

Design Studio Furniture Manufacturer Limited

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

**2nd Quarter and Half Year Financial Statement
And Dividend Announcement
For The Period Ended
30 June 2013**

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

2nd Quarter and Half Year 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					
		2nd Quarter ended			Half Year ended		
		30.06.2013	30.06.2012	+ / (-)	30.06.2013	30.06.2012	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
		44,438	41,317	7.6	72,953	66,033	10.5
		(37,672)	(33,700)	11.8	(61,388)	(51,748)	18.6
		6,766	7,617	(11.2)	11,565	14,285	(19.0)
		-	25	N.M.	19	2,368	(99.2)
		6,766	7,642	(11.5)	11,584	16,653	(30.4)
		(1,370)	(1,385)	(1.1)	(2,989)	(2,666)	12.1
		(2,002)	(2,922)	(31.5)	(4,158)	(6,083)	(31.6)
		3,394	3,335	1.8	4,437	7,904	(43.9)
		-	-	-	-	(3)	N.M.
		1	4	(75.0)	2	14	(85.7)
		3,395	3,339	1.7	4,439	7,915	(43.9)
		(791)	(770)	2.7	(1,138)	(1,370)	(16.9)
		2,604	2,569	1.4	3,301	6,545	(49.6)
Profit attributable to:							
		2,643	2,623		3,359	6,815	
		(39)	(54)		(58)	(270)	
		2,604	2,569		3,301	6,545	

N.M.: Not Meaningful

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Notes to Income Statement

Note 1(a)(1) Other income

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2013	30.06.2012	+ /(-)	30.06.2013	30.06.2012	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain on re-measurement of equity interest to fair value	-	-	-	-	2,339	N.M.
Sundry income	-	25	N.M.	19	29	(34.5)
	-	25	N.M.	19	2,368	(99.2)

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

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2013	30.06.2012	+ /(-)	30.06.2013	30.06.2012	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	1,092	958	14.0	2,208	1,942	13.7
Foreign exchange (gain)/ loss, net	(230)	112	N.M.	(453)	576	N.M.
Gain on disposal of property, plant and equipment	-	-	-	(19)	(57)	(66.7)
Interest accretion	(53)	(105)	(49.5)	(53)	(105)	(49.5)
Amortisation of club membership	2	2	-	3	3	-
Amortisation of order backlog	-	969	N.M.	-	1,558	N.M.
Impairment loss on doubtful receivables	80	-	N.M.	440	-	N.M.

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

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2013	30.06.2012	+ /(-)	30.06.2013	30.06.2012	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance expenses						
- Finance leases	-	-	-	-	1	N.M.
- Bankers' guarantee and commitment fee	-	-	-	-	2	N.M.
	-	-	-	-	3	N.M.
Finance income						
- Fixed deposits	1	4	(75.0)	2	14	(85.7)
	1	4	(75.0)	2	14	(85.7)

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

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2013	30.06.2012	+ / (-)	30.06.2013	30.06.2012	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	412	781	(47.2)	453	1,177	(61.5)
- (over)/ under provision for prior year	-	(228)	N.M.	-	(310)	N.M.
Foreign						
- current year	362	476	(23.9)	671	912	(26.4)
- under provision for prior year	9	-	N.M.	6	-	N.M.
	<u>783</u>	<u>1,029</u>	<u>(23.9)</u>	<u>1,130</u>	<u>1,779</u>	<u>(36.5)</u>
Deferred tax						
Singapore						
	11	(327)	N.M.	11	(327)	N.M.
Foreign						
	(3)	68	N.M.	(3)	(82)	(96.3)
	<u>791</u>	<u>770</u>	<u>2.7</u>	<u>1,138</u>	<u>1,370</u>	<u>(16.9)</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	
		30.06.2013 S\$'000	31.12.2012 S\$'000	30.06.2013 S\$'000	31.12.2012 S\$'000
Non-current assets					
Property, plant and equipment		26,355	26,793	4,493	4,896
Investment in subsidiaries		-	-	43,271	43,063
Intangible assets	1(b)(2)	2,781	2,784	52	55
Deferred tax assets		10	10	10	10
Trade and other receivables	1(b)(1)	10,447	7,725	6,713	4,459
Prepayments		201	298	-	-
Current assets					
Inventories	1(b)(3)	17,396	15,031	1,827	1,723
Gross amount due from customers for contract work-in-progress	1(b)(4)	13,924	7,103	9,448	5,938
Trade and other receivables	1(b)(1)	49,821	55,633	24,757	29,140
Prepayments		1,189	558	350	225
Cash and short-term deposits		22,883	29,095	2,868	9,680
		105,213	107,420	39,250	46,706
Current liabilities					
Trade and other payables	1(b)(5)	44,827	39,413	19,192	21,391
Provision for tax		1,817	2,978	501	934
		46,644	42,391	19,693	22,325
Net current assets		58,569	65,029	19,557	24,381
Non-current liabilities					
Deferred tax liabilities		89	63	-	-
Other payables		87	125	-	-
Net assets		98,187	102,451	74,096	76,864
Equity attributable to equity holders of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		65,822	70,033	41,364	44,132
		98,554	102,765	74,096	76,864
Non-controlling interests		(367)	(314)	-	-
Total equity		98,187	102,451	74,096	76,864

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Notes to Balance Sheets

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

	Group		Company	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current Trade and other receivables:				
<u>Trade receivables: Retention monies</u>				
Third parties	10,159	7,535	5,961	4,078
Corporate shareholder	288	190	288	190
Subsidiaries	-	-	464	191
	<u>10,447</u>	<u>7,725</u>	<u>6,713</u>	<u>4,459</u>
Current Trade and other receivables:				
Trade receivables	40,371	45,287	16,969	22,248
Other receivables and deposits	9,450	10,346	7,788	6,892
	<u>49,821</u>	<u>55,633</u>	<u>24,757</u>	<u>29,140</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	30,696	32,962	10,108	13,475
Retention monies	8,371	10,125	2,533	5,061
	<u>39,067</u>	<u>43,087</u>	<u>12,641</u>	<u>18,536</u>
Less: Allowance for doubtful receivables	440	-	440	-
	<u>38,627</u>	<u>43,087</u>	<u>12,201</u>	<u>18,536</u>
Movement in allowance accounts:				
At beginning of the year	-	-	-	-
Charge for the year	440	-	440	-
At end of the year	<u>440</u>	<u>-</u>	<u>440</u>	<u>-</u>
<u>Corporate shareholder:</u>				
Trade receivables	1,744	2,200	1,744	2,200
	<u>1,744</u>	<u>2,200</u>	<u>1,744</u>	<u>2,200</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	2,635	1,123
Retention monies	-	-	389	389
	<u>-</u>	<u>-</u>	<u>3,024</u>	<u>1,512</u>
Total current trade receivables	<u>40,371</u>	<u>45,287</u>	<u>16,969</u>	<u>22,248</u>
Other receivables and deposits:				
Other receivables	4,176	4,552	82	89
Deposits	5,274	5,794	205	213
	<u>9,450</u>	<u>10,346</u>	<u>287</u>	<u>302</u>
Non-trade amount due from subsidiaries	-	-	7,501	6,590
	<u>9,450</u>	<u>10,346</u>	<u>7,788</u>	<u>6,892</u>

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Note 1(b)(2) Intangible assets

	Group		Company	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Club membership	128	128	128	128
Order backlog	3,116	3,116	-	-
	3,244	3,244	128	128
Less: Accumulated amortisation	(3,192)	(3,189)	(76)	(73)
Goodwill	2,729	2,729	-	-
	2,781	2,784	52	55

Note 1(b)(3) Inventories

	Group		Company	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	13,077	12,579	1,365	1,237
Work-in-progress, at cost	3,414	1,903	130	158
Finished goods, at cost	905	549	332	328
	17,396	15,031	1,827	1,723

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

	Group		Company	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	349,819	345,342	266,004	276,149
Less: Progress billings	(335,895)	(338,239)	(256,556)	(270,211)
	13,924	7,103	9,448	5,938
Presented as:				
Gross amount due from customers for contract work	13,924	7,103	9,448	5,938
Gross amount due to customers for contract work	-	-	-	-
	13,924	7,103	9,448	5,938

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

	Group		Company	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	9,386	7,951	3,969	3,139
Amount due to subsidiaries	-	-	7,919	10,244
Amount due to a corporate shareholder	124	87	-	-
Retention payables	5,709	5,128	1,395	1,083
	15,219	13,166	13,283	14,466
Other payables	1,774	1,519	310	325
Non-trade payables due to a corporate shareholder	106	87	50	41
Accrued operating expenses	26,230	22,026	4,455	4,973
Deposits received	1,498	2,615	1,094	1,586
	44,827	39,413	19,192	21,391

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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 30.06.2013		As at 31.12.2012	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.06.2013		As at 31.12.2012	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 30 June 2013, 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\$268,000 (31 December 2012: S\$2,246,000);
- (ii) 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	
	30.06.2013 S\$'000	30.06.2012 S\$'000	30.06.2013 S\$'000	30.06.2012 S\$'000
Cash flows from operating activities				
Profit before tax	3,395	3,339	4,439	7,915
Adjustments:				
Impairment loss on doubtful receivables	80	-	440	-
Depreciation of property, plant and equipment	1,092	958	2,208	1,942
Gain on disposal of property, plant and equipment	-	-	(19)	(57)
Finance expenses	-	-	-	3
Finance income	(1)	(4)	(2)	(14)
Amortisation of club membership	2	2	3	3
Amortisation of order backlog	-	969	-	1,558
Interest accretion	(53)	(105)	(53)	(105)
Gain on re-measurement of equity interest to fair value	-	-	-	(2,339)
Currency translation difference	(112)	(265)	(83)	(260)
Operating profit before working capital changes	4,403	4,894	6,933	8,646
(Increase)/ decrease in:				
Inventories	(1,155)	(1,607)	(2,365)	(3,774)
Contract work-in-progress	(4,338)	(1,326)	(6,821)	(3,191)
Trade and other receivables	(1,252)	(1,455)	2,721	902
Prepayments	(292)	886	(534)	1,667
Increase/ (decrease) in:				
Trade and other payables	11,427	(1,412)	5,358	(6,157)
Cash flows from/ (used in) operations	8,793	(20)	5,292	(1,907)
Finance expenses paid	-	-	-	(3)
Income taxes paid	(1,701)	(2,023)	(2,272)	(2,348)
Net cash flows from/ (used in) operating activities	7,092	(2,043)	3,020	(4,258)
Cash flows from investing activities				
Costs incurred for construction-in-progress	-	(574)	(19)	(2,685)
Finance income received	1	4	2	14
Proceeds from sale of property, plant and equipment	-	-	26	112
Purchase of property, plant and equipment	(314)	(913)	(782)	(1,131)
Net cash outflow from acquisition of subsidiary (Note B)	-	-	-	(2,147)
Net cash flows used in investing activities	(313)	(1,483)	(773)	(5,837)

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Consolidated Statement of Cash Flows (cont'd)

	Group			
	2nd Quarter ended		Half Year ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Decrease in fixed deposits pledged	1,833	1,530	1,978	1,433
Dividends paid on ordinary shares by the Company	(8,459)	(3,253)	(8,459)	(3,253)
Repayment of finance lease liabilities	-	(12)	-	(24)
Net cash flows used in financing activities	(6,626)	(1,735)	(6,481)	(1,844)
Net increase/ (decrease) in cash and cash equivalents	153	(5,261)	(4,234)	(11,939)
Cash and cash equivalents at beginning of the period	22,462	20,403	26,849	27,081
Cash and cash equivalents at end of the period (Note A)	22,615	15,142	22,615	15,142

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.06.2013	30.06.2012
	S\$'000	S\$'000
Cash and short-term deposits	22,883	17,013
Less: Cash and short-term deposits pledged	(268)	(1,871)
Cash and cash equivalents	22,615	15,142

B. Net cash outflow on acquisition of subsidiary

	Group			
	2nd Quarter ended		Half Year ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Cash consideration	-	12,100	-	12,100
Less: cash and cash equivalents acquired	-	(9,953)	-	(9,953)
	-	2,147	-	2,147

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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					
	2nd Quarter ended			Half Year ended		
	30.06.2013	30.06.2012	+ / (-)	30.06.2013	30.06.2012	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit net of tax	2,604	2,569	1.4	3,301	6,545	(49.6)
Other comprehensive income						
Foreign currency translation	518	(189)	N.M.	894	(731)	N.M.
Total comprehensive income	<u>3,122</u>	<u>2,380</u>	<u>31.2</u>	<u>4,195</u>	<u>5,814</u>	<u>(27.8)</u>

Total comprehensive income attributable to:

Equity holders of the Company	3,165	2,441	4,248	6,086
Non-controlling interests	(43)	(61)	(53)	(272)
	<u>3,122</u>	<u>2,380</u>	<u>4,195</u>	<u>5,814</u>

(B) Statement of Changes in Equity

Group

	Attributable to Equity holders of Company				Non-controlling interests	Total Equity
	Share capital	Revenue reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
2013						
Balance at 1 January 2013	32,732	69,765	268	102,765	(314)	102,451
Total comprehensive income for 1H2013	-	3,359	889	4,248	(53)	4,195
Dividends on ordinary shares	-	(8,459)	-	(8,459)	-	(8,459)
Balance at 30 June 2013	<u>32,732</u>	<u>64,665</u>	<u>1,157</u>	<u>98,554</u>	<u>(367)</u>	<u>98,187</u>
2012						
Balance at 1 January 2012	30,161	63,307	1,290	94,758	-	94,758
Total comprehensive income for 1H2012	-	6,815	(729)	6,086	(272)	5,814
Dividends on ordinary shares	-	(3,253)	-	(3,253)	-	(3,253)
Non-controlling interests from acquisition of a subsidiary	-	-	-	-	45	45
Shares issued for acquisition of a subsidiary	2,571	-	-	2,571	-	2,571
Balance at 30 June 2012	<u>32,732</u>	<u>66,869</u>	<u>561</u>	<u>100,162</u>	<u>(227)</u>	<u>99,935</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
2013			
Balance at 1 January 2013	32,732	44,132	76,864
Total comprehensive income for 1H2013	-	5,691	5,691
Dividends on ordinary shares	-	(8,459)	(8,459)
Balance at 30 June 2013	<u>32,732</u>	<u>41,364</u>	<u>74,096</u>
2012			
Balance at 1 January 2012	30,161	42,739	72,900
Total comprehensive income for 1H2012	-	4,930	4,930
Dividends on ordinary shares	-	(3,253)	(3,253)
Shares issued for acquisition of a subsidiary	2,571	-	2,571
Balance at 30 June 2012	<u>32,732</u>	<u>44,416</u>	<u>77,148</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 2012 and 30 June 2013	<u>260,264,171</u>	<u>32,732</u>

There were no outstanding convertible securities as at 31 December 2012 and 30 June 2013.

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 2013, 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.

	30.06.2013	31.12.2012
Total number of shares (excluding treasury shares)	260,264,171	260,264,171

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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 June 2013 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 2012, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2013. 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 2013. 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
Amendments to FRS 1 <i>Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income</i>	1 July 2012
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
FRS 113 <i>Fair Value Measurement</i>	1 January 2014
Amendments to FRS 32 <i>Financial Instruments: Presentation</i> and FRS 107 <i>Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities</i>	1 January 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.

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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	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
(a) Based on weighted average number of ordinary shares in issue	1.02 cents	1.01 cents	1.29 cents	2.64 cents
(b) On fully diluted basis	1.02 cents	1.01 cents	1.29 cents	2.64 cents

The basic earnings per ordinary share for the second quarter ended 30 June 2013 is calculated by dividing the 2nd quarter profit attributable to shareholders of S\$2.6 million (30 June 2012: S\$2.6 million) by the weighted average number of 260,264,171 (30 June 2012: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the half year ended 30 June 2013 is calculated by dividing the half year profit attributable to shareholders of S\$3.4 million (30 June 2012: S\$6.8 million) by the weighted average number of 260,264,171 (30 June 2012: 258,297,367) 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 30.06.2013	Company 30.06.2013
Net asset value per ordinary share for the period based on existing issued share capital as at 30 June 2013 of 260,264,171 ordinary shares	37.73 cents	28.47 cents

- (2) **Immediately preceding financial year**

	Group 31.12.2012	Company 31.12.2012
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2012 of 260,264,171 ordinary shares	39.36 cents	29.53 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

2Q2013 vs 2Q2012

	2nd Quarter ended		+ / (-) %
	30.06.2013 S\$'000	30.06.2012 S\$'000	
Residential property	14,678	9,874	48.7
Hospitality and commercial	29,510	29,153	1.2
Distribution	250	2,290	(89.1)
Total	44,438	41,317	7.6

For 2Q2013, the Group's revenue increased by 7.6% to S\$44.4 million as compared with the revenue for 2Q2012. The increase was driven primarily by an increase in contribution from the Residential property projects and Hospitality and commercial projects, offset by the decrease in the Distribution projects completed in the quarter under review.

The gross margin decreased from 18.4% in 2Q2012 to 15.2% for 2Q2013, as a result of lower margins recorded in Residential property projects completed during the quarter.

Marketing and distribution expenses decreased slightly by 1.1% to S\$1.4 million in 2Q2013. The decrease was mainly due to the decrease in expenses incurred for overseas exhibitions and staff-related costs, offset by the increase in depreciation expenses incurred for the Huizhou showrooms.

General and administrative expenses decreased from S\$2.9 million in 2Q2012 to S\$2.0 million in 2Q2013. The decrease was due to exchange gain of S\$230,000 in 2Q2013 as compared with exchange loss of S\$112,000 in 2Q2012. In addition, there was an amortisation of order backlog of S\$969,000 in 2Q2012.

As a result, the Group achieved profit before tax of S\$3.4 million for 2Q2013, as compared with S\$3.3 million for 2Q2012. After taking into account the tax expenses, the Group's net profit after tax remained flat at S\$2.6 million for 2Q2013.

1H2013 vs 1H2012

	Half Year ended		+ / (-) %
	30.06.2013 S\$'000	30.06.2012 S\$'000	
Residential property	27,921	14,131	97.6
Hospitality and commercial	44,019	48,307	(8.9)
Distribution	1,013	3,595	(71.8)
Total	72,953	66,033	10.5

The Group's revenue for 1H2013 increased by 10.5% to S\$73.0 million as compared with the revenue for 1H2012. The increase was mainly due to higher revenue contribution from the Residential property projects, offset by the decrease in Hospitality and commercial projects and Distribution projects completed during the period.

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The Group's gross margin for 1H2013 as compared with 1H2012 was lower, decreased from 21.6% for 1H2012 to 15.9% for 1H2013.

Other income decreased by 99.2% from S\$2.4 million in 1H2012 to S\$19,000 in 1H2013. In 1H2012, there was an S\$2.3 million gain on re-measurement of equity interest to fair value in relation to the acquisition of DDS Asia Holdings Pte Ltd.

For the 1H2013, marketing and distribution expenses increased by 12.1% to S\$3.0 million for 1H2013 as compared with S\$2.7 million in 1H2012. The increase was mainly due to increase in depreciation expenses incurred for the Huizhou showrooms, offset by the decrease in the exhibition expenses.

General and administrative expenses decreased from S\$6.1 million in 1H2012 to S\$4.2 million in 1H2013. The decrease was mainly due to exchange gain of S\$453,000 in 1H2013 as compared with exchange loss of S\$576,000 in 1H2012. In addition, there was an amortisation of order backlog of S\$1.6 million in 1H2012.

As a result, the Group achieved a lower profit before tax of S\$4.4 million for 1H2013, as compared with S\$7.9 million for 1H2012. After taking into account the tax expenses, the Group's net profit after tax was S\$3.3 million for 1H2013.

Balance Sheet (30 June 2013 vs 31 December 2012)

Inventories increased by S\$2.4 million [Note 1(b)(3)] mainly due to the increase in inventories in the Huizhou and Malaysia factories.

Contracts work-in-progress increased by S\$6.8 million to S\$13.9 million [Note 1(b)(4)] as at 30 June 2013. The increase was mainly due to costs incurred for local Residential property projects and Hospitality and commercial projects that were incomplete as at 30 June 2013.

Total trade receivables decreased by S\$2.2 million to S\$50.8 million [Note 1(b)(1)] as at 30 June 2013 as compared with 31 December 2012.

Other receivables and deposits decreased by S\$0.9 million to S\$9.5 million [Note 1(b)(1)]. The decrease was mainly due to other receivables in DS Huizhou and deposits from DDS Group.

Accrued operating expenses increased by S\$4.2 million to S\$26.2 million [Note 1(b)(5)]. The increase was mainly due to the accruals of project-related expenses, offset by the payment of bonus accrued as at 31 December 2012.

Cash Flow (2Q2013 vs 2Q2012)

For 2Q2013, there was cash inflow of S\$153,000. Cash generated from operating activities was used mainly for the payment of dividends.

1H2013 vs 1H2012

For 1H2013, there was cash outflow of S\$4.2 million. The cash outflow is mainly due to the payment of dividends.

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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

With the recent round of property cooling measures implemented by the Singapore government; uncertainty surrounding rising interest rates; tightening of foreign labour in Singapore; and minimum wages issues in Malaysia, the Group's operating environment to remain challenging and competitive in second half 2013. With these challenges going forward, we expect our margin to continue to be under pressure.

With the challenging operating environment, the Group will continue to further tighten costs and improve productivity and efficiency in its processes across all business units. Further, the Group intends to strengthen its human capital through training and talent development to ensure that employees are equipped with the necessary knowledge and technical skills to take its product offering and service delivery to the next level.

Despite the near term challenges in China such as slower economic growth and the local government's property cooling measures, the country remains a key market for the Group. With this outlook, Design Studio will take a measured and prudent approach to its China operations which will better position and enable the Group to tap into the diverse opportunities in the growing markets of China over the longer-term.

The Group remains well positioned with a healthy cash position of S\$22.6 million and robust order book of S\$288.1 million as of 2 August 2013. Barring any unforeseen circumstances, the Group expects to remain profitable for the financial year ending 2013.

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)	0.50 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)	0.75 cents per ordinary share
Tax rate	One-tier tax exempt

Date payable

6 September 2013

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Books closure date

NOTICE IS HEREBY GIVEN THAT the Transfer Books and the Register of Members of the Company will be closed on 23 August 2013 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 22 August 2013 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 22 August 2013 will be entitled to the interim dividend.

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

Not applicable

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 June 2013 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

2 August 2013

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 2013 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: 2 August 2013