

**KODA LTD**  
**Quarterly 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 year**

	3 months ended		
	30/09/2019	30/09/2018	
	("1Q20")	("1Q19")	Change
	<u>US\$'000</u>	<u>US\$'000</u>	%
<b>Revenue</b>	<b>14,967</b>	<b>15,723</b>	<b>(4.8)</b>
Cost of sales	(10,454)	(10,608)	(1.5)
<b>Gross profit</b>	<b>4,513</b>	<b>5,115</b>	<b>(11.8)</b>
Other income	242	198	22.2
Selling & distribution expenses	(1,250)	(1,379)	(9.4)
General & administrative expenses	(1,899)	(1,829)	3.8
Other expenses	-	-	NM
Finance costs	(26)	(8)	225.0
Share of results of associate	-	-	NM
<b>Profit before tax</b>	<b>1,580</b>	<b>2,097</b>	<b>(24.7)</b>
Income tax expense	(119)	(144)	(17.4)
<b>Profit for the period</b>	<b>1,461</b>	<b>1,953</b>	<b>(25.2)</b>
<b>Other comprehensive income</b>			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Translation differences arising from consolidation of foreign operations	(185)	(294)	(37.1)
Other comprehensive income for the period, net of tax	<b>(185)</b>	<b>(294)</b>	
<b>Total comprehensive income for the period</b>	<b>1,276</b>	<b>1,659</b>	<b>(23.1)</b>
<b>Profit attributable to :</b>			
Owners of the Company	1,498	1,953	(23.3)
Non-controlling interests	(37)	-	NM
	<b>1,461</b>	<b>1,953</b>	<b>(25.2)</b>
<b>Total comprehensive income attributable to :</b>			
Owners of the Company	1,315	1,659	(20.7)
Non-controlling interests	(39)	-	NM
	<b>1,276</b>	<b>1,659</b>	<b>(23.1)</b>

NM: Not meaningful

**Notes to Consolidated Statement of Profit or Loss**

	1Q20	1Q19
	<u>US\$'000</u>	<u>US\$'000</u>
<b><u>Other income</u></b>		
Rental income	24	-
Interest income	97	29
Foreign exchange gain	43	72
Freight revenue	39	34
Design fee	12	3
Sundry income	27	60
	<b>242</b>	<b>198</b>

**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**

	<b>Group</b>		<b>Company</b>	
	30/9/2019	30/6/2019	30/9/2019	30/6/2019
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and bank balances	15,043	13,394	9,891	8,309
Trade receivables	3,580	3,424	4,409	4,334
Other receivables and prepayments	3,113	2,660	4,184	4,256
Inventories	11,066	10,581	237	205
<b>Total current assets</b>	<b>32,802</b>	<b>30,059</b>	<b>18,721</b>	<b>17,104</b>
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	7,935	7,935
Investment in associate	2	2	-	-
Club memberships	207	207	192	192
Property, plant and equipment	15,902	16,116	356	368
Right-of-use assets	3,045	-	698	-
Deferred tax asset	102	102	-	-
<b>Total non-current assets</b>	<b>19,258</b>	<b>16,427</b>	<b>9,181</b>	<b>8,495</b>
<b>Total assets</b>	<b>52,060</b>	<b>46,486</b>	<b>27,902</b>	<b>25,599</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	2,205	2,275	5,289	5,714
Other payables	6,178	4,984	3,253	2,207
Lease liabilities	970	21	155	-
Bank loans	182	182	182	182
Income tax payable	353	337	-	-
<b>Total current liabilities</b>	<b>9,888</b>	<b>7,799</b>	<b>8,879</b>	<b>8,103</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	257	228	-	-
Bank loans	172	221	172	221
Lease liabilities	2,085	-	546	-
<b>Total non-current liabilities</b>	<b>2,514</b>	<b>449</b>	<b>718</b>	<b>221</b>
<b>Capital and reserves</b>				
Share capital	4,688	4,688	4,688	4,688
Treasury shares	(71)	(71)	(71)	(71)
Capital reserves	212	212	138	138
Translation reserve	186	369	-	-
Retained earnings	34,538	33,040	13,550	12,520
<b>Equity attributable to owners of the Company</b>	<b>39,553</b>	<b>38,238</b>	<b>18,305</b>	<b>17,275</b>
Non-controlling interests	105	-	-	-
<b>Total equity</b>	<b>39,658</b>	<b>38,238</b>	<b>18,305</b>	<b>17,275</b>
<b>Total liabilities and equity</b>	<b>52,060</b>	<b>46,486</b>	<b>27,902</b>	<b>25,599</b>

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

**Amount repayable in one year or less, or on demand**

	As at 30/9/2019 (US\$'000)		As at 30/6/2019 (US\$'000)	
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	16	954	21	-
Bank loans	-	182	-	182
<b>Total</b>	<b>16</b>	<b>1,136</b>	<b>21</b>	<b>182</b>

**Amount repayable after one year**

	As at 30/9/2019 (US\$'000)		As at 30/6/2019 (US\$'000)	
	Secured	Unsecured	Secured	Unsecured
Lease liabilities	-	2,085	-	-
Bank loans	-	172	-	221
<b>Total</b>	<b>-</b>	<b>2,257</b>	<b>-</b>	<b>221</b>

**Group borrowings and debts**

Total borrowings and debts of US\$3.4 million as at 30 September 2019 comprise short-term borrowings, long-term loans and lease liabilities. Total borrowings and debts rose by US\$3.0 million compared to 30 June 2019 due to the adoption of SFRS(I)16 *Leases* where lease liabilities representing the Group's obligations to make lease payments were recognised and at the same time, recognise a corresponding right-of-use (ROU) asset representing the right to use the underlying asset in relation to the leases.

**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.

The Group's lease liabilities amounting to US\$16,000 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**

	3 months ended	
	30/9/2019	30/9/2018
	<u>US\$'000</u>	<u>US\$'000</u>
<b>Operating activities</b>		
Profit before income tax	1,580	2,097
Adjustments for:		
Depreciation of property, plant and equipment	418	313
Depreciation of right-of-use assets	321	-
Interest income	(97)	(29)
Interest expense	26	8
<b>Operating cash flows before working capital changes</b>	<b>2,248</b>	<b>2,389</b>
Trade receivables	(156)	52
Other receivables and prepayments	(453)	(267)
Inventories	(372)	320
Trade payables	(70)	(106)
Other payables	1,194	121
<b>Cash generated from operations</b>	<b>2,391</b>	<b>2,509</b>
Interest received	97	29
Interest paid	(26)	(8)
Income tax paid	(114)	(223)
<b>Net cash from operations</b>	<b>2,348</b>	<b>2,307</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(256)	(33)
<b>Net cash used in investing activities</b>	<b>(256)</b>	<b>(33)</b>
<b>Financing activities</b>		
Decrease in bills payables	-	(21)
Repayment of bank loans	(49)	(46)
Repayment of lease liabilities	(333)	(9)
<b>Net cash used in financing activities</b>	<b>(382)</b>	<b>(76)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,710</b>	<b>2,198</b>
Cash and cash equivalents at beginning of period	13,394	10,502
Effect of foreign exchange translation	(61)	(137)
<b>Cash and cash equivalents at end of period</b>	<b>15,043</b>	<b>12,563</b>

**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**

<b>US\$'000</b>	Share Capital	Treasury Shares	Capital reserves	Currency translation reserve	Retained earnings	Attributable to equity holders	Non-controlling interests	Total
<b>Group</b>								
Balance as at 1/7/2019	4,688	(71)	212	369	33,040	38,238	-	38,238
Total comprehensive income	-	-	-	(183)	1,498	1,315	(39)	1,276
Non-controlling interest from investment in a subsidiary	-	-	-	-	-	-	144	144
<b>Balance as at 30/9/2019</b>	<b>4,688</b>	<b>(71)</b>	<b>212</b>	<b>186</b>	<b>34,538</b>	<b>39,553</b>	<b>105</b>	<b>39,658</b>
<b>Company</b>								
Balance as at 1/7/2019	4,688	(71)	138	-	12,520	17,275	-	17,275
Total comprehensive income	-	-	-	-	1,030	1,030	-	1,030
<b>Balance as at 31/3/2018</b>	<b>4,688</b>	<b>(71)</b>	<b>138</b>	<b>-</b>	<b>13,550</b>	<b>18,305</b>	<b>-</b>	<b>18,305</b>
<b>Group</b>								
Balance as at 1/7/2018	4,525	(71)	5,924	(1,585)	24,868	33,661	-	33,661
Total comprehensive income	-	-	-	(294)	1,953	1,659	-	1,659
<b>Balance as at 30/9/2018</b>	<b>4,525</b>	<b>(71)</b>	<b>5,924</b>	<b>(1,879)</b>	<b>26,821</b>	<b>35,320</b>	<b>-</b>	<b>35,320</b>
<b>Company</b>								
Balance as of 1/7/2018	4,525	(71)	224	-	12,134	16,812	-	16,812
Total comprehensive income	-	-	-	-	551	551	-	551
<b>Balance as at 30/9/2018</b>	<b>4,525</b>	<b>(71)</b>	<b>224</b>	<b>-</b>	<b>12,685</b>	<b>17,363</b>	<b>-</b>	<b>17,363</b>

- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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**

As at 30 September 2019, the issued share capital of the Company (excluding 230,000 treasury shares and nil subsidiary holdings) comprises 82,513,620 Shares (30 June 2019: 82,513,620). The number of Shares held as treasury shares and the number of subsidiary holdings as at 30 September 2019 was 230,000 and nil respectively (30 June 2019: 230,000 and nil respectively) which in aggregate represents 0.28% of the total number of Shares of the Company (excluding treasury shares and subsidiary holdings) as at that date (30 June 2019: 0.28% 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>30/9/2019</u>	<u>30/6/2019</u>
Total number of issued shares (excluding treasury shares)	82,513,620	82,513,620

- (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.**

The number of Shares held as treasury shares as at 30 September 2019 was 230,000. There were no sales, transfer, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

- 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**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period reported on as those used in the most recent audited annual financial statements, except as disclosed in Section 5 below.

**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**

The Group has on 1 July 2019, adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases*. In adopting SFRS(I)16, the Group has recognised liabilities for non-cancellable operating lease commitments and recognised a corresponding right-of-use assets to be amortised on a straight-line basis over the lease period.

**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**

<b>Earnings per ordinary share ("EPS")</b>	<b>1Q20</b>	<b>1Q19</b>
US\$ cents	1.77	2.37
S\$ cents equivalent <sup>(1)</sup>	2.41	3.22

*Note:*

*Earnings per ordinary share ("EPS") was computed based on 82,513,620 and 82,236,160 weighted average number of shares for the period 1Q20 and 1Q19 respectively.*

<sup>(1)</sup> *Equivalent amounts in S\$ for EPS have been provided for comparative purposes, based on a closing rate as at 30 September 2019 of US\$1 = S\$1.36.*

**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**

	<b>Group</b>		<b>Company</b>	
<b>Net asset value ("NAV") per ordinary share</b>	<b>30/9/2019</b>	<b>30/6/2019</b>	<b>30/9/2019</b>	<b>30/6/2019</b>
US\$ cents	47.9	40.3	22.2	20.9
S\$ cents equivalent <sup>(1)</sup>	65.1	54.8	30.2	28.4

*Note:*

*Net asset value ("NAV") per ordinary share was computed based on 82,513,620 number of issued shares as at 30 September 2019 and 30 June 2019.*

<sup>(1)</sup> *Equivalent amounts in S\$ for NAV per ordinary share have been provided for comparative purposes, based on a closing rate as at 30 September 2019 of US\$1 = S\$1.36.*

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.**

#### **Comprehensive Income (1Q20 vs 1Q19)**

Revenues for 1Q20 fell by US\$0.8 million to US\$15.0 million as a result of lower export sales to our key markets (these shipments were delayed and shipped mainly in October 2019). The lower export sales were however offset by higher sales from our in-house brand (Commune).

Gross profit fell by US\$0.6 million to US\$4.5 million on lower recorded revenues. Gross margin fell by 2.4 percentage points to 30.2% due mainly to higher labour costs.

Selling and distribution expenses fell by US\$0.1 million to US\$1.3 million due mainly to lower advertising and showroom rental expense.

Other income rose by US\$0.04 million due mainly to higher rental and interest income.

Income tax expense fell by US\$0.03 million due to lower taxable profits.

Given the above, Net Profit fell by US\$0.5 million to US\$1.5 million for 1Q20 compared to US\$2.0 million in 1Q19.

#### **Financial Position (30 September 2019 vs 30 June 2019)**

##### **Assets**

Current assets rose by US\$2.7 million to US\$32.8 million. Significant movements in current assets during the period under review were as follows:

- Cash at bank (inclusive of fixed deposits) rose by US\$1.6 million to US\$15.0 million due mainly to current period earnings and positive operating cash flows
- Other receivables rose by US\$0.5 million to US\$3.1 million due mainly to increase in advances to suppliers
- Inventories rose by US\$0.5 million to US\$11.1 million due mainly to (i) higher WIP inventory for orders backlog and (ii) higher finished goods pending shipments.

Non-current assets rose by US\$2.8 million to US\$19.3 million due mainly to the recognition of a right-of-use assets from the adoption of SFRS(I)16 as disclosed in paragraph 5.



### Liabilities

Current liabilities rose by US\$2.1 million to US\$9.9 million. Significant movements in current liabilities during the period under review were as follows:

- Trade payables fell by US\$0.07 million to US\$2.2 million due mainly to faster payments to suppliers.
- Other payables rose by US\$1.2 million to US\$6.2 million due mainly to deposits received from customers and accruals of operating expenses.
- Lease liabilities rose by US\$1.0 million due to the adoption of SFRS(I)16 as disclosed in paragraph 5.

Non-current liabilities rose by US\$2.1 million to US\$2.5 million due mainly to the recognition of lease liabilities from the adoption of SFRS(I)16 as disclosed in paragraph 5.

### Shareholders' equity

Net asset or Equity attributable to shareholders rose by US\$1.4 million to US\$39.7 million as at 30 September 2019 due mainly to current period earnings.

### Cash Flows (1Q20)

Net cash from operations was US\$2.3 million for 1Q20 after accounting for operating cash flows of US\$2.2 million, net working capital inflows of US\$0.1 million and net payments of income tax and interest of US\$0.04 million.

Net cash used in investing activities was US\$0.3 million due mainly to purchase of equipment and machinery.

Net cash used in financing activities was US\$0.4 million due mainly repayments of borrowings during the period.

Given the above, cash and cash equivalents increased by US\$1.7 million to US\$15.0 million as at 30 September 2019.

## **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 FY2019 results announcement that barring any unforeseen circumstances, the Group expects to remain profitable in FY2020.

The Group reported Net Profit of US\$1.5 million for 1Q20.

**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**

Whilst there have been news and data reporting that the global business environment remains challenging, certain key indicators recently published in the US (our key export market) seems to suggest that the US economy stays relatively healthy with low unemployment rate, a pick-up in housing investment and improved consumer spending backed by continued monetary easing. We believe these indicators are generally good for our industry but we remain cautious given the unpredictability of the US-China trade tensions.

Meanwhile, Commune's expansion comes at a time when the southwest region in China is registering a fast-growing pace in its economic performance. We also noted the country's innovative urbanisation initiatives in the Greater Bay Area, which seem to illustrate the significance of business potential despite the fact that it had just reported another quarter of slower GDP growth. We believe that the introduction of differentiated and diversified products range (i.e., ALT.O by Commune) under our branding strategy will help to expand revenue stream amidst risk of slowing economic growth in China.

Barring unforeseen circumstances, the Group expects to be profitable in FY2020.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**(e) If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

**12. 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:

<b>Name of Interested Persons</b>	<b>Description of IPT</b>	<b>Value of IPT for the financial period under review (excluding transactions less than S\$100,000) (S\$'000)</b>
Koh Jyh Eng Koh Shwu Lee (Directors of the Company)	<p>The Group had, in June 2016, entered into a 10-year long-term lease with Zenith Heights Sdn Bhd (of which Koh Jyh Eng &amp; Koh Shwu Lee are Directors) for land owned by Zenith Heights Sdn Bhd to build warehousing facilities in Malaysia (the "Lease").</p> <p>The IPT transactions in 1Q20 with regards to the Lease is as follow:</p> <p>(i) Rental expense (RM74,094)</p>	24

Based on an exchange rate of S\$1.00 : RM\$3.07

The above IPT transaction constitutes 0.05% of the Group's audited NTA as at 30 June 2019.

**13. 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 3 months ended 30 September 2019 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**  
**JAMES KOH JYH GANG**  
**Managing Director**  
**14 November 2019**