



Press Release – 4Q09 & FY09 results

Singapore Furniture Original Design Manufacturer, KODA, Slashes Net Loss to US\$0.08 million in 4Q09 from US\$0.96 million in 3Q09, thus Mitigating FY09 Net Loss to US\$0.3 million; Board Proposes Final Dividend of 0.5 S Cents

US\$ ('000)	4Q09	4Q08	%chg	FY09	FY08	%chg
Revenue	8,018	10,289	(22.1)	37,775	54,944	(31.2)
Gross Profit	2,159	2,924	(26.2)	9,888	16,014	(38.3)
Net Profit to equity holders of parent	(82)	(518)	(86.1)	(297)	4,200	n.a
Gross Profit Margin	26.9%	28.4%		26.2%	29.1%	2.9pp
(Loss)/Earnings per share; US cents	(0.06)	(0.39)		(0.22)	3.14	

US\$ ('000)	1Q09	2Q09	3Q09	4Q09
Revenue	11,503	11,787	6,466	8,018
Gross profit	2,935	3,087	1,707	2,159
Net Profit to equity holders	411	334	(960)	(82)
Gross Profit Margin	25.5%	26.2%	26.4%	26.9%

- **Significant bottom-line improvement from 3Q09 to 4Q09 buoyed by 24.4% sequential revenue growth on continuing rise in orders from major USA and Europe markets, which accounted for 43.0% and 29.1% of FY09 revenue**
- **Gross profit margins remained stable at just over 26% through FY09, albeit lower than in FY08 due to the change in product mix incorporating less luxurious materials and upholstery to cater to declining consumers' purchasing power**
- **In spite of the global recession, Koda's sales at the series of international furniture fairs in Europe and Asia during January to March 2009 proved to be more resilient than management had expected**
- **Orders on hand rose about 13% to US\$12.2 million as at to date compared to year-ago**
- **Outlook: Directors are hopeful that with the very concrete recovery in confirmed orders, 2010 will be an improvement over 2009 and the Group should return to profitability for the whole of 2010**

Singapore, 27 August 2009 – SGX Mainboard-listed Koda Ltd (“Koda” or “the Group”), a home-grown original design manufacturer and global exporter of home furniture for the mid to upper-end market segments worldwide, today announced group results for the fourth quarter (“4Q09”) and full financial year ended 30 June 2009 (“FY09”) that showed clearer signs of silver linings amidst the clouds of severe economic downturn which inevitably affected the demand for the Group’s furniture in its main USA, UK/Europe markets over the past year as consumer confidence and job insecurity slumped.

In Koda’s results announcement for the preceding 3Q09, the Group noted that there were certain encouraging signs particularly amongst US retailers who have generally de-stocked to a level that they would have to buy again. The buying psychology of Koda’s furniture retailer customers have since changed from pre-downturn practice – they are ordering in smaller batches and expecting faster delivery turnaround.

Commenting on the Group results, Deputy Chairman & Managing Director Mr James Koh, said, “We were extremely disappointed with our results for 3Q09. Despite our concerted best efforts, our retailer customers in USA and Europe were holding back from pressing the final green button to execute the orders. We do understand that our customers needed clearer visibility from the economic indicators to uplift consumer confidence and encourage spending on non-essential but ‘feel-good’ purchases like home furniture. Nevertheless, the delayed orders finally came through on an urgent basis and as a result we managed to bounce back from 3Q09’s net loss of about US\$1.0 million to just about US\$0.08 million in 4Q09,” explained Mr Koh.

Earlier in 2009 the Group completed the relocation of its operations over several older factories and consolidated production operations at its new expanded plant in the new Ben Luc Industrial Park on the outskirts of Ho Chi Minh City in Vietnam. Thus the Group sold off a vacant lot and one of its older factory buildings at its previous site which resulted in a net gain of US\$0.4 million. With the relocation, the Group geared down its outsourced production capacity via sub-contractors for component parts and contract workers. Thus, the Group needed some time to gear up when the flurry of orders came in simultaneously.

“But given the market circumstances over the past year, having to ramp up to meet orders was a good problem that we didn’t mind grappling with,” added Mr Koh. “In order to meet the increasingly short delivery times demanded by customers, we are building buffer stocks of raw materials as well as certain standard component parts. Thus, our inventories rose by US\$0.9 million to US\$9.5 million as at 30 June 2009.

“While we managed to mitigate FY09 net loss to US\$0.3 million, we still view this result as disappointing. We are now ready to make up for lost time and well positioned to ride the economic recovery and renewed consumer confidence. Furthermore, international buyers are now placing top priority on the financial strength of their outsourced manufacturing partners to ensure continuity of their supply chain, hence we are optimistic of securing more targeted customers in the future,” concluded Mr Koh.

Despite current year net loss, the Directors propose a final dividend of S 0.5 cents given its strong cash position of US\$3.5 million and low gearing ratio of 0.06 times. Base on the current average share price of S 20 cents per share, the estimated dividend yield is about 2.5% per annum. The Group’s Net Asset Value per share remains stable at US 20 cents or S 29 cents.

On outlook, the Directors continue to note the weak pattern of consumption in the Group's major markets. The weak pound sterling is a further negative with respect to the Group sales to its traditional mainstay, the UK market. However, there are very concrete signs of recovery in confirmed orders from the Group's major markets, in particular, the USA. The number of confirmed orders received by the Group has risen and is continuing to rise. The Group's financial position is expected to remain strong.

Given these trends the Board of Directors are hopeful that 2010 will be an improvement over 2009. Barring any unforeseen circumstances, the Group should return to profitability for the whole of 2010.

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Note: This press release is to be read in conjunction with the Company's detailed results announcement for 4Q09 and FY09, which can be downloaded from www.sgx.com via drop-down menu for listed company announcements

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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.