

KODA LTD

(Incorporated in the Republic of Singapore on 17 April 1980)
(Company Registration Number 198001299R)

RESPONSE TO SGX QUERIES ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

The Board of Directors (the “**Board**”) of Koda Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 16 October 2014, with reference to the Company’s annual report for the financial year ended 30 June 2014 (the “**Annual Report**”) as follows:

Question 1: We refer to pages 86 and 87 of the Annual Report. Please confirm if Koda Furniture Dongguan Co., Ltd, Locasa Sofa Limited and Metrolink International Limited are considered significant pursuant to Rule 718. If so, please confirm whether Rule 716 has been complied with and provide basis for the suitability of the auditor engaged in the audit of the subsidiaries.

Response: The financial statements of Koda Furniture Dongguan Co., Ltd (“**Koda Dongguan**”) were audited by Foo Kon Tan Grant Thornton LLP, Singapore (“**FKTGT**”). With reference to page 88 of the Annual Report 2014, it was stated that “The Board of Directors and the Audit Committee of the Company have reviewed the firm profile of FKTGT, and are satisfied that their appointment would not compromise the standard and effectiveness of the audit of the Group.” Pursuant to Rule 716, the Board and the Audit Committee are of the view that FKTGT is a reputable and internationally recognised audit firm and possesses the necessary capabilities to perform audits on Koda Dongguan, Locasa Sofa Limited (“**Locasa**”) and Metrolink International Limited (“**Metrolink**”). Accordingly, each of the Board and the Audit Committee reaffirms its opinion that the appointment of FKTGT would not compromise the standard and effectiveness of the audit of the Group. The Company confirms that Rule 716 has been complied with.

The Company confirms that Locasa and Metrolink are not considered significant pursuant to Rule 718. However, the Board wishes to highlight that Koda Dongguan recorded pre-tax losses for the financial year ended 30 June 2014 and reported a net liabilities position as at 30 June 2014.

Question 2: Paragraph 11.3 of the Code of Corporate Governance 2012 (the “Code”) states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company’s Annual Report. As recommended in paragraph 11.3 of the Code and pursuant to Rule 710 of the Listing Manual, please make disclosures on the Board’s comments on the adequacy and effectiveness of the Company’s risk management systems or otherwise explain the reason(s) for the deviation from the following Code recommendations.

Response: Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, the various Board Committees and the Board, as well as the positive assurance from the Managing Director, Finance Director and the Chief Financial Officer as to the effectiveness of the Group’s risk management and internal control systems, the Board and the Audit Committee are of the opinion that the system of internal controls and risk management in place as at 30 June 2014 is adequate and effective and are satisfied with the adequacy and effectiveness of the Group’s internal controls, including financial, operational, compliance and information technology risks, and risk management systems.

BY ORDER OF THE BOARD
Koda Ltd

James Koh Jyh Gang
Managing Director
20 October 2014