

Design Studio Furniture Manufacturer Limited

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

**3rd Quarter and 9 Months Financial Statement
And Dividend Announcement
For The Period Ended
30 September 2013**

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

3rd Quarter and 9 Months 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					
		3rd Quarter ended			9 Months ended		
		30.09.2013	30.09.2012	+ / (-)	30.09.2013	30.09.2012	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue		41,728	40,788	2.3	114,681	106,821	7.4
Cost of sales		(34,992)	(32,393)	8.0	(96,380)	(84,141)	14.5
Gross profit		6,736	8,395	(19.8)	18,301	22,680	(19.3)
Other income	1(a)(1)	17	-	N.M.	36	2,368	(98.5)
		6,753	8,395	(19.6)	18,337	25,048	(26.8)
Marketing and distribution expenses		(1,387)	(1,448)	(4.2)	(4,376)	(4,114)	6.4
General and administrative expenses		(2,208)	(3,464)	(36.3)	(6,366)	(9,547)	(33.3)
Profit from operations	1(a)(2)	3,158	3,483	(9.3)	7,595	11,387	(33.3)
Finance expenses	1(a)(3)	-	(1)	N.M.	-	(4)	N.M.
Finance income	1(a)(3)	2	3	(33.3)	4	17	(76.5)
Profit before tax		3,160	3,485	(9.3)	7,599	11,400	(33.3)
Tax expenses	1(a)(4)	(844)	(1,123)	(24.8)	(1,982)	(2,493)	(20.5)
Profit net of tax		2,316	2,362	(1.9)	5,617	8,907	(36.9)
Profit attributable to:							
Equity holders of the Company		2,330	2,466		5,689	9,281	
Non-controlling interests		(14)	(104)		(72)	(374)	
Profit net of tax		2,316	2,362		5,617	8,907	

N.M.: Not Meaningful

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Notes to Income Statement

Note 1(a)(1) Other income

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2013	30.09.2012	+ /(-)	30.09.2013	30.09.2012	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain on re-measurement of equity interest to fair value	-	-	-.	-	2,339	N.M.
Sundry income	17	-	N.M.	36	29	24.1
	17	-	N.M.	36	2,368	(98.5)

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

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2013	30.09.2012	+ /(-)	30.09.2013	30.09.2012	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	1,187	938	26.5	3,395	2,880	17.9
Foreign exchange loss/ (gain), net	247	414	(40.3)	(206)	990	N.M.
Loss/ (gain) on disposal of property, plant and equipment	1	-	N.M.	(18)	(57)	(68.4)
Interest accretion	(26)	(38)	(31.6)	(79)	(143)	(44.8)
Amortisation of club membership	2	1	100.0	5	4	25.0
Amortisation of order backlog	-	779	N.M.	-	2,337	N.M.
Impairment loss on doubtful receivables	-	-	-	440	-	N.M.

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

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2013	30.09.2012	+ /(-)	30.09.2013	30.09.2012	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance expenses						
- Bank overdrafts	-	1	N.M.	-	1	N.M.
- Finance leases	-	-	-	-	3	N.M.
	-	1	N.M.	-	4	N.M.
Finance income						
- Fixed deposits	2	3	(33.3)	4	17	(76.5)
	2	3	(33.3)	4	17	(76.5)

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

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2013	30.09.2012	+ / (-)	30.09.2013	30.09.2012	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	453	578	(21.6)	906	1,755	(48.4)
- over provision for prior year	-	-	-	-	(310)	N.M.
Foreign						
- current year	370	662	(44.1)	1,041	1,574	(33.9)
- (over) / under provision for prior year	(19)	7	N.M.	(13)	7	N.M.
	<u>804</u>	<u>1,247</u>	<u>(35.5)</u>	<u>1,934</u>	<u>3,026</u>	<u>(36.1)</u>
Deferred tax						
Singapore						
	(5)	(204)	(97.5)	6	(531)	N.M.
Foreign						
	45	80	(43.8)	42	(2)	N.M.
	<u>844</u>	<u>1,123</u>	<u>(24.8)</u>	<u>1,982</u>	<u>2,493</u>	<u>(20.5)</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	
		30.09.2013 S\$'000	31.12.2012 S\$'000	30.09.2013 S\$'000	31.12.2012 S\$'000
Non-current assets					
Property, plant and equipment		25,262	26,793	4,245	4,896
Investment in subsidiaries		-	-	43,174	43,063
Intangible assets	1(b)(2)	2,779	2,784	50	55
Deferred tax assets		10	10	10	10
Trade and other receivables	1(b)(1)	9,462	7,725	7,341	4,459
Prepayments		201	298	-	-
Current assets					
Inventories	1(b)(3)	15,683	15,031	1,942	1,723
Gross amount due from customers for contract work-in-progress	1(b)(4)	14,681	7,103	7,406	5,938
Trade and other receivables	1(b)(1)	43,962	55,633	21,326	29,140
Prepayments		1,534	558	337	225
Cash and short-term deposits		28,815	29,095	8,156	9,680
		<u>104,675</u>	<u>107,420</u>	<u>39,167</u>	<u>46,706</u>
Current liabilities					
Trade and other payables	1(b)(5)	41,588	39,413	19,858	21,391
Provision for tax		1,688	2,978	430	934
		<u>43,276</u>	<u>42,391</u>	<u>20,288</u>	<u>22,325</u>
Net current assets		61,399	65,029	18,879	24,381
Non-current liabilities					
Deferred tax liabilities		108	63	-	-
Other payables		75	125	-	-
Net assets		<u>98,930</u>	<u>102,451</u>	<u>73,699</u>	<u>76,864</u>
Equity attributable to equity holders of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		66,581	70,033	40,967	44,132
		<u>99,313</u>	<u>102,765</u>	<u>73,699</u>	<u>76,864</u>
Non-controlling interests		(383)	(314)	-	-
Total equity		<u>98,930</u>	<u>102,451</u>	<u>73,699</u>	<u>76,864</u>

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Notes to Balance Sheets

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

	Group		Company	
	30.09.2013 S\$'000	31.12.2012 S\$'000	30.09.2013 S\$'000	31.12.2012 S\$'000
Non-current Trade and other receivables:				
<u>Trade receivables: Retention monies</u>				
Third parties	9,176	7,535	6,205	4,078
Corporate shareholder	286	190	286	190
Subsidiaries	-	-	850	191
	<u>9,462</u>	<u>7,725</u>	<u>7,341</u>	<u>4,459</u>
Current Trade and other receivables:				
Trade receivables	35,213	45,287	13,208	22,248
Other receivables and deposits	8,749	10,346	8,118	6,892
	<u>43,962</u>	<u>55,633</u>	<u>21,326</u>	<u>29,140</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	24,990	32,962	8,205	13,475
Retention monies	10,036	10,125	2,780	5,061
	<u>35,026</u>	<u>43,087</u>	<u>10,985</u>	<u>18,536</u>
Less: Allowance for doubtful receivables	(440)	-	(440)	-
	<u>34,586</u>	<u>43,087</u>	<u>10,545</u>	<u>18,536</u>
Movement in allowance accounts:				
At beginning of the year	-	-	-	-
Charge for the year	440	-	440	-
At end of the year	<u>440</u>	<u>-</u>	<u>440</u>	<u>-</u>
<u>Corporate shareholder:</u>				
Trade receivables	627	2,200	627	2,200
	<u>627</u>	<u>2,200</u>	<u>627</u>	<u>2,200</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	1,647	1,123
Retention monies	-	-	389	389
	<u>-</u>	<u>-</u>	<u>2,036</u>	<u>1,512</u>
Total current trade receivables	<u>35,213</u>	<u>45,287</u>	<u>13,208</u>	<u>22,248</u>
Other receivables:				
Other receivables	3,826	4,552	81	89
Deposits	4,923	5,794	218	213
	<u>8,749</u>	<u>10,346</u>	<u>299</u>	<u>302</u>
Non-trade amount due from subsidiaries	-	-	7,819	6,590
	<u>8,749</u>	<u>10,346</u>	<u>8,118</u>	<u>6,892</u>

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Note 1(b)(2) Intangible assets

	Group		Company	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Club membership	128	128	128	128
Order backlog	3,116	3,116	-	-
	3,244	3,244	128	128
Less: Accumulated amortisation	(3,194)	(3,189)	(78)	(73)
Goodwill	2,729	2,729	-	-
	2,779	2,784	50	55

Note 1(b)(3) Inventories

	Group		Company	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	11,587	12,579	1,352	1,237
Work-in-progress, at cost	2,725	1,903	148	158
Finished goods, at cost	1,371	549	442	328
	15,683	15,031	1,942	1,723

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

	Group		Company	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	383,345	345,342	272,929	276,149
Less: Progress billings	(368,664)	(338,239)	(265,523)	(270,211)
	14,681	7,103	7,406	5,938
Presented as:				
Gross amount due from customers for contract work	14,681	7,103	7,406	5,938
Gross amount due to customers for contract work	-	-	-	-
	14,681	7,103	7,406	5,938

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

	Group		Company	
	30.09.2013	31.12.2012	30.09.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	7,838	7,951	2,651	3,139
Amount due to subsidiaries	-	-	8,840	10,244
Amount due to a corporate shareholder	123	87	-	-
Retention payables	6,396	5,128	1,409	1,083
	14,357	13,166	12,900	14,466
Other payables	1,965	1,519	381	325
Non-trade payables due to a corporate shareholder	75	87	57	41
Accrued operating expenses	23,782	22,026	5,292	4,973
Deposits received	1,409	2,615	1,228	1,586
	41,588	39,413	19,858	21,391

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

Amount repayable in one year or less, or on demand

As at 30.09.2013		As at 31.12.2012	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30.09.2013		As at 31.12.2012	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 30 September 2013, our Group's bank facilities were secured by the following:

- (i) pledge of cash and short-term deposits of a subsidiary amounting to approximately S\$258,000 (31 December 2012: S\$2,246,000);
- (ii) corporate guarantees provided by the Company;

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

Consolidated Statement of Cash Flows

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	3,160	3,485	7,599	11,400
Adjustments:				
Impairment loss on doubtful receivables	-	-	440	-
Depreciation of property, plant and equipment	1,187	938	3,395	2,880
Loss/ (gain) on disposal of property, plant and equipment	1	-	(18)	(57)
Finance expenses	-	1	-	4
Finance income	(2)	(3)	(4)	(17)
Amortisation of club membership	2	1	5	4
Amortisation of order backlog	-	779	-	2,337
Interest accretion	(26)	(38)	(79)	(143)
Gain on re-measurement of equity interest to fair value	-	-	-	(2,339)
Currency translation difference	(225)	(120)	(308)	(380)
Operating profit before working capital changes	4,097	5,043	11,030	13,689
(Increase)/ decrease in:				
Inventories	1,713	466	(652)	(3,308)
Contract work-in-progress	(757)	(2,060)	(7,578)	(5,251)
Trade and other receivables	6,880	(2,745)	9,601	(1,843)
Prepayments	(345)	310	(879)	1,977
Increase/ (decrease) in:				
Trade and other payables	(3,261)	1,649	2,097	(4,508)
Cash flows from operations	8,327	2,663	13,619	756
Finance expenses paid	-	(1)	-	(4)
Income taxes paid	(955)	(2,058)	(3,227)	(4,406)
Net cash flows from/ (used in) operating activities	7,372	604	10,392	(3,654)
Cash flows from investing activities				
Costs incurred for construction-in-progress	-	69	(19)	(2,616)
Finance income received	2	3	4	17
Proceeds from sale of property, plant and equipment	-	-	26	112
Purchase of property, plant and equipment	(141)	(492)	(923)	(1,623)
Net cash outflow from acquisition of subsidiary (Note B)	-	-	-	(2,147)
Net cash flows used in investing activities	(139)	(420)	(912)	(6,257)

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Consolidated Statement of Cash Flows (cont'd)

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Decrease / (Increase) in fixed deposits pledged	10	(1,225)	1988	208
Dividends paid on ordinary shares by the Company	(1,301)	(1,952)	(9,760)	(5,205)
Repayment of finance lease liabilities	-	(7)	-	(31)
Net cash flows used in financing activities	(1,291)	(3,184)	(7,772)	(5,028)
Net increase/ (decrease) in cash and cash equivalents	5,942	(3,000)	1,708	(14,939)
Cash and cash equivalents at beginning of the period	22,615	15,142	26,849	27,081
Cash and cash equivalents at end of the period (Note A)	28,557	12,142	28,557	12,142

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.09.2013	30.09.2012
	S\$'000	S\$'000
Cash at banks and on hand	25,345	15,238
Fixed deposits	3,470	-
Cash and short-term deposits	28,815	15,238
Less: Cash and short-term deposits pledged	(258)	(3,096)
Cash and cash equivalents	28,557	12,142

B. Net cash outflow on acquisition of subsidiary

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	S\$'000	S\$'000	S\$'000	S\$'000
Cash consideration	-	-	-	12,100
Less: cash and cash equivalents acquired	-	-	-	(9,953)
	-	-	-	2,147

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(A) Consolidated Statement of Comprehensive Income

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2013	30.09.2012	+ / (-)	30.09.2013	30.09.2012	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit net of tax	2,316	2,362	(1.9)	5,617	8,907	(36.9)
Other comprehensive income						
Foreign currency translation	(272)	(395)	(31.1)	622	(1,126)	N.M.
Total comprehensive income	<u>2,044</u>	<u>1,967</u>	<u>3.9</u>	<u>6,239</u>	<u>7,781</u>	<u>(19.8)</u>

Total comprehensive income attributable to:

Equity holders of the Company	2,060	2,073		6,308	8,159	
Non-controlling interests	(16)	(106)		(69)	(378)	
	<u>2,044</u>	<u>1,967</u>		<u>6,239</u>	<u>7,781</u>	

(B) Statement of Changes in Equity

Group

	Attributable to Equity holders of Company				Non-controlling interests	Total Equity
	Share capital	Revenue reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
2013						
Balance at 1 January 2013	32,732	69,765	268	102,765	(314)	102,451
Total comprehensive income for 9M2013	-	5,689	619	6,308	(69)	6,239
Dividends on ordinary shares	-	(9,760)	-	(9,760)	-	(9,760)
Balance at 30 September 2013	<u>32,732</u>	<u>65,694</u>	<u>887</u>	<u>99,313</u>	<u>(383)</u>	<u>98,930</u>
2012						
Balance at 1 January 2012	30,161	63,307	1,290	94,758	-	94,758
Total comprehensive income for 9M2012	-	9,281	(1,122)	8,159	(378)	7,781
Dividends on ordinary shares	-	(5,205)	-	(5,205)	-	(5,205)
Non-controlling interests from acquisition of a subsidiary	-	-	-	-	45	45
Shares issued for acquisition of a subsidiary	2,571	-	-	2,571	-	2,571
Balance at 30 September 2012	<u>32,732</u>	<u>67,383</u>	<u>168</u>	<u>100,283</u>	<u>(333)</u>	<u>99,950</u>

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

<u>Company</u>	Share capital S\$'000	Revenue reserves S\$'000	Total S\$'000
2013			
Balance at 1 January 2013	32,732	44,132	76,864
Total comprehensive income for 9M2013	-	6,595	6,595
Dividends on ordinary shares	-	(9,760)	(9,760)
Balance at 30 September 2013	32,732	40,967	73,699
2012			
Balance at 1 January 2012	30,161	42,739	72,900
Total comprehensive income for 9M2012	-	6,183	6,183
Dividends on ordinary shares	-	(5,205)	(5,205)
Shares issued for acquisition of a subsidiary	2,571	-	2,571
Balance at 30 September 2012	32,732	43,717	76,449

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-back, exercise of share options of warrants, conversion of other issues of equity securities, issue of share for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Share capital in S\$'000
Issued and fully paid ordinary shares:		
At 31 December 2012 and 30 September 2013	260,264,171	32,732

There were no outstanding convertible securities as at 31 December 2012 and 30 September 2013.

The Company had adopted an employee share option scheme and performance share plan known as the Design Studio's Employee Share Option Scheme and the Design Studio's Performance Share Plan respectively, approved by the shareholders in an Extraordinary General Meeting held on 25 January 2013.

As of 30 September 2013, no options or shares have been granted to employees or directors.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.09.2013	31.12.2012
Total number of shares (excluding treasury shares)	260,264,171	260,264,171

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2013 as the Company does not have any treasury shares.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

The figures have not been audited or reviewed.

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2012, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2013. Please see note 5.

5. If there are any changes in the accounting policies and methods of computation including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

In the current year, the Group adopted the new/revised Financial Reporting Standards ("FRS") and that are effective for annual periods beginning on or after 1 January 2013. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 <i>Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income</i>	1 July 2012
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
FRS 113 <i>Fair Value Measurement</i>	1 January 2014
Amendments to FRS 32 <i>Financial Instruments: Presentation</i> and FRS 107 <i>Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014

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

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

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

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
(a) Based on weighted average number of ordinary shares in issue	0.90 cents	0.95 cents	2.19 cents	3.58 cents
(b) On fully diluted basis	0.90 cents	0.95 cents	2.19 cents	3.58 cents

The basic earnings per ordinary share for the third quarter ended 30 September 2013 is calculated by dividing the 3rd quarter profit attributable to shareholders of S\$ 2.3 million (30 September 2012: S\$2.5 million) by the weighted average number of 260,264,171 (30 September 2012: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the nine months ended 30 September 2013 is calculated by dividing the nine months profit attributable to shareholders of S\$5.7 million (30 September 2012: S\$9.3 million) by the weighted average number of 260,264,171 (30 September 2012: 258,957,754) shares in issue during the financial period.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

(1) Current period reported on

	Group 30.09.2013	Company 30.09.2013
Net asset value per ordinary share for the period based on existing issued share capital as at 30 September 2013 of 260,264,171 ordinary shares	38.01 cents	28.32 cents

(2) Immediately preceding financial year

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

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

Review of Group Performance

3Q2013 vs 3Q2012

	3rd Quarter ended		+ / (-) %
	30.09.2013 S\$'000	30.09.2012 S\$'000	
Residential property	19,224	12,617	52.4
Hospitality and commercial	22,262	25,804	(13.7)
Distribution	242	2,367	(89.8)
Total	41,728	40,788	2.3

For 3Q2013, the Group's revenue increased by 2.3% to S\$41.7 million as compared with the revenue for 3Q2012. The increase was driven primarily by an increase in contribution from the Residential property projects, offset by the decrease in the Hospitality and commercial projects and Distribution projects completed in the quarter under review.

The gross margin decreased from 20.6% in 3Q2012 to 16.1% for 3Q2013, as a result of lower margins recorded in Residential property projects completed during the quarter.

Marketing and distribution expenses decreased by 4.2% to S\$1.4 million in 3Q2013. The decrease was mainly due to the decrease in expenses incurred for overseas exhibition and related costs, offset by the increase in depreciation expenses incurred for the China showrooms.

General and administrative expenses decreased from S\$3.5 million in 3Q2012 to S\$2.2 million in 3Q2013. The decrease was due to the decrease in exchange loss in 3Q2013 as compared with 3Q2012. In addition, there was an amortisation of order backlog of S\$779,000 in 3Q2012.

As a result, the Group achieved profit before tax of S\$3.2 million for 3Q2013, as compared with S\$3.5 million for 3Q2012. After taking into account the tax expenses, the Group's net profit after tax was S\$2.3 million for 3Q2013.

9M2013 vs 9M2012

	9 Months ended		+ / (-) %
	30.09.2013 S\$'000	30.09.2012 S\$'000	
Residential property	47,145	26,748	76.3
Hospitality and commercial	66,281	74,111	(10.6)
Distribution	1,255	5,962	(79.0)
Total	114,681	106,821	7.4

The Group's revenue for 9M2013 increased by 7.4% to S\$114.7 million as compared with the revenue for 9M2012. The increase was mainly due to higher revenue contribution from the Residential property projects, offset by the decrease in Hospitality and commercial projects and Distribution projects completed during the period.

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The Group's gross margin for 9M2013 as compared with 9M2012 was lower, decreased from 21.2% for 9M2012 to 16.0% for 9M2013.

Other income decreased by 98.5% from S\$2.4 million in 9M2012 to S\$36,000 in 9M2013. In 9M2012, there was a S\$2.3 million gain on re-measurement of equity interest to fair value in relation to the acquisition of DDS Asia Holdings Pte Ltd.

For the 9M2013, marketing and distribution expenses increased by 6.4% to S\$4.4 million as compared with S\$4.1 million in 9M2012. The increase was mainly due to increase in depreciation expenses incurred for the China showrooms, offset by the decrease in the exhibition expenses.

General and administrative expenses decreased from S\$9.5 million in 9M2012 to S\$6.4 million in 9M2013. The decrease was mainly due to exchange gain of S\$206,000 in 9M2013 as compared with exchange loss of S\$990,000 in 9M2012. In addition, there was an amortisation of order backlog of S\$2.3 million in 9M2012.

As a result, the Group achieved a lower profit before tax of S\$7.6 million for 9M2013, as compared with S\$11.4 million for 9M2012. After taking into account the tax expenses, the Group's net profit after tax was S\$5.6 million for 9M2013.

Balance Sheet (30 September 2013 vs 31 December 2012)

Property, plant and equipment decreased by S\$1.5 million mainly due to depreciation charges, offset by the purchase of plant and equipment during the period.

Contracts work-in-progress increased by S\$7.6 million to S\$14.7 million [Note 1(b)(4)] as at 30 September 2013. The increase was mainly due to costs incurred for local Residential property projects and Hospitality and commercial projects that were incomplete as at 30 September 2013.

Total trade receivables decreased by S\$8.3 million to S\$44.7 million [Note 1(b)(1)] as at 30 September 2013 as compared with 31 December 2012.

Other receivables and deposits decreased by S\$1.6 million to S\$8.7 million [Note 1(b)(1)]. The decrease was mainly due to other receivables in DS Huizhou and deposits from DDS Group.

Accrued operating expenses increased by S\$1.8 million to S\$23.8 million [Note 1(b)(5)]. The increase was mainly due to the accruals of project-related expenses.

Cash Flow

3Q2013 vs 3Q2012

For 3Q2013, there was net cash inflow of S\$5.9 million which was generated mainly from operating activities.

9M2013 vs 9M2012

For 9M2013, there was net cash inflow of S\$2.0 million which was generated from operating 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

The Group's key operating environment is expected to remain challenging and competitive in the foreseeable future. The Group will focus on execution of its current projects and continue to tighten the operating costs.

The Group will continue to leverage on the manufacturing capability of its China production facility in order to increase efficiency and reduce manufacturing costs. In addition, the Group will continue to increase the marketing activities and tap into the diverse opportunities in the growing markets of China over the longer-term.

Despite the challenging operating environment, the Group has a strong footing to navigate forward with a healthy cash position of S\$28.6 million and order book of S\$281.0 million as of 30 September 2013. Barring any unforeseen circumstances, the Group expects to remain profitable for the financial year ending 2013.

11. Dividend

(1) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(2) Corresponding Period of the immediately Preceding Financial Year

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

Nil

Date payable

Not applicable

Books closure date

Not applicable

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

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**

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

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

Aggregate value of transactions conducted pursuant to the general mandate for interested persons transactions for the 3 months period ended 30 September 2013 pursuant to Rule 920(1)(a)(ii) of the listing Manual:

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

BY ORDER OF THE BOARD

Helen Campos
Secretary

5 November 2013

CONFIRMATION BY THE BOARD

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the 9M ended 30 September 2013 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: 5 November 2013