

KODA LTD
Full Year 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 and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial period

Consolidated Income Statement for 3 months ended 30 Sept 2011

	3 months ended 30/09/11 ("1Q12") US\$'000	3 months ended 30/09/10 ("1Q11") US\$'000	Change %
Revenue	11,260	11,832	(4.8)
Cost of sales	(7,866)	(8,761)	(10.2)
Gross profit	3,394	3,071	10.5
Other operating income	91	252	(63.9)
Selling and distribution costs	(1,155)	(1,059)	9.1
Administrative expense	(2,187)	(1,779)	22.9
Other operating expenses	(50)	(1)	NM
Finance costs	(59)	(32)	84.4
Profit before income tax	34	452	(92.5)
Income tax credit (expense)	142	(7)	NA
Profit after income tax	176	445	(60.4)
Attributable to:-			
Equity holders of the parent	205	438	(53.2)
Minority interests	(29)	7	NA
	176	445	(60.4)

NM - not meaningful

NA - not applicable

Note: For comparison purposes, please refer to Table 1 in Note 8 for details of the Group's results ended 1Q11, 2Q11, 3Q11 and 4Q11

Notes to Consolidated Income Statement

	3 months 30/09/11 ("1Q12") US\$'000	3 months 30/09/10 ("1Q11") US\$'000
Other operating income		
Rental income	56	44
Interest income	9	22
Exchange gain	-	183
Gain on disposal of fixed assets	-	-
Reversal of provisions for bad debts	-	-
Others	26	3
	91	252

Notes to Consolidated Income Statement (Continued)

	3 months ended 30/09/11 ("1Q12") <u>US\$'000</u>	3 months ended 30/09/10 ("1Q11") <u>US\$'000</u>
<u>Other operating expenses</u>		
Foreign exchange loss	(47)	-
Provision for slow moving stocks	-	-
Others	(3)	(1)
	<u>(50)</u>	<u>(1)</u>

Statement of Comprehensive Income

	3 months ended 30/09/11 ("1Q12") <u>US\$'000</u>	3 months ended 30/09/10 ("1Q11") <u>US\$'000</u>
Profit after Income Tax	176	445
Currency translation differences	(198)	175
Total comprehensive income	<u>(22)</u>	<u>620</u>
Attributable to :-		
Equity holders of the parent	12	622
Minority interests	(34)	(2)
	<u>(22)</u>	<u>620</u>

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

	Group		Company	
As at	30/09/11	30/06/11	30/09/11	30/06/11
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
<u>ASSETS</u>				
Current assets				
Cash and Fixed Deposits	2,454	3,444	226	205
Trade Receivables	3,540	2,884	9,151	9,567
Other receivables and prepayments	3,192	3,754	7,143	7,811
Inventories	15,046	11,481	295	430
Total current assets	24,232	21,563	16,815	18,013
Non-current assets				
Investment in subsidiaries	-	-	14,467	12,335
Property, plant and equipment	14,509	14,215	797	828
Investment Properties	645	686	-	-
Intangibles assets	186	167	-	-
Available-for-sale investment and other assets	691	540	234	234
Goodwill on consolidation	1,883	728	-	-
Total non-current assets	17,914	16,336	15,498	13,397
Total assets	42,146	37,899	32,313	31,410
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank overdrafts and bills payable	4,674	5,915	4,181	5,352
Trade payables	4,698	2,568	386	427
Other payables and accruals	3,465	2,508	861	977
Income tax payable	69	-	-	-
Finance lease obligation : current portion	107	308	68	68
Long-term bank loans : current portion	3,591	2,343	3,245	2,343
Total current liabilities	16,604	13,642	8,741	9,167
Non-current liabilities				
Finance lease obligations	343	235	176	235
Long-term bank loans	-	-	-	-
Total non-current liabilities	343	235	176	235
Capital and reserves				
Issued capital	4,379	4,040	4,379	4,040
Capital reserves	2,416	2,416	38	38
Currency translation reserve	485	688	-	-
Retained earnings	16,555	16,340	18,979	17,930
Equity attributable to shareholders	23,835	23,484	23,396	22,008
Minority interests	1,364	538	-	-
Total equity	25,199	24,022	23,396	22,008
Total Liabilities and Equity	42,146	37,899	32,313	31,410

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

Amount repayable in one year or less, or on demand

As at 30/9/11 (US\$'000)		As at 30/6/11 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
8,372	-	8,566	-

Amount repayable after one year

As at 30/9/11 (US\$'000)		As at 30/6/11 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
343	-	235	-

Borrowings and gearing ratio

Total borrowings of US\$8.7 million as at 30 September 2011 consist of short-term borrowings, Callable Term Loans and finance lease obligations. Total borrowings fell slightly by US\$ 0.1 million compared to 30 June 2010.

The Group's gearing ratio was 0.365 times as at 30 September 2011 compared to 0.375 times as at 30 June 2011.

Details of any collateral

The banking facilities of the Company are secured by a negative pledge on the Company's assets.

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

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

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

Consolidated Statement of Cash Flows

	("1Q12") US\$'000	("1Q11") US\$'000
Cash flows from operating activities		
Profit before income tax	34	452
Adjustments for:		
Depreciation and amortization expenses	333	314
Interest income	(9)	(22)
Interest expense	59	32
Operating profit before working capital changes	417	776
Trade receivables	3	(230)
Other receivables and prepayments	1,003	(609)
Inventories	(1,926)	(780)
Trade payables	417	(162)
Other payables	(106)	63
Net Cash (used in) generated from operations	(192)	(942)
Interest paid	(59)	(32)
Interest received	9	22
Income tax refund (paid)	(59)	9
Net cash used in operating activities	(301)	(943)
Cash flows from investing activities		
Net addition of fixed assets	(23)	(445)
Acquisition of subsidiaries	(533)	-
Net cash (used in) generated from investing activities	(556)	(445)
Cash flows from financing activities		
Net (decrease) increase in short-term borrowings	(340)	869
Net increase (decrease) in long-term borrowings	108	(168)
Net cash (used in) generated from financing activities	(232)	701
Net decrease in cash and cash equivalents	(1,089)	(687)
Cash and cash equivalents at beginning of period / year	3,154	3,410
Currency translation differences	(13)	(35)
Cash and cash equivalents at end of period / year	2,052	2,688
Represented by:		
Cash and bank balances (inclusive of Fixed Deposit)	2,454	2,770
Bank overdraft	(402)	(82)
	2,052	2,688

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 1/7/11	4,040	2,416	688	16,340	23,484	538	24,022
Movement in 1Q12	339	-	-	-	-	-	-
Total comprehensive income	-	-	(203)	215	12	826	838
Balance as at 30/09/11	4,379	2,416	485	16,555	23,835	1,364	25,199
Company							
Balance as at 1/7/11	4,040	37	-	17,931	22,008	-	22,008
Movement in 1Q12	339	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,048	1,048	-	1,048
Balance as at 30/09/11	4,379	37	-	18,979	23,056	-	23,056

	Issued Capital	Capital reserves	Currency translation reserve	Retained earnings	Attributable to equity holders	Minority interests	Total
US\$'000							
Group							
Balance as at 1/7/10	4,040	2,206	560	19,990	26,796	817	27,613
Total comprehensive income	-	-	185	438	623	(3)	620
Balance as at 30/09/10	4,040	2,206	745	20,428	27,419	814	28,233
Company							
Balance as of 1/7/10	4,040	30	-	17,858	21,928	-	21,928
Total comprehensive income	-	-	-	251	251	-	251
Balance as at 30/09/10	4,040	30	-	18,109	22,179	-	22,179

- 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**

The company's share capital increased by 2,823,800 shares ("New Shares") during the period under review. New Shares were issued to the Vendors of Metrolink International Ltd ("Metrolink" or Metrolink Group") as part of the consideration for the acquisition of Metrolink. New Shares are currently held under moratorium.

- (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	30/09/11	30/06/11
Total number of issued shares (excluding treasury shares)	136,513,397	133,689,597

Note: Please refer to 1d(ii) for details.

- (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**

Not applicable.

- 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 30/9/11 ("1Q12")	3 months ended 30/9/10 ("1Q11")
Earnings per ordinary share (US cents)	0.15*	0.33

* computed base on the enlarged number of shares of 136,513,397

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	
	30/9/2011	30/6/2011	30/9/2011	30/6/2011
Net asset value per ordinary share (US cents)	17.46*	17.85	17.14*	16.46

* computed base on the enlarged number of shares of 136,513,397

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**

Table 1

	3 months ended 30/09/10 ("1Q11")	3 months ended 31/12/10 ("2Q11")	3 months ended 31/03/11 ("3Q11")	3 months ended 30/06/11 ("4Q11")	3 months ended 30/9/11 ("1Q12")
Revenue	11,833	11,950	6,985	9,183	11,260
Gross profit	3,071	2,989	1,632	2,430	3,394
Net profit (loss) after tax	445	212	(1,825)	(1,983)	205
Attributable to:-					
Equity holders of the parent	452	236	(1,754)	(1,853)	205
Minority interests	7	(24)	(71)	(130)	(29)
	445	212	(1,825)	(1,983)	176

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

Our financial performance for 1Q12 was significantly better than that of 3Q11 and 4Q11 (see above Table 1). The better performance was mainly due to stock replenishment by clients in the US and UK/EU and a maiden contribution to revenues from the Metrolink Group.

However, 1Q12 revenues fell by US\$0.6 million to US\$11.3 million compared to 1Q11. Revenues to the US and UK/EU fell by US\$1.5 million and US\$0.5 million respectively compared to 1Q11 due to generally weak market conditions in those countries. But revenues from the Asia Pacific and the Middle East (mainly the Saudi Arabia, Kuwait, Qatar, UAE) were notably higher by US\$0.5 million and US\$1.0 million respectively compared to 1Q11 due mainly to Koda’s marketing focus on Asia (mainly the Japan and Korea) and the maiden revenue contribution from Metrolink Group (Metrolink has strong distribution channels and marketing presence in the PRC and Middle East).

Despite a fall in revenues, Gross Profit increased by US\$0.3 million to US\$3.4 million due to improvement in gross margin, which increased by 4.24 percentage points to 30.2%. The improvement in Gross Profit was due mainly to the maiden gross profit contribution of US\$0.6 million from Metrolink Group, offset by a US\$0.3 million fall in gross profit as a result of lower revenues from our markets in the US and UK/EU. The gross margin of Metrolink Group is generally higher due to its franchising business model in the PRC market.

Selling and distribution expenses rose by US\$0.1 million to US\$1.2 million despite lower marketing spending for and fewer marketing trips to the US and the UK/EU markets. Marketing expenses for these markets fell by US\$0.3 million. Please note the figure includes US\$0.2 million for Metrolink’s selling expenses.

Administrative expenses rose by US\$0.4 million to US\$2.1 million due mainly to an inflation adjustment to wages resulting in staff cost rising by US\$0.2 million. Please note the figure includes \$0.2 million for Metrolink’s administrative expenses.

Other income fell by US\$0.16 million to US\$0.09 million given that there was an exchange gain of US\$0.18 million in 1Q11 (due to the then stronger US\$) whereas there was none in 1Q12. Operating expenses increased as a result of an exchange loss of US\$0.05 million in 1Q12.

Finance costs rose by US\$0.03 million to US\$0.06 million due to increased bank borrowings.

There was an income tax credit of US\$0.14 million due to reversal of deferred tax liability.

As a result of the above, the Group returned to profitability in 1Q12 compared to its preceding two quarters (ie 3Q11 and 4Q11) despite the fact that Net Profit fell by US\$0.2 million to US\$0.2 million in 1Q12 compared to the corresponding quarter 1Q11.

Financial Position

Assets

Current Assets rose by US\$2.7 million to US\$24.2 million. Significant movements in Current Assets during the period under review were due mainly to the consolidation of the Metrolink's current assets which we acquired during the period under review. Specifically:

- Cash at bank (inclusive of fixed deposits) fell by US\$1.0 million to US\$2.4 million due mainly to cash payments made for the acquisition of the Metrolink Group;
- Trade receivables rose by US\$0.7 million to US\$3.5 million due mainly to an inclusion of trade receivables of US\$0.9 million from the Metrolink Group. Excluding that, trade receivables fell by US\$0.2 million on the back of lower Revenues and a better collection cycle;
- Other receivables fell by US\$0.7 million to US\$0.6 million to US\$3.1 million due largely to a reclassification of deposits paid for the acquisition of Metrolink to Investment (the investment amount has since been consolidated as part of the Group's net assets);
- Inventories rose by US\$3.5 million to US\$15.0 million due mainly to an inclusion of US\$2.5 million in inventories for Metrolink Group. Excluding that, inventories for Koda Group rose by US\$1.0 million due mainly to higher work-in-progress on the back of longer production cycles and lower economies of scale. Raw materials fell slightly while finished goods remained relatively unchanged;

Non-Current Assets rose by US\$1.6 million to US\$17.2 million due mainly to inclusion of US\$0.8 million plant and equipment for Metrolink Group. Excluding that, net book values of our Property, plant & Equipment fell by US\$0.3 million due to depreciation. There was an additional goodwill of US\$1.1 million on consolidation in relation to acquisition of Metrolink. *(Note: The Group will appoint an independent professional to conduct a "Purchase Price Allocation" exercise in FY2012 in order to record the acquired assets of Metrolink Group at fair values, which will then have a financial effect of reclassifying goodwill to the identified assets in accordance with the requirements of FRSs)*

Liabilities

Current Liabilities rose by US\$2.9 million to US\$16.6 million due to an inclusion of current liabilities of US\$3.1 million from Metrolink Group. Excluding that, our short-term borrowings fell by US\$0.6 million due to continual repayments and lower working capital requirements while current portion of long-term loan increased by US\$0.4 million due to a reclassification arising from a 'callable option' within the long term loans.

Shareholders' equity

Net asset or Equity attributable to shareholders rose by US\$0.35 million to US\$23.8 million as at 30 September 2011 due mainly to current period earnings of US\$0.2 million and an increase in issued capital of US\$0.34 million (at fair value) to satisfy part of the purchase consideration for the acquisition of Metrolink and despite a deficit in currency translation reserve of US\$0.2 million.

Minority interests

Minority interests ("MI"), reflecting the cumulative share of net asset by Metrolink Group's and Rossano's other shareholders, who owns 49% and 30% of Metrolink Group and Rossano respectively, rose by US\$0.8 million after offsetting a fall in Rossano's MI.

Cash Flows (movements in 1Q12)

Net cash used in operating activities was US\$0.3 million for 1Q12 after accounting for a cash profit of US\$0.4 million and net working capital investments of US\$0.7 million. Net cash used in investing activities was US\$0.6 million due mainly to cash used for acquisition of Metrolink Group. Net cash used in financing activities was US\$0.2 million due mainly to repayments of short-term borrowings. Given these, net cash and cash equivalents fell by US\$1.1 million to US\$2.1 million as at 30 September 2011.

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 4Q11 announcement that the financial performance in FY2012 should improve over that of FY2011, barring any unforeseen circumstances.

The Group returned to a small profit of US\$0.2 million compared to a loss of US\$1.8 million and US\$1.9 million for 3Q11 and 4Q11 respectively. As at 30 September 2011, the Group had US\$2.4 million in cash and cash equivalents and it had a gearing ratio of 0.365 times (compared to 0.375 times as at 30 June 2011).

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

In 1Q12, the Group's results improved on the back of more sales to Asian and Middle Eastern clients, maiden contribution to revenues from Metrolink Group and stock replenishments in the US and UK/EU.

Looking forward, the Board is not optimistic about US and UK/EU demand given the still high levels of unemployment in the US and the Euro crisis. On the other hand, Asia particularly Japan and Korea, are doing well, though we are coming from a low base. Further our acquisition of Metrolink has also enlarged the Group's distribution channels in the PRC and Middle East (mainly the Saudi Arabia, UAE, Kuwait and Qatar).

As a result, and despite the pessimism with respect to the Group's major markets, the Board of Directors continue to believe that the financial performance in FY2012, barring any unforeseen circumstances, should be better than that of FY2011.

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

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, 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)

14. **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

15. **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

16. **A breakdown of sales**

Not applicable

17. **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 un-audited financial results for quarter ended 30 September 2011 to be materially false or misleading.

BY ORDER OF THE BOARD
JAMES KOH JYH GANG
Managing Director
10 November 2011