



Press Release – Results for July to September 2009 **(“1Q10”)**

Singapore Furniture Original Design Manufacturer, KODA, Resumes Profitability Track as 1Q10 Revenue rose 47.4% over 4Q09 with 1Q10 Net Profit of US\$0.44 Million

US\$ ('000)	1Q09	2Q09	3Q09	4Q09	1Q10
Revenue	11,503	11,787	6,466	8,018	11,822
Gross profit	2,935	3,087	1,707	2,159	3,058
Net profit to equity holders	411	334	(960)	(82)	437
Gross profit margin	25.5%	26.2%	26.4%	26.9%	25.8%
Net profit margin	3.57%	2.83%	NA	NA	3.70%
EPS (US cents)	0.31	0.25	(0.72)	(0.06)	0.33

- **A Sharp 47.4% or US\$3.8 million sequential rebound in revenue from 4Q09 to 1Q10, driven by US retailers’ stock replenishment programme after destocking in previous quarters.**
- **Gross profit margin remained stable at approximately 26%; revenue mix in line with consumers’ predominantly less ostentatious budgets**
- **Koda’s exciting new product line-up to be launched during the series of International Furniture Fairs in early 2010 will strongly position the Group to maximize leverage from international furniture buyers in planning for economic recovery mode**
- **Outlook: continue to be profitable in 2Q10 given US retailers’ re-ordering trends; Group should also return to profitability for the whole of FY2010.**

Singapore, 12 November 2009 – SGX Mainboard-listed Koda Ltd (“Koda” or “the Group”), a home-grown exporter of home furniture for the mid to upper-end market segments worldwide, today announced the Group has returned to profitability after reporting net loss positions for 3Q09 and 4Q09 – the first since its debut listing on the Singapore Exchange back in 2002 – inevitably as consumers in its US, UK and Europe held back on non-essential spending in the face of a long and protracted recession.

Commenting on the Group's performance in 1Q2010, Koda's Managing Director Mr James Koh Jyh Gang said, "With the odds inherently stacked up against the global home furniture industry viz-a-viz deteriorating economic conditions and business-restrictive credit crunch, I trust that my fellow shareholders will understand that we couldn't avoid the net loss in the past unless we could accept the heightened credit risk exposure that could easily let us clinch more deals. There were several large potential orders we had to walk away from for obvious reasons; these would have helped generate some economies of scale," explained Mr Koh.

"The rise in the number of confirmed orders from our major US market picked up pace over the last two quarters but customers are still continuing their revised buying psychology when the downturn started – confirming orders in much smaller batches and increasingly seeking shorter delivery turnaround time," he added.

The Group has a good start in its new financial year beginning 1 July 2010 ("1Q10"). reporting a strong 47.4% or US\$3.8 million sequential rebound in revenue from 4Q09 to 1Q10 to US\$11.8 Million – or 2.8% higher than the revenue recorded for the corresponding period ended September 2008 ("1Q09") before the US financial crisis imploded.

Gross profit improved by 4.2% to US\$3.1 million as the rise in group revenue outpaced Cost of Sales and thus, gross profit margin inched up by 0.3 percentage points to 25.9%.

Whilst General and Administrative expenses remained relatively constant, selling and distribution expenses rose due mainly to additional expense provisions in anticipation of the Group's active participation in more international furniture fairs in 2010. Lower US dollar funding cost caused finance expense to fall despite higher short-term borrowings. The tax rebate for the previously loss-making position of the Group's operations in Singapore resulted in lower income tax provisions.

In view of the above, net profit attributable to equity holders of the parent rose 6.3% year-on-year or US\$0.03 million to US\$0.44 million.

Further commenting on the rebound in revenue, Mr James Koh said “Coupled with the new buying psychology of retailers in small batches, not many competitors currently have the requisite infrastructure and spare working capital to meet the significantly-compressed production life cycle. Moreover, buyers from higher-end retail stores continue to place greater emphasis on the financial strength of their suppliers over price-cutting offers, to ensure their marketing campaigns will not be affected by sudden disruptions in the supply of products. This could partly explained as to why there was a surge in orders post 4Q09

“Most importantly, the Group has not let up on its commitment to continually investing in raising its design standards and new product development,” he added.

The Group also reported an improved cash position of US\$5.4 million on the back of a continual low gearing ratio of 0.083 times as at 30 September 2009. The Group is hopeful that sales in its key US and UK market as well as in Asia-Pacific can be sustainable knowing that the continuing subdued economic conditions in the Europe market is likely to result in weak sales in this regions.

The directors expect the Group to remain profitable in 2Q10 and barring any unforeseen circumstances in its external business conditions, the Group should also return to profitability for the whole of 2010 and the financial position of the Group is expected to remain strong.

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This document is to be read in conjunction with Koda's exchange filings, i.e. results announcement Appendix 7.2 and outlook statement, on 12 November 2009, which can be downloaded via www.sgx.com.

Issued on behalf of the Company by WeR1 Consultants Pte Ltd

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About Koda Ltd

Established in Singapore and founded in 1972, Koda is backed by a management with combined experience of close to a century and recognised as a leading Original Design Manufacturer (“ODM”) to the world. Koda is a strong contender for home furniture export and could possibly be the largest dining room furniture exporter in South-East Asia. Koda’s range of design-intensive products exudes individuality, sophistication and elegance.

Koda is well-known for its design strength – leading to appreciation from upscale customers worldwide for its aesthetical and functional pieces. With proven market experience, strong product development and significant in-house design expertise, Koda has been able to offer more than 300 product models, secure orders from more than 200 customers and sell to more than 50 countries. Consistent business strategies and focused growth initiatives differentiates Koda from others. Koda has been emphasising on cost-effective expansion and the enlarged production and sourcing facilities in Vietnam and China enhance its cost competitiveness. In addition to its growing base in Vietnam, the Group has another manufacturing base in Malaysia which specialises in certain range of products.