



Design Studio Group Ltd

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

Unaudited Half Year Financial Statements And Dividend Announcement For The Period Ended 30 June 2021

Unaudited Half Year Financial Statements and Dividend Announcement

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

1(a) Income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Group		
	Half year ended		
	30.06.2021	30.06.2020	+ / (-)
	S\$'000	S\$'000	%
<u>Continuing operations</u>			
Revenue	1,335	12,129	(89.0)
Other items of income			
Other income	36	947	(96.2)
Interest income	1	8	(87.5)
	<u>1,372</u>	<u>13,084</u>	<u>(89.5)</u>
Items of expenses			
Change in inventories of finished goods and work in progress	-	-	-
Raw materials and consumables used	(1,008)	(4,086)	(75.3)
Subcontractors costs	(3,283)	(7,545)	(56.5)
Employee benefits	(3,034)	(6,501)	(53.3)
Depreciation and amortisation expenses	(813)	(900)	(9.7)
Finance costs	(1,362)	(931)	46.3
Impairment loss on financial assets and contract assets	(8,719)	(1,099)	>100
Reversal of impairment loss on financial assets	6,464	3,302	95.8
Write off of financial assets	-	(9)	NM
Impairment loss on goodwill	-	-	-
Other expenses	(7,510)	(5,545)	35.4
Loss before tax from continuing operations	<u>(17,892)</u>	<u>(10,230)</u>	<u>74.9</u>
Income tax (expenses) / credit	(1,573)	(14)	>100
Loss after tax from continuing operations	<u>(19,465)</u>	<u>(10,244)</u>	<u>90</u>
<u>Discontinued operations</u>			
Profit from discontinued operations	(1)	131	>100
Loss for the period	<u>(19,466)</u>	<u>(10,113)</u>	<u>92.5</u>
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax	(19,417)	(10,219)	90
Loss from discontinued operations, net of tax	(1)	131	>100
Loss	<u>(19,418)</u>	<u>(10,088)</u>	<u>92.5</u>
Non-controlling interest			
Loss from continuing operations, net of tax	(48)	(25)	92.0
Loss from discontinued operations, net of tax	-	-	-
	<u>(48)</u>	<u>(25)</u>	<u>92.0</u>

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Loss after tax	(19,465)	(10,113)	92.5
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	766	286	>100
Total comprehensive loss	<u>(18,699)</u>	<u>(9,827)</u>	<u>90.3</u>
Attributable to:			
Owner of the Company			
Total comprehensive loss from continuing operations, net of tax	(18,650)	(9,933)	87.8
Total comprehensive loss from discontinued operations, net of tax	(1)	131	>100
Total comprehensive loss	<u>(18,651)</u>	<u>(9,802)</u>	<u>90.4</u>
Non-controlling interest			
Total comprehensive loss from continuing operations, net of tax	(48)	(25)	92.0
Total comprehensive loss from discontinued operations, net of tax	-	-	-
	<u>(48)</u>	<u>(25)</u>	<u>92.0</u>

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

Balance Sheets

		Group		Company	
		30.06.2021	31.12.2020	30.06.2021	31.12.2020
Note		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment		3,664	4,530	2,071	2,489
Investment in subsidiaries		-	-	16,931	16,931
Intangible assets	1(b)(1)	-	-	-	-
Deferred tax assets		295	295	295	295
Trade and other receivables	1(b)(2)	1,533	2,484	-	-
Total non-current assets		5,492	7,309	19,297	19,715
Current assets					
Inventories	1(b)(3)	108	108	-	-
Assets held for sales		35	35	-	-
Contract assets	1(b)(4)	5,153	15,363	-	-
Trade and other receivables	1(b)(2)	15,150	16,734	4,648	4,284
Prepayments		612	198	67	9
Loans to subsidiaries		-	-	6,167	6,605
Tax recoverable		811	651	-	-
Cash and short-term deposits		3,591	1,374	84	45
Total current assets		25,461	34,463	10,966	10,943
Current liabilities					
Trade and other payables	1(b)(5)	70,359	67,880	10,155	7,503
Loan from a related company		10,460	6,400	-	-
Deferred income	1(b)(4)	-	-	-	-
Contract liabilities		11,626	10,878	-	-
Lease liabilities		156	219	-	42
Provisions		1,225	1,382	-	-
Borrowings		23,814	22,891	-	-
Provision for tax		32	31	-	-
Total current liabilities		117,672	109,681	10,155	7,545
Net current assets		(92,211)	(75,218)	811	3,398
Non-current liabilities					
Deferred tax liabilities		30	30	-	-
Loan from a related company		-	-	-	-
Lease liabilities		727	838	406	410
Total non-current liabilities		757	868	406	410
		(87,476)	(68,777)	20,156	22,703
Net assets					
Equity attributable to owners of the Company					
Share capital		32,732	32,732	32,732	32,732
Retained profits		(117,511)	(98,094)	(13,026)	(10,029)
Capital reserves		(146)	(146)	-	-
Translation reserve		(968)	(1,668)	(4)	-
		(85,893)	(67,176)	19,702	22,703
Non-controlling interests		(1,583)	(1,601)	-	-
Total equity		(87,476)	(68,777)	19,702	22,703

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Notes to Statement of Financial Position

Note 1(b)(1) Intangible assets

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Club membership	128	128	128	128
Less: Write off of intangible asset	(22)	(22)	(22)	(22)
Less: Accumulated amortisation	(106)	(106)	(106)	(106)
	-	-	-	-
Goodwill	2,729	2,729	-	-
Less: Impairment loss	(2,279)	(2,279)	-	-
	-	-	-	-

Note 1(b)(2) Trade and other receivables

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables (non-current):				
Retention monies				
- Third parties	1,833	2,784	-	-
- Immediate holding company	-	-	-	-
	1,833	2,784	-	-
Less: Loss allowance	(300)	(300)	-	-
	1,533	2,484	-	-
Trade receivables (current):				
Retention monies				
- Third parties	2,035	2,495	-	-
Trade receivables				
- Third parties	13,629	14,413	99	33
- Immediate holding company	3,453	3,732	-	-
- Related companies	514	-	-	-
- Subsidiary	-	-	-	-
	19,673	20,640	99	33
Less: Loss allowance	(11,066)	(11,065)	-	-
	8,566	9,575	99	33
Other receivables and deposits	8,698	10,651	108	73
Less: Loss allowance	(2,152)	(3,528)	-	-
	6,546	7,123	108	73
Amount due from a related company	39	36	28	28
Amount due from subsidiaries (non-trade)	-	-	4,414	4,150
Total	15,150	16,734	4,649	4,284
Movement in allowance accounts:				
At beginning of the year	14,893	7,004	-	-
Charge for the year	726	10,301	-	-
Write-back during the year	(1,966)	(2,411)	-	-
Write-off during the year	-	10	-	-
Currency translation difference	(94)	(11)	-	-
At end of the year	13,559	14,893	-	-

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Note 1(b)(3) Inventories

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials	108	108	-	-
Work-in-progress	-	-	-	-
Finished goods	-	-	-	-
	<u>108</u>	<u>108</u>	<u>-</u>	<u>-</u>

Note 1(b)(4) Contract assets and contract liabilities

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Contract revenue	18,070	22,859	-	-
Less: Loss allowance	(12,917)	(7,496)	-	-
Total contract assets	<u>5,153</u>	<u>15,363</u>	<u>-</u>	<u>-</u>
Contract revenue	3,282	2,213	-	-
Advance payment from customers	8,344	8,665	-	-
Total contract liabilities	<u>11,626</u>	<u>10,878</u>	<u>-</u>	<u>-</u>
Net contract assets	<u>(6,473)</u>	<u>4,485</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	22,238	19,912	-	-
Amount due to subsidiaries	-	-	56	-
Amount due to related companies	1,308	506	-	-
Amount due to immediate holding company	4,033	4,323	435	428
Retention payables	8,566	8,699	-	-
Accrued contract costs	22,460	26,767	-	-
	<u>60,605</u>	<u>60,207</u>	<u>491</u>	<u>428</u>
Other payables	2,880	2,895	841	1,031
Amount due to a subsidiary	-	-	5,258	2,957
Amount due to a related company	3,242	2,769	2,555	2,343
Accrued operating expenses	3,632	2,099	1,011	744
	<u>70,359</u>	<u>67,880</u>	<u>10,156</u>	<u>7,503</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 30.06.2021		As at 31.12.2020	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	23,814	-	22,891

Amount repayable after one year

As at 30.06.2021		As at 31.12.2020	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	-	-

Details of any collateral

As at 30 June 2021, the Group's bank facilities were secured by the corporate guarantees provided by the Company. Certain bank facilities of a subsidiary were also secured by a charge against certain projects receivables of the subsidiary as well as corporate guarantee provided by immediate holding company.

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1(c) 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	
	Half Year ended	
	30.06.2021	30.06.2020
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/ profit before tax	(17,892)	(10,099)
Adjustments:		
Depreciation of property, plant and equipment	814	1,545
(Gain)/loss on disposal of property, plant and equipment		(8)
Finance expenses	1,362	945
Interest income	(1)	(8)
Amortisation of club membership	-	-
Reversal of impairment loss on club membership	-	-
Reversal of impairment loss on financial assets and contract assets	(7,383)	(3,302)
Impairment loss on property, plant and equipment	-	-
Impairment loss on financial assets	647	960
Impairment loss on contract assets	8,991	139
Impairment loss on intangible assets	-	-
Impairment loss on assets held for sale	-	-
Inventories written off	-	-
Inventories written down, net	-	-
(Gain)/loss on disposal of assets held for sale	-	(5)
Intangible assets written off	-	-
Financial assets written off	-	9
Property, plant and equipment written off	-	-
Operating loss before working capital changes	(13,462)	(9,824)
Decrease/ (increase) in:		
Inventories	-	(412)
Net contract assets/liabilities	8,075	7,042
Trade and other receivables	3,935	4,528
Prepayments	(414)	370
Increase/ (decrease) in:		
Trade and other payables	2,322	(3,489)
	456	(1,785)
Cash flows from operations		
Finance expenses paid	(350)	(908)
Income taxes refund	(160)	777
Income taxes paid	(1,571)	-
Net cash flows (used in)/ generated from operating activities	(1,625)	(1,916)
Cash flows from investing activities		
Costs incurred for construction-in-progress	-	-
Dilution of interest in a subsidiary	-	-
Interest income received	1	8
Proceeds from sale of property, plant and equipment	-	233
Purchase of property, plant and equipment	-	(45)
Assets held for sales	-	-
Net cash flows generated from/(used in) investing activities	1	196

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Consolidated Statement of Cash Flows (cont'd)

	Group	
	Half Year ended	
	30.06.2021	30.06.2020
	S\$'000	S\$'000
Cash flows from financing activities		
Decrease/ (increase) in fixed deposits pledged	-	-
Proceeds from bank borrowings	-	313
Repayment of bank borrowings	(489)	(5,660)
Repayment of finance lease liabilities	(175)	(456)
Increase in lease liabilities	-	-
Increase in lease liabilities due to adoption of SFRS(I) 16	-	-
Interest paid on lease liabilities	(81)	(37)
Proceeds of loan from a related company	4,060	-
Reclassification of MOKK bond payment to overdraft	-	-
Bond called	-	-
Net cash flows generated from/ (used in) financing activities	3,315	(5,840)
Net (decrease)/ increase in cash and cash equivalents	1,691	(7,560)
Effect of exchange rate changes on cash and cash equivalents	45	8
Cash and cash equivalents at beginning of the period	(11,752)	147
Cash and cash equivalents at end of the period (Note A)	(10,016)	(7,405)

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.06.2021	30.06.2020
	S\$'000	S\$'000
Cash at banks and on hand	3,591	3,786
Fixed deposits	-	-
Cash and short-term deposits	3,591	3,786
Less: Cash and short-term deposits pledged	(13,607)	(11,191)
Cash and cash equivalents	(10,016)	(7,405)

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1(d)(i) 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.

Statement of Changes in Equity

Group	Attributable to owners of the Company						
	Share capital	Revenue reserve	Translation reserve	Capital reserve	Total	Non-controlling interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2021							
Balance as at 31 December 2020	32,732	(98,094)	(1,668)	(146)	(67,176)	(1,601)	(68,777)
Loss after tax	-	(19,417)	-	-	(19,417)	(48)	(19,465)
Other comprehensive loss for the year	-	-	700	-	700	66	766
Total comprehensive loss for the year	-	(19,417)	700	-	(18,717)	18	(18,699)
Balance at 30 June 2021	32,732	(117,511)	(968)	(146)	(85,893)	(1,583)	(87,476)
2020							
Balance as at 31 December 2019	32,732	(48,691)	(2,299)	(146)	(18,404)	(1,540)	(19,942)
Adoption of SFRS(I) 16	-	-	-	-	-	-	(2)
Balance at 1 January 2020, after adoption of SFRS(I)	32,732	(48,691)	(2,299)	(146)	(18,404)	(1,540)	(19,944)
Loss after tax	-	(10,088)	-	-	(10,088)	(25)	(10,113)
Other comprehensive loss for the year	-	-	286	-	286	-	286
Total comprehensive loss for the year	-	(10,088)	286	-	(9,802)	(25)	(9,827)
Balance at 30 June 2020	32,732	(58,779)	(2,013)	(146)	(28,206)	(1,565)	(29,771)

Company	Share capital S\$'000	Revenue reserve S\$'000	Total S\$'000
2021			
Balance at 1 January 2021	32,732	(10,029)	22,703
Loss after tax, representing total comprehensive loss for the year	-	(3,000)	(3,000)
Balance at 30 June 2021	32,732	(13,029)	19,703
2020			
Balance at 1 January 2020	32,732	18,473	51,205
Adoption of SFRS(I) 16	-	-	-
Balance at 1 January 2019, after adoption of SFRS(I)	32,732	18,473	51,205
Loss after tax, representing total comprehensive loss for the year	-	(2,195)	(2,195)
Balance at 30 June 2020	32,732	16,278	49,010

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 30 June 2021 and 31 December 2020	260,264,171	32,732

There were no changes in the share capital of the company in the 1st half of 2021.

There were no outstanding convertible securities as at 30 December 2020 and 30 June 2021.

There were no treasury shares and subsidiary holdings as at 31 December 2020 and 30 June 2021.

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 2021, 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.

	30.06.2021	31.12.2020
Total number of shares (excluding treasury shares)	260,264,171	260,264,171

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

There were no sales, transfers, cancellation and/or use of treasury shares as at 30 June 2021 as the Company does not have any treasury shares.

1(d)(v) Statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 June 2021.

- 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.**

Except as disclosed in Note 5 below, 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 2018.

- 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.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial information for the current period as compared with the audited financial statements as at 31 December 2018 except for the adoption of SFRS(I) 16, *Leases*.

SFRS(I) 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group has applied the standard from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases have been measured on transition as if the new rules had always been applied. All other right-of-use assets have been measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The impact of adoption of SFRS(I) equivalent of IFRS 16 has been disclosed in the Statements of Changes in Equity.

- 6. (Loss)/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)

	Continued Operations	
	Half Year ended	
	30.06.2021	30.06.2020
(a) Based on weighted average number of ordinary shares in issue (cents)	(7.46)	(3.93)
(b) On fully diluted basis (cents)	(7.46)	(3.93)

	Discontinued Operations	
	Half Year ended	
	30.06.2021	30.06.2020
(a) Based on weighted average number of ordinary shares in issue (cents)	-	(0.05)
(b) On fully diluted basis (cents)	-	(0.05)

The basic earnings per ordinary share for the 1st Half ended 30 June 2021 is calculated by dividing the 1st Half loss attributable to shareholders of S\$19.42 million (30 June 2020: loss attributable to shareholders of S\$10.1 million) by the weighted average number of 260,264,171 (30 June 2020: 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 30.06.2021	Company 30.06.2021
Net asset value per ordinary share for the period based on existing issued share capital of 260,264,171 ordinary shares as at 30 June 2021 (cents)	(33.00)	7.57

(2) Immediately preceding financial year

	Group 31.12.2020	Company 31.12.2020
Net asset value per ordinary share for the period based on existing issued share capital of 260,264,171 ordinary shares as at 31 December 2020 (cents)	(25.81)	8.72

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

1HY2021 vs 1HY2020

For HY2021, the Group's revenue decreased by 89% to S\$1.3 million as compared S\$12.1 million in HY2020 mainly due to lower revenue recorded by Singapore, Malaysia, international and the ceasing of operations of manufacturing activities.

As compared to HY2020, subcontractor costs, employee benefit, raw materials and consumables used decreased by S\$4.3 million, S\$3.5 million and S\$3.1 million respectively in line with the reduction in revenue during the period. The subcontractor costs decreased from S\$7.6 million to S\$3.3 million in HY2021. The employee benefit decreased from S\$6.5 million to S\$3.0 million in HY2021. Costs for raw materials and consumables decreased from S\$4.1 million to S\$1.0 million in HY2021.

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Finance cost increased from S\$0.9 million to S\$1.4 million mainly due to higher borrowings and loan from a related company.

Impairment loss on financial assets and contract assets increased by S\$7.6 million to S\$8.7 million in HY2021 as compared to S\$1.1 million in HY2020. The impairment loss in 1HY2021 was mainly attributed to Myanmar as a result of a project suspension by the client.

Reversal of impairment loss on financial assets and contract assets increased by S\$3.2 million to S\$6.4 million in 1HY2020 mainly attributable to Singapore BU, International BU and Manufacturing BU.

Other expenses increased by S\$2.0 million to S\$7.5 million in HY2021 as compared to S\$5.5 million in HY2020. Other expenses consist mainly of operating expenses, professional and legal expenses. The increase relates partly to creditor scheme related costs.

Income tax expenses increased from S\$0.01 to S\$1.6 million in HY2021 due to notices of assessment based on estimations by the tax authorities in Singapore. In the absence of audited financial statements for FY2019, the Singapore registered companies failed to file orderly tax returns.

Overall the Group recorded loss after tax and non-controlling interest of S\$19.5 million due to lower revenue, reduction in estimated project margins as a results of higher than expected project cost including defects and provision for foreseeable loss for certain projects, and impairment loss on financial assets and contract assets and creditor scheme related costs, as compare to loss after tax and non-controlling interest of S\$10.1 million in HY2020.

Balance Sheet as at 30 June 2021 ("1HY2021") vs as at 31 December 2020 ("FY2020")

Property, plant and equipment decreased from S\$4.5 million to S\$3.7 million due mainly to depreciation charged for the financial period from January to June 2021.

Net contract assets decreased by S\$10.2 million to S\$5.2 million, mainly due to reduction in business volume all over the group.

Total trade and other receivables decreased by S\$1.0 million to S\$1.5 million, mainly due generally lower business volume over the group and successful collection of ageing overdue.

Trade and other payables increased by S\$2.5 million from S\$67.9 million to S\$70.4 million. The increase relates mainly to late certifications for works done to creditors in the scheme.

Deferred income mainly due to government grants in relation to Covid-19 received by Singapore BU.

Total lease liabilities decreased by S\$0.063 million to S\$0.2 million due to realization of lease expense.

Provisions increased by S\$0.2 million to S\$1.2 million from S\$1.4 million mainly due to realization/adjustment of provision made for onerous contracts by Singapore BU in 1HY2021.

Borrowings increased from S\$22.9 million to S\$23.8 million in 1HY2021 mainly due to charged costs related to earlier borrowings and bonds called by client subsequent to the financial year ended 31 December 2020.

Cash Flow (1HY2021 vs 1HY2020)

For 1HY2021, there was net cash inflow of S\$1.7 million. The cash inflow was mainly due to net cash used in operating activities of S\$1.6 million and net cash generated from financing activities of S\$3.3 million respectively.

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

The company has not made any forecast or prospect statement previously.

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 operating environment for the construction and interior fit-out industry in the countries and sectors where the Group operates has been and is expected to continue to be challenging. The challenges faced by the Group has resulted in reductions in the Group's revenue and estimated project margins as a result of higher than expected project costs, which has had an adverse effect on the Group's business and led to liquidity shortages across the Group. These challenging conditions were further exacerbated by the outbreak of the COVID-19 pandemic globally since early 2020, and still continues.

In light of the operational, business and financial challenges faced by the Group, in January 2020, the Group decided to commence and court supervised restructuring processes in Singapore and Malaysia. The restructuring processes in Singapore and Malaysia were commenced with the view of providing sufficient time and breathing space for the Group to continue its business operations in the ordinary course, and to work with key stakeholders and advisors to pursue the restructuring process, which includes discussions with the Group's lenders and customers, and potential asset divestments to increase efficiency and productivity, and manage costs. Details of the restructuring efforts of the Group are set out in various specifically related announcements.

The restructuring efforts of the Group remain ongoing. The Group has proposed a 'pre-pack' scheme of arrangement pursuant to section 71 of the Insolvency, Restructuring and Dissolution Act (Act No 40 of 2018, Singapore) through DSG Asia Holdings Pte Ltd (the "New Creditor Scheme") on 8 March 2021. The proposed New Creditor Scheme was approved by the requisite majority of the creditors. As announced on 17 August 2021, the General Division of the High Court of Singapore declined the Group's application for sanction of the New Creditor Scheme at a hearing on 13 August 2021. The Group intends to appeal the decision of the General Division of the High Court of Singapore and will seek the sanction of the New Creditor Scheme from the Court of Appeal of Singapore (the "Appeal Proceedings"). Pending the Appeal Proceedings, the General Division of the High Court of Singapore has ordered that the Singapore Moratorium will remain in place. The Group is encouraged by the extension of the moratorium in Singapore pending the Appeal Proceedings, as it reflects the support of the restructuring efforts of the Group and recognizes the novel and technical legal issues that have arisen in the proceedings.

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

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

No dividend has been declared/ recommended for the half year ended 30 June 2021 in view of the losses recorded by the Group.

13. Aggregate Value of Transactions under Rule 920(1)(a)(ii) OF THE LISTING MANUAL

Aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the 6 months period ended 30 June 2021 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 United Group PJSC	S\$170,687	-
Depa Interiors LLC	-	-

14. Confirmation under Rule 705(5) of the Listing Manual

The Board of Directors hereby confirms that to the best of their knowledge nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the six months ended 30 June 2021 to be false or misleading in any material aspect.

15. 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

Steven James Salo
Executive Director and Interim Chief Executive Officer

Date: 26 August 2021