

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".

Half-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 (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial period

Consolidated Profit and Loss Statement – 2Q11 and 1H11

	3 months ended 31/12/2010 ("2Q11") US\$'000	3 months ended 31/12/2009 ("2Q10") US\$'000	Change %	6 months ended 31/12/2010 ("1H11") US\$'000	6 months ended 31/12/2009 ("1H10") US\$'000	Change %
Revenue	11,950	12,714	(6.0)	23,783	24,536	(3.1)
Cost of sales	(8,961)	(9,481)	(5.5)	(17,722)	(18,245)	(2.9)
Gross profit	2,989	3,233	(7.5)	6,060	6,291	(3.7)
Other operating income	177	159	11.3	429	409	4.9
Selling and distribution costs	(1,059)	(1,067)	(0.7)	(2,117)	(2,139)	(1.0)
Administrative expenses	(1,867)	(1,808)	3.3	(3,646)	(3,530)	3.3
Other operating expense	(4)	-	NA	(5)	(52)	(90.4)
Finance costs	(32)	(21)	52.4	(64)	(39)	(64.1)
Profit before income tax	204	496	(58.9)	657	940	(30.1)
Income tax expense	8	(29)	NA	-	(38)	NA
Profit after income tax	212	467	(54.6)	657	902	(27.2)

Attributable to:

Equity holders of the parent	236	405	(41.7)	674	842	(20.0)
Minority interest	(24)	62	NA	(17)	60	NA
	212	467	(54.6)	657	902	(27.2)

Notes to Profit and Loss account

	3 months ended 31/12/2010 ("2Q11") US\$'000	3 months ended 31/12/2009 ("2Q10") US\$'000	6 months ended 31/12/2010 ("1H11") US\$'000	6 months ended 31/12/2009 ("1H10") US\$'000
<u>Other operating income</u>				
Rental income	52	44	96	88
Interest income	35	45	57	63
Exchange gain	75	59	258	242
Gain on disposal of fixed assets	7	9	7	9
Other	8	2	11	7
	<u>177</u>	<u>159</u>	<u>429</u>	<u>409</u>

Other operating expenses	-	-	-
Provision for slow-moving stocks	-	-	-
Provision for doubtful debts	-	-	(38)
Loss on disposal of fixed assets	-	-	(14)
Other	(4)	(5)	-
	(4)	(5)	(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	Group		The Company	
	31/12/2010 US\$' 000	30/9/2010 US\$' 000	31/12/2010 US\$' 000	30/9/2010 US\$' 000
ASSETS				
Current assets				
Cash and Fixed Deposits	3,702	2,770	321	291
Trade receivables	4,215	3,690	8,286	6,901
Other receivables and prepayments	3,666	3,620	7,414	6,868
Inventories	12,138	12,793	165	459
Total current assets	23,721	22,874	16,186	14,519
Non-current assets				
Investment in subsidiaries	-	-	12,335	12,335
Property, plant and equipment	15,179	15,044	876	894
Intangible assets	344	349	-	-
Available-for-sale investment and other assets	892	892	692	692
Goodwill on consolidation	728	728	-	-
Total non-current assets	17,143	17,013	13,903	13,921
Total assets	40,864	39,887	30,089	28,440
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and bills payable	5,256	4,679	4,970	3,834
Trade payables	3,172	3,452	1,022	916
Other payables and accruals	2,340	2,502	730	904
Income tax payable	31	34	-	-
Finance lease obligations: current portion	134	196	22	38
Long-term bank loans: current portion	550	88	550	88
Total current liabilities	11,483	10,951	7,294	5,780
Non-current liabilities				
Finance lease obligations	489	489	267	267
Long-term bank loans	977	214	977	214
Total non-current liabilities	1,466	703	1,244	481
Capital and reserves				
Issued capital	4,040	4,040	4,040	4,040
Capital reserves	2,206	2,206	30	30
Currency translation reserve	729	745	-	-
Retained earnings	20,149	20,428	17,481	18,109
Equity attributable to shareholders	27,124	27,419	21,551	22,179
Minority interests	791	814	-	-
Total equity	27,915	28,233	21,551	22,179
Total Liabilities and Equity	40,864	39,887	30,089	28,440

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

Amount repayable in one year or less, or on demand

As at 31/12/2010 (US\$'000)		As at 30/9/2010 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
5,941	-	4,963	-

Amount repayable after one year

As at 31/12/2010 (US\$'000)		As at 30/9/2010 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
1,466	-	703	-

Borrowings and gearing ratio

Total borrowings of US\$7.4 million as at 31 December 2010 consist of short-term borrowings, term loans and finance lease obligations. Total borrowings increased by US\$1.7 million compared to 30 September 2010 due mainly to (1) higher amount of short-term bills financing for our working capital and (2) drawdown of US\$ term loans (at cost of some 1.5% p.a) for Ringgit Malaysia-denominated fixed deposits (at rate of some 3.0% p.a).

The Group's gearing ratio was at approximately 0.27 times as at 31 December 2010 compared to 0.21 times as at 30 September 2010.

Details of any collateral

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 31/12/2010 ("2Q11") US\$'000	3 months ended 31/12/2009 ("2Q10") US\$'000	6months ended 31/12/2010 ("1H11") US\$'000	6months ended 31/12/2009 ("1H10") US\$'000
Cash flows from operating activities				
Profit before income tax	204	496	656	940
Adjustments for:				
Depreciation and amortization expense	318	297	632	581
Interest income	(35)	(45)	(57)	(63)
Interest expense	32	21	64	39
(Gain) on disposal of fixed assets	(7)	(9)	(7)	(9)
Dividend income from available-for-sale investment	(1)	-	(1)	-
Provision for slow-moving stocks	-	-	-	-
Allowance for doubtful trade receivables	-	-	-	38
Exchange difference arising from foreign currencies translation	(23)	(96)	(58)	(82)
Operating profit before working capital changes	488	664	1,229	1,444
Trade receivables	(525)	(210)	(755)	(942)
Other receivables and prepayments	(35)	117	(644)	(116)
Inventories	655	521	(125)	729
Trade payables	(280)	(737)	(442)	(267)
Other payables and accruals	(162)	(101)	(99)	392
Cash generated from operations	141	254	(836)	1,240
Interest received	35	45	57	63
Interest paid	(32)	(21)	(64)	(39)
Dividend paid	(513)	(478)	(513)	(478)
Dividend paid to minority interest	-	(39)	-	(39)
Income tax paid	(6)	(32)	3	(167)
Net cash from operating activities	(375)	(271)	(1,353)	580
Cash flows from investing activities				
(Addition) of property, plant & equipment	(434)	(715)	(879)	(338)
Net cash (used in) from investing activities	(434)	(715)	(879)	(338)
Cash flows from financing activities				
Repayment of long-term borrowings	763	41	595	(118)
Repayment of short-term borrowings	1,060	558	1,929	1,375
Net cash used in financing activities	1,823	598	2,524	1,256
Net (decrease) increase in cash and cash equivalents	1,014	(388)	292	1,498
Cash and cash equivalents at beginning of period	2,688	5,374	3,410	3,488
Cash and cash equivalents at end of period	3,702	4,986	3,702	4,986
Represented by:				
Cash and bank balances (inclusive of Fixed Deposit)	3,702	4,986	3,702	4,986
Bank Overdraft	-	-	-	-
	3,702	4,986	3,702	4,986

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 1/7/10	4,040	2,206	560	19,990	26,796	817	27,613
Currency translation differences	-	-	185	-	185	(10)	175
Net profit for 1Q11	-	-	-	438	438	7	445
Dividend paid	-	-	-	-	-	-	-
Balance as at 30/9/10	4,040	2,206	745	20,428	27,419	814	28,233
Currency translation differences	-	-	-	-	-	2	2
Net profit for 2Q11	-	-	-	236	236	(24)	212
Dividend paid	-	-	(18)	(513)	(531)	-	(531)
Balance as at 31/12/10	4,040	2,206	727	20,151	27,124	792	27,916
Company							
Balance as at 1/7/10	4,040	30	-	17,858	21,928	-	21,928
Net profit for 1Q09	-	-	-	251	251	-	251
Dividend paid	-	-	-	-	-	-	-
Balance as at 30/9/10	4,040	30	-	18,109	22,179	-	22,179
Net profit for 2Q11	-	-	-	(115)	(115)	-	(115)
Dividend paid	-	-	-	(513)	(513)	-	(513)
Balance as at 31/12/10	4,040	30	-	17,481	21,551	-	21,551

	Issued capital	Capital reserves	Currency translation reserve	Retained earnings	Attributable to equity holders	Minority interests	Total
US\$'000							
Group							
Balance as at 1/7/09	4,040	2,193	298	20,197	26,728	965	27,693
Currency translation differences	-	-	(9)	-	(9)	-	(9)
Net profit for 1Q10	-	-	-	437	437	(2)	435
Dividend paid	-	-	-	-	-	-	-
Balance as at 30/9/09	4,040	2,193	289	20,634	27,156	963	28,119
Currency translation differences	-	-	(43)	-	(43)	(58)	(101)
Net profit for 2Q10	-	-	-	405	405	62	467
Dividend paid	-	-	-	(478)	(478)	(39)	(517)
Balance as at 31/12/09	4,040	2,193	246	20,561	27,040	928	27,968
Company							
Balance as at 1/7/2009	4,040	17	-	15,934	19,991	-	19,991
Net profit for 1Q09	-	-	-	639	639	-	639
Dividend paid	-	-	-	-	-	-	-
Balance as at 30/9/09	4,040	58	-	16,573	20,630	-	20,630
Net profit for 2Q10	-	-	-	1,236	1,236	-	1,236
Dividend paid	-	-	-	(478)	(478)	-	(478)
Balance as at 31/12/09	4,040	38	-	17,331	21,388	-	21,388

- 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	31/12/2010	30/9/2010
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 31/12/2010	3 months ended 31/12/2009	6 months ended 31/12/2010	6 months ended 31/12/2009
Earnings per ordinary share (US cents)	0.18	0.30	0.50	0.63

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	
	31/12/2010	30/9/2010	31/12/2010	30/9/2010
Net asset value per ordinary share (US cents)	20.27	20.51	16.12	16.59

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**

Overview

Table 1

	3 months ended 30/9/2009 ("1Q10")	3 months ended 31/12/2009 ("2Q10")	3 months ended 31/3/2010 ("3Q10")	3 months ended 30/6/2010 ("4Q10")	3 months ended 30/9/2010 ("1Q11")	3 months ended 30/12/2010 ("2Q11")
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Revenue	11,822	12,714	9,477	10,252	11,833	11,950
Gross profit	3,058	3,233	2,429	2,681	3,071	2,989
Net profit (loss) after tax	435	467	(509)	(98)	445	212
Attributable to:						
Equity holders of the parent	437	405	(486)	(85)	438	236
Minority interest	(2)	62	(23)	(13)	7	(24)
	435	467	(509)	(98)	445	212

2Q11 vs 2Q10

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

Total Revenue fell by 6.0% or US\$0.8 million to US\$12.0 million in the second quarter ended 31 December 2010 (“2Q10”) as compared to 2Q10. Total Revenues from our key markets in the US and UK fell by some US\$1.2 million while Revenues from the Asia Pacific market rose by US\$0.5 million. The US continued to be our key market accounting for some 36% of total Revenues and the Asia Pacific market, as a result of higher sales to Japan and Korea, has replaced the UK as our second largest market in 2Q11 accounting for just above 30% of total Revenues.

Gross Profit fell by 7.5% or US\$0.24 million as a result of both lower Revenues and gross profit margin, which fell marginally by 0.4 percentage points to 25.0%.

Selling costs was steady as compared to 2Q10 at about US\$1.1 million.

Administrative expenses rose by 3.3% or US\$0.06 million due mainly to the weaker US\$ against the S\$, which meant S\$-denominated head office expenses look higher when translated into US\$ terms. Increase banking transaction activity during the period also resulted in higher bank charges.

Finance costs rose by about US\$0.01 million 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 2Q11 fell by US\$0.17 million to US\$0.24 million compared to the last corresponding period.

Financial Position

Assets

Current Assets rose by US\$0.8 million to US\$23.7 million as compared to the financial period ended 30 September 2010. Significant movements in Current Assets during the period under review included:

- Cash at bank (inclusive of fixed deposits) which rose by US\$0.9 million to US\$3.7 million after accounting for a dividend payment of US\$0.5 million during 2Q11. The increase was due mainly to higher Ringgit Malaysia-denominated fixed deposit investments (we earned interest income at some 3.0% p.a) which are financed by US\$ term loans (we paid cost of fund at some 1.5% p.a).
- Trade receivables rose by US\$0.5 million to US\$4.2 million. We previously mentioned that we expected the receivable cycle to lengthen as a result of more open-account sales as a result of changing market condition. We continue to anticipate such a trend.
- Inventories fell by US\$0.8 million to US\$12.1 million as a result of lower raw materials. We ran down some of our raw material buffer stock.

Non-Current Assets remained relatively constant at US\$17.1 million.

Total Liabilities

Current Liabilities rose by US\$0.5 million to US\$11.5 million. Short-term borrowings (excluding current portion of long-term loans) increased by US\$0.5 million to US\$5.4 million due mainly to higher drawdown of trade financing facilities to pay our sub-contractors and suppliers earlier. Non-current liabilities rose by US\$0.8 million as a result of us replacing part of our working capital loans with that of long-term loans and drawdown of US\$ term loans to finance our Ringgit Malaysia-denominated fixed deposits.

Shareholders' equity

Net Assets or Equity Attributable to Shareholders fell by US\$0.3 million to US\$27.1 million as at 31 December 2010. Whilst we made a Net Profit in 2Q11 and this caused Equity to rise, the rise was offset by dividends paid to shareholders of US\$0.5 million during the period under review.

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.

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

In the 1Q11 results announcement, the Board of Directors noted that barring any unforeseen circumstances, the Group's profitability should improve for FY2011. The Board also expects the financial position of the Group to remain strong and gearing levels to remain relatively low.

For the six months ended 31 December 2010, the Group reported US\$0.67 million in Net Profit, which fell by 20.1% compared to that of 1H10. The unfavourable movement was due mainly to lower Revenues from our key markets in the US and the UK/EU during the period under review. However, the Group's financial position remained strong. The Group had US\$3.7 million cash at bank and fixed deposits with relatively low gearing position of approximately 0.27 times as at 31 December 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

Whilst we have seen orders recovery in 1Q11, we did not benefit from economies of scale due to smaller order sizes and the need to achieve shorter lead times. In 2Q11, our management accounts suggested that these ordering patterns are likely to continue to persist particularly in our key markets of the US and the UK/EU. Unless demand in these countries recovers thereby removing such ordering patterns, Revenues for the rest of FY2011 may be affected.

As we go forward, the visibility of our order book (the period of outstanding orders) appears to be deteriorating. We continue to see shorter order to delivery times, reflecting the cautiousness and/or inability of US and UK/EC retailers to buy to inventory. Besides not wishing to carry inventory, retailers have remained price-sensitive. Given these challenges, we have initiated plans to reduce products customization in order to cut direct costs and re-arrange part of our existing facilities to cater for 'straight-line' production. On the other hand there is good news in that our sales to Japan and Korea have improved and are improving on the back of our marketing efforts to reduce reliance on the UK/EU markets.

The Board notes that we are moving into our weakest quarter - 3Q11 (due to shorter production days). Given this and what has been achieved to date the Board of Directors has now accepted a more modest performance budgets.

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 un-audited financial results for the three months ended 31 December 2010 to be materially false or misleading.

On behalf of the Board

James Koh Jyh Gang
Managing Director

Koh Shwu Lee
Executive Director