



KODA LTD

(Company Registration No.:198001299R)

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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023 ("1H2024")

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

		The Group			
		6 months ended			
		31 Dec 2023	31 Dec 2022		
		("1H2024")	("1H2023")		
Note		US\$'000	US\$'000	Change %	
	Revenue	4	19,959	24,914	-19.9%
	Cost of sales		(14,859)	(17,623)	-15.7%
	Gross profit		5,100	7,291	-30.1%
	Other income	5	515	694	-25.8%
	Selling and distribution costs		(2,846)	(3,218)	-11.6%
	Administrative expenses		(4,144)	(3,747)	10.6%
	Other expenses	6	(562)	(194)	189.7%
	Finance costs		(274)	(197)	39.1%
	(Loss) Profit before income tax	7	(2,211)	629	N.M
	Income tax expense	8	(148)	(360)	-58.9%
	(Loss) Profit for the period		(2,359)	269	N.M
	(Loss) Profit attributable to :				
	Owners of the Company		(2,342)	291	N.M
	Non-controlling interests		(17)	(22)	-22.7%
			(2,359)	269	N.M
	Other comprehensive loss				
	<u>Items that may be reclassified subsequent to profit or loss</u>				
	Translation of differences arising from consolidation of foreign operations		207	143	44.8%
	Total other comprehensive loss for the period, net of tax		207	143	44.8%
	Total comprehensive (loss) income for the period		(2,152)	412	N.M
	Total comprehensive (loss) income attributable to :				
	Owners of the Company		(2,126)	425	N.M
	Non-controlling interests		(26)	(13)	100.0%
			(2,152)	412	N.M
	(Loss) Earnings per share for (loss) profit for the period attributable to the owners of the Company:				
	Basic (US cents)	9	(2.82)	0.35	
	Diluted (US cents)	9	(2.82)	0.35	

N.M: Not meaningful

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		13,444	15,326	7,189	7,805
Trade receivables	10	3,659	2,751	4,403	3,435
Other receivables	11	5,482	5,639	20,658	19,950
Inventories	12	11,205	12,318	-	-
Total current assets		33,790	36,034	32,250	31,190
Non-current assets					
Investment in subsidiaries		-	-	18,611	18,611
Bank balances earmarked for credit facilities	14	479	479	479	479
Club memberships		45	46	32	32
Property, plant and equipment	13	24,697	24,257	8,523	8,605
Right-of-use assets		13,588	13,216	-	-
Other receivables	11	149	209	7,207	8,107
Deferred tax assets		-	-	-	-
Total non-current assets		38,958	38,207	34,852	35,834
Total assets		72,748	74,241	67,102	67,024
LIABILITIES AND EQUITY					
Current liabilities					
Bills payable	14	35	-	-	-
Trade payables		3,039	2,385	6,909	8,044
Other payables		5,853	5,977	2,663	1,802
Lease liabilities	14	1,165	1,322	-	-
Current portion of bank loans	14	1,714	1,830	1,714	1,750
Income tax payable		528	627	385	467
Total current liabilities		12,334	12,141	11,671	12,063
Non-current liabilities					
Other payables		83	83	-	-
Deferred tax liabilities		145	143	31	31
Lease liabilities	14	3,857	3,228	-	-
Non-current portion of bank loans	14	9,546	9,711	9,546	9,711
Total non-current liabilities		13,631	13,165	9,577	9,742
Capital and reserves					
Share capital	15	4,919	4,919	4,919	4,919
Treasury shares		(50)	(50)	(50)	(50)
Capital reserve	16	(159)	(159)	-	-
Other reserves		211	211	137	137
Translation reserve		(523)	(739)	-	-
Accumulated profits		42,558	44,900	40,848	40,213
Equity attributable to owners of the Company		46,956	49,082	45,854	45,219
Non-controlling interests		(173)	(147)	-	-
Total equity		46,783	48,935	45,854	45,219
Total liabilities and equity		72,748	74,241	67,102	67,024

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 2023	4,919	(50)	(159)	211	(739)	44,900	49,082	(147)	48,935
	<i>Total comprehensive income for the period:</i>									
	Loss for the period	-	-	-	-	-	(2,342)	(2,342)	(17)	(2,359)
	Other comprehensive loss	-	-	-	-	216	-	216	(9)	207
	Total	-	-	-	-	216	(2,342)	(2,126)	(26)	(2,152)
	<i>Transaction with owners, recognised directly in equity:</i>									
	Dividends	19	-	-	-	-	-	-	-	-
	Issue of new shares	15	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-
	Balance as at 31 December 2023	4,919	(50)	(159)	211	(523)	42,558	46,956	(173)	46,783
	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>									
	Profit (loss) for the period	-	-	-	-	-	291	291	(22)	269
	Other comprehensive loss	-	-	-	-	134	-	134	9	143
	Total	-	-	-	-	134	291	425	(13)	412
	<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	-
	Dividends	19	-	-	-	-	(442)	(442)	-	(442)
	Issue of new shares	15	25	-	(25)	-	-	-	-	-
	Share-based payments	-	-	-	(19)	-	-	(19)	-	(19)
	Total	-	25	-	(159)	(44)	(442)	(620)	159	(461)
	Balance as at 31 December 2022	4,919	(50)	(159)	192	(251)	48,025	52,676	(114)	52,562

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 2023	4,919	(50)	137	40,213	45,219
	<i>Profit for the period, representing total comprehensive income for the period</i>	-	-	-	635	635
	<i>Transaction with owners, recognised directly in equity:</i>					
	Dividends	19	-	-	-	-
	Issue of new shares	15	-	-	-	-
		-	-	-	-	-
	Balance as at 31 December 2023	4,919	(50)	137	40,848	45,854
	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>	-	-	-	1,778	1,778
	<i>Transaction with owners, recognised directly in equity:</i>					
	Dividends	19	-	-	(442)	(442)
	Issue of new shares	15	25	(25)	-	-
	Share-based payments	-	-	(19)	-	(19)
		25	-	(44)	(442)	(461)
	Balance as at 31 December 2022	4,919	(50)	118	37,215	42,202

D. Condensed interim consolidated statements of cash flows

	The Group	
	6 months ended	
	31 Dec 2023	31 Dec 2022
	US\$'000	US\$'000
Operating activities		
(Loss) Profit before income tax	(2,211)	629
Adjustments for:		
Depreciation of property, plant and equipment	788	931
Depreciation of right-of-use assets	1,069	1,280
Property, plant and equipment written off	-	1
Inventories written off	10	5
Gain on disposal of property, plant and equipments - net	-	(21)
Gain on derogation of right-of-use assets	(30)	(5)
Allowance for doubtful other receivables - net	300	-
Allowance for inventories - net	470	-
Equity-settled shares-based expenses	-	(19)
Interest income	(276)	(95)
Interest expense	274	197
Operating cash flows before movements in working capital	394	2,903
Trade receivables	(904)	3,250
Other receivables	(169)	1,174
Inventories	655	4,164
Trade payables	708	(2,286)
Other payables	(176)	(2,436)
Cash generated from operations	508	6,769
Interest received	276	95
Interest paid	(274)	(197)
Income tax paid	(251)	(762)
Net cash from operating activities	259	5,905
Investing activities		
Proceeds from disposal of property, plant and equipment	-	21
Purchase of property, plant and equipment	(1,116)	(227)
Net cash used in investing activities	(1,116)	(206)
Financing activities		
Dividends paid	-	(442)
Proceeds (Repayment) of bills payable	35	(478)
Repayment of bank loans	(742)	(1,395)
Proceeds from bank loans	655	88
Repayment of lease liabilities	(940)	(993)
Net cash used in financing activities	(992)	(3,220)
Net increase (decrease) in cash and cash equivalents	(1,849)	2,479
Cash and cash equivalents at beginning of period	15,326	14,302
Effects of exchange rate change on balance of cash held in foreign currencies	(33)	5
Cash and cash equivalents at end of period	13,444	16,786

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 ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are those of relating to the 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 ended 31 December 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 audited financial statements for the year ended 30 June 2023.

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 2023. 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 2023.

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 period.

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 to 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 31 December 2023 and 2022

Segment revenue and results

	Segment revenue		Segment profit/(loss)	
	1H2024	1H2023	1H2024	1H2023
	US\$'000	US\$'000	US\$'000	US\$'000
Manufacturing	14,375	18,617	(1,881)	354
Retail and distribution	5,584	6,297	(9)	(28)
Total	<u>19,959</u>	<u>24,914</u>	<u>(1,890)</u>	<u>326</u>
Finance costs			(274)	(197)
Other income			515	694
Other expenses			(562)	(194)
(Loss) Profit before income tax			<u>(2,211)</u>	<u>629</u>
Income tax expense			(148)	(360)
(Loss) Profit for the period			<u>(2,359)</u>	<u>269</u>

Segment assets and liabilities

	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
Segment assets		
Manufacturing	61,419	66,309
Retail and distribution	11,284	13,516
Total segment assets	<u>72,703</u>	<u>79,825</u>
Unallocated assets	45	364
Consolidated total assets	<u>72,748</u>	<u>80,189</u>
Segment liabilities		
Manufacturing	6,422	5,981
Retail and distribution	3,081	3,930
Total segment liabilities	<u>9,503</u>	<u>9,911</u>
Unallocated liabilities	16,462	17,716
Consolidated total liabilities	<u>25,965</u>	<u>27,627</u>

Other segment information

	Depreciation		Additions to non-current assets	
	1H2024 US\$'000	1H2023 US\$'000	1H2024 US\$'000	1H2023 US\$'000
Manufacturing	1,165	1,293	1,527	134
Retail and distribution	692	918	901	468
Total	<u>1,857</u>	<u>2,211</u>	<u>2,428</u>	<u>602</u>

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

	1H2024 US\$'000	1H2023 US\$'000
Manufacturing segment		
Allowance for doubtful other receivables - net	300	-
Allowance for inventories - net	470	-
Retail and distribution segment		
Inventories written off	10	5

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	
	1H2024 US\$'000	1H2023 US\$'000
Asia-Pacific	6,790	8,749
North America	10,439	13,078
Europe	2,365	2,379
Others	365	708
	<u>19,959</u>	<u>24,914</u>

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

5. Other income

	The Group	
	6 months ended	
	31 Dec 2023 ("1H2024") US\$'000	31 Dec 2022 ("1H2023") US\$'000
Interest income on bank balances	276	95
Gain on disposal of property, plant and equipment	-	21
Gain on derecognition of right-of-use assets	30	5
Government grant income	6	198
Property tax and rental rebate	108	158
Freight revenue	40	44
Design fee	11	10
Sundry income	44	163
	<u>515</u>	<u>694</u>

6. Other expenses

	The Group	
	6 months ended	
	31 Dec 2023 ("1H2024") US\$'000	31 Dec 2022 ("1H2023") US\$'000
Allowance for doubtful other receivables	300	-
Inventories written off	10	5
Foreign exchange loss - net	55	189
Loss on misappropriation of assets	195	-
Others	2	-
	<u>562</u>	<u>194</u>

7. (Loss) Profit before income tax

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

	The Group	
	6 months ended	
	31 Dec 2023	31 Dec 2022
	("1H2024")	("1H2023")
	US\$'000	US\$'000
Depreciation of property, plant and equipment	788	931
Depreciation of right-of-use assets	1,069	1,280
Finance costs:		
- Bank interest	216	148
- Lease liabilities	58	49

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	
	31 Dec 2023	31 Dec 2022
	("1H2024")	("1H2023")
	US\$'000	US\$'000
Current income tax	148	382
Deferred tax	-	(22)
Total	148	360

9. (Loss) Earnings per share

	The Group	
	6 months ended	
	31 Dec 2023	31 Dec 2022
	("1H2024")	("1H2023")
Based on the weighted average number of ordinary shares on issue (US cents)	(2.82)	0.35
Singapore cents equivalent	(3.72)	0.47
Weighted average number of shares	83,178,782	83,114,869

The fully diluted earnings per share and basic earnings per share are the same for the six months ended 31 December 2023 and 2022 respectively.

10. Trade receivables

	The Group		The Company	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties	3,659	2,751	2,931	2,680
Related parties	-	-	-	-
Subsidiaries	-	-	850	755
	<u>3,659</u>	<u>2,751</u>	<u>3,781</u>	<u>3,435</u>

11. Other receivables

	The Group		The Company	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Subsidiaries	-	-	12,019	12,862
Related parties	3	2	-	-
Deposits	759	1,027	8	8
Prepayments to third parties	1,258	1,133	407	511
Prepayments to subsidiaries	-	-	16,541	15,822
Government grant receivable	178	176	107	107
Value added tax recoverable	2,332	2,129	16	-
Fire Insurance compensation receivables	1,357	1,357	-	-
Others	44	24	28	8
	<u>5,931</u>	<u>5,848</u>	<u>29,126</u>	<u>29,318</u>
Less: Allowance for doubtful debts				
Outside parties	(300)	-	-	-
Subsidiaries	-	-	(1,261)	(1,261)
Related parties	-	-	-	-
	<u>5,631</u>	<u>5,848</u>	<u>27,865</u>	<u>28,057</u>
Less: Non-current portion:				
Deposits	(28)	(27)	-	-
Prepayments	(121)	(182)	-	-
Subsidiaries	-	-	(7,207)	(8,107)
	<u>5,482</u>	<u>5,639</u>	<u>20,658</u>	<u>19,950</u>

12. Inventories

	The Group	
	31 Dec 2023	30 June 2023
	US\$'000	US\$'000
Raw material	4,695	4,871
Work-in-progress	3,773	3,771
Finished goods	5,314	5,780
	<u>13,782</u>	<u>14,422</u>
Less: Allowance for inventories	(2,577)	(2,104)
	<u>11,205</u>	<u>12,318</u>
Movement in allowance for inventories:		
Balance at beginning of the period	2,104	1,176
Charge (Reversal) to profit or loss	470	980
Currency translation difference	3	(52)
Balance at end of the period	<u>2,577</u>	<u>2,104</u>

Inventories of US\$10,000 (1H2023: US\$5,000) were written off and recognized directly in profit or loss for goods which are not in saleable conditions.

13. Property, plant and equipment

During 1H2024, the Group acquired assets amounting to US\$1,116,000 (1H2023: US\$227,000). The Net book value of assets disposed in 1H2024 was US\$Nil (1H2023: No disposal of assets).

14. Bank loans and lease liabilities

	The Group		The Company	
	31 Dec 2023	30 June 2023	31 Dec 2023	30 Jun 2023
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	1,275	1,453	110	131
Unsecured	1,639	1,699	1,604	1,619
	<u>2,914</u>	<u>3,152</u>	<u>1,714</u>	<u>1,750</u>
<u>Amount repayable after one year</u>				
Secured	10,914	10,325	7,057	7,097
Unsecured	2,489	2,614	2,489	2,614
	<u>13,403</u>	<u>12,939</u>	<u>9,546</u>	<u>9,711</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\$7,922,000 as at 31 December 2023 were mainly used for the financing of Group's property, plant and equipment.

15. Share capital

	The Group and Company			
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Number of ordinary shares		US\$'000	US\$'000
Issued and paid up:				
At beginning of period	83,237,856	83,153,856	4,919	4,894
Issued during the period	-	84,000	-	25
At end of period	<u>83,237,856</u>	<u>83,237,856</u>	<u>4,919</u>	<u>4,919</u>

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 31 December 2023, the number of ordinary shares of 83,237,856 includes treasury shares of 59,074.

16. Capital reserves

This represents the effects of changes in ownership interests in a subsidiary when there is no change in control. During 1Q2023, the Group increased its shareholding in one of the subsidiaries.

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	
	31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Amortised cost (including cash and cash equivalent)	19,414	20,966	22,866	23,336
Financial liabilities				
Amortised cost	17,700	17,699	20,001	20,637
Lease liabilities	5,022	4,550	-	-

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

	<u>Group</u>	
	6 months ended	
	31 Dec 2023 ("1H2024") US\$'000	31 Dec 2022 ("1H2023") US\$'000
Ordinary dividends paid:		
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

No interim dividends were proposed by the Board of Directors for the 1H2024 and 1H2023.

20. Net asset value per share

	<u>The Group</u>		<u>The Company</u>	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
Net asset value per ordinary share				
- US cents	56.45	59.00	55.13	54.36
- Singapore cents	74.44	80.50	72.69	74.20

21. Fire incident update

On the fire incident occurred on 3 January 2022, the Group 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 recognized additional US\$0.9 million as other income, being the partial and interim amount of insurance claim.

The Group made an allowance of US\$0.3 million in 1H2024 for an estimated additional loss on assets due to the fire incident in Vietnam. Whilst the insurance adjusters are still in the process of determining the final claim amount, such allowance may be realized in the event that (i) the final claim amount is lower than that as previously recognized in the profit and loss account; and (ii) the VND weakens against our functional currency in the USD. The Company will make further accounting adjustments and / or 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 31 December 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 months 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 1H2024. The number of shares held as treasury shares as at 31 December 2023 was 59,074 (30 June 2023: 59,074), representing 0.07% of the total number of shares of the Company, excluding treasury shares (30 June 2023: 0.07% of the total number of shares of the Company, excluding treasury shares).

There were no convertibles as at the 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 (1H2024 vs 1H2023)

Revenues fell by US\$5.0 million to US\$20.0 million in 1H2024 as demand for furniture continued to taper off due mainly to (i) slowdown in the US housing market and discretionary consumer spending amidst rising interest rates; and (ii) the deepening debt crisis in China's real estate sector, which weighed heavily on business recovery and exerted pressure on consumer spending sentiment.

Gross profit fell by US\$2.2 million to US\$5.1 million given lower revenue and gross profit margin. Gross profit margin fell by 3.7 percentage points to 25.6% due mainly to (i) higher unit cost of production, (ii) an allowance for Inventories

Other income fell by US\$0.2 million to US\$0.5 million due mainly to lower government grant income and property tax and rental rebate; offset by higher fixed deposits interest income.

Selling and distribution costs fell by US\$0.4 million to US\$2.8 million due mainly to lower advertising and distribution costs, offset by higher trade fair expenses.

Administrative expenses rose by US\$0.4 million to US\$4.1 million due mainly to the accounting effects for overprovision of variable bonuses in 1H2023; offset by lower depreciation expenses.

Other expenses rose by US\$0.4million to US\$0.6 million as the Group recorded (i) a loss of US\$0.2 million from the misappropriation of funds (which the Group had previously disclosed and updated on

01 November 2023 and 27 December 2023), (ii) an allowance of US\$0.3 million for loss on asset from the fire incident in Vietnam; offset by lower foreign exchange loss in 1H2024.

Finance costs rose by US\$0.08 million to US\$0.27million due to higher interest expense .

Income tax expense fell by US\$0.21million to US\$0.15 million due mainly to lower taxable profit for our operations

Given the above, the Group incurred a loss attributable to Owners of the Company (“**Net Loss**”) of US\$2.3 million in 1H2024 as compared to a net profit of US\$0.3 million in 1H2023. Despite that, the Group generated a net operating cash flow of US\$0.3 million in 1H2024.

Condensed interim statements of financial position (31 December 2023 vs 30 June 2023)

Assets

Current assets fell by US\$2.2 million to US\$33.8 million. Significant movements during the period under review were as follows:

- Cash and cash equivalents fell by US\$1.9 million to US\$13.4 million due mainly to lower net cash generated from operations and higher cash used in investing activities.
- Trade receivables rose by US\$0.9 million to US\$3.7 million due mainly to higher sales and longer collection cycles in the second half of 1H2024. Trade receivable turnover days was 34 days (30 June 2023: 23 days).
- Inventories fell by US\$1.1 million to US\$11.2 million due mainly to lower raw material and finished goods on the back of lower purchases. The overall inventory turnover days was 139 days (30 June 2023: 141 days).

Non-current assets rose by US\$0.8 million to US\$39.0 million due mainly to (1) expansion of our existing Vietnam factories; and investments in machinery and equipment; and (2) increase in right-of-use assets under the new leases, including leases renewal

Liabilities

Current liabilities rose by US\$0.2 million to US\$12.3 million due mainly to higher purchases and longer payment terms with suppliers during the second half of 1H2024. Trade payables turnover days was 39 day (30 Jun 2023: 27 days)

Non-current liabilities rose by US\$0.5 million to US\$13.6 million due mainly to the increase in lease liabilities as a result of new leases obligations, including leases renewal; offset by repayment of bank loans during 1H2024

Shareholders' equity

Net asset or Equity attributable to Owners of the Company fell by US\$2.1 million to US\$47.0 million as at 31 December 2023 due to Net Loss for 1H2024.

Condensed interim consolidated statements of cash flows (1H2024 vs 1H2023)

Net cash from operating activities was US\$0.3 million after accounting for operating cash inflows of US\$0.4 million, net working capital inflows of US\$0.1 million, net of payments for income tax and interest of US\$0.1 million

Net cash used in investing activities increased by US\$0.9 million to US\$1.1 million due mainly to expansion of our existing Vietnam factories and investments in machinery and equipment.

Net cash used in financing activities fell by US\$2.2 million to US\$1.0 million due mainly to repayments of bank loans and lease liabilities; offset by proceeds from additional bank loans for expansion of our existing Vietnam factories.

Given the above, net cash and cash equivalents fell by US\$3.3 million to US\$13.4 million as at 31 December 2023.

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

No forecast had previously been disclosed. The Group made a Net Loss of US\$3.2 million for 2H2023 due mainly to the weak global economy (particularly in our key export markets and China), as disclosed in the full year results announcement for FY2023. In 1H2024, the Group recorded a lower Net Loss of US\$1.9 million, including a total non-operating loss of approximately US\$0.5 million (as explained in the above Note 5), which was approximately 40% lower than that for 2H2023.

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, our business recovery depends on the pace of inventories replenishment cycles while these orders are contingent on the pace of the global inflationary pressure, which seems to remain elevated for now. We had also mentioned that the mounting concerns over the major real estate and debts crisis in China could further deprive its economic stability, which have since delayed its consumer-driven economic recovery.

These macro issues have affected our financial performance for 1H2024 and will remain key known factors which may continue to disappoint demand as consumers grapples with low confidence. There is also a fear of lingering logistics issue as a result of the Red Sea crisis as it could further upend global trade. The group believes that the challenges persist should conditions remain weak. On a positive note, there have recently been hopeful signs of demand enquiries from our export clients, suggesting that the furniture retailers could be on the verge of clearing their excess inventories progressively. Meanwhile, our distribution business has since diversified and expanded its networks in India and Europe during the period under review. However, given the existing market uncertainties, we have adjusted our strategies in adapting to a slower and more cautious pace of business recovery for FY2024.

8. Dividend information

8a. Current Financial Period Reported on

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

8b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

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 1H2024 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 Lease was subsequently terminated and in August 2023, the Group entered into a new tenancy agreement (the " Tenancy ") to rent the land for 3 years (the " Initial Tenancy Period "), with an extension option up to 15 years upon expiry of the Initial Tenancy Period. The IPT for 1H2024 with regards to the Tenancy is as follow: (i) Rental expense (RM123,492)	36 (Note 1)

Note 1: Based on 1H2024 average rate of S\$1= RM3.4548, the rental expense under the above IPT for 1H2024 was approximately 0.07% of the Group's latest audited Net Tangible Asset as at 30 June 2023.

10. Confirmation pursuant to Rule 705(5)

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come their attention which may render the unaudited condensed interim financial statements for the six months ended 31 December 2023 to be false or misleading in any material aspect

11. 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).

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

Please refer to item 5 above.

BY ORDER OF THE BOARD
JAMES KOH JYH GANG
Executive Chairman and Chief Executive Officer
08 February 2024