

KODA LTD**Full Year Financial Statement And Dividend Announcement for the Period Ended 30 June 2004****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 year.

	30 June 2004	30 June 2003	Change
	S\$' 000	S\$' 000	%
Revenue	53,518	37,094	44.3
Cost of sales	(40,726)	(27,332)	49.0
Gross profit	12,792	9,762	31.0
Other operating income	573	700	(18.1)
Selling and distribution costs	(2,537)	(2,059)	23.2
Administrative expenses	(6,032)	(5,075)	18.9
Other operating expense	(127)	(64)	98.4
Profit from operations	4,669	3,264	43.0
Finance costs	(731)	(788)	(7.2)
Profit before income tax	3,938	2,476	59.0
Income tax expense	(97)	(216)	(55.1)
Profit after income tax	3,841	2,260	70.0
Minority interests	19	(6)	NM
Net profit for the year	3,860	2,254	71.3
<u>Other operating income</u>			
- rental income	185	212	
- interest income	303	370	
- foreign exchange gain	-	74	
- Gain on disposal of fixed assets	4	-	

- others	81	44	
	573	700	
<u>Notes to profit and loss account</u>			
- depreciation and amortization	1,214	1,108	
- Bad debts written off & provisions	43	19	
- stocks written-off	65	55	
- Foreign exchange loss	23	34	
- Loss on disposal of fixed assets	61	27	

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 year.

	Group		Company	
	30 June 2004	30 June 2003	30 June 2004	30 June 2003
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
<u>ASSETS</u>				
Current assets				
Cash	822	477	338	350
Trade receivables	5,750	5,418	5,367	4,938
Other receivables and prepayments	7,538	6,082	4,424	2,953
Inventories	11,578	10,279	1,325	1,247
Amount owing by subsidiaries	-	-	12,537	14,107
Total current assets	25,688	22,256	23,991	23,595
Non-current assets				
Investment in subsidiaries	-	-	8,996	8,996
Property, plant and equipment	12,273	12,866	1,355	1,383
Unquoted investments and other assets	2,072	1,959	2,024	1,911
Development costs	472	685	-	-
Total non-current assets	14,817	15,510	12,375	12,290
Total assets	40,505	37,766	36,366	35,885
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank overdrafts and bills payable	12,233	11,562	8,912	7,485
Trade payables	2,532	3,054	173	510

Other payables	2,619	2,910	1,490	1,908
Income tax payable	116	223	116	179
Finance lease obligations: current portion	387	449	118	156
Long-term bank loans: current portion	247	134	107	-
Amount owing to subsidiaries	-	-	15,148	15,719
Total current liabilities	18,134	18,332	26,064	25,957
Non-current liabilities				
Finance lease obligations	2,570	3,013	260	380
Long-term bank loans	667	392	429	-
Deferred tax liabilities	153	210	-	-
Total non-current liabilities	3,390	3,615	689	380
Minority interests	53	68	-	-
Capital and reserves				
Issued capital	4,642	4,642	4,642	4,642
Capital reserves	3,291	3,291	3,002	3,002
Currency translation reserve	(757)	(436)	-	-
Accumulated profits	11,195	7,892	1,412	1,542
Dividend reserve	557	362	557	362
Total equity	18,928	15,751	9,613	9,548
Total liabilities and equity	40,505	37,766	36,366	35,885

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.
Amount repayable in one year or less, or on demand**

As at 30/06/2004		As at 30/06/2003	
Secured	Unsecured	Secured	Unsecured
12,867 (\$'000)	-	12,145 (\$'000)	-

Amount repayable after one year

As at 30/06/2004	As at 30/06/2003

Secured	Unsecured	Secured	Unsecured
3,237 (\$'000)	-	3,405 (\$'000)	-

Details of any collateral

The bank facilities of the Company are secured by a legal mortgage on the Company's leasehold building and a negative pledge on the Company's assets.

A portion of the bank facilities of our 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.

	30 June 2004	30 June 2003
	S\$' 000	S\$' 000
Cash flows from operating activities		
Profit before income tax	3,938	2,476
Adjustments for:		
Depreciation and amortization	1,214	1,108
Interest income	(303)	(370)
Interest expense	731	788
Loss on disposal of fixed assets	57	27
Provision for doubtful debts	-	16
Provisions for inventories	65	55
Operating profit before working capital changes	5,072	4,100
Trade receivables	(332)	(1,210)
Other receivables and prepayments	(1,456)	(1,972)
Inventories	(1,364)	(3,442)
Trade payables	(522)	535
Other payables	(291)	734
Cash generated from (used in) operations	1,737	(1,255)
Interest paid	(731)	(788)
Interest received	303	370

Income tax paid	(228)	(274)
Dividend paid	(362)	(329)
Net cash generated from (used in) operating activities	719	(2,276)
<u>Cash flows from investing activities</u>		
Development costs	-	(473)
(Addition) Disposal of fixed assets	(744)	(4,360)
Net effect of exchange rate changes in consolidating subsidiaries	(184)	21
Net cash used in investing activities	(928)	(4,812)
<u>Cash flows from financing activities</u>		
Proceeds from new issue of shares	-	1,460
(Reduction in) Proceeds from long-term borrowings	(117)	2,172
Proceeds from short-term borrowings	1,207	3,864
Net cash from financing activities	1,090	7,496
Net increase in cash and cash equivalents	881	408
Cash and cash equivalents overdrawn at beginning of year	(341)	(749)
Cash and cash equivalents at end of year	540	(341)
Represented by:		
Cash and bank balances	822	477
Bank overdrafts	(282)	(818)
	540	(341)

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.

	Issued capital	Capital reserves	Currency translation reserve	Dividend reserve	Accumulated profits	Total
Group						
Balance at 30/6/2003	4,642	3,291	(436)	362	7,892	15,751
Currency translation	-	-	(321)	-	-	(321)

differences						
Net profit for the year	-	-	-	-	3,860	3,860
Dividend paid	-	-	-	(362)	-	(362)
Proposed dividend	-	-	-	557	(557)	-
Balance at 30/6/2004	4,642	3,291	(757)	557	11,195	18,928
Company						
Balance at 30/6/2003	4,642	3,002	-	362	1,542	9,548
Net profit for the year	-	-	-	-	427	427
Dividend paid	-	-	-	(362)	-	(362)
Proposed dividend	-	-	-	557	(557)	-
Balance at 30/6/2004	4,642	3,002	-	557	1,412	9,613
	Issued capital	Capital reserves	Currency translation reserve	Dividend reserve	Accumulated profits	Total
Group						
Balance at 30/6/2002	4,220	2,253	(444)	329	6,000	12,358
Issue of new shares	422	1,038	-	-	-	1,460
Currency translation differences	-	-	8	-	-	8
Net profit for the year	-	-	-	-	2,254	2,254
Dividend paid	-	-	-	(329)	-	(329)
Proposed dividend	-	-	-	362	(362)	-
Balance at 30/6/2003	4,642	3,291	(436)	362	7,892	15,751
Company						
Balance at 30/6/2002	4,220	1,964	-	329	1,561	8,074
Issue of new shares	422	1,038	-	-	-	1,460
Net profit for the year	-	-	-	-	343	343
Dividend paid	-	-	-	(329)	-	(329)
Proposed dividend	-	-	-	362	(362)	-
Balance at 30/6/2003	4,642	3,002	-	362	1,542	9,548

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

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 a 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 audited financial statements for the year ended 30 June 2003.

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 financial period reported

on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	30 June 2004	30 June 2003
Earnings per ordinary share (cents)	4.2	2.5

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 financial period reported on; and**
- (b) immediately preceding financial year.**

	Group		Company	
	30 June 2004	30 June 2003	30 June 2004	30 June 2003
Net asset value per ordinary share (cents)	20.4	17.0	10.4	10.3

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) 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; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Both Revenue and Net Profits rose strongly in the financial year ended 30 June 2004 ('FY2004'). Revenue increased by some 44.3% or \$16.4 million to \$53.5 million, outpaced by growth in Net Profit for the year ('Net Profit'), which soared 71.3% or \$1.6 million to \$3.9 million. The good performance is a result of our investments in marketing and in new production facilities over the last two years.

More specifically our Revenues rose on the back of:

- Strong growth in the UK/Europe and US markets arising from a winning combination of (1) more focused marketing and (2) our ability to cater successfully demand for contemporary designs.
- Successful change in our sales mix. Whilst designs are important, the medium in which furniture is executed is also important. To complement and add to our strengths in wood, we have been using more leather, which is of higher value.

Our Net Profit after tax rose more strongly due to the combination of the following factors:-

- Our ability to achieve a high utilization rate at our Vietnam factories. The start-up and learning curve problems have now been resolved. Our factories in Vietnam are currently running at an optimum utilization rate of approximately 85% to 90% (one shift).
- Gross profit increased by some 31.0%. Whilst gross margins did decline from 26.3% to 23.9% as a result of higher prices of raw materials - leather, fabrics and timber, we believe we have achieved margins that reflect our premium products.
- Selling and distribution costs rose less than Revenue at around 23.2% due to lower client acquisition costs – we focused more on servicing of our recently acquired clients rather than to aggressively acquire new clients until our new capacity comes on stream.
- Administrative expenses rose less than Revenue at around 18.9% - higher capacity utilization (as described above) reduced our unit fixed cost.

- Reduction in our finance costs due to our ability to cap borrowings and to obtain better financing terms.
- Lower tax expense due to tax concessions in Vietnam.

Financial position

Current assets increased by about \$3.4 million due mainly to sharp increase in Revenue. More specifically:-

- Cash and Bank balances increased by \$0.3 million.
- Whilst Trade Receivables and Inventories rose by \$0.3 million and \$1.3 million respectively, both rises were much lower than those recorded by Revenue. As a result, turnover periods for both Trade Receivables and Inventories improved significantly to 39 days and 79 days respectively. Finished goods accounted for some 30% of the total inventories and its turnover period was approximately 24 days.
- Other Receivables increased by \$1.5 million due mainly to (1) deposit paid for acquisition of a new factory in Vietnam, (2) higher export taxes refundable, (3) interest receivable and (4) purchase of raw materials on behalf of our sub-contractors.

Non-current assets fell by some \$0.7 million as depreciation and amortization exceeded our fixed asset investments of \$0.4 million.

Total Liabilities fell by some \$0.2 million due to:-

- A reduction of \$0.5 million in Trade Payables – we received cash discount by paying our suppliers earlier.
- A decline of \$0.1 million in Income Tax Payable, which arose from lower tax expense.
- Despite total borrowings rising by about \$0.6 million to \$16.1 million mostly to finance trade payables, this rise was modest compared to the increase in our Revenue.

Gearing ratio improved to 0.85 times compared to 0.99 times in previous financial year.

Overall, Net Assets rose by some 20.2% or \$3.2 million to \$18.9 million as a result of higher accumulated Retained Earnings (net of currency realignment on consolidation).

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

The Directors had previously stated that they were optimistic that the performance of the first 6 months to 31 December 2003 could be maintained in the second half of FY2004.

The Directors are pleased to announce that for the financial year ended 30 June 2004, Revenue rose strongly to \$53.5 million, a year-on-year 44.3% increase and Net Profit increased an even better 71.3% to \$3.9 million. The performance of the Group in second half of FY2004 remained relatively the same compared to that

of first half of FY2004. The Group achieved a net profit of \$1.9 million in the second half of FY2004.

10. A commentary at the date of the announcement of the significant trends and 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 remain cautiously optimistic about our future growth:

- During the recent international trade fairs and meetings with our major customers, we continued to see strong buying interest in our new range of designs. Orders received from these fairs were up by some 15% to 20% year-on-year.
- The general recovery in the US, the UK/Europe and Australia markets offers a positive backdrop for demand for our furniture in 2004/2005.
- Raw material price increases have started to moderate. However, there continues to exist the danger of a re-acceleration of such costs if high oil prices persist.
- Our capacity in Vietnam grew by some 150%. However, the very strong demand during the same period has meant that demand may outstrip our ability to produce in the short term. We have started a 3rd expansion phase but the additional capacity will only come on stream in 2005.

Given the above, the Directors, barring unforeseen circumstances, expect the performance for the financial year ending 2005 to exceed that of financial year ended 2004.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Final	Special Dividend
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	0.5 cents per ordinary share (less tax)	0.25 cents per ordinary share (less tax)
Optional:- Dividend Rate (in %)	10 % per ordinary share	5 % per ordinary share
Par value of shares	\$0.05	\$0.05
Tax Rate	20%	20%

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.5 cents per ordinary share (less tax)
Optional:- Dividend Rate (in %)	10 % per ordinary share
Par value of shares	\$0.05
Tax Rate	22%

(c) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

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.

The Group is primarily engaged in four business segments, namely chairs & tables, outdoor & garden, rattan and occasional & others. The Group adopts these four business segments as the basis for its primary segment information.

Primary reporting format - business segments

	30 June 2004			30 June 2003		
	Revenue	% of total	Segment result	Revenue	% of total	Segment result
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Chairs & tables	34,902	65.2	2,821	25,516	68.8	1,543
Outdoor & garden	1,358	2.5	101	1,420	3.8	50
Rattan	810	1.5	106	878	2.4	68
Occasional & others	16,448	30.8	1,195	9,280	25.0	967
Total	53,518	100.0	4,223	37,094	100.0	2,628
Other operating income			573			700
Other operating expenses			(127)			(64)
Profit from operations			4,669			3,264
Finance cost			(731)			(788)
Operating profit before income tax			3,938			2,476
Less: Income tax			(97)			(216)
Operating profit after tax before minority interest			3,841			2,260
Minority interest			19			(6)
Net profit for the year			3,860			2,254

Secondary reporting format - geographical segments

The geographical locations of the Group's customers principally comprise the UK, Europe, America, Asia-Pacific and Others

Revenue	30 June 2004	% of total	30 June 2003	% of total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
United Kingdom	17,121	32.0	10,561	28.5
Europe	9,208	17.2	4,831	13.0
Asia-Pacific	8,546	16.0	7,142	19.2
America	15,456	28.9	11,459	30.9
Others	3,187	5.9	3,101	8.4
Total	53,518	100.0	37,094	100.0

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.

Please refer to Section 8 for details

15. A breakdown of sales.

	30 June 2004	30 June 2003	% of change
	\$'000	\$'000	
Sales reported for first half year	28,214	17,482	61.4
Sales reported for second half year	25,304	19,612	29.0
Total	53,518	37,094	44.3

16. 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 (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	362	557
Preference	0	0
Total:	362	557

BY ORDER OF THE BOARD

James Koh Jyh Gang
Managing Director
19/08/2004