

Design Studio Furniture Manufacturer Limited

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

**4th Quarter and Full Year Financial Statement
And Dividend Announcement
For The Period/ Year Ended
31 December 2012**

Design Studio Furniture Manufacturer Limited
(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.

Consolidated Income Statement

		Group					
		4th Quarter ended			Full Year ended		
		31.12.2012	31.12.2011	+ / (-)	31.12.2012	31.12.2011	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue		53,810	23,967	124.5	160,631	93,222	72.3
Cost of sales		(44,742)	(16,037)	179.0	(128,883)	(66,046)	95.1
Gross profit		9,068	7,930	14.4	31,748	27,176	16.8
Other income	1(a)(1)	1	-	N.M.	2,369	3	78,866.7
		9,069	7,930	14.4	34,117	27,179	25.5
Marketing and distribution expenses		(1,941)	(1,053)	84.3	(6,055)	(4,259)	42.2
General and administrative expenses		(3,748)	(1,849)	102.7	(13,295)	(6,761)	96.6
Profit from operations	1(a)(2)	3,380	5,028	(32.8)	14,767	16,159	(8.6)
Finance expenses	1(a)(3)	-	(2)	N.M.	(4)	(10)	(60.0)
Finance income	1(a)(3)	1	14	(92.9)	18	61	(70.5)
Share of result of an associate		-	503	N.M.	-	2,536	N.M.
Profit before tax		3,381	5,543	(39.0)	14,781	18,746	(21.2)
Tax expense	1(a)(4)	(979)	(1,157)	(15.4)	(3,472)	(3,489)	(0.5)
Profit net of tax		2,402	4,386	(45.2)	11,309	15,257	(25.9)
Profit attributable to:							
Equity holders of the Company		2,382	4,386		11,663	15,257	
Non-controlling interests		20	-		(354)	-	
		2,402	4,386		11,309	15,257	

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		
	31.12.2012	31.12.2011	+ /(-)	31.12.2012	31.12.2011	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain on re-measurement of equity interest to fair value	-	-	-	2,339	-	N.M.
Sundry income	1	-	N.M.	30	3	900.0
	1	-	N.M.	2,369	3	78,866.7

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2012	31.12.2011	+ /(-)	31.12.2012	31.12.2011	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	983	879	11.8	3,863	3,145	22.8
Foreign exchange loss/ (gain), net	54	(231)	N.M.	1,044	44	2,272.7
(Gain)/ loss on disposal of property, plant and equipment	(7)	1	N.M.	(64)	(22)	190.9
Interest accretion	(36)	-	N.M.	(179)	-	N.M.
Amortisation of club membership	2	2	-	6	6	-
Amortisation of order backlog	779	-	N.M.	3,116	-	N.M.
Impairment loss on doubtful receivables	-	3	N.M.	-	3	N.M.

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2012	31.12.2011	+ /(-)	31.12.2012	31.12.2011	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance expenses						
- Bank overdrafts	-	-	N.M.	1	-	N.M.
- Bills payable and discounting	-	-	N.M.	-	1	N.M.
- Finance leases	-	1	N.M.	3	2	50.0
- Bankers' guarantee and commitment fee	-	1	N.M.	-	7	N.M.
	-	2	N.M.	4	10	(60.0)
Finance income						
- Fixed deposits	1	14	(92.9)	18	61	(70.5)
	1	14	(92.9)	18	61	(70.5)

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2012	31.12.2011	+ / (-)	31.12.2012	31.12.2011	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	196	634	(69.1)	1,951	2,088	(6.6)
- (over)/ under provision for prior year	(8)	89	N.M.	(318)	89	N.M.
Foreign						
- current year	912	578	57.8	2,486	1,202	106.8
- under provision for prior year	-	-	-	7	21	(66.7)
	<u>1,100</u>	<u>1,301</u>	<u>(15.4)</u>	<u>4,126</u>	<u>3,400</u>	<u>21.4</u>
Deferred tax						
Singapore						
	(166)	(115)	44.3	(697)	(34)	1,950.0
Foreign						
	45	(29)	N.M.	43	123	(65.0)
	<u>979</u>	<u>1,157</u>	<u>(15.4)</u>	<u>3,472</u>	<u>3,489</u>	<u>(0.5)</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	
		31.12.2012 S\$'000	31.12.2011 S\$'000	31.12.2012 S\$'000	31.12.2011 S\$'000
Non-current assets					
Property, plant and equipment		26,793	25,886	4,896	5,982
Investment in subsidiaries	1(b)(1)	-	-	43,063	21,279
Investment in an associate		-	9,661	-	2,250
Intangible assets	1(b)(2)	2,784	61	55	61
Deferred tax assets		10	-	10	-
Trade and other receivables	1(b)(3)	7,725	10,196	4,459	10,196
Prepayments		298	724	-	-
Current assets					
Inventories	1(b)(4)	15,031	11,610	1,723	1,404
Gross amount due from customers for contract work-in-progress	1(b)(5)	7,103	6,776	5,938	6,074
Trade and other receivables	1(b)(3)	55,633	22,957	29,140	19,261
Prepayments		558	2,681	225	648
Cash and short-term deposits		29,095	28,611	9,680	25,785
		107,420	72,635	46,706	53,172
Current liabilities					
Trade and other payables	1(b)(6)	39,413	21,054	21,391	17,879
Finance lease liabilities		-	3	-	-
Provision for tax		2,978	3,145	934	2,098
		42,391	24,202	22,325	19,977
Net current assets		65,029	48,433	24,381	33,195
Non-current liabilities					
Deferred tax liabilities		63	88	-	63
Other payables		125	115	-	-
Net assets		102,451	94,758	76,864	72,900
Equity attributable to equity holders of the Company					
Share capital		32,732	30,161	32,732	30,161
Reserves		70,033	64,597	44,132	42,739
		102,765	94,758	76,864	72,900
Non-controlling interests		(314)	-	-	-
Total equity		102,451	94,758	76,864	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 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 lease liabilities	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	14,671
Fair value of equity interest in DDS	12,000
	<u>26,671</u>

Note 1(b)(2) Intangible assets

	Group		Company	
	31.12.2012 S\$'000	31.12.2011 S\$'000	31.12.2012 S\$'000	31.12.2011 S\$'000
Club membership	128	128	128	128
Order backlog	3,116	-	-	-
	<u>3,244</u>	128	128	128
Less: Accumulated amortisation	(3,189)	(67)	(73)	(67)
Goodwill	2,729	-	-	-
	<u>2,784</u>	<u>61</u>	<u>55</u>	<u>61</u>

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

	Group		Company	
	31.12.2012 S\$'000	31.12.2011 S\$'000	31.12.2012 S\$'000	31.12.2011 S\$'000
Non-current Trade and other receivables:				
<u>Trade receivables: Retention monies</u>				
Third parties	7,535	5,921	4,078	5,921
Corporate shareholder	190	3,618	190	3,618
Subsidiaries	-	-	191	-
Associate	-	657	-	657
	<u>7,725</u>	<u>10,196</u>	<u>4,459</u>	<u>10,196</u>
Current Trade and other receivables:				
Trade receivables	45,287	18,024	22,248	14,350
Other receivables and deposits	10,346	4,933	6,892	4,911
	<u>55,633</u>	<u>22,957</u>	<u>29,140</u>	<u>19,261</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	32,962	8,887	13,475	8,417
Retention monies	10,125	3,330	5,061	3,169
	<u>43,087</u>	<u>12,217</u>	<u>18,536</u>	<u>11,586</u>
Less: Allowance for doubtful receivables	-	-	-	-
	<u>43,087</u>	<u>12,217</u>	<u>18,536</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	2,200	695	2,200	695
	<u>2,200</u>	<u>695</u>	<u>2,200</u>	<u>695</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	1,123	141
Retention monies	-	-	389	-
	-	-	<u>1,512</u>	<u>141</u>
<u>Associate:</u>				
Trade receivables	-	4,281	-	1,519
Retention monies	-	831	-	409
	-	<u>5,112</u>	-	<u>1,928</u>
Total current trade receivables	<u>45,287</u>	<u>18,024</u>	<u>22,248</u>	<u>14,350</u>
Other receivables and deposits:				
Other receivables	4,552	2,734	89	74
Deposits	5,794	2,199	213	126
	<u>10,346</u>	<u>4,933</u>	<u>302</u>	<u>200</u>
Non-trade amount due from subsidiaries	-	-	6,590	4,711
	<u>10,346</u>	<u>4,933</u>	<u>6,892</u>	<u>4,911</u>

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Note 1(b)(4) Inventories

	Group		Company	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	12,579	9,909	1,237	1,248
Work-in-progress, at cost	1,903	1,614	158	156
Finished goods, at cost	549	87	328	-
	<u>15,031</u>	<u>11,610</u>	<u>1,723</u>	<u>1,404</u>

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

	Group		Company	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	345,342	315,851	276,149	295,706
Less: Progress billings	<u>(338,239)</u>	<u>(309,075)</u>	<u>(270,211)</u>	<u>(289,632)</u>
	<u>7,103</u>	<u>6,776</u>	<u>5,938</u>	<u>6,074</u>
Presented as:				
Gross amount due from customers for contract work	7,103	6,776	5,938	6,074
Gross amount due to customers for contract work	-	-	-	-
	<u>7,103</u>	<u>6,776</u>	<u>5,938</u>	<u>6,074</u>

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

	Group		Company	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	7,951	5,084	3,139	3,216
Amount due to subsidiaries	-	-	10,244	1,159
Amount due to a corporate shareholder	87	141	-	-
Retention payables	<u>5,128</u>	<u>950</u>	<u>1,083</u>	<u>862</u>
	<u>13,166</u>	<u>6,175</u>	<u>14,466</u>	<u>5,237</u>
Other payables	1,519	685	325	423
Non-trade payables due to a corporate shareholder	87	-	41	-
Accrued operating expenses	22,026	11,731	4,973	10,460
Deposits received	<u>2,615</u>	<u>2,463</u>	<u>1,586</u>	<u>1,759</u>
	<u>39,413</u>	<u>21,054</u>	<u>21,391</u>	<u>17,879</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 31.12.2012		As at 31.12.2011	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	3	-

Amount repayable after one year

As at 31.12.2012		As at 31.12.2011	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	-	-

Details of any collateral

As at 31 December 2012, our Group's bank facilities were secured by the following:

- (i) pledge of fixed deposit of the Company amounting to S\$Nil (31 December 2011: S\$1,530,000);
- (ii) pledge of cash and short-term deposits of a subsidiary amounting to approximately S\$2,246,000 (31 December 2011: S\$Nil);
- (iii) 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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	3,381	5,543	14,781	18,746
Adjustments:				
Impairment loss on doubtful receivables	-	3	-	3
Depreciation of property, plant and equipment	983	879	3,863	3,145
(Gain)/ loss on disposal of property, plant and equipment	(7)	1	(64)	(22)
Finance expenses	-	2	4	10
Finance income	(1)	(14)	(18)	(61)
Share of result of an associate	-	(503)	-	(2,536)
Amortisation of club membership	2	2	6	6
Amortisation of order backlog	779	-	3,116	-
Interest accretion	(36)	-	(179)	-
Gain on re-measurement of equity interest to fair value	-	-	(2,339)	-
Currency translation difference	171	359	(209)	294
Operating profit before working capital changes	5,272	6,272	18,961	19,585
(Increase)/ decrease in:				
Inventories	(113)	(2,179)	(3,421)	(2,484)
Contract work-in-progress	8,374	1,893	3,123	1,232
Trade and other receivables	(3,423)	(331)	(5,266)	10,858
Prepayments	600	(503)	2,577	(1,933)
Increase/ (decrease) in:				
Trade and other payables	4,963	(1,441)	455	(7,034)
Cash flows from operations	15,673	3,711	16,429	20,224
Finance expense paid	-	(2)	(4)	(10)
Income taxes paid	(886)	(68)	(5,292)	(3,572)
Net cash flows from operating activities	14,787	3,641	11,133	16,642
Cash flows from investing activities				
Costs incurred for construction-in-progress	(882)	(3,156)	(3,498)	(4,173)
Finance income received	1	14	18	61
Proceeds from sale of property, plant and equipment	13	1	125	35
Purchase of property, plant and equipment	(62)	(141)	(1,685)	(12,252)
Proceeds from sale of investment securities	-	-	-	4
Net cash outflow on acquisition of subsidiary (Note B)	-	-	(2,147)	-
Net cash flows used in investing activities	(930)	(3,282)	(7,187)	(16,325)

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Consolidated Statement of Cash Flows (cont'd)

	Group			
	4th Quarter ended		Full Year ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Decrease in cash and short-term deposits pledged	850	660	1,058	1,218
Dividends paid on ordinary shares by the Company	-	-	(5,205)	(6,381)
Repayment of finance lease liabilities	-	(1)	(31)	(26)
Net cash flows from/ (used in) financing activities	850	659	(4,178)	(5,189)
Net increase/ (decrease) in cash and cash equivalents	14,707	1,018	(232)	(4,872)
Cash and cash equivalents at beginning of the period/ year	12,142	26,063	27,081	31,953
Cash and cash equivalents at end of the period/ year (Note A)	26,849	27,081	26,849	27,081

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	31.12.2012	31.12.2011
	S\$'000	S\$'000
Cash and short-term deposits	29,095	28,611
Less: Cash and short-term deposits pledged	(2,246)	(1,530)
Cash and cash equivalents	26,849	27,081

B. Net cash outflow on acquisition of subsidiary

	Group			
	4th Quarter ended		Full Year ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	S\$'000	S\$'000	S\$'000	S\$'000
Cash consideration	-	-	12,100	-
Less: Cash and cash equivalent acquired*	-	-	(9,953)	-
	-	-	2,147	-

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

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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		
	31.12.2012	31.12.2011	+ / (-)	31.12.2012	31.12.2011	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit net of tax						
Other comprehensive income	2,402	4,386	(45.2)	11,309	15,257	(25.9)
Foreign currency translation	99	426	(76.8)	(1,027)	1,301	N.M.
Share of other comprehensive income of an associate	-	(7)	N.M.	-	(45)	N.M.
Total comprehensive income	<u>2,501</u>	<u>4,805</u>	<u>(48.0)</u>	<u>10,282</u>	<u>16,513</u>	<u>(37.7)</u>
Total comprehensive income attributable to:						
Equity holders of the Company	2,482	4,805		10,641	16,513	
Non-controlling interests	19	-		(359)	-	
	<u>2,501</u>	<u>4,805</u>		<u>10,282</u>	<u>16,513</u>	

(B) Statements 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	S\$'000	S\$'000				
2012								
Balance at 1 January 2012	30,161	63,307	1,290	94,758	-	94,758		
Total comprehensive income for the year	-	11,663	(1,022)	10,641	(359)	10,282		
Dividends on ordinary shares	-	(5,205)	-	(5,205)	-	(5,205)		
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 December 2012	<u>32,732</u>	<u>69,765</u>	<u>268</u>	<u>102,765</u>	<u>(314)</u>	<u>102,451</u>		
2011								
Balance at 1 January 2011	30,161	54,431	34	84,626	-	84,626		
Total comprehensive income for the year	-	15,257	1,256	16,513	-	16,513		
Dividends on ordinary shares	-	(6,381)	-	(6,381)	-	(6,381)		
Balance at 31 December 2011	<u>30,161</u>	<u>63,307</u>	<u>1,290</u>	<u>94,758</u>	<u>-</u>	<u>94,758</u>		

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

<u>Company</u>	Share capital S\$'000	Revenue reserve S\$'000	Total S\$'000
2012			
Balance at 1 January 2012	30,161	42,739	72,900
Total comprehensive income for the year	-	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>
2011			
Balance at 1 January 2011	30,161	38,977	69,138
Total comprehensive income for the year	-	10,143	10,143
Dividends on ordinary shares	-	(6,381)	(6,381)
Balance at 31 December 2011	<u>30,161</u>	<u>42,739</u>	<u>72,900</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 2011	255,222,505	30,161
Shares issued for acquisition of a subsidiary	5,041,666	2,571
At 31 December 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 31 December 2012 and 31 December 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.

	31.12.2012	31.12.2011
Total number of shares (excluding treasury shares)	260,264,171	255,222,505

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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 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.

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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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
(a) Based on weighted average number of ordinary shares in issue	0.92 cents	1.72 cents	4.50 cents	5.98 cents
(b) On fully diluted basis	0.92 cents	1.72 cents	4.50 cents	5.98 cents

The basic earnings per ordinary share for the fourth quarter ended 31 December 2012 is calculated by dividing the 4th quarter profit attributable to shareholders of S\$2.4 million (31 December 2011: S\$4.4 million) by the weighted average number of 260,264,171 (31 December 2011: 255,222,505) shares in issue during the financial period.

The basic earnings per ordinary share for the full year ended 31 December 2012 is calculated by dividing the full year profit attributable to shareholders of S\$11.7 million (31 December 2011: S\$15.3 million) by the weighted average number of 259,286,143 (31 December 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 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

(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

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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

For the comparative figures of 4Q2011, DDS was only accounted as an associate company.

4Q2012 vs 4Q2011

	4th Quarter ended		+ / (-) %
	31.12.2012 S\$'000	31.12.2011 S\$'000	
Residential property	23,201	11,495	101.8
Hospitality and commercial	29,879	11,203	166.7
Distribution	730	1,269	(42.5)
Total	53,810	23,967	124.5

The Group's 4Q2012 revenue increased 124.5% to S\$53.8 million from S\$24.0 million in 4Q2011 largely due to an increase in contribution from the Residential property and Hospitality and commercial projects, following the strategic acquisition of DDS Group in March 2012.

The gross profit margin decreased from 33.1% in 4Q2011 to 16.9% for 4Q2012, as a result of lower margins recorded in Hospitality and commercial projects completed during the quarter.

Marketing and distribution expenses increased by 84.3% to S\$1.9 million for 4Q2012 as compared with S\$1.1 million in 4Q2011. The increase was mainly due to staff-related costs of S\$282,000, as a result of acquisition of DDS Group. In addition, there was an increase in showroom expenses and staff-related expenses in our newly set-up China operation, amounting to S\$227,000.

General and administrative expenses increased from S\$1.8 million in 4Q2011 to S\$3.8 million in 4Q2012. The increase was mainly due to amortisation of order backlog of S\$779,000, staff-related costs of S\$752,000 from DDS Group and China operation and exchange loss of S\$165,000.

In 4Q2011, the Group recognised S\$503,000 of profit from associate. The Company had since acquired the DDS group as its fully owned subsidiary in 1Q2012.

The Group achieved a lower net profit before tax of S\$3.4 million for 4Q2012, as compared with S\$5.5 million for 4Q2011. After taking into account the tax expenses, the Group's net profit after tax for 4Q2012 decreased to S\$2.4 million, as compared with S\$4.4 million in 4Q2011.

FY2012 vs FY2011

	Full Year ended		+ / (-) %
	31.12.2012 S\$'000	31.12.2011 S\$'000	
Residential property	49,949	63,790	(21.7)
Hospitality and commercial	103,990	24,348	327.1
Distribution	6,692	5,084	31.6
Total	160,631	93,222	72.3

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The Group's revenue for FY2012 increased by 72.3% to S\$160.6 million, compared with revenue of S\$93.2 million for FY2011. The increase was mainly due to higher revenue contribution from the Hospitality and commercial projects and Distribution projects.

The Group's gross profit margin for FY2012 as compared with FY2011 was lower, decreased from 29.2% for FY2011 to 19.8% for FY2012.

In FY2012, the Group recognized 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 42.2% to S\$6.1 million for FY2012 as compared with S\$4.3 million in FY2011. The increase was mainly due to staff-related costs of S\$1.3 million, as a result of acquisition of DDS Group. In addition, there was an increase in showroom expenses and staff-related expenses in our newly set-up China operation amounting to S\$331,000.

General and administrative expenses increased from S\$6.8 million in FY2011 to S\$13.3 million in FY2012. The increase was mainly due to amortisation of order backlog of S\$3.1 million and increase in staff-related costs of S\$2.7 million from DDS Group and China operation.

For the FY2011, the Group recognised S\$2.5 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\$14.8 million for FY2012, as compared with S\$18.7 million for FY2011. After taking into account the tax expenses, the Group's net profit after tax was S\$11.3 million for FY2012, a decline of 25.9% compared with S\$15.3 million for FY2011.

Balance Sheet (31 December 2012 vs 31 December 2011)

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 was fully amortised by the end of the current year. In view of the above, intangible assets increased by S\$2.7 million as compared with 31 December 2011.

Inventories increased by S\$3.4 million mainly due to the increase in inventories in the Huizhou and Malaysia factories.

Contracts work-in-progress increased by S\$0.3 million to S\$7.1 million as at 31 December 2012, mainly contributed by the contracts work-in-progress from DDS Group.

Current trade receivables increased by S\$27.3 million to S\$45.3 million as at 31 December 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.

Other receivables and deposits increased by S\$5.4 million to S\$10.3 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\$7.0 million to S\$13.2 million, contributed by DDS Group.

Accrued operating expenses increased by S\$10.3 million to S\$22.0 million, mainly contributed by the DDS Group.

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Cash Flow (4Q2012 vs 4Q2011 and FY2012 vs FY2011)

4Q2012 vs 4Q2011

For 4Q2012, there was net cash inflow of S\$14.7 million mainly from operating activities.

FY2012 vs FY2011

For FY2012, there was cash outflow of S\$232,000. Cash was mainly used in payment of dividends, purchase of manufacturing equipments for the new Huizhou factory, and acquisition of the DDS subsidiary offset by the cash generated from operating activities.

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**

The Group will focus on strengthen its position in the core market in Singapore and Malaysia and growing the pipeline of projects in the residential, hospitality and commercial segments in year 2013.

In Singapore, we expect the cooling measures implemented by the Singapore government recently to impact the pace of growth of the residential sector. Coupled with the tightening of foreign labour in Singapore and minimum wages issues in Malaysia, we expect the operating environment in our core markets to remain challenging and competitive in 2013. We will improve on the efficiency and productivity as well as monitoring of cost measures in our challenging environments.

With the tourism continues to rise in Singapore and Malaysia, we will also continue to focus on the opportunities presented by Singapore and Malaysia's hospitality segment as the tourism sector flourishes.

China remains one of the fastest growing economies in the world. Given the growing affluence of the Chinese middle-class that's driving the urbanization trend in the country, the longer-term outlook for real estate developments in China looks positive. With the Group's manufacturing facility in Huizhou in full operation since mid FY2012, we will continue to increase our marketing activities to penetrate into the China market.

With a healthy order book of S\$233.3 million as at 26 February 2013, the Group expects to remain profitable for FY2013 barring any unforeseen circumstances.

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

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(2) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

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

Date payable

22 May 2013

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 2013 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 2013 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 2013 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 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

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>
2011					
	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	63,790	24,348	5,084	-	93,222
Inter-segment	16,612	5,216	43	(21,871)	-
	<u>80,402</u>	<u>29,564</u>	<u>5,127</u>	<u>(21,871)</u>	<u>93,222</u>
Results					
Share of result of an associate	-	2,536	-	-	2,536
Other non-cash expenses	-	-	-	(3,150)	(3,150)
Segment profit before tax	<u>14,568</u>	<u>4,649</u>	<u>2,660</u>	<u>(3,131)</u>	<u>18,746</u>
Assets					
Investment in an associate	-	9,661	-	-	9,661
Additions to non-current assets	-	-	-	17,149	17,149
Segment assets	<u>22,268</u>	<u>20,757</u>	<u>3,111</u>	<u>73,027</u>	<u>119,163</u>
Segment liabilities	<u>9,242</u>	<u>3,130</u>	<u>1,074</u>	<u>10,959</u>	<u>24,405</u>

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Geographical Segment

Revenue by geographical markets

	Full Year ended 31.12.2012 S\$'000	Full Year ended 31.12.2011 S\$'000
Singapore	111,239	63,411
Malaysia	43,850	13,523
United Arab Emirates	2,334	13,529
Others	3,208	2,759
	<u>160,631</u>	<u>93,222</u>

Non-current assets by geographical markets

	Full Year ended 31.12.2012 S\$'000	Full Year ended 31.12.2011 S\$'000
Singapore	8,023	6,244
Malaysia	1,571	2,433
People's Republic of China	20,202	17,892
Others	79	102
	<u>29,875</u>	<u>26,671</u>

Information about major customers

Revenue from one major customer amount to S\$22,278,000 (2011: S\$Nil), 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 31.12.2012 S\$'000	Full Year ended 31.12.2011 S\$'000
(a) Sales reported for first half year	66,033	49,069
(b) Operating profit after tax before deducting minority interests reported for first half year	6,545	8,653
(c) Sales reported for second half year	94,598	44,153
(d) Operating profit after tax before deducting minority interests reported for second half year	4,764	6,604

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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	FY2012 S\$'000	FY2011 S\$'000
Interim	1,952	3,191
Final	1,952	3,253
Special	6,507	-
Total	10,411	6,444

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 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

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 Furniture Manufacturer Limited ("the Company") confirm that the persons occupying managerial position as at the financial year ended 31 December 2012 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
Hadi Solh	35	Son-in-law of Mr Mohannad Izzat Sweid	Non-Executive Director – November 2010	No change
Mohannad Izzat Sweid	57	Father-in-law of Mr Hadi Solh	Non-Executive Director - August 2007	No change

BY ORDER OF THE BOARD

**Helen Campos
Secretary**