



Design Studio Furniture Manufacturer Limited

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

1st Quarter Financial Statement And Dividend Announcement For The Period Ended 31 March 2012

Design Studio Furniture Manufacturer Limited
(Registration Number: 199401553D)

1st Quarter 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		
		31.03.2012	3 Months ended 31.03.2011	+ / (-) %
		S\$'000	S\$'000	
Revenue		24,716	29,502	(16.2)
Cost of sales		(18,048)	(22,565)	(20.0)
Gross profit		6,668	6,937	(3.9)
Other income	1(a)(1)	2,343	-	N.M.
		9,011	6,937	29.9
Marketing and distribution expenses		(1,281)	(1,078)	18.8
General and administrative expenses		(3,161)	(1,981)	59.6
Profit from operations	1(a)(2)	4,569	3,878	17.8
Finance expenses	1(a)(3)	(3)	(3)	0.0
Finance income	1(a)(3)	10	12	(16.7)
Share of result of an associate		-	2,684	(100.0)
Profit before tax		4,576	6,571	(30.4)
Tax expense	1(a)(4)	(600)	(611)	(1.8)
Profit net of tax		3,976	5,960	(33.3)
Profit attributable to:				
Equity holders of the Company		4,192	5,960	
Non-controlling interests		(216)	-	
		3,976	5,960	

N.M.: Not Meaningful

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Notes to Income Statement

Note 1(a)(1) Other income

	Group		
	31.03.2012	3 Months ended	
	S\$'000	31.03.2011	+/(-) %
		S\$'000	
Gain on re-measurement of equity interest to fair value	2,339	-	N.M.
Sundry income	4	-	N.M.
	2,343	-	N.M.

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

	Group		
	31.03.2012	3 Months ended	
	S\$'000	31.03.2011	+/(-) %
		S\$'000	
Depreciation of property, plant and equipment	984	780	26.2
Foreign exchange loss, net	464	355	30.7
Gain on disposal of property, plant and equipment	(57)	(3)	1,800.0
Amortisation of club membership	1	1	-
Amortisation of order backlog	589	-	N.M.

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

	Group		
	31.03.2012	3 Months ended	
	S\$'000	31.03.2011	+/(-) %
		S\$'000	
Finance expenses			
- Finance leases	1	1	-
- Bankers' guarantee and commitment fee	2	2	-
	3	3	-
Finance income			
- Fixed deposits	10	12	(16.7)

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

	Group		
	31.03.2012	3 Months ended	
	S\$'000	31.03.2011	+/(-) %
		S\$'000	
Current tax			
Singapore			
- current year	396	498	(20.5)
- overprovision for prior year	(82)	(10)	720.0
Foreign			
- current year	436	33	1,221.2
	750	521	44.0
Deferred tax			
Singapore			
-	-	72	(100.0)
Foreign	(150)	18	(933.3)
	600	611	(1.8)

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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	
		31.03.2012 S\$'000	31.12.2011 S\$'000	31.03.2012 S\$'000	31.12.2011 S\$'000
Non-current assets					
Property, plant and equipment		27,095	25,886	5,675	5,982
Investment in subsidiaries	1(b)(1)	-	-	40,883	21,279
Investment in an associate		-	9,661	-	2,250
Intangible assets	1(b)(2)	5,083	61	60	61
Deferred tax assets		125	-	-	-
Trade and other receivables	1(b)(3)	6,600	10,196	7,389	10,196
Prepayments		496	724	-	-
Current assets					
Inventories	1(b)(4)	13,777	11,610	1,877	1,404
Gross amount due from customers for contract work-in-progress	1(b)(5)	12,091	6,776	9,025	6,074
Trade and other receivables	1(b)(3)	42,974	22,957	23,720	19,261
Prepayments		2,156	2,681	671	648
Cash and short-term deposits		23,804	28,611	9,863	25,785
		94,802	72,635	45,156	53,172
Current liabilities					
Trade and other payables	1(b)(6)	28,257	21,054	20,971	17,879
Finance lease liabilities (current portion)	1(b)(7)	19	3	-	-
Provision for tax		4,568	3,145	2,098	2,098
		32,844	24,202	23,069	19,977
Net current assets		61,958	48,433	22,087	33,195
Non-current liabilities					
Deferred tax liabilities		438	88	63	63
Other payables		111	115	-	-
Net assets		100,808	94,758	76,031	72,900
Equity attributable to equity holders of the Company					
Share capital		32,732	30,161	32,732	30,161
Reserves		68,242	64,597	43,299	42,739
		100,974	94,758	76,031	72,900
Non-controlling interests		(166)	-	-	-
Total equity		100,808	94,758	76,031	72,900

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Notes to Balance Sheets

Note 1(b)(1) Acquisition of subsidiary

On 8 March 2012, the Company acquired an additional 55% equity interest in its 45%-owned associate, DDS Asia Holdings Pte. Ltd. ("DDS"). Upon completion of the acquisition, DDS became a wholly-owned subsidiary of the Company. The transaction was accounted for by the acquisition method of accounting.

The fair value of the identifiable assets and liabilities of DDS as at the acquisition date shown below are provisional as the hindsight period allowed by financial reporting standard has not yet expired. The management is in the midst of finalising the fair value.

The net assets acquired and related provisional fair values are as follows:

	Provisional fair value S\$'000
Property, plant and equipment	466
Order backlog	2,355
Contracts work in progress	3,450
Trade and other receivables	24,614
Cash and short-term deposits	11,727
	<u>42,612</u>
Trade and other payables	17,752
Finance leases	28
Provision for tax	998
Deferred tax liabilities	375
	<u>19,153</u>
Non-controlling interest	(45)
Total identifiable net assets at fair value	23,414
Goodwill arising from acquisition	3,257
	<u>26,671</u>

Consideration transferred (at acquisition date fair values)

	S\$'000
Cash paid	12,100
Fair value of equity instruments (5,041,666 ordinary shares of Design Studio Furniture Manufacturer Limited)	2,571
Total consideration transferred	14,671
Provisional fair value of equity interest in DDS	12,000
	<u>26,671</u>

Note 1(b)(2) Intangible assets

	Group		Company	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Club membership	128	128	128	128
Goodwill	3,257	-	-	-
Order backlog	2,355	-	-	-
	<u>5,740</u>	<u>128</u>	<u>128</u>	<u>128</u>
Less: Accumulated amortisation	(657)	(67)	(68)	(67)
	<u>5,083</u>	<u>61</u>	<u>60</u>	<u>61</u>

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Note 1(b)(3) Trade and other receivables

	Group		Company	
	31.03.2012 S\$'000	31.12.2011 S\$'000	31.03.2012 S\$'000	31.12.2011 S\$'000
Trade receivables (non-current):				
<u>Retention monies:</u>				
Third parties	6,600	5,921	6,600	5,921
Corporate shareholder	-	3,618	-	3,618
Subsidiaries	-	-	789	-
Associate	-	657	-	657
	<u>6,600</u>	<u>10,196</u>	<u>7,389</u>	<u>10,196</u>
Current:				
Trade receivables	33,625	18,024	18,269	14,350
Other receivables and deposits	9,349	4,933	5,451	4,911
	<u>42,974</u>	<u>22,957</u>	<u>23,720</u>	<u>19,261</u>
Trade receivables (current):				
<u>Third parties:</u>				
Trade receivables	21,476	8,887	11,557	8,417
Retention monies	10,266	3,330	2,791	3,169
	<u>31,742</u>	<u>12,217</u>	<u>14,348</u>	<u>11,586</u>
Less: Allowance for doubtful receivables	-	-	-	-
	<u>31,742</u>	<u>12,217</u>	<u>14,348</u>	<u>11,586</u>
Movement in allowance accounts:				
At beginning of the year	-	-	-	-
Charge for the year	-	(3)	-	-
Written off during the year	-	3	-	-
At end of the year	-	-	-	-
Corporate shareholder:				
Trade receivables	1,883	695	1,883	695
	<u>1,883</u>	<u>695</u>	<u>1,883</u>	<u>695</u>
Subsidiary:				
Trade receivables	-	-	1,925	141
Retention monies	-	-	113	-
	<u>-</u>	<u>-</u>	<u>2,038</u>	<u>141</u>
Associate:				
Trade receivables	-	4,281	-	1,519
Retention monies	-	831	-	409
	<u>-</u>	<u>5,112</u>	<u>-</u>	<u>1,928</u>
Total current trade receivables	<u>33,625</u>	<u>18,024</u>	<u>18,269</u>	<u>14,350</u>
Other receivables and deposits (current):				
Other receivables	3,521	2,734	76	74
Deposits	5,828	2,199	161	126
	<u>9,349</u>	<u>4,933</u>	<u>237</u>	<u>200</u>
Non-trade amount due from subsidiaries	-	-	5,214	4,711
	<u>9,349</u>	<u>4,933</u>	<u>5,451</u>	<u>4,911</u>

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Note 1(b)(4) Inventories

	Group		Company	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	11,236	9,909	1,611	1,248
Work-in-progress, at cost	2,350	1,614	266	156
Finished goods, at cost	191	87	-	-
	<u>13,777</u>	<u>11,610</u>	<u>1,877</u>	<u>1,404</u>

Note 1(b)(5) Gross amount from customers for contract work-in-progress

	Group		Company	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	272,816	315,851	284,636	295,706
Less: Progress billings	<u>(260,725)</u>	<u>(309,075)</u>	<u>(275,611)</u>	<u>(289,632)</u>
	<u>12,091</u>	<u>6,776</u>	<u>9,025</u>	<u>6,074</u>
Presented as:				
Gross amount due from customers for contract work	12,091	6,776	9,025	6,074
Gross amount due to customers for contract work	-	-	-	-
	<u>12,091</u>	<u>6,776</u>	<u>9,025</u>	<u>6,074</u>

Note 1(b)(6) Trade and other payables

	Group		Company	
	31.03.2012	31.12.2011	31.03.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	6,731	5,084	2,927	3,216
Amount due to subsidiaries	-	-	11,310	1,159
Amount due to a corporate shareholder	385	141	20	-
Retention payables	<u>3,288</u>	<u>950</u>	<u>739</u>	<u>862</u>
	<u>10,404</u>	<u>6,175</u>	<u>14,996</u>	<u>5,237</u>
Other payables	785	685	410	423
Non-trade payables due to a corporate shareholder	18	-	-	-
Accrued operating expenses	14,672	11,731	3,912	10,460
Deposits received	<u>2,378</u>	<u>2,463</u>	<u>1,653</u>	<u>1,759</u>
	<u>28,257</u>	<u>21,054</u>	<u>20,971</u>	<u>17,879</u>

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Note 1(b)(7) Finance lease liabilities

	Minimum lease payments 31.03.2012 S\$'000	Present value of payments 31.03.2012 S\$'000	Minimum lease payments 31.12.2011 S\$'000	Present value of payments 31.12.2011 S\$'000
Group				
Not later than one year	21	19	3	3
Later than one year but not later than five years	-	-	-	-
Total minimum lease payments	21	19	3	3
Less: Amounts representing finance charges	(2)	-	-	-
Present value of minimum lease payments	19	19	3	3

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

Amount repayable in one year or less, or on demand

As at 31.03.2012		As at 31.12.2011	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
19	-	3	-

Amount repayable after one year

As at 31.03.2012		As at 31.12.2011	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	-	-

Details of any collateral

As at 31 March 2012, our Group's borrowings were secured by the following:

- (i) pledge of fixed deposit of the Company and cash of a subsidiary amounting to approximately S\$3,401,000 (31 December 2011: S\$1,530,000);

The pledge of fixed deposit of the Company amounting to S\$1,530,000 was subsequently discharged on 24 April 2012.

- (ii) corporate guarantees provided by the Company;

- (iii) plant and equipment of subsidiaries 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 Statement of Cash Flows

	Group	
	3 Months ended	
	31.03.2012	31.03.2011
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	4,576	6,571
Adjustments:		
Depreciation of property, plant and equipment	984	780
Gain on disposal of property, plant and equipment	(57)	(3)
Finance expenses	3	3
Finance income	(10)	(12)
Share of gain of an associate	-	(2,684)
Amortisation of club membership	1	1
Amortisation of order backlog	589	-
Gain on re-measurement of equity interest to fair value	(2,339)	-
Currency translation difference	5	22
Operating profit before working capital changes	3,752	4,678
Decrease/(increase) in:		
Inventories	(2,167)	938
Contract work-in-progress	(1,865)	1,294
Trade and other receivables	2,357	4,503
Prepayments	781	210
Decrease in:		
Trade and other payables	(4,745)	(6,897)
Cash flows (used in)/ from operations	(1,887)	4,726
Finance expense paid	(3)	(3)
Income taxes paid	(325)	(904)
Net cash flows (used in)/ from operating activities	(2,215)	3,819
Cash flows from investing activities		
Costs incurred for construction-in-progress	(2,111)	-
Finance income received	10	12
Proceeds from sale of property, plant and equipment	112	4
Purchase of property, plant and equipment	(218)	(257)
Proceeds from sale of investment securities	-	4
Net cash outflow from acquisition of subsidiary (Note B)	(2,147)	-
Net cash flows used in investing activities	(4,354)	(237)

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Consolidated Statement of Cash Flows (cont'd)

	Group	
	3 Months ended	
	31.03.2012	31.03.2011
	S\$'000	S\$'000
Cash flows from financing activities		
Increase in fixed deposits pledged	(97)	-
Repayment of finance lease liabilities	(12)	(10)
Net cash flows used in financing activities	(109)	(10)
Net increase in cash and cash equivalents	(6,678)	3,572
Cash and cash equivalents at beginning of the period	27,081	31,953
Cash and cash equivalents at end of the period (Note A)	20,403	35,525

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	31.03.2012	31.03.2011
	S\$'000	S\$'000
Cash and bank balances	15,566	11,436
Fixed deposits	8,238	26,837
	23,804	38,273
Less: Fixed deposits pledged	(3,401)	(2,748)
Cash and cash equivalents	20,403	35,525

B. Net cash outflow on acquisition of subsidiary

	Group	
	31.03.2012	31.03.2011
	S\$'000	S\$'000
Cash consideration	12,100	-
Less: cash and cash equivalent 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		
	31.03.2012 S\$'000	3 Months ended 31.03.2011 S\$'000	+ / (-) %
Profit net of tax	3,976	5,960	(33.3)
Other comprehensive income			
Foreign currency translation	(542)	16	(3,487.5)
Share of other comprehensive income of an associate	-	(40)	(100.0)
Total comprehensive income	3,434	5,936	(42.1)
Total comprehensive income attributable to:			
Equity holders of the Company	3,645	5,936	
Non-controlling interests	(211)	-	
	3,434	5,936	

(B) Statement of Changes in Equity

Group	Attributable to Equity holders of Company				Non-controlling interests S\$'000	Total Equity S\$'000
	Share capital S\$'000	Revenue reserves S\$'000	Other reserves S\$'000	Total S\$'000		
2012						
Balance at 1 January 2012	30,161	63,307	1,290	94,758	-	94,758
Total comprehensive income for 1Q2012	-	4,192	(547)	3,645	(211)	3,434
Non-controlling interest from acquisition of a subsidiary	-	-	-	-	45	45
Shares issued for acquisition of a subsidiary	2,571	-	-	2,571	-	2,571
Balance at 31 March 2012	32,732	67,499	743	100,974	(166)	100,808
2011						
Balance at 1 January 2011	30,161	54,431	34	84,626	-	84,626
Total comprehensive income for 1Q2011	-	5,960	(24)	5,936	-	5,936
Balance at 31 March 2011	30,161	60,391	10	90,562	-	90,562

Company	Share capital S\$'000	Revenue reserves S\$'000	Total S\$'000
2012			
Balance at 1 January 2012	30,161	42,739	72,900
Total comprehensive income for 1Q2012		560	560
Shares issued for acquisition of a subsidiary	2,571	-	2,571
Balance at 31 March 2012	32,732	43,299	76,031
2011			
Balance at 1 January 2011	30,161	38,977	69,138
Total comprehensive income for 1Q2011	-	2,715	2,715
Balance at 31 March 2011	30,161	41,692	71,853

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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:		
As at 31 December 2011	255,222,505	30,161
Shares issued for acquisition of a subsidiary	5,041,666	2,571
As at 31 March 2012	260,264,171	32,732

On 8 March 2012, the Company acquired an additional 55% equity interest in its 45%-owned associate, DDS Asia Holdings Pte. Ltd. 20% of the purchase consideration was made by way of the Company allotting and issuing to Controlling Shareholder, Depa Interiors LLC (“DEPA”), credited as fully paid up, 5,041,666 new Shares in the capital of the Company (the “**Consideration Shares**”) at a fair value price of S\$0.51 per Consideration Share.

The 5,041,666 new Shares were listed and quoted on the SGX-ST on 12 March 2012, which increased the total issued and fully paid up ordinary shares to 260,264,171.

There were no outstanding convertible securities as at 31 March 2012 and 31 March 2011.

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.

	31.03.2012	31.12.2011
Total number of shares (excluding treasury shares)	260,264,171	255,222,505

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 March 2012 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.

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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 2011, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2012. 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 that are effective for annual periods beginning on or after 1 January 2012. 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 is relevant to the Group:

Description	Effective for annual periods beginning on or after
Amendment to FRS 107 – Transfers of Financial Assets	1 July 2011
Amendments to FRS 102 Deferred Tax: Recovery of Underlying Assets	1 January 2012

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.

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	
	3 Months ended	
	31.03.2012	31.03.2011
(a) Based on weighted average number of ordinary shares in issue	1.64 cents	2.34 cents
(b) On fully diluted basis	1.64 cents	2.34 cents

The basic earnings per ordinary share for the first quarter ended 31 March 2012 is calculated by dividing the first quarter profit attributable to shareholders of S\$4.2 million (31 March 2011: S\$6.0 million) by the weighted average number of 256,330,564 (31 March 2010: 255,222,505) shares in issue during the financial period.

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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 31.03.2012	Company 31.03.2012
Net asset value per ordinary share for the period based on existing issued share capital as at 31 March 2012 of 260,264,171 ordinary shares	38.73 cents	29.21 cents

(2) Immediately preceding financial year

	Group 31.12.2011	Company 31.12.2011
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2011 of 255,222,505 ordinary shares	37.13 cents	28.56 cents

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

For the comparative figures of the 1Q2011, DDS was only accounted as an associate company.

1Q2012 vs 1Q2011

	3 Months ended		
	31.03.2012 S\$'000	31.03.2011 S\$'000	+/(-) %
Residential property projects	4,257	23,936	(82.2)
Hospitality and commercial projects	19,154	2,711	606.5
Distributorship projects	1,305	2,855	(54.3)
Total	24,716	29,502	(16.2)

For 1Q2012, the Group's revenue decreased by 16.2% to S\$24.7 million as compared with the revenue for 1Q2011. The decrease was mainly contributed by the residential property projects segment, offset by the hospitality and commercial projects.

Notwithstanding the decline in the 1Q revenue, the Group was able to increase the gross margin from 23.5% in 1Q2011 to 27.0% for 1Q2012.

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In 1Q2012, the Group recognised a gain of S\$2.3 million on the re-measurement of equity interest to fair value in other income.

Marketing and distribution expenses increased by 18.8% to S\$1.3 million for 1Q2012 as compared with 1Q2011. The increase was mainly due to the increase in staff costs, offset by the decrease in the exhibition expenses.

General and administrative expenses (before amortisation of order backlog) increased by 59.6% from S\$2.0 million in 1Q2011 to S\$2.6 million in 1Q2012. The increase was mainly due to general and administrative expenses related to the Huizhou factory. Taking into account the amortisation expense, the net general and administrative expenses increased from S\$2.0 million in 1Q2011 to S\$3.2 million in 1Q2012.

In 1Q2011, the Group recognized S\$2.7 million of profit from associate. The Company had since acquired the DDS group as its fully owned subsidiary in 1Q2012.

As a result, the Group achieved a lower net profit before tax of S\$4.6 million for 1Q2012, as compared with S\$6.6 million for 1Q2011. After taking into account the tax expenses, the Group's net profit after tax was S\$4.0 million for 1Q2012.

Balance Sheet (31 March 2012 vs 31 December 2011)

Property, plant and equipment increased by S\$1.2 million to S\$27.1 million as compared with S\$25.9 million as at 31 December 2011. The increase was mainly due to the purchase of plant and equipment for the new factory in Huizhou, China and the Guangzhou showroom set up costs.

As the result of the DDS acquisition and requirement of FRS 103, the Group had identified an order backlog of S\$2.4 million and goodwill of S\$3.3 million. The order backlog represents the fair value of the contracts outstanding as at the acquisition date and will be amortised over one year. The amount of goodwill and order backlog is provisional and is expected to be finalised within this financial reporting year. In view of the above, intangible assets increased by \$5.0 million as compared with 31 December 2011.

Non-current trade receivables decreased from S\$10.2 million as at 31 December 2011 to S\$6.6 million as at 31 March 2012 due to collection of retention sums for completed projects.

Contracts work-in-progress increased by S\$5.3 million to S\$12.1 million as at 31 March 2012, mainly contributed by the contracts work-in-progress from DDS Group.

Current trade receivables increased by S\$15.6 million to S\$33.6 million as at 31 March 2012 as compared with 31 December 2011. The increase was mainly due to trade receivables from DDS Group which was acquired in the current quarter. Generally, the payment terms of receivables from DDS overseas subsidiaries are longer.

The Group's total cash and cash equivalents decreased from S\$28.6 million in 31 December 2011 to S\$23.8 million as at 31 March 2012.

Other receivables and deposits increased by S\$4.4 million to S\$9.3 million. The increase was mainly due to other receivables and deposits from DDS Group, which largely relates to advance payments to suppliers.

Trade payables increased by S\$4.2 million to S\$10.4 million, mainly contributed by DDS Group.

Accrued operating expenses increased by S\$2.9 million to S\$14.7 million as at 31 March 2012 as compared with 31 December 2011. This was mainly contributed by the DDS Group.

Cash Flows (1Q2012 vs 1Q2011)

For the 3 month period ended 31 March 2012, there was net cash outflow of S\$6.7 million, mainly from operating and investing activities.

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

Not applicable

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**

Despite the weakening of the high-end luxury residential market in Singapore and on-going global economic uncertainties, namely in Europe and the United States, the Group is on firm footing with a healthy order book and strong balance sheet. Barring any unforeseen circumstances the Group expects to remain profitable for FY2012.

11. **Dividend**

(1) 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 1Q ended 31 March 2012.

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

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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 31 March 2012 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\$540,733

BY ORDER OF THE BOARD

Lim Bee Lian Eliza
Secretary

Date: 10 May 2012

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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 first quarter ended 31 March 2012 to be false or misleading in any material respect.

ON BEHALF OF BOARD OF DIRECTORS

Name: Bernard Lim Leng Foo
Director

Name: Kelly Ng Chai Choey
Director

Date: 10 May 2012