



## **Design Studio Furniture Manufacturer Limited**

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

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### **4<sup>th</sup> Quarter and Full Year Financial Statement And Dividend Announcement For The Period/ Year Ended 31 December 2011**

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

**4<sup>th</sup> Quarter and Full Year 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>4th Quarter ended</b>			<b>Full Year ended</b>		
		<b>31.12.2011</b>	<b>31.12.2010</b>	<b>+ / (-)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>	<b>+ / (-)</b>
		<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Revenue		23,967	38,389	(37.6)	93,222	107,970	(13.7)
Cost of sales		(16,037)	(27,155)	(40.9)	(66,046)	(76,042)	(13.1)
<b>Gross profit</b>		7,930	11,234	(29.4)	27,176	31,928	(14.9)
Other income		-	-	N.M.	3	58	(94.8)
		7,930	11,234	(29.4)	27,179	31,986	(15.0)
Marketing and distribution expenses		(1,053)	(510)	106.5	(4,259)	(3,223)	32.1
General and administrative expenses		(1,849)	(2,072)	(10.8)	(6,761)	(6,992)	(3.3)
<b>Profit from operations</b>	1(a)(1)	5,028	8,652	(41.9)	16,159	21,771	(25.8)
Finance expenses	1(a)(2)	(2)	(2)	0.0	(10)	(14)	(28.6)
Finance income	1(a)(2)	14	14	0.0	61	61	0.0
Share of result of an associate		503	596	(15.6)	2,536	1,270	99.7
<b>Profit before tax</b>		5,543	9,260	(40.1)	18,746	23,088	(18.8)
Tax expense	1(a)(3)	(1,157)	(1,402)	(17.5)	(3,489)	(3,471)	0.5
<b>Profit net of tax</b>		4,386	7,858	(44.2)	15,257	19,617	(22.2)

N.M. : Not Meaningful

# Design Studio Furniture Manufacturer Limited

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## Notes to Consolidated Income Statement

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

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2011	31.12.2010	+ /(-)	31.12.2011	31.12.2010	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	879	770	14.2	3,145	2,824	11.4
Foreign exchange (gain)/ loss, net	(231)	238	N.M.	44	850	(94.8)
Loss/ (gain) on disposal of property, plant and equipment	1	17	(94.1)	(22)	32	N.M.
Property, plant and equipment written off	-	3	N.M.	-	8	N.M.
Amortisation of club membership	2	1	100.0	6	6	0.0
Impairment loss on doubtful receivables	3	-	N.M.	3	2	50.0

### Note 1(a)(2) Finance expenses and finance income:

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2011	31.12.2010	+ /(-)	31.12.2011	31.12.2010	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Finance expenses</b>						
- Bills payable and discounting	-	-	N.M.	1	1	0.0
- Finance leases	1	-	N.M.	2	6	(66.7)
- Bankers' guarantee and commitment fee	1	2	(50.0)	7	7	0.0
	<u>2</u>	<u>2</u>	<u>0.0</u>	<u>10</u>	<u>14</u>	<u>(28.6)</u>
<b>Finance income</b>						
- Fixed deposits	14	14	0.0	61	61	0.0
	<u>14</u>	<u>14</u>	<u>0.0</u>	<u>61</u>	<u>61</u>	<u>0.0</u>

### Note 1(a)(3) Tax include the following:

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2011	31.12.2010	+ /(-)	31.12.2011	31.12.2010	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Current tax</b>						
Singapore	723	1,396	(48.2)	2,177	3,432	(36.6)
Foreign	578	101	472.3	1,223	44	2,679.5
	<u>1,301</u>	<u>1,497</u>	<u>(13.1)</u>	<u>3,400</u>	<u>3,476</u>	<u>(2.2)</u>
<b>Deferred tax</b>						
Singapore	(115)	(32)	259.4	(34)	58	(158.6)
Foreign	(29)	(63)	(54.0)	123	(63)	N.M.
	<u>1,157</u>	<u>1,402</u>	<u>(17.5)</u>	<u>3,489</u>	<u>3,471</u>	<u>0.5</u>

N.M.: Not Meaningful

**Design Studio Furniture Manufacturer Limited**  
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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	
		31.12.2011 S\$'000	31.12.2010 S\$'000	31.12.2011 S\$'000	31.12.2010 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		25,886	11,616	5,982	6,621
Investment in subsidiaries		-	-	21,279	275
Investment in an associate		9,661	7,170	2,250	2,250
Club membership		61	67	61	67
Deferred tax assets		-	98	-	-
Trade and other receivables	1(b)(3)	10,196	9,148	10,196	9,148
Prepayments		724	-	-	-
<b>Current assets</b>					
Inventories	1(b)(1)	11,610	9,126	1,404	1,927
Gross amount due from customers for contract work-in-progress	1(b)(2)	6,776	8,008	6,074	9,333
Trade and other receivables	1(b)(3)	22,957	34,863	19,261	34,256
Prepayments		2,681	1,472	648	606
Investment securities		-	4	-	4
Tax recoverable		-	122	-	-
Cash and short-term deposits		28,611	34,701	25,785	33,446
		<u>72,635</u>	<u>88,296</u>	<u>53,172</u>	<u>79,572</u>
<b>Current liabilities</b>					
Trade and other payables	1(b)(4)	21,054	28,097	17,879	25,247
Finance lease liabilities (current portion)	1(b)(5)	3	26	-	11
Provision for tax		3,145	3,440	2,098	3,440
		<u>24,202</u>	<u>31,563</u>	<u>19,977</u>	<u>28,698</u>
<b>Net current assets</b>		48,433	56,733	33,195	50,874
<b>Non-current liabilities</b>					
Deferred tax liabilities		88	97	63	97
Other payables		115	106	-	-
Finance lease liabilities (non-current portion)	1(b)(5)	-	3	-	-
<b>Net assets</b>		<u>94,758</u>	<u>84,626</u>	<u>72,900</u>	<u>69,138</u>
<b>Equity attributable to equity holders of the Company</b>					
Share capital		30,161	30,161	30,161	30,161
Reserves		64,597	54,465	42,739	38,977
<b>Total equity</b>		<u>94,758</u>	<u>84,626</u>	<u>72,900</u>	<u>69,138</u>

# Design Studio Furniture Manufacturer Limited

(Registration Number: 199401553D)

## Notes to Balance Sheets

### Note 1(b)(1) Inventories

	Group		Company	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	S\$'000	S\$'000	S\$'000	S\$'000
Raw materials, at cost	9,909	6,217	1,248	1,768
Work-in-progress, at cost	1,614	2,909	156	159
Finished goods, at cost	87	-	-	-
	<u>11,610</u>	<u>9,126</u>	<u>1,404</u>	<u>1,927</u>

### Note 1(b)(2) Gross amount from customers for contract work-in-progress

	Group		Company	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	S\$'000	S\$'000	S\$'000	S\$'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	315,851	261,450	295,706	255,220
Less: Progress billings	<u>(309,075)</u>	<u>(253,442)</u>	<u>(289,632)</u>	<u>(245,887)</u>
	<u>6,776</u>	<u>8,008</u>	<u>6,074</u>	<u>9,333</u>
Presented as:				
Gross amount due from customers for contract work	6,776	8,008	6,074	9,333
Gross amount due to customers for contract work	-	-	-	-
	<u>6,776</u>	<u>8,008</u>	<u>6,074</u>	<u>9,333</u>

### Note 1(b)(3) Trade and other receivables

	Group		Company	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Trade receivables (non-current):</b>				
<u>Retention monies:</u>				
Third parties	5,921	5,045	5,921	5,045
Corporate shareholder	3,618	3,271	3,618	3,271
Associate	657	832	657	832
	<u>10,196</u>	<u>9,148</u>	<u>10,196</u>	<u>9,148</u>
<b>Current:</b>				
Trade receivables	18,024	31,457	14,350	30,939
Other receivables and deposits	4,933	3,406	4,911	3,317
	<u>22,957</u>	<u>34,863</u>	<u>19,261</u>	<u>34,256</u>
<b>Trade receivables (current):</b>				
<u>Third parties:</u>				
Trade receivables	8,887	17,645	8,417	17,191
Retention monies	3,330	3,981	3,169	3,917
	<u>12,217</u>	<u>21,626</u>	<u>11,586</u>	<u>21,108</u>
Less: Allowance for doubtful receivables	-	-	-	-
	<u>12,217</u>	<u>21,626</u>	<u>11,586</u>	<u>21,108</u>

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

	Group		Company	
	31.12.2011 S\$'000	31.12.2010 S\$'000	31.12.2011 S\$'000	31.12.2010 S\$'000
Movement in allowance accounts:				
At beginning of the year	-	(1)		
Charge for the year	(3)	(2)		
Written off during the year	3	3		
At end of the year	-	-		
<u>Corporate shareholder:</u>				
Trade receivables	695	608	695	608
Retention monies	-	316	-	316
	<u>695</u>	<u>924</u>	<u>695</u>	<u>924</u>
<u>Subsidiary:</u>				
Trade receivables	-	-	141	-
<u>Associate:</u>				
Trade receivables	4,281	8,104	1,519	8,104
Retention monies	831	803	409	803
	<u>5,112</u>	<u>8,907</u>	<u>1,928</u>	<u>8,907</u>
Total current trade receivables	<u>18,024</u>	<u>31,457</u>	<u>14,350</u>	<u>30,939</u>
<u>Third parties:</u>				
Other receivables	2,734	63	74	70
Deposits	2,199	3,343	126	2,929
	<u>4,933</u>	<u>3,406</u>	<u>200</u>	<u>2,999</u>
Non-trade amount due from subsidiaries	-	-	4,711	318
	<u>4,933</u>	<u>3,406</u>	<u>4,911</u>	<u>3,317</u>

**Note 1(b)(4) Trade and other payables**

	Group		Company	
	31.12.2011 S\$'000	31.12.2010 S\$'000	31.12.2011 S\$'000	31.12.2010 S\$'000
<u>Trade payables:</u>				
Amount due to third parties	5,084	8,582	3,216	6,438
Amount due to subsidiaries	-	-	1,159	2,279
Amount due to an associate	-	24	-	24
Amount due to a corporate shareholder	141	132	-	-
Retention payables	950	785	862	704
	<u>6,175</u>	<u>9,523</u>	<u>5,237</u>	<u>9,445</u>
Other payables	685	1,429	423	424
Accrued operating expenses	11,731	15,558	10,460	13,791
Deposits received	2,463	1,587	1,759	1,587
	<u>21,054</u>	<u>28,097</u>	<u>17,879</u>	<u>25,247</u>

# Design Studio Furniture Manufacturer Limited

(Registration Number: 199401553D)

## Note 1(b)(5) Finance lease liabilities

	Minimum lease payments 31.12.2011 S\$'000	Present value of payments 31.12.2011 S\$'000	Minimum lease payments 31.12.2010 S\$'000	Present value of payments 31.12.2010 S\$'000
<b>Group</b>				
Not later than one year	3	3	28	26
Later than one year but not later than five years	-	-	3	3
Total minimum lease payments	3	3	31	29
Less: Amounts representing finance charges	-	-	(2)	-
Present value of minimum lease payments	3	3	29	29
<b>Company</b>				
Not later than one year	-	-	12	11
Later than one year but not later than five years	-	-	-	-
Total minimum lease payments	-	-	12	11
Less: Amounts representing finance charges	-	-	(1)	-
Present value of minimum lease payments	-	-	11	11

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

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

As at 31.12.2011		As at 31.12.2010	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
3	-	26	-

### Amount repayable after one year

As at 31.12.2011		As at 31.12.2010	
S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
-	-	3	-

### Details of any collateral

As at 31 December 2011, our Group's credit facilities are secured by the following:

- (i) pledge of fixed deposit of the Company amounting to approximately S\$1,530,000 (31 December 2010: S\$2,748,000);
- (ii) corporate guarantees provided by the Company;
- (iii) plant and equipment of a subsidiary acquired under finance lease liabilities.

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

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			
	4th Quarter ended		Full Year ended	
	31.12.2011 S\$'000	31.12.2010 S\$'000	31.12.2011 S\$'000	31.12.2010 S\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	5,543	9,260	18,746	23,088
Adjustments:				
Impairment loss on doubtful receivables	3	-	3	2
Depreciation of property, plant and equipment	879	770	3,145	2,824
Property, plant and equipment written off	-	3	-	8
Loss/ (gain) on disposal of property, plant and equipment	1	17	(22)	32
Finance expenses	2	2	10	14
Finance income	(14)	(14)	(61)	(61)
Share of result of an associate	(503)	(596)	(2,536)	(1,270)
Amortisation of club membership	2	1	6	6
Currency translation difference	359	24	294	81
<b>Operating profit before working capital changes</b>	<b>6,272</b>	<b>9,467</b>	<b>19,585</b>	<b>24,724</b>
(Increase)/ decrease in:				
Inventories	(2,179)	1,450	(2,484)	(2,236)
Contract work-in-progress	1,893	(485)	1,232	(1,627)
Trade and other receivables	(331)	(9,356)	10,858	(10,480)
Prepayments	(503)	(137)	(1,933)	(567)
(Decrease)/ increase in:				
Trade and other payables	(1,441)	3,123	(7,034)	1,929
<b>Cash flows from operations</b>	<b>3,711</b>	<b>4,062</b>	<b>20,224</b>	<b>11,743</b>
Finance expenses paid	(2)	(2)	(10)	(14)
Income taxes paid	(68)	-	(3,572)	(3,617)
<b>Net cash flows from operating activities</b>	<b>3,641</b>	<b>4,060</b>	<b>16,642</b>	<b>8,112</b>
<b>Cash flows from investing activities</b>				
Costs incurred for construction-in-progress (Note A)	(3,156)	(9)	(4,173)	(678)
Finance income received	14	14	61	61
Proceeds from sale of property, plant and equipment	1	19	35	110
Purchase of property, plant and equipment (Note A)	(141)	(69)	(12,252)	(4,101)
Proceeds from sale of investment securities	-	-	4	-
Repayment of loan by an associate	-	1,350	-	1,350
<b>Net cash flows (used in)/ from investing activities</b>	<b>(3,282)</b>	<b>1,305</b>	<b>(16,325)</b>	<b>(3,258)</b>



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

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

	Group			
	4th Quarter ended		Full Year ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from financing activities</b>				
Decrease/ (increase) in fixed deposits pledged	660	116	1,218	(2,079)
Dividends paid on ordinary shares by the Company	-	-	(6,381)	(6,380)
Repayment of finance lease liabilities	(1)	(21)	(26)	(132)
<b>Net cash flows from/ (used in) financing activities</b>	<b>659</b>	<b>95</b>	<b>(5,189)</b>	<b>(8,591)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>1,018</b>	<b>5,460</b>	<b>(4,872)</b>	<b>(3,737)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>26,063</b>	<b>26,493</b>	<b>31,953</b>	<b>35,690</b>
<b>Cash and cash equivalents at end of the period (Note B)</b>	<b>27,081</b>	<b>31,953</b>	<b>27,081</b>	<b>31,953</b>

**Notes to Consolidated Statement of Cash Flows**

**A. Purchase of property, plant & equipment**

During the year ended 31 December 2011, the Group acquired property, plant & equipment with an aggregate cost of S\$16,425,000 (FY2010: S\$4,779,000) with cash.

**B. Cash and cash equivalents**

	31.12.2011	31.12.2010
	S\$'000	S\$'000
Cash and bank balances	7,353	5,174
Fixed deposits	21,258	29,527
Cash and short-term deposits	28,611	34,701
Less: Fixed deposits pledged	(1,530)	(2,748)
<b>Cash and cash equivalents</b>	<b>27,081</b>	<b>31,953</b>

## Design Studio Furniture Manufacturer Limited

(Registration Number: 199401553D)

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

### (A) Consolidated Statement of Comprehensive Income

	Group					
	4th Quarter ended			Full Year ended		
	31.12.2011	31.12.2010	+ / (-)	31.12.2011	31.12.2010	+ / (-)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
<b>Profit net of tax</b>	4,386	7,858	(44.2)	15,257	19,617	(22.2)
<b>Other comprehensive income</b>						
Foreign currency translation	426	11	3,772.7	1,301	44	2,856.8
Share of other comprehensive income of an associate	(7)	4	(275.0)	(45)	4	(1,225.0)
<b>Total comprehensive income attributable to equity holders of the Company</b>	4,805	7,873	(39.0)	16,513	19,665	(16.0)

### (B) Statement of Changes in Equity

Group	Share capital	Revenue reserves	Other reserves	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>2011</b>				
Opening balance at 01 January 2011	30,161	54,431	34	84,626
Total comprehensive income for the year	-	15,257	1,256	16,513
Dividends on ordinary shares	-	(6,381)	-	(6,381)
Closing balance at 31 December 2011	30,161	63,307	1,290	94,758
<b>2010</b>				
Opening balance at 01 January 2010	30,111	41,194	(14)	71,291
Total comprehensive income for the year	-	19,617	48	19,665
Dividends on ordinary shares	-	(6,380)	-	(6,380)
New shares issued upon conversion of shares from convertible notes	50	-	-	50
Closing balance at 31 December 2010	30,161	54,431	34	84,626
<b>Company</b>				
		Share capital	Revenue reserves	Total
		S\$'000	S\$'000	S\$'000
<b>2011</b>				
Opening balance at 01 January 2011		30,161	38,977	69,138
Total comprehensive income for the year		-	10,143	10,143
Dividends on ordinary shares		-	(6,381)	(6,381)
Closing balance at 31 December 2011		30,161	42,739	72,900
<b>2010</b>				
Opening balance at 01 January 2010		30,111	28,258	58,369
Total comprehensive income for the year		-	17,099	17,099
Dividends on ordinary shares		-	(6,380)	(6,380)
New shares issued upon conversion of shares from convertible notes		50	-	50
Closing balance at 31 December 2010		30,161	38,977	69,138

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

**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.**

**(1) Current period reported on**

	<b>No of ordinary shares</b>	<b>S\$'000</b>
Issued and fully paid-up ordinary shares as at 31 December 2011	255,222,505	30,161

On 25 November 2011, the Board announced that the Company had entered into a conditional sale and purchase agreement dated 25 November 2011 with its Controlling Shareholder, Depa Interiors LLC (“DEPA”) in relation to the acquisition of 2,750,000 ordinary shares issued and fully paid-up in the share capital of its associate company, DDS Asia Holdings Pte Ltd (“DDS”), at an aggregate purchase consideration of S\$15,125,000. 20% of the purchase consideration, being S\$3,025,000 will be made by way of the Company allotting and issuing to DEPA, credited as fully paid up, 5,041,666 new Shares in the capital of the Company (the “**Consideration Shares**”) at an issue price of S\$0.60 per Consideration Share on completion. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing shares in the issued and paid-up share capital of the Company save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Consideration Shares.

The proposed acquisition of DDS and the proposed allotment and issue of 5,041,666 New Shares were approved by the Shareholders at an Extraordinary General Meeting held at No. 8 Sungei Kadut Crescent, Singapore 726682 on Friday, 24 February 2012 at 10.30a.m.

**(2) Immediately preceding financial year**

	<b>No of ordinary shares</b>	<b>S\$'000</b>
Issued and fully paid-up ordinary shares as at 31 December 2010	255,222,505	30,161

**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.**

	<b>31.12.2011</b>	<b>31.12.2010</b>
Total number of shares (excluding treasury shares)	255,222,505	255,222,505

# Design Studio Furniture Manufacturer Limited

## (Registration Number: 199401553D)

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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 December 2011 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 2010, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2011. 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 Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2011. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

Description	Effective for annual periods beginning on or after
Amendment to FRS 32 Financial Instruments: Presentation - Classification of Rights Issues	1 February 2010
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011
INT FRS 115 Agreements for the Construction of Real Estate	1 January 2011

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

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

**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)**

	<b>Group</b>			
	<b>4th Quarter ended</b>		<b>Full Year ended</b>	
	<b>31.12.2011</b>	<b>31.12.2010</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
(a) Based on weighted average number of ordinary shares in issue	1.72 cents	3.08 cents	5.98 cents	7.69 cents
(b) On fully diluted basis	N.A.	N.A.	N.A.	N.A.

The basic earnings per ordinary share for the fourth quarter ended 31 December 2011 is calculated by dividing the 4th quarter profit attributable to shareholders of S\$4.4 million (31 December 2010: S\$7.9 million) by the weighted average number of 255,222,505 (31 December 2010: 255,222,505) shares in issue during the financial period.

The basic earnings per ordinary share for the full year ended 31 December 2011 is calculated by dividing the full year profit attributable to shareholders of S\$15.3 million (31 December 2010: S\$19.6 million) by the weighted average number of 255,222,505 (31 December 2010: 255,213,770) 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**

	<b>Group 31.12.2011</b>	<b>Company 31.12.2011</b>
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2011 of 255,222,505 ordinary shares	37.13 cents	28.56 cents

**(2) Immediately preceding financial year**

	<b>Group 31.12.2010</b>	<b>Company 31.12.2010</b>
Net asset value per ordinary share for the period based on existing issued share capital as at 31 December 2010 of 255,222,505 ordinary shares	33.16 cents	27.09 cents

## Design Studio Furniture Manufacturer Limited

(Registration Number: 199401553D)

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

#### 4Q2011 vs 4Q2010

	4th Quarter ended		+ / (-) %
	31.12.2011 S\$'000	31.12.2010 S\$'000	
Residential property	11,495	28,567	(59.8)
Hospitality and commercial	11,203	3,739	199.6
Distribution	1,269	6,083	(79.1)
<b>Total</b>	<b>23,967</b>	<b>38,389</b>	<b>(37.6)</b>

4Q2011 revenue declined 37.6% to S\$24.0 million from S\$38.4 million in 4Q2010, primarily due to lower contribution from the residential property and distribution business segments. The declines were partially offset by higher contribution from the hospitality and commercial business segment.

Marketing and distribution expenses increased to S\$1.1 million in 4Q2011 from S\$510,000 in 4Q2010, primarily due to increased in marketing and showroom expenses.

General and administrative expenses (before foreign exchange differences) increased by 13.4% from S\$1.8 million in 4Q2010 to S\$2.1 million in 4Q2011, largely due to higher professional and legal charges incurred during the quarter. Taking into account the foreign exchange gain, general and administrative expenses decreased to S\$1.8 million in 4Q2011.

The Group recorded a gain of S\$503,000 this quarter from associate company, DDS Group, compared with profit of S\$596,000 in 4Q2010.

As a result, 4Q2011 net profit after tax was S\$4.4 million, a decline of 44.2% from S\$7.9 million in 4Q2010.

#### FY2011 vs FY2010

	Full Year ended		+ / (-) %
	31.12.2011 S\$'000	31.12.2010 S\$'000	
Residential property	63,790	67,768	(5.9)
Hospitality and commercial	24,348	23,441	3.9
Distribution	5,084	16,761	(69.7)
<b>Total</b>	<b>93,222</b>	<b>107,970</b>	<b>(13.7)</b>

FY2011 revenue was S\$93.2 million, compared with S\$108.0 million in FY2010, primarily due to lower contribution from the distribution business segment and to a lesser extent, the residential property business segment. The declines in the two segments were partially offset by higher contribution from the hospitality and commercial business segment.

Notwithstanding the decline in FY2011 revenue, the Group was able to maintain a healthy gross margin of 29.2%, as compared with 29.6% in FY2010.

## **Design Studio Furniture Manufacturer Limited**

### **(Registration Number: 199401553D)**

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Marketing and distribution expenses increased 32.1% to S\$4.3 million in FY2011 as the Group continued to step up its marketing activities by participating in local and China exhibitions to strengthen the Group's corporate recognition and brand awareness across the industry.

General and administrative expenses (before foreign exchange loss) increased by 9.4% from S\$6.1 million in FY2010 to S\$6.7 million in FY2011. The increase was mainly due to operating costs related to Huizhou factory. Taking into account the foreign exchange loss, general and administrative expenses decreased by 3.3% to S\$6.8 million in FY2011.

The Group recognised S\$2.5 million of profit during the year from its associate, DDS Group, as compared with S\$1.3 million in FY2010. The higher profit was primarily due to additional variation orders being recognized in FY2011.

Overall, the Group achieved a profit before tax of S\$18.7 million in FY2011, a decrease of 18.8% as compared with S\$23.1 million in FY2010. The income tax expense was S\$3.5 million for both years. Consequently, this resulted in a decrease in net profit after tax to S\$15.3 million in FY2011.

#### **Balance Sheet (31 December 2011 vs 31 December 2010)**

Property, plant and equipment increased by S\$14.3 million to S\$25.9 million as at 31 December 2011 as compared with S\$11.6 million as at 31 December 2010. The increase was mainly due to the purchase of plant and equipment for the new factory in Huizhou, China.

Current trade receivables decreased from S\$31.5 million as at 31 December 2010 to S\$18.0 million as at 31 December 2011. The decrease was mainly due to collection from debtors and lower turnover.

Total cash and short-term deposits decreased from S\$34.7 million in 31 December 2010 to S\$28.6 million as at 31 December 2011.

Trade payables decreased from S\$9.5 million as at 31 December 2010 to S\$6.2 million as at 31 December 2011. The decrease was in line with lower business activities.

Accrued operating expenses decreased by S\$3.8 million to S\$11.7 million as at 31 December 2011 as compared with 31 December 2010. The decrease was mainly due to lower accrual of project related costs and provision for bonus.

#### **Cash Flow (4Q2011 vs 4Q2010 and FY2011 vs FY2010)**

##### **4Q2011 vs 4Q2010**

For 4Q2011, there was net cash inflow of S\$1.0 million, resulting mainly from operating expenses, offset by the cash outflow for the purchase of manufacturing equipments for the new Huizhou factory.

##### **FY2011 vs FY2010**

For FY2011, there was cash inflow from net operating activities at S\$16.6 million. Part of the cash flow was used in payment of dividends and purchase of manufacturing equipments for the new Huizhou factory. As a result, there was a net cash outflow of S\$4.9 million.

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

Not applicable

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

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

Despite the on-going global economy uncertainties, Design Studio, with its recent acquisition of the balance 55% of DDS Group has a solid footing to navigate forward with a strong combined order book of S\$234.2 million that covers notable hospitality, commercial and residential projects in Singapore and overseas. Barring any unforeseen circumstances, the Group expects to remain profitable for FY2012.

**11. Dividend**

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

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

Name of dividend	Cash
Dividend type	Final
Dividend amount per share (in SG cents)	1.25 cents per ordinary share
Tax rate	One-tier tax exempt

**Date payable**

18 May 2012

**Books closure date**

30 April 2012 at 5p.m.

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

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

Name of dividend	Cash
Dividend type	Final
Dividend amount per share (in SG cents)	1.25 cents per ordinary share
Tax rate	One-tier tax exempt

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

Not applicable



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

**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**

2011	Residential property projects	Hospitality and commercial projects	Distribution projects	Adjustments and eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>					
External customers	63,790	24,348	5,084	-	93,222
Inter-segment	16,612	5,216	43	(21,871)	-
	<u>80,402</u>	<u>29,564</u>	<u>5,127</u>	<u>(21,871)</u>	<u>93,222</u>
<b>Results</b>					
Share of result of an associate	-	2,536	-	-	2,536
Other non-cash expenses	-	-	-	(3,150)	(3,150)
Segment profit before tax	<u>14,568</u>	<u>4,649</u>	<u>2,660</u>	<u>(3,131)</u>	<u>18,746</u>
<b>Assets</b>					
Investment in an associate	-	9,661	-	-	9,661
Additions to non-current assets	-	-	-	17,149	17,149
Segment assets	<u>22,268</u>	<u>20,757</u>	<u>3,111</u>	<u>73,027</u>	<u>119,163</u>
<b>Segment liabilities</b>	<u>9,242</u>	<u>3,130</u>	<u>1,074</u>	<u>10,959</u>	<u>24,405</u>
<b>2010</b>					
	Residential property projects	Hospitality and commercial projects	Distribution projects	Adjustments and eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>					
External customers	67,768	23,441	16,761	-	107,970
Inter-segment	17,002	10,474	356	(27,832)	-
	<u>84,770</u>	<u>33,915</u>	<u>17,117</u>	<u>(27,832)</u>	<u>107,970</u>
<b>Results</b>					
Share of result of an associate	-	1,270	-	-	1,270
Other non-cash expenses	(2)	-	-	(2,838)	(2,840)
Segment profit before tax	<u>20,519</u>	<u>1,004</u>	<u>4,308</u>	<u>(2,743)</u>	<u>23,088</u>
<b>Assets</b>					
Investment in an associate	-	7,170	-	-	7,170
Additions to non-current assets	-	-	-	4,779	4,779
Segment assets	<u>30,317</u>	<u>22,746</u>	<u>2,880</u>	<u>60,452</u>	<u>116,395</u>
<b>Segment liabilities</b>	<u>14,858</u>	<u>3,972</u>	<u>1,020</u>	<u>11,919</u>	<u>31,769</u>

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

**Geographical Segment**

**Revenue by geographical markets**

	Year ended 31.12.2011 S\$'000	Year ended 31.12.2010 S\$'000
Singapore	63,411	92,544
Malaysia	13,523	1,013
United Arab Emirates	13,529	13,919
Others	2,759	494
	93,222	107,970

**Non-current assets by geographical markets**

	Year ended 31.12.2011 S\$'000	Year ended 31.12.2010 S\$'000
Singapore	6,244	6,688
Malaysia	2,433	4,700
People's Republic of China	17,892	22
United Arab Emirates	102	273
	26,671	11,683

**Information about major customers**

Revenue from one major customer amount to S\$22,182,000 (2010: S\$22,543,000), arising from sales from the residential property and hospitality and commercial projects.

**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**

	Group	
	Year Ended	
	31.12.2011 S\$'000	31.12.2010 S\$'000
(a) Sales reported for first half year	49,069	39,309
(b) Operating profit after tax before deducting minority interests reported for first half year	8,653	6,634
(c) Sales reported for second half year	44,153	68,661
(d) Operating profit after tax before deducting minority interests reported for second half year	6,604	12,983

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

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

Type of Dividend	FY 2011 (S\$'000)	FY 2010 (S\$'000)
Interim	3,191	3,190
Final	*3,253	3,190
Total	6,444	6,380

\* The amount includes the 5,041,666 new shares to be issued to Depa Interiors LLC as Consideration shares on completion, as disclosed in Note 1d(ii) of this announcement.

**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 December 2011 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\$24,916,305

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

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**PERSONS OCCUPYING MANAGERIAL POSITIONS WHO IS RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Clause 704(13) of the Listing Manual, Design Studio Furniture Manufacturer Limited ("the Company") confirm that the persons occupying managerial position as at the financial year ended 31 December 2011 who are related to a director, chief executive officer or substantial shareholder of the Company are as follows:

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held if any, during the year</b>
Hadi Solh	34	Son-in-law of Mr Mohannad Izzat Sweid	Non-Executive Director – November 2010	No change
Mohannad Izzat Sweid	56	Father-in-law of Mr Hadi Solh	Non-Executive Director - August 2007	No change

**BY ORDER OF THE BOARD**

**Lim Bee Lian Eliza**  
**Secretary**

**24 February 2012**