HAFARY HOLDINGS LIMITED
INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Six Months ("2H2024") and Full Year ("FY2024") Ended 31 December 2024

	Notes	2H2024 $'000	2H2023 $'000	Change %	FY2024 $'000	FY2023 $'000	Change %
Revenue	2B	146,506	121,579	20.5	263,136	226,422	16.2
Interest income		169	101	67.3	204	180	13.3
Other income and gains		8,442	10,441	(19.1)	11,312	13,372	(15.4)
Changes in inventories of goods held for resale		(678)	(3,560)	(81.0)	(3,168)	(1,478)	114.3
Purchases and related costs		(87,598)	(63,975)	36.9	(153,823)	(121,904)	26.2
Employee benefits expenses		(19,402)	(18,195)	6.6	(36,316)	(34,030)	6.7
Amortisation and depreciation expense		(6,631)	(5,759)	15.1	(12,633)	(10,814)	16.8
Impairment reversals (losses)		(902)	(72)	1,152.8	(704)	(157)	348.4
Other losses		(565)	(102)	453.9	(680)	(349)	94.8
Finance costs		(6,384)	(4,942)	29.2	(12,176)	(9,491)	28.3
Other expenses		(11,099)	(8,819)	25.9	(20,558)	(16,282)	26.3
Share of profit from an equity-accounted associate		926	1,666	(44.4)	1,528	3,220	(52.5)
Share of profit from equity-accounted joint ventures		410	260	57.7	787	280	181.1
Profit before income tax		23,194	28,623	(19.0)	36,909	48,969	(24.6)
Income tax expense	4	(4,663)	(4,635)	0.6	(8,210)	(8,873)	(7.5)
Profit, net of tax		18,531	23,988	(22.7)	28,699	40,096	(28.4)
Other comprehensive income / (loss)							
Item that may be reclassified subsequently to profit or loss							
Exchange differences on translating foreign operations, net of tax		809	(805)	(200.5)	224	(1,649)	(113.6)
Total comprehensive income for the year, net of tax		19,340	23,183	(16.6)	28,923	38,447	(24.8)

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Six Months and Full Year Ended 31 December 2024 (cont'd)

	Notes	2H2024 $'000	2H2023 $'000	Change %	FY2024 $'000	FY2023 $'000	Change %
Profit attributable to:							
- Owners of the parent, net of tax		17,367	23,302	(25.5)	27,551	39,066	(29.5)
- Non-controlling interests, net of tax		1,164	686	69.7	1,148	1,030	11.5
		18,531	23,988	(22.7)	28,699	40,096	(28.4)
Total comprehensive income attributable to:							
- Owners of the parent		18,176	22,497	(19.2)	27,786	37,417	(25.7)
- Non-controlling interests		1,164	686	69.7	1,137	1,030	10.4
		19,340	23,183	(16.6)	28,923	38,447	(24.8)
		Cents	Cents		Cents	Cents	
Earnings per share							
Basic and diluted		4.03	5.41		6.40	9.07	

Additional Information on the Interim Consolidated Statement of Profit or Loss For The Six Months and Full Year Ended 31 December 2024

The following significant items of gains / (charges) were included in the statement of profit or loss.

	2H2024 $'000	2H2023 $'000	Change %	FY2024 $'000	FY2023 $'000	Change %
Rental income	3,048	2,475	23.2	5,575	4,983	11.9
Interest expense on borrowings	(5,921)	(4,662)	27.0	(11,337)	(8,991)	26.1
Interest expense on lease liabilities	(463)	(280)	65.4	(839)	(500)	67.8
Interest income	169	101	67.3	204	180	13.3
Depreciation of investment properties	(92)	(110)	(16.4)	(202)	(299)	(32.4)
Depreciation of property, plant and equipment (Note 6)	(3,903)	(3,632)	7.5	(7,847)	(7,174)	9.4
Depreciation of right-of-use assets (Note 7)	(2,128)	(1,369)	55.4	(3,751)	(2,693)	39.3
Amortisation of intangible assets	(508)	(649)	(21.7)	(833)	(649)	28.4
Allowance for impairment of intangible assets	(898)	–	N.M.	(898)	–	N.M.
Additions – individually impaired	(132)	(705)	(81.3)	(443)	(797)	(44.4)
Reversal (additions) – collectively impaired	(45)	14	(421.4)	(8)	39	(120.5)
Allowance for impairment of other receivables	–	(214)	(100.0)	–	(214)	(100.0)
Bad debts written-off – trade receivables	(59)	(17)	247.1	(63)	(17)	270.6
Bad debts recovered – trade receivables	14	3	366.7	18	18	0.0
Net allowance for impairment of inventories – reversal	218	848	(74.3)	690	814	(15.2)
Foreign exchange adjustment	(438)	(53)	726.4	(535)	(268)	99.6
Fair value on derivative financial instruments	(31)	(49)	(36.7)	(47)	(82)	(42.7)
Fair value gains on other financial assets, net	–	2	(100.0)	–	2	(100.0)
Negative goodwill arising from bargain purchase	529	–	N.M.	529	–	N.M.
Fair value gain on remeasurement of the previously held interests in the investee	446	7,507	(94.1)	446	7,507	(94.1)
(Loss) gain on disposal of plant and equipment	(49)	–	N.M.	(51)	1	N.M.
Gain on disposal of investment property	3,759	–	N.M.	3,759	–	N.M.
Government grants	18	5	260.0	109	94	16.0

N.M.: Not meaningful.

Condensed Interim Statements of Financial Position
As at 31 December 2024

	Notes	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	110,853	115,128	270	371
Right-of-use assets	7	136,058	134,168	–	–
Investment properties	8	24,836	21,184	–	–
Intangible assets	9	7,827	8,476	–	–
Investments in subsidiaries		–	–	9,239	9,239
Investment in an associate	10	20,265	20,351	–	–
Investments in a joint venture	11	999	193	–	–
Other financial assets		280	374	244	338
Total non-current assets		301,118	299,874	9,753	9,948
Current assets					
Inventories	12	116,389	90,258	–	–
Trade and other receivables	13	65,389	56,341	36,429	30,309
Other non-financial assets		6,607	7,231	9	2
Cash and cash equivalents		22,508	17,897	51	39
Total current assets		210,893	171,727	36,489	30,350
Total assets		512,011	471,601	46,242	40,298
EQUITY AND LIABILITIES					
Equity					
Share capital	14	26,930	26,930	26,930	26,930
Retained earnings		105,461	94,576	7,696	1,253
Foreign currency translation reserve	15	(3,123)	(3,358)	–	–
Equity, attributable to owners of the parent		129,268	118,148	34,626	28,183
Non-controlling interests		6,492	7,687	–	–
Total equity		135,760	125,835	34,626	28,183
Non-current liabilities					
Deferred tax liabilities		1,634	1,768	–	–
Loans and borrowings, non-current	17, 18	152,055	168,199	–	–
Lease liabilities, non-current	17, 19	18,095	15,633	–	–
Total non-current liabilities		171,784	185,600	–	–
Current liabilities					
Income tax payable		8,339	8,803	7	16
Provision	20	1,070	980	–	–
Trade and other payables		57,263	53,407	11,609	12,099
Derivative financial liabilities		48	1	–	–
Loans and borrowings, current	17, 18	123,851	86,302	–	–
Lease liabilities, current	17, 19	4,102	2,809	–	–
Other non-financial liabilities		9,794	7,864	–	–
Total current liabilities		204,467	160,166	11,616	12,115
Total liabilities		376,251	345,766	11,616	12,115
Total equity and liabilities		512,011	471,601	46,242	40,298

The accompanying notes form an integral part of these financial statements.

Condensed Interim Statements of Changes in Equity
For The Year Ended 31 December 2024

Group:	Total equity $'000	Attributable to parent subtotal $'000	Share capital $'000	Retained earnings $'000	Other reserves $'000	Non-controlling interests $'000
Current year:						
Opening balance at 1 January 2024	125,835	118,148	26,930	94,576	(3,358)	7,687
Changes in equity:						
Total comprehensive income for the year	28,923	27,786	–	27,551	235	1,137
Dividends paid (Note 5)	(11,840)	(11,840)	–	(11,840)	–	–
Dividends paid to non-controlling interests in subsidiaries	(3,013)	–	–	–	–	(3,013)
Fair value gain on remeasurement of the previously held interests in the investee	320	–	–	–	–	320
Acquisition of a non-controlling interest without a change in control	(4,465)	(4,826)	–	(4,826)	–	361
Closing balance at 31 December 2024	135,760	129,268	26,930	105,461	(3,123)	6,492
Previous year:						
Opening balance at 1 January 2023	96,012	92,571	26,930	67,350	(1,709)	3,441
Changes in equity:						
Total comprehensive income (loss) for the year	38,447	37,417	–	39,066	(1,649)	1,030
Dividends paid (Note 5)	(11,840)	(11,840)	–	(11,840)	–	–
Dividends paid to non-controlling interests in subsidiaries	(1,141)	–	–	–	–	(1,141)
Acquisition of subsidiaries	4,357	–	–	–	–	4,357
Closing balance at 31 December 2023	125,835	118,148	26,930	94,576	(3,358)	7,687

Condensed Interim Statements of Changes in Equity (cont'd)
For The Year Ended 31 December 2024

Company:	Total equity $'000	Share capital $'000	Retained earnings $'000
Current year:			
Opening balance at 1 January 2024	28,183	26,930	1,253
Changes in equity:			
Total comprehensive income for the year	18,283	–	18,283
Dividends paid (Note 5)	(11,840)	–	(11,840)
Closing balance at 31 December 2024	34,626	26,930	7,696
Previous year:			
Opening balance at 1 January 2023	34,216	26,930	7,286
Changes in equity:			
Total comprehensive income for the year	5,807	–	5,807
Dividends paid (Note 5)	(11,840)	–	(11,840)
Closing balance at 31 December 2023	28,183	26,930	1,253

Condensed Interim Consolidated Statement of Cash Flows
For The Six Months and Full Year Ended 31 December 2024

	2H2024 $'000	2H2023 $'000	FY2024 $'000	FY2023 $'000
Cash flows from operating activities				
Profit before income tax	23,194	28,623	36,909	48,969
Adjustments for:				
Interest expense on borrowings	5,921	4,662	11,337	8,991
Interest expense on lease liabilities	463	280	839	500
Interest income	(169)	(101)	(204)	(180)
Depreciation of property, plant and equipment (Note 6)	4,903	4,427	9,717	7,970
Depreciation of right-of-use assets (Note 7)	3,443	1,699	5,757	3,023
Depreciation of investment properties	92	110	202	299
Amortisation of intangible assets	508	649	833	649
Loss (gain) on disposal of plant and equipment	49	–	51	(1)
Gain on disposal of investment property	(3,759)	–	(3,759)	–
Negative goodwill arising from bargain purchase	(529)	–	(529)	–
Allowance for impairment of intangible assets	898	–	898	–
Fair value gain on remeasurement of the previously held interests in the investee	(446)	(7,507)	(446)	(7,507)
Fair value (gains) losses on other financial assets, net	94	(3)	94	(3)
Share of profit from an equity-accounted associate	(926)	(1,666)	(1,528)	(3,220)
Share of profit from equity-accounted joint ventures	(410)	(260)	(787)	(280)
Net effect of exchange rate changes in consolidating subsidiaries	33	757	(193)	723
Operating cash flows before changes in working capital	33,359	31,670	59,191	59,933
Inventories	(11,102)	(21,421)	(26,131)	(26,321)
Trade and other receivables	191	6,275	(10,249)	5,034
Other non-financial assets	(855)	1,502	624	(59)
Provision	56	(181)	90	(139)
Trade and other payables	8,430	12,472	5,888	21,894
Derivative financial assets	31	48	47	82
Other non-financial liabilities	1,020	(649)	1,930	(2,055)
Net cash flows from operations	31,130	29,716	31,390	58,369
Income taxes paid	(4,020)	(4,242)	(8,808)	(7,951)
Net cash flows from operating activities	27,110	25,474	22,582	50,418

Condensed Interim Consolidated Statement of Cash Flows (cont'd)
For The Six Months and Full Year Ended 31 December 2024

	2H2024 $'000	2H2023 $'000	FY2024 $'000	FY2023 $'000
Cash flows from investing activities				
Purchase of property, plant and equipment (Note A)	(4,591)	(2,259)	(12,106)	(18,949)
Additions of investment property (Note B)	–	(4,093)	–	(4,093)
Proceeds from disposal of plant and equipment	5	1	14	1
Proceeds from disposal of an investment property	7,866	–	7,866	–
Acquisition of subsidiaries (net of cash acquired)	–	(484)	–	619
Net movements in amount due from a joint venture	(231)	173	(264)	14
Net movements in amount due from other related parties	67	(1,259)	290	(2,462)
Dividend income from an associate	1,250	1,312	1,250	1,312
Interest income received	169	46	204	85
Net cash flows from (used in) investing activities	4,535	(6,563)	(2,746)	(23,473)
Cash flows from financing activities				
Dividends paid to equity owners	(5,382)	(5,382)	(11,840)	(11,840)
Dividends paid to non-controlling interests	(1,842)	–	(3,013)	(1,141)
Net movements in amounts due to a director cum a shareholder	(889)	–	(889)	–
Lease liabilities – principal portion paid	(2,964)	(1,015)	(5,039)	(1,595)
Decrease in trust receipts and bills payable	11,076	(2,725)	27,643	(5,057)
Increase in new borrowings	4,049	6,447	27,050	33,705
Loans and borrowings paid	(24,697)	(17,686)	(33,287)	(25,034)
Interest expense paid	(5,897)	(4,877)	(11,327)	(9,520)
Acquisition of a non-controlling interest without a change in control (Note C)	–	–	(4,465)	–
Net cash flows used in financing activities	(26,546)	(25,238)	(15,167)	(20,482)

Condensed Interim Consolidated Statement of Cash Flows (cont'd)
For The Six Months and Full Year Ended 31 December 2024

	2H2024	2H2023	FY2024	FY2023
	$'000	$'000	$'000	$'000
Net increase (decrease) in cash and cash equivalents	5,099	(6,327)	4,669	6,463
Net effect of exchange rate changes on cash and cash equivalents	13	(33)	(58)	(70)
Cash and cash equivalents, beginning balance	17,396	23,742	17,897	10,989
Cash and cash equivalents, ending balance	22,508	17,382	22,508	17,382

Note A: Purchase of property, plant and equipment

During the reporting year ended 31 December 2024, the group acquired property, plant and equipment with an aggregate cost of $12,529,000 (2023: $19,274,000). This amount includes construction in progress Nil and $423,000 (2023: $9,270,000 and $325,000) additions of property, plant and equipment were financed through bank loan and lease contract respectively.

Note B: Additions of investment property

During the year ended 31 December 2023, $4,093,000 additions of investment property were paid for the land betterment charge. None were incurred for the land betterment charge during the reporting year ended 31 December 2024.

Note C: Acquisition of a non-controlling interest without a change in control

On 18 January 2024, the company's subsidiary, Hafary Pte Ltd completed the acquisition of World Furnishing Hub Pte Ltd from 81% to 100%. with the purchase consideration of $4,465,000.

Notes to the Financial Statements
31 December 2024

1. General

Hafary Holdings Limited (the “company”) is incorporated in Singapore with limited liability. The condensed interim financial statements are presented in Singapore dollars and they cover the company (referred to as “parent”) and the subsidiaries. All financial information have been rounded to nearest thousand (“$’000”), except when otherwise indicate. The registered office and principal place of business of the company is located at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836.

The board of directors approved and authorised these condensed interim financial statements for issue on the date of this announcement.

The company is listed on the Main Board of Singapore Exchange Securities Trading Limited.

The principal activities of the group are disclosed in Note 2 on segment information.

The financial information contained in this announcement has neither been audited nor reviewed by the auditors.

The latest audited annual financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I) s”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and the provisions of the SGX Mainboard Listing Rules.

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those of the latest audited annual financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the group since the latest audited annual financial statements.

Critical judgements, assumptions and estimation uncertainties

These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates. The nature and the carrying amount of such significant assets and liabilities are disclose with further details in the relevant notes to these condensed consolidated interim financial statements.

1. General (cont'd)

Critical judgements, assumptions and estimation uncertainties (cont'd)

Assessment of expected credit loss allowance on trade receivables:
The assessment of the expected credit losses ("ECL") requires a degree of estimation and judgement. In measuring the ECL, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

Assessment of allowance on inventories:
The assessment of the allowance for impairment loss on inventories requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the note on inventories.

Critical judgement over the lease terms:
The lease liabilities are initially measured by discounting the lease payments over the lease terms. For leases with extension or renewal options, management applied judgement in determining whether such extension or renewal options should be reflected in measuring the lease liabilities. This requires the consideration of whether the facts and circumstances created an economic incentive for the exercise of the lease extension or renewal option. The amount of the lease liabilities at the end of the reporting year is disclosed in note on lease liabilities.

Assessing the impairment of goodwill:
The amount of goodwill is tested annually for impairment. This annual impairment test is material and the process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. The disclosures about goodwill are included in the Notes below. Small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates.

Consolidation of Guandong ITA Element Building Materials Co., Limited ("ITA Element") as subsidiary and fair value gain on the remeasurement of the previously held interests in the investee:
The group acquired additional 15% of the existing shares ITA Element in October 2023 and accordingly the group investment increased from 50% to 65%.

The group has engaged an external valuer to perform the purchase price allocation ("PPA") exercise and recognised a negative goodwill arising from the acquisition of ITA of $529,000.

Refer to Note 21 to the financial statements for more information.

2. Financial information by operating segments

2A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes, the reporting entity is organised into four major strategic operating segments: General, Project, Manufacturing and Others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The goods in the General and Project segments comprise ceramic tiles, stone and wood furnishing for residential and commercial properties.

The goods in the Manufacturing segment comprise ceramic tiles manufactured by the plants operating at Kluang in Malaysia. The tiles are distributed to the domestic market as well as the global market.

The segments and the types of products and services are as follows:

- General segment includes retail “walk-in” customers who purchase their requirements from the showrooms or customers (such as architecture, interior design and renovation firms) who make ad-hoc purchases for home renovation or small property development. The quantities purchased are typically small.

- Project segment includes customers who are usually involved in major property development projects, in residential, commercial, public and industrial sectors. Project customers include architecture firms, property developers and construction companies.

- Manufacturing segment includes manufacturing of ceramic tiles that cater to the customers’ requirements and specifications. The quantities are generally large orders. The customers include property developers, wholesalers and distributors.

- Others segment relates to investing activities including net rental collected from properties.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment’s operating results comprises two major financial indicators: (1) earnings from operations before amortisation and depreciation, finance cost, income taxes, gain (loss) on disposal in investee companies, and share of profit (loss) from investee companies (“Recurring EBITDA”); and (2) operating results before income taxes and other unallocated items (“ORBIT”).

2. Financial information by operating segments (cont'd)

2B. Profit or loss from continuing operations and reconciliations

The tables below illustrated the information about the reportable segment profit or loss, assets and liabilities.

	General	Project	Manufacturing	Others	Unallocated	Group
	$'000	$'000	$'000	$'000	$'000	$'000
2H2024:						
Total revenue by segment	85,908	52,009	44,299	–	–	182,216
Inter-segment sales	(13,535)	(10,094)	(12,081)	–	–	(35,710)
Total revenue	72,385	41,915	32,206	–	–	146,506
Recurring EBITDA	21,693	13,129	(2,799)	(1,652)	666	31,037
Amortisation and depreciation expense	(4,294)	(986)	(443)	(908)	–	(6,631)
Finance costs	(3,121)	(249)	(1,129)	(1,885)	–	(6,384)
Negative goodwill arising from bargain purchase	–	–	–	529	–	529
Fair value gain on remeasurement of the previously held interests in the investee	–	–	–	446	–	446
Allowance for impairment of intangible assets	–	–	–	(898)	–	(898)
Gain on disposal of an investment property	–	–	–	3,759	–	3,759
Share of profit from an equity-accounted associate	–	–	–	926	–	926
Share of profit from equity- accounted joint ventures	–	–	–	410	–	410
ORBIT	14,278	11,894	(4,371)	727	666	23,194
Income tax expense						(4,663)
Profit, net of tax						18,531

2. Financial information by operating segments (cont'd)

2B. Profit or loss from continuing operations and reconciliations (cont'd)

	General	Project	Manufacturing	Others	Unallocated	Group
	$'000	$'000	$'000	$'000	$'000	$'000
2H2023:						
Total revenue by segment	84,709	54,372	6,923	–	–	146,004
Inter-segment sales	(12,501)	(10,432)	(1,492)	–	–	(24,425)
Total revenue	72,208	43,940	5,431	–	–	121,579
Recurring EBITDA	17,331	10,588	769	2,063	266	31,017
Amortisation and depreciation expense	(4,022)	(993)	(1,198)	(672)	–	(6,885)
Finance costs	(2,490)	(128)	(390)	(1,934)	–	(4,942)
Fair value gain on remeasurement of the previously held interests in the investee	–	–	–	7,507	–	7,507
Share of profit from an equity-accounted associate	–	–	–	1,666	–	1,666
Share of profit from equity- accounted joint ventures	–	–	–	260	–	260
ORBIT	10,819	9,467	(819)	8,890	266	28,623
Income tax expense						(4,635)
Profit, net of tax						23,988

2. Financial information by operating segments (cont'd)

2B. Profit or loss from continuing operations and reconciliations (cont'd)

	General $'000	Project $'000	Manufacturing $'000	Others $'000	Unallocated $'000	Group $'000
FY2024:						
Total revenue by segment	161,164	96,957	64,253	–	–	322,374
Inter-segment sales	(24,007)	(17,465)	(17,766)	–	–	(59,238)
Total revenue	137,157	79,492	46,487	–	–	263,136
Recurring EBITDA	37,308	21,969	(5,022)	428	884	54,720
Amortisation and depreciation expense	(8,408)	(1,971)	(672)	(1,582)	–	(12,633)
Finance costs	(6,141)	(461)	(1,719)	(3,855)	–	(12,176)
Negative goodwill arising from bargain purchase	–	–	–	529	–	529
Fair value gain on remeasurement of the previously held interests in the investee	–	–	–	446	–	446
Allowance for impairment of intangible assets	–	–	–	(898)	–	(898)
Gain on disposal of an investment property	–	–	–	3,759	–	3,759
Share of profit from an equity-accounted associate	–	–	–	1,528	–	1,528
Share of profit from equity-accounted joint ventures	–	–	–	787	–	787
ORBIT	22,759	19,537	(7,413)	1,142	884	36,909
Income tax expense						(8,210)
Profit, net of tax						28,699

2. Financial information by operating segments (cont'd)

2B. Profit or loss from continuing operations and reconciliations (cont'd)

	General	Project	Manufacturing	Others	Unallocated	Group
	$'000	$'000	$'000	$'000	$'000	$'000
FY2023:						
Total revenue by segment	164,304	102,439	6,923	–	–	273,666
Inter-segment sales	(24,572)	(21,180)	(1,492)	–	–	(47,244)
Total revenue	139,732	81,259	5,431	–	–	226,422
Recurring EBITDA	39,896	16,410	(1,649)	4,183	554	59,394
Amortisation and depreciation expense	(7,660)	(1,540)	(1,206)	(1,535)	–	(11,941)
Finance costs	(5,030)	(200)	(462)	(3,799)	–	(9,491)
Fair value gain on remeasurement of the previously held interests in the investee	–	–	–	7,507	–	7,507
Share of profit from an equity-accounted associate	–	–	–	3,220	–	3,220
Share of profit from equity-accounted joint ventures	–	–	–	280	–	280
ORBIT	27,206	14,670	(3,317)	9,856	554	48,969
Income tax expense						(8,873)
Profit, net of tax						40,096

2. Financial information by operating segments (cont'd)

2C. Assets, liabilities and reconciliations

	General	Project	Manufacturing	Others	Group
	$'000	$'000	$'000	$'000	$'000
As at 31 December 2024:					
Segment assets	302,035	57,493	98,546	53,937	512,011
Segment liabilities	234,725	38,393	76,507	16,653	366,278
Deferred tax liabilities					1,634
Income tax payable					8,339
Total liabilities					376,251
As at 31 December 2023:					
Segment assets	299,167	66,376	55,854	50,204	471,601
Segment liabilities	236,330	41,913	41,757	15,195	335,195
Deferred tax liabilities					1,768
Income tax payable					8,803
Total liabilities					345,766

2D. Other material items and reconciliations

	General	Project	Manufacturing	Others	Group
For 6 months ended 31 December:	$'000	$'000	$'000	$'000	$'000
Impairment of assets:					
2024	(407)	411	–	898	902
2023	(533)	605	–	–	72
Expenditure for non-current assets:					
2024	4,629	99	621	(335)	5,014
2023	4,708	70	1,899	–	6,677

	General	Project	Manufacturing	Others	Group
For 12 months ended 31 December:	$'000	$'000	$'000	$'000	$'000
Impairment of assets:					
2024	(927)	733	–	898	704
2023	(577)	734	–	–	157
Expenditure for non-current assets:					
2024	5,509	173	1,970	4,877	12,529
2023	5,363	173	13,738	4,093	23,367

2. Financial information by operating segments (cont'd)

2E. Geographical information

	Revenue		Non-current assets	
	FY2024	FY2023	31 Dec 2024	31 Dec 2023
	$'000	$'000	$'000	$'000
Singapore	167,049	176,681	245,511	251,280
Malaysia	53,879	33,020	26,745	19,485
Socialist Republic of Vietnam	673	322	20,265	20,351
People's Republic of China	4,959	1,066	7,318	8,174
Republic of the Union of Myanmar	488	150	999	210
United States of America	28,953	7,812	–	–
Taiwan	3,099	2,429	–	–
Thailand	1,231	378	–	–
Australia	512	519	–	–
Philippines	470	221	–	–
Republic of Indonesia	368	181	–	–
Japan	294	687	–	–
Hong Kong	255	492	–	–
Cambodia	201	1,510	–	–
United Arab Emirates	–	218	–	–
Others	705	736	–	–
	263,136	226,422	300,838	299,500

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments.

2F. Disaggregation of revenue from contracts with customers

	Revenue		Revenue	
	2H2024	2H2023	FY2024	FY2023
	$'000	$'000	$'000	$'000
Goods recognised at point in time	143,036	118,461	257,105	218,940
Services recognised over time	3,470	3,118	6,031	7,482
Total continuing operations	146,506	121,579	263,136	226,422

3. Related party transactions - Group

There are transactions and arrangements between the group and its related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations, if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3. Related party transactions – Group (cont'd)

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	2H2024	2H2023	FY2024	FY2023
	$'000	$'000	$'000	$'000
Joint ventures:				
Sale of goods	(112)	(18)	(504)	(18)
Interest income	–	(27)	–	(67)
Purchases of goods	–	382	–	4,989
Other related parties:				
Sale of goods	(589)	(1,479)	(1,580)	(2,535)
Rental income	(127)	(124)	(246)	(245)
Secondment fee income	(70)	–	(733)	–
Reimbursement of expenses payment on behalf of other related parties	(10)	–	(188)	–
Corporate management fee expense	797	–	797	–
Purchases of goods	1,568	17,167	12,548	31,821
Rental expenses	1,225	536	2,029	857
Property management fee expense	189	45	234	90
Secondment fee expense	769	2,808	1,605	3,322
Reimbursement of expenses payment on behalf of the group	2,328	394	3,301	814
Purchase of plant and equipment	–	30	714	30
Receiving of services	41	108	197	108

4. Income tax - Group

4A. Components of tax expense recognised in profit or loss include

	2H2024	2H2023	FY2024	FY2023
	$'000	$'000	$'000	$'000
Current tax expense:				
Current tax expense	4,678	4,725	8,426	8,963
Over adjustments in respect of prior years	(32)	(40)	(12)	(40)
Subtotal	4,646	4,685	8,414	8,923
Deferred tax expense / (income):				
Deferred tax expense / (income)	36	(48)	(94)	(51)
(Over) / under adjustments in respect of prior years	(19)	(2)	(110)	1
Subtotal	17	(50)	(204)	(50)
Total income tax expense	4,663	4,635	8,210	8,873

4. Income tax – Group (cont'd)

4A. Components of tax expense recognised in profit or loss include (cont'd)

The reconciliation of income taxes below is determined by using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period / year:

	2H2024	2H2023	FY2024	FY2023
	$'000	$'000	$'000	$'000
Profit before income tax	23,194	28,623	36,909	48,969
Less:				
- Share of profit from an equity-accounted associate	(926)	(1,666)	(1,528)	(3,220)
- Share of profit from equity-accounted joint ventures	(410)	(260)	(787)	(280)
	21,858	26,697	34,594	45,469
Income tax expense at the above rate	3,716	4,539	5,881	7,730
Effect of different tax rates in different countries	73	80	166	157
Expenses not deductible for tax purposes	953	55	2,442	1,164
Tax exemption and rebates	(28)	3	(157)	(139)
Over adjustments in respect of prior years	(51)	(42)	(122)	(39)
Total income tax expense	4,663	4,635	8,210	8,873
Effective income tax rate for the year	21%	17%	24%	20%

5. Dividends on equity shares

	Group and Company	
	2024	2023
	$'000	$'000
Second interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2022	–	3,229
Special interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2022	–	3,229
Interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2023	–	3,229
Special interim tax exempt (1-tier) dividends paid of 0.50 cent per share for FY2023	–	2,153
Second interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2023	3,229	–
Second special interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2023	3,229	–
Interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2024	3,229	–
Special interim tax exempt (1-tier) dividends paid of 0.50 cent per share for FY2024	2,153	–
Total dividends paid	11,840	11,840

6. Property, plant and equipment

Group	Leasehold properties $'000	Plant and equipment $'000	Construction in progress $'000	Motor vehicles $'000	Total $'000
Cost:					
At 1 January 2023	115,947	25,001	–	4,121	145,069
Additions	–	14,747	3,745	782	19,274
Disposals	–	(120)	–	(155)	(275)
Acquisition of subsidiaries	–	2,966	–	541	3,507
Foreign exchange adjustments	(195)	(1,182)	–	(5)	(1,382)
At 31 December 2023	115,752	41,412	3,745	5,284	166,193
Additions	269	6,527	4,877	856	12,529
Disposals	–	(2,618)	–	(778)	(3,396)
Transfer to investment properties (Note 8)	–	661	(8,622)	–	(7,961)
Foreign exchange adjustments	15	1,098	–	12	1,125
At 31 December 2024	116,036	47,080	–	5,374	168,490
Accumulated depreciation:					
At 1 January 2023	26,367	11,255	–	3,361	40,983
Depreciation for the year	4,695	2,916	–	359	7,970
Disposals	–	(120)	–	(155)	(275)
Acquisition of subsidiaries	–	2,148	–	374	2,522
Foreign exchange adjustments	(69)	(63)	–	(3)	(134)
At 31 December 2023	30,993	16,136	–	3,936	51,065
Depreciation for the year	4,651	4,623	–	443	9,717
Disposals	–	(2,546)	–	(768)	(3,314)
Foreign exchange adjustments	4	163	–	2	169
At 31 December 2024	35,648	18,376	–	3,613	57,637
Carrying value:					
At 1 January 2023	89,580	13,746	–	760	104,086
At 31 December 2023	84,759	25,276	3,745	1,348	115,128
At 31 December 2024	80,388	28,704	–	1,761	110,853

	2024 $'000	2023 $'000
The depreciation is		
Capitalised as manufactured inventory costs	1,870	796
Expensed to profit or loss	7,847	7,174
Total depreciation for the year	9,717	7,970

As at the reporting year ended 31 December 2024, the group's leasehold properties with carrying value of $77,500,000 (2023: $81,688,000) are mortgaged for bank facilities (Note 18).

Certain motor vehicles and office equipment are under lease liabilities (Note 19).

7. Right-of-use assets

Group	Leasehold land $'000	Premises $'000	Total $'000
Cost:			
At 1 January 2023	146,869	3,961	150,830
Additions	–	4,419	4,419
Acquisition of subsidiaries	–	1,352	1,352
Foreign exchange adjustments	(179)	(72)	(251)
At 31 December 2023	146,690	9,660	156,350
Additions	–	8,884	8,884
Modification	–	(2,350)	(2,350)
Foreign exchange adjustments	14	697	711
At 31 December 2024	146,704	16,891	163,595
Accumulated depreciation:			
At 1 January 2023	15,827	2,863	18,690
Depreciation for the year	1,341	1,682	3,023
Acquisition of subsidiaries	–	524	524
Foreign exchange adjustments	(45)	(10)	(55)
At 31 December 2023	17,123	5,059	22,182
Depreciation for the year	2,200	3,557	5,757
Foreign exchange adjustments	4	(406)	(402)
At 31 December 2024	19,327	8,210	27,537
Carrying value:			
At 1 January 2023	131,042	1,098	132,140
At 31 December 2023	129,567	4,601	134,168
At 31 December 2024	127,377	8,681	136,058

	2024 $'000	2023 $'000
The depreciation is		
Capitalised as manufactured inventory costs	2,006	330
Expensed to profit or loss	3,751	2,693
Total depreciation for the year	5,757	3,023

As at the reporting year ended 31 December 2024, the group's land use rights with carrying value of $112,247,000 (2023: $113,635,000) are mortgaged for bank facilities (Note 18). The land use rights relate to parcels of lands in Singapore and People's Republic of China.

Leasehold land
The group has made upfront payments for six parcels of leasehold land in Singapore and People's Republic of China, which are used in the group's warehousing and business operations.

The leases from JTC Corporation are under a non-cancellable operating leases which are from fourteen to forty-seven years, and amounts payable are subject to annual revision. The variable rent adjustments in the JTC lease would include changes in market rental rates.

Premises
The group leases warehouses and retail shops for the purpose of warehousing and retail operations.

The leases for the group's premises are negotiated for terms of one to three years.

8. Investment properties

Group	Freehold land $'000	Freehold property $'000	Leasehold properties $'000	Total $'000
Cost:				
At 1 January 2023	3,906	370	13,567	17,843
Additions	–	–	4,093	4,093
At 31 December 2023	3,906	370	17,660	21,936
Transfer from property, plant and equipment (Note 6)	–	–	7,961	7,961
Disposals	(3,906)	(370)	–	(4,276)
At 31 December 2024	–	–	25,621	25,621
Accumulated depreciation:				
At 1 January 2023	–	123	330	453
Depreciation for the year	–	19	280	299
At 31 December 2023	–	142	610	752
Depreciation for the year	–	27	175	202
Disposals	–	(169)	–	(169)
At 31 December 2024	–	–	785	785
Carrying value:				
At 1 January 2023	3,906	247	13,237	17,390
At 31 December 2023	3,906	228	17,050	21,184
At 31 December 2024	–	–	24,836	24,836

	Group 2024 $'000	Group 2023 $'000
Fair value at end of the reporting year for disclosure purposes only	28,504	18,684
Rental income from investment properties	1,712	1,120
Direct operating expenses (including repairs and maintenance) arising from investment properties	(606)	(503)

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal.

The investment properties are mortgaged as security for the bank facilities (Note 18).

9. Intangible assets

Group	Goodwill	Customer relationship	Trademark	Total
	$'000	$'000	$'000	$'000
Cost:				
At 1 January 2023	–	–	–	–
Arising from acquisition of a subsidiary	5,233	3,892	–	9,125
At 31 December 2023	5,233	3,892	–	9,125
Arising from acquisition of a subsidiary (Note 21)	–	244	838	1,082
At 31 December 2024	5,233	4,136	838	10,207
Accumulated amortisation and impairment:				
At 1 January 2023	–	–	–	–
Depreciation for the year	–	649	–	649
At 31 December 2023	–	649	–	649
Depreciation for the year	–	670	163	833
Allowance for impairment for the year	–	223	675	898
At 31 December 2024	–	1,542	838	2,380
Carrying value:				
At 1 January 2023	–	–	–	–
At 31 December 2023	5,233	3,243	–	8,476
At 31 December 2024	5,233	2,594	–	7,827

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the group's investment by each subsidiary follows:

	Group 2024	Group 2023
	$'000	$'000
Name of subsidiary:		
Melmer Stoneworks Pte Ltd	5,233	5,233
Carrying value at end of the year	5,233	5,233

The goodwill for each of the cash generating unit was tested for impairment at the end of the reporting year. No impairment allowance was recognised because the carrying amount of each of the cash–generating units were lower than their estimated recoverable amounts.

The value in use for each cash generating unit was measured by management. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash–generating units are consistent with those used for the measurement last performed, where relevant, and are set out as follows:

9. Intangible assets (cont'd)

CGU – Melmer Stoneworks Pte Ltd
Valuation technique and Unobservable inputs
Discounted cash flow method:

	2024	2023
1. Estimated discount rates using post–tax rates that reflect current market assessments at the risks specific to the CGUs	12.1%	12.1%
2. Cash flow forecasts derived from the most recent financial budgets and growth rates approved by management	5 years 5.0%	5 years 5.0%
3. Terminal growth rates not exceeding the average long-term growth rate for the relevant markets	2.0%	2.0%

Actual outcomes could vary from these estimates. If the revised estimated gross margin at the end of the reporting year had been 5% less favourable than management's estimates at the end of the reporting year, the estimated recoverable amount would still be higher than the carrying amount of goodwill. If the revised estimated post-tax discount rate applied to the discounted cash flows had been 1 percent point less favourable than management's estimates, the estimated recoverable amount would still be higher than the carrying amount of goodwill.

10. Investment in an associate

	Group	
	2024	2023
	$'000	$'000
Unquoted equity shares at cost	2,061	2,061
Goodwill at cost	758	758
Share of post-acquisition profit, net of dividends	17,446	17,532
Carrying value	20,265	20,351
Movements in carrying amount:		
At beginning of the year	20,351	19,423
Share of profit for the year	1,528	3,220
Dividends	(1,250)	(1,312)
Foreign exchange adjustments	(364)	(980)
At end of the year	20,265	20,351

The carrying amount of investment in the associate is denominated in Vietnamese Dong.

The details of the associate are given as below:

Name of associate, country of incorporation, place of operations and principal activities	Equity held by the Group	
	2024	2023
	%	%
Viet Ceramics International Joint Stock Company Socialist Republic of Vietnam Importer and dealer of building materials	49	49

11. Investments in a joint venture

	Group	
	2024	2023
	$'000	$'000
Unquoted equity shares at cost	5	5
Share of post-acquisition profit	994	188
Carrying amount	999	193
Movements in carrying amount:		
At beginning of the year	193	2,832
Share of profit for the year	787	280
Transfer to subsidiaries of the group	–	(2,915)
Foreign exchange adjustments	19	(4)
At end of the year	999	193

The details of the joint venture is given as below:

Name of joint venture, country of incorporation, place of operation and principal activities	Equity held by the Group	
	2024	2023
	%	%
Hafary Myanmar Investment Pte Ltd Singapore Investment holding	33	33

The group jointly controls Hafary Myanmar Investment Pte Ltd with other partners under the contractual agreements that require unanimous consent or two thirds of board of directors' consent for all major decisions over the relevant activities.

12. Inventories

	Group	
	2024	2023
	$'000	$'000
Goods held for resale	116,389	90,258
Inventories are stated after allowance. Movements in allowance:		
At beginning of the year	18,198	18,571
Charged to profit or loss included in impairment losses	(690)	(814)
Acquisition of subsidiaries	–	451
Foreign exchange adjustments	3	(10)
At end of the year	17,511	18,198

There are no inventories pledged as security for liabilities.

13. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	56,591	45,127	–	–
Less: Allowance for impairment	(2,082)	(1,928)	–	–
Subsidiary	–	–	2,911	3,308
Joint venture	107	38	–	–
Other related parties	118	951	–	–
Retention receivables on contracts	2,431	2,882	–	–
Subtotal	57,165	47,070	2,911	3,308
Other receivables:				
Outside parties	707	1,038	1	6
Subsidiaries	–	–	33,517	26,995
Joint ventures	1,624	1,575	–	–
Other related parties	2,000	3,465	–	–
Less: Allowance for impairment	(483)	(697)	–	–
Refundable deposits	4,376	3,890	–	–
Subtotal	8,224	9,271	33,518	27,001
Total trade and other receivables	65,389	56,341	36,429	30,309
Movements in above allowance on trade receivables:				
At beginning of the year	1,928	2,070	–	–
Additions – individually impaired	443	797	–	–
Additions / (reversal) – collectively impaired	8	(39)	–	–
Bad debts written-off	(297)	(900)	–	–
At end of the year	2,082	1,928	–	–
Movements in above allowance on other receivables:				
At beginning of the year	697	483	–	–
Additions – individually impaired	–	214	–	–
Bad debts written-off	(214)	–	–	–
At end of the year	483	697	–	–

As the group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the statement of financial position except for financial guarantee contracts provided to banks.

13. Trade and other receivables (cont'd)

(i) Concentration of credit risk

There is no significant concentration of credit risk with respect to trade receivables as the exposure is spread over a large number of counter-parties and customers.

(ii) Credit risk exposure

The group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk for trade receivables by countries at the end of the reporting year, approximately:

- 53% (2023: 74%) of the group's trade receivables from Singapore.
- 47% (2023: 26%) of the group's trade receivables from other countries.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 60 days (2023: 60 days). But some customers take a longer period to settle the amounts.

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling $1,835,000 (2023: $1,689,000) of the group that are determined to be impaired at the end of the reporting year. These are not secured.

<u>Expected credit losses</u>

The expected credit losses ("ECL") on the above trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a period of 12 months to 18 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The loss allowance of $247,000 (2023: $239,000) for the group is included in the allowance for impairment of receivables amounting to $2,082,000 as at 31 December 2024 (2023: $1,928,000). There are no collateral held as security and other credit enhancements for the trade receivables held by the group.

The amounts are written-off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

The other receivables at amortised cost shown above are subject to the ECL model under the financial reporting standard on financial instruments. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

14. Share capital

	Group and Company	
	Number of shares issued	Share capital
	'000	$'000
Ordinary shares of no par value:		
Balance at 1 January 2023, 31 December 2023 and 2024	430,550	26,930

The company's subsidiaries do not hold shares in the company.

There was no movement in the issued and paid-up capital of the company since 31 December 2023.

There were no outstanding convertibles as at 31 December 2024 (2023: Nil).

The company did not hold any treasury shares as at 31 December 2024 (2023: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the year ended 31 December 2024.

15. Foreign currency translation reserve

The foreign currency translation reserve represents exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the group. This reserve is not available for cash dividends unless realised.

16. Net asset value per share

	Group		Company	
	2024	2023	2024	2023
	Cents	Cents	Cents	Cents
Net asset value per share based on existing issued share capital as at the respective dates	30.0	27.4	8.0	6.5

17. Aggregate amount of the group's borrowings and debt securities

	Secured		Unsecured	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Repayable in one year or less, or on demand:				
Bank borrowings (Note 18)	33,080	38,239	40,916	25,851
Trust receipts and bills payable (Note 18)	1,730	22,212	48,125	–
Lease liabilities (Note 19)	215	143	3,887	2,666
Subtotal	35,025	60,594	92,928	28,517
Repayable after one year:				
Bank borrowings (Note 18)	145,743	158,321	6,312	9,878
Lease liabilities (Note 19)	260	229	17,835	15,404
Subtotal	146,003	158,550	24,147	25,282
Total	181,028	219,144	117,075	53,799

18. Loans and borrowings

	Group	
	2024	2023
	$'000	$'000
Non-current:		
With floating interest rates:		
Bank loan H (secured) (Note 18E)	33,549	–
Bank loan P (secured) (Note 18I)	10,849	11,324
Bank loan S (secured) (Note 18K)	588	–
Bank loan U (secured) (Note 18M)	56,100	59,100
Bank loan Y (secured) (Note 18N)	6,086	7,850
Subtotal	107,172	78,274
With fixed interest rates:		
Bank loan F (secured) (Note 18C)	6,399	7,527
Bank loan H (secured) (Note 18E)	–	35,275
Bank loan I (secured) (Note 18F)	4,865	6,081
Bank loan J (secured) (Note 18F)	4,378	5,473
Bank loan K (secured) (Note 18G)	–	1,976
Bank loan M (unsecured) (Note 18H)	–	388
Bank loan N (unsecured) (Note 18H)	–	430
Bank loan O (unsecured) (Note 18H)	–	118
Bank loan Q (unsecured) (Note 18H)	226	608
Bank loan R (secured) (Note 18J)	23,639	24,774
Bank loan S (secured) (Note 18K)	–	976
Bank loan T (secured) (Note 18L)	5,376	5,815
Bank loan W (unsecured) (Note 18H)	–	484
Subtotal	44,883	89,925
Non-current, total	152,055	168,199
Current:		
With floating interest rates:		
Bank loan A (secured) (Note 18A)	8,000	8,500
Bank loan B (secured) (Note 18A)	8,000	8,000
Bank loan C (secured) (Note 18A)	–	1,000
Bank loan D (unsecured) (Note 18B)	10,200	8,000
Bank loan E (unsecured) (Note 18B)	3,500	3,500
Bank loan G (secured) (Note 18D)	3,750	3,750
Bank loan H (secured) (Note 18E)	2,345	–
Bank loan L (secured) (Note 18A)	2,000	5,500
Bank loan P (secured) (Note 18I)	472	449
Bank loan S (secured) (Note 18K)	562	–
Bank loan U (secured) (Note 18M)	3,000	2,500
Bank loan V (unsecured) (Note 18B)	12,000	6,000
Bank loan X (unsecured) (Note 18B)	1,522	1,436
Bank loan Y (unsecured) (Note 18N)	2,435	1,340
Bank loan Z (unsecured) (Note 18B)	–	2,872
Bank loan AA (unsecured) (Note 18O)	485	297
Bank loan AB (unsecured) (Note 18B)	3,000	–
Bank loan AC (unsecured) (Note 18B)	1,522	–
Bank loan AD (unsecured) (Note 18B)	1,522	–
Bank loan AE (unsecured) (Note 18B)	932	–
Bank loan AF (unsecured) (Note 18B)	2,000	–
Trust receipts and bills payable (Note 18P)	49,855	22,212
Subtotal	117,102	75,356

18. Loans and borrowings (cont'd)

	Group	
	2024	2023
	$'000	$'000
With fixed interest rates:		
Bank loan F (secured) (Note 18C)	1,066	1,066
Bank loan H (secured) (Note 18E)	–	2,945
Bank loan I (secured) (Note 18F)	1,216	1,216
Bank loan J (secured) (Note 18F)	1,095	1,095
Bank loan K (secured) (Note 18G)	–	172
Bank loan M (unsecured) (Note 18H)	388	765
Bank loan N (unsecured) (Note 18H)	430	507
Bank loan O (unsecured) (Note 18H)	118	126
Bank loan Q (unsecured) (Note 18H)	382	374
Bank loan R (secured) (Note 18J)	1,135	1,135
Bank loan S (secured) (Note 18K)	–	479
Bank loan T (secured) (Note 18L)	439	432
Bank loan W (unsecured) (Note 18H)	480	634
Subtotal	6,749	10,946
Current, total	123,851	86,302
Total	275,906	254,501
The non-current portion is repayable as follows:		
Due within two to five years	98,983	108,310
After five years	53,072	59,889
Total non-current portion	152,055	168,199

The ranges of fixed interest rates per annum paid were as follows:

	Group	
	2024	2023
	%	%
Bank loan F (secured)	1.58	1.58
Bank loan H (secured)	–	1.58
Bank loan I (secured)	1.58	1.58
Bank loan J (secured)	1.58	1.58
Bank loan K (secured)	1.58	1.58
Bank loan M (unsecured)	2.00	2.00
Bank loan N (unsecured)	2.00	2.00
Bank loan O (unsecured)	2.00	2.00
Bank loan Q (unsecured)	2.00	2.00
Bank loan R (secured)	1.50	1.50
Bank loan S (secured)	–	1.30
Bank loan T (secured)	1.50	1.50
Bank loan W (unsecured)	2.00	2.00

18. Loans and borrowings (cont'd)

The ranges of floating interest rates per annum paid were as follows:

	Group	
	2024	2023
	%	%
Bank loan A (secured)	4.20 to 5.09	4.69 to 5.17
Bank loan B (secured)	4.44 to 5.09	4.69 to 5.08
Bank loan C (secured)	4.76 to 5.62	5.33 to 5.94
Bank loan D (unsecured)	4.37 to 5.35	4.82 to 5.72
Bank loan E (unsecured)	4.55 to 5.45	5.20 to 5.50
Bank loan G (secured)	4.20 to 5.05	4.69 to 5.08
Bank loan H (secured)	1.55 to 4.67	–
Bank loan L (secured)	4.76 to 5.62	5.33 to 5.94
Bank loan P (secured)	4.48 to 4.71	1.30
Bank loan S (secured)	4.30 to 6.50	–
Bank loan U (secured)	3.55 to 4.70	3.58 to 4.73
Bank loan V (unsecured)	4.10 to 4.95	3.71 to 5.07
Bank loan X (unsecured)	4.98 to 5.07	3.41 to 4.98
Bank loan Y (unsecured)	5.25 to 5.31	5.10 to 5.14
Bank loan Z (unsecured)	3.79 to 5.07	4.97 to 4.98
Bank loan AA (unsecured)	3.75 to 3.90	3.75
Bank loan AB (unsecured)	4.78 to 4.87	–
Bank loan AC (unsecured)	4.92 to 4.93	–
Bank loan AD (unsecured)	4.92 to 4.94	–
Bank loan AE (unsecured)	3.90	–
Bank loan AF (unsecured)	4.77	–
Trust receipts and bills payable	3.98 to 5.45	1.20 to 5.95

18A. Bank loans A, B, C and L (secured)

The agreements for the bank loans provide among other matters for the following:

(i) Repayable by one lump sum within 6 months (unless rolled over for another interest period of up to 6 months).
(ii) Legal mortgage on certain leasehold properties (Note 6) and leasehold land (Note 7).
(iii) Corporate guarantee from the company.
(iv) Need to comply with certain financial covenants.

18B. Bank loans D, E, V, X, Z, AB, AC, AD, AE and AF (unsecured)

The agreements for the bank loans provide among other matters for the following:

(i) Repayable by one lump sum within 6 months (unless rolled over for another interest period of up to 6 months).
(ii) Corporate guarantee from the company.
(iii) Need to comply with certain financial covenants.

18. Loans and borrowings (cont'd)

18C. Bank loan F (secured)

These relate to two loan facilities. The agreements for the bank loans provide among other matters for the following:

(i) Repayable by equal monthly instalments over 20 years from November 2011 and July 2013 respectively.
(ii) Legal mortgage on certain leasehold properties (Note 6) and leasehold land (Note 7).
(iii) Corporate guarantees from the company and a subsidiary.
(iv) Need to comply with certain financial covenants.

18D. Bank loan G (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by one lump sum within 6 months (unless rolled over for another interest period of up to 6 months), subject to yearly reduction of $750,000 over 8 years until the limit is reduced to $4,000,000.
(ii) Legal mortgage on certain leasehold properties (Note 6) and leasehold land (Note 7).
(iii) Corporate guarantees from the company and a subsidiary.
(iv) Need to comply with certain financial covenants.

18E. Bank loan H (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by over 3 years fixed principal instalment of $125,000 each and remaining by equal monthly instalments over 12 years commencing from May 2017.
(ii) Legal mortgage on a leasehold property (Note 6) and leasehold land (Note 7).
(iii) Legal assignment of insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreement in respect of the leasehold property.
(iv) Joint and several corporate guarantees from the company and a subsidiary.
(v) Personal guarantee from a director cum a shareholder.
(vi) Need to comply with certain financial covenants.

18F. Bank loans I and J (secured)

The agreements for the bank loans provide among other matters for the following:

(i) Repayable by equal monthly instalments over 14 years from January 2016.
(ii) Legal mortgage on certain leasehold properties (Note 6) and leasehold land (Note 7).
(iii) Corporate guarantees from the company and a subsidiary.
(iv) Need to comply with certain financial covenants.

18G. Bank loan K (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 20 years from July 2016.
(ii) Legal mortgage on an investment property (Note 8).
(iii) Assignment of rental proceeds.
(iv) Corporate guarantee from the company.
(v) Personal guarantee from a director.
(vi) Need to comply with certain financial covenants.

18. Loans and borrowings (cont'd)

18H. Bank loans M, N, O, Q and W (unsecured)

The agreements for the bank loans provide among other matters for the following:

(i) The loans were drawn under the Enterprise Financing Scheme and repayable by monthly instalments over 5 years from the draw down date.
(ii) The loans have an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Corporate guarantee from the company.

18I. Bank loan P (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 20 years.
(ii) The loan has an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a leasehold property (Note 6).
(iv) Corporate guarantee from the company.
(v) Need to comply with certain financial covenants.

18J. Bank loan R (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 25 years.
(ii) The loan has an interest servicing period for the first 6 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a leasehold property (Note 6).
(iv) Corporate guarantee from a subsidiary.
(v) Need to comply with certain financial covenants.

18K. Bank loan S (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years.
(ii) The loan has an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a leasehold property (Note 6).
(iv) Corporate guarantee from the company.
(v) Need to comply with certain financial covenants.

18. Loans and borrowings (cont'd)

18L. Bank loan T (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years.
(ii) Legal mortgage on a leasehold property (Note 6).
(iii) Corporate guarantee from a subsidiary.
(iv) Need to comply with certain financial covenants.

18M. Bank loan U (secured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years, commencing March 2024.
(ii) The loan has an interest servicing period for the first 15 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Legal mortgage on a mix of leasehold property (Note 6), leasehold land (Note 7) and investment property (Note 8).
(iv) Corporate guarantee from the company and a subsidiary.
(v) Need to comply with certain financial covenants.

18N. Bank loan Y (unsecured)

The agreement for the bank loan provides among other matters for the following:

(i) Repayable by equal monthly instalments over 5 years, commencing June 2024.
(ii) The loan has an interest servicing period for the first 12 months from draw down date and upon the expiry of the interest servicing period, payments comprising principal and interest will be made monthly to the expiry of the remaining tenor.
(iii) Corporate guarantee from the company.
(iv) Need to comply with certain financial covenants.

18O. Bank loan AA (unsecured)

The agreements for the bank loans provide among other matters for the following:

(i) Repayable by one lump sum within 12 months from draw down date.

18P. Trust receipts and bills payable

These are repayable within 150 to 180 days (2023: 150 to 180 days) and are guaranteed by the company.

19. Lease liabilities

	Group 2024 $'000	Group 2023 $'000
Lease liabilities, current	4,102	2,809
Lease liabilities, non-current	18,095	15,633
Total	22,197	18,442

Movements of lease liabilities for the reporting year are as follows:

	Group 2024 $'000	Group 2023 $'000
Total lease liabilities at beginning of reporting year	18,442	14,398
Additions	8,985	4,439
Acquisition from a subsidiary	–	841
Modification	(1,767)	–
Accretion of interest	839	500
Lease payments – principal portion paid	(5,039)	(1,595)
Interest paid	(22)	(8)
Foreign exchange adjustments	759	(133)
Total lease liabilities at end of reporting year	22,197	18,442

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

Certain leases are secured by the lessors' charge over the leased assets as follows:

	Group 2024 $'000	Group 2023 $'000
Carrying amounts of motor vehicles and office equipment under lease liabilities	789	433

Total cash outflows from leases are shown in the consolidated statement of cash flows. The related right-of-use assets are disclosed in Note 7.

During the reporting year, expense of the group relating to short-term leases included in other expenses was $592,000 (2023: $308,000).

20. Provision

	Group 2024 $'000	Group 2023 $'000
Provision for rebates	1,070	980
Movements in above provision:		
Balance at beginning of the year	980	1,119
Additions	1,070	980
Used	(980)	(1,119)
Balance at end of the year	1,070	980

The group gives rebates to its customers upon settlement of balances within average credit period granted i.e. 60 days (2023: 60 days).

21. Acquisition of subsidiary

On 26 October 2023, the group acquired additional 15% of the existing shares Guangdong ITA Element Building Materials Co., Limited ("ITA Element"). Accordingly, the group's equity held increased from 50% to 65%.

During the reporting year ended 31 December 2024, the group has since finalised the purchase price allocation exercise and the fair values of the identifiable assets, liabilities, non-controlling interest, and the resultant negative goodwill on the date of acquisition. The group has elected not to restate restropectively, and the comparative figures remain from the previously reported amounts as the difference is not considered material to the group.

The fair values of identifiable assets acquired and liabilities assumed shown below for ITA Element are provisional as the hindsight period (of not more than twelve months) allowed by the financial reporting standard on business combinations has not yet expired. A detailed report from an independent professional valuer on the fair values was available after the year end 31 December 2023.

	Pre-acquisition book value under SFRS(I) $'000	Fair value $'000
Group:		
Plant and equipment	660	45
Other financial assets	36	37
Right-of-use asset	828	1,079
Customer relationships	–	838
Trademark	–	244
Inventories	4,075	4,484
Trade and other receivables	1,476	1,627
Other non-financial assets	1,453	2,120
Cash and cash equivalents	357	357
Lease liabilities	(841)	(1,096)
Income tax payable	(392)	(392)
Trade and other payables	(690)	(591)
Loans and borrowings	(1,821)	(1,821)
Other non-financial liabilities	(1,645)	(1,585)
Deferred tax liabilities	–	(322)
Net identified assets	3,496	5,024
Less: Non-controlling interest	(911)	(1,464)
Less: Negative goodwill arising from bargain purchase	–	(529)
Purchase consideration	2,585	3,031
Carrying value of the investment in the joint venture	1,744	1,744
Cash consideration paid	841	841
Fair value gain on remeasurement of the previously held interests in the investee	–	446
Purchase consideration, being fair value of the previously held 50% interests in the investee	2,585	3,031

22. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2024	2023
	$'000	$'000
Commitments to purchase plant and equipment	512	–
Contractual obligations for construction works for investment property	1,349	6,527
Total	1,861	6,527

23. Categories of financial assets and liabilities

The following table categorises the carrying amounts of financial assets and liabilities recorded at the end of the reporting year:

	Group	
	2024	2023
	$'000	$'000
Financial assets:		
Financial assets at amortised cost	87,897	74,238
Financial assets at fair value through profit or loss	280	374
	88,177	74,612
Financial liabilities:		
Financial liabilities at amortised cost	355,366	326,350
Derivatives financial instruments at fair value	48	1
	355,414	326,351

24. Changes and adoption of financial reporting standards

The same accounting policies and methods of computations used in the latest audited annual financial statements have been applied.

25. Events after the end of the reporting year

On 3 January 2025, the group's subsidiary, Hafary Shanghai Pte Ltd had completed the acquisition of MML (Shanghai) Trading Company Limited ("MML Shanghai"). With the completion of the acquisition, now holds an 100.0% shareholding in the issued share capital of MML Shanghai.

Other Information Required by Listing Rule Appendix 7.2
31 December 2024

1. Review

The condensed interim consolidated statements of financial position of Hafary Holdings Limited (the "company") and its subsidiaries (the "group") as at 31 December 2024 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the reporting period then ended and certain explanatory notes have not been audited or reviewed.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business

Revenue

For 2H2024, the group registered a revenue of $146.5 million compared to $121.6 million during 2H2023. For FY2024, the group registered a revenue of $263.1 million compared to $226.4 million during FY2023.

The revenue consists of below segments:

General segment
For 6 months ended, revenue from the general segment (where customers include home-owners, architecture, interior design and renovation firms) increased by $0.2 million or 0.2% from $72.2 million during 2H2023 to $72.4 million during 2H2024. For 12 months ended, revenue from the general segment decreased by $2.6 million or 1.9% from $139.7 million during FY2023 to $137.1 million during FY2024. The decrease in revenue was due to the several economic factors, eg: high interest rates, government policies & etc., may potentially deterring the prospective property buyers and weaker consumer spending.

Project segment
For 6 months ended, revenue from the project segment (where customers include architecture firms, property developers and construction companies) decreased by $2.0 million or 4.6% from $43.9 million during 2H2023 to $41.9 million during 2H2024. For 12 months ended, revenue from the project segment decreased by $1.8 million or 2.2% from $81.3 million during FY2023 to $79.5 million during FY2024. The decrease in revenue was mainly due the construction sector faced several challenges due to high interest rates, skill shortages, economic uncertainties & etc. These factors collectively constrained the sector's growth and likely deterred the investments in private construction projects, as higher borrowing costs and cautious market sentiment led to delays or cancellations of planned developments.

Manufacturing segment
For 6 months ended, revenue from the manufacturing segment (where customers include property developers, wholesalers and distributors) increased by $26.8 million or 493.2% from $5.4 million during 2H2023 to $32.2 million during 2H2024. For 12 months ended, revenue from the manufacturing segment increased by $41.1 million or 756.2% from $5.4 million during FY2023 to $46.5 million during FY2024. The manufacturing plant located at Kluang Malaysia started the production of the ceramic tiles products for distribution towards the end of June 2023 and picking up the production gradually over the period.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Interest Income

Interest income mainly derived from bank deposits.

For FY2023, interest income derived from the short-term deposits placed with the banks and a loan of U$1.2 million (equivalent to approximately $1.6 million) to a joint venture, Guangdong ITA Element Building Materials Co., Limited (''ITA Element''), to support their business expansion in China. On 26 October 2023, the Group has acquired additional 15% effective interest from the non-controlling interests in ITA Element and obtained the control over ITA Element, as such ITA Element is consolidated into the Group with effective from 26 October 2023. Accordingly, the interest income from ITA Element is eliminated the Group level from 26 October 2023 thereafter.

Other Income and Gains

For 6 months ended, other income and gains decreased by $2.0 million or 19.1% from $10.4 million during 2H2023 to $8.4 million during 2H2024. For 12 months ended, other income and gains decreased by $2.1 million or 15.4% from $13.4 million during FY2023 to $11.3 million during FY2024.

For FY2024, other income and gains mainly comprised of rental income of $5.6 million, gain on disposal of an investment property of $3.7 million, sales of solar energy and renewable energy certificates of $0.6 million.

For FY2023, other income and gains mainly comprised of fair value gain on remeasurement of the previously helf interests in the investee of $7.5 million, rental income of $5.0 million, sales of solar energy of $0.3 million, government grants of $0.1 million and compensation received of $0.1 million.

The decrease in other income and gains mainly due to the fair value gain on remeasurement of the previously held interest in the investee in FY2023 is one-off exercise and non-recurring in FY2024. The decrease is partially offset by the gain on disposal of an investment property of $3.7.

Purchase of inventories are mainly denominated in United States Dollar ("USD"), Euro and Renminbi ("RMB"). The Group entered into foreign currency forward contracts to hedge against fluctuations of exchange rates in USD, Euro and RMB. These are binding contracts in the foreign exchange market that lock in the exchange rate for the purchase or sale of a currency on a future date. The difference between foreign currency forward contract rates and forward market rates as at period end date would then be recorded as fair value gain/ (loss) on derivative financial instruments under 'Other Gains' or 'Other Losses'.

Other Losses

Other losses mainly comprised of foreign exchange adjustment losses.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Cost of Sales

Cost of sales is computed based on purchases and related costs net of changes in inventories of goods held for resale for the respective financial period.

For 6 months ended, cost of sales increased by $21.9 million or 32.9% from $66.4 million during 2H2023 to $88.3 million during 2H2024. For 12 months ended, cost of sales increased by $34.7 million or 28.4% from $122.3 million during FY2023 to $157.0 million during FY2024. The increase in revenue led to a corresponding increase in the cost of sales.

The gross profit margin of 39.7% for 2H2024 and 40.3% for FY2024 has decreased as compared to 45.4% for 2H2023 and 46.0% for FY2023.

Employee Benefits Expense

For 6 months ended, employee benefits expenses increased by $1.2 million or 6.6% from $18.2 million during 2H2023 to $19.4 million during 2H2024. For 12 months ended, employee benefits expenses increased by $2.3 million or 6.7% from $34.0 million during FY2023 to $36.3 million during FY2024. The increase is mainly due to the increase in employees from 853 as at 31 December 2023 to 1,252 as at 31 December 2024 and higher staff commission due to higher sales collection as compared to FY2023. The increase is also due to the business expansion in Malaysia and led to increase in manpower to support the business operation in Malaysia.

Amortisation and Depreciation Expense

For 6 months ended, amortisation and depreciation expenses increased by $0.9 million or 15.1% from $5.8 million during 2H2023 to $6.6 million during 2H2024. For 12 months ended, amortisation and depreciation expenses increased by $1.8 million or 16.8% from $10.8 million during FY2023 to $12.6 million during FY2024. The increase is mainly due to the depreciation charge arising from the consolidation of ITA into the group with effective from 26 October 2023.

Impairment Losses

The impairment losses mainly comprised of allowance for impairment of inventories, allowance for impairment of trade receivables and allowance for impairment of intangible assets.

For 6 months ended, impairment losses mainly comprises the reversal of impairment of inventories of $0.2 million and additional allowance on trade receivables of $0.2 million and intangible assets of $0.9 million. For 12 months ended, reversal of impairment losses mainly comprises the reversal of impairment of inventories of $0.7 million and additional allowance on trade receivables of $0.5 million and intangible assets of $0.9 million. The additional allowance on trade receivables are based on individual accounts of the group that are determined to be impaired at the end of the reporting year.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Finance Costs

For 6 months ended, finance costs increased by $1.4 million or 29.2% from $4.9 million during 2H2023 to $6.4 million during 2H2024. For 12 months ended, finance costs increased by $2.7 million or 28.3% from $9.5 million during FY2023 to $12.2 million during FY2024. The increase mainly due to term loan interest incurred on the property term loans and the term loans for working capital use.

Other Expenses

For 6 months ended, other expenses increased by $2.3 million or 25.9% from $8.8 million during 2H2023 to $11.1 million during 2H2024. For 12 months ended, other expenses increased by $4.3 million or 26.3% from $16.3 million during FY2023 to $20.6 million during FY2024. The increase mainly due to the increase in:

- advertisement & promotion of $$0.6 million, commission payable to external parties of $0.3 million and customer sponsorship of $0.2 million in relation to the sales increased;
- repair & maintenance for $0.2 million, due to high sales volume and high demand of goods delivery to customer site which lead to high upkeep and hire of vehicle;
- one-off return of overseas shipment cost of $0.8 million;
- travelling expenses of $0.2 million, due to consolidation of ITA into the group with effective from 26 October 2023; and
- consumables & sundry materials of $0.7 million, security charges of $0.1 million, insurance of $0.2 million and corporate management charges of $0.8 million mainly incurred for Malaysia operations.

Share of Profit from an Equity-Accounted Associate

For 6 months ended, share of profit from associate amounted to $0.9 million (2H2023: share of profit of $1.7 million). For 12 months ended, share of profit from associate amounted to $1.5 million (FY2023: share of profit of $3.2 million). The decrease was mainly due to the weaker domestic demand in turn led to a slowdown in economic growth in the local market.

Share of Profits from Equity-Accounted Joint Venture

For 6 months ended, share of profit from joint venture amounted to $0.4 million (2H2023: share of profits of $0.3 million). For 12 months ended, share of profit from joint venture amounted to $0.8 million (FY2023: share of profits of $0.3 million).

Profit Before Income Tax

For 6 months ended, the group has generated a profit before tax of $23.2 million as compared to a profit before tax of $28.6 million in 2H2023.

For 12 months ended, the group has generated a profit before tax of $36.9 million as compared to a profit before tax of $49.0 million in FY2023.

For 6 months ended, excluding share of profit from associate and share of profit from joint venture amounting to $1.3 million for 2H2024 (2H2023: $1.9 million), profit before income tax from recurring activities was $21.9 million for 2H2024 (2H2023: $26.7 million).

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Profit Before Income Tax (cont'd)

For 12 months ended, excluding share of profit from associate and share of profit from joint venture amounting to $2.3 million for FY2024 (FY2023: $3.5 million), profit before income tax from recurring activities was $34.6 million for FY2024 (FY2023: $45.5 million).

Other Comprehensive Income (Loss)

This pertains to foreign exchange difference on translating foreign operations.

Income Tax Expense

The current tax expense is based on the statutory tax rates of the respective countries in which the group operates and takes into account non-deductible expenses and temporary differences. For 6 months ended, income tax expense amounted to $4.7 million (2H2023: $4.6 million). For 12 months ended, income tax expense amounted to $8.2 million (FY2023: $8.9 million).

Non-Current Assets

Non-current assets increased by $1.2 million or 0.4% from $299.9 million as at 31 December 2023 to $301.1 million as at 31 December 2024.

Property, plant and equipment decreased by $4.3 million or 3.7% from $115.1 million as at 31 December 2023 to $110.9 million as at 31 December 2024. The decrease was mainly due to transfer of construction in progress to investment property amounting to $8.0 million and depreciation expense amounting to $9.7 million during the year. The decrease is partially offset by the additions of plant and equipment amounting to $12.5 million and foreign exchange adjustments of $0.9 million during the year.

The addition of property, plant and equipment was mainly consist of the following major works:

a) Renovation works for the new showroom at 161 Lavender Street amount to $2.6 million; and
b) The addition & alteration works ("A&A works") at 161 Lavender Street amounting to $4.9 million, the A&A works are construction in progress and transferred to investment property, as the A&A works have been obtained OTP during the year.

The right-of-use assets ("ROU assets") comprised of leasehold lands (land use rights relating to group's leasehold properties in Singapore, Malaysia and China) and leases of premises. ROU assets increased by $1.9 million or 1.4% from $134.2 million as at 31 December 2023 to $136.1 million as at 31 December 2024. The increase was mainly due to the capitalisation of ROU assets in relation to the leases of $8.9 million and foreign exchange adjustments of $1.1 million during the year and partially offset by depreciation of $5.8 million and modification of the leases of $2.3 million. The capitalisation of ROU assets is mainly consists of the capitalisation of the leases of manufacturing plant and warehouses in Kluang, Malaysia amounting to $2.4 million and $3.1 million respectively.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Non-Current Assets (cont'd)

Investment properties increased by $3.6 million or 17.2% from $21.2 million as at 31 December 2023 to $24.8 million as at 31 December 2024. The increase was mainly due to transfer of construction in progress from property, plant and equipment amounting to $7.9 million, pertains to the A&A works at 161 Lavender Street. The increase is partially offset by the depreciation expense amounting to $0.2 million and gain on disposal of 532 Balestier Road amounting to $4.1 million.

Intangible assets comprise of goodwill, customer relationship and trademark which arising from consolidation of MSPL. The corresponding customer relationship and trademark which arising from consolidation of ITA Element were fully impaired at the end of the reporting year ended 31 December 2024.

Investment in associate decreased by $0.1 million or 0.4% from $20.4 million as at 31 December 2023 to $20.3 million as at 31 December 2024. The decrease was mainly due to share of profit amounting to $1.5 million from Viet Ceramics International Joint Stock Company and partially offset by distribution of dividend amounting to $1.3 million and exchange differences on translating associate with foreign operation amounting to $0.3 million.

Investment in joint venture increased by $0.8 million or 417.6% from $0.2 million as at 31 December 2023 to $1.0 million as at 31 December 2024. The increase was due to share of profit amounting to $0.8 million.

Other financial assets pertain to the group's investment in shares of Healthbank Holdings Limited (Listed on SGX Catalist).

Current Assets

Current assets increased by $39.2 million or 22.8% from $171.7 million as at 31 December 2023 to $210.9 million as at 31 December 2024.

The increase was mainly attributable to the increase in inventories of $26.1 million, trade and other receivables of $9.0 million and cash and cash equivalents of $4.6 million. The increase is partially offset by the decrease in other non-financial assets of $0.5 million.

Inventories increased by $26.1 million or 29.0% from $90.3 million as at 31 December 2023 to $116.4 million as at 31 December 2024. The increase was mainly due to the business expansion in Malaysia and to cater the demand in the domestic market as well as overseas market.

Other non-financial assets pertain to advance payment to suppliers, deposits to secure services and prepayments.

Inventory turnover day as at 31 December 2024 is 271 days compared to 269 days as at 31 December 2023. Trade receivables turnover day as at 31 December 2024 is 80 days compared to 75 days as at 31 December 2023.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Non-Current Liabilities

Non-current liabilities decreased by $13.8 million or 7.4% from $185.6 million as at 31 December 2023 to $171.8 million as at 31 December 2024. The decrease was mainly due to decrease in bank loans of $16.1 million and deferred tax liabilities of $0.1 million. The decrease is partially offset by the increase in lease liabilities of $2.4 million. As of 31 December 2024, the group's property loans borrowing rates varies between 1.5% to 6.5% (2023: 1.3% to 6.0%).

Current Liabilities

Current liabilities increased by $44.3 million or 27.7% from $160.2 million as at 31 December 2023 to $204.5 million as at 31 December 2024.

The increase was mainly attributable to the increase in loans and borrowings of $37.6 million, trade and other payables of $3.9 million, other non-financial liabilities of $1.9 million, provision of $0.1 million and lease liabilities of $1.3 million. The increase is partially offset by the decrease in income tax payable of $0.5 million.

The provision is pertaining to provision of rebate to customers.

The increase in trade and other payables is in line with the increase in cost of sales, mainly contributed by the business expansion in Malaysia.

The increase in loans and borrowings was mainly due to increase in short-term loans by $9.9 million and trust receipts and bill payables by $27.7 million.

Total amount of trade payables and trust receipts and bills payable to banks was $67.8 million (31 December 2023: $50.1 million). The turnover of the aforesaid items (based on cost of sales) is 160 days as at 31 December 2024 compared to 150 days as at 31 December 2023.

Other Reserves

This pertains to foreign exchange difference on translating foreign operations.

Cash Flows Review

2H2024

Net cash flows from operating activities was $27.1 million was mainly attributable by operating cash flows before working capital changes of $33.4 million, net cash flows used in working capital of $2.3 million and income tax paid of $4.0 million. The net cash flows used in working capital of $2.3 million was mainly attributable by the increase in inventories of $11.1 million and other non-financial assets of $0.9 million. This was partially offset by the increase in trade and other payables of $8.4 million, provision of $0.1 million and other non-financial liabilities of $1.0 million and decrease in trade and other receivables of $0.2 million.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont'd)

Cash Flows Review (cont'd)

2H2024 (cont'd)

Net cash flows from investing activities amounting to $4.5 million was mainly attributable by the dividend income from an associate of $1.3 million, proceeds from disposal of an investment property of $7.9 million, interest income received of $0.2 million and net movements in amount due from other related parties of $0.1 million. This was partially offset by the purchase of plant and equipment of $4.8 million and the net movements in amount due from joint ventures of $0.2 million.

Net cash flows used in financing activities amounting to $26.5 million was mainly attributable by the dividends paid to equity owners of $5.4 million, dividends paid to non-controlling interests of $1.8 million, net movements in amount due to a director cum a shareholder of $0.9 million, repayment of loans and borrowings of $24.7 million, repayment of interest expense of $5.9 million and repayment of lease liabilities of $3.0 million. This was partially offset by the increase in new borrowings of $4.1 million and trust receipt and bill payable of $11.1 million.

As a result of the above, there was a net decrease of $5.1 million in cash and cash equivalents. Cash and cash equivalents as at 31 December 2024 was $22.5 million.

FY2024

Net cash flows from operating activities was $22.6 million was mainly attributable by operating cash flows before working capital changes of $59.2 million, net cash flows used in working capital of $27.8 million and income tax paid of $8.8 million. The net cash flows used in working capital of $27.8 million was mainly attributable by the increase in inventories of $26.1 million and trade and other receivables of $10.2 million. This was partially offset by the decrease in other non-financial assets of $0.6 million and increase in trade and other payables of $5.9 million, other non-financial liabilities of $1.9 million and provision of $0.1 million.

Net cash flows used in investing activities amounting to $2.7 million was mainly attributable by the purchase of plant and equipment of $7.2 million, increase in construction in progress of $4.9 million and net movements in amount due from a joint venture of $0.3 million. This was partially offset by the proceeds from disposal of an investment property of $7.9 million, net movements in amount due from other related parties of $0.3 million, interest income received of $0.2 million and dividend income from an associate of $1.3 million.

Net cash flows used in financing activities amounting to $15.2 million was mainly attributable by the repayment of loans and borrowings of $33.3 million, repayment of interest expense of $11.3 million, dividends paid to equity owners of $11.8 million, dividends paid to non-controlling interests of $3.0 million, net movements in amount due to a director cum a shareholder of $0.9 million, repayment of lease liabilities of $5.0 million and acquisition of a non-controlling interest in World Furnishing Hub Pte Ltd without a change in control of $4.5 million. This was partially offset by the increase in new borrowings of $27.0 million and trust receipt and bill payable of $27.6 million.

As a result of the above, there was a net increase of $4.7 million in cash and cash equivalents. Cash and cash equivalents as at 31 December 2024 was $22.5 million.

3. Forecast, or a prospect statement

There was no forecast or a prospect statement.

4. Significant trends and competitive conditions of the industry

Singapore outlook

Based on advance estimates, the Singapore economy grew by 4.3 per cent on a year-on-year basis in the fourth quarter of 2024, slower than the 5.4 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 0.1 per cent, moderating from the 3.2 per cent expansion in the third quarter. For the whole of 2024, the economy grew by 4.0 per cent, faster than the 1.1 per cent growth in 2023.

The construction sector expanded by 5.9 per cent year-on-year in the fourth quarter, faster than the 4.7 per cent growth in the preceding quarter. Growth during the quarter was due to an increase in public sector construction output. On a quarter-on-quarter seasonally-adjusted basis, the sector grew at a faster pace of 3.4 per cent compared to the 1.6 per cent growth in the third quarter.

According to the media release on 23 January 2025, The Building and Construction Authority projects the total construction demand, i.e. the value of construction contracts to be awarded, to range between $47 billion and $53 billion in nominal terms in 2025.

Based on the contracts awarded in the past few years and the construction demand forecast for 2025, total nominal construction output is projected to increase to between $39 billion and $42 billion in 2025, up from the preliminary estimate of about $38.4 billion in 2024. The anticipated uptrend is expected to be supported by the increase in actual construction demand over the last few years and the expected increase in 2025 construction demand. Normalised to real values, total construction output in 2025 is projected to range between $30 billion and $32 billion, which is slightly higher than that in 2019.

Malaysia outlook

According to DBS's research published on 23 January 2025, Bank Negara Malaysia ("BNM") held its overnight policy rate ("OPR") at 3.00% during its first meeting of 2025, the 10th consecutive unchanged decision. The string of pauses has matched that observed between September 2020 to March 2022. Policymakers affirmed that the current monetary policy stance remains supportive of the economy and is consistent with its 2025 growth-inflation outlook. DBS maintains the forecast that BNM will keep its OPR steady at 3.00% at least through 1H25. DBS views for sustained Malaysian economic growth, and rising but manageable inflation is in line with the central bank's assessment in its monetary policy statement.

4. Significant trends and competitive conditions of the industry (cont'd)

Malaysia outlook (cont'd)

DBS projects Malaysia's economy to grow by 4.8% in 2025, extending its robust 5.1% expansion in 2024, supported by broad-based growth drivers. BNM also shared this outlook, expecting sustained economic strength in 2025, driven by resilient domestic expenditure, robust investment expansion, and supportive export growth. DBS forecasts Malaysia's average headline inflation to rise to 2.8% in 2025, still manageable as it stays below the peak of 3.4% in 2022. BNM also anticipates still-manageable inflation, expecting the overall impact from domestic policy changes (likely referring to the RON95 subsidy rationalisation to be rolled out in mid-2025) to be contained amid expectations of lower global commodity prices and the lack of excessive domestic demand pressures. Policymakers therefore see the combination of favourable growth prospects, domestic reform momentum, and efforts to spur inflows, to support the Malaysian ringgit, but DBS anticipates depreciatory pressures amid a strong US dollar.

Nonetheless, the outlook faces elevated uncertainties. First, the global economy and trade could be significantly impacted by heightened uncertainty surrounding more trade and investment restrictions. Tariffs remain top of the United States government's priorities. Second, upside risk to Malaysia's inflation would hinge on the extent of impact from domestic policy measures, as well as global commodity prices and financial market movements.

Global outlook

According to The International Monetary Fund ("IMF"), global economy is projected to grow by 3.3% in both 2025 and 2026, maintaining a steady pace compared to previous years. This forecast reflects an upward revision for the United States, offsetting downward adjustments in other major economies. IMF emphasizes that while the global growth projection remains stable, the balance of risks is tilted to the downside. Potential challenges include renewed inflationary pressures, which could disrupt monetary policy normalization, with implications for fiscal sustainability and financial stability.

According to World Bank Group's press release on 16 January 2025, the global economy is projected to expand by 2.7% in both 2025 and 2026, the same pace as in 2024, as inflation and interest rates decline gradually. Growth in developing economies is also expected to hold steady at about 4% over the next two years. This, however, would be a weaker performance than before the pandemic—and insufficient to foster the progress necessary to alleviate poverty and achieve wider development goals.

Nonetheless, the group will remain committed to weathering the challenging business environment as market risks remain elevated and will also closely monitor its supply chain activities.

4. Significant trends and competitive conditions of the industry (cont'd)

The above information is sourced from:

1. *MTI's press release on 2 January 2025 - https://www.mti.gov.sg/Newsroom/Press-Releases/2025/01/Singapore-GDP-Grew-by-4_3-Per-Cent-in-the-Fourth-Quarter-of-2024-and-by-4_0-Per-Cent-in-2024*

2. *BCA's media release on 23 January 2025 - https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2025/01/23/construction-demand-to-remain-strong-for-2025*

3. *Malaysia: Steady BNM policy rate in 1H25 on 23 January 2025 - https://www.dbs.com.sg/treasures/aics/templatedata/article/generic/data/en/GR/macro_strategy/012025/250123_malaysia.xml#*

4. *Growth on divergent paths amid elevated policy uncertainty, January 2025 - https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025?utm_source=chatgpt.com*

5. *World Bank Group's press release on 16 January 2025, Global Economy Stabilizes, But Developing Economies Face Tougher Slog - https://openknowledge.worldbank.org/server/api/core/bitstreams/08b387d9-cc44-496e-8e78-e311c88185d7/content*

5. Dividend

5A. Dividend declared for the current financial period

	FY2024			
Name of Dividend	2nd Interim Dividend Exempt (1-tier)	2nd Special Interim Dividend Exempt (1-tier)]	Interim Dividend Exempt (1-tier) [Paid on 26 August 2024]	Special Interim Dividend Exempt (1-tier) [Paid on 26 August 2024]
Type of Dividend	Cash	Cash	Cash	Cash
Total number of issued ordinary shares ('000)	430,550	430,550	430,550	430,550
Dividend per share	0.75 cent	0.75 cent	0.75 cent	0.50 cent

5. Dividend (cont'd)

5B. Dividend declared for the corresponding period of the immediately preceding financial year

	FY2023			
Name of Dividend	2nd Interim Dividend Exempt (1-tier) [Paid on 22 February 2024]	2nd Special Interim Dividend Exempt (1-tier) [Paid on 22 February 2024]	Interim Dividend Exempt (1-tier) [Paid on 15 September 2023]	Special Interim Dividend Exempt (1-tier) [Paid on 15 September 2023]
Type of Dividend	Cash	Cash	Cash	Cash
Total number of issued ordinary shares ('000)	430,550	430,550	430,550	430,550
Dividend per share	0.75 cent	0.75 cent	0.75 cent	0.50 cent

5C. Date payable

To be announced later.

5D. Record date

To be announced later.

6. Interested person transactions

Name of interested person and nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than $100,000 and transactions conducted under IPT Mandate pursuant to Rule 920) 12 months ended 31 December		Aggregate value of all IPTs conducted under IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000) 12 months ended 31 December	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Purchases of goods:				
Malaysian Mosaics Sdn Bhd	–	–	12,321	31,794
Sales of goods:				
Malaysian Mosaics Sdn Bhd	–	–	248	454
Hap Seng Trading (BM) Sdn Bhd	–	–	–	1,773
Hap Seng Trading (M) Sdn Bhd	1,183	–	–	–
Rental expense:				
Malaysian Mosaics Sdn Bhd	–	–	1,950	763
Recharge of employment cost:				
Malaysian Mosaics Sdn Bhd	–	–	2,313	2,623
Purchase of diesel:				
Hap Seng Trading (M) Sdn Bhd	203	–	–	–
Corporate management charges:				
Hap Seng Management Services Sdn Bhd	797	–	–	–
Transfer of staff retirement benefits:				
Malaysian Mosaics Sdn Bhd	–	615	–	–
Provision of insurance services:				
Hap Seng Insurance Services Sdn Bhd	197	108	–	–
Reimbursement of expenses:				
Malaysian Mosaics Sdn Bhd	188	784	–	–
Purchase of plant and equipment:				
Malaysian Mosaics Sdn Bhd	714	-	–	–
Aggregate value of transactions under the Associate of the Group's Controlling Shareholder, Hap Seng Consolidated Berhad	3,282	1,507	16,832	37,407

6. Interested person transactions (cont'd)

Name of interested person and nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than $100,000 and transactions conducted under IPT Mandate pursuant to Rule 920) 12 months ended 31 December		Aggregate value of all IPTs conducted under IPT Mandate pursuant to Rule 920 (excluding transactions less than $100,000) 12 months ended 31 December	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Rental income:				
The Assembly Place Pte Ltd	–	183	–	–
The Assembly Place Holdings Pte Ltd	200	–	–	–
Property management and commission expense:				
TAP Co-livings Pte Ltd	234	–	–	–
Purchase of 19% shares in World Furnishing Hub Pte Ltd:				
Low See Ching	4,465	–	–	–
Aggregate value of transactions under the Associate of the Director, Low See Ching	4,899	183	–	–

General mandate for IPT was renewed at the Annual General Meeting held on 25 April 2024.

7. Confirmation of directors and executive officers' undertakings pursuant to Listing Rule 720(1) (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 compliance with Rule 720(1).

8. Review of performance of the Group – Turnover and Earnings

Please refer to section 2 of this announcement for the full year ended 31 December 2024.

9. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any director and / or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Low Kok Ann	77	Father of Low See Ching, who is a Director and Substantial Shareholder of the Company Father of Low Bee Lan Audrey, who is a Substantial Shareholder of the Company	Executive Director (since 2009) and Chief Executive Officer ("CEO") (since 2014)	No change

By Order of the Board

Low Kok Ann
Executive Director and Chief Executive Officer

Low See Ching
Non-Independent Non-Executive Director

21 February 2025