

## **MAIN BOARD-LISTED FURNITURE DESIGNER AND MANUFACTURER KODA POSTS RECORD 1H06 NET PROFIT OF S\$3.6 MILLION, UP 45.6%**

- **Net profit rises 45.6%, and outpaces Group revenue growth**
- **Revenue increases 24.7% to S\$41.5 million for 1H06 on significant orders from key UK/Europe and North America markets**
- **Group announces first interim dividend of 0.5 cent per ordinary share (less 20% tax)**
- **Outlook: Group expects full-year performance for FY2006 to exceed that of FY2005**

**SINGAPORE, 9 February 2006** – Main Board-listed Koda Ltd announced today that its net profit for the July–December 2005 period (“1H06”) rose 45.6% to a record half-year performance of S\$3.6 million compared to 1H05, buoyed by sustained higher efficiency and strong orders for higher-value products from UK/Europe and North America customers.

The original design manufacturer (“ODM”) and furniture exporter’s revenue increased 24.7% to S\$41.5 million in 1H06 compared to S\$33.2 million in 1H05 and the net profit growth outpaced revenue growth, reflecting the Group’s emphasis on moving up the value chain. In addition, the net profit margin improved to 8.6% from 7.5% due to effective cost control, production efficiency and increased operating cash flows.

Earnings per share (“EPS”) correspondingly rose to 3.2 cents in 1H06 compared to 2.2 cents in 1H05. Net asset value (“NAV”) per share was 23.2 cents as at 31 December 2005 compared to 20.7 cents as at 30 June 2005.

In view of the Group’s performance and improved operating cash flows, the directors have proposed a first interim dividend of 0.5 cent per ordinary share (less 20% tax). The Group had paid out a first and final dividend and a special dividend for FY2005 totaling 1.0 cent per ordinary share (less 20% tax) in December 2005.

Commenting on the performance of the Group, Mr. James Koh, Deputy Chairman and Managing Director of Koda, said: “The strong growth in 1H06 underscores the success of our growth strategies, which have been consistently implemented over the last two years. While we may appear prudent in our growth strategy, we have been focused. While we have been accelerating R&D, marketing and capacity investments, we do manage and

balance our business risks profile. All in all, our product range is now wider, of higher value-add and the delivery lead time is shorter.”

Current order books remain strong at approximately S\$25.0 million for delivery within three to four months. These orders are well spread out amongst Koda's customers located in UK/Europe, North America and Asia Pacific.

As previously announced, the Group has made significant capital investments in Vietnam. The proposed first phase of the expansion plans will include construction of factory buildings with a total built-in area of approximately 150,000 square feet, which is scheduled to be completed in FY2007. The Group expects its capacity, on a full swing basis, to increase by at least 25%.

Commenting on the outlook, Mr. Koh said, “We expect the full-year performance of FY2006 to better that of FY2005. We have been consistent in achieving our targeted organic growth for the past two years. This, in turn, has strengthened our business platform and internally generated resources. This has provided us with a better foundation to evaluate and consider the best possible opportunities for our future growth, organic or otherwise.”

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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 recognized 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 150 customers and sell to more than 50 countries. Consistent business strategies and focused growth initiatives differentiates Koda from others.*

*Koda has been emphasizing on cost-effective expansion and the enlarged production and sourcing facilities in Vietnam and China enhance its cost competitiveness. Together with its existing manufacturing base in Malaysia, Koda has a total 12 purpose-built factory buildings.*