

## NEWS RELEASE

### DESIGN STUDIO REPORTS FY2011 NET PROFIT OF S\$15.3 MILLION; WITH ROBUST COMBINED ORDER BOOK (DESIGN STUDIO GROUP & DDS GROUP) VISIBILITY OF S\$234.2 MILLION

- ***Strong balance sheet and healthy cash position of S\$27.1 million to support the Group's growth strategies***
- ***Acquisition of DDS Group provides Design Studio with a firmer position to engage and grow its hospitality and commercial business***
- ***Declares final dividend of 1.25 cents per share***

**Singapore, 24 February 2012** – Design Studio Furniture Manufacturer Ltd (瑞胜家具制造商有限公司) (“Design Studio” and collectively with its subsidiaries, “the Group”), Singapore’s leading premier furniture manufacturer, product and interior fitting-out specialist, reported a net profit of S\$15.3 million on the back of revenue of S\$93.2 million for the financial year ending 31 December 2011 (“FY2011”). Fourth quarter 2011 (“4Q2011”) net profit and revenue were S\$4.4 million and S\$24.0 million respectively.

Mr. Bernard Lim, Executive Chairman & CEO, said, “We are delighted to deliver our 21st consecutive quarter of profitability, leveraging on our inherent strengths and making strategic moves to grow our business in new and existing markets.

“Despite the global economic challenges, the Group made a strong start to the year by securing several high-profile projects recently with world-renowned developers who recognise our quality products, innovative approaches and unparalleled service, bolstering our combined order book (Design Studio Group & DDS Group) to an impressive S\$234.2 million as of 17 February 2012.”

Page 1 of 7

## **FY2011 Performance Review**

FY2011 revenue was S\$93.2 million, compared to 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 decline in the two segments were partially offset by higher contribution from the hospitality and commercial business segment.

Design Studio continued to achieve better geographical diversification during the year with revenue contribution from Malaysia and UAE increasing from 0.9% and 12.9% in FY2010 to 14.5% and 14.5% in FY2011 respectively. Contribution from Singapore was 68.0% in FY2011 compared to 85.7% in FY2010.

Marketing and distribution expenses increased 32.1% to S\$4.3 million in FY2011 as Design Studio continued to step up its marketing activities and lay the groundwork for its next phase of growth into China. These initiatives have further strengthened the Design Studio's corporate recognition and brand awareness across the country with leading property developers, potential partners and consumers.

Design Studio recognised S\$2.5 million of profit during the year from its then associate company, DDS Group, as compared to S\$1.3 million in FY2010. DDS Group focuses on commercial and integrated hospitality fit-out projects and sub-contracts the joinery work to Design Studio.

Consequently, Design Studio achieved a net profit of S\$15.3 million in FY2011, compared with S\$19.6 million in FY2010 and ended the year in a strong financial position with cash and cash equivalents of S\$27.1 million.

## **4Q2011 Performance Review**

4Q2011 revenue declined 37.6% to S\$24.0 million from S\$38.4 million in 4Q2010, primarily due to a lower contribution from the residential property and distribution business segments. The decline was 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 as Design Studio continued to execute its focused A&P programme to strengthen its brand awareness among industry players. The increase was primarily due to a lower quantum of advertising rebates received from the principal of imported brand in 4Q2011 compared to the year-ago quarter.

Design Studio recorded a gain of S\$503,000 this quarter from its then associate company, DDS Group, compared to a 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.

## **Acquisition of DDS Group**

Design Studio received strong support for the acquisition of DDS Group at an extraordinary general meeting held earlier today. Design Studio had announced on 25 November 2011, the proposed acquisition of a 55% shareholding interest in DDS Group held by DEPA Interiors LLC for an aggregate purchase price of S\$15.1 million, providing the Group with full management and equity rights in DDS Group. The acquisition allows Design Studio to streamline its corporate structure and further expand and strengthen the Group's hospitality and commercial segment of the business.

## **Strong Order Book**

Design Studio and its wholly-owned subsidiary, DDS Group have made strong starts to the year, clinching a series of contract wins that cover a range of hospitality, commercial and residential projects both at home and abroad. With this first series of wins, the Group's combined order book is bolstered to an impressive S\$234.2 million as at 17 February 2012, providing investors with a clarity of growth over the next two years.

Among the Group's recent significant wins in the hospitality sector includes a contract secured by DDS Group for ID fitting out works to the Westin Singapore Marina Bay, which forms an integral part of Asia Square Tower 2, located at Marina Bay, Singapore's new downtown. The contract covers detailed ID works to a luxury business hotel comprising 305 guest rooms and suites, corridors, and lift lobbies at the top section of the Asia Square Tower 2 from levels 33 to 46. This quality mixed-use development together with the new hotel is scheduled to open 4Q2013.

DDS Group has also secured another contract for ID fitting out works to The Spa in W Singapore, Sentosa Cove, an iconic hotel under W Hotels which is scheduled to open in August 2012. The contract to ID fit-out a 24,000 sq ft spa was awarded above the other ID contracts secured in FY2011 to fit-out 228 rooms and suites, and public areas such as the main lobby and signature bar.

DDS Group secured a contract to fit out the Institute of Technical Education's new ITE College West, which is set to open in 2013 in Ang Mo Kio. The comprehensive campus will provide students with a first-rate education in a state-of-the-art campus through three key schools: School of Business & Services, School of Electronics & Info-Comm Technology and School of Engineering, including the sports hall, auditorium, lecture theatres, function hall and toilets. The Group is in the process of fitting-out its lecture theatres, auditorium and function room – the very spaces where students will receive first-class training in the latest technological developments.

DDS Malaysia has secured a contract to ID fit-out 123 guest rooms and the public areas of Traders Hotel, the first international hotel in the newly developed area of Nusajaya, which is one of the five flagship zones in Iskandar Malaysia. The Traders Hotel, a Shangri-La Hotels and Resorts project set to open in 2012, will be the only hotel to be associated with Malaysia's first family indoor theme park when the park is built.

As a testament to the Group's growing reputation among leading industry players for delivering quality, innovative products and services, Frasers Hospitality Pte Ltd, a world leader with 65 serviced residences covering a global footprint of 29 cities, has awarded Design Studio with a contract for Alteration and Addition ("A&A") works to Fraser Suites River Valley, a luxury furnished service apartment residence nestled in Singapore's prime residential district. The serviced suites to be retrofitted comprise 165 units of 1-bedroom, 2-bedroom and 3-bedroom types and 8 penthouses.

On the residential front in Singapore, the Group has secured two luxury condominium projects from leading developers: Twin Peaks by Overseas Union Enterprise Limited, a luxury residential development on Leonie Hill Road near the prestigious Orchard Road shopping belt, and The Glyndebourne by City Developments Ltd in Bukit Timah, located next to exclusive country clubs and offers a bucolic setting surrounded by lush landscaping.

Overseas, the Design Studio clinched a project with the renowned Cleveland Clinic Abu Dhabi, whose U.S. counterpart consistently ranks first for its heart programme. Scheduled to be completed in 2013, Cleveland Clinic Abu Dhabi will serve local and international patients in an environment that combines excellent amenities with world-class medical care.

### **Next Phase of Growth: China**

"Over the past several months, we executed on our China strategy with measured investments in human capital, process and technology and marketing, which will position us well for our next phase of growth – China. The market holds promise for

growth over the longer term as it is underpinned by a growing mid-to high-income urban population that is increasingly conscious of sophisticated designs and seek higher-end, quality products,” Mr Bernard Lim said.

In 2011, the Group commenced the construction of two production facilities on 360,000 sq ft of land in Huizhou, Guangdong province. Complete with state-of-the-art machineries, the facilities are now fully operational and are producing products for projects secured by the Group.

Marking yet another milestone, the Group is in the process of completing its first large-scale, 40,000 sq ft, three-storey showroom-cum-sales office in Dongguan, Guangdong province, to engage retail clients and leading developers including their consultants in China. As part of its China growth strategy, the Group has plans to build showrooms in other first-tier cities across the country.

Mr Lim added: “With the Group’s solid track record of delivering quality products and services that would meet the new, sophisticated demands of China’s growing affluent class, the Group believes China’s market offers many opportunities to expand our business. Our growth will be primarily driven by the business-to-consumer and business-to-business projects for the residential market, and hospitality and commercial markets respectively. We will step up our marketing activities over the next few quarters to grow our brand presence and business in China; and to maximise our reach by establishing partnerships with reputable local players to leverage on their local network and knowledge.”

Despite the on-going global economic uncertainties, the Group has a solid footing to navigate forward with a strong balance sheet and a robust order book that covers notable hospitality, commercial and residential projects in Singapore and overseas. Barring any unforeseen circumstances the Group expects to remain profitable for FY2012.

## About 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, Hilltop @ Cairnhill, Reflections at Keppel Bay, Rihan Heights, Marina Bay Sands and Resorts World at Sentosa Integrated Resorts 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](http://www.designstudio.com).

---

ISSUED ON BEHALF OF	:	Design Studio Furniture Manufacturer Ltd
BY	:	Citigate Dewe Rogerson, i.MAGE Pte Ltd 1 Raffles Place #26-02 One Raffles Place SINGAPORE 048616
CONTACT	:	Mr Clarence Fu / Ms Chelsea Phua at telephone
DURING OFFICE HOURS	:	6534-5122 (Office)
AFTER OFFICE HOURS	:	9781-0737 / 9667-5837 (Handphone)
EMAIL	:	<a href="mailto:clarence.fu@citigatedrimage.com">clarence.fu@citigatedrimage.com</a> <a href="mailto:chelsea.phua@citigatedrimage.com">chelsea.phua@citigatedrimage.com</a>

---

023/12/002/DSFML  
February 24, 2012