

DESIGN STUDIO FURNITURE MANUFACTURER LTD

(Company Registration Number 199401553D)
(Incorporated in the Republic of Singapore)



**RESPONSE TO QUERY RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
REGARDING FY2011 ANNUAL REPORT**

The Board of Directors of Design Studio Furniture Manufacturer Ltd ("the Company") refers to the query raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") on its Annual Report for the financial year ended 31 December 2011 and wishes to provide additional information as follows:

SGX-ST's query

For the purpose of complying with Listing Rule 1207(10), please note that:-

- (a) "Absence of evidence to the contrary" disclaimer is NOT allowed in the opinion;
- (b) The Board and the Audit Committee must opine whether the internal controls are adequate to address all 3 areas of risks (ie financial, operational and compliance risks). "In its current business environment", "business operations" without mention of all the 3 risks areas are not acceptable.
- (c) Both the Board and the AC must provide the opinion; "The Board and the AC believes" is not acceptable.

We note that the confirmation provided in your annual report is not consistent with some of the guidelines stated above. Hence, please provide a clean opinion that is in compliance with Listing Rule 1207(10).

Company's Response

Please see below our revised opinion:

The Board is satisfied that the Company's framework on internal controls is adequate to provide the 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 system of internal controls is adequate in addressing financial, operational and compliance risk within the Group.

BY ORDER OF THE BOARD

Eliza Lim Bee Lian
Company Secretary

19 April 2012