HAFARY HOLDINGS LIMITED
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2026

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Six Months Ended 30 June 2026

	Notes	2026 $'000	2025 $'000	Change %
Revenue	2	122,729	137,199	(10.5)
Interest income		50	50	–
Other income and gains		3,451	3,736	(7.6)
Changes in inventories of goods held for resale		3,299	1,705	93.5
Purchases and related costs		(72,803)	(83,997)	(13.3)
Employee benefits expenses		(18,435)	(18,100)	1.9
Amortisation and depreciation expenses		(6,720)	(6,516)	3.1
Impairment losses		(2,300)	(624)	268.6
Other losses		(518)	(167)	210.2
Finance costs		(4,577)	(5,565)	(17.8)
Other expenses		(11,697)	(10,886)	7.4
Share of profit from an equity-accounted associate		336	130	158.5
Share of profit from an equity-accounted joint venture		661	291	127.1
Profit before income tax		13,476	17,256	(21.9)
Income tax expense	4	(2,881)	(3,431)	(16.0)
Profit, net of tax		10,595	13,825	(23.4)
<u>Other comprehensive income (loss)</u>				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations, net of tax		1,472	(2,041)	(172.1)
Total comprehensive income for the period		12,067	11,784	2.4
Profit attributable to:				
- Owners of the parent, net of tax		10,184	13,087	(22.2)
- Non-controlling interests, net of tax		411	738	(44.3)
		10,595	13,825	(23.4)
Total comprehensive income attributable to:				
- Owners of the parent		11,730	11,046	6.2
- Non-controlling interests		337	738	(54.3)
		12,067	11,784	2.4
		Cents	Cents	
Earnings per share				
Basic and diluted		2.37	3.04	

Earnings per share (EPS) is derived by dividing the profit attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

Additional Information on the Interim Consolidated Statement of Profit or Loss
For The Six Months Ended 30 June 2026

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

	2026	2025	Change
	$'000	$'000	%
Rental income	2,931	3,411	(14.1)
Interest expense on borrowings	(4,183)	(5,171)	(19.1)
Interest expense on lease liabilities	(394)	(394)	–
Interest income	50	50	–
Depreciation of investment properties	(219)	(219)	–
Depreciation of property, plant and equipment	(4,177)	(3,902)	7.0
Depreciation of right-of-use assets	(1,956)	(2,071)	(5.6)
Amortisation of intangible assets	(368)	(324)	13.6
Reversal for impairment of trade receivables:			
- Individually impaired – reversal	7	4	75.0
- Collectively impaired – reversal	1	13	(92.3)
Bad debts written-off – trade receivables	(109)	(108)	0.9
Bad debts recovered – trade receivables	90	9	900.0
Allowance for impairment of inventories	(2,289)	(542)	322.3
Foreign exchange adjustment loss	(518)	(165)	213.9
Fair value gain on derivative financial instruments, net	2	46	(95.7)
Gain (loss) on disposal of plant and equipment	170	(4)	(4,350.0)
Government grants	27	42	(35.7)

Condensed Interim Statements of Financial Position
As at 30 June 2026

	Notes	Group 30 Jun 2026 $'000	Group 31 Dec 2025 $'000	Company 30 Jun 2026 $'000	Company 31 Dec 2025 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	109,420	112,692	–	169
Right-of-use assets	7	132,338	132,166	–	–
Investment properties	8	24,346	24,519	–	–
Intangible assets	9	7,157	7,525	–	–
Investments in subsidiaries		–	–	18,739	9,239
Investment in an associate	10	18,301	18,700	–	–
Investment in a joint venture	11	2,455	1,702	–	–
Other financial assets		226	224	188	187
Total non-current assets		294,243	297,528	18,927	9,595
Current assets					
Inventories	12	132,362	124,147	–	–
Trade and other receivables	13	53,687	59,346	24,870	37,671
Other non-financial assets		7,572	6,784	78	4
Cash and cash equivalents		21,241	22,030	332	19
Total current assets		214,862	212,307	25,280	37,694
Total assets		509,105	509,835	44,207	47,289
EQUITY AND LIABILITIES					
Equity					
Share capital	14	26,930	26,930	26,930	26,930
Retained earnings		127,212	123,486	6,887	8,823
Foreign currency translation reserve	15	(2,751)	(4,297)	–	–
Equity, attributable to owners of the company		151,391	146,119	33,817	35,753
Non-controlling interests		5,221	6,357	–	–
Total equity		156,612	152,476	33,817	35,753
Non-current liabilities					
Deferred tax liabilities		1,308	1,697	–	–
Loans and borrowings, non-current	17, 18	129,285	137,622	–	–
Lease liabilities, non-current	17, 19	18,493	16,596	–	–
Total non-current liabilities		149,086	155,915	–	–
Current liabilities					
Income tax payable		7,001	7,993	–	–
Provision	20	1,114	1,032	–	–
Trade and other payables	21	50,383	59,656	10,390	11,536
Derivative financial liabilities		–	2	–	–
Loans and borrowings, current	17, 18	130,652	119,186	–	–
Lease liabilities, current	17, 19	2,567	3,729	–	–
Other non-financial liabilities		11,690	9,846	–	–
Total current liabilities		203,407	201,444	10,390	11,536
Total liabilities		352,493	357,359	10,390	11,536
Total equity and liabilities		509,105	509,835	44,207	47,289

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

Condensed Interim Statements of Changes in Equity
For The Six Months Ended 30 June 2026

Group:	Total equity $'000	Attributable to owners of the company subtotal $'000	Share capital $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000
Current period:						
Opening balance at 1 January 2026	152,476	146,119	26,930	123,486	(4,297)	6,357
Changes in equity:						
Total comprehensive income for the period	12,067	11,730	–	10,184	1,546	337
Dividends paid (Note 5)	(6,458)	(6,458)	–	(6,458)	–	–
Dividends paid to non-controlling interests in subsidiaries	(1,473)	–	–	–	–	(1,473)
Closing balance at 30 June 2026	156,612	151,391	26,930	127,212	(2,751)	5,221
Previous period:						
Opening balance at 1 January 2025	135,760	129,268	26,930	105,461	(3,123)	6,492
Changes in equity:						
Total comprehensive income (loss) for the period	11,784	11,046	–	13,087	(2,041)	738
Dividends paid (Note 5)	(6,458)	(6,458)	–	(6,458)	–	–
Dividends paid to non-controlling interests in subsidiaries	(1,222)	–	–	–	–	(1,222)
Closing balance at 30 June 2025	139,864	133,856	26,930	112,090	(5,164)	6,008

Condensed Interim Statements of Changes in Equity (cont'd)
For The Six Months Ended 30 June 2026

Company:	Total equity $'000	Share capital $'000	Retained earnings $'000
Current period:			
Opening balance at 1 January 2026	35,753	26,930	8,823
Changes in equity:			
Total comprehensive income for the period	4,522	–	4,522
Dividends paid (Note 5)	(6,458)	–	(6,458)
Closing balance at 30 June 2026	33,817	26,930	6,887
Previous period:			
Opening balance at 1 January 2025	34,626	26,930	7,696
Changes in equity:			
Total comprehensive income for the period	5,958	–	5,958
Dividends paid (Note 5)	(6,458)	–	(6,458)
Closing balance at 30 June 2025	34,126	26,930	7,196

Condensed Interim Consolidated Statement of Cash Flows
For The Six Months Ended 30 June 2026

	2026 $'000	2025 $'000
Cash flows from operating activities		
Profit before income tax	13,476	17,256
Adjustments for:		
Interest expense on borrowings	4,183	5,171
Interest expense on lease liabilities	394	394
Interest income	(50)	(50)
Depreciation of property, plant and equipment	5,412	4,984
Depreciation of right-of-use assets	3,072	3,215
Depreciation of investment properties	219	219
Amortisation of intangible assets	368	324
(Gain) loss on disposal of plant and equipment	(170)	4
Share of profit from an equity-accounted associate	(336)	(130)
Share of profit from an equity-accounted joint venture	(661)	(291)
Net effect of exchange rate changes in consolidating subsidiaries	342	638
Operating cash flows before changes in working capital	26,249	31,734
Inventories	(8,215)	(888)
Trade and other receivables	3,630	5,348
Other non-financial assets	(788)	(998)
Provision	82	12
Trade and other payables	(9,253)	(8,910)
Derivative financial liabilities	(2)	(47)
Other non-financial liabilities	1,844	1,332
Net cash flows provided by operations	13,547	27,583
Income taxes paid	(4,263)	(4,219)
Net cash provided by operating activities	9,284	23,364
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,995)	(2,738)
Proceeds from disposal of plant and equipment	359	119
Consolidation of a subsidiary net of cash acquired	–	(124)
Additions of equity interest in a joint venture	(64)	–
Net movements in amount due from joint ventures	32	85
Net movements in amount due from other related parties	1,998	(66)
Dividend income from an associate	877	–
Interest income received	50	50
Net cash flows provided by (used in) investing activities	1,257	(2,674)

Condensed Interim Consolidated Statement of Cash Flows (cont'd)
For The Six Months Ended 30 June 2026

	2026 $'000	2025 $'000
Cash flows from financing activities		
Dividends paid to equity owners	(6,458)	(6,458)
Dividends paid to non-controlling interests	(1,473)	(1,222)
Lease liabilities – principal portion paid	(2,379)	(2,528)
(Decrease) increase in trust receipts and bills payable	(5,250)	633
Increase from new borrowings	16,540	5,272
Decrease in loans and borrowings	(8,161)	(13,513)
Interest expense paid	(4,213)	(5,323)
Net cash flows used in financing activities	(11,394)	(23,139)
Net decrease in cash and cash equivalents	(853)	(2,449)
Net effect of exchange rate changes on cash and cash equivalents	64	(620)
Cash and cash equivalents, beginning balance	22,030	22,508
Cash and cash equivalents, ending balance	21,241	19,439

Notes to the Interim Financial Statements
30 June 2026

1. General

Hafary Holdings Limited (the "company") is incorporated in Singapore with limited liability. The 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 the nearest thousand ("$'000"), except when otherwise indicated.

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 registered office and principal place of business of the company is located at 105 Eunos Avenue 3, Hafary Centre, Singapore 409836.

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)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards ("IFRS") 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 expected credit losses, 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.

Assessing the terms of lease term or lease with extension or renewal options:
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 Note 9. 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.

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 group.

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

2A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

For management purposes, the group 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, interests and income taxes ("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
6 months ended 30 June 2026:						
Total revenue by segment	74,837	46,118	36,600	–	–	157,555
Inter-segment sales	(15,305)	(7,097)	(12,424)	–	–	(34,826)
Total revenue	59,532	39,021	24,176	–	–	122,729
Recurring EBITDA	15,134	9,033	(2,729)	2,382	(44)	23,776
Amortisation and depreciation expense	(4,051)	(1,013)	(540)	(1,116)	–	(6,720)
Finance costs	(1,902)	(223)	(857)	(1,595)	–	(4,577)
Share of profit from an equity-accounted associate	–	–	–	336	–	336
Share of profit from equity-accounted a joint venture	–	–	–	661	–	661
ORBIT	9,181	7,797	(4,126)	668	(44)	13,476
Income tax expense						(2,881)
Profit, net of tax						10,595

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
6 months ended 30 June 2025:						
Total revenue by segment	79,676	47,307	49,377	–	–	176,360
Inter-segment sales	(16,156)	(7,050)	(15,955)	–	–	(39,161)
Total revenue	63,520	40,257	33,422	–	–	137,199
Recurring EBITDA	20,008	7,600	(1,166)	2,316	158	28,916
Amortisation and depreciation expense	(4,013)	(971)	(409)	(1,123)	–	(6,516)
Finance costs	(2,528)	(273)	(1,025)	(1,739)	–	(5,565)
Share of profit from an equity-accounted associate	–	–	–	130	–	130
Share of profit from equity-accounted a joint venture	–	–	–	291	–	291
ORBIT	13,467	6,356	(2,600)	(125)	158	17,256
Income tax expense						(3,431)
Profit, net of tax						13,825

2C. Assets, liabilities and reconciliations

	General $'000	Project $'000	Manufacturing $'000	Others $'000	Group $'000
As at 30 June 2026:					
Segment assets	292,306	62,015	102,524	52,260	509,105
Segment liabilities	219,539	39,391	69,945	15,309	344,184
Deferred tax liabilities					1,308
Income tax payable					7,001
Total liabilities					352,493
As at 31 December 2025:					
Segment assets	297,517	61,219	98,653	52,446	509,835
Segment liabilities	217,138	36,217	78,588	15,726	347,669
Deferred tax liabilities					1,697
Income tax payable					7,993
Total liabilities					357,359

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

2D. Other material items and reconciliations

For 6 months ended 30 June:	General $'000	Project $'000	Manufacturing $'000	Others $'000	Group $'000
Impairment of assets:					
2026	1,923	184	193	–	2,300
2025	357	267	–	–	624
Expenditure for non-current assets:					
2026	749	260	940	46	1,995
2025	2,154	213	381	14	2,762

2E. Geographical information

	Revenue 6 months ended 30 June		Non-current assets	
	2026 $'000	2025 $'000	30 Jun 2026 $'000	31 Dec 2025 $'000
Singapore	79,537	79,737	238,715	240,284
Malaysia	19,749	27,363	28,019	29,962
Socialist Republic of Vietnam	3,086	160	18,301	18,700
People's Republic of China	3,305	4,421	6,527	6,656
Republic of the Union of Myanmar	773	441	2,455	1,702
United States of America	11,433	19,739	–	–
Taiwan	1,591	1,382	–	–
Thailand	1,131	429	–	–
Australia	193	177	–	–
Philippines	184	311	–	–
Republic of Indonesia	145	2,385	–	–
Japan	178	195	–	–
Cambodia	216	124	–	–
Others	1,208	335	–	–
	122,729	137,199	294,017	297,304

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 6 months ended 30 June	
	2026 $'000	2025 $'000
Goods recognised at point in time	120,364	134,424
Services recognised over time	2,365	2,775
Total continuing operations	122,729	137,199

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.

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

	6 months ended 30 June	
	2026	2025
	$'000	$'000
Joint venture:		
Sales of goods	(633)	(395)
Other related parties:		
Sale of goods	(66)	(182)
Rental income	(105)	(105)
Secondment fee income	–	(187)
Service fee income	(46)	–
Reimbursement of expenses payment on behalf of other related parties	–	(4)
Purchases of goods	542	922
Rental expenses	1,204	1,269
Secondment fee expense	–	188
Reimbursement of expenses payment on behalf of the group	166	102
Property management charges	170	153
Receiving of services	332	284
Corporate management fee expense	347	313
Royalty fee expense	81	76

4. Income tax

	6 months ended 30 June	
	2026	2025
	$'000	$'000
Current tax expense:		
Current tax expense	3,292	3,426
(Over) under adjustments in respect of prior years	(26)	174
Subtotal	3,266	3,600
Deferred tax income:		
Deferred tax income	(294)	(116)
Over adjustments in respect of prior years	(91)	(53)
Subtotal	(385)	(169)
Total income tax expense	2,881	3,431

4. Income tax (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:

	6 months ended 30 June	
	2026	2025
	$'000	$'000
Profit before income tax	13,476	17,256
Less:		
- Share of profit from an equity-accounted associate	(336)	(130)
- Share of profit from an equity-accounted joint venture	(661)	(291)
	12,479	16,835
Income tax expense at 17% (2025: 17%)	2,121	2,862
Effect of different tax rates in different countries	34	45
Expenses not deductible for tax purposes	1,290	859
Tax exemption and rebates	(447)	(456)
(Over) under adjustments in respect of prior years	(117)	121
Total income tax expense	2,881	3,431
Effective income tax rate for the period	23%	20%

5. Dividends on equity shares

	6 months ended 30 June	
	2026	2025
	$'000	$'000
Second interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2025 (FY2024: 0.75 cent)	3,229	3,229
Second special interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2025 (FY2024: 0.75 cent)	3,229	3,229
Total dividends paid during the period	6,458	6,458

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 2026	113,310	52,484	4,736	5,974	176,504
Additions	–	1,752	–	197	1,949
Disposals	–	(132)	–	(567)	(699)
Transfers	–	4,678	(4,678)	–	–
Foreign exchange adjustments	181	286	55	14	536
At 30 June 2026	113,491	59,068	113	5,618	178,290
Accumulated depreciation:					
At 1 January 2026	37,595	22,151	–	4,066	63,812
Depreciation for the period	2,148	3,051	–	213	5,412
Disposals	–	(78)	–	(432)	(510)
Foreign exchange adjustments	84	66	–	6	156
At 30 June 2026	39,827	25,190	–	3,853	68,870
Carrying value:					
At 1 January 2026	75,715	30,333	4,736	1,908	112,692
At 30 June 2026	73,664	33,878	113	1,765	109,420

Allocation of depreciation expense

	6 months ended 30 June 2026 $'000	6 months ended 30 June 2025 $'000
Capitalised as manufactured inventory costs	1,235	1,082
Expensed to profit or loss	4,177	3,902
Total depreciation for the period	5,412	4,984

As at the reporting period ended 30 June 2026, the group's leasehold properties with carrying amount of $71,007,000 (31 December 2025: $73,059,000) are mortgaged for bank facilities (Note 18).

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

7. Right-of-use assets

Group	Leasehold land $'000	Premises $'000	Total $'000
Cost:			
At 1 January 2026	144,425	18,996	163,421
Additions	–	782	782
Modification	2,453	(5,558)	(3,105)
Foreign exchange adjustments	165	118	283
At 30 June 2026	147,043	14,338	161,381
Accumulated depreciation:			
At 1 January 2026	19,620	11,635	31,255
Depreciation for the period	1,148	1,924	3,072
Modification	695	(6,061)	(5,366)
Foreign exchange adjustments	54	28	82
At 30 June 2026	21,517	7,526	29,043
Carrying value:			
At 1 January 2026	124,805	7,361	132,166
At 30 June 2026	125,526	6,812	132,338

Allocation of depreciation expense

	6 months ended 30 June	
	2026	2025
	$'000	$'000
Capitalised as manufactured inventory costs	1,116	1,144
Expensed to profit or loss	1,956	2,071
Total depreciation for the period	3,072	3,215

As at the reporting period ended 30 June 2026, the group's land use rights with carrying amount of $109,660,000 (31 December 2025: $110,496,000) 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 eight 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	Leasehold properties $'000	Total $'000
Cost:		
At 1 January 2026	25,741	25,741
Additions	46	46
At 30 June 2026	25,787	25,787
Accumulated depreciation:		
At 1 January 2026	1,222	1,222
Depreciation for the period	219	219
At 30 June 2026	1,441	1,441
Carrying value:		
At 1 January 2026	24,519	24,519
At 30 June 2026	24,346	24,346

	30 Jun 2026 $'000	31 Dec 2025 $'000
Fair value at end of the period / year for disclosure purposes only	31,693	31,693

	6 months ended 30 June 2026 $'000	6 months ended 30 June 2025 $'000
Rental income from investment properties	1,835	1,483
Direct operating expenses (including repairs and maintenance) arising from investment properties	(539)	(433)

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	Trademark $'000	Goodwill $'000	Customer relationship $'000	Total $'000
Cost:				
At 1 January 2026 and 30 June 2026	838	5,233	4,569	10,640
Accumulated amortisation:				
At 1 January 2026	838	–	2,277	3,115
Amortisation for the period	–	–	368	368
At 30 June 2026	838	–	2,645	3,483
Carrying value:				
At 1 January 2026	–	5,233	2,292	7,525
At 30 June 2026	–	5,233	1,924	7,157

9. Intangible assets (cont'd)

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	
	30 Jun 2026	31 Dec 2025
	$'000	$'000
Subsidiary:		
Melmer Stoneworks Pte. Ltd.	5,233	5,233
Carrying value at end of the period / year	5,233	5,233

Goodwill is tested annually for impairment. The Group will perform impairment test of goodwill at the end of the financial year by comparing the carrying value of the cash-generating unit ("CGU") against the fair value less cost of disposal.

10. Investment in an associate

	Group	
	30 Jun 2026	31 Dec 2025
	$'000	$'000
Unquoted equity shares at cost	2,061	2,061
Goodwill at cost	758	758
Share of post-acquisition profit, net of dividends	15,482	15,881
Carrying amount	18,301	18,700
Movements in carrying amount:		
At beginning of the reporting period / year	18,700	20,265
Share of profit for the reporting period / year	336	1,285
Dividends	(877)	(1,171)
Foreign exchange adjustments	142	(1,679)
At end of the reporting period / year	18,301	18,700

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	
	30 Jun 2026	31 Dec 2025
	%	%
Viet Ceramics International Joint Stock Company [#] Socialist Republic of Vietnam Importer and dealer of building materials	49	49

(#) Audited by RSM Vietnam Auditing & Consulting Limited, a member firm of RSM International of which RSM SG Assurance LLP in Singapore is a member.

11. Investment in a joint venture

	Group	
	30 Jun 2026 $'000	31 Dec 2025 $'000
Unquoted equity shares at cost	69	5
Share of post-acquisition gains, net of dividends	2,386	1,697
Carrying amount	2,455	1,702
Movements in carrying amount:		
At beginning of the period / year	1,702	999
Additions	64	–
Share of profits for the period / year	661	765
Foreign exchange adjustments	28	(62)
At end of the period / year	2,455	1,702

The details of the joint venture are given as below:

Name of joint venture, country of incorporation, place of operation and principal activities	Equity held by the Group	
	30 Jun 2026 %	31 Dec 2025 %
Hafary Myanmar Investment Pte. Ltd. # Singapore Investment holding	50	33

(#) Audited by RSM SG Assurance LLP.

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	
	30 Jun 2026 $'000	31 Dec 2025 $'000
Finished goods and goods for resale	120,248	111,541
Work in process	7,516	823
Raw material, consumables and supplies	4,598	11,783
Total inventories	132,362	124,147
Inventories are stated after allowance. Movements in allowance:		
At beginning of the period / year	20,408	17,511
Charged to profit or loss included in impairment losses	2,289	2,726
Foreign exchange adjustments	551	171
At end of the period / year	23,248	20,408

There are no inventories pledged as security for liabilities.

13. Trade and other receivables

	Group	
	30 Jun 2026	31 Dec 2025
	$'000	$'000
Trade receivables:		
Outside parties	48,761	50,802
Less: Allowance for impairment	(1,594)	(1,600)
Joint venture	222	501
Other related parties	116	140
Retention receivables on contracts	2,088	2,400
Net trade receivables – subtotal	49,593	52,243
Other receivables:		
Outside parties	750	853
Joint venture	1,531	1,563
Less: Allowance for impairment	(483)	(483)
Other related parties	8	2,004
Refundable deposits	2,288	3,166
Net other receivables – subtotal	4,094	7,103
Total trade and other receivables	53,687	59,346
Movements in above allowance on trade receivables:		
At beginning of the period / year	1,600	2,082
(Reversal of) additions individually impaired	(7)	546
(Reversal of) additions collectively impaired	(1)	85
Bad debts written-off	–	(1,126)
Acquisition of subsidiary	2	13
At end of the period / year	1,594	1,600
Movements in above allowance on other receivables:		
At beginning of the period / year and at end of the period / year	483	483

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.

(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 period, approximately:

- 62% (31 December 2025: 58%) of the group's trade receivables from Singapore.
- 38% (31 December 2025: 42%) of the group's trade receivables from other countries.

13. Trade and other receivables (cont'd)

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 (31 December 2025: 60 days). But some customers take a longer period to settle the amounts.

The allowance on trade receivables above is based on individual accounts totaling $1,263,000 (31 December 2025: $1,268,000) of the group that are determined to be impaired at the end of the reporting period / 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 including the impact of the current economic conditions. The allowance model 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 $331,000 (31 December 2025: $332,000) for the group is included in the allowance for impairment of receivables amounting to $1,594,000 as at 30 June 2026 (31 December 2025: $1,600,000). There is 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.

Other receivables are normally with no fixed terms and therefore there is no fixed maturity date. 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.

At the end of the reporting period, a loss allowance of $483,000 (31 December 2025: $483,000) is recognised on other receivables.

14. Share capital

	Number of shares issued	Share capital
	'000	$'000
Ordinary shares of no par value:		
Balance at 31 December 2025 and 30 June 2026	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 2025.

There were no outstanding convertibles as at 30 June 2026 (30 June 2025: Nil).

The company did not hold any treasury shares as at 30 June 2026 (30 June 2025: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2026.

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	
	30 Jun 2026	31 Dec 2025	30 Jun 2026	31 Dec 2025
	Cents	Cents	Cents	Cents
Net asset value per share based on existing issued share capital as at the respective dates	35.2	33.9	7.9	8.3

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

	Secured		Unsecured	
	30 Jun 2026	31 Dec 2025	30 Jun 2026	31 Dec 2025
	$'000	$'000	$'000	$'000
Repayable in one year or less, or on demand:				
Bank borrowings (Note 18)	38,096	31,027	42,570	32,923
Trust receipts and bills payable (Note 18)	1,298	853	48,688	54,383
Lease liabilities (Note 19)	150	204	2,417	3,525
Subtotal	39,544	32,084	93,675	90,831
Repayable after one year:				
Bank borrowings (Note 18)	123,325	133,824	5,960	3,798
Lease liabilities (Note 19)	–	56	18,493	16,540
Subtotal	123,325	133,880	24,453	20,338
Total	162,869	165,964	118,128	111,169

18. Loans and borrowings

	Group	
	30 Jun 2026	31 Dec 2025
	$'000	$'000
Non-current:		
Bank loan F (secured) (Note 18C)	4,771	5,394
Bank loan H (secured) (Note 18E)	29,227	30,762
Bank loan I (secured) (Note 18F)	3,036	3,645
Bank loan J (secured) (Note 18F)	2,734	3,283
Bank loan P (secured) (Note 18H)	10,020	10,289
Bank loan R (secured) (Note 18I)	21,937	22,505
Bank loan T (secured) (Note 18K)	–	4,846
Bank loan U (secured) (Note 18L)	51,600	53,100
Bank loan Y (unsecured) (Note 18N)	2,544	3,798
Bank loan AG (unsecured) (Note 18O)	3,416	–
Non-current, total	129,285	137,622
Current:		
Bank loan A (secured) (Note 18A)	10,000	7,500
Bank loan B (secured) (Note 18A)	8,000	8,000
Bank loan D (unsecured) (Note 18B)	5,000	3,500
Bank loan E (unsecured) (Note 18B)	1,500	1,500
Bank loan F (secured) (Note 18C)	1,156	1,067
Bank loan G (secured) (Note 18D)	3,750	3,750
Bank loan H (secured) (Note 18E)	2,814	2,656
Bank loan I (secured) (Note 18F)	1,218	1,218
Bank loan J (secured) (Note 18F)	1,096	1,095
Bank loan P (secured) (Note 18H)	534	524
Bank loan Q (unsecured) (Note 18G)	32	226
Bank loan R (secured) (Note 18I)	1,135	1,135
Bank loan S (secured) (Note 18J)	294	585
Bank loan T (secured) (Note 18K)	5,099	496
Bank loan U (secured) (Note 18L)	3,000	3,000
Bank loan V (unsecured) (Note 18M)	13,000	9,500
Bank loan X (unsecured) (Note 18B)	1,590	1,583
Bank loan Y (unsecured) (Note 18N)	2,544	2,532
Bank loan Z (unsecured) (Note 18B)	3,180	–
Bank loan AB (unsecured) (Note 18B)	2,500	2,500
Bank loan AC (unsecured) (Note 18B)	3,180	3,165
Bank loan AD (unsecured) (Note 18B)	3,180	1,583
Bank loan AE (unsecured) (Note 18M)	1,413	1,835
Bank loan AF (unsecured) (Note 18M)	5,000	5,000
Bank loan AG (unsecured) (Note 18O)	451	–
Trust receipts and bills payable (Note 18P)	49,986	55,236
Current, total	130,652	119,186
Total loans and borrowings	259,937	256,808
The non-current portion is repayable as follows:		
Due within two to five years	86,118	91,092
After five years	43,167	46,530
Total non-current portion	129,285	137,622

18. Loans and borrowings (cont'd)

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

	Group	
	30 Jun 2026	31 Dec 2025
	%	%
Bank loan A (secured)	2.18 to 2.45	2.35 to 4.10
Bank loan B (secured)	2.18 to 2.45	2.35 to 4.44
Bank loan D (unsecured)	2.55 to 2.68	2.60 to 4.46
Bank loan E (unsecured)	2.50 to 2.70	2.32 to 4.70
Bank loan F (secured)	2.18 to 3.05	1.58 to 3.05
Bank loan G (secured)	2.22 to 2.34	2.45 to 4.10
Bank loan H (secured)	2.00 to 3.72	2.25 to 4.24
Bank loan I (secured)	2.18 to 3.05	1.58 to 3.05
Bank loan J (secured)	2.18 to 3.05	1.58 to 3.05
Bank loan P (secured)	2.15 to 3.05	3.05 to 4.48
Bank loan Q (unsecured)	2.00	2.00
Bank loan R (secured)	3.40	3.40
Bank loan S (secured)	2.25	2.75 to 4.30
Bank loan T (secured)	1.99 to 3.40	1.50 to 3.40
Bank loan U (secured)	3.55	3.55
Bank loan V (unsecured)	2.21 to 2.40	2.32 to 4.00
Bank loan X (unsecured)	4.68 to 4.70	4.70 to 4.98
Bank loan Y (unsecured)	5.01 to 5.04	5.04 to 5.29
Bank loan Z (unsecured)	4.68 to 4.70	–
Bank loan AB (unsecured)	2.05 to 2.25	2.00 to 4.78
Bank loan AC (unsecured)	4.65 to 4.67	4.61 to 4.95
Bank loan AD (unsecured)	4.68 to 4.70	4.61 to 4.96
Bank loan AE (unsecured)	3.65	3.55 to 3.65
Bank loan AF (unsecured)	2.25 to 2.40	2.33 to 4.77
Bank loan AG (unsecured)	4.99	–
Trust receipts and bills payable	1.50 to 5.08	2.25 to 5.38

18A. Bank loans A and B (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, X, Z, AB, AC and AD (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 loans Q (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.

18. Loans and borrowings (cont'd)

18H. 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.

18I. 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.

18J. 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.

18K. 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.

18. Loans and borrowings (cont'd)

18L. 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 from 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.

18M. Bank loan V, 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.

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 AG (unsecured)

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

(i) Repayable by equal monthly instalments over 5 years, commencing December 2026.
(ii) Corporate guarantee from the company.
(iii) Need to comply with certain financial covenants.

18P. Trust receipts and bills payable

These are repayable within 150 to 180 days (31 December 2025: 150 to 180 days) and are guaranteed by the company.

19. Lease liabilities

	Group 30 Jun 2026 $'000	Group 31 Dec 2025 $'000
Lease liabilities, current	2,567	3,729
Lease liabilities, non-current	18,493	16,596
Total	21,060	20,325

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

	Group 30 Jun 2026 $'000	Group 31 Dec 2025 $'000
Total lease liabilities at beginning of reporting period / year	20,325	22,197
Additions	782	2,161
Acquisition from subsidiaries	–	61
Modification	1,851	(16)
Accretion of interest	394	786
Lease payments – principal portion paid	(2,379)	(5,126)
Interest paid	(8)	(23)
Foreign exchange adjustments	95	285
Total lease liabilities at end of reporting period / year	21,060	20,325

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.

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

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

	Group 30 Jun 2026 $'000	Group 31 Dec 2025 $'000
Carrying amounts of motor vehicles under lease liabilities	671	717

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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 period, expense of the group relating to short-term leases included in other expenses was $548,000 (30 June 2025: $695,000).

20. Provision

	Group	
	30 Jun 2026 $'000	31 Dec 2025 $'000
Provision for rebates	1,114	1,032
Movements in above provision:		
Balance at beginning of the period / year	1,032	1,070
Additions	1,114	1,032
Used	(1,032)	(1,070)
Balance at end of the period / year	1,114	1,032

The group gives rebates to its customers upon settlement of balances within average credit period granted i.e. 60 days (31 December 2025: 60 days).

21. Trade and other payables

	Group	
	30 Jun 2026 $'000	31 Dec 2025 $'000
Trade payables:		
Outside parties and accrued liabilities	38,102	48,748
Other related parties	4,240	3,666
Trade payables – subtotal	42,342	52,414
Other payables:		
Outside parties [#]	8,041	6,047
Other related party	–	38
Deposits received	–	1,157
Other payables – subtotal	8,041	7,242
Balance at end of the period / year	50,383	59,656

[#] Included in other payables is a loan from CNA Pte. Ltd., a shareholder of a subsidiary, International Ceramic Manufacturing Hub Pte. Ltd., amounting to $4,239,000 (31 December 2025: $3,569,000), which is unsecured, interest-free and repayable on demand.

22. Capital commitments

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

	Group	
	30 Jun 2026 $'000	31 Dec 2025 $'000
Commitments to purchase plant and equipment	465	68
Contractual obligations for construction works for investment property and property, plant and equipment	4,899	1,877
Total	5,364	1,945

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 period / year:

	Group	
	30 Jun 2026	31 Dec 2025
	$'000	$'000
Financial assets:		
Financial assets at amortised cost	74,928	81,376
Financial assets at fair value through profit or loss	226	224
	75,154	81,600
Financial liabilities:		
Financial liabilities at amortised cost	331,380	336,789
Derivatives financial instruments at fair value	–	2
	331,380	336,791

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. None had material impact on the reporting entity.

Other Information Required by Listing Rule Appendix 7.2
30 June 2026

1. Review

The condensed interim consolidated statements of financial position of Hafary Holdings Limited (the “company”) and its subsidiaries (the “group”) as at 30 June 2026 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 6 months ended, revenue decreased by $14.5 million or 10.5% from $137.2 million during half year ended 30 June 2025 (“HY2025”) to $122.7 million during half year end 30 June 2026 (“HY2026”). Overall, the decrease in revenue was mainly attributable to softer demand from the construction and residential renovation sectors. Economic uncertainty led customers adopting a more cautious purchasing approach, resulting in lower revenue during the period.

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) decreased by $4.0 million or 6.2% from $63.5 million during HY2025 to $59.5 million during HY2026.

Project segment
For 6 months ended, revenue from the project segment (where customers include architecture firms, property developers and construction companies) decreased by $1.3 million or 3.2% from $40.3 million during HY2025 to $39.0 million during HY2026.

Manufacturing segment
For 6 months ended, revenue from the manufacturing segment (where customers include property developers, wholesalers and distributors) decreased by $9.2 million or 27.6% from $33.4 million during HY2025 to $24.2 million during HY2026.

Interest income

Interest income mainly derived from bank deposits.

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

Other income and gains

For 6 months ended, other income and gains decreased by $0.3 million or 7.6% from $3.7 million during HY2025 to $3.5 million during HY2026. Other income and gains primarily consisted of rental income of $3.4 million and $2.9 million during HY2025 and HY2026 respectively.

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 locks 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 adjustments losses.

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 decreased by $12.8 million or 15.5% from $82.3 million during HY2025 to $69.5 million during HY2026. The decrease in revenue led to a corresponding decrease in the cost of sales.

The gross profit margin (based on revenue from sale of goods (excluding rental and other income) and cost of sales, without taking into account labour costs and overheads) of 43.4% for HY2026 has increased as compared to 40.0% for HY2025.

Employee benefits expense

For 6 months ended, employee benefits expenses increased by $0.3 million or 1.9% from $18.1 million during HY2025 to $18.4 million during HY2026. The increase is mainly due to the salary adjustment and increase in employee headcount.

Amortisation and depreciation expense

For 6 months ended, amortisation and depreciation expenses increased by $0.2 million or 3.1% from $6.5 million during HY2025 to $6.7 million during HY2026.

Impairment losses

For 6 months ended, impairment losses increased by $1.7m or 268.6% from $0.6 million during HY2025 to $2.3 million during HY2026. Impairment losses mainly comprise the additions allowance on inventories of $0.5 million and $2.3 million during HY2025 and HY2026 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)

Finance costs

For 6 months ended, finance costs decreased by $1.0 million or 17.8% from $5.6 million during 1H2025 to $4.6 million during HY2026.

Other expenses

For 6 months ended, other expenses increased by $0.8 million or 7.4% from $10.9 million during HY2025 to $11.7 million during HY2026.

Share of profit from an equity-accounted associate

For 6 months ended, share of profit from an associate amounted to $0.3 million (HY2025: share of profit of $0.1 million).

Share of profits from an equity-accounted joint venture

For 6 months ended, share of profits from a joint venture amounted to $0.7 million (HY2025: share of profits of $0.3 million).

Profit before income tax

For 6 months ended, the group generated a profit before income tax of $13.5 million as compared to a profit before tax of $17.3 million in HY2025.

For 6 months ended, excluding share of profit from associate and share of profits from joint ventures amounting to $1.0 million for HY2026 (HY2025: $0.4 million), profit before income tax incurred from recurring activities was $12.5 million for HY2026 (HY2025: $16.8 million).

Other comprehensive loss

This pertained to foreign exchange differences 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 $2.9 million (HY2025: $3.4 million).

Non-current assets

Non-current assets decreased by $3.3 million or 1.1% from $297.5 million as at 31 December 2025 to $294.2 million as at 30 June 2026.

Property, plant and equipment decreased by $3.3 million or 2.9% from $112.7 million as at 31 December 2025 to $109.4 million as at 30 June 2026.

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)

The right-of-use assets comprised of leasehold lands (land use rights relating to group's leasehold properties in Singapore and China) and leases of premises. Right-of-use assets increased by $0.1 million or 0.1% from $132.2 million as at 31 December 2025 to $132.3 million as at 30 June 2026.

Investment properties decreased by $0.2 million or 0.7% from $24.5 million as at 31 December 2025 to $24.3 million as at 30 June 2026.

Intangible assets decreased by $0.4 million or 4.9% from $7.5 million as at 31 December 2025 to $7.2 million as at 30 June 2026. Intangible assets comprise of goodwill and customer relationship which arising from consolidation of MSPL. The corresponding customer relationship and trademark which arising from consolidation of ITA Element were fully impaired.

Investment in associate decreased by $0.4 million or 2.1% from $18.7 million as at 31 December 2025 to $18.3 million as at 30 June 2026. The decrease was mainly attributable to declaration of dividend amounting to $0.8 million and partially offset by share of profit and exchange differences on translating associate with foreign operation amounting to $0.3 million and $0.1 million respectively.

Investment in joint venture increased by $0.8 million or 44.2% from $1.7 million as at 31 December 2025 to $2.5 million as at 30 June 2026. The increase was mainly attributable to share of profit amounting to $0.7 million and acquisition of an additional 17% equity interest amounting to $0.1 million. As a result of the acquisition, the group's equity interest in the joint venture increased from 33% to 50%.

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 $2.6 million or 1.2% from $212.3 million as at 31 December 2025 to $214.9 million as at 30 June 2026.

The increase was mainly due to increase in inventories of $8.2 million. The increase is partially offset by decrease in trade and other receivables of $5.6 million.

Trade receivables turnover days remained constant at 66 days as at 31 December 2025 and 30 June 2026 respectively. Inventory turnover days increased from 266 days as at 31 December 2025 to 281 days as at 30 June 2026.

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

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 $6.8 million or 4.4% from $155.9 million as at 31 December 2025 to $149.1 million as at 30 June 2026. The decrease was mainly due to the decrease in loans and borrowings of $8.3 million and deferred tax liabilities of $0.4 million and partially offset by the increase in lease liabilities of $1.9 million.

Current liabilities

Current liabilities increased by $2.0 million or 1.0% from $201.4 million as at 31 December 2025 to $203.4 million as at 30 June 2026.

The increase was mainly attributable to the increase in other non-financial liabilities of $1.8 million, provision of $0.1 million and loans and borrowings of $11.6 million. The increase was partially offset by the decrease in trade and other payables of $9.3 million, income tax payable of $1.0 million and lease liabilities of $1.2 million.

The provision pertains to provision of rebates to customers.

Total amount of trade payables and trust receipts and bills payable to banks was $78.6 million (31 December 2025: $86.6 million). The turnover of the aforesaid items (based on cost of sales) decreased from 176 days as at 31 December 2025 to 174 days as at 30 June 2026.

Other reserves

This pertains to foreign exchange difference on translating foreign operations.

Cash flows review

HY2026

Net cash flows from operating activities of $9.2 million was mainly attributable by operating cash flows before working capital changes of $26.2 million, net cash flows used in working capital of $12.7 million and income tax paid of $4.3 million. The net cash flows used in working capital of $12.7 million was mainly attributable by the decrease in trade and other payables of $9.2 million and increase in other non-financial assets of $0.8 million and inventories of $8.2 million. This was partially offset by the decrease in trade and other receivables of $3.6 million and increase in provision of $0.1 million and other non-financial liabilities of $1.8 million.

Net cash flows from investing activities amounting to $1.3 million was mainly attributable by the dividend income from an associate of $0.9 million, net movements in amount due from other related parties of $2.0 million, proceeds from disposal of plant and equipment of $0.3 million and interest income received of $0.1 million. This was partially offset by the purchase of plant and equipment of $2.0 million.

Net cash flows used in financing activities amounting to $11.4 million was mainly attributable by the repayment of loans and borrowings of $8.2 million, dividends paid to equity owners of $6.5 million, payment of interest expense of $4.2 million, repayment of lease liabilities of $2.4 million, dividends paid to non-controlling interests of $1.4 million and repayment of trust receipts and bills payable of $5.2 million. This was partially offset by the increase in new borrowings of $16.5 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)

HY2026 (cont'd)

As a result of the above, there was a net decrease of $0.9 million in cash and cash equivalents. Cash and cash equivalents as at 30 June 2026 was $21.2 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

According to Ministry of Trade and Industry Singapore's (MTI) press release on 14 July 2026, the Singapore economy grew by 5.7% on a year-on-year basis in the second quarter of 2026, easing from the 6.3% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.1%, extending the 1.3% growth in the first quarter.

The construction sector expanded by 6.2% year-on-year in the second quarter, slower than the 12.9% growth in the preceding quarter. Growth during the quarter was supported by an increase in both public and private sector construction output. On a quarter-on quarter seasonally-adjusted basis, the sector contracted by 2.1%, a pullback from the 7.4% growth in the previous quarter.

According to Building and Construction Authority's (BCA) media release on 22 January 2026, Singapore's Built Environment sector is set to maintain its momentum in 2026, with the BCA projecting total construction demand to remain steady at S$47-53 billion in nominal terms for 2026, similar to 2025.

Based on the contracts awarded in the past few years and the continued strong construction demand forecast for 2026, total construction output in nominal terms is projected to increase to between $43 billion and $46 billion in 2026. The average projected output at $44.5 billion in 2026 will be around 7% higher than the preliminary estimate of about $41.7 billion in 2025. The anticipated continued uptrend is expected to be supported by a consistent high level of construction demand since 2023.

Over the medium-term, construction demand is projected to reach an average of between $39 billion and $46 billion per year from 2027 to 2030. Besides the Changi T5 development and HDB's Build-To-Order construction, medium term construction demand is anticipated to be supported by a strong pipeline of various large developments such as the redevelopment of NUH at Kent Ridge, various Junior Colleges, and the development of the new Singapore University of Social Sciences City Campus.

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

Singapore outlook (cont'd)

While medium-term construction demand outlook appears positive, project schedules may still change due to unforeseen global economic risks. As the Changi T5 development is a one-off project, industry demand could moderate following its completion, potentially reverting to pre-COVID levels.

Malaysia outlook

According to Bank Negara Malaysia's media release on 15 May 2026, the Malaysian economy expanded by 5.4% in the first quarter of 2026 (4Q 2025: 6.2%), driven mainly by domestic demand. Household spending remained supported by positive labour market conditions, with the unemployment rate staying low, alongside targeted policy measures. Investment growth was underpinned by continued implementation of multi-year projects by both the private and public sectors, a high realisation rate of approved investments, and the ongoing rollout of national master plans. On the external front, export growth remained strong, driven mainly by continued expansion in electrical and electronics (E&E) exports. Meanwhile, gross import growth moderated amid slower growth in capital, intermediate and consumer goods imports.

Bank Negara Malaysia Governor Dato' Sri Abdul Rasheed Ghaffour says, 'As a small and open economy, Malaysia will inevitably face both direct and indirect impact from the ongoing geopolitical conflict in the Middle East. Higher energy prices, supply chain disruptions, and heightened uncertainty are expected to weigh on the external environment. Nevertheless, the Malaysian economy is expected to remain resilient in 2026, with growth expected to come in within the range of 4% - 5%, supported by steady domestic demand and continued expansion in our export performance.'

The resilient domestic demand will provide a strong buffer against external headwinds. Household spending will be underpinned by firm labour market conditions and continuous policy support. Investment activity will be driven by the continued progress of multi-year projects in both the private and public sectors, as well as the ongoing implementation of national master plans. Despite the external headwinds, export growth will continue to be supported by the global technology expansion, particularly for E&E goods, reflecting Malaysia's role in global value chains.

Headline inflation is projected to average 1.5%–2.5% in 2026. Following the Middle East conflict, inflation is expected to edge higher due to elevated global energy and other key commodity prices, broadly in line with expectations. In the absence of excessive demand pressures, existing policy measures, including targeted fuel subsidies and other mitigation measures, are expected to help limit near-term spillovers to broader inflation. However, the extent and pace of pass-through to domestic prices from the ongoing conflict will also depend on firms' pricing behaviour and demand conditions.

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

Global outlook

According to the report published by World Bank Group in June 2026, the global economy is facing another major shock. The conflict in the Middle East has triggered sharp increases in energy prices, renewed inflationary pressures, and fueled expectations of tighter monetary policy. Global growth is projected to slow to 2.5 percent in 2026, from 2.9 percent in 2025—the lowest rate since the COVID-19 pandemic—amid weaker prospects for economies dependent on energy imports and those directly affected by hostilities. Activity is expected to firm in 2027–28 as energy supplies recover, monetary easing resumes, and trade strengthens.

Growth in emerging market and developing economies (EMDEs) is expected to slow to 3.6 percent this year. For all EMDE regions, growth this year is forecast to be weaker than in 2025. Per capita income growth in EMDEs is projected to slow in 2026 to its weakest pace since the pandemic. The level of per capita income across EMDEs excluding China and India, relative to advanced economies, is not expected to return to the pre-pandemic level until after 2028, implying nearly a decade of lost income convergence.

Risks to the outlook remain skewed to the downside. A renewed escalation of hostilities or more prolonged disruptions to commodity flows could further raise commodity prices, intensify inflationary pressures and food insecurity, trigger financial stress, and lower growth. If energy supply disruptions prove more severe than assumed and are accompanied by substantial financial stress, global growth could fall to just 1.3 percent in 2026. Persistent trade policy uncertainty, geopolitical strains, and weather related shocks also pose material risks. On the upside, broader investment in and adoption of artificial intelligence (AI) could lift activity.

Policy action is critical to address ongoing challenges. Enhanced global cooperation is needed to safeguard energy and food security, bolster the trading system, and advance the energy transition. Domestically, policy makers will need to balance controlling inflation with supporting activity, strengthen fiscal sustainability, and maintain financial stability. Slower growth prospects translate into reduced investment, constrained hiring, and tighter fiscal space, compounding the challenge of creating jobs in EMDEs with growing workforces in an era of potentially transformative change linked to AI. Meeting this challenge will require a concerted agenda centered on the conditions for job creation: investing in physical, human, and digital capital; fostering a business-friendly environment; and mobilizing private investment.

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.

The above information is sourced from:

1. *MTI's press release on 14 July 2026 - https://www.mti.gov.sg/newsroom/singapore-s-gdp-grew-by-5-7-per-cent-in-the-second-quarter-of-2026/*

2. *BCA's media release on 22 January 2026 - https://www1.bca.gov.sg/resources/newsroom/steady-construction-demand-in-2026-as-singapore-steps-up-support-for-built-environment-firms-through-collaboration-and-innovation/*

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

The above information is sourced from (cont'd):

3. *Bank Negara Malaysia's media release on 15 May 2026 - https://www.bnm.gov.my/-/gdp1q26pr*

4. *World Bank Group, Global Economic Prospects, June 2026 - https://openknowledge.worldbank.org/server/api/core/bitstreams/4c370aee-ae90-4c42-ac27-89259f9e284e/content*

5. Dividend

5A. Dividend declared for the current financial period

	HY2026		
Name of Dividend	Interim Dividend Tax-Exempt (1-tier)	Special Interim Dividend Tax-Exempt (1-tier)	Total
Type of Dividend	Cash	Cash	Cash
Total number of issued ordinary shares ('000)	430,550	430,550	430,550
Dividend per share	0.75 cents	0.25 cents	1.00 cents

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

	HY2025		
Name of Dividend	Interim Dividend Tax-Exempt (1-tier)	Special Interim Dividend Tax-Exempt (1-tier)	Total
Type of Dividend	Cash	Cash	Cash
Total number of issued ordinary shares ('000)	430,550	430,550	430,550
Dividend per share	0.75 cents	0.50 cents	1.25 cents

5C. Date payable

To be announced later.

5D. Record date

To be announced later.

5E. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

Not applicable.

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 S$100,000 and transactions conducted under IPT Mandate pursuant to Rule 920) 6 months ended 30 June		Aggregate value of all IPTs conducted under IPT Mandate pursuant to Rule 920 (excluding transactions less than S$100,000) 6 months ended 30 June	
	2026	2025	2026	2025
	$'000	$'000	$'000	$'000
Purchases of goods:				
Malaysian Mosaics Sdn Bhd	–	–	542	922
Rental expense:				
Malaysian Mosaics Sdn Bhd	–	–	1,115	1,217
Recharge of employment cost:				
Malaysian Mosaics Sdn Bhd	–	–	–	375
Corporate management charges:				
Hap Seng Management Services Sdn Bhd	–	157	347	157
Provision of insurance services:				
Hap Seng Insurance Services Sdn Bhd	–	274	332	–
Purchase of 100% shares in MML (Shanghai) Trading Co., Ltd.:				
Malaysian Mosaics Sdn Bhd	–	2,802	–	–
Aggregate value of transactions under the Associate of the Group's Controlling Shareholder, Hap Seng Consolidated Berhad	–	3,233	2,336	2,671
Rental income:				
The Assembly Place Holdings Pte Ltd	104	104	–	–
Property management and commission expense:				
TAP Co-livings Pte Ltd	170	153	–	–
Sales of goods:				
Ten SC Pte Ltd	–	138	–	–
Aggregate value of transactions under the Associate of the Director, Low See Ching	274	395	–	–

General mandate for IPT was renewed at the Annual General Meeting held on 24 April 2026.

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. Confirmation by the board

On behalf of the directors of the company, we, the undersigned directors, do hereby confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors that may render the interim financial statements to be false or misleading in any material aspect.

By Order of the Board

Low Kok Ann	Low See Ching
Executive Director and Chief Executive Officer	Non-Independent Non-Executive Director

14 August 2026