

Design Studio Group Ltd

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

**4th Quarter and Full Year Financial Statements
And Dividend Announcement
For The Period/ Year Ended
31 December 2015**

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		
		31.12.2015	31.12.2014	+ / (-)	31.12.2015	31.12.2014	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue		41,049	75,861	(45.9)	166,926	177,808	(6.1)
Cost of sales		(30,268)	(60,198)	(49.7)	(132,361)	(138,204)	(4.2)
Gross profit		10,781	15,663	(31.2)	34,565	39,604	(12.7)
Other income	1(a)(1)	37	5	640.0	183	124	47.6
		10,818	15,668	(31.0)	34,748	39,728	(12.5)
Marketing and distribution expenses		(1,336)	(1,660)	(19.5)	(4,773)	(5,949)	(19.8)
General and administrative expenses		(2,834)	(2,864)	(1.0)	(10,333)	(9,952)	3.8
Profit from operations	1(a)(2)	6,648	11,144	(40.3)	19,642	23,827	(17.6)
Finance income	1(a)(3)	44	7	528.6	153	39	292.3
Profit before tax		6,692	11,151	(40.0)	19,795	23,866	(17.1)
Tax expense	1(a)(4)	(1,094)	(1,705)	(35.8)	(2,948)	(3,310)	(10.9)
Profit net of tax		5,598	9,446	(40.7)	16,847	20,556	(18.0)
Profit attributable to:							
Equity holders of the Company		5,599	9,451		16,877	20,582	
Non-controlling interests		(1)	(5)		(30)	(26)	
		5,598	9,446		16,847	20,556	

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		
	31.12.2015	31.12.2014	+/(-) %	31.12.2015	31.12.2014	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sundry income	37	5	640.0	183	124	47.6

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2015	31.12.2014	+/(-) %	31.12.2015	31.12.2014	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	974	1,089	(10.6)	4,067	4,420	(8.0)
Foreign exchange (gain)/ loss, net	(138)	64	N.M.	703	354	98.6
(Gain)/ Loss on disposal of property, plant and equipment	(41)	4	N.M.	(28)	(30)	(6.7)
Interest accretion	-	(5)	N.M.	-	18	N.M.
Amortisation of club membership	-	1	N.M.	2	5	(60.0)
Impairment loss on club membership	-	10	N.M.	-	28	N.M.
Impairment loss on doubtful receivables	281	89	215.7	281	89	215.7

Note 1(a)(3) Finance income:

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2015	31.12.2014	+/(-) %	31.12.2015	31.12.2014	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
- Cash and short-term deposits	44	7	528.6	153	39	292.3

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2015	31.12.2014	+/(-) %	31.12.2015	31.12.2014	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	973	1,278	(23.9)	2,639	2,878	(8.3)
- over/(under) provision for prior year	17	(138)	N.M.	(54)	(181)	(70.2)
Foreign						
- current year	138	689	(80.0)	399	958	(58.4)
- (under)/ overprovision for prior year	(1)	-	N.M.	5	(11)	N.M.
	1,127	1,829	(38.4)	2,989	3,644	(18.0)
Deferred tax						
Singapore	12	(91)	N.M.	4	(77)	N.M.
Foreign	(45)	(33)	36.4	(45)	(257)	(82.5)
	1,094	1,705	(35.8)	2,948	3,310	(10.9)

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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	
		31.12.2015 S\$'000	31.12.2014 S\$'000	31.12.2015 S\$'000	31.12.2014 S\$'000
Non-current assets					
Property, plant and equipment		18,543	21,128	2,255	2,610
Investment in subsidiaries		-	-	41,359	41,500
Intangible assets	1(b)(2)	2,743	2,745	14	16
Deferred tax assets		321	302	257	244
Trade and other receivables	1(b)(1)	14,169	7,548	2,000	2,574
Prepayments		-	198	-	-
Current assets					
Inventories	1(b)(3)	13,690	14,002	-	-
Gross amount due from customers for contract work-in-progress	1(b)(4)	5,654	9,755	265	780
Trade and other receivables	1(b)(1)	36,358	61,377	3,162	16,394
Prepayments		2,228	1,454	22	248
Loan to a subsidiary		-	-	2,675	2,675
Tax recoverable		1,154	1,328	-	-
Cash and short-term deposits		54,107	48,404	12,361	14,714
		113,191	136,320	18,485	34,811
Current liabilities					
Trade and other payables	1(b)(5)	39,673	55,849	2,658	8,447
Provision for tax		2,748	2,961	248	646
		42,421	58,810	2,906	9,093
Net current assets		70,770	77,510	15,579	25,718
Non-current liabilities					
Deferred tax liabilities		-	2	-	-
Net assets		106,546	109,429	61,464	72,662
Equity attributable to equity holders of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		74,268	77,121	28,732	39,930
		107,000	109,853	61,464	72,662
Non-controlling interests		(454)	(424)	-	-
Total equity		106,546	109,429	61,464	72,662

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Notes to Balance Sheets

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

	Group		Company	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables (non-current):				
<u>Trade receivables: Retention monies</u>				
Third parties	14,169	7,548	1,140	1,752
Subsidiary	-	-	860	822
	<u>14,169</u>	<u>7,548</u>	<u>2,000</u>	<u>2,574</u>
Trade and other receivables (current):				
Trade receivables	32,618	53,433	2,821	7,878
Other receivables and deposits	3,740	7,944	341	8,516
	<u>36,358</u>	<u>61,377</u>	<u>3,162</u>	<u>16,394</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	26,786	43,885	915	2,370
Retention monies	6,032	9,548	1,580	3,413
	<u>32,818</u>	<u>53,433</u>	<u>2,495</u>	<u>5,783</u>
Less: Allowance for doubtful receivables	(270)	-	-	-
	<u>32,548</u>	<u>53,433</u>	<u>2,495</u>	<u>5,783</u>
Movement in allowance accounts:				
At beginning of the year	-	440	-	440
Charge for the year	281	89	-	89
Write-off during the year	(11)	(529)	-	(529)
At end of the year	<u>270</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Corporate shareholder:</u>				
Trade receivables	70	-	-	-
Retention monies	-	-	-	-
	<u>70</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	282	1,805
Retention monies	-	-	44	290
	<u>-</u>	<u>-</u>	<u>326</u>	<u>2,095</u>
Total trade receivables (current)	<u>32,618</u>	<u>53,433</u>	<u>2,821</u>	<u>7,878</u>
Other receivables and deposits:				
Other receivables	1,071	3,236	65	66
Deposits	2,669	4,708	60	61
	<u>3,740</u>	<u>7,944</u>	<u>125</u>	<u>127</u>
Amount due from subsidiaries (non-trade)	-	-	216	8,389
	<u>3,740</u>	<u>7,944</u>	<u>341</u>	<u>8,516</u>

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Note 1(b)(2) Intangible assets

	Group		Company	
	31.12.2015 S\$'000	31.12.2014 S\$'000	31.12.2015 S\$'000	31.12.2014 S\$'000
Club membership	128	128	128	128
Order backlog	3,116	3,116	-	-
Less: Impairment loss on club membership	(28)	(28)	(28)	(28)
	3,216	3,216	100	100
Less: Accumulated amortisation	(3,202)	(3,200)	(86)	(84)
Goodwill	2,729	2,729	-	-
	<u>2,743</u>	<u>2,745</u>	<u>14</u>	<u>16</u>

Note 1(b)(3) Inventories

	Group		Company	
	31.12.2015 S\$'000	31.12.2014 S\$'000	31.12.2015 S\$'000	31.12.2014 S\$'000
Raw materials, at cost	10,682	10,997	-	-
Work-in-progress, at cost	2,248	1,839	-	-
Finished goods, at cost	760	1,166	-	-
	<u>13,690</u>	<u>14,002</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	31.12.2015 S\$'000	31.12.2014 S\$'000	31.12.2015 S\$'000	31.12.2014 S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	431,328	386,683	157,044	190,286
Less: Progress billings	(425,674)	(376,928)	(156,779)	(189,506)
	<u>5,654</u>	<u>9,755</u>	<u>265</u>	<u>780</u>
Presented as:				
Gross amount due from customers for contract work	<u>5,654</u>	<u>9,755</u>	<u>265</u>	<u>780</u>

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

	Group		Company	
	31.12.2015 S\$'000	31.12.2014 S\$'000	31.12.2015 S\$'000	31.12.2014 S\$'000
<u>Trade payables:</u>				
Amount due to third parties	7,060	11,988	33	683
Amount due to subsidiaries	-	-	31	286
Amount due to a corporate shareholder	148	128	-	-
Retention payables	7,479	6,610	705	1,083
	<u>14,687</u>	<u>18,726</u>	<u>769</u>	<u>2,052</u>
Other payables	1,031	2,018	10	125
Non-trade payables due to a corporate shareholder	140	38	120	24
Accrued operating expenses	22,038	33,301	1,759	5,296
Deposits received	1,777	1,766	-	950
	<u>39,673</u>	<u>55,849</u>	<u>2,658</u>	<u>8,447</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 31.12.2015		As at 31.12.2014	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2015		As at 31.12.2014	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	-	-

Details of any collateral

As at 31 December 2015, our Group's bank facilities were secured by the following:

- (i) pledge of cash and short-term deposits of subsidiaries amounting to approximately S\$232,000 (31 December 2014: S\$90,000); 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	
	31.12.2015 S\$'000	31.12.2014 S\$'000	31.12.2015 S\$'000	31.12.2014 S\$'000
Cash flows from operating activities				
Profit before tax	6,692	11,151	19,795	23,866
Adjustments:				
Impairment loss on doubtful receivables	281	89	281	89
Depreciation of property, plant and equipment	974	1,089	4,067	4,420
(Gain)/ Loss on disposal of property, plant and equipment	(41)	4	(28)	(30)
Finance income	(44)	(7)	(153)	(39)
Amortisation of club membership	-	1	2	5
Impairment loss on club membership	-	10	-	28
Interest accretion	-	(5)	-	18
Currency translation difference	(99)	(126)	(1,237)	(15)
Operating profit before working capital changes	<u>7,763</u>	<u>12,206</u>	<u>22,727</u>	<u>28,342</u>
(Increase)/ Decrease in:				
Inventories	(788)	5,141	312	772
Contract work-in-progress	452	1,977	4,101	(3,361)
Trade and other receivables	(6,885)	(11,794)	18,117	(7,711)
Prepayments	1,662	429	(576)	80
Increase/ (Decrease) in:				
Trade and other payables	(4,036)	18,837	(16,176)	6,420
Cash flows (used in)/ from operations	<u>(1,832)</u>	<u>26,796</u>	<u>28,505</u>	<u>24,542</u>
Income taxes paid	161	(81)	(3,009)	(3,641)
Net cash flows (used in)/from operating activities	<u>(1,671)</u>	<u>26,715</u>	<u>25,496</u>	<u>20,901</u>
Cash flows from investing activities				
Costs incurred for construction-in-progress	(745)	-	(826)	-
Finance income received	44	7	153	39
Proceeds from sale of property, plant and equipment	122	13	122	77
Purchase of property, plant and equipment	(26)	(158)	(373)	(573)
Net cash flows (used in)/ investing activities	<u>(605)</u>	<u>(138)</u>	<u>(924)</u>	<u>(457)</u>

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Consolidated Statement of Cash Flows (cont'd)

	Group			
	4th Quarter ended		Full Year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Decrease/ (Increase) in fixed deposits pledged	2	2	(142)	2
Dividends paid on ordinary shares by the Company	-	-	(18,869)	(16,917)
Net cash flows from/ (used in) financing activities	2	2	(19,011)	(16,915)
Net (decrease)/ increase in cash and cash equivalents	(2,274)	26,579	5,561	3,529
Cash and cash equivalents at beginning of the period	56,149	21,735	48,314	44,785
Cash and cash equivalents at end of the period (Note A)	53,875	48,314	53,875	48,314

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	31.12.2015	31.12.2014
	S\$'000	S\$'000
Cash at banks and on hand	42,869	47,616
Fixed deposits	11,238	788
Cash and short-term deposits	54,107	48,404
Less: Cash and short-term deposits pledged	(232)	(90)
Cash and cash equivalents	53,875	48,314

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

(A) Consolidated Statement of Comprehensive Income

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2015	31.12.2014	+ / (-)	31.12.2015	31.12.2014	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit net of tax	5,598	9,446	(40.7)	16,847	20,556	(18.0)
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	(465)	360	N.M.	(861)	313	N.M.
Total comprehensive income	<u>5,133</u>	<u>9,806</u>	<u>(47.7)</u>	<u>15,986</u>	<u>20,869</u>	<u>(23.4)</u>

Total comprehensive income attributable to:

Equity holders of the Company	5,134	9,810		16,016	20,893
Non-controlling interests	(1)	(4)		(30)	(24)
	<u>5,133</u>	<u>9,806</u>		<u>15,986</u>	<u>20,869</u>

(B) Statements of Changes in Equity

Group

	Attributable to Equity holders of the Company				Non-controlling interests	Total Equity
	Share capital	Revenue reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
2015						
Balance at 1 January 2015	32,732	75,615	1,506	109,853	(424)	109,429
Total comprehensive income for FY2015		16,877	(861)	16,016	(30)	15,986
Dividends on ordinary shares	-	(18,869)	-	(18,869)	-	(18,869)
Balance at 31 December 2015	<u>32,732</u>	<u>73,623</u>	<u>645</u>	<u>107,000</u>	<u>(454)</u>	<u>106,546</u>
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>

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

<u>Company</u>	Share capital S\$'000	Revenue reserve S\$'000	Total S\$'000
2015			
Balance at 1 January 2015	32,732	39,930	72,662
Total comprehensive income for FY2015	-	7,671	7,671
Dividends on ordinary shares	-	(18,869)	(18,869)
Balance at 31 December 2015	<u>32,732</u>	<u>28,732</u>	<u>61,464</u>
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	<u>32,732</u>	<u>39,930</u>	<u>72,662</u>

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

	Number of shares	Share capital in S\$'000
Issued and fully paid ordinary shares:		
At 31 December 2014 and 31 December 2015	<u>260,264,171</u>	<u>32,732</u>

There were no changes in the share capital of the company in the 4th quarter of 2015.

There were no outstanding convertible securities as at 31 December 2014 and 31 December 2015.

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 2015, 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.

	31.12.2015	31.12.2014
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 2015 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 2014, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2015. 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 2015. 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 amendments to the FRS that are relevant to the Group:

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 January 2015
Improvements to the Financial Reporting Standards (January 2014)	1 January 2015
Improvements to the Financial Reporting Standards (February 2014)	1 January 2015

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

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

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

	Group			
	4th Quarter ended		Full Year ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
(a) Based on weighted average number of ordinary shares in issue	2.15 cents	3.63 cents	6.48 cents	7.91 cents
(b) On fully diluted basis	2.15 cents	3.63 cents	6.48 cents	7.91 cents

The basic earnings per ordinary share for the fourth quarter ended 31 December 2015 is calculated by dividing the fourth quarter profit attributable to shareholders of S\$5.6 million (31 December 2014: S\$9.5 million) by the weighted average number of 260,264,171 (31 December 2014: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the financial year ended 31 December 2015 is calculated by dividing the full year profit attributable to shareholders of S\$16.9 million (31 December 2014: S\$20.6 million) by the weighted average number of 260,264,171 (31 December 2014: 260,264,171) shares in issue during the financial year.

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 31.12.2015	Company 31.12.2015
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2015 of 260,264,171 ordinary shares	40.94 cents	23.62 cents

(2) Immediately preceding financial year

	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

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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

4Q2015 vs 4Q2014

	4th Quarter ended		+ / (-) %
	31.12.2015 S\$'000	31.12.2014 S\$'000	
Residential property	18,440	32,508	(43.3)
Hospitality and commercial	22,485	42,942	(47.6)
Distribution	124	411	(69.8)
Total	41,049	75,861	(45.9)

For 4Q2015, the Group's revenue decreased by 45.9% to S\$41.0 million as compared with the revenue for 4Q2014. The decrease was due to lower revenue contribution from projects completed for all segments during the quarter as compared with 4Q2014.

The gross margin increased from 20.6% in 4Q2014 to 26.3% for 4Q2015, as a result of higher margins recorded in projects completed during the quarter.

Marketing and distribution expenses decreased by 19.5% to S\$1.3 million in 4Q2015 as compared with 4Q2014. The decrease was mainly due to reduction in staff costs, as well as decrease in China showrooms expenses.

General and administrative expenses decreased marginally by 1.0% in 4Q2015. There is an increase in staff cost and directors fees, offset by the decrease in the foreign exchange loss.

As a result, the Group achieved lower profit before tax of S\$6.7 million for 4Q2015, a decrease of 40.0% as compared with S\$11.2 million for 4Q2014. After taking into account tax expenses, the Group's net profit after tax was S\$5.6 million for 4Q2015.

FY2015 vs FY2014

	Full Year ended		+ / (-) %
	31.12.2015 S\$'000	31.12.2014 S\$'000	
Residential property	73,591	88,391	(16.7)
Hospitality and commercial	92,941	88,839	4.6
Distribution	394	578	(31.8)
Total	166,926	177,808	(6.1)

The Group's revenue for FY2015 decreased by 6.1% to S\$166.9 million as compared with the revenue for FY2014. The decrease was a result of lower revenue contribution from the Residential property and Distribution segments, offset by a slight increase in the Hospitality and commercial segment.

The gross margin decreased from 22.3% in FY2014 to 20.7% for FY2015, as a result of lower margins recorded in projects completed during the financial year.

Other income increased from S\$124,000 in FY2014 to S\$183,000 in FY2015 due to payout from the wage credit scheme and special employment credit during the year.

For FY2015, marketing and distribution expenses decreased by 19.8% to S\$4.8 million as compared with S\$5.9 million in FY2014. The decrease was mainly due to reduction in staff costs and related travelling expenses, as well as decrease in China showrooms expenses.

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General and administrative expenses increased from S\$10.0 million in FY2014 to S\$10.3 million in FY2015 due to the increase in foreign exchange loss, and partially due to the global executive search fees in relation to the search of the new CEO, professional fees in relation to transfer pricing and increase in directors' fees, offset by a decrease in staff cost.

Finance income increased to S\$153,000 due to higher interest income earned from cash and fixed deposits placed with the banks during the year.

As a result, the Group achieved a lower profit before tax of S\$19.8 million for FY2015, as compared with S\$23.9 million for FY2014. After taking into account the tax expenses, the Group's net profit after tax was S\$16.8 million for FY2015.

Balance Sheet (31 December 2015 vs 31 December 2014)

Property, plant and equipment decreased by S\$2.6 million mainly due to depreciation charges, offset by construction in progress during the period.

Inventories decreased by S\$312,000 to S\$13.7 million as at 31 December 2015 as a result of more stringent control measures in raw material procurement.

Contracts work-in-progress decreased by S\$4.1 million to S\$5.7 million [Note 1(b)(4)] as at 31 December 2015 due to projects completed during the year thus reduce the amount of work in progress.

Non-current trade receivables increased by S\$6.6 million to S\$14.2 million [Note 1(b)(1)] as at 31 December 2015 due to retention sums for on-going projects.

Total current trade receivables decreased to S\$32.6 million [Note 1(b)(1)] as at 31 December 2015 as compared with S\$53.4 million as at 31 December 2014. The decrease was in line with the decrease in sales for 4Q2015 as compared with 4Q2014.

Other receivables and deposits decreased by S\$4.2 million to S\$3.7 million [Note 1(b)(1)]. The decrease was mainly due to reduction in VAT refund in China and a reduction in deposits made to suppliers and subcontractors.

Trade payables decreased by S\$4.0 million to S\$14.7 million [Note 1(b)(5)]. The decrease was mainly due to payment made to trade creditors during the period.

Accrued operating expenses decreased by S\$11.3 million to S\$22.0 million [Note 1(b)(5)]. The decrease was mainly due to the lower accruals of project-related expenses.

Cash Flow

4Q2015 vs 4Q2014

For 4Q2015, there was net cash outflow of S\$2.3 million. The cash outflow is mainly due to cash used in operating activities.

FY2015 vs FY2014

For FY2015, there was net cash inflow of S\$5.6 million. Cash is generated from operating activities, partially offset by the purchase of plant and equipment, and the payment of dividends in May and September 2015.

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 period ended 30 September 2015.

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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 the operating climate to remain challenging in 2016.

We will focus on growing the business in our core markets in Singapore, Malaysia and China. We intend to leverage our branding to further penetrate the international markets. On the cost front, we continue to work towards better cost efficiencies and productivity of our resources.

We will remain prudent in our operations and stay vigilant of risk factors that could impact our business. Barring any unforeseen circumstances, with healthy order book of S\$227.7 million¹ and a strong cash position of S\$54.1 million, we are confident that the Group is well-positioned to weather the prevailing market challenges and expect to remain profitable in FY2016.

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)	1.25 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)	2.0 cents per ordinary share	4.0 cents per ordinary share
Tax rate	One-tier tax exempt	One-tier tax exempt

Date payable

To be announced at a later date

Books closure date

To be announced at a later date

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

Not applicable

¹ As at 19 February 2016

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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

2015	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	73,591	92,941	394	-	166,926
Inter-segment	24,024	18,291	-	(42,315)	-
	<u>97,615</u>	<u>111,232</u>	<u>394</u>	<u>(42,315)</u>	<u>166,926</u>
Results					
Other income	-	-	-	183	183
Other non-cash expenses	11	270	-	4,069	4,350
Segment profit before tax	<u>13,130</u>	<u>10,280</u>	<u>116</u>	<u>(3,731)</u>	<u>19,795</u>
Assets					
Additions to non-current assets	-	108	-	1,091	1,199
Segment assets	<u>28,688</u>	<u>63,223</u>	<u>852</u>	<u>56,204</u>	<u>148,967</u>
Liabilities					
Segment liabilities	<u>6,260</u>	<u>25,309</u>	<u>474</u>	<u>10,378</u>	<u>42,421</u>

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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>

Geographical Segment

Revenue by geographical markets

	Full Year ended 31.12.2015 S\$'000	Full Year ended 31.12.2014 S\$'000
Singapore	141,760	149,072
Malaysia	17,652	19,829
United Arab Emirates	73	-
People's Republic of China	340	5,084
Others	7,101	3,823
	<u>166,926</u>	<u>177,808</u>

Non-current assets by geographical markets

	Full Year ended 31.12.2015 S\$'000	Full Year ended 31.12.2014 S\$'000
Singapore	5,626	6,319
Malaysia	959	443
People's Republic of China	14,701	17,297
Others	-	12
	<u>21,286</u>	<u>24,071</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\$73.6 million in FY2015 as compared with S\$88.4 million in FY2014, due to lower revenue contribution from projects completed during the year. In line with the decrease in revenue, segment profit before tax decreased from S\$16.9 million in FY2014 to S\$13.1 million in FY2015.

Revenue from Hospitality and commercial projects segment increased from S\$88.8 million in FY2014 to S\$92.9 million in FY2015 as higher revenue contribution from projects completed during the year. Segment profit before tax decreased marginally from S\$10.8 million to S\$10.3 million as a result of lower-margins projects completed during the year

Revenue from Distribution projects segment was S\$394,000 in FY2015 as compared with S\$578,000 in FY2014 as a result of fewer projects completed during the year. In line with the decrease in revenue, segment profit before tax decreased from S\$481,000 in FY2014 to S\$116,000 in FY2015.

Geographical segment

Revenue from Singapore decreased from S\$149.1 million in FY2014 to S\$141.8 million in FY2015, as a result of less Residential property projects completed during the year.

Revenue from Malaysia decreased from S\$19.8 million in FY2014 to S\$17.7 million in FY2015 as a result of slow progress in Hospitality and commercial projects in Malaysia.

Revenue from China decreased from S\$5.1 million to S\$340,000 due to the completion of the local projects.

Revenue from other countries increased from S\$3.8 million to S\$7.1 million mainly due to the completion of a Japan project.

15. A breakdown of sales

	Group	
	Full Year ended	
	31.12.2015	31.12.2014
	S\$'000	S\$'000
(a) Sales reported for first half year	93,937	57,727
(b) Operating profit after tax before deducting minority interests reported for first half year	8,853	6,049
(c) Sales reported for second half year	72,989	120,081
(d) Operating profit after tax before deducting minority interests reported for second half year	7,994	14,507

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	FY2015	FY2014
	S\$'000	S\$'000
Interim	3,253	1,301
Final	3,253	5,205
Special	10,411	10,411
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 financial year ended 31 December 2015 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	S\$3,543,778

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

Pursuant to Rule 704(13) of the Listing Manual, the Board wishes to confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries as at the financial year ended 31 December 2015 who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Hazel Chia
Company Secretary

Date: 19 February 2016