NEWS RELEASE

DESIGN STUDIO GROUP APPLIES A QUALITY FINISH TO CLOSE 1H 2014 WITH AN 83% INCREASE IN PROFIT

- ***Healthy gross margins of 24.6% in 1H 2014 allows the Group to achieve its 34th consecutive quarter of profitability;***
- ***Robust order book visibility of S$337.1 million with 15 quality residential, hospitality and commercial contracts secured year to date;***
- ***Board declares interim dividend of 0.50 cents per share.***

1H 2014 Results Highlights

S$ '000	1H 2014	1H2013	Change
Revenue	57,727	72,953	(20.9)%
Gross profit	14,177	11,565	22.6%
Profit net of tax	6,049	3,301	83.2%
EPS (cents)	2.33	1.29	80.6%

Singapore, 7 August 2014 – Design Studio Group Ltd (瑞胜集团有限公司) ("Design Studio" or the "Company", and collectively with its subsidiaries, "the Group"), Singapore's leading premier furniture manufacturer, product and interior fitting-out specialist, today announced Group revenue was S$57.7 million in the six months ended 30 June 2014 ("1H 2014") compared with S$73.0 million in the past corresponding period ("1H 2013").

Profit net of tax increased 83.2% to S$6.0 million in 1H 2014 compared to S$3.3 million in 1H 2013. This improvement was due to higher margins recorded for projects

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completed during 1H 2014 as a result of improved cost efficiencies achieved by the Group's production facility in China.

Mr Bernard Lim, Chief Executive Officer of Design Studio Group said, "I am pleased to report that the Group has delivered a strong profit net of tax for 1H 2014 despite the tepid demand for real estate in markets in which we operate. Our focus on securing quality contracts and attaining operational excellence has enabled the Group to sustain healthy margins and returns."

"In view of the Group's healthy cash position and profitability trend, and to acknowledge shareholders for their continued support, the Board is pleased to declare an interim dividend of 0.50 Singapore cents per share."

Residential

Property cooling measures implemented by the Singapore regulators over the past 12 months such as the Additional Buyer's Stamp Duty (ABSD) and Total Debt Servicing Ratio (TDSR) continue to dampen market sentiment. Affected by weak buyer demand for residential properties, the Urban Redevelopment Authority's private residential property index recorded its third continuous quarter of price decline, falling 1.1% in 2Q 2014[1]. Against this difficult backdrop, the Group's Residential division turned a positive performance, recording a 8.4% increase in revenue from S$27.9 million in 1H 2013 to S$30.3 million in 1H 2014, contributing to 52.5% of total revenue in 1H 2014.

Over the past six months, the Group secured several contracts to provide joinery products to residential projects in Singapore, Malaysia and China, boosting the Group's order book by more than 2,600 units. Contracts for Singapore based projects include The Village @ Pasir Panjang, a 148-unit condominium project located along Pasir Panjang Road; Gramercy Park, a 174-unit luxury freehold condominium by City Development Limited, located at Grange Road in Singapore's highly sought after district 10; The Sky Vue, a 694-unit luxury condominium located in Bishan by Capitaland Limited

[1] "URA releases flash estimate of 2nd quarter 2014 private residential property price index", 1 July 2014. www.ura.gov.sg

and Mitsubishi Estate; and a 268-unit high-end residential tower of a mixed development to be developed by Capitaland Limited at Cairnhill Place.

Over in Malaysia, the Group secured two contracts which includes The Greens, a 192-unit up-market residential development located in Taman Tun Dr Ismail, Kuala Lumpur; and Ferringhi Residence, a resort styled development located on the highest plateau of the world-renowned Ferringhi resort cove in Batu Ferringhi, Penang. Developed by Mah Sing Group, the freehold Ferringhi Residence comprises 210 Condo Villa units, 80 Town Villas, 32 Hillside Villas, and 410 Resort Condominium units.

In China, the Group won a contract to provide joinery products to a 417-unit luxury condominium located in Zhujiang Xincheng, Guangzhou. Expected to be completed by end 2014, the well-located residential development will provide residents with a sophisticated lifestyle experience and an expansive view of the Pearl River and the city.

Hospitality and Commercial

Revenue contribution from DDS Group, the Group's Hospitality and Commercial division declined 37.8% from S$44.0 million in 1H 2013 to S$27.4 million in 1H 2014, primarily due to fewer projects completed during the period.

DDS Group continued to perform well on the new business front, securing eight high profile projects to add to its pipeline of quality projects in Singapore and Malaysia.

In Singapore, DDS Singapore secured contracts to provide A&A works to Carlton Hotel Singapore, a 915-room luxurious and stylish hotel located along Bras Basah Road; fit-out works to hotel guestrooms, corridors and lift lobbies at Park Hotel@Alexandra, a hotel-cum-mall development by CEL Development; ID works to ESSEC Business School's new S$40 million campus located on Nepal Hill in the One-North Business Park; and ID works to Genting Singapore's 550-room hotel in Jurong Lake District, which will cater to both business and leisure guests when the hotel opens in 2015.

Building on this momentum, DDS Singapore secured its milestone contract in July 2014 worth S$75 million from OUE Limited. The Group will retrofit the low and mid zones of OUE Downtown 1, the office tower of OUE Downtown, into serviced apartments.

Across the Causeway, DDS Malaysia secured contracts to provide interior fit-out works to IB Tower, a 60-storey development comprising Grade A office suites and luxury serviced apartments; ID works to Tradewinds Sales Gallery at Nusajaya, Johor; and ID works to Ritz Carlton Langkawi, a new 132-room ocean-front luxury resort which is scheduled to open in 2015.

Outlook

The Group's operating environment is expected to remain challenging in 2H 2014, in view of property cooling measures implemented by regulators in the markets in which the Group operates, namely, Singapore, Malaysia and China; the tightening of supply of foreign labour in Singapore and the associated increased costs.

"While the Group has performed relatively well in 1H 2014, the Board and Management recognise that there is much to do given the challenging near-term operating environment. We will continue to strengthen our product and service offering to our existing clients, many of whom are leading real estate developers in their respective markets; and grow our portfolio with new customers and new business opportunities. We will also strive to further improve our cost efficiency by leveraging on the manufacturing capability of our China production facility," said Mr Lim.

The Group remains well-positioned to engage current market conditions with a record-high order book which stood at S$337.1 million as at 7 August 2014 and a healthy cash position of S$24.0 million as at 30 June 2014. The Group expects to generate higher revenue and profitability for 2H 2014 as compared with 2H 2013 barring any unforeseen circumstances.

About Design Studio Group Ltd

(Formerly known as Design Studio Furniture Manufacturer Ltd)

Design Studio has three complementary and versatile core businesses: the supply and installation of manufactured furniture to private residential developments; the provision of interior fit-out services to hospitality, gaming and commercial projects; and the distribution of renowned imported products in Singapore and export of two premium in-house brands of products to overseas markets.

In addition, Design Studio has a core competitive advantage as a specialist in the area of paneling and thermoformed products. It is able to provide its clients with key advice from planning to the execution stages of each project on designs, material usages and costs. Design Studio has completed projects for residential, hotel and commercial developments in various countries around the world.

With high-end luxury residential and hospitality projects for Scotts Square, Hilltops at Cairnhill, Reflections at Keppel Bay, Rihan Heights, Marina Bay Sands, Resorts World at Sentosa Integrated Resorts and W Hotel at Sentosa Cove under its belt, Design Studio has created a niche in the premiere segment of this industry.

Design Studio has won Singapore Prestige Brand Award – establish brand category in 2008 and 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.