

KODA LTD

Full Year Financial Statements and Dividend Announcement

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

- 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.

Consolidated Statement of Comprehensive Income for 12 months ended 30 June 2018

| | 12 months ended 30/6/2018 ("FY2018") <u>US\$'000</u> | 12 months ended 30/6/2017 ("FY2017") <u>US\$'000</u> | Change % |
|--|--|--|-------------|
| Revenue | 52,400 | 49,491 | 5.9 |
| Cost of sales | (33,628) | (33,571) | 0.2 |
| Gross profit | 18,772 | 15,920 | 17.9 |
| Other income | 683 | 772 | (11.5) |
| Selling & distribution expenses | (5,405) | (4,096) | 32.0 |
| General & administrative expenses | (7,231) | (7,215) | 0.2 |
| Other expenses | (531) | (385) | 37.9 |
| Finance costs | (32) | (33) | (3.0) |
| Share of results of associate | (1) | (1) | NM |
| Profit before tax | 6,255 | 4,962 | 26.1 |
| Income tax expense | (581) | (912) | (36.3) |
| Profit for the year | 5,674 | 4,050 | 40.1 |
| Other comprehensive income | | | |
| <u>Items that may be reclassified subsequent to profit or loss</u> | | | |
| Translation differences arising from consolidation of foreign operations | 645 | (635) | NM |
| <u>Items that will not be reclassified subsequent to profit or loss</u> | | | |
| (Loss) Gain on revaluation of properties | (109) | 2,914 | |
| Deferred tax liability on revaluation | 30 | (585) | |
| Other comprehensive income for the year, net of tax | 566 | 1,694 | (66.6) |
| Total comprehensive income for the year | 6,240 | 5,744 | 8.6 |

NM: Not Meaningful

Notes to Consolidated Statement of Profit or Loss

| | 12 months ended 30/6/2018 ("FY2018") <u>US\$'000</u> | 12 months ended 30/6/2017 ("FY2017") <u>US\$'000</u> |
|---|--|--|
| <u>Other income</u> | | |
| Rental income | 73 | 173 |
| Interest income | 76 | 58 |
| Foreign exchange gain | - | 204 |
| Gain on disposal of property, plant & equipment | 3 | 2 |
| Others | 531 | 335 |
| | <u>683</u> | <u>772</u> |

| | 12 months ended 30/6/2018 ("FY2018") <u>US\$'000</u> | 12 months ended 30/6/2017 ("FY2017") <u>US\$'000</u> |
|--|--|--|
| <u>Other expenses</u> | | |
| Allowance for doubtful trade receivables | 20 | - |
| Allowance for doubtful other receivables | - | 39 |
| Bad debts written off | - | 90 |
| Inventories written off | 1 | 2 |
| Equity-settled share-based expenses | 200 | 179 |
| Foreign exchange loss | 20 | - |
| Loss on revaluation of property, plant & equipment | 265 | - |
| Loss on disposal of assets held for sale | - | 46 |
| Others | 25 | 29 |
| | <u>531</u> | <u>385</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.

| | Group | | Company | |
|--------------------------------------|------------------------|-----------------------|------------------------|-----------------------|
| | 30/06/2018 US\$'000 | 30/6/2017 US\$'000 | 30/06/2018 US\$'000 | 30/6/2017 US\$'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and bank balances | 10,502 | 8,352 | 4,950 | 1,691 |
| Trade receivables | 3,905 | 4,294 | 5,307 | 5,534 |
| Other receivables and prepayments | 2,465 | 2,780 | 6,517 | 9,229 |
| Inventories | 9,552 | 6,727 | 100 | - |
| Total current assets | 26,424 | 22,153 | 16,874 | 16,454 |
| Non-current assets | | | | |
| Investment in subsidiaries | - | - | 7,935 | 8,135 |
| Investment in associate | 2 | 3 | - | - |
| Club memberships | 208 | 207 | 192 | 192 |
| Other receivables and prepayment | - | 548 | - | - |
| Property, plant and equipment | 17,221 | 15,028 | 347 | 616 |
| Deferred tax asset | 52 | 32 | - | - |
| Total non-current assets | 17,483 | 15,818 | 8,474 | 8,943 |
| Total assets | 43,907 | 37,971 | 25,348 | 25,397 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities | | | | |
| Bills payable | 52 | 127 | - | - |
| Trade payables | 2,768 | 1,914 | 5,726 | 5,548 |
| Other payables | 5,282 | 5,323 | 2,291 | 2,311 |
| Obligations under finance lease | 33 | 51 | 12 | 32 |
| Bank loans | 182 | 146 | 182 | 146 |
| Income tax payable | 412 | 375 | - | - |
| Total current liabilities | 8,729 | 7,936 | 8,211 | 8,037 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 1,071 | 1,152 | - | - |
| Bank loans | 410 | 477 | 410 | 477 |
| Obligations under finance leases | 36 | 67 | 15 | 27 |
| Total non-current liabilities | 1,517 | 1,696 | 425 | 504 |
| Capital and reserves | | | | |
| Share capital | 4,525 | 4,362 | 4,525 | 4,362 |
| Treasury shares | (71) | (13) | (71) | (13) |
| Capital reserves | 5,924 | 7,939 | 224 | 187 |
| Translation reserve | (1,587) | (2,232) | - | - |
| Retained earnings | 24,870 | 18,283 | 12,034 | 12,320 |
| Total equity | 33,661 | 28,339 | 16,712 | 16,856 |
| Total liabilities and equity | 43,907 | 37,971 | 25,348 | 25,397 |

(b)(ii) **Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.**

Amount repayable in one year or less, or on demand

| As at 30/06/2018 (US\$'000) | | As at 30/6/2017 (US\$'000) | |
|-----------------------------|-----------|----------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 33 | 234 | 51 | 273 |

Amount repayable after one year

| As at 30/06/2018 (US\$'000) | | As at 30/6/2017 (US\$'000) | |
|-----------------------------|-----------|----------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 36 | 410 | 67 | 477 |

Borrowings and gearing ratio

Total borrowings of US\$ 0.7 million as at 30 June 2018 comprise short-term borrowings, long-term loans and finance lease obligations. Total borrowings fell by US\$ 0.2 million compared to 30 June 2017 due to loan repayments.

The Group's gearing ratio was 0.02 times as at 30 June 2018 compared to 0.03 times as at 30 June 2017.

Details of any collaterals

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 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 Statement of Cash Flows

| | 12 months ended 30/06/2018 ("FY2018") <u>US\$'000</u> | 12 months ended 30/06/2017 ("FY2017") <u>US\$'000</u> |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income tax | 6,255 | 4,962 |
| Adjustments for: | | |
| Allowance for doubtful trade receivables | 20 | - |
| Allowance for doubtful other receivables | - | 39 |
| Allowance for inventories | (24) | 158 |
| Bad debts written off | - | 90 |
| Depreciation of property, plant and equipment | 1,175 | 1,047 |
| Loss on disposal of assets held for sale | - | 46 |
| Equity-settled share-based expenses | 200 | 179 |
| Gain on disposal of property, plant and equipment | (3) | (2) |
| Property, plant and equipment written off | 2 | - |
| Share of results of associate | 1 | 1 |
| Loss on revaluation of property, plant and equipment | 265 | - |
| Inventories written off | 1 | 2 |
| Interest income | (76) | (58) |
| Interest expense | 32 | 33 |
| Operating cash flows before working capital changes | 7,848 | 6,497 |
| Trade receivables | 369 | (856) |
| Other receivables and prepayments | 480 | (246) |
| Inventories | (2,802) | (4) |
| Trade payables | 854 | (944) |
| Other payables | (41) | 2,535 |
| Cash generated from operations | 6,708 | 6,982 |
| Interest received | 76 | 58 |
| Interest paid | (32) | (33) |
| Income tax paid | (731) | (991) |
| Net cash from operations | 6,021 | 6,016 |

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 Statement of Cash Flows (continued)

| | 12 months ended 30/06/2018 ("FY2018") <u>US\$'000</u> | 12 months ended 30/06/2017 ("FY2017") <u>US\$'000</u> |
|---|---|---|
| Cash flows from investing activities | | |
| Deposits paid for purchase of property, plant and equipment | - | (548) |
| Dividends received from associate | - | 7 |
| Purchase of property, plant and equipment | (2,898) | (1,536) |
| Proceeds from disposal of assets held for sale | - | 1,067 |
| Proceeds from disposal of property, plant and equipment | 140 | 50 |
| Net cash used in investing activities | <u>(2,758)</u> | <u>(960)</u> |
| Cash flows from financing activities | | |
| Decrease in bills paybles | (75) | (395) |
| Dividends paid | (1,060) | (491) |
| Proceeds from bank loan | 136 | 233 |
| Purchase of treasury shares | (58) | (3) |
| Repayment of bank loans | (167) | (440) |
| Repayment of finance leases | (49) | (100) |
| Net cash used in financing activities | <u>(1,273)</u> | <u>(1,196)</u> |
| Net increase in cash and cash equivalents | 1,990 | 3,860 |
| Cash and cash equivalents at beginning of year | 8,352 | 4,607 |
| Effects of foreign exchange translation | 160 | (115) |
| Cash and cash equivalents at end of year | <u>10,502</u> | <u>8,352</u> |

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.

Statement of Changes in Equity

| | Share Capital | Treasury Shares | Capital reserves | Currency translation reserve | Retained earnings | Attributable to equity holders | Non-controlling interests | Total |
|---------------------------------|---------------|-----------------|------------------|------------------------------|-------------------|--------------------------------|---------------------------|---------------|
| US\$'000 | | | | | | | | |
| Group | | | | | | | | |
| Balance as at 1/7/2017 | 4,362 | (13) | 7,939 | (2,232) | 18,283 | 28,339 | - | 28,339 |
| Total comprehensive income | - | - | (79) | 645 | 5,674 | 6,240 | - | 6,240 |
| Dividends paid | - | - | - | - | (1,060) | (1,060) | - | (1,060) |
| Issue of new shares | 163 | - | (163) | - | - | - | - | - |
| Repurchase of shares | - | (58) | - | - | - | (58) | - | (58) |
| Share-based expenses | - | - | 200 | - | - | 200 | - | 200 |
| Transfer to retained earnings | - | - | (1,973) | - | 1,973 | - | - | - |
| Balance as at 30/06/2018 | 4,525 | (71) | 5,924 | (1,587) | 24,870 | 33,661 | - | 33,661 |
| Company | | | | | | | | |
| Balance as of 1/7/2017 | 4,362 | (13) | 187 | - | 12,320 | 16,856 | - | 16,856 |
| Total comprehensive income | - | - | - | - | 774 | 774 | - | 774 |
| Dividends | - | - | - | - | (1,060) | (1,060) | - | (1,060) |
| Issue of new shares | 163 | - | (163) | - | - | - | - | - |
| Repurchase of shares | - | (58) | - | - | - | (58) | - | (58) |
| Share-based expenses | - | - | 200 | - | - | 200 | - | 200 |
| Balance as at 30/06/2018 | 4,525 | (71) | 224 | - | 12,034 | 16,712 | - | 16,712 |

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.

Statement of Changes in Equity (continued)

| | Share Capital | Treasury Shares | Capital reserves | Currency translation reserve | Retained earnings | Attributable to equity holders | Non-controlling interests | Total |
|---------------------------------|---------------|-----------------|------------------|------------------------------|-------------------|--------------------------------|---------------------------|---------------|
| US\$'000 | | | | | | | | |
| Group | | | | | | | | |
| Balance as at 1/7/2016 | 4,312 | (10) | 5,419 | (1,597) | 14,786 | 22,910 | - | 22,910 |
| Total comprehensive income | - | - | 2,329 | (635) | 4,050 | 5,744 | - | 5,744 |
| Dividends paid | - | - | - | - | (491) | (491) | - | (491) |
| Issue of new shares | 50 | - | (50) | - | - | - | - | - |
| Share-based expenses | - | - | 179 | - | - | 179 | - | 179 |
| Repurchase of shares | - | (3) | - | - | - | (3) | - | (3) |
| Transfer to legal reserve | - | - | 62 | - | (62) | - | - | - |
| Balance as at 30/06/2017 | 4,362 | (13) | 7,939 | (2,232) | 18,283 | 28,339 | - | 28,339 |
| Company | | | | | | | | |
| Balance as of 1/7/2016 | 4,312 | (10) | 58 | - | 6,578 | 10,938 | - | 10,938 |
| Total comprehensive income | - | - | - | - | 6,233 | 6,233 | - | 6,233 |
| Dividends paid | - | - | - | - | (491) | (491) | - | (491) |
| Issue of new shares | 50 | - | (50) | - | - | - | - | - |
| Share-based expenses | - | - | 179 | - | - | 179 | - | 179 |
| Repurchase of shares | - | (3) | - | - | - | (3) | - | (3) |
| Balance as at 30/06/2017 | 4,362 | (13) | 187 | - | 12,320 | 16,856 | - | 16,856 |

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

On 7 November 2017, the Company allotted and issued 41,101,216 Bonus Shares. Following the allotment and issuance of the Bonus Shares, the total number of Shares of the Company increased from 41,045,716 Shares (excluding 55,500 treasury shares) to 82,091,432 Shares (excluding 111,000 treasury shares).

On 19 December 2017, the Company allotted and issued 263,728 Award Shares pursuant to the grant of share awards under the Share Performance Plan. Following the allotment and issuance of the Award Shares, the total number of Shares of the Company increased from 82,091,432 Shares (excluding 111,000 treasury shares) to 82,355,160 Shares (excluding 111,000 treasury shares).

From 9 March 2018 to 21 June 2018, the Company purchased a total of 119,000 Shares pursuant to the Share Buy-Back Mandate. Following the purchase of Shares, the total number of Shares of the Company decreased from 82,355,160 Shares (excluding 111,000 treasury shares) to 82,236,160 Shares (excluding 230,000 treasury shares).

There are no outstanding 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.

As at 30 June 2018, the issued share capital of the Company (excluding 230,000 treasury shares and nil subsidiary holdings) comprises 82,236,160 Shares (30 June 2017: 41,045,716 Shares). The number of Shares held as treasury shares and the number of subsidiary holdings as at 30 June 2018 was 230,000 and nil respectively (30 June 2017: 55,500 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 2016: 0.13% of the total number of Shares of the Company (excluding treasury shares and subsidiary holdings) as at that date).

- (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>30/06/2018</u> | <u>30/06/2017</u> |
|--|-------------------|-------------------|
| Total number of issued shares (excluding treasury shares) | 82,236,160 | 41,045,716 |

Note: Please refer to 1d(ii) for details.

- (iv) **A statement showing all sales, transfers, 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 June 2018 was 230,000. There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial year reported on.

- (v) **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. The Company did not have any subsidiary holdings during and as at the end of the current financial year 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 a 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.

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.

| Earnings per ordinary share | FY2018 | FY2017 (Restated) ⁽¹⁾ | FY2017 |
|-------------------------------------|---------------|---|---------------|
| US\$ cents | 8.40 | 12.00 | 14.39 |
| S\$ cents equivalent ⁽²⁾ | 11.34 | 16.20 | 19.43 |

Note:

⁽¹⁾ Earnings per ordinary share ("EPS") for FY2018 has been computed based on 67,583,819 (FY2017: 28,141,458) weighted average number of ordinary shares in issue. EPS for the corresponding period was restated and computed based on 33,764,159 weighted average number of shares (post-bonus issue).

⁽²⁾ Equivalent amounts in S\$ for EPS have been provided for comparative purposes, based on a closing rate as at 30 June 2018 of US\$1 = S\$1.35.

There are no dilutive ordinary shares.

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

| Net asset value ("NAV") per ordinary share | Group | | | Company | | |
|---|------------------|--|------------------|------------------|--|------------------|
| | 30/6/2018 | 30/6/2017 (Restated) ⁽¹⁾ | 30/6/2017 | 30/6/2018 | 30/6/2017 (Restated) ⁽¹⁾ | 30/6/2017 |
| US\$ cents | 40.9 | 34.5 | 69.0 | 20.3 | 20.6 | 41.2 |
| S\$ cents equivalent ⁽²⁾ | 55.2 | 46.6 | 93.2 | 27.4 | 27.8 | 55.6 |

Note:

Net asset value ("NAV") per ordinary share is computed based on 82,236,160 number of ordinary shares in issue as at 30 June 2018 (30 June 2017: 41,045,716 number of ordinary shares in issue).

⁽¹⁾ The restated NAV per ordinary share as at 30 June 2017 is based on 82,236,160 number of ordinary shares for comparative purposes.

⁽²⁾ Equivalent amounts in S\$ for NAV per ordinary share have been provided for comparative purposes, based on a closing rate as at 30 June 2018 of US\$1 = S\$1.35.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

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

Revenues for FY2018 rose by US\$2.9 million to US\$52.4 million due to higher sales from our in-house brand (Commune).

Gross Profit rose by 17.9% or US\$2.9 million to US\$18.8 million on the back of higher revenues. Gross Margin rose by 3.7 percentage points to 35.8% due mainly to (i) improved economies of scale from higher capacity utilisation and supply chain efficiency; and (ii) higher revenue contribution from our Commune retail and distribution business which command higher margins.

Selling and distribution expenses rose by 32.0% or US\$1.3 million to US\$5.4 million due mainly to (i) increased shipments from factory operations and for the distribution business in China; (ii) higher investments in advertising, fair and exhibition related expenses for the retail and distribution business in China; and (iii) higher staff related costs.

Other income fell by 11.5% or US\$0.09 million to US\$0.7 million in the absence of net foreign exchange gain.

Other expenses increased by 37.9% or US\$0.15 million to US\$0.5 million due mainly to share-based expenses accounted for under the Performance Share Plan.

Income tax expense fell by 36.3% or US\$0.3 million in the absence of capital gains tax on disposal of investment property in Vietnam.

Given the above,

- (i) Net Profit rose by 40.1% or US\$1.6 million to US\$5.7 million for FY2018 compared to US\$4.1 million in FY2017; and
- (ii) Operating cash flows before working capital changes (or Cash Profit) rose to US\$7.8 million for FY2018 compared to US\$6.5 million for FY2017.

Financial Position (30 June 2018 vs 30 June 2017)

Assets

Current Assets rose by US\$4.3 million to US\$26.4 million. Significant movements in Current Assets during the period under review were as follows:

- Cash at bank (inclusive of fixed deposits) rose by US\$2.2 million to US\$10.5 million due mainly to positive operating cash flows, net of cash used to repay bank borrowings.
- Trade receivables fell by US\$0.4 million to US\$3.9 million. Trade receivables turnover improved from 32 to 27 days due mainly to faster collections from export customers.

- Other receivables and prepayments fell by US\$0.9 million to US\$2.5 million due mainly to capitalisation of the deposit placed for the purchase of land in Vietnam and lower advances made to suppliers.
- Inventories rose by US\$2.8 million to US\$9.6 million due mainly to higher stock of raw materials. Turnaround time for Raw Materials, Work-in-Progress and Finished Goods for FY2018 were 45 days, 15 days, and 33 days, respectively.

Non-Current Assets rose by US\$1.7 million to US\$17.5 million due mainly to (i) the additions of our new land and buildings in Vietnam; and (ii) investments in new equipment and machinery.

Liabilities

Current Liabilities rose by US\$0.8 million to US\$8.7 million. Significant movements in Current Liabilities during the period under review were as follows:

- Trade payables rose by US\$0.9 million to US\$2.8 million due mainly to increased purchases from suppliers.
- Other payables fell by US\$0.04 million to US\$5.3 million due mainly to lower deposits received from customers.
- Income tax payable rose by US\$0.03 million to US\$0.4 million due to higher tax provisions for our Vietnam operations and Commune business.

Non-Current Liabilities fell by US\$0.2 million to US\$1.5 million due to repayment of borrowings.

Shareholders' equity

Net asset or Equity attributable to shareholders rose by US\$5.3 million to US\$33.7 million as at 30 June 2018 due to (i) earnings of US\$5.7 million for the year ended 30 June 2018; (ii) increased share capital pursuant to the issue of new shares under the Performance Share Plan; and (iii) after accounting for a deficit in currency translation reserve and dividend payments.

Cash Flows

Net cash from operating activities was US\$6.0 million for FY2018 after accounting for operating cash flows of US\$7.8 million, net working capital of US\$1.1 million and net payments of income tax and interest of US\$0.7 million.

Net cash used in investing activities of US\$2.8 million was due mainly to investments in property, plant and equipment for our Vietnam operations.

Net cash used in financing activities of US\$1.3 million was due mainly to payments of dividends and loans repayment during the year.

Given the above, net cash and cash equivalents rose by US\$2.0 million to US\$10.5 million as at 30 June 2018.

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 results announcement in the previous quarter (3Q18) that barring any unforeseen circumstances, the Group expected to remain profitable in FY2018.

Net Profit rose by 40.1% or US\$1.6 million to US\$5.7 million for FY2018 compared to US\$4.1 million in FY2017.

10. 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.

Both the original design manufacturing business and Commune's retail/distribution business are expected to continue contributing positively to the Group's financial results for the next 12 months. The Group is mindful, however, that the operating environment remains highly competitive and could be further clouded by growing concerns worldwide of a full-blown trade war between the US and its key trading partners, especially China.

The trade tensions have so far not affected Koda's export-oriented manufacturing business or Commune's business. Whilst the widely-discussed trade war could pose significant risks to our furniture business, the Group is not aware of any specific tariffs announced by the US or China that could impact its furniture sales for the time being. In the meantime, it will continue to closely monitor the trade spat and the potential impact on business and consumer sentiment. Despite this uncertainty at the macro level, the Group will continue to invest in marketing for the US market, which is our largest export market, while remaining cautiously optimistic and vigilant on this front.

Commune has made further progress in expanding its reach. The planned rollout of 100 stores in China by 2020 remains on track with more stores opening in Shanghai and other second and third tier cities. Commune has recently opened its very first store in Manila and expects to debut in Hong Kong in October 2018.

Given the above and barring any unforeseen circumstances, the Group expects to remain profitable in the coming year.

11. Dividend

(a) Current financial period reported on
Any dividend declared for the current financial period reported on?

Yes.

| | | |
|-----|---------------------------------------|------------------------|
| (i) | Name of Dividend: | 1HY18 Interim Dividend |
| | Dividend Type: | Cash |
| | Dividend Rate: | |
| | - Per ordinary share (S\$ cent) | 0.25 |
| | - US\$ cent equivalent ⁽¹⁾ | 0.19 |

The 1HY18 Interim Dividend was declared on 13 February 2018 and paid on 28 March 2018.

| | | |
|-------|---------------------------------------|-----------------------|
| (ii) | Name of Dividend | FY18 Final Dividend |
| | Dividend Type: | Cash |
| | Dividend Rate: | |
| | - Per ordinary share (S\$ cent) | 0.75 |
| | - US\$ cent equivalent ⁽¹⁾ | 0.56 |
| (iii) | Name of Dividend: | FY18 Special Dividend |
| | Dividend Type: | Cash |
| | Dividend Rate: | |
| | - Per ordinary share (S\$ cents) | 0.75 |
| | - US\$ cent equivalent ⁽¹⁾ | 0.56 |

Note:

⁽¹⁾ Equivalent amounts in US\$ for dividend per ordinary share have been provided for comparative purposes, based on a closing rate as at 30 June 2018 of US\$1 = S\$1.35.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

| | | |
|------|--|------------------|
| (iv) | Name of Dividend: | Interim Dividend |
| | Dividend Type: | Cash |
| | Dividend Rate: | |
| | - Per ordinary share (S\$ cent) | 0.50 |
| | - US\$ cent equivalent ⁽¹⁾ | 0.34 |
| (v) | Name of Dividend: | Final Dividend |
| | Dividend Type: | Cash |
| | Dividend Rate: | |
| | - Per ordinary share (S\$ cent) | 1.00 |
| | - US\$ cent equivalent ⁽¹⁾ | 0.74 |
| (vi) | Name of Dividend: | Special Dividend |
| | Dividend Type: | Cash |
| | Dividend Rate: | |
| | - Per ordinary share (S\$ cents) | 2.00 |
| | - US\$ cents equivalent ⁽¹⁾ | 1.47 |

Note:

⁽¹⁾ Equivalent amounts in US\$ for dividend per ordinary share have been provided for comparative purposes, based on a closing rate as at 30 June 2017 of US\$1 = S\$1.36.

(c) Date payable

To be determined and announced at a later date.

(d) Books closure date

To be determined and announced at a later date.

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

The Company did not obtain a general mandate from shareholders for IPTs. Save as disclosed below, there were no IPTs with an aggregate value of S\$100,000 or more during the current financial period reported on.

| Name of interested persons | Description of IPT | Aggregate value of all IPTs for the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000) |
|---|---|---|
| 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 and 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 for FY2018 with regard to the Lease is as follows:</p> <p>(i) Rental expenses (RM\$296,382)</p> | 99 ⁽¹⁾ |

Note:

⁽¹⁾ Based on a closing rate as at 30 June 2018 of S\$1 = RM\$3.00. The above IPT for FY2018 with regard to the Lease constitutes approximately 0.35% of the Group's audited NTA as at 30 June 2017.

14. 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 confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Quarterly (Q1, Q2 & Q3) or Half-Year Announcements.)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group is primarily engaged in two business segments, namely manufacturing & retail and distribution. The Group adopts these two business segments as the basis for its primary segment information. Primary segment information for the Group based on business segments are as follows:

| | Segment revenue | | Segment profit/(loss) | |
|---|------------------|------------------|-----------------------|------------------|
| | 2018 US\$'000 | 2017 US\$'000 | 2018 US\$'000 | 2017 US\$'000 |
| Manufacturing | 41,573 | 41,756 | 5,267 | 3,844 |
| Retail and distribution | 10,827 | 7,735 | 869 | 765 |
| Total | 52,400 | 49,491 | 6,136 | 4,609 |
| Finance costs | | | (32) | (33) |
| Other Income | | | 683 | 849 |
| Other expenses | | | (531) | (462) |
| Share of results of associate | | | (1) | (1) |
| Profit before income tax | | | 6,255 | 4,962 |
| Income tax expense | | | (581) | (912) |
| Profit for the year | | | 5,674 | 4,050 |
| Non-controlling interests | | | - | - |
| Profit attributable to owners of the Company | | | 5,674 | 4,050 |

The geographical locations of the customers of the Group principally comprise Asia-Pacific, North America and Europe.

| | 30 June 2018 | | 30 June 2017 | | Change US\$'000 |
|----------------------|---------------|------------|---------------|------------|--------------------|
| | US\$'000 | % | US\$'000 | % | |
| Asia-Pacific | 24,997 | 47.7 | 23,392 | 47.3 | 1,605 |
| North America | 20,968 | 40.0 | 21,192 | 42.8 | (224) |
| Europe | 5,554 | 10.6 | 4,437 | 9.0 | 1,117 |
| Others | 881 | 1.7 | 470 | 0.9 | 411 |
| Total Revenue | 52,400 | 100 | 49,491 | 100 | 2,909 |

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

17. A breakdown of sales

| | 30 June 2018 | 30 June 2017 | Change | |
|---|-----------------|-----------------|----------|-------|
| | US\$'000 | US\$'000 | US\$'000 | % |
| (a) Sales reported for first half year | 24,156 | 25,206 | (1,050) | (4.2) |
| (b) Operating profit after tax before deducting non-controlling interests reported for first half year | 2,415 | 1,913 | 502 | 26.2 |
| (c) Sales reported for second half year | 28,244 | 24,285 | 3,959 | 16.3 |
| (d) Operating profit after tax before deducting non-controlling interests reported for second half year | 3,259 | 2,137 | 1,122 | 52.5 |

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

| | Latest Full Year ⁽¹⁾ | | Previous Full Year ⁽²⁾ | |
|--------------|---------------------------------|--------------|-----------------------------------|--------------|
| | Equivalent US\$'000 | S\$'000 | Equivalent US\$'000 | S\$'000 |
| Interim | 154 | 206 | 101 | 137 |
| Final | 457 | 617 | 302 | 411 |
| Special | 457 | 617 | 604 | 822 |
| Total | 1,068 | 1,440 | 1,007 | 1,370 |

Note:

⁽¹⁾ Equivalent amounts in US\$ for the total annual dividend has been provided for comparative purposes, based on a closing rate as at 30 June 2018 of US\$1 = S\$1.35.

⁽²⁾ Equivalent amounts in US\$ for the total annual dividend has been provided for comparative purposes, based on a closing rate as at 30 June 2017 of US\$1 = S\$1.36.

Dividend Track Record

The Group paid dividends of S\$273,000, S\$545,000 and S\$1,370,000 for FY2015, FY2016 and FY2017, respectively. For FY2018, the Group paid an interim dividend of S\$206,000 and declared a final and a special dividend of S\$1,234,000.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and positions held, if any, during the year |
|------------------------|------------|---|--|---|
| Joshua Koh Zhu Xian | 35 | Grandchild of non-executive Chairman, Koh Teng Kwee; Son of Managing Director, James Koh Jyh Gang; and Nephew of Executive Directors, Koh Shwu Lee and Koh Jyh Eng. | CEO of the Company's subsidiary, Commune Lifestyle Pte Ltd since 19 June 2017. Key responsibilities include overseeing the operations of Commune Lifestyle Pte Ltd and its subsidiaries, focusing on strategic planning, investments, business development and expansion of its business. | Not applicable. |
| Julian Koh Zhu Lian | 33 | Grandchild of non-executive Chairman, Koh Teng Kwee; Son of Managing Director, James Koh Jyh Gang; and Nephew of Executive Directors, Koh Shwu Lee and Koh Jyh Eng. | Head of Design since 23 May 2014. Key responsibilities include research and development of new products and brand and concept management of the "Commune" brand. | Not applicable. |
| Gan Shee Wen | 39 | Grandchild of non-executive Chairman, Koh Teng Kwee; and nephew of Managing Director, James Koh Jyh Gang, and Executive Directors, Koh Shwu Lee and Koh Jyh Eng. | VP (Marketing) since 23 May 2014. Key responsibilities include overseeing the sales & marketing functions of the Company, training of sales staff and management of the distribution business of the Group. | Not applicable. |

**BY ORDER OF THE BOARD
JAMES KOH JYH GANG
Managing Director
28 August 2018**