

Design Studio Group Ltd

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

(Incorporated in Singapore)

(Registration Number: 199401553D)

**4th Quarter and Full Year Financial Statements
And Dividend Announcement
For The Period/ Year Ended
31 December 2014**

Design Studio Group Ltd
(Registration Number: 199401553D)

4th Quarter and Full Year 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

		Group					
		4th Quarter ended			Full Year ended		
		31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue		75,861	63,416	19.6	177,808	178,097	(0.2)
Cost of sales		(60,198)	(51,178)	17.6	(138,204)	(147,558)	(6.3)
Gross profit		15,663	12,238	28.0	39,604	30,539	29.7
Other income	1(a)(1)	5	19	(73.7)	124	55	125.5
		15,668	12,257	27.8	39,728	30,594	29.9
Marketing and distribution expenses		(1,660)	(1,785)	(7.0)	(5,949)	(6,161)	(3.4)
General and administrative expenses		(2,864)	(2,741)	4.5	(9,952)	(9,107)	9.3
Profit from operations	1(a)(2)	11,144	7,731	44.1	23,827	15,326	55.5
Finance income	1(a)(3)	7	10	(30.0)	39	14	178.6
Profit before tax		11,151	7,741	44.1	23,866	15,340	55.6
Tax expense	1(a)(4)	(1,705)	(1,499)	13.7	(3,310)	(3,481)	(4.9)
Profit net of tax		9,446	6,242	51.3	20,556	11,859	73.3
Profit attributable to:							
Equity holders of the Company		9,451	6,256		20,582	11,945	
Non-controlling interests		(5)	(14)		(26)	(86)	
		9,446	6,242		20,556	11,859	

N.M.: Not Meaningful

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Notes to Consolidated Income Statement

Note 1(a)(1) Other income

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sundry income	5	19	(73.7)	124	55	125.5

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	1,089	1,180	(7.7)	4,420	4,575	(3.4)
Foreign exchange loss/ (gain), net	64	(90)	N.M.	354	(296)	N.M.
Loss/ (Gain) on disposal of property, plant and equipment	4	6	(33.3)	(30)	(12)	150.0
Interest accretion	(5)	(27)	(81.5)	18	(106)	N.M.
Amortisation of club membership	1	1	0.0	5	6	(16.7)
Impairment loss on club membership	10	-	N.M.	28	-	N.M.
Impairment loss on doubtful receivables	89	-	N.M.	89	440	(79.8)

Note 1(a)(3) Finance income:

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
- Cash and short-term deposits	7	10	(30.0)	39	14	178.6

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	1,278	1,039	23.0	2,878	1,945	48.0
- (over)/ under provision for prior year	(138)	8	N.M.	(181)	8	N.M.
Foreign						
- current year	689	514	34.0	958	1,555	(38.4)
- over provision for prior year	-	-	-	(11)	(13)	(15.4)
	1,829	1,561	17.3	3,644	3,495	4.3
Deferred tax						
Singapore						
	(91)	(61)	49.2	(77)	(55)	40.0
Foreign						
	(33)	(1)	N.M.	(257)	41	N.M.
	1,705	1,499	13.7	3,310	3,481	(4.9)

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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	
		31.12.2014 S\$'000	31.12.2013 S\$'000	31.12.2014 S\$'000	31.12.2013 S\$'000
Non-current assets					
Property, plant and equipment		21,128	24,697	2,610	4,125
Investment in subsidiaries		-	-	41,500	42,743
Intangible assets	1(b)(2)	2,745	2,778	16	49
Deferred tax assets		302	61	244	61
Trade and other receivables	1(b)(1)	7,548	8,180	2,574	5,699
Prepayments		198	201	-	-
Current assets					
Inventories	1(b)(3)	14,002	14,774	-	1,823
Gross amount due from customers for contract work-in-progress	1(b)(4)	9,755	6,394	780	2,926
Trade and other receivables	1(b)(1)	61,377	53,147	16,394	32,314
Prepayments		1,454	1,531	248	936
Loan to a subsidiary		-	-	2,675	2,000
Tax recoverable		1,328	539	-	-
Cash and short-term deposits		48,404	44,877	14,714	11,478
		136,320	121,262	34,811	51,477
Current liabilities					
Trade and other payables	1(b)(5)	55,849	49,435	8,447	21,867
Provision for tax		2,961	2,170	646	1,178
		58,810	51,605	9,093	23,045
Net current assets		77,510	69,657	25,718	28,432
Non-current liabilities					
Deferred tax liabilities		2	97	-	-
Net assets		109,429	105,477	72,662	81,109
Equity attributable to equity holders of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		77,121	73,145	39,930	48,377
		109,853	105,877	72,662	81,109
Non-controlling interests		(424)	(400)	-	-
Total equity		109,429	105,477	72,662	81,109

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Notes to Balance Sheets

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

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables (non-current):				
<u>Trade receivables: Retention monies</u>				
Third parties	7,548	8,009	1,752	4,726
Corporate shareholder	-	171	-	171
Subsidiary	-	-	822	802
	<u>7,548</u>	<u>8,180</u>	<u>2,574</u>	<u>5,699</u>
Trade and other receivables (current):				
Trade receivables	53,433	44,643	7,878	24,698
Other receivables and deposits	7,944	8,504	8,516	7,616
	<u>61,377</u>	<u>53,147</u>	<u>16,394</u>	<u>32,314</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	43,885	32,843	2,370	15,517
Retention monies	9,548	11,621	3,413	5,126
	<u>53,433</u>	<u>44,464</u>	<u>5,783</u>	<u>20,643</u>
Less: Allowance for doubtful receivables	-	(440)	-	(440)
	<u>53,433</u>	<u>44,024</u>	<u>5,783</u>	<u>20,203</u>
Movement in allowance accounts:				
At beginning of the year	440	-	440	-
Charge for the year	89	440	89	440
Write-off during the year	(529)	-	(529)	-
At end of the year	<u>-</u>	<u>440</u>	<u>-</u>	<u>440</u>
<u>Corporate shareholder:</u>				
Trade receivables	-	448	-	448
Retention monies	-	171	-	171
	<u>-</u>	<u>619</u>	<u>-</u>	<u>619</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	1,805	2,887
Retention monies	-	-	290	989
	<u>-</u>	<u>-</u>	<u>2,095</u>	<u>3,876</u>
Total trade receivables (current)	<u>53,433</u>	<u>44,643</u>	<u>7,878</u>	<u>24,698</u>
Other receivables and deposits:				
Other receivables	3,236	4,554	66	74
Deposits	4,708	3,950	61	227
	<u>7,944</u>	<u>8,504</u>	<u>127</u>	<u>301</u>
Amount due from subsidiaries (non-trade)	-	-	8,389	7,409
Less: Allowance for doubtful receivables	-	-	-	(94)
	<u>7,944</u>	<u>8,504</u>	<u>8,516</u>	<u>7,616</u>

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Note 1(b)(2) Intangible assets

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Club membership	128	128	128	128
Order backlog	3,116	3,116	-	-
Less: Impairment loss on club membership	(28)	-	(28)	-
	3,216	3,244	100	128
Less: Accumulated amortisation	(3,200)	(3,195)	(84)	(79)
Goodwill	2,729	2,729	-	-
	<u>2,745</u>	<u>2,778</u>	<u>16</u>	<u>49</u>

Note 1(b)(3) Inventories

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	10,997	11,428	-	1,105
Work-in-progress, at cost	1,839	2,468	-	211
Finished goods, at cost	1,166	878	-	507
	<u>14,002</u>	<u>14,774</u>	<u>-</u>	<u>1,823</u>

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

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	386,683	418,019	190,286	292,144
Less: Progress billings	(376,928)	(411,625)	(189,506)	(289,218)
	<u>9,755</u>	<u>6,394</u>	<u>780</u>	<u>2,926</u>
Presented as:				
Gross amount due from customers for contract work	<u>9,755</u>	<u>6,394</u>	<u>780</u>	<u>2,926</u>

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

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables:				
Amount due to third parties	11,988	8,414	683	3,525
Amount due to subsidiaries	-	-	286	6,001
Amount due to a corporate shareholder	128	141	-	-
Retention payables	6,610	7,529	1,083	1,283
	<u>18,726</u>	<u>16,084</u>	<u>2,052</u>	<u>10,809</u>
Other payables				
Non-trade payables due to a corporate shareholder	2,018	1,885	125	430
Accrued operating expenses	38	18	24	-
Deposits received	33,301	28,575	5,296	10,062
	<u>1,766</u>	<u>2,873</u>	<u>950</u>	<u>566</u>
	<u>55,849</u>	<u>49,435</u>	<u>8,447</u>	<u>21,867</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 31.12.2014		As at 31.12.2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2014		As at 31.12.2013	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 31 December 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\$90,000 (31 December 2013: S\$92,000); and
- (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			
	4th Quarter ended		Full Year ended	
	31.12.2014 S\$'000	31.12.2013 S\$'000	31.12.2014 S\$'000	31.12.2013 S\$'000
Cash flows from operating activities				
Profit before tax	11,151	7,741	23,866	15,340
Adjustments:				
Impairment loss on doubtful receivables	89	-	89	440
Depreciation of property, plant and equipment	1,089	1,180	4,420	4,575
Loss/ (Gain) on disposal of property, plant and equipment	4	6	(30)	(12)
Finance income	(7)	(10)	(39)	(14)
Amortisation of club membership	1	1	5	6
Impairment loss on club membership	10	-	28	-
Interest accretion	(5)	(27)	18	(106)
Currency translation difference	(126)	(19)	(15)	(327)
Operating profit before working capital changes	12,206	8,872	28,342	19,902
(Increase)/ decrease in:				
Inventories	5,141	909	772	257
Contract work-in-progress	1,977	8,287	(3,361)	709
Trade and other receivables	(11,794)	(7,867)	(7,711)	1,734
Prepayments	429	3	80	(876)
Increase/ (decrease) in:				
Trade and other payables	18,837	7,763	6,420	9,860
Cash flows from operations	26,796	17,967	24,542	31,586
Income taxes paid	(81)	(1,618)	(3,641)	(4,845)
Net cash flow from operating activities	26,715	16,349	20,901	26,741
Cash flows from investing activities				
Costs incurred for construction-in-progress	-	-	-	(19)
Finance income received	7	10	39	14
Proceeds from sale of property, plant and equipment	13	16	77	42
Purchase of property, plant and equipment	(158)	(313)	(573)	(1,236)
Net cash flows used in investing activities	(138)	(287)	(457)	(1,199)

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Consolidated Statement of Cash Flows (cont'd)

	Group			
	4th Quarter ended		Full Year ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Decrease in fixed deposits pledged	2	166	2	2,154
Dividends paid on ordinary shares by the Company	-	-	(16,917)	(9,760)
Net cash flows from/ (used in) financing activities	2	166	(16,915)	(7,606)
Net increase in cash and cash equivalents	26,579	16,228	3,529	17,936
Cash and cash equivalents at beginning of the period	21,735	28,557	44,785	26,849
Cash and cash equivalents at end of the period (Note A)	48,314	44,785	48,314	44,785

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	31.12.2014	31.12.2013
	S\$'000	S\$'000
Cash at banks and on hand	47,616	41,399
Fixed deposits	788	3,478
Cash and short-term deposits	48,404	44,877
Less: Cash and short-terms deposits pledged	(90)	(92)
Cash and cash equivalents	48,314	44,785

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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 capitalisation 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		
	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit net of tax	9,446	6,242	51.3	20,556	11,859	73.3
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	360	305	18.0	313	927	(66.2)
Total comprehensive income	<u>9,806</u>	<u>6,547</u>	<u>49.8</u>	<u>20,869</u>	<u>12,786</u>	<u>63.2</u>
Total comprehensive income attributable to:						
Equity holders of the Company	9,810	6,564		20,893	12,872	
Non-controlling interests	(4)	(17)		(24)	(86)	
	<u>9,806</u>	<u>6,547</u>		<u>20,869</u>	<u>12,786</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	S\$'000	S\$'000				
2014								
Balance at 1 January 2014	32,732	71,950	1,195	105,877	(400)	105,477		
Total comprehensive income for FY2014	-	20,582	311	20,893	(24)	20,869		
Dividends on ordinary shares	-	(16,917)	-	(16,917)	-	(16,917)		
Balance at 31 December 2014	<u>32,732</u>	<u>75,615</u>	<u>1,506</u>	<u>109,853</u>	<u>(424)</u>	<u>109,429</u>		
2013								
Balance at 1 January 2013	32,732	69,765	268	102,765	(314)	102,451		
Total comprehensive income for FY2013	-	11,945	927	12,872	(86)	12,786		
Dividends on ordinary shares	-	(9,760)	-	(9,760)	-	(9,760)		
Balance at 31 December 2013	<u>32,732</u>	<u>71,950</u>	<u>1,195</u>	<u>105,877</u>	<u>(400)</u>	<u>105,477</u>		

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

<u>Company</u>	Share capital	Revenue reserves	Total
	S\$'000	S\$'000	S\$'000
2014			
Balance at 1 January 2014	32,732	48,377	81,109
Total comprehensive income for FY2014	-	8,470	8,470
Dividends on ordinary shares	-	(16,917)	(16,917)
Balance at 31 December 2014	32,732	39,930	72,662
2013			
Balance at 1 January 2013	32,732	44,132	76,864
Total comprehensive income for FY2013	-	14,005	14,005
Dividends on ordinary shares	-	(9,760)	(9,760)
Balance at 31 December 2013	32,732	48,377	81,109

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 2013 and 31 December 2014	260,264,171	32,732

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

	31.12.2014	31.12.2013
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 31 December 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.

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 (<i>Revised</i>) <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 except that in general, the application of FRS 112 has resulted in more extensive disclosures in the consolidated 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	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
(a) Based on weighted average number of ordinary shares in issue	3.63 cents	2.40 cents	7.91 cents	4.59 cents
(b) On fully diluted basis	3.63 cents	2.40 cents	7.91 cents	4.59 cents

The basic earnings per ordinary share for the fourth quarter ended 31 December 2014 is calculated by dividing the fourth quarter profit attributable to shareholders of S\$9.5 million (31 December 2013: S\$6.3 million) by the weighted average number of 260,264,171 (31 December 2013: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the full year ended 31 December 2014 is calculated by dividing the full year profit attributable to shareholders of S\$20.6 million (31 December 2013: S\$11.9 million) by the weighted average number of 260,264,171 (31 December 2013: 260,264,171) 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 31.12.2014	Company 31.12.2014
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2014 of 260,264,171 ordinary shares	42.05 cents	27.92 cents

(2) Immediately preceding financial year

	Group 31.12.2013	Company 31.12.2013
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

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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

4Q2014 vs 4Q2013

	4th Quarter ended		+ / (-) %
	31.12.2014 S\$'000	31.12.2013 S\$'000	
Residential property	32,508	24,829	30.9
Hospitality and commercial	42,942	37,730	13.8
Distribution	411	857	(52.0)
Total	75,861	63,416	19.6

For 4Q2014, the Group's revenue increased by 19.6% to S\$75.9 million as compared with the revenue for 4Q2013 as a result of the increase in Residential property projects and Hospitality and commercial projects completed during the quarter. It is partially offset by lower revenue contribution from the Distribution projects.

The gross margin increased from 19.3% in 4Q2013 to 20.6% for 4Q2014. The improvement was due to higher margins recorded for some projects completed during the quarter as well as overall improved cost efficiencies achieved by the Group's production facility in China.

Marketing and distribution expenses decreased by 7.0% to S\$1.7 million in 4Q2014, due to lower staff cost and travelling expenses.

General and administrative expenses increased marginally from S\$2.7 million in 4Q2013 to S\$2.9 million in 4Q2014. The increase was due to an exchange loss of S\$64,000 in 4Q2014, and an impairment loss on doubtful receivables amounting to S\$89,000.

As a result, the Group achieved higher profit before tax of S\$11.2 million for 4Q2014, an increase of 44.1% as compared with S\$7.7 million for 4Q2013. After taking into account tax expenses, the Group's net profit after tax was S\$9.4 million for 4Q2014.

FY2014 vs FY2013

	Full Year ended		+ / (-) %
	31.12.2014 S\$'000	31.12.2013 S\$'000	
Residential property	88,391	71,974	22.8
Hospitality and commercial	88,839	104,011	(14.6)
Distribution	578	2,112	(72.6)
Total	177,808	178,097	(0.2)

The Group's revenue for FY2014 decreased marginally by 0.2% to S\$177.8 million as compared with the revenue for FY2013. The decrease was mainly due to fewer Hospitality and commercial projects and Distribution projects completed during the period. It is offset by the higher revenue contribution from the Residential property projects.

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The Group's gross margin for FY2014 was higher as compared with FY2013, increased from 17.1% for FY2013 to 22.3% for FY2014. The improvement was due to higher margins recorded for some projects completed during FY2014 as well as overall improved cost efficiencies achieved by the Group's production facility in China.

Other income increased from S\$55,000 in FY2013 to S\$124,000 in FY2014 due to the wage credit scheme payout during the year.

For FY2014, marketing and distribution expenses decreased by 3.4% to S\$5.9 million as compared with S\$6.2 million in FY2013. The decrease was mainly due to reduction in staff costs and travelling expenses.

General and administrative expenses increased from S\$9.1 million in FY2013 to S\$10.0 million in FY2014 mainly as a result of increased staff costs and exchange loss. There was an exchange loss of S\$354,000 in FY2014 as compared with exchange gain of S\$296,000 in FY2013.

Finance income increased to S\$39,000 due to higher interest income earned from cash balance placed with the banks during the year.

As a result, the Group achieved a higher profit before tax of S\$23.9 million for FY2014, as compared with S\$15.3 million for FY2013. After taking into account the tax expenses, the Group's net profit after tax was S\$20.6 million for FY2014.

Balance Sheet (31 December 2014 vs 31 December 2013)

Property, plant and equipment decreased by S\$3.6 million mainly due to depreciation charges, offset by the purchase of plant and equipment during the period.

Contracts work-in-progress increased by S\$3.4 million to S\$9.8 million [Note 1(b)(4)] as at 31 December 2014. The increase was due to the work in progress yet to be certified by clients.

Total current trade receivables increased to S\$53.4 million [Note 1(b)(1)] as at 31 December 2014 as compared with S\$44.6 million as at 31 December 2013. The increase was in line with the higher revenue recorded in 4Q2014 compared with 4Q2013.

Other receivables and deposits decreased by S\$560,000 to S\$7.9 million [Note 1(b)(1)]. The decrease was mainly due to reduction in VAT refund in China offset by additional deposits paid to suppliers and subcontractors.

Trade payables increased by S\$2.6 million to S\$18.7 million [Note 1(b)(5)] as at 31 December 2014 as compared with S\$16.1 million as at 31 December 2013, in line with the increase in trade activities for 4Q2014.

Accrued operating expenses increased by S\$4.7 million to S\$33.3 million [Note 1(b)(5)]. The increase was mainly due to accruals made on project costs and bonus.

Cash Flow

4Q2014 vs 4Q2013

For 4Q2014, there was net cash inflow of S\$26.6 million. The cash inflow is mainly generated from operating activities.

FY2014 vs FY2013

For FY2014, there was net cash inflow of S\$3.5 million. The cash inflow is mainly due to the operating activities, and partially offset by the payment of dividends.

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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

The Group's performance is in line with the commentary previously disclosed in the results announcement via SGXNET for the 9 months ended 30 September 2014.

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

We expect our operating environment to remain challenging in FY2015 despite our healthy order book. Government agencies regulating markets in which we operate, namely, Singapore, Malaysia and China, continue to uphold cooling measures which were implemented. Coupled with possible rising of interest costs, this is likely to have a negative knock-on effect on the property industry and its players. This may generate greater competition in the industry, resulting in fewer projects available for award. Furthermore, the tightening of supply of foreign labour in Singapore may affect the pace of realisation of our order book.

We will focus on deepening our presence in key markets that we are operating in FY2015, improve on our operational efficiency by harnessing our capabilities across the group and managing our costs. We believe that these strategic initiatives will strengthen our competitive position and sustainability.

The Group remains well-positioned to engage current market conditions with an order book of S\$230.8 million as at 12 February 2015 and a healthy cash position of S\$48.4 million as at 31 December 2014.

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)	2.0 cents per ordinary share	4.0 cents per ordinary share
Tax rate	One-tier tax exempt	One-tier tax exempt

(2) Corresponding Period of the immediately Preceding Financial Year

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

	Final	Special
Name of dividend	Cash	Cash
Dividend amount per share (in S\$ cents)	1.0 cents per ordinary share	5.0 cents per ordinary share
Tax rate	One-tier tax exempt	One-tier tax exempt

Date payable

22 May 2015

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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 2015 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 2015 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 2015 will be entitled to the final and special dividends.

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

Not applicable

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Business Segment

2014	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	88,391	88,839	578	-	177,808
Inter-segment	34,715	28,776	-	(63,491)	-
	<u>123,106</u>	<u>117,615</u>	<u>578</u>	<u>(63,491)</u>	<u>177,808</u>
Results					
Other income	-	-	-	124	124
Other non-cash expenses	(89)	-	-	(4,453)	(4,542)
Segment profit before tax	<u>16,870</u>	<u>10,772</u>	<u>481</u>	<u>(4,257)</u>	<u>23,866</u>
Assets					
Additions to non-current assets	-	74	-	499	573
Segment assets	<u>32,977</u>	<u>73,864</u>	<u>1,188</u>	<u>60,212</u>	<u>168,241</u>
Liabilities					
Segment liabilities	<u>9,564</u>	<u>35,416</u>	<u>500</u>	<u>13,332</u>	<u>58,812</u>

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2013	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	71,974	104,011	2,112	-	178,097
Inter-segment	28,512	28,637	-	(57,149)	-
	<u>100,486</u>	<u>132,648</u>	<u>2,112</u>	<u>(57,149)</u>	<u>178,097</u>
Results					
Other income	-	-	-	55	55
Other non-cash expenses	(440)	-	-	(4,581)	(5,021)
Segment profit before tax	<u>8,585</u>	<u>11,180</u>	<u>81</u>	<u>(4,506)</u>	<u>15,340</u>
Assets					
Additions to non-current assets	-	74	-	1,181	1,255
Segment assets	<u>27,478</u>	<u>66,811</u>	<u>1,184</u>	<u>61,706</u>	<u>157,179</u>
Liabilities					
Segment liabilities	<u>10,371</u>	<u>29,990</u>	<u>75</u>	<u>11,266</u>	<u>51,702</u>

Geographical Segment

Revenue by geographical markets

	Full Year ended 31.12.2014 S\$'000	Full Year ended 31.12.2013 S\$'000
Singapore	149,072	128,631
Malaysia	19,829	43,025
United Arab Emirates	-	1,448
People's Republic of China	5,084	2,080
Others	3,823	2,913
	<u>177,808</u>	<u>178,097</u>

Non-current assets by geographical markets

	Full Year ended 31.12.2014 S\$'000	Full Year ended 31.12.2013 S\$'000
Singapore	6,319	7,173
Malaysia	443	1,007
People's Republic of China	17,297	19,470
Others	12	26
	<u>24,071</u>	<u>27,676</u>

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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

Business segment

The Group's revenue from Residential property projects segment was S\$88.4 million in FY2014 as compared with S\$72.0 million in FY2013, due to more projects were completed during the year. Segment profit before tax increased from S\$8.6 million in FY2013 to S\$16.9 million in FY2014. This is due to improved cost efficiencies achieved by the Group's production facility in China.

Revenue from Hospitality and commercial projects segment decreased from S\$104.0 million in FY2013 to S\$88.8 million in FY2014 as fewer projects were completed during the year. In line with the decrease in revenue, segment profit before tax decreased from S\$11.2 million to S\$10.8 million.

Revenue from Distribution projects segment was S\$578,000 in FY2014 as compared with S\$2.1 million in FY2013 as a result of fewer projects completed during the year. Segment profit before tax increased from S\$81,000 in FY2013 to S\$481,000 in FY2014 due to additional variation orders certified by client during the year.

Geographical segment

Revenue from Singapore increased from S\$128.6 million in FY2013 to S\$149.1 million in FY2014, contributed from both Residential property projects and Hospitality and commercial projects completed during the year.

Revenue from Malaysia decreased from S\$43.0 million in FY2013 to S\$19.8 million in FY2014 as a result of slow progress in Hospitality and commercial projects in Malaysia.

Revenue from China increased from S\$2.1 million to S\$5.1 million.

15. A breakdown of sales

	<u>Group</u>	
	<u>Full Year ended</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>
	<u>S\$'000</u>	<u>S\$'000</u>
(a) Sales reported for first half year	57,727	72,953
(b) Operating profit after tax before deducting minority interests reported for first half year	6,049	3,301
(c) Sales reported for second half year	120,081	105,144
(d) Operating profit after tax before deducting minority interests reported for second half year	14,507	8,558

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	FY2014 S\$'000	FY2013 S\$'000
Interim	1,301	1,301
Final	5,205	2,603
Special	10,411	13,013
Total	16,917	16,917

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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 December 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

PERSONS OCCUPYING MANAGERIAL POSITIONS WHO IS RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Clause 704(13) of the Listing Manual, the Board wishes to confirm that there are no person occupying managerial position as at the financial year ended 31 December 2014 who is related to a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Helen Campos
Secretary

Date: 12 February 2015