

KODA LTD

Quarterly Financial Statements and Dividend Announcement

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) 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 year

Consolidated Statement of Comprehensive income for 6 months ended 31 December 2020

| | 6 months ended | | Change % |
|---|--------------------------------------|--------------------------------------|--------------|
| | 31.12.2020 ("1HFY21") US\$'000 | 31.12.2019 ("1HFY20") US\$'000 | |
| Revenue | 39,550 | 34,253 | 15.5% |
| Cost of sales | (26,798) | (23,298) | 15.0% |
| Gross profit | 12,752 | 10,955 | 16.4% |
| Other income | 719 | 361 | 99.2% |
| Distribution costs | (2,949) | (2,656) | 11.0% |
| Administrative expenses | (4,372) | (4,096) | 6.7% |
| Other expenses | (261) | (62) | 321.0% |
| Finance costs | (120) | (53) | 126.4% |
| Profit before tax | 5,769 | 4,449 | 29.7% |
| Income tax expense | (991) | (414) | 139.4% |
| Profit for the period | 4,778 | 4,035 | 18.4% |
| Profit (Loss) attributable to : | | | |
| Owners of the Company | 4,776 | 4,128 | 15.7% |
| Non-controlling interests | 2 | (93) | N.M |
| | 4,778 | 4,035 | 18.4% |
| Other comprehensive income | | | |
| <u>Items that may be reclassified subsequent to profit or loss</u> | | | |
| Translation differences arising from consolidation of foreign operations | 887 | 130 | 582.3% |
| Other comprehensive income for the period, net of tax | 887 | 130 | 582.3% |
| Total comprehensive income for the period | 5,665 | 4,165 | 36.0% |
| Total comprehensive income attributable to : | | | |
| Owners of the Company | 5,669 | 4,258 | 33.1% |
| Non-controlling interests | (4) | (93) | -95.7% |
| | 5,665 | 4,165 | 36.0% |

N.M: Not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive income

| | 6 months ended | |
|---|-----------------|-----------------|
| | 31.12.2020 | 31.12.2019 |
| | ("1HFY21") | ("1HFY20") |
| | <u>US\$'000</u> | <u>US\$'000</u> |
| <u>Other income</u> | | |
| Rental income | 31 | 48 |
| Interest income on bank balances | 49 | 123 |
| Foreign exchange gain - net | - | 19 |
| Gain on disposal of property, plant and equipment | 3 | - |
| Government grant income | 380 | - |
| Property tax and rental rebate | 18 | - |
| Freight revenue | 115 | 82 |
| Design fee | 26 | 37 |
| Sundry income | 97 | 52 |
| | 719 | 361 |
| <u>Other expenses</u> | | |
| Equity-settled share-based expenses | (185) | (60) |
| Foreign exchange loss - net | (61) | - |
| Inventories written off | (15) | (1) |
| Loss on disposal of property, plant and equipment | - | (1) |
| | (261) | (62) |
| <u>Profit for the period after charging/(crediting):</u> | | |
| Depreciation of property, plant and equipment | 893 | 852 |
| Amortisation of right-of-use assets | 773 | 559 |
| (Gain)/Loss on disposal of property, plant and equipment | (3) | 1 |
| Finance costs: | | |
| - Bank loans | 84 | 45 |
| - Lease liabilities | 36 | 8 |

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 | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 31/12/2020 | 30/06/2020 | 31/12/2020 | 30/06/2020 |
| | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> |
| <u>ASSETS</u> | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 22,227 | 16,426 | 13,841 | 8,843 |
| Trade receivables | 2,793 | 3,639 | 3,524 | 4,502 |
| Other receivables | 4,029 | 2,613 | 4,819 | 6,579 |
| Inventories | 13,974 | 11,347 | - | 46 |
| Total current assets | 43,023 | 34,025 | 22,184 | 19,970 |
| Non-current assets | | | | |
| Investment in subsidiaries | - | - | 7,935 | 7,935 |
| Club memberships | 207 | 207 | 192 | 192 |
| Financial assets at fair value through other comprehensive income | - | - | - | - |
| Property, plant and equipment | 13,926 | 13,618 | 274 | 309 |
| Right-of-use assets | 5,997 | 5,898 | 489 | 572 |
| Other receivables | 5,073 | 3,737 | 11,078 | 11,078 |
| Deferred tax asset | 181 | 181 | - | - |
| Total non-current assets | 25,384 | 23,641 | 19,968 | 20,086 |
| Total assets | 68,407 | 57,666 | 42,152 | 40,056 |
| <u>LIABILITIES AND EQUITY</u> | | | | |
| Current liabilities | | | | |
| Trade payables | 4,024 | 2,682 | 756 | 3,467 |
| Other payables | 9,052 | 6,613 | 3,484 | 2,554 |
| Lease liabilities | 1,558 | 1,201 | 166 | 162 |
| Current portion of bank loans | 1,280 | 1,045 | 1,280 | 1,045 |
| Income tax payable | 1,045 | 630 | 649 | 166 |
| Total current liabilities | 16,959 | 12,171 | 6,335 | 7,394 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 397 | 260 | - | - |
| Lease liabilities | 2,804 | 3,029 | 337 | 422 |
| Non-current portion of bank loans | 2,314 | 1,669 | 2,314 | 1,669 |
| Total non-current liabilities | 5,515 | 4,958 | 2,651 | 2,091 |
| Capital and reserves | | | | |
| Share capital | 4,786 | 4,786 | 4,786 | 4,786 |
| Treasury shares | (75) | (120) | (75) | (120) |
| Other reserves | 254 | 114 | 180 | 40 |
| Translation reserve | 852 | (41) | - | - |
| Accumulated profits | 40,189 | 35,867 | 28,275 | 25,865 |
| Equity attributable to owners of the Company | 46,006 | 40,606 | 33,166 | 30,571 |
| Non-controlling interests | (73) | (69) | - | - |
| Total equity | 45,933 | 40,537 | 33,166 | 30,571 |
| Total liabilities and equity | 68,407 | 57,666 | 42,152 | 40,056 |

- (b)(ii) **Aggregate amount of group's borrowings and debt securities as at the end of the current financial year reported on with comparative figures as at the end of the immediately preceding financial year.**

Amount repayable in one year or less, or on demand

| | As at 31/12/2020 (US\$'000) | | As at 30/6/2020 (US\$'000) | |
|-------------------|--------------------------------|--------------|-------------------------------|--------------|
| | Secured | Unsecured | Secured | Unsecured |
| Lease liabilities | 1,558 | - | 1,201 | - |
| Bank loans | - | 1,280 | - | 1,045 |
| Total | 1,558 | 1,280 | 1,201 | 1,045 |

Amount repayable after one year

| | As at 31/12/2020 (US\$'000) | | As at 30/6/2020 (US\$'000) | |
|-------------------|--------------------------------|--------------|-------------------------------|--------------|
| | Secured | Unsecured | Secured | Unsecured |
| Lease liabilities | 2,804 | - | 3,029 | - |
| Bank loans | - | 2,314 | - | 1,669 |
| Total | 2,804 | 2,314 | 3,029 | 1,669 |

Borrowings

Total borrowings and debts of approximately US\$8.0 million as at 31 December 2020 comprise short-term borrowings, long-term loans and lease liabilities. Total borrowings and debts increased by US\$1.0 million compared to 30 June 2020.

Details of any collateral

The banking facilities of the Group are secured by a negative pledge on the Group's assets.

The banking facilities of subsidiaries are guaranteed by the Group.

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

| | 6 months ended | |
|---|-----------------|-----------------|
| | 31/12/2020 | 31/12/2019 |
| | <u>US\$'000</u> | <u>US\$'000</u> |
| Cash flows from operating activities | | |
| Profit before income tax | 5,769 | 4,449 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 893 | 852 |
| Depreciation of right-of-use assets | 773 | 559 |
| Equity-settled shares-based expenses | 185 | 60 |
| (Gain)/Loss on disposal of property, plant and equipments | (3) | 1 |
| Inventories written off | 15 | - |
| Interest income | (49) | (123) |
| Interest expense | 120 | 53 |
| Operating cash flows before working capital changes | 7,703 | 5,851 |
| Trade receivables | 846 | (1,075) |
| Other receivables and prepayments | (1,416) | (643) |
| Inventories | (2,642) | (163) |
| Trade payables | 1,342 | 362 |
| Other payables | 2,439 | (42) |
| Cash generated from operations | 8,272 | 4,290 |
| Interest received | 49 | 123 |
| Interest paid | (120) | (53) |
| Income tax paid | (413) | (82) |
| Net cash from operations | 7,788 | 4,278 |
| Cash flows from investing activities | | |
| Deposits of property, plant and equipment | (1,336) | (2,671) |
| Purchase of property, plant and equipment | (751) | (689) |
| Proceeds from disposal of property, plant and equipment | 3 | 23 |
| Net cash used in investing activities | (2,084) | (3,337) |
| Cash flows from financing activities | | |
| Dividends paid | (454) | (1,213) |
| Proceeds from bank loans | 1,461 | - |
| Repayment of bank loans | (581) | (99) |
| Repayment of finance leases | (740) | (594) |
| Net cash used in financing activities | (314) | (1,906) |
| Net increase (decrease) in cash and cash equivalents | 5,390 | (965) |
| Cash and cash equivalents at beginning of period | 16,426 | 13,394 |
| Effect of foreign exchange translation | 411 | (40) |
| Cash and cash equivalents at end of period | 22,227 | 12,389 |

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

| US\$'000 | Share capital | Treasury shares | Other reserves | Translation reserve | Accumulated profits | Attributable to equity holders | Non-controlling interests | Total |
|---------------------------------|---------------|-----------------|----------------|---------------------|---------------------|--------------------------------|---------------------------|---------------|
| Group | | | | | | | | |
| Balance as at 1/7/2020 | 4,786 | (120) | 114 | (41) | 35,867 | 40,606 | (69) | 40,537 |
| Total comprehensive income | - | - | - | 893 | 4,776 | 5,669 | (4) | 5,665 |
| Dividends paid | - | - | - | - | (454) | (454) | - | (454) |
| Award of performance shares | - | 45 | (45) | - | - | - | - | - |
| Share-based expenses | - | - | 185 | - | - | 185 | - | 185 |
| Balance as at 31/12/2020 | 4,786 | (75) | 254 | 852 | 40,189 | 46,006 | (73) | 45,933 |
| Company | | | | | | | | |
| Balance as at 1/7/2020 | 4,786 | (120) | 40 | - | 25,865 | 30,571 | - | 30,571 |
| Total comprehensive income | - | - | - | - | 2,864 | 2,864 | - | 2,864 |
| Dividends paid | - | - | - | - | (454) | (454) | - | (454) |
| Award of performance shares | - | 45 | (45) | - | - | - | - | - |
| Share-based expenses | - | - | 185 | - | - | 185 | - | 185 |
| Balance as at 31/12/2020 | 4,786 | (75) | 180 | - | 28,275 | 33,166 | - | 33,166 |

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

| US\$'000 | Share capital | Treasury shares | Other reserves | Translation reserve | Accumulated profits | Attributable to equity holders | Non-controlling interests | Total |
|---|---------------|-----------------|----------------|---------------------|---------------------|--------------------------------|---------------------------|---------------|
| Group | | | | | | | | |
| Balance as at 1/7/2019 | 4,688 | (71) | 212 | 369 | 33,040 | 38,238 | - | 38,238 |
| Total comprehensive income | - | - | - | 130 | 4,128 | 4,258 | (93) | 4,165 |
| Dividends paid | - | - | - | - | (1,213) | (1,213) | - | (1,213) |
| Issue of new shares | 98 | - | (98) | - | - | - | - | - |
| Share-based expenses | - | - | 60 | - | - | 60 | - | 60 |
| Non-controlling interests from investment in subsidiary | - | - | - | - | - | - | 144 | 144 |
| Balance as at 31/12/2019 | 4,786 | (71) | 174 | 499 | 35,955 | 41,343 | 51 | 41,394 |
| Company | | | | | | | | |
| Balance as at 1/7/2019 | 4,688 | (71) | 138 | - | 12,520 | 17,275 | - | 17,275 |
| Total comprehensive income | - | - | - | - | 14,007 | 14,007 | - | 14,007 |
| Dividends paid | - | - | - | - | (1,213) | (1,213) | - | (1,213) |
| Issue of new shares | 98 | - | (98) | - | - | - | - | - |
| Share-based expenses | - | - | 60 | - | - | 60 | - | 60 |
| Balance as at 31/12/2019 | 4,786 | (71) | 100 | - | 25,314 | 30,129 | - | 30,129 |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

On 12 November 2020, 211,919 treasury shares were transferred to eligible participant pursuant to the vesting of share awards granted under the Koda Performance Share Plan 2018. Following the transfer, the total number of Shares of the Company increased from 82,579,002 (excluding 390,000 treasury shares) to 82,790,921 (excluding 178,081 treasury shares).

As at 31 December 2020, the issued share capital of the Company (excluding 178,081 treasury shares and nil subsidiary holdings) comprises 82,790,921 Shares (30 June 2020: 82,579,002). The number of Shares held as treasury shares and the number of subsidiary holdings as at 31 December 2020 was 178,081 and nil respectively (30 June 2020: 390,000 and nil respectively) which in aggregate represents 0.22% of the total number of Shares of the Company (excluding treasury shares and subsidiary holdings) as at that date (30 June 2020: 0.47% of the total number of Shares of the Company (excluding treasury shares and subsidiary holdings) as at that date).

There are no 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.

(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.

| | <u>31/12/2020</u> | <u>30/6/2020</u> |
|--|-------------------|------------------|
| Total number of issued shares (excluding treasury shares) | 82,790,921 | 82,579,002 |

(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The number of Shares held as treasury shares as at 31 December 2020 was 178,081 (30 June 2020 : 390,000). During the current financial period, 211,919 treasury shares were transferred to eligible participant pursuant to the vesting of share awards granted under the Koda Performance Share Plan 2018.

(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) Updates on the efforts taken to resolve each outstanding issue. (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed. This is not required for any audit issue that is a material uncertainty relating to going concern.**

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 Group has applied the same accounting policies and methods of computation in the preparation of the financial information for the current financial period reported on as those used in the most recent audited financial statements

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: (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).**

| | | 1HFY21 | 1HFY20 |
|-----|---|--------|--------|
| (a) | Based on the weighted average number of ordinary shares on issue (US\$ cents) | 5.78 | 4.89 |
| | S\$ cents equivalent | 7.64 | 6.60 |
| | Weighted average number of shares ('000) | 82,635 | 82,528 |
| (b) | Based on the weighted average number of ordinary shares on issue (US\$ cents) | 5.78 | 4.89 |
| | S\$ cents equivalent | 7.64 | 6.60 |
| | Weighted average number of shares ('000) | 82,635 | 82,528 |

Note:

Earnings per ordinary share ("EPS") for 1HFY21 was computed based on Profit attributable to owners of the Company divided by 82,635,437 (1HFY20:82,528,319) weighted average number of ordinary shares issued.

⁽¹⁾ Equivalent amounts in S\$ for EPS have been provided for comparative purposes, based on a closing rate as at 31 December 2020 of US\$1 = S1.3221 (31 December 2019: US\$1 = S1.3472).

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

| Net asset value ("NAV") per ordinary share | Group | | Company | |
|--|------------|-----------|------------|-----------|
| | 31/12/2020 | 30/6/2020 | 31/12/2020 | 30/6/2020 |
| US\$ cents | 55.57 | 49.17 | 40.06 | 37.02 |
| S\$ cents equivalent ⁽¹⁾ | 73.46 | 68.51 | 52.96 | 51.58 |

Note:

Net asset value ("NAV") attributable to owners of the Company per ordinary share was computed based on 82,790,921 number of issued shares as at 31 December 2020 and 30 June 2020 (30 June 2020: 82,579,002 number of issued shares).

⁽¹⁾ Equivalent amounts in S\$ for NAV per ordinary share have been provided for comparative purposes, based on a closing rate as at 31 December 2020 of US\$1 = S\$1.3221. (30 June 2020: US\$1 = S1.3932).

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.**

Financial Performance (1HFY21 vs 1HFY20)

Revenue for the current reporting period rose by US\$5.3 million to US\$39.6 million due mainly to higher export and retail sales.

Gross profit rose by US\$1.8 million to US\$12.8 million on the back of higher revenue and gross profit margin remained relatively constant at approximately 32%.

Other income rose by US\$0.3 million to US\$0.7 million due mainly to government grants received.

Distribution costs rose by US\$0.2 million to US\$2.9 million due mainly to higher advertising expenses and staff costs in line with higher revenue.

Administrative expenses rose by US\$0.3 million to US\$4.4 million due mainly to (i) higher staff costs and accruals for performance-related bonuses; and (ii) higher depreciation.

Other expenses rose by US\$0.2 million to US\$0.3 million due mainly to higher (i) equity-settled shares-based expense and (ii) foreign exchange losses as US\$ (our reporting currency) weakened against the S\$.

Finance cost rose by US\$0.07 million to US\$0.12 million due mainly to interest expenses arose from higher bank loans and lease liabilities.

Income tax expense rose by US\$0.6 million to US\$1.0 million due mainly to higher effective tax rates as unabsorbed tax allowances had since been utilised in full.

Given the above, Profits attributable to Owners of the Company ("**Net Profit**") rose by US\$0.7 million to US\$4.8 million for 1HFY21.

Financial Position (31 December 2020 vs 30 June 2020)

Assets

Current assets rose by US\$9.0 million to US\$43.0 million. Significant movements during the period under review were as follows:

- Cash and cash equivalents rose by US\$5.8 million to US\$22.2 million due mainly to higher operating cash flows, net of payment of dividends and payment for the acquisition of land in Vietnam.
- Trade receivables fell by US\$0.8 million to US\$2.8 million due to faster collection despite higher export sales in 1HFY21. Trade receivable turnover period was 13 days as at 31 December 2020 (30 June 2020 : 22 days).
- Other receivables rose by US\$1.4 million to US\$4.0 million due mainly to (i) higher value-added tax receivables on the back of increased export sales from our Vietnam Operations and (ii) advance payments to suppliers and sub-contractors.
- Inventories rose by US\$2.7 million to US\$14.0 million due mainly to higher finished goods awaiting shipments (which have since been shipped after the balance sheet date) and (ii) higher raw materials for confirmed orders.

Non-current assets rose by US\$1.8 million to US\$25.4 million due mainly to deposit paid for the acquisition of land in Vietnam.

Liabilities

Current liabilities rose by US\$4.8 million to US\$17.0 million. Significant movements during the period under review were as follows:

- Trade payables rose by US\$1.3 million to US\$4.0 million on the back of higher purchases. Trade payable turnover period was 28 days as at 31 December 2020 (30 June 2020 : 23 days)
- Other payables rose by US\$2.5 million to US\$9.1 million due mainly to deposits received from customers.
- Lease liabilities rose to US\$0.4 million to US\$1.6 million due to new leases on operating facilities in Vietnam and China.
- Bank loans rose by US\$0.3 million to US\$1.3 million due to additional bank loan being drawdown for purchase of a land of in our Vietnam operation.

Non-current liabilities rose by US\$0.6 million to US\$5.4 million due mainly to additional bank loan being drawdown for purchase of a land in our Vietnam operation.

Shareholders' equity

Net asset or Equity attributable to shareholders rose by US\$5.4 million to US\$46.0 million as at 31 December 2020 after accounting for Net Profit during the period under review and higher translation reserve, net of dividends payment.

Cash Flows (1HFY21)

Net cash from operating activities was US\$7.8 million for 1HFY21 after accounting for operating cash flows of US\$7.7 million, positive working capital inflow of US\$0.6 million and net of payments for income tax and interest of US\$0.5 million.

Net cash used in investing activities was US\$2.1 million due mainly to payments for the acquisition of land in Vietnam and investment in equipment.

Net cash used in financing activities, after accounting for proceeds from bank loan, was US\$0.3 million due mainly to payment of final dividend for the year ended 30 June 2020, repayment of finance leases and bank loans.

Given the above, net cash and cash equivalents rose by US\$5.4 million to US\$22.2 million as at 31 December 2020.

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

The Group had previously stated in its results announcement for FY2020 that barring any unforeseen circumstances, it will remain profitable in FY2021. The Group reported a Net Profit of US\$4.8 million for 1HFY21.

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 had previously disclosed that we managed to sustain export sales to our key markets given higher demand for furniture arising from work-from-home arrangements, despite supply chain disruption from the Covid-19 pandemic. This continued trend of stay-at-home measure has led to encouraging growth in our export orders and we expect the capacity utilisation rates for our key factories to remain consistently optimal. In this respect, we have expanded our production capacity and will improve our supply chain efficiency to meet delivery lead time.

More recently, the uneven global economy recovery amidst the pandemic and resurgence of infections have however led to shortage of containers which have resulted in increasingly higher shipping costs and shipment delays across several industries. We are observing if those major shipping lines could effectively deal with the issues and add significant container capacity but that remains to be seen.

Under these market conditions, we continue to believe that the Group will remain profitable for FY2021.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of dividend: 1HFY21 Interim Dividend

Dividend type: Cash

Dividend rate:

- Per ordinary share (S\$ cent) 0.25

- Per ordinary share (US\$ cent equivalent) 0.19

Tax rate : One-tier tax exempt

Name of dividend: 1HFY21 Special Interim Dividend

Dividend type: Cash

Dividend rate:

- Per ordinary share (S\$ cent) 0.75

- Per ordinary share (US\$ cent equivalent)¹ 0.57

Tax rate : One-tier tax exempt

| | | |
|---|----------------|-----------------|
| | <u>S\$'000</u> | <u>US\$'000</u> |
| Total dividend in dollar value ¹ : | 828 | 626 |

(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: 1HFY20 Interim Dividend

Dividend type: Cash

Dividend rate:

- Per ordinary share (S\$ cent) 0.25

- Per ordinary share (US\$ cent equivalent) 0.19

Tax rate : One-tier tax exempt

Name of dividend: 1HFY20 Special Interim Dividend

Dividend type: Cash

Dividend rate:

- Per ordinary share (S\$ cent) 0.25

- Per ordinary share (US\$ cent equivalent)¹ 0.19

Tax rate : One-tier tax exempt

| | | |
|---|----------------|-----------------|
| | <u>S\$'000</u> | <u>US\$'000</u> |
| Total dividend in dollar value ¹ : | 414 | 307 |

Note:

1) Equivalent amounts in US\$ for dividend per share and total dividend in dollar value have been provided for information purposes, based on closing rate as at 31 December 2020 of US\$1 : S\$1.3221 (31 December 2019 : S\$1.3472).

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated.

The dividend is tax-exempt one-tier.

(d) Date payable

To be determined and announced at a later date.

(e) Books closure date

To be determined and announced at a later date.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

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

The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii).

IPT during the period under review was as follows:

| Name of Interested Persons | Description of IPT | Value of IPT for the financial period under review (excluding transactions less than S\$100,000) (S\$'000) |
|---|---|---|
| Koh Jyh Eng Koh Shwu Lee (Directors of the Company) | The Group had, in June 2016, entered into a 10-year long-term lease with Zenith Heights Sdn Bhd (of which Koh Jyh Eng & Koh Shwu Lee are Directors) for land owned by Zenith Heights Sdn Bhd to build warehousing facilities in Malaysia (the "Lease"). The IPT transactions in 1HFY21 with regards to the Lease is as follow: (i) Rental expense (RM148,191) | 49 |

Based on a closing rate as at 31 December 2020 of S\$1= RM3.0358. The above IPT transactions with regards to the lease represents approximately 0.1% of the Group's audited NTA attributable to owners of the Company as at 30 June 2020.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

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 the 6 months ended 31 December 2020 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
JAMES KOH JYH GANG
Executive Chairman and Chief Executive Officer
9 February 2021