FULL YEAR RESULTS * FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT

** Asterisks denote mandatory information*

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
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2012
Description	Please refer to the attachment.

Attachments	HHL_Full_Year_Results_Announcement_FY2012.pdf Total size = **227K** (2048K size limit recommended)

合發利控股有限公司
HAFARY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200918637C)

Full Year Financial Statements and Dividend Announcement For the Year Ended 30 June 2012

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Canaccord Genuity Singapore Pte. Ltd. has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Alex Tan Tiong Huat, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

1(a) Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Unaudited 30 June 2012 S$'000	Audited 30 June 2011 S$'000	Increase/ (Decrease) %
Revenue	63,073	60,354	4.5
Other Items of Income			
Other Credits	174	491	(64.6)
Interest Income	-	1	-
Other Items of Expense			
Changes in Inventories of Finished Goods	6,444	7,385	(12.7)
Purchases and Related Expenses	(43,639)	(43,041)	1.4
Employee Benefits Expenses	(10,376)	(7,688)	35.0
Depreciation Expense	(951)	(744)	27.8
Impairment Losses	(164)	(1,008)	(83.7)
Other Charges	(1)	(81)	(98.8)
Finance Costs	(1,079)	(653)	65.2
Other Expenses	(7,290)	(5,935)	22.8
Share of Loss from an Equity-Accounted Associate	(153)	-	-
Profit Before Income Tax	**6,038**	**9,081**	**(33.5)**
Income Tax Expense	(968)	(1,580)	(38.7)
Profit, Net of Tax and Total Comprehensive Income for the Year	**5,070**	**7,501**	**(32.4)**
Profit, Net of Tax and Total Comprehensive Income Attributable to:			
- Owners of the Parent	4,547	6,873	(33.8)
- Non-Controlling Interests	523	628	(16.7)
	5,070	**7,501**	**(32.4)**

1(a)(i) Profit, Net of Tax is arrived after crediting/ (charging) the following:

	Group		
	Unaudited 30 June 2012 S$'000	Audited 30 June 2011 S$'000	Increase/ (Decrease) %
Allowance for Impairment of Inventories	(166)	(324)	(48.8)
Allowance for Impairment of Trade Receivables, Net - Reversal/ (Made)	9	(640)	(101.4)
Bad Debts Written Off - Trade Receivables	(12)	(45)	(73.3)
Depreciation Expense	(951)	(744)	27.8
Fair Value Gain on Derivative Financial Instruments	20	397	(95.0)
Foreign Exchange Adjustment Gains/ (Losses), Net	121	(81)	(249.4)
(Loss)/ Gain on Disposal of Property, Plant and Equipment	(1)	54	(101.9)
Interest Expense	(1,079)	(653)	65.2
Interest Income	-	1	-
Adjustment for Under Provision of Tax in Respect of Prior Years	(53)	(32)	65.6

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

	Group		Company	
	Unaudited 30 June 2012 S$'000	Audited 30 June 2011 S$'000	Unaudited 30 June 2012 S$'000	Audited 30 June 2011 S$'000
ASSETS				
Non-Current Assets:				
Property, Plant and Equipment	31,570	5,031	263	339
Development Property	-	22,954	-	-
Other Assets	-	1,980	-	-
Investments in Subsidiaries	-	-	9,239	9,239
Investment in an Associate	5,895	-	-	-
Total Non-Current Assets	**37,465**	**29,965**	**9,502**	**9,578**
Current Assets:				
Development Property	32,265	-	-	-
Inventories	30,241	23,964	-	-
Trade and Other Receivables	16,873	13,993	15,133	8,411
Other Assets	2,004	1,850	41	62
Cash and Cash Equivalents	4,984	3,273	121	112
Total Current Assets	**86,367**	**43,080**	**15,295**	**8,585**
Total Assets	**123,832**	**73,045**	**24,797**	**18,163**
EQUITY AND LIABILITIES				
Equity:				
Share Capital	20,875	14,508	20,875	14,508
Retained Earnings	10,429	9,290	3,144	2,788
Equity, Attributable to Owners of the Parent	31,304	23,798	24,019	17,296
Non-Controlling Interests	1,701	1,388	-	-
Total Equity	**33,005**	**25,186**	**24,019**	**17,296**
Non-Current Liabilities:				
Deferred Tax Liabilities	224	243	-	-
Other Financial Liabilities	19,091	20,103	162	221
Total Non-Current Liabilities	**19,315**	**20,346**	**162**	**221**
Current Liabilities:				
Provision	276	265	-	-
Income Tax Payable	572	1,409	4	4
Trade and Other Payables	8,929	7,021	553	586
Derivative Financial Instruments	43	63	-	-
Other Financial Liabilities	37,441	18,632	59	56
Other Liabilities	24,251	123	-	-
Total Current Liabilities	**71,512**	**27,513**	**616**	**646**
Total Liabilities	**90,827**	**47,859**	**778**	**867**
Total Equity and Liabilities	**123,832**	**73,045**	**24,797**	**18,163**

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

	Group			
	Unaudited As at 30 June 2012		Audited As at 30 June 2011	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Bank Loans	19,307	-	1,154	778
Trust Receipts and Bills Payable to Banks	17,963	-	16,573	-
Finance Leases	171	-	127	-
	37,441	-	17,854	778

Amount repayable after one year

	Group			
	Unaudited As at 30 June 2012		Audited As at 30 June 2011	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Bank Loans	18,694	-	19,732	-
Finance Leases	397	-	371	-
	19,091	-	20,103	-

Details of collateral referring to the above borrowings

Bank Loans
These are covered by a corporate guarantee given by Hafary Holdings Limited and secured by legal charges over leasehold properties and development property of certain subsidiaries.

Trust Receipts and Bills Payable to Banks
These are covered by a corporate guarantee given by Hafary Holdings Limited.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	Unaudited 30 June 2012	Audited 30 June 2011
	S$'000	S$'000
Cash Flows From Operating Activities		
Profit Before Income Tax	6,038	9,081
Interest Income	-	(1)
Interest Expense	1,079	653
Share of Loss from an Equity-Accounted Associate	153	-
Depreciation Expense	951	744
Loss/ (Gain) on Disposal of Property, Plant and Equipment	1	(54)
Fair Value Gain on Derivative Financial Instruments	(20)	(397)
Operating Cash Flows Before Changes in Working Capital	8,202	10,026
Inventories	(6,277)	(7,062)
Trade and Other Receivables	(2,880)	(3,646)
Other Assets	(737)	(691)
Provision	11	10
Trade and Other Payables	1,908	2,083
Other Liabilities	542	123
Net Cash Flows From Operations	769	843
Income Taxes Paid	(1,824)	(981)
Net Cash Flows Used in Operating Activities	**(1,055)**	**(138)**
Cash Flows From Investing Activities		
Proceeds from Disposal of Property, Plant and Equipment	3	139
Payments for Development Property Costs	(9,311)	(22,700)
Progress Payments Received from Sale of Development Property	23,586	-
Purchase of Property, Plant and Equipment	(23,949)	(3,251)
Investment in an Associate	(6,048)	-
Interest Income Received	-	1
Net Cash Flows Used in Investing Activities	**(15,719)**	**(25,811)**
Cash Flows From Financing Activities		
Dividends Paid to Equity Owners	(3,408)	(650)
Dividends Paid to Non-Controlling Interests	(210)	(90)
Decrease in Cash Restricted in Use Over 3 Months	-	244
Increase in Trust Receipts and Bills Payable	1,390	8,442
Repayment of Finance Lease Liabilities	(130)	(251)
Proceeds From New Bank Loans	31,285	19,718
Repayment of Bank Loans	(14,960)	(2,503)
Acquisition of Additional Interest in a Subsidiary	-	(10)
Issue of Shares	6,367	-
Interest Expense Paid	(1,849)	(907)
Net Cash Flows From Financing Activities	**18,485**	**23,993**
Net Increase/ (Decrease) in Cash and Cash Equivalents	1,711	(1,956)
Cash and Cash Equivalents, Beginning Balance	3,273	5,229
Cash and Cash Equivalents, Ending Balance	**4,984**	**3,273**

Note:
During the year, plant and equipment with a total cost of S$200,000 (2011: S$396,000) were acquired by means of finance leases.

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

GROUP	Total Equity S$'000	Attributable to Parent Subtotal S$'000	Share Capital S$'000	Retained Earnings S$'000	Non-Controlling Interests S$'000
Current Year (Unaudited):					
Opening Balance at 1 July 2011	25,186	23,798	14,508	9,290	1,388
Total Comprehensive Income for the Year	5,070	4,547	-	4,547	523
Dividends Paid [(1)]	(3,408)	(3,408)	-	(3,408)	-
Dividends Paid to Non-Controlling Interests	(210)	-	-	-	(210)
Issue of Shares	6,400	6,400	6,400	-	-
Share Issue Expenses	(33)	(33)	(33)	-	-
Closing Balance at 30 June 2012	33,005	31,304	20,875	10,429	1,701
Previous Year (Audited):					
Opening Balance at 1 July 2010	18,435	17,569	14,508	3,061	866
Total Comprehensive Income for the Year	7,501	6,873	-	6,873	628
Dividends Paid [(1)]	(650)	(650)	-	(650)	-
Dividends Paid to Non-Controlling Interests	(90)	-	-	-	(90)
Acquisition of a Non-Controlling Interest Without a Change in Control	(10)	6	-	6	(16)
Closing Balance at 30 June 2011	25,186	23,798	14,508	9,290	1,388

COMPANY	Total Equity S$'000	Share Capital S$'000	Retained Earnings S$'000	Capital Reserve [(2)] S$'000
Current Year (Unaudited):				
Opening Balance at 1 July 2011	17,296	14,508	2,788	-
Total Comprehensive Income for the Year	3,764	-	3,764	-
Dividends Paid [(1)]	(3,408)	-	(3,408)	-
Issue of Shares	6,400	6,400	-	-
Share Issue Expenses	(33)	(33)	-	-
Closing Balance at 30 June 2012	24,019	20,875	3,144	-
Previous Year (Audited):				
Opening Balance at 1 July 2010	16,393	14,508	876	1,009
Total Comprehensive Income for the Year	1,553	-	1,553	-
Dividends Paid [(1)]	(650)	-	(650)	-
Reclassification from Capital Reserve to Retained Earnings	-	-	1,009	(1,009)
Closing Balance at 30 June 2011	17,296	14,508	2,788	-

Notes:

(1)

	Unaudited 30 June 2012 S$'000	Audited 30 June 2011 S$'000
Dividends on Equity Shares:		
Interim tax exempt (1-tier) dividend paid of 1.0 cent per share	1,945	-
Final tax exempt (1-tier) dividend paid of 0.9 cent per share	1,463	-
Final tax exempt (1-tier) dividend paid of 0.4 cent per share	-	650
	3,408	650

(2) The reserve arose from a Restructuring Exercise carried out in the reporting year ended 30 June 2010 in connection with the Company's Initial Public Offering. The amount is the difference between the Company's investment cost in Hafary Pte Ltd of S$9,239,000 and the consideration of S$8,230,000. The capital reserve has been reclassified to retained earnings during the reporting year ended 30 June 2011.

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

	Company			
	Unaudited 30 June 2012		Audited 30 June 2011	
	No. of Shares	S$'000	No. of Shares	S$'000
Total number of shares at the beginning of the year	162,500,000	14,508	162,500,000	14,508
Issue of shares pursuant to private placement exercise	32,000,000	6,367	-	-
Total number of shares at the end of the year	194,500,000	20,875	162,500,000	14,508

On 24 November 2011, the Company issued 32,000,000 new ordinary shares of no par value at an issue price of S$0.20 for each ordinary share in a private placement exercise. Net proceeds (gross proceeds of S$6,400,000 less costs directly attributable to the share issue of S$33,000) amounting to S$6,367,000 was raised in this private placement exercise.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the immediately preceding year

Company	
Unaudited 30 June 2012	Audited 30 June 2011
194,500,000	162,500,000

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

The Company has no treasury shares as at 30 June 2012 and 30 June 2011.

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

The figures have not been audited nor reviewed by the Company's auditors.

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

Not applicable.

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

The Group had adopted the new and/or revised Financial Reporting Standards (the "FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 July 2011. Changes to the Group's accounting policies have been made in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of the new and/or revised FRS and INT FRS did not result in any significant impact on the Group's financial statements.

Except for the above, the Group has adopted the same accounting policies and methods of computation as presented in the audited financial statements of the Group for the reporting year ended 30 June 2011.

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

Same as above.

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

Earnings per ordinary shares ('EPS') for the year based on profit, net of tax attributable to owners of the parent:

	Group	
	Unaudited 30 June 2012	Audited 30 June 2011
Earnings per ordinary share		
(a) Basic	2.5 cents	4.2 cents
Weighted average number of ordinary shares (Note 1)	181,647,541	162,500,000
(b) On a fully diluted basis	2.5 cents	4.2 cents
Weighted average number of ordinary shares (Note 1)	181,647,541	162,500,000

Note:

(1) EPS for 30 June 2012 have been computed based on weighted average number of pre-private placement share capital of 162,500,000 ordinary shares and 32,000,000 new ordinary shares arising from the private placement exercise.

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the year:

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

	Group		Company	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Net asset value per ordinary share based on the total number of share in issue	16.1 cents	14.6 cents	12.3 cents	10.6 cents

Note:
Net asset value per ordinary share is calculated based on 194,500,000 ordinary shares and 162,500,000 ordinary shares as at 30 June 2012 and 30 June 2011 respectively.

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Material factors that affected turnover, costs and earnings

<u>**Profit or Loss Review**</u>

Revenue

Revenue increased by S$2.7 million or 4.5% from S$60.4 million during FY2011 to S$63.1 million during FY2012.

Revenue from the general segment (where customers include home-owners, architecture, interior design and renovation firms) increased marginally by S$3.0 million or 8.0% from S$37.7 million during FY2011 to S$40.7 million during FY2012. This was due to the uncertain global economic outlook brought about by the Eurozone crisis which affected the global economy. There was also a discernible decrease in the number of residential unit resale transactions since the beginning of year 2011 due to anti-speculation measures by the Singapore government to cool the property

Revenue from the project segment (where customers include architecture firms, property developers and construction companies) decreased marginally by S$0.4 million or 1.5% from S$22.6 million during FY2011 to S$22.2 million during FY2012. The Group supplied tiles and building materials for several notable development projects during FY2012, such as Hotel @ Changi Business Park Central 1, JCube!, The Gale and The Atrium @ Orchard.

Other Credits

Other credits decreased by S$0.3 million or 64.6% from S$0.5 million during FY2011 to S$0.2 million during FY2012.

The decrease was mainly due to the decrease in reversal of fair value loss on foreign currency forward contracts by S$0.3 million. The reversal of fair value loss on foreign currency forward contracts was lower for FY2012 as the difference between foreign currency forward contract rates as at contract date and forward rates as at 30 June 2012 was smaller vis-a-vis the relevant rates as at 30 June 2011.

Cost of Sales

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

Cost of sales increased by S$1.5 million or 4.3% from S$35.7 million during FY2011 to S$37.2 million during FY2012.

The increase in cost of sales was in tandem with the increase in revenue. The gross profit margin of 41.0% for FY2012 was comparable to 40.9% for FY2011.

8 Profit or Loss Review (Continued)

Employee Benefits Expenses

Employee benefits expenses increased by S$2.7 million or 35.0% from S$7.7 million during FY2011 to S$10.4 million during FY2012.

The increase was due to the annual salary increment with effect from July 2011, increase in headcount and higher overtime expenses incurred to cope with the increased operations. As at 30 June 2012, the Group had 212 employees (including directors) (30 June 2011: 173).

Depreciation Expense

Depreciation expense increased by S$0.2 million or 27.8% from S$0.7 million during FY2011 to S$0.9 million during FY2012.

The increase was due to major additions during the year, which included the following:

a) Warehouse (leasehold property) at 18C Sungei Kadut Street 4;
b) Renovations for the extended showroom at 15 Defu Avenue 1 to exhibit sanitary ware and wood flooring materials and the wider range of tiles and marble; and
c) Delivery vehicles and forklifts to cope with the increased operations.

The Group also recognised full year depreciation for major additions during FY2011, which included the following:

a) Delivery vehicles and forklifts; and
b) Renovation of showroom at Tradehub21 (18 Boon Lay Way).

Impairment Losses

Impairment losses decreased by S$0.8 million or 83.7% from S$1.0 million during FY2011 to S$0.2 million during

The decrease was mainly due to lower allowance for impairment made for:

a) Inventories by S$0.2 million; and
b) Trade receivables by S$0.6 million.

Finance Costs

Finance costs increased by S$0.4 million or 65.2% from S$0.7 million in FY2011 to S$1.1 million in FY2012.

The increase was mainly attributable to:

a) Increase in interest expense on trust receipts and bills payable to banks by S$0.2 million. This was due to the increased financing period from 120-150 days to 150-180 days granted by banks.
b) Increase in interest expense and facility fees by S$0.2 million resulting from short-term bank loans and mortgage loan obtained during FY2012.

8 Profit or Loss Review (Continued)

Other Charges

Other charges incurred in FY2012 was in relation to loss on disposal of property, plant and equipment. Other charges during FY2011 was in relation to net foreign exchange adjustment losses.

Other Expenses

Other expenses increased by S$1.4 million or 22.8% from S$5.9 million during FY2011 to S$7.3 million during FY2012.

The increase was mainly attributable to:

a) Increase in rental expenses of premises and land rental on leasehold properties by S$0.5 million;
b) Increase in legal and professional fees by S$0.4 million;
c) Increase in upkeep of motor vehicles and forklifts and other repair and maintenance by S$0.1 million due to high utilisation of plant and equipment to cope with the increased operations;
d) Increase in transportation costs and utilities by S$0.2 million arising from increased operations;
e) Increase in donations to approved institutions and charities by S$0.1 million; and
f) Net accumulative increase in other expense items amounting to S$0.1 million.

Profit Before Income Tax

Profit before income tax decreased by S$3.0 million or 33.5% from S$9.1 million during FY2011 to S$6.1 million during FY2012.

Generally, profit before income tax decreased due mainly to the increase in employee benefits expenses and other expenses as mentioned above.

Income Tax Expense

The effective tax rate for FY2012 was 16.0% (FY2011: 17.4%) and comparable to the Singapore corporate tax rate of 17%. Tax exemptions did not result in a much lower effective tax rate due to non-deductible items.

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

Statement of Financial Position Review

Non-Current Assets

Non-current assets increased by S$7.5 million or 25.0% from S$30.0 million as at 30 June 2011 to S$37.5 million as at 30 June 2012.

Property, plant and equipment increased by S$26.5 million or 527.5% from S$5.0 million as at 30 June 2011 to S$31.5 million as at 30 June 2012. The increase was mainly due to additions of the following assets:

a) Leasehold land at 105 Eunos Avenue 3 and 3 Changi North Street 1 amounting to S$10.6 million and S$10.3 million respectively;
b) Construction in progress at 105 Eunos Avenue 3 and 3 Changi North Street 1 amounting to S$4.1 million;
c) Leasehold property at 18C Sungei Kadut Street 4 amounting to S$1.5 million;
d) Motor vehicles and forklifts amounting to S$0.5 million;
e) Furniture and fittings and renovation amounting to S$0.2 million; and
f) Computers and software amounting to S$0.2 million.

The above increase in property, plant and equipment was partially offset by depreciation expense amounting to S$0.9 million.

Development property is classified under current assets in FY2012 as the risks and rewards of ownership of the development property is expected to be transferred to the purchasers during FY2013. As at 30 June 2011, development property capitalised under non-current assets in the statement of financial position amounted to S$22.9 million.

Deposits of S$2.0 million relating to acquisition of properties at 105 Eunos Avenue 3 and 3 Changi North Street 1 are classified under property, plant and equipment upon completion of acquisitions during FY2012. Depreciation for these properties has not commenced as the premises are not ready for use as at 30 June 2012.

In February 2012, the Group acquired a 45% shareholding in an associate, Hunan Cappuccino Construction Materials Co., Limited (HCCM) at a consideration of S$6.0 million. Investment in HCCM is part of the Group's expansion of its business operations into the People's Republic of China and growth strategy to strengthen its core surfacing materials retailing business. Investment in an associate includes the share of associate's loss amounting to S$0.1 million as at 30 June 2012.

Current Assets

Current assets increased by S$43.3 million or 100.5% from S$43.1 million as at 30 June 2011 to S$86.4 million as at 30 June 2012.

The increase was mainly attributable to increase in inventories by S$6.3 million, trade and other receivables by S$2.9 million and cash and cash equivalents by S$1.7 million and other assets by S$0.1 million and reclassification of development property amounting to S$32.3 million under current assets. As at 30 June 2011, the development property was classified as non-current assets.

The higher inventory balance was consistent with the Group's strategy of enhancing customer service by offering wide product range for tiles, stone tiles, marble, wood flooring materials, sanitary ware and quartz tops. As at 30 June 2012, the Group also stocked tiles which will be delivered for use in HDB construction projects during the first half of FY2013. Inventory turnover days increased to 273 as at 30 June 2012 compared to 214 as at 30 June 2011.

The increase in trade receivables was in line with the slight revenue growth during FY2012. Trade receivable turnover days increased to 92 as at 30 June 2012 compared to 76 as at 30 June 2011.

8 Statement of Financial Position Review (Continued)

Non-Current Liabilities

Non-current liabilities decreased by S$1.0 million or 5.1% from S$20.3 million as at 30 June 2011 to S$19.3 million as at 30 June 2012.

Other financial liabilities (non-current) decreased by S$1.0 million due to repayments and drawdowns of bank loans during FY2012. Major movements in other financial liabilities (non-current) included the following:

a) Drawdown of bank loans for acquisition and/ or development of 18C Sungei Kadut Street 4, 105 Eunos Avenue 3 and 3 Changi North Street 1 during FY2012. As at 30 June 2012, outstanding balances amounted to S$18.5 million, of which S$17.9 million is classified under non-current liabilities;
b) Partial repayments of bank loan relating to acquisition of 54/ 56 Sungei Kadut Loop and land loan relating to 79 Aljunied Road amounting to S$13.4 million;
c) Full repayment of development charge ('DC') loan relating to 79 Aljunied Road during FY2012. As at 30 June 2012, balance of DC loan was S$0.5 million; and
d) Reclassification of land loan of S$5.0 million relating to 79 Aljunied Road to current portion as the loan is to be repaid within the next financial year.

Current Liabilities

Current liabilities increased by S$44.0 million or 159.9% from S$27.5 million as at 30 June 2011 to S$71.5 million as at 30 June 2012.

The increase is mainly attributable to increase in trade and other payables by S$1.9 million, other financial liabilities by S$18.8 million and other liabilities by S$24.1 million. The above increase is partially offset by decrease in income tax payable by S$0.8 million.

Total amount of trade payables and trust receipts and bills payable to banks is S$25.6 million (FY2011: S$23.4 million). The turnover days of the aforesaid items based on cost of sales of 241 as at 30 June 2012 has increased from 186 as at 30 June 2011.

Other financial liabilities (current) increased by S$18.8 million due to repayments and drawdowns of bank loans during FY2012. Major movements in other financial liabilities (current) included the following:

a) Increase in trust receipts and bills payable to banks by S$1.4 million;
b) Drawdown of short-term bank loans during FY2012. As at 30 June 2012, outstanding balances amounted to S$12.5 million;
c) Drawdown of bank loans for acquisition and/ or development of 18C Sungei Kadut Street 4, 105 Eunos Avenue 3 and 3 Changi North Street 1 during FY2012. As at 30 June 2012, outstanding balances amounted to S$18.5 million, of which S$0.6 million was classified under current liabilities;
d) Reclassification of land loan of S$5.0 million relating to 79 Aljunied Road to current portion as the loan is to be repaid within the next financial year; and
e) Repayment of short-term bank loan amounting to S$0.7 million.

The Group contracted to sell all the units in the development property in December 2011. As at 30 June 2012, progress payments (including booking fee) received for the sale of all units at 79 Aljunied Road amounting to S$23.6 million, comprising approximately 35% of the accumulated sale price, was received and classified under other liabilities.

8 **Statement of Cash Flows Review**

Net cash flows used in operating activities was S$1.1 million due to operating cash flows before working capital changes of S$8.2 million, net cash used in working capital of S$7.5 million, and income taxes paid of S$1.8 million. The net cash used in working capital of S$7.5 million was mainly attributable to an increase in inventories of S$6.3 million, increase in trade and other receivables of S$2.9 million, and increase in other assets of S$0.7 million, partially offset by an increase in trade and other payables and other liabilities of S$1.9 million and S$0.5 million respectively.

Net cash flows used in investing activities amounted to S$15.7 million for FY2012 was mainly attributable to:

a) Cash outflows of S$33.3 million for the acquisition of properties at 18C Sungei Kadut Street 4, 105 Eunos Avenue 3 and 3 Changi North Street 1, purchase of plant and equipment to cope with increased operations and payment of construction cost and selling expenses of development property at 79 Aljunied Road; and
b) Acquisition of a 45% shareholding in an associate, HCCM, at a consideration of S$6.0 million in February 2012.

The above increase in cash outflows were partially offset by:

a) Receipt of S$23.6 million of progress payments (including booking fee) for the development property at 79 Aljunied Road.

Net cash flows generated from financing activities amounted to S$18.5 million for FY2012 was mainly attributable to:

a) Net increase in bank loans amounting to S$16.3 million in relation to the development of the development property at 79 Aljunied Road, leasehold properties at 18C Sungei Kadut Kadut Street 4, 105 Eunos Avenue 3 and 3 Changi North Street 1 and working capital;
b) Net proceeds from the issue of ordinary shares amounting to S$6.4 million. In November 2011, the Company issued 32,000,000 new ordinary shares at S$0.20 each via a private placement exercise; and
c) Increase in trust receipts and bills payable amounting to S$1.4 million.

The above increase in cash inflows were partially offset by:

a) Dividends paid of S$3.6 million;
b) Interest expenses paid of S$1.9 million; and
c) Repayment of finance lease liabilities of S$0.1 million.

As a result of the above, there was net increase of S$1.7 million in cash and cash equivalents. Cash and cash equivalents as at 30 June 2012 was S$5.0 million.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

Overall

Growth of the Singapore economy is expected to stay subdued with the Eurozone remaining mired in uncertainty and growth in Asia being hampered by deteriorating exports stemming from the sluggish global economy. The unfavourable economic climate and various anti-speculation measures implemented by the Singapore government to cool the property market since the beginning of year 2011 resulted in a discernible decrease in the number of residential unit resale transactions and affected the sales growth of the Group.

Notwithstanding the above, the property market saw a higher level of property transactions around the end of FY2012, which may translate into a higher demand for renovation materials.

Amidst the unpredictable demand trend of surfacing materials, the Group will continue to implement various sales and marketing initiatives to enhance our branding in the market.

Overseas Investments

Since the initial public offering of the Company's shares in 2009, the Group envisaged business expansion through strategic alliances with parties who create synergy with the existing business. The Group, which predominantly trades in the Singapore market, is also looking to expand its geographical coverage.

The Group's investment in an associate, Hunan Cappuccino Construction Materials Co., Limited (HCCM), a tile manufacturing facility in the People's Republic of China (PRC), is the Group's first step of its geographical expansion plan which also complements the Group's existing business. It is focused on the PRC and the overseas markets where there are opportunities for the production and sale of construction and surfacing materials. Production of materials by the tile manufacturing facility is expected to commence before the end of year 2012.

Business in Singapore

The Group set up the Public Project Department to cater to demand for surfacing materials by construction companies for use in development of Housing Development Board ("HDB") residential estates during FY2010. Since then, several floor and wall tiles supplied by the Group have been approved for use in HDB residential estate development. The Group has secured orders of surfacing materials for use in a considerable number of HDB residential estate development. During FY2013, the Group is expected to commence deliveries of these secured orders. These deliveries are expected to contribute positively to the Group.

In December 2011, the Group contracted to sell all 59 units of its development property in 79 Aljunied Road to various purchasers. As announced on 28 December 2011, the cumulative sales proceeds amount to approximately S$65 million and the estimated gain on disposal amounts to approximately S$22 million. The one-time gain is expected to be recognised in profit or loss in FY2013 after the temporary occupancy permit is issued for the development property and risks and rewards of ownership of the property is transferred to the purchasers.

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

Business in Singapore (Continued)

In the next 12 months, the Group will focus on costs control and enhancement of operational efficiency to improve financial performance. The development of 105 Eunos Avenue 3 and 3 Changi North Street 1 into the Group's corporate headquarters and warehousing facility respectively is targeted for completion during FY2013. A portion of the new corporate headquarters would be leased to generate rental income and cash flows for the Group. The Group can look forward to streamline its operations when the logistical functions are consolidated in the new warehousing facility. The streamling of operations is expected to result in lower manpower and transport costs, thereby increasing the cost efficiency of the Group.

11 Dividend

(a) Current Financial Reported On

Any dividend declared for the current financial period reported on?

	Paid	Proposed
Name of Dividend	Interim Exempt (1-tier)	Final Exempt (1-tier)
Type of Dividend	Cash	Cash
Dividend per share	1.0 cent	1.5 cent
Total annual dividend (S$'000)	1,945	2,918

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

	Paid
Name of Dividend	Final Exempt (1-tier)
Type of Dividend	Cash
Dividend per share	0.9 cent
Total annual dividend (S$'000)	1,463

(c) Date Payable

To be announced later.

(d) Books closure date

To be announced later.

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

Not applicable.

13 Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000)	
	Not conducted under shareholders' mandate pursuant to Rule 920	Conducted under shareholders' mandate pursuant to Rule 920
	S$'000	S$'000
Sales to Galaxy Builders Pte. Ltd.	324	-
Sales to Hume Construction Pte. Ltd.	35	2
Sales to Oxley Construction Pte. Ltd.	448	23
Rental paid to Ascender Investment Pte. Ltd. *	174	-

* The rental rate was agreed between our Group and Ascender Investment Pte. Ltd. having regard to prevailing market rental rate for similar premises, based on commercial terms and on an arm's length basis.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(a) By Business Segments

For year ended 30 June 2012

	General	Project	Others [1]	Unallocated	Group
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue by segment					
Total revenue by segment	48,898	32,999	-	75	81,972
Inter-segment sales	(8,141)	(10,758)	-	-	(18,899)
Total revenue	40,757	22,241	-	75	63,073
Recurring EBITDA*	5,807	2,374	(35)	75	8,221
Finance costs	(1,076)	(3)	-	-	(1,079)
Depreciation expense	(805)	(146)	-	-	(951)
Share of loss from an equity-accounted associate	-	-	(153)	-	(153)
ORBIT**	3,926	2,225	(188)	75	6,038
Income tax expense					(968)
Profit, net of tax					5,070
Assets and Reconciliations					
Segment assets	55,882	29,780	38,170	-	123,832
Liabilities and Reconciliations					
Segment liabilities	52,970	8,452	28,609	-	90,031
Deferred tax liabilities					224
Income tax payable					572
Total liabilities					90,827
Other Material Items and Reconciliations					
Impairment of assets, net - reversal/ (made)	(193)	29	-	-	(164)
Non-current expenditure	17,606	10,048	9,311	-	36,965

* Earnings Before Interest, Tax & Depreciation
** Operating Results Before Tax

Note:
(1) The operating segment 'Others' relates to investing activities including property development.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(a) By Business Segments (Continued)

For year ended 30 June 2011

	General	Project	Others (1)	Unallocated	Group
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue by segment					
Total revenue by segment	46,496	31,730	-	32	78,258
Inter-segment sales	(8,764)	(9,140)	-	-	(17,904)
Total revenue	37,732	22,590	-	32	60,354
Recurring EBITDA*	6,876	3,570	-	32	10,478
Finance costs	(651)	(2)	-	-	(653)
Depreciation expense	(614)	(130)	-	-	(744)
ORBIT**	5,611	3,438	-	32	9,081
Income tax expense					(1,580)
Profit, net of tax					7,501
Assets and Reconciliations					
Segment assets	36,359	13,732	22,954	-	73,045
Liabilities and Reconciliations					
Segment liabilities	28,210	279	17,718	-	46,207
Deferred tax liabilities					243
Income tax payable					1,409
Total liabilities					47,859
Other Material Items and Reconciliations					
Impairment of assets, net	616	392	-	-	1,008
Non-current expenditure	1,472	195	22,954	-	24,621

* Earnings Before Interest, Tax & Depreciation
** Operating Results Before Tax

Note:
(1) The operating segment 'Others' relates to investing activities including property development.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(b) <u>By Geographical Segments</u>

	Revenue		Non-current assets	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	S$'000	S$'000	S$'000	S$'000
<u>Group</u>				
Singapore	63,031	60,346	31,570	29,965
People's Republic of China	-	-	5,895	-
Indonesia	42	8	-	-
Total	63,073	60,354	37,465	29,965

Revenues are attributed to countries on the basis of the customer's location. The non-current assets are analysed by the geographical area in which the assets are located.

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8 for details.

16 Breakdown of revenue and profit after tax as follows:

		Group		
		30 June 2012 S$'000	30 June 2011 S$'000	Increase/ (decrease) %
(a)	Sales reported for first half year	32,335	30,987	4.4
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	2,843	4,818	(41.0)
(c)	Sales reported for second half year	30,738	29,367	4.7
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	2,227	2,683	(17.0)

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	Unaudited 30 June 2012 S$'000	Audited 30 June 2011 S$'000
Ordinary	3,408	650
Preference	-	-
Total	3,408	650

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) of the Listing Manual.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Low Kok Ann	64	Father of Low See Ching and Dr Low Bee Lan Audrey, a substantial shareholder	Executive Chairman Since 2009	Not applicable
Low See Ching	37	Son of Low Kok Ann and brother of Dr Low Bee Lan Audrey	Executive Director and Chief Executive Officer Since 2009	Not applicable

By Order of the Board

Low See Ching
CEO and Executive Director
24 August 2012