



Design Studio Group Ltd

(Previously known as "Design Studio Furniture Manufacturer Ltd")

(Incorporated in Singapore)

(Registration Number: 199401553D)

3rd Quarter and 9 Months Financial Statements And Dividend Announcement For The Period Ended 30 September 2014

Design Studio Group Ltd
(Registration Number: 199401553D)

3rd Quarter and 9 Months 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							
		3rd Quarter ended			9 Months ended				
		30.09.2014	30.09.2013	+ / (-)	30.09.2014	30.09.2013	+ / (-)		
		%	S\$'000	S\$'000	%				
Revenue			44,220	41,728	6.0		101,947	114,681	(11.1)
Cost of sales			(34,456)	(34,992)	(1.5)		(78,006)	(96,380)	(19.1)
Gross profit			9,764	6,736	45.0		23,941	18,301	30.8
Other income	1(a)(1)		25	17	47.1		119	36	230.6
			9,789	6,753	45.0		24,060	18,337	31.2
Marketing and distribution expenses			(1,510)	(1,387)	8.9		(4,289)	(4,376)	(2.0)
General and administrative expenses			(2,389)	(2,208)	8.2		(7,088)	(6,366)	11.3
Profit from operations	1(a)(2)		5,890	3,158	86.5		12,683	7,595	67.0
Finance income	1(a)(3)		7	2	250.0		32	4	700.0
Profit before tax			5,897	3,160	86.6		12,715	7,599	67.3
Tax expense	1(a)(4)		(836)	(844)	(0.9)		(1,605)	(1,982)	(19.0)
Profit net of tax			5,061	2,316	118.5		11,110	5,617	97.8
Profit attributable to:									
Equity holders of the Company			5,067	2,330			11,131	5,689	
Non-controlling interests			(6)	(14)			(21)	(72)	
			5,061	2,316			11,110	5,617	

N.M.: Not Meaningful

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Notes to Consolidated Income Statement

Note 1(a)(1) Other income

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2014	30.09.2013	+ / (-)	30.09.2014	30.09.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sundry income	25	17	47.1	119	36	230.6

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

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2014	30.09.2013	+ / (-)	30.09.2014	30.09.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	1,066	1,187	(10.2)	3,331	3,395	(1.9)
Foreign exchange (gain)/ loss, net	(94)	247	N.M.	290	(206)	N.M.
(Gain)/ Loss on disposal of property, plant and equipment	(14)	1	N.M.	(34)	(18)	88.9
Interest accretion	1	(26)	N.M.	23	(79)	N.M.
Amortisation of club membership	1	2	(50.0)	4	5	(20.0)
Impairment loss on club membership	-	-	N.M.	18	-	N.M.
Impairment loss on doubtful receivables	-	-	N.M.	-	440	N.M.

Note 1(a)(3) Finance income:

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2014	30.09.2013	+ / (-)	30.09.2014	30.09.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
- Cash and short-term deposits	7	2	250.0	32	4	700.0

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

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2014	30.09.2013	+ / (-)	30.09.2014	30.09.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	705	453	55.6	1,600	906	76.6
- over provision for prior year	-	-	N.M.	(43)	-	N.M.
Foreign						
- current year	169	370	(54.3)	269	1,041	(74.2)
- over provision for prior year	(11)	(19)	(42.1)	(11)	(13)	(15.4)
	<u>863</u>	<u>804</u>	<u>7.3</u>	<u>1,815</u>	<u>1,934</u>	<u>(6.2)</u>
Deferred tax						
Singapore						
	-	(5)	N.M.	14	6	133.3
Foreign						
	(27)	45	N.M.	(224)	42	N.M.
	<u>836</u>	<u>844</u>	<u>(0.9)</u>	<u>1,605</u>	<u>1,982</u>	<u>(19.0)</u>

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

Balance Sheets

	Note	Group		Company	
		30.09.2014 S\$'000	31.12.2013 S\$'000	30.09.2014 S\$'000	31.12.2013 S\$'000
Non-current assets					
Property, plant and equipment		21,593	24,697	2,752	4,125
Investment in subsidiaries		-	-	42,132	42,743
Intangible assets	1(b)(2)	2,756	2,778	27	49
Deferred tax assets		180	61	61	61
Trade and other receivables	1(b)(1)	10,828	8,180	4,692	5,699
Prepayments		201	201	-	-
Current assets					
Inventories	1(b)(3)	19,143	14,774	-	1,823
Gross amount due from customers for contract work-in-progress	1(b)(4)	11,732	6,394	965	2,926
Trade and other receivables	1(b)(1)	46,385	53,147	15,112	32,314
Prepayments		1,880	1,531	362	936
Loan to subsidiaries		-	-	12,090	2,000
Tax recoverable		1,911	539	-	-
Cash and short-term deposits		21,827	44,877	5,194	11,478
		102,878	121,262	33,723	51,477
Current liabilities					
Trade and other payables	1(b)(5)	37,010	49,435	10,399	21,867
Provision for tax		1,798	2,170	606	1,178
		38,808	51,605	11,005	23,045
Net current assets		64,070	69,657	22,718	28,432
Non-current liabilities					
Deferred tax liabilities		5	97	-	-
Net assets		99,623	105,477	72,382	81,109
Equity attributable to equity holders of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		67,311	73,145	39,650	48,377
		100,043	105,877	72,382	81,109
Non-controlling interests		(420)	(400)	-	-
Total equity		99,623	105,477	72,382	81,109

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Notes to Balance Sheets

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

	Group		Company	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables (non-current):				
<u>Trade receivables: Retention monies</u>				
Third parties	10,828	8,009	3,617	4,726
Corporate shareholder	-	171	-	171
Subsidiaries	-	-	1,075	802
	<u>10,828</u>	<u>8,180</u>	<u>4,692</u>	<u>5,699</u>
Trade and other receivables (current):				
Trade receivables	36,969	44,643	9,312	24,698
Other receivables and deposits	9,416	8,504	5,800	7,616
	<u>46,385</u>	<u>53,147</u>	<u>15,112</u>	<u>32,314</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	31,844	32,843	4,902	15,517
Retention monies	5,291	11,621	2,431	5,126
	<u>37,135</u>	<u>44,464</u>	<u>7,333</u>	<u>20,643</u>
Less: Allowance for doubtful receivables	(440)	(440)	(440)	(440)
	<u>36,695</u>	<u>44,024</u>	<u>6,893</u>	<u>20,203</u>
Movement in allowance accounts:				
At beginning of the year	440	-	440	-
Charge for the year	-	440	-	440
At end of the year	<u>440</u>	<u>440</u>	<u>440</u>	<u>440</u>
<u>Corporate shareholder:</u>				
Trade receivables	274	448	274	448
Retention monies	-	171	-	171
	<u>274</u>	<u>619</u>	<u>274</u>	<u>619</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	1,855	2,887
Retention monies	-	-	290	989
	<u>-</u>	<u>-</u>	<u>2,145</u>	<u>3,876</u>
Total trade receivables (current)	<u>36,969</u>	<u>44,643</u>	<u>9,312</u>	<u>24,698</u>
Other receivables and deposits:				
Other receivables	3,470	4,554	69	74
Deposits	5,946	3,950	68	227
	<u>9,416</u>	<u>8,504</u>	<u>137</u>	<u>301</u>
Amount due from subsidiaries (non-trade)	-	-	5,757	7,409
Less: Allowance for doubtful receivables	-	-	(94)	(94)
	<u>9,416</u>	<u>8,504</u>	<u>5,800</u>	<u>7,616</u>

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Note 1(b)(2) Intangible assets

	Group		Company	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	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	(18)	-	(18)	-
	3,226	3,244	110	128
Less: Accumulated amortisation	(3,199)	(3,195)	(83)	(79)
Goodwill	2,729	2,729	-	-
	<u>2,756</u>	<u>2,778</u>	<u>27</u>	<u>49</u>

Note 1(b)(3) Inventories

	Group		Company	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	13,076	11,428	-	1,105
Work-in-progress, at cost	3,643	2,468	-	211
Finished goods, at cost	2,424	878	-	507
	<u>19,143</u>	<u>14,774</u>	<u>-</u>	<u>1,823</u>

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

	Group		Company	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	377,377	418,019	258,580	292,144
Less: Progress billings	(365,645)	(411,625)	(257,615)	(289,218)
	<u>11,732</u>	<u>6,394</u>	<u>965</u>	<u>2,926</u>
Presented as:				
Gross amount due from customers for contract work	<u>11,732</u>	<u>6,394</u>	<u>965</u>	<u>2,926</u>

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

	Group		Company	
	30.09.2014	31.12.2013	30.09.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	9,824	8,414	988	3,525
Amount due to subsidiaries	-	-	1,489	6,001
Amount due to a corporate shareholder	116	141	-	-
Retention payables	6,531	7,529	1,204	1,283
	<u>16,471</u>	<u>16,084</u>	<u>3,681</u>	<u>10,809</u>
Other payables	1,806	1,885	92	430
Non-trade payables due to a corporate shareholder	52	18	28	-
Accrued operating expenses	17,093	28,575	4,843	10,062
Deposits received	1,588	2,873	1,755	566
	<u>37,010</u>	<u>49,435</u>	<u>10,399</u>	<u>21,867</u>

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

Amount repayable in one year or less, or on demand

As at 30.09.2014		As at 31.12.2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.09.2014		As at 31.12.2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 30 September 2014, 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\$92,000 (31 December 2013: S\$92,000); and
- (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			
	3rd Quarter ended		9 Months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	5,897	3,160	12,715	7,599
Adjustments:				
Impairment loss on doubtful receivables	-	-	-	440
Depreciation of property, plant and equipment	1,066	1,187	3,331	3,395
(Gain)/ loss on disposal of property, plant and equipment	(14)	1	(34)	(18)
Finance income	(7)	(2)	(32)	(4)
Amortisation of club membership	1	2	4	5
Impairment loss on club membership	-	-	18	-
Interest accretion	1	(26)	23	(79)
Currency translation difference	54	(225)	111	(308)
Operating profit before working capital changes	6,998	4,097	16,136	11,030
(Increase)/ decrease in:				
Inventories	910	1,713	(4,369)	(652)
Contract work-in-progress	(889)	(757)	(5,338)	(7,578)
Trade and other receivables	(8,512)	6,880	4,083	9,601
Prepayments	277	(345)	(349)	(879)
Increase/ (decrease) in:				
Trade and other payables	1,878	(3,261)	(12,417)	2,097
Cash flows from/ (used in) operations	662	8,327	(2,254)	13,619
Income taxes paid	(1,417)	(955)	(3,560)	(3,227)
Net cash flows (used in)/ from operating activities	(755)	7,372	(5,814)	10,392
Cash flows from investing activities				
Costs incurred for construction-in-progress	-	-	-	(19)
Finance income received	7	2	32	4
Proceeds from sale of property, plant and equipment	27	-	64	26
Purchase of property, plant and equipment	(133)	(141)	(415)	(923)
Net cash flows used in investing activities	(99)	(139)	(319)	(912)

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Consolidated Statement of Cash Flows (cont'd)

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Decrease in fixed deposits pledged	-	10	-	1,988
Dividends paid on ordinary shares by the Company	(1,301)	(1,301)	(16,917)	(9,760)
Net cash flows used in financing activities	(1,301)	(1,291)	(16,917)	(7,772)
Net (decrease)/ increase in cash and cash equivalents	(2,155)	5,942	(23,050)	1,708
Cash and cash equivalents at beginning of the period	23,890	22,615	44,785	26,849
Cash and cash equivalents at end of the period (Note A)	21,735	28,557	21,735	28,557

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.09.2014	30.09.2013
	S\$'000	S\$'000
Cash at banks and on hand	21,022	25,345
Fixed deposits	805	3,470
Cash and short-term deposits	21,827	28,815
Less: Cash and short-terms deposits pledged	(92)	(258)
Cash and cash equivalents	21,735	28,557

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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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(A) Consolidated Statement of Comprehensive Income

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2014 S\$'000	30.09.2013 S\$'000	+ / (-) %	30.09.2014 S\$'000	30.09.2013 S\$'000	+ / (-) %
Profit net of tax	5,061	2,316	118.5	11,110	5,617	97.8
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	601	(272)	N.M.	(47)	622	N.M.
Total comprehensive income	<u>5,662</u>	<u>2,044</u>	<u>177.0</u>	<u>11,063</u>	<u>6,239</u>	<u>77.3</u>
Total comprehensive income attributable to:						
Equity holders of the Company	5,667	2,060		11,083	6,308	
Non-controlling interests	(5)	(16)		(20)	(69)	
	<u>5,662</u>	<u>2,044</u>		<u>11,063</u>	<u>6,239</u>	

(B) Statement of Changes in Equity

Group	Attributable to Equity holders of 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				
2014								
Balance at 1 January 2014	32,732	71,950	1,195	105,877		(400)	105,477	
Total comprehensive income for 9M2014	-	11,131	(48)	11,083		(20)	11,063	
Dividends on ordinary shares	-	(16,917)	-	(16,917)		-	(16,917)	
Balance at 30 September 2014	<u>32,732</u>	<u>66,164</u>	<u>1,147</u>	<u>100,403</u>		<u>(420)</u>	<u>99,623</u>	
2013								
Balance at 1 January 2013	32,732	69,765	268	102,765		(314)	102,451	
Total comprehensive income for 9M2013	-	5,689	619	6,308		(69)	6,239	
Dividends on ordinary shares	-	(9,760)	-	(9,760)		-	(9,760)	
Balance at 30 September 2013	<u>32,732</u>	<u>65,694</u>	<u>887</u>	<u>99,313</u>		<u>(383)</u>	<u>98,930</u>	

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

<u>Company</u>	Share capital	Revenue reserves	Total
	S\$'000	S\$'000	S\$'000
2014			
Balance at 1 January 2014	32,732	48,377	81,109
Total comprehensive income for 9M2014	-	8,190	8,190
Dividends on ordinary shares	-	(16,917)	(16,917)
Balance at 30 September 2014	<u>32,732</u>	<u>39,650</u>	<u>72,382</u>
2013			
Balance at 1 January 2013	32,732	44,132	76,864
Total comprehensive income for 9M2013	-	6,595	6,595
Dividends on ordinary shares	-	(9,760)	(9,760)
Balance at 30 September 2013	<u>32,732</u>	<u>40,967</u>	<u>73,699</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 2013 and 30 September 2014	<u>260,264,171</u>	<u>32,732</u>

There were no outstanding convertible securities as at 31 December 2013 and 30 September 2014.

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 September 2014, 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.

	30.09.2014	31.12.2013
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 September 2014 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 2013, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2014. 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 2014. 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 revised FRS that are relevant to the Group:

Description	Effective for annual periods beginning on or after
FRS 27 (Revised) <i>Separate Financial Statements</i>	1 January 2014
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</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			
	3rd Quarter ended		9 Months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
(a) Based on weighted average number of ordinary shares in issue	1.95 cents	0.90 cents	4.28 cents	2.19 cents
(b) On fully diluted basis	1.95 cents	0.90 cents	4.28 cents	2.19 cents

The basic earnings per ordinary share for the third quarter ended 30 September 2014 is calculated by dividing the 3rd quarter profit attributable to shareholders of S\$5.1 million (30 September 2013: S\$2.3 million) by the weighted average number of 260,264,171 (30 September 2013: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the nine months ended 30 September 2014 is calculated by dividing the nine months profit attributable to shareholders of S\$11.1 million (30 September 2013: S\$5.7 million) by the weighted average number of 260,264,171 (30 September 2013: 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 30.09.2014	Company 30.09.2014
Net asset value per ordinary share for the period based on existing issued share capital as at 30 September 2014 of 260,264,171 ordinary shares	38.28 cents	27.81 cents

(2) Immediately preceding financial year

	Group 31.12.2013	Company 31.12.2013
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2013 of 260,264,171 ordinary shares	40.53 cents	31.16 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

3Q2014 vs 3Q2013

	3rd Quarter ended		+ / (-) %
	30.09.2014 S\$'000	30.09.2013 S\$'000	
Residential property	25,604	19,224	33.2
Hospitality and commercial	18,524	22,262	(16.8)
Distribution	92	242	(62.0)
Total	44,220	41,728	6.0

For 3Q2014, the Group's revenue increased by 6.0% to S\$44.2 million as compared with the revenue for 3Q2013 as a result of the increase in Residential property projects completed during the quarter. It is partially offset by lower revenue contribution from the Hospitality and commercial projects and Distribution projects.

The gross margin increased from 16.1% in 3Q2013 to 22.1% for 3Q2014. The improvement was due to higher margins recorded for projects completed during the quarter as a result of improved cost efficiencies achieved by the Group's production facility in China.

Marketing and distribution expenses increased by 8.9% to S\$1.5 million in 3Q2014, due to higher showroom expenses in China and higher staff cost.

General and administrative expenses increased from S\$2.2 million in 3Q2013 to S\$2.4 million in 3Q2014. The increase was due to an increase in staff cost, offset by an exchange gain of \$94,000 in the quarter.

As a result, the Group achieved higher profit before tax of S\$5.9 million for 3Q2014, an increase of 86.6% as compared with S\$3.2 million for 3Q2013. After taking into account tax expenses, the Group's net profit after tax was S\$5.1 million for 3Q2014.

9M2014 vs 9M2013

	9 Months ended		+ / (-) %
	30.09.2014 S\$'000	30.09.2013 S\$'000	
Residential property	55,883	47,145	18.5
Hospitality and commercial	45,897	66,281	(30.8)
Distribution	167	1,255	(86.7)
Total	101,947	114,681	(11.1)

The Group's revenue for 9M2014 decreased by 11.1% to S\$101.9 million as compared with the revenue for 9M2013. The decrease was mainly due to fewer Hospitality and commercial projects and Distribution projects completed during the period.

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The Group's gross margin for 9M2014 was higher as compared with 9M2013, increased from 16.0% for 9M2013 to 23.5% for 9M2014. The improvement was due to higher margins recorded for projects completed during 9M2014 as a result of improved cost efficiencies achieved by the Group's production facility in China.

For 9M2014, marketing and distribution expenses decreased marginally by 2.0% to S\$4.3 million as compared with S\$4.4 million in 9M2013. The decrease was mainly due to reduction in staff costs and travelling expenses as a result of lower headcount.

General and administrative expenses increased from S\$6.4 million in 9M2013 to S\$7.1 million in 9M2014 as a result of exchange loss and increase in staff cost. There was an exchange loss of S\$290,000 in 9M2014 as compared with exchange gain of S\$206,000 in 9M2013.

As a result, the Group achieved a higher profit before tax of S\$12.7 million for 9M2014, as compared with S\$7.6 million for 9M2013. After taking into account the tax expenses, the Group's net profit after tax was S\$11.1 million for 9M2014.

Balance Sheet (30 September 2014 vs 31 December 2013)

Property, plant and equipment decreased by S\$3.1 million mainly due to depreciation charges, offset by the purchase of plant and equipment during the period.

Inventories increased by S\$4.4 million as a result of higher level of raw materials purchased for ongoing projects.

Contracts work-in-progress increased by S\$5.3 million to S\$11.7 million [Note 1(b)(4)] as at 30 September 2014. The increase was due to the work in progress yet to be certified by clients.

Total current trade receivables decreased to S\$37.0 million [Note 1(b)(1)] as at 30 September 2014 as compared with S\$44.6 million as at 31 December 2013. The decrease was in line with the lower revenue recorded in 3Q2014 compared with 4Q2013.

Other receivables and deposits increased by S\$912,000 to S\$9.4 million [Note 1(b)(1)]. The increase was mainly due to deposits paid to suppliers and subcontractors.

Accrued operating expenses decreased by S\$11.5 million to S\$17.1 million [Note 1(b)(5)]. The decrease was mainly due to lower accruals made on project costs and payment of bonus.

Cash Flow

3Q2014 vs 3Q2013

For 3Q2014, there was cash outflow of S\$2.2 million. The cash outflow is mainly due to the operating activities and payment of dividends.

9M2014 vs 9M2013

For 9M2014, there was cash outflow of S\$23.1 million. The cash outflow is mainly due to the operating activities and 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

The Group's performance is in line with the commentary previously disclosed in the results announcement via SGXNET for the half year ended 30 June 2014.

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 property cooling measures implemented by regulators in the markets in which the Group operates, namely, Singapore, Malaysia and China have continued to weaken the demand of residential property market, which will likely lead to lesser projects available for award. This may lead to greater competition and may affect our ability to secure new projects. In addition, the dampening of the property market together with the tightening of foreign labour supply particularly in Singapore will slow down the realisation of our order book on hand.

Barring any unforeseen circumstances, the Group will continue to leverage on the manufacturing capability of its China production facility to achieve better costs efficiency and expect to deliver better results in FY2014 compared with FY2013 despite the challenging operating environments.

11. Dividend

(1) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(2) Corresponding Period of the immediately Preceding Financial Year

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

Nil

Date payable

Not applicable

Books closure date

Not applicable

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

No interim dividend has been declared/ recommended for 3Q ended 30 September 2014.

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

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

Not applicable

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

Not applicable

15. A breakdown of sales

Not applicable

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

Not applicable

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

Aggregate value of transactions conducted pursuant to the general mandate for interested persons transactions for the 3 months period ended 30 September 2014 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

Date: 13 November 2014

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 9 months ended 30 September 2014 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: 13 November 2014