

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 3Q13 and 9 months ended 31 Mar 2013

	31/03/13 ("3Q13") US\$'000	31/03/12 ("3Q12") US\$'000	Change %	ended 31/03/13 US\$'000	ended 31/03/12 US\$'000	Change %
Revenue	9,601	9,684	(0.9)	37,454	34,265	9.3
Cost of sales	(7,050)	(7,215)	(2.3)	(27,048)	(24,531)	10.3
Gross profit	2,551	2,469	3.3	10,406	9,734	6.9
Other operating income	141	134	5.2	379	248	52.8
Selling and distribution costs	(1,248)	(1,588)	(21.4)	(3,958)	(4,003)	(1.1)
Administrative expense	(2,292)	(2,330)	(1.6)	(6,715)	(6,732)	(0.3)
Other operating expenses *	(380)	(6)	NM	(453)	(80)	466.3
Finance costs	(67)	(73)	(8.2)	(225)	(207)	8.7
Profit before income tax	(1,295)	(1,394)	(7.1)	(566)	(1,040)	(45.6)
Income tax credit (expense)	(6)	-	NA	37	140	NA
Profit after income tax	(1,301)	(1,394)	(6.7)	(529)	(900)	(41.2)
Attributable to:-						
Equity holders of the parent	(1,271)	(1,352)	(6.0)	(538)	(801)	(32.8)
Minority interests	(30)	(42)	(28.6)	9	(99)	(109.1)
	(1,301)	(1,394)	(6.7)	(529)	(900)	(41.2)

NA - not applicable

NM - not meaningful

* Other operating expenses in 3Q13 were mainly non-recurring expenses (see Note 8)

Note: For comparison purposes, please refer to Table 1 in Note 8 for details of the Group's results ended FY2013 and 3Q13.

Note to Consolidated Profit and Loss Statements

Other operating income

Rental income	79	59	233	163
Interest income	7	7	13	28
Exchange gain	11	46	27	-
Gain on disposal of fixed assets	14	9	19	10
Others	30	13	87	47
	141	134	379	248

Notes to Profit and Loss account (Continued)

	3 months ended 31/03/13 ("3Q13") <u>US\$'000</u>	3 months ended 31/03/12 ("3Q12") <u>US\$'000</u>	9 months ended 31/03/13 <u>US\$'000</u>	9 months ended 31/03/12 <u>US\$'000</u>
<u>Other operating expenses</u>				
Foreign exchange loss	-	-	-	(72)
Loss on sale of fixed assets	-	-	(2)	-
Loss on sale of investment property	-	-	(33)	-
Provision for slow moving stocks	(262)	(5)	(262)	(6)
Others	(118)	(1)	(156)	(2)
	<u>(380)</u>	<u>(6)</u>	<u>(453)</u>	<u>(80)</u>

Statement of Comprehensive Income

	3 months ended 31/03/13 ("3Q13") <u>US\$'000</u>	3 months ended 31/03/12 ("3Q12") <u>US\$'000</u>	9 months ended 31/03/13 <u>US\$'000</u>	9 months ended 31/03/12 <u>US\$'000</u>
Loss after Income Tax	(1,301)	(1,394)	(529)	(900)
Currency translation differences	(125)	146	176	(130)
Total comprehensive loss	<u>(1,426)</u>	<u>(1,248)</u>	<u>(353)</u>	<u>(1,030)</u>
Attributable to :-				
Equity holders of the parent	(1,399)	(1,212)	(389)	(940)
Minority interests	(27)	(36)	36	(90)
	<u>(1,426)</u>	<u>(1,248)</u>	<u>(353)</u>	<u>(1,030)</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

	Group		Company	
As at	31/03/13	31/12/12	31/03/13	31/12/12
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and Fixed Deposits	1,836	2,837	174	299
Trade Receivables	2,504	3,398	13,057	13,848
Other receivables and prepayments	2,787	2,788	6,966	7,088
Inventories	16,288	15,822	155	164
Total current assets	23,415	24,845	20,352	21,399
Non-current assets				
Investment in subsidiaries	-	-	13,205	13,205
Property, plant and equipment	14,074	14,613	590	626
Investment Properties	2,400	2,400	-	-
Intangibles assets	431	441	-	-
Available-for-sale investment and other assets	247	247	230	230
Goodwill on consolidation	1,206	1,206	-	-
Deferred tax asset	37	36	-	-
Total non-current assets	18,395	18,943	14,025	14,061
Total assets	41,810	43,788	34,377	35,460
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and bills payable	7,877	7,803	5,794	6,231
Trade payables	4,069	4,070	5,590	5,332
Other payables and accruals	3,783	4,315	1,002	1,142
Finance lease obligation: current portion	86	88	69	69
Long-term bank loans: current portion	1,376	1,437	1,376	1,437
Total current liabilities	17,191	17,713	13,831	14,211
Non-current liabilities				
Finance lease obligations	82	98	82	98
Due to related parties	927	941	-	-
Deferred taxation	-	-	-	-
Total non-current liabilities	1,009	1,039	82	98
Capital and reserves				
Issued capital	4,312	4,312	4,312	4,312
Capital reserves	4,183	4,183	33	33
Currency translation reserve	633	761	-	-
Retained earnings	13,064	14,335	16,119	16,806
Equity attributable to shareholders	22,192	23,591	20,464	21,151
Minority interests	1,418	1,445	-	-
Total equity	23,610	25,036	20,464	21,151
Total Liabilities and Equity	41,810	43,788	34,377	35,460

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

Amount repayable in one year or less, or on demand

As at 31/03/13 (US\$'000)		As at 31/12/12 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
9,339	-	9,328	-

Amount repayable after one year

As at 31/03/13 (US\$'000)		As at 31/12/12 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
82	-	98	-

Borrowings and gearing ratio

Total borrowings of US\$9.4 million as at 31 March 2013 comprise short-term borrowings, Callable Term Loans and finance lease obligations. Total borrowings as at 31 March 2013 remained relatively unchanged compared to those of 31 December 2012.

The Group's gearing ratio was 0.42 times as at 31 March 2013 compared to 0.40 times as at 31 December 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 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 31/03/13 ("3Q13") US\$'000	3 months ended 31/03/12 ("3Q12") US\$'000	9 months ended 31/03/13 US\$'000	9 months ended 31/03/12 US\$'000
Cash flows from operating activities				
Loss before income tax	(1,295)	(1,394)	(566)	(1,040)
Adjustments for:				
Depreciation and amortization expenses	344	350	1,059	1,019
Interest income	(7)	(7)	(13)	(28)
Interest expense	67	73	225	207
(Gain) on disposal of fixed assets	(14)	(8)	(17)	(9)
Loss on disposal of investment property	-	-	33	-
Provision for slowing moving stocks	(262)	5	(262)	6
Operating profit before working capital changes	(1,167)	(981)	459	155
Trade receivables	896	1,328	594	760
Other receivables and prepayments	174	402	57	1,407
Inventories	(205)	29	267	(3,404)
Trade payables	(1)	(925)	(58)	(164)
Other payables	(555)	(1,142)	(533)	819
Net Cash (used in) generated from operations	(858)	(1,289)	786	(427)
Interest received	7	7	13	28
Interest paid	(67)	(73)	(225)	(207)
Dividend paid	-	-	-	(105)
Income tax (paid) refund	(7)	(39)	(151)	(139)
Net cash used in operating activities	(925)	(1,394)	423	(850)
Cash flows from investing activities				
Addition of fixed assets	(81)	(61)	(223)	(279)
Proceeds from disposal of fixed assets	45	-	76	-
Proceeds from disposal of investment property	-	-	941	-
Acquisition of subsidiary	-	-	-	(533)
Net cash (used in) generated from investing activities	(36)	(61)	794	(812)
Cash flows from financing activities				
Net (decrease) increase in short-term borrowings	(79)	(45)	(527)	2
Net (decrease) increase in long-term borrowings	(227)	1,721	(1,281)	1,167
Net cash generated from financing activities	(306)	1,676	(1,808)	1,169
Net increase (decrease) in cash and cash equivalents	(1,267)	222	(591)	(493)
Cash and cash equivalents at beginning of period / year	2,558	2,151	1,878	3,154
Currency translation differences	(36)	10	(32)	(279)
Cash and cash equivalents at end of period / year	1,255	2,382	1,255	2,382
Represented by:				
Cash and bank balances (inclusive of Fixed Deposit)	1,836	2,613	1,836	2,613
Bank overdraft	(581)	(231)	(581)	(231)
	1,255	2,382	1,255	2,382

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**

Statement of Changes in Equity

	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
Total comprehensive income	-	-	(128)	(1,271)	(1,399)	(27)	(1,426)
Balance as at 31/03/13	4,312	4,183	633	13,064	22,192	1,418	23,610
Company							
Balance as at 1/7/12	4,312	33	-	16,712	21,057	-	21,057
Total 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
Total comprehensive income	-	-	-	(687)	(687)	-	(687)
Balance as at 31/03/13	4,312	33	-	16,119	20,464	-	20,464
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
Total comprehensive income	-	-	140	(1,352)	(1,212)	(36)	(1,248)
Balance as at 31/03/12	4,379	2,416	644	15,444	22,883	1,308	24,191
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
Total comprehensive income	-	-	-	(830)	(830)	-	(830)
Balance as at 31/03/12	4,379	38	-	18,013	22,430	-	22,430

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	31/03/13	31/12/12
Total number of issued shares (excluding treasury shares)	136,513,397	136,513,397

(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 31/03/13 ("3Q13")	3 months ended 31/03/12 ("3Q12")
Loss per ordinary share (US cents)	0.93	0.99

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	
	31/03/2013	31/12/2012	31/03/2013	31/12/2012
Net asset value per ordinary share (US cents)	16.25	17.28	14.99	15.50

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")	3 months ended 31/03/13 ("3Q13")
Revenue	11,261	13,320	9,684	12,856	14,215	13,638	9,601
Gross profit	3,394	3,870	2,469	2,137	3,967	3,888	2,551
Net profit (loss) after tax	176	318	(1,394)	(1,992)	371	401	(1,301)
Attributable to:-							
Equity holders of the parent	205	346	(1,352)	(2,053)	363	370	(1,271)
Minority interests	(29)	(28)	(42)	61	8	31	(30)
	176	318	(1,394)	(1,992)	371	401	(1,301)

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

Our financial performance for 3Q13 improved slightly over the corresponding 3Q12 quarter. Compared to 3Q12, our Revenues remained relatively unchanged at US\$9.6 million while Net Loss narrowed by 6.0% or US\$0.08 million. For the 9 months ended 31 March 2013, Revenues grew by 9.3% or US\$3.2 million to US\$37.5 million while Net Loss fell 32.9% or US\$0.26 million compared to the corresponding period.

During the quarter under review, we were able to sustain our retail sales in Singapore and keep export sales, mainly to US and Asia Pacific (Japan, Korea and Australia in particular), healthy. Revenues in 3Q13 were, however, lower as compared to 2Q13 due to fewer production days during this holiday laden quarter. (Note: 3Q has always been our weakest quarter and investors have been warned that we may record a quarter loss).

Gross Profit inched up by US\$0.08 million to US\$2.6 million due to an improvement in gross margin, which rose by 1 percentage point to 26.6% as a result of better control over our direct production costs.

We were able to sustain our sales despite a lower operating expense budget. Selling and distribution expenses fell sharply by US\$0.34 million to US\$1.2 million due to a lower trade fair budget, fewer marketing trips and reduced showroom rents in Vietnam (we negotiated and relocated some of the Rossano retail showrooms in Vietnam) while administrative expenses fell slightly by US\$0.04 million to US\$2.2 million.

Other operating expenses rose sharply by US\$0.37 million due solely to non-recurring expenses incurred on rationalizing our outdoor furniture business in New Zealand and Australia. Specifically, we incurred one-off expenses such as staff redundancy, compensation for early lease termination and inventory provisions. The streamlined business model in New Zealand has resulted in us now selling directly to a local distributor on an exclusive basis. This distribution model will save us a significant amount of fixed operating cost.

Finance costs remained at US\$0.07 million. We did not borrow more for our working capital.

As a result of the above, Net Loss in 3Q13 narrowed to US\$1.27 million from US\$1.35 million in 3Q12. Given this, Net Loss for 9 months ended 31 March 2013 also narrowed to US\$0.54 million from US\$0.8 million for the corresponding period.

It should be noted that our Net Loss for 3Q13 and 9M13 would have been US\$0.9 and US\$0.17 million respectively (instead of US\$1.27 million and US\$0.54 million respectively) had we not incurred the one-off expenses of US\$0.37 million during the period under review.

Financial Position

Assets

Current Assets fell by US\$1.4 million to US\$23.4 million. Significant movements in Current Assets during the period under review were as follows:

- Cash fell by US\$1.0 million to US\$1.8 million due mainly to current period loss;
- Trade receivables fell by US\$0.9 million to US\$2.5 million on the back of lower revenues with turnaround time remained good at 24 days; and
- Inventories rose by US\$0.47 million to US\$16.3 million due mainly to higher work-in-progress which rose by US\$0.7 million. Raw materials however fell by US\$0.2 million due to usage.

Non-Current Assets fell by US\$0.5 million to US\$18.4 million due mainly to depreciation and amortization..

Liabilities

Current Liabilities fell by US\$0.52 million to US\$17.2 million. Other payables fell by US\$0.5 million due mainly to lower deposits from customers while current portion of long-term loans fell by US\$0.06 million due to repayments.

Shareholders' equity

Net Asset or Equity attributable to shareholders fell by US\$1.4 million to US\$22.2 million as at 31 March 2013 due mainly to current period loss and lower currency translation reserve.

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, remained relatively unchanged at US\$1.4 million.

Cash Flows (movements in 3Q13)

Net cash used from operating activities was US\$0.9 million for 3Q13 due mainly to the net 'cash loss' during the quarter under review. There were however no increase in overall working capital requirements. Net cash used in investing activities was US\$0.04 million due mainly to purchase of equipment. Net cash used in financing activities was US\$0.3 million due mainly to loans repayment. Given these, net cash and cash equivalents fell by US\$1.1 million to US\$1.3 million (net of bank overdraft of US\$0.6 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 2Q13 announcement that “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”.

We made a loss in the quarter as our capacity utilization was lower than optimal level during the period under review but our Net Loss in 3Q13 narrowed to US\$1.27 million from US\$1.35 million in 3Q12 despite a total non-recurring expenses of US\$0.37 million (which were incurred for operational restructuring of our business in New Zealand and Australia).

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

Our strategies to sustain sales to the US and increase market share in the Asia Pacific, on the back of our new products development and effective marketing presentation, have worked well. To date, our order book has increased sharply by approximately 20% or US\$2.0 million to US\$12.2 million compares to 3Q12. These confirmed orders, coupled with higher Minimum Order Quantity, should result in our factories achieving higher capacity utilization and thus greater economies of scale.

We have also been successful in getting more clients from the US to firm up their lead-time for earlier delivery. Our US clients continue to be very supportive. However, due to the weak economic conditions in UK/EU, we expect economic conditions in this region to remain subdued.

Whilst we incurred one-off expenses due to the rationalization of our business in New Zealand, the exercise is likely to save us a significant amount of fixed costs. We are also intensifying our efforts with respect to streamlining the retail operations of Rossano in Vietnam. These actions should help us to maintain healthy operating margins notwithstanding the current weak local conditions in Vietnam.

In FY2012, we sold one of our factories, relocated our warehouses and made some other operational changes for better return on assets. We have since managed and held the surplus factory buildings as Investment Properties and these properties will continue to be revalued in accordance with Financial Reporting Standards as at the financial year end date (ie in 4Q13).

Given the above and barring unforeseen circumstances, the Board is cautiously optimistic that the Company will return to profit in 4Q13.

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**
- Not applicable
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**
- Not applicable
- PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**
14. **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
15. **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
16. **A breakdown of sales**
- Not applicable
17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**
- Not applicable

CONFIRMATION BY THE BOARD

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 March 2013 to be materially false or misleading.

BY ORDER OF THE BOARD
JAMES KOH JYH GANG
Managing Director
10 May 2013