



# HAFARY HOLDINGS LIMITED

## 合發利控股有限公司

Company Registration No. 200918637C  
Registered Address: 105 Eunos Avenue 3, Hafary Centre, Singapore 409836

---

### Unaudited Financial Statements Announcement

#### For the Third Quarter ("3Q2015") and 9 Months ("9M2015") Ended 31 March 2015

---

Item No.	Contents	Page No.
1	Statement of Comprehensive Income	2 - 3
1	Statement of Financial Position	4
1	Borrowings	5
1	Statement of Cash Flows	6
1	Statement of Changes in Equity	7
1	Details of Changes in Share Capital	8
2 - 3	Audit Statement	9
4 - 5	Changes in Accounting Policies	9
6	Earnings Per Ordinary Share ("EPS")	10
7	Net Asset Value ("NAV")	11
8	Review of Performance	12 - 17
9	Variance from Prospect Statement	18
10	Significant Trends and Competitive Conditions	18
11 - 12	Dividend	19
13	Interested Persons Transactions	19
14	Negative Confirmation Pursuant to Rule 705(5)	20

**1(a)(i) Statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			Group		
	Unaudited 3Q2015 (3 months) S\$'000	Unaudited 3Q2014 (3 months) S\$'000	Increase/ (Decrease) %	Unaudited 9M2015 (9 months) S\$'000	Unaudited 9M2014 (9 months) S\$'000	Increase/ (Decrease) %
Revenue	25,540	19,792	29.0	86,070	68,705	25.3
<u>Other Items of Income</u>						
Interest Income	19	13	46.2	52	13	N.M
Other Credits	115	1,083	(89.4)	266	1,084	(75.5)
<u>Other Items of Expense</u>						
Changes in Inventories of Finished Goods	(1,164)	(1,817)	(35.9)	909	4,259	(78.7)
Purchases and Related Expenses	(14,892)	(10,263)	45.1	(53,735)	(46,394)	15.8
Employee Benefits Expenses	(3,696)	(3,040)	21.6	(10,866)	(9,561)	13.6
Depreciation Expense	(810)	(639)	26.8	(2,363)	(1,933)	22.2
Impairment Losses	(345)	4	N.M	(1,100)	(50)	N.M
Other Charges	(395)	(125)	N.M	(533)	(604)	(11.8)
Finance Costs	(575)	(408)	40.9	(1,615)	(1,291)	25.1
Other Expenses	(2,457)	(2,124)	15.7	(7,605)	(6,617)	14.9
Share of Profit (Loss) from Equity-Accounted Associate	200	(80)	N.M	1,058	415	N.M
Share of (Loss) Profit from Equity-Accounted Joint Venture	(98)	51	N.M	(19)	146	N.M
<b>Profit Before Tax</b>	<b>1,442</b>	<b>2,447</b>	<b>(41.1)</b>	<b>10,519</b>	<b>8,172</b>	<b>28.7</b>
Income Tax Expense	(150)	(188)	(20.2)	(1,319)	(1,090)	21.0
<b>Profit, Net of Tax</b>	<b>1,292</b>	<b>2,259</b>	<b>(42.8)</b>	<b>9,200</b>	<b>7,082</b>	<b>29.9</b>
<b>Other Comprehensive Income:</b>						
<b>Items that may be reclassified subsequently to Profit or Loss:</b>						
Exchange Differences on Translating Foreign Operations, Net of Tax	381	-	N.M	883	-	N.M
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>381</b>	<b>-</b>	<b>N.M</b>	<b>883</b>	<b>-</b>	<b>N.M</b>
<b>Total Comprehensive Income</b>	<b>1,673</b>	<b>2,259</b>	<b>N.M</b>	<b>10,083</b>	<b>7,082</b>	<b>N.M</b>
<b>Profit, Net of Tax Attributable to:</b>						
- Owners of the Parent	1,125	2,109	(46.7)	8,610	6,592	30.6
- Non-Controlling Interests	167	150	11.3	590	490	20.4
	<b>1,292</b>	<b>2,259</b>	<b>(42.8)</b>	<b>9,200</b>	<b>7,082</b>	<b>29.9</b>
<b>Total Comprehensive Income Attributable to:</b>						
- Owners of the Parent	1,506	2,109	(28.6)	9,493	6,592	44.0
- Non-Controlling Interests	167	150	11.3	590	490	20.4
	<b>1,673</b>	<b>2,259</b>	<b>(25.9)</b>	<b>10,083</b>	<b>7,082</b>	<b>42.4</b>

Note:

(1) N.M = Not meaningful.

(2) 3Q2014 = Financial period of 3 months ended 31 March 2014.

(3) 9M2014 = Financial period of 9 months ended 31 March 2014.

**1(a)(ii) Profit, Net of Tax and Total Comprehensive Income is arrived after crediting/ (charging) the following:**

	Group			Group		
	Unaudited 3Q2015	Unaudited 3Q2014	Increase/ (Decrease) %	Unaudited 9M2015	Unaudited 9M2014	Increase/ (Decrease) %
	(3 months) S\$'000	(3 months) S\$'000		(9 months) S\$'000	(9 months) S\$'000	
Interest Expense on Borrowings	(575)	(408)	40.9	(1,615)	(1,291)	25.1
Interest Income on Borrowing	19	13	46.2	52	13	N.M
Depreciation Expense	(810)	(639)	26.8	(2,363)	(1,933)	22.2
Allowance for Impairment of Trade Receivables	(228)	-	N.M	(614)	-	N.M
Doubtful Debts Recovered	-	9	N.M	-	38	N.M
Bad Debts Recovered - Trade Receivables	1	1	0.0	2	1	N.M
Bad Debts Written Off - Trade Receivables	(1)	-	N.M	(6)	(1)	N.M
Other Assets Written Off	-	-	N.M	-	(14)	N.M
Allowance for Impairment of Inventories	(117)	-	N.M	(482)	(68)	N.M
Foreign Exchange Adjustment (Losses) / Gains	(212)	107	N.M	(350)	21	N.M
Fair Value Loss on Derivative Financial Instruments	(230)	(294)	(21.8)	(183)	(303)	(39.6)
Gain arising from Derivative Financial Instruments	40	-	N.M	40	-	N.M
Adjustment for Over Provision of Tax in respect of Prior Years	4	-	N.M	171	-	N.M
Gain on Disposal of Subsidiary	-	1,000	N.M	-	1,000	N.M
Gain/ (Loss) on Disposal of Property, Plant and Equipment	-	83	N.M	16	(302)	N.M

**1(b)(i) Statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	Unaudited 31 March 2015 S\$'000	Audited 30 June 2014 S\$'000	Unaudited 31 March 2015 S\$'000	Audited 30 June 2014 S\$'000
<b>ASSETS</b>				
<b>Non-Current Assets:</b>				
Property, Plant and Equipment	68,056	67,239	338	402
Other Asset, Non-Current	5,161	4,771	-	-
Investments in Subsidiaries	-	-	9,239	9,239
Investment in Associate	4,554	3,496	-	-
Investment in Joint Venture	186	278	-	-
Other Financial Asset	3,469	1,247	1,247	1,247
<b>Total Non-Current Assets</b>	<b>81,426</b>	<b>77,031</b>	<b>10,824</b>	<b>10,888</b>
<b>Current Assets:</b>				
Inventories	41,782	41,356	-	-
Trade and Other Receivables	31,749	26,820	28,298	25,839
Other Assets, Current	4,119	4,270	37	13
Cash and Cash Equivalents	4,957	4,857	35	120
<b>Total Current Assets</b>	<b>82,607</b>	<b>77,303</b>	<b>28,370</b>	<b>25,972</b>
<b>Total Assets</b>	<b>164,033</b>	<b>154,334</b>	<b>39,194</b>	<b>36,860</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity:</b>				
Share Capital	26,634	26,634	26,634	26,634
Retained Earnings	14,048	11,015	2,310	1,393
Other Reserves	883	-	-	-
<b>Equity, Attributable to Owners of the Parent</b>	<b>41,565</b>	<b>37,649</b>	<b>28,944</b>	<b>28,027</b>
Non-Controlling Interests	3,458	2,635	-	-
<b>Total Equity</b>	<b>45,023</b>	<b>40,284</b>	<b>28,944</b>	<b>28,027</b>
<b>Non-Current Liabilities:</b>				
Deferred Tax Liabilities	449	449	-	-
Other Financial Liabilities	35,403	36,941	134	165
<b>Total Non-Current Liabilities</b>	<b>35,852</b>	<b>37,390</b>	<b>134</b>	<b>165</b>
<b>Current Liabilities:</b>				
Provision	406	369	-	-
Income Tax Payable	5,911	5,716	7	5
Trade and Other Payables	10,911	14,944	10,069	8,624
Other Financial Liabilities	64,681	54,701	40	39
Other Liabilities	962	826	-	-
Derivative Financial Instruments	287	104	-	-
<b>Total Current Liabilities</b>	<b>83,158</b>	<b>76,660</b>	<b>10,116</b>	<b>8,668</b>
<b>Total Liabilities</b>	<b>119,010</b>	<b>114,050</b>	<b>10,250</b>	<b>8,833</b>
<b>Total Equity and Liabilities</b>	<b>164,033</b>	<b>154,334</b>	<b>39,194</b>	<b>36,860</b>

**HAFARY HOLDINGS LIMITED**

For the Period Ended 31 March 2015

**1(b)(ii) Aggregate amount of the Group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.****Amount repayable in one year or less, or on demand**

	<b>Group</b>			
	Unaudited		Audited	
	As at 31 March 2015		As at 30 June 2014	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Bank Loans	38,838	-	35,557	-
Trust Receipts and Bills Payable to Banks	25,655	-	19,006	-
Finance Lease Liabilities	188	-	138	-
	<b>64,681</b>	<b>-</b>	<b>54,701</b>	<b>-</b>

**Amount repayable after one year**

	<b>Group</b>			
	Unaudited		Audited	
	As at 31 March 2015		As at 30 June 2014	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Bank Loans	35,037	-	36,567	-
Finance Lease Liabilities	366	-	374	-
	<b>35,403</b>	<b>-</b>	<b>36,941</b>	<b>-</b>

**Details of collaterals relating to the above borrowings**Bank Loans

These are covered by corporate guarantees given by Hafary Holdings Limited and secured by legal charges over leasehold properties of certain subsidiaries.

Loan facility pertaining to acquisition and development of leasehold property at 18 Sungei Kadut Street 2, Sungei Kadut Industrial Estate, Singapore 729236 is secured by legal charge over the leasehold property. It is also proportionately covered by corporate guarantees given by Hafary Holdings Limited and Hafary Pte Ltd (for S\$29,901,300) and personal guarantees given by a Non-Executive Director (for S\$12,350,500) and a substantial shareholder (S\$16,228,200).

Trust Receipts and Bills Payable to Banks

These are covered by corporate guarantees given by Hafary Holdings Limited.

**1(c) Statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group		Group	
	Unaudited 3Q2015	Unaudited 3Q2014	Unaudited 9M2015	Unaudited 9M2014
	(3 months) S\$'000	(3 months) S\$'000	(9 months) S\$'000	(9 months) S\$'000
<b>Cash Flows From Operating Activities</b>				
Profit Before Income Tax	1,442	2,447	10,519	8,172
Adjustment for:				
Interest Expense	575	408	1,615	1,291
Interest Income	(19)	(13)	(52)	(13)
Share of (Profit)/ Loss from Associate	(200)	80	(1,058)	(415)
Share of Loss/ (Profit) from Joint Venture	98	(51)	19	(146)
Depreciation of Property, Plant and Equipment	774	639	2,260	1,933
Depreciation of Other Asset, Non-Current	36	-	103	-
(Gain)/ Loss on Disposal of Property, Plant and Equipment	-	(83)	(16)	302
Gain on Disposal of Subsidiary	-	(1,000)	-	(1,000)
Fair Value Loss on Derivative Financial Instruments	230	294	183	303
Net Effect of Exchange Rate Changes in Consolidating Subsidiary	(119)	(1)	(211)	(1)
Operating Cash Flows Before Changes in Working Capital	2,817	2,720	13,362	10,426
Inventories	1,282	244	(426)	(5,764)
Trade and Other Receivables	2,298	1,546	(4,914)	(774)
Other Assets	3,470	(2,264)	151	(657)
Cash Restricted in Use	-	-	82	-
Provision	(179)	(65)	37	(63)
Trade and Other Payables	(6,222)	(1,782)	(3,593)	1,564
Other Liabilities	144	449	136	194
Net Cash Flows From Operations	3,610	848	4,835	4,926
Income Taxes Paid	(381)	(427)	(1,124)	(1,302)
<b>Net Cash Flows From Operating Activities</b>	<b>3,229</b>	<b>421</b>	<b>3,711</b>	<b>3,624</b>
<b>Cash Flows From Investing Activities</b>				
Purchase of Property, Plant and Equipment	(713)	(383)	(2,408)	(3,037)
Progress Payments Received from Sale of Development Property	-	206	-	6,528
Proceeds from Disposal of Property, Plant and Equipment	-	227	164	227
Proceeds from Disposal of Subsidiary	-	1,000	-	1,000
Loan to Associate	-	(1,269)	-	(1,269)
Dividend Income from Joint Venture	-	-	78	45
Interest Received	6	5	32	5
Other Financial Assets - Non Current - (Increase)	(2,162)	-	(2,162)	-
<b>Net Cash Flows (Used in)/ From Investing Activities</b>	<b>(2,869)</b>	<b>(214)</b>	<b>(4,296)</b>	<b>3,499</b>
<b>Cash Flows From Financing Activities</b>				
Dividends Paid to Equity Owners	-	-	(5,577)	(17,160)
Dividends Paid to Non-Controlling Interests	-	-	(255)	(172)
(Decrease)/ Increase in Trust Receipts and Bills Payable	(1,502)	(2,253)	6,649	(5,386)
Repayment of Finance Lease Liabilities	(46)	(156)	(234)	(249)
Proceeds From New Bank Loans	2,000	6,000	5,008	32,964
Repayment of Bank Loans	(558)	(714)	(3,257)	(17,480)
Interest Expense Paid	(555)	(406)	(1,567)	(1,251)
<b>Net Cash Flows (Used in)/ From Financing Activities</b>	<b>(661)</b>	<b>2,471</b>	<b>767</b>	<b>(8,734)</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>	<b>(301)</b>	<b>2,678</b>	<b>182</b>	<b>(1,611)</b>
Cash and Cash Equivalents, Beginning Balance	5,258	5,294	4,775	9,583
<b>Cash and Cash Equivalents, Ending Balance</b>	<b>4,957</b>	<b>7,972</b>	<b>4,957</b>	<b>7,972</b>

Note:

During the period of 9M2015, plant and equipment with a total cost of S\$276,000 (9M2014: Nil) were acquired by means of finance leases.

1(d)(i) Statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Total Equity S\$'000	Attributable to Parent Subtotal S\$'000	Share Capital S\$'000	Retained Earnings S\$'000	Other Reserves S\$'000	Non-Controlling Interests S\$'000
<b>Current Period (Unaudited):</b>						
Opening Balance at 1 July 2014	40,284	37,649	26,634	11,015	-	2,635
Total Comprehensive Income for the Period	3,649	3,458	-	3,220	238	191
Capital Contribution by Non-Controlling Interests	488	-	-	-	-	488
Closing Balance at 30 September 2014	44,421	41,107	26,634	14,235	238	3,314
Total Comprehensive Income for the Period	4,761	4,529	-	4,265	264	232
Dividends Paid <sup>(1)</sup>	(5,577)	(5,577)	-	(5,577)	-	-
Dividends Paid to Non-Controlling Interests	(255)	-	-	-	-	(255)
Closing Balance at 31 December 2014	43,350	40,059	26,634	12,923	502	3,291
Total Comprehensive Income for the Period	1,673	1,506	-	1,125	381	167
Closing Balance at 31 March 2015	45,023	41,565	26,634	14,048	883	3,458
<b>Previous Period (Unaudited):</b>						
Opening Balance at 1 July 2013	46,751	44,676	26,634	18,042	-	2,075
Total Comprehensive Income for the Period	2,159	2,017	-	2,017	-	142
Closing Balance at 30 September 2013	48,910	46,693	26,634	20,059	-	2,217
Total Comprehensive Income for the Period	2,664	2,466	-	2,466	-	198
Dividends Paid <sup>(1)</sup>	(10,725)	(10,725)	-	(10,725)	-	-
Dividends Paid to Non-Controlling Interests	(172)	-	-	-	-	(172)
Closing Balance at 31 December 2013	40,677	38,434	26,634	11,800	-	2,243
Total Comprehensive Income for the Period	2,259	2,109	-	2,109	-	150
Closing Balance at 31 March 2014	42,936	40,543	26,634	13,909	-	2,393

COMPANY	Total Equity S\$'000	Share Capital S\$'000	Retained Earnings S\$'000
<b>Current Period (Unaudited):</b>			
Opening Balance at 1 July 2014	28,027	26,634	1,393
Total Comprehensive Income for the Period	4,317	-	4,317
Closing Balance at 30 September 2014	32,344	26,634	5,710
Total Comprehensive Income for the Period	9	-	9
Dividends Paid <sup>(1)</sup>	(5,577)	-	(5,577)
Closing Balance at 31 December 2014	26,776	26,634	142
Total Comprehensive Income for the Period	2,168	-	2,168
Closing Balance at 31 March 2015	28,944	26,634	2,310
<b>Previous Period (Unaudited):</b>			
Opening Balance at 1 July 2013	37,773	26,634	11,139
Total Comprehensive Income for the Period	14	-	14
Closing Balance at 30 September 2013	37,787	26,634	11,153
Total Comprehensive Income for the Period	4,305	-	4,305
Dividends Paid <sup>(1)</sup>	(10,725)	-	(10,725)
Closing Balance at 31 December 2013	31,367	26,634	4,733
Total Comprehensive Income for the Period	93	-	93
Closing Balance at 31 March 2014	31,460	26,634	4,826

Note:

	Unaudited 9M2015 S\$'000	Unaudited 9M2014 S\$'000
(1) Dividends on Equity Shares		

Final tax exempt (1-tier) dividend paid of:

- 0.3 cent per share on total number of issued ordinary shares of 429,000,000	1,287	-
- 2.5 cent per share on total number of issued ordinary shares of 429,000,000	-	10,725

Interim tax exempt (1-tier) dividend paid of:

- 1.0 cent per share on total number of issued ordinary shares of 429,000,000	4,290	-
	<u>5,577</u>	<u>10,725</u>

**1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	<b>Company</b>			
	Unaudited 9M2015		Unaudited 9M2014	
	No. of Shares	S\$'000	No. of Shares	S\$'000
Total number of shares at the beginning and end of the period	429,000,000	26,634	429,000,000	26,634

The Company has no outstanding convertibles or treasury shares as at 31 March 2015 and 31 March 2014.

On 1 August 2014, Awards under the Hafary Performance Share Plan ("Hafary PSP") comprising 1,550,000 ordinary shares were granted to certain Group Executives who are not Executive Directors or Independent Directors. The Awards will be released subject to terms and conditions of the Hafary PSP being met during the Performance Period of three years. No Award was granted or released during 9M2015 under the Hafary PSP.

**1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

<b>Company</b>	
Unaudited 31 March 2015	Audited 30 June 2014
429,000,000	429,000,000

**1(d)(iv) Statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company has no treasury shares as at 31 March 2015 and there were no sales transfers, disposal, cancellation and/ or use of treasury shares during 9M2015.



**HAFARY HOLDINGS LIMITED**

For the Period Ended 31 March 2015

---

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3 Where the figures have been audited or reviewed, the auditor' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group had adopted the new and/or revised Financial Reporting Standards (the ~~FRS~~) and Interpretations of FRS (~~INT FRS~~) that are effective for annual periods beginning on or after 1 July 2014. Changes to the Group's accounting policies have been made in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of the new and/or revised FRS and INT FRS did not result in any substantial changes or significant impact on the Group's financial statements.

Except for the above, the Group has adopted the same accounting policies and methods of computation as presented in the audited financial statements of the Group for the reporting year ended 30 June 2014.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

Same as above.

**HAFARY HOLDINGS LIMITED**

For the Period Ended 31 March 2015

**6 Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary shares ("EPS") for the period based on profit, net of tax and total comprehensive income attributable to owners of the parent:

	Group		Group	
	Unaudited 3Q2015 (3 months)	Unaudited 3Q2014 (3 months)	Unaudited 9M2015 (9 months)	Unaudited 9M2014 (9 months)
Earnings per ordinary share				
(a) Basic	0.26 cents	0.49 cents	2.01 cents	1.54 cents
Weighted average number of ordinary shares	429,000,000	429,000,000	429,000,000	429,000,000
(b) On a fully diluted basis	0.26 cents	0.49 cents	2.01 cents	1.54 cents
Weighted average number of ordinary shares	429,000,000	429,000,000	429,000,000	429,000,000

**HAFARY HOLDINGS LIMITED**

For the Period Ended 31 March 2015

**7 Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	<b>Group</b>		<b>Company</b>	
	31 March 2015	30 June 2014	31 March 2015	30 June 2014
Net asset value per ordinary share based on the total number of share in issue	9.7 cents	8.8 cents	6.7 cents	6.5 cents

Note:

Net asset value per ordinary share is calculated based on 429,000,000 ordinary shares as at 31 March 2015 and 30 June 2014.

**8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business., including a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

**8(a) Material factors that affected turnover, costs and earnings**

**Revenue**

For 3Q2015, the Group registered a higher revenue of S\$25.5 million compared to S\$19.8 million during 3Q2014. For 9M2015, the Group registered a higher revenue of S\$86.1 million compared to S\$68.7 million during 9M2014.

General segment

For quarter ended, revenue from the general segment (where customers include home-owners, architecture, interior design and renovation firms) increased by S\$1.5 million or 14.7% from S\$10.2 million during 3Q2014 to S\$11.7 million during 3Q2015. For 9 months period ended, revenue from general segment increased by S\$5.7 million or 15.9% from S\$35.9 million during 9M2014 to S\$41.6 million during 9M2015.

Project segment

For the quarter ended, revenue from the project segment (where customers include architecture firms, property developers and construction companies) increased by S\$3.8 million or 41.3% from S\$9.2 million during 3Q2014 to S\$13.0 million during 3Q2015. For 9 months ended, revenue from project segment increased by S\$10.8 million or 33.9% from S\$31.9 million during 9M2014 to S\$42.7 million during 9M2015. The Group supplied tiles and building materials for several development projects during 9M2015, for example Sky Habitat in Bishan, Beauty World MRT Station of Downtown Line and YALE NUS College.

**Interest Income**

Interest income is mainly derived from loan to associate, Viet Ceramics International Joint Stock Company, to finance its expansion in Vietnam.

**Other Credits**

Other credits during 3Q2015 and 9M2015 comprised of receipt of government grant under the PIC Bonus Scheme, gain of disposal of motor vehicle and gain arising from derivative financial instruments.

Other credits during 3Q2014 and 9M2014 comprised mainly of a one-time gain of disposal of a loss-making subsidiary amounting to S\$1.0 million.

**Cost of Sales**

Cost of sales is computed based on purchases and related expenses net of changes in inventories of finished goods for the respective financial years.

For quarter ended, cost of sales increased by S\$4.0 million or 33.0% from S\$12.1 million during 3Q2014 to S\$16.1 million during 3Q2015. For 9M2015, cost of sales increased by S\$10.7 million or 25.4% from S\$42.1 million during 9M2014 to S\$52.8 million in 9M2015.

The gross profit margin (based on revenue from sale of goods (excluding rental and other income)), purchase cost of goods and related costs, without taking into account labour costs and overheads) of 35.3% for 3Q2015 (9M2015: 37.4%) was lower compared to 39.0% for 3Q2014 (9M2014: 38.7%).

**8(a) Material factors that affected turnover, costs and earnings (Continued)**

**Employee Benefits Expenses**

For quarter ended, employee benefits expenses increased by S\$0.7 million or 21.6% from S\$3.0 million during 3Q2014 to S\$3.7 million during 3Q2015. For 9 months ended, employee benefits expenses increased by S\$1.3 million or 13.6% from S\$9.6 million during 9M2014 to S\$10.9 million during 9M2015.

The increase was mainly due to annual salary increment with effect from July 2014 and overtime expenses incurred to cope with the increased volume of business of the Group.

As at the end of 3Q2015, the Group had 263 employees (including directors) (End of 3Q2014: 245).

**Depreciation Expense**

For quarter ended, depreciation expense increased by S\$0.2 million or 26.8% from S\$0.6 million during 3Q2014 to S\$0.8 million during 3Q2015. For 9 months ended, depreciation expense increased by S\$0.4 million or 22.2% from S\$1.9 million during 9M2014 to S\$2.3 during 9M2015. The increase was due to increase in property, plant and equipment held by the Group during the respective financial periods.

**Impairment Losses**

For quarter ended, impairment losses of S\$0.3 million was recognised during 3Q2015 compared to net impairment reversal of S\$4,000 during 3Q2014. For 9 months ended, impairment losses increased by S\$1.0 million from S\$0.1 million during 3Q2014 to S\$1.1 million during 3Q2015.

The increase was mainly due to increase in allowance for impairment of inventories and trade receivables.

**Other Charges**

Other charges incurred during 3Q2014 and 9M2014 was in relation to loss on disposal of plant and equipment and net fair value losses on derivative financial instruments. During 3Q2015 and 9M2015, other charges was in relation to net foreign exchange adjustment losses and net fair value losses on derivative financial instruments.

**Finance Costs**

For quarter ended, finance costs increased by \$0.2 million or 40.9% from S\$0.4 million during 3Q2014 to S\$0.6 million during 3Q2015. For 9 months ended, finance costs increased by S\$0.3 million or 25.1% from S\$1.3 million during 9M2014 to S\$1.6 million during 9M2015.

The increase was mainly attributable to interest expense on increased bank borrowings to cope with the increased business of the Group.

**Other Expenses**

For quarter ended, other expenses increased by S\$0.3 million or 15.7% from S\$2.1 million during 3Q2014 to S\$2.4 million during 3Q2015. For 9 months ended, other expenses increased by S\$1.0 million or 14.9% from S\$6.6 million during 9M2014 to S\$7.6 million during 9M2015.

The increase in other expenses were mainly attributable to:

- a) Increase in hire of motor vehicles and machinery, upkeep of forklift, utilities, casual labour and professional fees due to the increased business of the Group; and
- b) Increase in property tax relating to leasehold properties at 105 Eunos Avenue 3 and 3 Changi North Street 1 following revision of property tax after redevelopment of the leasehold properties were completed.

**8(a) Material factors that affected turnover, costs and earnings (Continued)**

**Share of Profit from Equity-Accounted Associate**

For 3Q2015, share of profit from associate, Viet Ceramics International Joint Stock Company ("VCI"), amounted to S\$0.2 million (3Q2014: share of loss from associate amounted to S\$0.1 million). For 9M2015, share of profit from associate amounted to S\$1.1 million (9M2014: S\$0.4 million). The increase in share of profit is due to improved financial performance of VCI on the back of a better economic climate and construction demand in Vietnam.

**Share of (Loss) Profit from Equity-Accounted Joint Venture**

Share of loss from joint venture, Melmer Stoneworks Pte. Ltd. ("MSPL"), amounted to S\$0.10 million during 3Q2015 (3Q2014: share of profit from joint venture amounted to S\$0.05 million). For 9M2015 and 9M2014, share of loss from joint venture was S\$0.02 million and share of profit from joint venture was \$0.15 million respectively.

MSPL carried out addition and alteration works of its marble fabrication facility at 18C Sungei Kadut Street 4 to increase its production capacity. The operations (and thereby, financial performance) was reduced to facilitate this improvement process.

**Profit Before Income Tax**

For quarter ended, profit before income tax decreased by S\$1.0 million or 41.1% from S\$2.4 million during 3Q2014 to S\$1.4 million during 3Q2015. For 9 months ended, profit before income tax increased by S\$2.4 million or 28.7% from S\$8.1 million during 9M2014 to S\$10.5 million during 9M2015.

Profit before income tax for 3Q2014 was higher in mainly due to one-time gain on disposal of subsidiary amounting to S\$1.0 million. Excluding the share of results from associate and joint venture amounting to S\$102,000 (3Q2014: S\$29,000) and the above gain on disposal of subsidiary for quarter ended, profit before income tax generated from recurring activities was S\$1.3 million for 3Q2015 (3Q2014: S\$1.5 million).

The higher profit before income tax for 9M2015 was contributed largely by the improved sales during the periods. For 9 months ended, excluding the share of profit from associate and joint venture amounting to S\$1.0 million (9M2014: S\$0.6 million) and the above gain on disposal of subsidiary, profit before income tax generated from recurring activities was S\$9.5 million for 9M2015 (9M2014: S\$6.6 million).

**Other Comprehensive Income**

This pertains to exchange difference on translating foreign operations.

**Income Tax Expense**

The effective tax rate (excluding share of results from equity-accounted associate and joint venture) for 3Q2015 was 11.2% (3Q2014: 7.6%). The effective tax rate for 9M2015 was 13.9% (9M2014: 14.3%). The lower effective tax rate for 3Q2014 was due to one off gain on disposal of subsidiary which is non taxable. The lower effective tax rate for 9 months period end was due to reversal of overprovision of income tax in prior year made during 1Q2015.

## HAFARY HOLDINGS LIMITED

For the Period Ended 31 March 2015

---

### 8(b) Material factors that affected cash flow, working capital, assets or liabilities

#### Non-Current Assets

Non-current assets increased by S\$4.4 million or 5.7% from S\$77.0 million as at 30 June 2014 to S\$81.4 million as at 31 March 2015.

Other financial asset increased by \$2.3 million from S\$1.2 million as at 30 June 2014 to S\$3.5 million as at 31 March 2015. The increase was due to an investment in shares at a tile wholesaling company in China.

Property, plant and equipment increased by S\$0.8 million from S\$67.2 million as at 30 June 2014 to S\$68.0 million as at 31 March 2015. The increase was mainly due to:

- a) Refurbishment of leasehold warehouse at 18C Sungei Kadut Street 4 and Foshan (China) amounting to S\$1.0 million;
- b) Capitalisation of development costs, land rents, property tax and borrowing costs during redevelopment to leasehold property at 18 Sungei Kadut Street 2 by S\$0.8 million;
- c) Plant and equipment amounting to S\$0.5 million;
- d) Motor vehicle amounting to S\$0.4 million; and
- e) Foreign exchange adjustments amounting to S\$0.6 million.

The above increase in property, plant and equipment was partially offset by depreciation expense amounting to S\$2.4 million and disposal of motor vehicle amounting to S\$0.1 million.

The increase in other asset (Land use rights relating to leasehold land in Foshan, China) amounting to S\$0.4 million pertains to foreign exchange adjustment.

The increase in investment in associate amounting to S\$1.1 million pertains to share of profit from VCI during 9M2015.

#### Current Assets

Current assets increased by S\$5.3 million or 6.9% from S\$77.3 million as at 30 June 2014 to S\$82.6 million as at 31 March 2015.

The increase was mainly attributable to increase in inventories by S\$0.4 million and increase in trade and other receivables by S\$4.9 million.

The increase in trade receivables was in line with the revenue growth in 9M2015. Trade receivables turnover of 86 days as at 31 March 2015 had improved compared to 93 days as at 30 June 2014.

The increase of inventories was in response to the increase in sales volume during 9M2015. Inventory turnover of 207 days as at 31 March 2015 had improved compared to 251 days as at 30 June 2014.

#### Non-Current Liabilities

Non-current liabilities decreased by S\$1.5 million or 4.0% from S\$37.4 million as at 30 June 2014 to S\$35.9 million as at 31 March 2015.

Other financial liabilities (non-current) decreased by S\$1.5 million due to repayments of bank loans and finance lease liabilities during 9M2015.

## HAFARY HOLDINGS LIMITED

For the Period Ended 31 March 2015

---

### 8(b) Material factors that affected cash flow, working capital, assets or liabilities (Continued)

#### Current Liabilities

Current liabilities increased by S\$6.5 million or 8.5% from S\$76.6 million as at 30 June 2014 to S\$83.1 million as at 31 March 2015.

The increase was mainly attributable to increase in other financial liabilities by S\$10.0 million, income tax payable by S\$0.2 million, other liabilities by \$0.1 million and derivative financial instruments by S\$0.2 million. The increase in current liabilities was partially offset by decrease in trade and other payables amounting \$4.0 million.

Total amount of trade payables and trust receipts and bills payable to banks was S\$34.9 million (30 June 2014: S\$31.4 million). The turnover of the aforesaid items (based on cost of sales) is 184 days as at 31 March 2015 (30 June 2014: 215 days).

The increase in other financial liabilities was mainly due to increase in trust receipts and bills payable to banks by S\$6.7 million and increase in bank loans by \$3.3 million.

The increase in derivative financial instruments amounting to \$0.2 million is pertaining to fair value loss on derivative financial instruments.

#### Working Capital

The Group had a negative working capital position of S\$0.6 million as at 31 March 2015. The Group's negative working capital position was mainly due to the use of short-term bank loans to finance certain of its capital expenditure.

Although the Group was in a negative working capital position, it was able to service all of its debt obligations when due primarily through cash generated from operations.

The Group has satisfactorily maintained its credit facilities with financial institutions during the period under review and the credit facilities have constantly been renewed and/or rolled over by these financial institutions.

#### Other Reserves

This pertains to foreign exchange difference on translating foreign operations.



**8(b) Material factors that affected cash flow, working capital, assets or liabilities (Continued)**Cash Flows Review**9M2015**

Net cash flows from operating activities was S\$3.7 million due to operating cash flows before working capital changes of S\$13.3 million, net cash used in working capital of S\$8.5 million and income taxes paid of S\$1.1 million. The net cash used in working capital of S\$8.5 million was mainly attributable to an increase in inventories of S\$0.4 million, trade and other receivables of S\$4.9 million, and a decrease in trade and other payables of S\$3.6 million. This was partially offset by decrease in other assets of S\$0.2 million, increase in provision of S\$0.1 million and decrease in cash restricted in use of S\$0.1 million.

Net cash flows used in investing activities amounting to S\$4.3 million for 9M2015 was mainly attributable to cash outflows of S\$2.4 million for purchase of property, plant and equipment such as refurbishment of leasehold property at 18 Sungei Kadut Street 2 and cash outflows of S\$ 2.2 million for investment in shares at a tile wholesaling company in China. This was partially offset by cash inflow of S\$0.2 million from disposal of motor vehicle, receipt of dividend from joint venture and interest income of S\$0.1 million.

Net cash flows generated from financing activities amounting to S\$0.8 million for 9M2015 was attributable to increase in trust receipts and bills payable of S\$6.6 million and proceeds from bank loans of S\$5.0 million. This was partially offset by the following:

- a) Dividend paid of S\$5.8 million;
- b) Repayment of bank loans of S\$3.3 million;
- c) Interest expenses paid of S\$1.5 million; and
- d) Repayment of finance lease liabilities of S\$0.2 million.

As a result of the above, there was a net increase of S\$0.2 million in cash and cash equivalents for 9M2015. Cash and cash equivalents as at 31 March 2015 was S\$5.0 million.

**3Q2015**

Net cash flows from operating activities was S\$3.2 million due to operating cash flows before working capital changes of S\$2.8 million, net cash flows from working capital of S\$0.8 million and income taxes paid of S\$0.4 million. The net cash flows from working capital of S\$0.8 million was mainly attributable to an increase in inventories of S\$1.3 million, trade and other receivables of S\$2.3 million, other assets of S\$3.5 million and decrease in other liabilities of S\$0.1 million. This was partially offset by an increase in trade and other payables of S\$6.2 million and an increase in provision of S\$0.2 million.

Net cash flows used in investing activities amounting to S\$2.9 million for 3Q2015 was mainly attributable to cash outflows of S\$0.7 million for purchase of property, plant and equipment such as refurbishment of leasehold property at 18 Sungei Kadut Street 2 and cash outflow of S\$2.2 million for investment in shares at a tile wholesaling company in China.

Net cash flows used in financing activities amounting to S\$0.7 million for 3Q2015 was mainly attributable by the following:

- a) Decrease in trust receipt and billes payable of S\$1.5 million;
- b) Repayment of bank loans of S\$0.6 million;
- c) Interest expenses paid of S\$0.6 million; and
- d) Repayment of finance lease liabilities of S\$0.1 million.

This was partially offset by the proceeds from bank loans of S\$2.0 million.

As a result of the above, there was a net decrease of S\$0.3 million in cash and cash equivalents for 3Q2015. Cash and cash equivalents as at 31 March 2015 was S\$5.0 million.

## HAFARY HOLDINGS LIMITED

For the Period Ended 31 March 2015

---

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

There is no material variance between the information previously disclosed in Paragraph 10 of the results announcement for the year ended 30 June 2014 and the actual results for the period ended 31 March 2015.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The Building and Construction Authority of Singapore projected a construction demand of between \$29 billion to \$36 billion for year 2015, given a sustained pipeline of public sector projects, which include Sengkang General and Community Hospitals, Tampines Town Hub project and the award of various major contracts for the construction of Thomson-East Coast MRT Line as well as land preparation works for the upcoming Changi Airport development. The average construction demand is expected to be between \$27 billion to \$36 billion in 2016.

The Group remains vigilant to market changes and alert to take on any opportunities locally and overseas to grow our business.

**11 Dividend**

**(a) Dividend declared for the current financial period**

	3Q2015
Name of Dividend	Interim Exempt (1-tier)
Type of Dividend	Cash
Total number of issued ordinary shares ('000)	429,000
Dividend per share	0.5 cent

**(b) Dividend declared for the corresponding period of the immediately preceding financial year**

None.

**(c) Date Payable**

Payment of the interim dividend will be made on 25 May 2015.

**(d) Books closure date**

Share Transfer Books and Register of Members of the Company will be closed on 14 May 2015 for the preparation of dividend payment. Duly stamped and completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 13 May 2015 will be registered to determine shareholders' entitlements to the interim dividend.

**12 If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**13 Interested Person Transactions ("IPTs")**

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000)	
	Not conducted under shareholders' mandate pursuant to Rule 920	Conducted under shareholders' mandate pursuant to Rule 920
	9M2015 S\$'000	9M2015 S\$'000
Capitalization of other payables from World Furnishing Hub Pte. Ltd. ("WFHPL"), a subsidiary of the Company, into share capital of WFHPL:-		
- Mr. Low See Ching (Non-Executive Director and substantial shareholder)	211	-
- Mr. Ching Chiat Kwong (substantial shareholder)	278	-
Sales to Oxley Construction Pte. Ltd.	146	69

No IPT mandate has been renewed or obtained in the last Annual General Meeting held on 31 October 2014.

**HAFARY HOLDINGS LIMITED**

For the Period Ended 31 March 2015

---

**14 CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

We, Low Kok Ann and Low See Ching, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial statements for 3Q2015 and 9M2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Low Kok Ann  
Executive Director and Chief Executive Officer

5 May 2015