



## **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 2022 ("1H2023)**

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

<b>The Group</b>					
<b>6 months ended</b>					
		<b>31 Dec 2022</b>	<b>31 Dec 2021</b>		
		<b>("1H2023")</b>	<b>("1H2022")</b>		
Note		<b>US\$'000</b>	<b>US\$'000</b>	Change %	
	<b>Revenue</b>	4	<b>24,914</b>	<b>33,840</b>	-26.4%
	Cost of sales		(18,263)	(23,680)	-22.9%
	<b>Gross profit</b>		<b>6,651</b>	<b>10,160</b>	-34.5%
	Other income	5	694	1,254	-44.7%
	Selling and distribution costs		(2,896)	(3,140)	-7.8%
	Administrative expenses		(3,429)	(4,471)	-23.3%
	Other expenses	6	(194)	(78)	148.7%
	Finance costs		(197)	(116)	69.8%
	<b>Profit before income tax</b>	7	<b>629</b>	<b>3,609</b>	-82.6%
	Income tax expense	8	(360)	(696)	-48.3%
	<b>Profit for the period</b>		<b>269</b>	<b>2,913</b>	-90.8%
	<b>Profit attributable to :</b>				
	Owners of the Company		291	2,998	-90.3%
	Non-controlling interests		(22)	(85)	-74.1%
			<b>269</b>	<b>2,913</b>	-90.8%
	<b>Other comprehensive income (loss)</b>				
	<u>Items that may be reclassified</u>				
	<u>subsequent to profit or loss</u>				
	Translation of differences arising				
	from consolidation of foreign				
	operations		143	(61)	N.M
	<b>Total other comprehensive</b>				
	<b>income (loss) for the period, net</b>		143	(61)	N.M
	<b>of tax</b>				
	<b>Total comprehensive income for</b>		<b>412</b>	<b>2,852</b>	-85.6%
	<b>the period</b>				
	<b>Total comprehensive income</b>				
	<b>attributable to :</b>				
	Owners of the Company		425	2,938	-85.5%
	Non-controlling interests		(13)	(86)	-84.9%
			<b>412</b>	<b>2,852</b>	-85.6%
	<b>Earnings per share for profit for</b>				
	<b>the period attributable to the</b>				
	<b>owners of the Company:</b>				
	Basic (US cents)	9	0.35	3.62	
	Diluted (US cents)	9	0.35	3.62	

N.M: Not meaningful

## B. Condensed interim statements of financial position

	Note	The Group		The Company	
		31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
		US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		16,786	14,301	8,404	4,998
Trade receivables	10	2,056	5,382	2,663	6,158
Other receivables	11	6,254	7,429	17,307	15,961
Inventories	12	15,891	19,937	-	95
<b>Total current assets</b>		<b>40,987</b>	<b>47,049</b>	<b>28,374</b>	<b>27,212</b>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	18,611	18,611
Bank balances earmarked for credit facilities		479	479	479	479
Club memberships		46	46	32	32
Property, plant and equipment	13	24,688	25,416	8,685	8,766
Right-of-use assets		13,670	14,663	-	-
Other receivables	11	-	-	5,644	11,344
Deferred tax assets		319	319	-	-
<b>Total non-current assets</b>		<b>39,202</b>	<b>40,923</b>	<b>33,451</b>	<b>39,232</b>
<b>Total assets</b>		<b>80,189</b>	<b>87,972</b>	<b>61,825</b>	<b>66,444</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bills payable	14	-	478	-	-
Trade payables		2,283	4,686	4,425	7,236
Other payables		6,297	8,733	1,691	3,212
Lease liabilities	14	2,087	2,075	-	-
Current portion of bank loans	14	2,694	2,612	2,608	2,522
Income tax payable		1,332	1,706	948	1,245
<b>Total current liabilities</b>		<b>14,693</b>	<b>20,290</b>	<b>9,672</b>	<b>14,215</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		154	176	31	31
Lease liabilities	14	2,860	3,582	-	-
Non-current portion of bank loans	14	9,920	11,313	9,920	11,313
<b>Total non-current liabilities</b>		<b>12,934</b>	<b>15,071</b>	<b>9,951</b>	<b>11,344</b>
<b>Capital and reserves</b>					
Share capital	15	4,919	4,894	4,919	4,894
Treasury shares		(50)	(50)	(50)	(50)
Capital reserves	16	(159)	-	-	-
Other reserves		192	236	118	162
Translation reserve		(251)	(385)	-	-
Accumulated profits		48,025	48,176	37,215	35,879
<b>Equity attributable to owners of the Company</b>		<b>52,676</b>	<b>52,871</b>	<b>42,202</b>	<b>40,885</b>
Non-controlling interests		(114)	(260)	-	-
<b>Total equity</b>		<b>52,562</b>	<b>52,611</b>	<b>42,202</b>	<b>40,885</b>
<b>Total liabilities and equity</b>		<b>80,189</b>	<b>87,972</b>	<b>61,825</b>	<b>66,444</b>

## C. Condensed interim statements of changes in equity

### The Group

		Share capital	Treasury shares	Capital reserves	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>									
	Profit for the period	-	-	-	-	-	291	291	(22)	269
	Other comprehensive income	-	-	-	-	134	-	134	9	143
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>291</b>	<b>425</b>	<b>(13)</b>	<b>412</b>
	<i>Transaction with owners, recognised directly in equity:</i>									
	Effects of acquiring part of non-controlling interests in a subsidiary	16	-	(159)	-	-	-	(159)	159	-
	Dividends	19	-	-	-	-	(442)	(442)	-	(442)
	Issue of new shares	15	25	-	(25)	-	-	-	-	-
	Share-based payments		-	-	(19)	-	-	(19)	-	(19)
	<b>Total</b>	<b>25</b>	<b>-</b>	<b>(159)</b>	<b>(44)</b>	<b>-</b>	<b>(442)</b>	<b>(620)</b>	<b>159</b>	<b>(461)</b>
	<b>Balance as at 31 Dec 2022</b>	<b>4,919</b>	<b>(50)</b>	<b>(159)</b>	<b>192</b>	<b>(251)</b>	<b>48,025</b>	<b>52,676</b>	<b>(114)</b>	<b>52,562</b>
	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	-	-	-	-	-	2,998	2,998	(85)	2,913
	Other comprehensive loss	-	-	-	-	(60)	-	(60)	(1)	(61)
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(60)</b>	<b>2,998</b>	<b>2,938</b>	<b>(86)</b>	<b>2,852</b>
	<i>Transaction with owners, recognised directly in equity:</i>									
	Dividends	19	-	-	-	-	(1,232)	(1,232)	-	(1,232)
	Issue of new shares	15	108	-	(108)	-	-	-	-	-
	Award of performance shares		-	25	(25)	-	-	-	-	-
	Share-based payments		-	-	71	-	-	71	-	71
	<b>Total</b>	<b>108</b>	<b>25</b>	<b>-</b>	<b>(62)</b>	<b>-</b>	<b>(1,232)</b>	<b>(1,161)</b>	<b>-</b>	<b>(1,161)</b>
	<b>Balance as at 31 Dec 2021</b>	<b>4,894</b>	<b>(50)</b>	<b>-</b>	<b>256</b>	<b>330</b>	<b>45,653</b>	<b>51,083</b>	<b>(151)</b>	<b>50,932</b>

### 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
Balance as at 1 Jul 2022		4,894	(50)	162	35,879	40,885
<i>Profit for the year, 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)
<b>Balance as at 31 Dec 2022</b>		<b>4,919</b>	<b>(50)</b>	<b>118</b>	<b>37,215</b>	<b>42,202</b>
Balance as at 1 Jul 2021		4,786	(75)	244	30,668	35,623
<i>Profit for the period, representing total comprehensive income for the period</i>		-	-	-	2,544	2,544
<i>Transaction with owners, recognised directly in equity:</i>						
Dividends	19	-	-	-	(1,232)	(1,232)
Issue of new shares	15	108	-	(108)	-	-
Award of performance shares		-	25	(25)	-	-
Share-based payments		-	-	71	-	71
		108	25	(62)	(1,232)	(1,161)
<b>Balance as at 31 Dec 2021</b>		<b>4,894</b>	<b>(50)</b>	<b>182</b>	<b>31,980</b>	<b>37,006</b>

#### D. Condensed interim consolidated statements of cash flows

	The Group	
	6 months ended	
	31 Dec 2022	31 Dec 2021
	US\$'000	US\$'000
<b>Operating activities</b>		
Profit before income tax	629	3,609
Adjustments for:		
Depreciation of property, plant and equipment	931	1,258
Depreciation of right-of-use assets	1,280	935
Property, plant and equipment written off	1	-
Inventories written off	5	7
Property tax and rental rebate	-	(153)
Gain on disposal of property, plant and equipment	(21)	-
Gain on disposal of right-of-use assets	(5)	-
Equity-settled shares-based payments	(19)	71
Interest income	(95)	(54)
Interest expense	197	116
<b>Operating cash flows before movements in working capital</b>	<b>2,903</b>	<b>5,789</b>
Trade receivables	3,250	77
Other receivables	1,174	(482)
Inventories	4,164	(2,759)
Trade payables	(2,286)	410
Other payables	(2,436)	(1,092)
<b>Cash generated from operations</b>	<b>6,769</b>	<b>1,943</b>
Interest received	95	54
Interest paid	(197)	(116)
Income tax paid	(762)	(867)
<b>Net cash from operating activities</b>	<b>5,905</b>	<b>1,014</b>
<b>Investing activities</b>		
Deposits for property, plant and equipment	-	(729)
Purchase of property, plant and equipment	(227)	(1,219)
Proceeds from finance lease receivables	-	42
Proceeds from disposal of property, plant and equipment	21	-
<b>Net cash used in investing activities</b>	<b>(206)</b>	<b>(1,906)</b>
<b>Financing activities</b>		
Dividends paid	(442)	(1,232)
Repayment of bills payable	(478)	-
Repayment of bank loans	(1,395)	(875)
Proceeds from bank loans	88	5,726
Repayment of lease liabilities	(993)	(764)
<b>Net cash (used in) from financing activities</b>	<b>(3,220)</b>	<b>2,855</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,479</b>	<b>1,963</b>
Cash and cash equivalents at beginning of period	14,302	14,673
Effects of exchange rate change on balance of cash held in foreign currencies	5	38
<b>Cash and cash equivalents at end of period</b>	<b>16,786</b>	<b>16,674</b>

## **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 2022 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) Manufacturing 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 2022 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 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 ("US\$") 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 SFRS(I)s and Interpretation of SFRS(I) ("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 SFRS(I)s 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 most recent audited 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 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 2022 and 2021**

##### Segment revenue and results

	Segment revenue		Segment profit/(loss)	
	1H2023 US\$'000	1H2022 US\$'000	1H2023 US\$'000	1H2022 US\$'000
Manufacturing	18,617	24,955	354	1,745
Retail and distribution	6,297	8,885	(28)	804
Total	24,914	33,840	326	2,549
Finance costs			(197)	(116)
Other income			694	1,254
Other expenses			(194)	(78)
Profit before income tax			629	3,609
Income tax expense			(360)	(696)
Profit for the period			269	2,913

Segment assets and liabilities

	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Segment assets</b>		
Manufacturing	66,309	73,775
Retail and distribution	13,516	13,833
Total segment assets	<u>79,825</u>	<u>87,608</u>
Unallocated assets	364	364
Consolidated total assets	<u>80,189</u>	<u>87,972</u>
<b>Segment liabilities</b>		
Manufacturing	5,981	10,803
Retail and distribution	3,930	4,322
Total segment liabilities	<u>9,911</u>	<u>15,125</u>
Unallocated liabilities	17,716	20,236
Consolidated total liabilities	<u>27,627</u>	<u>35,361</u>

Other segment information

	<b>Depreciation</b>		<b>Additions to non-current assets</b>	
	<b>1H2023</b>	<b>1H2022</b>	<b>1H2023</b>	<b>1H2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Manufacturing	1,293	1,102	134	671
Retail and distribution	918	1,091	468	596
Total	<u>2,211</u>	<u>2,193</u>	<u>602</u>	<u>1,267</u>

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

	<b>1H2023</b>	<b>1H2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Retail and distribution segment</b>		
Inventories written off	5	7

## 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	
	1H2023 US\$'000	1H2022 US\$'000
Asia-Pacific	8,749	10,853
North America	13,078	19,807
Europe	2,379	2,823
Others	708	357
	<u>24,914</u>	<u>33,840</u>

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

## 5. Other income

	The Group	
	6 months ended	
	31 Dec 2022 ("1H2023") US\$'000	31 Dec 2021 ("1H2022") US\$'000
Interest income on bank balances	95	54
Foreign exchange gain - net	-	272
Gain on disposal of property, plant and equipment	21	-
Gain on disposal of right-of-use assets	5	-
Government grant income	198	574
Property tax and rental rebate	158	177
Freight revenue	44	68
Design fee	10	46
Sundry income	163	63
	<u>694</u>	<u>1,254</u>

## 6. Other expenses

	The Group	
	6 months ended	
	31 Dec 2022 ("1H2023") US\$'000	31 Dec 2021 ("1H2022") US\$'000
Inventories written off	5	7
Equity-settled share-based expenses	-	71
Foreign exchange loss - net	189	-
	<u>194</u>	<u>78</u>

## 7. Profit before income tax

Profit before income tax is arrived at after charging the following:

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>("1H2023")</b>	<b>("1H2022")</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Depreciation of property, plant and equipment	931	1,258
Depreciation of right-of-use assets	1,280	935
Finance costs:		
- Bank loans	148	63
- Lease liabilities	49	53

## 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:

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>("1H2023")</b>	<b>("1H2022")</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Current income tax	382	799
Deferred tax	(22)	(56)
Over provision in prior years:		
- Income tax	-	(47)
	<u>360</u>	<u>696</u>

## 9. Earnings per share

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>("1H2023")</b>	<b>("1H2022")</b>
Based on the weighted average number of ordinary shares on issue (US cents)	0.35	3.62
Singapore cents equivalent	0.47	4.89
Weighted average number of shares	83,114,869	82,840,697

The fully diluted earnings per share and basic earnings per share are the same for the six months ended 31 December 2022 and 2021.

## 10. Trade receivables

	The Group		The Company	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties	2,056	5,375	1,902	5,277
Related parties	-	7	-	-
Subsidiaries	-	-	761	881
	<u>2,056</u>	<u>5,382</u>	<u>2,663</u>	<u>6,158</u>

## 11. Other receivables

	The Group		The Company	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Subsidiaries	-	-	23,608	27,930
Related parties	2	2	-	-
Deposits	895	992	8	14
Prepayments	1,711	1,817	561	568
Value added tax recoverable	2,310	3,028	15	23
Fire insurance compensation receivable	1,296	1,438	-	-
Others	40	152	20	31
	<u>6,254</u>	<u>7,429</u>	<u>24,212</u>	<u>28,566</u>
Less: Allowance for doubtful debts				
Subsidiaries	-	-	(1,261)	(1,261)
	<u>6,254</u>	<u>7,429</u>	<u>22,951</u>	<u>27,305</u>
Less non-current portion:				
Subsidiaries	-	-	(5,644)	(11,344)
	<u>6,254</u>	<u>7,429</u>	<u>17,307</u>	<u>15,961</u>

## 12. Inventories

	The Group	
	31 Dec 2022	30 Jun 2022
	US\$'000	US\$'000
Raw material	6,182	8,372
Work in progress	3,332	5,839
Finished goods	7,551	6,902
	<hr/>	<hr/>
	17,065	21,113
Less: Allowance for inventories	(1,174)	(1,176)
	<hr/>	<hr/>
	15,891	19,937

### Movement in allowance for inventories:

Balance at beginning of the period	1,176	1,193
Currency translation difference	(2)	-
Charge to profit or loss for the period	-	(17)
	<hr/>	<hr/>
Balance at end of the period	1,174	1,176

As at 31 December 2022, there were no finished goods held by the Company (30 June 2022: US\$95,000).

Inventories of US\$5,000 (1H2022: US\$7,000) were written off and recognized directly in profit or loss for goods which are not in saleable conditions.

## 13. Property, plant and equipment

During 1H2023, the Group acquired assets amounting to US\$227,000 (1H2022: US\$1,219,000). The net book value of assets disposed in 1H2023 was US\$Nil (1H2022: No disposal of assets).

## 14. Bank loans and lease liabilities

	The Group		The Company	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	2,233	2,282	146	207
Unsecured	2,548	2,883	2,462	2,315
	<hr/>	<hr/>	<hr/>	<hr/>
	4,781	5,165	2,608	2,522
 <u>Amount repayable after one year</u>				
Secured	10,011	10,760	7,151	7,178
Unsecured	2,769	4,135	2,769	4,135
	<hr/>	<hr/>	<hr/>	<hr/>
	12,780	14,895	9,920	11,313

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\$12,614,000 as at 31 December 2022 were mainly used for the financing of Group's property, plant and equipment.

## 15. Share capital

	<b>The Group and Company</b>			
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	<b>Number of ordinary shares</b>		<b>US\$'000</b>	<b>US\$'000</b>
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	83,237,856	83,153,856	4,919	4,894

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 31 December 2022, 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 1H2023, the Group increased its shareholding in one of the subsidiaries. Please refer to the details in Note 13 of Section F.

## 17. Financial assets and financial liabilities

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

	<b>The Group</b>		<b>The Company</b>	
	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>	<b>31 Dec 2022</b>	<b>30 Jun 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financial assets</b>				
Amortised cost (including cash and cash equivalent)	21,552	22,697	33,918	38,346
<b>Financial liabilities</b>				
Amortised cost	18,254	24,116	17,900	22,755
Lease liabilities	4,947	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	
	6 months ended	
	31 Dec 2022 ("1H2023") US\$'000	31 Dec 2021 ("1H2022") US\$'000
<b>Ordinary dividends paid:</b>		
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	-	770
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/> 442	<hr/> 1,232
<b>Dividends were authorised and not included as liabilities in these financial statements are as follows:</b>		
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	-	154
	<hr/> -	<hr/> 154

## 20. Net asset value per share

	The Group		The Company	
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
Net asset value per ordinary				
- US cents	63.4	63.6	50.7	49.2
- Singapore cents	85.2	88.6	68.2	68.5

## 21. Fire insurance claims update

On the fire incident occurred on 3 January 2022, the Group has recognized US\$1.4 million as other income for the financial year ended 30 June 2022, being partial and interim amount of insurance claims.

In August 2022, amount of US\$142,000 (VND3.3 billion) was received from the insurance company. The insurance adjusters are still in process of determining the final claim amount. 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 31 December 2022 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 1H2023. The number of shares held as treasury shares as at 31 December 2022 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 (1H2023 vs 1H2022)**

Revenues fell by US\$8.9 million to US\$24.9 million in 1H2023 due mainly to (i) retailers' stockpiles and inflationary pressure in our key export markets which caused a slowdown in the orders replenishment cycles; and (ii) zero-Covid policy in China which weighed on consumer spending sentiment.

Gross profit fell by US\$3.5 million to US\$6.7 million on the back of lower revenue and gross margin. Gross margin fell by 3.3 percentage point to 26.7% as a result of higher raw material costs and higher unit direct costs per revenues.

Other income fell by US\$0.6 million to US\$0.7 million in the absence of foreign exchange gain and as a result of lower government grant.

Administrative expenses fell by US\$1.0 million to US\$3.4 million due mainly to lower staff cost, including performance-related bonuses.

Other expenses rose by US\$0.1 million to US\$0.2 million as a result of net foreign exchange loss; and in the absence of equity-settled share-based payments in 1H2023.

Finance costs rose by US\$0.08 million to US\$0.2 million due to higher interest expense (on higher bank loans and interest rates).

Income tax expense fell by US\$0.3 million to US\$0.4 million due to lower taxable profits for our operations.

Given the above, Profit attributable to Owners of the Company ("**Net Profit**") fell by US\$2.7 million to US\$0.3 million in 1H2023.

### **Condensed interim statements of financial position (31 December 2022 vs 30 June 2022)**

#### Assets

Current assets fell by US\$6.1 million to US\$41.0 million. Significant movements during the period under review were as follows:

- Cash and cash equivalents rose by US\$2.5 million to US\$16.8 million due mainly to cash generated from operations; offset by the repayment of bank loans and lease liabilities; and payment of final dividend for FY2022.
- Trade receivables fell by US\$3.3 million to US\$2.1 million due mainly to faster collection cycles. Trade receivable turnover days was 15 days (30 June 2022: 25 days).
- Other receivables fell by US\$1.2 million to US\$6.3 million due mainly to (i) lower Value Added Tax receivable from our Vietnam operations; and (ii) partial receipt of fire insurance compensation receivables.
- Inventories fell by US\$4.0 million to US\$15.9 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 160 days (30 June 2022: 132 days) as a result of lower shipped orders in 1H2023.

Non-current assets fell by US\$1.7 million to US\$39.2 million due mainly to depreciation of property, plant and equipment, and right-of-use assets in 1H2023.

## Liabilities

Current liabilities fell by US\$5.1 million to US\$14.7 million. Significant movements during the period under review were as follows:

- Trade payables fell by US\$2.4 million to US\$2.3 million on the back of lower purchases. Trade payable turnover days was 23 days (30 June 2022: 31 days).
- Other payables fell by US\$2.4 million to US\$6.3 million due mainly to lower deposits from customers and non-accrual of performance related bonuses for 1H2023.

Non-current liabilities fell by US\$2.1 million to US\$12.9 million due mainly to repayment of bank loans and lease liabilities during 1Q2023.

## Shareholders' equity

Net asset or Equity attributable to Owners of the Company fell by US\$0.2 million to US\$52.7 million as at 31 December 2022 due to Net Profit for 1H2023, offset by payment of final dividend for FY2022.

## **Condensed interim consolidated statements of cash flows (1H2023 vs 1H2022)**

Net cash from operating activities was US\$5.9 million after accounting for operating cash inflows of US\$2.9 million, net working capital inflows of US\$3.9 million, net of payments for income tax and interest of US\$0.9 million.

Net cash used in investing activities was US\$0.2 million due mainly to purchase of machinery and equipment for our factories in Vietnam.

Net cash used in financing activities was US\$3.2 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\$2.5 million to US\$16.8 million as at 31 December 2022.

## **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 (as explained therein), market demand may soften, direct cost would rise and margins could fall as a result of the potential cyclical slowdown. For 1H2023, Net Profit fell by US\$2.7 million to US\$0.3 million.

**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**

We had previously disclosed that:

- the increasingly higher inventories level in the US wholesale market could lead to cyclical slowdown in furniture demand;
- high inflation, rate hikes and geopolitical tensions could further obstruct global economic recovery and affect consumer spending sentiment; and
- the “zero-Covid” approach in China has weighed on business recovery.

More recently, whilst China’s pivot away from its zero-Covid approach may result in meaningful rebound in its overall economic activities, it remains to be seen if the effects arising from the reopening could lead to pent-up demand during this transitional period; but there is good reason for us to be more proactive as we initiate our business recovery plans in China.

Under such operating environment, there appears to be an indication of imminent recession risk that consumer confidence level may fall while their spending patterns have changed. However, we believe the inventories replenishment cycles from our key export markets could progressively improve in the near to medium term in the event that the inflationary pressure could ease and the pace of the rate hikes could moderate.

**8. Dividend information**

8a. Current Financial Period Reported on

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

Name of Dividend	Interim
Dividend type	Cash
Dividend per share	i) Interim – No dividend to be declared
Tax rate	Tax exempt

No dividend has been declared or recommended for the six months ended 31 December 2022 as the Group reserves the funds for the business operations.

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	Interim
Dividend type	Cash
Dividend per share	Interim – 0.25 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 1H2023 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>
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 1H2023 with regards to the Lease is as follow:  (i) Rental expense (RM148,191)	46(Note 1)

Note 1: Based on average exchange rate for 1H2023 of S\$1= RM3.2510, the rental expense under the above IPT for 1H2023 was approximately 0.06% of the Group's latest audited Net Tangible Asset as at 30 June 2022.

**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 2022 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.

**13. Disclosure of Acquisition (including incorporations) and sale of shares since the end of the previous reporting period under Rule 706A.**

On 31 August 2022, the Group entered into a share transfer agreement to increase its shareholding in Commune (Chongqing) Trading Co. Ltd (**Commune CQ**) from 50% to 80% for a consideration amount of RMB 1, which did not have a material impact on the Group's financials for the reporting period under review. The results of Commune CQ had previously been consolidated in the Group's financial statements in the prior years as the Group has exercised control via the majority of board of Commune CQ.

**BY ORDER OF THE BOARD**  
**JAMES KOH JYH GANG**  
Executive Chairman and Chief Executive Officer  
14 February 2023