

DISCREPANCIES BETWEEN UNAUDITED ACCOUNTS AND AUDITED ACCOUNTS * FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT

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Name of Announcer *	HAFARY HOLDINGS LIMITED
Company Registration No.	200918637C
Announcement submitted on behalf of	HAFARY HOLDINGS LIMITED
Announcement is submitted with respect to *	HAFARY HOLDINGS LIMITED
Announcement is submitted by *	Tay Eng Kiat Jackson
Designation *	Financial Controller
Date & Time of Broadcast	27-Sep-2013 20:51:12
Announcement No.	00146

>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2013
Description	Please refer to the attachment.
Attachments	<p> HHL-Material_Difference_Announcement.pdf</p> <p>Total size =90K (2048K size limit recommended)</p>

HAFARY HOLDINGS LIMITED
(Company Registration No: 200918637C)
(Incorporated in the Republic of Singapore)

DIFFERENCES BETWEEN RESULTS ANNOUNCEMENT AND AUDITED ACCOUNTS

The Board of Directors of Hafary Holdings Limited (the “Company”) wishes to announce the following differences between the unaudited results announced on 22 August 2013 and the audited accounts to be included in the Annual Report.

All differences to the Group’s consolidated statement of profit or loss and other comprehensive income arise from adjustments to the carrying value of investment in associate, Hunan Cappuccino Construction Materials Co., Limited (“HCCM”).

Subsequent to the FY2013 results announcement on 22 August 2013, HCCM has remained loss-making and the management made a re-assessment of the value-in-use of this investment in associate together with our auditors. In view of the net current liability position, continuing losses and absence of financial support commitment from major shareholders of HCCM and/ or other financing sources, there is significant doubt on HCCM’s ability to continue as a going concern. Accordingly, the carrying value of the investment in HCCM as at 30 June 2013 in the Company’s consolidated statement of financial position was impaired in full. This resulted in a reduction of profit after tax of S\$3,076,000 from S\$25,958,000 to S\$22,882,000.

Details and clarifications of the differences are set out as follows:

I. Consolidated statement of profit or loss and other comprehensive income

	Group			
	Per audited	Per		
	accounts	announcement		
	30 June 2013	30 June 2013	Difference	Note
	S\$'000	S\$'000	S\$'000	
Revenue	83,337	83,337	-	
<u>Other Items of Income</u>				
Other Credits	24,092	24,092	-	
<u>Other Items of Expense</u>				
Changes in Inventories of Finished Goods	5,184	5,184	-	
Purchases and Related Expenses	(54,757)	(54,757)	-	
Employee Benefits Expenses	(13,093)	(13,230)	137	b
Depreciation Expense	(1,423)	(1,423)	-	
Impairment Losses	(4,728)	(1,515)	(3,213)	a
Other Charges	(335)	(335)	-	
Finance Costs	(1,207)	(1,207)	-	
Other Expenses	(7,315)	(7,315)	-	
Share of Loss from Equity-Accounted Associates	(1,833)	(1,833)	-	
Share of Profit from an Equity-Accounted Joint Venture	90	90	-	
Profit Before Income Tax	28,012	31,088	3,076	
Income Tax Expense	(5,130)	(5,130)	-	
Profit, Net of Tax and				
Total Comprehensive Income for the Year	22,882	25,958	(3,076)	
Profit, Net of Tax and Total Comprehensive Income Attributable to:				
- Owners of the Parent	22,328	25,404	(3,076)	
- Non-Controlling Interests	554	554	-	
	22,882	25,958	(3,076)	

2. Consolidated statement of financial position

	Group				Company			
	Per audited	Per			Per audited	Per		
	accounts	announcement		Note	accounts	announcement		Note
	30 June 2013	30 June 2013	Difference		30 June 2013	30 June 2013	Difference	
S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000		
ASSETS								
Non-Current Assets:								
Property, Plant and Equipment	52,124	52,124	-		188	188	-	
Investments in Subsidiaries	-	-	-		9,239	9,239	-	
Investments in Associates	2,861	6,074	(3,213)	a	-	-	-	
Investments in Joint Ventures	160	160	-		-	-	-	
Total Non-Current Assets	55,145	58,358	(3,213)		9,427	9,427	-	
Current Assets:								
Development Property	-	-	-		-	-	-	
Inventories	35,054	35,054	-		-	-	-	
Trade and Other Receivables	29,969	29,969	-		34,413	34,550	(137)	b
Derivative Financial Instruments	197	197	-		-	-	-	
Other Assets	6,039	6,039	-		41	41	-	
Cash and Cash Equivalents	9,583	9,583	-		2,051	2,051	-	
Total Current Assets	80,842	80,842	-		36,505	36,642	(137)	
Total Assets	135,987	139,200	(3,213)		45,932	46,069	(137)	
EQUITY AND LIABILITIES								
Equity:								
Share Capital	26,634	26,634	-		26,634	26,634	-	
Retained Earnings	18,042	21,118	(3,076)		11,139	11,139	-	
Equity, Attributable to Owners of the Parent	44,676	47,752	(3,076)		37,773	37,773	-	
Non-Controlling Interests	2,075	2,075	-		-	-	-	
Total Equity	46,751	49,827	(3,076)		37,773	37,773	-	
Non-Current Liabilities:								
Deferred Tax Liabilities	239	239	-		-	-	-	
Other Financial Liabilities	17,380	17,380	-		101	101	-	
Total Non-Current Liabilities	17,619	17,619	-		101	101	-	
Current Liabilities:								
Provision	328	328	-		-	-	-	
Income Tax Payable	5,328	5,328	-		11	11	-	
Trade and Other Payables	18,183	18,320	(137)	b	7,986	8,123	(137)	b
Derivative Financial Instruments	-	-	-		-	-	-	
Other Financial Liabilities	47,186	47,186	-		61	61	-	
Other Liabilities	592	592	-		-	-	-	
Total Current Liabilities	71,617	71,754	(137)		8,058	8,195	(137)	
Total Liabilities	89,236	89,373	(137)		8,159	8,296	(137)	
Total Equity and Liabilities	135,987	139,200	(3,213)		45,932	46,069	(137)	

3. Consolidated statement of cash flows

	Group			
	Per audited	Per	Difference	Note
	accounts	announcement		
	30 June 2013	30 June 2013	S\$'000	
	S\$'000	S\$'000	S\$'000	
Cash Flows From Operating Activities				
Profit Before Income Tax	28,012	31,088	(3,076)	a, b
Interest Expense	1,207	1,207	-	
Share of Loss of Associates	1,833	1,833	-	
Share of Profit of Joint Venture	(90)	(90)	-	
Depreciation of Property, Plant and Equipment	1,423	1,423	-	
Impairment Loss on Investment in Associate	4,020	807	3,213	a
Gain on Disposal of Property, Plant and Equipment	(64)	(64)	-	
Gain on Disposal of Development Property	(23,762)	(23,762)	-	
Fair Value Gain on Derivative Financial Instruments	(240)	(240)	-	
Operating Cash Flows Before Changes in Working Capital	12,339	12,202	137	
Inventories	(4,813)	(4,813)	-	
Trade and Other Receivables	(6,272)	(6,272)	-	
Other Assets	(4,326)	(4,326)	-	
Provision	52	52	-	
Trade and Other Payables	2,139	2,276	(137)	b
Other Liabilities	(73)	(73)	-	
Net Cash Flows Used in Operations	(954)	(954)	-	
Income Taxes Paid	(359)	(359)	-	
Net Cash Flows Used in Operating Activities	(1,313)	(1,313)	-	
			-	
Cash Flows From Investing Activities			-	
Proceeds from Disposal of Property, Plant and Equipment	196	196	-	
Payments for Development Property Costs	(8,539)	(8,539)	-	
Progress Payments Received from Sale of Development Property	35,163	35,163	-	
Purchase of Property, Plant and Equipment	(21,526)	(21,526)	-	
Investment in an Associate	(2,819)	(2,819)	-	
Investments in Joint Ventures	(100)	(100)	-	
Dividend Income from Joint Venture	25	25	-	
Net Cash Flows From Investing Activities	2,400	2,400	-	
			-	
Cash Flows From Financing Activities			-	
Dividends Paid to Equity Owners	(8,280)	(8,280)	-	
Dividends Paid to Non-Controlling Interests	(180)	(180)	-	
Increase in Trust Receipts and Bills Payable	7,616	7,616	-	
Repayment of Finance Lease Liabilities	(263)	(263)	-	
Proceeds From New Bank Loans	22,655	19,282	3,373	c
Repayment of Bank Loans	(22,267)	(18,894)	(3,373)	c
Issue of Shares	5,759	5,759	-	
Interest Expense Paid	(1,528)	(1,528)	-	
Net Cash Flows From Financing Activities	3,512	3,512	-	
			-	
Net Increase in Cash and Cash Equivalents	4,599	4,599	-	
Cash and Cash Equivalents, Beginning Balance	4,984	4,984	-	
Cash and Cash Equivalents, Ending Balance	9,583	9,583	-	

4. Explanations to differences outlined in consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows (Item 1 to 3) above are as follows:
- a) Impairment allowance made on carrying value of investment in HCCM (based on previously announced consolidated statement of financial position) amounting to S\$3,213,000.
 - b) Reduction in provision for director's performance bonus due to decrease in consolidated profit before tax arising from the above impairment allowance.
 - c) The presentation of proceeds from certain new bank loans and repayment of certain bank loans in its gross amount, instead of net amount.
5. Difference in earnings per share and net asset value per share are as follows:

	Group	
	Per audited accounts	Per announcement
	30 June 2013	30 June 2013
Earnings per ordinary share		
(a) Basic	5.55 cents	6.31 cents
Weighted average number of ordinary shares	402,479,452	402,479,452
(b) On a fully diluted basis	5.55 cents	6.31 cents
Weighted average number of ordinary shares	402,479,452	402,479,452

	Group		Company	
	Per audited accounts	Per announcement	Per audited accounts	Per announcement
	30 June 2013	30 June 2013	30 June 2013	30 June 2013
Net asset value per ordinary share based on the total number of share in issue	10.4 cents	11.1 cents	8.8 cents	8.8 cents

By Order of the Board

Tay Eng Kiat Jackson
 Financial Controller
 27 September 2013