

Design Studio Group Ltd

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

**4th Quarter and Full Year Financial Statements
And Dividend Announcement
For The Period/ Year Ended
31 December 2017**

Design Studio Group Ltd
(Registration Number: 199401553D)

4th Quarter and Full 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					
		4th Quarter ended			Full Year ended		
		31.12.2017	31.12.2016	+ / (-)	31.12.2017	31.12.2016	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue		45,476	72,816	(37.5)	142,049	178,971	(20.6)
Cost of sales		(44,934)	(56,109)	(19.9)	(123,380)	(139,081)	(11.3)
Gross profit		542	16,707	(96.8)	18,669	39,890	(53.2)
Other income	1(a)(1)	66	49	34.7	158	219	(27.9)
		608	16,756	(96.4)	18,827	40,109	(53.1)
Marketing and distribution expenses		(1,723)	(2,076)	(17.0)	(6,509)	(6,079)	7.1
General and administrative expenses		(3,858)	(3,126)	23.4	(10,899)	(8,869)	22.9
(Loss)/profit from operations	1(a)(2)	(4,973)	11,554	N.M.	1,419	25,161	(94.4)
Finance expenses		(6)	-	N.M.	(7)	-	N.M.
Finance income	1(a)(3)	15	31	(51.6)	90	152	(40.8)
(Loss)/profit before tax		(4,964)	11,585	N.M.	1,502	25,313	(94.1)
Income tax credit/(expense)	1(a)(4)	999	(2,325)	N.M.	(304)	(4,817)	(93.7)
(Loss)/profit net of tax		(3,965)	9,260	N.M.	1,198	20,496	(94.2)
(Loss)/profit attributable to:							
Owners of the Company		(3,964)	9,260		1,201	20,498	
Non-controlling interests		(1)	-		(3)	(2)	
		(3,965)	9,260		1,198	20,496	

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Notes to Consolidated Income Statement

Note 1(a)(1) Other income

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2017	31.12.2016	+ / (-)	31.12.2017	31.12.2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sundry income	66	49	34.7	158	219	(27.9)

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2017	31.12.2016	+ / (-)	31.12.2017	31.12.2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	917	912	0.5	3,551	3,694	(3.9)
Foreign exchange loss/(gain), net	139	(38)	N.M.	846	(233)	N.M.
Loss/(gain) on disposal of property, plant and equipment	47	5	836.6	(69)	78	N.M.
Amortisation of club membership	-	-	0.0	2	2	0.0
Write back of doubtful receivables	-	-	0.0	(8)	-	N.M.
Impairment loss on doubtful receivables	967	252	283.7	1,163	252	361.5
Inventories written down	2,045	545	275.2	2,045	545	275.2

Note 1(a)(3) Finance income:

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2017	31.12.2016	+ / (-)	31.12.2017	31.12.2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
- Cash and short-term deposits	15	31	(51.6)	90	152	(40.8)

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2017	31.12.2016	+ / (-)	31.12.2017	31.12.2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	(253)	1,670	N.M.	959	2,977	(67.8)
- under/(over) provision for prior year	9	(7)	N.M.	7	(11)	N.M.
Foreign						
- current year	246	636	(61.3)	331	1,891	(82.5)
- (over)/under provision for prior year	(109)	-	N.M.	(106)	3	N.M.
	<u>(107)</u>	<u>2,299</u>	<u>N.M.</u>	<u>1,191</u>	<u>4,860</u>	<u>(75.5)</u>
Deferred tax						
Singapore						
	(1)	(13)	(92.3)	4	(82)	N.M.
Foreign						
	(891)	39	N.M.	(891)	39	N.M.
	<u>(999)</u>	<u>2,325</u>	<u>N.M.</u>	<u>304</u>	<u>4,817</u>	<u>(93.7)</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	
		31.12.2017 S\$'000	31.12.2016 S\$'000	31.12.2017 S\$'000	31.12.2016 S\$'000
Non-current assets					
Property, plant and equipment		14,536	15,041	3,249	2,040
Investment in subsidiaries		-	-	41,381	41,359
Intangible assets	1(b)(2)	2,738	2,741	9	12
Deferred tax assets		1,333	424	280	272
Trade and other receivables	1(b)(1)	11,896	14,828	-	-
Total non-current assets		30,503	33,034	44,919	43,683
Current assets					
Inventories	1(b)(3)	8,047	13,252	-	-
Gross amount due from customers for contract work-in-progress	1(b)(4)	4,990	5,232	-	-
Trade and other receivables	1(b)(1)	66,239	72,939	3,324	2,975
Prepayments		1,297	1,427	42	26
Loan to a subsidiary		-	-	8,725	2,675
Tax recoverable		1,070	1,131	-	-
Cash and short-term deposits		28,942	53,963	1,693	12,767
Total current assets		110,585	147,944	13,784	18,443
Current liabilities					
Trade and other payables	1(b)(5)	47,327	68,821	1,139	721
Finance lease liabilities		50	-	-	-
Provision for tax		824	3,402	-	11
Total current liabilities		48,201	72,223	1,139	732
Net current assets		62,384	75,721	12,645	17,711
Non-current liabilities					
Deferred tax liabilities		85	63	-	-
Other payables		-	75	-	-
Net assets		92,802	108,617	57,564	61,394
Equity attributable to owners of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		60,529	76,341	24,832	28,662
		93,261	109,073	57,564	61,394
Non-controlling interests		(459)	(456)	-	-
Total equity		92,802	108,617	57,564	61,394

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Notes to Balance Sheets

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

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables (non-current):				
<u>Trade receivables: Retention monies</u>				
Third parties	10,709	14,540	-	-
Corporate shareholder	1,187	288	-	-
Subsidiary	-	-	-	-
	<u>11,896</u>	<u>14,828</u>	<u>-</u>	<u>-</u>
Trade and other receivables (current):				
Trade receivables	50,458	66,163	942	665
Other receivables and deposits	5,032	6,776	2,382	2,310
Unbilled receivables	10,749	-	-	-
	<u>66,239</u>	<u>72,939</u>	<u>3,324</u>	<u>2,975</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	31,989	48,876	277	-
Retention monies	7,151	10,221	-	-
	<u>39,140</u>	<u>59,097</u>	<u>277</u>	<u>-</u>
Less: Allowance for doubtful receivables	(1,237)	(452)	-	-
	<u>37,903</u>	<u>58,645</u>	<u>277</u>	<u>-</u>
<u>Movement in allowance accounts:</u>				
At beginning of the year	452	270	-	-
Charge for the year	1,163	252	-	-
Write-back during the year	(8)	-	-	-
Write-off during the year	(370)	(70)	-	-
At end of the year	<u>1,237</u>	<u>452</u>	<u>-</u>	<u>-</u>
<u>Corporate shareholder:</u>				
Trade receivables	12,056	5,470	-	-
	<u>12,056</u>	<u>5,470</u>	<u>-</u>	<u>-</u>
<u>Related parties:</u>				
Trade receivables	499	2,048	-	-
	<u>499</u>	<u>2,048</u>	<u>-</u>	<u>-</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	665	665
	<u>-</u>	<u>-</u>	<u>665</u>	<u>665</u>
Total trade receivables (current)	<u>50,458</u>	<u>66,163</u>	<u>942</u>	<u>665</u>
Other receivables and deposits:				
Other receivables	295	747	64	64
Deposits	4,737	6,029	61	61
	<u>5,032</u>	<u>6,776</u>	<u>125</u>	<u>125</u>
Amount due from subsidiaries (non-trade)	-	-	2,257	2,185
	<u>5,032</u>	<u>6,776</u>	<u>2,382</u>	<u>2,310</u>

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Note 1(b)(2) Intangible assets

	Group		Company	
	31.12.2017 S\$'000	31.12.2016 S\$'000	31.12.2017 S\$'000	31.12.2016 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	(3,207)	(3,204)	(91)	(88)
Goodwill	2,729	2,729	-	-
	<u>2,738</u>	<u>2,741</u>	<u>9</u>	<u>12</u>

Note 1(b)(3) Inventories

	Group		Company	
	31.12.2017 S\$'000	31.12.2016 S\$'000	31.12.2017 S\$'000	31.12.2016 S\$'000
Raw materials	5,256	10,119	-	-
Work-in-progress, at cost	1,584	2,500	-	-
Finished goods, at cost or net realisable value	1,207	633	-	-
	<u>8,047</u>	<u>13,252</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	31.12.2017 S\$'000	31.12.2016 S\$'000	31.12.2017 S\$'000	31.12.2016 S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	439,118	397,174	-	-
Less: Progress billings	(434,128)	(391,942)	-	-
	<u>4,990</u>	<u>5,232</u>	<u>-</u>	<u>-</u>
Presented as:				
Gross amount due from customers for contract work	<u>4,990</u>	<u>5,232</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	31.12.2017 S\$'000	31.12.2016 S\$'000	31.12.2017 S\$'000	31.12.2016 S\$'000
<u>Trade payables:</u>				
Amount due to third parties	7,001	18,427	1	129
Amount due to subsidiaries	-	-	187	29
Amount due to a related party	231	220	-	-
Amount due to a corporate shareholder	2,653	873	-	-
Retention payables	8,609	8,043	-	-
Advance payment from customers	828	478	-	-
Advance payments from a related company	-	466	-	-
Accrued contract cost	19,539	31,663	-	-
	<u>38,861</u>	<u>60,170</u>	<u>188</u>	<u>158</u>
Other payables	1,875	1,838	-	103
Non-trade payables due to related parties	360	244	317	224
Accrued operating expenses	6,231	6,569	634	236
	<u>47,327</u>	<u>68,821</u>	<u>1,139</u>	<u>721</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 31.12.2017		As at 31.12.2016	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	50	-	-

Amount repayable after one year

As at 31.12.2017		As at 31.12.2016	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 31 December 2017, the Group's bank facilities were secured by the following:

- (i) corporate guarantees provided by the Company;
- (ii) plant and equipment of a subsidiary acquired under finance lease liabilities.

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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 Statements of Cash Flows

	Group			
	4th Quarter ended		Full Year ended	
	31.12.2017 S\$'000	31.12.2016 S\$'000	31.12.2017 S\$'000	31.12.2016 S\$'000
Cash flows from operating activities				
(Loss)/profit before tax	(4,964)	11,585	1,502	25,313
Adjustments:				
Depreciation of property, plant and equipment	917	912	3,551	3,694
Loss/(gain) on disposal of property, plant and equipment	47	5	(69)	78
Finance expenses	6	-	7	-
Finance income	(15)	(31)	(90)	(152)
Amortisation of club membership	-	-	2	2
Write back of doubtful receivables	-	-	(8)	-
Impairment loss on doubtful receivables	967	252	1,163	252
Inventories written down	2,045	545	2,045	545
Currency translation difference	30	(91)	525	(533)
Operating profit before working capital changes	(967)	13,177	8,628	29,199
Decrease/(increase) in:				
Inventories	2,780	649	3,160	(107)
Contract work-in-progress	7,001	1,843	242	422
Trade and other receivables	(13,835)	(25,664)	8,191	(37,953)
Prepayments	493	372	130	801
Increase/(decrease) in:				
Trade and other payables	6,706	21,630	(21,621)	29,573
Cash flows from operations	2,178	12,007	(1,270)	21,935
Finance expenses paid	(6)	-	(7)	-
Income taxes paid	(27)	(858)	(3,716)	(4,181)
Net cash flows from/(used in) operating activities	2,145	11,149	(4,993)	17,754
Cash flows from investing activities				
Costs incurred for construction-in-progress	-	8	-	(497)
Finance income received	15	31	90	152
Proceeds from sale of property, plant and equipment	1	4	131	4
Purchase of property, plant and equipment	(1,663)	(137)	(3,160)	(371)
Net cash flows used in investing activities	(1,647)	(94)	(2,939)	(712)
Cash flows from financing activities				
(Increase)/decrease in cash and short-term deposits pledged	(248)	-	(1,023)	232
Dividends paid on ordinary shares by the Company	-	-	(16,917)	(16,917)
Repayment of finance lease liabilities	(25)	-	(50)	-
Net cash flows used in financing activities	(273)	-	(17,990)	(16,685)

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Consolidated Statements of Cash Flows (cont'd)

	Group			
	4th Quarter ended 31.12.2017 S\$'000	31.12.2016 S\$'000	Full Year ended 31.12.2017 S\$'000	31.12.2016 S\$'000
Net increase/(decrease) in cash and cash equivalents	225	11,055	(25,922)	357
Effect of exchange rate changes on cash and cash equivalents	81	64	(122)	(269)
Cash and cash equivalents at beginning of the period	27,613	42,844	53,963	53,875
Cash and cash equivalents at end of the period (Note A)	27,919	53,963	27,919	53,963

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	31.12.2017 S\$'000	31.12.2016 S\$'000
Cash at banks and on hand	27,893	52,570
Fixed deposits	1,049	1,393
Cash and short-term deposits	28,942	53,963
Less: Cash and short-term deposits pledged	(1,023)	-
Cash and cash equivalents	27,919	53,963

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(A) Consolidated Statement of Comprehensive Income

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2017	31.12.2016	+ / (-)	31.12.2017	31.12.2016	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(Loss)/profit net of tax	(3,965)	9,260	N.M.	1,198	20,496	(94.2)
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	400	243	64.6	(96)	(1,508)	(93.6)
Total comprehensive income	<u>(3,565)</u>	<u>9,503</u>	<u>N.M.</u>	<u>1,102</u>	<u>18,988</u>	<u>(94.2)</u>
Total comprehensive income attributable to:						
Owners of the Company	(3,564)	9,503		1,105	18,990	
Non-controlling interests	(1)	-		(3)	(2)	
	<u>(3,565)</u>	<u>9,503</u>		<u>1,102</u>	<u>18,988</u>	

(B) Statements of Changes in Equity

Group

	Attributable to owners of the Company				Non-controlling interests	Total Equity
	Share capital	Revenue reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
2017						
Balance at 1 January 2017	32,732	77,204	(863)	109,073	(456)	108,617
Total comprehensive income for FY2017	-	1,201	(96)	1,105	(3)	1,102
Dividends on ordinary shares	-	(16,917)	-	(16,917)	-	(16,917)
Balance at 31 December 2017	<u>32,732</u>	<u>61,488</u>	<u>(959)</u>	<u>93,261</u>	<u>(459)</u>	<u>92,802</u>
2016						
Balance at 1 January 2016	32,732	73,623	645	107,000	(454)	106,546
Total comprehensive income for FY2016	-	20,498	(1,508)	18,990	(2)	18,988
Dividends on ordinary shares	-	(16,917)	-	(16,917)	-	(16,917)
Balance at 31 December 2016	<u>32,732</u>	<u>77,204</u>	<u>(863)</u>	<u>109,073</u>	<u>(456)</u>	<u>108,617</u>

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

<u>Company</u>	Share capital S\$'000	Revenue reserve S\$'000	Total Equity S\$'000
2017			
Balance at 1 January 2017	32,732	28,662	61,394
Total comprehensive income for FY2017	-	13,087	13,087
Dividends on ordinary shares	-	(16,917)	(16,917)
Balance at 31 December 2017	<u>32,732</u>	<u>24,832</u>	<u>57,564</u>
2016			
Balance at 1 January 2016	32,732	28,732	61,464
Total comprehensive income for FY2016	-	16,847	16,847
Dividends on ordinary shares	-	(16,917)	(16,917)
Balance at 31 December 2016	<u>32,732</u>	<u>28,662</u>	<u>61,394</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 2016 and 31 December 2017	<u>260,264,171</u>	<u>32,732</u>

There were no changes in the share capital of the company in the 4th quarter of 2017.

There were no outstanding convertible securities as at 31 December 2016 and 31 December 2017.

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 31 December 2017, 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.

	31.12.2017	31.12.2016
Total number of shares (excluding treasury shares)	260,264,171	260,264,171

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 31 December 2017 as the Company does not have any treasury shares.

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

There were no sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at 31 December 2017.

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 2016, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2017. 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 2017. 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 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 112 Disclosure of Interests in Other Entities	1 January 2017

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			
	4th Quarter ended		Full Year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
(a) Based on weighted average number of ordinary shares in issue	(1.52) cents	3.56 cents	0.46 cents	7.88 cents
(b) On fully diluted basis	(1.52) cents	3.56 cents	0.46 cents	7.88 cents

The basic earnings per ordinary share for the fourth quarter ended 31 December 2017 is calculated by dividing the 4th quarter loss attributable to shareholders of S\$4.0 million (31 December 2016: profit of S\$9.3 million) by the weighted average number of 260,264,171 (31 December 2016: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the financial year ended 31 December 2017 is calculated by dividing the full year profit attributable to shareholders of S\$1.2 million (31 December 2016: S\$20.5 million) by the weighted average number of 260,264,171 (31 December 2016: 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 31.12.2017	Company 31.12.2017
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2017 of 260,264,171 ordinary shares	35.66 cents	22.12 cents

(2) Immediately preceding financial year

	Group 31.12.2016	Company 31.12.2016
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2016 of 260,264,171 ordinary shares	41.73 cents	23.59 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.

Key Matters

The Group's net profit before tax was S\$1.5million for FY2017 and net loss before tax was S\$5.0m for 4Q17.

Summary of one-off items	Profit Before Tax
Deterioration from forecast due to commercial judgements on revenue and cost for residential projects	(S\$4.9 million)
Write-downs made on inventories	(S\$2.1 million)
Impairment of doubtful receivables	(S\$1.2 million)
Total one-off items	(S\$8.2 million)
Reported result	S\$1.5 million
Underlying result excluding one-off items	S\$9.7 million

The Group's underlying profit before tax, excluding the one-off items (S\$8.2 million) is S\$9.7 million for FY2017.

The reported result includes the following major one-off items:

- S\$4.9 million deterioration from forecast due to commercial judgements on revenue and cost for residential projects.
- S\$2.1 million for write down on slow moving inventory that are unlikely to be utilised based on current market product trends.
- An impairment of S\$1.2 million was made in FY2017 for doubtful receivables on projects with ongoing contractual disputes and long outstanding amounts with collection issues on completed projects.

4Q2017 vs 4Q2016

	4th Quarter ended		+ / (-) %
	31.12.2017 S\$'000	31.12.2016 S\$'000	
Residential property	22,999	21,350	7.7
Hospitality and commercial	22,472	51,466	(56.3)
Distribution	5	-	N.M.
Total	45,476	72,816	(37.5)

For 4Q2017, the Group's revenue decreased by 37.5% to S\$45.5 million as compared with revenue for 4Q2016 due to the decrease in contribution from the Hospitality and commercial segment. During the quarter, fewer projects were being completed as compared with 4Q2016.

The gross margin decreased from 22.9% in 4Q2016 to 1.2% for 4Q2017, impacted by project cost overruns, prolongation on project construction durations and impairment of inventory as described in Key Matters above.

Marketing and distribution expenses decreased from S\$2.1 million in 4Q2016 to S\$1.7 million in 4Q2017, mainly due to a decrease in staff-related costs.

General and administrative expenses increased from S\$3.1 million in 4Q2016 to S\$3.9 million in 4Q2017. The increase was mainly due to the impairment on receivables.

As a result, the Group incurred a loss before tax of S\$5.0 million for 4Q2017, as compared with a profit before tax of S\$11.6 million for 4Q2016. After taking into account tax credit, the Group's net loss after tax was S\$4.0 million for 4Q2017.

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FY2017 vs FY2016

	Full Year ended		+ / (-) %
	31.12.2017 S\$'000	31.12.2016 S\$'000	
Residential property	60,629	68,907	(12.0)
Hospitality and commercial	81,372	109,990	(26.0)
Distribution	48	74	(35.1)
Total	142,049	178,971	(20.6)

The Group's revenue for FY2017 decreased by 20.6% to S\$142.0 million as compared with the revenue for FY2016. The decrease was a result of decrease in contribution from the Residential property and Hospitality and commercial segments.

The gross margin decreased from 22.3% in FY2016 to 13.1% for FY2017, impacted by project cost overruns, prolongation on project construction durations, lower revenue and impairment of inventory as described in Key Matters above.

For FY2017, marketing and distribution expenses increased by 7.1% to S\$6.5 million as compared with S\$6.1 million in FY2016, mainly due to an increase in showroom expenses, travelling expenses and depreciation.

General and administrative expenses increased from S\$8.9 million in FY2016 to S\$10.9 million in FY2017. The increase was mainly due to the impairment on receivables.

The Group's profit before tax was S\$1.5 million for FY2017, as compared with a profit before tax of S\$25.3 million for FY2016. After taking into account the tax expenses, the Group's net profit after tax was S\$1.2 million for FY2017.

Balance Sheet (31 December 2017 vs 31 December 2016)

Property, plant and equipment decreased by S\$0.5 million mainly due to depreciation charges, offset by the leasehold improvements during the period.

Inventories decreased by S\$5.2 million to S\$8.0 million. This was in part due to the inventories written down during the year.

Non-current trade receivables decreased by S\$2.9 million to S\$11.9 million [Note 1(b)(1)] as at 31 December 2017 due to movement of retention sums.

Total current trade receivables decreased to S\$50.5 million [Note 1(b)(1)] as at 31 December 2017 as compared with S\$66.2 million as at 31 December 2016. The decrease is mainly due to slower collections from customers during the current period and the decrease in revenue for 4Q2017 as compared to 4Q2016.

Unbilled receivables increased to S\$10.8 million [Note 1(b)(1)] as at 31 December 2017. The increase was due to work done, but pending certification by clients as at 31 December 2017.

Other receivables and deposits decreased by S\$1.8 million to S\$5.0 million [Note 1(b)(1)]. The decrease was mainly due to lesser deposits made to suppliers and subcontractors.

Trade payables decreased by S\$24.1 million to S\$36.1 million [Note 1(b)(5)]. The decrease was mainly due to payment made to creditors during the year and lower accruals of project-related expenses due to less projects in the current year.

Cash Flow

4Q2017 vs 4Q2016

For 4Q2017, there was net cash inflow of S\$0.23 million. There was a \$2.1m net inflow from operating activities and a net outflow of \$1.6m for investing activities.

FY2017 vs FY2016

For FY2017, there was net cash outflow of S\$25.9 million. The net cash outflow is mainly due to payment of dividends during FY2017 of \$16.9 million, working capital outflows of S\$5.0 million and investing outflows of S\$2.9m.

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 September 2017, and the profit guidance announcement in relation to the Group's unaudited financial results for 4Q2017 and FY2017, via SGXNET.

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 new projects worth S\$57.4 million in the second half of FY2017, bringing its order book to S\$131.4 million.

We are cautiously optimistic about continuing to strengthen our business in the Singapore market overall, Malaysia's hospitality sector and other international markets where we are making a concerted effort to further expand into. We expect to keep up the momentum we have built in securing projects from the second half of 2017.

Following the management and structural changes we will continue to focus on building our order book and operational productivity efficiencies to reinforce our competitiveness and sustainability. We remain cognizant that our reputation is key to new business opportunities, and will seek to enhance our relationships with new and existing clients in our various markets of operation.

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?

	Final	Special
Name of dividend	Cash	Cash
Dividend amount per share (in S\$ cents)	1.25 cents per ordinary share	4.0 cents per ordinary share
Tax rate	One-tier tax exempt	One-tier tax exempt

Date payable

Not applicable

Books closure date

Not applicable

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

Not applicable

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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

The Group has three reportable segments:

1. Residential property segment is involved in the manufacture, supply and installation of paneling products.
2. Hospitality and commercial segment is in the business of providing interior fitting out services.
3. Distribution projects relates to the distributorship of furniture products of reputable overseas brands.

2017	Residential property	Hospitality and commercial	Distribution	Adjustments and eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External customers	60,629	81,372	48	-	142,049
Inter-segment	30,382	15,662	-	(46,044)	-
Total revenue	91,011	97,034	48	(46,044)	142,049
Results					
Other income	-	-	-	158	158
Other non-cash expenses	1,115	48	-	5,599	6,762
Segment (loss)/profit before tax	(3,904)	8,717	(1)	(3,310)	1,502
Assets					
Additions to non-current assets	-	603	-	2,657	3,260
Segment assets	36,190	68,720	5	36,173	141,088
Liabilities					
Segment liabilities	10,525	31,037	204	6,520	48,286
2016					
	Residential property	Hospitality and commercial	Distribution	Adjustments and eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External customers	68,907	109,990	74	-	178,971
Inter-segment	23,530	30,047	-	(53,577)	-
Total revenue	92,437	140,037	74	(53,577)	178,971
Results					
Other income	-	-	-	219	219
Other non-cash expenses	-	252	-	4,241	4,493
Segment profit before tax	13,577	14,789	270	(3,323)	25,313
Assets					
Additions to non-current assets	-	196	-	747	943
Segment assets	33,236	89,252	243	58,184	180,915
Liabilities					
Segment liabilities	11,092	50,019	18	11,169	72,298

Geographical Segment

Revenue by geographical markets

	Full Year ended 31.12.2017 S\$'000	Full Year ended 31.12.2016 S\$'000
Singapore	69,128	121,765
Malaysia	47,052	34,403
United Arab Emirates	20,945	7,298
People's Republic of China	4,079	3,438
Japan	2	6,715
United States of America	37	5,196
Others	806	156
	<u>142,049</u>	<u>178,971</u>

Non-current assets by geographical markets

	Full Year ended 31.12.2017 S\$'000	Full Year ended 31.12.2016 S\$'000
Singapore	7,101	5,214
Malaysia	1,210	1,187
People's Republic of China	8,963	11,381
Others	-	-
	<u>17,274</u>	<u>17,782</u>

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

Business segment

The Group's revenue from Residential property projects segment was S\$60.6 million in FY2017 as compared with S\$68.9 million in FY2016, due to lower revenue contribution from projects completed during the year. Segment profit before tax decreased from \$13.6 million to a loss before tax of \$3.9 million in FY2017, impacted by the project cost overruns and write down of raw materials as described in Note 8.

Revenue from Hospitality and commercial projects segment decreased from S\$110.0 million in FY2016 to S\$81.4 million in FY2017, due to lower revenue contribution from projects completed during the year. In line with the decrease in revenue, segment profit before tax decreased from S\$14.8 million to S\$8.7 million as a result of less projects completed during the year.

Geographical segment

Revenue from Singapore decreased from S\$121.8 million in FY2016 to S\$69.1 million in FY2017, as a result of less Residential property projects being completed in Singapore during the year.

Revenue from Malaysia increased from S\$34.4 million in FY2016 to S\$47.1 million in FY2017 as a result of more Hospitality and commercial projects being completed in Malaysia during the year.

Revenue from China increased from S\$3.4 million to S\$4.1 million due to completion of Chinese projects.

Revenue from other countries increased from S\$19.4 million to S\$21.8 million mainly due to more overseas projects completed during the year.

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15. A breakdown of sales

	Group	
	Full Year ended	
	31.12.2017	31.12.2016
	S\$'000	S\$'000
(a) Sales reported for first half year	62,956	62,610
(b) Operating profit after tax before deducting minority interests reported for first half year	2,370	6,279
(c) Sales reported for second half year	79,093	116,361
(d) Operating profit after tax before deducting minority interests reported for second half year	(1,172)	14,217

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

Type of Dividend	FY2017	FY2016
	S\$'000	S\$'000
Interim	3,253	3,253
Final	-	3,253
Special	-	10,411
Total	3,253	16,917

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 financial year ended 31 December 2017 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\$1,701,605

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.

PERSONS OCCUPYING MANAGERIAL POSITIONS WHO IS RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual, the Board wishes to confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries as at the financial year ended 31 December 2017 who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Hazel Chia
Company Secretary

Date: 26 February 2018