

MASNET No. 110 OF 23.02.2004
Announcement No. 110

KODA LTD**Half Year Financial Statement for the Period Ended 31 December 2003****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.

	First half ended 31/12/2003	First half ended 31/12/2002	Change
	S\$'000	S\$' 000	%
Revenue	28,214	17,482	61.4
Cost of sales	(21,168)	(12,534)	68.9
Gross profit	7,046	4,948	42.4
Other operating income	273	201	35.8
Selling and distribution costs	(1,707)	(1,103)	54.8
Administrative expenses	(2,911)	(2,194)	32.7
Profit from operations	2,701	1,852	45.8
Finance costs	(670)	(530)	26.4
Profit before income tax	2,031	1,322	53.6
Income tax expense	(80)	(38)	110.5
Profit after income tax	1,951	1,284	51.9
Minority interests	4	(5)	NA
Net profit for the year	1,955	1,279	52.9
Other operating income			
Rental income	87	98	
Interest income	156	43	
Foreign exchange gain	26	42	
Others	4	18	
	273	201	
Depreciation and amortization	404	419	

NA - Not applicable

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	Group	Company	Company
	31/12/2003	30/6/2003	31/12/2003	30/6/2003
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash	910	477	587	350
Trade receivables	6,988	6,274	6,615	4,938
Other receivables and prepayments	6,234	5,226	3,191	2,953
Inventories	11,822	10,279	1,628	1,247
Amount owing by subsidiaries	-	-	19,869	14,107
Total current assets	25,954	22,256	31,890	23,595
Non-current assets				
Investment in subsidiaries	-	-	8,996	8,996
Property, plant and equipment	12,849	12,866	1,501	1,383
Unquoted investments and other assets	1,938	1,959	1,911	1,911
Development costs	564	685	-	-
Total non-current assets	15,351	15,510	12,408	12,290
Total assets	41,305	37,766	44,298	35,885
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and bills payable	13,589	11,562	9,361	7,485
Trade payables	4,096	3,054	562	510
Other payables	2,309	2,910	1,477	1,908
Income tax payable	148	223	148	179
Finance lease obligations: current portion	828	449	452	156
Long-term bank loans: current portion	-	134	-	-
Amount owing to subsidiaries	-	-	22,446	15,719
Total current liabilities	20,970	18,332	34,446	25,957
Non-current liabilities				
Finance lease obligations	2,463	3,013	-	380
Long-term bank loans	443	392	-	-
Deferred tax liabilities	185	210	-	-

Total non-current liabilities	3,091	3,615	-	380
Minority interests	66	68	-	-
Capital and reserves				
Issued capital	4,642	4,642	4,642	4,642
Capital reserve	3,291	3,291	3,002	3,002
Currency translation reserve	(965)	(436)	-	-
Accumulated profits	9,848	7,892	1,846	1,542
Dividend reserve	362	362	362	362
Total equity	17,178	15,751	9,852	9,548
Total liabilities and equity	41,305	37,766	44,298	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 31/12/2003		As at 30/6/2003	
Secured	Unsecured	Secured	Unsecured
14,417 (S\$'000)	0	12,145 (S\$'000)	0

Amount repayable after one year

As at 31/12/2003		As at 30/6/2003	
Secured	Unsecured	Secured	Unsecured
2,906 (S\$'000)	0	3,405 (S\$'000)	0

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.

The bank facilities of a subsidiary are secured by (1) a legal mortgage on the subsidiary's leasehold land and buildings, (2) corporate guarantee from the Company and (3) a legal mortgage on another subsidiary's freehold land.

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.

	First half ended 31/12/2003	First half ended 31/12/2002
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before income tax	2,031	1,322
Adjustments for:-		
Depreciation and amortization	404	419
Interest income	(156)	(43)
Interest expense	670	530
Gain on disposal of fixed assets	(4)	-
Operating profit before working capital changes	2,945	2,228
Trade receivables	(714)	(988)
Other receivables and prepayments	(1,008)	(729)
Inventories	(1,543)	(14)
Trade payables	1,042	393
Other payables	(601)	140
Cash generated from operations	121	1,030
Interest received	156	43
Interest paid	(670)	(530)
Income tax paid	(153)	(183)
Dividend paid	-	(329)
Net cash (used in) from operating activities	(546)	31
Cash flows from investing activities		
Purchase of fixed assets	(662)	(3,956)
Development costs	-	(493)
Increase in other investments	-	32
Net cash used in investing activities	(662)	(4,417)
Cash flows from financing activities		
Net proceeds from new issue of shares		1,530
Proceeds from borrowings	1,985	2,690
Reduction of borrowings	(254)	(260)
Net cash from financing activities	1,731	3,960
Net effect of exchange rate changes in consolidating subsidiaries	(133)	(180)
Net increase (decrease) in cash and cash equivalents	390	(606)
Cash and cash equivalents (overdrawn) at beginning of year	(341)	(749)

Cash and cash equivalents (overdrawn) at end of year	49	(1,355)
Represented by		
Cash and bank balances	910	555
Bank overdraft	(861)	(1,910)
	49	(1,355)

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 reserve	Currency translation reserve	Dividend reserve	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
Balance at 30/6/2002	4,220	2,253	(444)	329	6,000	12,358
Issue of new shares	422	1,182	-	-	-	1,604
Share issue expenses	-	(74)	-	-	-	(74)
Currency translation differences	-	-	(181)	-	-	(181)
Dividend payment	-	-	-	(329)	-	(329)
Net profit for the year	-	-	-	-	1,279	1,279
Balance at 31/12/2002	4,642	3,361	(625)	-	7,279	14,657
Balance at 30/6/2003	4,642	3,291	(437)	362	7,893	15,751
Issue of new shares	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Currency translation differences	-	-	(528)	-	-	(528)
Dividend payment	-	-	-	-	-	-
Net profit for the year	-	-	-	-	1,955	1,955
Balance at 31/12/2003	4,642	3,291	(965)	362	9,848	17,178
Company						
Balance at 30/6/2002	4,220	1,964	-	329	1,561	8,074
Issue of new shares	422	1,182	-	-	-	1,604
Share issue expenses	-	(74)	-	-	-	(74)
Dividend payment	-	-	-	(329)	-	(329)
Net profit for the year	-	-	-	-	293	293
Balance at 31/12/2003	4,642	3,072	-	-	1,854	9,568

Company						
Balance at 30/6/2003	4,642	3,002	-	362	1,541	9,547
Issue of new shares	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-
Net profit for the year	-	-	-	-	305	305
Balance at 31/12/2003	4,642	3,002	-	362	1,846	9,852

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.**

Group	31/12/2003	31/12/2002
Earnings per ordinary share	2.1 cents (Note 1)	1.5 cents (Note 2)

Note 1 - calculated based on the issued and paid up capital of 92,840,000 ordinary shares.

Note 2 - calculated based on the weighted average number of 85,103,333 ordinary shares.

- 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.

	31/12/2003	30/6/2003
Group		
Net asset value per ordinary shares	18.5 cents	17.0 cents
Company		
Net asset value per ordinary shares	10.6 cents	10.3 cents

- 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.

Revenue and Profits

Both Revenue and Net Profits rose strongly. Turnover increased by 61.4% to \$28.2 million and Net Profits increased by 52.9% to some \$2.0 million, in the 6 months to 31 December 2003 against the equivalent corresponding 2002 period.

The strong results were due to:

- Continued strong sales in the UK/Europe and North America on the back of more focused marketing.
- Improved utilization rates at our Vietnam operations. The start-up and learning curve problems have now been resolved.
- The improved utilization rate in turn has meant a reduction in our backlog and thus the ability to deliver goods on time.
- Good market reception to our new range of premium furniture.
- Good controls over Selling, Administrative and Finance expenses.
- Higher interest income.

Gross profit margin remained a credible 25.0% despite soaring raw material prices.

Tax expense increased slightly by \$0.04 million. Effective tax rate remained relatively low due to tax concession in Vietnam.

Financial position

Current Assets rose by 16.6% largely due to the sharp increase in Revenue. Whilst Receivables and Inventory rose by 11.4% and 15.0% respectively, both rises were lower than those recorded by Revenue. Consequently, the Trade Receivables and Inventory turnover periods improved significantly. Some 80% of the Trade Receivables balance was secured by documentary credit.

Non-current Assets was somewhat reduced by 1.0% as the effects of currency rates adjustment and depreciation & amortization exceeded new capital investments. We expect our overall capital expenditure in FY2004 to be lower than in FY2003 given our previous expansion in Vietnam and given that our current priority is to further improve our production efficiency.

Current Liabilities rose less than the increase in Revenue. We used our banking lines as well as our supplier's credit (Trade Payables) to help finance the surge in Revenue. As the rise in Bank Overdrafts, Finance Leases and Loans were well below the Revenue and Net Profit growth, gearing levels remain, in the opinion of our Directors', prudent.

Non-current Liabilities fell by 14.5% due mainly to the repayment of our

Financial Lease Obligations. The new factories in Vietnam were mainly financed by Finance Lease Obligations .

As a result of higher earnings, total Equity rose by 9.1% to \$17.2 million.

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, barring unforeseen circumstances, the Directors are confident that the first half of FY2004 will be an improvement over the second half of FY2003 and if the trend continues, the financial performance of the Group should improve in FY2004.

For the 6 months ended 31 December 2003 as compared to the last corresponding period ended 31 December 2002, Revenue rose strongly to \$28.2 million, a period-on-period 61.4% increase and Net Profits rose to \$2.0 million, a period-on-period 52.9% increase.

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.

Our interim results were in line with our expectations and showed solid recovery. Part of the growth arose from getting our operations in Vietnam 'right'. An equally important part is the continued flow of new designs and good marketing.

The Directors are optimistic that the performance of the first 6 months to 31 December 2003 can be maintained in the second half of FY2004 given:

- Strong buying interest and repeat orders in the recent Koin (Germany) and Birmingham (UK) furniture shows. The reception received by our new rustic hardwoods with 'country-warmth' feel and new leather-and-wood combinations with 'contemporary-comfort' were very encouraging.
- Total orders-on-hand at end January 2004 was some \$16 million – the delivery lead time of these orders is about 3.5 months
- Good capacity utilization rates and continued good cost management and funding disciplines.

The global furniture industry remains an industry in flux. To cope with the changes that have and will continue to occur, the ability to deliver design-intensive furniture, at the right price, remains critical. We are quietly confident that this flexibility is being nurtured and exists within Koda.

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.

No interim dividend has been declared/recommended for the financial period ended 31 December 2003.

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

	Latest Full Year ()	Previous Full Year ()
Ordinary		
Preference	0	0
Total:		

BY ORDER OF THE BOARD

James Koh Jyh Gang
Managing Director
23/02/2004