



Design Studio Furniture Manufacturer Limited

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

2nd Quarter and Half Year Financial Statement And Dividend Announcement For The Period Ended 30 June 2012

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

2nd Quarter and Half 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					
		2nd Quarter ended			Half Year ended		
		30.06.2012 S\$'000	30.06.2011 S\$'000	+/(-) %	30.06.2012 S\$'000	30.06.2011 S\$'000	+/(-) %
Revenue		41,317	19,567	111.2	66,033	49,069	34.6
Cost of sales		(33,700)	(13,342)	152.6	(51,748)	(35,907)	44.1
Gross profit		7,617	6,225	22.4	14,285	13,162	8.5
Other income	1(a)(1)	25	3	733.3	2,368	3	78,833.3
		7,642	6,228	22.7	16,653	13,165	26.5
Marketing and distribution expenses		(1,385)	(1,176)	17.8	(2,666)	(2,254)	18.3
General and administrative expenses		(2,922)	(1,625)	79.8	(6,083)	(3,606)	68.7
Profit from operations	1(a)(2)	3,335	3,427	(2.7)	7,904	7,305	8.2
Finance expenses	1(a)(3)	-	(2)	(100.0)	(3)	(5)	(40.0)
Finance income	1(a)(3)	4	17	(76.5)	14	29	(51.7)
Share of result of an associate		-	173	(100.0)	-	2,857	(100.0)
Profit before tax		3,339	3,615	(7.6)	7,915	10,186	(22.3)
Tax expense	1(a)(4)	(770)	(922)	(16.5)	(1,370)	(1,533)	(10.6)
Profit net of tax		2,569	2,693	(4.6)	6,545	8,653	(24.4)
Profit attributable to:							
Equity holders of the Company		2,623	2,693		6,815	8,653	
Non-controlling interests		(54)	-		(270)	-	
Profit before tax		2,569	2,693		6,545	8,653	

N.M.: Not Meaningful

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

Notes to Income Statement

Note 1(a)(1) Other income

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2012	30.06.2011	+/(-) %	30.06.2012	30.06.2011	+/(-) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Gain on re-measurement of equity interest to fair value	-	-	N.M.	2,339	-	N.M.
Sundry income	25	3	733.3	29	3	866.7
	<u>25</u>	<u>3</u>	<u>733.3</u>	<u>2,368</u>	<u>3</u>	<u>78,833.3</u>

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

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2012	30.06.2011	+/(-) %	30.06.2012	30.06.2011	+/(-) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Depreciation of property, plant and equipment	958	755	26.9	1,942	1,535	26.5
Foreign exchange loss, net	112	294	(61.9)	576	649	(11.2)
Gain on disposal of property, plant and equipment	-	-	N.M.	(57)	(3)	1,800.0
Interest accretion	(105)	-	N.M.	(105)	-	N.M.
Amortisation of club membership	2	2	0.0	3	3	0.0
Amortisation of order backlog	969	-	N.M.	1,558	-	N.M.

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

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2012	30.06.2011	+/(-) %	30.06.2012	30.06.2011	+/(-) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Finance expenses						
- Finance leases	-	-	N.M.	1	1	0.0
- Bankers' guarantee and commitment fee	-	2	N.M.	2	4	(50.0)
	<u>-</u>	<u>2</u>	<u>N.M.</u>	<u>3</u>	<u>5</u>	<u>(40.0)</u>
Finance income						
- Fixed deposits	4	17	(76.5)	14	29	(51.7)
	<u>4</u>	<u>17</u>	<u>(76.5)</u>	<u>14</u>	<u>29</u>	<u>(51.7)</u>

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

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

	Group					
	2nd Quarter ended			Half Year ended		
	30.06.2012	30.06.2011	+/(-) %	30.06.2012	30.06.2011	+/(-) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Current tax						
Singapore						
- current year	781	413	89.1	1,177	901	30.6
- (over)/under provision for prior year	(228)	-	N.M.	(310)	-	N.M.
Foreign						
- current year	476	258	84.5	912	291	213.4
- under provision for prior year	-	19	N.M.	-	19	N.M.
	<u>1,029</u>	<u>690</u>	<u>49.1</u>	<u>1,779</u>	<u>1,211</u>	<u>46.9</u>
Deferred tax						
Singapore	(327)	(33)	890.9	(327)	39	(938.5)
Foreign	68	265	(74.3)	(82)	283	(129.0)
	<u>770</u>	<u>922</u>	<u>(16.5)</u>	<u>1,370</u>	<u>1,533</u>	<u>(10.6)</u>

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

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

Balance Sheets

	Note	Group		Company	
		30.06.2012 S\$'000	31.12.2011 S\$'000	30.06.2012 S\$'000	31.12.2011 S\$'000
Non-current assets					
Property, plant and equipment		27,698	25,886	5,423	5,982
Investment in subsidiaries	1(b)(1)	-	-	42,170	21,279
Investment in an associate		-	9,661	-	2,250
Intangible assets	1(b)(2)	4,345	61	58	61
Deferred tax assets		57	-	-	-
Trade and other receivables	1(b)(3)	11,201	10,196	9,061	10,196
Prepayments		459	724	-	-
Current assets					
Inventories	1(b)(4)	15,384	11,610	1,615	1,404
Gross amount due from customers for contract work-in-progress	1(b)(5)	13,417	6,776	9,411	6,074
Trade and other receivables	1(b)(3)	45,848	22,957	27,400	19,261
Prepayments		1,307	2,681	604	648
Cash and short-term deposits		17,013	28,611	7,536	25,785
		92,969	72,635	46,566	53,172
Current liabilities					
Trade and other payables	1(b)(6)	32,744	21,054	25,049	17,879
Finance lease liabilities (current portion)		7	3	-	-
Provision for tax		3,575	3,145	1,018	2,098
		36,326	24,202	26,067	19,977
Net current assets		56,643	48,433	20,499	33,195
Non-current liabilities					
Deferred tax liabilities		355	88	63	63
Other payables		113	115	-	-
Net assets		99,935	94,758	77,148	72,900
Equity attributable to equity holders of the Company					
Share capital		32,732	30,161	32,732	30,161
Reserves		67,430	64,597	44,416	42,739
		100,162	94,758	77,148	72,900
Non-controlling interests		(227)	-	-	-
Total equity		99,935	94,758	77,148	72,900

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

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 were:

	Fair value recognised upon acquisition S\$'000
Property, plant and equipment	466
Order backlog	3,116
Contracts work in progress	3,450
Trade and other receivables	24,607
Prepayments	28
Cash and short-term deposits	11,727
	<u>43,394</u>
Trade and other payables	17,761
Finance leases	28
Provision for tax	998
Deferred tax liabilities	620
	<u>19,407</u>
Non-controlling interest	(45)
Total identifiable net assets at fair value	23,942
Goodwill arising from acquisition	2,729
	<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	<u>14,671</u>
Fair value of equity interest in DDS	<u>12,000</u>
	<u>26,671</u>

Note 1(b)(2) Intangible assets

	Group		Company	
	30.06.2012 S\$'000	31.12.2011 S\$'000	30.06.2012 S\$'000	31.12.2011 S\$'000
Club membership	128	128	128	128
Goodwill	2,729	-	-	-
Order backlog	3,116	-	-	-
	<u>5,973</u>	<u>128</u>	<u>128</u>	<u>128</u>
Less: Accumulated amortisation	(1,628)	(67)	(70)	(67)
	<u>4,345</u>	<u>61</u>	<u>58</u>	<u>61</u>

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

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

	Group		Company	
	30.06.2012 S\$'000	31.12.2011 S\$'000	30.06.2012 S\$'000	31.12.2011 S\$'000
Non-current Trade and other receivables:				
<u>Trade receivables: Retention monies</u>				
Third parties	11,151	5,921	8,009	5,921
Corporate shareholder	50	3,618	50	3,618
Subsidiaries	-	-	1,002	-
Associate	-	657	-	657
	<u>11,201</u>	<u>10,196</u>	<u>9,061</u>	<u>10,196</u>
Current Trade and other receivables:				
Trade receivables	36,913	18,024	21,396	14,350
Other receivables and deposits	8,935	4,933	6,004	4,911
	<u>45,848</u>	<u>22,957</u>	<u>27,400</u>	<u>19,261</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	25,798	8,887	13,992	8,417
Retention monies	8,800	3,330	3,211	3,169
	<u>34,598</u>	<u>12,217</u>	<u>17,203</u>	<u>11,586</u>
Less: Allowance for doubtful receivables	-	-	-	-
	<u>34,598</u>	<u>12,217</u>	<u>17,203</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	-	-		
<u>Corporate shareholder:</u>				
Trade receivables	2,315	695	2,315	695
	<u>2,315</u>	<u>695</u>	<u>2,315</u>	<u>695</u>
<u>Subsidiary:</u>				
Trade receivables	-	-	1,582	141
Retention monies	-	-	296	-
	<u>-</u>	<u>-</u>	<u>1,878</u>	<u>141</u>
<u>Associate:</u>				
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>36,913</u>	<u>18,024</u>	<u>21,396</u>	<u>14,350</u>
Other receivables and deposits:				
Other receivables	3,994	2,734	92	74
Deposits	4,941	2,199	170	126
	<u>8,935</u>	<u>4,933</u>	<u>262</u>	<u>200</u>
Non-trade amount due from subsidiaries	-	-	5,742	4,711
	<u>8,935</u>	<u>4,933</u>	<u>6,004</u>	<u>4,911</u>

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

Note 1(b)(4) Inventories

	Group		Company	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	12,859	9,909	1,527	1,248
Work-in-progress, at cost	2,260	1,614	88	156
Finished goods, at cost	265	87	-	-
	<u>15,384</u>	<u>11,610</u>	<u>1,615</u>	<u>1,404</u>

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

	Group		Company	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	306,206	315,851	313,480	295,706
Less: Progress billings	(292,789)	(309,075)	(304,069)	(289,632)
	<u>13,417</u>	<u>6,776</u>	<u>9,411</u>	<u>6,074</u>
Presented as:				
Gross amount due from customers for contract work	13,417	6,776	9,411	6,074
Gross amount due to customers for contract work	-	-	-	-
	<u>13,417</u>	<u>6,776</u>	<u>9,411</u>	<u>6,074</u>

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

	Group		Company	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	9,590	5,084	3,419	3,216
Amount due to subsidiaries	-	-	14,561	1,159
Amount due to a corporate shareholder	103	141	-	-
Retention payables	3,728	950	702	862
	<u>13,421</u>	<u>6,175</u>	<u>18,682</u>	<u>5,237</u>
Other payables	871	685	305	423
Non-trade payables due to a corporate shareholder	48	-	26	-
Accrued operating expenses	16,031	11,731	4,097	10,460
Deposits received	2,373	2,463	1,939	1,759
	<u>32,744</u>	<u>21,054</u>	<u>25,049</u>	<u>17,879</u>

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

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

Amount repayable in one year or less, or on demand

As at 30.06.2012		As at 31.12.2011	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
7	-	3	-

Amount repayable after one year

As at 30.06.2012		As at 31.12.2011	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	-	-

Details of any collateral

As at 30 June 2012, our Group's borrowings were secured by the following:

- (i) pledge of fixed deposit of the Company amounting to Nil (December 2011: S\$1,530,000);
- (ii) pledge of fixed deposit of a subsidiary amounting to approximately S\$1,871,000 ;
- (iii) corporate guarantees provided by the Company;
- (iv) plant and equipment of a subsidiary acquired under finance lease liabilities.

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

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

Consolidated Statement of Cash Flows

	Group			
	2nd Quarter ended 30.06.2012 S\$'000	30.06.2011 S\$'000	Half Year ended 30.06.2012 S\$'000	30.06.2011 S\$'000
Cash flows from operating activities				
Profit before tax	3,339	3,615	7,915	10,186
Adjustments:				
Depreciation of property, plant and equipment	958	755	1,942	1,535
Gain on disposal of property, plant and equipment	-	-	(57)	(3)
Finance expenses	-	2	3	5
Finance income	(4)	(17)	(14)	(29)
Share of gain of an associate	-	(173)	-	(2,857)
Amortisation of club membership	2	2	3	3
Amortisation of order backlog	969	-	1,558	-
Interest accretion	(105)	-	(105)	-
Gain on re-measurement of equity interest to fair value	-	-	(2,339)	-
Currency translation difference	(265)	40	(260)	66
Operating profit before working capital changes	4,894	4,224	8,646	8,906
(Increase)/ decrease in:				
Inventories	(1,607)	41	(3,774)	979
Contract work-in-progress	(1,326)	(2,210)	(3,191)	(916)
Trade and other receivables	(1,455)	9,272	902	13,775
Prepayments	886	(471)	1,667	(261)
(Decrease)/increase in:				
Trade and other payables	(1,412)	112	(6,157)	(6,785)
Cash flows (used in) / from operations	(20)	10,968	(1,907)	15,698
Finance expense paid	-	(2)	(3)	(5)
Income taxes paid	(2,023)	(1,343)	(2,348)	(2,251)
Net cash flows (used in) / from operating activities	(2,043)	9,623	(4,258)	13,442
Cash flows from investing activities				
Costs incurred for construction-in-progress	(574)	(8)	(2,685)	(8)
Finance income received	4	17	14	29
Proceeds from sale of property, plant and equipment	-	-	112	4
Purchase of property, plant and equipment	(913)	(6,357)	(1,131)	(6,614)
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	(1,483)	(6,348)	(5,837)	(6,585)

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

Consolidated Statement of Cash Flows (cont'd)

	Group			
	2nd Quarter ended		Half Year ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Decrease in fixed deposits pledged	1,530	558	1,433	558
Dividends paid on ordinary shares by the Company	(3,253)	(3,190)	(3,253)	(3,190)
Repayment of finance lease liabilities	(12)	(10)	(24)	(20)
Net cash flows used in financing activities	(1,735)	(2,642)	(1,844)	(2,652)
Net (decrease) / increase in cash and cash equivalents	(5,261)	633	(11,939)	4,205
Cash and cash equivalents at beginning of the period	20,403	35,525	27,081	31,953
Cash and cash equivalents at end of the period (Note A)	15,142	36,158	15,142	36,158

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.06.2012	30.06.2011
	S\$'000	S\$'000
Cash and bank balances	13,793	7,901
Fixed deposits	3,220	30,447
Cash and short-term deposits	17,013	38,348
Less: Fixed deposits pledged	(1,871)	(2,190)
Cash and cash equivalents	15,142	36,158

B. Net cash outflow on acquisition of subsidiary

	Group			
	2nd Quarter ended		Half Year ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Cash consideration	12,100	-	12,100	-
Less: cash and cash equivalent acquired*	(9,953)	-	(9,953)	-
	2,147	-	2,147	-

* Included in the cash and short-term deposits acquired as part of the acquisition of subsidiary is an amount of fixed deposit of \$1,774,000 that is pledged.

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

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					
	2nd Quarter ended			Half Year ended		
	30.06.2012	30.06.2011	+ / (-)	30.06.2012	30.06.2011	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit net of tax	2,569	2,693	(4.6)	6,545	8,653	(24.4)
Other comprehensive income						
Foreign currency translation	(189)	31	(709.7)	(731)	47	(1,653.3)
Share of other comprehensive income of an associate	-	(22)	(100.0)	-	(62)	(100.0)
Total comprehensive income	<u>2,380</u>	<u>2,702</u>	<u>(11.9)</u>	<u>5,814</u>	<u>8,638</u>	<u>(32.7)</u>
Total comprehensive income attributable to:						
Equity holders of the Company	2,441	2,702		6,086	8,638	
Non-controlling interests	(61)	-		(272)	-	
	<u>2,380</u>	<u>2,702</u>		<u>5,814</u>	<u>8,638</u>	

(B) Statement of Changes in Equity

Group	Attributable to Equity holders of Company				Non-controlling interests	Total Equity
	Share capital	Revenue reserves	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
2012						
Balance at 1 January 2012	30,161	63,307	1,290	94,758	-	94,758
Total comprehensive income for 1H2012	-	6,815	(729)	6,086	(272)	5,814
Dividends on ordinary shares	-	(3,253)	-	(3,253)	-	(3,253)
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 30 June 2012	<u>32,732</u>	<u>66,869</u>	<u>561</u>	<u>100,162</u>	<u>(227)</u>	<u>99,935</u>
2011						
Balance at 1 January 2011	30,161	54,431	34	84,626	-	84,626
Total comprehensive income for 1H2011	-	8,653	(15)	8,638	-	8,638
Dividends on ordinary shares	-	(3,190)	-	(3,190)	-	(3,190)
Balance at 30 June 2011	<u>30,161</u>	<u>59,894</u>	<u>19</u>	<u>90,074</u>	<u>-</u>	<u>90,074</u>

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

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

<u>Company</u>	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 1H2012	-	4,930	4,930
Dividends on ordinary shares	-	(3,253)	(3,253)
Shares issued for acquisition of a subsidiary	2,571	-	2,571
Balance at 30 June 2012	<u>32,732</u>	<u>44,416</u>	<u>77,148</u>
2011			
Balance at 1 January 2011	30,161	38,977	69,138
Total comprehensive income for 1H2011	-	4,580	4,580
Dividends on ordinary shares	-	(3,190)	(3,190)
Balance at 30 June 2011	<u>30,161</u>	<u>40,367</u>	<u>70,528</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 for or 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 30 June 2012	<u>260,264,171</u>	<u>32,732</u>

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 30 June 2012 and 30 June 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.

	30.06.2012	31.12.2011
Total number of shares (excluding treasury shares)	260,264,171	255,222,505

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

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

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

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 12 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.

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

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

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

	Group			
	2nd Quarter ended		Half Year ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
(a) Based on weighted average number of ordinary shares in issue	1.01 cents	1.06 cents	2.64 cents	3.39 cents
(b) On fully diluted basis	1.01 cents	1.06 cents	2.64 cents	3.39 cents

The basic earnings per ordinary share for the second quarter ended 30 June 2012 is calculated by dividing the 2nd quarter profit attributable to shareholders of S\$ 2.6 million (30 June 2011: S\$2.7 million) by the weighted average number of 260,264,171 (30 June 2011: 255,222,505) shares in issue during the financial period.

The basic earnings per ordinary share for the half year ended 30 June 2012 is calculated by dividing the half year profit attributable to shareholders of S\$ 6.8 million (30 June 2011: S\$8.7 million) by the weighted average number of 258,297,367 (30 June 2011: 255,222,505) 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 30.06.2012	Company 30.06.2012
Net asset value per ordinary share for the period based on existing issued share capital as at 30 June 2012 of 260,264,171 ordinary shares	38.40 cents	29.64 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

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

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

Review of Group Performance

For the comparative figures of the 2Q2011, DDS was only accounted as an associate company.

2Q2012 vs 2Q2011

	2nd Quarter ended		+ / (-) %
	30.06.2012 S\$'000	30.06.2011 S\$'000	
Residential property	9,874	16,750	(41.1)
Hospitality and commercial	29,153	2,554	1,041.5
Distribution	2,290	263	770.7
Total	41,317	19,567	111.2

For 2Q2012, the Group's revenue increased by 111.2% to S\$41.3 million as compared with the revenue for 2Q2011. The increase was driven primarily by an increase contribution from the Hospitality and commercial projects and Distribution projects, offset by the decrease in Residential property projects completed in the quarter under review.

The gross margin decreased from 31.8% in 2Q2011 to 18.4% for 2Q2012, as a result of lower margins recorded in Hospitality and commercial projects completed during the quarter.

Marketing and distribution expenses increased by 17.8% to S\$1.4 million for 2Q2012 as compared with S\$1.2 million in 2Q2011. The increase was mainly due to the increase in staff-related costs, offset by the decrease in expenses incurred for overseas exhibitions.

General and administrative expenses (before amortisation of order backlog) increased by 20.2% from S\$1.6 million in 2Q2011 to S\$2.0 million in 2Q2012. The increase was mainly due to the general and administrative expenses related to the Huizhou factory and DDS. After taking into account the amortisation expense, the net general and administrative expenses had increased from S\$1.6 million in 2Q2011 to S\$2.9 million in 2Q2012.

In 2Q2011, the Group recognised S\$173,000 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\$3.3 million for 2Q2012, as compared with S\$3.6 million for 2Q2011. After taking into account the tax expenses, the Group's net profit after tax remained flat at S\$2.6 million for 2Q2012.

1H2012 vs 1H2011

	Half Year ended		+ / (-) %
	30.06.2012 S\$'000	30.06.2011 S\$'000	
Residential property	14,131	40,686	(65.3)
Hospitality and commercial	48,307	5,265	817.5
Distribution	3,595	3,118	15.3
Total	66,033	49,069	34.6

The Group's revenue for 1H2012 increased by 34.6% to S\$66.0 million as compared with the revenue for 1H2011. The increase was mainly due to higher revenue contribution from the Hospitality and commercial projects and Distribution projects, offset by the decrease in Residential property projects completed during the period.

Design Studio Furniture Manufacturer Limited

(Registration Number: 199401553D)

The Group's gross margin for 1H2012 as compared with 1H2011 was lower, decreased from 26.8% for 1H2011 to 21.6% for 1H2012.

In 1H2012, the Group recognized a gain of S\$2.3 million on the re-measurement of equity interest to fair value in other income.

For the 1H2012, marketing and distribution expenses increased by 18.3% to S\$2.7 million for 1H2012 as compared with S\$2.3 million in 1H2011. The increase was mainly due to increase in staff costs, offset by the decrease in the exhibition expenses.

General and administrative expenses (before amortisation of order backlog) increased by 25.5% from S\$3.6 million in 1H2011 to S\$4.5 million in 1H2012. The increase was mainly due to the general and administrative expenses related to the Huizhou factory and DDS. Taking into account the amortisation expense, the net general and administrative expenses increased from S\$3.6 million in 1H2011 to S\$6.1 million in 1H2012.

For the 1H2011, the Group recognised S\$2.9 million of profit from its 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\$7.9 million for 1H2012, as compared with S\$10.2 million for 1H2011. After taking into account the tax expenses, the Group's net profit after tax was S\$6.5 million for 1H2012.

Balance Sheet (30 June 2012 vs 31 December 2011)

Property, plant and equipment increased by S\$1.8 million to S\$27.7 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 and the set up costs for the showroom in Dongguan.

As the result of the DDS acquisition and requirement of FRS 103, the Group had identified an order backlog of S\$3.1 million and goodwill of S\$2.7 million. The order backlog represents the fair value of the contracts outstanding as at the acquisition date and will be amortised over one year. In view of the above, intangible assets increased by S\$4.3 million as compared with 31 December 2011.

Inventories increased by S\$3.8 million mainly due to the increase in inventories in the Huizhou factory.

Contracts work-in-progress increased by S\$6.8 million to S\$13.4 million as at 30 June 2012, mainly contributed by the contracts work-in-progress from DDS Group.

Current trade receivables increased by S\$18.9 million to S\$37.0 million as at 30 June 2012 as compared with 31 December 2011. The increase was mainly due to trade receivables from DDS Group which was acquired in 1Q2012. Generally, the payment terms of receivables from DDS overseas subsidiaries are longer.

The Group's total cash and cash equivalents decreased from S\$27.1 million in 31 December 2011 to S\$15.1 million as at 30 June 2012.

Other receivables and deposits increased by S\$4.0 million to S\$8.9 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\$7.3 million to S\$13.4 million, mainly contributed by DDS Group.

Accrued operating expenses increased by S\$4.3 million to S\$16.0 million as at 30 June 2012 as compared with 31 December 2011. This was mainly contributed by the DDS Group.

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

Cash Flow (2Q2012 vs 2Q2011 and 1H2012 vs 1H2011)

2Q2012 vs 2Q2011

For 2Q2012, there was cash outflow from net operating activities at S\$2.0 million. Furthermore, cash was used in the payment of dividends and purchase of manufacturing equipments. As a result, the net cash outflow was S\$5.3 million.

1H2012 vs 1H2011

For 1H2012, there was cash outflow of S\$11.9 million. Cash was used in payment of dividends and purchase of manufacturing equipments for the new Huizhou factory.

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 cooling measures imposed onto the Singapore residential sector and the on-going global economic uncertainties, the Group is on firm footing with a healthy order book of S\$266.7 million as at 13 August 2012 and a strong balance sheet. Barring any unforeseen circumstances, the Group expects to remain profitable for FY2012.

11. Dividend

(1) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	Cash
Dividend type	Interim
Dividend amount per share (in SG cents)	0.75 cents per ordinary share
Tax rate	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?

Name of dividend	Cash
Dividend type	Interim
Dividend amount per share (in SG cents)	1.25 cents per ordinary share
Tax rate	One-tier tax exempt

Date payable

21 September 2012

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

Books closure date

NOTICE IS HEREBY GIVEN THAT the Transfer Books and the Register of Members of the Company will be closed on 7 September 2012 for the purposes of determining Shareholders' entitlements to the interim dividend.

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 6 September 2012 will be registered to determine shareholders' entitlements to the interim dividends.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 6 September 2012 will be entitled to the interim dividend.

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

Not applicable

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

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

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 June 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	Nil

BY ORDER OF THE BOARD

Helen Campos
Secretary

13 August 2012

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 1H ended 30 June 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: 13 August 2012