# 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 for the group, together with a comparative statement for the corresponding period of the immediately preceding financial period**

**Consolidated Profit and Loss Statements for 4Q12 and 12 months ended 30 Jun 2012**

| | 3 months ended 30/06/12 ("4Q12") US$'000 | 3 months ended 30/06/11 ("4Q11") US$'000 | Change % | 12 months ended 30/06/12 US$'000 | 12 months ended 30/06/11 US$'000 | Change % |
|---|---|---|---|---|---|---|
| **Revenue** | **12,856** | **9,183** | **40.0** | **47,121** | **39,950** | **17.9** |
| Cost of sales | (10,719) | (6,753) | 58.7 | (35,250) | (29,833) | 18.2 |
| **Gross profit** | **2,137** | **2,430** | **(12.1)** | **11,871** | **10,117** | **17.3** |
| Other operating income | 1,484 | 121 | NM | 1,732 | 668 | 159.3 |
| Selling and distribution costs | (1,361) | (682) | 99.6 | (5,364) | (3,973) | 35.0 |
| Administrative expense | (2,532) | (2,273) | 11.4 | (9,264) | (7,782) | 19.0 |
| Other operating expenses | (1,016) | (1,715) | (40.8) | (1,096) | (2,219) | (50.6) |
| Finance costs | (83) | (52) | 59.6 | (290) | (151) | 92.1 |
| **Loss before income tax** | **(1,371)** | **(2,171)** | **(36.8)** | **(2,411)** | **(3,340)** | **(27.8)** |
| Income tax (expense)** credit | (401) | 189 | NA | (261) | 188 | NA |
| **Loss after income tax** | **(1,772)** | **(1,982)** | **(10.6)** | **(2,672)** | **(3,152)** | **(15.2)** |
| Attributable to:- | | | | | | |
| **Owners of the Company** | **(1,833)** | **(1,852)** | **(1.0)** | **(2,634)** | **(2,935)** | **(10.3)** |
| Non-controlling interests | 61 | (130) | NA | (38) | (217) | (82.5) |
| | **(1,772)** | **(1,982)** | **(10.6)** | **(2,672)** | **(3,152)** | **(15.2)** |

*NM - not meaningful*
*NA - not applicable*

**<u>Statement of Comprehensive Income</u>**

| | | | | | | |
|---|---|---|---|---|---|---|
| Total comprehensive income (loss) attributable to: | | | | | | |
| **Owners of the Company** | **(131)** | **(1,848)** | **NA** | **(1,071)** | **(2,799)** | **(61.7)** |
| Non-controlling interests | 935 | (124) | NA | 845 | (279) | NA |
| | 804 | (1,972) | NA | (226) | (3,078) | (92.7) |

***An additional income tax of US$0.2 million was incurred as a result of changes in corporate income tax rules in Vietnam***

***Note: For comparison purposes, please refer to Table 1 in Note 8 for details of the Group's results ended FY2012 and 4Q12.***

**Note to Consolidated Profit and Loss Statements**

| | 3 months ended 30/06/12 ("4Q12") US$'000 | 3 months ended 30/06/11 ("4Q11") US$'000 | 12 months ended 30/06/12 US$'000 | 12 months ended 30/06/11 US$'000 |
|---|---|---|---|---|
| **Other operating income** | | | | |
| Rental income | 54 | 56 | 217 | 205 |
| Interest income | 35 | 57 | 63 | 132 |
| Exchange gain | | - | - | 305 |
| Gain on disposal of fixed assets | 23 | - | 32 | 7 |
| Gain on revaluation of investment properties | 1,306 | - | 1,306 | - |
| Dividend income | 1 | - | 1 | |
| Others | 65 | 8 | 113 | 19 |
| | **1,484** | **121** | **1,732** | **668** |

| | 3 months ended 30/06/12 ("4Q12") US$'000 | 3 months ended 30/06/11 ("4Q12") US$'000 | 12 months ended 30/06/12 US$'000 | 12 months ended 30/06/11 US$'000 |
|---|---|---|---|---|
| **Other operating expenses** | | | | |
| Foreign exchange gain (loss) | 5 | (129) | (67) | (129) |
| Provision for slow-moving stocks | (626) | (1,417) | (632) | (1,918) |
| Impairment of intangible assets | - | (167) | - | (167) |
| Impairment of goodwill | (280) | - | (280) | - |
| Loss on disposal of fixed assets | - | (1) | - | - |
| Amortization of intangible assets | (32) | - | (32) | - |
| Depreciation of investment properties | (66) | - | (66) | - |
| Others | (17) | (1) | (19) | (5) |
| | **(1,016)** | **(1,715)** | **(1,096)** | **(2,219)** |

## 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** | 30/06/12<br>US$'000 | 30/06/11<br>US$'000 | 30/06/12<br>US$'000 | 30/06/11<br>US$'000 |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and Fixed Deposits | 2,163 | 3,444 | 219 | 205 |
| Trade Receivables | 3,098 | 2,884 | 12,642 | 12,700 |
| Other receivables and prepayments | 2,668 | 3,754 | 6,856 | 7,954 |
| Inventories | 16,294 | 11,481 | 234 | 430 |
| **Total current assets** | **24,223** | **21,563** | **19,951** | **21,289** |
| | | | | |
| **Non-current assets** | | | | |
| Investment in subsidiaries | - | - | 14,105 | 12,335 |
| Property, plant and equipment | 14,935 | 14,215 | 694 | 828 |
| Investment properties | 2,391 | 686 | - | - |
| Intangibles assets | 463 | 167 | - | - |
| Availables-for-sale investment and other assets | 1,190 | 250 | 230 | 231 |
| Goodwill on consolidation | 1,206 | 728 | - | - |
| Deferred tax asset | 59 | 290 | | 3 |
| **Total non-current assets** | **20,244** | **16,336** | **15,029** | **13,397** |
| | | | | |
| **Total assets** | **44,467** | **37,899** | **34,980** | **34,686** |
| | | | | |
| **LIABILITIES AND EQUITY** | | | | |
| **Current liabilities** | | | | |
| Bank overdrafts and bills payable | 8,862 | 5,625 | 7,125 | 5,352 |
| Trade payables | 4,127 | 2,568 | 2,764 | 3,560 |
| Other payables and accruals | 4,542 | 2,508 | 1,103 | 1,120 |
| Finance lease obligation: current portion | 107 | 308 | 69 | 68 |
| Long-term bank loans: current portion | 1,810 | 2,633 | 1,810 | 2,343 |
| **Total current liabilities** | **19,448** | **13,642** | **12,871** | **12,443** |
| | | | | |
| **Non-current liabilities** | | | | |
| Finance lease obligations | 153 | 235 | 153 | 235 |
| Due to related parties | 850 | - | - | - |
| Deferred taxation | 52 | - | - | |
| **Total non-current liabilities** | **1,055** | **235** | **153** | **235** |
| | | | | |
| **Capital and reserves** | | | | |
| Issued capital | 4,312 | 4,040 | 4,312 | 4,040 |
| Capital reserves | 4,183 | 2,416 | 33 | 38 |
| Currency translation reserve | 484 | 688 | - | - |
| Retained earnings | 13,602 | 16,340 | 17,611 | 17,931 |
| **Equity attributable to shareholders** | **22,581** | **23,484** | **21,956** | **22,008** |
| Minority interests | 1,383 | 538 | - | - |
| **Total equity** | **23,964** | **24,022** | **21,956** | **22,008** |
| | | | | |
| **Total Liabilities and Equity** | **44,467** | **37,899** | **34,980** | **34,686** |

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

### Amount repayable in one year or less, or on demand

| As at 30/06/12 (US$'000) | | As at 30/06/11 (US$'000) | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| 10,779 | - | 8,566 | - |

### Amount repayable after one year

| As at 30/06/12 (US$'000) | | As at 30/06/11 (US$'000) | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| 153 | - | 235 | - |

### Borrowings and gearing ratio

Total borrowings of US$10.9 million as at 30 June 2012 comprised short-term borrowings, Callable Term Loans and finance lease obligations. Total borrowings rose by US$ 2.1 million compared to 30 June 2011.

The Group's gearing ratio was 0.48 times as at 30 June 2012 compared to 0.37 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

Please refer to following page for details

## Consolidated Cash Flows Statement

| | 30/06/12 ("4Q12") US$'000 | 30/06/11 ("4Q11") US$'000 | ended 30/06/12 US$'000 | ended 30/06/11 US$'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Loss before income tax | (1,371) | (2,171) | (2,411) | (3,340) |
| Adjustments for: | | | | |
| Stocks written off/ provision | 626 | 1,417 | 632 | 1,918 |
| Depreciation and amortization expenses | 585 | 355 | 1,604 | 1,311 |
| Interest income | (35) | (57) | (63) | (132) |
| Interest expense | 83 | 52 | 290 | 151 |
| Dividend income from available-for-sale investment | (1) | - | (1) | - |
| Revaluation gain on investment properties | (1,306) | 7 | (1,306) | - |
| Impairment of intangible asset | - | 167 | - | 167 |
| Impairment of goodwill | 280 | - | 280 | - |
| (Gain) Loss on disposal of fixed assets | (23) | 1 | (32) | (7) |
| **Operating (loss) profit before working capital changes** | **(1,162)** | **(229)** | **(1,007)** | **68** |
| Trade receivables | (709) | (186) | 51 | 561 |
| Other receivables and prepayments | 205 | (174) | 1,612 | (741) |
| Inventories | 35 | (1,588) | (3,369) | (1,257) |
| Trade payables | 950 | 128 | 786 | (1,052) |
| Other payables | (849) | 517 | 124 | 6 |
| **Net cash used in operations** | **(1,530)** | **(1,532)** | **(1,803)** | **(2,415)** |
| Interest received | 35 | 57 | 63 | 132 |
| Interest paid | (83) | (52) | (290) | (151) |
| Dividend paid | - | - | (105) | (513) |
| Income tax refund (paid) | 4 | 105 | 4 | (140) |
| **Net cash used in operating activities** | **(1,574)** | **(1,422)** | **(2,131)** | **(3,087)** |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Net proceeds from disposal (addition) of fixed assets | 166 | (223) | (113) | (1,123) |
| Proceeds from disposal of available-for-sale investments | - | 50 | - | 465 |
| Investment in Metrolink | - | - | (826) | - |
| **Net cash generated from (used in) investing activities** | **166** | **(173)** | **(939)** | **(658)** |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Proceeds from short-term borrowings | 1,225 | 1,830 | 2,817 | 3,790 |
| Repayments of long-term borrowings | (392) | (1,018) | (815) | (250) |
| **Net cash generated from financing activities** | **833** | **812** | **2,002** | **3,540** |
| | | | | |
| Net decrease in cash and cash equivalents | **(575)** | **(783)** | **(1,068)** | **(205)** |
| Cash and cash equivalents at beginning of period / year | 2,382 | 3,935 | 3,154 | 3,410 |
| Currency translation differences | 71 | 2 | (208) | (51) |
| **Cash and cash equivalents at end of period / year** | **1,878** | **3,154** | **1,878** | **3,154** |
| | | | | |
| Represented by: | | | | |
| **Cash and bank balances (inclusive of Fixed Deposit)** | **2,163** | **3,444** | **2,163** | **3,444** |
| **Bank overdraft** | **(285)** | **(290)** | **(285)** | **(290)** |
| | **1,878** | **3,154** | **1,878** | **3,154** |

**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**

| US$'000 | Issued Capital | Capital reserves | Currency translation reserve | Retained earnings | Attributable to equity holders | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| Balance as at 1/7/11 | 4,040 | 2,416 | 688 | 16,340 | 23,484 | 538 | 24,022 |
| Issue of share capital | 272 | - | - | - | 272 | - | 272 |
| Non-controlling interest arising from | - | - | - | - | - | - | - |
| acquisition of subsidiary | - | - | - | - | - | - | - |
| Other comprehensive income | - | 1,767 | (204) | (2,634) | (1,071) | 845 | (226) |
| Dividend paid | - | - | - | (104) | (104) | | (104) |
| **Balance as at 30/06/12** | **4,312** | **4,183** | **484** | **13,602** | **22,581** | **1,383** | **23,964** |
| | | | | | | | |
| **Company** | | | | | | | |
| Balance as at 1/7/11 | 4,040 | 38 | - | 17,930 | 22,008 | - | 22,008 |
| Issue of share capital | 272 | - | - | - | 272 | - | 272 |
| Other comprehensive income | - | (4) | - | (215) | (219) | - | (219) |
| Dividend paid | - | - | - | (105) | (105) | - | (105) |
| **Balance as at 30/06/12** | **4,312** | **34** | - | **17,610** | **21,956** | **-** | **21,956** |

| US$'000 | Issued Capital | Capital reserves | Currency translation reserve | Retained earnings | Attributable to equity holders | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| Balance as at 1/7/11 | 4,040 | 2,206 | 560 | 19,990 | 26,796 | 817 | 27,613 |
| Other comprehensive income | - | 7 | 129 | (2,935) | (2,799) | (279) | (3,078) |
| Dividend paid | - | - | - | (513) | (513) | - | (513) |
| **Balance as at 30/06/12** | **4,040** | **2,213** | **689** | **16,542** | **23,484** | **538** | **24,022** |
| | | | | | | | |
| **Company** | | | | | | | |
| Balance as of 1/7/11 | 4,040 | 30 | - | 17,858 | 21,928 | - | 21,928 |
| Other comprehensive income | - | 7 | - | 586 | 593 | - | 593 |
| Dividend paid | - | - | - | (513) | (513) | - | (513) |
| **Balance as at 30/06/12** | **4,040** | **37** | - | **17,931** | **22,008** | **-** | **22,008** |

**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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excludign treasury shares of the issuer, 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 issued share capital increased by 2,823,800 shares ("New Shares") during 1Q12. Consequently, the number of issued shares for the Compnay increased to 136,513,397. 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 | 30/06/12 | 31/06/11 |
|---|---|---|
| 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 30/06/12 ("4Q12") | 3 months ended 30/06/11 ("4Q11") | FY2012 | FY2011 |
|---|---|---|---|---|
| Loss per ordinary share (US cents) | (1.34)* | (1.39) | (1.93)* | (2.20) |

** 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 | |
|---|---|---|---|---|
| | 30/06/2012 | 30/06/2011 | 30/06/2012 | 30/06/2011 |
| Net asset value per ordinary share (US cents) | 16.5* | 17.6 | 16.1* | 16.5 |

** 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 30/09/11 ("1Q12") | 3 months ended 31/12/11 ("2Q12") | 3 months ended 31/03/12 ("3Q12") | 3 months ended 30/06/12 ("4Q12") |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | **11,832** | **11,950** | **6,985** | **9,183** | **11,261** | **13,320** | **9,684** | **12,856** |
| Gross profit | 3,071 | 2,989 | 1,632 | 2,430 | 3,394 | 3,870 | 2,468 | 2,137 |
| Net profit (loss) after tax | 445 | 212 | (1,827) | (1,982) | 176 | 318 | (1,394) | (1,772) |
| Attributable to:- | | | | | | | | |
| **Equity holders of the parent** | **438** | **236** | **(1,756)** | **(1,852)** | **205** | **346** | **(1,352)** | **(1,833)** |
| Minority interests | 7 | (24) | (71) | (130) | (29) | (28) | (42) | 61 |
| | 445 | 212 | (1,827) | (1,982) | 176 | 318 | (1,394) | (1,772) |

Our financial performance for FY2012 improved compared to FY2011. Revenues grew by 17.9% while the net loss narrowed down by 10.3% compared to FY2011. Nevertheless the results were disappointing in the face of the incredible amount of work done and cost rationalization. The reason has and remains the very weak global demand for furniture.

**<u>Revenue and Net Loss attributable to Owners of the Company ("Net Loss")</u>**

Revenues in FY2012 rose by US$7.2 million to US$47.1 million compared to FY2011 due mainly to:

- a maiden contribution from (i) Metrolink's upholstery furniture sales in the PRC, Middle East (Saudi Arabia, UAE, Qatar, Kuwait and Iran), South Africa and, to a lesser extent, (ii) Commune (our flagship retail store in Singapore); and

- increased orders from Australia, Korea and Japan which increased by a modest but helpful amount as a result of our continued marketing focus;

  despite

- lower revenues from the UK which fell by US$2.0 million due to continued weak demand; and

- we were however able to sustain our sales to the North America markets despite the high unemployment rate in the US.

Revenues for 4Q12 rose by US$3.7 million to US$12.9 million due mainly to the above-mentioned reasons.

Gross Profit rose by US$1.8 million to US$11.9 million in FY2012 due to higher revenues. Gross margin, however fell by a modest 0.1 percentage point to 25.2% despite higher raw materials cost and higher wages in Vietnam. We were able to minimize our margin fall due to a change in sales mix. Sales by Metrolink Group in the PRC market and Commune in Singapore retail market generally earned higher margins compared to those of exports.

Our shipped volumes were higher in 4Q12 due to improved Minimum Order Quantity ("MOQ") from our clients but, and as expected, offset by lower unit selling prices in 4Q12 as compared to 4Q11 (as in most businesses, to encourage larger orders one needs to make some price concessions). We also paid a severance allowance when we restructured our operations in Vietnam by laying off some workers. In 4Q12, we also incurred various start-up and / or non-recurring costs, specifically, Metrolink invested significantly in new products development (materials, labor and overheads) and incurred renovation costs for its new showrooms particularly in the PRC. As a result, our margins in 4Q12 were significantly lower.

Other income rose by US$1.1 million to US$1.7 million due mainly to revaluation gains from investment properties in Malaysia and Vietnam, net of deferred tax provisions.

Selling and distribution expenses rose by US$1.4 million to US$5.4 million. The figure includes total selling expenses of US$1.0 million and US$0.4 million incurred for Metrolink and Commune Singapore respectively in FY2012 (there were no such expenses recorded in FY2011 prior to the completion of the acquisition of Metrolink and commencement of Commune's retail operations). Excluding these, our selling expenses for other group operations remained relatively unchanged at US$4.0 million.

Administrative expenses rose by US$1.5 million to US$9.3 million due mainly to the inclusion of maiden administrative expenses for Metrolink Group and Commune of US$1.0 million and US$0.1 million respectively. Our staff costs in Vietnam also rose.

Other operating expenses, after accounting for an increase in goodwill impairment of US$0.3 million, fell by US$1.1 million to US$1.1 million due mainly to lower provision for obsolete stocks. The goodwill impairment arose from a fall in estimated carrying value of our 70%-owned Rossano.

Finance costs rose by US$0.14 million to US$0.29 million due to increased bank borrowings and higher cost of funds.

There was an income tax expense of US$0.2 million compared to a deferred tax credit in FY2011 due mainly to changes in corporate income tax rules effected in Vietnam which resulted in an additional income tax liability for FY2012.

As a result of the above, Net Loss narrowed by US$0.3 million or 10.3% to US$2.6 million in FY2012 compared to US$2.9 million in FY2011.

Total comprehensive loss attributable to the Owners of the Company for FY2012 fell by US$1.7 million to US$1.1 million due mainly to revaluation gains on properties and plant for our Malaysia operations.

**Financial Position (30 June 2012 vs 30 June 2011)**

Assets

Current Assets rose by US$2.7 million to US$24.2 million as at 30 June 2012. Significant movements in Current Assets during the year under review were due mainly to the consolidation of Metrolink's (on completion of the acquisition) and Commune's current assets (on commencement of its operations). Details are as follows:

- Trade receivables rose by US$0.2 million to US$3.1 million (including other receivables of US$0.5 million for Metrolink). Excluding that, trade receivables fell by US$0.3 million, despite higher revenues, due to improved collection cycle. Trade receivables' turnover period, including that of Metrolink, was about 23 days as at 30 June 2012;

- Other receivables fell by US$1.1 million to US$2.7 million (including other receivables of US$0.7 million and US$0.1 million for Metrolink and Commune respectively). Excluding these inclusions, other receivables fell by US$0.3 million due mainly a reduction in VAT / import duties receivables from tax offices in Vietnam (we got back our tax refund faster), offset by higher advances to sub-contractors in Vietnam.

- Inventories rose by US$4.8 million to US$16.3 million due mainly to inclusion of US$4.0 million and US$0.3 million inventories for Metrolink and Commune Singapore respectively. Excluding these inclusions, inventories rose by US$0.4 million (after a provision for obsolete semi-finished components of US$0.6 million in Vietnam) due to higher raw materials and work-in-progress on the back of longer production cycles and lower economies of scale. During the year under review, inventories for Metrolink rose by US$1.7 million for new products designed and developed for the PRC market.

- Cash and cash equivalents fell by US$1.3 million to US$2.2 million (including cash of US$0.4 million for Metrolink). Excluding Metrolink, the cash balance fell by US$1.7 million due in part to cash payments of US$0.83 million for the acquisition of Metrolink and working capital requirements.

Non-current asset

Non-current assets rose by US$3.9 million to US$20.2 million, after accounting for a goodwill impairment of US$0.3 million, due mainly to revaluation gains and additional goodwill arose from acquisition of Metrolink. Such gains arose from revaluation of investment properties in Vietnam and Malaysia of US$1.3 million, revaluation of land and factory buildings in Malaysia (classified under Property, Plant and Equipment) of US$1.8 million, an increase in goodwill on consolidation of US$0.8 million on completion of "Purchase Price Allocation" exercise in accordance with the FRSs requirements for the acquisition of Metrolink.

Liabilities

Current Liabilities rose by US$5.8 million to US$19.5 million (including current liabilities of US$3.5 million and US$0.2 million for Metrolink and Commune respectively). Excluding Metrolink, current liabilities rose by US$ 2.1 million due mainly to higher short-term borrowings and higher income tax payable. Current portion of long-term loans, however, fell due to continual repayments.

Non-current liabilities rose by US$0.8 million to US$1.1 million due mainly to inclusion of Metrolink's non-current liabilities of US$ 0.95 million. They arose from an amount due to Metrolink's shareholders and deferred taxation which in turn was mainly due to the revaluation gains mentioned above. The amount due to Metrolink's shareholders is unsecured, non interest-bearing and has no fixed terms of repayment.

Shareholders' equity

Net asset or Equity attributable to shareholders fell by US$0.9 million to US$22.6 million as at 30 June 2012. The fall in net asset was however lower compared to current year loss of US$2.6 million due mainly to the above mentioned revaluation gains. The market values of our investment properties as well as land and buildings (classified under Property, Plant and Equipment) have increased significantly.

Minority interests

Minority interests ("MI") of US$1.4 million, reflecting the cumulative share of net asset by Metrolink Group's and Rossano's other shareholders, who owns 49% and 30%, respectively.

**Cash Flows (movements during the year)**

Net cash used in operating activities was US$2.1 million for FY2012 due mainly to the net cash loss of US$1.0 million, net working capital investment of US$1.1 million (including working capital investment for the newly-acquired Metrolink) and dividend payment (as approved for FY2011) of US$0.1 million in FY2012. Net cash used in investing activities was US$0.9 million due mainly to cash consideration paid for the acquisition of Metrolink. Net cash from financing activities was US$2.0 million due mainly to additional short-term borrowings (including borrowings of and for Metrolink of an aggregate US$0.7 million), net of loans repayment during the year. Given these, net cash and cash equivalents fell by US$1.1 million to US$1.9 million as at 30 June 2012 (net of bank overdraft of US$0.3 million).

**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 3Q12 announcement that "*Whilst we made smaller losses in 3Q12 compared to the corresponding 2011 period, our financial performance in 3Q12 was much affected by: higher raw material prices and higher wages rate (due to inflationary adjustments in Vietnam). Our ability to immediately pass on such cost increase to our clients, over a shorter term, remains challenging. To counterbalance cost pressures, we need to increase our Minimum Order Quantity ("MOQ") and reduce our product mix for greater economies of scale. Given the above, and despite a challenging environment, the Board continues to believe that the financial performance in FY2012 will improve over that of FY2011. However, whether such an improvement will result in an overall profit for FY2012 remains to be seen*".

The Group's financial performance for FY2012 improved over FY2011. In FY2012, revenues grew by 17.9% to US$47.1 million while net loss narrowed down by 10.3% to US$2.6 million compared to FY2011. The net asset of the Group fell by US$0.9 million or a modest 3.8% and the fall was lower compared to that of our current year net loss as the market values for our investment properties, land and buildings (classified under Property, Plant and Equipment) have increased over the net book values.

**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**

We intend to continue our current strategy of maintaining sales to the US whilst offsetting declines in the UK/EU with new demand from the Asia Pacific. The strategy is driven by the falling Euro, concerns about the EC as well as improved Asian affordability. To date we have achieved strong revenue growth in Australia, Korea, Japan and the PRC (via Metrolink).

Our first furniture retail store, Commune Singapore, is doing well. Metrolink particularly in the PRC has received confirmed orders books, encouraging order enquiries for hotel projects and offer for exclusive distributorship agreements. These encouraging results appear to have been derived from the ability to price and position our products well. Given this, we look to beef up our strategy further with an opening of a representative office in Japan and with more distribution agreements. Further and in 4Q12, we also signed an agreement with a New Zealand based distributor who approached us for an exclusive distribution rights for our Devon outdoor furniture. Such a distributorship arrangement could significantly reduce our fixed operating costs in New Zealand.

On the other hand, our operating margins in FY2012 were affected by higher raw material prices, higher wages rate (due to inflationary adjustments in Vietnam) and generally lower Minimum Order Quantity during the year. Our ability to immediately pass on such costs to our clients continues to remain challenging. Our ability to increase third party sourcing such as from sub-contractors is constrained by both problems in the profile of our orders and due to problems amongst the sub-contractors themselves, particularly in Vietnam where cost of financing is high. Operationally, we have since streamlined our supply chain in Vietnam and will continue to carry out cost rationalization exercise for the Group.

In view of the challenging market conditions and to demonstrate long term commitment to the Company, the Deputy Chairman and Managing Director of the Company, Mr James Koh Jyh Gang, has volunteered to accept only 80% of his salary for the time being.

Given the above, the Board believes that the current year will improve over that of FY2011 and barring unforeseen circumstances believes the Company will return to modest profitability.

**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 FY2012.

**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. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)**

Not applicable

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

## 15. 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

The Group is primarily engaged in four business segments, namely chairs, sofa & tables, outdoor & garden furniture, occasional & other furniture and bedroom furniture. The Group adopts these four business segments as the basis for its primary segment information. Primary segment information for the Group based on business segments are as follows:

**Primary reporting format - business segments**

| | **30 June 2012** | | | **30 June 2011** | | |
|---|---|---|---|---|---|---|
| | Revenue | | Segment result | Revenue | | Segment result |
| | US$'000 | % | US$'000 | US$'000 | % | US$'000 |
| Chairs, sofa and tables | 34,355 | 72.9 | (1,459) | 29,263 | 73.2 | (1,235) |
| Outdoor & garden | 1,437 | 3.0 | (416) | 1,606 | 4.1 | 43 |
| Occasional & others | 8,986 | 19.1 | (746) | 7,749 | 19.4 | (391) |
| Bedroom sets | 2,343 | 5.0 | (136) | 1,332 | 3.3 | (55) |
| **Total Revenue** | **47,121** | **100.0** | **(2,757)** | **39,950** | **100.0** | **(1,638)** |
| Other operating income | | | 1,732 | | | 668 |
| Other operating expenses | | | (1,096) | | | (2,219) |
| **Loss from operations** | | | **(2,121)** | | | **(3,189)** |
| Finance cost | | | (290) | | | (151) |
| **Loss before income tax** | | | **(2,411)** | | | **(3,340)** |
| Income tax (expense) credit | | | (261) | | | 188 |
| **Loss after tax before minority interest** | | | **(2,672)** | | | **(3,152)** |
| Minority Interest | | | 38 | | | 217 |
| **Net loss for the year** | | | **(2,634)** | | | **(2,935)** |

The geographical locations of the customers of the Group principally comprise the United Kingdom, Asia-Pacific, Europe, North America and others.

| | 30 June 2012 US$'000 | % | 30 June 2011 US$'000 | % | Change |
|---|---|---|---|---|---|
| United Kingdom | 3,300 | 7.0 | 5,305 | 13.3 | (2,005) |
| Europe | 4,240 | 9.0 | 3,859 | 9.7 | 381 |
| America / Canada | 17,735 | 37.6 | 17,849 | 44.6 | (114) |
| Asia-Pacific | 17,243 | 36.6 | 12,060 | 30.2 | 5,183 |
| Others | 4,603* | 9.8 | 877 | 2.2 | 3,726 |
| Total Revenue | **47,121** | **100.0** | **39,950** | **100.0** | **7,171** |

*** mainly Middle East*

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

*Segment information – Products*

Chairs, sofa and tables remained as our main products contributing 72.9% of our total Revenues. Revenues for all our products rose except for outdoor furniture which fell due to weak demand in New Zealand. Sales of sofa rose on the back of strong demand from Asia and on maiden consolidation of Metrolink's revenues (Note: Metrolink is a upholstery sofa specialist).

*Segment information – Markets*

US (including Canada) continued to be our major market accounting for 37.6% of our overall Revenues while UK declined in its importance contributing just 7.0% of our revenues. Elsewhere outside the US and UK/Europe, namely Japan, Korea and Australia (Asia Pacific); and the PRC, revenues contribution from these countries rose sharply by US$5.2 million to US$ 17.2 million accounting for 36.6% of total revenues and Asia Pacific is now our second largest market trailing behind the US/Canada.

Please refer to Section 8 – Review of performance – for further details.

## 17. A breakdown of sales

| | 30 June 2012 US$'000 | 30 June 2011 US$'000 | Change US$'000 |
|---|---|---|---|
| (a) Sales reported for first half year | 24,581 | 23,782 | 799 |
| (b) Operating profit/loss after tax before deducting minority interests reported for first half year | 494 | 657 | (163) |
| (c) Sales reported for second half year | 22,540 | 16,168 | 6,372 |
| (d) Operating profit/loss after tax before deducting minority interests reported for second half year | (3,166) | (3,809) | (643) |

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

Total Annual Dividend

| | **Latest Full Year (US$'000)*** | **Latest Full Year (S$'000)** | Previous Full Year (US$'000)** | Previous Full Year (S$'000) |
|---|---|---|---|---|
| Ordinary | **-** | **-** | 477 | 668 |

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.**

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|---|---|---|---|---|
| Tan Choon Boon | 55 | Family relationship with James Koh Jyh Gang (Managing Director), Koh Shwu Lee (Executive Director) and Koh Jyh Eng (Executive Director) | Sourcing manager (Dongguan office) since 1 September 2007 | No change |

**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 year ended 30 June 2012 to be materially false or misleading.

**BY ORDER OF THE BOARD**
**JAMES KOH JYH GANG**
**Managing Director**
**29 August 2012**