



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 2015

Design Studio Group Ltd
(Registration Number: 199401553D)

3rd Quarter and 9 Months Financial Statements and Dividend Announcement

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
 HALF-YEAR AND FULL YEAR RESULTS**

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

Consolidated Income Statement

		Group					
		3rd Quarter ended			9 Months ended		
		30.09.2015	30.09.2014	+ / (-)	30.09.2015	30.09.2014	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue		31,940	44,220	(27.8)	125,877	101,947	23.5
Cost of sales		(25,748)	(34,456)	(25.3)	(102,093)	(78,006)	30.9
Gross profit		6,192	9,764	(36.6)	23,784	23,941	(0.7)
Other income	1(a)(1)	37	25	48.0	146	119	22.7
		6,229	9,789	(36.4)	23,930	24,060	(0.5)
Marketing and distribution expenses		(972)	(1,510)	(35.6)	(3,437)	(4,289)	(19.9)
General and administrative expenses		(2,350)	(2,389)	(1.6)	(7,499)	(7,088)	5.8
Profit from operations	1(a)(2)	2,907	5,890	(50.6)	12,994	12,683	2.5
Finance income	1(a)(3)	40	7	471.4	109	32	240.6
Profit before tax		2,947	5,897	(50.0)	13,103	12,715	3.1
Tax expense	1(a)(4)	(551)	(836)	(34.1)	(1,854)	(1,605)	15.5
Profit net of tax		2,396	5,061	(52.7)	11,249	11,110	1.3
Profit attributable to:							
Equity holders of the Company		2,397	5,067		11,278	11,131	
Non-controlling interests		(1)	(6)		(29)	(21)	
		2,396	5,061		11,249	11,110	

N.M.: Not Meaningful

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Notes to Consolidated Income Statement

Note 1(a)(1) Other income

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2015	30.09.2014	+/-)	30.09.2015	30.09.2014	+/-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sundry income	37	25	48.0	146	119	22.7

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

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2015	30.09.2014	+/-)	30.09.2015	30.09.2014	+/-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	985	1,066	(7.6)	3,093	3,331	(7.1)
Foreign exchange loss/ (gain), net	446	(94)	N.M.	841	290	190.0
(Gain)/ Loss on disposal of property, plant and equipment	-	(14)	N.M.	13	(34)	N.M.
Interest accretion	-	1	N.M.	-	23	N.M.
Amortisation of club membership	1	1	-	2	4	(50.0)
Impairment loss on club membership	-	-	N.M.	-	18	N.M.

Note 1(a)(3) Finance income:

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2015	30.09.2014	+/-)	30.09.2015	30.09.2014	+/-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
- Cash and short-term deposits	40	7	471.4	109	32	240.6

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

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2015	30.09.2014	+/-)	30.09.2015	30.09.2014	+/-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	723	705	2.6	1,666	1,600	4.1
- over/(under) provision for prior year	1	-	N.M.	(71)	(43)	65.1
Foreign						
- current year	(134)	169	N.M.	261	269	(3.0)
- Over/(under) provision for prior year	1	(11)	N.M.	6	(11)	N.M.
	591	863	(31.5)	1,862	1,815	2.6
Deferred tax						
Singapore	(40)	-	N.M.	(8)	14	N.M.
Foreign	-	(27)	N.M.	-	(224)	N.M.
	551	836	(34.1)	1,854	1,605	15.5

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

Balance Sheets

	Note	Group		Company	
		30.09.2015 S\$'000	31.12.2014 S\$'000	30.09.2015 S\$'000	31.12.2014 S\$'000
Non-current assets					
Property, plant and equipment		19,192	21,128	2,330	2,610
Investment in subsidiaries		-	-	41,359	41,500
Intangible assets	1(b)(2)	2,743	2,745	14	16
Deferred tax assets		288	302	244	244
Trade and other receivables	1(b)(1)	12,151	7,548	2,031	2,574
Prepayments		-	198	-	-
Current assets					
Inventories	1(b)(3)	12,902	14,002	-	-
Gross amount due from customers for contract work-in-progress	1(b)(4)	6,106	9,755	258	780
Trade and other receivables	1(b)(1)	31,772	61,377	3,313	16,394
Prepayments		3,890	1,454	38	248
Loan to a subsidiary		-	-	2,675	2,675
Tax recoverable		1,461	1,328	-	-
Cash and short-term deposits		56,383	48,404	13,026	14,714
		112,514	136,320	19,310	34,811
Current liabilities					
Trade and other payables	1(b)(5)	43,709	55,849	3,283	8,447
Provision for tax		1,764	2,961	136	646
		45,473	58,810	3,419	9,093
Net current assets		67,041	77,510	15,891	25,718
Non-current liabilities					
Deferred tax liabilities		2	2	-	-
Net assets		101,413	109,429	61,869	72,662
Equity attributable to equity holders of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		69,134	77,121	29,137	39,930
		101,866	109,853	61,869	72,662
Non-controlling interests		(453)	(424)	-	-
Total equity		101,413	109,429	61,869	72,662

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Notes to Balance Sheets

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

	Group		Company	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables (non-current):				
<u>Trade receivables: Retention monies</u>				
Third parties	12,151	7,548	1,131	1,752
Subsidiary	-	-	900	822
	<u>12,151</u>	<u>7,548</u>	<u>2,031</u>	<u>2,574</u>
Trade and other receivables (current):				
Trade receivables	27,635	53,433	2,948	7,878
Other receivables and deposits	4,137	7,944	365	8,516
	<u>31,772</u>	<u>61,377</u>	<u>3,313</u>	<u>16,394</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	20,873	43,885	797	2,370
Retention monies	6,762	9,548	1,877	3,413
	<u>27,635</u>	<u>53,433</u>	<u>2,674</u>	<u>5,783</u>
<u>Movement in allowance accounts:</u>				
At beginning of the year	-	440	-	440
Charge for the year	-	89	-	89
Write-off during the year	-	(529)	-	(529)
At end of the year	-	-	-	-
<u>Subsidiaries:</u>				
Trade receivables	-	-	274	1,805
Retention monies	-	-	-	290
	<u>-</u>	<u>-</u>	<u>274</u>	<u>2,095</u>
Total trade receivables (current)	<u>27,635</u>	<u>53,433</u>	<u>2,948</u>	<u>7,878</u>
Other receivables and deposits:				
Other receivables	1,165	3,236	64	66
Deposits	2,972	4,708	61	61
	<u>4,137</u>	<u>7,944</u>	<u>125</u>	<u>127</u>
Amount due from subsidiaries (non-trade)	-	-	240	8,389
	<u>4,137</u>	<u>7,944</u>	<u>365</u>	<u>8,516</u>

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Note 1(b)(2) Intangible assets

	Group		Company	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Club membership	128	128	128	128
Order backlog	3,116	3,116	-	-
Less: Impairment loss on club membership	(28)	(28)	(28)	(28)
	3,216	3,216	100	100
Less: Accumulated amortisation	(3,202)	(3,200)	(86)	(84)
Goodwill	2,729	2,729	-	-
	<u>2,743</u>	<u>2,745</u>	<u>14</u>	<u>16</u>

Note 1(b)(3) Inventories

	Group		Company	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	10,091	10,997	-	-
Work-in-progress, at cost	1,994	1,839	-	-
Finished goods, at cost	817	1,166	-	-
	<u>12,902</u>	<u>14,002</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	401,328	386,683	169,185	190,286
Less: Progress billings	(395,222)	(376,928)	(168,927)	(189,506)
	<u>6,106</u>	<u>9,755</u>	<u>258</u>	<u>780</u>
Presented as:				
Gross amount due from customers for contract work	<u>6,106</u>	<u>9,755</u>	<u>258</u>	<u>780</u>

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

	Group		Company	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	8,247	11,988	264	683
Amount due to subsidiaries	-	-	31	286
Amount due to a corporate shareholder	149	128	-	-
Retention payables	7,929	6,610	855	1,083
	<u>16,325</u>	<u>18,726</u>	<u>1,150</u>	<u>2,052</u>
Other payables	1,357	2,018	79	125
Non-trade payables due to a corporate shareholder	112	38	93	24
Accrued operating expenses	22,688	33,301	1,961	5,296
Deposits received	3,227	1,766	-	950
	<u>43,709</u>	<u>55,849</u>	<u>3,283</u>	<u>8,447</u>

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

Amount repayable in one year or less, or on demand

As at 30.09.2015		As at 31.12.2014	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	-	-

Amount repayable after one year

As at 30.09.2015		As at 31.12.2014	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	-	-

Details of any collateral

As at 30 September 2015, our Group's bank facilities were secured by the following:

- (i) pledge of cash and short-term deposits of a subsidiary amounting to approximately S\$234,000 (31 December 2014: S\$90,000); and
- (ii) corporate guarantees provided by the Company.

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

Consolidated Statement of Cash Flows

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	2,947	5,897	13,103	12,715
Adjustments:				
Depreciation of property, plant and equipment	985	1,066	3,093	3,331
(Gain)/ Loss on disposal of property, plant and equipment	-	(14)	13	(34)
Finance income	(40)	(7)	(109)	(32)
Amortisation of club membership	1	1	2	4
Impairment loss on club membership	-	-	-	18
Interest accretion	-	1	-	23
Currency translation difference	(768)	54	(1,138)	111
Operating profit before working capital changes	3,125	6,998	14,964	16,136
(Increase)/ Decrease in:				
Inventories	(1,025)	910	1,100	(4,369)
Contract work-in-progress	427	(889)	3,649	(5,338)
Trade and other receivables	7,164	(8,512)	25,002	4,083
Prepayments	(1,568)	277	(2,238)	(349)
Increase/ (Decrease) in:				
Trade and other payables	(2,402)	1,878	(12,140)	(12,417)
Cash flows from/ (used in) operations	5,721	662	30,337	(2,254)
Income taxes paid	(1,489)	(1,417)	(3,170)	(3,560)
Net cash flows from/ (used in) operating activities	4,232	(755)	27,167	(5,814)
Cash flows from investing activities				
Costs incurred for construction-in-progress	-	-	(81)	-
Finance income received	40	7	109	32
Proceeds from sale of property, plant and equipment	-	27	-	64
Purchase of property, plant and equipment	(36)	(133)	(347)	(415)
Net cash flows from/ (used in) investing activities	4	(99)	(319)	(319)

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Consolidated Statement of Cash Flows (cont'd)

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Decrease/ (Increase) in fixed deposits pledged	4	-	(144)	-
Dividends paid on ordinary shares by the Company	(3,253)	(1,301)	(18,869)	(16,917)
Net cash flows used in financing activities	(3,249)	(1,301)	(19,013)	(16,917)
Net increase/ (decrease) in cash and cash equivalents	987	(2,155)	7,835	(23,050)
Cash and cash equivalents at beginning of the period	55,162	23,890	48,314	44,785
Cash and cash equivalents at end of the period (Note A)	56,149	21,735	56,149	21,735

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.09.2015	30.09.2014
	S\$'000	S\$'000
Cash at banks and on hand	47,385	21,022
Fixed deposits	8,998	805
Cash and short-term deposits	56,383	21,827
Less: Cash and short-term deposits pledged	(234)	(92)
Cash and cash equivalents	56,149	21,735

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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					
	3rd Quarter ended			9 Months ended		
	30.09.2015	30.09.2014	+ / (-)	30.09.2015	30.09.2014	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit net of tax	2,396	5,061	(52.7)	11,249	11,110	1.3
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	(288)	601	N.M.	(396)	(47)	742.6
Total comprehensive income	<u>2,108</u>	<u>5,662</u>	<u>(62.8)</u>	<u>10,853</u>	<u>11,063</u>	<u>(1.9)</u>

Total comprehensive income attributable to:

Equity holders of the Company	2,109	5,667		10,882	11,083
Non-controlling interests	(1)	(5)		(29)	(20)
	<u>2,108</u>	<u>5,662</u>		<u>10,853</u>	<u>11,063</u>

(B) Statements of Changes in Equity

Group

	Attributable to Equity holders of the Company				Non-controlling interests	Total Equity
	Share capital	Revenue reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
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	<u>32,732</u>	<u>68,024</u>	<u>1,110</u>	<u>101,866</u>	<u>(453)</u>	<u>101,413</u>
2014						
Balance at 1 January 2014	32,732	71,950	1,195	105,877	(400)	105,477
Total comprehensive income for 9M2014	-	11,131	(48)	11,083	(20)	11,063
Dividends on ordinary shares	-	(16,917)	-	(16,917)	-	(16,917)
Balance at 30 September 2014	<u>32,732</u>	<u>66,164</u>	<u>1,147</u>	<u>100,043</u>	<u>(420)</u>	<u>99,623</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 S\$'000
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>
2014			
Balance at 1 January 2014	32,732	48,377	81,109
Total comprehensive income for 9M2014	-	8,190	8,190
Dividends on ordinary shares	-	(16,917)	(16,917)
Balance at 30 September 2014	<u>32,732</u>	<u>39,650</u>	<u>72,382</u>

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 2014 and 30 September 2015	<u>260,264,171</u>	<u>32,732</u>

There were no outstanding convertible securities as at 31 December 2014 and 30 September 2015.

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 2015, 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.

	30.09.2015	31.12.2014
Total number of shares (excluding treasury shares)	260,264,171	260,264,171

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2015 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 2014, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2015. 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 2015. 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
Improvements to the Financial Reporting Standards (January 2014)	1 July 2014
Improvements to the Financial Reporting Standards (February 2014)	1 July 2014

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies or any significant financial impact on the financial statements.

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

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

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
(a) Based on weighted average number of ordinary shares in issue	0.92 cents	1.95 cents	4.33 cents	4.28 cents
(b) On fully diluted basis	0.92 cents	1.95 cents	4.33 cents	4.28 cents

The basic earnings per ordinary share for the third quarter ended 30 September 2015 is calculated by dividing the 3rd quarter profit attributable to shareholders of S\$2.4 million (30 September 2014: S\$5.1 million) by the weighted average number of 260,264,171 (30 September 2014: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the nine months ended 30 September 2015 is calculated by dividing the nine months profit attributable to shareholders of S\$11.2 million (30 September 2014: S\$11.1 million) by the weighted average number of 260,264,171 (30 September 2014: 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 30.09.2015	Company 30.09.2015
Net asset value per ordinary share for the period based on existing issued share capital as at 30 September 2015 of 260,264,171 ordinary shares	38.97 cents	23.77 cents

(2) Immediately preceding financial year

	Group 31.12.2014	Company 31.12.2014
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2014 of 260,264,171 ordinary shares	42.05 cents	27.92 cents

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

Review of Group Performance

3Q2015 vs 3Q2014

	3rd Quarter ended		+ / (-) %
	30.09.2015 S\$'000	30.09.2014 S\$'000	
Residential property	11,440	25,604	(55.3)
Hospitality and commercial	20,468	18,524	10.5
Distribution	32	92	(65.2)
Total	31,940	44,220	(27.8)

For 3Q2015, the Group's revenue decreased by 27.8% to S\$31.9 million as compared with the revenue for 3Q2014 as a result of decrease in contribution from the Residential property and Distribution segments, offset by the increase in the Hospitality and commercial segment. During the quarter, less projects were completed, as compared with 3Q2014.

The gross margin decreased from 22.1% in 3Q2014 to 19.4% for 3Q2015, as a result of lower margins recorded in projects completed during the quarter.

Marketing and distribution expenses decreased by 35.6% to S\$1.0 million in 3Q2015 as compared to 3Q2014. The decrease was mainly due to reduction in staff costs and related travelling expenses, as well as decrease in China showrooms expenses.

General and administrative expenses decreased marginally by 1.6% in 3Q2015. There is a decrease in staff cost, offset by the increase in the foreign exchange loss.

As a result, the Group achieved lower profit before tax of S\$2.9 million for 3Q2015, a decrease of 50.0% as compared with S\$5.9 million for 3Q2014. After taking into account tax expenses, the Group's net profit after tax was S\$2.4 million for 3Q2015.

9M2015 vs 9M2014

	9 months ended		+ / (-) %
	30.09.2015 S\$'000	30.09.2014 S\$'000	
Residential property	55,151	55,883	(1.3)
Hospitality and commercial	70,456	45,897	53.5
Distribution	270	167	61.7
Total	125,877	101,947	23.5

The Group's revenue for 9M2015 increased by 23.5% to S\$125.9 million as compared with the revenue for 9M2014. The increase was a result of increase in contribution from the Hospitality and commercial and Distribution segments, offset by a slight decrease in the Residential property segment. During the 9M2015, more projects were completed, as compared with 9M2014.

The gross margin decreased from 23.5% in 9M2014 to 18.9% for 9M2015, as a result of lower margins recorded in projects completed during the period.

For 9M2015, marketing and distribution expenses decreased by 19.9% to S\$3.4 million as compared with S\$4.3 million in 9M2014. The decrease was mainly due to reduction in staff costs and related travelling expenses, as well as decrease in China showrooms expenses.

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General and administrative expenses increased from S\$7.1 million in 9M2014 to S\$7.5 million in 9M2015 due to the increase in foreign exchange loss, and partially due to the global executive search fees in relation to the search of the new CEO, offset by a decrease in staff cost.

As a result, the Group achieved a higher profit before tax of S\$13.1 million for 9M2015, as compared with S\$12.7 million for 9M2014. After taking into account the tax expenses, the Group's net profit after tax was S\$11.2 million for 9M2015.

Balance Sheet (30 September 2015 vs 31 December 2014)

Property, plant and equipment decreased by S\$1.9 million mainly due to depreciation charges, offset by the purchase of equipment during the period.

Inventories decreased by S\$1.1 million to S\$12.9 million as at 30 September 2015 as a result of more stringent control measures in raw material procurement.

Contracts work-in-progress decreased by S\$3.6 million to S\$6.1 million [Note 1(b)(4)] as at 30 September 2015 due to more projects completed during the nine months.

Non-current trade receivables increased by S\$4.6 million to S\$12.2 million [Note 1(b)(1)] as at 30 September 2015 due to retention sums for on-going projects.

Total current trade receivables decreased to S\$25.8 million [Note 1(b)(1)] as at 30 September 2015 as compared with S\$53.4 million as at 31 December 2014. The decrease was in line with the decrease in sales for 3Q2015 as compared with 4Q2014.

Other receivables and deposits decreased by S\$3.8 million to S\$4.1 million [Note 1(b)(1)]. The decrease was mainly due to reduction in VAT refund in China and a reduction in deposits made to suppliers and subcontractors.

Trade payables decreased by S\$2.4 million to S\$16.3 million [Note 1(b)(5)]. The decrease was mainly due to payment made to creditors during the period.

Accrued operating expenses decreased by S\$10.6 million to S\$22.7 million [Note 1(b)(5)]. The decrease was mainly due to the payment of bonus in February 2015 and the lower accruals of project-related expenses.

Cash Flow

3Q2015 vs 3Q2014

For 3Q2015, there was net cash inflow of S\$1.0 million. The cash inflow is mainly due to cash generated from operating activities, offset by the payment of interim dividends in September 2015.

9M2015 vs 9M2014

For 9M2015, there was net cash inflow of S\$7.8 million. Cash is generated from operating activities, partially offset by the purchase of plant and equipment, and the payment of dividends in May and September 2015.

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

The Group's performance is in line with the commentary previously disclosed in the results announcement via SGXNET for the period ended 30 June 2015.

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

The property cooling measures implemented by regulators in the markets in which the Group operates, namely, Singapore, Malaysia and China have continued to weaken the demand of residential property market. These measures are expected to have an adverse effect on the industry and its players. It is expected to lead to greater competition and pressure on margins as a result of fewer projects available for award.

We will continue to strengthen our product and service offering to our existing clients and extend our global reach and pursue new business opportunities. In addition, we will continue to improve cost efficiency by leveraging on the manufacturing capability of our China production facility.

Barring unforeseen circumstances, Design Studio Group remains well-positioned to meet the challenges of the current market conditions with a healthy net cash position of S\$56.4 million as at 30 September 2015 and an order book of S\$222.6 million as at 5 November 2015.

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 2015.

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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**

Not applicable

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

Not applicable

15. **A breakdown of sales**

Not applicable

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

Not applicable

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

Aggregate value of transactions conducted pursuant to the general mandate for interested persons transactions for the 3 months period ended 30 September 2015 pursuant to Rule 920(1)(a)(ii) of the listing Manual:

Name of interest person	Aggregate value of all interested persons transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Depa Interiors LLC & its associates	Nil	S\$1,879,016

BY ORDER OF THE BOARD

Hazel Chia
Company Secretary

Date: 5 November 2015

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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 2015 to be false or misleading in any material respect.

ON BEHALF OF BOARD OF DIRECTORS

Name: Ku Wei Siong
Director

Name: Kelly Ng Chai Choey
Director

Date: 5 November 2015