

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 2016**

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		
		31.12.2016	31.12.2015	+ / (-)	31.12.2016	31.12.2015	+ / (-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Revenue	72,816	41,049	77.4	178,971	166,926	7.2
	Cost of sales	(56,109)	(30,268)	85.4	(139,081)	(132,361)	5.1
	Gross profit	16,707	10,781	55.0	39,890	34,565	15.4
	Other income	49	37	32.4	219	183	19.7
		16,756	10,818	54.9	40,109	34,748	15.4
	Marketing and distribution expenses	(2,076)	(1,336)	55.4	(6,079)	(4,773)	27.4
	General and administrative expenses	(3,126)	(2,834)	10.3	(8,869)	(10,333)	(14.2)
	Profit from operations	11,554	6,648	73.8	25,161	19,642	28.1
	Finance income	31	44	(29.5)	152	153	(0.7)
	Profit before tax	11,585	6,692	73.1	25,313	19,795	27.9
	Income tax expense	(2,325)	(1,094)	112.5	(4,817)	(2,948)	63.4
	Profit net of tax	9,260	5,598	65.4	20,496	16,847	21.7
Profit attributable to:							
	Owners of the Company	9,260	5,599		20,498	16,877	
	Non-controlling interests	-	(1)		(2)	(30)	
		9,260	5,598		20,496	16,847	

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Notes to Consolidated Income Statement

Note 1(a)(1) Other income

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2016	31.12.2015	+ / (-)	31.12.2016	31.12.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sundry income	49	37	32.4	219	183	19.7

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2016	31.12.2015	+ / (-)	31.12.2016	31.12.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	912	974	(6.4)	3,694	4,067	(9.2)
Foreign exchange loss/ (gain), net	195	(138)	N.M.	(233)	703	N.M.
Loss on disposal of property, plant and equipment	5	(41)	N.M.	78	(28)	N.M.
Amortisation of club membership	-	-	N.M.	2	2	0.0
Impairment loss on doubtful receivables	252	281	(10.3)	252	281	(10.3)
Inventories written down	545	-	N.M.	545	-	N.M.

Note 1(a)(3) Finance income:

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2016	31.12.2015	+ / (-)	31.12.2016	31.12.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
- Cash and short-term deposits	31	44	(29.5)	152	153	(0.7)

Note 1(a)(4) Income tax expense include the following:

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2016	31.12.2015	+ / (-)	31.12.2016	31.12.2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	1,670	1,029	62.3	2,977	2,695	10.5
- under/(over) provision for prior year	(7)	32	N.M.	(11)	(39)	(71.8)
Foreign						
- current year	636	53	1,100.0	1,891	314	502.2
- under provision for prior year	-	13	N.M.	3	19	(84.2)
	2,299	1,127	104.0	4,860	2,989	62.6
Deferred tax						
Singapore	(13)	12	N.M.	(82)	4	N.M.
Foreign	39	(45)	N.M.	39	(45)	N.M.
	2,325	1,094	112.5	4,817	2,948	63.4

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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	
		31.12.2016 S\$'000	31.12.2015 S\$'000	31.12.2016 S\$'000	31.12.2015 S\$'000
Non-current assets					
Property, plant and equipment		15,041	18,543	2,040	2,255
Investment in subsidiaries		-	-	41,373	41,359
Intangible assets	1(b)(2)	2,741	2,743	12	14
Deferred tax assets		361	321	272	257
Trade and other receivables	1(b)(1)	14,828	14,169	-	2,000
Total non-current assets		32,971	35,776	43,697	45,885
Current assets					
Inventories	1(b)(3)	13,252	13,690	-	-
Gross amount due from customers for contract work-in-progress	1(b)(4)	5,232	5,654	-	265
Trade and other receivables	1(b)(1)	72,939	36,358	2,961	3,162
Prepayments		1,427	2,228	26	22
Loan to a subsidiary		-	-	2,675	2,675
Tax recoverable		1,131	1,154	-	-
Cash and short-term deposits		53,963	54,107	12,767	12,361
Total current assets		147,944	113,191	18,429	18,485
Current liabilities					
Trade and other payables	1(b)(5)	68,821	39,673	721	2,658
Provision for tax		3,402	2,748	11	248
Total current liabilities		72,223	42,421	732	2,906
Net current assets		75,721	70,770	17,697	15,579
Non-current liabilities					
Other payables		75	-	-	-
Net assets		108,617	106,546	61,394	61,464
Equity attributable to owners of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		76,341	74,268	28,662	28,732
		109,073	107,000	61,394	61,464
Non-controlling interests		(456)	(454)	-	-
Total equity		108,617	106,546	61,394	61,464

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Notes to Balance Sheets

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

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables (non-current):				
<u>Trade receivables: Retention monies</u>				
Third parties	14,540	14,169	-	1,140
Corporate shareholder	288	-	-	-
Subsidiary	-	-	-	860
	<u>14,828</u>	<u>14,169</u>	<u>-</u>	<u>2,000</u>
Trade and other receivables (current):				
Trade receivables	66,163	32,618	665	2,821
Other receivables and deposits	6,776	3,740	2,296	341
	<u>72,939</u>	<u>36,358</u>	<u>2,961</u>	<u>3,162</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	48,876	26,786	-	915
Retention monies	10,221	6,032	-	1,580
	<u>59,097</u>	<u>32,818</u>	<u>-</u>	<u>2,495</u>
Less: Allowance for doubtful receivables	(452)	(270)	-	-
	<u>58,645</u>	<u>32,548</u>	<u>-</u>	<u>2,495</u>
Movement in allowance accounts:				
At beginning of the year	270	-	-	-
Charge for the year	252	281	-	-
Write-off during the year	(70)	(11)	-	-
At end of the year	<u>452</u>	<u>270</u>	<u>-</u>	<u>-</u>
<u>Corporate shareholder:</u>				
Trade receivables	5,470	-	-	-
	<u>5,470</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Related parties:</u>				
Trade receivables	2,048	70	-	-
	<u>2,048</u>	<u>70</u>	<u>-</u>	<u>-</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	665	282
Retention monies	-	-	-	44
	<u>-</u>	<u>-</u>	<u>665</u>	<u>326</u>
Total trade receivables (current)	<u>66,163</u>	<u>32,618</u>	<u>665</u>	<u>2,821</u>
Other receivables and deposits:				
Other receivables	747	1,071	64	65
Deposits	6,029	2,669	61	60
	<u>6,776</u>	<u>3,740</u>	<u>125</u>	<u>125</u>
Amount due from subsidiaries (non-trade)	-	-	2,171	216
	<u>6,776</u>	<u>3,740</u>	<u>2,296</u>	<u>341</u>

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Note 1(b)(2) Intangible assets

	Group		Company	
	31.12.2016 S\$'000	31.12.2015 S\$'000	31.12.2016 S\$'000	31.12.2015 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	(3,204)	(3,202)	(88)	(86)
Goodwill	2,729	2,729	-	-
	2,741	2,743	12	14

Note 1(b)(3) Inventories

	Group		Company	
	31.12.2016 S\$'000	31.12.2015 S\$'000	31.12.2016 S\$'000	31.12.2015 S\$'000
Raw materials, at cost	10,119	10,682	-	-
Work-in-progress, at cost	2,500	2,248	-	-
Finished goods, at cost or net realisable value	633	760	-	-
	13,252	13,690	-	-

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

	Group		Company	
	31.12.2016 S\$'000	31.12.2015 S\$'000	31.12.2016 S\$'000	31.12.2015 S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	397,174	431,328	-	157,044
Less: Progress billings	(391,942)	(425,674)	-	(156,779)
	5,232	5,654	-	265
Presented as:				
Gross amount due from customers for contract work	5,232	5,654	-	265

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

	Group		Company	
	31.12.2016 S\$'000	31.12.2015 S\$'000	31.12.2016 S\$'000	31.12.2015 S\$'000
<u>Trade payables:</u>				
Amount due to third parties	18,427	7,060	129	33
Amount due to subsidiaries	-	-	29	31
Amount due to related parties	220	-	-	-
Amount due to a corporate shareholder	873	148	-	-
Retention payables	8,043	7,479	-	705
	27,563	14,687	158	769
Other payables	1,838	1,031	103	10
Non-trade payables due to a corporate shareholder	244	20	224	-
Non-trade payables due to related parties	-	120	-	120
Accrued operating expenses	38,232	22,038	236	1,759
Advance payments from customers	944	1,777	-	-
	68,821	39,673	721	2,658

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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 31.12.2016		As at 31.12.2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.12.2016		As at 31.12.2015	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 31 December 2016, our Group's bank facilities were secured by 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	
	31.12.2016 S\$'000	31.12.2015 S\$'000	31.12.2016 S\$'000	31.12.2015 S\$'000
Cash flows from operating activities				
Profit before tax	11,585	6,692	25,313	19,795
Adjustments:				
Depreciation of property, plant and equipment	912	974	3,694	4,067
Loss/ (Gain) on disposal of property, plant and equipment	5	(41)	78	(28)
Finance income	(31)	(44)	(152)	(153)
Amortisation of club membership	-	-	2	2
Impairment loss on doubtful receivables	252	281	252	281
Inventories written down	545	-	545	-
Currency translation difference	(91)	(191)	(532)	(192)
Operating profit before working capital changes	13,177	7,671	29,200	23,772
(Increase)/ Decrease in:				
Inventories	649	(788)	(107)	312
Contract work-in-progress	1,843	452	422	4,101
Trade and other receivables	(25,664)	(6,832)	(37,953)	17,368
Prepayments	372	1,662	801	(576)
Increase/ (Decrease) in:				
Trade and other payables	21,630	(4,151)	29,573	(15,747)
Cash flows from operations	12,007	(1,986)	21,936	29,230
Income taxes paid	(858)	161	(4,181)	(3,009)
Net cash flows from operating activities	11,149	(1,825)	17,755	26,221
Cash flows from investing activities				
Costs incurred for construction-in-progress	8	(745)	(497)	(826)
Finance income received	31	44	152	153
Proceeds from sale of property, plant and equipment	4	122	4	122
Purchase of property, plant and equipment	(137)	(26)	(371)	(373)
Net cash flows used in investing activities	(94)	(605)	(712)	(924)
Cash flows from financing activities				
Decrease/(Increase) in cash and short-term deposits pledged	-	2	231	(142)
Dividends paid on ordinary shares by the Company	-	-	(16,917)	(18,869)
Net cash flows used in financing activities	-	2	(16,686)	(19,011)
Net increase/ (decrease) in cash and cash equivalents	11,055	(2,428)	357	6,286
Effect of exchange rate changes on cash and cash equivalents	64	154	(269)	(725)
Cash and cash equivalents at beginning of the period	42,844	56,149	53,875	48,314
Cash and cash equivalents at end of the period (Note A)	53,963	53,875	53,963	53,875

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Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	31.12.2016 S\$'000	31.12.2015 S\$'000
Cash at banks and on hand	52,570	42,869
Fixed deposits	1,393	11,238
Cash and short-term deposits	53,963	54,107
Less: Cash and short-term deposits pledged	-	(232)
Cash and cash equivalents	<u>53,963</u>	<u>53,875</u>

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		
	31.12.2016 S\$'000	31.12.2015 S\$'000	+ / (-) %	31.12.2016 S\$'000	31.12.2015 S\$'000	+ / (-) %
Profit net of tax	9,260	5,598	65.4	20,496	16,847	21.7
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	242	(465)	N.M.	(1,509)	(861)	75.3
Total comprehensive income	<u>9,502</u>	<u>5,133</u>	<u>85.1</u>	<u>18,987</u>	<u>15,986</u>	<u>18.8</u>
Total comprehensive income attributable to:						
Owners of the Company	9,502	5,134		18,989	16,016	
Non-controlling interests	-	(1)		(2)	(30)	
	<u>9,502</u>	<u>5,133</u>		<u>18,987</u>	<u>15,986</u>	

(B) Statements of Changes in Equity

	Group					
	Attributable to owners of the Company				Non-controlling interests S\$'000	Total Equity S\$'000
	Share capital S\$'000	Revenue reserve S\$'000	Other reserves S\$'000	Total S\$'000		
2016						
Balance at 1 January 2016	32,732	73,623	645	107,000	(454)	106,546
Total comprehensive income for FY2016	-	20,498	(1,508)	18,990	(2)	18,988
Dividends on ordinary shares	-	(16,917)	-	(16,917)	-	(16,917)
Balance at 31 December 2016	<u>32,732</u>	<u>77,204</u>	<u>(863)</u>	<u>109,073</u>	<u>(456)</u>	<u>108,617</u>
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>

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

<u>Company</u>	Share capital S\$'000	Revenue reserve S\$'000	Total Equity S\$'000
2016			
Balance at 1 January 2016	32,732	28,732	61,464
Total comprehensive income for FY2016	-	16,847	16,847
Dividends on ordinary shares	-	(16,917)	(16,917)
Balance at 31 December 2016	<u>32,732</u>	<u>28,662</u>	<u>61,394</u>
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>

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 2015 and 31 December 2016	<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 2016.

There were no outstanding convertible securities as at 31 December 2015 and 31 December 2016.

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 2016, 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.

	31.12.2016	31.12.2015
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 2016 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 2015, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2016. 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 2016. 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 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Improvements to the Financial Reporting Standards (November 2014)	1 January 2016
Amendments to FRS 1: Disclosure Initiative	1 January 2016

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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
(a) Based on weighted average number of ordinary shares in issue	3.56 cents	2.15 cents	7.88 cents	6.48 cents
(b) On fully diluted basis	3.56 cents	2.15 cents	7.88 cents	6.48 cents

The basic earnings per ordinary share for the fourth quarter ended 31 December 2016 is calculated by dividing the 4th quarter profit attributable to shareholders of S\$9.3 million (31 December 2015: S\$5.6 million) by the weighted average number of 260,264,171 (31 December 2015: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the financial year ended 31 December 2016 is calculated by dividing the full year profit attributable to shareholders of S\$20.5 million (31 December 2015: S\$16.9 million) by the weighted average number of 260,264,171 (31 December 2015: 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 31.12.2016	Company 31.12.2016
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2016 of 260,264,171 ordinary shares	41.73 cents	23.59 cents

- (2) Immediately preceding financial year**

	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

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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

4Q2016 vs 4Q2015

	4th Quarter ended		+/(-) %
	31.12.2016 S\$'000	31.12.2015 S\$'000	
Residential property	21,350	18,440	15.8
Hospitality and commercial	51,466	22,485	128.9
Distribution	-	124	(100.0)
Total	72,816	41,049	77.4

For 4Q2016, the Group's revenue increased by 77.4% to S\$72.8 million as compared with revenue for 4Q2015 as a result of increase in contribution from the Residential property and Hospitality and commercial segment. During the quarter, a couple of sizeable Hospitality and commercial projects were completed as compared with 4Q2015.

The gross margin decreased from 26.3% in 4Q2015 to 22.9% for 4Q2016, as a result of lower margins recorded in projects completed during the quarter.

Marketing and distribution expenses increased from S\$1.3 million in 4Q2015 to S\$2.1 million in 4Q2016, mainly due to increase in staff costs and showroom expenses.

General and administrative expenses increased from S\$2.8 million in 4Q2015 to S\$3.1 million in 4Q2016. The increase was mainly due to higher foreign exchange loss, offset by the decrease in staff cost.

As a result, the Group achieved higher profit before tax of S\$11.6 million for 4Q2016, an increase of 73.1% as compared with S\$6.7 million for 4Q2015. After taking into account tax expenses, the Group's net profit after tax was S\$9.3 million for 4Q2016.

FY2016 vs FY2015

	Full Year ended		+/(-) %
	31.12.2016 S\$'000	31.12.2015 S\$'000	
Residential property	68,907	73,591	(6.4)
Hospitality and commercial	109,990	92,941	18.3
Distribution	74	394	(81.2)
Total	178,971	166,926	7.2

The Group's revenue for FY2016 increased by 7.2% to S\$179.0 million as compared with the revenue for FY2015. The increase was a result of increase in contribution from Hospitality and commercial segment, offset by the decrease from Residential property segment.

The gross margin increased from 20.7% in FY2015 to 22.3% for FY2016, as a result of higher margins recorded in projects completed during the financial year.

For FY2016, marketing and distribution expenses increased by 27.4% to S\$6.1 million as compared with S\$4.8 million in FY2015, mainly due to increase in staff cost.

General and administrative expenses decreased from S\$10.3 million in FY2015 to S\$8.9 million in FY2016. The decrease was mainly due to exchange gain in FY2016 as compared with an exchange loss in FY2015, reduction in staff cost and the increase in professional fees.

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As a result, the Group achieved a higher profit before tax of S\$25.3 million for FY2016, as compared with S\$19.8 million for FY2015. After taking into account the tax expenses, the Group's net profit after tax was S\$20.5 million for FY2016.

Balance Sheet (31 December 2016 vs 31 December 2015)

Property, plant and equipment decreased by S\$3.5 million mainly due to depreciation charges, offset by the purchase of equipment and construction-in-progress during the period.

Inventories decreased by S\$0.4 million to S\$13.3 million as a result of inventories written down during the year.

Contracts work-in-progress decreased by S\$0.4 million to S\$5.2 million [Note 1(b)(4)] as at 31 December 2016. The decrease was due to work in progress being more promptly certified by client as at 31 December 2016.

Non-current trade receivables increased by S\$0.7 million to S\$14.8 million [Note 1(b)(1)] as at 31 December 2016 due to movement of retention sums.

Total current trade receivables increased to S\$66.2 million [Note 1(b)(1)] as at 31 December 2016 as compared with S\$32.6 million as at 31 December 2015. The increase was in line with the increase in revenue in 4Q2016 as compared with 4Q2015.

Other receivables and deposits increased by S\$3.0 million to S\$6.8 million [Note 1(b)(1)]. The increase was mainly due to deposits made to suppliers and subcontractors for new projects.

Trade payables increased by S\$12.9 million to S\$27.6 million [Note 1(b)(5)]. The increase was in line with the increase in revenue in 4Q2016 as compared with 4Q2015.

Accrued operating expense increased by S\$16.2 million to S\$38.2 million [Note 1(b)(5)] as at 31 December 2016 as compared with S\$22.0 million as at 31 December 2015 mainly due to project-related accruals and bonus provision.

Cash Flow

4Q2016 vs 4Q2015

For 4Q2016, there was net cash inflow of S\$11.1 million, mainly from operating activities.

FY2016 vs FY2015

For FY2016, there was net cash outflow of S\$0.4 million. The cash inflow is mainly due to cash flow generated from operating activities, offset by the payment of dividends during the financial year.

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 for the period ended 30 September 2016, via SGXNET.

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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

The Group secured 47 new projects worth S\$209.2 million in FY2016, bringing our order book to S\$193.1 million as at 31 December 2016.

We expect the operating environment in the key markets in which we operate to remain challenging in FY2017 despite our healthy order book.

We are cautiously optimistic about the outlook and expect to maintain its momentum in securing projects. Looking into FY2017, the Group continues to see opportunity and prospect in Singapore and Malaysia, underpinned by a thriving tourism and hospitality sector that continues to increase demand for hotel accommodation. This demand is expected to fuel the fit-out industry through the refurbishment of existing hotels and build-out of new assets.

We will continue to focus on costs and operational productivity to strengthen our competitiveness and sustainability. We remain cognizant that our reputation is key to new business opportunities, and will seek to enhance our relationships with new and existing clients in our various markets of operation.

Barring any unforeseen circumstances, Design Studio Group remains well-positioned to engage current volatile market conditions, with an order book of S\$193.1 million, a strong balance sheet and a healthy cash position of S\$54.0 million as at 31 December 2016.

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)	1.25 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

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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

2016	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	68,907	109,990	74	-	178,971
Inter-segment	23,530	30,047	-	(53,577)	-
Total revenue	92,437	140,037	74	(53,577)	178,971
Results					
Other income	-	-	-	219	219
Other non-cash expenses	-	252	-	4,241	4,493
Segment profit before tax	13,577	14,789	270	(3,323)	25,313
Assets					
Additions to non-current assets	-	196	-	747	943
Segment assets	33,236	89,252	243	58,184	180,915
Liabilities					
Segment liabilities	11,092	50,019	18	11,169	72,298
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)	-
Total revenue	97,615	111,232	394	(42,315)	166,926
Results					
Other income	-	-	-	183	183
Other non-cash expenses	11	270	-	4,069	4,350
Segment profit before tax	13,130	10,280	116	(3,731)	19,795
Assets					
Additions to non-current assets	-	108	-	1,091	1,199
Segment assets	28,688	63,223	852	56,204	148,967
Liabilities					
Segment liabilities	6,260	25,309	474	10,378	42,421

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Geographical Segment

Revenue by geographical markets

	Full Year ended 31.12.2016 S\$'000	Full Year ended 31.12.2015 S\$'000
Singapore	121,765	141,760
Malaysia	34,403	17,652
United Arab Emirates	7,298	73
People's Republic of China	3,438	340
Japan	6,715	7,054
United States of America	5,196	27
Others	156	20
	178,971	166,926

Non-current assets by geographical markets

	Full Year ended 31.12.2016 S\$'000	Full Year ended 31.12.2015 S\$'000
Singapore	5,214	5,626
Malaysia	1,187	959
People's Republic of China	11,381	14,701
Others	-	-
	17,782	21,286

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\$68.9 million in FY2016 as compared with S\$73.6 million in FY2015, due to lower revenue contribution from projects completed during the year. Segment profit before tax increased from S\$13.1 million in FY2015 to S\$13.6 million in FY2016 as a result of higher margins projects completed in FY2016.

Revenue from Hospitality and commercial projects segment increased from S\$92.9 million in FY2015 to S\$110.0 million in FY2016, due to higher revenue contribution from projects completed during the year. In line with the increase in revenue, segment profit before tax increased from S\$10.3 million to S\$14.8 million as a result of more projects completed during the year.

Revenue from Distribution projects segment was S\$74,000 in FY2016 as compared with S\$394,000 in FY2015 as a result of fewer projects completed during the year. Segment profit before tax increased from S\$116,000 in FY2015 to S\$270,000 in FY2016 as a result of cost savings from projects completed previously.

Geographical segment

Revenue from Singapore decreased from S\$141.8 million in FY2015 to S\$121.8 million in FY2016, as a result of less Residential property projects completed in Singapore during the year.

Revenue from Malaysia increased from S\$17.7 million in FY2015 to S\$34.4 million in FY2016 as a result of Hospitality and commercial projects completed in Malaysia during the year.

Revenue from China increased from S\$340,000 to S\$3.4 million due to completion of Chinese projects.

Revenue from other countries increased from S\$7.1 million to S\$19.4 million mainly due to more overseas projects completed during the year.

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15. A breakdown of sales

	Group	
	Full Year ended	
	31.12.2016	31.12.2015
	S\$'000	S\$'000
(a) Sales reported for first half year	62,610	93,937
(b) Operating profit after tax before deducting minority interests reported for first half year	6,279	8,853
(c) Sales reported for second half year	116,361	72,989
(d) Operating profit after tax before deducting minority interests reported for second half year	14,217	7,994

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	FY2016 S\$'000	FY2015 S\$'000
Interim	3,253	3,253
Final	3,253	3,253
Special	10,411	10,411
Total	16,917	16,917

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 person transactions for the financial year ended 31 December 2016 pursuant to Rule 920(1)(a)(ii) of the Listing Manual:

Name of interested person	Aggregate value of all interested person 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\$514,037

CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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 2016 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: 17 February 2017