

KODA LTD
FINANCIAL STATEMENT AND RELATED 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 for the group, together with a comparative statement for the corresponding period of the immediately preceding financial period

Consolidated Profit and Loss Statements for 3 months ended 30 September 2012

	3 months ended 30/09/12 ("1Q13") US\$'000	3 months ended 30/09/11 ("1Q12") US\$'000	Change %
Revenue	14,215	11,260	26.2
Cost of sales	(10,248)	(7,866)	30.3
Gross profit	3,967	3,394	16.9
Other operating income	143	91	57.1
Selling and distribution costs	(1,451)	(1,155)	25.6
Administrative expense	(2,199)	(2,187)	0.5
Other operating expenses	(9)	(50)	NM
Finance costs	(80)	(59)	35.6
Profit before income tax	371	34	991.2
Income tax credit (expense)	-	142	NA
Profit after income tax	371	176	110.8
Attributable to:-			
Equity holders of the parent	363	205	77.1
Minority interests	8	(29)	NA
	371	176	110.8

Note: For comparison purposes, please refer to Table 1 in Note 8 for details of the Group's results ended 1Q12, 2Q12, 3Q12 and 4Q12

Note to Consolidated Profit and Loss Statements

	30/09/12	30/09/11
	("1Q13")	("1Q12")
	<u>US\$'000</u>	<u>US\$'000</u>

Other operating income

Rental income	75	56
Interest income	2	9
Exchange gain	49	-
Gain on disposal of fixed assets	-	-
Reversal of provisions for bad debts	-	-
Others	17	26
	<u>143</u>	<u>91</u>

Notes to Profit and Loss account (Continued)

	3 months	3 months
	ended	ended
	30/09/12	30/09/11
	("1Q13")	("1Q12")
	<u>US\$'000</u>	<u>US\$'000</u>

Other operating expenses

Foreign exchange loss	-	(47)
Provision for slow moving stocks	-	-
Others	(9)	(3)
	<u>(9)</u>	<u>(50)</u>

Statement of Comprehensive Income

	3 months	3 months
	ended	ended
	30/09/12	30/09/11
	("1Q13")	("1Q12")
	<u>US\$'000</u>	<u>US\$'000</u>

Profit after Income Tax	371	176
Currency translation differences	236	662
Total comprehensive income	<u>607</u>	<u>838</u>

Attributable to :-

Equity holders of the parent	584	12
Minority interests	23	826
	<u>607</u>	<u>838</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

As at	Group		Company	
	30/09/12 US\$'000	30/06/12 US\$'000	30/09/12 US\$'000	30/06/12 US\$'000
ASSETS				
Current assets				
Cash and Fixed Deposits	1,508	2,163	267	219
Trade Receivables	3,871	3,098	15,610	12,649
Other receivables and prepayments	2,898	2,669	6,847	6,857
Inventories	16,308	16,294	159	234
Total current assets	24,585	24,224	22,883	19,959
Non-current assets				
Investment in subsidiaries	-	-	13,205	13,205
Property, plant and equipment	14,893	14,936	663	694
Investment properties	2,391	2,391	-	-
Intangibles assets	453	463	-	-
Available-for-sale investment and assets	1,226	1,189	230	226
Goodwill on consolidation	1,206	1,206	-	-
Deferred tax asset	31	7	-	3
Total non-current assets	20,200	20,192	14,098	14,128
Total assets	44,785	44,416	36,981	34,087
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and bills payable	8,768	8,862	7,384	6,387
Trade payables	4,668	4,127	5,732	2,763
Other payables and accruals	4,066	4,441	1,111	1,110
Finance lease obligation: current portion	90	107	69	69
Long-term bank loans: current portion	1,499	1,811	1,499	2,548
Total current liabilities	19,091	19,348	15,795	12,877
Non-current liabilities				
Finance lease obligations	113	153	113	153
Due to related parties	952	952	-	-
Deferred taxation	59	-	-	-
Total non-current liabilities	1,124	1,105	113	153
Capital and reserves				
Issued capital	4,312	4,312	4,312	4,312
Capital reserves	4,183	4,183	33	33
Currency translation reserve	705	484	-	-
Retained earnings	13,965	13,602	16,728	16,712
Equity attributable to shareholders	23,165	22,581	21,073	21,057
Minority interests	1,405	1,382	-	-
Total equity	24,570	23,963	21,073	21,057
Total Liabilities and Equity	44,785	44,416	36,981	34,087

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

Amount repayable in one year or less, or on demand

As at 30/9/12 (US\$'000)		As at 30/6/12 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
10,357	-	10,779	-

Amount repayable after one year

As at 30/9/12 (US\$'000)		As at 30/6/12 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
113	-	153	-

Borrowings and gearing ratio

Total borrowings of US\$10.5 as at 30 September 2012 consist of short-term borrowings, Callable Term Loans and finance lease obligations. Total borrowings fell by US\$0.5 million compared to 30 June 2012 due to loans repayment.

The Group's gearing ratio was 0.45 times as at 30 September 2012 compared to 0.48 times as at 30 June 2012.

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 Cash Flows Statement

	3 months ended 30/09/12 ("1Q13") <u>US\$'000</u>	3 months ended 30/09/11 ("1Q12") <u>US\$'000</u>
Cash flows from operating activities		
Profit before income tax	371	34
Adjustments for:		
Depreciation and amortization expenses	361	333
Interest income	(2)	(9)
Interest expense	79	59
Operating profit before working capital changes	809	417
Trade receivables	(773)	3
Other receivables and prepayments	(229)	1,003
Inventories	(12)	(1,926)
Trade payables	541	417
Other payables	(217)	(106)
Net Cash (used in) generated from operations	119	(192)
Interest paid	(79)	(59)
Interest received	2	9
Income tax refund (paid)	(122)	(59)
Net cash used in operating activities	(80)	(301)
Cash flows from investing activities		
Addition of fixed assets	(82)	(23)
Acquisition of subsidiaries	-	(533)
Net cash (used in) generated from investing activities	(82)	(556)
Cash flows from financing activities		
Net (decrease) increase in short-term borrowings	(369)	(340)
Net increase (decrease) in long-term borrowings	(152)	108
Net cash (used in) generated from financing activities	(521)	(232)
Net decrease in cash and cash equivalents	(683)	(1,089)
Cash and cash equivalents at beginning of period / year	1,878	3,154
Currency translation differences	(29)	(13)
Cash and cash equivalents at end of period / year	1,166	2,052
Represented by:		
Cash and bank balances (inclusive of Fixed Deposit)	1,508	2,454
Bank overdraft	(342)	(402)
	1,166	2,052

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 1/7/12	4,312	4,183	484	13,602	22,581	1,382	23,963
Total comprehensive income	-	-	221	363	584	23	607
	-	-	-	-	-	-	-
Balance as at 30/09/12	4,312	4,183	705	13,965	23,165	1,405	24,570
Company							
Balance as at 1/7/12	4,312	33	-	16,712	21,057	-	21,057
Total comprehensive income	-	-	-	17	17	-	17
	-	-	-	-	-	-	-
Balance as at 30/09/12	4,312	33	-	16,729	21,074	-	21,074

	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

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

Not applicable.

(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	30/09/12	30/06/12
Total number of issued shares (excluding treasury shares)	136,513,397	136,513,397

(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 30/9/12 ("1Q13")	3 months ended 30/9/11 ("1Q12")
Earnings per ordinary share (US cents)	0.27	0.15

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	
	30/9/2012	30/6/2012	30/9/2012	30/9/2011
Net asset value per ordinary share (US cents)	16.97	16.54	15.44	15.42

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 30/09/11 ("1Q12")	3 months ended 31/12/11 ("2Q12")	3 months ended 31/03/12 ("3Q12")	3 months ended 30/06/12 ("4Q12")	3 months ended 30/9/12 ("1Q13")
Revenue	11,261	13,320	9,684	12,856	14,215
Gross profit	3,394	3,870	2,469	2,137	3,967
Net profit (loss) after tax	176	318	(1,394)	(1,992)	371
Attributable to:-					
Equity holders of the parent	205	346	(1,352)	(2,053)	363
Minority interests	(29)	(28)	(42)	61	8
	176	318	(1,394)	(1,992)	371

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

Our financial performance for 1Q13 was significantly better than that for 1Q12. During the period under review, revenues rose 26.2% or US\$3.0 million to US\$14.2 million while revenues growth outpaced the rise in costs resulting in higher Net Profit, which grew sharply by 77.1% or US\$0.16 million to US\$0.36 million for 1Q13.

Revenues improved due mainly to:

- a maiden contribution from Commune, our flagship retail store in Singapore (Commune only commenced operations in 2Q12);
- increased orders from Asia Pacific, specifically from Australia, Korea and Japan as a result of our continued marketing focus; and
- higher sales from Metrolink to the PRC, Russia and UAE (where Metrolink has extensive distribution channels and marketing networks).

Gross Profit rose by 16.9% or US\$0.58 million to US\$4.0 million on the back of higher revenues. Gross margin, however, fell by 2.2 percentage points to 27.9% due mainly to higher materials cost and wages.

Selling and distribution expenses rose by US\$0.3 million to US\$1.5 million due mainly to:

- selling expenses of US\$0.17 million for Commune such as rental, sales commission, delivery charges and showroom-related expenses (note: there were no such expenses in 1Q12 as Commence only commenced operations in 2Q12); and
- higher carriage outwards (road transport from factories to ports) on the back of greater business volume.

Administrative expenses remained relatively unchanged at US\$2.2 million. We were able to keep our administrative budget despite the greater business done.

Finance costs rose slightly by US\$0.02 million to US\$0.08 million – despite lower borrowings – due to higher cost of funds.

Given the above, profit before income tax rose by US\$0.34 million to US\$0.37 million in 1Q13.

There was no income tax provision on taxable profits in 1Q13 due mainly to utilization of brought-forward tax losses and tax incentives in Vietnam.

As a result of the above, our financial performance improved in 1Q13 over that of 1Q12.

Financial Position (30 September 2012 vs 30 June 2012)

Assets

Current Assets rose by US\$0.4 million to US\$24.6 million. Significant movements in Current Assets during the period under review were as follows:

- Cash at bank (inclusive of fixed deposits) fell by US\$0.7 million to US\$1.5 million due mainly to loans repayment and working capital requirements;
- Trade receivables rose by US\$0.8 million to US\$3.9 million due mainly to higher revenues. Trade receivable turnaround time remained relatively unchanged at approximately 25 days;

Non-Current Assets remained largely unchanged at US\$20.2 million.

Liabilities

Current Liabilities fell by US\$0.3 million to US\$19.1 million due mainly to loan repayments and reduction in short-term borrowings.

Shareholders' Equity

Net asset or Equity attributable to shareholders rose by US\$0.6 million to US\$23.2 million as at 30 September 2012 due mainly to current period earnings of US\$0.36 million and higher currency translation reserve which rose by US\$0.2 million to US\$0.7 million due mainly to increase in RM-denominated assets when expressed in US\$ terms (RM strengthened against the US\$ during the period under review).

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\$0.02 million after offsetting a fall in Rossano's MI.

Cash Flows (movements in 1Q13)

Net cash used in operating activities was US\$0.2 million for 1Q13 after accounting for a cash profit of US\$0.8 million and net working capital investments of US\$1.0 million. Net cash used in investing activities was US\$0.08 million due mainly to investment in new equipment. Net cash used in financing activities was US\$0.5 million due mainly to loans repayment. Given these, net cash and cash equivalents fell by US\$0.8 million to US\$1.5 million as at 30 September 2012.

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 4Q12 announcement that the financial performance in FY2013 should improve over that of last year and barring unforeseen circumstances believes the Company will return to modest profitability.

The Group's recorded a Net Profit of US\$0.36 million for 1Q13, approximately 77.1% or US\$0.16 million higher than that of the last corresponding quarter in 1Q12.

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

Whilst our orders book from the US and Asia Pacific looks promising, global consumer demand for furniture remains uncertain and export pricing remains under pressure. The operations in Vietnam have also been squeezed by rising operating costs.

To counter the effects and to deal with the uncertainty, our factories need to be more efficient – we need to achieve high utilization and our minimum order quantity per batch needs to be higher – and we need to get better economies of scale. Our business segments have since been enlarged to now include (i) the newly established Commune retail store (which is doing well) and (ii) projects contract (we are quoting more jobs to furnish hotels and apartments).

To maintain our operating margins, we have also initiated various costs control measures and implemented necessary operational restructuring which include changing our business models in Vietnam and New Zealand. These corporate exercises, on completion, will reduce our fixed operating expenses.

Given that, the Board continues to believe that the financial performance for FY2013 will improve over that of FY2012.

11. If a decision regarding whether dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared; (recommended); and

None

(b) (i) Amount per share

Not applicable

(ii) Corresponding Period of the Immediately Preceding Financial Year

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, the tax rate and the country where the dividend is derived must be stated. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable

Not applicable

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

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

No dividend has been declared or recommended for 1Q13.

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

There are no such IPT transactions as required under Rule 920(1)(a)(ii)

14. Confirmation pursuant to Rule 705(5) of the Listing Manual SGX-ST (not required for announcement on full year results)

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 2012 to be materially false or misleading.

**BY ORDER OF THE BOARD
JAMES KOH JYH GANG
Managing Director
12 November 2012**