



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 3 Months ("4Q2015") and 12 Months ("12M2015") Ended 30 June 2015

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This announcement covered a 12 months period from 1 July 2014 to 30 June 2015. The Company has changed its financial year end from 30 June to 31 December (Please refer to the announcement reference no. SG150612OTHR1HMN dated 12 June 2015). The financial period for FY2015 will now cover an 18 months period from 1 July 2014 to 31 December 2015.

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 4Q2015	Unaudited 4Q2014	Increase/ (Decrease)	Unaudited 12M2015	Audited 12M2014	Increase/ (Decrease)
	(3 months) S\$'000	(3 months) S\$'000	%	(12 months) S\$'000	(12 months) S\$'000	(Decrease) %
Revenue	33,883	24,040	40.9	119,953	92,745	29.3
<u>Other Items of Income</u>						
Dividend Income	23	-	N.M	23	-	N.M
Interest Income	18	10	80.0	70	23	204.3
Other Credits	338	563	(40.0)	420	1,647	(74.5)
<u>Other Items of Expense</u>						
Changes in Inventories of Finished Goods	1,796	2,178	(17.5)	2,705	6,437	(58.0)
Purchases and Related Expenses	(22,229)	(17,494)	27.1	(75,964)	(63,888)	18.9
Employee Benefits Expenses	(3,987)	(3,362)	18.6	(14,853)	(12,923)	14.9
Depreciation Expense	(833)	(728)	14.4	(3,196)	(2,661)	20.1
Impairment Losses	(293)	(294)	(0.3)	(1,393)	(344)	304.9
Other Charges	(271)	(1)	N.M	(620)	(605)	2.5
Finance Costs	(645)	(493)	30.8	(2,260)	(1,784)	26.7
Other Expenses	(2,563)	(2,116)	21.1	(10,168)	(8,733)	16.4
Share of Profit (Loss) from Equity-Accounted Associate	(29)	220	N.M	1,029	635	62.0
Share of Profit (Loss) from Equity-Accounted Joint Venture	(6)	52	N.M	(25)	198	N.M
Profit Before Tax	5,202	2,575	102.0	15,721	10,747	46.3
Income Tax Expense	(727)	(937)	(22.4)	(2,046)	(2,027)	0.9
Profit, Net of Tax	4,475	1,638	173.2	13,675	8,720	56.8
Other Comprehensive Income:						
Items that may be reclassified subsequently to Profit or Loss:						
Exchange Differences on Translating Foreign Operations, Net of Tax	(226)	-	N.M	657	-	N.M
Other Comprehensive Income for the Period, Net of Tax	(226)	-	N.M	657	-	N.M
Total Comprehensive Income	4,249	1,638	N.M	14,332	8,720	N.M
Profit, Net of Tax Attributable to:						
- Owners of the Parent	4,135	1,456	184.0	12,745	8,048	58.4
- Non-Controlling Interests	340	182	86.8	930	672	38.4
	4,475	1,638	173.2	13,675	8,720	56.8
Total Comprehensive Income Attributable to:						
- Owners of the Parent	3,909	1,456	168.5	13,402	8,048	66.5
- Non-Controlling Interests	340	182	86.8	930	672	38.4
	4,249	1,638	159.4	14,332	8,720	64.4

Notes:

- (1) N.M = Not meaningful.
- (2) 4Q2014 = Financial period of 3 months ended 30 June 2014.
- (3) 12M2014 = Financial period of 12 months ended 30 June 2014.

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

	Group			Group		
	Unaudited 4Q2015	Unaudited 4Q2014	Increase/ (Decrease)	Unaudited 12M2015	Audited 12M2014	Increase/ (Decrease)
	(3 months) S\$'000	(3 months) S\$'000	%	(12 months) S\$'000	(12 months) S\$'000	%
Interest Expense on Borrowings	(645)	(493)	30.8	(2,260)	(1,784)	26.7
Interest Income on Borrowings	18	10	80.0	70	23	204.3
Depreciation Expense	(833)	(728)	14.4	(3,196)	(2,661)	20.1
Allowance for Impairment of Trade Receivables	(165)	(240)	(31.3)	(779)	(240)	224.6
Doubtful Debts Recovered	4	6	(33.3)	6	44	(86.4)
Bad Debts Recovered - Trade Receivables	10	1	900.0	10	2	400
Bad Debts Written Off - Trade Receivables	-	-	N.M	(6)	(1)	500
Other Assets Written Off	-	-	N.M	-	(14)	N.M
Allowance for Impairment of Inventories	(142)	(67)	111.9	(624)	(135)	362.2
Foreign Exchange Adjustment Gains (Loss)	(271)	140	N.M	(620)	161	N.M
Fair Value Gain (Loss) on Derivative Financial Instruments	300	2	N.M	117	(301)	N.M
Gain Arising From Derivative Financial Instruments	-	-	N.M	40	-	N.M
Fair Value Gain on Other Financial Asset	-	189	N.M	-	189	N.M
Adjustment for Over (Under) Provision of Tax in respect of Prior Years	-	(20)	N.M	171	(20)	N.M
Gain (Loss) on Disposal of Development Property	-	85	N.M	-	85	N.M
Gain (Loss) on Disposal of Subsidiary	-	-	N.M	-	1,000	N.M
Gain (Loss) on Disposal of Property, Plant and Equipment	37	(2)	N.M	53	(304)	N.M

HAFARY HOLDINGS LIMITED

For the Period Ended 30 June 2015

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 30 June 2015 S\$'000	Audited 30 June 2014 S\$'000	Unaudited 30 June 2015 S\$'000	Audited 30 June 2014 S\$'000
ASSETS				
Non-Current Assets:				
Property, Plant and Equipment	69,382	67,239	334	402
Other Asset, Non-Current	5,006	4,771	-	-
Investments in Subsidiaries	-	-	9,239	9,239
Investment in Associate	4,525	3,496	-	-
Investment in Joint Venture	180	278	-	-
Other Financial Assets	3,418	1,247	1,247	1,247
Total Non-Current Assets	82,511	77,031	10,820	10,888
Current Assets:				
Inventories	43,437	41,356	-	-
Trade and Other Receivables	41,416	26,820	26,432	25,839
Derivative Financial Instruments	13	-	-	-
Other Assets, Current	4,101	4,270	24	13
Cash and Cash Equivalents	4,411	4,857	41	120
Total Current Assets	93,378	77,303	26,497	25,972
Total Assets	175,889	154,334	37,317	36,860
EQUITY AND LIABILITIES				
Equity:				
Share Capital	26,634	26,634	26,634	26,634
Retained Earnings	16,038	11,015	236	1,393
Other Reserves	657	-	-	-
Equity, Attributable to Owners of the Parent	43,329	37,649	26,870	28,027
Non-Controlling Interests	3,798	2,635	-	-
Total Equity	47,127	40,284	26,870	28,027
Non-Current Liabilities:				
Deferred Tax Liabilities	349	449	-	-
Other Financial Liabilities	34,940	36,941	-	165
Total Non-Current Liabilities	35,289	37,390	-	165
Current Liabilities:				
Provision	539	369	-	-
Income Tax Payable	6,487	5,716	18	5
Trade and Other Payables	17,834	14,944	10,429	8,624
Other Financial Liabilities	66,917	54,701	-	39
Other Liabilities	1,696	826	-	-
Derivative Financial Instruments	-	104	-	-
Total Current Liabilities	93,473	76,660	10,447	8,668
Total Liabilities	128,762	114,050	10,447	8,833
Total Equity and Liabilities	175,889	154,334	37,317	36,860

HAFARY HOLDINGS LIMITED

For the Period Ended 30 June 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**

	Group			
	Unaudited		Audited	
	As at 30 June 2015		As at 30 June 2014	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Bank Loans	42,787	-	35,557	-
Trust Receipts and Bills Payable to Banks	23,985	-	19,006	-
Finance Lease Liabilities	145	-	138	-
	66,917	-	54,701	-

Amount repayable after one year

	Group			
	Unaudited		Audited	
	As at 30 June 2015		As at 30 June 2014	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Bank Loans	34,744	-	36,567	-
Finance Lease Liabilities	196	-	374	-
	34,940	-	36,941	-

Details of collaterals relating to the above borrowingsBank 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.

HAFARY HOLDINGS LIMITED

For the Period Ended 30 June 2015

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 4Q2015	Unaudited 4Q2014	Unaudited 12M2015	Audited 12M2014
	(3 months) S\$'000	(3 months) S\$'000	(12 months) S\$'000	(12 months) S\$'000
Cash Flows From Operating Activities				
Profit Before Income Tax	5,202	2,575	15,721	10,747
Adjustment for:				
Interest Expense	645	493	2,260	1,784
Interest Income	(18)	(10)	(70)	(23)
Share of (Profit) Loss from Associate	29	(220)	(1,029)	(635)
Share of (Profit) Loss from Joint Venture	6	(52)	25	(198)
Depreciation of Property, Plant and Equipment	798	695	3,058	2,628
Depreciation of Other Asset, Non-Current	35	33	138	33
(Gain) Loss on Disposal of Development Property	-	(85)	-	(85)
(Gain) Loss on Disposal of Property, Plant and Equipment	(37)	2	(53)	304
Gain (Loss) on Disposal of Subsidiary	-	-	-	(1,000)
Fair Value (Gain) Loss on Other Financial Asset	-	(189)	-	(189)
Fair Value (Gain) Loss on Derivative Financial Instruments	(300)	(2)	(117)	301
Net Effect of Exchange Rate Changes in Consolidating Subsidiary	75	(6)	(136)	(7)
Operating Cash Flows Before Changes in Working Capital	6,435	3,234	19,797	13,660
Inventories	(1,655)	(538)	(2,081)	(6,302)
Trade and Other Receivables	(9,699)	(1,174)	(14,613)	(1,944)
Other Assets	18	1,859	169	1,202
Cash Restricted in Use	-	(82)	82	(82)
Provision	133	104	170	41
Trade and Other Payables	5,068	1,991	1,475	3,555
Other Liabilities	734	40	870	234
Net Cash Flows From Operations	1,034	5,434	5,869	10,364
Income Taxes Paid	(251)	(121)	(1,375)	(1,423)
Net Cash Flows From Operating Activities	783	5,313	4,494	8,941
Cash Flows From Investing Activities				
Purchase of Property, Plant and Equipment	(739)	(14,912)	(3,147)	(17,949)
Progress Payments Received from Sale of Development Property	-	-	-	6,528
Proceeds from Disposal of Property, Plant and Equipment	355	6	519	233
Proceeds from Disposal of Subsidiary	-	-	-	1,000
Loan to Associate	-	-	-	(1,269)
Dividend Income from Joint Venture	-	35	78	80
Interest Received	50	-	82	1
Purchase of Other Asset, Non-Current	-	(4,804)	-	(4,804)
Investment in Other Financial Assets, Non-Current	-	(1,058)	(2,162)	(1,058)
Net Cash Flows From (Used in) Investing Activities	(334)	(20,733)	(4,630)	(17,238)
Cash Flows From Financing Activities				
Dividends Paid to Equity Owners	(2,145)	(4,290)	(7,722)	(21,450)
Dividends Paid to Non-Controlling Interests	-	-	(255)	(172)
(Decrease)/ Increase in Trust Receipts and Bills Payable	(1,670)	(1,187)	4,979	(6,573)
Repayment of Finance Lease Liabilities	(211)	(35)	(445)	(284)
Proceeds From New Bank Loans	4,187	18,853	9,195	51,817
Repayment of Bank Loans	(533)	(587)	(3,790)	(18,067)
Interest Expense Paid	(623)	(531)	(2,190)	(1,782)
Net Cash Flows From (Used in) Financing Activities	(995)	12,223	(228)	3,489
Net Decrease in Cash and Cash Equivalents	(546)	(3,197)	(364)	(4,808)
Cash and Cash Equivalents, Beginning Balance	4,957	7,972	4,775	9,583
Cash and Cash Equivalents, Ending Balance	4,411	4,775	4,411	4,775
Cash and Cash Equivalents in the statement of financial position	4,411	4,857	4,411	4,857
Less: Restricted in use	-	(82)	-	(82)
Cash and Cash Equivalents as shown above	4,411	4,775	4,411	4,775

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
Current Period (Unaudited):						
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 ⁽¹⁾	(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
Total Comprehensive Income for the Period	4,249	3,909	-	4,135	(226)	340
Dividends Paid ⁽¹⁾	(2,145)	(2,145)	-	(2,145)	-	-
Closing Balance at 30 June 2015	47,127	43,329	26,634	16,038	657	3,798
Previous Period (Unaudited):						
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 ⁽¹⁾	(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
Total Comprehensive Income for the Period	1,638	1,456	-	1,456	-	182
Acquisition of a Non-Controlling Interest Without a Change in Control	-	(60)	-	(60)	-	60
Dividends Paid ⁽¹⁾	(4,290)	(4,290)	-	(4,290)	-	-
Closing Balance at 30 June 2014	40,284	37,649	26,634	11,015	-	2,635

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.

COMPANY	Total Equity S\$'000	Share Capital S\$'000	Retained Earnings S\$'000
Current Period (Unaudited):			
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 ⁽¹⁾	(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
Total Comprehensive Income for the Period	71	-	71
Dividends Paid ⁽¹⁾	(2,145)	-	(2,145)
Closing Balance at 30 June 2015	26,870	26,634	236
Previous Period (Unaudited):			
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 ⁽¹⁾	(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
Total Comprehensive Income for the Period	857	-	857
Dividends Paid ⁽¹⁾	(4,290)	-	(4,290)
Closing Balance at 30 June 2014	28,027	26,634	1,393

Note:

(1)	Dividends on Equity Shares	Unaudited 12M2015 S\$'000	Audited 12M2014 S\$'000
	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	4,290
	- 0.5 cent per share on total number of issued ordinary shares of 429,000,000	2,145	-
		<u>7,722</u>	<u>15,015</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.

	Company			
	Unaudited 12M2015		Audited 12M2014	
	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 30 June 2015 and 30 June 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. This grant of Awards and the details was announced via SGXNET on 1 August 2014. 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 12M2015 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.

Company	
Unaudited 30 June 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 30 June 2015 and there were no sales transfers, disposal, cancellation and/ or use of treasury shares during 12M2015.

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.

As mentioned above, 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.

HAFARY HOLDINGS LIMITED

For the Period Ended 30 June 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 4Q2015 (3 months)	Unaudited 4Q2014 (3 months)	Unaudited 12M2015 (12 months)	Audited 12M2014 (12 months)
Earnings per ordinary share				
(a) Basic	0.95 cents	0.34 cents	2.97 cents	1.88 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	0.95 cents	0.34 cents	2.97 cents	1.88 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 30 June 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.

	Group		Company	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Net asset value per ordinary share based on the total number of share in issue	10.1 cents	8.8 cents	6.3 cents	6.5 cents

Note:

Net asset value per ordinary share is calculated based on 429,000,000 ordinary shares as at 30 June 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 4Q2015, the Group registered a higher revenue of S\$33.9 million compared to S\$24.0 million during 4Q2014. For 12M2015, the Group registered a higher revenue of S\$120.0 million compared to S\$92.7 million during 12M2014.

General segment

For 3 months ended, revenue from the general segment (where customers include home-owners, architecture, interior design and renovation firms) increased by S\$3.5 million or 24.5% from S\$14.5 million during 4Q2014 to S\$18.0 million during 4Q2015. For 12 months ended, revenue from general segment increased by S\$9.2 million or 18.3% from S\$50.4 million during 12M2014 to S\$59.6 million during 12M2015.

Project segment

For 3 months ended, revenue from the project segment (where customers include architecture firms, property developers and construction companies) increased by S\$5.9 million or 62.9% from S\$9.4 million during 4Q2014 to S\$15.3 million during 4Q2015. For 12 months ended, revenue from project segment increased by S\$16.7 million or 40.5% from S\$41.3 million during 12M2014 to S\$58.0 million during 12M2015. The Group supplied tiles and building materials for several development projects during 12M2015, for example Sengkang Square, Capitol Building and Sky Habitat.

Interest Income

Interest income is mainly arising from loan to associate, Viet Ceramics International Joint Stock Company ('VCI'), to finance VCI's expansion in Vietnam.

Other Credits

For the 3 months ended 30 June 2015, other credits comprised mainly of fair value gains on derivative financial instrument of S\$0.3 million. Other credits during 12M2015 comprised of government grant income of S\$0.2 million and gain of disposal of motor vehicle of S\$0.1 million.

For the 3 months ended 30 June 2014, other credits comprised mainly of foreign exchange adjustment gains of S\$0.1 million, fair value gain on other financial asset of S\$0.2 million, government grant income of S\$0.1 million and gain from disposal of development property of S\$0.1 million. Other credits during 12M2014 comprised mainly of a one-time gain of disposal of a loss-making subsidiary amounting to S\$1.0 million, fair value gain on other financial asset of S\$0.2 million, foreign exchange adjustment gains of S\$0.2 million and government grant income of S\$0.1 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 3 months ended, cost of sales increased by S\$5.1 million or 33.4% from S\$15.3 million during 4Q2014 to S\$20.4 million during 4Q2015. For 12M2015, cost of sales increased by S\$15.8 million or 27.5% from S\$57.5 million during 12M2014 to S\$73.3 million in 12M2015.

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 39.7% for 4Q2015 (12M2015: 38.9%) was higher compared to 36.3% for 4Q2014 (12M2014: 38.1%).

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

Employee Benefits Expenses

For 3 months ended, employee benefits expenses increased by S\$0.6 million or 18.6% from S\$3.4 million during 4Q2014 to S\$4.0 million during 4Q2015. For 12 months ended, employee benefits expenses increased by S\$1.9 million or 14.9% from S\$12.9 million during 12M2014 to S\$14.8 million during 12M2015.

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

As at the end of 4Q2015, the Group had 270 employees (including directors) (End of 4Q2014: 241).

Depreciation Expense

For 3 months ended, depreciation expense increased by S\$0.1 million or 14.4% from S\$0.7 million during 4Q2014 to S\$0.8 million during 4Q2015. For 12 months ended, depreciation expense increased by S\$0.5 million or 20.1% from S\$2.7 million during 12M2014 to S\$3.2 million during 12M2015. The increase was due to increase in property, plant and equipment held by the Group during the respective financial periods.

Impairment Losses

Impairment losses were S\$0.3 million for each of 3 months ended 30 June 2015 and 30 June 2014. For 12 months ended, impairment losses increased by S\$1.0 million or 233.3% from S\$0.3 million during 12M2014 to S\$1.2 million during 12M2015.

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

Other Charges

During 4Q2015 and 12M2015, other charges was in relation to net foreign exchange adjustment losses. Other charges incurred during 12M2014 was in relation to loss on disposal of plant and equipment of S\$0.3 million and net fair value losses on derivative financial instruments of S\$0.3 million.

Finance Costs

For 3 months ended, finance costs increased by S\$0.1 million or 30.8% from S\$0.5 million during 4Q2014 to S\$0.6 million during 4Q2015. For 12 months ended, finance costs increased by S\$0.4 million or 26.7% from S\$1.8 million during 12M2014 to S\$2.2 million during 12M2015.

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

Other Expenses

For 3 months ended, other expenses increased by S\$0.4 million or 21.1% from S\$2.1 million during 4Q2014 to S\$2.5 million during 4Q2015. For 12 months ended, other expenses increased by S\$1.4 million or 16.4% from S\$8.7 million during 12M2014 to S\$10.1 million during 12M2015.

The increase in other expenses were mainly attributable to:

- a) Increase in hire of motor vehicles and machinery, upkeep of forklift, utilities, rental, 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 (Loss) from Equity-Accounted Associate

For 4Q2015, share of loss from associate amounted to S\$29,000 (4Q2014: share of profit of S\$0.2 million). For 12M2015, share of profit from associate amounted to S\$1.0 million (12M2014: S\$0.6 million). The reported loss was mainly due to a slowdown in project sales as a result of tight competition in the market.

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

Share of loss from joint venture, Melmer Stoneworks Pte. Ltd. ("MSPL"), amounted to S\$6,000 during 4Q2015 (4Q2014: share of profit of S\$0.1 million). For 12M2015 and 12M2014, share of loss from MSPL was S\$25,000 and profit of S\$0.2 million respectively. The reported losses of MSPL was mainly due to major increase in cost during 12M2015, most notably that of rental expense, workers' wages and related costs (due to increased headcount).

Profit Before Income Tax

For 3 months ended, profit before income tax increased by S\$2.6 million or 102% from S\$2.6 million during 4Q2014 to S\$5.2 million during 4Q2015. For 12 months ended, profit before income tax increased by S\$5.0 million or 46.7% from S\$10.7 million during 12M2014 to S\$15.7 million during 12M2015.

The higher profit before income tax for 4Q2015 and 12M2015 was contributed largely by the improved sales during the periods. Excluding share of losses from associate and joint venture amounting to S\$35,000 (4Q2014: share of profits of S\$0.3 million), profit before income tax generated from recurring activities was S\$5.2 million for 4Q2015 (4Q2014: S\$2.3 million).

Excluding gain on disposal of a subsidiary and share of profits from associate and joint venture amounting to S\$1.0 million (12M2014: S\$1.8 million), profit before income tax generated from recurring activities was S\$14.7 million for 12M2015 (12M2014: S\$8.9 million).

Other Comprehensive Income

This pertains to foreign exchange difference on translating foreign operations.

Income Tax Expense

The effective tax rate (excluding deferred tax, share of results from equity-accounted associate and joint venture) for 4Q2015 was 15.8% (4Q2014: 41.0%). The effective tax rate for 12M2015 was 15.6% (12M2014: 18.1%). The higher effective tax rate for 4Q2014 was due to recognition of income tax under provided in prior quarters of FY 2014. The lower effective tax rate for 12 months end was due to reversal of overprovision of income tax in prior year made during 1Q2015.

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

Non-Current Assets

Non-current assets increased by S\$5.5 million or 7.1% from S\$77.0 million as at 30 June 2014 to S\$82.5 million as at 30 June 2015.

Property, plant and equipment increased by S\$2.2 million from S\$67.2 million as at 30 June 2014 to S\$69.4 million as at 30 June 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, construction cost, property tax and borrowing costs during redevelopment to leasehold property at 18 Sungei Kadut Street 2 by S\$2.7 million;
- c) Plant and equipment amounting to S\$0.7 million;
- d) Motor vehicle amounting to S\$0.7 million; and
- e) Foreign exchange adjustments amounting to S\$0.4 million.

The above increase in property, plant and equipment was partially offset by depreciation expense amounting to S\$3.1 million and disposal of motor vehicle amounting to S\$0.2 million.

The increase in other asset (Land use rights relating to leasehold land in Foshan, China) amounting to S\$0.2 million pertains to foreign exchange adjustment.

The increase in investment in associate amounting to S\$1.0 million pertains to share of profit from VCI during 12M2015. The decrease in investment in joint venture amounting to S\$0.1 million is due to share of loss from MSPL and dividends declared to Hafary Pte Ltd (wholly-owned subsidiary of Hafary Holding Limited).

Other financial asset increased by S\$2.2 million from S\$1.2 million as at 30 June 2014 to S\$3.4 million as at 30 June 2015. The increase was due to an investment in shares of a tile wholesaling company in China.

Current Assets

Current assets increased by S\$16.1 million or 20.8% from S\$77.3 million as at 30 June 2014 to S\$93.4 million as at 30 June 2015.

The increase was mainly attributable to increase in inventories by S\$2.1 million and increase in trade and other receivables by S\$14.6 million. The increase in current assets was partially offset by decrease in other asset amounting to S\$0.2 million and decrease in cash and cash equivalent amounting to S\$0.4 million.

The increase in trade receivables was in line with the revenue growth in 12M2015. Trade receivables turnover of 96 days as at 30 June 2015 is comparable to 93 days as at 30 June 2014.

The increase of inventories was in response to the increase in sales volume during 12M2015. Inventory turnover of 219 days as at 30 June 2015 had improved as compared to 251 days as at 30 June 2014.

Non-Current Liabilities

Non-current liabilities decreased by S\$2.1 million or 5.6% from S\$37.4 million as at 30 June 2014 to S\$35.3 million as at 30 June 2015.

Other financial liabilities (non-current) decreased by S\$2.0 million due to repayments of bank loans and finance lease liabilities during 12M2015.

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For the Period Ended 30 June 2015

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

Current Liabilities

Current liabilities increased by S\$16.8 million or 21.9% from S\$76.7 million as at 30 June 2014 to S\$93.5 million as at 30 June 2015.

The increase was mainly attributable to increase in other financial liabilities by S\$12.3 million, income tax payable by S\$0.7 million, trade and other payables by S\$2.9 million and other liabilities by S\$0.9 million.

Total amount of trade payables and trust receipts and bills payable to banks was S\$39.9 million (30 June 2014: S\$31.4 million). The turnover of the aforesaid items (based on cost of sales) is 178 days as at 30 June 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\$5.1 million and increase in bank loans by S\$7.2 million.

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**12M2015**

Net cash flows from operating activities was S\$4.4 million due to operating cash flows before working capital changes of S\$19.9 million, net cash used in working capital of S\$14.1 million and income taxes paid of S\$1.4 million. The net cash used in working capital of S\$14.1 million was mainly attributable to an increase in inventories of S\$2.2 million and trade and other receivables of S\$14.6 million. This was partially offset by increase in trade and other payables of S\$1.4 million, decrease in other assets of S\$0.2 million, increase in provision of S\$0.1 million, decrease in cash restricted in use of S\$0.1 million and increase in other liabilities of S\$0.9 million.

Net cash flows used in investing activities amounting to S\$4.6 million for 12M2015 was mainly attributable to cash outflows of S\$3.1 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 of a tile wholesaling company in China. This was partially offset by cash inflow of S\$0.5 million from disposal of motor vehicles, receipt of dividend from joint venture and interest income of S\$0.2 million.

Net cash flows generated from financing activities amounting to S\$0.2 million for 12M2015 was attributable to increase in trust receipts and bills payable of S\$5.0 million and proceeds from bank loans of S\$9.2 million. This was offset by the following:

- a) Dividend paid of S\$8.0 million;
- b) Repayment of bank loans of S\$3.8 million;
- c) Interest expenses paid of S\$2.2 million; and
- d) Repayment of finance lease liabilities of S\$0.4 million.

As a result of the above, there was a net decrease of S\$0.4 million in cash and cash equivalents for 12M2015. Cash and cash equivalents as at 30 June 2015 was S\$4.4 million.

4Q2015

Net cash flows from operating activities was S\$0.8 million due to operating cash flows before working capital changes of S\$6.6 million, net cash flows from working capital of S\$5.5 million and income taxes paid of S\$0.3 million. The net cash flows from working capital of S\$5.5 million was mainly attributable to an increase in inventories of S\$1.8 million and trade and other receivables of S\$9.6 million. This was partially offset by an increase in trade and other payables of S\$5.1 million and an increase in provision of S\$0.1 million and an increase in other liabilities of S\$0.7 million.

Net cash flows used in investing activities amounting to S\$0.3 million for 4Q2015 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 this was partially offset by proceed from disposal of plant and equipment of S\$0.4 million.

Net cash flows used in financing activities amounting to S\$1.0 million for 4Q2015 was mainly attributable by the following:

- a) Dividend paid of S\$2.1 million;
- b) Decrease in trust receipt and bills payable of S\$1.7 million;
- c) Repayment of bank loans of S\$0.5 million;
- d) Interest expenses paid of S\$0.6 million; and
- e) Repayment of finance lease liabilities of S\$0.2 million.

This was partially offset by the proceeds from new bank loans of S\$4.1 million.

As a result of the above, there was a net decrease of S\$0.5 million in cash and cash equivalents for 4Q2015. Cash and cash equivalents as at 30 June 2015 was S\$4.4 million.

HAFARY HOLDINGS LIMITED

For the Period Ended 30 June 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 30 June 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 S\$29 billion to S\$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 S\$27 billion to S\$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

	30 June 2015	
	Interim Exempt (1-tier)	Interim Exempt (1-tier)
Name of Dividend	6 November 2014	5 May 2015
Date of declaration or approval (where applicable)	Cash	Cash
Type of Dividend	429,000	429,000
Total number of issued ordinary shares ('000)	1.0 cent	0.5 cent
Dividend per share		

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

	30 June 2014	
	Interim Exempt (1-tier)	Final Exempt (1-tier)
Name of Dividend	25 April 2014	31 October 2014
Date of declaration or approval (where applicable)	Cash	Cash
Type of Dividend	429,000	429,000
Total number of issued ordinary shares ('000)	1.0 cent	0.3 cent
Dividend per share		

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/ recommended for 4Q2015.

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 shareholdersq mandate pursuant to Rule 920	Conducted under shareholdersqmandate pursuant to Rule 920
	12M2015 S\$'000	12M2015 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.	100	69

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

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 4Q2015 and 12M2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Low Kok Ann
Executive Director and Chief Executive Officer

4 August 2015