

KODA LTD

Quarterly and Half-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, or a 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 2Q13 and 6 months ended 31 December 2012

	3 months ended 31/12/12 ("2Q13") US\$'000	3 months ended 31/12/11 ("2Q12") US\$'000	Change %	6 months ended 31/12/12 ("1H13") US\$'000	6 months ended 31/12/11 ("1H12") US\$'000	Change %
Revenue	13,638	13,320	2.4	27,853	24,580	13.3
Cost of sales	(9,750)	(9,450)	3.2	(19,998)	(17,316)	15.5
Gross profit	3,888	3,870	0.5	7,855	7,264	8.1
Other operating income	128	70	82.9	238	160	48.8
Selling and distribution costs	(1,259)	(1,259)	-	(2,710)	(2,415)	12.2
Administrative expense	(2,224)	(2,215)	0.4	(4,423)	(4,402)	0.5
Other operating expenses	(97)	(71)	36.6	(73)	(120)	(39.2)
Finance costs	(78)	(75)	4.0	(158)	(134)	17.9
Profit before income tax	358	320	11.9	729	353	106.5
Income tax credit (expense)	43	(2)	NA	43	140	(69.3)
Profit after income tax	401	318	26.1	772	493	56.6
Attributable to:-						
Equity holders of the parent	370	346	6.9	733	551	33.0
Minority interests	31	(28)	NA	39	(57)	NA
	401	318	26.1	772	494	56.3

NM – not meaningful

Note to Consolidated Profit and Loss Statements

	3 months ended 31/12/12 ("2Q13") US\$'000	3 months ended 31/12/11 ("2Q12") US\$'000	6 months ended 31/12/12 ("1H13") US\$'000	6 months ended 31/12/11 ("1H12") US\$'000
Other operating income				
Rental income	79	49	154	104
Interest income	4	12	6	21
Exchange gain	-	-	16	-
Gain on disposal of fixed assets	5	1	5	1
Others	40	8	57	34
	128	70	238	160

Notes to Profit and Loss account (Continued)

	3 months ended 31/12/12 ("2Q13") <u>US\$'000</u>	3 months ended 31/12/11 ("2Q12") <u>US\$'000</u>	6 months ended 31/12/12 ("1H13") <u>US\$'000</u>	6 months ended 31/12/11 ("1H12") <u>US\$'000</u>
<u>Other operating expenses</u>				
Foreign exchange loss	(33)	(71)	-	(118)
Loss on sale of fixed assets	(2)	-	(2)	-
Loss on sale of investment property	(33)	-	(33)	-
Provision for slow moving stocks	-	-	-	(1)
Others	(29)	-	(38)	(1)
	<u>(97)</u>	<u>(71)</u>	<u>(73)</u>	<u>(120)</u>

Statement of Comprehensive Income

	3 months ended 31/12/12 ("2Q13") <u>US\$'000</u>	3 months ended 31/12/11 ("2Q12") <u>US\$'000</u>	6 months ended 31/12/12 ("1H13") <u>US\$'000</u>	6 months ended 31/12/11 ("1H12") <u>US\$'000</u>
Profit after Income Tax	401	318	772	494
Currency translation differences	65	19	301	(184)
Total comprehensive income	<u>466</u>	<u>337</u>	<u>1,073</u>	<u>310</u>
Attributable to :-				
Equity holders of the parent	426	357	1,010	364
Minority interests	40	(20)	63	(54)
	<u>466</u>	<u>337</u>	<u>1,073</u>	<u>310</u>

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

As at	Group		Company	
	31/12/12 US\$'000	30/09/12 US\$'000	31/12/12 US\$'000	30/09/12 US\$'000
ASSETS				
Current assets				
Cash and Fixed Deposits	2,837	1,508	299	267
Trade Receivables	3,398	3,871	13,848	15,610
Other receivables and prepayments	2,788	2,898	7,088	6,847
Inventories	15,822	16,308	164	159
Total current assets	24,845	24,585	21,399	22,883
Non-current assets				
Investment in subsidiaries	-	-	13,205	13,205
Property, plant and equipment	14,613	14,893	626	663
Investment Properties	2,400	2,391	-	-
Intangibles assets	441	453	-	-
Availables-for-sale investment and other assets	247	1,226	230	230
Goodwill on consolidation	1,206	1,206	-	-
Deferred tax asset	36	31	-	-
Total non-current assets	18,943	20,200	14,061	14,098
Total assets	43,788	44,785	35,460	36,981
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and bills payable	7,803	8,768	6,231	7,384
Trade payables	4,070	4,668	5,332	5,732
Other payables and accruals	4,315	4,066	1,142	1,111
Income tax payable	-	-	-	-
Finance lease obligation : current portion	88	90	69	69
Long-term bank loans : current portion	1,437	1,499	1,437	1,499
Total current liabilities	17,713	19,091	14,211	15,795
Non-current liabilities				
Finance lease obligations	98	113	98	113
Due to related parties	941	952	-	-
Deferred taxation	-	59	-	-
Total non-current liabilities	1,039	1,124	98	113
Capital and reserves				
Issued capital	4,312	4,312	4,312	4,312
Capital reserves	4,183	4,183	33	33
Currency translation reserve	761	705	-	-
Retained earnings	14,335	13,965	16,806	16,728
Equity attributable to shareholders	23,591	23,165	21,151	21,073
Minority interests	1,445	1,405	-	-
Total equity	25,036	24,570	21,151	21,073
Total Liabilities and Equity	43,788	44,785	35,460	36,981

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

Amount repayable in one year or less, or on demand

As at 31/12/12 (US\$'000)		As at 30/9/12 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
9,328	-	10,357	-

Amount repayable after one year

As at 31/12/12 (US\$'000)		As at 30/9/12 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
98	-	113	-

Borrowings and gearing ratio

Total borrowings of US\$9.4 million as at 31 December 2012 comprise short-term borrowings, Callable Term Loans and finance lease obligations. Total borrowings fell sharply by US\$ 1.0 million compared to 30 September 2012 due to loans repayment.

The Group's gearing ratio was 0.376 times as at 31 December 2012 compared to 0.426 times as at 30 September 2012.

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

Consolidated Cash Flows Statement

	3 months ended 31/12/12 ("2Q13") US\$'000	3 months ended 31/12/11 ("2Q12") US\$'000	6 months ended 31/12/12 ("1H13") US\$'000	6 months ended 31/12/11 ("1H12") US\$'000
Cash flows from operating activities				
Profit before income tax	358	320	729	353
Adjustments for:				
Depreciation and amortization expenses	354	336	715	669
Interest income	(4)	(12)	(6)	(21)
Interest expense	78	74	158	134
Gain on disposal of fixed assets	(3)	(1)	(3)	(1)
Loss on disposal of investment property	33	-	33	-
Operating profit before working capital changes	816	717	1,626	1,134
Trade receivables	471	(571)	(302)	(568)
Other receivables and prepayments	110	2	(117)	1,004
Inventories	486	(1,507)	472	(3,433)
Trade payables	(598)	343	(57)	761
Other payables	239	2,067	22	1,961
Net Cash generated from (used in) operations	1,524	1,051	1,644	859
Interest received	4	12	6	21
Interest paid	(78)	(74)	(158)	(134)
Dividend paid	-	(105)	-	(104)
Income tax refund (paid)	(22)	(41)	(144)	(100)
Net cash generated from (used in) operating activities	1,428	843	1,348	542
Cash flows from investing activities				
Addition of fixed assets	(60)	(195)	(142)	(218)
Proceeds from disposal of fixed assets	31	-	31	-
Proceeds from disposal of investment property	941	-	941	-
Acquisition of subsidiary	-	-	-	(533)
Net cash used in investing activities	912	(195)	830	(751)
Cash flows from financing activities				
Net (decrease) increase in short-term borrowings	(79)	(60)	(448)	48
Net (decrease) increase in long-term borrowings	(902)	(214)	(1,054)	(554)
Net cash (used in) generated from financing activities	(981)	(274)	(1,502)	(506)
Net decrease in cash and cash equivalents	1,359	374	676	(714)
Cash and cash equivalents at beginning of period / year	1,166	2,051	1,878	3,154
Currency translation differences	33	(274)	4	(288)
Cash and cash equivalents at end of period / year	2,558	2,151	2,558	2,152
Represented by:				
Cash and bank balances (inclusive of Fixed Deposit)	2,837	2,454	2,837	2,454
Bank overdraft	(279)	(303)	(279)	(303)
	2,558	2,151	2,558	2,151

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	Retained earnings	Attributable to equity holders	Minority interests	Total
US\$'000							
Group							
Balance as at 1/7/12	4,312	4,183	484	13,602	22,581	1,382	23,963
Total comprehensive income	-	-	221	363	584	23	607
Balance as at 30/09/12	4,312	4,183	705	13,965	23,165	1,405	24,570
Total comprehensive income	-	-	56	370	426	40	466
Balance as at 31/12/12	4,312	4,183	761	14,335	23,591	1,445	25,036
Company							
Balance as at 1/7/12	4,312	33	-	16,712	21,057	-	21,057
Other comprehensive income	-	-	-	17	17	-	17
Balance as at 30/09/12	4,312	33	-	16,729	21,074	-	21,074
Total comprehensive income	-	-	-	77	77	-	77
Balance as at 31/12/12	4,312	33	-	16,806	21,151	-	21,151

	Issued Capital	Capital reserves	Currency translation reserve	Retained earnings	Attributable to equity holders	Minority interests	Total
US\$'000							
Group							
Balance as at 1/7/11	4,040	2,416	688	16,340	23,484	538	24,022
Issue of share capital	339	-	-	-	339	-	339
Non-controlling interest arising from acquisition of subsidiary	-	-	-	-	-	860	860
Total comprehensive income	-	-	(203)	215	12	(34)	(22)
Balance as at 30/09/11	4,379	2,416	485	16,555	23,835	1,364	25,199
Total comprehensive income	-	-	19	241	260	(20)	240
Balance as at 31/12/11	4,379	2,416	504	16,796	24,095	1,344	25,439
Company							
Balance as of 1/7/11	4,040	38	-	17,930	22,008	-	22,008
Issue of share capital	339	-	-	-	339	-	339
Total comprehensive income	-	-	-	1,048	1,048	-	1,048
Balance as at 30/09/11	4,379	38	-	18,978	23,395	-	23,395
Total comprehensive income	-	-	-	(135)	(135)	-	(135)
Balance as at 31/12/11	4,379	38	-	18,843	23,260	-	23,260

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

(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	31/12/12	30/09/12
Total number of issued shares (excluding treasury shares)	<u>136,513,397</u>	<u>136,513,397</u>

(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 31/12/12 ("2Q13")	3 months ended 31/12/11 ("2Q12")
Earnings per ordinary share (US cents)	0.27	0.25

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	
	31/12/2012	30/09/2012	31/12/2012	30/09/2012
Net asset value per ordinary share (US cents)	17.28	16.97	15.50	15.44

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 30/09/11 ("1Q12")	3 months ended 31/12/11 ("2Q12")	3 months ended 31/03/12 ("3Q12")	3 months ended 30/06/12 ("4Q12")	3 months ended 30/09/12 ("1Q13")	3 months ended 31/12/12 ("2Q13")
Revenue	11,261	13,320	9,684	12,856	14,215	13,638
Gross profit	3,394	3,870	2,469	2,137	3,967	3,888
Net profit (loss) after tax	176	318	(1,394)	(1,992)	371	401
Attributable to:-						
Equity holders of the parent	205	346	(1,352)	(2,053)	363	370
Minority interests	(29)	(28)	(42)	61	8	31
	176	318	(1,394)	(1,992)	371	401

Revenue and Net Profit attributable to equity holders of the parent (“Net Profit”)

Our financial performance for 2Q13 was better than both the corresponding quarter (2Q12) and the preceding quarter (1Q13). Our financial performance for the 6 months ended 31 December 2012 (1H13) also improved over that of 1H12.

During the quarter under review (2Q13), revenues rose 2.4% or US\$0.3 million to US\$13.6 million while Net Profit grew by 6.9% or US\$0.02 million to US\$0.37 million. For the 6 months ended 31 December 2012 (1H13), revenues grew by 13.3% or US\$3.3 million to US\$27.8 million while Net Profit growth outpaced revenue growth with a 33.1% or US\$0.18 million increase to US\$0.73 million.

Revenue growth came from:

- higher sales volume to the US even though there have been concerns about US consumption on the back of relatively high rates of US unemployment;
- higher sales volume to the Asia Pacific, specifically Korea and Japan, as a result of our continued marketing efforts there;
- higher sales contribution from Metrolink which did well in the PRC and UAE (where Metrolink has extensive distribution channels and marketing networks); and
- a sustainable sales volume to EU despite the weak Euro economies.

The revenue growth was however affected by:

- lower sales to the UK amid that country's budget cut and weak economy; and
- lower sales to Australia as one of our major clients held back their orders with us as they are in the midst of completing a major acquisition.

Gross Profit remained relatively unchanged at US\$3.8 million. This meant that the gross margin slipped only slightly and by 0.5 percentage points to 28.5%. We were able to minimize the impact of rising direct costs mainly through re-engineering which allowed us to use either less materials or lower-cost materials which in turn meant we only needed modest selling price increases.

We have been rather cautious in our cost management and as a result of that, selling and administrative expenses did not rise above our expense budget of approximately US\$1.3 million and US\$2.2 million, respectively, despite higher other variable distribution cost on the back of higher revenues in 2Q13.

Finance costs rose marginally to just below US\$0.08 million. Our total borrowings were lower but our cost of funds rose.

There was a reversal of deferred tax liability in 2Q13 resulting in a tax credit of US\$0.04 million. We made no income tax provisions on taxable profits due mainly to utilization of tax losses and investment allowances brought forward.

As a result of the above, our financial performance

- for 2Q13 improved over that of 1Q13.
- for 1H13 improved over that of 1H12.

Financial Position (31 December 2012 vs 30 September 2012)

Assets

Current Assets rose by US\$0.3 million to US\$24.8 million. Significant movements in Current Assets during the period under review were as follows:

- Cash at bank rose sharply by US\$1.3 million to US\$2.8 million due mainly to cash profit earned for 2Q13, reduction in working capital funding and proceed from the sale of investment property in Malaysia;
- Trade receivables fell by US\$0.5 million to US\$3.4 million despite higher revenues, which means our receivable turnaround times improved on the back of better-managed collection cycle; and
- Inventories fell by US\$0.5 million to US\$15.8 million due mainly to reduction in raw materials and finished goods.

Non-Current Assets fell by US\$1.3 million due mainly to depreciation and disposal of investment property in Malaysia.

Liabilities

Current Liabilities and Non-Current Liabilities fell by US\$1.4 million and US\$0.08 million to US\$17.7 million and US\$1.0 million, respectively, due mainly to loan repayments.

Shareholders' equity

Net asset or Equity attributable to shareholders rose by US\$0.42 million to US\$23.6 million as at 31 December 2012 due mainly to current period earnings.

Minority interests

Minority interests ("MI"), reflecting the cumulative share of net asset by Metrolink Group's and Rossano's other shareholders, who owns 49% and 30% of Metrolink Group and Rossano respectively, rose by US\$0.04 million to US\$1.44 million.

Cash Flows (movements in 2Q13)

Net cash generated from operating activities was US\$1.4 million for 2Q13 due mainly to a cash profit of US\$0.8 million and a reduction in working capital financing of US\$0.6 million. Net cash from investing activities was US\$0.9 million due mainly to cash proceeds from the sale of investment property. Net cash used in financing activities was US\$1.0 million due mainly to loan repayments. Given these, net cash and cash equivalents rose sharply by US\$1.4 million to US\$2.5 million as at 31 December 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 1Q13 announcement that “the Board continues to believe that the financial performance for FY2013 will improve over that of FY2012”.

During the quarter under review, revenues rose by 2.4% or US\$0.3 million to US\$13.6 million while Net Profit grew 6.9% or US\$0.02 million to US\$0.37 million for 2Q13. For the 6 months ended 31 December 2012 (1H13), revenues grew by 13.3% or US\$3.3 million to US\$27.8 million while Net Profit growth for 1H13 outpaced that of the revenues which grew by 33.1% or US\$0.18 million to US\$0.73 million

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

Sales to our major export markets (except for the UK) appeared to be have held up well. Our current marketing plan is to ensure that sales to the US and Asia Pacific remains constant or higher for the rest of this financial year. We are, however, aware of the recent weak economic numbers coming out from the US. Elsewhere, we are studying the viability of expanding Commune Retail.

Despite our hold and expand strategies, we intend to continue streamlining and rationalizing costs so as to preserve and maintain overall operating margins. Our recent cost rationalization plans in Vietnam and New Zealand are a case in point.

On a more cautious note, whilst our first-half push on revenues and control over costs have been effective, we remain dependent on global demand and the outlook for such demand remains uncertain. In the event that the pace of growth of our export orders book weakens and our capacity utilization falls in 3Q13, we may incur a loss in 3Q13 (3Qs have always been our weakest quarter). However, we are hopeful that the positive results arising from better cost management in 3Q13 will minimize the quantum of our operating loss, if any.

Despite this and barring any unforeseen circumstances, the Board continues to believe that the financial performance in FY2013 will be an improvement over that of FY2012.

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 2Q13.

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. Confirmation pursuant to Rule 705(5) of the Listing Manual SGX-ST (not required for announcement on full year results)

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 quarter ended 31 December 2012 to be materially false or misleading.

**BY ORDER OF THE BOARD
JAMES KOH JYH GANG
Managing Director
5 February 2013**