



KODA LTD

(Company Registration No.:198001299R)

(The "Company", and together with its subsidiaries, the "Group")

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ("2H2023") AND FULL YEAR ("FY2023") ENDED 30 JUNE 2023

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		The Group					
		6 months ended			12 months ended		
		30 June 2023	30 June 2022		30 June 2023	30 June 2022	
		("2H2023")	("2H2022")	Change	("FY2023")	("FY2022")	Change
Note		US\$'000	US\$'000	%	US\$'000	US\$'000	%
	Revenue	18,867	45,499	-58.5%	43,781	79,339	-44.8%
	Cost of sales	(13,564)	(31,426)	-56.8%	(31,827)	(55,106)	-42.2%
	Gross profit	5,303	14,073	-62.3%	11,954	24,233	-50.7%
	Other income	1,849	2,054	-10.0%	2,543	3,308	-23.1%
	Selling and distribution costs	(3,738)	(3,706)	0.9%	(6,634)	(6,846)	-3.1%
	Administrative expenses	(5,272)	(5,960)	-11.5%	(8,701)	(10,431)	-16.6%
	Other expenses	(493)	(3,023)	-83.7%	(687)	(3,101)	-77.8%
	Finance costs	(247)	(186)	32.8%	(444)	(302)	47.0%
	(Loss) Profit before income tax	(2,598)	3,252	N.M	(1,969)	6,861	N.M
	Income tax expense	(571)	(697)	-18.1%	(931)	(1,393)	-33.2%
	(Loss) Profit for the period	(3,169)	2,555	N.M	(2,900)	5,468	N.M
	(Loss) Profit attributable to :						
	Owners of the Company	(3,125)	2,675	N.M	(2,834)	5,673	N.M
	Non-controlling interests	(44)	(120)	-63.3%	(66)	(205)	-67.8%
		(3,169)	2,555	N.M	(2,900)	5,468	N.M
	Other comprehensive loss						
	<u>Items that may be reclassified</u>						
	<u>subsequent to profit or loss</u>						
	Translation of differences arising						
	from consolidation of foreign						
	operations	(477)	(704)	-32.2%	(334)	(765)	-56.3%
	Total other comprehensive loss						
	for the period, net of tax	(477)	(704)	-32.2%	(334)	(765)	-56.3%
	Total comprehensive loss for the						
	period	(3,646)	1,851	-297.0%	(3,234)	4,703	-168.8%
	Total comprehensive (loss)						
	income attributable to :						
	Owners of the Company	(3,613)	1,960	N.M	(3,188)	4,898	N.M
	Non-controlling interests	(33)	(109)	-69.7%	(46)	(195)	-76.4%
		(3,646)	1,851	N.M	(3,234)	4,703	-168.8%
	(Loss) Earnings per share for						
	(loss) profit for the period						
	attributable to the owners of the						
	Company:						
	Basic (US cents)	(3.76)	3.22		(3.41)	6.84	
	Diluted (US cents)	(3.76)	3.22		(3.41)	6.84	

N.M: Not meaningful

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		15,326	14,301	7,805	4,998
Trade receivables	10	2,751	5,382	3,435	6,158
Other receivables	11	5,639	7,429	19,950	15,961
Inventories	12	12,318	19,937	-	95
Total current assets		36,034	47,049	31,190	27,212
Non-current assets					
Investment in subsidiaries		-	-	18,611	18,611
Bank balances earmarked for credit facilities	14	479	479	479	479
Club memberships		46	46	32	32
Property, plant and equipment	13	24,257	25,416	8,605	8,766
Right-of-use assets		13,216	14,663	-	-
Other receivables	11	209	-	8,107	11,344
Deferred tax assets		-	319	-	-
Total non-current assets		38,207	40,923	35,834	39,232
Total assets		74,241	87,972	67,024	66,444
LIABILITIES AND EQUITY					
Current liabilities					
Bills payable	14	-	478	-	-
Trade payables		2,385	4,686	8,044	7,236
Other payables		5,977	8,733	1,802	3,212
Lease liabilities	14	1,322	2,075	-	-
Current portion of bank loans	14	1,830	2,612	1,750	2,522
Income tax payable		627	1,706	467	1,245
Total current liabilities		12,141	20,290	12,063	14,215
Non-current liabilities					
Other payables		83	-	-	-
Deferred tax liabilities		143	176	31	31
Lease liabilities	14	3,228	3,582	-	-
Non-current portion of bank loans	14	9,711	11,313	9,711	11,313
Total non-current liabilities		13,165	15,071	9,742	11,344
Capital and reserves					
Share capital	15	4,919	4,894	4,919	4,894
Treasury shares		(50)	(50)	(50)	(50)
Capital reserve	16	(159)	-	-	-
Other reserves		211	236	137	162
Translation reserve		(739)	(385)	-	-
Accumulated profits		44,900	48,176	40,213	35,879
Equity attributable to owners of the Company		49,082	52,871	45,219	40,885
Non-controlling interests		(147)	(260)	-	-
Total equity		48,935	52,611	45,219	40,885
Total liabilities and equity		74,241	87,972	67,024	66,444

C. Condensed interim statements of changes in equity

The Group

		Share capital	Treasury shares	Capital reserve	Other reserves	Translation reserve	Accumulated profits	Attributable to equity holders	Non-controlling interests	Total
Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	Balance as at 1 July 2022	4,894	(50)	-	236	(385)	48,176	52,871	(260)	52,611
	<i>Total comprehensive income for the period:</i>									
	Loss for the period	-	-	-	-	-	(2,834)	(2,834)	(66)	(2,900)
	Other comprehensive loss	-	-	-	-	(354)	-	(354)	20	(334)
	Total	-	-	-	-	(354)	(2,834)	(3,188)	(46)	(3,234)
	<i>Transaction with owners, recognised directly in equity:</i>									
	<i>Effects of acquiring part of non-controlling interests in a subsidiary</i>									
16		-	-	(159)	-	-	-	(159)	159	-
19	Dividends	-	-	-	-	-	(442)	(442)	-	(442)
15	Issue of new shares	25	-	-	(25)	-	-	-	-	-
	Total	25	-	(159)	(25)	-	(442)	(601)	159	(442)
	Balance as at 30 June 2023	4,919	(50)	(159)	211	(739)	44,900	49,082	(147)	48,935
	Balance as at 1 July 2021	4,786	(75)	-	318	390	43,887	49,306	(65)	49,241
	<i>Total comprehensive income for the period:</i>									
	Profit for the period	-	-	-	-	-	5,673	5,673	(205)	5,468
	Other comprehensive loss	-	-	-	-	(775)	-	(775)	10	(765)
	Total	-	-	-	-	(775)	5,673	4,898	(195)	4,703
	<i>Transaction with owners, recognised directly in equity:</i>									
	Non-controlling interests from investment in subsidiary							-	-	-
19	Dividends	-	-	-	-	-	(1,384)	(1,384)	-	(1,384)
15	Issue of new shares	108	-	-	(108)	-	-	-	-	-
	Award of performance shares	-	25	-	(25)	-	-	-	-	-
	Share-based payments	-	-	-	51	-	-	51	-	51
	Total	108	25	-	(82)	-	(1,384)	(1,333)	-	(1,333)
	Balance as at 30 June 2022	4,894	(50)	-	236	(385)	48,176	52,871	(260)	52,611

C. Condensed interim statements of changes in equity

The Company

		Share capital	Treasury shares	Other reserves	Accumulated profits	Total
Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2022		4,894	(50)	162	35,879	40,885
<i>Profit for the period, representing total comprehensive income for the period</i>		-	-	-	4,776	4,776
<i>Transaction with owners, recognised directly in equity:</i>						
Dividends	19	-	-	-	(442)	(442)
Issue of new shares	15	25	-	(25)	-	-
		25	-	(25)	(442)	(442)
Balance as at 30 June 2023		4,919	(50)	137	40,213	45,219
Balance as at 1 July 2021		4,786	(75)	244	30,668	35,623
<i>Profit for the period, representing total comprehensive income for the period</i>		-	-	-	6,595	6,595
<i>Transaction with owners, recognised directly in equity:</i>						
Dividends	19	-	-	-	(1,384)	(1,384)
Issue of new shares	15	108	-	(108)	-	-
Award of performance shares		-	25	(25)	-	-
Share-based payments		-	-	51	-	51
		108	25	(82)	(1,384)	(1,333)
Balance as at 30 June 2022		4,894	(50)	162	35,879	40,885

D. Condensed interim consolidated statements of cash flows

	The Group	
	12 months ended	
	30 June 2023	30 June 2022
	US\$'000	US\$'000
Operating activities		
(Loss) Profit before income tax	(1,969)	6,861
Adjustments for:		
Depreciation of property, plant and equipment	1,849	2,267
Depreciation of right-of-use assets	2,500	2,349
Property, plant and equipment written off	2	13
Allowance (Reversal) for inventories - net	980	(17)
Inventories written off	25	40
Property tax and rental rebates	-	(125)
Impairment loss on plant and equipment	129	-
Impairment loss on right-of-use assets	128	-
Gain on disposal of property, plant and equipments - net	(22)	(8)
Loss on recognition of net investment in sublease	-	143
Gain on disposal of right-of-use assets	(40)	(67)
Equity-settled shares-based expenses	-	51
Fire insurance compensation (Partial and interim amount)	(859)	(1,438)
Inventories written off due to fire loss	-	2,214
Property, plant and equipment written off due to fire loss	-	648
Interest income	(325)	(110)
Interest expense	444	302
Operating cash flows before movements in working capital	2,842	13,123
Trade receivables	2,631	(999)
Other receivables	2,337	1,295
Inventories	6,315	(2,937)
Trade payables	(2,222)	(84)
Other payables	(2,541)	(3,265)
Cash generated from operations	9,362	7,133
Interest received	325	110
Interest paid	(444)	(302)
Income tax paid	(1,724)	(1,486)
Net cash from operating activities	7,519	5,455
Investing activities		
Deposits for property, plant and equipment	(14)	(105)
Proceeds from disposal of property, plant and equipment	22	8
Purchase of property, plant and equipment	(1,180)	(13,089)
Proceeds from finance lease receivables	-	63
Net cash used in investing activities	(1,172)	(13,123)
Financing activities		
Dividends paid	(442)	(1,384)
Bank balance earmarked for credit facilities	-	(479)
Repayment of bills payable	(468)	478
Repayment of bank loans	(2,389)	(2,257)
Proceeds from bank loans	273	13,273
Repayment of lease liabilities	(2,241)	(2,184)
Net cash (used in) from financing activities	(5,267)	7,447
Net increase (decrease) in cash and cash equivalents	1,080	(221)
Cash and cash equivalents at beginning of year	14,301	14,673
Effects of exchange rate change on balance of cash held in foreign currencies	(55)	(151)
Cash and cash equivalents at end of year	15,326	14,301

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Koda Ltd is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months and twelve months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are those of relating to the manufacturing and export of furniture and fixtures of wood (including upholstery), furniture design service and investment holding.

The principal activities of the Group are:

- (a) Original Design Manufacturer of furniture and fixtures of wood (including upholstery); and
- (b) Retail, trading and export of furniture.

2. Basis of preparation

The condensed interim financial statements for the six months and twelve months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in United States dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

In the current financial period, the Group and the Company has adopted all the new and revised FRSs and Interpretation of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 July 2022. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

4. Segment and revenue information

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources of the segments and to assess their performance.

The Group is organized into two business units based on their products on which information is prepared and reportable to the Group's chief operating decision maker for the purpose of resources allocation and assessment of performance.

The Group is principally engaged in two reportable segments, namely "manufacturing" and "retail and distribution".

Information regarding the Group's reporting segments is presented below.

6 months ended 30 June 2023 and 2022

Segment revenue and results

	Segment revenue		Segment profit/(loss)	
	2H2023	2H2022	2H2023	2H2022
	US\$'000	US\$'000	US\$'000	US\$'000
Manufacturing	13,680	39,286	(2,531)	5,087
Retail and distribution	5,187	6,213	(1,176)	(680)
Total	18,867	45,499	(3,707)	4,407
Finance costs			(247)	(186)
Other income			1,849	2,054
Other expenses			(493)	(3,023)
(Loss) Profit before income tax			(2,598)	3,252
Income tax expense			(571)	(697)
(Loss) Profit for the period			(3,169)	2,555

Segment assets and liabilities

	30 June 2023 US\$'000	30 June 2022 US\$'000
Segment assets		
Manufacturing	62,313	73,775
Retail and distribution	11,883	13,833
Total segment assets	<u>74,196</u>	<u>87,608</u>
Unallocated assets	45	364
Consolidated total assets	<u>74,241</u>	<u>87,972</u>
Segment liabilities		
Manufacturing	5,777	10,803
Retail and distribution	3,212	4,322
Total segment liabilities	<u>8,989</u>	<u>15,125</u>
Unallocated liabilities	16,317	20,236
Consolidated total liabilities	<u>25,306</u>	<u>35,361</u>

Other segment information

	Depreciation		Additions to non-current assets	
	2H2023 US\$'000	2H2022 US\$'000	2H2023 US\$'000	2H2022 US\$'000
Manufacturing	1,234	1,488	927	17,641
Retail and distribution	904	935	1,582	4,162
Total	<u>2,138</u>	<u>2,423</u>	<u>2,509</u>	<u>21,803</u>

In addition to the information reported above, the following were attributable to the following reportable segments:

	2H2023 US\$'000	2H2022 US\$'000
Manufacturing segment		
Allowance (Reversal) for inventories - net	937	(39)
Fire insurance compensation (Partial and interim amount)	(859)	(1,438)
Property, plant and equipment written off due to fire loss	-	648
Inventories written of due to fire loss	-	2,214
Retail and distribution segment		
Allowance for inventories - net	43	22
Inventories written off	20	33
Impairment loss of plant and equipment	129	-
Impairment loss of right-of-use assets	128	-

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets) including only property, plant and equipment by geographical location are detailed below:

	Revenue from external customers based on location of customers	
	2H2023 US\$'000	2H2022 US\$'000
Asia-Pacific	8,016	9,590
North America	8,498	31,370
Europe	1,799	3,827
Others	554	712
	<u>18,867</u>	<u>45,499</u>

Non-current assets of the Group are located in Asia-Pacific.

12 months ended 30 June 2023 and 2022

Segment revenue and results

	Segment revenue		Segment (loss) profit	
	FY2023 US\$'000	FY2022 US\$'000	FY2023 US\$'000	FY2022 US\$'000
Manufacturing	32,297	64,241	(2,177)	6,832
Retail and distribution	11,484	15,098	(1,204)	124
Total	<u>43,781</u>	<u>79,339</u>	<u>(3,381)</u>	<u>6,956</u>
Finance costs			(444)	(302)
Other income			2,543	3,308
Other expenses			(687)	(3,101)
(Loss) Profit before income tax			<u>(1,969)</u>	<u>6,861</u>
Income tax expense			(931)	(1,393)
(Loss) Profit for the year			<u>(2,900)</u>	<u>5,468</u>

Other segment information

	Depreciation		Additions to non-current assets	
	FY2023 US\$'000	FY2022 US\$'000	FY2023 US\$'000	FY2022 US\$'000
Manufacturing	2,527	2,590	1,061	18,313
Retail and distribution	1,822	2,026	2,050	4,758
Total	4,349	4,616	3,111	23,071

In addition to the information reported above, the following were attributable to the following:

	FY2023 US\$'000	FY2022 US\$'000
Manufacturing segment		
Inventories written off due to fire loss	-	2,214
Property, plant and equipment written off due to fire loss	-	648
Fire insurance compensation (Partial and interim amount)	(859)	(1,438)
Allowance (Reversal) for inventories - net	937	(39)
Retail and distribution segment		
Allowance for inventories - net	43	22
Inventories written off	25	40
Impairment loss of plant and equipment	129	-
Impairment loss of right-of-use assets	128	-

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets) including only property, plant and equipment by geographical location are detailed below:

	Revenue from external customers based on location of customers	
	FY2023 US\$'000	FY2022 US\$'000
Asia-Pacific	16,765	20,443
North America	21,576	51,177
Europe	4,178	6,650
Others	1,262	1,069
	43,781	79,339

Non-current assets of the Group are located in Asia-Pacific.

Sales breakdown

	The Group	
	12 months ended	
	30 June 2023 ("FY2023") US\$'000	30 June 2022 ("FY2022") US\$'000
(a) Sales reported for first half year	24,914	33,840
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	269	2,913
(c) Sales reported for second half year	18,867	45,499
(d) Operating (loss) profit after tax before deducting non-controlling interests reported for second half year	(3,169)	2,555

5. Other income

	The Group			
	6 months ended		12 months ended	
	30 June 2023 ("2H2023") US\$'000	30 June 2022 ("2H2022") US\$'000	30 June 2023 ("FY2023") US\$'000	30 June 2022 ("FY2022") US\$'000
Interest income on bank balances	230	56	325	110
Foreign exchange gain - net	-	163	-	435
Gain on disposal of property, plant and equipment	1	8	22	8
Government grant income	398	129	596	703
Fire insurance compensation (Partial and interim amount)	859	1,438	859	1,438
Gain on disposal of right-of-use assets	35	67	40	67
Property tax and rental rebate	(100)	(17)	58	160
Freight revenue	28	113	72	181
Design fee	1	-	11	50
Sundry income	397	97	560	156
	1,849	2,054	2,543	3,308

6. Other expenses

	The Group			
	6 months ended		12 months ended	
	30 June 2023 ("2H2023") US\$'000	30 June 2022 ("2H2022") US\$'000	30 June 2023 ("FY2023") US\$'000	30 June 2022 ("FY2022") US\$'000
Inventories written off	20	33	25	40
Equity-settled share-based expenses	-	(20)	-	51
Fire loss on property, plant and equipment	-	648	-	648
Fire loss on inventories	-	2,214	-	2,214
Impairment loss on plant and equipment	129	-	129	-
Impairment loss on right-of-use assets	128	-	128	-
Loss on derecognition of net investment in sublease	-	143	-	143
Foreign exchange loss - net	65	-	254	-
Others	151	5	151	5
	493	3,023	687	3,101

7. (Loss) Profit before income tax

The (loss) profit before income tax is arrived at after charging the following:

	The Group			
	6 months ended		12 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	("2H2023")	("2H2022")	("FY2023")	("FY2022")
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment	918	1,009	1,849	2,267
Depreciation of right-of-use assets	1,220	1,414	2,500	2,349
Finance costs:				
- Bank interest	197	97	345	160
- Lease liabilities	50	89	99	142

8. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group			
	6 months ended		12 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	("2H2023")	("2H2022")	("FY2023")	("FY2022")
	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax	298	923	680	1,722
Deferred tax	314	(151)	292	(207)
Under (Over) provision in prior years:				
- Income tax	(41)	(39)	(41)	(86)
- Deferred tax	-	(36)	-	(36)
Total	571	697	931	1,393

9. (Loss) Earnings per share

	The Group			
	6 months ended		12 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	("2H2023")	("2H2022")	("FY2023")	("FY2022")
Based on the weighted average number of ordinary shares on issue (US cents)	(3.76)	3.22	(3.41)	6.84
Singapore cents equivalent	(5.09)	4.48	(4.62)	9.52
Weighted average number of shares	83,178,782	83,094,782	83,146,563	82,966,695

The fully diluted earnings per share and basic earnings per share are the same for the 6 months and 12 months ended 30 June 2023 and 2022.

10. Trade receivables

	The Group		The Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties	2,751	5,375	2,680	5,277
Subsidiaries	-	-	755	881
Related party	-	7	-	-
	<u>2,751</u>	<u>5,382</u>	<u>3,435</u>	<u>6,158</u>

11. Other receivables

	The Group		The Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Subsidiaries	-	-	28,684	27,930
Related parties	2	2	-	-
Deposits	1,028	992	8	14
Prepayments	1,133	1,817	511	568
Government grant receivable	176	49	107	3
Value added tax recoverable	2,129	3,028	-	23
Insurance compensation receivables (Partial and interim amount)	1,357	1,438	-	-
Others	23	103	8	28
	<u>5,848</u>	<u>7,429</u>	<u>29,318</u>	<u>28,566</u>
Less: Allowance for doubtful debts				
Subsidiaries	-	-	(1,261)	(1,261)
	<u>5,848</u>	<u>7,429</u>	<u>28,057</u>	<u>27,305</u>
Less: Non-current portion:				
Third party	(209)	-	-	-
Subsidiaries	-	-	(8,107)	(11,344)
	<u>5,639</u>	<u>7,429</u>	<u>19,950</u>	<u>15,961</u>

12. Inventories

	The Group	
	30 June 2023	30 June 2022
	US\$'000	US\$'000
Raw material	4,871	8,372
Work-in-progress	3,771	5,839
Finished goods	5,780	6,902
	<u>14,422</u>	<u>21,113</u>
Less: Allowance for inventories	(2,104)	(1,176)
	<u>12,318</u>	<u>19,937</u>
Movement in allowance for inventories:		
Balance at beginning of the year	1,176	1,193
Charge (Reversal) to profit or loss	980	(17)
Currency translation difference	(52)	-
Balance at end of the year	<u>2,104</u>	<u>1,176</u>

In FY2022, the Company had finished goods of US\$95,000.

Inventories of US\$25,000 (FY2022: US\$40,000) were written off and recognized directly in profit or loss for goods which are not in saleable conditions. In addition, fire loss on inventories of US\$2.2 million was written off directly from the inventory balance in FY2022.

13. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to US\$1.0 million (six months ended 30 June 2022: US\$11.9 million). Net book value of assets disposed was US\$ Nil (six months ended 30 June 2022: US\$ Nil). In addition, fire loss on property, plant and equipment of US\$0.6 million was written off directly from the property, plant and equipment balance in FY2022.

14. Bank loans and lease liabilities

	The Group		The Company	
	30 June 2023	30 June 2022	30 June 2023	30 Jun 2022
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	1,453	2,282	131	207
Unsecured	1,699	2,883	1,619	2,315
	<u>3,152</u>	<u>5,165</u>	<u>1,750</u>	<u>2,522</u>
<u>Amount repayable after one year</u>				
Secured	10,325	10,760	7,097	7,178
Unsecured	2,614	4,135	2,614	4,135
	<u>12,939</u>	<u>14,895</u>	<u>9,711</u>	<u>11,313</u>

The banking facilities of the Group and Company are secured by the following:

- i) A negative pledge on the Group's and Company's assets;
- ii) One of the bank loans of the Company is secured by the charge over the Company's property;
- iii) An amount of US\$478,638 was earmarked for one of the bank loans of the Company; and
- iv) The banking facilities of subsidiaries are guaranteed by the Company.

Bank loans of US\$11,541,000 as at 30 June 2023 were mainly used for the financing of Group's property, plant and equipment.

15. Share capital

	The Group and Company			
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Number of ordinary shares		US\$'000	US\$'000
Issued and paid up:				
At beginning of period	83,153,856	82,969,002	4,894	4,786
Issued during the period	84,000	184,854	25	108
At end of period	<u>83,237,856</u>	<u>83,153,856</u>	<u>4,919</u>	<u>4,894</u>

As announced on 21 November 2022, the Company has issued and allotted 84,000 new ordinary shares to the eligible recipient who was granted share awards pursuant to Performance Share Plan 2018 ("PSP2018").

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

As at 30 June 2023, the number of ordinary shares of 83,237,856 includes treasury shares of 59,074.

16. Capital reserve

This represents the effects of changes in ownership interests in a subsidiary when there is no change in control. During FY2023, the Group increased its shareholding in one of the subsidiaries as disclosed in the Group's half yearly results announcement dated 14 February 2023.

17. Financial assets and financial liabilities

The following table sets out the financial instruments as at the end of the reporting period.

	The Group		The Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Amortised cost (including cash and cash equivalent)	20,966	22,697	39,158	38,346
Financial liabilities				
Amortised cost	17,616	24,116	20,637	22,755
Lease liabilities	4,550	5,657	-	-

18. Related party transactions

Please refer to Note 9 of Section F for disclosure of the related party transactions. There are no other material related party transactions apart from those disclosed in Note 9 of Section F.

19. Dividends

	Group	
	12 months ended	
	30 June 2023 ("FY2023") US\$'000	30 June 2022 ("FY2022") US\$'000
Ordinary dividends paid:		
Final tax-exempt (1-tier) dividend of US\$0.0056 (equivalent to S\$0.0075) per ordinary share for the financial year ended 30 June 2021	-	462
Special final tax-exempt (1-tier) dividend of US\$0.0093 (equivalent to S\$0.0125) per ordinary share for the financial year ended 30 June 2021	-	769
Interim tax-exempt (1-tier) dividend of US\$0.0018 (equivalent to S\$0.0025) per ordinary share for the financial year ended 30 June 2022		153
Final tax-exempt (1-tier) dividend of US\$0.0053 (equivalent to S\$0.0075) per ordinary share for the financial year ended 30 June 2022	442	-
	<hr/>	<hr/>
	442	1,384
Dividends were authorised and not included as liabilities in these financial statements are as follows:		
Interim tax-exempt (1-tier) dividend of US\$0.0054 (equivalent to S\$0.0075) per ordinary share for the financial year ended 30 June 2022	-	448
	<hr/>	<hr/>
	-	448

20. Net asset value per value

	The Group		The Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net asset value per ordinary share				
- US cents	59.0	63.6	54.4	49.2
- Singapore cents	80.0	88.6	73.7	68.5

21. Fire incident update

On the fire incident occurred on 3 January 2022, the Group had recognized US\$1.4 million as other income in FY2022. Out of US\$1.4 million, amount of US\$0.9 million has been received from the insurance company at the date of this report.

In FY2023, The Group has recognized additional US\$0.9 million as other income, being the partial and interim amount of insurance claim. The insurance adjusters are still in the process of determining the final claim amount and the Company will make further disclosure when there are material updates as may be necessary or appropriate.

F Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Koda Ltd and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period and twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

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

There is no sales, transfers, cancellation and/or use of treasury shares during FY2023. The number of shares held as treasury shares as at 30 June 2023 was 59,074 (30 June 2022: 59,074), representing 0.07% of the total number of shares of the Company, excluding treasury shares (30 June 2022: 0.07% of the total number of shares of the Company, excluding treasury shares).

There were no convertibles as at end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

3. 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.

4. 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.

5. Review of performance of the Group

Condensed interim consolidated statement of profit or loss (FY2023 vs FY2022)

Revenues fell by US\$35.6 million to US\$43.8 million in FY2023 due mainly to (i) inflationary pressure and precarious state of the global economy caused retailers' stockpiles and a significant slowdown in their orders replenishment cycles; and (ii) zero-Covid policy and slowing economy on post-Covid reopening in China (during the reporting under review) which weighed on consumer spending sentiment.

Gross profit fell by US\$12.3 million to US\$12.0 million on the back of lower revenue and gross margin. Gross margin fell by 3.2 percentage point to 27.3% as a result of higher direct unit costs per revenues.

Other income fell by US\$0.8 million to US\$2.5 million due mainly to (i) lower amount of fire insurance compensation recognised in FY2023 (as compared to US\$1.4 million recognised in FY2022); (ii) the absence of foreign exchange gain; and (iii) lower government grant.

Selling and distribution costs fell by US\$0.2 million to US\$6.6 million due mainly to lower advertising and carriage outwards, offset by higher (i) trade fair expense; (ii) showroom rental expenses; and (iii) depreciation of right-of-use assets relating to warehouse leases in Vietnam.

Administrative expenses fell by US\$1.7 million to US\$8.7 million due mainly to lower staff cost, including performance-related bonuses.

Other expenses fell by US\$2.4 million to US\$0.7 million as a result of net foreign exchange loss and in the absence of the one-off loss recorded as a result of the fire incident occurred in Vietnam during FY2022.

Finance costs rose by US\$0.1 million to US\$0.4 million due to higher interest expense (on higher average bank loans and interest rates).

Income tax expense fell by US\$0.5 million to US\$0.9 million due mainly to lower taxable profit for the Company, offset by the effects arose from reversal of deferred tax assets for the Vietnam subsidiary as a result of its loss making status during the financial year under review.

Given the above, the Group incurred a loss attributable to Owners of the Company ("**Net Loss**") of US\$2.8 million in FY2023 as compared to a net profit of US\$5.7 million in FY2022. Despite that, the Group generated a net operating cash flow of US\$7.5 million in FY2023.

Condensed interim statements of financial position (30 June 2023 vs 30 June 2022)

Assets

Current assets fell by US\$11.0 million to US\$36.0 million. Significant movements during the period under review were as follows:

- Cash and cash equivalents rose by US\$1.0 million to US\$15.3 million due mainly to cash generated from operations, offset by cash used in financing activities and investing activities.
- Trade receivables fell by US\$2.6 million to US\$2.8 million due mainly to faster collection cycles. Trade receivable turnover days was 23 days (30 June 2022: 25 days).
- Other receivables fell by US\$1.8 million to US\$5.6 million due mainly to (i) lower Value Added Tax receivable from our Vietnam operations; and (ii) lower advance payments made to the vendors.
- Inventories fell by US\$7.6 million to US\$12.3 million due mainly to lower raw material and Work-In-Progress on the back of lower purchases. The overall inventory turnover days however increased to 141 days (30 June 2022: 132 days) as a result of lower shipped orders in FY2023.

Non-current assets fell by US\$2.7 million to US\$38.2 million due mainly to depreciation of property, plant and equipment, and right-of-use assets in FY2023.

Liabilities

Current liabilities fell by US\$8.1 million to US\$12.1 million. Significant movements during the period under review were as follows:

- Trade payables fell by US\$2.3 million to US\$2.4 million on the back of lower purchases. Trade payable turnover days was 27 days (30 June 2022: 31 days).
- Other payables fell by US\$2.8 million to US\$6.0 million due mainly to lower deposits from customers and non-accrual of performance related bonuses for FY2023.
- Income tax payable fell by US\$1.1 million to US\$0.6 million due to tax payments in FY2023.

Non-current liabilities fell by US\$1.9 million to US\$13.2 million due mainly to repayment of bank loans and lease liabilities during FY2023.

Shareholders' equity

Net asset or Equity attributable to Owners of the Company fell by US\$3.8 million to US\$49.1 million as at 30 June 2023 due to Net Loss for FY2023 and payment of final dividend for FY2022.

Condensed interim consolidated statements of cash flows (FY2023 vs FY2022)

Net cash from operating activities was US\$7.5 million after accounting for operating cash inflows of US\$2.8 million, net working capital inflows of US\$6.5 million, net of payments for income tax and interest of US\$1.8 million.

Net cash used in investing activities was US\$1.2 million due mainly to purchase of machinery and equipment for our factories in Vietnam.

Net cash used in financing activities was US\$5.3 million due mainly to (i) repayments of bills payable, bank loans and lease liabilities; and (ii) payment of final dividend for FY2022.

Given the above, net cash and cash equivalents rose by US\$1.1 million to US\$15.3 million as at 30 June 2023.

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

We had previously disclosed in the full year results for FY2022 that given the macro factors, market demand may soften, direct cost would rise and margins could fall as a result of the potential cyclical slowdown. For FY2023, the Group incurred a Net Loss of US\$2.8 million in FY2023 as compared to a Net Profit of US\$5.7 million in FY2022. The Group had also issued a profit guidance note for FY2023 on 11 August 2023.

7. 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

As disclosed in our performance review, the weak global economy (particularly in our key export markets and China) had affected the Group's financial results for FY2023.

We observed that our business recovery depends very much on the pace of inventories replenishment cycles while such orders from our export clients are contingent on the pace of the global inflation pressure. Whilst there are signs that these inflationary effects have moderated, it remains elevated. At the same time, while we were hopeful of a meaningful rebound in China's overall economic activities after its post-Covid reopening, we read that China has set a very modest target for economic growth in FY2023 and there have also been mounting concerns over its major real estate and debts crisis that could further deprive its economic stability.

All these factors show an indication of an imminent global recession risk that the consumer confidence level has fallen as they become more wary in their spending patterns. Despite that, our retail and distribution business has extended its networks in India and Europe as we believe market diversification may help us mitigate part of the risk.

Given that, we will follow up with our export clients, monitor their potential orders recovery rates and adjust our strategies amidst market uncertainty. Against this backdrop, we will have to manage our working capital cycles more cautiously and continue to build up our operating cash flows position, as we did for FY2023.

8. Dividend information

8a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? No

Name of Dividend	Final
Dividend type	Cash
Dividend per share	Nil
Tax rate	Tax exempt

No dividend has been recommended for FY2023 as the Group manages its cash flows more prudently amidst market uncertainty.

8b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Final
Dividend type	Cash
Dividend per share	Final - 0.75 Singapore cents
Tax rate	Tax exempt

8c. Date Payable

Not applicable.

8d. Books Closure Date

Not applicable.

9. Interested person transactions

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

IPT for FY2023 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)
Directors of the Company: Koh Jyh Eng Koh Shwu Lee	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 for FY2023 with regards to the Lease is as follow: (i) Rental expense (RM296,382)	90(Note 1)

Note 1: Based on the average exchange rate for FY2023 of S\$1= RM3.2920, the rental expense under the above IPT for FY2023 was approximately 0.13% of the Group's latest audited Net Tangible Asset as at 30 June 2022.

10. 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).

11. Review of performance of the Group – turnover and earnings

Please refer to item 5 above.

12. Disclosure of persons occupying a managerial position who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and positions held, if any, during the year
Joshua Koh Zhu Xian	40	Son of Executive Chairman and CEO, James Koh Jyh Gang; and Nephew of Executive Directors, Koh Shwu Lee and Koh Jyh Eng	CEO of the Company's subsidiary, Commune Lifestyle Pte Ltd since 19 June 2017. Key responsibilities include overseeing the operations of Commune Lifestyle Pte Ltd and its subsidiaries, focusing on strategic planning, investments, business developments and expansion of its business.	Not applicable
Julian Koh Zhu Lian	38	Son of Executive Chairman and CEO, James Koh Jyh Gang; and Nephew of Executive Directors, Koh Shwu Lee and Koh Jyh Eng	Head of Design since 23 May 2014 and Chief Design Officer of Commune Lifestyle Pte Ltd. Key responsibilities include research and development of new products and brand and concept management of the "Commune" brand.	Not applicable
Gan Shee Wen	44	Nephew of Executive Chairman and CEO, James Koh Jyh Gang; and Executive Directors, Koh Shwu Lee and Koh Jyh Eng	Chief Operating and Marketing Officer since 23 May 2014. Key responsibilities include overseeing the sales & marketing functions of the Commune Lifestyle Pte Ltd and its subsidiaries, training of sales staff and management of the distribution business.	Not applicable

BY ORDER OF THE BOARD
JAMES KOH JYH GANG
Executive Chairman and Chief Executive Officer
25 August 2023