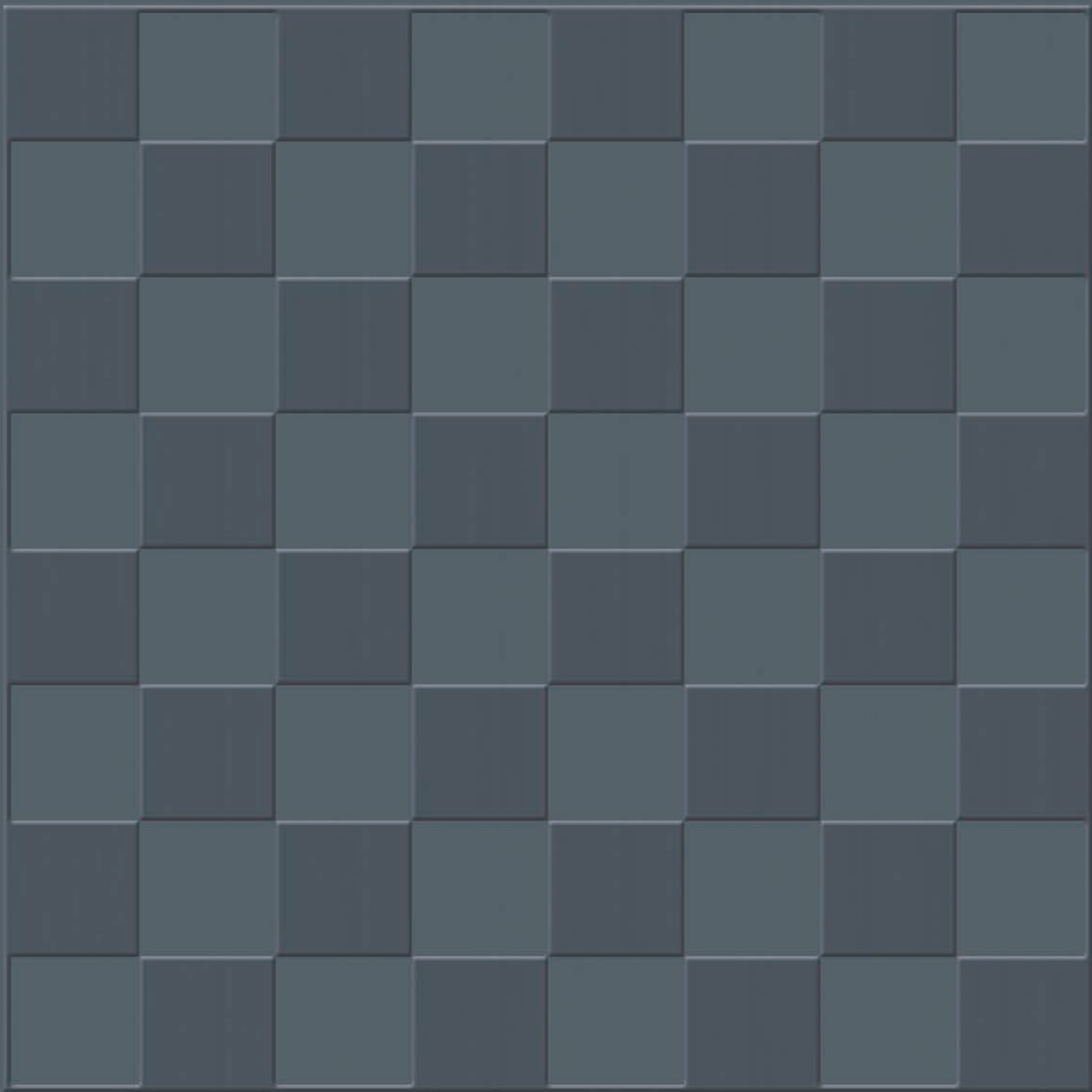
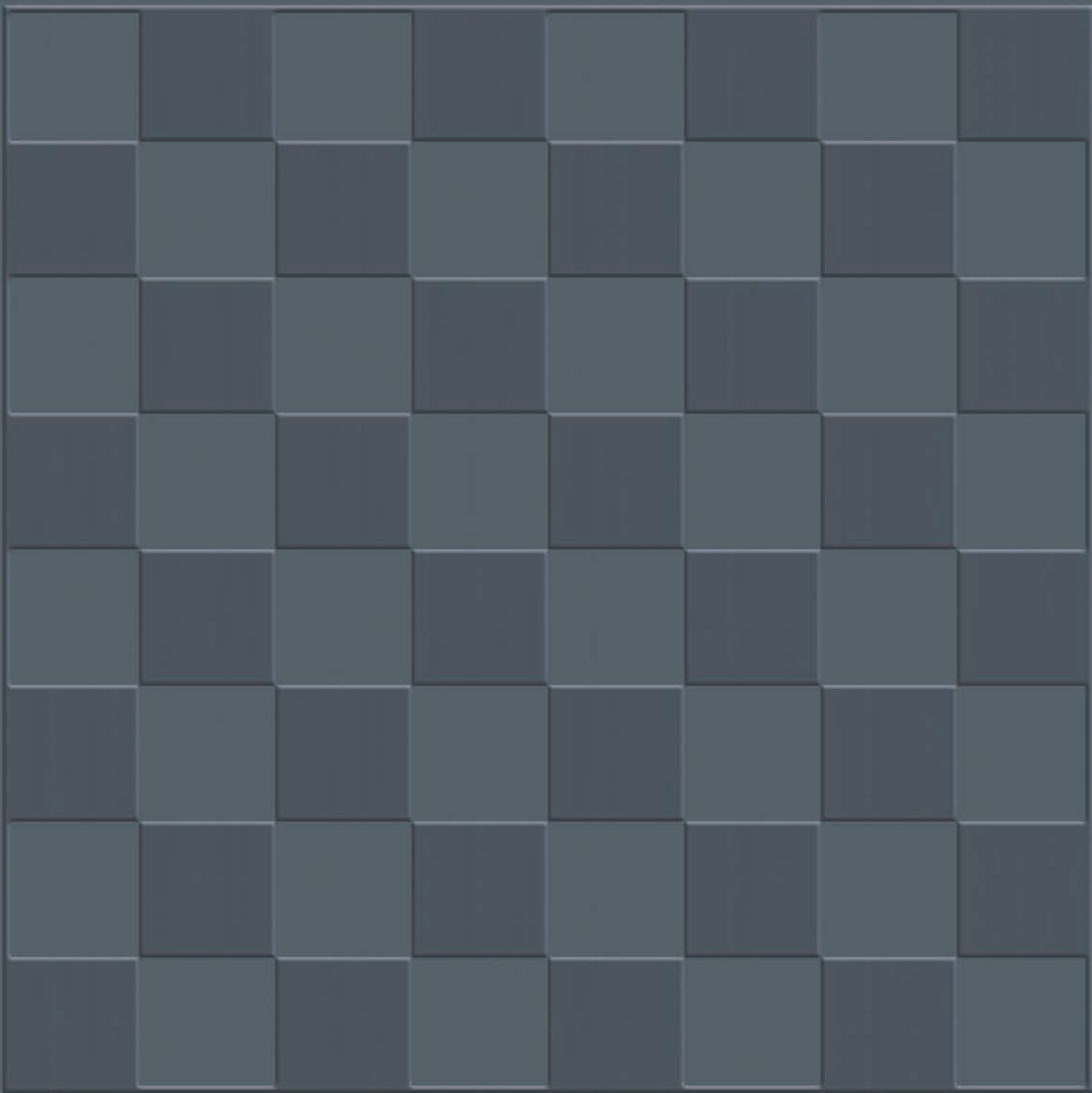
Design STUDIO 瑞胜

Inspired by Aspirations. Driven by Innovations.

ANNUAL REPORT 2015



STRATEGIC **MOVES**



"CHESS IS A MINIATURE VERSION OF LIFE. TO BE SUCCESSFUL, YOU NEED TO BE DISCIPLINED, ASSESS RESOURCES, CONSIDER RESPONSIBLE CHOICES AND ADJUST WITH CIRCUMSTANCES CHANGE."

— ***Grandmaster Susan Polgar***

At Design Studio, we are strategising for sustainable growth.

Over the years, we have built a brand that's synonymous with style, quality and reliability, a signature that's trusted by our clients and the industries in Singapore, Malaysia, Thailand and China.

Amidst an uncertain global economy and challenges in respective markets, we remain resilient and performed admirably in FY2015. This is a strong testament to our vigorous resource planning and strategic thinking.

Going forward, we will continue to strengthen our product and service offering to our existing clients, who have shown tremendous support. We will also continue to leverage on our capability to improve productivity and cost efficiency. Lastly, we look forward to extending our reach globally and pursuing viable business opportunities that will generate greater value to our stakeholders.

CONTENTS

CHAIRMAN'S **STATEMENT**

"AS WE TRANSITION INTO FY2016 AGAINST A BACKDROP OF UNCERTAINTY IN OUR CORE OPERATING MARKETS, WE REMAIN STEADFAST IN OUR STRATEGIC FOCUS TO BUILD A SUSTAINABLE AND PROFITABLE BUSINESS MODEL FOR DESIGN STUDIO GROUP."

Tan Siok Chin
Non-Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our Annual Report for the financial year ended 31 December 2015 ("FY2015"). While the year in review was characterised by weak economic conditions and lacklustre property market sentiments in the region, Design Studio Group stayed on a profitable track to report a net profit after tax of S$16.8 million on revenue of S$166.9 million.

Design Studio Group's FY2015 results are testament to the quality and commitment of our management team and staff, as well as the underlying strength of our proven capabilities as a leading premier furniture manufacturer, product and interior fitting-out specialist.

Overall, the Group's margins remained fairly resilient at 20.7% in FY2015. Our cash and short-term deposits stood at S$54.1 million and our order book remains healthy. The value of our on-hand projects amounted to S$227.7 million[1], comprising a mix of contracts from an established customer base in Singapore and the region.

Consistent with our approach of sharing in the fruits of our labour and supported by our sound financial health, the Board is delighted to reward Shareholders with a total dividend of 6.50 Singapore cents per share in FY2015, translating into a dividend yield of 13.0%[2]. This dividend pay-out comprises a final dividend of 1.25 Singapore cents per share, the interim dividend of 1.25 Singapore cents per share declared in August 2015 as well as a special dividend of 4.00 Singapore cents per share.

[1] As at 19 February 2016
[2] Based on Design Studio Group's closing share price of S$0.50 on 18 February 2016

The Year in Review and Beyond

Overall, our operating environment was challenging in FY2015. Singapore, our largest geographical market at 84.9% of FY2015 revenue, registered a slower economic growth of 2.1% for the year, and its residential property market remained subdued due to the property cooling measures. Across the Causeway, Malaysia's property market was also weak due to property cooling measures and the implementation of a Goods and Services Tax (GST) in April 2015. The People's Republic of China (the "PRC" or "China"), another strategic market for the Group, saw its economic growth rate slowing to a 25-year low of 6.9%. For FY2015, the Malaysian and China markets respectively accounted for 10.6% and 0.2% of total Group revenue.

Even as the overall business environment remained difficult, with slowing market demand bringing about increased competition and pricing pressures among industry players, Design Studio Group maintained a steadfast commitment towards growth, and focused on the execution of our business strategies. Leveraging the Group's strong brand and reputation for delivering quality projects on a timely basis, we continue to strengthen our product and service offering to existing and new clients globally. We kept a close watch on strategic opportunities to replenish our order book, and successfully secured 19 new contracts in FY2015 across multiple geographical markets. On the costs front, the manufacturing capability of our China production facility is enabling Design Studio Group to reap better costs efficiencies.

For our distribution business, the Group came to the end of its exclusive distribution partnership with SieMatic Möbelwerke GmbH & Co. KG ("SieMatic") on 1 January 2016. We will continue to work with SieMatic on a project basis as and when opportunities arise.

As we transition into FY2016 against a backdrop of uncertainty in our core operating markets, we remain steadfast in our strategic focus to build a sustainable and profitable business model for Design Studio Group. Backed by our sound fundamentals and a diverse base of customers spanning the residential, commercial and hospitality sectors, I believe that Design Studio Group is well-positioned to weather challenges that may come our way and emerge stronger.

Welcoming our New CEO and Director

On behalf of the Board, I extend our warmest welcome to our new Chief Executive Officer, Mr Ku Wei Siong. Mr Ku brings with him strong credentials and a wealth of experience in the real estate sector. His leadership skills, experience and deep relationships with many of Design Studio Group's customers are invaluable. The Board and I look forward to working with Mr Ku and the team as we continue on our growth journey.

During the year, our Non-Executive Director, Mr Mhd. Nadim Akhras had left the Board, and I would like to express the Board's appreciation for his contributions and for bringing valuable insights to the Board during his tenure. I would also like to welcome Mr Roderick David Maciver to the Board as a Non-Executive Director, and as a member of the Nominating and Remuneration Committees.

In Closing

Despite our established market position, we remain alert to potential headwinds from the volatile economy and uncertain property markets. We believe that Design Studio Group has in place strong foundations for our businesses, and are well-positioned to sustain and expand upon our credible performance.

In closing and on behalf of the Board of Directors, I would like to extend my heartfelt gratitude and appreciation to the team at Design Studio Group. It is your passion and hard work that has ensured our market leading position amid a challenging environment. I would also like to thank our partners and customers for their support and feedback which drives us to strive harder and inspires us to innovate. Finally, we thank you, our shareholders, for your commitment and support. Let us continue to work together to build an even better future for Design Studio Group in 2016.

Tan Siok Chin
Non-Executive Chairman

ADVANCING STEADILY

Our drive to succeed is guided by our vision to be Asia's leading premier furniture manufacturer, interior fitting-out and product specialist. Our core competitive strength lies in our ability to utilise a myriad of latest technology and innovative methods to produce premium solutions for our clients.

In line with our strategies for sustainable growth, we continuously seek to capitalise on our core strengths while developing and implementing decisive responses to opportunities and challenges. Today we are well positioned to take our businesses to greater heights.

CEO'S BUSINESS **REVIEW**

"I WOULD LIKE TO REITERATE MY APPRECIATION TO OUR BOARD, MANAGEMENT AND STAFF FOR THE SUPPORT AND GUIDANCE RENDERED IN THE PAST MONTHS AS I TRANSITED INTO THIS NEW ROLE AS CEO OF DESIGN STUDIO GROUP. TO OUR VALUED CLIENTS, BUSINESS PARTNERS, AND SUPPLIERS, THANK YOU FOR YOUR UNWAVERING SUPPORT AND I LOOK FORWARD TO MORE OPPORTUNITIES IN WORKING WITH YOU. FINALLY YET IMPORTANTLY, MY HEARTFELT GRATITUDE GOES TO OUR LOYAL SHAREHOLDERS FOR THE CONTINUING FAITH IN US"

Ku Wei Siong
Chief Executive Officer

Dear Shareholders,

2015 had proven to be a challenging year for both the global economy and Design Studio Group. As such, in my first annual report as CEO, I would like to extend my sincere appreciations to all our valued customers for their support in 2015; and to our management and employees for their loyalty, dedication and hard work.

Financial Review

Design Studio Group delivered firm results in FY2015, with revenue of S$166.9 million, net profit after tax of S$16.8 million and earnings per share of 6.48 Singapore cents. While the overall earnings were lower than the previous financial year, our core business divisions continue to demonstrate strength in light of the slower business environment.

The Hospitality and Commercial division remained our largest revenue contributor at 55.7% of total FY2015 revenue, and achieved a 4.6% increase in contributions to S$92.9 million, from S$88.8 million a year ago. The Distribution division accounted for the remaining S$0.4 million of Group revenue in FY2015.

The Residential Property division accounted for approximately S$73.6 million or 44.1% of total FY2015 revenue, a decrease of 16.7% from S$88.4 million in FY2014. The lower year-on-year contribution was mainly a result of fewer project completions and a soft property market in the Group's core geographical markets of Singapore, Malaysia and China.

Geographically, Singapore continues to be our largest market with contributions of S$141.8 million or 84.9% of total revenue. Revenue from Singapore declined from S$149.1 million in FY2014, due mainly to fewer residential property projects completed during the review year. Malaysia, our second largest geographical market at 10.6% of FY2015 revenue, contributed S$17.7 million in the review year, compared to S$19.8 million in FY2014. This was largely due to a slower completion pace for the Group's hospitality and commercial projects in Malaysia.

Revenue from China in FY2015 was S$0.3 million compared to S$5.1 million a year ago, due mainly to the completion of key projects in the prior year. Revenue from other countries, which includes Japan, UAE, Thailand, and USA rose to S$7.1 million in FY2015, from S$3.8 million a year ago, backed by the completion of a Japan project.

The Brownstone: Image Courtesy of City Developments Limited

The Group's gross margin, while lower due to an overall decrease in project margins, remained healthy at 20.7% in FY2015, compared to 22.3% in FY2014.

Marketing and distribution expenses in FY2015 were lower by 19.8% to S$4.8 million, from S$5.9 million in FY2014 due mainly to a reduction in staff costs and related travelling expenses, as well as lower showrooms expenses incurred in China.

CEO'S BUSINESS **REVIEW**

The Criterion: Image Courtesy of City Developments Limited

General and administrative expenses rose marginally by 3.8% to S$10.3 million in FY2015, from S$10.0 million in FY2014, due mainly to higher foreign exchange charges and professional fee, offset by a decrease in staff cost.

As a whole, we ended the review year with a net profit after tax of S$16.8 million, compared to S$20.6 million a year ago. Our balance sheet also remains healthy with a net cash position of S$54.1 million with no borrowings.

Operational Review

I am proud of the way we finished the year with a solid and steady financial performance even against the backdrop of tepidity in the economies and property markets of where we operate. Our resilience is underpinned by Design Studio Group's established brand name and unparalleled track record, which continues to win us the confidence of a well-established, reputable, tier-1 customer base in Singapore and across the region.

Operationally, our contract win momentum in 2015 was encouraging with 19 new projects across multiple geographical markets. Our strong showing on the business development front once again demonstrates the breadth and depth of Design Studio Group capabilities as a premier furniture manufacturer and interior fitting-out specialist.

Residential Property

Even from our early beginnings, the Residential Property segment has been a cornerstone of Design Studio Group's growth and success. Over the years, we have, through our commitment to quality and innovation, built up an enviable project portfolio. We have established a leadership status as the premier furniture specialist in Singapore's residential property market. Leveraging our well-earned successes in the domestic market, we have since set our sights on the international stage, and is today an active participant in opportunities across the globe.

The review year continues to be a busy one for Design Studio Group, as we sought out and secured participation in a series of exciting residential developments in the region, including:

- The Brownstone, a 638-unit executive condominium by City Developments Limited, located in Sembawang
- The Criterion, a 505-unit executive condominium located in Yishun, also by City Developments Limited
- Highline Residences, a 500-unit condominium development by Keppel Land Limited, located in Tiong Bahru
- Marina One Residences, a 1,042-unit condominium developed by M+S Pte. Ltd, a company owned 60:40 by Khazanah Nasional Bhd. and Temasek Holdings Pte. Ltd respectively
- Signature at Yishun, a 525-unit executive condominium developed by JBE Holdings Pte Ltd.

Outside of Singapore, we improved the Group's market presence in Malaysia with new projects for joinery and related fitting-out works. These include:

- Le Nouvel KLCC at Kuala Lumpur, a 195-unit condominium development developed by Wing Tai Malaysia Berhad
- Puteri Cove Residences at Puteri Harbour Iskandar, a 658-unit condominium jointly developed by established Singapore real estate companies – Pacific Star Group and DB2 Group.

Across the wider region, significant contract wins during the year included a new project in New York City, USA for the provision of kitchen cabinets to the 626 First Avenue residential development and joinery works for the Politan Rive condominium in Bangkok, Thailand.

Puteri Cove Residences: Image Courtesy of Pacific Star Group

Swissôtel Merchant Court, Singapore: Image Courtesy of Swissôtel Merchant Court Singapore

Hospitality and Commercial

The Group's Hospitality and Commercial division, operated under our wholly-owned DDS Group, is another core aspect of Design Studio Group's growth strategy. In 2015, DDS Group continues to tap on its holistic suite of interior fitting-out solutions to pursue opportunities across the regional hospitality and commercial sectors, closing the year with eight new contract wins with a combined value of S$86.8 million.

DDS Group's project wins in Singapore and Malaysia include:

- Additions and alteration works for Swissôtel Merchant Court in Singapore
- Interior design and fitting-out works to the 150-room W Hotel Kuala Lumpur
- Interior design and fitting out works at the shopping mall within Four Seasons Place in Kuala Lumpur
- Interior design, fitting out and timber works for the 6-star luxury Aman Desaru Resort and Villa in Malaysia's Desaru Coast

The Group's foray into the wider region also gained traction with:

- A new project in the Middle East for the Fairmont Hotel Abu Dhabi Hotel in the United Arab Emirates
- A cruise ship fitting out contract from Carnival Corporation & plc

The Path Ahead

We move into 2016 with renewed concerns over a global economic slowdown: China, the world's second largest economy, is projecting slower growth in 2016. Meanwhile, our home market of Singapore has forecasted low GDP growth in the 2-3% range. The soft outlook may inevitably limit growth prospects and we will stay vigilant of risk factors that could impact our businesses.

Even against this backdrop, we hold a firm commitment towards value-generation for our stakeholders. Design Studio Group is an established industry name, and we will seek to leverage the Group's premier branding to target available opportunities in our core markets of Singapore, Malaysia and China. To expand revenue streams, we are tapping further opportunities to expand our geographical footprint in the emerging and international markets. On the operational level, we will strive to maintain the highest of qualities for our products and services, while keeping a close watch on cost and improving operational efficiency to stay competitive.

With the above strategies, I believe the Group is well-positioned to endure challenges that may come our way.

Appreciation

In closing, I would like to reiterate my appreciation to our Board, management and staff for the support and guidance rendered in the past months as I transited into this new role as CEO of Design Studio Group. To our valued clients, business partners, and suppliers, thank you for your unwavering support and I look forward to more opportunities in working with you. Finally yet importantly, my heartfelt gratitude goes to our loyal shareholders for the continuing faith in us.

Much of our success is due to the invaluable support of all our stakeholders, and I sincerely look forward to your continued support and confidence in the years ahead. Thank you!

Ku Wei Siong
Chief Executive Officer

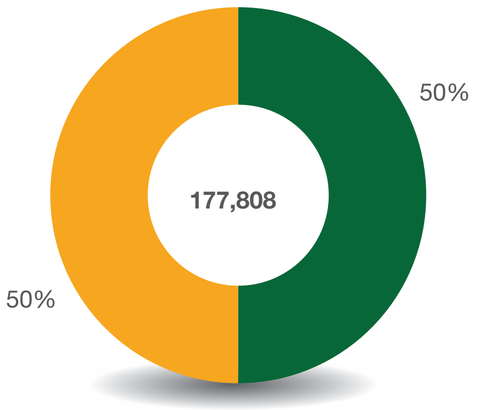
The Politan @ Bangkok: Image Courtesy of Euro Creations

WINNING MOVES

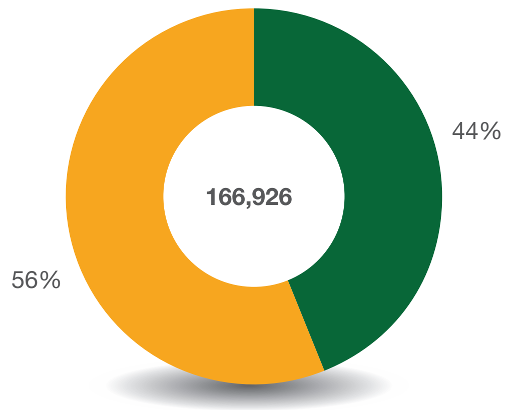
At Design Studio, building and strengthening relationships with our clients is pivotal to our strategy. We are very focused on strengthening product and service offering to our existing clients, gaining their trust and support. Internally, we seek to gain greater stakeholder trust by upholding integrity and transparency in our businesses. These efforts translate to a sustainable and better Design Studio!

FINANCIAL **HIGHLIGHTS**

Group revenue by business segments
(in S$'000)



2014

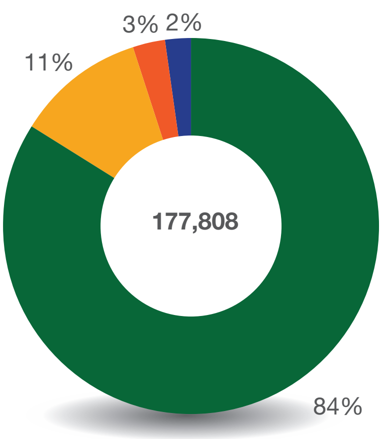


2015

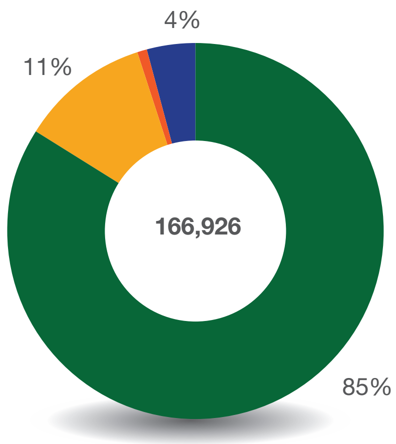
Residential property projects Hospitality and commercial projects Distribution projects

	Residential property projects	Hospitality and commercial projects	Distribution projects
2014	88,391	88,839	578
2015	**73,591**	**92,941**	**394**

Group revenue by geography
(in S$'000)



2014

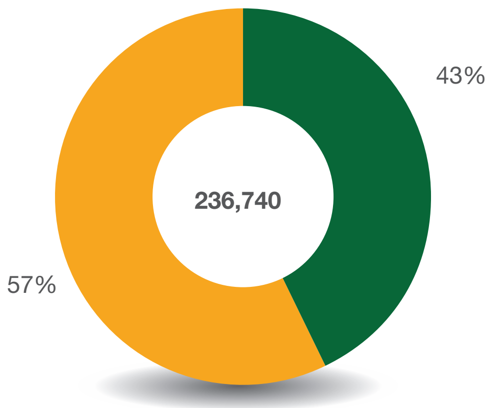


2015

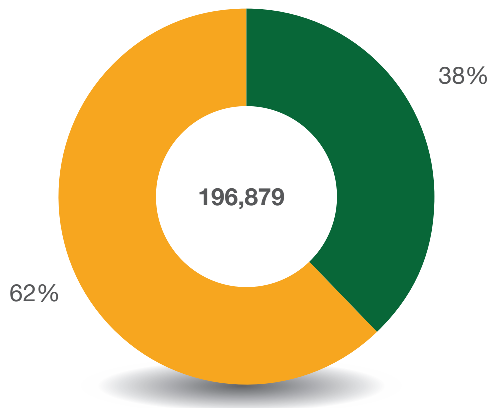
Singapore Malaysia People's Republic of China Others

	Singapore	Malaysia	People's Republic of China	Others
2014	149,072	19,829	5,084	3,823
2015	**141,760**	**17,652**	**340**	**7,174**

Order book on hand by business segments
(in S$'000)



As at 31 December 2014

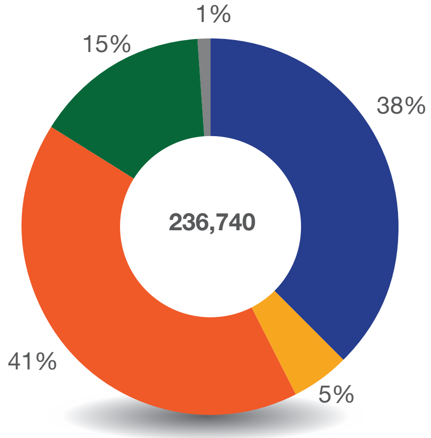


As at 31 December 2015

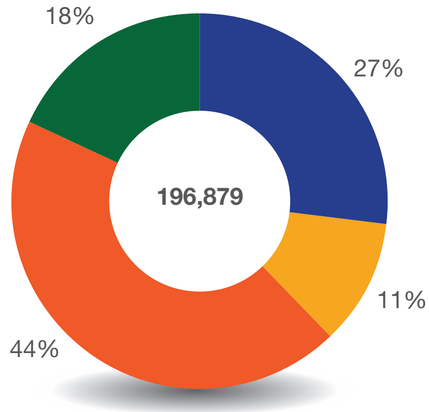
Residential property projects | Hospitality and commercial projects | Distribution projects

	Residential property projects	Hospitality and commercial projects	Distribution projects
As at 31 December 2014	100,801	134,665	1,274
As at 31 December 2015	**74,501**	**122,247**	**131**

Order book on hand by business segment and geography
(in S$'000)



As at 31 December 2014



As at 31 December 2015

Residential property projects - Local | Residential property projects - Export | Hospitality and commercial projects - Local | Hospitality and commercial projects - Export | Distribution - Local

	Residential property projects - Local	Residential property projects - Export	Hospitality and commercial projects - Local	Hospitality and commercial projects - Export	Distribution - Local
As at 31 December 2014	89,478	11,323	98,866	35,799	1,274
As at 31 December 2015	**52,844**	**21,657**	**87,316**	**34,931**	**131**

FINANCIAL **SUMMARY**

FIVE YEARS FINANCIAL SUMMARY

Income Statement

(in S$'000)	2011	2012	2013	2014	2015
Revenue	93,222	160,631	178,097	177,808	**166,926**
Gross profit	27,176	31,748	30,539	39,604	**34,565**
Profit from operations	16,159	14,767	15,326	23,827	**19,642**
Profit before tax	18,746	14,781	15,340	23,866	**19,795**
Profit net of tax	15,257	11,663	11,945	20,582	**16,877**

Balance Sheet

(in S$'000)	2011	2012	2013	2014	2015
Property, plant & equipment	25,886	26,793	24,697	21,128	**18,543**
Inventories	11,610	15,031	14,774	14,002	**13,690**
Construction work-in-progress	6,776	7,103	6,394	9,755	**5,654**
Trade receivables	28,220	53,012	52,823	60,981	**46,787**
Cash and fixed deposits	28,611	29,095	44,877	48,404	**54,107**
Trade payables	6,175	13,166	16,084	18,726	**14,687**
Accrued operating expenses	11,731	22,026	28,575	33,301	**22,038**
Deposits received	2,463	2,615	2,873	1,766	**1,777**
Shareholders' equity	94,758	102,451	105,477	109,429	**106,546**
Total assets	119,163	145,030	157,179	168,241	**148,967**
Total liabilities	24,405	42,579	51,702	58,812	**42,421**

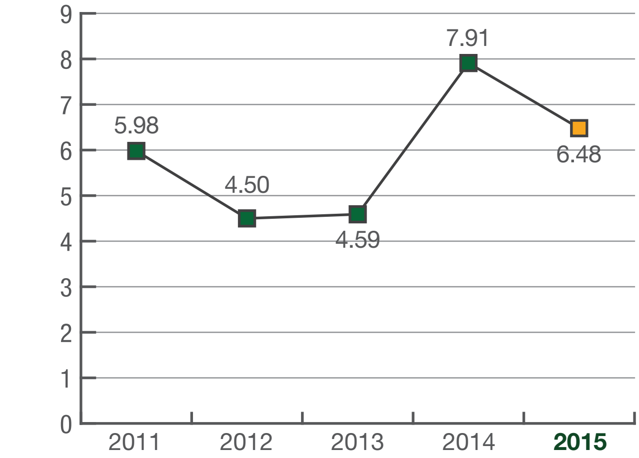
Cash Flow

(in S$'000)	2011	2012	2013	2014	2015
Operating activities	16,642	11,133	26,741	20,966	**26,221**
Investing activities	(16,325)	(7,187)	(1,199)	(457)	**(924)**
Financing activities	(5,189)	(4,178)	(7,606)	(16,915)	**(19,011)**
Net Movement	(4,872)	(232)	17,936	3,594	**6,286**

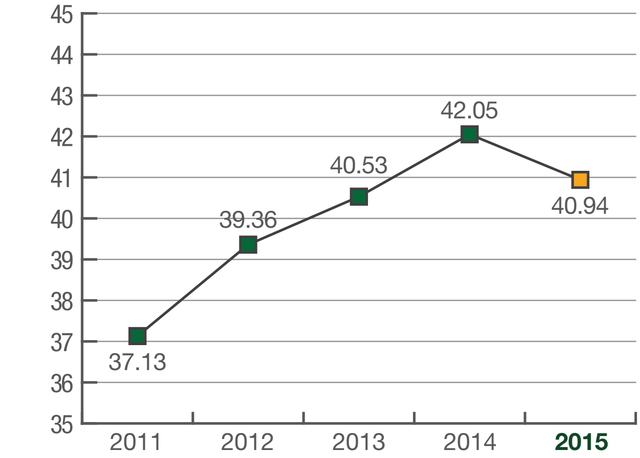
Financial Ratios

	2011	2012	2013	2014	2015
Earnings per share (S$cents)	5.98	4.50	4.59	7.91	**6.48**
Net asset value per share (S$cents)	37.13	39.36	40.53	42.05	**40.94**
Dividend per share (S$cents)	2.50	4.00	6.50	6.50	**6.50**
Return on equity (%)	16.10	11.38	11.32	18.81	**15.84**
Return on assets (%)	12.80	8.04	7.60	12.23	**11.33**
Current ratio	3.00	2.53	2.35	2.32	**2.67**

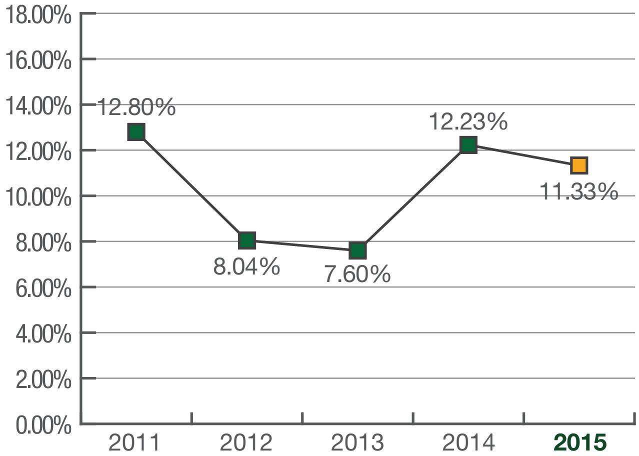
Earnings per share
(in S$cents)



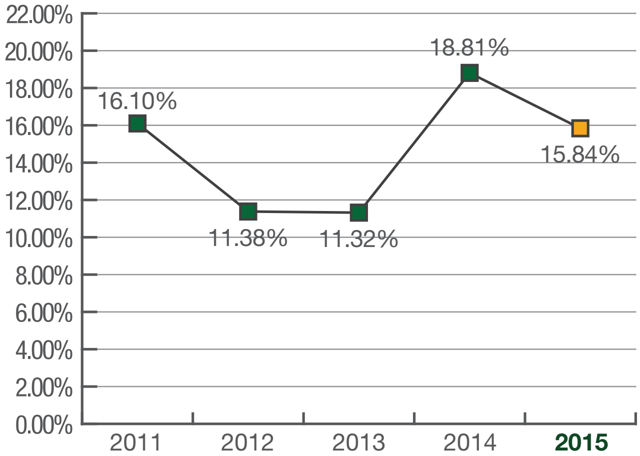
Net asset value per share
(in S$cents)



Return on assets
(%)

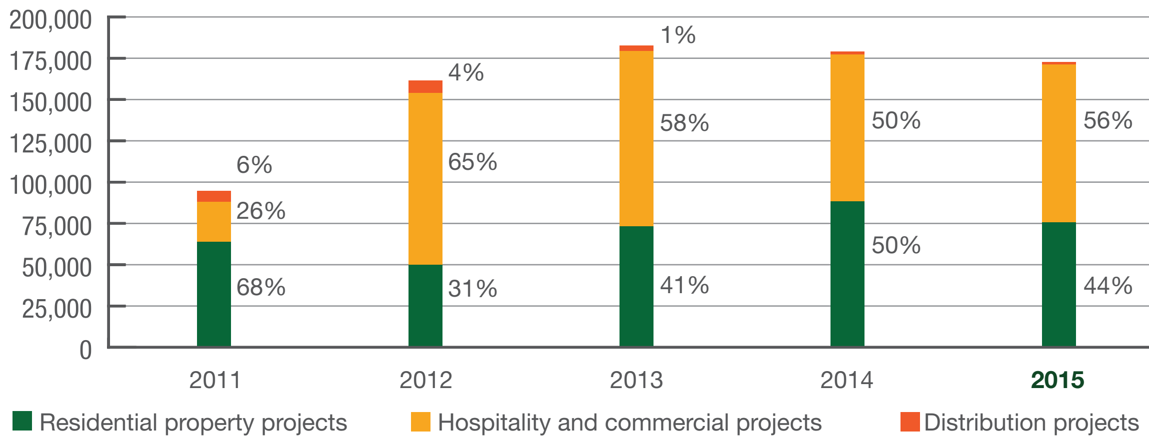


Return on equity
(%)



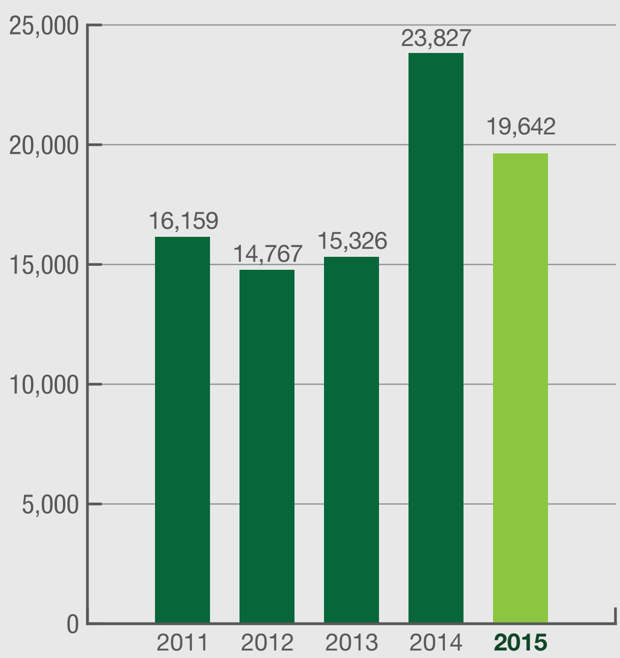
FINANCIAL SUMMARY

Group revenue by business segments
(in S$'000)

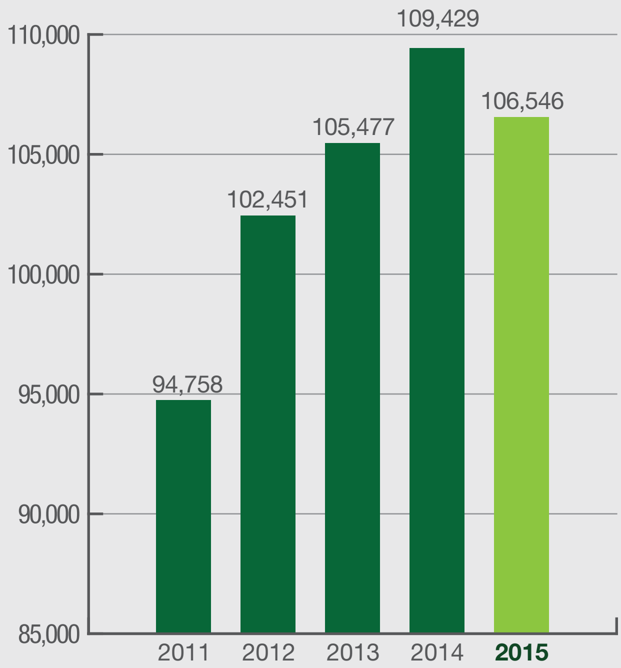


	2011	2012	2013	2014	2015
Residential property projects	63,790	49,949	71,974	88,391	73,591
Hospitality and commercial projects	24,348	103,990	104,011	88,839	92,941
Distribution projects	5,084	6,692	2,112	578	394
	93,222	**160,631**	**178,097**	**177,808**	**166,926**

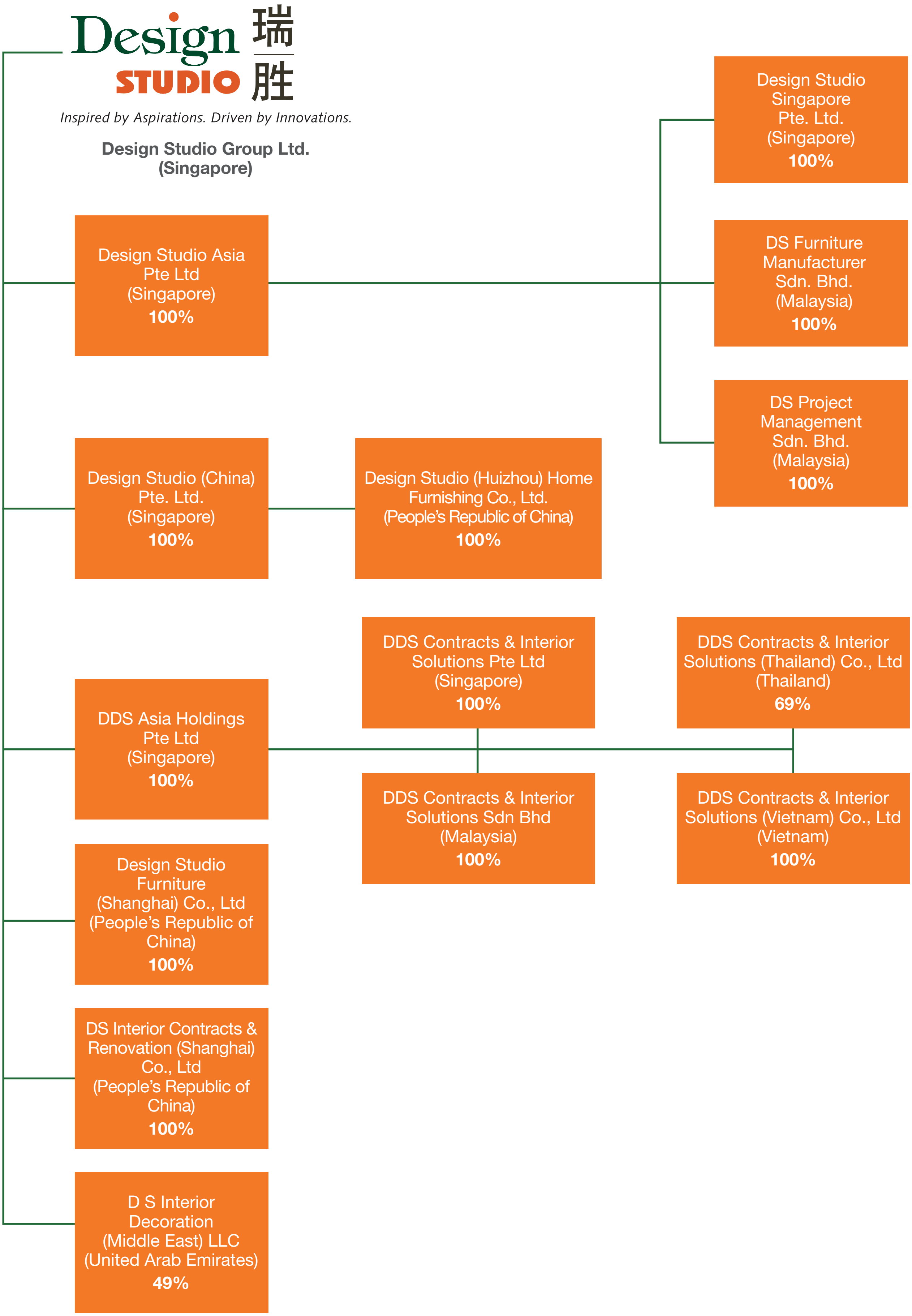
Profit from operations
(in S$'000)



Shareholders' equity
(in S$'000)



CORPORATE **STRUCTURE**



EXPLORING MORE POSSIBILITIES

Over the years, we have taken measured steps to deepen our presence in the key markets we operate, namely Singapore, Malaysia and China. Despite the implementation of cooling measures of the property sectors by the local government, we believe these markets still offer spaces of opportunities for us to explore, especially in China.

BOARD OF **DIRECTORS**

Tan Siok Chin
(Non-Executive Chairman)

Ms Tan Siok Chin was appointed as an Independent Director of our Company on 1 January 2006 and on 1 June 2012, she was appointed as the Non-Executive Chairman of the Board. Ms Tan practices as an advocate and solicitor in Singapore. She is a Director of ACIES Law Corporation, a firm of advocates and solicitors heading its corporate practice group.

Ms Tan has over two decades of experience in legal practice. Her main areas of practice are corporate finance, mergers and acquisitions, capital markets and commercial matters.

Ms Tan is also an independent director of several other public companies listed on the SGX-ST. Ms Tan graduated from the National University of Singapore with a Bachelor of Law (Honours) degree.

Ku Wei Siong
(Executive Director and Chief Executive Officer)

Mr Ku Wei Siong was appointed as the Chief Executive Officer of Design Studio Group on 1 September 2015. He is responsible for the Group's overall strategic direction, growth, business development and operations for the Group.

Before joining the Design Studio Group, Mr Ku was with CapitaLand GCC Holdings, a subsidiary of CapitaLand Limited, as the Senior Vice President responsible for CapitaLand's investments and joint ventures in the Middle East. He held various appointments including CEO for Mubadala CapitaLand Real Estate LLC; Fund Manager and Director for RCB Fund; and General Director for the JV in Kazakhstan.

Mr Ku had also held senior management positions with Oracle Asia Pacific; Sun Microsystems Asia South and Arthur Anderson.

Mr Ku holds a Master of Business Administration as well as a Bachelor of Engineering (First Class Honours) from the National University of Singapore.

Kelly Ng Chai Choey
(Executive Director)

Ms Kelly Ng Chai Choey was appointed as Executive Director on 15 September 2008. She is responsible for the Group's financial and corporate functions, including treasury, tax, risk management, corporate communications and investor relations. In addition, she is assisting the Chief Executive Officer in overseeing the Group's business operation.

Ms Ng has more than 24 years working experience in tax, finance and accounting field with big four accounting firm and various companies in construction, pulp & paper and shipping industries. She is a fellow member of the Institute of Singapore Chartered Accountants and Association of Chartered Certified Accountants. She is also a member of the Singapore Institute of Directors.

Ong Tiew Siam
(Independent Director)

Mr Ong Tiew Siam was appointed as our Independent Director on 1 March 2007. He has more than 36 years of experience in finance and administrations.

Mr Ong graduated with a Bachelor of Commerce (Accountancy) (Honours) degree in 1975 from the Nanyang University, Singapore and is a fellow member of the Institute of Singapore Chartered Accountants. He is also a member of the Singapore Institute of Directors. Mr Ong also sits on the board of several listed companies.

Muhammad Umar Saleem
(Non-Executive Director)

Mr Muhammad Umar Saleem was appointed as Non-Executive Director on 9 November 2010. Mr Saleem is Depa's Group CFO. Mr Saleem has over 25 years of experience in Corporate Finance, Operations Management, Business Consulting and Restructuring across a broad spectrum of industries. Prior to joining Depa, Mr Saleem was a Senior Director at Alvarez & Marsal and was also the General Manager of the firm's Saudi practice. Prior to that, he was a Senior Vice President and Chief Financial Officer at Tech Access, one of the leading technology distributors in the MENA region. Mr Saleem has also held various leadership roles in the consulting practices of IBM Canada, Oracle Middle East and PricewaterhouseCoopers. Mr Saleem also worked as Financial Controller and Senior Investment Analyst at Majid Al-Futtaim Group in UAE where he was instrumental in streamlining the Finance operations of multiple subsidiaries and conducted investment appraisals and due diligence on a number of projects.

Mr Saleem is a fellow member of The Institute of Chartered Accountants in England & Wales (ICAEW) and is also a Certified Information Systems Auditor (CISA).

Roderick David Maciver
(Non-Executive Director)

Mr Roderick David Maciver was appointed as a Non-Executive Director of our Company on 9 November 2015. Mr Maciver is Depa Limited's Vice Chairman.

Mr Maciver has over 36 years of experience in the construction industry in the Middle East, including periods as a Managing Director for Wimpey International and Managing Director, Operations for both Tarmac International and more recently Carillion International. Since retiring from full time employment in 2006, Mr Maciver has worked as an adviser to various companies, for the past six years, majorly to Consolidated Contractors Company (CCC) and Al-Futtaim Group Real Estate.

Mr Maciver is a member of the Chartered Institute of Building (MCIOB) and holds an HNC in Building (Structural Engineering Stream).

CORPORATE **INFORMATION**

Board of Directors

Tan Siok Chin	(Non-Executive Chairman & Independent Director)
Ku Wei Siong	(Executive Director & Chief Executive Officer)
Kelly Ng Chai Choey	(Executive Director)
Muhammad Umar Saleem	(Non-Executive Director)
Roderick David Maciver	(Non-Executive Director)
Ong Tiew Siam	(Independent Director)

Audit Committee

Ong Tiew Siam	(Chairman)
Muhammad Umar Saleem	
Tan Siok Chin	

Remuneration Committee

Tan Siok Chin	(Chairman)
Ong Tiew Siam	
Roderick David Maciver	

Nominating Committee

Ong Tiew Siam	(Chairman)
Tan Siok Chin	
Roderick David Maciver	

Company Secretaries

Hazel Chia Luang Chew
Kelly Ng Chai Choey

Management Team

Ku Wei Siong	(Chief Executive Officer)
Kelly Ng Chai Choey	(Executive Director)
Jeremy Koh Kah Liam	(Director)
Chua Wei Ping	(Marketing Director)
Chew Keng Meng	(Chief Operating Officer of DDS Singapore)
Jack Chen	(Chief Operating Officer of DDS Malaysia)

Auditors

Ernst & Young LLP
Partner: Yong Kok Keong (appointed on 29 May 2015)

Principal Bankers

Oversea-Chinese Banking Corporation
United Overseas Bank
Citibank N.A. Singapore Branch

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place Singapore Land Tower
#32-01 Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

Registered Office

8 Sungei Kadut Crescent Singapore 728682
Tel: (65) 6367 0133
Fax: (65) 6366 2612
Website: www.designstudio.com.sg
www.designstudio.com.cn
Email: corpcommunications@designstudio.com.sg

The Board of Directors (the "Board") and the Management of Design Studio Group Ltd. (the "Company") and its subsidiaries (together, the "Group") are committed to maintaining a high standard of corporate governance within the Group, and in conformity with the principles and guidelines set out in the Code of Corporate Governance 2012 (the "Code"), where applicable, unless otherwise specified. Good corporate governance establishes and maintains a legal and ethical environment in the Group to preserve the interest of all shareholders.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The Board meets regularly to:-

- Oversee the business affairs of the Group by providing entrepreneurial leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- Approve financial objectives and business strategies;
- Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding shareholders' interests and the Group's assets. Monitor the standard of performances and adequacy of such internal controls and risk management, both directly and through Board Committees set up by the Board;
- Review the Management's performance;
- Identify the key stakeholder groups and recognise their perceptions which affect the Company's reputation;
- Set the Company's values and standards (including ethical standards) and ensure shareholders' and stakeholders' obligations are understood and met; and
- Consider sustainability issues, for example environmental and social factors as part of its strategic formulation.

In order to ensure that our Group's business operations are not disrupted, Board and Board Committees meetings for the ensuing financial year are carefully scheduled prior to the start of each financial year. Ad-hoc meetings are also convened when circumstances require. The Company's Articles of Association provide for Directors to convene meetings other than physical meetings, via telephone conference, video conferencing or other similar means of communication.

The Board is supported by the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). These Board Committees were formed at the time of our listing on the SGX-ST and are chaired by Independent Directors.

The number of Board and Board Committees meetings held in the financial year ended 31 December 2015 ("FY2015") including the attendance of each member are set out below:-

	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
Directors	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**
Tan Siok Chin	5	5	4	4	1	1	2	2
Ku Wei Siong(1)	5	2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Kelly Ng Chai Choey	5	5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Roderick David Maciver(2)	5	N.A.	N.A.	N.A.	1	N.A.	2	N.A.
Muhammad Umar Saleem (3)	5	5	4	4	N.A.	N.A.	2	2
Ong Tiew Siam	5	5	4	4	1	1	2	2
Bernard Lim Leng Foo(4)	5	2	N.A.	N.A.	1	1	N.A.	N.A.
Mhd.Nadim Akhras(5)	5	4	N.A.	N.A.	1	N.A.	2	N.A.

(1) Mr Ku Wei Siong was appointed Executive Director and Chief Executive Officer on 1 September 2015.

(2) Mr Roderick David Maciver was appointed Non-Executive Director and a member of NC and RC on 9 November 2015.

(3) Mr Muhammad Umar Saleem resigned as a member of RC on 1 July 2015.

(4) Mr Bernard Lim Leng Foo resigned as Executive Director and Chief Executive Officer and a member of NC on 30 June 2015.

(5) Mr Mhd.Nadim Akhras was appointed a member of NC and RC on 1 July 2015. Subsequently, he resigned as Non-Executive Director and a member of NC and RC on 9 November 2015.

N.A. Not applicable

The Company has and will organise orientation programs for new Directors to familiarise themselves with the Group's operations and business and the relevant regulations and governance requirements. The Company will also provide training for the first-time Directors in areas such as accounting, legal and industry-specific knowledge, as appropriate. New Directors will be provided with a letter of appointment setting out their duties, obligations and terms of appointment.

Mr Ku Wei Siong, who was appointed to the Board in September 2015, was briefed by the Chairman and Executive Director, namely Ms Tan Siok Chin and Ms Kelly Ng Chai Choey; and Mr Roderick David Maciver, who was appointed to the Board in November 2015, was briefed by the Executive Director and Chief Executive Officer, namely Mr Ku Wei Siong, on the Group's business and operations. Both of them had attended a Directors' training conducted by Singapore Institute of Directors ("SID") to familiarise themselves with the roles and responsibilities of a Director of a listed company in Singapore.

Apart from the above-named new Directors, during FY2015, some Directors attended trainings/seminars conducted by SID on topics relating to duties of AC and RC as well as Board and Director Fundamentals, amongst others.

The Company will, if necessary, organise regular training for, or circulate memoranda to Directors to enable them to keep pace with relevant new laws, regulations and changing commercial risks from time to time, where such changes have a material bearing on the Group.

The Company Secretary, whose appointment and removal are subject to the Board's approval, attends all Board and Board Committees meetings. She provides advice, secretarial support and assistance to the Board and ensures that Board procedures are followed and the Company complies with the relevant rules and regulations applicable to the Company. The Directors have independent access to the Company Secretary at all times.

The Management provides the Board members with quarterly reports to keep them abreast with the Group's business development and performance. In addition, the Board members have separate and independent access to the executive officers, thus enabling them to make enquiries or seek clarifications on the Group's affairs.

The Board (whether individually or as a group) has, in the furtherance of its duties, access to independent professional advice, if necessary, at the Company's expenses.

The Board supervises the management and corporate affairs of the Group. The Board has adopted a set of internal guidelines specifying matters requiring the Board's approval. The Board has also given clear directions to the Management on matters (including setting thresholds for certain operational matters) that require the Board's approval.

Matters that require the Board's decision and approval include, amongst others, the following:-

- Annual budgets and business/financial performance of the Group;
- Major funding proposals, including investments and divestments;
- Interested person transactions;
- Dividend payments;
- Appointment of Directors and key management staff;
- Convening of shareholders' meetings; and
- Internal controls and risk management strategies and execution.

Principle 2: Board Composition and Guidance

As at the date of this report, the Board comprises the following members:-

Tan Siok Chin	(Non-Executive Chairman & Independent Director)
Ku Wei Siong	(Executive Director & Chief Executive Officer)
Kelly Ng Chai Choey	(Executive Director)
Roderick David Maciver	(Non-Executive Director)
Muhammad Umar Saleem	(Non-Executive Director)
Ong Tiew Siam	(Independent Director)

The Board, through its NC, examines, on an on-going basis, the size and the composition of the Board in order to evaluate the Board's effectiveness in carrying out its duties. The NC is of the view that the current Board size is appropriate and effective in carrying out its duties, taking into account the nature and scope of the Group's operations. The current Board comprises persons, who as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Group, and also provide core competencies necessary to meet the Group's objectives.

To assist in discharging its duties, the Board has delegated certain functions to the AC, NC and RC, which operate under clearly defined terms of reference.

The NC has reviewed and is satisfied that with the Independent Directors making up at least one-third of the number of Directors and that the Board has an independent element that sufficiently enables the Board to exercise objective judgement on corporate affairs independently from the Management. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Non-Executive Directors constructively challenge the Management and assist in the development of proposals on strategy. The Non-Executive Directors also review the performance of the Management.

Non-Executive Directors also meet regularly without the presence of the Management.

Principle 3: Non-Executive Chairman and Chief Executive Officer

The Company adopts a dual leadership structure. Ms Tan Siok Chin is the Non-Executive Chairman and Independent Director and Mr Ku Wei Siong is the Chief Executive Officer. The Chairman of the Board and the Chief Executive Officer are not related to each other. There is a clear division of responsibilities between the Non-Executive Chairman and Chief Executive Officer, which provides a balance of power and authority.

The Non-Executive Chairman approves the agenda for Board meetings and ensures the timeliness and quality of information flow between the Board and the Management.

The role of the Non-Executive Chairman is to:-

- Lead the Board to ensure its effectiveness on all aspects of its role;
- Set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- Promote a culture of openness and constructive debate at the Board;
- Ensure that the Directors receive complete, adequate and timely information from the Management;
- Ensure effective communication with shareholders;
- Encourage constructive relations within the Board and between the Board and the Management;
- Facilitate the effective contribution of Non-Executive Directors in particular; and
- Promote high standards of corporate governance.

The Chief Executive Officer is responsible for the day-to-day operations of the Group and implementations of the Board's decisions.

The balance of power and authority is further enhanced by the three Board Committees, namely AC, NC and RC which are all chaired by Independent Directors.

The Company does not have any Lead Independent Director given that the Chairman and the Chief Executive Officer are separate persons and are not immediate family members; the Chairman is also not part of the Management team and is an Independent Director.

Independent Directors also meet regularly without the presence of the other Directors.

Principle 4: Board Membership

The Company believes that Board renewal should be an on-going process in order to ensure good corporate governance. In accordance with the Company's Articles of Association, at least one-third of the Directors shall retire by rotation at each annual general meeting ("AGM"). All new Directors appointed by the Board shall retire at the next AGM following their appointments. The Director retiring from office shall be eligible for re-election at the AGM. The following Directors who will be due to retire at the 2016 AGM have offered themselves for re-election at the 2016 AGM:-

- Director retiring by rotation under Article 102 of the Articles of Association

  (i) Ong Tiew Siam

- Newly Appointed Directors retiring under Article 106 of the Articles of Association

  (i) Ku Wei Siong
  (ii) Roderick David Maciver

The NC has recommended to the Board the above-named Directors for re-appointment at the 2016 AGM having regard to their performance and contributions and taking into account the participation and attendance of these Directors at Board and Board Committees meetings, as appropriate.

The Company does not have any Alternate Directors.

As at the date of this report, the NC comprises the following members:-

Ong Tiew Siam	(Chairman)
Tan Siok Chin	(Member)
Roderick David Maciver	(Member)

The NC is authorised by the Board to:-

- Develop and maintain a formal and transparent process and make recommendations to the Board on all Board appointments and re-appointments, composition of the Board and its Board Committees;

- Develop and maintain a formal and transparent process for evaluation of the performance of the Board, its Board Committees and Directors;

- Review Board succession plans for Directors, in particular, the Chairman and for the Chief Executive Officer; and

- Review training and professional development programs for the Board.

The NC takes the lead in identifying, evaluating and selecting suitable candidates for new directorships. The NC uses its best efforts to ensure that the Directors appointed to the Board possess the relevant background, experience and knowledge and that each Independent Director brings to the Board an independent and objective perspective to enable the making of balanced and well-considered decisions.

The NC has formalised procedures for the selection, appointment and re-appointment of Directors.

The NC also reviews the independence of the Non-Executive Directors annually, in accordance with the guidelines on independence set out in the Code and the Board structure, size and composition and makes recommendation to the Board if any adjustment is necessary.

The NC has reviewed the independence of the Board members and is of the opinion that Ms Tan Siok Chin and Mr Ong Tiew Siam are independent.

As at 16 March 2016, both the Independent Directors, namely, Ms Tan Siok Chin ("Ms Tan") and Mr Ong Tiew Siam ("Mr Ong"), had served the Board for more than nine years. The NC and Board had assessed and were of the view that both Ms Tan and Mr Ong are independent as they have continued to demonstrate independence in judgement in the best interest of the Company in the discharge of their duties as Directors and through their active participations and objective questioning of all matters discussed at Board and Board Committees meetings. In addition, Ms Tan and Mr Ong had continued to provide overall guidance to the Management and in protecting the Company's assets and shareholders' interests. Accordingly, the NC and Board have determined that both Ms Tan and Mr Ong shall continue to be Independent Directors.

Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. The NC has determined the maximum number of listed company board representations which any Director may hold to be five.

Key information regarding the Directors as at 16 March 2016 is set out below:-

Name of Director	Date of First Appointment	Date of Last Re-appointment	Directorships or Chairmanships in Other Listed Companies		Other Principal Commitments
			Present	Past (Preceding 3 Years)	
Tan Siok Chin	1 January 2006	24 April 2014	Independent Director of Cosmosteel Holdings Limited Non-Executive Director of Valuetronics Holdings Limited	Nil	Director of ACIES Law Corporation
Ku Wei Siong	1 September 2015	N.A.	Nil	Nil	Nil
Kelly Ng Chai Choey	15 September 2008	23 April 2015	Nil	Nil	Nil
Roderick David Maciver	9 November 2015	N.A.	Vice Chairman and Independent Director of Depa Limited	Non-Executive Director of Al-Futtaim Group Real Estate	Adviser to Consolidated Contractors Company (CCC)
Muhammad Umar Saleem	9 November 2010	23 April 2015	Nil	Nil	CFO of Depa Group
Ong Tiew Siam	1 March 2007	24 April 2013	Independent Director of:- Fung Choi Media Group Limited (Joint Provisional Liquidators Appointed) Tat Hong Holdings Ltd Valuetronics Holdings Limited	Independent Director of:- Ace Achieve Infocom Limited Lizhong Wheel Group Ltd.	Director of Thomson Ng Chwee Cheng Foundation Limited

Further information on the Directors' background, experience and skills is found in the "Board of Directors" section in this Annual Report. In addition, information on the shareholding held by each Director in the Company and its related corporations is found on page 40 of this Annual Report.

Principle 5: Board Performance

The NC will review and evaluate the performance of the Board as a whole, taking into consideration, attendance records at respective Board and Board Committees meetings as well as the contribution of each individual Director to the Board's effectiveness.

In evaluating the Board performance, the NC implements a self-assessment process that requires each Director to complete and submit a board evaluation form for the year under review. This self-assessment process takes into account, *inter alia*, the Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with top management and standard of conduct. In addition, members of the Board are required to complete peer assessment checklists to identify their strengths, weaknesses and contributions to the effectiveness of the Board. No external facilitator had been appointed by the Board for this purpose.

Performance evaluation of the Board Committees as a whole will be carried out, as recommended by the Code, in respect of the financial year ending 31 December 2016.

Principle 6: Access to Information

All Board members have separate and unrestricted access to the Management and the Company Secretary in carrying out their duties.

To enable the Board to fulfil its responsibilities, the Management is required to provide quarterly reports to the Board on the Group's activities. Under the direction of the Non-Executive Chairman and Chief Executive Officer, the Company Secretary ensures good information flows within the Board and its committees and between the Management, Non-Executive Directors and Independent Directors. An agenda for Board meetings together with the relevant papers which are prepared in consultation with the Non-Executive Chairman are usually circulated before the holding of each Board and Board Committees meeting. This allows control over the quality, quantity and timeliness of the flow of information between the Management and the Board. The Company Secretary also assists to facilitate orientation and professional development as and when required.

To keep pace with regulatory changes that have an important bearing and effect on our Company and Directors, the Board members will be required to attend briefing sessions conducted during Board meetings or at specially convened sessions conducted by professionals.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

As at the date of this report, the RC comprises the following members:-

Tan Siok Chin	(Chairman)
Ong Tiew Siam	(Member)
Roderick David Maciver	(Member)

The RC has three members comprising entirely of Non-Executive Directors, the majority of whom, including the Chairman are independent. The RC is authorised by the Board to:-

- Review and recommend to the Board a general framework of remuneration for the Board and key management personnel. The review covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowance, bonus, annual incentive bonus and benefits in-kind;

- Review and recommend to the Board the specific remuneration packages for each Director as well as for the key management personnel, covering all aspect of remuneration matters, as well as the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service; and

- Maintain an effective working relationship with the Board and the Management while refraining from interfering in any business decisions.

In reviewing the remuneration packages, the RC takes into account the current market circumstances and the need to attract and retain Directors of experience and good standing. The RC has full authority to obtain external professional advice on matters relating to remuneration should the need arises. In respect of fees for the Non-Executive Directors and Independent Directors, the Board would table its recommendation at the 2016 AGM for shareholders' approval.

The Company did not appoint any remuneration consultants in FY2015.

Our Executive Directors have entered into service agreements with the Company, subject to renewal every three years. The review of service contracts for Executive Directors come under the purview of the RC and the RC ensures that fair and reasonable terms of service are aligned with performance. Executive Directors are paid a fixed salary and a performance incentive bonus from the Group's incentive bonus pool. The performance incentive bonus pool is calculated based on profit before taxation of the Group for each financial year. The allocation of the performance incentive bonus to the Executive Directors is at the discretion of RC based on the Executive Directors' performance.

Having reviewed and considered the incentive components of remuneration of the Executive Directors and key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The RC will review the feasibility of implementing such contractual provisions when appropriate.

Executive Directors do not receive Directors' fees and attendance fees.

The RC also implements and administers the Company's Share Based Incentive Plan which comprises the Design Studio's Employee Share Option Scheme (the "ESOS") and Design Studio's Performance Share Plan (the "PSP"), (collectively the "Share Plans") to ensure that suitable candidates are retained and recruited. Key terms of the ESOS and PSP are summarised as below:-

(a) Eligibility

The selection of an ESOS/PSP Participant will be determined by the RC at its absolute discretion. There shall be no restriction on the eligibility of any ESOS/PSP Participant to participate in any other share option schemes or share award schemes implemented or to be implemented by the Company.

(b) Maximum Entitlement to Options/Grants of Awards

The selection of, and the actual number of ordinary shares in the capital of the Company ("Shares") to be offered under Options to, ESOS Participants shall be determined at the absolute discretion of the RC which shall take into account the Group's performance, the length of service and the individual performance of the ESOS Participant, the contribution of the ESOS Participant to the success and development of the Group and the prevailing market and economic conditions and such other general criteria as the RC may consider appropriate.

(c) Size of the ESOS/PSP

The aggregate number of new Shares over which Options may be granted under the ESOS when added to the number of Shares issued and/or issuable under the PSP or such other share-based incentive plans of the Company will be limited to 7.5%, of the total number of issued Shares of the Company (excluding treasury shares) on the day preceding that date. Such limit will be subject to a further sub-limit of 1.5% for every 2-year period on a cumulative basis during which the Share Plans are in force. Any unutilised per centum of the sub-limits in respect of any such 2-year period shall be available for roll-over and aggregated with the applicable sub-limit of 1.5% for the subsequent 2-year period for grants of Options and Awards.

(d) Duration of the ESOS/PSP

The Share Plans will continue in operation, at the absolute discretion of the RC, for a maximum duration of 10 years. The Share Plans may be continued for any further period thereafter with the approval of the Company in general meeting and of any relevant authorities which may then be required.

(e) Administration of the ESOS/PSP

The ESOS/PSP are administered by the RC.

In accordance with the SGX-ST Listing Rules, a member of the RC who is also an ESOS/PSP Participant of the ESOS/PSP must not be involved in its deliberations in respect of options to be granted to or held by him.

(f) Exercise Price under the ESOS

Under the ESOS, the Company will have the flexibility to grant Options (i) at the Market Price of a Share at the time of grant; and/or (ii) at a discount to the Market Price at the time of grant of not more than 20%.

(g) Market Price Options

Options are granted with Exercise Prices set at the Market Price at the time of their grant.

(h) Discount Price Options and Quantum of Discount

Options may be granted with discounts to the Market Price at the time of their grant. Under the SGX-ST Listing Rules, the maximum discount that may be given is 20% of the Market Price at the time of the grant of the Option.

(i) Grant and Acceptance of Options/Award of Shares

Options and share awards may be granted under the ESOS/PSP at any time during the period while the ESOS/PSP are in force.

(j) Validity Period of Options/Vesting Period for Share Awards

Options granted with the Exercise Price set at or above the Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by an ESOS/PSP Participant after the 1st anniversary of the Date of Offer of that Option and in accordance with the Vesting Schedule and the conditions (if any) to be determined by the RC on the Date of Offer of the relevant Options.

Options granted with the Exercise Price set at a discount to the Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by an ESOS/PSP Participant after the 2nd anniversary of the Date of Offer of that Option and in accordance with the Vesting Schedule and the conditions (if any) to be determined by the RC on the Date of Offer of the relevant Options.

Provided always that all Options shall be exercised before the 5th anniversary of the relevant Date of Offer of the Option, or such earlier date as may be determined by the RC, failing which all unexercised Options shall immediately lapse and become null and void and an ESOS/PSP Participant shall have no claim whatsoever against the Company.

(k) Rights of Shares Arising

Shares allotted and issued pursuant to the exercise of Options granted under the ESOS/PSP shall be subject to the Company's Articles of Association and will rank *pari passu* in all respects with the then existing issued Shares, save for any dividend or other distribution, the record date for which precedes the date of exercise of the Option.

(l) Termination of Options/Share Awards

Special provisions in the ESOS/PSP deal with the lapse or earlier exercise of Options/Share Awards in circumstances which include the termination of the ESOS/PSP Participant's employment, the bankruptcy of the ESOS/PSP Participant, the death of the ESOS/PSP Participant, a take-over of the Company and the winding-up of the Company.

The number of shares options/awards granted under the ESOS/PSP shall be determined at the discretion of the RC which shall take into account criteria such as the performance of the Group, the length of services, individual performance based on prescribed performance targets covering market competitiveness, quality of returns, business growth and productivity growth and contribution of the participant to the success and development of the Group.

No options and awards have been granted under the ESOS or PSP during the year.

Non-Executive Directors and Independent Directors' fee structure is as follows:-

	S$
Basic Director fee	45,000
Board Chairmanship	Additional 100% of Basic Fee
Audit Committee Chairmanship	Additional 50% of Basic Fee
Audit Committee Member	Additional 25% of Basic Fee
Other Committee Chairmanship	Additional 25% of Basic Fee
Other Committee Membership	Additional 50% of fee paid to their respective Committee Chairman

The attendance fee payable to Non-Executive Directors and Independent Directors is S$4,000 for full day meetings and S$2,000 for half-day meetings. The attendance fee is applicable for attendance at Board and Board Committee meetings other than the regular scheduled Board and Board Committees meetings.

The remuneration of Directors and top five key management personnel for FY2015 are set out below:-

Remuneration band Name of Directors	Salary (%)	Performance Incentive Bonus (%)	Director Fees (%)	Other Benefits (%)	Total (%)
Above S$500,000 and up to S$750,000					
Executive Director					
Kelly Ng Chai Choey	46%	46%		8%	100%
Above S$250,000 and up to S$500,000					
Executive Director & Chief Executive Officer					
Bernard Lim Leng Foo (1)	60%	0%		40%	100%
Below S$250,000					
Executive Director & Chief Executive Officer					
Ku Wei Siong (2)	52%	35%		13%	100%
Non-Executive Directors					
Roderick David Maciver (3)			100%		100%
Muhammad Umar Saleem			100%		100%
Mhd.Nadim Akhras (4)			100%		100%
Independent Directors					
Tan Siok Chin			100%		100%
Ong Tiew Siam			100%		100%

(1) Mr Bernard Lim Leng Foo resigned as Executive Director and Chief Executive Officer on 30 June 2015.

(2) Mr Ku Wei Siong was appointed Executive Director and Chief Executive Officer on 1 September 2015.

(3) Mr Roderick David Maciver was appointed Non-Executive Director on 9 November 2015.

(4) Mr Mhd.Nadim Akhras resigned as Non-Executive Director on 9 November 2015.

Given the sensitivity and confidentiality of the remuneration matters, the Board is of the view that it is in the best interest of the Group to disclose the remuneration of Directors and top five key management personnel in bands of S$250,000 with a breakdown showing the level and mix of remuneration in percentage terms.

The Board is also of the view that the information disclosed is sufficient for shareholders to have adequate understanding of the Company's remuneration policies and practice.

Remuneration band Name of Top Five Key Management Personnel	Salary (%)	Performance Incentive Bonus (%)	Other Benefits (%)	Total (%)
Above S$250,000 and up to S$500,000				
Wong Chee Seng	62%	26%	12%	100%
Jeremy Koh Kah Liam	60%	33%	7%	100%
Chua Wei Ping	63%	27%	10%	100%
George Soh Chin Chyun	55%	36%	9%	100%
Chew Keng Meng	62%	27%	11%	100%

The total remuneration paid to the above top five key management personnel (who are not Directors or Chief Executive Officer) for FY2015 was S$1,826,140.

There are no termination, retirement and post-employment benefits granted to Directors, the Chief Executive Officer and the top five key management personnel.

There was no employee of the Group who was an immediate family member of a Director or the Chief Executive Officer and whose remuneration exceeded S$50,000 per annum during the financial year under review.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board accepts that it is accountable to the shareholders and adopts best practices to maintain shareholders' confidence and trust. Quarterly financial statements/results are released via SGXNET within the respective periods stipulated in the SGX-ST's Listing Manual after approval by the Board. In presenting the quarterly and yearly financial statements/results, the Board strives to provide the shareholders with detailed analysis and a balanced and understandable assessment of the Company's performance, position and prospects.

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements.

On a quarterly basis, Board members are provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision-making. In addition, the Management provides the Board with a continual flow of relevant information as and when required and on a timely basis in order to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The Company maintains sound risk management and internal control systems to safeguard the shareholders' investment and the Company's assets.

The AC, through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy of the Company's system of internal controls and risk management, including financial, operational, compliance and information technology controls and risk management policies and systems established by the Management. In assessing the effectiveness of internal controls, the AC ensures that the key objectives are met, material assets are safeguarded and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no system or internal control provide absolute assurance against the occurrence of material financial misstatement or losses, poor judgement in decision-making, human errors, fraud of other irregularities.

The Board has obtained assurance from the Chief Executive Officer and Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and that the Company's risk management and internal control systems are in place and effective.

The Board is satisfied that the Company's framework on internal controls is adequate to provide reasonable assurance on the effectiveness of the internal control system put in place by the Management. The Board, with the concurrence of the AC, is of the opinion that the Company's internal controls and risk management systems are adequate and effective in addressing financial, operational, compliance and information technology risks within the Group.

The Company has not established a separate Board Risk Committee. The Board has delegated the AC to assist in its oversight of the risk management framework, policies and processes.

Principle 12: Audit Committee

The members of the AC are as follows:

Ong Tiew Siam	(Chairman)
Muhammad Umar Saleem	(Member)
Tan Siok Chin	(Member)

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, the SGX-ST's Listing Manual and the Code including the following:-

- Reviews the audit plans of the internal and external auditors of the Company, and review the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Management to the external and internal auditors;

- Assesses the adequacy and effectiveness of the internal control (including financial, operational, compliance, information technology controls and risk management) systems established by the Management to identify, assess, manage, and disclose financial and non-financial risks including those relating to compliances with existing legislation and regulation;

- Meets with the external auditors, internal auditors, and the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Reviews the quarterly and full-year financial statements announcements and the auditors' report on the full-year financial statements of the Company before their submission to the Board;

- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviews the cost effectiveness and the independence and objectivity of the external auditors;

- Reviews the nature and extent of non-audit services provided by the external auditors;

- Recommends to the Board the appointment, re-appointment and removal of the external auditors, approves the compensation and terms of engagement of the external auditors, and reviews the scope and results of the audit;

- Reviews whistle-blowing policy and arrangements;

- Reviews interested person transactions ("IPTs") in accordance with the requirements of the SGX-ST's Listing Manual; and

- Reviews the effectiveness of the system for monitoring compliance with laws and regulations and the results of the Management's investigation and follow up of any instances of non-compliance.

None of the members nor Chairman of the AC are former partners or directors of the Group's auditing firms.

The Board is of the view that the AC members have adequate, relevant and recent accounting or related financial management expertise and experience to discharge the AC's functions.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates being provided by the external and internal auditors.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services did not affect the independence of the external auditors. Details of the aggregate amount of fees paid to the external auditors for the financial year, and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found in the Notes to Financial Statements.

The AC has also conducted a review of the IPTs carried out in FY2015. An aggregate value of all IPTs conducted pursuant to the shareholders' mandate during FY2015 is set out in the "Supplementary Information" section on page 89 in this Annual Report.

The AC held four meetings during the year. In performing its function, the AC also met with the external and internal auditors, without the presence of the Management, at least once a year and reviewed the overall scope of the external audit and internal audit and the assistance given by the Management to the auditors.

The Board and AC had reviewed the appointment of a different audit firm for one foreign-incorporated subsidiary and are satisfied that the appointment of different auditors for this subsidiary would not compromise the standard and effectiveness of the audit, and that the Company has complied with Rule 716 of the Listing Manual of SGX-ST. The Company has also complied with Rule 715 of the Listing Manual of SGX-ST in relation to the appointment of auditors for its Singapore-incorporated subsidiaries and other significant foreign-incorporated subsidiaries.

The AC had met with Ernst & Young LLP ("EY") to review and consider various factors, including the adequacy of the resources of EY, their experience and audit engagements, the number and experience of the supervisory and professional staff who will be assigned to the audit of the Group's consolidated financial statements and EY's proposed audit arrangements for the Company. The AC is of the opinion that EY would be able to meet the audit requirements of the Company and the Group and that accordingly, in respect of the AC's proposed re-appointment of EY as the Company's external auditors at the 2016 AGM, the Company has complied with Rule 712 of the Listing Manual of SGX-ST.

Whistle-blowing Policy

The Company has adopted a whistle-blowing policy to provide well-defined and accessible channels in the Group through which employees of the Company and its subsidiaries may raise concerns about the possible improprieties in matters of financial reporting or other matters directly to the Chairman of the AC.

Principle 13: Internal Audit

The Group's internal audit function is outsourced to RSM Risk Advisory Pte. Ltd. ("RSM"), an international accounting firm. The AC reviewed and approved the internal audit plan put up by the internal auditors on an annual basis. The internal auditors report to the Chairman of the AC on a regular basis to ensure the adequacy of the internal audit function. The AC also reviews annually the internal auditors' reports on the effectiveness of the Group's system of internal controls in the light of key business and financial risks affecting the operations to satisfy itself that there are adequate internal controls to meet the needs of the Group in its current business environment.

RSM has adopted the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

As the Group's outsourced internal auditors, RSM is required to provide staff with the relevant qualifications and experience to conduct the internal audits.

The AC is satisfied that the internal auditors has the necessary resources to adequately carry out its functions.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company is in regular and effective communication with shareholders in order to maintain a high standard of transparency and to promote better investor communications. The Board strives for timeliness and transparency in its disclosures to shareholders and the public.

Information is communicated to shareholders on a timely basis through:-

- The Annual Report, containing the full financial statements of the Company and the Group;
- Notices of and explanatory notes for AGM/Extraordinary General Meeting ("EGM") advertised in the newspapers and made via SGXNET;
- Announcements and press releases on major developments of the Group made via SGXNET in accordance with the requirements of the Listing Manual of SGX-ST; and
- The Company's website at www.designstudio.com.sg where shareholders can access information on the Company. The website provides, *inter alia*, corporate announcements, press releases, annual reports and profiles of the Company.

In addition, shareholders are encouraged to attend the Company's AGM/EGM. This allows shareholders the opportunity to communicate their views on various matters affecting the Company and to stay informed of the Company's strategy and goals. Shareholders are also encouraged to participate effectively and to vote at AGM and other general meetings, either in person or by proxy. The Company's Articles of Association do not allow shareholders to vote in absentia at general meetings except through the appointment of a proxy/proxies, attorney or corporate representative (in the case of a corporation) to attend in their stead.

Issues seeking approval of shareholders, if any, are usually tabled as separate resolutions at general meetings. All polls for AGM and general meetings are conducted in the presence of independent scrutineer(s). The results of the poll voting are announced at the meeting and made via SGXNET on the same day of the AGM/general meeting.

Minutes of AGM and other general meetings are prepared and made available to shareholders upon their written request.

The Directors, Chairman of the AC, RC and NC and external auditors are normally present at the general meetings to address relevant questions.

The Company solicits feedback from and addresses the concerns of shareholders through the in-house investor relations team. An Investor Relations section, with contact information, is available in the Company's website as channel to address inquiries from shareholders and investors.

SECURITIES TRANSACTIONS

The Company has adopted internal code in relation to dealings in the Company's securities pursuant to Rule 1207(19) of the SGX-ST's Listing Manual that is applicable to the Company and all its officers. All Directors, key officers and employees of the Group who have access to "price-sensitive" information are required to observe this Rule. Under the Rule, the Company, its Directors, key officers and employees are prohibited from dealing in the Company's securities during the period commencing (i) two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year ("Quarters") and one month before the announcement of the Company's full year financial statements; or (ii) 25th day of the month following the end of the Quarters or financial year, whichever is earlier.

The Directors and officers are reminded of this requirement via the circulation of an internal memorandum. Each officer is required to submit a declaration annually that he/she is in compliance with and has not breached the Rule. The policy also discourages Directors and officers from dealing in the Company's securities on short term considerations.

The Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two business days of the transactions.

CORPORATE GOVERNANCE REPORT

DIVIDENDS

The Company has adopted a dividend policy to recommend and distribute annual dividend of not less than 25% of its net profits attributable to shareholders. In proposing dividend payouts, the Directors take into consideration the Company's cash, gearings, earnings, expected financial performance and condition, projected capital expenditure, other investment plans, funding requirements and any other factor that the Directors consider relevant. The Company will communicate any dividend payouts to shareholders via announcements released via SGXNET.

The Board is recommending a final dividend payout of 1.25 Singapore cents and a special dividend payout of 4.00 Singapore cents per ordinary share, subject to shareholders' approval at the 2016 AGM.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Design Studio Group Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Tan Siok Chin	(Non-Executive Chairman)
Ku Wei Siong	(Chief Executive Officer)
Kelly Ng Chai Choey	(Executive Director)
Roderick David Maciver	(Non-Executive Director)
Muhammad Umar Saleem	(Non-Executive Director)
Ong Tiew Siam	(Independent Director)

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, except as follows:

	Direct interest		Deemed interest	
	At 1 January 2015	At 31 December 2015	At 1 January 2015	At 31 December 2015
Ultimate holding company (Depa Limited)				
Muhammad Umar Saleem	262,500	262,500	–	–

Mr Muhammad Umar Saleem's shares in Depa Limited are held under Depa's Employee Stock Ownership Plan ("ESOP"). These ESOP shares are held in a custody account in Depa's name.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

Directors' contractual benefits

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporation.

Share options

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

The ESOS and PSP are designed to attract and motivate participants for their contributions towards the success of the Group. It provides eligible participants who have contributed to the growth and performance of the Group with an opportunity to participate and also motivate these participants to greater dedication, loyalty and higher standards of performance and to give recognition to past contributions and services. It also engenders stronger ties and dedication to the Group through shared ownership in the Company.

No options were issued by the Company or its subsidiaries during the financial year. As at 31 December 2015, there were no options on the unissued shares of the Company or its subsidiaries which are outstanding. During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

Audit committee

The members of the Audit Committee ("AC") at the date of this report are as the following:

Ong Tiew Siam (Chairman)
Muhammad Umar Saleem
Tan Siok Chin

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual and the Code of Corporate Governance, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Group and the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Assessed the adequacy and effectiveness of the internal control (including financial, operational, compliance, information technology controls and risk management) systems established by management to identify, assess, manage, and disclose financial and non-financial risks including those relating to compliances with existing legislation and regulation;
- Met with the external auditors, internal auditors, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed the quarterly and full-year financial statements announcements and the auditors' report on the full-year financial statements of the Group and the Company before their submission to the Board;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;

- Reviewed the nature and extent of non-audit services provided by the external auditors;
- Recommended to the Board the appointment, re-appointment and removal of the external auditors, approved the compensation and terms of engagement of the external auditors, and reviewed the scope and results of the audit;
- Reviewed whistle-blowing policy and arrangements;
- Reviewed interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual; and
- Reviewed the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up of any instances of non-compliance.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services did not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Annual Report, Corporate Governance Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the board of directors:

Ku Wei Siong
Director

Kelly Ng Chai Choey
Director

Singapore
11 March 2016

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2015

Report on the Financial Statements

We have audited the accompanying financial statements of Design Studio Group Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated income statement, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Other matters

The financial statements of Design Studio Group Ltd and its subsidiaries for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 2 March 2015.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

11 March 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

	Note	Group	
		2015	2014
		$'000	$'000
Revenue	4	166,926	177,808
Cost of sales		(132,361)	(138,204)
Gross profit		34,565	39,604
Other income	5	183	124
Marketing and distribution expenses		(4,773)	(5,949)
General and administrative expenses		(10,333)	(9,952)
Profit from operations		19,642	23,827
Finance income	6	153	39
Profit before tax	7	19,795	23,866
Income tax expense	8	(2,948)	(3,310)
Profit net of tax		16,847	20,556
Profit attributable to:			
Owners of the Company		16,877	20,582
Non-controlling interests		(30)	(26)
		16,847	20,556
Earnings per share (cents)			
- basic	9	6.48	7.91
- diluted	9	6.48	7.91

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

As at 31 December 2015

	Group	
	2015	2014
	$'000	$'000
Profit net of tax	16,847	20,556
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	(861)	313
Total comprehensive income for the year, net of tax	15,986	20,869
Total comprehensive income attributable to:		
Owners of the Company	16,016	20,893
Non-controlling interests	(30)	(24)
	15,986	20,869

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current assets					
Property, plant and equipment	10	18,543	21,128	2,255	2,610
Investment in subsidiaries	11	–	–	41,359	41,500
Intangible assets	12	2,743	2,745	14	16
Deferred tax assets	13	321	302	257	244
Trade and other receivables	14	14,169	7,548	2,000	2,574
Prepayments		–	198	–	–
Total non-current assets		35,776	31,921	45,885	46,944
Current assets					
Inventories	15	13,690	14,002	–	–
Gross amount due from customers for contract work-in-progress	16	5,654	9,755	265	780
Trade and other receivables	14	36,358	61,377	3,162	16,394
Prepayments		2,228	1,454	22	248
Loan to a subsidiary	12	–	–	2,675	2,675
Tax recoverable		1,154	1,328	–	–
Cash and short-term deposits	17	54,107	48,404	12,361	14,714
Total current assets		113,191	136,320	18,485	34,811
Current liabilities					
Trade and other payables	18	39,673	55,849	2,658	8,447
Provision for tax		2,748	2,961	248	646
Total current liabilities		42,421	58,810	2,906	9,093
Net current assets		70,770	77,510	15,579	25,718
Non-current liability					
Deferred tax liabilities	13	–	2	–	–
Net assets		106,546	109,429	61,464	72,662
Equity attributable to owners of the Company					
Share capital	19	32,732	32,732	32,732	32,732
Reserves		74,268	77,121	28,732	39,930
		107,000	109,853	61,464	72,662
Non-controlling interests		(454)	(424)	–	–
Total equity		106,546	109,429	61,464	72,662

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Share Capital (Note 19) $'000	Revenue reserve $'000	Other reserves $'000	Attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group						
2015						
At 1 January 2015	32,732	75,615	1,506	109,853	(424)	109,429
Profit net of tax	–	16,877	–	16,877	(30)	16,847
Other comprehensive income for the year						
- Foreign currency translation	–	–	(861)	(861)	–	(861)
Total comprehensive income for the year	–	16,877	(861)	16,016	(30)	15,986
Transaction with owners, recognised directly in equity:						
- Dividends on ordinary shares (Note 28)	–	(18,869)	–	(18,869)	–	(18,869)
At 31 December 2015	32,732	73,623	645	107,000	(454)	106,546
2014						
At 1 January 2014	32,732	71,950	1,195	105,877	(400)	105,477
Profit net of tax	–	20,582	–	20,582	(26)	20,556
Other comprehensive income for the year						
- Foreign currency translation	–	–	311	311	2	313
Total comprehensive income for the year	–	20,582	311	20,893	(24)	20,869
Transaction with owners, recognised directly in equity:						
- Dividends on ordinary shares (Note 28)	–	(16,917)	–	(16,917)	–	(16,917)
At 31 December 2014	32,732	75,615	1,506	109,853	(424)	109,429

	Share Capital (Note 19) $'000	Revenue reserve $'000	Total equity $'000
Company			
2015			
At 1 January 2015	32,732	39,930	72,662
Profit net of tax, representing total comprehensive income for the year	–	7,671	7,671
Transaction with owners, recognised directly in equity:			
- Dividends on ordinary shares (Note 28)	–	(18,869)	(18,869)
At 31 December 2015	32,732	28,732	61,464
2014			
At 1 January 2014	32,732	48,377	81,109
Profit net of tax, representing total comprehensive income for the year	–	8,470	8,470
Transaction with owners, recognised directly in equity:			
- Dividends on ordinary shares (Note 28)	–	(16,917)	(16,917)
At 31 December 2014	32,732	39,930	72,662

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT

For the financial year ended 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000
Cash flows from operating activities			
Profit before tax		19,795	23,866
Adjustments for:			
Impairment loss on doubtful debts	7	281	89
Depreciation of property, plant and equipment	7	4,067	4,420
Gain on disposal of property, plant and equipment	7	(28)	(30)
Finance income	6	(153)	(39)
Amortisation of club membership	7	2	5
Impairment loss on club membership	7	–	28
Interest accretion	7	–	18
Currency translation differences		(192)	58
Operating cash flows before changes in working capital		23,772	28,415
Decrease in inventories		312	772
Decrease/(Increase) in contract work-in-progress		4,101	(3,361)
Decrease/(Increase) in trade and other receivables		17,368	(7,780)
(Increase)/Decrease in prepayments		(576)	80
(Decrease)/Increase in trade and other payables		(15,747)	6,481
Cash flows generated from operations		29,230	24,607
Income taxes paid		(3,009)	(3,641)
Net cash flows generated from operating activities		26,221	20,966
Cash flows from investing activities			
Finance income received		153	39
Proceeds from disposal of property, plant and equipment		122	77
Purchases of property, plant and equipment		(1,199)	(573)
Net cash flows used in investing activities		(924)	(457)
Cash flows from financing activities			
(Increase)/Decrease in cash and short-term deposits pledged		(142)	2
Dividends paid on ordinary shares by the Company	28	(18,869)	(16,917)
Net cash flows used in financing activities		(19,011)	(16,915)
Net increase in cash and cash equivalents		6,286	3,594
Effect of exchange rate changes on cash and cash equivalents		(725)	(65)
Cash and cash equivalents at 1 January		48,314	44,785
Cash and cash equivalents at 31 December (Note A)		53,875	48,314

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

A. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following at the end of the reporting period:

	Group	
	2015	2014
	$'000	$'000
Cash at banks and on hand	42,869	47,616
Fixed deposits	11,238	788
Cash and short-term deposits	54,107	48,404
Less: Cash and short-term deposits pledged	(232)	(90)
Cash and cash equivalents	53,875	48,314

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Design Studio Group Ltd (the "Company") is a public limited liability company domiciled and incorporated in Singapore and is listed on the SGX-ST. The immediate holding company is Depa Interiors LLC and the ultimate holding company is Depa Limited, both incorporated in United Arab Emirates. Depa Limited is listed on Nasdaq Dubai.

The registered office and principal place of business of the Company is located at 8 Sungei Kadut Crescent, Singapore 728682.

The principal activities of the Company are manufacture, supply and installation of paneling products such as kitchen and vanity cabinets, wardrobes, doors and door frames, and furniture components for local and overseas markets; the provision of interior fitting-out services to hospitality and commercial projects.

Since the last financial year, the business of the Company had been gradually transferred to a subsidiary, Design Studio Singapore Pte Ltd, as part of an internal restructuring exercise. The Company will gradually become an investment holding company.

The principal activities of the subsidiaries are shown in Note 11 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interest in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
- Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
- Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
- Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

<u>FRS 109 *Financial Instruments*</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree, and the fair value of the Group's previously held equity interest in the acquire, over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 12. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency (cont'd)

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold factory building	-	22 years (lease term)
Leasehold improvement	-	10 years
Office equipment	-	5 to 10 years
Furniture and fittings	-	3 to 10 years
Motor vehicles	-	5 years
Computers	-	3 to 10 years
Renovation	-	5 to 10 years
Machinery	-	5 to 10 years
Site equipment	-	5 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Summary of significant accounting policies (cont'd)

2.8 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 Investment in subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When the financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement – loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.11 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at armotised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial asset has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.11 Impairment of financial assets (cont'd)

(b) Financial assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.13 Construction contracts

The Group principally operates fixed priced contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably, project revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Revenue is recognised in accordance with percentage of completion method. The stage of completion is determined by reference to professional surveys of work performed.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.16 Employee benefits

(a) Defined contribution plans

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

The subsidiaries in Malaysia make contribution to the Employees Provident Fund ("EPF").

The subsidiaries incorporated in the People's Republic of China ("PRC") are required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary's PRC employees.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

2.17 Leases

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Construction contract

Revenue from construction contracts are recognised in accordance with the Company's accounting policy on construction contracts (see Note 2.13).

(c) Finance income

Finance income is recognised using the effective interest method.

(d) Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment is established.

2. Summary of significant accounting policies (cont'd)

2.19 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liabilty in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilitsed.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

2. Summary of significant accounting policies (cont'd)

2.19 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.20 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Stage of completion of construction contracts

The Group recognises project revenue by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is determined by reference to professional surveys of work performed. Significant assumptions are required to estimate the total contract costs and the recoverability of variation works. The carrying amounts of assets and liabilities arising from construction contracts at the end of the reporting period are disclosed in Note 16 to the financial statements.

(b) Retention monies classifications as non-current

Management determines whether any portion of retention monies should be classified as non-current based on estimation of the collection of such balance at the end of the reporting period. Based upon this estimation process, management is of the opinion that retention monies of the Group and the Company of $14,169,000 (2014: $7,548,000) and $2,000,000 (2014: $2,574,000) respectively should be classified as non-current as disclosed in Note 14 to the financial statements.

(c) Impairment of goodwill

As disclosed in Note 12 to the financial statements, the recoverable amounts of the goodwill are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use are disclosed and further explained in Note 12 to the financial statements.

The carrying amount of goodwill at the end of the reporting period was $2,729,000 (2014: $2,729,000). No impairment loss has been recognised.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(d) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant estimate is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax recoverable, income tax payable, deferred tax assets and deferred tax liabilities at the end of the reporting period was $1,154,000 (2014: $1,328,000), $2,748,000 (2014: $2,961,000), $321,000 (2014: $302,000) and $Nil (2014: $2,000) respectively. The carrying amount of the Company's net income tax payables and deferred tax assets at the end of the reporting period was $248,000 (2014: $646,000) and $257,000 (2014: $244,000) respectively.

(e) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 14 to the financial statements.

(f) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows.

4. Revenue

	Group	
	2015	2014
	$'000	$'000
Revenue from construction contracts	166,532	177,230
Sale of goods	394	578
	166,926	177,808

5. Other income

	Group	
	2015	2014
	$'000	$'000
Sundry income	20	29
Income from wage credit scheme	163	95
	183	124

6. Finance income

	Group	
	2015	2014
	$'000	$'000
Interest income from fixed deposits	153	39

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2015	2014
	$'000	$'000
Audit fees		
- auditors of the Company	164	141
- other auditors	99	104
Non-audit fees		
- auditors of the Company	100	28
- other auditors	–	10
Depreciation of property, plant and equipment (Note 10)	4,067	4,420
Directors' fees	432	282
Directors' remuneration		
- directors of the Company (Note 21)	1,320	1,815
- other directors	1,394	1,444
Net foreign exchange loss	703	354
Gain on disposal of property, plant and equipment	(28)	(30)
Operating lease expenses	2,893	2,904
Interest accretion	–	18
Amortisation of club membership (Note 12)	2	5
Impairment loss on club membership	–	28
Impairment loss on doubtful receivables (Note 14)	281	89

8. Income tax expense and deferred tax

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2015 and 2014 are:

	Group	
	2015 $'000	2014 $'000
Current income tax:		
Singapore		
- current year	2,695	2,878
- over provision in respect of previous years	(39)	(181)
Foreign		
- current year	314	958
- under/(over) provision in respect of previous years	19	(11)
	2,989	3,644
Deferred income tax:		
Singapore		
- origination and reversal of temporary differences	4	(77)
Foreign		
- origination and reversal of temporary differences	(45)	(257)
	(41)	(334)
Income tax expense recognised in profit or loss	2,948	3,310

Domestic income tax is calculated at 17% (2014: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. Income tax expense and deferred tax (cont'd)

Relationship between tax expense and accounting profit:

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2015 and 2014 is as follows:

	Group	
	2015 $'000	2014 $'000
Profit before tax	19,795	23,866
Income tax at the domestic rates applicable to profits in the countries where the Group operates	3,014	3,882
Non-deductible expenses	212	161
Income not subject to taxation	(22)	(13)
Effect of partial tax exemption and other reliefs	(138)	(108)
Deduction on tax incentives	(125)	(59)
Overprovision in respect of previous years	(20)	(192)
Utilisation of deferred tax benefits not recognised in previous years	36	(194)
Others	(9)	(167)
Income tax expense recognised in profit or loss	2,948	3,310

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

9. Earnings per share

Basic earnings per share is calculated by dividing the profit net of tax for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the profit net of tax for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2015 $'000	2014 $'000
Profit attributable to owners of the Company	16,877	20,582
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share and diluted earnings per share	260,264	260,264

There are no dilutive potential ordinary shares.

10. Property, plant and equipment

Group	Leasehold factory building	Leasehold improvement	Office equipment	Furniture and fittings	Motor vehicles	Computers	Renovations	Machinery	Site equipment	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost											
At 1 January 2014	5,680	106	459	2,598	2,214	1,901	5,543	33,866	92	–	52,459
Additions	–	–	27	107	26	93	89	228	3	–	573
Disposals	–	–	(22)	(46)	(137)	(23)	(37)	(20)	(29)	–	(314)
Exchange differences	–	1	3	41	6	18	98	389	(1)	–	555
At 31 December 2014 and 1 January 2015	5,680	107	467	2,700	2,109	1,989	5,693	34,463	65	–	53,273
Additions	–	–	23	13	–	231	30	76	–	826	1,199
Disposals	–	–	(14)	(23)	(537)	(32)	–	(82)	–	–	(688)
Reclassifications	–	–	–	–	–	–	–	81	–	(81)	–
Exchange differences	–	(8)	1	35	6	6	98	396	(3)	(5)	526
At 31 December 2015	5,680	99	477	2,725	1,578	2,194	5,821	34,934	62	740	54,310
Accumulated depreciation											
At 1 January 2014	2,990	95	306	808	1,799	894	2,265	18,557	48	–	27,762
Depreciation charge for the year (Note 7)	258	10	64	398	183	299	1,016	2,174	18	–	4,420
Disposals	–	–	(22)	(30)	(126)	(22)	(37)	(13)	(17)	–	(267)
Exchange differences	–	2	2	18	4	10	60	134	–	–	230
At 31 December 2014 and 1 January 2015	3,248	107	350	1,194	1,860	1,181	3,304	20,852	49	–	32,145
Depreciation charge for the year (Note 7)	258	–	62	425	93	321	959	1,949	–	–	4,067
Disposals	–	–	(10)	(19)	(537)	(26)	–	(2)	–	–	(594)
Exchange differences	–	(8)	–	7	3	(3)	46	106	(2)	–	149
At 31 December 2015	3,506	99	402	1,607	1,419	1,473	4,309	22,905	47	–	35,767
Net carrying amount											
At 31 December 2014	2,432	–	117	1,506	249	808	2,389	13,611	16	–	21,128
At 31 December 2015	2,174	–	75	1,118	159	721	1,512	12,029	15	740	18,543

10. Property, plant and equipment (cont'd)

Company	Leasehold factory building	Leasehold improvement	Office equipment	Furniture and fittings	Motor vehicles	Computers	Renovations	Machinery	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 January 2014	5,680	67	184	563	1,687	829	1,139	2,425	12,574
Additions	–	–	–	–	25	–	–	–	25
Transferred to a subsidiary	–	–	(184)	(563)	–	(829)	–	(2,425)	(4,001)
At 31 December 2014 and 1 January 2015	5,680	67	–	–	1,712	–	1,139	–	8,598
Disposals	–	–	–	–	(537)	–	–	–	(537)
At 31 December 2015	5,680	67	–	–	1,175	–	1,139	–	8,061
Accumulated depreciation									
At 1 January 2014	2,990	59	106	372	1,461	514	905	2,042	8,449
Depreciation charge for the year	258	7	–	–	131	–	177	–	573
Transferred to a subsidiary	–	–	(106)	(372)	–	(514)	–	(2,042)	(3,034)
At 31 December 2014 and 1 January 2015	3,248	66	–	–	1,592	–	1,082	–	5,988
Depreciation charge for the year	258	1	–	–	42	–	54	–	355
Disposals	–	–	–	–	(537)	–	–	–	(537)
At 31 December 2015	3,506	67	–	–	1,097	–	1,136	–	5,806
Net carrying amount									
At 31 December 2014	2,432	1	–	–	120	–	57	–	2,610
At 31 December 2015	2,174	–	–	–	78	–	3	–	2,255

11. Investment in subsidiaries and loan to a subsidiary

	Company 2015 $'000	Company 2014 $'000
Unquoted shares, at cost	18,058	18,058
Less: Allowance for impairment	(1,127)	(1,127)
	16,931	16,931
Long-term loan to a subsidiary	24,428	24,569
	41,359	41,500

Movement in the allowance for impairment:

	Company 2015 $'000	Company 2014 $'000
Balance at beginning of the year	1,127	1,127
Allowance for impairment	–	–
Balance at end of the year	1,127	1,127

Impairment losses of $1,127,000 were provided for in prior years based on the recoverable amounts of the subsidiaries.

Long-term loan to a subsidiary is non-interest bearing, unsecured and is an extension of the investment which has no fixed repayment terms.

	Company 2015 $'000	Company 2014 $'000
Short-term loan to a subsidiary	2,675	2,675

Loan to a subsidiary is unsecured, non-interest bearing and repayable on demand.
Details of the subsidiaries are as follows:

Name	Principal activities/ country of incorporation and operation	Proportion of ownership interest (%)		Voting power (%)	
		2015	2014	2015	2014
Held by the Company:					
Design Studio Asia Pte. Ltd. (1)	Investment holding company (Singapore)	100	100	100	100
Design Studio (China) Pte. Ltd. (1)	Investment holding company (Singapore)	100	100	100	100
D S Interior Decoration (Middle East) LLC (3) (6)	Dormant (United Arab Emirates)	49	49	100	100
DDS Asia Holdings Pte Ltd (1)	Investment holding company (Singapore)	100	100	100	100
Design Studio Furniture (Shanghai) Co., Ltd (6)	Dormant (People's Republic of China)	100	100	100	100

11. Investment in subsidiaries and loan to a subsidiary (cont'd)

Name	Principal activities/ country of incorporation and operation	Proportion of ownership interest (%)		Voting power (%)	
		2015	2014	2015	2014
Held by the Company: (cont'd)					
DS Interior Contracts & Renovation (Shanghai) Co., Ltd [6]	Dormant (People's Republic of China)	100	100	100	100
Held by Design Studio (China) Pte. Ltd.:					
Design Studio (Huizhou) Home Furnishing Co., Ltd [2]	Manufacture, installation and trading of paneling products (People's Republic of China)	100	100	100	100
Held by Design Studio Asia Pte. Ltd.:					
Design Studio Singapore Pte Ltd [1]	Design, manufacture, installation and trading of paneling products (Singapore)	100	100	100	100
DS Furniture Manufacturer Sdn. Bhd. [2]	Design, manufacture, installation and trading of paneling products (Malaysia)	100	100	100	100
DS Project Management Sdn. Bhd. [2]	Project management, installation and trading of paneling products (Malaysia)	100	100	100	100
Held by DDS Asia Holdings Pte Ltd:					
DDS Contracts & Interior Solutions Pte Ltd [1]	Interior fitting-out and furnishing solutions (Singapore)	100	100	100	100
DDS Contracts & Interior Solutions Sdn Bhd [2]	Interior fitting-out and furnishing solutions (Malaysia)	100	100	100	100
DDS Contracts & Interior Solutions (Thailand) Co.,Ltd [4]	Interior fitting-out and furnishing solutions (Thailand)	69.39	69.39	69.39	69.39
DDS Contracts & Interior Solutions (Vietnam) Co., Ltd [5]	Interior fitting-out and furnishing solutions (Vietnam)	100	100	100	100

11. Investment in subsidiaries and loan to a subsidiary (cont'd)

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firms of EY Global in the respective countries.

(3) Although the Company holds 49% of the issued share capital in D S Interior Decoration (Middle East) LLC ("DS LLC"), DS LLC is accounted for as a wholly-owned subsidiary as the remaining 51% is held in trust by a nominee shareholder, who has assigned all the voting rights and beneficial interests in DS LLC to the Company.

(4) Audited by Chatchawat Auditing & Tax Co., Ltd.

(5) Not required to present audited financial statements under the laws of its country of incorporation and considered not material to the Group.

(6) In the process of liquidation.

Details of non-wholly owned subsidiary that has material non-controlling interests:

Name of subsidiary	Place of incorporation and place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015	2014	2015	2014
DDS Contracts & Interior Solutions (Thailand) Co., Ltd	Thailand	30.61	30.61	(30)	(26)	(454)	(424)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	DDS Contracts & Interior Solutions (Thailand) Co., Ltd	
	2015 $'000	2014 $'000
Current assets	168	471
Non-current assets	–	12
Current liabilities	118	332
Equity attributable to owners of the Company	505	575
Non-controlling interests	(454)	(424)
Revenue	–	121
Expenses	98	206
Loss for the year	(98)	(85)
Loss attributable to owners of the Company	(68)	(59)
Loss attributable to the non-controlling interests	(30)	(26)
Loss for the year	(98)	(85)
Total comprehensive loss attributable to owners of the Company	(68)	(59)
Total comprehensive loss attributable to the non-controlling interests	(30)	(26)
Total comprehensive loss for the year	(98)	(85)
Net cash inflow/(outflow) from operating activities	877	(548)

12. Intangible assets

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Club membership	128	128	128	128
Order backlog	3,116	3,116	–	–
Less: Impairment loss on club membership	(28)	(28)	(28)	(28)
	3,216	3,216	100	100
Less: Accumulated amortisation	(3,202)	(3,200)	(86)	(84)
	14	16	14	16
Goodwill	2,729	2,729	–	–
	2,743	2,745	14	16

The intangible assets included above, except for goodwill, have finite useful lives, over which the assets are amortised. The amortisation period for club membership and order backlog is 21 years and one year respectively.

Club membership

Movement in accumulated amortisation of club membership during the financial year was as follows:

	Group and Company	
	2015	2014
	$'000	$'000
At 1 January	84	79
Amortisation during the year (Note 7)	2	5
At 31 December	86	84

The amortisation expense had been included in the line item "general and administrative expenses" in consolidated income statement.

Order backlog

Movement in order backlog during the financial year was as follows:

	Group	
	2015	2014
	$'000	$'000
Cost		
At 1 January and 31 December	3,116	3,116
Accumulated amortisation		
At 1 January and 31 December	(3,116)	(3,116)
Carrying amount		
At 1 January and 31 December	–	–

Order backlog arose from the acquisition of DDS Asia Holdings Pte Ltd in 2012 and relates to work on existing projects that have not yet been fulfilled.

The amortisation expense had been included in the line item "general and administrative expenses" in consolidated income statement.

12. Intangible assets (cont'd)

Goodwill

	Group	
	2015	2014
	$'000	$'000
Cost		
At 1 January and 31 December	2,729	2,729

Goodwill acquired in a business combination is allocated, at acquisition, to a cash-generating unit ("CGU") that is expected to benefit from that business combination. Goodwill is allocated to the hospitality and commercial projects unit of DDS Asia Holdings Pte Ltd and its subsidiaries. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to contract sums and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on actual orders on hand and potential sales forecast. Changes in revenue and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the subsequent years based on estimated growth rate of 0% (2014: 3%). The rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows is 17.1% (2014: 16.5%).

At 31 December 2015, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amount to be below the carrying amount of the CGU.

13. Deferred tax

Deferred tax at 31 December relates to the following:

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets:						
Differences in depreciation	249	343	(94)	282	257	244
Unrealised foreign exchange	72	(20)	92	(20)	–	–
Other general provision	–	(21)	21	(21)	–	–
Exchange differences	–	–	20	–	–	–
Total	321	302	39	241	257	244
Deferred tax liabilities:						
Differences in depreciation	2	2	–	(80)	–	–
Unrealised foreign exchange	(2)	–	(2)	(18)	–	–
Other general provision	–	–	–	(9)	–	–
Intangible and fair value adjustment	–	–	–	12	–	–
Total	–	2	(2)	(95)	–	–

14. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables (non-current):				
Retention monies:				
Third parties	14,169	7,548	1,140	1,752
Subsidiary	–	–	860	822
	14,169	7,548	2,000	2,574
Trade receivables (current):				
Third parties				
Trade receivables	26,786	43,885	915	2,370
Retention monies	6,032	9,548	1,580	3,413
	32,818	53,433	2,495	5,783
Corporate shareholder:				
Trade receivables	70	–	–	–
Subsidiaries:				
Trade receivables	–	–	282	1,805
Retention monies	–	–	44	290
	–	–	326	2,095
Less: Allowance for doubtful receivables	(270)	–	–	–
	32,618	53,433	2,821	7,878
Other receivables and deposits:				
Other receivables	1,071	3,236	65	66
Deposits	2,669	4,708	60	61
	3,740	7,944	125	127
Amounts due from subsidiaries (non-trade)	–	–	216	8,389
	3,740	7,944	341	8,516
Total trade and other receivables (current)	36,358	61,377	3,162	16,394
Total trade and other receivables (non-current and current)	50,527	68,925	5,162	18,968
Add: Cash and short-term deposits (Note 17)	54,107	48,404	12,361	14,714
Less: Advances paid to suppliers	(1,626)	(4,193)	–	–
Less: Sales tax receivables	(435)	(2,607)	–	–
Total loans and receivables	102,573	110,529	17,523	33,682

14. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms (2014: 30 to 90 days' terms). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amount due from subsidiaries and a corporate shareholder

Trade amounts due from subsidiaries and a corporate shareholder are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Other receivables and amount due from subsidiaries

Other receivables and amounts due from subsidiaries are non-trade, unsecured, non-interest bearing and are repayable on demand.

Trade and other receivables denominated in currencies other than the respective group entities' functional currencies at 31 December are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
United States Dollars	686	696	154	696
Malaysian Ringgit	2,729	5,244	–	–
Euro	122	1,978	14	1,978

Receivables that are past due but not impaired

The Group and the Company have trade receivables, excluding retention monies and including amount due from a corporate shareholder, amounting to $3,921,000 and $607,000 respectively (2014: $6,994,000 and $1,549,000) that are past due at the end of the respective reporting period but not impaired.

The analysis of the aging at the end of the reporting period is as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables past due but not impaired:				
1 to 30 days	335	5,018	–	330
31 to 60 days	1,119	318	–	5
61 to 90 days	179	120	152	–
91 to 150 days	284	198	–	–
More than 150 days	2,004	1,340	455	1,214
	3,921	6,994	607	1,549

14. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables - nominal amount	270	–	–	–
Less: Allowance for impairment	(270)	–	–	–
	–	–	–	–
Third parties:				
At 1 January	–	(440)	–	(440)
Allowance for the financial year (Note 7)	(281)	(89)	–	(89)
Written off	11	529	–	529
At 31 December	(270)	–	–	–
Amount due from subsidiaries (non-trade):				
At 1 January	–	–	–	(94)
Allowance for the financial year	–	–	–	(144)
Written off	–	–	–	238
At 31 December	–	–	–	–

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

15. Inventories

	Group	
	2015	2014
	$'000	$'000
Balance sheet:		
Raw materials, at cost	10,682	10,997
Work-in-progress, at cost	2,248	1,839
Finished goods, at cost or net realisable value	760	1,166
	13,690	14,002
Income statement		
Inventories recognised as an expense in cost of sales	15,229	24,429

The amount of inventories charged to the contract cost during the year was $15,229,000 (2014: $24,429,000). The contract cost was recognised as expense in cost of sales based on stage of completion of the contract activity at the end of the reporting period.

16. Gross amount due from customers for contract work-in-progress

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	431,328	386,683	153,419	190,286
Less: Progress billings	(425,674)	(376,928)	(153,154)	(189,506)
Presented as:				
Gross amount due from customers for contract work	5,654	9,755	265	780
Retention monies on construction contract included in trade receivables	20,201	17,096	3,624	6,277

17. Cash and short-term deposits

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash at banks and on hand	42,869	47,616	6,353	14,714
Fixed deposits (secured)	232	90	–	–
Fixed deposits (unsecured)	11,006	698	6,008	–
	11,238	788	6,008	–
Total cash and short-term deposits	54,107	48,404	12,361	14,714

Cash at banks earn interest at floating rates based on daily bank deposit rates ranging from 0.05% to 0.35% (2014: 0.05%) per annum. Fixed deposits of the Group bear interest ranging from 0.10% to 3.50% (2014: 0.10% to 3.50%) per annum and for tenure of one to five months (2014: one to five months).

Banking facilities are secured by pledge of cash and short-term deposits of two subsidiaries amounting to $232,000 (2014: $90,000) and corporate guarantees by the Company. No financial guarantee liability is recognised in the separate financial statements of the Company as the amount is deemed as immaterial.

Cash and short-term deposits denominated in currencies other than the respective group entities' functional currencies at 31 December are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Malaysian Ringgit	46	757	–	–
United States Dollars	2,296	713	908	570
Euro	57	1,288	57	1,288

18. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade payables (current):				
Amounts due to third parties	7,060	11,988	33	683
Amounts due to subsidiaries	–	–	31	286
Amount due to a corporate shareholder	148	128	–	–
Retention payables	7,479	6,610	705	1,083
	14,687	18,726	769	2,052
Other payables (current):				
Other payables	1,031	2,018	10	125
Amount due to a corporate shareholder	140	38	120	24
Accrued operating expenses	22,038	33,301	1,759	5,296
Advance payments from customers	1,777	1,766	–	950
	24,986	37,123	1,889	6,395
Total trade and other payables	39,673	55,849	2,658	8,447
Less: Sales tax (payables)/receivables	(742)	(2,206)	48	(114)
Less: Advance payments from customers	(1,777)	(1,766)	–	(950)
Total financial liabilities carried at amortised cost	37,154	51,877	2,706	7,383

Included in the accrued operating expenses is $16,106,000 (2014: $26,684,000) for accruals related to projects.

Trade payables and other payables

Trade payables and other payables are non-interest bearing and are normally settled on 30 to 60 days' terms (2014: 30 to 60 days' terms).

Trade and other payables denominated in currencies other than the respective group entities' functional currencies at 31 December are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Malaysian Ringgit	1,248	1,557	–	6
United States Dollars	239	968	1	1
Euro	197	2,192	–	9
United Arab Emirates Dirham	140	11	120	–
Renminbi	3,707	3,468	31	54

Amounts due to subsidiaries and a corporate shareholder

Amounts due to subsidiaries and a corporate shareholder are unsecured, non-interest bearing and are repayable on demand.

Advance payments from customers

Advance payments from customers are non-interest bearing and are proportionately offset against the progress billings made to customers.

19. Share capital

	Group and Company			
	2015 No. of shares	2015 $'000	2014 No. of shares	2014 $'000
Issued and fully paid:				
At 1 January and 31 December	260,264	32,732	260,264	32,732

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

20. Employee benefits

	Group	
	2015 $'000	2014 $'000
Salaries and bonuses	25,037	27,204
Defined contribution plan	2,837	2,907
Other short-term benefits	557	615
	28,431	30,726
Less: Directors' remuneration	(2,714)	(3,259)
	25,717	27,467

Personnel expenses are classified as part of cost of sales, marketing and distribution expenses or general and administrative expenses, as appropriate.

21. Related party transactions

(a) Sale and purchase of goods and services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

	Group	
	2015 $'000	2014 $'000
Sales to immediate holding company's group of companies	73	56
Purchase of services from firms related to directors	21	41

(b) Compensation of key management personnel

	Group	
	2015 $'000	2014 $'000
Short-term employee benefits	4,000	4,953
Defined contribution plans	191	198
	4,191	5,151
Comprise amounts paid to:		
- Directors of the Group	1,320	1,815
- Other key management personnel	2,871	3,336
	4,191	5,151

22. Commitments

The Group and Company had various operating lease agreements for leasehold land, equipment, office and other facilities that are non-cancellable within one year. These lease terms have an average tenure of between three to six years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum lease payments payable under non-cancellable operating leases as at the end of the reporting period are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not later than one year	1,849	2,060	124	145
Later than one year but not later than five years	2,438	2,150	372	391
Later than five years	587	1,118	547	639
	4,874	5,328	1,043	1,175

23. Contingencies

Corporate guarantees

As at 31 December 2015, the Company had provided corporate guarantees of approximately $36,567,000 (2014: $37,936,000) in favour of banks and financial institutions for the granting of credit facilities to five (2014: five) subsidiaries.

Performance guarantees

	Group	
	2015	2014
	$'000	$'000
Performance guarantees for contracts undertaken by subsidiaries (secured):	18,058	17,052

Performance guarantees are secured by way of corporate guarantees by the Company.

Financial support

The Company has undertaken to provide financial support to two subsidiaries for deficiency in their shareholders' funds and to extend adequate funding to meeting their net current liability position for the financial years ended 31 December 2015 and 2014.

24. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged for or settled between knowledgeable parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of cash and short-term deposits, trade and other receivables, trade and other payables, short term loan to a subsidiary, amount due from/(to) subsidiaries and amount due from/(to) corporate shareholder, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

Retention monies and long-term loan to a subsidiary have no repayment terms and accordingly, the fair value of the amount is not determinable as the timing of the future cash flows cannot be estimated reliably.

25. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets including cash and short-term deposits, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts. For transactions that do not occur in the country of the relevant operating unit, the payment terms are usually by letter of credits or advance payment before shipment.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- a nominal amount of $36,567,000 (2014: $37,936,000) relating to corporate guarantees provided by the Company in favour of banks and financial institutions for the granting of credit facilities to five (2014: five) subsidiaries.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 14.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables including amounts due from a corporate shareholder at the end of the reporting period is as follows:

	2015		2014	
Group	**$'000**	**% of total**	**$'000**	**% of total**
By country				
Singapore	33,024	70.58	23,522	38.57
Malaysia	4,466	9.55	10,164	16.67
South Korea	6,006	12.84	18,782	30.80
Japan	1,780	3.80	6,597	10.82
People's Republic of China	1,441	3.08	1,607	2.64
United Arab Emirates	70	0.15	–	–
Thailand	–	–	309	0.50
	46,787	100.00	60,981	100.00

25. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

At the end of the reporting period, approximately:

- 62.68% (2014: 48.44%) of the Group's third party trade receivables were due from 5 major customers who are property conglomerates located in Singapore and South Korea.

- 0.15% (2014: Nil) of the Group's trade receivables were due from a corporate shareholder.

<u>Financial assets that are neither past due nor impaired</u>

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 14.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises in the general funding of the Group's and the Company's business activities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through diverse sources of committed and uncommitted credit facilities from various banks.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the reporting period based on contractual undiscounted repayment obligations.

Group	One year or less	One to five years	Total
	$'000	$'000	$'000
2015			
Financial assets:			
Trade and other receivables	34,297	14,169	48,466
Cash and short-term deposits	54,107	–	54,107
Total undiscounted financial assets	88,404	14,169	102,573
Financial liabilities:			
Trade and other payables	37,154	–	37,154
Total undiscounted financial liabilities	37,154	–	37,154
Total net undiscounted financial assets	51,250	14,169	65,419
2014			
Financial assets:			
Trade and other receivables	54,577	7,548	62,125
Cash and short-term deposits	48,404	–	48,404
Total undiscounted financial assets	102,981	7,548	110,529
Financial liabilities:			
Trade and other payables	51,877	–	51,877
Total undiscounted financial liabilities	51,877	–	51,877
Total net undiscounted financial assets	51,104	7,548	58,652

25. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Company	One year or less $'000	One to five years $'000	Total $'000
2015			
Financial assets:			
Trade and other receivables	3,162	2,000	5,162
Cash and short-term deposits	12,361	–	12,361
Total undiscounted financial assets	15,523	2,000	17,523
Financial liabilities:			
Trade and other payables	2,706	–	2,706
Total undiscounted financial liabilities	2,706	–	2,706
Total net undiscounted financial assets	12,817	2,000	14,817
2014			
Financial assets:			
Trade and other receivables	16,394	2,574	18,968
Cash and short-term deposits	14,714	–	14,714
Total undiscounted financial assets	31,108	2,574	33,682
Financial liabilities:			
Trade and other payables	7,383	–	7,383
Total undiscounted financial liabilities	7,383	–	7,383
Total net undiscounted financial assets	23,725	2,574	26,299

The table below shows the contractual expiry of maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

Company	One year or less $'000	One to five years $'000	Total $'000
2015			
Financial guarantees	–	36,567	36,567
2014			
Financial guarantees	–	37,936	37,936

25. Financial risk management objectives and policies (cont'd)

(c) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States Dollars (USD), Malaysian Ringgit (Ringgit) and Chinese Renminbi (RMB).

Sensitivity analysis for foreign exchange risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the Ringgit, RMB, USD and EUR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

			Group Profit before tax	
			2015 $'000	2014 $'000
USD/SGD	-	strengthened 3% (2014: 5%)	37	51
	-	weakened 3% (2014: 5%)	(36)	(49)
MYR/SGD	-	strengthened 3% (2014: 5%)	56	234
	-	weakened 3% (2014: 5%)	(54)	(223)
RMB/SGD	-	strengthened 3% (2014: 5%)	(110)	(20)
	-	weakened 3% (2014: 5%)	107	19
USD/RMB	-	strengthened 3% (2014: 5%)	45	(29)
	-	weakened 3% (2014: 5%)	(44)	28
EUR/SGD	-	strengthened 3% (2014: 5%)	3	153
	-	weakened 3% (2014: 5%)	(3)	(146)
EUR/RMB	-	strengthened 3% (2014: 5%)	4	(99)
	-	weakened 3% (2014: 5%)	(4)	94

26. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 30% in view of strong cash position. The Group includes within net debt, trade and other payables, accrued operating expenses, deposits received less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

26. Capital management (cont'd)

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade and other payables (Note 18)	39,673	55,849	2,658	8,447
Less:				
Cash at banks and on hand (Note 17)	(42,869)	(47,616)	(6,353)	(14,714)
Fixed deposits (Note 17)	(11,238)	(788)	(6,008)	–
Net (cash)/debt	(14,434)	7,445	(9,703)	(6,267)
Equity attributable to the owners of the Company, representing total capital	107,000	109,853	61,464	72,662
Capital and net debt	N.A.*	117,298	N.A.*	N.A.*
Gearing ratio	N.A.*	6.35%	N.A.*	N.A.*

* Not applicable as the Group and the Company were in a net cash position.

27. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

1. The residential property projects segment is involved in the manufacture, supply and installation of paneling products such as kitchen and vanity cabinets, wardrobes, doors and door frames and furniture components for local and overseas markets.

2. The hospitality and commercial projects segment is in the business of providing interior fitting-out services to hotels, resorts, office, shops and bank branches.

3. The distribution projects segment relates to the distributorship of furniture products of reputable overseas brands.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

27. Segment information (cont'd)

2015	Residential property projects	Hospitality and commercial projects	Distribution projects	Adjustments and elimination	Notes	Consolidated
	$'000	$'000	$'000	$'000		$'000
Revenue:						
External customers	73,591	92,941	394	–		166,926
Inter-segment	24,024	18,291	–	(42,315)	A	–
Total revenue	97,615	111,232	394	(42,315)		166,926
Results:						
Other income	–	–	–	183		183
Other non-cash expenses	11	270	–	4,069	B	4,350
Segment profit before tax	13,130	10,280	116	(3,731)	C	19,795
Assets:						
Additions to non-current assets	–	108	–	1,091	D	1,199
Segment assets	28,688	63,223	852	56,204	E	148,967
Liabilities:						
Segment liabilities	6,260	25,309	474	10,378	F	42,421
2014						
Revenue:						
External customers	88,391	88,839	578	–		177,808
Inter-segment	34,715	28,776	–	(63,491)	A	–
Total revenue	123,106	117,615	578	(63,491)		177,808
Results:						
Other income	–	–	–	124		124
Other non-cash expenses	(89)	–	–	(4,453)	B	(4,542)
Segment profit before tax	16,870	10,772	481	(4,257)	C	23,866
Assets:						
Additions to non-current assets	–	74	–	499	D	573
Segment assets	32,977	73,864	1,188	60,212	E	168,241
Liabilities:						
Segment liabilities	9,564	35,414	500	13,332	F	58,810

27. Segment information (cont'd)

A Inter-segment revenue is eliminated on consolidation.

B Other non-cash expenses consist of impairment loss on doubtful receivables, depreciation expenses, amortisation of club membership and impairment loss on club membership.

C The following items are deducted from segment profit before tax to arrive at "profit before tax" presented in the consolidated income statement.

	Group	
	2015	2014
	$'000	$'000
Other income	183	124
Finance income	153	39
Depreciation of property, plant and equipment	(4,067)	(4,420)
	(3,731)	(4,257)

D Additions to non-current assets consist of additions to property, plant and equipment.

E The following items are added to segment assets to arrive at total assets presented in the consolidated balance sheet.

	Group	
	2015	2014
	$'000	$'000
Property, plant and equipment	18,383	20,987
Club membership	14	16
Deferred tax assets	328	302
Tax recoverable	263	173
Cash and short-term deposits	23,866	22,515
Inventories	11,846	12,051
Other receivables, deposits and prepayments	1,504	4,168
	56,204	60,212

F The following items are added to segment liabilities to arrive at total liabilities presented in the consolidated balance sheet.

	Group	
	2015	2014
	$'000	$'000
Other payables	5,577	6,797
Trade payables	1,484	3,053
Provision for tax	1,542	1,854
Advance payments from customers	1,775	1,628
	10,378	13,332

27. Segment information (cont'd)

Geographical information

Revenue by geographical markets are as follows:

	Group	
	2015	2014
	$'000	$'000
Singapore	141,760	149,072
Malaysia	17,652	19,829
People's Republic of China	340	5,084
Others	7,174	3,823
	166,926	177,808

Carrying amount of non-current assets by geographical markets are as follows:

	Group	
	2015	2014
	$'000	$'000
Singapore	5,626	6,319
Malaysia	959	443
People's Republic of China	14,701	17,297
United Arab Emirates	–	12
	21,286	24,071

Non-current assets information presented above consist of property, plant and equipment and intangible assets as presented in the consolidated balance sheet.

Information about major customers

Revenue from two (2014: a) major customers amounted to $58,329,000 (2014: $56,239,000) arising from sales in the hospitality and commercial projects segment.

28. Dividends

	Group	
	2015	2014
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2014: 2.00 cents (2013: 1.00 cents) per share	5,205	2,603
- Special exempt (one-tier) dividend for 2014: 4.00 cents (2013: 5.00 cents) per share	10,411	13,013
- Interim exempt (one-tier) dividend for 2015: 1.25 cents (2014: 0.50 cents) per share	3,253	1,301
	18,869	16,917
Proposed but not recognised as liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2015: 1.25 cents (2014: 2.00 cents) per share	3,253	5,205
- Special exempt (one-tier) dividend for 2015: 4.00 cents (2014: 4.00 cents) per share	10,411	10,411
	13,664	15,616

29. Comparative figures

The financial statements for the financial year ended 31 December 2014 were audited by another auditor.

30. Authorisation of financial statements

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 11 March 2016.

1. Aggregate value of all interested person transactions conducted under shareholder's mandate

Name of interested person	Aggregate value of all interested persons transactions during the review (excluding transactions less than $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 $100,000)
Depa Interiors LLC & its associates	$Nil	$3,543,778

2. Material contracts

There were no material contracts of the Group involving the interests of the executive directors or controlling shareholders subsisting at the end of the financial year ended 31 December 2015.

3. Major property

Location	Description	Tenure of land	Net book value $'000
Held by the Company 8 Sungei Kadut Crescent, Singapore 728682	Office-cum factory	30 years commencing 1 June 1994	2,174

STATISTICS OF **SHAREHOLDINGS**

As at 16 March 2016

Issued and fully paid-up capital	-	S$33,390,983
Class of shares	-	Ordinary shares
Number of issued shares	-	260,264,171
Voting rights	-	One vote per share
Treasury shares	-	The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.23	25	0.00
100 - 1,000	60	13.70	54,621	0.02
1,001 - 10,000	205	46.80	1,324,509	0.51
10,001 - 1,000,000	169	38.58	10,595,000	4.07
1,000,001 AND ABOVE	3	0.69	248,290,016	95.40
TOTAL	**438**	**100.00**	**260,264,171**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DEPA INTERIORS LLC	233,108,716	89.57
2	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	12,699,900	4.88
3	HO KAI HON	2,481,400	0.95
4	CIMB SECURITIES (SINGAPORE) PTE. LTD.	925,400	0.36
5	UOB KAY HIAN PRIVATE LIMITED	919,600	0.35
6	RAFFLES NOMINEES (PTE) LIMITED	750,400	0.29
7	PHILLIP SECURITIES PTE LTD	682,000	0.26
8	LIM & TAN SECURITIES PTE LTD	592,300	0.23
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	343,000	0.13
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	237,000	0.09
11	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	236,300	0.09
12	DBS NOMINEES (PRIVATE) LIMITED	186,600	0.07
13	CITIBANK NOMINEES SINGAPORE PTE LTD	157,000	0.06
14	HONG LEONG FINANCE NOMINEES PTE LTD	141,300	0.05
15	ROYSTON YANG CHIN HOON (ROYSTON YANG ZHENYUN)	140,000	0.05
16	ANG KIM HONG	133,000	0.05
17	TAN KWEE HONG @ TAN KUI HWA OR CHEONG AI KOON	125,000	0.05
18	WONG YEW KEAN	123,300	0.05
19	RHB SECURITIES SINGAPORE PTE. LTD.	110,000	0.04
20	AW CHIEW KIM (HU SHUJIN)	100,000	0.04
	TOTAL	**254,192,216**	**97.66**

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2016
(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interest	
No.	Name	No. of shares held	%	No. of shares held	%
1.	Depa Interiors LLC	233,733,716[1]	89.81	–	–

[1] This relates to 233,108,716 shares held by Depa Interiors LLC and 625,000 shares held by Depa Interiors LLC, through Morgan Stanley Asia (Singapore) Securities Pte Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 16 March 2016, 10.19% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF
ANNUAL GENERAL MEETING

31 December 2015

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **DESIGN STUDIO GROUP LTD**. (the "Company") will be held at the Company's registered office, 8 Sungei Kadut Crescent, Singapore 728682 on 29 April 2016 (Friday) at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2015 together with the Auditor's Report thereon. **(Resolution 1)**

2. (i) To re-elect Ong Tiew Siam, a Director retiring by rotation pursuant to Article 102 of the Company's Articles of Association.
[See Explanatory Note (i)] **(Resolution 2)**

   (ii) To re-elect the following Directors retiring pursuant to Article 106 of the Company's Articles of Association:

   - Ku Wei Siong **(Resolution 3)**
   - Roderick David Maciver **(Resolution 4)**
   [See Explanatory Note (ii)]

3. (i) To approve the payment of additional Directors' fees of S$122,000 for the financial year ended 31 December 2015. **(Resolution 5)**

   (ii) To approve the payment of Directors' fees of S$375,300 for the financial year ending 31 December 2016, to be paid quarterly in arrears (FY2015: S$310,000).
[See Explanatory Note (iii)] **(Resolution 6)**

4. To declare a final dividend of 1.25 cents per ordinary share and a special dividend of 4.00 cents per ordinary share, on a one-tier tax exempt basis, for the financial year ended 31 December 2015. **(Resolution 7)**

5. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

7. Authority to Issue Shares

That pursuant to Section 161 of the Companies Act, Chapter 50 (the "Companies Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

A. (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise, and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

B. (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(iv) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)] **(Resolution 9)**

8. Renewal of the General Mandate for Interested Person Transactions

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" (as defined in Chapter 9 of the Listing Manual of the SGX-ST), or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions set out in the Company's Addendum to Notice of Annual General Meeting dated 13 April 2016 (the "Addendum") with any party who is of the class or classes of Interested Persons described in the Addendum, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the guidelines and review procedures for Interested Person Transactions as set out in the Addendum (the "IPT Mandate");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

(c) the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all such acts and things (including, without limitation, executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.
[See Explanatory Note (v)] **(Resolution 10)**

9. Authority to Allot and Issue Shares Under the Design Studio Employee Share Option Scheme

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Design Studio Employee Share Option Scheme (the "ESOS") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the ESOS, provided that the aggregate number of new shares to be issued pursuant to the ESOS when added to the number of shares issued and/or issuable under the PSP (as defined below) or such other share-based incentive plans of the Company shall not exceed 7.5% of the total number of issued shares of the Company (excluding treasury shares) on the day preceding that date. Such limit will be subject to a further sub-limit of 1.5% for every 2-year period on a cumulative basis during which the ESOS and the PSP are in force. Any unutilised per centum of the sub-limits in respect of any such 2-year period shall be available for roll-over and aggregated with the applicable sub-limit of 1.5% for the subsequent 2-year period for grants of options and awards.
[See Explanatory Note (vi)] **(Resolution 11)**

10. Authority to Allot and Issue Shares Under the Design Studio Performance Share Plan

That the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the Design Studio Performance Share Plan (the "PSP") and to allot, issue, transfer and/or deliver from time to time such number of fully paid-up shares in the capital of the Company as may be required to be issued or delivered pursuant to the vesting of the awards under the PSP, provided that the aggregate number of new shares to be issued or delivered pursuant to the PSP when added to the number of shares issued and/or issuable under the ESOS or such other share-based incentive plans of the Company shall not exceed 7.5% of the total number of issued shares of the Company (excluding treasury shares) on the day preceding that date. Such limit will be subject to a further sub-limit of 1.5% for every 2-year period on a cumulative basis during which the PSP and the ESOS are in force. Any unutilised per centum of the sub-limits in respect of any such 2-year period shall be available for roll-over and aggregated with the applicable sub-limit of 1.5% for the subsequent 2-year period for grants of options and awards.
[See Explanatory Note (vii)] **(Resolution 12)**

By Order of the Board

Hazel Chia Luang Chew
Company Secretary

Singapore, 13 April 2016

Explanatory Notes:

(i) Ordinary Resolution 2 is to re-elect Mr Ong Tiew Siam as a Director of the Company. Mr Ong will, upon re-election, remain as Chairman of the Audit and Nominating Committees and a member of the Remuneration Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) Ordinary Resolution 3 is to re-elect Mr Ku Wei Siong as a Director of the Company. Mr Ku is an Executive Director and the Chief Executive Officer of the Company.

Ordinary Resolution 4 is to re-elect Mr Roderick David Maciver as a Director of the Company. Mr Maciver will, upon re-election, remain as a member of the Nominating and Remuneration Committees.

(iii) Ordinary Resolution 6 is to seek approval for the Company to pay Directors' fees of S$375,300 for the financial year ending 31 December 2016 to Non-Executive Directors and Independent Directors on a quarterly basis, in arrears, as Directors render their services during the course of the said financial year. This will facilitate Directors' compensation for services rendered in a more timely manner.

(iv) Ordinary Resolution 9 is to empower the Directors of the Company from the date of the above meeting until the date of the next Annual General Meeting to issue shares and/or to make or grant Instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such Instruments, up to a number not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company.

(v) Ordinary Resolution 10 is to allow the Company, its subsidiaries and associated companies that are considered to be "entities at risk" (as defined in Chapter 9 of the Listing Manual of the SGX-ST), or any of them, to enter into transactions with persons who are considered "Interested Persons" (as described in the Addendum) from the date of the above meeting until the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, and to empower the Directors of the Company to do all acts and things necessary to give effect to the IPT Mandate or this Resolution. Please refer to the Addendum for details.

(vi) Ordinary Resolution 11 is to empower the Directors to grant options, and to allot and issue shares in the capital of the Company pursuant to the ESOS, up to an amount (which include shares issued and/or issuable pursuant to any other existing share scheme(s) or plan(s) of the Company for the time being) not exceeding in total 7.5% of the total number of issued shares of the Company (excluding treasury shares) and subject to the sub-limit imposed for the time being pursuant to the exercise of the options under the ESOS.

(vii) Ordinary Resolution 12 is to empower the Directors to grant awards, and to allot, issue, transfer and/or deliver such number of fully paid-up shares in the capital of the Company pursuant to the PSP, up to an amount (which include shares issued and/or issuable pursuant to any other existing share scheme(s) or plan(s) of the Company for the time being) not exceeding in total 7.5% of the total number of issued shares of the Company (excluding treasury shares) and subject to the sub-limit imposed for the time being pursuant to the vesting of the awards under the PSP.

* *Information on the Directors who are proposed to be re-appointed can be found under "Board of Directors" and "Corporate Governance Report" sections in this Annual Report.*

Notes –

1. (a) A member of the Company ("Member") entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead.

   (b) A Relevant Intermediary* may appoint more than two (2) proxies but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her.

   ** "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.*

2. A proxy need not be a Member.

3. If the appointor is a corporation, the instrument appointing a proxy or proxies must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 8 Sungei Kadut Crescent, Singapore 728682 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or by attending the Annual General Meeting, a Member (i) consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Member discloses the personal data of the Member's proxy(ies) and/or representative(s) to the Company (or its agents), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member's breach of warranty. In addition, by attending the Annual General Meeting and/or any adjournment thereof, a Member consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents) for any of the Purposes.

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DESIGN STUDIO GROUP LTD.

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 199401553D)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two (2) proxies to attend and vote at the Annual General Meeting.
2. For CPF investors who have used their CPF monies to buy ordinary shares in the capital of Design Studio Group Ltd., this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to attend and vote at the Annual General Meeting should contact their respective CPF Approved Nominees within the specified timeframe.

*I/We, ______________________________

of ______________________________

being a member/members of **DESIGN STUDIO GROUP LTD.** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at the Company's registered office, 8 Sungei Kadut Crescent, Singapore 728682 on 29 April 2016 (Friday) at 10.00 am and at any adjournment thereof.

The Chairman intends to cast undirected proxy votes in favour of each of the proposed resolutions. Where the Chairman is appointed as *my/our *proxy/proxies, *I/we acknowledge that the Chairman may exercise *my/our *proxy/proxies even if he/she has an interest in the outcome of the resolution.

*I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as he/they will on any other matter arising at the Meeting and at any adjournment thereof.

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided below. Alternatively, if you wish to vote some of your shares "For" and some of your shares "Against" the relevant resolution, please indicate the number of shares in the relevant boxes provided below.)

No.	Resolutions relating to:	Number of Votes For	Number of Votes Against
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015 ("FY2015")		
2	Re-election of Mr Ong Tiew Siam as a Director		
3	Re-election of Mr Ku Wei Siong as a Director		
4	Re-election of Mr Roderick David Maciver as a Director		
5	Approval of additional Directors' fees for FY2015		
6	Approval of Directors' fees for the financial year ending 31 December 2016		
7	Payment of proposed final dividend and special dividend		
8	Re-appointment of Ernst & Young LLP as Auditors		
9	Authority to issue shares		
10	Renewal of the General Mandate for Interested Person Transactions		
11	Authority to allot and issue shares under the Design Studio Employee Share Option Scheme		
12	Authority to allot and issue shares under the Design Studio Performance Share Plan		

**Delete where inapplicable*

Dated this __________ day of ____________________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two (2) proxies to attend and vote instead of such member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number and class of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Sungei Kadut Crescent, Singapore 728682 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member(s) accept(s) and agree(s) to the personal data privacy terms set out in the Notice of Annual General Meeting.

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Design 瑞
STUDIO 胜
Inspired by Aspirations. Driven by Innovations.

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