



## **KODA LTD**

**(Company Registration No.:198001299R)**

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

### **CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ("2H2022") AND FULL YEAR ("FY2022") ENDED 30 JUNE 2022**

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

The Group							
	Note	6 months ended		Change %	12 months ended		Change %
		30 June 2022	30 June 2021		30 June 2022	30 June 2021	
		("2H2022") US\$'000	("2H2021") US\$'000		("FY2022") US\$'000	("FY2021") US\$'000	
<b>Revenue</b>	4	<b>45,499</b>	<b>43,093</b>	5.6%	<b>79,339</b>	<b>82,643</b>	-4.0%
Cost of sales		(31,426)	(28,704)	9.5%	(55,106)	(55,502)	-0.7%
<b>Gross profit</b>		<b>14,073</b>	<b>14,389</b>	-2.2%	<b>24,233</b>	<b>27,141</b>	-10.7%
Other income	5	2,054	1,149	78.8%	3,308	1,868	77.1%
Distribution costs		(3,706)	(3,816)	-2.9%	(6,846)	(6,765)	1.2%
Administrative expenses		(5,960)	(6,235)	-4.4%	(10,431)	(10,607)	-1.7%
Other expenses	6	(3,023)	(38)	N.M	(3,101)	(299)	N.M
Finance costs		(186)	(120)	55.0%	(302)	(240)	25.8%
<b>Profit before income tax</b>	7	<b>3,252</b>	<b>5,329</b>	-39.0%	<b>6,861</b>	<b>11,098</b>	-38.2%
Income tax expense	8	(697)	(1,000)	-30.3%	(1,393)	(1,991)	-30.0%
<b>Profit for the period</b>		<b>2,555</b>	<b>4,329</b>	-41.0%	<b>5,468</b>	<b>9,107</b>	-40.0%
<b>Profit attributable to :</b>							
Owners of the Company		2,675	4,322	-38.1%	5,673	9,098	-37.6%
Non-controlling interests		(120)	7	N.M	(205)	9	N.M
		<b>2,555</b>	<b>4,329</b>	-41.0%	<b>5,468</b>	<b>9,107</b>	-40.0%
<b>Other comprehensive (loss) income</b>							
<u>Items that may be reclassified</u>							
<u>subsequent to profit or loss</u>							
Translation of differences arising from consolidation of foreign operations		(704)	(461)	52.7%	(765)	426	N.M
<b>Total other comprehensive (loss) income for the period, net of tax</b>		<b>(704)</b>	<b>(461)</b>	52.7%	<b>(765)</b>	<b>426</b>	N.M
<b>Total comprehensive income for the period</b>		<b>1,851</b>	<b>3,868</b>	-52.1%	<b>4,703</b>	<b>9,533</b>	-50.7%
<b>Total comprehensive income attributable to :</b>							
Owners of the Company		1,960	3,860	N.M	4,898	9,529	-48.6%
Non-controlling interests		(109)	8	N.M	(195)	4	N.M
		<b>1,851</b>	<b>3,868</b>	N.M	<b>4,703</b>	<b>9,533</b>	-50.7%
<b>Earnings per share for profit for the period attributable to the owners of the Company:</b>							
Basic (US cents)	9	3.22	5.23		6.84	11.00	
Diluted (US cents)	9	3.22	5.23		6.84	11.00	

## B. Condensed interim statements of financial position

	Note	The Group		The Company	
		30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		14,301	14,673	4,998	5,024
Trade receivables	10	5,382	4,534	6,158	6,283
Other receivables	11	7,429	7,004	15,961	7,029
Finance lease receivables		-	86	-	86
Inventories	12	19,937	19,575	95	74
<b>Total current assets</b>		<b>47,049</b>	<b>45,872</b>	<b>27,212</b>	<b>18,496</b>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	18,611	18,611
Bank balances earmarked	14	479	-	479	-
Club memberships		46	46	32	32
Property, plant and equipment	13	25,416	15,467	8,766	187
Right-of-use assets		14,663	7,708	-	317
Other receivables	11	-	5,073	11,344	11,944
Finance lease receivables		-	122	-	122
Deferred tax assets		319	192	-	-
<b>Total non-current assets</b>		<b>40,923</b>	<b>28,608</b>	<b>39,232</b>	<b>31,213</b>
<b>Total assets</b>		<b>87,972</b>	<b>74,480</b>	<b>66,444</b>	<b>49,709</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bills payable	14	478	-	-	-
Trade payables		4,686	5,025	7,236	2,441
Other payables		8,733	11,819	3,212	7,197
Lease liabilities	14	1,641	1,518	-	181
Current portion of bank loans	14	2,612	1,169	2,522	1,169
Income tax payable		1,706	1,560	1,245	1,082
<b>Total current liabilities</b>		<b>19,856</b>	<b>21,091</b>	<b>14,215</b>	<b>12,070</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		176	304	31	31
Lease liabilities	14	4,016	2,101	-	242
Non-current portion of bank loans	14	11,313	1,743	11,313	1,743
<b>Total non-current liabilities</b>		<b>15,505</b>	<b>4,148</b>	<b>11,344</b>	<b>2,016</b>
<b>Capital and reserves</b>					
Share capital	15	4,894	4,786	4,894	4,786
Treasury shares		(50)	(75)	(50)	(75)
Other reserves		236	318	162	244
Translation reserve		(385)	390	-	-
Accumulated profits		48,176	43,887	35,879	30,668
<b>Equity attributable to owners of the Company</b>		<b>52,871</b>	<b>49,306</b>	<b>40,885</b>	<b>35,623</b>
Non-controlling interests		(260)	(65)	-	-
<b>Total equity</b>		<b>52,611</b>	<b>49,241</b>	<b>40,885</b>	<b>35,623</b>
<b>Total liabilities and equity</b>		<b>87,972</b>	<b>74,480</b>	<b>66,444</b>	<b>49,709</b>

### C. Condensed interim statements of changes in equity

#### The Group

		Share capital	Treasury shares	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
	Balance as at 1 July 2021	4,786	(75)	318	390	43,887	49,306	(65)	49,241
	<i>Total comprehensive income for the year:</i>								
	Profit for the year	-	-	-	-	5,673	5,673	(205)	5,468
	Other comprehensive loss	-	-	-	(775)	-	(775)	10	(765)
	Total	-	-	-	(775)	5,673	4,898	(195)	4,703
	<i>Transaction with owners, recognised directly in equity:</i>								
	Dividends	18	-	-	-	(1,384)	(1,384)	-	(1,384)
	Issue of new shares	15	108	(108)	-	-	-	-	-
	Award of performance shares	-	25	(25)	-	-	-	-	-
	Share-based expenses	-	-	51	-	-	51	-	51
	Total	108	25	(82)	-	(1,384)	(1,333)	-	(1,333)
	<b>Balance as at 30 June 2022</b>	<b>4,894</b>	<b>(50)</b>	<b>236</b>	<b>(385)</b>	<b>48,176</b>	<b>52,871</b>	<b>(260)</b>	<b>52,611</b>
	Balance as at 1 July 2020	4,786	(120)	114	(41)	35,867	40,606	(69)	40,537
	<i>Total comprehensive income for the year:</i>								
	Profit for the year	-	-	-	-	9,098	9,098	9	9,107
	Other comprehensive income	-	-	-	431	-	431	(5)	426
	Total	-	-	-	431	9,098	9,529	4	9,533
	<i>Transaction with owners, recognised directly in equity:</i>								
	Dividends	18	-	-	-	(1,078)	(1,078)	-	(1,078)
	Award of performance shares	-	45	(45)	-	-	-	-	-
	Share-based expenses	-	-	249	-	-	249	-	249
	Total	-	45	204	-	(1,078)	(829)	-	(829)
	<b>Balance as at 30 June 2021</b>	<b>4,786</b>	<b>(75)</b>	<b>318</b>	<b>390</b>	<b>43,887</b>	<b>49,306</b>	<b>(65)</b>	<b>49,241</b>

### C. Condensed interim statements of changes in equity

#### The Company

	Note	Share capital US\$'000	Treasury shares US\$'000	Other reserves US\$'000	Accumulated profits US\$'000	Total US\$'000
Balance as at 1 July 2021		4,786	(75)	244	30,668	35,623
<i>Profit for the year, representing total comprehensive income for the year</i>		-	-	-	6,595	6,595
<i>Transaction with owners, recognised directly in equity:</i>						
Dividends	18	-	-	-	(1,384)	(1,384)
Issue of new shares	15	108	-	(108)	-	-
Award of performance shares		-	25	(25)	-	-
Share-based expenses		-	-	51	-	51
		108	25	(82)	(1,384)	(1,333)
<b>Balance as at 30 June 2022</b>		<b>4,894</b>	<b>(50)</b>	<b>162</b>	<b>35,879</b>	<b>40,885</b>
Balance as at 1 July 2020		4,786	(120)	40	25,865	30,571
<i>Profit for the year, representing total comprehensive income for the year</i>		-	-	-	5,881	5,881
<i>Transaction with owners, recognised directly in equity:</i>						
Dividends	18	-	-	-	(1,078)	(1,078)
Issue of new shares		-	-	-	-	-
Award of performance shares		-	45	(45)	-	-
Share-based expenses		-	-	249	-	249
		-	45	204	(1,078)	(829)
<b>Balance as at 30 June 2021</b>		<b>4,786</b>	<b>(75)</b>	<b>244</b>	<b>30,668</b>	<b>35,623</b>

## D. Condensed interim consolidated statements of cash flows

	The Group	
	12 months ended	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
<b>Operating activities</b>		
Profit before income tax	6,861	11,098
Adjustments for:		
Depreciation of property, plant and equipment	2,267	1,794
Depreciation of right-of-use assets	2,349	1,652
Property, plant and equipment written off	13	6
(Reversal) Allowance for inventories - net	(17)	228
Inventories written off	40	35
Property tax and rental rebates	(125)	(61)
Reversal of allowance for doubtful trade receivables - net	-	(2)
Other receivables written off	-	1
Gain on disposal of property, plant and equipments - net	(8)	(7)
Gain on disposal of club memberships	-	(86)
Loss (Gain) on recognition of net investment in sublease	143	(147)
Gain on disposal of right-of-use assets	(67)	-
Equity-settled shares-based expenses	51	249
Fire insurance compensation	(1,438)	-
Fire loss on property, plant and equipment and inventories	2,862	-
Interest income	(110)	(100)
Interest expense	302	240
<b>Operating cash flows before movements in working capital</b>	<b>13,123</b>	<b>14,900</b>
Trade receivables	(999)	(806)
Other receivables	1,295	(4,392)
Inventories	(2,937)	(8,249)
Trade payables	(84)	2,062
Other payables	(3,265)	5,207
<b>Cash generated from operations</b>	<b>7,133</b>	<b>8,722</b>
Interest received	110	100
Interest paid	(302)	(240)
Income tax paid	(1,486)	(1,056)
<b>Net cash from operating activities</b>	<b>5,455</b>	<b>7,526</b>
<b>Investing activities</b>		
Deposits for property, plant and equipment	(105)	(1,336)
Proceeds from disposal of property, plant and equipment	8	63
Purchase of property, plant and equipment	(13,089)	(3,478)
Proceeds from finance lease receivables	63	48
Acquisition of right-of-use asset	-	(2,571)
Proceeds from disposal of club memberships	-	248
<b>Net cash used in investing activities</b>	<b>(13,123)</b>	<b>(7,026)</b>
<b>Financing activities</b>		
Dividends paid	(1,384)	(1,078)
Bank balance earmarked	(479)	-
Increase in bills payable	477	-
Repayment of bank loans	(2,257)	(1,263)
Proceeds from bank loans	13,273	1,461
Repayment of lease liabilities	(2,184)	(1,554)
<b>Net cash from (used in) financing activities</b>	<b>7,446</b>	<b>(2,434)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(222)</b>	<b>(1,934)</b>
Cash and cash equivalents at beginning of year	14,673	16,426
Effects of exchange rate change on balance of cash held in foreign currencies	(150)	181
<b>Cash and cash equivalents at end of year</b>	<b>14,301</b>	<b>14,673</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 and twelve months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are those of relating to the manufacturing and 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 and twelve months ended 30 June 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 interim financial statements for the period ended 31 December 2021.

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 2021. 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 2021.

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 year.

### 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 of 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 30 June 2022 and 2021**

##### Segment revenue and results

	Segment revenue		Segment profit/(loss)	
	2H2022 US\$'000	2H2021 US\$'000	2H2022 US\$'000	2H2021 US\$'000
Manufacturing	39,286	34,914	5,087	4,121
Retail and distribution	6,213	8,179	(680)	217
Total	<u>45,499</u>	<u>43,093</u>	<u>4,407</u>	<u>4,338</u>
Finance costs			(186)	(120)
Other income			2,054	1,149
Other expenses			(3,023)	(38)
Profit before income tax			<u>3,252</u>	<u>5,329</u>
Income tax expense			<u>(697)</u>	<u>(1,000)</u>
Profit for the period			<u>2,555</u>	<u>4,329</u>

Segment assets and liabilities

	30 June 2022 US\$'000	30 June 2021 US\$'000
<b>Segment assets</b>		
Manufacturing	73,775	62,169
Retail and distribution	13,833	11,865
Total segment assets	87,608	74,034
Unallocated assets	364	446
Consolidated total assets	87,972	74,480
<b>Segment liabilities</b>		
Manufacturing	10,803	13,285
Retail and distribution	4,322	5,119
Total segment liabilities	15,125	18,404
Unallocated liabilities	20,236	6,835
Consolidated total liabilities	35,361	25,239

Other segment information

	Depreciation		Additions to non-current assets	
	2H2022 US\$'000	2H2021 US\$'000	2H2022 US\$'000	2H2021 US\$'000
Manufacturing	1,488	988	17,641	4,936
Retail and distribution	935	792	4,162	362
Total	2,423	1,780	21,803	5,298

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

	2H2022 US\$'000	2H2021 US\$'000
<b>Manufacturing segment</b>		
(Reversal) Allowance for inventories	(39)	233
Property, plant and equipment written off	10	-
Fire insurance compensation (Partial and interim amount)	(1,438)	-
Fire loss on property, plant and equipment	648	-
Fire loss on inventories	2,214	-
<b>Retail and distribution segment</b>		
Reversal of allowance for doubtful trade receivables	-	(2)
Other receivables written off	-	1
Allowance (Reversal) for inventories - net	22	(5)
Inventories written off	33	20
Property, plant and equipment written off	3	6

## 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:

	<b>Revenue from external customers based on location of customers</b>	
	<b>2H2022 US\$'000</b>	<b>2H2021 US\$'000</b>
Asia-Pacific	9,590	11,682
North America	31,370	26,895
Europe	3,827	3,998
Others	712	518
	<u>45,499</u>	<u>43,093</u>

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

## **12 months ended 30 June 2022 and 2021**

### Segment revenue and results

	<b>Segment revenue</b>		<b>Segment profit</b>	
	<b>FY2022 US\$'000</b>	<b>FY2021 US\$'000</b>	<b>FY2022 US\$'000</b>	<b>FY2021 US\$'000</b>
Manufacturing	64,241	66,677	6,832	8,608
Retail and distribution	15,098	15,966	124	1,161
Total	<u>79,339</u>	<u>82,643</u>	<u>6,956</u>	<u>9,769</u>
Finance costs			(302)	(240)
Other income			3,308	1,868
Other expenses			<u>(3,101)</u>	<u>(299)</u>
Profit before income tax			6,861	11,098
Income tax expense			<u>(1,393)</u>	<u>(1,991)</u>
Profit for the year			<u>5,468</u>	<u>9,107</u>

### Other segment information

	Depreciation		Additions to non-current assets	
	FY2022	FY2021	FY2022	FY2021
	US\$'000	US\$'000	US\$'000	US\$'000
Manufacturing	2,590	1,937	18,312	5,567
Retail and distribution	2,026	1,509	4,758	482
Total	4,616	3,446	23,070	6,049

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

	FY2022	FY2021
	US\$'000	US\$'000
<b>Manufacturing segment</b>		
(Reversal) Allowance for inventories - net	(39)	233
Property, plant and equipment written off	10	-
Fire insurance compensation (Partial and interim amount)	(1,438)	-
Fire loss on property, plant and equipment	648	-
Fire loss on inventories	2,214	-
<b>Retail and distribution segment</b>		
Reversal of allowance for doubtful trade receivables - net	-	(2)
Other receivables written off	-	1
Allowance (Reversal) for inventories - net	22	(5)
Inventories written off	40	35
Property, plant and equipment written off	3	6

### 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	
	FY2022	FY2021
	US\$'000	US\$'000
Asia-Pacific	20,443	24,425
North America	51,177	49,474
Europe	6,650	7,792
Others	1,069	952
	79,339	82,643

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

## Sales breakdown

	<u>The Group</u>	
	12 months ended	
	30 June 2022	30 June 2021
	("FY2022")	("FY2021")
	US\$'000	US\$'000
(a) Sales reported for first half year	33,840	39,550
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	2,913	4,778
(c) Sales reported for second half year	45,499	43,093
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	2,555	4,329

## 5. Other income

	<u>The Group</u>			
	6 months ended		12 months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	("2H2022")	("2H2021")	("FY2022")	("FY2021")
	US\$'000	US\$'000	US\$'000	US\$'000
Rental income	-	-	-	24
Interest income on bank balances	56	51	110	100
Foreign exchange gain - net	163	80	435	80
Gain on disposal of property, plant and equipment	8	4	8	7
Gain on disposal of club memberships	-	86	-	86
Gain on recognition of net investment in sublease	-	147	-	147
Government grant income	129	288	703	668
Fire insurance compensation (Partial and interim amount)	1,438	-	1,438	-
Gain on disposal of right-of-use assets	67	-	67	-
Property tax and rental rebate	(17)	72	160	90
Reversal of allowance for doubtful trade receivables	-	2	-	2
Freight revenue	113	126	181	241
Sundry income	97	293	206	423
	<b>2,054</b>	<b>1,149</b>	<b>3,308</b>	<b>1,868</b>

## 6. Other expenses

	The Group			
	6 months ended		12 months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	("2H2022")	("2H2021")	("FY2022")	("FY2021")
	US\$'000	US\$'000	US\$'000	US\$'000
Other receivables written off	-	1	-	1
Inventories written off	33	20	40	35
Equity-settled share-based expenses	(20)	64	51	249
Fire loss on property, plant and equipment	648	-	648	-
Fire loss on inventories	2,214	-	2,214	-
Loss on derecognition of net investment in sublease	143	-	143	-
Foreign exchange loss - net	-	(61)	-	-
Others	5	14	5	14
	<b>3,023</b>	<b>38</b>	<b>3,101</b>	<b>299</b>

## 7. Profit before income tax

	The Group			
	6 months ended		12 months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	("2H2022")	("2H2021")	("FY2022")	("FY2021")
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment	1,009	901	2,267	1,794
Depreciation of right-of-use assets	1,414	879	2,349	1,652
Finance costs:				
- Bank interest	97	33	160	69
- Lease liabilities	89	87	142	171

## 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		12 months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	("2H2022")	("2H2021")	("FY2022")	("FY2021")
	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax	923	1,089	1,722	1,947
Deferred tax	(151)	(35)	(207)	80
(Over) Under provision in prior years:				
- Income tax	(39)	2	(86)	20
- Deferred tax	(36)	(56)	(36)	(56)
Total	<b>697</b>	<b>1,000</b>	<b>1,393</b>	<b>1,991</b>

## 9. Earnings per share

	The Group			
	6 months ended		12 months ended	
	30 June 2022 ("2H2022")	30 June 2021 ("2H2021")	30 June 2022 ("FY2022")	30 June 2021 ("FY2021")
Based on the weighted average number of ordinary shares on issue (US cents)	3.22	5.23	6.84	11.00
Singapore cents equivalent	4.48	7.02	9.52	14.79
Weighted average number of shares	83,094,782	82,712,540	82,966,695	82,712,540

The fully diluted earnings per share and basic earnings per share are the same for the 6 months and 12 months ended 30 June 2022 and 2021.

## 10. Trade receivables

	The Group		The Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties	5,375	4,534	5,277	4,402
Subsidiaries	-	-	881	1,881
Related party	7	-	-	-
	5,382	4,534	6,158	6,283

## 11. Other receivables

	The Group		The Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Subsidiaries	-	-	27,930	19,182
Related parties	2	31	-	21
Deposits	992	5,756	14	8
Prepayments	1,817	3,471	568	924
Government grant receivable	49	203	3	72
Value added tax recoverable	2,902	1,886	23	11
Insurance compensation receivables (Partial and interim amount)	1,438	-	-	-
Others	229	751	28	37
	7,429	12,098	28,566	20,255
Less: Allowance for doubtful debts				
Subsidiaries	-	-	(1,261)	(1,261)
Related parties	-	(21)	-	(21)
	7,429	12,077	27,305	18,973
Less: Non-current portion:				
Deposits	-	(5,073)	-	-
Subsidiaries	-	-	(11,344)	(11,944)
	7,429	7,004	15,961	7,029

## 12. Inventories

	The Group	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Raw material	8,372	9,024
Work-in-progress	5,839	4,454
Finished goods	6,902	7,290
	<u>21,113</u>	<u>20,768</u>
Less: Allowance for inventories	<u>(1,176)</u>	<u>(1,193)</u>
	<u>19,937</u>	<u>19,575</u>
Movement in allowance for inventories:		
Balance at beginning of the year	1,193	965
(Reversal) Charge to profit or loss	(17)	228
Balance at end of the year	<u>1,176</u>	<u>1,193</u>

As at 30 June 2022, the Company held finished goods of US\$95,000 (30 June 2020: US\$74,000).

Inventories of US\$40,000 (FY2021: US\$35,000) were written off and recognized directly in profit or loss for goods which are not in saleable conditions. In addition, fire loss on inventories of US\$2.2 million was written off directly from the inventory balance.

## 13. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to US\$11,870,000 (six months ended 30 June 2021: US\$2,727,000). Net book value of assets disposed was Nil (six months ended 30 June 2021: Nil). In addition, fire loss on property, plant and equipment of US\$0.6 million was written off directly from the property, plant and equipment balance.

## 14. Bank loans and lease liabilities

	The Group		The Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	1,848	1,518	207	181
Unsecured	2,883	1,169	2,315	1,169
	<u>4,731</u>	<u>2,687</u>	<u>2,522</u>	<u>1,350</u>
<u>Amount repayable after one year</u>				
Secured	11,194	2,101	7,178	242
Unsecured	4,135	1,743	4,135	1,743
	<u>15,329</u>	<u>3,844</u>	<u>11,313</u>	<u>1,985</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\$13,925,000 as at 30 June 2022 were mainly used for the financing of Group's property, plant and equipment.

## 15. Share capital

	The Group and Company			
	30 June 2022	30 Jun 2021	30 June 2022	30 Jun 2021
	Number of ordinary shares		US\$'000	US\$'000
Issued and paid up:				
At beginning and end of period	82,969,002	82,969,002	4,786	4,786
Issued during the period	184,854	-	108	-
At end of period	83,153,856	82,969,002	4,894	4,786

As announced on 8 December 2021, the Company has issued and allotted 184,584 new ordinary shares to the eligible recipient who was granted shares awards pursuant to Performance Share Plan 2018 ("PSP2018").

The number of shares of 83,153,856 as at 30 June 2022 consist of ordinary shares of 83,094,782 and treasury shares of 59,074.

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.

## 16. 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	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>				
Amortised cost (including cash and cash equivalent)	22,697	20,651	38,346	29,482
Finance lease receivables	-	208	-	208
<b>Financial liabilities</b>				
Amortised cost	24,116	14,544	22,755	10,498
Lease liabilities	5,657	3,619	-	422

## 17. 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.

## 18. Dividends

	Group	
	12 months ended 30 June 2022 ("FY2022") US\$'000	30 June 2021 ("FY2021") US\$'000
<b>Ordinary dividends paid:</b>		
Final tax-exempt (1-tier) dividend of US\$0.0054 (equivalent to S\$0.0075) per ordinary share for the financial year ended 30 June 2020	-	454
Interim tax-exempt(1-tier) dividend of US\$0.0019 (equivalent to S\$0.0025) per ordinary share for the year ended 30 June 2021	-	156
Special interim tax-exempt (1-tier) dividend of US\$0.0057 (equivalent to S\$0.0075) per ordinary share for the financial year ended 30 June 2021	-	468
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	769	-
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	153	-
	1,384	1,078
<b>Dividends were authorised and not included as liabilities in these financial statements are as follows:</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	-	769
Final tax-exempt (1-tier) dividend of US\$0.0054 (equivalent to S\$0.0075) per ordinary share for the financial year ended 30 June 2022	448	-
	448	1,231

## 19. Net asset value per value

	The Group		The Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Net asset value per ordinary				
- US cents	63.6	59.6	49.2	43.0
- Singapore cents	88.6	80.1	68.5	57.8

## 20. Fire incident update

As announced on 4 January 2022, a fire incident occurred on 3 January 2022 at one of the Group's eleven factory buildings located in Long An Province, Vietnam and no casualties were reported. The affected factory building, including equipment and certain inventories stored therein are adequately insured. There were no significant operational disruptions caused as we have made immediate alternate arrangements.

The Group has recognised US\$1.4 million as other income for the financial year ended 30 June 2022, being partial and interim amount of insurance claims. The insurance adjusters are still in the process of determining the final claims amount and 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 30 June 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-month period and twelve-month 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.**

On 12 November 2021, 119,007 treasury shares were transferred to eligible participants pursuant to the vesting of share awards granted under the PSP2018. Following the transfer, the number of shares held as treasury shares as at 30 June 2022 was 59,074 (30 June 2021: 178,081), representing 0.07% of the total number of shares of the Company of 83,094,782, excluding treasury shares (30 June 2021: 0.22% of the total number of shares of the Company of 82,790,921, 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 (FY2022 vs FY2021)**

Revenue fell by US\$3.3 million to US\$79.3 million for FY2022 due mainly to temporary closure of our operations for approximately 3 months and 2 months in Vietnam and Malaysia respectively as a result of COVID-19 related restrictions imposed by the relevant authorities.

Gross profit fell by US\$2.9 million to US\$24.2 million on the back of lower revenue and gross margin. Gross margin fell by 2.3 percentage point to 30.5% due mainly to (i) higher unit fixed costs per revenues as we continue to incur such fixed operating expenses during the temporary factories closure; and (ii) higher material costs.

Other income rose by US\$1.4 million to US\$3.3 million as a result of (i) recognition of partial and interim fire insurance compensation claims of US\$1.4 million (Please refer to Note 20 on the fire incident update); and (ii) higher foreign exchange gain as a result of appreciation of US\$ (our reporting currency) against S\$ and RM, despite the absence of (i) one-off gains from disposal of club membership; and (ii) investment gain in sublease in FY2021.

Other expenses rose by US\$2.8 million to US\$3.1 million due mainly to provision for fire losses on plant, property and equipment; and inventories as a result of the fire incident in Vietnam (as announced in January 2022).

Finance cost rose by US\$62,000 to US\$0.30 million due mainly to interest expense incurred for higher bank loans.

Income tax expense fell by US\$0.6 million to US\$1.4 million due mainly to lower taxable profits for our operations.

Given the above, Profit attributable to Owners of the Company ("**Net Profit**") fell by US\$3.4 million to US\$5.7 million for FY2022.

### **Condensed interim statements of financial position (30 June 2022 vs 30 June 2021)**

#### Assets

Current assets rose by US\$1.2 million to US\$47.0 million. Significant movements during the period under review were as follows:

- Trade receivables rose by US\$0.8 million to US\$5.4 million due mainly to higher sales in the month of June 2022. Trade receivable turnover days was 25 days (FY2021: 20 days).
- Other receivables rose by US\$0.4 million to US\$7.4 million due mainly to (i) receivable of interim and partial claims for fire insurance compensation; (ii) higher VAT receivables relating to the purchase of factory building and land use rights in Vietnam; and (iii) offset by lower advance made to suppliers and sub-contractors on the back of lower purchases. The advance payment was meant to secure more favourable supply terms.
- Inventories rose by US\$0.4 million to US\$19.9 million due mainly to higher Work-In-Progress for confirmed orders in production. The overall inventory turnover was 132 days (FY2021: 129 days).

Non-current assets rose by US\$12.3 million to US\$40.9 million. Significant movements during the period under review were as follows:

- Property, plant and equipment rose by US\$9.9 million to US\$25.4 million due mainly to (i) purchase of property located at 18 Tagore Lane, Singapore ("**Tagore Property**"); and (ii) investments in plant and equipment purchase for our factories.
- Right-of-use assets rose by US\$7.0 million to US\$14.7 million due mainly to (i) reclassification of deposit from Other Receivables upon completion of the land purchase in Vietnam; and (ii) new lease for warehouse and other leases renewal.

#### Liabilities

Current liabilities fell by US\$1.2 million to US\$19.9 million. Significant movements during the period under review were as follows:

- Other payables fell by US\$3.1 million to US\$8.7 million due mainly to lower deposits received from customers and lower accrued performance-related bonus for FY2022.
- Bank loan (current portion) rose by US\$1.4 million to US\$2.6 million due mainly to drawdown of additional bank loans for the purchase of Tagore Property and factory building in Vietnam.

Non-current liabilities rose by US\$11.4 million to US\$15.5 million due mainly to (i) drawdown of additional bank loans for the purchase of Tagore Property and factory building in Vietnam; and (ii) higher lease liabilities due to new lease for warehouse and other leases renewal.

## Shareholders' equity

Net asset or Equity attributable to Owners of the Company rose by US\$3.6 million to US\$52.9 million as at 30 June 2022 due mainly to Net Profit for FY2022, offset by payment of final dividend for FY2021 and interim dividend for FY2022.

## **Condensed interim consolidated statements of cash flows (FY2022 vs FY2021)**

Net cash from operating activities was US\$5.5 million after accounting for operating cash inflows of US\$13.1 million, working capital change of US\$6.0 million (net outflow) and net of payments for income tax and interest of US\$1.7 million.

Net cash used in investing activities was US\$13.1 million due mainly to purchase of (i) property at 18 Tagore Lane in Singapore; and (ii) machinery and equipment for our factories in Vietnam and Malaysia.

Net cash from financing activities was US\$7.4 million due mainly to proceeds from drawdown of bank loans in FY2022, offset by (i) repayments of lease liabilities and bank loans; and (ii) payment of final dividend of FY2021 and interim dividend of FY2022.

Given the above, net cash and cash equivalents fell by US\$0.4 million to US\$14.3 million as at 30 June 2022.

### **6. 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 for 1H2022 that barring any unforeseen circumstances, the Group expected to remain profitable in FY2022.

The Group reported a Net Profit of US\$5.7 million for the year ended 30 June 2022.

### **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**

There was an imbalance in supply and demand cycles over the last two years as triggered by the pandemic-related disruptions while many producers struggled to meet increasingly higher demand for furniture due to work-from-home arrangement. Despite the said lingering strain in supply chain and lag in supply-demand, we have progressively cleared orders backlog and met delivery lead time.

More recently, we have observed that inventories in the US wholesale market are piling up fast while consumer spending has switched to more services as many countries have started to snap back to pre-pandemic normalcy, thereby suggesting that there could be a cyclical slowdown in furniture demand. Meanwhile, job growth, housing demand, high inflation, rate hikes and geopolitical tensions are closely watched factors as these may lead to numerous diverse impacts such as economic fragmentation and stagflation which could further obstruct global economic recovery and affect consumer spending sentiment.

In China, the continual efforts on the "zero-Covid" plan have caused renewed lockdowns and restrictions in several cities which have continued to weigh on the post-pandemic business recovery. Whilst we continue to believe that subsequent re-opening could lead to higher demand, we have taken a much conservative approach that we have to delay our expansion plans for Commune's distribution business in China.

In view of the above macro factors, market demand may soften, direct cost will rise and margins could fall as a result of the potential cyclical slowdown. We will thus have to keep innovating our products offering, re-adjust existing product-mix to capture new markets and keep costs under control in the current operating environment. Meanwhile, we believe we have gained competitive advantage and built agility to drive growth beyond this period of uncertainty.

## 8. Dividend information

### 8a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Final
Dividend type	Cash
Dividend per share	Final - 0.75 Singapore cents
Tax rate	Tax exempt

The Directors declare a tax exempt one-tier final cash dividend of 0.75 Singapore cents per share for the six months ended 30 June 2022 (6 months ended 30 June 2021: tax exempt one-tier (i) final cash dividend of 0.75 Singapore cents per share and (ii) special final dividends of 1.25 Singapore cents). The record and payment dates will be determined and announced at a later date.

### 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	Final
Dividend type	Cash
Dividend per share	i) Final - 0.75 Singapore cents ii) Special Final – 1.25 Singapore cents
Tax rate	Tax exempt

### 8c. Date Payable

To be determined and announced at a later date.

### 8d. Books Closure Date

To be determined and announced at a later date.

## 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 FY2022 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 IPT for FY2021 with regards to the Lease is as follow:  (i) Rental expense (RM296,382)	95(Note 1)

Note 1: Based on the closing rate as at 30 June 2022 of S\$1= RM3.1061, the rental expense under the above IPT for FY2022 was approximately 0.14% of the Group's latest audited Net Tangible Asset as at 30 June 2021.

## 10. 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).

## 11. Review of performance of the Group – turnover and earnings

Please refer to item 5 above.

**12. Disclosure of persons occupying a managerial position who are related to a director, CEO or substantial shareholder**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and positions held, if any, during the year</b>
Joshua Koh Zhu Xian	39	Son of Executive Chairman and CEO, 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 developments and expansion of its business.	Not applicable
Julian Koh Zhu Lian	37	Son of Executive Chairman and CEO, James Koh Jyh Gang; and Nephew of Executive Directors, Koh Shwu Lee and Koh Jyh Eng	Head of Design since 23 May 2014 and Chief Design Officer of Commune Lifestyle Pte Ltd. Key responsibilities include research and development of new products and brand and concept management of the "Commune" brand.	Not applicable
Gan Shee Wen	43	Nephew of Executive Chairman and CEO, James Koh Jyh Gang; and Executive Directors, Koh Shwu Lee and Koh Jyh Eng	Chief Operating and Marketing Officer since 23 May 2014. Key responsibilities include overseeing the sales & marketing functions of the Commune Lifestyle Pte Ltd and its subsidiaries, training of sales staff and management of the distribution business.	Not applicable

**BY ORDER OF THE BOARD**  
**JAMES KOH JYH GANG**  
**Executive Chairman and Chief Executive Officer**  
**25 August 2022**