MASNET No. 30 OF 19.09.2002
Announcement No. 30

KODA LTD

Full Year Financial Statement And Dividend Announcement

Financial statements for the year ended 30 June 2002

These figures have not been audited.

-		Group			Company		
-		S$'000		%	S$'000		%
-	-	30 June 2002 (Actual)	30 June 2001 (Proforma)	Increase/ (Decrease)	30 June 2002 (Actual)	30 June 2001 (Actual)	Increase/ (Decrease)
1.(a)	Turnover	37,022	37,009	0.04	35,931	36,079	(0.4)
1.(b)	Cost of sales or classification as followed in the most recent audited annual financial statements	(26,595)	(26,731)	(0.5)	(31,263)	(31,843)	(1.8)
1.(c)	Gross profit/loss	10,427	10,278	1.4	4,668	4,236	10.2
1.(d)	Investment income	0	0	0	0	0	0
1.(e)	Other income including interest income	573	690	(17.0)	471	579	(18.7)
2.(a)	Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	5,515	6,116	(9.8)	1,580	1,921	(17.8)
2.(b)(i)	Interest on borrowings	(738)	(1,013)	(27.1)	(324)	(461)	(29.7)
2.(b)(ii)	Depreciation and amortisation	(818)	(757)	8.1	(229)	(242)	(5.4)
2.(b)(iii)	Foreign exchange gain/(loss)	35	(106)	NM	82	(69)	NM
2.(c)	Exceptional items (provide separate disclosure of items)	0	0	0	0	0	0

-		Group			Company		
-		S$'000		%	S$'000		%
-	-	30 June 2002 (Actual)	30 June 2001 (Proforma)	Increase/ (Decrease)	30 June 2002 (Actual)	30 June 2001 (Actual)	Increase/ (Decrease)
2.(d)	Operating profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	3,994	4,240	(5.8)	1,109	1,149	(3.5)
2.(e)	Income derived from	0	0	0	0	0	0

	associated companies (With separate disclosure of any items included therein which are exceptional because of size & incidence)						
2.(f)	Operating profit before income tax	3,994	4,240	(5.8)	1,109	1,149	(3.5)
2.(g)	Less income tax (Indicate basis of computation)	(392)	(768)	(49.0)	(191)	(179)	6.7
2.(g)(i)	Operating profit after tax before deducting minority interests	3,602	3,472	3.7	918	970	(5.4)
2.(g)(ii)	Less minority interests	6	68	(91.2)	0	0	0
2.(h)	Operating profit after tax attributable to members of the company	3,608	3,540	1.9	918	970	(5.4)
2.(i)(i)	Extraordinary items (provide separate disclosure of items)	0	0	0	0	0	0
2.(i)(ii)	Less minority interests	0	0	0	0	0	0
2.(i)(iii)	Extraordinary items attributable to members of the company	0	0	0	0	0	0

NM - Not meaningful

-		Group			Company		
-		S$'000		%	S$'000		%
-	-	30 June 2002 (Actual)	30 June 2001 (Proforma)	Increase/ (Decrease)	30 June 2002 (Actual)	30 June 2001 (Actual)	Increase/ (Decrease)
2.(i)(iv)	Transfer to/from Exchange Reserve	0	0	0	0	0	0
2.(i)(v)	Transfer to Capital Reserve	0	0	0	0	0	0
2.(i)(vi)	Transfer to Reserve Fund	0	0	0	0	0	0
2.(j)	Operating profit after tax and extraordinary items attributable to members of the company	3,608	3,540	1.9	918	970	(5.4)

-		Group Figures	
-		Latest period	Previous corresponding period
-			
3.(a)	Operating profit [2(g)(i) above] as a percentage of turnover [1(a) above]	9.73%	9.38%
3.(b)	Operating profit [2(h) above] as a percentage of issued capital and reserves at end of the period	29.20%	54.20%
3.(c)	Earnings per ordinary share for the period based on 2(h) above after deducting any		

	provision for preference dividends:-		
	(i) Based on weighted average number of ordinary shares in issue	4.8 cents	5.1 cents
	(ii) On a fully diluted basis	4.8 cents	5.1 cents
	(To disclose the basis used in arriving at the weighted average number of shares for the purposes of (c)(i) above and to provide details of any adjustments made for the purpose of (c)(ii) above)		
3.(d)	Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	14.7 cents	9.4 cents

3.(e) To provide an analysis of expenses based on their function within the group for

the current and previous corresponding period

S$'000	30 June 2002 (Actual)	30 June 2001 (Proforma)
Sales and distribution	2,009	1,802
Administrative	4,293	3,807
Other operating expenses	-	106
Total operating expenses	6,302	5,715

Sales and distribution expenses comprise mainly of advertisement & trade fairs promotion, sales commission and carriage outwards.

Administrative expenses comprise mainly of directors' remuneration, staff costs, depreciation of fixed assets, professional fees, telecommunication charges, upgrading costs for B2B & back office function, and other general office expenses.

Other operating expenses comprise foreign exchange adjustment loss.

Note to 3(c)(i)

For the purpose of calculating earnings per share, the weighted average number of ordinary shares in issue is computed by adding to 69,400,000 shares, 15,000,000 new shares weighted for 5 months thereby giving the weighted average number of ordinary shares of 75,650,000 (30 June 2001: 69,400,000**).

Note to 3(c)(ii)

There is no dilution as no share options were granted during the financial year.

Note to 3(d)

Net tangible asset backing per ordinary shares as at 30 June 2002 is calculated based on the existing issued ordinary shares capital of 84,400,000 shares (30 June 2001: 69,400,000 shares**).

**after adjusting for both the bonus issue of approximately 982.85 bonus shares for every 1,000 existing shares held and subdivision of shares

-		Group			Company		
Item 4 is not applicable to interim results		S$'000		%	S$'000		%
-	-	30 June 2002 (Actual)	30 June 2001 (Proforma)	Increase/ (Decrease)	30 June 2002 (Actual)	30 June 2001 (Actual)	Increase/ (Decrease)

4.(a)	Sales reported for first half year	19,575	18,578	5.4	19,283	17,028	13.2
4.(b)	Operating profit [2(g)(i) above] reported for first half year	1,853	1,738	6.6	390	461	(15.4)
4.(c)	Sales reported for second half year	17,447	18,431	(5.3)	16,648	19,051	(12.6)
4.(d)	Operating profit [2(g)(i) above] reported for second half year	1,749	1,734	0.9	528	509	3.7

5.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years

There were adjustments for overprovision of tax in respect of prior years of approximately $13,000 in total.

5.(b) Amount of any pre-acquisition profits

NIL

5.(c) Amount of profits on any sale of investments and/or properties

Item 5c Table

Sale of investments/properties	$Profit/(Loss)
NIL	$0.00

5.(d) Any other comments relating to Paragraph 5

NIL

6. Segmental Results

The Group is primarily engaged in four business segments, namely wood-based chairs & tables, outdoor & garden furniture, rattan furniture and occasional & other 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

S$'000	30 June 2002 (Actual) Revenue	% of total	Segment result	30 June 2001 (Proforma) Revenue	% of total	Segmer
Wood-based chairs & tables	26,448	71.4	2,775	21,136	57.1	
Outdoor & garden	1,946	5.2	158	5,609	15.2	
Rattan	2,311	6.2	221	2,471	6.8	
Occasional & others	6,317	17.2	970	7,793	21.0	
Total	**37,022**	100.0	4,124	**37,009**	100.0	
Other operating income			608			
Profit from operations			4,732			
Finance cost			(738)			
Operating profit before income tax			3,994			
Less: Income tax			(392)			
Operating profit after tax before minority interests (2g(i) above			**3,602**			

Secondary reporting format - geographical segments

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

S$'000 Revenue	30 June 2002 (Actual)	% of total	30 June 2001 (Proforma)	% of total
United Kingdom	15,492	41.9	16,815	45.4
Europe	6,889	18.6	4,886	13.2
Asia-Pacific	7,520	20.3	7,489	20.2
North America	4,585	12.4	4,805	13.0
Others	2,536	6.8	3,014	8.2
Total	**37,022**	**100.0**	**37,009**	**100.0**

7.(a) Review of the performance of the company and its principal subsidiaries

Group's revenue

Group's revenue remained a credible $37.0 million in FY2002 considering the generally slower economic growth in our major markets. We were able to maintain revenue by increasing our sales of wood-based chairs and tables by about $5.3 million in FY2002 and despite lower sales of outdoor and occassional furniture. The UK, other Europe and Asia Pacific remained as our major markets, which in total, accounted for approximately 80.8% of our Group's revenue in FY2002.

Profit before minority interests ("Net profit")

Gross Profit rose by some 1.4%. It did so due to: (1) the ability to sell more higher margin design intensive collections; and (2) increased contribution by our lower-cost Vietnam to the Group's revenue. Gross Profit Margin increased by 0.4 percentage points from 27.8% for FY2001 to 28.2% for FY2002.

Net Profit increased by some 3.7% to $3.6 million in FY2002 due to: (1) lower interest expense as we reduced our short-term borrowings on the back of the increase in our net operating cash flow; and (2) better tax planning - specifically the use of tax holiday in Vietnam and tax allowance claims arising from new fixed asset investments in Malaysia; and despite

(3) higher operating expenses.

Selling & distribution expenses rose by some 11.5% or $0.2 million when we stepped up our marketing activities in order to maintain our dollar revenue given the weak market condition. We participated in many more international furniture fairs & exhibitions and did many more client visits. Administrative costs rose some 12.8% in FY2002 as compared to FY2001 due partly to a reversal of provision for doubtful debt of $0.2 million in FY2001. Excluding this reversal, adminstrative costs rose some 7.1% in FY2002 as compared to FY2001. The rise in administrative expenses was due to (1) higher depreciation expense arising from our new investment in plant and equipment and (2) the significant upgrade in the quality of the Management Information Systems, the implementation of a best practice Corporate Governance regime and successful accreditation of ISO9001/2000. Specifically there, we incurred higher IT and backoffice cost, Directors' remuneration and professional fees.

7.(b) Where a forecast, or a prospect statement, has been previously disclosed to shareholders,

the issuer must explain any variance between the forecast or prospect statement and the actual results

Not applicable

7.(c) A statement by the Directors of the Company whether any item or event of a material or

unusual nature, which would have affected materially the results of operations of the Group and Company, has occurred between the date to which the report refers and the date on which the report is issued. If none, to give a negative statement.

The Directors are not aware of any item or event of a material or unusual nature which has arisen that would affect materially the results of the Group and the Company from the 12 months ended 30 June 2002 to the date of this announcement.

8. A commentary at the date of this 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

Notwithstanding the continuing consolidation of the regional furniture industry, the Directors are cautiously optimistic about the financial year ahead. Our cautious optimism arises from being:

- Highly focused on a niche market. This allows flexibility whilst maintaining low production costs;
- Increasing or maintaining our value add - in terms of design, low logistics cost (we do ready-to-assemble furniture thereby allowing our products to be flat packed) and increasing from being able to guaranteed supply (some rivals who are financially weaker and having supply problems).

- Recent experiences at international trade fairs. Management concurs with the consensus view that global demand for furniture will be weaker this year. Orders from trade fairs are up by at least 10% year-on-year. Whilst it will take time to see if we can sustain this increase in market share, the trend is most encouraging.
- Between the Initial Public Offer ("IPO") and end June 2002, we acquired 36 new customers. As of the date of this announcement, we have $10.5 million worth of orders-on-hand, about 50% of which were secured by our production-direct-to-retail marketing model.

Obviously we need to address the future, that is to say 2003 and beyond, proactively. We have initiated several such proactive moves. Any significant change has the potnetial to positively or negatively affect our FY2003 results. The proactive changes which we have initiated include:

Increasing our production capacity in lower-cost Vietnam

We are currently completing three new factory buildings in Vietnam. As at the date of this announcement, we have invested approximately US$0.4 million.

Part of the investment is to substitute cheaper capacity for existing more expensive capacity. Maintaining and lowering cost is an important competitive issue. Part of the investment is to increase overall capacity. Despite weak global demand, our capacity utilization averaged above 85% for FY2002. We did not have enough capacity at several times in FY2002. Increased capacity will allow us to capitalise on any rise in global demand for our products.

Investment in research and development (R&D)

In FY2002 we invested some $0.4 million in the development of a new bedroom furniture collection that compliments our dining room collections. This included the development of the processing methodology, RTA & other designs and the construction of prototypes for testing. We have since developed 15 models and commercial production commenced in July 2002.

In FY2003 we intend to invest in developing new leather and upholstered furniture to compliment our existing lines.

Rolling out the marketing model

The new production capacity in Vietnam, should allow us to more rapidly roll out our 'production-direct-to-retail' marketing model. The marketing model is designed to capture more of the specialist and smaller retailers. The marketing unit we set up in Canada in 2002 has since secured us some $4 million worth of orders.

Potential Risks

There are many risks involved in our business which were outlined in our Prospectus dated 8 January 2002. The risk that Management believes may have intensified the most is the possible decline or demise of one or more clients. The regional and global furniture industry is undergoing a consolidation. Such consolidations traditionally are characterised by a decline in the number of industry players. A demise of a significant client could impact FY2003 earnings.

Outlook

On balance, Management views the furniture industry consolidation more positively than negatively given that fewer rivals tend to mean better demand and margins in the medium and longer term. Our listing, by way of IPO, in January 2002, has strengthened our financial position significantly. The use of the IPO proceeds to execute our growth strategies, increase our production capacity and in R&D/new products puts us in a good position to exploit any weakness by global rivals.

Barring unforeseen circumstances, the Directors expect the Group's revenue and net profit to improve in FY2003.

9. Dividend

(a) Present Period

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	0.5 cents per ordinary share less tax
Par value of shares	$0.05
Tax Rate	22.0%

(b) Any dividend declared for the previous corresponding period? None

(c) Total Annual Dividend (if applicable)

-	Latest Year (S$'000)	Previous Year (S$'000)
Ordinary	329	0
Preference	0	0
Total:	329	0

(d) Date payable

To be announced at a later date.

(e) Books closure date

To be announced at a later date.

(f) Any other comments relating to Paragraph 9

Any future dividend declaration will be subject to the level of our future earnings, cash flow, financial condition and other factors as may apply from time to time.

10.(a) Balance sheet

Consolidated Balance Sheet

S$'000	**30 June 2002 (Actual)**	**30 June 2001 (Proforma)**
ASSETS		
Current assets		
Cash	364	251
Trade receivables	5,080	7,480
Other receivables and prepayments	3,254	8,563
Inventories	6,892	5,154
Total current assets	15,590	21,448
Non-current assets		
Property, plant and equipment	9,476	9,120
Unquoted investments	1,904	867
Development costs	385	-
Total non-current assets	11,765	9,987
Total assets	**27,355**	**31,435**
LIABILITIES AND EQUITY		
Current liabilities		
Bank overdrafts and bills payable	7,993	10,027
Trade payables	2,519	2,116
Other payables	886	7,837
Income tax payable	235	812
Finance lease obligations: current portion	257	250
Long-term bank loans: current portion	118	353
Total current liabilities	12,008	21,395
Non-current liabilities		
Other payables	1,290	1,290
Finance lease obligations	908	911
Long-term bank loans	533	1,119
Deferred tax liabilities	201	129
Total non-current liabilities	2,932	3,449
Minority interests	57	60
Capital and reserves		
Issued capital	4,220	1,750
Share premium	1,866	-
Asset revaluation reserve	387	387
Currency translation reserve	(444)	(47)
Dividend Reserve	329	-
Accumulated profits	6,000	4,441
Total equity	12,358	6,531
Total liabilities and equity	**27,355**	**31,435**

10.(b) Cash flow statement

Consolidated cash flows statement

S$'000	**30 June 2002 (Proforma*)**	**30 June 2001 (Proforma)**
Cash flows from operating activities		
Profit before income tax	3,994	4,240
Adjustments for:		
Depreciation expenses	807	757
Amortisation of development costs	11	-
Interest income	(120)	(165)
Interest expense	738	1,013
Gain on disposal of fixed assets	(65)	(148)
Operating profit before working capital changes	5,365	5,697
Trade receivables	2,400	(3,219)
Other receivables and prepayments	(1,283)	(625)
Inventories	(1,738)	(1,144)
Trade payables	403	(719)
Other payables	(359)	676
Cash generated from operations	4,788	666
Interest paid	(738)	(1,013)
Interest received	120	165

Income tax paid	(898)	(609)
Net cash from (used in) operating activities	3,272	(791)
Cash flows from investing activities		
Development costs	(396)	-
Purchase of fixed assets	(1,462)	(2,442)
Disposal of fixed assets	124	255
Increase in other investments	(1,037)	(2)
Net effect of exchange rate changes in concolidating subsidiaries	(509)	(244)
Consolidation adjustments	(928)	-
Net cash used in investing activities	(4,208)	(2,433)
Cash flows from financing activities		
Proceeds from Initial Public Offer	3,900	-
Pre-listing expenses	-	(327)
(Reduction in) Proceeds from long-term borrowings	(817)	603
(Reduction in) Proceeds from short-term borrowings	(2,170)	1,529
Net cash (used in) from financing activities	913	1,805
Net increase (decrease) in cash and cash equivalents	(23)	(1,419)
Cash and cash equivalents (overdrawn) at begining of year	(726)	693
Cash and cash equivalents (overdrawn) at end of year	(749)	(726)
Represented by:		
Cash and bank balances	**364**	**251**
Bank overdrafts	**(1,113)**	**(977)**
	(749)	**(726)**

* Based on FY2001 proforma financial statements

10.(c) Statement of changes in equity

S$'000	Issued capital	Share premium	Asset revaluation reserve	Currency translation reserve	Dividend reserve	Accumulated profits	Total
Balance as at 30 June 2001 (Proforma)	1,750	-	387	(47)	-	4,441	6,531
Bonus shares	1,720	-	-	-	-	(1,720)	-
Initial public offer	750	3,150	-	-	-	-	3,900
Share issue expenses	-	(1,284)	-	-	-	-	(1,284)
Currency translation differences	-	-	-	(397)	-	-	(397)
Net profit for the year	-	-	-	-	-	3,608	3,608
Dividend					329	(329)	-
Balance as at 30 June 2002 (Actual)	**4,220**	**1,866**	**387**	**(444)**	**329**	**6,000**	**12,358**

10.(d) Explanatory notes that are material to an understanding of the information provided in

10.(a), (b) and (c) above

Note to 10(a): Balance Sheet

Unquoted investments

Unquoted investments increased by about $1.0 million to $1.9 million in FY2002 as compared to FY2001. In December 2001, we acquired 19.9% equity interest in Devon Industries Limited ("Devon") for a consideration of NZ$50,000 (S$38,000). In addition, we subscribed to redeemable convertible notes issued by Devon, with a total face value of NZ$1.3 million (S$1.0 million). Devon is a leading retailer of outdoor furniture in New Zealand. Its brand name and designs are considered by ourselves as being valuable particularly given our current strategy of trying to capture more of the value chain through branding and design.

Trade receivables

Trade receivables reduced by about $2.4 million due to tighter credit policies. We received more letters of credit (at sight) during FY2002 as compared to FY2001.

Inventories

Inventories increased by approximately $1.7 million due to the rise in purchase of raw materials. As at 30 June 2002, raw materials and work in progress accounted for about 70% of the total inventories. We stocked up more on raw materials due to confirmed orders that we received in last quarter of FY2002.

Movements in other receivables and other payables

The significant reduction of other receivables and other payables during the year arose from the effects of our restructuring exercise, of which part of the purchase consideration payable of $6,591,948 in connection with the acquisition of our subsidiary companies has been offset against loans receivables from related parties. (*Please refer to our Prospectus dated 8 January 2002, Page 38 & 68 for details*)

Currency translation reserve

This represents the currency translation difference arising from the consolidation of our foreign subsidiary companies.

Proposed dividend

Dividend declared and proposed after the balance sheet date is shown as a component of equity in accordance to SAS10, Events after the Balance Sheet Date. As a result, the annual dividend set out in paragraph 9(c) above for the year ended 30 June 2002 is shown as Dividend Reserve on the face of balance sheet in arriving at Total Equity.

11. Details of any changes in the company's issued share capital

On 6 December 2001, the Company issued approximately 982.85 bonus shares for every 1,000 ordinary shares by capitalising $1,719,995 out of its retained earnings reserve.

On 17 January 2002, the Company issued 15,000,000 new ordinary shares of $0.05 each at $0.26 per share pursuant to its IPO, details of which are set out in the Company's Prospectus dated 8 January 2002.

12. The group's borrowings and debt securities as at the end of the financial period reported

on, and comparative figures as at the end of the most recently announced financial statements

(a) Amount repayable in one year or less, or on demand

As at 30/6/2002		As at 31/12/2001	
Secured	Unsecured	Secured	Unsecured
8,368 (S$'000)	0	9,469 (S$'000)	0

(b) Amount repayable after one year

As at 30/6/2002		As at 31/12/2001	
Secured	Unsecured	Secured	Unsecured
1,441 (S$'000)	0	1,708 (S$'000)	0

(c) Any other comments relating to Paragraph 12

Total borrowings and gearing ratio

Total borrowings include bank overdraft, bills payable, terms loans and finance lease obligations. Total borrowings fell by 12.2% or $1.4 million to $9.8 million from 1 January 2002 to 30 June 2002 due mainly to reduction of bills payable and repayment of long-term bank loans. Short-term bank loans reduced by 11.6% or $1.1 million as trade receivable and trade payable turnover periods improved significantly, the effects of which more than offset the increase in inventories and thus reduced our working capital requirement. Long-term bank loans fell by 15.6% or $0.3 million due to repayments of finance lease creditors and term loans.

Group's gearing ratio improved from 1.3 times (as at 31 December 2001) to 0.8 times (as at 30 June 2002). Group's interest cover ratio was 6.4 times for the year ended 30 June 2002 as compared to 4.7 times for six months ended 31 December 2001.

The listing, by way of Initial Public Offer has strengthened the Group's financial position, coupled with the improvement of our working capital cycle, total bank borrowings declined and thus gearing ratio improved significantly.

13. A statement that the same accounting polices and methods of computation are followed

in the financial statements as compared with the most recent audited annual financial statements. Where there have been any changes or departure from the accounting policies and methods of computation, including those required by an accounting standard, this should be disclosed together with the reasons for the change and the effect of the change

There is no change in accounting polices and methods of computation in the financial statements as compared with the most recent audited annual financial statements.

BY ORDER OF THE BOARD

JAMES KOH JYH GANG
MANAGING DIRECTOR
19/09/2002