



Design Studio Group Ltd

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

**3rd Quarter and 9 Months Financial Statements
And Dividend Announcement
For The Period Ended
30 September 2017**

Design Studio Group Ltd
(Registration Number: 199401553D)

3rd Quarter and Nine Months 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					
		3rd Quarter ended			9 Months ended		
		30.09.2017	30.09.2016	+/(-) %	30.09.2017	30.09.2016	+/(-) %
		S\$'000	S\$'000		S\$'000	S\$'000	
Revenue		33,617	43,545	(22.8)	96,573	106,155	(9.0)
Cost of sales		(25,925)	(33,478)	(22.6)	(78,446)	(82,972)	(5.5)
Gross profit		7,692	10,067	(23.6)	18,127	23,183	(21.8)
Other income	1(a)(1)	12	18	(33.3)	92	170	(45.9)
		7,704	10,085	(23.6)	18,219	23,353	(22.0)
Marketing and distribution expenses		(1,739)	(1,630)	6.7	(4,786)	(4,003)	19.6
General and administrative expenses		(2,581)	(2,273)	13.6	(7,041)	(5,743)	22.6
Profit from operations	1(a)(2)	3,384	6,182	(45.3)	6,392	13,607	(53.0)
Finance expenses		(1)	-	N.M.	(1)	-	N.M.
Finance income	1(a)(3)	14	34	(58.8)	75	121	(38.0)
Profit before tax		3,397	6,216	(45.4)	6,466	13,728	(52.9)
Income tax expense	1(a)(4)	(604)	(1,259)	(52.0)	(1,303)	(2,492)	(47.7)
Profit net of tax		2,793	4,957	(43.7)	5,163	11,236	(54.0)
Profit attributable to:							
Owners of the Company		2,794	4,957		5,165	11,238	
Non-controlling interests		(1)	-		(2)	(2)	
		2,793	4,957		5,163	11,236	

N.M.: Not Meaningful

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Notes to Consolidated Income Statement

Note 1(a)(1) Other income

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2017	30.09.2016	+/(-) %	30.09.2017	30.09.2016	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sundry income	12	18	(33.3)	92	170	(45.9)

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

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2017	30.09.2016	+/(-) %	30.09.2017	30.09.2016	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	886	939	(5.6)	2,634	2,782	(5.3)
Foreign exchange loss/ (gain), net	295	37	697.3	708	(195)	N.M.
Loss/ (Gain) on disposal of property, plant and equipment	3	71	(95.5)	(116)	73	N.M.
Write back of doubtful receivables	(8)	-	N.M.	(8)	-	N.M.
Impairment loss on doubtful receivables	196	-	N.M.	196	-	N.M.
Amortisation of club membership	-	1	-	2	2	-

Note 1(a)(3) Finance income:

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2017	30.09.2016	+/(-) %	30.09.2017	30.09.2016	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Finance income						
- Cash and short-term deposits	14	34	(58.8)	75	121	(38.0)

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

	Group					
	3rd Quarter ended			9 Months ended		
	30.09.2017	30.09.2016	+/(-) %	30.09.2017	30.09.2016	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Current tax						
Singapore						
- current year	632	663	(4.7)	1,212	1,307	(7.3)
- (over)/ under provision for prior year	-	(4)	N.M.	(2)	(4)	(50.0)
Foreign						
- current year	(23)	611	N.M.	85	1,255	(93.2)
- under provision for prior year	-	3	N.M.	3	3	-
	609	1,273	(52.2)	1,298	2,561	(49.3)
Deferred tax						
Singapore	(5)	(17)	(70.6)	5	(69)	N.M.
Foreign	-	3	N.M.	-	-	-
	604	1,259	(52.0)	1,303	2,492	(47.7)

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

Balance Sheets

	Note	Group		Company	
		30.09.2017 S\$'000	31.12.2016 S\$'000	30.09.2017 S\$'000	31.12.2016 S\$'000
Non-current assets					
Property, plant and equipment		13,676	15,041	2,299	2,040
Investment in subsidiaries		-	-	41,381	41,359
Intangible assets	1(b)(2)	2,739	2,741	10	12
Deferred tax assets		354	361	278	272
Trade and other receivables	1(b)(1)	14,299	14,828	-	-
		<u>31,068</u>	<u>32,971</u>	<u>43,968</u>	<u>43,683</u>
Current assets					
Inventories	1(b)(3)	12,872	13,252	-	-
Gross amount due from customers for contract work-in-progress	1(b)(4)	11,991	5,232	-	-
Trade and other receivables	1(b)(1)	50,554	72,939	3,462	2,975
Prepayments		1,790	1,427	90	26
Loan to a subsidiaries		-	-	8,725	2,675
Tax recoverable		1,325	1,131	-	-
Cash and short-term deposits		28,388	53,963	2,440	12,767
		<u>106,920</u>	<u>147,944</u>	<u>14,717</u>	<u>18,443</u>
Current liabilities					
Trade and other payables	1(b)(5)	40,268	68,821	759	721
Finance lease liabilities		75	-	-	-
Provision for tax		1,203	3,402	-	11
		<u>41,546</u>	<u>72,223</u>	<u>759</u>	<u>732</u>
Net current assets		65,374	75,721	13,958	17,711
Non-current liabilities					
Other Payables		75	75	-	-
Net assets		<u>96,367</u>	<u>108,617</u>	<u>57,926</u>	<u>61,394</u>
Equity attributable to owners of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		64,093	76,341	25,194	28,662
		<u>96,825</u>	<u>109,073</u>	<u>57,926</u>	<u>61,394</u>
Non-controlling interests		(458)	(456)	-	-
Total equity		<u>96,367</u>	<u>108,617</u>	<u>57,926</u>	<u>61,394</u>

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Notes to Balance Sheets

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

	Group		Company	
	30.09.2017 S\$'000	31.12.2016 S\$'000	30.09.2017 S\$'000	31.12.2016 S\$'000
Trade and other receivables (non-current):				
<u>Trade receivables: Retention monies</u>				
Third parties	13,280	14,540	-	-
Corporate Shareholder	1,019	288	-	-
	<u>14,299</u>	<u>14,828</u>	<u>-</u>	<u>-</u>
Trade and other receivables (current):				
Trade receivables	46,470	66,163	986	665
Other receivables and deposits	4,084	6,776	2,476	2,310
	<u>50,554</u>	<u>72,939</u>	<u>3,462</u>	<u>2,975</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	26,348	48,876	321	-
Retention monies	6,791	10,221	-	-
	<u>33,139</u>	<u>59,097</u>	<u>321</u>	<u>-</u>
Less: Allowance for doubtful receivables	(270)	(452)	-	-
	<u>32,869</u>	<u>58,645</u>	<u>321</u>	<u>-</u>
Movement in allowance accounts:				
At beginning of the year	452	270	-	-
Charge for the year	-	252	-	-
Write-back during the year	(8)	-	-	-
Write-off during the year	(174)	(70)	-	-
At end of the year	<u>270</u>	<u>452</u>	<u>-</u>	<u>-</u>
Corporate shareholder:				
Trade receivables	12,867	5,470	-	-
	<u>12,867</u>	<u>5,470</u>	<u>-</u>	<u>-</u>
Related parties:				
Trade receivables	734	2,048	-	-
	<u>734</u>	<u>2,048</u>	<u>-</u>	<u>-</u>
Subsidiaries:				
Trade receivables	-	-	665	665
	<u>-</u>	<u>-</u>	<u>665</u>	<u>665</u>
Total trade receivables (current)	<u>46,470</u>	<u>66,163</u>	<u>986</u>	<u>665</u>
Other receivables and deposits:				
Other receivables	583	747	64	64
Deposits	3,501	6,029	61	61
	<u>4,084</u>	<u>6,776</u>	<u>125</u>	<u>125</u>
Amount due from subsidiaries (non-trade)	-	-	2,351	2,185
	<u>4,084</u>	<u>6,776</u>	<u>2,476</u>	<u>2,310</u>

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Note 1(b)(2) Intangible assets

	Group		Company	
	30.09.2017 S\$'000	31.12.2016 S\$'000	30.09.2017 S\$'000	31.12.2016 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	(3,206)	(3,204)	(90)	(88)
Goodwill	2,729	2,729	-	-
	2,739	2,741	10	12

Note 1(b)(3) Inventories

	Group		Company	
	30.09.2017 S\$'000	31.12.2016 S\$'000	30.09.2017 S\$'000	31.12.2016 S\$'000
Raw materials, at cost	8,807	10,119	-	-
Work-in-progress, at cost	2,347	2,500	-	-
Finished goods, at cost	1,718	633	-	-
	12,872	13,252	-	-

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

	Group		Company	
	30.09.2017 S\$'000	31.12.2016 S\$'000	30.09.2017 S\$'000	31.12.2016 S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	398,197	397,174	-	-
Less: Progress billings	(386,206)	(391,942)	-	-
	11,991	5,232	-	-
Presented as:				
Gross amount due from customers for contract work	11,991	5,232	-	-

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

	Group		Company	
	30.09.2017 S\$'000	31.12.2016 S\$'000	30.09.2017 S\$'000	31.12.2016 S\$'000
<u>Trade payables:</u>				
Amount due to third parties	8,103	18,427	-	129
Amount due to subsidiaries	-	-	121	29
Amount due to a related party	2	220	-	-
Amount due to a corporate shareholder	139	873	-	-
Retention payables	8,764	8,043	-	-
Advance payment from customers	505	478	-	-
Advance payments from a related company	-	466	-	-
Accrued contract cost	15,390	31,663	-	-
	32,903	60,170	121	158
Other payables	1,518	1,838	183	103
Non-trade payables due to a corporate shareholder	697	-	-	-
Non-trade payables due to related parties	556	244	278	224
Accrued operating expenses	4,594	6,569	177	236
	40,268	68,821	759	721

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

Amount repayable in one year or less, or on demand

As at 30.09.2017		As at 31.12.2016	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	75	-	-

Amount repayable after one year

As at 30.09.2017		As at 31.12.2016	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 30 September 2017, the Group's bank facilities were secured by the following:

- (i) corporate guarantees provided by the Company;
- (ii) plant and equipment of a subsidiary acquired under finance lease liabilities.

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

Consolidated Statement of Cash Flows

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	3,397	6,216	6,466	13,728
Adjustments:				
Depreciation of property, plant and equipment	886	939	2,634	2,782
Loss/ (Gain) on disposal of property, plant and equipment	3	71	(116)	73
Finance expenses	1	-	1	-
Finance income	(14)	(34)	(75)	(121)
Write back of doubtful receivables	(8)	-	(8)	-
Impairment loss on doubtful receivables	196	-	196	-
Amortisation of club membership	-	1	2	2
Currency translation difference	325	(43)	495	(441)
Operating profit before working capital changes	4,786	7,150	9,595	16,023
(Increase)/ decrease in:				
Inventories	(39)	(32)	380	(756)
Contract work-in-progress	2,581	917	(6,759)	(1,421)
Trade and other receivables	(9,420)	(7,670)	22,026	(12,289)
Prepayments	(242)	(942)	(363)	429
(Decrease)/ increase in:				
Trade and other payables	(6,105)	7,809	(28,327)	7,943
Cash flows from operations	(8,439)	7,232	(3,448)	9,929
Finance expenses paid	(1)	-	(1)	-
Income taxes paid	(1,535)	(1,690)	(3,689)	(3,323)
Net cash flows (used in)/ generated from operating activities	(9,975)	5,542	(7,138)	6,606
Cash flows from investing activities				
Costs incurred for construction-in-progress	(748)	(35)	(763)	(505)
Finance income received	14	34	75	121
Proceeds from sale of property, plant and equipment	-	-	130	-
Purchase of property, plant and equipment	(193)	(75)	(734)	(234)
Net cash flows used in investing activities	(927)	(76)	(1,292)	(618)
Cash flows from financing activities				
(Increase)/ decrease in cash and short-term deposits pledged	(730)	79	(775)	231
Dividends paid on ordinary shares by the Company	(3,253)	(3,253)	(16,917)	(16,917)
Repayment of finance lease liabilities	(17)	-	(25)	-
Net cash flows used in financing activities	(4,000)	(3,174)	(17,717)	(16,686)
Net (decrease)/ increase in cash and cash equivalents	(14,902)	2,292	(26,147)	(10,698)
Effect of exchange rate changes on cash and cash equivalents	13	95	(203)	(333)
Cash and cash equivalents at beginning of the period	42,502	40,457	53,963	53,875
Cash and cash equivalents at end of the period (Note A)	27,613	42,844	27,613	42,844

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Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	30.09.2017 S\$'000	30.09.2016 S\$'000
Cash at banks and on hand	27,373	37,744
Fixed deposits	1,015	5,100
Cash and short-term deposits	28,388	42,844
Less: Cash and short-term deposits pledged	(775)	-
Cash and cash equivalents	<u>27,613</u>	<u>42,844</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					
	3rd Quarter ended			9 Months ended		
	30.09.2017 S\$'000	30.09.2016 S\$'000	+ / (-) %	30.09.2017 S\$'000	30.09.2016 S\$'000	+ / (-) %
Profit net of tax	2,793	4,957	(43.7)	5,163	11,236	(54.0)
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	220	(13)	N.M.	(496)	(1,751)	(71.7)
Total comprehensive income	<u>3,013</u>	<u>4,944</u>	<u>(39.1)</u>	<u>4,667</u>	<u>9,485</u>	<u>(50.8)</u>

Total comprehensive income attributable to:

Owners of the Company	3,014	4,943	4,669	9,487
Non-controlling interests	(1)	1	(2)	(2)
	<u>3,013</u>	<u>4,944</u>	<u>4,667</u>	<u>9,485</u>

(B) Statements of Changes in Equity

Group

	Attributable to Equity holders of the Company				Non-controlling interests S\$'000	Total Equity S\$'000
	Share capital	Revenue reserve	Other reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000		
2017						
Balance at 1 January 2017	32,732	77,204	(863)	109,073	(456)	108,617
Total comprehensive income for 9M2017	-	5,165	(496)	4,669	(2)	4,667
Dividends on ordinary shares	-	(16,917)	-	(16,917)	-	(16,917)
Balance at 30 September 2017	<u>32,732</u>	<u>65,452</u>	<u>(1,359)</u>	<u>96,825</u>	<u>(458)</u>	<u>96,367</u>
2016						
Balance at 1 January 2016	32,732	73,623	645	107,000	(454)	106,546
Total comprehensive income for 9M2016	-	11,238	(1,751)	9,487	(2)	9,485
Dividends on ordinary shares	-	(16,917)	-	(16,917)	-	(16,917)
Balance at 30 September 2016	<u>32,732</u>	<u>67,944</u>	<u>(1,106)</u>	<u>99,570</u>	<u>(456)</u>	<u>99,114</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
2017			
Balance at 1 January 2017	32,732	28,662	61,394
Total comprehensive income for 9M2017	-	13,449	13,449
Dividends on ordinary shares	-	(16,917)	(16,917)
Balance at 30 September 2017	32,732	25,194	57,926
2016			
Balance at 1 January 2016	32,732	28,732	61,464
Total comprehensive income for 9M2016	-	17,070	17,070
Dividends on ordinary shares	-	(16,917)	(16,917)
Balance at 30 September 2016	32,732	28,885	61,617

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2016 and 30 September 2017	260,264,171	32,732

There were no changes in the share capital of the company in the 3rd quarter of 2017.

There were no outstanding convertible securities as at 30 September 2016 and 30 September 2017.

There were no treasury shares and subsidiary holdings as at 30 September 2016 and 30 September 2017.

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

As of 30 September 2017, no options or shares have been granted to employees or directors.

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

	30.09.2017	31.12.2016
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, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of treasury shares as at 30 September 2017 as the Company does not have any treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 September 2017.

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 2016, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2017. 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 2017. 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 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 112 Disclosure of Interests in Other Entities	1 January 2017

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

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

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

	Group			
	3rd Quarter ended		9 Months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
(a) Based on weighted average number of ordinary shares in issue	1.07 cents	1.90 cents	1.98 cents	4.32 cents
(b) On fully diluted basis	1.07 cents	1.90 cents	1.98 cents	4.32 cents

The basic earnings per ordinary share for the third quarter ended 30 September 2017 is calculated by dividing the 3rd quarter profit attributable to shareholders of S\$2.8 million (30 September 2016: S\$5.0 million) by the weighted average number of 260,264,171 (30 September 2016: 260,264,171) shares in issue during the financial period.

The basic earnings per ordinary share for the nine months ended 30 September 2016 is calculated by dividing the nine months profit attributable to shareholders of S\$5.2 million (30 September 2016: S\$11.2 million) by the weighted average number of 260,264,171 (30 September 2016: 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 30.09.2017	Company 30.09.2017
Net asset value per ordinary share for the period based on existing issued share capital as at 30 September 2017 of 260,264,171 ordinary shares	37.03 cents	22.26 cents

- (2) Immediately preceding financial year**

	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

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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

3Q2017 vs 3Q2016

	3rd Quarter ended		+ / (-) %
	30.09.2017 S\$'000	30.09.2016 S\$'000	
Residential property	18,042	17,695	2.0
Hospitality and commercial	15,575	25,850	(39.7)
Total	33,617	43,545	(22.8)

For 3Q2017, the Group's revenue decreased by 22.8% to S\$33.6 million as compared with revenue for 3Q2016 as a result of decrease in contribution from Hospitality and commercial segments. During the quarter, fewer projects were completed as compared with 3Q2016.

The gross margin decreased from 23.1% in 3Q2016 to 22.9% for 3Q2017, as a result of lower margins recorded in projects completed during the quarter.

Marketing and distribution expenses increased from \$1.6 million in 3Q2016 to S\$1.7 million in 3Q2017. This was attributed to increase in travelling expenses and increase in staff costs relating to restructuring.

General and administrative expenses increased from S\$2.3 million in 3Q2016 to S\$2.6 million in 3Q2017. The increase was mainly due to increase in foreign exchange losses and impairment loss on doubtful receivables.

As a result, the Group achieved lower profit before tax of S\$3.4 million for 3Q2017, a decrease of 45.4% as compared with S\$6.2 million for 3Q2016. After taking into account tax expenses, the Group's net profit after tax was S\$2.8 million for 3Q2017.

9M2017 vs 9M2016

	9 Months ended		+ / (-) %
	30.09.2017 S\$'000	30.09.2016 S\$'000	
Residential property	37,673	47,557	(20.8)
Hospitality and commercial	58,900	58,524	0.6
Distribution	-	74	N.M.
Total	96,573	106,155	(9.0)

The Group's revenue for 9M2017 decreased by 9.0% to S\$96.6 million as compared with the revenue for 9M2016. The decrease was mainly a result of decrease in contribution from the Residential Property segment.

The gross margin decreased from 21.8% in 9M2016 to 18.8% for 9M2017, as a result of lower margins recorded in projects completed during the period.

For 9M2017, marketing and distribution expenses increased by 19.6% to S\$4.8 million as compared with S\$4.0 million in 9M2016. This was attributed to increase in staff costs relating to restructuring, travelling expenses and showroom related expenses.

General and administrative expenses increased from S\$5.7 million in 9M2016 to S\$7.0 million in 9M2017. The increase was mainly due to exchange loss in 9M2017 as compared with an exchange gain in 9M2016, increase in staff costs relating to restructuring and recruitment expenses.

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As a result, the Group achieved a lower profit before tax of S\$6.5 million for 9M2017, as compared with S\$13.7 million for 9M2016. After taking into account the tax expenses, the Group's net profit after tax was S\$5.2 million for 9M2017.

Balance Sheet (30 September 2017 vs 31 December 2016)

Property, plant and equipment decreased by S\$1.4 million mainly due to depreciation charges, offset by the purchase of equipment and construction-in-progress during the period.

Contracts work-in-progress increased by S\$6.8 million to S\$12.0 million [Note 1(b)(4)] as at 30 September 2017. The increase was due to higher amount of work in progress pending certification by client as at 30 September 2017.

Total current trade receivables decreased to S\$46.5 million [Note 1(b)(1)] as at 30 September 2017 as compared with S\$66.2 million as at 31 December 2016. The decrease is mainly due to collections from customers during the current period and the decrease in revenue for 3Q2017 as compared to 4Q2016.

Other receivables and deposits decreased by S\$2.7 million to S\$4.1 million [Note 1(b)(1)]. The decrease was mainly due to lesser deposits made to suppliers and subcontractors.

Trade payables decreased by S\$27.3 million to S\$32.9 million [Note 1(b)(5)]. The decrease was mainly due to payment made to creditors during the period and lower accruals of project-related expenses due to less projects in the current period.

Cash Flow

3Q2017 vs 3Q2016

For 3Q2017, there was net cash outflow of S\$14.9 million. The cash outflow is mainly due to the payment of dividends in 9M2017 and cash outflows for operating activities.

9M2017 vs 9M2016

For 9M2017, there was net cash outflow of S\$26.1 million. The cash outflow is mainly due to the payment of dividends in 9M2017 and cash outflows for operating activities.

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

The Group's performance is in line with the commentary previously disclosed in the results announcement for the period ended 30 June 2017, 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

As at 30 September 2017, the Group's order book is S\$146 million with a strong balance sheet and cash position.

As the Singapore residential and hospitality market picks-up and Malaysia, Thailand and China maintain their growth momentum; the Group is optimistic about its performance in these countries leading into FY2018. The Group's focus is to regain its market share in Singapore, and expand its international footprint organically in a measured and disciplined manner, aligned with the Group's core business and strategy.

11. Dividend

(1) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(2) Corresponding Period of the immediately Preceding Financial Year

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

Nil

Date payable

Not applicable

Books closure date

Not applicable

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

No interim dividend has been declared/ recommended for 3Q ended 30 September 2017.

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

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

Not applicable

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable

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15. A breakdown of sales

Not applicable

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable

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 3 months period ended 30 September 2017 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\$9,739,924

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.

BY ORDER OF THE BOARD

Hazel Chia
Company Secretary

Date: 25 October 2017

CONFIRMATION BY THE BOARD

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the 3Q and 9M ended 30 September 2017 to be false or misleading in any material aspect.

ON BEHALF OF BOARD OF DIRECTORS

Name: Edgar Ramani
Director

Name: Ong Tiew Siam
Director

Date: 25 October 2017