

**NEWS RELEASE**

**DESIGN STUDIO GROUP 1Q2015 NET PROFIT  
INCREASES 120% TO S\$4.6 MILLION**

- *Group revenue surges 97% to S\$49.4 million on the back of strong contribution from residential and hospitality & commercial divisions;*
- *Remains well-positioned with order book of S\$227.8 million as at 5 May 2015 and a healthy cash position of S\$61.3 million (before payment of S\$15.6 million in final and special dividends) as at 31 March 2015.*

**1Q2015 Results Highlights**

S\$ '000	1Q2015	1Q2014	Change
Revenue	49,421	25,093	97.0%
Gross profit	9,123	5,963	53.0%
Profit net of tax	4,562	2,073	120.1%
EPS (cents)	1.76	0.80	120.1%

**Singapore, 5 May 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 97.0% to S\$49.4 million in three months ended 31 March 2015 (“1Q2015”), from S\$25.1 million in the past corresponding quarter (“1Q2014”).

Gross profit increased 53.0% from S\$6.0 million in 1Q2014 to S\$9.1 million in 1Q2015. The gross margin decreased from 23.8% in 1Q2014 to 18.5% for 1Q2015 as a result of

lower margins recorded in projects completed. The Group closed 1Q2015 with profit net of tax of S\$4.6 million, an increase of 120.1% from S\$2.1 million in 1Q2014.

Commenting on Design Studio Group's 1Q2015 performance, Mr Bernard Lim, Chief Executive Officer and Executive Director said, "I am pleased to inform that the Group has performed well at a time when our key markets, namely Singapore, Malaysia and China, are facing challenges arising from slower economic growth."

On 4 March 2015, the Board of Directors announced the resignation of Bernard Lim Leng Foo, Chief Executive Officer and Executive Director. Mr Lim's last day with the Company will be on 30 June 2015.

"On behalf of the Board of Directors, I would like to thank Mr Lim for his vision, leadership and invaluable contributions to Design Studio Group over the past 21 years. We wish him the very best in his future endeavours," said Ms Tan Siok Chin, Non-Executive Chairman.

"The Board has retained a global executive search firm to assist with its search for Mr Lim's successor. To facilitate transition, we have formed a management committee comprising senior members of our management team to oversee the day-to-day operations. Most committee members have been involved in building Design Studio Group's strong brand name and successful track record."

## **Residential**

In early April 2015, Singapore's Urban Redevelopment Authority announced that the private residential property price index (PPI) fell 1.1% in 1Q2015, marking the PPI's sixth continuous quarter of price decline.<sup>1</sup> The prolonged effects of property cooling measures such as the Total Debt Servicing Ratio (TDSR), have continued to limit home buyers' ability to access funding, further weakening buyer demand.<sup>2</sup>

---

<sup>1</sup> <http://www.ur.gov.sg/uol/media-room/news/2015/apr/pr15-16.aspx>

<sup>2</sup> JLL Singapore Property Market Monitor, April 2015

Against this challenging environment, the Group's Residential division returned a robust performance, recording a 91.6% increase in revenue from S\$12.5 million in 1Q2014 to S\$24.0 million in 1Q2015, contributing 48.6% of total revenue in 1Q2015.

The cooling measures implemented by regulators in Singapore, Malaysia and China over the past three years have had an adverse impact on the industry, resulting in fewer projects available for award and greater competition. To address these near-term market challenges and limitations, the Group has also made a conscious effort to look to other markets to grow its business.

During the quarter, 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. Comprising a 41 storey and a 48 storey tower, the iconic development will feature lap pool, a lounge, a fitness centre, a spa, and a sky bridge to connect the two towers. Slated for completion in early 2017, 626 First Avenue is designed by SHoP Architects and its construction is managed by JDS Construction Group.

### **Hospitality and Commercial**

Revenue contribution from DDS Group, the Group's Hospitality and Commercial division, increased 102.7% from S\$12.5 million in 1Q2014 to S\$25.4 million in 1Q2015, contributing 51.3% of total revenue in 1Q2015.

DDS Singapore also 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. Just a stone's throw away from historical Chinatown and with the MRT station on its doorstep, the hotel provides easy access to Orchard Road, Marina Bay and major tourist attractions. The 476 rooms all smoke-free hotel provides genuine Swiss hospitality and reliable service including complimentary high speed internet access that cater to the needs of the discerning travellers and tourists alike.

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. The project is expected to be completed by April 2016.

## **Outlook**

Given that more than 1,000 new residential units came on to the market in the first quarter of 2015 (compared to the quarterly average of 607 units in 2012 and 532 units in 2013)<sup>3</sup>, coupled with the cooling measures in place, demand in the Singapore's residential market is expected to remain soft, coupled with the cooling measures in place, demand in Singapore's residential market is expected to remain soft. With this trend, the operating environment in the residential market in Singapore is expected to be challenging as developers may take a more cautious approach when embarking on new projects, resulting in lesser projects and stiffer competition.

Across the Causeway in Malaysia, the property market is expected to slow down further in 2015 as a result of the property cooling measures introduced in 2013 and a weaker demand. It is expected that higher interest rates and a country-wide implementation of a 6% goods and service tax will dampen demand in 2015.<sup>4</sup>

Over in China, regulators relaxed home-buying rules on 30 March 2015 to revive a slumping residential market which has been weighing heavily on the country's economic growth. While industry watchers deem the move as a positive first step to stabilise the pace of property market correction, the market continues to face headwinds from an oversupply situation, with residential inventory at more than six years of sales.<sup>5</sup>

“Underpinned by an order book of S\$227.8 million<sup>6</sup>, a healthy cash position of S\$61.3 million<sup>7</sup> and supported by an experienced management team, we are confident of

---

<sup>3</sup> JLL Singapore Property Market Monitor, April 2015

<sup>4</sup> <http://www.channelnewsasia.com/news/business/singapore/malaysian-property-market/1635910.html>

<sup>5</sup> <http://www.bloomberg.com/news/articles/2015-04-01/china-housing-seen-recovering-in-second-half-of-2015>

<sup>6</sup> As at 5 May 2015

<sup>7</sup> As at 31 March 2015 (before payment of S\$15.6 million in final and special dividends)

engaging current market conditions. Barring any unforeseen circumstances, we expect to remain profitable for the current financial year.” concluded Ms Tan.

### **About Design Studio Group Ltd**

Listed on the Singapore Exchange, Design Studio 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'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 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 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](http://www.designstudio.com.sg).