shares (excluding treasury shares)	260,264,171	260,264,171

Design Studio Group Ltd
(Registration Number: 199401553D)

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 June 2015 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 2014, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2015. 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") that are effective for annual periods beginning on or after 1 January 2015. 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 amendments to the FRS that are relevant to the Group:

Description	Effective for annual periods beginning on or after
Improvements to the Financial Reporting Standards (January 2014)	1 July 2014
Improvements to the Financial Reporting Standards (February 2014)	1 July 2014

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.

Design Studio Group Ltd
(Registration Number: 199401553D)

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	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
(a) Based on weighted average number of ordinary shares in issue	1.65 cents	1.53 cents	3.41 cents	2.33 cents
(b) On fully diluted basis	1.65 cents	1.53 cents	3.41 cents	2.33 cents

The basic earnings per ordinary share for the second quarter ended 30 June 2015 is calculated by dividing the 2nd quarter profit attributable to shareholders of S\$4.3 million (30 June 2014: S\$4.0 million) by the weighted average number of 260,264,171 (30 June 2014: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the half year ended 30 June 2015 is calculated by dividing the half year profit attributable to shareholders of S\$8.9 million (30 June 2014: S\$6.1 million) by the weighted average number of 260,264,171 (30 June 2014: 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 30.06.2015	Company 30.06.2015
Net asset value per ordinary share for the period based on existing issued share capital as at 30 June 2015 of 260,264,171 ordinary shares	39.41 cents	24.57 cents

(2) Immediately preceding financial year

	Group 31.12.2014	Company 31.12.2014
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2014 of 260,264,171 ordinary shares	42.05 cents	27.92 cents

Design Studio Group Ltd
(Registration Number: 199401553D)

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

2Q2015 vs 2Q2014

	2nd Quarter ended		+ / (-) %
	30.06.2015 S\$'000	30.06.2014 S\$'000	
Residential property	19,676	17,732	11.0
Hospitality and commercial	24,637	14,867	65.7
Distribution	203	35	480.0
Total	44,516	32,634	36.4

For 2Q2015, the Group's revenue increased by 36.4% to S\$44.5 million as compared with the revenue for 2Q2014 as a result of increase in contribution from all segments, especially in the Hospitality and commercial segment. During the quarter, more projects were completed, as compared with 2Q2014.

The gross margin decreased from 25.2% in 2Q2014 to 19.0% for 2Q2015, as a result of lower margins recorded in projects completed during the quarter.

Marketing and distribution expenses decreased by 19.4% to S\$1.1 million in 2Q2015. The decrease was mainly due to reduction in staff costs and related travelling expenses, and decrease in China showrooms expenses.

General and administrative expenses increased from S\$2.2 million in 2Q2014 to S\$2.6 million in 2Q2015 mainly due to the global executive search fees in relation to the search of the new CEO.

As a result, the Group achieved higher profit before tax of S\$4.8 million for 2Q2015, an increase of 4.3% as compared with S\$4.6 million for 2Q2014. After taking into account tax expenses, the Group's net profit after tax was S\$4.3 million for 2Q2015.

1H2015 vs 1H2014

	Half Year ended		+ / (-) %
	30.06.2015 S\$'000	30.06.2014 S\$'000	
Residential property	43,711	30,279	44.4
Hospitality and commercial	49,988	27,373	82.6
Distribution	238	75	217.3
Total	93,937	57,727	62.7

The Group's revenue for 1H2015 increased by 62.7% to S\$93.9 million as compared with the revenue for 1H2014. The increase was a result of increase in contribution from all segments, especially in the Hospitality and commercial segment. During the half year, more projects were completed, as compared with 1H2014.

The gross margin decreased from 24.6% in 1H2014 to 18.7% for 1H2015, as a result of lower margins recorded in projects completed during the half year.

For 1H2015, marketing and distribution expenses decreased by 11.3% to S\$2.5 million as compared with S\$2.8 million in 1H2014. The decrease was mainly due to reduction in staff costs and related travelling expenses, and decrease in China showrooms expenses.

Design Studio Group Ltd

(Registration Number: 199401553D)

General and administrative expenses increased from S\$4.7 million in 1H2014 to S\$5.1 million in 1H2015 partially due to the global executive search fees in relation to the search of the new CEO.

As a result, the Group achieved a higher profit before tax of S\$10.2 million for 1H2015, as compared with S\$6.8 million for 1H2014. After taking into account the tax expenses, the Group's net profit after tax was S\$8.9 million for 1H2015.

Balance Sheet (30 June 2015 vs 31 December 2014)

Property, plant and equipment decreased by S\$1.5 million mainly due to depreciation charges, offset by the purchase of equipment during the period.

Inventories decreased by S\$2.1 million to S\$11.9 million as at 30 June 2015 as a result of raw materials utilised for ongoing projects.

Contracts work-in-progress decreased by S\$3.2 million to S\$6.5 million [Note 1(b)(4)] as at 30 June 2015 due to more projects completed during the half year.

Non-current trade receivables increased by S\$2.2 million to S\$9.7 million [Note 1(b)(1)] as at 30 June 2015 due to retention sums for on-going projects.

Total current trade receivables decreased to S\$36.9 million [Note 1(b)(1)] as at 30 June 2015 as compared with S\$53.4 million as at 31 December 2014. The decrease was in line with the decrease in sales for 2Q2015 as compared with 4Q2014.

Other receivables and deposits decreased by S\$3.5 million to S\$4.5 million [Note 1(b)(1)]. The decrease was mainly due to reduction in VAT refund in China and a reduction in deposits made to suppliers and subcontractors.

Trade payables decreased by S\$1.5 million to S\$17.2 million [Note 1(b)(5)]. The decrease was mainly due to payment made to creditors during the period.

Accrued operating expenses decreased by S\$6.1 million to S\$27.2 million [Note 1(b)(5)]. The decrease was mainly due to the payment of bonus in February 2015 and the lower accruals of project-related expenses.

Cash Flow

2Q2015 vs 2Q2014

For 2Q2015, there was net cash outflow of S\$5.9 million. The cash outflow is mainly due to the payment of dividends in May 2015, offset by cash generated from operating activities.

1H2015 vs 1H2014

For 1H2015, there was net cash inflow of S\$6.8 million. Cash is generated from operating activities, partially offset by the payment of dividends in May 2015.

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 via SGXNET for the period ended 31 March 2015.

Design Studio Group Ltd (Registration Number: 199401553D)

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

Design Studio Group expects Singapore's residential market to remain challenging in 2015 as tighter mortgage curbs continue to cool buyer demand. The Group expects delays to its interior fit-out projects due to the government tightening its policy on foreign workers. The industry has experienced and will continue to experience skilled labour shortage. The Group also expects the Malaysian property market to slow down further in 2015 as a result of the property cooling measures introduced in 2013 and weak buyer demand.

These measures in the markets that we operate will continue to have an adverse effect on the industry and its players, with increased competition as a result of fewer projects available for award.

China properties market is also expected to slow down in 2015.^{1 2}

We will continue to strengthen our product and service offering to our existing clients and extend our global reach and pursue new business opportunities. In addition, we will continue to improve cost efficiency by leveraging on the manufacturing capability of our China production facility.

Barring unforeseen circumstances, Design Studio Group remains well-positioned to engage current market conditions with a healthy net cash position of S\$55.4 million as at 30 June 2015 and an order book of S\$225.5 million.

11. Dividend

(1) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	Cash
Dividend type	Interim
Dividend amount per share (in SG cents)	1.25 cents per ordinary share
Tax rate	One-tier tax exempt

(2) Corresponding Period of the immediately Preceding Financial Year

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

Name of dividend	Cash
Dividend type	Interim
Dividend amount per share (in SG cents)	0.50 cents per ordinary share
Tax rate	One-tier tax exempt

¹ <http://www.channelnewsasia.com/news/business/china-s-q2-gdp-growth/1985230.html>

² <http://www.bloomberg.com/news/articles/2015-06-11/china-home-sales-jumped-in-may-as-property-market-stabilized>

Design Studio Group Ltd
(Registration Number: 199401553D)

Date payable

8th September 2015

Books closure date

NOTICE IS HEREBY GIVEN THAT the Transfer Books and the Register of Members of the Company will be closed on 21 August 2015 for the purposes of determining Shareholders' entitlements to the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 20 August 2015 will be registered to determine shareholders' entitlements to the interim dividends.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 20 August 2015 will be entitled to the interim dividend.

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

Not applicable

Design Studio Group Ltd
(Registration Number: 199401553D)

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 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 June 2015 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	S\$1,664,762

BY ORDER OF THE BOARD

Hazel Chia
Company Secretary

Date: 31 July 2015

Design Studio Group Ltd
(Registration Number: 199401553D)

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 1H ended 30 June 2015 to be false or misleading in any material respect.

ON BEHALF OF BOARD OF DIRECTORS

Name: Mhd. Nadim Akhras
Director

Name: Kelly Ng Chai Choey
Director

Date: 31 July 2015