MISCELLANEOUS

** 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
Date & Time of Broadcast	29-Aug-2011 22:46:09
Announcement No.	00178

>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

Announcement Title *	HAFARY HOLDINGS' FY2011 NET PROFIT HEIGHTEN BY 130.2% TO S$7.5 MILLION ON BACK OF INCREASED BUSINESS VOLUME
Description	Please see attached.
Attachments	Hafary_FY2011_Media_Release_29_08_11.pdf Total size = **263K** (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)

MEDIA RELEASE

HAFARY HOLDINGS' FY2011 NET PROFIT HEIGHTEN BY 130.2% TO S$7.5 MILLION ON BACK OF INCREASED BUSINESS VOLUME

- ***Improvement in the top and bottom line reflects Hafary Group's ability to manage costs effectively while riding on the growing demand for its products***
- ***Hafary Group will continue to widen and keep its product range up-to-date so as to strengthen its position as a preferred one-stop provider of home furnishing materials***

Singapore, 29 August 2011 – Catalist-listed Hafary Holdings Limited ("Hafary Group" or "the Group" or "合发利控股有限公司"), a leading supplier of premium tiles, marbles, stones, engineered wood flooring and sanitary wares in Singapore, is pleased to report sterling financial results for the reporting year ended 30 June 2011 ("FY2011").

Improved Revenue

Revenue of the Group surged by 57.4% to S$60.4 million in FY2011 from S$38.4 million in FY2010. The increase was contributed mainly by Hafary Pte Ltd, the Group's sales arm for ceramic and homogeneous tiles and sanitary wares. The increased demand for the Group's products was driven by a healthy local property market and increased spending power of homeowners as a result of the improved economic climate in Singapore in the last 12 months.

Other subsidiaries of the Group, Surface Project Pte. Ltd., Surface Stone Pte. Ltd. and Wood Culture Pte. Ltd., also contributed to the significant revenue growth of the Group.

Performance of Project and General Segments

The Group's business segments, Project segment and General segment, reported an improvement in revenue for FY2011.

Against the backdrop of an increased number of private property launches in the past 2 to 3 years, sales from the Project segment increased to S$22.6 million in FY2011, up S$11.5 million or 103.9% over that recorded in FY2010. The substantial improvement in project sales reflects the Group's success in clinching several notable development projects during FY2011, including Double Bay Residences and The Regency.

The General segment continued to be the leading sales generator with sales of S$37.7 million which make up 62.5% of the Group's revenue. However, this segment achieved slightly slower sales growth of S$10.5 million or 38.6% over sales of S$27.2 million during FY2010.

Impairment Losses

The increase in impairment losses is mainly due to additional allowance for impairment of inventories, amounting to S$0.3 million (FY2010: S$0.2 million), and additional allowance for impairment of trade receivables, amounting to S$0.6 million (FY2010: S$0.1 million), made during FY2011.

Net Profit

Purchases of the Group are mainly from overseas and denominated in the United States dollar and the Euro, whereas the Group's sales are denominated in Singapore dollar. The weakening of these two currencies against the Singapore dollar lifted the Group's gross profit margin slightly from 39.7% in FY2010 to 40.9% in FY2011.

Overall, the Group's net profit for the reporting year surged by 130% to S$7.5 million from S$3.3 million in the preceding reporting year.

Commenting on the improved financial performance of the Group, Chief Executive Officer, Mr. Low See Ching, said, "We are delighted to deliver a good financial report card for FY2011. Although global economic conditions are volatile, the Singapore economy is still staying its course and showing moderate growth. We will continue to establish ourselves as a preferred one-stop provider for home furnishing materials especially for renovation purposes. To this end, the Group will continue to expand and enhance its wide range of products based on the latest design trends which appeal to the Singapore market, while exploring opportunities to offer complementary products for our customers."

Mr. Low added, "Although the property launches may have slowed down, we are confident of growing our business further as we are well-positioned to tap the increased opportunities presented by the mass market segment. In particular, we are set to capture greater market share, especially in the public housing arena, as some 25,000 HDB Build-to-Order ("BTO") flats are expected to be launched annually in the next few years."

Recent Corporate Developments

Given the business growth achieved in recent years and anticipated increase in business volume, the Group has taken steps to acquire additional showroom and storage space. Shareholders of Hafary Holdings Limited approved, in an Extraordinary General Meeting ("EGM") on 22 July 2011, the acquisitions of three properties located at Eunos, Changi and Sungei Kadut for sales and warehousing purposes. The total acquisition cost, including purchase and development costs, for the above three properties, is estimated to be approximately S$43.2 million.

During the EGM, the shareholders also approved the development and subsequent disposal of majority of freehold property at 79 Aljunied Road at a minimum reserve price of S$46.9 million. Based on this minimum reserve price, it is estimated that the excess of the proceeds over the book value of the Aljunied property (inclusive of stamp duty, legal fees, development costs and the purchase of adjoining state land) is S$14.9 million. The sale proceeds will be used to pay off some of the financing for the aforesaid acquisitions. The Group has since received the requisite approvals from the relevant authorities to commence the sale process of space in the development property in September 2011.

The business outlook for the current reporting year ("FY2012") remains optimistic, given the Group's stronghold in the Singapore market. The Group is confident of building on its firm business foundation and delivering a creditable financial performance for FY2012.

~ END ~

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Collins Stewart Pte. Limited 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.

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