

Koda's 1Q18 Net Profit Up 64%

Seven new *Commune* outlets opened in China

	3 months ended 30/09/17 ("1Q18")	3 months ended 30/09/16 ("1Q17")	Change (%)
	<u>US\$'000</u>	<u>US\$'000</u>	
Revenue	12,296	11,765	4.5
Gross Profit	4,245	3,339	27.1
Gross Profit Margin (%)	34.5	28.4	21.5
Net profit after tax	1,422	867	64.0

Singapore, 13 November 2017 – Koda Ltd ("Koda" or "the Group") reported today a 64% jump in net profit for its first quarter ended 30 September 2017 ("1Q18") as exports to key markets rose and retail sales increased as its in-house brand *Commune* opened seven more stores in China.

The furniture original design manufacturer and retailer made a net profit of US\$1.4 million in 1Q18, up from US\$0.9 million in the same quarter last year ("1Q17"). Revenue rose 4.5% to US\$12.3 million on higher export sales and contributions from *Commune*, which has 50 outlets across Singapore, China, Malaysia and Australia.

Higher revenue, coupled with a drop in cost of sales arising from lower production costs, better economies of scale and supply chain efficiency, lifted the Group's gross profit margin by 6.1 percentage points to 34.5% in 1Q18 from 28.4% in 1Q17.

The Group generated US\$2.9 million in net cash from operations in 1Q18, up from US\$0.5 million in 1Q17. As at 30 September 2017, it had US\$9.5 million in cash and cash equivalents and less than US\$0.8 million in borrowings.

Earnings per share rose by 64% from 2.11 US cents in 1Q17 to 3.46 US cents in 1Q18. Net asset value per share grew by 4.0 US cents from 69.0 US cents as at 30 June 2017 to 73.0 US cents as at 30 September 2017.

Koda expects demand for its furniture to remain generally positive in the foreseeable future, especially in key markets like the United States and China, according to Mr James Koh, the Group's Managing Director.

"Home sales in the US, our largest export market, remain brisk and property prices there are still climbing. These are positive signs for furniture suppliers like us. In the meantime, we continue to see growing interest in China in our *Commune* brand among younger homeowners," he said.

Mr Joshua Koh, Chief Executive Officer of *Commune*, said: “*Commune* is well received in the all the markets we operate in as consumers appreciate our designs and quality. In China, for instance, we are seen as being different, even avant-garde, as our stores are distinctively black yet they offer a range of contemporary furniture that suits many tastes. *Commune’s* growing appeal among younger home-owners gives us confidence to roll out more stores in China and elsewhere in Asia.”

The Group remains on track to setting up 100 *Commune* stores in China by 2020. Over the next 12 months, it intends to roll out *Commune* outlets in markets within Asia where it currently does not have a presence.

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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 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 has been able to offer an extensive range of product models to its customers all over the world.

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.

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 a presence in Singapore, Malaysia, China and Australia.

There is currently a total of 50 *Commune* outlets – four owner-operated stores in Singapore, three distributor-retail (“DR”) stores in Malaysia, 42 DR stores in China, and one brand-instore presence in Australia.

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