Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Six Months Ended 30 June 2025

	Notes	2025 $'000	2024 $'000	Change %
Revenue	2	137,199	116,630	17.6
Interest income		50	35	42.9
Other income and gains		3,736	2,870	30.2
Changes in inventories of goods held for resale		1,705	(2,490)	(168.5)
Purchases and related costs		(83,997)	(66,225)	26.8
Employee benefits expenses		(18,100)	(16,914)	7.0
Amortisation and depreciation expenses		(6,516)	(6,002)	8.6
Impairment losses		(624)	198	(415.2)
Other losses		(167)	(115)	45.2
Finance costs		(5,565)	(5,792)	(3.9)
Other expenses		(10,886)	(9,459)	15.1
Share of profit from an equity-accounted associate		130	602	(78.4)
Share of profit from an equity-accounted joint venture		291	377	(22.8)
Profit before income tax		17,256	13,715	25.8
Income tax expense	4	(3,431)	(3,547)	(3.3)
Profit, net of tax		13,825	10,168	36.0
Other comprehensive loss				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations, net of tax		(2,041)	(585)	248.9
Total comprehensive income for the period		11,784	9,583	23.0
Profit attributable to:				
- Owners of the parent, net of tax		13,087	10,184	28.5
- Non-controlling interests, net of tax		738	(16)	(4,712.5)
		13,825	10,168	36.0
Total comprehensive income attributable to:				
- Owners of the parent		11,046	9,610	14.9
- Non-controlling interests		738	(27)	(2,833.3)
		11,784	9,583	23.0
		Cents	Cents	
Earnings per share				
Basic and diluted		3.04	2.37	

Additional Information on the Interim Consolidated Statement of Profit or Loss
For The Six Months Ended 30 June 2025

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

	2025 $'000	2024 $'000	Change %
Rental income	3,411	2,527	35.0
Interest expense on borrowings	(5,171)	(5,416)	(4.5)
Interest expense on lease liabilities	(394)	(376)	4.8
Interest income	45	35	28.6
Depreciation of investment properties	(219)	(110)	99.1
Depreciation of property, plant and equipment	(3,902)	(3,944)	(1.1)
Depreciation of right-of-use assets	(2,071)	(1,623)	27.6
Amortisation of intangible assets	(324)	(325)	(0.3)
(Allowance) reversal for impairment of trade receivables:			
- Individually impaired – additions	4	(311)	(101.3)
- Collectively impaired – reversal	13	37	(64.9)
Bad debts written-off – trade receivables	(108)	(4)	2,600.0
Bad debts recovered – trade receivables	9	4	125.0
(Allowance) reversal for impairment of inventories	(542)	472	(214.8)
Foreign exchange adjustment loss	(165)	(97)	70.1
Fair value gain / (loss) on derivative financial instruments, net	46	(16)	(387.5)
Loss on disposal of plant and equipment	(4)	(2)	100.0
Government grants	42	91	(53.8)

Condensed Interim Statements of Financial Position
As at 30 June 2025

		Group		Company	
	Notes	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
ASSETS		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	6	108,300	110,853	219	270
Right-of-use assets	7	132,695	136,058	–	–
Investment properties	8	24,617	24,836	–	–
Intangible assets	9	7,503	7,827	–	–
Investments in subsidiaries		–	–	9,239	9,239
Investment in an associate	10	18,762	20,265	–	–
Investment in a joint venture	11	1,220	999	–	–
Other financial assets		279	280	244	244
Total non-current assets		293,376	301,118	9,702	9,753
Current assets					
Inventories	12	118,331	116,389	–	–
Trade and other receivables	13	61,441	65,389	35,131	36,429
Other non-financial assets		7,605	6,607	9	9
Cash and cash equivalents		19,439	22,508	26	51
Total current assets		206,816	210,893	35,166	36,489
Total assets		500,192	512,011	44,868	46,242
EQUITY AND LIABILITIES					
Equity					
Share capital	14	26,930	26,930	26,930	26,930
Retained earnings		112,090	105,461	7,196	7,696
Foreign currency translation reserve	15	(5,164)	(3,123)	–	–
Equity, attributable to owners of the company		133,856	129,268	34,126	34,626
Non-controlling interests		6,008	6,492	–	–
Total equity		139,864	135,760	34,126	34,626
Non-current liabilities					
Deferred tax liabilities		1,586	1,634	–	–
Loans and borrowings, non-current	17, 18	144,713	152,055	–	–
Lease liabilities, non-current	17, 19	16,287	18,095	–	–
Total non-current liabilities		162,586	171,784	–	–
Current liabilities					
Income tax payable		7,600	8,339	–	7
Provision	20	1,082	1,070	–	–
Trade and other payables	21	50,569	57,263	10,742	11,609
Derivative financial liabilities		1	48	–	–
Loans and borrowings, current	17, 18	123,586	123,851	–	–
Lease liabilities, current	17, 19	3,778	4,102	–	–
Other non-financial liabilities		11,126	9,794	–	–
Total current liabilities		197,742	204,467	10,742	11,616
Total liabilities		360,328	376,251	10,742	11,616
Total equity and liabilities		500,192	512,011	44,868	46,242

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 2025

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 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
Previous period:						
Opening balance at 1 January 2024	125,835	118,148	26,930	94,576	(3,358)	7,687
Changes in equity:						
Total comprehensive income (loss) for the period	9,583	9,610	–	10,184	(574)	(27)
Dividends paid (Note 5)	(6,458)	(6,458)	–	(6,458)	–	–
Dividends paid to non-controlling interests in subsidiaries	(1,171)	–	–	–	–	(1,171)
Acquisition of a non-controlling interest without a change in control	(4,465)	(4,826)	–	(4,826)	–	361
Closing balance at 30 June 2024	123,324	116,474	26,930	93,476	(3,932)	6,850

Condensed Interim Statements of Changes in Equity (cont'd)
For The Six Months Ended 30 June 2025

Company:	Total equity $'000	Share capital $'000	Retained earnings $'000
Current 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
Previous period:			
Opening balance at 1 January 2024	28,183	26,930	1,253
Changes in equity:			
Total comprehensive income for the period	11,296	–	11,296
Dividends paid (Note 5)	(6,458)	–	(6,458)
Closing balance at 30 June 2024	33,021	26,930	6,091

Condensed Interim Consolidated Statement of Cash Flows
For The Six Months Ended 30 June 2025

	2025	2024
	$'000	$'000
Cash flows from operating activities		
Profit before income tax	17,256	13,715
Adjustments for:		
Interest expense on borrowings	5,171	5,416
Interest expense on lease liabilities	394	376
Interest income	(50)	(35)
Depreciation of property, plant and equipment	4,984	4,814
Depreciation of right-of-use assets	3,215	2,314
Depreciation of investment properties	219	110
Amortisation of intangible assets	324	325
Loss on disposal of plant and equipment	4	2
Share of profit from an equity-accounted associate	(130)	(602)
Share of profit from an equity-accounted joint venture	(291)	(377)
Net effect of exchange rate changes in consolidating subsidiaries	638	(226)
Operating cash flows before changes in working capital	31,734	25,832
Inventories	(888)	(15,029)
Trade and other receivables	5,348	(10,440)
Other non-financial assets	(998)	1,479
Provision	12	34
Trade and other payables	(8,910)	(2,542)
Derivative financial liabilities	(47)	16
Other non-financial liabilities	1,332	910
Net cash flows from operations	27,583	260
Income taxes paid	(4,219)	(4,788)
Net cash flows from (used in) operating activities	23,364	(4,528)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,738)	(2,302)
Increase in construction in progress	–	(5,212)
Proceeds from disposal of plant and equipment	119	9
Consolidation of a subsidiary net of cash acquired	(124)	–
Net movements in amount due from joint ventures	85	(33)
Net movements in amount due from other related parties	(66)	223
Interest income received	50	35
Net cash flows used in investing activities	(2,674)	(7,280)

Condensed Interim Consolidated Statement of Cash Flows (cont'd)
For The Six Months Ended 30 June 2025

	2025 $'000	2024 $'000
Cash flows from financing activities		
Dividends paid to equity owners	(6,458)	(6,458)
Dividends paid to non-controlling interests	(1,222)	(1,171)
Lease liabilities – principal portion paid	(2,528)	(2,075)
Increase in trust receipts and bills payable	633	16,567
Increase from new borrowings	5,272	23,001
Decrease in loans and borrowings	(13,513)	(8,590)
Interest expense paid	(5,323)	(5,430)
Acquisition of a non-controlling interest without a change in control	–	(4,465)
Net cash flows (used in) from financing activities	(23,139)	11,379
Net decrease in cash and cash equivalents	(2,449)	(429)
Net effect of exchange rate changes on cash and cash equivalents	(620)	(72)
Cash and cash equivalents, beginning balance	22,508	17,897
Cash and cash equivalents, ending balance	19,439	17,396

Notes to the Interim Financial Statements
30 June 2025

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.

Accounting for the acquisition of MML (Shanghai) Trading Co., Ltd. ("MML Shanghai"):
The group acquired 100% of the existing shares of MML Shanghai on 3 January 2025 and accordingly the group obtains control over MML Shanghai. As at the end of the reporting period, management completed the initial acquisition accounting of MML Shanghai on a provisional basis. The acquisition accounting will be finalised within twelve months period from the date of acquisition and the provisional amounts recorded in this reporting year could change. This requires judgement given the nature of the subsidiary. Consideration has to be given in determining the assumptions that underlie the initial acquisition accounting such as the fair value of assets acquired, liabilities and contingent liabilities assumed. These are initially estimated by management by taking into consideration the available information at the reporting date.

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.

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 $'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

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 2024:						
Total revenue by segment	75,244	44,948	19,966	–	–	140,158
Inter-segment sales	(10,472)	(7,371)	(5,685)	–	–	(23,528)
Total revenue	64,772	37,577	14,281	–	–	116,630
Recurring EBITDA	15,615	8,840	(2,223)	2,080	218	24,530
Amortisation and depreciation expense	(4,114)	(985)	(229)	(674)	–	(6,002)
Finance costs	(3,020)	(212)	(590)	(1,970)	–	(5,792)
Share of profit from an equity-accounted associate	–	–	–	602	–	602
Share of profit from equity-accounted a joint venture	–	–	–	377	–	377
ORBIT	8,481	7,643	(3,042)	415	218	13,715
Income tax expense						(3,547)
Profit, net of tax						10,168

2C. Assets, liabilities and reconciliations

	General $'000	Project $'000	Manufacturing $'000	Others $'000	Group $'000
As at 30 June 2025:					
Segment assets	294,787	61,705	91,598	52,102	500,192
Segment liabilities	226,891	37,419	70,688	16,144	351,142
Deferred tax liabilities					1,586
Income tax payable					7,600
Total liabilities					360,328
As at 31 December 2024:					
Segment assets	302,035	57,493	98,546	53,937	512,011
Segment liabilities	234,725	38,393	76,507	16,653	366,278
Deferred tax liabilities					1,634
Income tax payable					8,339
Total liabilities					376,251

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:					
2025	357	267	–	–	624
2024	(520)	322	–	–	(198)
Expenditure for non-current assets:					
2025	2,154	213	381	14	2,762
2024	880	74	1,349	5,212	7,515

2E. Geographical information

	Revenue 6 months ended 30 June		Non-current assets	
	2025 $'000	2024 $'000	30 Jun 2025 $'000	31 Dec 2024 $'000
Singapore	79,737	76,129	241,460	245,511
Malaysia	27,363	22,730	24,878	26,745
Socialist Republic of Vietnam	160	117	18,762	20,265
People's Republic of China	4,421	2,251	6,777	7,318
Republic of the Union of Myanmar	441	386	1,220	999
United States of America	19,739	11,137	–	–
Taiwan	1,382	1,723	–	–
Thailand	429	607	–	–
Australia	177	248	–	–
Philippines	311	225	–	–
Republic of Indonesia	2,385	179	–	–
Japan	195	175	–	–
Cambodia	124	151	–	–
Others	335	572	–	–
	137,199	116,630	293,097	300,838

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	
	2025 $'000	2024 $'000
Goods recognised at point in time	134,424	114,069
Services recognised over time	2,775	2,561
Total continuing operations	137,199	116,630

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	
	2025	2024
	$'000	$'000
Joint venture:		
Sales of goods	(395)	(392)
Other related parties:		
Sale of goods	(182)	(991)
Rental income	(105)	(119)
Secondment fee income	(187)	(663)
Reimbursement of expenses payment on behalf of other related parties	(4)	(178)
Purchases of goods	922	10,980
Rental expenses	1,269	804
Secondment fee expense	188	836
Reimbursement of expenses payment on behalf of the group	102	973
Property management charges	153	45
Receiving of services	284	156
Corporate management fee expense	313	–
Royalty fee expense	76	–
Purchase of plant and equipment	–	714

4. Income tax

	6 months ended 30 June	
	2025	2024
	$'000	$'000
Current tax expense:		
Current tax expense	3,426	3,748
Under adjustments in respect of prior years	174	20
Subtotal	3,600	3,768
Deferred tax income:		
Deferred tax income	(116)	(130)
Over adjustments in respect of prior years	(53)	(91)
Subtotal	(169)	(221)
Total income tax expense	3,431	3,547

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	
	2025	2024
	$'000	$'000
Profit before income tax	17,256	13,715
Less:		
- Share of profit from an equity-accounted associate	(130)	(602)
- Share of profit from an equity-accounted joint venture	(291)	(377)
	16,835	12,736
Income tax expense at 17% (2024: 17%)	2,862	2,165
Effect of different tax rates in different countries	45	93
Expenses not deductible for tax purposes	859	1,489
Tax exemption and rebates	(456)	(129)
Under (over) adjustments in respect of prior years	121	(71)
Total income tax expense	3,431	3,547
Effective income tax rate for the period	20%	28%

5. Dividends on equity shares

	6 months ended 30 June	
	2025	2024
	$'000	$'000
Second interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2024 (FY2023: 0.75 cent)	3,229	3,229
Second special interim tax exempt (1-tier) dividends paid of 0.75 cent per share for FY2024 (FY2023: 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	Motor vehicles $'000	Total $'000
Cost:				
At 1 January 2025	116,036	47,080	5,374	168,490
Additions	–	2,719	43	2,762
Disposals	–	(521)	(23)	(544)
Foreign exchange adjustments	(218)	(196)	(4)	(418)
At 30 June 2025	115,818	49,082	5,390	170,290
Accumulated depreciation:				
At 1 January 2025	35,648	18,376	3,613	57,637
Depreciation for the period	2,290	2,500	194	4,984
Disposals	–	(398)	(23)	(421)
Foreign exchange adjustments	(92)	(115)	(3)	(210)
At 30 June 2025	37,846	20,363	3,781	61,990
Carrying value:				
At 1 January 2025	80,388	28,704	1,761	110,853
At 30 June 2025	77,972	28,719	1,609	108,300

Allocation of depreciation expense

	6 months ended 30 June	
	2025 $'000	2024 $'000
Capitalised as manufactured inventory costs	1,082	870
Expensed to profit or loss	3,902	3,944
Total depreciation for the period	4,984	4,814

As at the reporting period ended 30 June 2025, the group's leasehold properties with carrying amount of $75,305,000 (31 December 2024: $77,500,000) 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 2025	146,704	16,891	163,595
Additions	–	78	78
Modification	–	(21)	(21)
Foreign exchange adjustments	(198)	(111)	(309)
At 30 June 2025	146,506	16,837	163,343
Accumulated depreciation:			
At 1 January 2025	19,327	8,210	27,537
Depreciation for the period	1,640	1,575	3,215
Foreign exchange adjustments	(59)	(45)	(104)
At 30 June 2025	20,908	9,740	30,648
Carrying value:			
At 1 January 2025	127,377	8,681	136,058
At 30 June 2025	125,598	7,097	132,695

Allocation of depreciation expense

	6 months ended 30 June 2025 $'000	6 months ended 30 June 2024 $'000
Capitalised as manufactured inventory costs	1,144	691
Expensed to profit or loss	2,071	1,623
Total depreciation for the period	3,215	2,314

As at the reporting period ended 30 June 2025, the group's land use rights with carrying amount of $113,359,000 (31 December 2024: $112,247,000) 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 2025 and 30 June 2025	25,621	25,621
Accumulated depreciation:		
At 1 January 2025	785	785
Depreciation for the period	219	219
At 30 June 2025	1,004	1,004
Carrying value:		
At 1 January 2025	24,836	24,836
At 30 June 2025	24,617	24,617

	Group	
	30 Jun 2025 $'000	31 Dec 2024 $'000
Fair value at end of the period / year for disclosure purposes only	31,693	31,693
Rental income from investment properties	1,483	550
Direct operating expenses (including repairs and maintenance) arising from investment properties	(433)	(230)

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 2025 and 30 June 2025	838	5,233	4,136	10,207
Accumulated amortisation:				
At 1 January 2025	838	–	1,542	2,380
Amortisation for the period	–	–	324	324
At 30 June 2025	838	–	1,866	2,704
Carrying value:				
At 1 January 2025	–	5,233	2,594	7,827
At 30 June 2025	–	5,233	2,270	7,503

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 2025	31 Dec 2024
	$'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 2025	31 Dec 2024
	$'000	$'000
Unquoted equity shares at cost	2,061	2,061
Goodwill at cost	758	758
Share of post-acquisition profit, net of dividends	15,943	17,446
Carrying amount	18,762	20,265
Movements in carrying amount:		
At beginning of the reporting period / year	20,265	20,351
Share of profit for the reporting period / year	130	1,528
Dividends	–	(1,250)
Foreign exchange adjustments	(1,633)	(364)
At end of the reporting period / year	18,762	20,265

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 2025	31 Dec 2024
	%	%
Viet Ceramics International Joint Stock Company # Socialist Republic of Vietnam Importer and dealer of building materials	49	49

(#) Audited by RSM SG Assurance LLP.

11. Investment in a joint venture

	Group	
	30 Jun 2025	31 Dec 2024
	$'000	$'000
Unquoted equity shares at cost	5	5
Share of post-acquisition gains, net of dividends	1,215	994
Carrying amount	1,220	999
Movements in carrying amount:		
At beginning of the period / year	999	193
Share of profits for the period / year	291	787
Foreign exchange adjustments	(70)	19
At end of the period / year	1,220	999

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 2025	31 Dec 2024
	%	%
Hafary Myanmar Investment Pte. Ltd. # Singapore Investment holding	33	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 2025	31 Dec 2024
	$'000	$'000
Goods held for resale	118,331	116,389
Inventories are stated after allowance. Movements in allowance:		
At beginning of the period / year	17,511	18,198
Charged (reversed) to profit or loss included in impairment losses	542	(690)
Acquisition of subsidiary	1,526	–
Foreign exchange adjustments	(51)	3
At end of the period / year	19,528	17,511

There are no inventories pledged as security for liabilities.

13. Trade and other receivables

	Group	
	30 Jun 2025	31 Dec 2024
	$'000	$'000
Trade receivables:		
Outside parties	53,807	56,591
Less: Allowance for impairment	(2,085)	(2,082)
Joint venture	271	107
Other related parties	73	118
Retention receivables on contracts	2,321	2,431
Net trade receivables – subtotal	54,387	57,165
Other receivables:		
Outside parties	831	700
Joint venture	1,539	1,624
Less: Allowance for impairment	(483)	(483)
Director cum shareholder	7	7
Other related parties	2,032	2,000
Refundable deposits	3,128	4,376
Net other receivables – subtotal	7,054	8,224
Total trade and other receivables	61,441	65,389
Movements in above allowance on trade receivables:		
At beginning of the period / year	2,082	1,928
(Reversal of) additions individually impaired	(4)	443
(Reversal of) additions collectively impaired	(13)	8
Acquisition of subsidiary	142	–
Bad debts written-off	(122)	(297)
At end of the period / year	2,085	2,082
Movements in above allowance on other receivables:		
At beginning of the period / year	483	697
Additions individually impaired	–	14
Bad debts written-off	–	(228)
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:

- 59% (31 December 2024: 57%) of the group's trade receivables from Singapore.
- 41% (31 December 2024: 43%) 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 2024: 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 $1,851,000 (31 December 2024: $1,835,000) of the group that are determined to be impaired at the end of the reporting period / year. These are not secured.

Expected credit losses

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 $234,000 (31 December 2024: $247,000) for the group is included in the allowance for impairment of receivables amounting to $2,085,000 as at 30 June 2025 (31 December 2024: $2,082,000). 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 2024: $483,000) is recognised on other receivables.

14. Share capital

	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
Balance at 31 December 2024 and 30 June 2025	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 2024.

There were no outstanding convertibles as at 30 June 2025 (30 June 2024: Nil).

The company did not hold any treasury shares as at 30 June 2025 (30 June 2024: Nil). There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2025.

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 2025 $	31 Dec 2024 $	30 Jun 2025 $	31 Dec 2024 $
Net asset value per share based on existing issued share capital as at the respective dates	0.311	0.300	0.079	0.080

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

	Secured		Unsecured	
	30 Jun 2025 $'000	31 Dec 2024 $'000	30 Jun 2025 $'000	31 Dec 2024 $'000
Repayable in one year or less, or on demand:				
Bank borrowings (Note 18)	31,835	33,080	41,266	40,916
Trust receipts and bills payable (Note 18)	2,408	1,730	48,077	48,125
Lease liabilities (Note 19)	219	215	3,559	3,887
Subtotal	34,462	35,025	92,902	92,928
Repayable after one year:				
Bank borrowings (Note 18)	139,841	145,743	4,872	6,312
Lease liabilities (Note 19)	151	260	16,136	17,835
Subtotal	139,992	146,003	21,008	24,147
Total	174,454	181,028	113,910	117,075

18. Loans and borrowings

	Group	
	30 Jun 2025	31 Dec 2024
	$'000	$'000
Non-current:		
With floating interest rates:		
Bank loan G (secured) (Note 18E)	32,178	33,549
Bank loan N (secured) (Note 18H)	10,587	10,849
Bank loan Q (secured) (Note 18J)	296	588
Bank loan S (secured) (Note 18L)	54,600	56,100
Bank loan W (unsecured) (Note 18N)	4,840	6,086
Subtotal	102,501	107,172
With fixed interest rates:		
Bank loan E (secured) (Note 18C)	5,927	6,399
Bank loan H (secured) (Note 18F)	4,254	4,865
Bank loan I (secured) (Note 18F)	3,831	4,378
Bank loan O (unsecured) (Note 18G)	32	226
Bank loan P (secured) (Note 18I)	23,072	23,639
Bank loan R (secured) (Note 18K)	5,096	5,376
Subtotal	42,212	44,883
Non-current, total	144,713	152,055
Current:		
With floating interest rates:		
Bank loan A (secured) (Note 18A)	8,500	8,000
Bank loan B (secured) (Note 18A)	8,000	8,000
Bank loan C (unsecured) (Note 18B)	9,300	10,200
Bank loan D (unsecured) (Note 18B)	3,500	3,500
Bank loan F (secured) (Note 18D)	3,750	3,750
Bank loan G (secured) (Note 18E)	2,525	2,345
Bank loan J (secured) (Note 18A)	–	2,000
Bank loan N (secured) (Note 18H)	483	472
Bank loan Q (secured) (Note 18J)	575	562
Bank loan S (secured) (Note 18L)	3,000	3,000
Bank loan T (unsecured) (Note 18M)	12,000	12,000
Bank loan V (unsecured) (Note 18M)	1,513	1,522
Bank loan W (unsecured) (Note 18N)	2,420	2,435
Bank loan X (unsecured) (Note 18O)	–	485
Bank loan Y (unsecured) (Note 18M)	3,000	3,000
Bank loan Z (unsecured) (Note 18M)	1,513	1,522
Bank loan AA (unsecured) (Note 18B)	1,513	1,522
Bank loan AB (unsecured) (Note 18B)	1,732	932
Bank loan AC (unsecured) (Note 18B)	4,000	2,000
Trust receipts and bills payable (Note 18P)	50,485	49,855
Subtotal	117,809	117,102

18. Loans and borrowings (cont'd)

	Group	
	30 Jun 2025	31 Dec 2024
	$'000	$'000
Current (cont'd):		
With fixed interest rates:		
Bank loan E (secured) (Note 18C)	1,067	1,066
Bank loan H (secured) (Note 18F)	1,218	1,216
Bank loan I (secured) (Note 18F)	1,095	1,095
Bank loan K (unsecured) (Note 18G)	–	388
Bank loan L (unsecured) (Note 18G)	173	430
Bank loan M (unsecured) (Note 18G)	54	118
Bank loan O (unsecured) (Note 18G)	386	382
Bank loan P (secured) (Note 18I)	1,135	1,135
Bank loan R (secured) (Note 18K)	487	439
Bank loan U (unsecured) (Note 18G)	162	480
Subtotal	5,777	6,749
Current, total	123,586	123,851
Total	268,299	275,906
The non-current portion is repayable as follows:		
Due within two to five years	94,897	98,983
After five years	49,816	53,072
Total non-current portion	144,713	152,055

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

	Group	
	30 Jun 2025	31 Dec 2024
	%	%
Bank loan E (secured)	1.58 to 3.05	1.58
Bank loan H (secured)	1.58 to 3.05	1.58
Bank loan I (secured)	1.58 to 3.05	1.58
Bank loan K (unsecured)	2.00	2.00
Bank loan L (unsecured)	2.00	2.00
Bank loan M (unsecured)	2.00	2.00
Bank loan O (unsecured)	2.00	2.00
Bank loan P (secured)	1.50	1.50 to 3.40
Bank loan R (secured)	1.50 to 3.40	1.50
Bank loan U (unsecured)	2.00	2.00

18. Loans and borrowings (cont'd)

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

	Group	
	30 Jun 2025	31 Dec 2024
	%	%
Bank loan A (secured)	3.02 to 4.10	4.20 to 5.09
Bank loan B (secured)	3.19 to 4.44	4.44 to 5.09
Bank loan C (unsecured)	3.25 to 4.46	4.37 to 5.35
Bank loan D (unsecured)	3.55 to 4.70	4.55 to 5.45
Bank loan F (secured)	3.02 to 4.10	4.20 to 5.05
Bank loan G (secured)	3.29 to 4.24	–
Bank loan J (secured)	3.98 to 4.68	1.55 to 4.67
Bank loan N (secured)	3.97 to 4.48	4.48 to 4.71
Bank loan Q (secured)	3.32 to 4.30	
Bank loan S (secured)	4.57	3.55 to 4.70
Bank loan T (unsecured)	2.92 to 4.00	4.10 to 4.95
Bank loan V (unsecured)	4.96 to 4.98	4.98 to 5.07
Bank loan W (unsecured)	5.29	5.25 to 5.31
Bank loan X (unsecured)	3.90	3.75 to 3.90
Bank loan Y (unsecured)	2.99 to 4.78	4.78 to 4.87
Bank loan Z (unsecured)	4.93 to 4.95	4.92 to 4.93
Bank loan AA (unsecured)	4.94 to 4.96	4.92 to 4.94
Bank loan AB (unsecured)	3.65 to 3.90	3.90
Bank loan AC (unsecured)	2.99 to 4.00	4.77
Trust receipts and bills payable	3.50 to 5.42	3.98 to 5.45

18A. Bank loans A, B and J (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 C, D, AA, AB and AC (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 E (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 F (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 G (secured)

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

(i) Repayable by equal monthly instalments over 15 years 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 H and I (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 K, L, M, O and U (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 N (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 P (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 Q (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 R (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 S (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 T, V, Y and Z (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 W (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 X (unsecured)

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

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

18P. Trust receipts and bills payable

These are repayable within 150 to 180 days (31 December 2024: 150 to 180 days) and are guaranteed by the company.

19. Lease liabilities

	Group	
	30 Jun 2025	31 Dec 2024
	$'000	$'000
Lease liabilities, non-current	3,778	18,095
Lease liabilities, current	16,287	4,102
Total	20,065	22,197

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

	Group	
	30 Jun 2025	31 Dec 2024
	$'000	$'000
Total lease liabilities at beginning of reporting period / year	22,197	18,442
Additions	102	8,985
Modification	–	(1,767)
Accretion of interest	394	839
Lease payments – principal portion paid	(2,528)	(5,039)
Interest paid	(13)	(22)
Foreign exchange adjustments	(87)	759
Total lease liabilities at end of reporting period / year	20,065	22,197

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 2025	31 Dec 2024
	$'000	$'000
Carrying amounts of motor vehicles under lease liabilities	742	789

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 $695,000 (30 June 2024: $174,000).

20. Provision

	Group	
	30 Jun 2025 $'000	31 Dec 2024 $'000
Provision for rebates	1,082	1,070
Movements in above provision:		
Balance at beginning of the period / year	1,070	980
Additions	1,082	1,070
Used	(1,070)	(980)
Balance at end of the period / year	1,082	1,070

The group gives rebates to its customers upon settlement of balances within average credit period granted i.e. 60 days (31 December 2024: 60 days).

21. Trade and other payables

	Group	
	30 Jun 2025 $'000	31 Dec 2024 $'000
Trade payables:		
Outside parties and accrued liabilities	37,758	42,927
Other related parties	5,205	5,145
Trade payables – subtotal	42,963	48,072
Other payables:		
Outside parties [#]	7,568	6,670
Other related party	38	164
Deposits received	–	2,357
Other payables – subtotal	7,606	9,191
Balance at end of the period / year	50,569	57,263

[#] Included in other payables is a loan from CNA Pte. Ltd., a shareholder of a subsidiary, International Ceramic Manufacturing Hub Pte. Ltd., amounting to $3,505,000 (31 December 2024: $3,687,000), 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 2025 $'000	31 Dec 2024 $'000
Commitments to purchase plant and equipment	307	512
Contractual obligations for construction works for investment property and property, plant and equipment	1,938	1,349
Total	2,245	1,861

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 2025	31 Dec 2024
	$'000	$'000
Financial assets:		
Financial assets at amortised cost	80,880	87,897
Financial assets at fair value through profit or loss	279	280
	81,159	88,177
Financial liabilities:		
Financial liabilities at amortised cost	338,933	355,366
Derivatives financial instruments at fair value	1	48
	338,934	355,414

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.

Other Information Required by Listing Rule Appendix 7.2
30 June 2025

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 2025 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 increased by $20.6 million or 17.6% from $116.6 million during half year ended 30 June 2024 (“HY2024”) to $137.2 million during half year end 30 June 2025 (“HY2025”).

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) remained relatively constant at $64.8 million and $63.5 million during HY2024 and HY2025 respectively.

Project segment
For 6 months ended, revenue from the project segment (where customers include architecture firms, property developers and construction companies) increased by $2.7 million or 7.1% from $37.6 million during HY2024 to $40.3 million during HY2025. The increase was mainly attributable to a subsidiary in China newly acquired in January 2025, which contributed a new revenue stream from the project segment in China.

Manufacturing segment
For 6 months ended, revenue from the manufacturing segment (where customers include property developers, wholesalers and distributors) increased by $19.1 million or 133.6% from $14.3 million during HY2024 to $33.4 million during HY2025. The manufacturing plant located at Kluang Malaysia began the production of the ceramic tiles products at the end of June 2023 and the distribution has been gradually picking up over the period.

Interest income

Interest income mainly derived from bank deposits.

Other income and gains

For 6 months ended, other income and gains increased by $0.8 million or 30.0% from $2.9 million during HY2024 to $3.7 million during HY2025. Other income and gains primarily consisted of rental income of $2.5 million and $3.4 million during HY2024 and HY2025 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)

Other income and gains (cont'd)

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 increased by $13.6 million or 19.8% from $68.7 million during HY2024 to $82.3 million during HY2025. The increase in revenue led to a corresponding increase 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 40.0% for HY2025 has decreased as compared to 41.1% for HY2024.

Employee benefits expense

For 6 months ended, employee benefits expenses increased by $1.2 million or 7.0% from $16.9 million during HY2024 to $18.1 million during HY2025. The increase is mainly due to the salary adjustment and increase in employees from 1,002 as at 30 June 2024 to 1,170 as at 30 June 2025.

Amortisation and depreciation expense

For 6 months ended, amortisation and depreciation expenses increased by $0.5 million or 8.6% from $6.0 million during HY2024 to $6.5 million during HY2025. The increase is mainly due to the commencement of depreciation for the property and showroom located at 161 Lavender Street, which the operations commenced in September 2024 and December 2024 respectively.

Impairment losses

For 6 months ended, impairment losses mainly comprise the additions allowance on inventories of $0.5 million and bad debts written of $0.1 million.

Finance costs

For 6 months ended, finance costs remained relatively constant at $5.8 million and $5.6 million during HY2024 and HY2025 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)

Other expenses

For 6 months ended, other expenses increased by $1.4 million or 15.1% from $9.5 million during HY2024 to $10.9 million during HY2025. The increase is mainly due to the business operations in Malaysia which contributed a total of $1.0 million and the consolidation of a subsidiary in China newly acquired in January 2025 which contributed a total of $0.3 million to the group's other expenses.

Share of profit from an equity-accounted associate

For 6 months ended, share of profit from an associate amounted to $0.1 million (HY2024: share of profit of $0.6 million). The decrease was mainly due to the business performance of the associate in Vietnam during the period.

Share of profits from an equity-accounted joint venture

For 6 months ended, share of profits from a joint venture amounted to $0.3 million (HY2024: share of profits of $0.4 million). The decrease was mainly due to the business performance of the joint venture in Myanmar during the period.

Profit before income tax

For 6 months ended, the group generated a profit before income tax of $17.3 million as compared to a profit before tax of $13.7 million in HY2024.

For 6 months ended, excluding share of profit from associate and share of profits from joint ventures amounting to $0.4 million for HY2025 (HY2024: $1.0 million), profit before income tax incurred from recurring activities was $16.8 million for HY2025 (HY2024: $12.7 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 $3.4 million (HY2024: $3.5 million).

Non-current assets

Non-current assets decreased by $7.7 million or 2.6% from $301.1 million as at 31 December 2024 to $293.4 million as at 30 June 2025.

Property, plant and equipment decreased by $2.6 million or 2.3% from $110.9 million as at 31 December 2024 to $108.3 million as at 30 June 2025. The decrease was mainly due to the depreciation expense amounting to $5.0 million and foreign exchange adjustments of $0.2 million during HY2025. The increase is partially offset by the additions of property, plant and equipment amounting to $2.8 million during the period.

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

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 decreased by $3.4 million or 2.5% from $136.1 million as at 31 December 2024 to $132.7 million as at 30 June 2025. The decrease was mainly due to the depreciation expense amounting to $3.2 million and foreign exchange adjustments of $0.3 million.

Investment properties decreased by $0.2 million or 0.9% from $24.8 million as at 31 December 2024 to $24.6 million as at 30 June 2025. The decrease was mainly due to the depreciation expense amounting to $0.2 million.

Intangible assets decreased by $0.3 million or 4.1% from $7.8 million as at 31 December 2024 to $7.5 million as at 30 June 2025. 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. The decrease was mainly due to the amortisation expense amounting to $0.3 million.

Investment in associate decreased by $1.5 million or 7.4% from $20.3 million as at 31 December 2024 to $18.8 million as at 30 June 2025. The decrease was mainly due to exchange differences on translating associate with foreign operation amounting to $1.6 million.

Investment in joint venture increased by $0.2 million or 22.1% from $1.0 million as at 31 December 2024 to $1.2 million as at 30 June 2025. The increase was mainly due to share of profit amounting to $0.3 million during the period and partially offset by exchange differences on translating joint venture with foreign operation amounting to $0.1 million.

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

Current assets

Current assets decreased by $4.1 million or 1.9% from $210.9 million as at 31 December 2024 to $206.8 million as at 30 June 2025.

The decrease was mainly due to decrease in trade and other receivables of $3.9 million and cash and cash equivalents of $3.1 million. The decrease is partially offset by increase in inventories of $1.9 million and other non-financial assets of $1.0 million.

Trade receivables turnover day as at 30 June 2025 is 70 days compared to 80 days as at 31 December 2024. Inventory turnover day as at 30 June 2025 is 238 days compared to 271 days as at 31 December 2024.

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 $9.2 million or 5.4% from $171.8 million as at 31 December 2024 to $162.6 million as at 30 June 2025. The decrease was mainly due to decrease in loans and borrowings of $7.3 million and lease liabilities of $1.8 million.

Current liabilities

Current liabilities decreased by $6.7 million or 3.3% from $204.5 million as at 31 December 2024 to $197.7 million as at 30 June 2025.

The decrease was mainly attributable to the decrease in trade and other payables of $6.7 million, income tax payable of $0.7 million, loans and borrowings of $0.3 million and lease liabilities of $0.3 million. The decrease was partially offset by the increase in other non-financial liabilities of $1.3 million.

The provision pertains to provision of rebates to customers.

Total amount of trade payables and trust receipts and bills payable to banks was $76.9 million (31 December 2024: $67.8 million). The turnover of the aforesaid items (based on cost of sales) is 161 days as at 30 June 2025 compared to 160 days as at 31 December 2024.

Other reserves

This pertains to foreign exchange difference on translating foreign operations.

Cash flows review

HY2025

Net cash flows from operating activities of $23.4 million was mainly attributable by operating cash flows before working capital changes of $31.7 million, net cash flows used in working capital of $4.1 million and income tax paid of $4.2 million. The net cash flows used in working capital of $4.1 million was mainly attributable by the decrease in trade and other payables of $8.9 million and increase in other non-financial assets of $1.0 million and inventories of $0.9 million. This was partially offset by the decrease in trade and other receivables of $5.4 million and increase in other non-financial liabilities of $1.3 million.

Net cash flows used in investing activities amounting to $2.7 million was mainly attributable by the purchase of plant and equipment of $2.7 million.

Net cash flows used in financing activities amounting to $23.1 million was mainly attributable by the repayment loans and borrowings of $13.5 million, dividends paid to equity owners of $6.5 million, payment of interest expense of $5.3 million, repayment of lease liabilities of $2.5 million, dividends paid to non-controlling interests of $1.2 million. This was partially offset by the increase in new borrowings of $5.3 million and trust receipts and bills payable of $0.6 million.

As a result of the above, there was a net decrease of $2.4 million in cash and cash equivalents. Cash and cash equivalents as at 30 June 2025 was $19.4 million.

3. Forecast, or a prospect statement

There was no forecast or a prospect statement.

4. Significant trends and competitive conditions of the industry

Singapore outlook

Based on advance estimates, the Singapore economy grew by 4.3% on a year-on-year basis in the second quarter of 2025, extending the 4.1% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.4%, a turnaround from the 0.5% contraction in the first quarter of 2025.

The construction sector expanded by 4.9% year-on-year in the second quarter, easing slightly from the 5.1% growth in the preceding quarter. Growth during the quarter was supported by an increase in public sector construction output. On a quarter-on quarter seasonally-adjusted basis, the sector posted growth of 4.4%, reversing the 1.8% contraction in the previous quarter.

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

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

While the medium-term construction demand is projected to be robust, the schedules and phasing of projects are subject to change, particularly due to potential unforeseen risks arising from an uncertain global economic climate, said BCA.

Malaysia outlook

According to the media release by The Construction Industry Development Board ("CIDB") of Malaysia on 8 May 2025, Malaysia's construction industry is entering 2025 with strong momentum, highlighting its resilience and importance to national development. Following a significant post-pandemic recovery, the sector is projected to grow by 6.1% this year, driven by public infrastructure investments, renewed private sector confidence, and targeted government policies.

In 2024 alone, the value of construction work increased by 20.2%, signaling renewed dynamism across civil engineering, residential, and special trade sectors. Malaysian Industrial Development Finance Berhad Research further forecasts a 12% year-on-year expansion for 2025, bolstered by mega projects and recovery in the property sector.

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

Malaysia outlook (cont'd)

Government initiatives such as the 12th Malaysia Plan and the Construction 4.0 Strategic Plan are pivotal in steering the industry toward digitalisation, sustainability, and productivity. Emphasis is placed on technologies such as Building Information Modelling, prefabrication, and green building certification, positioning Malaysia to align with global best practices.

Public infrastructure remains a key driver. The MRT3 Circle Line, Pan Borneo Highway, and flood mitigation projects inject billions into the economy while addressing pressing mobility and climate adaptation needs.

Private investment is also returning, particularly in high-rise residential and mixed-use developments in Greater Kuala Lumpur, Johor Bahru, and Penang. The property sector is cautiously optimistic as urbanisation trends, demographic shifts, and regional migration fuel demand.

However, challenges persist. Rising material costs, skilled labour shortages, and environmental compliance regulations remain pressing concerns for contractors and developers alike. Still, the government's commitment to upskilling programmes, ESG frameworks, and investment incentives offers a path forward.

Global outlook

According to a report published by World Bank Group in June 2025, Global growth is slowing due to a substantial rise in trade barriers and the pervasive effects of an uncertain global policy environment. Growth is expected to weaken to 2.3 percent in 2025, with deceleration in most economies relative to last year. This would mark the slowest rate of global growth since 2008, aside from outright global recessions.

In 2026-27, a tepid recovery is expected, leaving global output materially below January projections. Progress by emerging market and developing economies ("EMDEs") in closing per capita income gaps with advanced economies and reducing extreme poverty is anticipated to remain insufficient. The outlook largely hinges on the evolution of trade policy globally. Growth could turn out to be lower if trade restrictions escalate or if policy uncertainty persists, which could also result in a build-up of financial stress. Other downside risks include weaker-than-expected growth in major economies with adverse global spillovers, worsening conflicts, and extreme weather events.

On the upside, uncertainty and trade barriers could diminish if major economies reach lasting agreements that address trade tensions. The ongoing global headwinds underscore the need for determined multilateral policy efforts to foster a more predictable and transparent environment for resolving trade tensions, some of which stem from macroeconomic imbalances.

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

Global outlook (cont'd)

Global policy efforts are also needed to confront the deteriorating circumstances of vulnerable EMDEs amid prevalent conflict and debt distress, while addressing long-standing challenges, including the effects of climate change. National policy makers need to contain risks related to inflation as well as strengthen their fiscal positions by raising additional domestic revenues and reprioritizing spending. To facilitate job creation and boost long-term growth prospects in EMDEs, reforms are essential to enhance institutional quality, stimulate private investment growth, develop human capital, and improve labor market functioning.

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

The above information is sourced from:

1. *MTI's press release on 14 July 2025 - https://www.mti.gov.sg/Newsroom/Press-Releases/2025/07/Singapore-GDP-Grew-by-4_3-Per-Cent-in-the-Second-Quarter-of-2025*

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

3. *CIDB's media release on 8 May 2025 - https://www.cidb.gov.my/eng/malaysias-construction-sector-in-2025/*

4. *World Bank Group, Global Economic Prospects, June 2025 - https://openknowledge.worldbank.org/server/api/core/bitstreams/0e685254-776a-40cf-b0ac-f329dd182e9b/content*

5. Dividend

5A. Dividend declared for the current financial period

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

5. Dividend (cont'd)

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

	HY2024	
Name of Dividend	Interim Dividend Exempt (1-tier)	Special Interim Dividend Exempt (1-tier)
Type of Dividend	Cash	Cash
Total number of issued ordinary shares ('000)	430,550	430,550
Dividend per share	0.75 cent	0.50 cent

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)		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		6 months ended 30 June	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Purchases of goods:				
Malaysian Mosaics Sdn Bhd	–	–	922	10,814
Sales of goods:				
Malaysian Mosaics Sdn Bhd	–	–	–	135
Hap Seng Trading (M) Sdn Bhd	–	809	–	–
Rental expense:				
Malaysian Mosaics Sdn Bhd	–	–	1,217	742

6. Interested person transactions (cont'd)

Name of interested person and nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than 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	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Recharge of employment cost: Malaysian Mosaics Sdn Bhd	–	–	375	1,499
Corporate management charges: Hap Seng Management Services Sdn Bhd	157	532	157	–
Provision of insurance services: Hap Seng Insurance Services Sdn Bhd	274	156	–	–
Reimbursement of expenses: Malaysian Mosaics Sdn Bhd	–	178	–	–
Purchase of diesel: Hap Seng Trading (M) Sdn Bhd	–	167	–	–
Purchase of plant and equipment: Malaysian Mosaics Sdn Bhd	–	714	–	–
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	2,556	2,671	13,190
Rental income: The Assembly Place Holdings Pte Ltd	104	–	–	–
Property management and commission expense: TAP Co-livings Pte Ltd	153	–	–	–

6. Interested person transactions (cont'd)

Name of interested person and nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than 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	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Sales of goods:				
Ten SC Pte Ltd	138	–	–	–
Purchase of 19% shares in World Furnishing Hub Pte Ltd:				
Low See Ching	–	4,465	–	–
Aggregate value of transactions under the Associate of the Director, Low See Ching	395	4,465	–	–

General mandate for IPT was renewed at the Annual General Meeting held on 23 April 2025.

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
Executive Director and Chief Executive Officer

Low See Ching
Non-Independent Non-Executive Director

8 August 2025