

Design Studio Group Ltd

(Previously known as “Design Studio Furniture Manufacturer Ltd”)

(Incorporated in Singapore)

(Registration Number: 199401553D)

**4th Quarter and Full Year Financial Statement
And Dividend Announcement
For The Period/Year Ended
31 December 2013**

Design Studio Group Ltd
(Registration Number: 199401553D)

4th Quarter and Full Year Financial Statement 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.

Income Statement

		Group					
		4th Quarter ended			Full Year ended		
		31.12.2013	31.12.2012	+ /(-)	31.12.2013	31.12.2012	+ /(-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue		63,416	53,810	17.9	178,097	160,631	10.9
Cost of sales		(51,178)	(44,742)	14.4	(147,558)	(128,883)	14.5
Gross profit		12,238	9,068	35.0	30,539	31,748	(3.8)
Other income	1(a)(1)	19	1	1800.0	55	2,369	(97.7)
		12,257	9,069	35.2	30,594	34,117	(10.3)
Marketing and distribution expenses		(1,785)	(1,941)	(8.0)	(6,161)	(6,055)	1.8
General and administrative expenses		(2,741)	(3,748)	(26.9)	(9,107)	(13,295)	(31.5)
Profit from operations	1(a)(2)	7,731	3,380	128.7	15,326	14,767	3.8
Finance expenses	1(a)(3)	-	-	-	-	(4)	N.M.
Finance income	1(a)(3)	10	1	900.0	14	18	(22.2)
Profit before tax		7,741	3,381	129.0	15,340	14,781	3.8
Tax expenses	1(a)(4)	(1,499)	(979)	53.1	(3,481)	(3,472)	0.3
Profit net of tax		6,242	2,402	159.9	11,859	11,309	4.9
Profit attributable to:							
Equity holders of the Company		6,256	2,382		11,945	11,663	
Non-controlling interests		(14)	20		(86)	(354)	
		6,242	2,402		11,859	11,309	

N.M.: Not Meaningful

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Notes to Income Statement

Note 1(a)(1) Other income

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2013	31.12.2012	+/(-) %	31.12.2013	31.12.2012	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain on re-measurement of equity interest to fair value	-	-	-	-	2,339	N.M.
Sundry income	19	1,800.0		55	30	83.3
	<u>19</u>	<u>1,800.0</u>		<u>55</u>	<u>2,369</u>	<u>(97.7)</u>

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2013	31.12.2012	+/(-) %	31.12.2013	31.12.2012	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	1,180	983	20.0	4,575	3,863	18.4
Foreign exchange (gain)/ loss, net	(90)	54	N.M.	(296)	1,044	N.M.
Loss/ (gain) on disposal of property, plant and equipment	6	(7)	N.M.	(12)	(64)	(81.3)
Interest accretion	(27)	(36)	(25.0)	(106)	(179)	(40.8)
Amortisation of club membership	1	2	(50.0)	6	6	0.0
Amortisation of order backlog	-	779	N.M.	-	3,116	N.M.
Impairment loss on doubtful receivables	-	-	-	440	-	N.M.

Note 1(a)(3) Finance expenses and finance income:

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2013	31.12.2012	+/(-) %	31.12.2013	31.12.2012	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance expenses						
- Bank overdrafts	-	-	-	-	1	N.M.
- Finance leases	-	-	-	-	3	N.M.
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>N.M.</u>
Finance income						
- Fixed deposits	10	1,900.0		14	18	(22.2)
	<u>10</u>	<u>1,900.0</u>		<u>14</u>	<u>18</u>	<u>(22.2)</u>

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2013	31.12.2012	+ / (-)	31.12.2013	31.12.2012	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	1,039	196	430.1	1,945	1,951	(0.3)
- under/ (over) provision for prior year	8	(8)	N.M.	8	(318)	N.M.
Foreign						
- current year	514	912	(43.6)	1,555	2,486	(37.4)
- (over)/ under provision for prior year	-	-	-	(13)	7	N.M.
	<u>1,561</u>	<u>1,100</u>	<u>41.9</u>	<u>3,495</u>	<u>4,126</u>	<u>(15.3)</u>
Deferred tax						
Singapore						
	(61)	(166)	(63.3)	(55)	(697)	(92.1)
Foreign						
	(1)	45	(102.2)	41	43	(4.7)
	<u>1,499</u>	<u>979</u>	<u>53.1</u>	<u>3,481</u>	<u>3,472</u>	<u>0.3</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	
		31.12.2013 S\$'000	31.12.2012 S\$'000	31.12.2013 S\$'000	31.12.2012 S\$'000
Non-current assets					
Property, plant and equipment		24,697	26,793	4,125	4,896
Investment in subsidiaries		-	-	42,743	43,063
Intangible assets	1(b)(2)	2,778	2,784	49	55
Deferred tax assets		61	10	61	10
Trade and other receivables	1(b)(1)	8,180	7,725	5,699	4,459
Prepayments		201	298	-	-
Current assets					
Inventories	1(b)(3)	14,774	15,031	1,823	1,723
Gross amount due from customers for contract work-in-progress	1(b)(4)	6,394	7,103	2,926	5,938
Trade and other receivables	1(b)(1)	53,147	55,633	32,314	29,140
Prepayments		1,531	558	936	225
Loan to a subsidiary		-	-	2,000	-
Tax recoverable		539	-	-	-
Cash and short-term deposits		44,877	29,095	11,478	9,680
		121,262	107,420	51,477	46,706
Current liabilities					
Trade and other payables	1(b)(5)	49,435	39,413	21,867	21,391
Provision for tax		2,170	2,978	1,178	934
		51,605	42,391	23,045	22,325
Net current assets		69,657	65,029	28,432	24,381
Non-current liabilities					
Deferred tax liabilities		97	63	-	-
Other payables		-	125	-	-
Net assets		105,477	102,451	81,109	76,864
Equity attributable to equity holders of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		73,145	70,033	48,377	44,132
		105,877	102,765	81,109	76,864
Non-controlling interests		(400)	(314)	-	-
Total equity		105,477	102,451	81,109	76,864

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Notes to Balance Sheets

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

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current Trade and other receivables:				
<u>Trade receivables: Retention monies</u>				
Third parties	8,009	7,535	4,726	4,078
Corporate shareholder	171	190	171	190
Subsidiaries	-	-	802	191
	<u>8,180</u>	<u>7,725</u>	<u>5,699</u>	<u>4,459</u>
Current Trade and other receivables:				
Trade receivables	44,643	45,287	24,698	22,248
Other receivables and deposits	8,504	10,346	7,616	6,892
	<u>53,147</u>	<u>55,633</u>	<u>32,314</u>	<u>29,140</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	32,843	32,962	15,517	13,475
Retention monies	11,621	10,125	5,126	5,061
	<u>44,464</u>	<u>43,087</u>	<u>20,643</u>	<u>18,536</u>
Less: Allowance for doubtful receivables	(440)	-	(440)	-
	<u>44,024</u>	<u>43,087</u>	<u>20,203</u>	<u>18,536</u>
Movement in allowance accounts:				
At beginning of the year	-	-	-	-
Charge for the year	440	-	440	-
At end of the year	<u>440</u>	<u>-</u>	<u>440</u>	<u>-</u>
<u>Corporate shareholder:</u>				
Trade receivables	448	2,200	448	2,200
Retention monies	171	-	171	-
	<u>619</u>	<u>2,200</u>	<u>619</u>	<u>2,200</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	2,887	1,123
Retention monies	-	-	989	389
	<u>-</u>	<u>-</u>	<u>3,876</u>	<u>1,512</u>
Total current trade receivables	<u>44,643</u>	<u>45,287</u>	<u>24,698</u>	<u>22,248</u>
Other receivables and deposits:				
Other receivables	4,554	4,552	74	89
Deposits	3,950	5,794	227	213
	<u>8,504</u>	<u>10,346</u>	<u>301</u>	<u>302</u>
Non-trade amount due from subsidiaries	-	-	7,315	6,590
	<u>8,504</u>	<u>10,346</u>	<u>7,616</u>	<u>6,892</u>

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Note 1(b)(2) Intangible assets

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Club membership	128	128	128	128
Order backlog	3,116	3,116	-	-
	<u>3,244</u>	<u>3,244</u>	<u>128</u>	<u>128</u>
Less: Accumulated amortisation	(3,195)	(3,189)	(79)	(73)
Goodwill	<u>2,729</u>	<u>2,729</u>	<u>-</u>	<u>-</u>
	<u><u>2,778</u></u>	<u><u>2,784</u></u>	<u><u>49</u></u>	<u><u>55</u></u>

Note 1(b)(3) Inventories

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	11,428	12,579	1,105	1,237
Work-in-progress, at cost	2,468	1,903	211	158
Finished goods, at cost	878	549	507	328
	<u>14,774</u>	<u>15,031</u>	<u>1,823</u>	<u>1,723</u>

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

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	418,019	345,342	292,144	276,149
Less: Progress billings	<u>(411,625)</u>	<u>(338,239)</u>	<u>(289,218)</u>	<u>(270,211)</u>
	<u>6,394</u>	<u>7,103</u>	<u>2,926</u>	<u>5,938</u>
Presented as:				
Gross amount due from customers for contract work	6,394	7,103	2,926	5,938
Gross amount due to customers for contract work	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>6,394</u></u>	<u><u>7,103</u></u>	<u><u>2,926</u></u>	<u><u>5,938</u></u>

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

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	8,414	7,951	3,525	3,139
Amount due to subsidiaries	-	-	6,001	10,244
Amount due to a corporate shareholder	141	87	-	-
Retention payables	<u>7,529</u>	<u>5,128</u>	<u>1,283</u>	<u>1,083</u>
	<u>16,084</u>	<u>13,166</u>	<u>10,809</u>	<u>14,466</u>
Other payables	1,885	1,519	430	325
Non-trade payables due to a corporate shareholder	18	87	-	41
Accrued operating expenses	28,575	22,026	10,062	4,973
Deposits received	<u>2,873</u>	<u>2,615</u>	<u>566</u>	<u>1,586</u>
	<u><u>49,435</u></u>	<u><u>39,413</u></u>	<u><u>21,867</u></u>	<u><u>21,391</u></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 31.12.2013		As at 31.12.2012	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2013		As at 31.12.2012	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 31 December 2013, our Group's bank facilities were secured by the following:

- (i) pledge of cash and short-term deposits of a subsidiary amounting to approximately S\$92,000 (31 December 2012: S\$2,246,000); 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			
	4th Quarter ended		Full Year ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	7,741	3,381	15,340	14,781
Adjustments:				
Impairment loss on doubtful receivables	-	-	440	-
Depreciation of property, plant and equipment	1,180	983	4,575	3,863
Loss/ (gain) on disposal of property, plant and equipment	6	(7)	(12)	(64)
Finance expenses	-	-	-	4
Finance income	(10)	(1)	(14)	(18)
Amortisation of club membership	1	2	6	6
Amortisation of order backlog	-	779	-	3,116
Interest accretion	(27)	(36)	(106)	(179)
Gain on re-measurement of equity interest to fair value	-	-	-	(2,339)
Currency translation difference	(19)	171	(327)	(209)
Operating profit before working capital changes	8,872	5,272	19,902	18,961
(Increase)/ decrease in:				
Inventories	909	(113)	257	(3,421)
Contract work-in-progress	8,287	8,374	709	3,123
Trade and other receivables	(7,867)	(3,423)	1,734	(5,266)
Prepayments	3	600	(876)	2,577
Increase/ (decrease) in:				
Trade and other payables	7,763	4,963	9,860	455
Cash flows from operations	17,967	15,673	31,586	16,429
Finance expenses paid	-	-	-	(4)
Income taxes paid	(1,618)	(886)	(4,845)	(5,292)
Net cash flows from operating activities	16,349	14,787	26,741	11,133
Cash flows from investing activities				
Costs incurred for construction-in-progress	-	(882)	(19)	(3,498)
Finance income received	10	1	14	18
Proceeds from sale of property, plant and equipment	16	13	42	125
Purchase of property, plant and equipment	(313)	(62)	(1,236)	(1,685)
Net cash outflow from acquisition of subsidiary (Note B)	-	-	-	(2,147)
Net cash flows used in investing activities	(287)	(930)	(1,199)	(7,187)

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Consolidated Statement of Cash Flows (cont'd)

	Group			
	4th Quarter ended		Full Year ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Decrease in fixed deposits pledged	166	850	2,154	1,058
Dividends paid on ordinary shares by the Company	-	-	(9,760)	(5,205)
Repayment of finance lease liabilities	-	-	-	(31)
Net cash flows from/ (used in) financing activities	166	850	(7,606)	(4,178)
Net increase/ (decrease) in cash and cash equivalents	16,228	14,707	17,936	(232)
Cash and cash equivalents at beginning of the period	28,557	12,142	26,849	27,081
Cash and cash equivalents at end of the period (Note A)	44,785	26,849	44,785	26,849

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	31.12.2013	31.12.2012
	S\$'000	S\$'000
Cash at banks and on hand	41,399	29,095
Fixed deposits	3,478	-
Cash and short-term deposits	44,877	29,095
Less: Cash and short-term deposits pledged	(92)	(2,246)
Cash and cash equivalents	44,785	26,849

B. Net cash outflow on acquisition of subsidiary

	Group			
	4th Quarter ended		Full Year ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Cash consideration	-	-	-	12,100
Less: cash and cash equivalents acquired	-	-	-	(9,953)
	-	-	-	2,147

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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		
	31.12.2013	31.12.2012	+ / (-)	31.12.2013	31.12.2012	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit net of tax	6,242	2,402	159.9	11,859	11,309	4.9
Other comprehensive income						
Foreign currency translation	305	99	208.1	927	(1,027)	(190.3)
Total comprehensive income	<u>6,547</u>	<u>2,501</u>	<u>161.8</u>	<u>12,786</u>	<u>10,282</u>	<u>24.4</u>

Total comprehensive income attributable to:

Equity holders of the Company	6,564	2,482	12,872	10,641
Non-controlling interests	(17)	19	(86)	(359)
	<u>6,547</u>	<u>2,501</u>	<u>12,786</u>	<u>10,282</u>

(B) Statement of Changes in Equity

Group

	Attributable to Equity holders of Company				Non-controlling interests	Total Equity
	Share capital	Revenue reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
2013						
Balance at 1 January 2013	32,732	69,765	268	102,765	(314)	102,451
Total comprehensive income for FY2013	-	11,945	927	12,872	(86)	12,786
Dividends on ordinary shares	-	(9,760)	-	(9,760)	-	(9,760)
Balance at 31 December 2013	<u>32,732</u>	<u>71,950</u>	<u>1,195</u>	<u>105,877</u>	<u>(400)</u>	<u>105,477</u>
2012						
Balance at 1 January 2012	30,161	63,307	1,290	94,758	-	94,758
Total comprehensive income for FY2012	-	11,663	(1,022)	10,641	(359)	10,282
Dividends on ordinary shares	-	(5,205)	-	(5,205)	-	(5,205)
Non-controlling interests from acquisition of a subsidiary	-	-	-	-	45	45
Shares issued for acquisition of a subsidiary	2,571	-	-	2,571	-	2,571
Balance at 31 December 2012	<u>32,732</u>	<u>69,765</u>	<u>268</u>	<u>102,765</u>	<u>(314)</u>	<u>102,451</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
2013			
Balance at 1 January 2013	32,732	44,132	76,864
Total comprehensive income for FY2013	-	14,005	14,005
Dividends on ordinary shares	-	(9,760)	(9,760)
Balance at 31 December 2013	<u>32,732</u>	<u>48,377</u>	<u>81,109</u>
2012			
Balance at 1 January 2012	30,161	42,739	72,900
Total comprehensive income for FY2012	-	6,598	6,598
Dividends on ordinary shares	-	(5,205)	(5,205)
Shares issued for acquisition of a subsidiary	2,571	-	2,571
Balance at 31 December 2012	<u>32,732</u>	<u>44,132</u>	<u>76,864</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 2012 and 31 December 2013	<u>260,264,171</u>	<u>32,732</u>

There were no outstanding convertible securities as at 31 December 2012 and 31 December 2013.

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 2013, 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.

	31.12.2013	31.12.2012
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 31 December 2013 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 2012, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2013. 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") and amendments to FRS that are effective for annual periods beginning on or after 1 January 2013. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS that are relevant to the Group:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 <i>Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income</i>	1 July 2012
FRS 113 <i>Fair Value Measurement</i>	1 January 2013
Amendments to FRS 107 <i>Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013

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	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
(a) Based on weighted average number of ordinary shares in issue	2.40 cents	0.92 cents	4.59 cents	4.50 cents
(b) On fully diluted basis	2.40 cents	0.92 cents	4.59 cents	4.50 cents

The basic earnings per ordinary share for the fourth quarter ended 31 December 2013 is calculated by dividing the 4th quarter profit attributable to shareholders of S\$6.3 million (31 December 2012: S\$2.4 million) by the weighted average number of 260,264,171 (31 December 2012: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the full year ended 31 December 2013 is calculated by dividing the full year profit attributable to shareholders of S\$11.9 million (31 December 2012: S\$11.7 million) by the weighted average number of 260,264,171 (31 December 2012: 259,286,143) 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 31.12.2013	Company 31.12.2013
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2013 of 260,264,171 ordinary shares	40.53 cents	31.16 cents

(2) Immediately preceding financial year

	Group 31.12.2012	Company 31.12.2012
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2012 of 260,264,171 ordinary shares	39.36 cents	29.53 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

4Q2013 vs 4Q2012

	4th Quarter ended		+ / (-) %
	31.12.2013 S\$'000	31.12.2012 S\$'000	
Residential property	24,829	23,201	7.0
Hospitality and commercial	37,730	29,879	26.3
Distribution	857	730	17.4
Total	63,416	53,810	17.9

For 4Q2013, the Group's revenue increased by 17.9% to S\$63.4 million as compared with the revenue for 4Q2012. The increase was driven primarily by increase in contribution from all segments, particularly the Hospitality and commercial projects completed in the quarter under review.

The gross margin increased from 16.9% in 4Q2012 to 19.3% for 4Q2013, as a result of higher margins recorded in projects completed during the quarter and improved cost efficiency achieved by our China production facility.

Marketing and distribution expenses decreased by 8.0% to S\$1.8 million in 4Q2013. The decrease was mainly due to the decrease in expenses incurred for overseas exhibition and related costs, offset by the increase in depreciation expenses incurred for the China showrooms and staff costs.

General and administrative expenses decreased from S\$3.7 million in 4Q2012 to S\$2.7 million in 4Q2013. The decrease was due to an exchange gain in 4Q2013 as compared with an exchange loss in 4Q2012. In addition, there was an amortisation of order backlog of S\$779,000 in 4Q2012.

As a result, the Group achieved higher profit before tax of S\$7.7 million for 4Q2013, registered an increase of 129.0% as compared with S\$3.4 million for 4Q2012. After taking into account the tax expenses, the Group's net profit after tax was S\$6.2 million for 4Q2013.

FY2013 vs FY2012

	Full Year ended		+ / (-) %
	31.12.2013 S\$'000	31.12.2012 S\$'000	
Residential property	71,974	49,949	44.1
Hospitality and commercial	104,011	103,990	0.0
Distribution	2,112	6,692	(68.4)
Total	178,097	160,631	10.9

The Group's revenue for FY2013 increased by 10.9% to S\$178.1 million as compared with the revenue for FY2012. The increase was mainly due to higher revenue contribution from the Residential property projects, offset by the decrease in Distribution projects completed during the period.

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The Group's gross margin for FY2013 as compared with FY2012 was lower, decreased from 19.8% for FY2012 to 17.1% for FY2013.

Other income decreased by 97.7% from S\$2.4 million in FY2012 to S\$55,000 in FY2013. In FY2012, there was S\$2.3 million gain on re-measurement of equity interest to fair value in relation to the acquisition of DDS Asia Holdings Pte Ltd.

For the FY2013, marketing and distribution expenses increased slightly by 1.8% to S\$6.2 million. The increase was mainly due to increase in staff cost and depreciation expenses incurred for the China showrooms, offset by the decrease in the exhibition expenses.

General and administrative expenses decreased from S\$13.3 million in FY2012 to S\$9.1 million in FY2013. The decrease was mainly due to exchange gain of S\$296,000 in FY2013 as compared with exchange loss of S\$1.0 million in FY2012. In addition, there was an amortisation of order backlog of S\$3.1 million in FY2012.

As a result, the Group achieved a higher profit before tax of S\$15.3 million for FY2013, as compared with S\$14.8 million for FY2012. After taking into account the tax expenses, the Group's net profit after tax was S\$11.9 million for FY2013.

Balance Sheet (31 December 2013 vs 31 December 2012)

Property, plant and equipment decreased by S\$2.1 million mainly due to depreciation charges, offset by the purchase of plant and equipment during the period.

Contracts work-in-progress decreased by S\$709,000 to S\$6.4 million [Note 1(b)(4)] as at 31 December 2013.

Total current trade receivables decreased to S\$44.6 million [Note 1(b)(1)] as at 31 December 2013 as compared with 31 December 2012.

Other receivables and deposits decreased by S\$1.8 million to S\$8.5 million [Note 1(b)(1)]. The decrease was mainly due to refund of tax in DS Huizhou and deposits from DDS Group.

Trade payables increased by S\$2.9 million to S\$16.1 million [Note 1(b)(5)]. The increase was mainly due to higher retention payables from DDS Group.

Accrued operating expenses increased by S\$6.5 million to S\$28.6 million [Note 1(b)(5)]. The increase was mainly due to the accruals of project-related expenses.

Cash Flow

4Q2013 vs 4Q2012

For 4Q2013, there was net cash inflow of S\$16.2 million which was generated mainly from operating activities.

FY2013 vs FY2012

For FY2013, there was net cash inflow of S\$17.9 million which was generated from operating activities, offset by dividend payment during the year.

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

Not applicable

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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

With the property cooling measures implemented by the Singapore and Malaysia government for the Singapore and Malaysia property market respectively; the tightening of supply of foreign labour in Singapore and the associated increased costs; the uncertainty surrounding rising interest rates and a tighter credit environment; the Group's operating environment continues to remain challenging and competitive in FY2014.

On the China front, the Group will continue to leverage on the manufacturing capability of its China production facility to achieve better costs efficiency. China, the world's most populous country with more than 1.3 billion nationals, continues to be a strategic market. The Group will continue to step-up its marketing efforts and to tap into the diverse opportunities in the growing markets of China over the longer-term.

Design Studio remains well positioned with a healthy cash position and order book of S\$243.9 million as at 31 December 2013. Barring any unforeseen circumstances, the Group expects to remain profitable for the financial year ending 2014.

11. Dividend

(1) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

	Final	Special
Name of dividend	Cash	Cash
Dividend amount per share (in S\$ cents)	1.00 cents per ordinary share	5.0 cents per ordinary share
Tax rate	One-tier tax exempt	One-tier tax exempt

(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)	0.75 cents per ordinary share	2.50 cents per ordinary share
Tax rate	One-tier tax exempt	One-tier tax exempt

Date payable

22 May 2014

Books closure date

NOTICE IS HEREBY GIVEN THAT the Transfer Books and the Register of Members of the Company will be closed on 30 April 2014 for the purposes of determining Shareholders' entitlement to the final and special dividends.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 29 April 2014 will be registered to determine shareholders' entitlement to the final and special dividends.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 29 April 2014 will be entitled to the final and special dividends.

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

Not applicable

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PART 2- 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

2013	Residential property projects	Hospitality and commercial projects	Distribution projects	Adjustments and eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External customers	71,974	104,011	2,112	-	178,097
Inter-segment	28,512	28,637	-	(57,149)	-
	<u>100,486</u>	<u>132,648</u>	<u>2,112</u>	<u>(57,149)</u>	<u>178,097</u>
Results					
Other income	-	-	-	55	55
Other non-cash expenses	(440)	-	-	(4,581)	(5,021)
Segment profit before tax	<u>8,585</u>	<u>11,180</u>	<u>81</u>	<u>(4,506)</u>	<u>15,340</u>
Assets					
Additions to non-current assets	-	74	-	1,181	1,255
Segment assets	<u>27,478</u>	<u>66,811</u>	<u>1,184</u>	<u>61,706</u>	<u>157,179</u>
Segment liabilities	<u>10,371</u>	<u>29,990</u>	<u>75</u>	<u>11,266</u>	<u>51,702</u>
2012					
	Residential property projects	Hospitality and commercial projects	Distribution projects	Adjustments and eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
External customers	49,949	103,990	6,692	-	160,631
Inter-segment	31,380	44,110	222	(75,712)	-
	<u>81,329</u>	<u>148,100</u>	<u>6,914</u>	<u>(75,712)</u>	<u>160,631</u>
Results					
Other income	-	2,339	-	30	2,369
Other non-cash expenses	-	(3,116)	-	(3,869)	(6,985)
Segment profit before tax	<u>4,814</u>	<u>11,385</u>	<u>2,401</u>	<u>(3,819)</u>	<u>14,781</u>
Assets					
Additions to non-current assets	-	2,813	-	5,099	7,912
Segment assets	<u>27,314</u>	<u>55,330</u>	<u>2,106</u>	<u>60,280</u>	<u>145,030</u>
Segment liabilities	<u>6,894</u>	<u>25,758</u>	<u>317</u>	<u>9,610</u>	<u>42,579</u>

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Geographical Segment

Revenue by geographical markets

	Full Year ended 31.12.2013 S\$'000	Full Year ended 31.12.2012 S\$'000
Singapore	128,631	111,239
Malaysia	43,025	43,850
United Arab Emirates	1,448	2,334
People's Republic of China	2,080	509
Others	2,913	2,699
	178,097	160,631

Non-current assets by geographical markets

	Full Year ended 31.12.2013 S\$'000	Full Year ended 31.12.2012 S\$'000
Singapore	7,173	8,023
Malaysia	1,007	1,571
People's Republic of China	19,470	20,202
Others	26	79
	27,676	29,875

Information about major customers

Revenue from one major customer amount to S\$44,181,000 (2012: S\$22,278,000), arising from sales from the residential property and hospitality and commercial projects.

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

	Group	
	Full Year ended 31.12.2013 S\$'000	31.12.2012 S\$'000
(a) Sales reported for first half year	72,953	66,033
(b) Operating profit after tax before deducting minority interests reported for first half year	3,301	6,545
(c) Sales reported for second half year	105,144	94,598
(d) Operating profit after tax before deducting minority interests reported for second half year	8,558	4,764

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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	FY2013 S\$'000	FY2012 S\$'000
Interim	1,301	1,952
Final	2,603	1,952
Special	13,013	6,507
Total	16,917	10,411

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 31 December 2013 pursuant to Rule 920(1)(a)(ii) of the listing Manual:

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

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

Pursuant to Clause 704(13) of the Listing Manual, Design Studio Group Ltd ("the Company") confirm that the persons occupying managerial position as at the financial year ended 31 December 2013 who are related to a director, chief executive officer or substantial shareholder of the Company are as follows:

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held if any, during the year
Not applicable				

BY ORDER OF THE BOARD

Helen Campos
Secretary

26 February 2014