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 *	30-06-2013
Description	Please refer to the attachments.

Attachments	HHL-Results_FY2013.pdf HHL-Media_Release_FY2013.pdf Total size =467K (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 Related Announcement for the Year Ended 30 June 2013

1(a)(i) 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 2013 S$'000	Audited 30 June 2012 S$'000	Increase/ (Decrease) %
Revenue	83,337	63,073	32.1
<u>Other Items of Income</u>			
Other Credits	24,092	174	N.M
<u>Other Items of Expense</u>			
Changes in Inventories of Finished Goods	5,184	6,444	(19.6)
Purchases and Related Expenses	(54,757)	(43,639)	25.5
Employee Benefits Expenses	(13,230)	(10,376)	27.5
Depreciation Expense	(1,423)	(951)	49.6
Impairment Losses	(1,515)	(164)	N.M
Other Charges	(335)	(1)	N.M
Finance Costs	(1,207)	(1,079)	11.9
Other Expenses	(7,315)	(7,290)	0.3
Share of Loss from Equity-Accounted Associates	(1,833)	(153)	N.M
Share of Profit from an Equity-Accounted Joint Venture Company	90	-	N.M
Profit Before Income Tax	**31,088**	**6,038**	**414.9**
Income Tax Expense	(5,130)	(968)	430.0
Profit, Net of Tax and Total Comprehensive Income for the Year	**25,958**	**5,070**	**412.0**
Profit, Net of Tax and Total Comprehensive Income Attributable to:			
- Owners of the Parent	25,404	4,547	458.7
- Non-Controlling Interests	554	523	5.9
	25,958	**5,070**	**412.0**

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

	Group		
	Unaudited 30 June 2013 S$'000	Audited 30 June 2012 S$'000	Increase/ (Decrease) %
Interest Expense	(1,207)	(1,079)	11.9
Depreciation Expense	(1,423)	(951)	49.6
Allowance for Impairment of Trade Receivables	(434)	(169)	156.8
Allowance for Impairment of Trade Receivables - Reversal	127	178	(28.7)
Bad Debts Recovered/ (Written Off) - Trade Receivables	1	(12)	(108.3)
Bad Debts (Written Off)/ Recovered - Other Receivables	(31)	5	(720.0)
Allowance for Impairment of Inventories	(371)	(166)	123.5
Impairment Allowance on Investment in Associate	(807)	-	N.M
Foreign Exchange Adjustment (Losses)/ Gains	(335)	121	(376.9)
Fair Value Gain on Derivative Financial Instruments	240	20	1,100.0
Adjustment for Over/ (Under) Provision of Tax in Respect of Prior Years	412	(53)	(877.4)
Gain on Disposal of Development Property	23,762	-	N.M
Gains/ (Loss) on Disposal of Property, Plant and Equipment	64	(1)	(6,500.0)

N.M - Not meaningful

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 2013 S$'000	Audited 30 June 2012 S$'000	Unaudited 30 June 2013 S$'000	Audited 30 June 2012 S$'000
ASSETS				
Non-Current Assets:				
Property, Plant and Equipment	52,124	31,570	188	263
Investments in Subsidiaries	-	-	9,239	9,239
Investments in Associates	6,074	5,895	-	-
Investments in Joint Venture Companies	160	-	-	-
Total Non-Current Assets	**58,358**	**37,465**	**9,427**	**9,502**
Current Assets:				
Development Property	-	32,265	-	-
Inventories	35,054	30,241	-	-
Trade and Other Receivables	29,969	17,164	34,550	15,133
Derivative Financial Instruments	197	-	-	-
Other Assets	6,039	1,713	41	41
Cash and Cash Equivalents	9,583	4,984	2,051	121
Total Current Assets	**80,842**	**86,367**	**36,642**	**15,295**
Total Assets	**139,200**	**123,832**	**46,069**	**24,797**
EQUITY AND LIABILITIES				
Equity:				
Share Capital	26,634	20,875	26,634	20,875
Retained Earnings	21,118	10,429	11,139	3,144
Equity, Attributable to Owners of the Parent	47,752	31,304	37,773	24,019
Non-Controlling Interests	2,075	1,701	-	-
Total Equity	**49,827**	**33,005**	**37,773**	**24,019**
Non-Current Liabilities:				
Deferred Tax Liabilities	239	224	-	-
Other Financial Liabilities	17,380	19,091	101	162
Total Non-Current Liabilities	**17,619**	**19,315**	**101**	**162**
Current Liabilities:				
Provision	328	276	-	-
Income Tax Payable	5,328	572	11	4
Trade and Other Payables	18,320	8,929	8,123	553
Derivative Financial Instruments	-	43	-	-
Other Financial Liabilities	47,186	37,441	61	59
Other Liabilities	592	24,251	-	-
Total Current Liabilities	**71,754**	**71,512**	**8,195**	**616**
Total Liabilities	**89,373**	**90,827**	**8,296**	**778**
Total Equity and Liabilities	**139,200**	**123,832**	**46,069**	**24,797**

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 2013		Audited As at 30 June 2012	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Bank Loans	21,435	-	19,307	-
Trust Receipts and Bills Payable to Banks	25,579	-	17,963	-
Finance Leases	172	-	171	-
	47,186	-	37,441	-

Amount repayable after one year

	Group			
	Unaudited As at 30 June 2013		Audited As at 30 June 2012	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Bank Loans	16,971	-	18,695	-
Finance Leases	409	-	396	-
	17,380	-	19,091	-

Details of collateral referring to the above borrowings

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

Trust Receipts and Bills Payable to Banks
These are covered by corporate guarantees 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 2013	Audited 30 June 2012
	S$'000	S$'000
Cash Flows From Operating Activities		
Profit Before Income Tax	31,088	6,038
Interest Expense	1,207	1,079
Share of Loss from Equity-Accounted Associates	1,833	153
Share of Profit from an Equity-Accounted Joint Venture Company	(90)	-
Depreciation Expense	1,423	951
Impairment Loss on Investment in Associate	807	-
(Gain)/ Loss on Disposal of Property, Plant and Equipment	(64)	1
Gain on Disposal of Development Property	(23,762)	-
Fair Value Gain on Derivative Financial Instruments	(240)	(20)
Operating Cash Flows Before Changes in Working Capital	12,202	8,202
Inventories	(4,813)	(6,277)
Trade and Other Receivables	(6,272)	(3,171)
Other Assets	(4,326)	137
Provision	52	11
Trade and Other Payables	2,276	1,908
Other Liabilities	(73)	542
Net Cash Flows (Used in)/ From Operations	(954)	1,352
Income Taxes Paid	(359)	(1,824)
Net Cash Flows Used in Operating Activities	**(1,313)**	**(472)**
Cash Flows From Investing Activities		
Proceeds from Disposal of Property, Plant and Equipment	196	3
Payments for Development Property Costs	(8,539)	(8,782)
Progress Payments Received from Sale of Development Property	35,163	23,586
Purchase of Property, Plant and Equipment	(21,526)	(25,060)
Investment in an Associate	(2,819)	(6,048)
Investments in Joint Venture Companies	(100)	-
Dividends from a Joint Venture Company	25	-
Net Cash Flows From/ (Used in) Investing Activities	**2,400**	**(16,301)**
Cash Flows From Financing Activities		
Dividends Paid to Equity Owners	(8,280)	(3,408)
Dividends Paid to Non-Controlling Interests	(180)	(210)
Increase in Trust Receipts and Bills Payable	7,616	1,390
Repayment of Finance Lease Liabilities	(263)	(131)
Proceeds From New Bank Loans	19,282	31,285
Repayment of Bank Loans	(18,894)	(14,947)
Issue of Shares	5,759	6,367
Interest Expense Paid	(1,528)	(1,862)
Net Cash Flows From Financing Activities	**3,512**	**18,484**
Net Increase in Cash and Cash Equivalents	4,599	1,711
Cash and Cash Equivalents, Beginning Balance	4,984	3,273
Cash and Cash Equivalents, Ending Balance	**9,583**	**4,984**

Note:
During the year, plant and equipment with a total cost of S$276,000 (2012: S$200,000) 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 2012	33,005	31,304	20,875	10,429	1,701
Total Comprehensive Income for the Year	25,958	25,404	-	25,404	554
Dividends Paid [(1)]	(14,715)	(14,715)	-	(14,715)	-
Dividends Paid to Non-Controlling Interests	(180)	-	-	-	(180)
Issue of Shares	5,880	5,880	5,880	-	-
Share Issue Expenses	(121)	(121)	(121)	-	-
Closing Balance at 30 June 2013	49,827	47,752	26,634	21,118	2,075
Previous Year (Audited):					
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

COMPANY	Total Equity S$'000	Share Capital S$'000	Retained Earnings S$'000
Current Year (Unaudited):			
Opening Balance at 1 July 2012	24,019	20,875	3,144
Total Comprehensive Income for the Year	22,710	-	22,710
Dividends Paid [(1)]	(14,715)	-	(14,715)
Issue of Shares	5,880	5,880	-
Share Issue Expenses	(121)	(121)	-
Closing Balance at 30 June 2013	37,773	26,634	11,139
Previous Year (Audited):			
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

Note:

(1)

Dividends on Equity Shares	Unaudited 30 June 2013 S$'000	Audited 30 June 2012 S$'000
Final tax exempt (1-tier) dividend paid of:		
- 1.5 cent per share on total number of issued ordinary shares of 194,500,000	2,918	-
Interim tax exempt (1-tier) dividend paid/ payable of:		
- 2.5 cent per share on total number of issued ordinary shares of 214,500,000	5,362	-
- 1.5 cent per share on total number of issued ordinary shares of 429,000,000	6,435	-
Final tax exempt (1-tier) dividend paid of:		
- 0.9 cent per share on total number of issued ordinary shares of 162,500,000	-	1,463
Interim tax exempt (1-tier) dividend paid of:		
- 1.0 cent per share on total number of issued ordinary shares of 194,500,000	-	1,945
	14,715	3,408

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 2013		Audited 30 June 2012	
	No. of Shares	S$'000	No. of Shares	S$'000
Total number of shares at the beginning of the year	194,500,000	20,875	162,500,000	14,508
Issue of shares pursuant to share placement exercise	20,000,000	5,759	32,000,000	6,367
Additional shares arising from share split	214,500,000	-	-	-
Total number of shares at the end of the year	429,000,000	26,634	194,500,000	20,875

On 15 May 2013, the Company completed share split of every one ordinary share in the share capital of the Company into two ordinary shares. Following the completion of the share split, the Company has an issued and paid-up share capital comprising 429,000,000 ordinary shares.

On 27 February 2013, the Company issued 20,000,000 new ordinary shares of no par value at an issue price of S$0.294 for each ordinary share in a share placement exercise. Net proceeds (gross proceeds of S$5,880,000 less costs directly attributable to the share issue of S$121,000) amounting to S$5,759,000 was raised in this share placement exercise.

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.

The Company has no outstanding convertibles or treasury shares as at 30 June 2013 and 30 June 2012.

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 2013	Audited 30 June 2012
429,000,000	194,500,000

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 2013 and there were no sales transfers, disposal, cancellation and/ or use of treasury shares during FY2013.

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 2012. 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 2013.

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 and total comprehensive income attributable to owners of the parent:

	Group	
	Unaudited 30 June 2013 (1)	Audited 30 June 2012 (2)
Earnings per ordinary share		
(a) Basic	6.31 cents	1.25 cents
Weighted average number of ordinary shares (3)	402,479,452	363,295,082
(b) On a fully diluted basis	6.31 cents	1.25 cents
Weighted average number of ordinary shares (3)	402,479,452	363,295,082

Notes:

(1) EPS for 30 June 2013 have been computed based on weighted average number of pre-share placement share capital of 194,500,000 ordinary shares and 20,000,000 new ordinary shares arising from the share placement exercise.

(2) 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.

(3) For computation of EPS, the number of ordinary shares outstanding was retroactively adjusted for the effect of the share split. The number of shares outstanding is adjusted as if the share split was completed on the first day of the prior year. For new ordinary shares issued during the year, the share split was assumed to have been completed on the date of issuance of the new shares during the year.

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 2013	30 June 2012	30 June 2013	30 June 2012
Net asset value per ordinary share based on the total number of share in issue	11.1 cents	16.1 cents	8.8 cents	12.3 cents

Note:

Net asset value per ordinary share is calculated based on 429,000,000 ordinary shares and 194,500,000 ordinary shares as at 30 June 2013 and 30 June 2012 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$20.2 million or 32.1% from S$63.1 million during FY2012 to S$83.3 million during FY2013.

Revenue from the general segment (where customers include home-owners, architecture, interior design and renovation firms) increased by S$7.0 million or 16.9% from S$40.7 million during FY2012 to S$47.7 million during FY2013. The Group geared up its sales and marketing initiatives to widen its customer base and increase customers' loyalty resulting in more sales to general customers.

Revenue from the project segment (where customers include architecture firms, property developers and construction companies) increased by S$13.2 million or 59.4% from S$22.2 million during FY2012 to S$35.4 million during FY2013. The Group supplied tiles and building materials for several notable development projects during FY2013, for example The Westin Singapore, Carlton Hotel, NUH Medical Centre, Fullerton Hotel, IMM Building and Westgate. During FY2013, the Group also commenced deliveries of surfacing materials for use in a number of Housing Development Board ("HDB") residential estate development under the Build-To-Order Scheme and Home Improvement Programme.

Other Credits

Other credits increased by S$23.9 million from S$0.2 million during FY2012 to S$24.1 million during FY2013.

The increase was mainly due to:

a) Recognition of a one-time gain on disposal of development property at 82 Lorong 23 Geylang Singapore 388409 (Former address: 79 Aljunied Road Singapore 389822), after the temporary occupancy permit was issued in December 2012, amounting to S$23.8 million;
b) Increase in fair value gain on foreign currency forward contracts by S$0.2 million. The fair value gain on foreign currency forward contracts was higher for FY2013 as the difference between foreign currency forward contract rates as at contract date and forward rates as at 30 June 2013 was larger vis-a-vis the relevant rates as at 30 June 2012; and
c) Gain on disposal of motor vehicle and plant and equipment amounting to S$0.1 million.

There was no net gain on foreign exchange adjustment during FY2013 (FY2012: S$0.2 million). The above increase was marginally offset by S$0.2 million.

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$12.4 million or 33.3% from S$37.2 million during FY2012 to S$49.6 million during FY2013.

The increase in cost of sales was in tandem with the increase in revenue. The gross profit margin (based on purchase cost of materials and related costs, without taking into account labour costs and overheads) of 40.5% for FY2013 was comparable to 41.0% for FY2012.

8 Profit or Loss Review (Continued)

Employee Benefits Expenses

Employee benefits expenses increased by S$2.8 million or 27.5% from S$10.4 million during FY2012 to S$13.2 million during FY2013.

The increase was due to the annual salary increment with effect from July 2012, increase in directors' performance bonus, increase in headcount and higher overtime expenses incurred to cope with the increased business of the Group. As at 30 June 2013, the Group had 240 employees (including directors) (30 June 2012: 212).

Depreciation Expense

Depreciation expense increased by S$0.5 million or 49.6% from S$0.9 million during FY2012 to S$1.4 million during FY2013.

The increase was mainly attributable to:

a) Revision of useful life of renovation of premises (including corporate headquarters, showroom and warehouse) at 15 Defu Avenue 1 Singapore 539538. The Group expects to shift its corporate headquarters and main showroom at 15 Defu Avenue 1 to 105 Eunos Avenue 3 Singapore 409836 during the first half of FY2014. The group has ceased usage of warehousing space at 15 Defu Avenue 1 during FY2013. Renovation of these premises at 15 Defu Avenue 1 was fully depreciated as at 30 June 2013;
b) Major additions during FY2013 such as refurbishment of marble processing facility at 18C Sungei Kadut Street 4 Singapore 729066 and acquisition of motor vehicles, furniture and fittings and machinery to cope with the increased business of the Group; and
c) Commencement of depreciation of warehouse premise at 3 Changi North Street 1 Singapore 498824 with effect from 1 March 2013 after the warehouse was fully constructed and put in use.

Impairment Losses

Impairment losses increased by S$1.3 million from S$0.2 million during FY2012 to S$1.5 million during FY2013.

The increase was mainly due to higher allowance for impairment made for:

a) Inventories by S$0.2 million; and
b) Trade receivables by S$0.3 million.

The Group also made an impairment allowance on investment in an associate, Hunan Cappuccino Construction Materials Co., Limited ("HCCM"), amounting to S$0.8 million. An impairment review is performed by the management as the associate has been reporting losses since the Group invested into this associate. This impairment amount is the difference between the carrying value (before impairment allowance) of the investment and discounted value-in-use assessed by the management.

Other Charges

Other charges incurred in FY2013 was in relation to net foreign exchange adjustment losses. Other charges during FY2012 was in relation to loss on disposal of plant and equipment.

Finance Costs

Finance costs increased by S$0.1 million or 11.9% from S$1.1 million in FY2012 to S$1.2 million in FY2013.

The increase was mainly attributable to interest expense on bank loans relating to acquisition and development of 105 Eunos Avenue 3 Singapore 409836 (Corporate headquarters) and 3 Changi North Street 1 Singapore 498824 (Main warehouse) recognised in profit or loss after temporary occupancy permits ("TOPs") were issued for these premises. Before the issuance of the TOPs, interest expense incurred for these bank loans were treated as cost of qualifying assets and capitalised in property, plant and equipment.

8 Profit or Loss Review (Continued)

Other Expenses

Other expenses increased by S$25,000 or 0.3% compared to amount for FY2012. Other expenses for FY2013 and FY2102 amounted to approximately S$7.3 million.

The major fluctuation in other expenses were as follows:

a) Increase in rental expenses of premises and land rental on leasehold properties by S$0.3 million;
b) Increase in upkeep and hire of motor vehicles and other repair and maintenance by S$0.3 million due to high utilisation of plant and equipment to cope with the increased business of the Group and relocation of inventories to new warehouse at 3 Changi North Street 1 Singapore 498824;
c) Increase in utilities by S$0.1 million;
d) Increase in entertainment and refreshment by S$0.1 million;
e) Decrease in legal and professional fees by S$0.3 million; and
f) Decrease in transportation expense by S$0.5 million as employees' transport allowance was classified under employee benefits expense with effect from 1 July 2012.

Share of Loss from Equity-Accounted Associates and Joint Venture Company

Share of loss from equity-accounted associates and joint venture company amounted to S$1.7 million for FY2013 (FY2012: Share of net loss of S$0.2 million).

Share of loss from equity-accounted associates and joint venture company is made up of:

a) Share of loss of associate, HCCM, from July 2012 to June 2013, amounting to S$1.8 million; partially offset by
b) Share of profit of associate, Viet Ceramics International Joint Stock Company, from October 2012 to June 2013, amounting to S$42,000; and
c) Share of profit of joint venture company, Melmer Stoneworks Pte. Ltd., from July 2012 to June 2013, amounting to S$0.1 million.

Associates and joint venture company are accounted for in the group accounts using the equity method with effect from the date when the Group exerts significant influence over the associates and joint venture company (i.e. equity interests are transferred to the Group).

Profit Before Income Tax

Profit before income tax increased by S$25.1 million or 414.9% from S$6.0 million during FY2012 to S$31.1 million during FY2013.

The increase in profit before income tax was contributed largely by recognition of a one-time gain on disposal of development property (net of impact on directors' performance bonus) amounting to S$22.7 million. The Group also recognised net share of losses from associates and joint venture company amounting to S$1.7 million (FY2012: S$0.2 million) and impairment allowance on investment in HCCM amounting to S$0.8 million. Excluding the effects of the above items, profit before income tax generated from recurring activities increased by S$3.9 million or 62.9% from S$6.2 million during FY2012 to S$10.1 million during FY2013.

Income Tax Expense

The effective tax rate (excluding share of profit or loss from equity-accounted associates and joint venture company) for FY2013 was 15.6% (FY2012: 15.6%) 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$20.9 million or 55.8% from S$37.5 million as at 30 June 2012 to S$58.4 million as at 30 June 2013.

Property, plant and equipment increased by S$20.6 million or 65.1% from S$31.5 million as at 30 June 2012 to S$52.1 million as at 30 June 2013. The increase was mainly due to additions of the following assets:

a) Construction of corporate headquarters at 105 Eunos Avenue 3 and main warehouse at 3 Changi North Street 1 amounting to S$8.9 million and S$11.7 million respectively;
b) Refurbishment of warehouse at 18C Sungei Kadut Street 4 amounting to S$0.2 million;
c) Motor vehicles and forklifts amounting to S$0.5 million; and
d) Plant and equipment amounting to S$0.8 million.

The above increase in property, plant and equipment was partially offset by depreciation expense amounting to S$1.4 million and disposal of motor vehicle by S$0.1 million.

In September 2012, the Group acquired a 49% shareholding in an associate, Viet Ceramics International Joint Stock Company ("VCI") at a consideration of S$2.8 million. The investment in VCI is part of the Group's growth strategy to enhance its regional presence. Share of associates' profit (VCI) amounting to S$42,000 and loss (Hunan Cappuccino Construction Materials Co., Limited) amounting to S$1.8 million was recognised during FY2013. In addition, an impairment allowance of S$0.8 million was made on investment in Hunan Cappuccino Construction Materials Co., Limited (HCCM) after management assessed that carrying value of this investment (before impairment allowance) was higher than its discounted value-in-use.

In July 2012, the Group incorporated and took a 50% equity interest in a joint venture company, Melmer Stoneworks Pte. Ltd. ("MSPL"). During FY2013, the Group increased its investment in MSPL to S$0.1 million, while retaining 50% equity interest. Share of MSPL's profit (excluding the group's portion of interim dividend declared by MSPL amounting to $30,000) amounting to S$60,000 was recognised during FY2013.

Current Assets

Current assets decreased by S$5.6 million or 6.4% from S$86.4 million as at 30 June 2012 to S$80.8 million as at 30 June 2013.

Decrease in current assets was mainly attributable to derecognition of development property at 82 Lorong 23 Geylang (FY2012: S$32.3 million). The decrease was partially offset by the increase in inventories by S$4.8 million, trade and other receivables by S$12.8 million, cash and cash equivalents by S$4.6 million, other assets by S$4.3 million and derivative financial instruments by S$0.2 million.

As at 30 June 2012, development property classified under current assets amounted to S$32.3 million. During the first half of FY2013, total cost of the development property amounting to S$41.5 million was derecognised as the risks and rewards of ownership of the development property was transferred to the purchasers following the issuance of temporary occupancy permit in December 2012.

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 2013, the Group also stocked tiles which will be delivered for use in HDB construction projects during the first half of FY2014. Inventory turnover days decreased to 248 as at 30 June 2013 compared to 273 as at 30 June 2012.

The increase in trade and other receivables was due to S$6.5 million increase in receivables from purchasers of development property (30 June 2012: NIL), S$5.9 million increase in trade receivables and S$0.4 million increase in other receivables. The increase in trade receivables was in line with the revenue growth in FY2013. Trade receivables turnover of 90 days as at 30 June 2013 was comparable to 92 days as at 30 June 2012.

The increase in other assets was mainly due to increase in advance payment to suppliers by S$3.8 million as a wider range of products were sourced to cope with the market demand, increase in deposit by S$0.4 million (S$0.1 million relates to earnest money for proposed acquisition of leasehold land at 18 Sungei Kadut Street 2 and S$0.3 million relates to increase in non-refundable deposits) and increase in prepayments by S$0.1 million.

8 Statement of Financial Position Review (Continued)

Non-Current Liabilities

Non-current liabilities decreased by S$1.7 million or 8.8% from S$19.3 million as at 30 June 2012 to S$17.6 million as at 30 June 2013.

Other financial liabilities (non-current) decreased by S$1.7 million due to repayments and drawdowns of bank loans during FY2013. Major movements in other financial liabilities (non-current) included the following:

a) Reclassification of bank loans relating to acquisition and development of leasehold property at 105 Eunos Avenue 3 amounting to S$8.8 million to current portion as the loans are to be repaid within the next financial year;
b) Repayment of bank loans relating to acquisition of 54/ 56 Sungei Kadut Loop and 18C Sungei Kadut Street 4 amounting to S$1.1 million;
c) Repayment of bank loan relating to acquisition of 3 Changi North Street 1 amounting to S$0.4 million; and
d) Drawdown and repayments of construction loan for development of 3 Changi North Street 1 amounting to S$9.0 million. As at 30 June 2013, balance of the construction loan is S$9.4 million, of which $9.0 million was classified under non-current portion (FY2012: S$0.4 million).

Current Liabilities

Current liabilities increased by S$0.2 million or 0.3% from S$71.5 million as at 30 June 2012 to S$71.7 million as at 30 June 2013.

The increase was mainly attributable to increase in trade and other payables by S$9.4 million, other financial liabilities by S$9.7 million and income tax payable by S$4.8 million. The above increase was partially offset by decrease in other liabilities by S$23.7 million.

Included in trade and other payables are trade payables and accrued liabilities amounting to S$10.6 million (FY2012: S$7.7 million), interim dividend payable to shareholders of the Company amounting to S$6.5 million (FY2012: NIL) and payables (including retentions) to vendors relating to construction of premises at 105 Eunos Avenue 3 and 3 Changi North Street 1 amounting to S$1.2 million (FY2012: S$1.2 million). The interim dividend to shareholders was paid on 10 July 2013.

Total amount of trade payables and trust receipts and bills payable to banks was S$36.2 million (FY2012: S$25.6 million). The turnover days of the aforesaid items based on cost of sales of 228 as at 30 June 2013 has decreased from 241 as at 30 June 2012.

Other financial liabilities (current) increased by S$9.7 million due to repayments and drawdowns of bank loans during FY2013. Major movements in other financial liabilities (current) included the following:

a) Reclassification of bank loans relating to acquisition and development of leasehold property at 105 Eunos Avenue 3 amounting to S$8.8 million to current portion as the loans are to be repaid within the next financial year. During FY2013, a further S$6.7 million was drawdown;
b) Increase in trust receipts and bills payable to banks by S$7.6 million;
c) Drawdown of short-term bank loans amounting to S$4.0 million;
d) Drawdown and repayments of construction loan for development of 3 Changi North Street 1 amounting to S$9.0 million. As at 30 June 2013, balance of the construction loan was S$9.4 million, of which $0.4 million was classified under current portion (FY2012: NIL);
e) Repayment of short-term bank loans amounting to S$12.5 million;
f) Repayment of loan relating to acqusition of 82 Lorong 23 Geylang amounting to S$5.0 million; and
g) Repayment of short-term bank loans amounting to S$0.3 million.

8 **Statement of Financial Position Review (Continued)**

Current Liabilities (Continued)

The increase in income tax payable was mainly due to income tax effect of the one-time gain on disposal of development property during FY2013.

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 82 Lorong 23 Geylang amounted to S$23.6 million and classified under other liabilities. As at 30 June 2013, progress payments under other liabilities were recognised in profit or loss as the sale was completed following the issuance of temporary occupancy permit in December 2012.

Statement of Cash Flows Review

Net cash flows used in operating activities was S$1.3 million due to operating cash flows before working capital changes of S$12.2 million, net cash used in working capital of S$13.1 million, and income taxes paid of S$0.4 million. The net cash used in working capital of S$13.1 million was mainly attributable to an increase in inventories of S$4.8 million, increase in trade and other receivables of S$6.3 million, and increase in other assets of S$4.3 million, partially offset by an increase in trade and other payables of S$2.3 million.

Net cash flows from investing activities amounted to S$2.4 million for FY2013 was mainly attributable to:

a) Cash outflows of S$21.5 million for development of 105 Eunos Avenue 3, 3 Changi North Street 1, refurbishment of warehouse at 18C Sungei Kadut Street 4 and purchase of plant and equipment to cope with the increased business of the Group;
b) Payment of construction cost of development property at 82 Lorong 23 Geylang amounting to S$8.5 million;
c) Acquisition of a 49% shareholding in an associate, Viet Ceramics International Joint Stock Company, at a consideration of S$2.8 million in November 2012; and
d) Subscription of share capital in MSPL amounting to S$0.1 million.

The above increase in cash outflows were offset by receipt of progress payments relating to disposal of the development property amounting to S$35.1 million and proceeds from disposal of plant and equipment amounting to S$0.2 million.

Net cash flows generated from financing activities amounted to S$3.5 million for FY2013 was mainly attributable to:

a) Net increase in bank loans amounting to S$0.4 million in relation to the development leasehold properties at 105 Eunos Avenue 3 and 3 Changi North Street 1 and working capital purpose;
b) Net proceeds from the issue of ordinary shares amounting to S$5.8 million. In February 2013, the Company issued 20,000,000 new ordinary shares at S$0.294 each via a share placement exercise; and
c) Increase in trust receipts and bills payable to banks amounting to S$7.6 million.

The above increase in cash inflows were partially offset by:

a) Dividends paid of S$8.5 million;
b) Interest expenses paid of S$1.5 million; and
c) Repayment of finance lease liabilities of S$0.3 million.

As a result of the above, there was net increase of S$4.6 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.

Business in Singapore

The Public Project Department of the Group was set up in 2010 to cater for the demand in surfacing materials by construction companies for use in development of HDB residential estates. Since then, several floor and wall tiles supplied by the Group have been approved for use in HDB residential estate development. During FY2013, the Group commenced deliveries of surfacing materials for use in a number of HDB residential estate development under the Build-To-Order Scheme ("BTO") and Home Improvement Programme. At the beginning of 2013, the Ministry of National Development highlighted that up to 200,000 residential units (more than half of them being HDB flats) will be constructed by 2016. The HDB is also on track to launch 25,000 BTO flats for the whole of 2013. The massive rollout of new flats over the next few years is expected to translate into demand for more tiles over the long term. The Group will continue to build up its reputation as a reliable supplier of building materials for its public project customers.

The Group has been constantly penetrating the market by offering products which are complementary to its core products (i.e. tiles, marble and other building materials). Since the beginning of FY2011, the Group offers sanitary ware and fittings and is the authorised retailer for several premium brands, such as Hansgrohe, Geberit, Caroma, Bravat, Fima, Pablo and OXO. The Group also retails sanitary fittings under its house brand, iLife. The Group intends to carry more popular brands of sanitary ware and fittings from Europe and Australia and continues to grow this segment. During FY2012, the Group began to import composite quartz materials for installation in kitchens and bathrooms. Reputable brands carried by the Group include Caesarstone and Kalingastone. Composite quartz is increasingly being used to produce kitchen counter tops due to its non-porous nature and scratch and stain resistance. Another new product offered by the Group is engineered wood flooring. Featuring surfaces made of layer of pre-finished and pre-stained wood and supported by plywood core, engineered wood flooring is eco-friendly, warp-resistant, easy to install and provides a real wood feel. The Group will further explore these new and other business avenues which have market potentials.

In July 2012, the Group incorporated and took a 50% equity interest in a joint venture company, Melmer Stoneworks Pte. Ltd. ("MSPL"). MSPL commenced operations in October 2012 and is principally engaged in the fabrication, polishing and profiling of stone and marble slabs for household and commercial purpose. The Group sees potential in the stone fabrication business as more home-owners prefer to use stone and marble for their flooring and home decoration solutions and incorporate stone elements in their furniture, such as coffee table. There is also demand for granite and marble slabs, which need to be processed before being installed at premises, for use in development of private residential and commercial buildings in Singapore. Only in its first year of operations, MSPL contributed profit to the Group amounting to S$0.1 million.

In December 2012, the Group recognised a one-time gain on disposal of development property at 82 Lorong 23 Geylang Singapore 388409 amounting to S$23.8 million, after the temporary occupancy permit was issued and risks and rewards of ownership of the property was transferred to the purchasers. The series of dividend declaration during FY2013 and proposed dividend in this announcement was largely attributable to this one-time gain on disposal.

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 July 2013, the Company's wholly-owned subsidiary, Hafary Pte Ltd, together with Mr. Low See Ching (Executive Director and controlling shareholder) and Mr. Ching Chiat Kwong (Controlling shareholder) and Sitra Agencies Pte Ltd, a wholly-owned subsidiary of Catalist-listed Sitra Holdings (International) Limited ("Sitra"), incorporated World Furnishing Hub Pte. Ltd. for purpose of acquiring a leasehold land at 18 Sungei Kadut Street 2, Sungei Kadut Industrial Estate, Singapore 729236 from Sitra subject to certain conditions, including approval of lease applications to Jurong Town Corporation ("JTC") ("Proposed Acquisition"). JTC intends to redevelop part of the Sungei Kadut Industrial Estate to cater for the development of an International Furniture Park ("IFP"), to be positioned as Southeast Asia's international furniture hub, a global marketplace for furniture and furniture-related industries. The leasehold property is along the designated primary pedestrian network of the business epicentre of the IFP. Subject to, inter alia, approval by the Company's shareholders for the Proposed Acquisition at a general meeting to be convened, upon the successful consummation of the Proposed Acquisition, the SPV shall develop the leasehold property in accordance with the objectives, concept and development strategy envisioned for the IFP by JTC, International Enterprise Singapore and SPRING Singapore. The Group intends to set up a showroom at the leasehold property. A portion of the leasehold property is expected to be used as warehousing facility for the Group's surfacing and furnishing products. As the IFP is targeting international buyers and sellers, a prominent presence in the IFP is expected to open doors to overseas customers and overseas expansion.

The Group continues to focus on costs control and enhancement of operational efficiency to improve financial performance. The development of 105 Eunos Avenue 3 into the Group's corporate headquarters is completed. Relocation of the corporate headquarters from 15 Defu Avenue 1 to 105 Eunos Avenue 3 is expected to be completed by the first half of FY2014. Any unutilised floor space in the new corporate headquarters would be leased to generate rental income and cash flows for the Group. With the completion and operation of new warehouse facility at 3 Changi North Street 1, the Group can look forward to streamline its logistical functions. The Group is in the process of consolidating certain categories of inventories in the new warehouse and has ceased rental of other support warehouses, thereby reducing rental costs. The streamling of operations is also expected to result in lower manpower and transport costs, thereby increasing the cost efficiency of the Group.

The Group is also making inroads in enhancing its market presence. During the year, our showrooms, a meeting place between our brand and customers, were improved to meet the increasing needs of our large categories of visitors. In July 2013, the Balestier showroom doubled its retail floor space to approximately 4,000 square feet and was refurbished to serve our customers better. The Group's main showroom at 15 Defu Avenue 1 would be shifted to our new corporate headquarters in the first half of FY2014. This full-featured gallery, boosted a floor space of approximately 20,000 square feet, would be able to showcase the Group's wide and expanding range of surfacing and building materials and accomodate more mock-ups of the different living spaces built using our products. The Tradehub 21 showroom also saw increase in customer traffic. The Group will continue to implement various sales and marketing initiatives and increase its product and service range to enhance its branding and widen its customer base.

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.

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.

Overseas Investments (Continued)

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 HCCM has commenced in November 2012. While building market recognition of its house brand of tiles, Cappuccino Ceramics, HCCM would strive to maintain optimal level of production by taking/ fulfilling original equipment manufacturing (OEM) orders from more established tile manufacturers.

In September 2012, the Group acquired a 49% shareholding in an associate, Viet Ceramics International Joint Stock Company ("VCI"), a reputable tile retailing company in Vietnam. The investment is part of the Group's growth strategy to enhance its regional presence. Share of profits from this associate for FY2013 is not high due to the poor economic condition of Vietnam in 2012. However, the broader economy of Vietnam are showing signs of picking up in 2013. A sustained recovery of Vietnam's economy would be favourable to business performance of VCI. Considering Vietnam's large population of more than 88 million and as more and more businesses look to expand into the Southeast Asia markets, VCI is in good stead to support building materials needs of property developers with projects in this region.

Economic and Market Trends

In January 2013, the Singapore Government announced its seventh package of property cooling measures in over three years. This has resulted in a discernible decrease in number of public and private residential unit resale transactions in the first two quarters of 2013. The Total Debt Servicing Ratio introduced by the Monetary Authority of Singapore in June 2013 dampened the buying sentiment and sales of new private homes in July 2013.

In January 2013, the Ministry of National Development announced that 200,000 new residential units (public and private) will be constucted by year 2016. According to the Release of Second Quarter 2013 Public Housing Data by HDB, HDB is on track to launch 25,000 BTO flats for the whole of year 2013.

The Building and Construction Authority projected a construction demand of between S$26 billion and S$32 billion for year 2013. According to Asia Construction Outlook 2013 released in August 2013 by AECOM, a reputable design and engineering consultancy, Singapore's construction sector is expected to grow by 3.5% per year over the next five years, but the pace is gradually slowing.

The Group remains cautiously optimistic of continual demand for its surfacing and building materials in the next one year.

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	4.0 cent	2.5 cent
Total annual dividend (S$'000)	11,797	10,725

(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	1.5 cent
Total annual dividend (S$'000)	2,918

(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.	-	26
Sales to Hume Construction Pte. Ltd.	-	8
Sales to Oxley Construction Pte. Ltd.	-	845

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 2013

	General	Project	Others [1]	Unallocated	Group
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue by segment					
Total revenue by segment	49,279	49,256	-	227	98,762
Inter-segment sales	(1,615)	(13,810)	-	-	(15,425)
Total revenue	47,664	35,446	-	227	83,337
Recurring EBITDA*	8,241	5,132	(25)	227	13,575
Non-recurring EBITDA	-	-	(1,876)	-	(1,876)
Gain on disposal of development property	-	-	23,762	-	23,762
Finance costs	(1,121)	(86)	-	-	(1,207)
Depreciation expense	(1,014)	(409)	-	-	(1,423)
Share of loss from equity-accounted associates	-	-	(1,833)	-	(1,833)
Share of profit from equity-accounted joint venture	-	-	90	-	90
ORBIT**	6,106	4,637	20,118	227	31,088
Income tax expense					(5,130)
Profit, net of tax					25,958
Assets and Reconciliations					
Segment assets	95,637	37,329	6,234	-	139,200
Liabilities and Reconciliations					
Segment liabilities	66,340	16,397	1,069	-	83,806
Deferred tax liabilities					239
Income tax payable					5,328
Total liabilities					89,373
Other Material Items and Reconciliations					
Impairment of assets, net - reversal/ (made)	(586)	(122)	(807)	-	(1,515)
Non-current expenditure	13,851	8,258	9,250	-	31,359

* 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 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

(b) By Geographical Segments

	Revenue		Non-current assets	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	S$'000	S$'000	S$'000	S$'000
Group				
Singapore	83,001	63,031	52,284	31,570
People's Republic of China	-	-	3,213	5,895
Vietnam	-	-	2,861	-
Rest of Southeast Asia	336	42	-	-
Total	83,337	63,073	58,358	37,465

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 2013 S$'000	30 June 2012 S$'000	Increase/ (decrease) %
(a)	Sales reported for first half year	42,452	32,335	31.3
(b)	Operating profit after tax before deducting non-controlling interests reported for first half year	24,304	2,843	754.9
(c)	Sales reported for second half year	40,885	30,738	33.0
(d)	Operating profit after tax before deducting non-controlling interests reported for second half year	1,654	2,227	(25.7)

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 2013 S$'000	Audited 30 June 2012 S$'000
Ordinary	14,715	3,408
Preference	-	-
Total	14,715	3,408

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(13) 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	65	Father of Low See Ching and Dr Low Bee Lan Audrey, a substantial shareholder	Executive Chairman Since 2009	Not applicable
Low See Ching	38	Son of Low Kok Ann and brother of Dr Low Bee Lan Audrey	Executive Director and Chief Executive Officer Since 2009	Not applicable

19 Use of proceeds from share placement

The Company refers to the net proceeds raised in February 2013 from the placement of 20,000,000 new ordinary shares in the share capital of the Company at an issue price of S$0.294 per ordinary share.

As at the date of this announcement, the Group has utilised net proceeds from the share placement of approximately S$5.8 million (after deducting expenses of approximately S$0.1 million incurred by the Company in connection with the share placement) as follows:-

Use of net proceeds	Allocation of net proceeds S$'000	Net proceeds utilised as at date of this announcement S$'000	Balance of net proceeds as at date of this announcement S$'000
Redevelopment of the property at 18C Sungei Kadut Street 4	2,000	-	2,000
For general working capital purposes - Purchasing and holding of inventories	3,800	3,800	-
	5,800	3,800	2,000

By Order of the Board

Low See Ching
Executive Director and Chief Executive Officer
22 August 2013

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'S FY2013 NET PROFIT SURGES BY 412% TO S$25.9 MILLION

- ***Reflects a net one-time gain on disposal of development property amounting to S$22.7 million***
- ***Profit before tax from recurring activities increased by S$3.9 million from S$6.2 million during FY2012 to S$10.1 million in FY2013***
- ***Proposed special final dividend of 2.5 cents***
- ***Continues on its expansion strategy locally and in the region through its associates in China and Vietnam***

Singapore, 22 August 2013 – Mainboard-listed **Hafary Holdings Limited** ("Hafary" or "the Group" or "合发利控股有限公司"), a leading supplier of premium tiles, wood flooring and sanitary ware in Singapore, is pleased to announce its unaudited financial results for the financial year ended 30 June 2013 ("FY2013").

Higher Revenue

The Group's revenue increased by S$20.2 million or 32.1% from S$63.1 million during FY2012 to S$83.3 million in FY2013. The revenue improvement was driven by an across-the-board increase in sales contributed by its two business segments– ***General*** (comprising retail "walk-in" customers who purchase their requirements from the showrooms) and ***Project*** (comprising customers who are usually involved in major property development projects, whether residential, commercial, public or industrial).

Segmental Performance

Revenue from the ***General*** segment increased by S$7.0 million or 16.9% from S$40.7 million during FY2012 to S$47.7 million during FY2013. The Group's strategy to ramp-up sales and marketing efforts and widen its customer base, coupled with increased customer loyalty, have contributed to the increased revenue for this segment.

Revenue from the ***Project*** segment increased by S$13.2 million or 59.4% from S$22.2 million during FY2012 to S$35.4 million in FY2013. In FY2013, the Group supplied tiles and building materials for several notable development projects, for example, The Westin Singapore, Carlton Hotel, NUH Medical Centre, Fullerton Hotel, IMM Building and Westgate. During the year, the Group also commenced delivery of surfacing materials for use in a number of Housing Development Board ("HDB") residential estate developments under the Build-To-Order Scheme and Home Improvement Programme.

Net Profit Boosted by One-off Gain

Profit before income tax soared by S$25.1 million or 414.9% from S$6.0 million in FY2012 to S$31.1 million in FY2013. Profit before income tax generated from recurring activities increased by S$3.9 million from S$6.2 million in FY2012 to S$10.1 million in FY2013. Net profit attributable to owners of the parent increased by approximately five folds from S$4.5 million in FY2012 to S$25.4 million in FY2013. The increase was due primarily to recognition of a one-time gain on disposal of the development property at 79 Aljunied Road amounting to S$22.7 million (net of impact on Directors' performance bonus).

Hafary's Chief Executive Officer, Mr Low See Ching, commented, "FY2013 was a bumper year for the Hafary Group as we managed to deliver a stellar financial performance, thanks to a one-time gain on disposal of development property. In the last few years, Hafary has taken the appropriate measures to advance its market position in Singapore, while building its overseas base progressively to capitalize on demand in markets with high-growth potential such as China and Vietnam. As we forge ahead with these domestic and external growth drivers for the Group, we will continue to exercise financial prudence and maximise operational efficiency to improve our overall performance."

Special Dividend

The Board of Directors is proposing ***a final dividend of 2.5 cents per ordinary share*** on the back of 429,000,000 issued ordinary shares to be paid to shareholders, a special dividend given in view of its one-time gain from the property disposal. For FY2012, the Group declared a final dividend of 1.5 cent per ordinary share on the back of 194,500,000 issued ordinary shares. The series of dividends declared during FY2013 and proposed final dividend for FY2013 is largely attributable to this one-time gain on disposal of property.

Business Strategies & Growth Prospects

Singapore Market

The Group will continue to reinforce its market position as a reliable supplier of building materials for its public project customers. The HDB is on track to launch 25,000 BTO flats for the whole of 2013. Demand for tiles looks set to increase in the next three years as the government is expected to build more than 100,000 HDB flats by the year 2016. The massive rollout of new flats over the next few years is expected to generate more business opportunities for the Group.

Since 2011, the Group has been offering complementary products such as sanitary ware and fittings. Besides being the authorised retailer for several premium brands, such as Hansgrohe, Geberit, Caroma, Bravat, Fima, Pablo and OXO, Hafary also retails sanitary fittings under its house brand, iLife. The Group intends to continue to grow this segment by carrying more popular brands of sanitary ware and fittings from Europe and Australia.

Since FY2012, the Group has also started marketing two other products, namely, composite quartz materials for installation in kitchens and bathrooms, and engineered wood flooring. Composite quartz is increasingly being used to produce kitchen counter tops due to its non-porous nature and scratch and stain resistance. Engineered wood flooring has its market potential as it is eco-friendly, warp-resistant, easy to install and feels like real wood.

Stone and marble - an increasingly popular flooring and home decoration solution for local customers - is another product segment with promising market potential. There is also growing demand for granite and marble slabs, which need to be processed before being installed at premises, for use in development of private residential and commercial buildings in Singapore. Hafary is well poised to tap this market potential through its investment (50% equity interest) in a joint venture company, Melmer Stoneworks Pte. Ltd. ("MSPL"). Only in its first year of operations, MSPL contributed profit to the Group amounting to S$0.1 million.

Earlier in July 2012, the Company's wholly-owned subsidiary, Hafary Pte Ltd, together with two controlling shareholders and Sitra Agencies Pte Ltd, a wholly-owned subsidiary of Sitra Holdings (International) Limited ("Sitra"), incorporated World Furnishing Hub Pte. Ltd. to acquire a leasehold land at Sungei Kadut Industrial Estate. JTC intends to redevelop part of the Sungei Kadut Industrial Estate to cater for the development of an International Furniture Park ("IFP"), to be positioned as Southeast Asia's international furniture hub, a global marketplace for furniture and furniture-related industries.

As part of the future development of this leasehold property, the Group will set up a showroom and use part of the property as a warehousing facility for the Group's surfacing and furnishing products. As the IFP is targeting international buyers and sellers, Hafary's prominent presence there is expected to attract overseas customers.

The Group continues to tighten its cost structure and enhance operational efficiency in its bid to improve financial performance. With the completion of its development of 105 Eunos Avenue 3 as the Group's corporate headquarters, relocation of the corporate headquarters from 15 Defu Avenue 1 to 105 Eunos Avenue 3 is expected to be completed by the first half of FY2014. Any unutilised floor space in the new corporate headquarters will be leased to generate rental income and strengthen cash flow for the Group. With the completion and operation of the new warehouse facility at 3 Changi North Street 1, the Group can expect to streamline its logistical functions. The Group is in the process of consolidating certain categories of inventories in the new warehouse and has ceased rental of other support warehouses, thereby reducing rental costs. The streamlining of operations is also expected to result in lower manpower and transport costs, thereby increasing the cost efficiency of the Group.

The Group continues to make inroads in expanding its market presence. During the year, its showrooms were improved to meet the increasing needs of its large number of visitors. In July 2013, the Balestier showroom was refurbished and its retail floor space doubled to approximately 4,000 square feet to better serve its customers.

The Group's main showroom at 15 Defu Avenue 1 will shift to its new corporate headquarters in the first half of FY2014. This full-featured gallery, boasting a floor space of approximately 20,000 square feet, will showcase the Group's expanding range of surfacing and building materials and accommodate more mock-ups of the different living spaces built using its products. The Tradehub 21 showroom also saw an increase in customer traffic during the year.

Overseas Investments

Since the Group's Initial Public Offering in 2009, the Group has envisaged business expansion through strategic alliances with parties, thereby creating strong synergy with its existing business. The Group has been continually seeking opportunities to expand its geographical coverage.

The Group's first step for geographical expansion was made through its investment in an associate, Hunan Cappuccino Construction Materials Co., Limited ('HCCM'), a tile manufacturing facility in the People's Republic of China (PRC). HCCM focuses on the PRC and overseas markets where there are opportunities for the production and sale of construction and surfacing materials. Production of materials by HCCM commenced in November 2012. While building market recognition of its house brand of tiles, *Cappuccino Ceramics*, HCCM strives to maintain an optimal level of production by fulfilling original equipment manufacturing (OEM) orders from more established tile manufacturers.

As part of its growth strategy to further expand into the region, in September 2012, the Group acquired a 49% shareholding in an associate, Viet Ceramics International Joint Stock Company ('VCI'), a reputable tile retailing company in Vietnam. Share of profits from this associate for FY2013 was not high due to Vietnam's lacklustre economic conditions in 2012. However, Vietnam's economy is showing signs of improvement in 2013 and a sustained economic recovery would augur well for VCI's business performance. Taking into consideration Vietnam's large and growing population of more than 88 million, and as more businesses look to expand into the Southeast Asia markets, VCI is well positioned to support the building materials needs of property developers with projects in this region.

Economic and Market Trends

In January 2013, the Singapore Government announced its seventh package of property cooling measures in over three years. This has resulted in a discernible decrease in number of public and private residential unit resale transactions in the first two quarters of 2013. The Total Debt Servicing Ratio introduced by the Monetary Authority of Singapore in June 2013 also dampened the buying sentiment and sales of new private homes in July 2013.

The Building and Construction Authority has projected construction demand of between S$26 billion and S$32 billion for calendar year 2013. According to Asia Construction Outlook 2013 released in August 2013 by AECOM, a reputable design and engineering consultancy, Singapore's construction sector is expected to grow by 3.5% per year over the next five years, albeit at a gradually slower pace.

Barring unforeseen circumstances, the Group remains cautiously optimistic of continual demand for its surfacing and building materials in the next one year.

~ End ~

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