

KODA LTD

Quarterly and Half-Year Financial Statement and Dividend Announcement

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial period**

Consolidated Profit and Loss Statements for 2Q14 and 6 months ended 31 Dec 2013

	3 months ended 31/12/13 ("2Q14") US\$'000	3 months ended 31/12/12 ("2Q13") US\$'000	Change %	6 months ended 31/12/13 ("1H14") US\$'000	6 months ended 31/12/12 ("1H13") US\$'000	Change %
Revenue	13,575	13,638	(0.5)	27,635	27,853	(0.8)
Cost of sales	(10,093)	(9,750)	3.5	(20,728)	(19,998)	3.7
Gross profit	3,482	3,888	(10.4)	6,907	7,855	(12.1)
Other operating income	38	128	(70.5)	179	238	(24.8)
Selling and distribution costs	(1,071)	(1,259)	(14.9)	(2,188)	(2,710)	(19.3)
Administrative expense	(1,780)	(2,224)	(20.0)	(3,817)	(4,423)	(13.7)
Other operating expenses	(33)	(97)	NM	(4)	(73)	NA
Finance costs	(65)	(78)	(16.7)	(130)	(158)	(17.7)
Profit before income tax	570	358	59.3	947	729	29.9
Income tax credit (expense)	(213)	43	NA	(257)	43	NA
Profit after income tax	357	401	(10.9)	690	772	(10.6)
Attributable to:-						
Equity holders of the parent	425	370	14.9	887	733	21.0
Minority interests	(68)	31	NA	(197)	39	(605.1)
	357	401	(11.0)	690	772	(10.6)

Note: For comparison purposes, please refer to Table 1 in Note 8 for details of the Group's results ended FY2013, 1Q14 and 2Q14.

Note to Consolidated Profit and Loss Statements

	3 months ended 31/12/13 ("2Q14") US\$'000	3 months ended 31/12/12 ("2Q13") US\$'000	6 months ended 31/12/13 ("1H14") US\$'000	6 months ended 31/12/12 ("1H13") US\$'000
Other operating income				
Rental income	5	79	81	154
Interest income	1	4	5	6
Exchange gain	-	-	25	16
Gain on disposal of fixed assets	9	5	9	5
Others	23	40	59	57
	38	128	179	238

Notes to Profit and Loss account (Continued)

	3 months ended 31/12/13 ("2Q14") <u>US\$'000</u>	3 months ended 31/12/12 ("2Q13") <u>US\$'000</u>	6 months ended 31/12/13 ("1H14") <u>US\$'000</u>	6 months ended 31/12/12 ("1H13") <u>US\$'000</u>
<u>Other operating expenses</u>				
Foreign exchange loss	(33)	(33)	-	-
Loss on sale of fixed assets	-	(2)	(2)	(2)
Loss on sale of investment property	-	(33)	-	(33)
Provision for slow moving stocks	-	-	-	-
Others	-	(29)	(2)	(38)
	<u>(33)</u>	<u>(97)</u>	<u>(4)</u>	<u>(73)</u>

Statement of Comprehensive Income

	3 months ended 31/12/13 ("2Q14") <u>US\$'000</u>	3 months ended 31/12/12 ("2Q13") <u>US\$'000</u>	6 months ended 31/12/13 ("1H14") <u>US\$'000</u>	6 months ended 31/12/12 ("1H13") <u>US\$'000</u>
Profit after Income Tax	357	401	690	772
Currency translation differences	(93)	65	(244)	301
Total comprehensive income	<u>264</u>	<u>466</u>	<u>446</u>	<u>1,073</u>
Attributable to :-				
Equity holders of the parent	322	426	630	1,010
Minority interests	(58)	40	(184)	63
	<u>264</u>	<u>466</u>	<u>446</u>	<u>1,073</u>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

As at	Group			Company		
	31/12/13 US\$'000	30/09/13 US\$'000	30/06/13 US\$'000	31/12/13 US\$'000	30/09/13 US\$'000	30/06/13 US\$'000
ASSETS						
Current assets						
Cash and Fixed Deposits	2,485	1,968	1,816	769	271	441
Trade Receivables	4,881	3,869	3,987	14,608	12,570	12,085
Other receivables and prepayments	4,054	3,666	2,901	7,143	6,413	6,347
Inventories	16,180	16,404	17,619	187	181	180
Total current assets	27,600	25,907	26,323	22,706	19,435	19,053
Non-current assets						
Investment in subsidiaries	-	-	-	13,141	13,141	13,141
Property, plant and equipment	12,916	13,260	13,615	511	527	559
Investment Properties	2,800	2,800	2,800	-	-	-
Intangibles assets	429	441	455	177	182	187
Available-for-sale investment and other assets	211	211	211	192	192	192
Goodwill on consolidation	1,206	1,206	1,206	-	-	-
Deferred tax asset	263	261	254	3	3	3
Total non-current assets	17,825	18,179	18,541	14,024	14,045	14,082
Total assets	45,425	44,086	44,864	36,730	33,480	33,135
LIABILITIES AND EQUITY						
Current liabilities						
Bank overdrafts and bills payable	10,254	8,895	8,807	8,464	7,106	6,819
Trade payables	4,117	3,969	4,540	7,268	5,198	5,148
Other payables and accruals	4,948	5,282	5,186	1,095	1,477	1,329
Finance lease obligation : current portion	103	98	85	69	69	69
Long-term bank loans : current portion	160	301	833	160	301	833
Total current liabilities	19,582	18,545	19,451	17,056	14,151	14,198
Non-current liabilities						
Finance lease obligations	82	52	101	36	52	85
Due to related parties	713	705	707	-	-	-
Deferred taxation	181	182	185	-	-	-
Total non-current liabilities	976	939	993	36	52	85
Capital and reserves						
Issued capital	4,312	4,312	4,312	4,312	4,312	4,312
Capital reserves	4,208	4,208	4,208	58	58	58
Currency translation reserve	245	349	503	-	-	-
Retained earnings	15,059	14,633	14,171	15,268	14,907	14,482
Equity attributable to shareholders	23,824	23,502	23,194	19,638	19,277	18,852
Minority interests	1,043	1,100	1,226	-	-	-
Total equity	24,867	24,602	24,420	19,638	19,277	18,852
Total Liabilities and Equity	45,425	44,086	44,864	36,730	33,480	33,135

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

Amount repayable in one year or less, or on demand

As at 31/12/13 (US\$'000)		As at 30/9/13 (US\$'000)		As at 30/6/13 (US\$'000)	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
10,517	-	9,294	-	9,725	-

Amount repayable after one year

As at 31/12/13 (US\$'000)		As at 30/9/13 (US\$'000)		As at 30/6/13 (US\$'000)	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
82	-	52	-	101	-

Borrowings and gearing ratio

Total borrowings of US\$10.6 million as at 31 December 2013 comprise short-term borrowings, Callable Term Loans and finance lease obligations. Total borrowings increased by US\$1.3 million compared to 30 September 2013 due to drawdown of loans for working capital requirements.

The Group's gearing ratio was 0.44 times as at 31 December 2013 compared to 0.40 times as at 30 September 2013.

Details of any collateral

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

The banking facilities of subsidiaries are secured by a legal mortgage on the subsidiary's leasehold land and buildings and guaranteed by the Company.

The Group's finance lease obligations are secured by the lessors' charge over the leased assets.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Cash Flows Statement

	3 months ended 31/12/13 ("2Q14") US\$'000	3 months ended 31/12/12 ("2Q13") US\$'000	6 months ended 31/12/13 ("1H14") US\$'000	6 months ended 31/12/12 ("1H13") US\$'000
Cash flows from operating activities				
Profit before income tax	570	358	947	729
Adjustments for:				
Depreciation and amortization expenses	322	354	664	715
Interest income	(1)	(4)	(5)	(6)
Interest expense	65	78	130	158
Gain on disposal of fixed assets	(6)	(3)	(6)	(3)
Loss on disposal of investment property	-	33	-	33
Operating profit before working capital changes	950	816	1,730	1,626
Trade receivables	(1,012)	471	(618)	(302)
Other receivables and prepayments	(387)	110	(1,429)	(117)
Inventories	224	486	1,439	472
Trade payables	148	(598)	(422)	(57)
Other payables	(271)	239	(271)	22
Net Cash (used in) generated from operations	(347)	1,524	428	1,644
Interest received	1	4	5	6
Interest paid	(65)	(78)	(130)	(158)
Income tax paid	(295)	(22)	(321)	(144)
Net cash generated (used in) from operating activities	(706)	1,428	(17)	1,348
Cash flows from investing activities				
Addition of fixed assets	(43)	(60)	(178)	(142)
Proceeds from disposal of fixed assets	24	31	24	31
Proceeds from disposal of investment property	-	941	-	941
Net cash (used in) generated from investing activities	(19)	912	(154)	830
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	996	(79)	(424)	(448)
Net (decrease) increase in long-term borrowings	(105)	(902)	802	(1,054)
Net cash generated (used in) from financing activities	891	(981)	378	(1,502)
Net increase (decrease) in cash and cash equivalents	166	1,359	207	(714)
Cash and cash equivalents at beginning of period / year	1,654	1,166	1,534	1,878
Currency translation differences	(11)	33	67	4
Cash and cash equivalents at end of period / year	1,809	2,558	1,808	1,168
Represented by:				
Cash and bank balances (inclusive of Fixed Deposit)	2,486	2,837	2,486	2,837
Bank overdraft	(678)	(279)	(678)	(279)
	1,808	2,558	1,808	2,558

1(d)(i)

A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Issued Capital	Capital reserves	Currency translation reserve	Retained earnings	Attributable to equity holders	Minority interests	Total
US\$'000							
Group							
Balance as at 1/7/13	4,312	4,208	503	14,171	23,194	1,226	24,420
Total comprehensive income	-	-	(154)	462	308	(126)	182
Balance as at 30/09/13	4,312	4,208	349	14,633	23,502	1,100	24,602
Total comprehensive income	-	-	(104)	426	322	(58)	264
Balance as at 31/12/13	4,312	4,208	245	15,059	23,824	1,043	24,867
Company							
Balance as at 1/7/13	4,312	58	-	14,482	18,852	-	18,852
Other comprehensive income	-	-	-	425	425	-	425
Balance as at 30/09/13	4,312	58	-	14,907	19,277	-	19,277
Total comprehensive income	-	-	-	360	360	-	360
Balance as at 31/12/13	4,312	58	-	15,267	19,638	-	19,638

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

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

Not applicable

(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at	<u>31/12/13</u>	<u>30/09/13</u>	<u>30/06/13</u>
Total number of issued shares (excluding treasury shares)	136,513,397	136,513,397	136,513,397

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

Not applicable

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Company has applied the same accounting policies and methods of computation as in the company's financial statement for the year ended 30th June 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	3 months ended 31/12/13 ("2Q14")	3 months ended 31/12/12 ("2Q13")
Earnings per ordinary share (US cents)	0.31	0.27

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

	Group			Company		
	31/12/2013	30/09/2013	30/06/2013	31/12/2013	30/09/2013	30/06/2013
Net asset value per ordinary share (US cents)	17.5	17.2	16.9	14.4	14.1	13.8

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Table 1

	3 months ended 30/09/12 ("1Q13")	3 months ended 31/12/12 ("2Q13")	3 months ended 31/03/13 ("3Q13")	3 months ended 30/06/13 ("4Q13")	3 months ended 30/09/13 ("1Q14")	3 months ended 31/12/13 ("2Q14")
Revenue	14,215	13,638	9,601	13,045	14,060	13,575
Gross profit	3,967	3,888	2,551	4,210	3,425	3,482
Net profit (loss) after tax	371	401	(1,301)	901	333	357
Attributable to:-						
Equity holders of the parent	363	370	(1,271)	1,107	462	425
Minority interests	8	31	(30)	(206)	(129)	(68)
	371	401	(1,301)	901	333	357

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

Net Profit for both 2Q14 and 6 months ended 31 December 2013 (1H14) were higher than the corresponding periods.

During the quarter under review (2Q14), revenues fell marginally by 0.5% or US\$0.06 million to US\$13.57 million while Net Profit grew 14.9% or US\$0.06 million to US\$0.43 million. For the 6 months ended 31 December 2013 (1H14), revenues fell marginally by 0.8% or US\$0.22 million to US\$27.63 million while Net Profit grew 21% or US\$0.15 million to US\$0.89 million.

More specifically:

- Sales to our key markets in the EU and the Asia Pacific were higher;
- Retail sales in Singapore were higher; and

Despite

- Lower sales of outdoor garden furniture following the discontinuance of Devon’s operations in New Zealand and Australia as part of our rationalization exercise last year;
- Lower retail sales in Vietnam and
- Lower sales to the UK

Gross Profit fell by 10.4% or US\$0.41 million to US\$3.48 million on the back of lower revenues. Gross margin slipped by 2.9 percentage points to 25.7% due mainly to higher material costs and direct wages.

We continued to practice good cost control measures which had resulted in (i) lower selling and distribution expenses, which fell by 14.9% or US\$0.18 million to US\$1.07 million; and (ii) lower administrative expenses, which fell by 20.0% or US\$0.44 million to US\$1.78 million. Despite the lower operating expenses budget, we were able to sustain our revenue base at approximately US\$13.6 million during the quarter under review.

Finance costs also fell by 16.7% to US\$0.06 million due mainly to continual repayment of long-term loans.

Given the above, our Net Profit before Tax rose sharply by 59.3% to US\$0.57 million.

There was, however a total income tax expense of US\$0.21 million for 2Q14 due mainly to additional tax paid for our Vietnam and China subsidiaries during the quarter under review. The additional tax paid was due to changes in related tax rulings, which affected our tax position in previous years.

There was a share of loss by minority shareholders of Rossano and Metrolink of US\$0.05 million and US\$0.02 million respectively.

As a result of the above, our Net Profits rose in 2Q14 and 1H14.

Financial Position (31 December 2013 vs. 30 September 2013)

Assets

Current Assets rose by 6.5% or US\$1.69 million to US\$27.6 million. Significant movements in Current Assets during the period under review were as follows:

- Cash at bank (inclusive of fixed deposits) rose by US\$0.52 million to US\$2.49 million due mainly to higher cash profits.
- Trade receivables increased by US\$1.01 million to US\$4.88 million resulting from a longer collection cycle, which increased by 7 days to 32 days. US\$2.33 million had since been received as at the date of this announcement.
- Other receivables and prepayments increased by US\$0.39 million to US\$4.05 million due mainly to higher cash advances to trade suppliers.

Non-Current Assets fell by US\$0.35 million due mainly to depreciation of property, plant and equipment and amortization.

Liabilities

Current Liabilities rose by US\$1.04 million to US\$19.58 million due mainly to increased working capital loans.

Shareholders' equity

Net asset or Equity attributable to shareholders rose by US\$0.32 million to US\$23.82 million as at 31 December 2013 due mainly to current period earnings of US\$0.43 million, offset by a lower currency translation reserve which fell by US\$0.1 million due mainly to lower RM-denominated assets when translated in US\$ terms.

Minority interests

Minority interests ("MI"), reflecting the cumulative share of net assets by Metrolink Group's and Rossano's other shareholders, who own 49% and 30% of Metrolink Group and Rossano respectively, fell by US\$0.06 million to US\$1.04 million due mainly to losses recorded by Rossano and Metrolink for the current quarter.

Cash Flows (movements in 2Q14)

Net cash used in operating activities was US\$0.35 million for 2Q14 due mainly to higher working capital requirements and additional tax payments despite higher earnings. Net cash used in investing activities was US\$0.02 million (net of proceeds from disposal) due mainly to purchase of new equipment. Net cash from financing activities was US\$0.90 million due mainly to increased short-term loans. Given these, net cash and cash equivalents rose by US\$0.16 million to US\$1.81 million as at 31 December 2013 (net of bank overdraft of US\$0.68 million).

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

The Board of Directors stated in the 1Q14 announcement that “the Company would expect to remain profitable in FY2014”.

During the quarter under review, Net Profit grew 14.9% or US\$0.06 million to US\$0.43 million for 2Q14. For the 6 months ended 31 December 2013 (1H14), Net Profit grew by 21% or US\$0.15 million to US\$0.89 million

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Sales to our major export markets (except for UK) were generally higher and current orders book from these markets remain healthy. Enquiries from our clients have also been encouraging. Our focused marketing efforts have also resulted in us securing more orders per client and more quantities per order (i.e. Minimum Order Quantities), which has helped to improve our factories efficiency and sales mix.

We, however, note that there have been inflationary cost pressures in places where we have significant factory operations, such as Malaysia, China and Vietnam. We would thus have to deploy our resources more efficiently and to continually monitor our cost factors very cautiously. The good news is, following our major rationalization exercise last year, we have streamlined our operations and our fixed operating costs base is now much lower.

The retail business in Vietnam has been weak and we have since reduced our exposure by reducing the number of self-owned shops and local distributors in Vietnam. We will continue to monitor this market closely.

Despite this and barring any unforeseen circumstances, the Board continues to believe that the financial performance in FY2014 will be an improvement over that of FY2013.

11. If a decision regarding whether dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared; (recommended); and

None

(b) (i) Amount per share

Not applicable

(ii) Corresponding Period of the Immediately Preceding Financial Year

Not applicable

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

Not applicable

(d) **The date the dividend is payable**

Not applicable

(e) **The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect

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

There are no such IPT transactions as required under Rule 920(1)(a)(ii) and thus the Group does not obtain a general mandate from shareholders for IPTs. The Group has not obtained a general mandate from shareholders for IPTs.

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

We, James Koh Jyh Gang and Koh Shwu Lee, being two directors of Koda Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the un-audited financial results for quarter ended 31 December 2013 to be materially false or misleading.

**BY ORDER OF THE BOARD
JAMES KOH JYH GANG
Managing Director
11 February 2014**