



Design Studio Group Ltd

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

**3rd Quarter and 9 Months Financial Statements
And Dividend Announcement
For The Period Ended
30 September 2016**

Design Studio Group Ltd
(Registration Number: 199401553D)

3rd Quarter and 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		
		30.09.2016	30.09.2015	+ / (-)	30.09.2016	30.09.2015	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue		43,545	31,940	36.3	106,155	125,877	(15.7)
Cost of sales		(33,478)	(25,748)	30.0	(82,972)	(102,093)	(18.7)
Gross profit		10,067	6,192	62.6	23,183	23,784	(2.5)
Other income	1(a)(1)	18	37	(51.4)	170	146	16.4
		10,085	6,229	61.9	23,353	23,930	(2.4)
Marketing and distribution expenses		(1,630)	(972)	67.7	(4,003)	(3,437)	16.5
General and administrative expenses		(2,273)	(2,350)	(3.3)	(5,743)	(7,499)	(23.4)
Profit from operations	1(a)(2)	6,182	2,907	112.7	13,607	12,994	4.7
Finance income	1(a)(3)	34	40	(15.0)	121	109	11.0
Profit before tax		6,216	2,947	110.9	13,728	13,103	4.8
Income tax expense	1(a)(4)	(1,259)	(551)	128.5	(2,492)	(1,854)	34.4
Profit net of tax		4,957	2,396	106.9	11,236	11,249	(0.1)
Profit attributable to:							
Owners of the Company		4,957	2,397		11,238	11,278	
Non-controlling interests		-	(1)		(2)	(29)	
		4,957	2,396		11,236	11,249	

N.M.: Not Meaningful

Design Studio Group Ltd
(Registration Number: 199401553D)

Notes to Consolidated Income Statement

Note 1(a)(1) Other income

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2016	30.09.2015	+ / (-)	30.09.2016	30.09.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sundry income	18	37	(51.4)	170	146	16.4

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

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2016	30.09.2015	+ / (-)	30.09.2016	30.09.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	939	985	(4.7)	2,782	3,093	(10.1)
Foreign exchange loss/ (gain), net	37	446	(91.7)	(195)	841	N.M.
Loss on disposal of property, plant and equipment	71	-	N.M.	73	13	461.5
Amortisation of club membership	1	1	0.0	2	2	0.0

Note 1(a)(3) Finance income:

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2016	30.09.2015	+ / (-)	30.09.2016	30.09.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
- Cash and short-term deposits	34	40	(15.0)	121	109	11.0

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

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2016	30.09.2015	+ / (-)	30.09.2016	30.09.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	663	723	(8.3)	1,307	1,666	(21.5)
- (over)/ under provision for prior year	(4)	1	N.M.	(4)	(71)	(94.4)
Foreign						
- current year	611	(134)	N.M.	1,255	261	380.8
- under provision for prior year	3	1	200.0	3	6	(50.0)
	<u>1,273</u>	<u>591</u>	<u>115.4</u>	<u>2,561</u>	<u>1,862</u>	<u>37.5</u>
Deferred tax						
Singapore	(17)	(40)	(57.5)	(69)	(8)	762.5
Foreign	3	-	N.M.	-	-	N.M.
	<u>1,259</u>	<u>551</u>	<u>128.5</u>	<u>2,492</u>	<u>1,854</u>	<u>34.4</u>

Design Studio Group Ltd
(Registration Number: 199401553D)

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

Balance Sheets

	Note	Group		Company	
		30.09.2016 S\$'000	31.12.2015 S\$'000	30.09.2016 S\$'000	31.12.2015 S\$'000
Non-current assets					
Property, plant and equipment		15,503	18,543	2,031	2,255
Investment in subsidiaries		-	-	41,373	41,359
Intangible assets	1(b)(2)	2,741	2,743	12	14
Deferred tax assets		390	321	262	257
Trade and other receivables	1(b)(1)	13,487	14,169	462	2,000
Current assets					
Inventories	1(b)(3)	14,446	13,690	-	-
Gross amount due from customers for contract work-in-progress	1(b)(4)	7,075	5,654	294	265
Trade and other receivables	1(b)(1)	49,070	36,358	3,927	3,162
Prepayments		1,799	2,228	63	22
Loan to a subsidiary		-	-	2,675	2,675
Tax recoverable		1,247	1,154	-	-
Cash and short-term deposits		42,844	54,107	12,225	12,361
		116,481	113,191	19,184	18,485
Current liabilities					
Trade and other payables	1(b)(5)	47,395	39,673	1,696	2,658
Provision for tax		2,093	2,748	11	248
		49,488	42,421	1,707	2,906
Net current assets		66,993	70,770	17,477	15,579
Net assets		99,114	106,546	61,617	61,464
Equity attributable to owners of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		66,838	74,268	28,885	28,732
		99,570	107,000	61,617	61,464
Non-controlling interests		(456)	(454)	-	-
Total equity		99,114	106,546	61,617	61,464

Design Studio Group Ltd
(Registration Number: 199401553D)

Notes to Balance Sheets

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

	Group		Company	
	30.09.2016	31.12.2015	30.09.2016	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	13,487	14,169	-	1,140
Subsidiary	-	-	462	860
	<u>13,487</u>	<u>14,169</u>	<u>462</u>	<u>2,000</u>
Trade and other receivables (current):				
Trade receivables	43,945	32,618	3,734	2,821
Other receivables and deposits	5,125	3,740	193	341
	<u>49,070</u>	<u>36,358</u>	<u>3,927</u>	<u>3,162</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	33,759	26,786	711	915
Retention monies	8,607	6,032	1,925	1,580
	<u>42,366</u>	<u>32,818</u>	<u>2,636</u>	<u>2,495</u>
Less: Allowance for doubtful receivables	(270)	(270)	-	-
	<u>42,096</u>	<u>32,548</u>	<u>2,636</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	899	-	-	-
Retention monies	-	-	-	-
	<u>899</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Related parties:</u>				
Trade receivables	950	70	-	-
Retention monies	-	-	-	-
	<u>950</u>	<u>70</u>	<u>-</u>	<u>-</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	636	282
Retention monies	-	-	462	44
	<u>-</u>	<u>-</u>	<u>1,098</u>	<u>326</u>
Total trade receivables (current)	<u>43,945</u>	<u>32,618</u>	<u>3,734</u>	<u>2,821</u>
Other receivables and deposits:				
Other receivables	906	1,071	64	65
Deposits	4,219	2,669	61	60
	<u>5,125</u>	<u>3,740</u>	<u>125</u>	<u>125</u>
Amount due from subsidiaries (non-trade)	-	-	68	216
	<u>5,125</u>	<u>3,740</u>	<u>193</u>	<u>341</u>

Design Studio Group Ltd
(Registration Number: 199401553D)

Note 1(b)(2) Intangible assets

	Group		Company	
	30.09.2016 S\$'000	31.12.2015 S\$'000	30.09.2016 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	(3,204)	(3,202)	(88)	(86)
Goodwill	2,729	2,729	-	-
	2,741	2,743	12	14

Note 1(b)(3) Inventories

	Group		Company	
	30.09.2016 S\$'000	31.12.2015 S\$'000	30.09.2016 S\$'000	31.12.2015 S\$'000
Raw materials, at cost	10,463	10,682	-	-
Work-in-progress, at cost	3,524	2,248	-	-
Finished goods, at cost	459	760	-	-
	14,446	13,690	-	-

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

	Group		Company	
	30.09.2016 S\$'000	31.12.2015 S\$'000	30.09.2016 S\$'000	31.12.2015 S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	403,388	431,328	116,375	157,044
Less: Progress billings	(396,313)	(425,674)	116,081	(156,779)
	7,075	5,654	294	265
Presented as:				
Gross amount due from customers for contract work	7,075	5,654	294	265

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

	Group		Company	
	30.09.2016 S\$'000	31.12.2015 S\$'000	30.09.2016 S\$'000	31.12.2015 S\$'000
Trade payables:				
Amount due to third parties	6,941	7,060	7	33
Amount due to subsidiaries	-	-	30	31
Amount due to related parties	200	-	-	-
Amount due to a corporate shareholder	321	148	-	-
Retention payables	7,403	7,479	398	705
	14,865	14,687	435	769
Other payables				
Non-trade payables due to a corporate shareholder	1,007	1,031	64	10
Non-trade payables due to related parties	-	20	-	-
Accrued operating expenses	203	120	184	120
Deposits received	29,233	22,038	1,013	1,759
	2,087	1,777	-	-
	47,395	39,673	1,696	2,658

Design Studio Group Ltd (Registration Number: 199401553D)

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

Amount repayable in one year or less, or on demand

As at 30.09.2016		As at 31.12.2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.09.2016		As at 31.12.2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 30 September 2016, our Group's bank facilities were secured by corporate guarantees provided by the Company.

Design Studio Group Ltd
(Registration Number: 199401553D)

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Cash Flows

	Group			
	3rd Quarter ended 30.09.2016 S\$'000	30.09.2015 S\$'000	9 Months ended 30.09.2016 S\$'000	30.09.2015 S\$'000
Cash flows from operating activities				
Profit before tax	6,216	2,947	13,728	13,103
Adjustments:				
Depreciation of property, plant and equipment	939	985	2,782	3,093
Loss on disposal of property, plant and equipment	71	-	73	13
Finance income	(34)	(40)	(121)	(109)
Amortisation of club membership	1	1	2	2
Currency translation difference	(43)	(81)	(441)	(1)
Operating profit before working capital changes	7,150	3,812	16,023	16,101
(Increase)/ decrease in:				
Inventories	(32)	(1,025)	(756)	1,100
Contract work-in-progress	917	427	(1,421)	3,649
Trade and other receivables	(7,670)	6,753	(12,289)	24,200
Prepayments	(942)	(1,568)	429	(2,238)
Increase/ (decrease) in:				
Trade and other payables	7,809	(2,102)	7,943	(11,596)
Cash flows from operations	7,232	6,297	9,929	31,216
Income taxes paid	(1,690)	(1,489)	(3,323)	(3,170)
Net cash flows from operating activities	5,542	4,808	6,606	28,046
Cash flows from investing activities				
Costs incurred for construction-in-progress	(35)	-	(505)	(81)
Finance income received	34	40	121	109
Proceeds from sale of property, plant and equipment	-	-	-	-
Purchase of property, plant and equipment	(75)	(36)	(234)	(347)
Net cash flows (used in)/ from investing activities	(76)	4	(618)	(319)
Cash flows from financing activities				
Decrease/ crease in cash and short-term deposits pledged	79	4	231	(144)
Dividends paid on ordinary shares by the Company	(3,253)	(3,253)	(16,917)	(18,869)
Net cash flows used in financing activities	(3,174)	(3,249)	(16,686)	(19,013)
Net increase/ (decrease) in cash and cash equivalents	2,292	1,563	(10,698)	8,714
Effect of exchange rate changes on cash and cash equivalents	95	(576)	(333)	(879)
Cash and cash equivalents at beginning of the period	40,457	55,162	53,875	48,314
Cash and cash equivalents at end of the period (Note A)	42,844	56,149	42,844	56,149

Design Studio Group Ltd
(Registration Number: 199401553D)

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.09.2016 S\$'000	30.09.2015 S\$'000
Cash at banks and on hand	37,744	47,385
Fixed deposits	5,100	8,998
Cash and short-term deposits	42,844	56,383
Less: Cash and short-term deposits pledged	-	(234)
Cash and cash equivalents	42,844	56,149

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					
	3rd Quarter ended			9 Months ended		
	30.09.2016 S\$'000	30.09.2015 S\$'000	+ / (-) %	30.09.2016 S\$'000	30.09.2015 S\$'000	+ / (-) %
Profit net of tax	4,957	2,396	106.9	11,236	11,249	(0.1)
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	(13)	(288)	(95.5)	(1,751)	(396)	342.2
Total comprehensive income	4,944	2,108	134.5	9,485	10,853	(12.6)

Total comprehensive income attributable to:

Owners of the Company	4,943	2,109	9,487	10,882
Non-controlling interests	1	(1)	(2)	(29)
	4,944	2,108	9,485	10,853

(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 S\$'000	Revenue reserve S\$'000	Other reserves S\$'000	Total S\$'000		
2016						
Balance at 1 January 2016	32,732	73,623	645	107,000	(454)	106,546
Total comprehensive income for 9M2016	-	11,238	(1,751)	9,487	(2)	9,485
Dividends on ordinary shares	-	(16,917)	-	(16,917)	-	(16,917)
Balance at 30 September 2016	32,732	67,944	(1,106)	99,570	(456)	99,114
2015						
Balance at 1 January 2015	32,732	75,615	1,506	109,853	(424)	109,429
Total comprehensive income for 9M2015	-	11,278	(396)	10,882	(29)	10,853
Dividends on ordinary shares	-	(18,869)	-	(18,869)	-	(18,869)
Balance at 30 September 2015	32,732	68,024	1,110	101,866	(453)	101,413

Design Studio Group Ltd
(Registration Number: 199401553D)

(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 9M2016	-	17,070	17,070
Dividends on ordinary shares	-	(16,917)	(16,917)
Balance at 30 September 2016	<u>32,732</u>	<u>28,885</u>	<u>61,617</u>
2015			
Balance at 1 January 2015	32,732	39,930	72,662
Total comprehensive income for 9M2015	-	8,076	8,076
Dividends on ordinary shares	-	(18,869)	(18,869)
Balance at 30 September 2015	<u>32,732</u>	<u>29,137</u>	<u>61,869</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 September 2016	<u>260,264,171</u>	<u>32,732</u>

There were no changes in the share capital of the company in the 3rd quarter of 2016.

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

	30.09.2016	31.12.2015
Total number of shares (excluding treasury shares)	260,264,171	260,264,171

Design Studio Group Ltd (Registration Number: 199401553D)

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 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.

Design Studio Group Ltd
(Registration Number: 199401553D)

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: -**

- (a) **Based on weighted average number of ordinary shares on issue**
(b) **Based on fully diluted basis (detailing any adjustments made to the earnings)**

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
(a) Based on weighted average number of ordinary shares in issue	1.90 cents	0.92 cents	4.32 cents	4.33 cents
(b) On fully diluted basis	1.90 cents	0.92 cents	4.32 cents	4.33 cents

The basic earnings per ordinary share for the third quarter ended 30 September 2016 is calculated by dividing the 3rd quarter profit attributable to shareholders of S\$5.0 million (30 September 2015: S\$2.4 million) by the weighted average number of 260,264,171 (30 September 2015: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the nine months ended 30 September 2016 is calculated by dividing the nine months profit attributable to shareholders of S\$11.2 million (30 September 2015: S\$11.2 million) by the weighted average number of 260,264,171 (30 September 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 30.09.2016	Company 30.09.2016
Net asset value per ordinary share for the period based on existing issued share capital as at 30 September 2016 of 260,264,171 ordinary shares	38.08 cents	23.68 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

Design Studio Group Ltd
(Registration Number: 199401553D)

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Group Performance

3Q2016 vs 3Q2015

	3rd Quarter ended		+ / (-) %
	30.09.2016 S\$'000	30.09.2015 S\$'000	
Residential property	17,695	11,440	54.7
Hospitality and commercial	25,850	20,468	26.3
Distribution	-	32	N.M.
Total	43,545	31,940	36.3

For 3Q2016, the Group's revenue increased by 36.3% to S\$43.5 million as compared with revenue for 3Q2015 as a result of increase in contribution from the Residential property and Hospitality and commercial segment. During the quarter, more projects were completed as compared with 3Q2015.

The gross margin increased from 19.4% in 2Q2015 to 23.1% for 3Q2016, as a result of higher margins recorded in projects completed during the quarter.

Marketing and distribution expenses increased from \$1.0 million in 3Q2015 to S\$1.6 million in 3Q2016, mainly due to increase in staff costs and showroom depreciation expenses.

General and administrative expenses decreased marginally from S\$2.4 million in 3Q2015 to S\$2.3 million in 3Q2016. The decrease was mainly due to lower foreign exchange loss, offset by the increase in staff cost.

As a result, the Group achieved higher profit before tax of S\$6.2 million for 3Q2016, an increase of 110.9% as compared with S\$2.9 million for 3Q2015. After taking into account tax expenses, the Group's net profit after tax was S\$5.0 million for 3Q2016.

9M2016 vs 9M2015

	9 Months ended		+ / (-) %
	30.09.2016 S\$'000	30.09.2015 S\$'000	
Residential property	47,557	55,151	(13.8)
Hospitality and commercial	58,524	70,456	(16.9)
Distribution	74	270	(72.6)
Total	106,155	125,877	(15.7)

The Group's revenue for 9M2016 decreased by 15.7% to S\$106.2 million as compared with the revenue for 9M2015. The decrease was a result of decrease in contribution from all segments.

The gross margin increased from 18.9% in 9M2015 to 21.8% for 9M2016, as a result of higher margins recorded in projects completed during the half year.

For 9M2016, marketing and distribution expenses increased by 16.5% to S\$4.0 million as compared with S\$3.4 million in 9M2015, mainly due to increase in staff cost.

General and administrative expenses decreased from S\$7.5 million in 9M2015 to S\$5.7 million in 9M2016. The decrease was mainly due to exchange gain in 9M2016 as compared with an exchange loss in 9M2015, reduction in staff cost and the global executive search fees in relation to the search of the new CEO in 2015.

As a result, the Group achieved a higher profit before tax of S\$13.7 million for 9M2016, as compared with S\$13.1 million for 9M2015. After taking into account the tax expenses, the Group's net profit after tax was S\$11.2 million for 9M2016.

Design Studio Group Ltd

(Registration Number: 199401553D)

Balance Sheet (30 September 2016 vs 31 December 2015)

Property, plant and equipment decreased by S\$3.0 million mainly due to depreciation charges, offset by the purchase of equipment and construction-in-progress during the period.

Inventories increased by S\$0.8 million to S\$14.4 million as a result of higher level of raw materials purchased for ongoing projects.

Contracts work-in-progress increased by S\$1.4 million to S\$7.1 million [Note 1(b)(4)] as at 30 September 2016. The increase was due to higher amount of work in progress pending certification by client as at 30 September 2016.

Non-current trade receivables decreased by S\$0.7 million to S\$13.5 million [Note 1(b)(1)] as at 30 September 2016 due to movement of retention sums.

Total current trade receivables increased to S\$43.9 million [Note 1(b)(1)] as at 30 September 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\$1.4 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

Accrued operating expense increased by S\$7.2 million to S\$29.2 million as at 30 September as compared with S\$22.0 million as at 31 December 2015 mainly due to project-related accruals.

Cash Flow

3Q2016 vs 3Q2015

For 3Q2016, there was net cash inflow of S\$2.3 million. Cash flows from operating activities is partially offset by the payment of dividends in September 2016.

9M2016 vs 9M2015

For 9M2016, there was net cash outflow of S\$10.7 million. The cash outflow is mainly due to the payment of dividends in 9M2016, offset by cash flow 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 30 June 2016, via SGXNET.

Design Studio Group Ltd

(Registration Number: 199401553D)

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

We expect the operating environment in our key markets to remain challenging and competitive for the next 12 months.

The Group secured 40 new projects worth S\$178.9 million to date in FY2016, bringing our order book to S\$242.1 million as at 30 September 2016.

Coupled with our strong cash position of S\$42.8 million as at 30 September 2016, barring any unforeseen circumstances, we are cautiously optimistic in achieving higher revenue and net profit for 2H2016 compared with 1H2016.

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 interim dividend has been declared/ recommended for 3Q ended 30 September 2016.

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

Design Studio Group Ltd
(Registration Number: 199401553D)

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 person transactions for the 3 months period ended 30 September 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	S\$4,497,733

Design Studio Group Ltd
(Registration Number: 199401553D)

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: 9 November 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 9M ended 30 September 2016 to be false or misleading in any material aspect.

ON BEHALF OF BOARD OF DIRECTORS

Name: Ku Wei Siong
Director

Name: Kelly Ng Chai Choey
Director

Date: 9 November 2016