



Design Studio Group Ltd

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

1st Quarter Financial Statements And Dividend Announcement For The Period Ended 31 March 2018

Design Studio Group Ltd
(Registration Number: 199401553D)

1st Quarter Financial Statements and Dividend Announcement

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
 HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

		Group		
		31.03.2018	3 Months ended 31.03.2017 (Restated*)	+ / (-)
		S\$'000	S\$'000	%
Revenue		40,987	35,029	17.0
Other items of income				
Other income	1(a)(1)	49	46	6.5
Finance Income	1(a)(2)	17	28	(39.3)
		<hr/> 41,053	<hr/> 35,103	<hr/> 17.0
Items of expenses				
Change in inventories of finished goods and work in progress		813	878	(7.4)
Raw materials and consumables used		(7,086)	(9,277)	(23.6)
Subcontractors costs		(21,431)	(12,768)	67.8
Staff costs		(7,723)	(6,561)	17.7
Depreciation and amortisation expenses		(887)	(879)	1.0
Finance costs		(27)	(87)	(69.0)
Other expenses	1(a)(3)	(3,741)	(3,747)	(0.2)
Profit before tax		<hr/> 971	<hr/> 2,662	<hr/> (63.5)
Income tax expense	1(a)(4)	(649)	(590)	10.0
Profit after tax		<hr/> <hr/> 322	<hr/> <hr/> 2,072	<hr/> <hr/> (84.5)

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Consolidated Income Statement (cont'd)

	Group	
	31.03.2018	3 Months ended 31.03.2017 (Restated*)
	S\$'000	S\$'000
Profit attributable to:		
Owners of the Company	322	2,073
Non-controlling interests	-	(1)
	<u>322</u>	<u>2,072</u>

* The comparative figures for the financial period ended 31 March 2017 have been restated to take into account the retrospective adjustments arising from the adoption of SFRS(I) 9 - Financial Instruments and SFRS(I) 15 – Revenue From Contracts With Customers.

Note 1: With effect from 1 January 2018 the Group has changed the presentation of the consolidated income statement from the classification based on function to the classification based on the nature of expenses. Presenting the consolidated income statement by nature provides information that is reliable and more relevant to users of the financial statements. Accordingly, the 1Q2017 results have been reclassified to ensure that comparability is maintained.

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Notes to Consolidated Income Statement

Note 1(a)(1) Other income

	Group		
	31.03.2018	3 Months ended 31.03.2017	+ / (-) %
	S\$'000	S\$'000	
Sundry income	49	46	6.5

Note 1(a)(2) Finance income:

	Group		
	31.03.2018	3 Months ended 31.03.2017	+ / (-) %
	S\$'000	S\$'000	
Finance income			
- Cash and short-term deposits	17	28	(39.3)

Note 1(a)(3) Other expenses include the following:

	Group		
	31.03.2018	3 Months ended 31.03.2017	+ / (-) %
	S\$'000	S\$'000	
Foreign exchange loss, net	415	434	(4.4)
(Gain)/loss on disposal of property, plant and equipment	(118)	3	(40.3)
Write back of impairment loss on receivables arising from adoption of SFRS(I) 9	(10)	(56)	(82.1)
Impairment loss on contract assets arising from adoption of SFRS(I) 9	34	7	385.7

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

	Group		
	31.03.2018	3 Months ended 31.03.2017	+ / (-) %
	S\$'000	S\$'000	
Income tax	606	576	5.2
Deferred tax	43	14	207.1
	649	590	10.0

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

Balance Sheets

	Note	Group		Company	
		31.03.2018	31.12.2017 (Restated)	31.03.2018	31.12.2017
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment		14,093	14,536	3,110	3,249
Investment in subsidiaries		-	-	41,359	41,359
Intangible assets	1(b)(2)	2,737	2,738	8	9
Deferred tax assets		1,346	1,333	267	280
Trade and other receivables	1(b)(1)	11,333	11,873	-	-
Total non-current assets		29,509	30,480	44,744	44,897
Current assets					
Inventories	1(b)(3)	8,336	8,047	-	-
Contract assets	1(b)(4)	33,700	15,895	-	-
Trade and other receivables	1(b)(1)	50,415	55,368	2,865	3,346
Prepayments		2,218	1,297	44	42
Loans to subsidiaries		-	-	8,725	8,725
Tax recoverable		932	1,070	-	-
Cash and short-term deposits		23,992	28,942	1,631	1,693
Total current assets		119,593	110,619	13,265	13,806
Current liabilities					
Trade and other payables	1(b)(5)	51,967	41,380	796	1,139
Contract liabilities	1(b)(4)	2,101	6,239	-	-
Finance lease liabilities	1(b)(ii)	25	50	-	-
Provision for tax		960	824	-	-
Total current liabilities		55,053	48,493	796	1,139
Net current assets		64,540	62,126	12,469	12,667
Non-current liabilities					
Deferred tax liabilities		115	85	-	-
Net assets		93,934	92,521	57,213	57,564
Equity attributable to owners of the Company					
Share capital		32,732	32,732	32,732	32,732
Reserves		61,661	60,248	24,481	24,832
		94,393	92,980	57,213	57,564
Non-controlling interests		(459)	(459)	-	-
Total equity		93,934	92,521	57,213	57,564

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Notes to Balance Sheets

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

	Group		Company	
	31.03.2018	31.12.2017 (Restated)	31.03.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Trade and other receivables (non-current):				
<u>Trade receivables: Retention monies</u>				
Third parties	10,167	10,709	-	-
Immediate holding company	1,187	1,187	-	-
	<u>11,354</u>	<u>11,896</u>	-	-
Less: Impairment loss arising from adoption of SFRS(I) 9	(21)	(23)	-	-
	<u>11,333</u>	<u>11,873</u>	-	-
Trade and other receivables (current):				
Trade receivables	44,173	50,336	669	942
Other receivables and deposits	6,242	5,032	2,196	2,404
	<u>50,415</u>	<u>55,368</u>	<u>2,865</u>	<u>3,346</u>
Trade receivables:				
<u>Third parties:</u>				
Trade receivables	27,636	31,989	4	277
Retention monies	6,694	7,151	-	-
	<u>34,330</u>	<u>39,140</u>	<u>4</u>	<u>277</u>
<u>Immediate holding company:</u>				
Trade receivables	10,350	12,056	-	-
	<u>10,350</u>	<u>12,056</u>	-	-
<u>Related parties:</u>				
Trade receivables	593	499	-	-
	<u>593</u>	<u>499</u>	-	-
<u>Subsidiaries:</u>				
Trade receivables	-	-	665	665
	<u>-</u>	<u>-</u>	<u>665</u>	<u>665</u>
Total gross trade receivables (current)	45,273	51,695	669	942
Less: Allowance for doubtful receivables	(986)	(1,237)	-	-
Less: Impairment loss arising from adoption of SFRS(I) 9	(114)	(122)	-	-
Net trade receivables (current)	<u>44,173</u>	<u>50,336</u>	<u>669</u>	<u>942</u>
Movement in allowance accounts:				
At beginning of the year	1,382	452	-	-
Charge for the year	-	1,163	-	-
Impact of adoption of SFRS(I) 9	(10)	145	-	-
Write-back during the year	-	(8)	-	-
Write-off during the year	(273)	(370)	-	-
Currency translation difference	22	-	-	-
At end of the year	<u>1,121</u>	<u>1,382</u>	-	-

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Note 1(b)(1) Trade and other receivables (cont'd)

	Group		Company	
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Other receivables and deposits:				
Other receivables	469	295	67	64
Deposits	5,773	4,737	60	61
	<u>6,242</u>	<u>5,032</u>	<u>127</u>	<u>125</u>
Amount due from subsidiaries (non-trade)	-	-	2,069	2,279
	<u>6,242</u>	<u>5,032</u>	<u>2,196</u>	<u>2,404</u>

Note 1(b)(2) Intangible assets

	Group		Company	
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Club membership	128	128	128	128
Less: Impairment loss on club membership	(28)	(28)	(28)	(28)
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Less: Accumulated amortisation	(92)	(91)	(92)	(91)
Goodwill	2,729	2,729	-	-
	<u>2,737</u>	<u>2,738</u>	<u>8</u>	<u>9</u>

Note 1(b)(3) Inventories

	Group		Company	
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	5,214	5,256	-	-
Work-in-progress, at cost	1,581	1,584	-	-
Finished goods, at cost or net realisable value	1,541	1,207	-	-
	<u>8,336</u>	<u>8,047</u>	<u>-</u>	<u>-</u>

Note 1(b)(4) Contract assets and contract liabilities

	Group		Company	
	31.03.2018	31.12.2017	31.03.2018	31.12.2017
	S\$'000	(Restated) S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	411,472	428,449	-	-
Less: Progress billings	(379,873)	(418,793)	-	-
	<u>31,599</u>	<u>9,656</u>	<u>-</u>	<u>-</u>
Presented as:				
Contract assets	33,700	15,895	-	-
Contract liabilities	2,101	6,239	-	-

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

	Group		Company	
	31.03.2018	31.12.2017 (Restated)	31.03.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables:				
Amount due to third parties	9,334	7,001	7	1
Amount due to subsidiaries	-	-	74	187
Amount due to related companies	226	231	-	-
Amount due to immediate holding company	3,840	2,653	-	-
Retention payables	8,215	8,609	-	-
Advance payments from customers	713	828	-	-
Accrued contract cost	23,526	13,541	-	-
	<u>45,854</u>	<u>32,863</u>	<u>81</u>	<u>188</u>
Other payables				
Amount due to immediate holding company	2,572	1,877	77	-
Amount due to a related company	-	-	-	-
Accrued operating expenses	364	360	322	317
	<u>3,177</u>	<u>6,280</u>	<u>316</u>	<u>634</u>
	<u>51,967</u>	<u>41,380</u>	<u>796</u>	<u>1,139</u>

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

Amount repayable in one year or less, or on demand

As at 31.03.2018		As at 31.12.2017	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	25	-	50

Amount repayable after one year

As at 31.03.2018		As at 31.12.2017	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

As at 31 March 2018, 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	
	3 Months ended	
	31.03.2018	31.03.2017
	S\$'000	(Restated) S\$'000
Cash flows from operating activities		
Profit before tax	971	2,662
Adjustments:		
Depreciation of property, plant and equipment	886	878
(Gain)/loss on disposal of property, plant and equipment	(118)	3
Finance income	(17)	(28)
Finance expenses	27	87
Impairment loss on contract assets arising from adoption of SFRS(I) 9	34	7
Write back of impairment loss on receivables arising from adoption of SFRS(I) 9	(10)	(56)
Amortisation of club membership	1	1
Operating profit before working capital changes	1,774	3,554
Decrease/(increase) in:		
Inventories	(127)	(18)
Net contract assets/liabilities	(21,375)	(9,289)
Trade and other receivables	6,029	25,199
Prepayments	(910)	(78)
Increase/(decrease) in:		
Trade and other payables	10,094	(18,012)
Cash flows (used in)/from operations	(4,515)	1,356
Finance expenses paid	(27)	(87)
Income taxes paid	(283)	(433)
Net cash flows (used in)/from operating activities	(4,825)	836
Cash flows from investing activities		
Costs incurred for construction-in-progress	(12)	-
Finance income received	17	28
Proceeds from sale of property, plant and equipment	128	-
Purchase of property, plant and equipment	(262)	(43)
Net cash flows used in investing activities	(129)	(15)
Cash flows from financing activities		
Decrease/(increase) in fixed deposits pledged	977	(45)
Repayment of finance lease liabilities	(25)	-
Net cash flows from/(used in) financing activities	952	(45)
Net (decrease)/increase in cash and cash equivalents	(4,002)	776
Effect of exchange rate changes on cash and cash equivalents	30	(218)
Cash and cash equivalents at beginning of the period	27,918	53,963
Cash and cash equivalents at end of the period (Note A)	23,946	54,521

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Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents

	Group	
	31.03.2018	31.03.2017
	S\$'000	S\$'000
Cash at banks and on hand	21,260	49,315
Fixed deposits	2,732	5,251
Cash and short-term deposits	23,992	54,566
Less: Cash and short-term deposits pledged	(46)	(45)
Cash and cash equivalents	23,946	54,521

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		
	31.03.2018	3 Months ended	+ / (-)
	S\$'000	31.03.2017	%
		(Restated)	
		S\$'000	
Profit after tax	322	2,072	(84.5)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	1,091	(578)	(288.8)
Total comprehensive income	1,413	1,494	(5.4)
Total comprehensive income attributable to:			
Owners of the Company	1,413	1,495	
Non-controlling interests	-	(1)	
	1,413	1,494	

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(B) Statements of Changes in Equity

Group

	Attributable to owners 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		
2018						
Balance at 1 January 2018, as previously reported	32,732	61,488	(959)	93,261	(459)	92,802
Impact of adoption of SFRS(I) 15 on previously reported reserves as at 1 January 2017	-	(417)	-	(417)	-	(417)
Impact of adoption of SFRS(I) 9 on previously reported reserves as at 1 January 2017	-	(185)	-	(185)	-	(185)
Impact of adoption of SFRS(I) 15 on previously reported results for the year ended 31 December 2017	-	321	(8)	313	-	313
Impact of adoption of SFRS(I) 9 on previously reported results for the year ended 31 December 2017	-	8	-	8	-	8
Balance at 1 January 2018, as restated	32,732	61,215	(967)	92,980	(459)	92,521
Total comprehensive income for 1Q2018	-	322	1,091	1,413	-	1,413
Balance at 31 March 2018	32,732	61,537	124	94,393	(459)	93,934
2017						
Balance at 1 January 2017, as previously reported	32,732	77,204	(863)	109,073	(456)	108,617
Impact of adoption of SFRS(I) 15 on previously reported reserves as at 1 January 2017	-	(417)	-	(417)	-	(417)
Impact of adoption of SFRS(I) 9 on previously reported reserves as at 1 January 2017	-	(185)	-	(185)	-	(185)
Balance at 1 January 2017, as restated	32,732	76,602	(863)	108,471	(456)	108,015
Total comprehensive income for 1Q2017, restated	-	2,072	(577)	1,495	(1)	1,494
Balance at 31 March 2017	32,732	78,674	(1,440)	109,966	(457)	109,509

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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
2018			
Balance at 1 January 2018	32,732	24,832	57,564
Total comprehensive income for 1Q2018	-	(351)	(351)
Balance at 31 March 2018	<u>32,732</u>	<u>24,481</u>	<u>57,213</u>
2017			
Balance at 1 January 2017	32,732	28,662	61,394
Total comprehensive income for 1Q2017	-	2,793	2,793
Balance at 31 March 2017	<u>32,732</u>	<u>31,455</u>	<u>64,187</u>

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 2017 and 31 March 2018	<u>260,264,171</u>	<u>32,732</u>

There were no changes in the share capital of the Company in the 1st quarter of 2018.

There were no outstanding convertible securities as at 31 December 2017 and 31 March 2018.

There were no treasury shares and subsidiary holdings as at 31 March 2017 and 31 March 2018.

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

As of 31 March 2018, no options or shares have been granted to employees or directors.

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

	31.03.2018	31.12.2017
Total number of shares (excluding treasury shares)	260,264,171	260,264,171

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 31 March 2018 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 31 March 2018.

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.

Except as disclosed in Note 5 below, 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 2017.

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.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial information for the current period as compared with the audited financial statements as at 31 December 2017 except for the adoption of Singapore IFRS-identical Financial Reporting Standards ["SFRS(I)"].

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS (I) on 1 January 2018. The Company has concurrently applied new major SFRS (I) equivalent of IFRS9 Financial Instruments and IFRS15 Revenue from Contracts with Customers.

The main changes in the adoption of SFRS (I) equivalent of IFRS9 Financial Instruments and IFRS15 Revenue from Contracts with Customers are explained below:

(i) Adoption of SFRS(I) equivalent of IFRS9

The Group's following financial assets have been subjected to the expected credit loss model under the SFRS(I) equivalent of IFRS 9:

- Trade and other receivables and contract assets recognised under the SFRS(I) equivalent of IFRS 15;

There has been an increase in the provision for impairment for the above financial assets and a corresponding decrease in the opening reserves.

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. (cont'd)

(ii) Adoption of SFRS(I) equivalent of IFRS15

In accordance with the requirements of IFRS 1, the Group has adopted the SFRS(I) equivalent of IFRS 15 retrospectively. The main adjustments are as follows:

a. Measurement of progress of contracts

- Under FRS 18 and FRS 11, revenue is recognised in accordance with percentage-of-completion method. The stage of completion is determined by reference to professional surveys of work performed.
- Under SFRS(I), the Group has assessed that an input measure using the cost-to-cost method will best depict the transfer of goods and services to customers. This has resulted in the Group's adoption of the cost-to-cost method where the stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract.

b. Presentation of contract assets and liabilities

The Group has changed the presentation of certain amounts in the balance sheet to reflect the terminology in SFRS(I) equivalent of IFRS 15:

- Gross amounts due from customers for contract work-in-progress under FRS 11 has been reclassified to be presented as part of contract assets.
- Gross amounts due to customers for contract work-in-progress under FRS 11 has been reclassified to be presented as part of contract liabilities.

The impact of adoption of SFRS(I) equivalent of IFRS 15 has been disclosed in the Statements of Changes in Equity.

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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	
	3 Months ended	
	31.03.2018	31.03.2017 (Restated)
(a) Based on weighted average number of ordinary shares in issue	0.12 cents	0.80 cents
(b) On fully diluted basis	0.12 cents	0.80 cents

The basic earnings per ordinary share for the first quarter ended 31 March 2018 is calculated by dividing the 1st quarter profit attributable to shareholders of S\$0.3 million (31 March 2017: S\$2.1 million) by the weighted average number of 260,264,171 (31 March 2017: 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 31.03.2018	Company 31.03.2018
Net asset value per ordinary share for the period based on existing issued share capital as at 31 March 2018 of 260,264,171 ordinary shares	36.09 cents	21.98 cents

- (2) Immediately preceding financial year**

	Group (Restated) 31.12.2017	Company 31.12.2017
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2017 of 260,264,171 ordinary shares	35.55 cents	22.12 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

1Q2018 vs 1Q2017

	1st Quarter ended		+ / (-)
	31.03.2018	31.03.2017 (Restated)	
	S\$'000	S\$'000	%
Singapore	17,073	20,959	(18.5)
Malaysia	18,311	7,568	142.0
China	2,552	189	1250.3
International	3,051	6,313	(51.7)
Total	40,987	35,029	17.0

For 1Q2018, the Group's revenue increased by 17.0% to S\$41.0 million as compared with revenue for 1Q2017 due mainly to higher revenue from the Malaysian segment.

Raw materials and consumables used decreased from S\$9.3 million in 1Q2017 to S\$7.1 million in 1Q2018, mainly due to the current composition of projects having lower material costs.

Subcontractors' costs increased from S\$12.8 million in 1Q2017 to S\$21.4 million in 1Q2018, mainly due to more related subcontract works incurred for current projects.

Staff costs increased from S\$6.6 million in 1Q2017 to S\$7.7 million in 1Q2018 due to increased projects activities.

The Group achieved lower profit before tax of S\$1.0 million for 1Q2018, a decrease of 63.5% as compared with S\$2.7 million for 1Q2017. After taking into account tax expenses, the Group's net profit after tax was S\$0.3 million for 1Q2018.

Balance Sheet (31 March 2018 vs 31 December 2017)

Property, plant and equipment decreased by S\$0.4 million mainly due to depreciation charges.

Net contract assets increased by S\$21.9 million to S\$31.6 million [Note 1(b)(4)] as at 31 March 2018 due to higher amount of work in progress related to the timing of project payment milestones.

Total current trade receivables decreased to S\$44.2 million [Note 1(b)(1)] as at 31 March 2018 as compared with S\$50.3 million as at 31 December 2017. The decrease is mainly due to slower collections from customers and lesser billings in the current period.

Other receivables and deposits increased by S\$1.2 million to S\$6.2 million [Note 1(b)(1)]. The increase was mainly due to more deposits made to suppliers and subcontractors in the current period.

Trade payables increased by S\$12.9 million to S\$45.8 million [Note 1(b)(5)]. The increase was mainly due to more project related costs in the current period.

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. (cont'd)**

Cash Flow

1Q2018 vs 1Q2017

For 1Q2018, there was net cash outflow of S\$4.0 million. There was a S\$4.8 million net outflow from operating activities and a net inflow of \$1.0 million from financing activities from the return of a security deposit pledge reaching maturity.

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 31 December 2017, via SGXNET.

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 completed the first phase of its restructuring in 2017 and underwent a series of measures including the appointment of a strengthened executive management team, in line with the Group's strategic roadmap. The Group secured S\$59.0 million of new projects in 1Q2018, which is an increase in wins from nil in 1Q2017. This brings the order book to S\$149.5 million as at 31 March 2018.

We are cautiously optimistic about the outlook in our key markets of Singapore and Malaysia, as well as our ongoing expansion into other international markets. We anticipate continuing our momentum in securing projects for the remainder of FY2018.

11. **Dividend**

(1) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil. The dividend policy remains unchanged.

(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/recommended, a statement to the effect.

No interim dividend has been declared/recommended for 1Q ended 31 March 2018.

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

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

Not applicable

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

Not applicable

15. A breakdown of sales

Not applicable

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

Not applicable

AGGREGATE VALUE OF TRANSACTIONS 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 31 March 2018 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	\$3,367,258

Design Studio Group Ltd
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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: 19 April 2018

CONFIRMATION BY THE BOARD

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the first quarter ended 31 March 2018 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: 19 April 2018