

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".

First-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 2010

	3 months ended 30/9/2010 ("1Q11") <u>US\$'000</u>	3 months ended 30/9/2009 ("1Q10") <u>US\$'000</u>	Change %
Revenue	11,833	11,822	0.1
Cost of sales	(8,761)	(8,764)	0.0
Gross profit	3,071	3,058	0.4
Other operating income	252	250	0.8
Selling and distribution costs	(1,059)	(1,072)	(1.2)
Administrative expenses	(1,779)	(1,722)	3.3
Other operating expense	(1)	(52)	(98.1)
Finance costs	(32)	(18)	77.8
Profit before income tax	452	444	1.8
Income tax expense	(7)	(9)	(22.2)
Profit after income tax	445	435	2.3
Attributable to:			
Equity holders of the parent	438	437	0.2
Minority interest	7	(2)	-
	445	435	2.3

Notes to Profit and Loss account

	3 months ended 30/9/2010 ("1Q11") <u>US\$'000</u>	3 months ended 30/9/2009 ("1Q10") <u>US\$'000</u>
<u>Other operating income</u>		
Rental income	44	43
Interest income	22	18
Exchange gain	183	183
Others	3	6
	252	250
<u>Other operating expenses</u>		
Provisions for doubtful debts	-	(38)
Loss on sale of fixed assets	-	(14)
Others	(1)	-
	(1)	(52)

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	30/9/2010	30/6/2010	30/9/2010	30/6/2010
	US\$' 000	US\$' 000	US\$' 000	US\$' 000
ASSETS				
Current assets				
Cash and Fixed Deposits	2,770	3,410	291	747
Trade receivables	3,690	3,460	6,901	5,890
Other receivables and prepayments	3,620	3,026	6,868	6,715
Inventories	12,793	12,015	459	491
Total current assets	22,874	21,911	14,519	13,843
Non-current assets				
Investment in subsidiaries	-	-	12,335	12,299
Property, plant and equipment	15,044	14,699	894	927
Intangible assets	349	354	-	-
Available-for-sale investment and other assets	892	857	692	691
Goodwill on consolidation	728	728	-	-
Total non-current assets	17,013	16,638	13,921	13,917
Total assets	39,887	38,549	28,440	27,760
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and bills payable	4,679	3,714	3,834	2,904
Trade payables	3,452	3,614	916	972
Other payables and accruals	2,502	2,439	904	1,208
Income tax payable	34	-	-	-
Finance lease obligations: current portion	196	86	38	56
Long-term bank loans: current portion	88	212	88	212
Total current liabilities	10,951	10,065	5,780	5,352
Non-current liabilities				
Finance lease obligations	489	657	267	266
Long-term bank loans	214	214	214	214
Total non-current liabilities	703	871	481	480
Capital and reserves				
Issued capital	4,040	4,040	4,040	4,040
Capital reserves	2,206	2,206	30	30
Currency translation reserve	745	560	-	-
Retained earnings	20,428	19,990	18,109	17,858
Equity attributable to shareholders	27,419	26,796	22,179	21,928
Minority interests	814	817	-	-
Total equity	28,233	27,613	22,179	21,928
Total Liabilities and Equity	39,887	38,549	28,440	27,760

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

Amount repayable in one year or less, or on demand

As at 30/9/2010 (US\$'000)		As at 30/6/2010 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
4,963	-	4,012	-

Amount repayable after one year

As at 30/9/2010 (US\$'000)		As at 30/6/2010 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
703	-	871	-

Borrowings and gearing ratio

Total borrowings of US\$5.7 million as at 30 September 2010 consist of short-term borrowings, term loans and finance lease obligations. Total borrowings increased by 16.0% or US\$0.8 million due mainly to higher bills payable taken up in financing working capital (funding cost for US\$ loans fell).

The Group's gearing ratio remained relatively low at about 0.20 times as at 30 September 2010 compared to 0.18 times as at 30 June 2010.

Details of any collateral

The bank facilities of the Company are secured by a negative pledge on the Company's assets. The legal mortgage on the Company's leasehold building for such banking facilities has been fully redeemed.

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 30/9/2010 ("1Q11") <u>US\$'000</u>	3 months ended 30/9/2009 ("1Q10") <u>US\$'000</u>
Cash flows from operating activities		
Profit before income tax	452	444
Adjustments for:		
Depreciation and amortization	314	284
Interest income	(22)	(18)
Interest expense	32	18
Allowance for doubtful trade receivables	-	38
Exchange difference arising from foreign currencies translation	(35)	(10)
Operating profit before working capital changes	741	756
Trade receivables	(230)	(732)
Other receivables and prepayments	(609)	(233)
Inventories	(780)	208
Trade payables	(162)	470
Other payables and accruals	63	517
Cash generated from operations	(977)	986
Interest received	22	18
Interest paid	(32)	(18)
Dividend paid to minority shareholder of subsidiary	-	-
Income tax (credit) paid	9	(135)
Net cash from operating activities	(978)	851
Cash flows from investing activities		
(Net addition of) Proceeds from disposal of property, plant & equipment	(445)	377
Net cash (used in) from investing activities	(445)	377
Cash flows from financing activities		
Repayment of long-term borrowings	(168)	(159)
Repayment of short-term borrowings	869	817
Net cash used in financing activities	701	658
Net (decrease) increase in cash and cash equivalents	(724)	1,886
Cash and cash equivalents at beginning of period	3,410	3,488
Cash and cash equivalents at end of period	2,688	5,374
Represented by:		
Cash and bank balances (inclusive of Fixed Deposit)	2,770	5,439
Bank Overdraft	(82)	(65)
	2,688	5,374

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	Attributable to equity holders	Minority interests	Total
US\$'000 Group							
Balance as at 1/7/2010	4,040	2,206	560	19,990	26,796	817	27,613
Currency translation differences	-	-	185	-	185	(10)	175
Net profit for the period	-	-	-	438	438	7	445
Dividend paid	-	-	-	-	-	-	-
Balance as at 30/9/2010	4,040	2,206	745	20,428	27,419	814	28,233

Company							
Balance as at 1/7/2010	4,040	30	-	17,858	21,928	-	21,928
Net profit for the period	-	-	-	251	251	-	251
Dividend paid	-	-	-	-	-	-	-
Balance as at 30/9/2010	4,040	30	-	18,109	22,179	-	22,179

	Issued capital	Capital reserves	Currency translation reserve	Retained earnings	Attributable to equity holders	Minority interests	Total
US\$'000 Group							
Balance as at 1/7/2009	4,040	2,193	298	20,197	26,728	965	27,693
Currency translation differences	-	-	(9)	-	(9)	-	(9)
Net profit for the period	-	-	-	437	437	(2)	435
Dividend paid	-	-	-	-	-	-	-
Balance as at 30/9/2009	4,040	2,193	289	20,634	27,156	963	28,119

Company							
Balance as at 1/7/2009	4,040	17	-	15,934	19,991	-	19,991
Net profit for the period	-	-	-	639	639	-	639
Dividend paid	-	-	-	-	-	-	-
Balance as at 30/9/2009	4,040	58	-	16,573	20,630	-	20,630

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	30/9/2010	30/6/2010
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 30 June 2010.

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 30/9/2010	3 months ended 30/9/2009
Earnings per ordinary share (US cents)	0.33	0.33

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	
	30/9/2010	30/6/2010	30/9/2010	30/6/2010
Net asset value per ordinary share (US cents)	20.51	20.04	16.59	16.40

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")

Overview

Table 1

	3 months ended 30/9/2009 ("1Q10") <u>US\$'000</u>	3 months ended 31/12/2009 ("2Q10") <u>US\$'000</u>	3 months ended 31/3/2010 ("3Q10") <u>US\$'000</u>	3 months ended 30/6/2010 ("4Q10") <u>US\$'000</u>	3 months ended 30/9/2011 ("1Q11") <u>US\$'000</u>
Revenue	11,822	12,714	9,477	10,252	11,833
Gross profit	3,058	3,233	2,429	2,681	3,071
Net profit (loss) after tax	435	467	(509)	(98)	445
Attributable to:					
Equity holders of the parent	437	405	(486)	(85)	438
Minority interest	(2)	62	(23)	(13)	7
	435	467	(509)	(98)	445

Total Revenue remained relatively constant at US\$11.8 million for the first quarter ended 30 September 2010 ("1Q10") as compared to 1Q09. Backlogs as at 30 June 2010 have since been shipped and recorded as part of our total Revenues for 1Q10. Our market mix did not change much. The US continued to be our key market accounting for approximately 46% of Total Revenues.

Gross Profit mirrored the very modest rise in Total Revenues. Gross Profit rose by 0.4%. Gross Margin was relatively constant at around 26%.

Selling costs also was steady as compared to 1Q10 at about US\$1.1 million.

Administrative expenses rose marginally by 3.3% or US\$0.06 million as a result of the weaker US\$. A weak US\$ means that S\$-denominated head office expenses look higher when translated into US\$ terms.

Other operating expenses fell as there were provisions for doubtful debts and loss on fixed assets disposal in 1Q10 and there were none in 1Q11.

Finance costs rose by about US\$14,000 on the back of higher borrowings. The increase in borrowings was greater than the increase in interest expense due to lower US\$ cost of funds.

Given the above, Net Profit attributable to equity holders of the parent ("Net Profit") for 1Q11 remained relatively constant at about US\$0.43 million compared to the last corresponding period.

Financial Position (30 September 2010 vs 30 June 2010)

Assets

Current assets rose by US\$1.0 million to US\$22.9 million as compared to the previous financial year ended 30 June 2010. Significant movements during the period under review were:-

- Cash at bank (inclusive of fixed deposits) fell by US\$0.6 million to US\$2.8 million due largely to working capital requirements.
- Trade receivable rose by US\$0.2 million to US\$3.7 million due mainly to slightly higher 'open-account' sales. The increase in 'open-account' sales was anticipated. Trade receivable turnover period was still a manageable 28 days as at 30 September 2010.
- Other receivables rose by US\$0.6 million due largely to higher VAT receivables, prepaid workers' levy for our Malaysia operations and higher deposits for international exhibitions participation for year 2011.
- Inventories rose by US\$0.8 million due mainly to higher finished goods awaiting vessel arrival. The substantial portion of these incremental finished goods has since been shipped. Raw materials and WIP turnover period remained relatively the same compared to that as of 30 June 2010.

Non-current assets rose by US\$0.4 million to US\$17.0 million due largely to progress payments for our new facilities in Vietnam.

Total Liabilities

Current liabilities increased by US\$0.9 million to US\$11.0 million. The low US\$ funding costs of 1.0% - 1.5% resulted in us utilising more of these facilities for our working capital requirements.

Shareholders' equity

Net Asset or Equity Attributable to Shareholders rose by US\$0.6 million to US\$27.4 million as at 30 September 2010 due largely to current period earnings and current period surplus in currency translation reserves.

Minority interests

Minority interests remained relatively constant at US\$0.8 million, reflecting the cumulative share of net asset by Rossano's other shareholder, who owns 30% of Rossano.

Cash flows (movements in 1Q110)

Net cash used in operating activities was US\$0.98 million after accounting for total working capital requirements of US\$1.7 million, which were mainly required for higher inventories, longer collection cycles and shorter suppliers' terms. Net cash used in investing activities was US\$0.4 million due mainly to capital investments in Vietnam. Net cash from financing activities was US\$0.7 million due mainly to increased short-term borrowings to finance our operations.

Given these, cash and cash equivalents fell by US\$0.7 million to US\$2.8 million as at 30 September 2010.

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

The Board of Directors stated in the previous results announcement that barring any unforeseen circumstances, the Board expects the Group's profitability to improve for FY2011. The Board also stated that it expected the financial position of the Group to remain strong and gearing levels to remain relatively low.

The Group reported a Net Profit US\$0.43 million compared to a Net Loss of US\$0.1 million for 4Q10 – please refer to Table 1 in Note 8. The Group's gearing position remained relatively low at 0.2 times as at 30 September 2010.

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

1Q11 continued to improve with orders recovering to levels recorded in earlier quarters. However, we were unable to maximise economies of scale due to: small order sizes; short and tight lead times; and due to rising prices of raw materials and high inventory holdings. These issues continue to persist..

On 21 October 2010, we announced the acquisition of Metrolink International Ltd, which own 100% of the PRC-based Locasa Sofa Ltd and Indonesia-based PT C&C furniture. Metrolink Group is a manufacturer and distributor of classical furniture. The acquisition is expected to enhance our earnings and provide us with product, distribution and sourcing synergies.

Barring any unforeseen circumstances, the Board expects the Group's profitability to improve for FY2011. The Board also expects the financial position of the Group to remain strong and gearing levels to remain relatively low.

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/recommended, 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 2010 to be materially false or misleading.

On behalf of the Board

**James Koh Jyh Gang
Managing Director**

**Koh Shwu Lee
Executive Director**

