

Design Studio registers strong opening to FY2011 with an 79.4% increase in Q1 net profit after tax

- Q1 2011 net profit after tax of S\$5.96 million achieved following contribution of S\$2.68 million from associate arm, DDS Group
- Revenue from residential projects surges 117.7% to reach a total revenue of S\$ 23.94 million
- Maintains a healthy order book of S\$136.74 million as at 10 May 2011
- Strong balance sheet and high net cash position of S\$35.5 million

Singapore 11 May 2011 – Design Studio Furniture Manufacturer Ltd (“Design Studio” or the “Group”), a leading premier furniture manufacturer, product and interior fitting-out specialist listed on Singapore Exchange Securities Trading Limited (“SGX-ST”), registered 79.4% increase in profit after tax of S\$5.96 million for Q1 2011, marking a firm start to the year 2011. This was achieved following a contribution of S\$2.68 million from the Group’s associate arm, DDS Group. Total revenue for the quarter reached S\$29.5 million, up from S\$19.8 million in the previous year’s quarter, bolstered mainly by a 117.7% surge due to the completion of several residential property projects in Singapore and overseas.

Q1 2011 net profit included a S\$2.68 million profit contributed by associate business arm DDS group, compared with a S\$116,000 profit recorded in Q1 2010. DDS focuses on integrated hospitality and commercial projects in Singapore and South East Asia.

Financial Highlights (S\$'000)	1Q2011	1Q2010	% Change
Revenue	29,502	19,831	48.8
Gross Profit	6,937	5,808	19.4
Gross Profit Margin	23.5%	29.3%	N.A
Profit Before Taxation	6,571	3,953	66.2
Net Profit	5,960	3,322	79.4
Net Profit Margin	20.2%	16.8%	N.A
Earnings Per Share (S\$ Cents)	2.34	1.30	80.0
Cash and Cash Equivalents	35,525	39,176	(9.3)

Commenting on the Group's start to 2011, Mr. Bernard Lim, Executive Chairman & CEO, said, "Q1 2011's result is a firm indicator that the Group's efforts in building and delivering on a consistently strong order book is bearing fruit. 2011 continues to be a year of expansion for Design Studio. The Q1 2011 performance establishes a sturdier platform and gives us confidence to continue forward with our strategic plans for FY2011. In this light, we continue to make prudent investments in specific areas such as identifying new emerging market entry strategies and increased marketing efforts which will put us in a good stead to capitalize further on growing and diversifying our order book in the long term."

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As one of a leading industry specialists in manufacturing and interior fit-out, we remain committed to our established relationships with renowned local and international developers and consultants. We expect to continue playing a significant role in the residential property and hospitality & commercial project segments, certainly in our home ground Singapore and look forward to establishing the same stronghold as we partner deeper with the rest of Asia.”

Elaborates Mr. Lim, “Our associate, DDS Group continues to be a significant strategic contributor to the Group’s performance. The hospitality and commercial segment in Asia remains a high potential growth area of our business. DDS Group is poised to create an expanding foothold in this segment with our established presence in Singapore, Malaysia and Thailand and will stay relevant to each market for the long term.”

The Group’s net cash position is standing at S\$35.5 million as at 31 March 2011, following an increase in trade receipts for the quarter.

Outlook

The Group’s order book as at 10 May 2011 is a healthy S\$136.74 million, comprising several residential projects in Singapore as well as renowned hospitality & commercial projects from DDS group for Singapore, Malaysia and Thailand. Residential projects in Singapore include the upscale Sophia Residence (272 units), SkySuites@Anson (219 units) amongst others. The DDS Group recently clinched deals to provide a comprehensive suite of supply and installation works for 2 luxury hotels on Sentosa, Singapore; W Hotel in Bangkok, Thailand as well as the Grand Hyatt Hotel in Kuala Lumpur, Malaysia (additional packages).

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"We see a steady potential pipeline of projects consisting of residential and hospitality segments generated. We intend to target a wider and more diversified pipeline following the introduction of a B2C distribution platform that has been earmarked for China which includes the Group's investment of our first state-of-the-art manufacturing facility located in Huizhou, Guangdong Province China. The plant will commence production from second half of FY2011. This is in line with our expansion plans into Asia". Mr. Lim reveals.

Given the Group's decade long strong track record of completed projects, the Group is expected to remain profitable for FY2011, barring any unforeseen circumstances.

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For more information please contact:
Ms Elin Wong (ms)
Executive Director
Design Studio Furniture Manufacturer Ltd
Mobile: +65 96757293
Tel: +65 3670133 Fax: +65 63662612
www.designstudio.com.sg

Design Studio Furniture Manufacturer Ltd

Design Studio Furniture Manufacturer Ltd (Bloomberg Code: DSFM SP)

Design Studio has three complementary and versatile core businesses namely 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 One Billion award by Forbes Asia in 2010.

For more information, please refer to the corporate website: www.designstudio.com.sg