

**Design Studio Furniture Manufacturer Limited**

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

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**1st Quarter Financial Statement  
And Dividend Announcement  
For The Period Ended  
31 March 2013**

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**Design Studio Furniture Manufacturer Limited**  
**(Registration Number: 199401553D)**

**1<sup>st</sup> Quarter Financial Statement and Dividend Announcement**

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

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

**Consolidated Income Statement**

		<b>Group</b>		<b>+ / (-) %</b>
		<b>31.03.2013 S\$'000</b>	<b>3 Months ended 31.03.2012 S\$'000</b>	
Revenue		28,515	24,716	15.4
Cost of sales		(23,716)	(18,048)	31.4
<b>Gross profit</b>		<b>4,799</b>	<b>6,668</b>	<b>(28.0)</b>
Other income	1(a)(1)	19	2,343	(99.2)
		4,818	9,011	(46.5)
Marketing and distribution expenses		(1,619)	(1,281)	26.4
General and administrative expenses		(2,156)	(3,161)	(31.8)
<b>Profit from operations</b>	1(a)(2)	<b>1,043</b>	<b>4,569</b>	<b>(77.2)</b>
Finance expenses	1(a)(3)	-	(3)	N.M.
Finance income	1(a)(3)	1	10	(90.0)
<b>Profit before tax</b>		<b>1,044</b>	<b>4,576</b>	<b>(77.2)</b>
Tax expense	1(a)(4)	(347)	(600)	(42.2)
<b>Profit net of tax</b>		<b>697</b>	<b>3,976</b>	<b>(82.5)</b>
<b>Profit attributable to:</b>				
Equity holders of the Company		716	4,192	
Non-controlling interests		(19)	(216)	
		<b>697</b>	<b>3,976</b>	

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## Notes to Income Statement

### Note 1(a)(1) Other income

	Group		
	31.03.2013 S\$'000	3 Months ended 31.03.2012 S\$'000	+ / (-) %
Gain on re-measurement of equity interest to fair value	-	2,339	N.M.
Sundry income	19	4	375.0
	19	2,343	(99.2)

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

	Group		
	31.03.2013 S\$'000	3 Months ended 31.03.2012 S\$'000	+ / (-) %
Depreciation of property, plant and equipment	1,116	984	13.4
Foreign exchange (gain)/ loss, net	(223)	464	N.M.
Gain on disposal of property, plant and equipment	(19)	(57)	(66.7)
Amortisation of club membership	1	1	0.0
Amortisation of order backlog	-	589	N.M.
Impairment loss on doubtful receivables	360	-	N.M.

### Note 1(a)(3) Finance expenses and finance income:

	Group		
	31.03.2013 S\$'000	3 Months ended 31.03.2012 S\$'000	+ / (-) %
<b>Finance expenses</b>			
- Finance leases	-	1	N.M.
- Bankers' guarantee and commitment fee	-	2	N.M.
	-	3	N.M.
<b>Finance income</b>			
- Fixed deposits	1	10	(90.0)

### Note 1(a)(4) Tax expenses include the following:

	Group		
	31.03.2013 S\$'000	3 Months ended 31.03.2012 S\$'000	+ / (-) %
<b>Current tax</b>			
Singapore			
- current year	41	396	(89.6)
- overprovision for prior year	-	(82)	N.M.
Foreign			
- current year	309	436	(29.1)
- overprovision for prior year	(3)	-	N.M.
	347	750	(53.7)
<b>Deferred tax</b>			
Foreign	-	(150)	N.M.
	347	600	(42.2)

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

**Balance Sheets**

	Note	Group		Company	
		31.03.2013 S\$'000	31.12.2012 S\$'000	31.03.2013 S\$'000	31.12.2012 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		26,505	26,793	4,771	4,896
Investment in subsidiaries		-	-	43,263	43,063
Intangible assets	1(b)(2)	2,783	2,784	54	55
Deferred tax assets		10	10	10	10
Trade and other receivables	1(b)(1)	9,192	7,725	5,409	4,459
Prepayments		201	298	-	-
<b>Current assets</b>					
Inventories	1(b)(3)	16,241	15,031	1,776	1,723
Gross amount due from customers for contract work-in-progress	1(b)(4)	9,586	7,103	8,356	5,938
Trade and other receivables	1(b)(1)	49,833	55,633	24,536	29,140
Prepayments		897	558	221	225
Cash and short-term deposits		24,563	29,095	11,336	9,680
		101,120	107,420	46,225	46,706
<b>Current liabilities</b>					
Trade and other payables	1(b)(5)	33,379	39,413	16,871	21,391
Provision for tax		2,758	2,978	934	934
		36,137	42,391	17,805	22,325
<b>Net current assets</b>		64,983	65,029	28,420	24,381
<b>Non-current liabilities</b>					
Deferred tax liabilities		60	63	-	-
Other payables		90	125	-	-
<b>Net assets</b>		103,524	102,451	81,927	76,864
<b>Equity attributable to equity holders of the Company</b>					
Share capital		32,732	32,732	32,732	32,732
Reserves		71,116	70,033	49,195	44,132
		103,848	102,765	81,927	76,864
<b>Non-controlling interests</b>		(324)	(314)	-	-
<b>Total equity</b>		103,524	102,451	81,927	76,864

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## Notes to Balance Sheets

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

	Group		Company	
	31.03.2013 S\$'000	31.12.2012 S\$'000	31.03.2013 S\$'000	31.12.2012 S\$'000
<b>Non-current Trade and other receivables:</b>				
<u>Trade receivables: Retention monies</u>				
Third parties	8,928	7,535	4,935	4,078
Corporate shareholder	264	190	264	190
Subsidiaries	-	-	210	191
	<u>9,192</u>	<u>7,725</u>	<u>5,409</u>	<u>4,459</u>
<b>Current Trade and other receivables:</b>				
Trade receivables	38,414	45,287	17,477	22,248
Other receivables and deposits	11,419	10,346	7,059	6,892
	<u>49,833</u>	<u>55,633</u>	<u>24,536</u>	<u>29,140</u>
<b>Trade receivables:</b>				
<u>Third parties:</u>				
Trade receivables	27,526	32,962	10,215	13,475
Retention monies	8,756	10,125	3,576	5,061
	<u>36,282</u>	<u>43,087</u>	<u>13,791</u>	<u>18,536</u>
Less: Allowance for doubtful receivables	(360)	-	(360)	-
	<u>35,922</u>	<u>43,087</u>	<u>13,431</u>	<u>18,536</u>
Movement in allowance accounts:				
At beginning of the year	-	-	-	-
Charge for the year	360	-	360	-
Written off during the year	-	-	-	-
At end of the year	<u>360</u>	<u>-</u>	<u>360</u>	<u>-</u>
<u>Corporate shareholder:</u>				
Trade receivables	2,492	2,200	2,492	2,200
	<u>2,492</u>	<u>2,200</u>	<u>2,492</u>	<u>2,200</u>
<u>Subsidiaries:</u>				
Trade receivables	-	-	1,165	1,123
Retention monies	-	-	389	389
	<u>-</u>	<u>-</u>	<u>1,554</u>	<u>1,512</u>
Total current trade receivables	<u>38,414</u>	<u>45,287</u>	<u>17,477</u>	<u>22,248</u>
<b>Other receivables and deposits:</b>				
Other receivables	5,257	4,552	92	89
Deposits	6,162	5,794	211	213
	<u>11,419</u>	<u>10,346</u>	<u>303</u>	<u>302</u>
Non-trade amount due from subsidiaries	-	-	6,756	6,590
	<u>11,419</u>	<u>10,346</u>	<u>7,059</u>	<u>6,892</u>

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## Note 1(b)(2) Intangible assets

	Group		Company	
	31.03.2013 S\$'000	31.12.2012 S\$'000	31.03.2013 S\$'000	31.12.2012 S\$'000
Club membership	128	128	128	128
Order backlog	3,116	3,116	-	-
	3,244	3,244	128	128
Less: Accumulated amortisation	(3,190)	(3,189)	(74)	(73)
Goodwill	2,729	2,729	-	-
	2,783	2,784	54	55

## Note 1(b)(3) Inventories

	Group		Company	
	31.03.2013 S\$'000	31.12.2012 S\$'000	31.03.2013 S\$'000	31.12.2012 S\$'000
Raw materials, at cost	12,605	12,579	1,386	1,237
Work-in-progress, at cost	2,994	1,903	80	158
Finished goods, at cost	642	549	310	328
	16,241	15,031	1,776	1,723

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

	Group		Company	
	31.03.2013 S\$'000	31.12.2012 S\$'000	31.03.2013 S\$'000	31.12.2012 S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	278,697	345,342	288,456	276,149
Less: Progress billings	(269,111)	(338,239)	(280,100)	(270,211)
	9,586	7,103	8,356	5,938
Presented as:				
Gross amount due from customers for contract work	9,586	7,103	8,356	5,938
Gross amount due to customers for contract work	-	-	-	-
	9,586	7,103	8,356	5,938

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

	Group		Company	
	31.03.2013 S\$'000	31.12.2012 S\$'000	31.03.2013 S\$'000	31.12.2012 S\$'000
Trade payables:				
Amount due to third parties	6,160	7,951	2,559	3,139
Amount due to subsidiaries	-	-	7,400	10,244
Amount due to a corporate shareholder	88	87	-	-
Retention payables	5,609	5,128	1,182	1,083
	11,857	13,166	11,141	14,466
Other payables	1,519	1,519	332	325
Non-trade payables due to a corporate shareholder	95	87	44	41
Accrued operating expenses	18,047	22,026	4,430	4,973
Deposits received	1,861	2,615	924	1,586
	33,379	39,413	16,871	21,391

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

**Amount repayable in one year or less, or on demand**

<b>As at 31.03.2013</b>		<b>As at 31.12.2012</b>	
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Amount repayable after one year**

<b>As at 31.03.2013</b>		<b>As at 31.12.2012</b>	
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
-	-	-	-

**Details of any collateral**

As at 31 March 2013, our Group's bank facilities were secured by the following:

- (i) pledge of cash and short-term deposits of a subsidiary amounting to approximately S\$2,101,000 (31 December 2012: S\$2,246,000);
- (ii) corporate guarantees provided by the Company;

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

**Consolidated Statement of Cash Flows**

	Group	
	3 Months ended	
	31.03.2013	31.03.2012
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	1,044	4,576
Adjustments:		
Impairment loss on doubtful receivables	360	-
Depreciation of property, plant and equipment	1,116	984
Gain on disposal of property, plant and equipment	(19)	(57)
Finance expenses	-	3
Finance income	(1)	(10)
Amortisation of club membership	1	1
Amortisation of order backlog	-	589
Gain on re-measurement of equity interest to fair value	-	(2,339)
Currency translation difference	29	5
<b>Operating profit before working capital changes</b>	<b>2,530</b>	<b>3,752</b>
Decrease/ (increase) in:		
Inventories	(1,210)	(2,167)
Contract work-in-progress	(2,483)	(1,865)
Trade and other receivables	3,973	2,357
Prepayments	(242)	781
Decrease in:		
Trade and other payables	(6,069)	(4,745)
<b>Cash flows used in operations</b>	<b>(3,501)</b>	<b>(1,887)</b>
Finance expense paid	-	(3)
Income taxes paid	(571)	(325)
<b>Net cash flows used in operating activities</b>	<b>(4,072)</b>	<b>(2,215)</b>
<b>Cash flows from investing activities</b>		
Costs incurred for construction-in-progress	(19)	(2,111)
Finance income received	1	10
Proceeds from sale of property, plant and equipment	26	112
Purchase of property, plant and equipment	(468)	(218)
Net cash outflow from acquisition of subsidiary (Note B)	-	(2,147)
<b>Net cash flows used in investing activities</b>	<b>(460)</b>	<b>(4,354)</b>
<b>Cash flows from financing activities</b>		
Decrease/ (Increase) in fixed deposits pledged	145	(97)
Repayment of finance lease liabilities	-	(12)
<b>Net cash flows from/ (used in) financing activities</b>	<b>145</b>	<b>(109)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,387)</b>	<b>(6,678)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>26,849</b>	<b>27,081</b>
<b>Cash and cash equivalents at end of the period (Note A)</b>	<b>22,462</b>	<b>20,403</b>



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## Consolidated Statement of Cash Flows (cont'd)

### Notes to Consolidated Statement of Cash Flows

#### A. Cash and cash equivalents

	Group	
	31.03.2013	31.03.2012
	S\$'000	S\$'000
Cash and short-term deposits	24,563	23,804
Less: Cash and short-term deposits pledged	(2,101)	(3,401)
Cash and cash equivalents	22,462	20,403

#### B. Net cash outflow on acquisition of subsidiary

	Group	
	31.03.2013	31.03.2012
	S\$'000	S\$'000
Cash consideration	-	12,100
Less: cash and cash equivalent acquired	-	(9,953)
	-	2,147

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

**(A) Consolidated Statement of Comprehensive Income**

	<b>Group</b>		
	<b>31.03.2013</b> S\$'000	<b>3 Months ended</b> <b>31.03.2012</b> S\$'000	<b>+ / (-)</b> <b>%</b>
<b>Profit net of tax</b>	697	3,976	(82.5)
<b>Other comprehensive income</b>			
Foreign currency translation	376	(542)	(169.4)
<b>Total comprehensive income</b>	<u>1,073</u>	<u>3,434</u>	<u>(68.8)</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	1,083	3,645	
Non-controlling interests	(10)	(211)	
	<u>1,073</u>	<u>3,434</u>	

**(B) Statements of Changes in Equity**

	<b>Attributable to Equity holders of Company</b>				<b>Non-controlling interests</b> S\$'000	<b>Total Equity</b> S\$'000
	<b>Share capital</b>	<b>Revenue reserve</b>	<b>Other reserves</b>	<b>Total</b>		
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>		
<b>2013</b>						
Balance at 1 January 2013	32,732	69,765	268	102,765	(314)	102,451
Total comprehensive income for 1Q2013	-	716	367	1,083	(10)	1,073
Balance at 31 March 2013	<u>32,732</u>	<u>70,481</u>	<u>635</u>	<u>103,848</u>	<u>(324)</u>	<u>103,524</u>
<b>2012</b>						
Balance at 1 January 2012	30,161	63,307	1,290	94,758	-	94,758
Total comprehensive income for 1Q2012	-	4,192	(547)	3,645	(211)	3,434
Non-controlling interest from acquisition of a subsidiary	-	-	-	-	45	45
Shares issued for acquisition of a subsidiary	2,571	-	-	2,571	-	2,571
Balance at 31 March 2012	<u>32,732</u>	<u>67,499</u>	<u>743</u>	<u>100,974</u>	<u>(166)</u>	<u>100,808</u>

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## (B) Statements of Changes in Equity (cont'd)

<u>Company</u>	Share capital S\$'000	Revenue reserve S\$'000	Total S\$'000
<b>2013</b>			
Balance at 1 January 2013	32,732	44,132	76,864
Total comprehensive income for 1Q2013	-	5,063	5,063
Balance at 31 March 2013	<u>32,732</u>	<u>49,195</u>	<u>81,927</u>
<b>2012</b>			
Balance at 1 January 2012	30,161	42,739	72,900
Total comprehensive income for 1Q2012	-	560	560
Shares issued for acquisition of a subsidiary	2,571	-	2,571
Balance at 31 March 2012	<u>32,732</u>	<u>43,299</u>	<u>76,031</u>

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

	Number of shares	Share capital in S\$'000
<b>Issued and fully paid ordinary shares:</b>		
At 31 December 2012 and 31 March 2013	<u>260,264,171</u>	<u>32,732</u>

There were no outstanding convertible securities as at 31 December 2012 and 31 March 2013.

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

As of 31 March 2013, no options or shares have been granted to employees or directors.

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

	31.03.2013	31.12.2012
Total number of shares (excluding treasury shares)	260,264,171	260,264,171

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**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2013 as the Company does not have any treasury shares.

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed.

**3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2012, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2013. Please see note 5.

**5. If there are any changes in the accounting policies and methods of computation including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

In the current year, the Group adopted the new/revised Financial Reporting Standards ("FRS") and that are effective for annual periods beginning on or after 1 January 2013. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS that is relevant to the Group:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 <i>Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income</i>	1 July 2012
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
FRS 113 <i>Fair Value Measurement</i>	1 January 2014
Amendments to FRS 32 <i>Financial Instruments: Presentation</i> and FRS 107 <i>Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014

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

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

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

	Group	
	3 Months ended	
	31.03.2013	31.03.2012
(a) Based on weighted average number of ordinary shares in issue	0.28 cents	1.64 cents
(b) On fully diluted basis	0.28 cents	1.64 cents

The basic earnings per ordinary share for the first quarter ended 31 March 2013 is calculated by dividing the first quarter profit attributable to shareholders of S\$ 716,000 (31 March 2012: S\$4.2 million) by the weighted average number of 260,264,171 (31 March 2012: 256,330,564) shares in issue during the financial period.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

- (1) Current period reported on

	Group 31.03.2013	Company 31.03.2013
Net asset value per ordinary share for the period based on existing issued share capital as at 31 March 2013 of 260,264,171 ordinary shares	39.78 cents	31.48 cents

- (2) Immediately preceding financial year

	Group 31.12.2012	Company 31.12.2012
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2012 of 260,264,171 ordinary shares	39.36 cents	29.53 cents

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### Review of Group Performance

#### 1Q2013 vs 1Q2012

	1st Quarter ended		+ / (-) %
	31.03.2013 S\$'000	31.03.2012 S\$'000	
Residential property	13,243	4,257	211.1
Hospitality and commercial	14,509	19,154	(24.2)
Distribution	763	1,305	(41.5)
<b>Total</b>	<b>28,515</b>	<b>24,716</b>	<b>15.4</b>

The Group's 1Q2013 revenue increased 15.4% to S\$28.5 million from S\$24.7 million in 1Q2012 largely due to increase in contribution from Residential property projects, offset by the decrease in Hospitality and commercial projects.

The gross profit margin decreased from 27.0% in 1Q2012 to 16.8% in 1Q2013, as a result of lower margins recorded in projects completed during the quarter.

Other income decreased by 99.2% from S\$2.3 million in 1Q2012 to S\$19,000 in 1Q2013. In 1Q2012, there was a S\$2.3 million gain on re-measurement of equity interest to fair value in relation to the acquisition of DDS Asia Holdings Pte Ltd.

Marketing and distribution expenses increased by 26.4% to S\$1.6 million in 1Q2013 as compared with S\$1.3 million in 1Q2012. The increase was mainly due to depreciation related to the showrooms in China, travelling expenses and staff costs.

General and administrative expenses decreased from S\$3.2 million in 1Q2012 to S\$2.2 million in 1Q2013. The decrease was mainly due to exchange gain of S\$223,000 in 1Q2013 as compared with exchange loss of S\$464,000 in 1Q2012. In addition, there was an amortisation of order backlog of S\$589,000 in 1Q2012. The decrease in general and administrative expenses was offset by an impairment loss on doubtful receivables of S\$360,000 and staff-related costs of S\$122,000.

As the result, the Group achieved a lower net profit before tax of S\$1.0 million for 1Q2013, as compared with S\$4.6 million for 1Q2012. After taking into account the tax expenses, the Group's net profit after tax for 1Q2013 decreased to S\$0.7 million, as compared with S\$4.0 million in 1Q2012.

### Balance Sheet (31 March 2013 vs 31 December 2012)

Inventories increased by S\$1.2 million mainly due to the increase in inventories in the Huizhou and Malaysia factories.

Contracts work-in-progress increased by S\$2.5 million to S\$9.6 million as at 31 March 2013. The increase was mainly due to costs incurred for local Residential property projects that were incomplete as at 31 March 2013.

Total trade receivables decreased by S\$5.4 million to S\$47.6 million as at 31 March 2013 as compared with 31 December 2012, in line with the decrease in revenue.

Other receivables and deposits increased by S\$1.1 million to S\$11.4 million. The increase was mainly due to other receivables in DS Huizhou and deposits from DDS Group.

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Trade payables decreased by S\$1.3 million to S\$11.9 million due to payments made to the suppliers.

Accrued operating expenses decreased by S\$4.0 million to S\$18.0 million. The decrease was mainly due to payment of bonus accrued as at 31 December 2012.

## **Cash Flow (1Q2013 vs 1Q2012)**

For 1Q2013, there was net cash outflow of S\$4.4 million mainly used in operating activities.

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

Not applicable

### **10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

As a result of the tightening of foreign worker and higher levy in Singapore, coupled with minimum wage issues in Malaysia, the Group's margin has been squeezed by the rising business costs and resources pressures. The Group is expecting the operating environment in these core markets to remain challenging and competitive in 2013 and will continue to further tighten costs and improve productivity and efficiency.

We continued to make measured progress in China. We managed to secure our first two projects in China; one in Hainan and one in Chengdu, with the latter being developed by CapitaLand China Group. The Group will continue to tap into the diverse opportunities in China market, catering to the increasingly sophisticated demand of a well-to-do middle-class that seeks the quality that Design Studio can offer.

Barring any unforeseen circumstances, the Group expects to remain profitable for the financial year ending 2013 with the order book of S\$222.9 million as of 10 May 2013.

### **11. Dividend**

#### **(1) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

Nil

#### **(2) Corresponding Period of the immediately Preceding Financial Year**

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

Nil

#### **Date payable**

Not applicable

#### **Books closure date**

Not applicable

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

No interim dividend has been declared/ recommended for 1Q ended 31 March 2013.

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

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

Not applicable

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

Not applicable

- 15. A breakdown of sales**

Not applicable

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

Not applicable



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**AGGREGATE VALUE OF TRANSACTION UNDER RULE 920(1)(A)(II) OF THE LISTING MANUAL**

Aggregate value of transactions conducted pursuant to the general mandate for interested persons transactions for the 3 months period ended 31 March 2013 pursuant to Rule 920(1)(a)(ii) of the listing Manual:

Name of interest person	Aggregate value of all interested persons transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Depa Interiors LLC & its associates	Nil	S\$858,569

**BY ORDER OF THE BOARD**

**Helen Campos**  
**Secretary**

**Date: 10 May 2013**

**Design Studio Furniture Manufacturer Limited**  
**(Registration Number: 199401553D)**

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**CONFIRMATION BY THE BOARD**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the first quarter ended 31 March 2013 to be false or misleading in any material respect.

**ON BEHALF OF BOARD OF DIRECTORS**

\_\_\_\_\_  
**Name: Bernard Lim Leng Foo**  
**Director**

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**Name: Kelly Ng Chai Choey**  
**Director**

**Date: 10 May 2013**