

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

Third-quarter Financial Statement and Dividend Announcement

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial period

Consolidated Profit and Loss Statement – three months ended 30 September 2008

	3 months ended 30/09/2008 ("1Q09") <u>US\$'000</u>	3 months ended 30/09/2007 ("1Q08") <u>US\$'000</u>	Change %
Revenue	11,503	17,054	(32.5)
Cost of sales	(8,568)	(12,365)	(30.7)
Gross profit	2,935	4,689	(37.4)
Other operating income	260	202	29.7
Selling and distribution costs	(903)	(1,009)	(10.5)
Administrative expenses	(1,716)	(1,710)	0.2
Other operating expense	(79)	(23)	230.4
Finance costs	(42)	(46)	(8.7)
Profit before income tax	455	2,103	(78.0)
Income tax expense	(45)	(135)	(66.7)
Profit after income tax	410	1,968	(78.8)
Attributable to:			
Equity holders of the parent	411	1,862	(77.6)
Minority interest	(1)	106	NA
	410	1,968	(78.8)

Notes to Profit and Loss account

	3 months ended 30/09/2008 ("1Q09") <u>US\$'000</u>	3 months ended 30/09/2007 ("1Q08") <u>US\$'000</u>
<u>Other operating income</u>		
Rental income	46	41
Interest income	51	52
Exchange gain	152	-
Gain on disposal of quoted investments	-	108
Others	11	1
	260	202
<u>Other operating expenses</u>		
Foreign exchange loss	-	23
Provisions for doubtful debts	73	-
Others	6	-
	79	23

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial period

Consolidated Balance Sheet

As at	Group		Company	
	30/9/2008 US\$' 000	30/6/2008 US\$' 000	30/9/2008 US\$' 000	30/6/2008 US\$' 000
ASSETS				
Current assets				
Cash and Fixed Deposits	4,839	5,105	2,026	1,847
Trade receivables	4,037	4,255	4,482	5,169
Other receivables and prepayments	4,766	4,315	5,695	5,345
Inventories	8,357	8,574	1,067	982
Total current assets	21,999	22,249	13,270	13,343
Non-current assets				
Investment in subsidiaries	-	-	11,518	11,518
Property, plant and equipment	13,450	13,528	735	770
Intangible assets	402	461	-	-
Available-for-sale investment and other assets	779	767	700	700
Goodwill on consolidation	728	728	-	-
Total non-current assets	15,359	15,484	12,953	12,988
Total assets	37,358	37,733	26,223	26,331
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and bills payable	194	103	75	33
Trade payables	3,065	3,207	9,385	12,537
Other payables and accruals	2,442	2,390	1,183	1,224
Income tax payable	418	619	111	105
Finance lease obligations: current portion	285	387	26	31
Long-term bank loans: current portion	380	380	380	380
Total current liabilities	6,784	7,086	11,160	14,310
Non-current liabilities				
Finance lease obligations	959	977	61	79
Long-term bank loans	380	475	380	475
Deferred tax liabilities	-	-	-	-
Total non-current liabilities	1,339	1,452	441	554
Capital and reserves				
Issued capital	4,040	4,040	4,040	4,040
Capital reserves	229	229	38	38
Currency translation reserve	529	886	-	-
Retained earnings	23,342	22,931	10,544	7,389
Equity attributable to shareholders	28,140	28,086	14,622	11,467
Minority interests	1,095	1,109	-	-
Total equity	29,235	29,195	14,622	11,467
Total Liabilities and Equity	37,358	37,733	26,223	26,331

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/9/2008 (US\$'000)		As at 30/6/2008 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
859	-	870	-

Amount repayable after one year

As at 30/9/2008 (US\$'000)		As at 30/6/2008 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
1,339	-	1,452	-

Borrowings and gearing ratio

Total borrowings of US\$2.1 million as at September 30, 2008 consist of short-term borrowings, term loans and finance lease obligations. Total borrowings continued to reduce by approximately 5.3% or US\$0.1 million due mainly to repayments.

The Group's gearing ratio remained low, improved from 0.083 times (as at June 30, 2008) to 0.078 times (as at September 30, 2008).

Details of any collateral

The bank facilities of the Company are secured by a legal mortgage on the Company's leasehold building and a negative pledge on the Company's assets.

The bank facilities of subsidiaries are secured by a legal mortgage on the subsidiary's leasehold land and buildings and guaranteed by the Holding Company.

The Group's finance lease obligations are secured by the lessors' charge over the leased assets.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated Cash Flows Statement

	3 months ended 30/9/2008 (1Q09) <u>US\$'000</u>	3 months ended 30/9/2007 (1Q08) <u>US\$'000</u>
Cash flows from operating activities		
Profit before income tax	455	2,103
Adjustments for:		
Depreciation and amortization	224	199
Interest income	(51)	(52)
Interest expense	42	46
(Gain) on disposal of fixed assets		
Operating profit before working capital changes	<u>670</u>	<u>2,296</u>
Trade receivables	218	(1,687)
Other receivables and prepayments	(453)	(629)
Inventories	217	586
Trade payables	(142)	(79)
Other payables and accruals	52	400
Cash generated from operations	<u>562</u>	<u>887</u>
Interest received	51	52
Interest paid	(42)	(46)
Dividend paid to minority shareholder of subsidiary	-	(106)
Income tax paid	(254)	(74)
Net cash from operating activities	<u>317</u>	<u>713</u>
Cash flows from investing activities		
(Purchase) of property, plant & equipment	(146)	(311)
Proceeds from disposal of available-for-sale investments	60	28
Translation of foreign subsidiaries	(372)	144
Net cash (used in) from investing activities	<u>(458)</u>	<u>(139)</u>
Cash flows from financing activities		
Repayment of long-term borrowings	(113)	(63)
Repayment of short-term borrowings	(129)	(130)
Net cash used in financing activities	<u>(242)</u>	<u>(193)</u>
Net (decrease) increase in cash and cash equivalents	<u>(383)</u>	<u>381</u>
Cash and cash equivalents at beginning of period	5,104	5,837
Cash and cash equivalents at end of period	<u>4,721</u>	<u>6,218</u>
Represented by:		
Cash and bank balances (inclusive of Fixed Deposit)	4,839	3,149
Bank Overdraft	(118)	3,069
	<u>4,721</u>	<u>6,218</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Changes in Equity

	Issued capital	Capital reserves	Currency translation reserve	Retained earnings	Minority interests	Total
US\$'000						
Group						
Balance as at 1/7/2008	4,040	229	886	22,931	1,109	29,195
Currency translation differences	-	-	(359)	-	(13)	(372)
Net profit for the period	-	-	-	411	(1)	410
Dividend paid	-	-	-	-	-	-
Balance as at 30/9/2008	4,040	229	527	23,342	1,095	29,233
Company						
Balance as at 1/7/2008	4,040	38	-	7,389	-	11,467
Net profit for the period	-	-	-	3,155	-	3,155
Dividend paid	-	-	-	-	-	-
Balance as at 30/9/2008	4,040	38	-	10,544	-	14,622
US\$'000						
Group						
Balance as at 1/7/2007	4,040	187	482	19,953	1,120	25,782
Movement during the period	-	(129)	-	-	-	(129)
Currency translation differences	-	-	89	-	9	98
Net profit for the period	-	-	-	1,862	106	1,968
Dividend paid	-	-	-	-	(105)	(105)
Balance as at 30/9/2007	4,040	58	571	21,815	1,130	27,614
Company						
Balance as at 1/7/2007	4,040	187	-	4,641	-	8,868
Movement during the period	-	(129)	-	-	-	(129)
Net profit for the period	-	-	-	1,666	-	1,666
Dividend paid	-	-	-	-	-	-
Balance as at 30/9/2007	4,040	58	-	6,307	-	10,405

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There were no changes in the Company's share capital during the period under review.

- (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at	30/9/2008	30/6/2008
Total number of issued shares (excluding treasury shares)	133,689,597	133,689,597

- (iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Company has applied the same accounting policies and methods of computations as in the Company's latest audited financial statements for the period ended June 30, 2008.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	3 months ended 30/9/2008	3 months ended 30/9/2007
Earnings per ordinary share (US cents)	0.3	1.4

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	30/9/2008	30/6/2008	30/9/2008	30/6/2008
Net asset value per ordinary share (US cents)	21.1	21.0	10.9	8.6

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Revenue and Net Profit attributable to equity holders of the parent ("Net Profit")

In our letter to all stakeholders of July 14, 2008 we highlighted the impending negative impact of the global economic slowdown, and in particular the housing market collapse and credit crisis in the USA, with respect to the global furniture industry and ourselves. On August 27, 2008, we reported a sharp decline in 4Q08 (quarter ended June 30, 2008) Revenue, which fell to US\$10.3 million or about 25.0% below the average sales of US\$13.7 million for each of the previous FY2008 quarters and in that same announcement, we reported Profit before prior year income tax of US\$0.3 million in 4Q08 – please refer to following tables for results comparison (1Q09 vs 4Q08):-

	3 months Ended 30/9/08 ("1Q09")	3-months Ended 30/6/08 ("4Q08")	FY2008
	US\$'000	US'000	US'000
Revenue	11,503	10,289	54,944
Gross profit	2,935	2,924	16,014
Profit before income tax	455	(199)	5,079
Income tax – current year	(45)	(109)	(415)
Profit before prior year income tax	410	(308)	4,664
Income tax – prior year	-	(365)	(365)
Net profit after tax	410	(673)	4,299
Attributable to:			
Equity holders of the parent	411	(518)	4,200
Minority interest	(1)	(155)	99
	410	(673)	4,299

Market conditions have remained weak. However, we are pleased to announce improved results in 1Q09 (for the 3 months ended September 30, 2008) as compared to 4Q08. Revenue in 1Q09 fell by 32.5% or US\$5.6 million to US\$11.5 million compared to 1Q08 but rose by 11.8% or US\$1.2 million compared to 4Q08. During the period under review, our Revenues were characterized by strong retail sales in Vietnam but weak orders from the US and UK/Europe. Our cautious stance with respect to credit management is one of the reasons for weak orders from the US and UK/Europe.

Net Profit for 1Q09 fell by 77.6% or US\$1.4 million to US\$0.4 million compared to 1Q08 but improved from the loss reported in 4Q08. Readers may wish to note the:

- Lower gross margin. Gross profit margin fell to 25.5% - fell by 2.0 percentage points as compared to 1Q08 and by 3.6 percentage points as compared to the full year FY2008 on the back of:
 - Higher unit factory costs (fixed production overhead) as a result of lower capacity utilization of our factories; and
 - pre-operating expenses absorbed by our new factories in Vietnam during the trial production runs.
- There was less Revenue for other fixed expenses, in particular Administrative Expense, to be absorbed by.

As a result, the Net Profit Margin fell to 3.6% - a fall of 7.3 percentage points as compared to 1Q08 and by 4.0 percentage points as compared to the full year FY2008.

Net Profit attributable to Minority Interest

During the period under review, Net Profit attributable to Minority Interest fell due to the decline in the profits of Rossano. Rossano has two main business segments; Vietnam retail & franchise sales; and sub-contracting work for Koda's export markets. The Vietnam retail sales continued to perform solidly. However, sales to Koda for the export markets declined in parallel with Koda's Revenue decline.

Financial Position

Assets

Current assets fell by US\$0.25 million to US\$22.0 million as compared to the previous financial year ended 30 June 2008. Significant movements during the period under review were:-

- Cash at bank (inclusive of fixed deposits) decreased by US\$0.3 million to US\$4.8 million due largely to capital investments in Vietnam and partial repayments of bank loans. Bank loans were repaid to save interest;
- Trade receivable fell by US\$0.2 million to US\$4.0 million due mainly to reduction in Revenue and tighter credit management;

- Other receivables and prepayments increased by US\$0.45 million due mainly to higher refundable VAT from the Vietnamese tax office; prepaid insurance premium for our new factories in Vietnam and advances to suppliers/sub-contractors; and
- Inventories fell by US\$0.2 million due mainly to lower work-in-progress (“WIP”). WIP fell sharply by US\$0.7 million while raw material stock increased by US\$0.3 million as a result of shorter production cycles specifically planned to meet shorter delivery lead times required by our clients. Finished goods stock increased by US\$0.2 million as some of our clients held back their orders in the midst of market uncertainty;

Non-current assets fell by US\$0.1 million due mainly to depreciation and amortization.

Total Liabilities

Current liabilities fell US\$0.3 million to US\$6.8 million due mainly to lower trade payables, lower tax payables and repayment of loans. Trade payables fell on the back of shorter credit term in favour of cash discounts from suppliers (it is a company policy decision to pay faster and get larger discounts).

Total non-current liabilities fell by US\$0.1 million to US\$1.3 million as a result of long-term loans and finance lease repayments.

Shareholders' equity

Net asset or Equity attributable to shareholders rose by US\$0.05 million to US\$28.1 million as at September 30, 2008 due largely to current period earnings, net of effects on exchange rates movement on translation of foreign subsidiaries.

Minority interests

Minority interests remained relatively constant at US\$1.1 million, reflecting the cumulative share of net asset (net of current period dividend received by minority shareholder) by Rossano's other shareholder, who owns 30% of Rossano.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

During the full year earnings announcement, on August 27, 2008, the Board of Directors noted that it would be misleading to provide investors a view of the Company's prospects given the uncertain challenges in the current global economic condition. The Board, however, took the view that barring any unforeseen circumstances, the Company would remain profitable and financially sound in FY2009.

The Group announced a return to profitability in 1Q09 as compared to 4Q08. The Group announced a strong cash position of some US\$4.8 million, a modest reduction in borrowings and a reduction in Gearing from 0.083 times (as at June 30, 2008) to 0.078 times (as at September 30, 2008).

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Board of Directors continues to believe it would be misleading to provide investors a view of the Company's prospects until the challenges in the current global economic condition are clearer. The Board is mindful of several recent bankruptcies amongst major US and EU retailers and the downgrading or placing on the watch-list of other retailers by credit rating agencies. Whilst housing prices and consumer pessimism may have bottomed or are near bottom, this is less important than for the Group that if one of its major customers goes into administratorship or receivership.

On the other hand, the Board is also aware that the company has certain comparative advantages (like being in Vietnam which has become very much more cost competitive than China in ODM furniture manufacturing) and, unlike many other companies, is in a position to seize strategic opportunities if and when they arise.

Accordingly the Board remains of the view that that barring any unforeseen circumstances, the Company will remain profitable and financially sound in FY2009.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

Not applicable

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable

- 15. A breakdown of sales**

Not applicable

- 16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable

CONFIRMATION BY THE BOARD

We, James Koh Jyh Gang and Koh Shwu Lee, being two directors of Koda Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited financial results for the first quarter ended 30 September 2008 to be materially false or misleading.

On behalf of the Board



James Koh Jyh Gang
Managing Director



Koh Shwu Lee
Executive Director