



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 2016**

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		
		30.06.2016	30.06.2015	+ / (-)	30.06.2016	30.06.2015	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue		41,528	44,516	(6.7)	62,610	93,937	(33.3)
Cost of sales		(33,233)	(36,047)	(7.8)	(49,494)	(76,345)	(35.2)
Gross profit		8,295	8,469	(2.1)	13,116	17,592	(25.4)
Other income	1(a)(1)	31	-	N.M.	152	109	39.4
		8,326	8,469	(1.7)	13,268	17,701	(25.0)
Marketing and distribution expenses		(1,201)	(1,125)	6.8	(2,373)	(2,465)	(3.7)
General and administrative expenses		(1,923)	(2,585)	(25.6)	(3,470)	(5,149)	(32.6)
Profit from operations	1(a)(2)	5,202	4,759	9.3	7,425	10,087	(26.4)
Finance income	1(a)(3)	39	38	2.6	87	69	26.1
Profit before tax		5,241	4,797	9.3	7,512	10,156	(26.0)
Income tax expense	1(a)(4)	(872)	(506)	72.3	(1,233)	(1,303)	(5.4)
Profit net of tax		4,369	4,291	1.8	6,279	8,853	(29.1)
Profit attributable to:							
Owners of the Company		4,370	4,293		6,281	8,881	
Non-controlling interests		(1)	(2)		(2)	(28)	
		4,369	4,291		6,279	8,853	

N.M.: Not Meaningful

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Notes to Consolidated Income Statement

Note 1(a)(1) Other income

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2016	30.06.2015	+ / (-)	30.06.2016	30.06.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sundry income	31	-	N.M.	152	109	39.4

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

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2016	30.06.2015	+ / (-)	30.06.2016	30.06.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	903	1,013	(10.9)	1,843	2,108	(12.6)
Foreign exchange loss/ (gain), net	28	119	(76.5)	(232)	395	N.M.
Loss on disposal of property, plant and equipment	1	1	0.0	2	13	(84.6)
Amortisation of club membership	-	-		1	1	0.0

Note 1(a)(3) Finance income:

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2016	30.06.2015	+ / (-)	30.06.2016	30.06.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
- Cash and short-term deposits	39	38	2.6	87	69	26.1

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

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2016	30.06.2015	+ / (-)	30.06.2016	30.06.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	541	581	(6.9)	644	943	(31.7)
- over provision for prior year	-	(3)	N.M.	-	(72)	N.M.
Foreign						
- current year	343	(77)	N.M.	644	395	63.0
- under provision for prior year	-	5	N.M.	-	5	N.M.
	884	506	74.7	1,288	1,271	1.3
Deferred tax						
Singapore	(18)	-	N.M.	(52)	32	N.M.
Foreign	6	-	N.M.	(3)	-	N.M.
	872	506	72.3	1,233	1,303	(5.4)

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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	
		30.06.2016 S\$'000	31.12.2015 S\$'000	30.06.2016 S\$'000	31.12.2015 S\$'000
Non-current assets					
Property, plant and equipment		16,340	18,543	2,105	2,255
Investment in subsidiaries		-	-	41,372	41,359
Intangible assets	1(b)(2)	2,742	2,743	13	14
Deferred tax assets		375	321	252	257
Trade and other receivables	1(b)(1)	11,930	14,169	460	2,000
Current assets					
Inventories	1(b)(3)	14,414	13,690	-	-
Gross amount due from customers for contract work-in-progress	1(b)(4)	7,992	5,654	285	265
Trade and other receivables	1(b)(1)	43,115	36,358	4,062	3,162
Prepayments		857	2,228	38	22
Loan to a subsidiary		-	-	2,675	2,675
Tax recoverable		1,269	1,154	-	-
Cash and short-term deposits		40,536	54,107	3,715	12,361
		108,183	113,191	10,775	18,485
Current liabilities					
Trade and other payables	1(b)(5)	39,629	39,673	1,778	2,658
Provision for tax		2,519	2,748	97	248
		42,148	42,421	1,875	2,906
Net current assets		66,035	70,770	8,900	15,579
Net assets		97,422	106,546	53,102	61,464
Equity attributable to owners of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		65,147	74,268	20,370	28,732
		97,879	107,000	53,102	61,464
Non-controlling interests		(457)	(454)	-	-
Total equity		97,422	106,546	53,102	61,464

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Notes to Balance Sheets

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

	Group		Company	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables (non-current):				
<u>Trade receivables: Retention monies</u>				
Third parties	11,930	14,169	460	1,140
Subsidiary	-	-	-	860
	<u>11,930</u>	<u>14,169</u>	<u>460</u>	<u>2,000</u>
Trade and other receivables (current):				
Trade receivables	38,050	32,618	3,602	2,821
Other receivables and deposits	5,065	3,740	460	341
	<u>43,115</u>	<u>36,358</u>	<u>4,062</u>	<u>3,162</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	28,815	26,786	693	915
Retention monies	8,160	6,032	1,925	1,580
	<u>36,975</u>	<u>32,818</u>	<u>2,618</u>	<u>2,495</u>
Less: Allowance for doubtful receivables	(270)	(270)	-	-
	<u>36,705</u>	<u>32,548</u>	<u>2,618</u>	<u>2,495</u>
Movement in allowance accounts:				
At beginning of the year	270	-	-	-
Charge for the year	-	281	-	-
Write-off during the year	-	(11)	-	-
At end of the year	<u>270</u>	<u>270</u>	<u>-</u>	<u>-</u>
<u>Corporate shareholder:</u>				
Trade receivables	42	-	-	-
Retention monies	-	-	-	-
	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Related parties:</u>				
Trade receivables	1,303	70	-	-
Retention monies	-	-	-	-
	<u>1,303</u>	<u>70</u>	<u>-</u>	<u>-</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	524	282
Retention monies	-	-	460	44
	<u>-</u>	<u>-</u>	<u>984</u>	<u>326</u>
Total trade receivables (current)	<u>38,050</u>	<u>32,618</u>	<u>3,602</u>	<u>2,821</u>
Other receivables and deposits:				
Other receivables	1,012	1,071	65	65
Deposits	4,053	2,669	59	60
	<u>5,065</u>	<u>3,740</u>	<u>124</u>	<u>125</u>
Amount due from subsidiaries (non-trade)	-	-	336	216
	<u>5,065</u>	<u>3,740</u>	<u>460</u>	<u>341</u>

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Note 1(b)(2) Intangible assets

	Group		Company	
	30.06.2016 S\$'000	31.12.2015 S\$'000	30.06.2016 S\$'000	31.12.2015 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	(3,203)	(3,202)	(87)	(86)
Goodwill	2,729	2,729	-	-
	2,742	2,743	13	14

Note 1(b)(3) Inventories

	Group		Company	
	30.06.2016 S\$'000	31.12.2015 S\$'000	30.06.2016 S\$'000	31.12.2015 S\$'000
Raw materials, at cost	10,546	10,682	-	-
Work-in-progress, at cost	3,480	2,248	-	-
Finished goods, at cost	388	760	-	-
	14,414	13,690	-	-

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

	Group		Company	
	30.06.2016 S\$'000	31.12.2015 S\$'000	30.06.2016 S\$'000	31.12.2015 S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	364,976	431,328	119,530	157,044
Less: Progress billings	(356,984)	(425,674)	(119,245)	(156,779)
	7,992	5,654	285	265
Presented as:				
Gross amount due from customers for contract work	7,992	5,654	285	265

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

	Group		Company	
	30.06.2016 S\$'000	31.12.2015 S\$'000	30.06.2016 S\$'000	31.12.2015 S\$'000
Trade payables:				
Amount due to third parties	7,358	7,060	-	33
Amount due to subsidiaries	-	-	28	31
Amount due to a related party	22	-	-	-
Amount due to a corporate shareholder	141	148	-	-
Retention payables	7,289	7,479	472	705
	14,810	14,687	500	769
Other payables				
Non-trade payables due to a corporate shareholder	1,017	1,031	87	10
Accrued operating expenses	174	140	155	120
Deposits received	22,592	22,038	1,036	1,759
	1,036	1,777	-	-
	39,629	39,673	1,778	2,658

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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 30.06.2016		As at 31.12.2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.06.2016		As at 31.12.2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 30 June 2016, our Group's bank facilities were secured by the following:

- (i) corporate guarantees provided by the Company; and
- (ii) pledge of cash and short-term deposits of a subsidiary amounting to approximately S\$79,000 (31 December 2015: S\$232,000). The pledge was subsequently discharged in July 2016.

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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	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	5,241	4,797	7,512	10,156
Adjustments:				
Depreciation of property, plant and equipment	903	1,013	1,843	2,108
Loss on disposal of property, plant and equipment	1	1	2	13
Finance income	(39)	(38)	(87)	(69)
Amortisation of club membership	-	-	1	1
Currency translation difference	(180)	(287)	(398)	80
Operating profit before working capital changes	5,926	5,486	8,873	12,289
(Increase)/ decrease in:				
Inventories	406	23	(724)	2,125
Contract work-in-progress	1,303	1,601	(2,338)	3,222
Trade and other receivables	(13,426)	3,134	(4,619)	17,447
Prepayments	610	(874)	1,371	(670)
Increase/ (decrease) in:				
Trade and other payables	5,896	2,295	134	(9,494)
Cash flows from operations	715	11,665	2,697	24,919
Income taxes paid	(1,392)	(1,540)	(1,633)	(1,681)
Net cash flows (used in)/ from operating activities	(677)	10,125	1,064	23,238
Cash flows from investing activities				
Costs incurred for construction-in-progress	(285)	(62)	(470)	(81)
Finance income received	39	38	87	69
Proceeds from sale of property, plant and equipment	-	-	-	-
Purchase of property, plant and equipment	(133)	(222)	(159)	(311)
Net cash flows used in investing activities	(379)	(246)	(542)	(323)
Cash flows from financing activities				
Decrease/ (Increase) in cash and short-term deposits pledged	3	7	152	(148)
Dividends paid on ordinary shares by the Company	(13,664)	(15,616)	(13,664)	(15,616)
Net cash flows used in financing activities	(13,661)	(15,609)	(13,512)	(15,764)
Net (decrease)/ increase in cash and cash equivalents	(14,717)	(5,730)	(12,990)	7,151
Effect of exchange rate changes on cash and cash equivalents	(441)	(120)	(428)	(303)
Cash and cash equivalents at beginning of the period	55,615	61,012	53,875	48,314
Cash and cash equivalents at end of the period (Note A)	40,457	55,162	40,457	55,162

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Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.06.2016 S\$'000	30.06.2015 S\$'000
Cash at banks and on hand	38,423	48,630
Fixed deposits	2,113	6,770
Cash and short-term deposits	40,536	55,400
Less: Cash and short-term deposits pledged	(79)	(238)
Cash and cash equivalents	40,457	55,162

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		
	30.06.2016 S\$'000	30.06.2015 S\$'000	+ / (-) %	30.06.2016 S\$'000	30.06.2015 S\$'000	+ / (-) %
Profit net of tax	4,369	4,291	1.8	6,279	8,853	(29.1)
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	(1,095)	(698)	56.9	(1,738)	(108)	1,509.3
Total comprehensive income	3,274	3,593	(8.9)	4,541	8,745	(48.1)

Total comprehensive income attributable to:

Equity holders of the Company	3,275	3,597	4,544	8,773
Non-controlling interests	(1)	(4)	(3)	(28)
	3,274	3,593	4,541	8,745

(B) Statements of Changes in Equity

Group

	Attributable to Equity holders of the Company				Non-controlling interests S\$'000	Total Equity S\$'000
	Share capital	Revenue reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
2016						
Balance at 1 January 2016	32,732	73,623	645	107,000	(454)	106,546
Total comprehensive income for 1H2016	-	6,281	(1,738)	4,543	(3)	4,540
Dividends on ordinary shares	-	(13,664)	-	(13,664)	-	(13,664)
Balance at 30 June 2016	32,732	66,240	(1,093)	97,879	(457)	97,422
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	32,732	68,880	1,398	103,010	(452)	102,558

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

<u>Company</u>	<u>Share capital</u> <u>S\$'000</u>	<u>Revenue reserve</u> <u>S\$'000</u>	<u>Total</u> <u>S\$'000</u>
2016			
Balance at 1 January 2016	32,732	28,732	61,464
Total comprehensive income for 1H2016	-	5,302	5,302
Dividends on ordinary shares	-	(13,664)	(13,664)
Balance at 30 June 2016	<u>32,732</u>	<u>20,370</u>	<u>53,102</u>
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>

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 2015 and 30 June 2016	<u>260,264,171</u>	<u>32,732</u>

There were no changes in the share capital of the company in the 2nd quarter of 2016.

There were no outstanding convertible securities as at 30 June 2015 and 30 June 2016.

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 2016, 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.

	30.06.2016	31.12.2015
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 2016 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 2015, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2016. 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 2016. 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
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Improvements to the Financial Reporting Standards (November 2014)	1 January 2016
Amendments to FRS 1: Disclosure Initiative	1 January 2016

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	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
(a) Based on weighted average number of ordinary shares in issue	1.68 cents	1.65 cents	2.41 cents	3.41 cents
(b) On fully diluted basis	1.68 cents	1.65 cents	2.41 cents	3.41 cents

The basic earnings per ordinary share for the second quarter ended 30 June 2016 is calculated by dividing the 2nd quarter profit attributable to shareholders of S\$4.4 million (30 June 2015: S\$4.3 million) by the weighted average number of 260,264,171 (30 June 2015: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the half year ended 30 June 2016 is calculated by dividing the half year profit attributable to shareholders of S\$6.3 million (30 June 2015: S\$8.9 million) by the weighted average number of 260,264,171 (30 June 2015: 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 30.06.2016	Company 30.06.2016
Net asset value per ordinary share for the period based on existing issued share capital as at 30 June 2016 of 260,264,171 ordinary shares	37.43 cents	20.40 cents

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

	Group 31.12.2015	Company 31.12.2015
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2015 of 260,264,171 ordinary shares	40.94 cents	23.62 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

2Q2016 vs 2Q2015

	2nd Quarter ended		+ / (-) %
	30.06.2016 S\$'000	30.06.2015 S\$'000	
Residential property	19,681	19,676	0.0
Hospitality and commercial	21,847	24,637	(11.3)
Distribution	-	203	(100.0)
Total	41,528	44,516	(6.7)

For 2Q2016, the Group's revenue decreased by 6.7% to S\$41.5 million as compared with revenue for 2Q2015 as a result of decrease in contribution from Hospitality and commercial segment. During the quarter, fewer projects were completed as compared with 2Q2015.

The gross margin increased from 19.0% in 2Q2015 to 20.0% for 2Q2016, as a result of higher margins recorded in projects completed during the quarter.

Marketing and distribution expenses increased by 6.8% to S\$1.2 million in 2Q2016. The increase was mainly due to increase in staff costs.

General and administrative expenses decreased from S\$2.6 million in 2Q2015 to S\$1.9 million in 2Q2016. The decrease was mainly due to the global executive search fees in relation to the search of the new CEO in 1H2015, and lower foreign exchange loss.

As a result, the Group achieved higher profit before tax of S\$5.2 million for 2Q2016, an increase of 9.3% as compared with S\$4.8 million for 2Q2015. After taking into account tax expenses, the Group's net profit after tax was S\$4.4 million for 2Q2016.

1H2016 vs 1H2015

	Half Year ended		+ / (-) %
	30.06.2016 S\$'000	30.06.2015 S\$'000	
Residential property	29,862	43,711	(31.7)
Hospitality and commercial	32,674	49,988	(34.6)
Distribution	74	238	(68.9)
Total	62,610	93,937	(33.3)

The Group's revenue for 1H2016 decreased by 33.3% to S\$62.6 million as compared with the revenue for 1H2015. The decrease was a result of decrease in contribution from all segments.

The gross margin increased from 18.7% in 1H2015 to 20.9% for 1H2016, as a result of higher margins recorded in projects completed during the half year.

For 1H2016, marketing and distribution expenses decreased by 3.7% to S\$2.4 million as compared with S\$2.5 million in 1H2015. The decrease was mainly due to reduction in depreciation and entertainment expenses, offset by the increase in staff cost.

General and administrative expenses decreased from S\$5.1 million in 1H2015 to S\$3.5 million in 1H2016. The decrease was mainly due to exchange gain in 1H2016 as compared with an exchange loss in 1H2015, reduction in staff cost and the global executive search fees in relation to the search of the new CEO in 2015.

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As a result, the Group achieved a lower profit before tax of S\$7.5 million for 1H2016, as compared with S\$10.2 million for 1H2015. After taking into account the tax expenses, the Group's net profit after tax was S\$6.3 million for 1H2016.

Balance Sheet (30 June 2016 vs 31 December 2015)

Property, plant and equipment decreased by S\$2.2 million mainly due to depreciation charges, offset by the purchase of equipment and construction-in-progress during the period.

Contracts work-in-progress increased by S\$2.3 million to S\$8.0 million [Note 1(b)(4)] as at 30 June 2016. The increase was due to higher amount of work in progress pending certification by client as at 30 June 2016.

Non-current trade receivables decreased by S\$2.2 million to S\$11.9 million [Note 1(b)(1)] as at 30 June 2016 due to movement of retention sums.

Total current trade receivables increased to S\$38.1 million [Note 1(b)(1)] as at 30 June 2016 as compared with S\$32.6 million as at 31 December 2015. The increase was due to slower collection of retention sum, as well as longer credit terms for some new contracts.

Other receivables and deposits increased by S\$1.3 million to S\$5.1 million [Note 1(b)(1)]. The increase was mainly due to deposits made to suppliers and subcontractors for new projects

Cash Flow

2Q2016 vs 2Q2015

For 2Q2016, there was net cash outflow of S\$14.7 million. The cash outflow is mainly due to the payment of dividends in May 2016.

1H2016 vs 1H2015

For 1H2016, there was net cash outflow of S\$13.0 million. The cash outflow is mainly due to the payment of dividends in May 2016, slightly offset by cash inflow from operating activities.

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

The Group's performance is in line with the commentary previously disclosed in the results announcement for the period ended 31 March 2016, via SGXNET.

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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

The Group secured 24 contracts worth S\$127 million over the past seven months, strengthening our order book to S\$230 million as at the date of this announcement.

We expect the operating environment in our key markets to remain challenging and competitive for 2H2016. We maintain focus on Singapore and Malaysia as our core markets, while continuing to grow the China and International markets. We will also continue to enhance our relationships with our business partners and customers to sustain recurring revenues. We continue to focus on operational and cost efficiencies and will remain vigilant of risks that could impact our business.

The Group remains well-positioned to engage current market conditions with a strong balance sheet and a healthy cash position of S\$40.5 million as at 30 June 2016.

Barring any unforeseen circumstances, we expect to remain profitable in FY2016.

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

Date payable

8 September 2016

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 2016 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 2016 will be registered to determine shareholders' entitlements to the interim dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 22 August 2016 will be entitled to the interim dividend.

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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

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 2016 pursuant to Rule 920(1)(a)(ii) of the Listing Manual:

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Depa Interiors LLC & its associates	Nil	Nil

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

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

BY ORDER OF THE BOARD

Hazel Chia
Company Secretary

Date: 4 August 2016

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 2016 to be false or misleading in any material respect.

ON BEHALF OF BOARD OF DIRECTORS

Name: Ku Wei Siong
Director

Name: Kelly Ng Chai Choey
Director

Date: 4 August 2016