



PRESS RELEASE – FY2005 RESULTS

KODA LTD RECORDS 29.8% RISE IN NET PROFIT TO \$5.0 MILLION ON STRONG DOUBLE-DIGIT GROWTH IN ALL MAJOR MARKETS

- Revenue up 29.8% to \$69.5 million driven by strong growth in both traditional and upcoming markets, enhanced product mix and expanded capacity
- Gross margin remained a credible 22.2% despite higher raw material prices; Net margin stayed at 7.2%
- EPS, on a fully diluted basis, rose to 4.5 cents from FY 2004's 3.5 cents
- Increase in proposed dividends compared with FY2004: 10% final dividend + 10% special dividend
- Outlook: Strong committed orders worth \$25.0 million to-date for delivery within next four months; expect FY2006 performance to exceed that of FY2005

Singapore, 23 August 2005 – SGX Main Board-listed Koda Ltd (“Koda”) today announced results for the financial year ended 30 June 2005 (“FY 2005”) that underscored the soundness of the Group’s growth strategy of focused marketing, intensified research and development (“R&D”) and expanded production capacity, which the Group considers as a strong performance trend continued from the previous financial year.

In line with strong revenue growth to \$69.5 million, net profit after tax grew by \$1.2 million to \$5.0 million, a year-on-year increase of 29.8%. Earnings per share (fully diluted) correspondingly rose 1.0 cent to 4.5 cents.

The homegrown original design manufacturer ("ODM") and global furniture exporter enjoyed strong buying interest across all major markets from existing and new customers in traditional and upcoming markets thanks to its focused product differentiation strategy.

Revenue and bottomline growth was attributed to strong double-digit growth in major markets and the Group's success in continually enhancing the value of its product mix by incorporating leather and fabrics to complement its wood-based designs as well as more premium timbers such as oak and walnut which have been used to expand its market share in upmarket segments.

Whilst gross profit margin did decline slightly due to higher raw material costs and depreciation expense, the Group managed to keep its gross margin healthy at around 22.2%. Despite that, net margin was maintained at 7.2% due to the Group's ability to cap borrowings and control administrative costs on the back of higher operating leverage. However, selling costs increased to reflect, the expanded base of marketing activities for revenue growth.

Mr. James Koh, Deputy Chairman and Managing Director of Koda, said, "We are pleased that our strategies continue to deliver topline and bottomline growth and my challenge to the Koda management team of hitting \$100 million in sales over the longer term appears within reach. We have started to see good returns on our marketing investments. Our product ranges are selling well and we are getting repeat orders. Our buyers give us the thumbs up for our new designs and we are seeing strong demand. Our results in the recent international furniture fairs are indeed good with orders received from such fairs up more than 10% year-on-year and contracts snared from 40 new customers. Most encouragingly, our market bases have since been enlarged to include the non-traditional Southern Europe market."

Koda recorded strong double-digit growth in all its major markets. The Group's traditional UK/Europe market continued to be its biggest market and accounted for 45.2% of the Group's FY2005 revenue, while its fast-growing America market accounted for 34.4% of the revenue pie. Higher sales in its upcoming Australia market boosted revenue contribution from Asia Pacific, which accounted for 17.9% of the Group's total sales in FY2005.

On outlook for FY2006, Mr Koh said, "We understand clearly that it could be a challenge for the management to achieve a consistent growth rate throughout the next financial year given our higher performance base in 2005. Nevertheless, we remain quietly confident and expect to see improving

performance in FY2006 given our committed growth initiatives, disciplined cost control and good factory management.

“Apart from continuing to expand our manufacturing capacity in Vietnam and widening our sourcing networks to Southern China, there is further room to increase our topline and net yields at lower capital expenditure requirements by being more creative in our product mix and more committed in our R&D investments,” he added.

In view of the Group’s performance, the directors have proposed a total gross dividend of 20% of Koda’s paid-up capital, comprising a final dividend of 10% + a special dividend of 10%.

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Issued on behalf of the Company by WeR1 Consultants Pte Ltd

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About Koda Ltd

Established in 1972 and listed on SGX Main Board, Koda is a leading original design manufacturer of furniture to the world, specializes in producing ready – to-assemble dining room furniture, matching themed bedroom furniture and occasional furniture with more than 150 customers in over 50 countries in the UK/Europe, the US, Canada and Asia Pacific. Koda’s products have been premium-priced and it has since successfully penetrated into other higher –priced differing market segments with its range of upholstered leather, fabric and oak products targeted at middle and upper-middle class households. Koda has manufacturing facilities in Malaysia and Vietnam and the Group has been actively expanding into cost-effective Vietnam to enhance margins.