

**Design Studio Group Ltd**

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

(Incorporated in Singapore)

(Registration Number: 199401553D)

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**1st Quarter Financial Statements  
And Dividend Announcement  
For The Period Ended  
31 March 2014**

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**Design Studio Group Ltd**  
**(Registration Number: 199401553D)**

**1<sup>st</sup> Quarter Financial Statements 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**

		<b>Group</b>		<b>+ / (-) %</b>
		<b>31.03.2014 S\$'000</b>	<b>3 Months ended 31.03.2013 S\$'000</b>	
Revenue		25,093	28,515	(12.0)
Cost of sales		(19,130)	(23,716)	(19.3)
<b>Gross profit</b>		<b>5,963</b>	<b>4,799</b>	<b>24.3</b>
Other income	1(a)(1)	94	19	394.7
		<b>6,057</b>	<b>4,818</b>	<b>25.7</b>
Marketing and distribution expenses		(1,384)	(1,619)	(14.5)
General and administrative expenses		(2,463)	(2,156)	14.2
<b>Profit from operations</b>	1(a)(2)	<b>2,210</b>	<b>1,043</b>	<b>111.9</b>
Finance income	1(a)(3)	9	1	800.0
<b>Profit before tax</b>		<b>2,219</b>	<b>1,044</b>	<b>112.5</b>
Tax expense	1(a)(4)	(146)	(347)	(57.9)
<b>Profit net of tax</b>		<b>2,073</b>	<b>697</b>	<b>197.4</b>
<b>Profit attributable to:</b>				
Equity holders of the Company		2,080	716	
Non-controlling interests		(7)	(19)	
		<b>2,073</b>	<b>697</b>	

*N.M.: Not Meaningful*

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**Notes to Income Statement**

**Note 1(a)(1) Other income**

	<b>Group</b>		
	<b>31.03.2014</b>	<b>3 Months ended</b>	<b>+ / (-)</b>
	<b>S\$'000</b>	<b>31.03.2013</b>	<b>%</b>
		<b>S\$'000</b>	
Sundry income	94	19	394.7

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

	<b>Group</b>		
	<b>31.03.2014</b>	<b>3 Months ended</b>	<b>+ / (-)</b>
	<b>S\$'000</b>	<b>31.03.2013</b>	<b>%</b>
		<b>S\$'000</b>	
Depreciation of property, plant and equipment	1,165	1,116	4.4
Foreign exchange loss/ (gain), net	281	(223)	N.M.
Gain on disposal of property, plant and equipment	(12)	(19)	(36.8)
Interest accretion	22	-	N.M.
Amortisation of club membership	2	1	100.0
Impairment loss on doubtful receivables	-	360	N.M.

**Note 1(a)(3) Finance income:**

	<b>Group</b>		
	<b>31.03.2014</b>	<b>3 Months ended</b>	<b>+ / (-)</b>
	<b>S\$'000</b>	<b>31.03.2013</b>	<b>%</b>
		<b>S\$'000</b>	
<b>Finance income</b>			
- Cash and short-term deposits	9	1	800.0

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

	<b>Group</b>		
	<b>31.03.2014</b>	<b>3 Months ended</b>	<b>+ / (-)</b>
	<b>S\$'000</b>	<b>31.03.2013</b>	<b>%</b>
		<b>S\$'000</b>	
<b>Current tax</b>			
Singapore			
- current year	298	41	626.8
- overprovision for prior year	(43)	-	N.M.
Foreign			
- current year	74	309	(76.1)
- overprovision for prior year	-	(3)	N.M.
	329	347	(5.2)
<b>Deferred tax</b>			
Singapore			
Foreign	14	-	N.M.
	(197)	-	N.M.
	146	347	(57.9)

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

**Balance Sheets**

	Note	Group		Company	
		31.03.2014 S\$'000	31.12.2013 S\$'000	31.03.2014 S\$'000	31.12.2013 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		23,193	24,697	3,035	4,125
Investment in subsidiaries		-	-	42,743	42,743
Intangible assets	1(b)(2)	2,776	2,778	47	49
Deferred tax assets		152	61	61	61
Trade and other receivables	1(b)(1)	7,058	8,180	4,637	5,699
Prepayments		201	201	-	-
<b>Current assets</b>					
Inventories	1(b)(3)	15,993	14,774	32	1,823
Gross amount due from customers for contract work-in-progress	1(b)(4)	8,225	6,394	1,707	2,926
Trade and other receivables	1(b)(1)	40,439	53,147	23,668	32,314
Prepayments		2,030	1,531	693	936
Loan to a subsidiary		-	-	2,290	2,000
Tax recoverable		1,099	539	-	-
Cash and short-term deposits		44,511	44,877	23,048	11,478
		112,297	121,262	51,438	51,477
<b>Current liabilities</b>					
Trade and other payables	1(b)(5)	36,294	49,435	17,682	21,867
Provision for tax		2,396	2,170	1,447	1,178
		38,690	51,605	19,129	23,045
<b>Net current assets</b>		73,607	69,657	32,309	28,432
<b>Non-current liabilities</b>					
Deferred tax liabilities		4	97	-	-
<b>Net assets</b>		106,983	105,477	82,832	81,109
<b>Equity attributable to equity holders of the Company</b>					
Share capital		32,732	32,732	32,732	32,732
Reserves		74,657	73,145	50,100	48,377
		107,389	105,877	82,832	81,109
<b>Non-controlling interests</b>		(406)	(400)	-	-
<b>Total equity</b>		106,983	105,477	82,832	81,109

**Design Studio Group Ltd**  
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**Notes to Balance Sheets**

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

	<b>Group</b>		<b>Company</b>	
	<b>31.03.2014</b>	<b>31.12.2013</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Trade and other receivables (non-current):</b>				
<u>Trade receivables: Retention monies</u>				
Third parties	7,058	8,009	4,243	4,726
Corporate shareholder	-	171	-	171
Subsidiaries	-	-	394	802
	<u>7,058</u>	<u>8,180</u>	<u>4,637</u>	<u>5,699</u>
<b>Trade and other receivables (current):</b>				
Trade receivables	30,978	44,643	12,213	24,698
Other receivables and deposits	9,461	8,504	11,455	7,616
	<u>40,439</u>	<u>53,147</u>	<u>23,668</u>	<u>32,314</u>
<b>Trade receivables:</b>				
<u>Third parties:</u>				
Trade receivables	20,705	32,843	5,947	15,517
Retention monies	10,443	11,621	4,696	5,126
	<u>31,148</u>	<u>44,464</u>	<u>10,643</u>	<u>20,643</u>
Less: Allowance for doubtful receivables	(440)	(440)	(440)	(440)
	<u>30,708</u>	<u>44,024</u>	<u>10,203</u>	<u>20,203</u>
Movement in allowance accounts:				
At beginning of the year	440	-	440	-
Charge for the year	-	440	-	440
At end of the year	<u>440</u>	<u>440</u>	<u>440</u>	<u>440</u>
<u>Corporate shareholder:</u>				
Trade receivables	-	448	-	448
Retention monies	270	171	270	171
	<u>270</u>	<u>619</u>	<u>270</u>	<u>619</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	1,456	2,887
Retention monies	-	-	284	989
	<u>-</u>	<u>-</u>	<u>1,740</u>	<u>3,876</u>
Total trade receivables (current)	<u>30,978</u>	<u>44,643</u>	<u>12,213</u>	<u>24,698</u>
<b>Other receivables and deposits:</b>				
Other receivables	4,695	4,554	74	74
Deposits	4,766	3,950	199	227
	<u>9,461</u>	<u>8,504</u>	<u>273</u>	<u>301</u>
Amount due from subsidiaries (non-trade)	-	-	11,182	7,409
Less: Allowance for doubtful receivables	-	-	-	(94)
	<u>9,461</u>	<u>8,504</u>	<u>11,455</u>	<u>7,616</u>

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**(Registration Number: 199401553D)**

**Note 1(b)(2) Intangible assets**

	Group		Company	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	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	(3,197)	(3,195)	(81)	(79)
Goodwill	2,729	2,729	-	-
	2,776	2,778	47	49

**Note 1(b)(3) Inventories**

	Group		Company	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	12,420	11,428	32	1,105
Work-in-progress, at cost	2,496	2,468	-	211
Finished goods, at cost	1,077	878	-	507
	15,993	14,774	32	1,823

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

	Group		Company	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	343,745	418,019	295,743	292,144
Less: Progress billings	(335,520)	(411,625)	(294,036)	(289,218)
	8,225	6,394	1,707	2,926
Presented as:				
Gross amount due from customers for contract work	8,225	6,394	1,707	2,926

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

	Group		Company	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Amount due to third parties	7,973	8,414	2,000	3,525
Amount due to subsidiaries	-	-	5,883	6,001
Amount due to a corporate shareholder	104	141	-	-
Retention payables	7,103	7,529	1,343	1,283
	15,180	16,084	9,226	10,809
Other payables	1,888	1,885	221	430
Non-trade payables due to a corporate shareholder	25	18	-	-
Accrued operating expenses	15,737	28,575	3,614	10,062
Deposits received	3,464	2,873	4,621	566
	36,294	49,435	17,682	21,867

**Design Studio Group Ltd**  
**(Registration Number: 199401553D)**

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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**

<b>As at 31.03.2014</b>		<b>As at 31.12.2013</b>	
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Amount repayable after one year**

<b>As at 31.03.2014</b>		<b>As at 31.12.2013</b>	
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Details of any collateral**

As at 31 March 2014, our Group's bank facilities were secured by the following:

- (i) pledge of cash and short-term deposits of a subsidiary amounting to approximately S\$92,000 (31 December 2013: S\$92,000); and
- (ii) corporate guarantees provided by the Company.

**Design Studio Group Ltd**  
**(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	
	3 Months ended 31.03.2014 S\$'000	31.03.2013 S\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,219	1,044
Adjustments:		
Impairment loss on doubtful receivables	-	360
Depreciation of property, plant and equipment	1,165	1,116
Gain on disposal of property, plant and equipment	(12)	(19)
Finance income	(9)	(1)
Interest accretion	22	-
Amortisation of club membership	2	1
Currency translation difference	2	29
<b>Operating profit before working capital changes</b>	<b>3,389</b>	<b>2,530</b>
Decrease/ (increase) in:		
Inventories	(1,219)	(1,210)
Contract work-in-progress	(1,831)	(2,483)
Trade and other receivables	13,801	3,973
Prepayments	(499)	(242)
Decrease in:		
Trade and other payables	(13,133)	(6,069)
<b>Cash flows from/ (used in) operations</b>	<b>508</b>	<b>(3,501)</b>
Income taxes paid	(667)	(571)
<b>Net cash flows used in operating activities</b>	<b>(159)</b>	<b>(4,072)</b>
<b>Cash flows from investing activities</b>		
Costs incurred for construction-in-progress	-	(19)
Finance income received	9	1
Proceeds from disposal of property, plant and equipment	28	26
Purchase of property, plant and equipment	(244)	(468)
<b>Net cash flows used in investing activities</b>	<b>(207)</b>	<b>(460)</b>
<b>Cash flows from financing activities</b>		
Decrease in fixed deposits pledged	-	145
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>145</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(366)</b>	<b>(4,387)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>44,785</b>	<b>26,849</b>
<b>Cash and cash equivalents at end of the period (Note A)</b>	<b>44,419</b>	<b>22,462</b>

**Design Studio Group Ltd**  
**(Registration Number: 199401553D)**

**Consolidated Statement of Cash Flows (cont'd)**

**Notes to Consolidated Statement of Cash Flows**

**A. Cash and cash equivalents**

	<b>Group</b>	
	<b>31.03.2014</b> <b>S\$'000</b>	<b>31.03.2013</b> <b>S\$'000</b>
Cash at banks and on hand	43,726	24,563
Fixed deposits	785	-
Cash and short-term deposits	44,511	24,563
Less: Cash and short-term deposits pledged	(92)	(2,101)
<b>Cash and cash equivalents</b>	<b>44,419</b>	<b>22,462</b>

**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**

	<b>Group</b>		
	<b>31.03.2014</b> <b>S\$'000</b>	<b>3 Months ended</b> <b>31.03.2013</b> <b>S\$'000</b>	<b>+ / (-)</b> <b>%</b>
<b>Profit net of tax</b>	2,073	697	197.4
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	(567)	376	N.M.
<b>Total comprehensive income</b>	<b>1,506</b>	<b>1,073</b>	<b>40.4</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	1,512	1,083	
Non-controlling interests	(6)	(10)	
	<b>1,506</b>	<b>1,073</b>	

**Design Studio Group Ltd**  
**(Registration Number: 199401553D)**

**(B) Statements of Changes in Equity**

**Group**

	Attributable to Equity holders of Company				Non-controlling interests S\$'000	Total Equity S\$'000
	Share capital	Revenue reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
<b>2014</b>						
Balance at 1 January 2014	32,732	71,950	1,195	105,877	(400)	105,477
Total comprehensive income for 1Q2014	-	2,080	(568)	1,512	(6)	1,506
Balance at 31 March 2014	32,732	74,030	627	107,389	(406)	106,983
<b>2013</b>						
Balance at 1 January 2013	32,732	69,765	268	102,765	(314)	102,451
Total comprehensive income for 1Q2013	-	716	367	1,083	(10)	1,073
Balance at 31 March 2013	32,732	70,481	635	103,848	(324)	103,524

**Company**

	Share capital S\$'000	Revenue reserve S\$'000	Total S\$'000
<b>2014</b>			
Balance at 1 January 2014	32,732	48,377	81,109
Total comprehensive income for 1Q2014	-	1,723	1,723
Balance at 31 March 2014	32,732	50,100	82,832
<b>2013</b>			
Balance at 1 January 2013	32,732	44,132	76,864
Total comprehensive income for 1Q2013	-	5,063	5,063
Balance at 31 March 2013	32,732	49,195	81,927

**Design Studio Group Ltd**  
**(Registration Number: 199401553D)**

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

	Number of shares	Share capital in S\$'000
<b>Issued and fully paid ordinary shares:</b>		
At 31 December 2013 and 31 March 2014	260,264,171	32,732

There were no outstanding convertible securities as at 31 December 2013 and 31 March 2014.

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

As of 31 March 2014, no options or shares have been granted to employees or directors.

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

	31.03.2014	31.12.2013
Total number of shares (excluding treasury shares)	260,264,171	260,264,171

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2014 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.

**Design Studio Group Ltd**  
**(Registration Number: 199401553D)**

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**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 2013, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2014. 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") that are effective for annual periods beginning on or after 1 January 2014. 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 revised FRS that are relevant to the Group:

Description	Effective for annual periods beginning on or after
FRS 27 (Revised) <i>Separate Financial Statements</i>	1 January 2014
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</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.

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

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

	Group	
	3 Months ended	
	31.03.2014	31.03.2013
(a) Based on weighted average number of ordinary shares in issue	0.80 cents	0.28 cents
(b) On fully diluted basis	0.80 cents	0.28 cents

The basic earnings per ordinary share for the first quarter ended 31 March 2014 is calculated by dividing the first quarter profit attributable to shareholders of S\$2.1 million (31 March 2013: S\$716,000) by the weighted average number of 260,264,171 (31 March 2013: 260,264,171) shares in issue during the financial period.

**Design Studio Group Ltd**  
**(Registration Number: 199401553D)**

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

**(1) Current period reported on**

	<b>Group 31.03.2014</b>	<b>Company 31.03.2014</b>
Net asset value per ordinary share for the period based on existing issued share capital as at 31 March 2014 of 260,264,171 ordinary shares	41.11 cents	31.83 cents

**(2) Immediately preceding financial year**

	<b>Group 31.12.2013</b>	<b>Company 31.12.2013</b>
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2013 of 260,264,171 ordinary shares	40.53 cents	31.16 cents

**Design Studio Group Ltd**  
**(Registration Number: 199401553D)**

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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**

**1Q2014 vs 1Q2013**

	1st Quarter ended		+ / (-) %
	31.03.2014 S\$'000	31.03.2013 S\$'000	
Residential property	12,547	13,243	(5.3)
Hospitality and commercial	12,506	14,509	(13.8)
Distribution	40	763	(94.8)
<b>Total</b>	<b>25,093</b>	<b>28,515</b>	<b>(12.0)</b>

For 1Q2014, the Group's revenue decreased by 12.0% to S\$25.1 million as compared with the revenue for 1Q2013 as a result of decrease in contribution from all segments, particularly the Hospitality and commercial segment. During the quarter, the Group's Hospitality and commercial segment has completed lesser projects, as compared with 1Q2013.

The gross margin increased from 16.8% in 1Q2013 to 23.8% for 1Q2014, as a result of higher margins recorded in projects completed during the quarter and improved cost efficiency achieved by our China production facility.

Marketing and distribution expenses decreased by 14.5% to S\$1.4 million in 1Q2014. The decrease was mainly due to the decrease in staff costs as a result of reduction in headcount.

General and administrative expenses increased from S\$2.2 million in 1Q2013 to S\$2.5 million in 1Q2014. The increase was due to an exchange loss in 1Q2014 as compared with an exchange gain in 1Q2013.

As a result, the Group achieved higher profit before tax of S\$2.2 million for 1Q2014, an increase of 112.5% as compared with S\$1.0 million for 1Q2013. After taking into account tax expenses, the Group's net profit after tax was S\$2.1 million for 1Q2014.

# Design Studio Group Ltd

## (Registration Number: 199401553D)

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### **Balance Sheet (31 March 2014 vs 31 December 2013)**

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\$1.8 million to S\$8.2 million [Note 1(b)(4)] as at 31 March 2014.

Total current trade receivables decreased to S\$31.0 million [Note 1(b)(1)] as at 31 March 2014 as compared with S\$44.6 million as at 31 December 2013. The decrease was mainly due to collections received from customers during the quarter.

Other receivables and deposits increased by S\$1.0 million to S\$9.5 million [Note 1(b)(1)]. The increase was mainly due to deposits received from clients.

Trade payables decreased by S\$904,000 to S\$15.2 million [Note 1(b)(5)]. The decrease was mainly due to reduction in retention payables to sub-contractors.

Accrued operating expenses decreased by S\$12.8 million to S\$15.7 million [Note 1(b)(5)]. The decrease was mainly due to the payment of bonus in 1Q2014 and the accruals of project-related expenses.

### **Cash Flow (1Q2014 vs 1Q2013)**

For 1Q2014, there was net cash outflow of S\$366,000, mainly used in investing activities.

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

The Group's performance is in line with the commentary previously disclosed in the results announcement via SGXNET for the full year ended 31 December 2013.

#### **10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

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

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

Design Studio has a healthy cash position and order book of S\$237.5 million as at 31 March 2014. Notwithstanding the order book on hand, the realisation of the order book into revenue which may be delayed due to the challenging market conditions as set out above. Barring any unforeseen circumstances, the Group expects to remain profitable for the financial year ending 2014.

**Design Studio Group Ltd**  
**(Registration Number: 199401553D)**

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**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.**

No interim dividend has been declared/ recommended for 1Q ended 31 March 2014.

**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 Group Ltd**  
**(Registration Number: 199401553D)**

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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 31 March 2014 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**

**Date: 8 May 2014**

**CONFIRMATION BY THE BOARD**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the first quarter ended 31 March 2014 to be false or misleading in any material respect.

**ON BEHALF OF BOARD OF DIRECTORS**

\_\_\_\_\_  
**Name: Bernard Lim Leng Foo**  
**Director**

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**Name: Kelly Ng Chai Choey**  
**Director**

**Date: 8 May 2014**