NEWS RELEASE

DESIGN STUDIO GROUP 1H2015 NET PROFIT UP 46.4% TO S$8.9 MILLION

- ***1H2015 revenue up 62.7% to S$93.9 million, primarily due to higher contributions from Residential, and Hospitality and Commercial divisions;***
- ***Proposes to reward shareholders with an interim dividend of 1.25 Singapore cents per share (0.50 Singapore cent per share in 1H2014);***
- ***Remains well-positioned with healthy cash flows, a strong balance sheet, and an order book worth S$225.5 million.***

1H2015 Financial Highlights

S$ '000	1H2015	1H2014	Change
Revenue	93,937	57,727	62.7%
Gross profit	17,592	14,177	24.1%
Profit net of tax	8,853	6,049	46.4%
EPS (cents)	3.41	2.33	46.4%

Singapore, 31 July 2015 – Design Studio Group Ltd (瑞胜集团有限公司) ("Design Studio Group" and collectively with its subsidiaries, "the Group"), Singapore's leading premier furniture manufacturer, product and interior fitting-out specialist, today announced that Group revenue increased 62.7% to S$93.9 million in the six months ended 30 June 2015 ("1H2015"), from S$57.7 million in the previous corresponding period ("1H2014"). The revenue increase was primarily due to higher contribution from the Group's Residential and Hospitality and Commercial divisions.

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As a result of the Group's focus on operational excellence and cost efficiency, profit net of tax increased 46.4% to S$8.9 million in 1H2015 from S$6.0 million in 1H2014.

"I am pleased to report that Group performed well in the first half of the year despite the overhang of a tepid economic landscape and stringent regulatory environment in our key business markets. We achieved our 38th consecutive quarter of profitability and secured 11 quality contracts during the period," said Ms Tan Siok Chin, Non-Executive Chairman of Design Studio Group.

"Staying true to our stated policy of distributing annual dividends of not less than 25% of our net profits attributable to Shareholders[1], the Board is pleased to declare an interim dividend of 1.25 Singapore cents per share. Our ability to return capital to our shareholders is underpinned by our balance sheet and healthy cash flows from operations," said Ms Tan.

Residential

Despite facing challenging operating environments in Singapore and Malaysia, the Group's Residential division turned in a strong 1H2015 performance, registering a 44.4% increase in revenue to S$43.7 million, from S$30.3 million in 1H2014. The Residential division contributed to 46.5% of total revenues during the period.

The Urban Redevelopment Authority, Singapore's land use planning and conservation authority, announced that the private residential property price index (PPI) fell 0.9% in 2Q2015, marking the PPI's seventh continuous quarter of price decline[2]. The property cooling measures and loan restrictions, increasing interest rates and a pending supply of residential units over the next two years, continue to weaken home buyer demand[3]. This continues to have an adverse effect on the industry and its players, with increased competition as a result of fewer projects available for award.

[1] "Adoption of Dividend Policy", Design Studio Group Announcement, 5 November 2013
[2] https://www.ura.gov.sg/uol/media-room/news/2015/jul/pr15-35.aspx
[3] http://www.colliers.com/en-gb/singapore/about/media/2015-06-30-sgp-1h2015auction

In 1H2015, the Group secured several projects in Singapore, Malaysia, Abu Dhabi, Japan and North America.

In Singapore, the Group secured a contract for the supply and installation of kitchen cabinets, wardrobes, vanity cabinets and mirror cabinets to The Brownstone, a 638-unit luxury executive condominium by City Developments Limited and TID Pte. Ltd.. Located on Canberra Drive in Sembawang just beside the upcoming Canberra MRT station, the Brownstone consists of eight blocks of 10- to 12-storey residential apartments.

The Group also secured a contract for the supply and installation of kitchen cabinets, wardrobes, vanity cabinets and DB cabinets to Highline Residences, a 500-unit condominium development by Keppel Land along Kim Tian Road in Tiong Bahru, Singapore. Expected to be completed by 2018, Highline Residences comprises three residential towers and four low-rise blocks.

In Malaysia, the Group secured a follow-on contract for the design, supply and installation of cabinetry to bathrooms to Le Nouvel @ Jalan Ampang. Developed by Wing Tai Malaysia Berhad and designed by well-known French designer, Jean Nouvel, the 195-unit development consists of a 43-storey and 49-storey tower, located across Suria KLCC on Jalan Ampang, in Kuala Lumpur.

Over in Abu Dhabi, the Group secured two contracts, one for the supply of non-fire rated doors to Marina City Development and the other contract was for the supply of wardrobe to the Fairmont Hotel Abu Dhabi.

In North America, the Group won a contract to supply kitchen and vanity cabinets to 626 First Avenue, a 756-unit luxury residential development along New York City's East River.

The Group also secured a contract from Asahi Corporation for the supply and installation of beds, TV panels, mirrors, wardrobes and associated accessories to AIDA Cruise 2. AIDA Cruises is an American owned German cruise line based in Rostock, Germany, operating under the Carnival Group, the world's largest holiday cruise company.

Hospitality and Commercial

Revenue contribution from DDS Group, the Group's Hospitality and Commercial division, increased 82.6% from S$27.4 million in 1H2014 to S$50.0 million in 1H2015. With a larger number of projects completed during the period, the Hospitality and Commercial division contributed to 53.2% of total revenue in 1H2015.

DDS Singapore secured a contract to provide A&A works to the Swissôtel Merchant Court, Singapore. An urban resort that is within walking distance to the financial hub Raffles Place, and entertainment and dining hotspots at Clarke Quay and Boat Quay.

Across the Causeway, DDS Malaysia secured a contract to provide interior design and fitting-out works to W Hotel Kuala Lumpur. The 150-room W Hotel is part of a majestic and luxurious 55-storey mixed-use development, located across from the world-famous Petronas Twin Towers and minutes from the Kuala Lumpur Convention Center in the Golden Triangle. The project was awarded by Tropicana Development Sdn Bhd, a wholly-owned subsidiary of Tropicana Corporation Berhad, one of the premier property developers in Malaysia.

DDS Malaysia also secured a contract from Venus Assets Sdn Bhd for the interior design and fitting out works at the luxury shopping mall within Four Seasons Place in Kuala Lumpur.

Outlook

Design Studio Group expects Singapore's residential market to remain challenging in 2015 as tighter mortgage curbs continue to cool buyer demand. The Group expects delays to its interior fit-out projects due to the government tightening its policy on foreign workers. The industry has experienced and will continue to experience skilled labour shortage. The Group also expects the Malaysian property market to slow down further in 2015 as a result of the property cooling measures introduced in 2013 and weak buyer demand.

These measures in the markets that we operate will continue to have an adverse effect on the industry and its players, with increased competition as a result of fewer projects available for award.

China properties market is also expected to slow down in 2015. [4] [5]

We will continue to strengthen our product and service offering to our existing clients and extend our global reach and pursue new business opportunities. In addition, we will continue to improve cost efficiency by leveraging on the manufacturing capability of our China production facility.

Barring unforeseen circumstances, Design Studio Group remains well-positioned to engage current market conditions with a healthy net cash position of S$55.4 million as at 30 June 2015 and an order book of S$225.5 million.

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[4] http://www.channelnewsasia.com/news/business/china-s-q2-gdp-growth/1985230.html
[5] http://www.bloomberg.com/news/articles/2015-06-11/china-home-sales-jumped-in-may-as-property-market-stabilized

About Design Studio Group Ltd

Listed on the Singapore Stock Exchange Board, Design Studio Group is Singapore's leading premier furniture manufacturer, interior fitting-out and product specialist. The company's core competitive advantage lies in its ability to utilize a myriad of latest technologies, innovative methodologies and ideas to produce premium furniture products of unrivalled quality and workmanship.

Design Studio Group's three complementary and versatile core businesses - the supply and installation of manufactured furniture products to private residential developments; interior fitting-out services to hospitality and commercial projects through our wholly owned subsidiary DDS Group and distributorship of renowned imported brand SieMatic in Singapore and the export of widely received in-house brand PANELZ which have since gained regional recognition.

Design Studio Group has created a niche in the premiere segment of the industry with high-end luxury residential projects such as Nouvel 18; Ardmore 3; Hilltops at Cairnhill; Goodwood Residence; and Scotts Square, and hospitality and commercial projects such as ; Marina Bay Sands; Resorts World at Sentosa Integrated Resorts; W Hotel at Sentosa Cove; The Westin Singapore and Robinson Heeren.

Design Studio Group was conferred the Best Under A Billion award by Forbes Asia in 2010. For more information, please refer to its corporate website: www.designstudio.com.sg.