

## Koda reports 23.5% increase in revenue; 88.7% surge in net profit for 2Q2019; Doubles interim dividend

- Revenue rose 23.5% to US\$14.6 million for 2Q2019 driven by a ramp up in orders from key export markets
- Net profit surged 88.7% to US\$1.9 million for 2Q2019
- The Group declares an interim dividend of 0.25 Singapore cent per share alongside a special interim dividend of 0.25 Singapore cent per share for 1H2019

Financial Highlights	2Q2019	2Q2018	Change (%)	1H2019	1H2018	Change (%)
	US\$'000	US\$'000		US\$'000	US\$'000	
Revenue	14,646	11,860	23.5	30,369	24,156	25.7
Gross Profit	5,071	4,132	22.7	10,186	8,377	21.6
Net Profit After Tax	1,874	993	88.7	3,827	2,415	58.5

**Singapore, 13 February 2018** – Mainboard-listed Koda Ltd (“**Koda**” or the “**Group**”), a leading original design manufacturer of furniture and owner of the retail & distribution brand, Commune Lifestyle Pte Ltd (“**Commune**”), announced its financial results for the second quarter (“**2Q2019**”) and first half year (“**1H2019**”) ended 31 December 2018.

Driven mainly by a ramp up in orders from key export markets, the Group’s revenue posted a 23.5% year-on-year (“**yoy**”) increase to US\$14.6 million for 2Q2019. In line with the growth in revenue, gross profit rose 22.7% yoy to US\$5.1 million for the same period.

The Group managed to keep its selling costs largely unchanged while general and administrative expenses rose 7.9% yoy to US\$2.0 million for 2Q2019, mainly due to higher staff costs.

As a result, the Group reported an 88.7% yoy increase in net profit to US\$1.9 million for 2Q2019.

The Group generated strong positive operating cash flows of US\$0.9 million for 2Q2019. The Group also recorded a healthy cash position of US\$11.5 million as at 31 December 2018, net of borrowings.

*Commune’s* expansion plans continue to be on track. Building upon the strong brand recognition for *Commune* and its experience, the Group is exploring opportunities to roll out new marketing plans and business models in new markets for its retail and distribution business to venture into new regions.

Speaking on the Group's 2Q2019 financial results, **Mr James Koh Managing Director and Deputy Chairman of Koda** said, *"We are very pleased to report a strong set of results. Despite overall market sentiments arising from the ongoing trade war, our efforts in improving manufacturing efficiencies and production processes have paid off. We will continue to leverage on the success of our branding and the quality of our products."*

Elaborating on Commune's expansion initiatives, **Mr Joshua Koh CEO of Commune** said, *"While our expansion in China remains on track, we are mindful of the headwinds in China as their economy begins to slow. Currently, we are also looking to expand the Commune brand into other high-growth markets. This will accelerate Commune's expansion."*

As a mark of confidence in the Group's future operations and to reward shareholders, the Board of Directors has declared an interim dividend of 0.25 Singapore cent per share and a special interim dividend of 0.25 Singapore cent per share for 1H2019 (1H2018: 0.25 Singapore cent per share).

**- The End -**

#### **About Koda Ltd**

Established in Singapore and founded in 1972, Koda is backed by a management team with combined experience of close to a century and recognised as a leading Original Design Manufacturer in the world. Koda is a strong contender for home furniture exports and is possibly the largest dining room furniture exporter in Southeast Asia. Koda's range of design-intensive products exudes individuality, sophistication and elegance.

Koda is well-known for its strength in design – leading to appreciation from upscale customers worldwide for its aesthetically pleasing and functional pieces. With proven market experience, strong product development and significant in-house design expertise, Koda is able to offer an extensive range of product models to customers all over the world.

Consistent business strategies and focused growth initiatives differentiate Koda from others. Koda has been emphasising cost-effective expansion, and its 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 a certain range of products.

#### **About Commune Lifestyle Pte Ltd**

Established in 2011, Commune Lifestyle Pte Ltd is a wholly owned subsidiary of Koda. As an in-house brand focusing on retail products, it is managed by the third generation of the founding Koh family and has presence in Singapore, Malaysia, China and Australia.

There are currently a total of 61 *Commune* outlets – three owner-operated stores in Singapore, three distributor-retail ("DR") stores in Malaysia, 53 DR stores in China, one DR store in the Philippines and one brand-instore presence in Australia.



**Issued for and on behalf of Koda Ltd by Financial PR**

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