

RAFFLES UNITED HOLDINGS LTD

Co. Reg No. 197302030N

Unaudited Full Year Financial Statement Announcement for the year ended 31 December 2017
Part 1 - Information required for announcements of quarterly (Q1, Q2 & Q3), half-year and full year results

 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

 (i) **Consolidated Statement of Profit or Loss**

		Group		
		S\$'000		%
		2017	2016	Change
Revenue	Note 1	72,974	71,441	2
Other income including interest income		31	90	(66)
Changes in inventories	Note 1	(7,886)	(24,252)	(67)
Raw materials and consumables used	Note 1	(50,344)	(34,165)	47
Staff costs	Note 2	(7,409)	(7,694)	(4)
Depreciation of property, plant and equipment		(879)	(867)	1
Foreign exchange loss, net	Note 3	(278)	(128)	117
Provision for trade doubtful debts, net	Note 4	(89)	(212)	(58)
Write-back/(Provision) for slow-moving inventories	Note 5	886	(4,187)	NM
Provision for doubtful debts, associate	Note 6	(250)	(400)	(38)
Provision for sundry debtors	Note 7	(295)	-	NM
Impairment loss on other investments	Note 7	(57)	-	NM
Gain/(Loss) on changes in fair value of investment properties	Note 8	408	(73)	NM
Gain on disposal of plant and equipment / Plant and equipment written off, net		58	-	NM
Loss on disposal of a subsidiary	Note 9	-	(1,302)	NM
Non-controlling interest share on waiver of intercompany debts on disposal of a subsidiary	Note 9	-	(147)	NM
Other operating expenses	Note 10	(2,804)	(3,670)	(24)
Finance costs	Note 11	(1,053)	(1,321)	(20)
Share of results of associates	Note 12	10	308	(97)
Profit/(Loss) before tax		3,023	(6,579)	NM
Income tax credit/(expense)	Note 13	623	(163)	NM
Profit/(Loss) for the year		3,646	(6,742)	NM
Profit/(Loss) attributable to:				
Owners of the Company		3,394	(6,989)	NM
Non-controlling interests		252	247	2
		3,646	(6,742)	NM

 (ii) **Consolidated Statement of Comprehensive Income**

		Group		
		S\$'000		%
		2017	2016	Change
Profit/(Loss) for the year		3,646	(6,742)	NM
Other comprehensive income:				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Revaluation of land and buildings	Note 14	510	473	8
		510	473	8
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation	Note 15	139	(493)	(128)
		139	(493)	(128)
Other comprehensive income/(loss) for the year, net of tax		649	(20)	NM
Total comprehensive income/(loss) for the year		4,295	(6,762)	(164)
Total comprehensive income/(loss) attributable to:				
Owners of the Company		4,037	(7,042)	(157)
Non-controlling interests		258	280	(8)
		4,295	(6,762)	(164)

NM - Not meaningful

Notes to the Income Statement

- 1 Group revenue increased by 2% to \$73.0 million from \$71.4 million in FY16 primarily due to:
 - contribution from the Group's subsidiary, Acee Electric Pte Ltd ("ACEE"), which was acquired in March 2017; and
 - a significant increase in sales contribution from the Original Equipment Manufacturer ("OEM") market in Singapore, Malaysia, Indonesia and Vietnam.

The increase was offset by:

- absence of revenue contribution from the Group's Taiwan subsidiary in FY17 (FY16: \$4.6 million) following its disposal in 2H16;
- stiff competition in the dealers' market primarily in Western and other Asian countries; and
- inventory clearance at reduced prices in FY16.

Gross profit margin improved to 20% in FY17 (FY16: 18%) mainly due to old stocks promotion at reduced prices in FY16.

- 2 Staff costs dropped by 4% primarily due to:
 - headcount reduction, following the cessation of the Group's Taiwan operations; and
 - continual prudent approach towards headcount management across the Group, including natural staff attrition as well as optimising operations.

The decrease in staff cost as a result of the above was partially offset by the acquisition of ACEE in 1H17.

- 3 The Group incurred a foreign exchange loss due to the weakening of USD against SGD; strengthening of JPY against IDR, and the realisation of translation losses from previous years arising from the quasi equity loan of its Hong Kong subsidiary following its full settlement during the year.

- 4 Provision for trade doubtful debts was made upon internal assessment of the Group's outstanding trade receivables.

- 5 The Group recorded net write-back of provision for slow-moving inventories following the sale of inventories previously provided for.

The provision for slow-moving inventories was adequate as at 31 December 2017.

- 6 Provision for doubtful debts owing from an associate was made on ground of prudence.

- 7 The Group made full provision on the remaining deferred consideration balance in relation to the sale of shares of its China subsidiary to its minority shareholder in 2015 and impairment loss on its remaining investment as management deems that there is high probability that the amount is uncollectible.

- 8 The gain on changes in fair value of investment properties arose from independent valuations performed on certain investment properties in Singapore during the year.

- 9 The loss on disposal of a subsidiary in the prior year was due to full disposal of its Taiwan subsidiary. In conjunction with the disposal, a one-off loss was recorded in the prior year due to the waiver of intercompany debts arising from the disposal of the said entity which was attributable to non-controlling shareholders.

- 10 Other operating expenses declined by 24% in view of the disposal of the Group's Taiwan operations in 2H16 and continued tight control on overheads.

- 11 The 20% decline in finance costs was mainly due to:
 - a significant reduction in total Group borrowings due to repayments made during the year; and
 - the disposal of its Taiwan subsidiary in 2H16.

This was partially offset by a general increase in cost of borrowings.

- 12 The decrease in share of results of associates relates primarily to the Group's share of investment property revaluation gain on Poh Leng Realty Pte Ltd ("PLR") in the prior year.

- 13 The income tax credit relates to tax deductibility of expenses allowable and received by the Company in the current year which was previously disallowed. This was, however, offset by income tax expense relating to profitable subsidiaries in the Group.

- 14 The revaluation of land and buildings under property, plant and equipment was attributable to net revaluation gain arising from independent valuations performed on the Group's properties in Singapore and Malaysia during the year.

- 15 The gain on translation reserve was mainly due to the appreciation of the MYR against the SGD upon consolidation of the Group's overseas subsidiaries. This was offset by translation losses arising from the quasi equity loans to subsidiaries that were carried forward during the year.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediate preceding year.

Statements of Financial Position

		Group		Company	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Non-current assets					
Property, plant and equipment	Note 1	29,355	23,767	22,483	22,590
Investment in subsidiaries	Note 2	-	-	13,762	14,445
Investment in associates		764	764	453	463
Investment properties	Note 3	56,818	56,527	4,520	4,130
Other investments	Note 4	-	57	-	57
		86,937	81,115	41,218	41,685
Current assets					
Trade debtors	Note 5	13,722	14,311	-	-
Other debtors	Note 6	332	958	44	896
Prepayments		231	124	3	3
Amounts due from subsidiaries	Note 2	-	-	28,090	23,914
Amounts due from an associate	Note 7	8	724	-	354
Inventories	Note 8	29,721	36,721	-	-
Cash at banks and on hand		6,128	11,414	118	6,197
		50,142	64,252	28,255	31,364
Total assets		137,079	145,367	69,473	73,049
Equity and liabilities					
Current liabilities					
Interest bearing loans and borrowings	Note 9	10,109	28,349	8,800	14,714
Trade creditors and accruals	Note 10	13,500	11,325	411	434
Other creditors	Note 11	1,014	1,007	388	70
Amounts due to related parties		2,389	2,393	-	-
Provision for taxation		124	53	-	-
		27,136	43,127	9,599	15,218
Net current assets		23,006	21,125	18,656	16,146
Non-current liabilities					
Interest bearing loans and borrowings	Note 9	26,080	23,437	-	-
Deferred tax liabilities		3,027	2,750	2,364	2,267
		29,107	26,187	2,364	2,267
Total liabilities		56,243	69,314	11,963	17,485
Net assets		80,836	76,053	57,510	55,564
Equity attributable to owners of the Company					
Share capital		31,658	31,658	31,658	31,658
Assets revaluation reserve	Note 1	12,401	11,891	11,180	10,705
Foreign currency translation reserve		(6,030)	(6,163)	-	-
Revenue reserve		33,938	30,544	14,672	13,201
		71,967	67,930	57,510	55,564
Non-controlling interests		8,869	8,123	-	-
Total equity		80,836	76,053	57,510	55,564
Total equity and liabilities		137,079	145,367	69,473	73,049

Notes to the Statements of Financial Position

- 1 The increase in property, plant and equipment at the Group level was mainly attributed to the:
 - acquisition of a property in Singapore for its branch operations
 - \$0.6 million revaluation gain resulting from independent valuations performed on properties located in Singapore and Malaysia during the year.

The above was, however, offset by depreciation charges during the year.
 - 2 The decrease in investment in subsidiaries was mainly due to the quasi-equity loan repayments from subsidiaries during the year.
- The amounts due from subsidiaries at the Company level increased in view of the funding provided to certain subsidiaries for the purchase of inventories offset by partial settlements received during the year.
- 3 Investment properties increased primarily due to upward revaluation of certain investment properties in Singapore, offset by currency loss on revaluation of investment properties at the Group level.
 - 4 Other investments declined due to provisions for diminution of investment in its China subsidiary, as explained in Note 7 to the income statement.
 - 5 The decline in Group trade debtors was primarily due to collections received during the year. This was however, offset, by the consolidation of ACEE's trade debtors into the Group's accounts following its acquisition during the year.
 - 6 The decline in other debtors at Group and the Company level was primarily due to settlement of the prior year deferred consideration on the sale of shares of a Taiwan subsidiary to its minority shareholder as well as a provision for remaining deferred consideration for the sale of shares of its China subsidiary in 2015 as explained in Note 7 to the income statement.
 - 7 The decline in amount owing from an associate was primarily due to partial settlements and provisions made during the year as explained in Note 6 to the income statement.
 - 8 The decrease in inventories was despite an increase in Group purchases of \$7.4 million. This was mainly due to continued stringent controls over purchases and improved sales of existing inventory holding and purchases during the year. In addition, significant purchase orders placed by the Group to replenish its inventory holding were pending delivery from suppliers.
 - 9 Bank borrowings by both the Group and the Company declined primarily due to net repayments of \$15.8 million made during the year.
 - 10 Group trade creditors increased primarily due to the consolidation of ACEE's trade creditors into the Group's accounts following ACEE's acquisition in 1H17, and higher purchases for the Group in line with the increase in sales activities during the year.
 - 11 Other creditors at the Company level increased primarily due to the deferred capital injection balance into ACEE, a newly acquired subsidiary in 2017, which will be assessed when it is due at the end of Feb 2018.

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

Amount repayable in one year or less, or on demand

As at 31.12.2017		As at 31.12.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,309	8,800	1,017	27,332

Amount repayable after one year

As at 31.12.2017		As at 31.12.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
26,080	-	23,437	-

Details of any collaterals

The Group's borrowings were secured on certain properties of the Group.

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

Consolidated Statement of Cash Flows

	Group	
	2017	2016
	S\$'000	S\$'000
Operating activities		
Profit/(Loss) before tax	3,023	(6,579)
Adjustments for:		
Depreciation of property, plant and equipment	879	867
Provision for trade doubtful debts, net	89	212
(Write-back)/Provision for slow-moving inventories	(886)	4,187
Provision for sundry debtors	295	-
Provision for doubtful debts, associate	250	400
(Gain)/Loss on changes in fair value of investment properties	(408)	73
Gain on disposal of plant and equipment / Plant and equipment written off, net	(58)	-
Loss on disposal of a subsidiary	-	1,302
Non-controlling interest share on waiver of intercompany debts on disposal of a subsidiary	-	147
Share of results of associates	(10)	(308)
Impairment loss on other investments	57	-
Foreign currency adjustments	292	(2)
Interest expense	1,053	1,321
Interest income	(7)	(13)
Operating cash flows before changes in working capital	4,569	1,607
Changes in working capital		
Decrease in inventories	8,036	13,535
Decrease/(Increase) in trade debtors	2,146	(1,053)
Decrease/(Increase) in amount due from an associate	466	(139)
Decrease in other debtors	226	334
Increase in trade creditors and accruals	565	1,618
(Decrease)/Increase in other creditors	(41)	90
Decrease in trade amounts owing to related parties	(5)	(264)
Cash flows generated from operations	15,962	15,728
Income tax received/(paid)	849	(547)
Interest paid	(1,053)	(1,321)
Interest income received	7	13
Net cash flows generated from operating activities	15,765	13,873
Investing activities		
Purchase of property, plant and equipment	(5,753)	(129)
Acquisition of a subsidiary	400	-
Dividends received from an associate	10	-
Proceeds from disposal of plant and equipment	73	-
Disposal of a subsidiary	-	(107)
Net cash flows used in investing activities	(5,270)	(236)
Financing activities		
Proceeds from term loans from banks	22,973	35,429
Repayment of term loans from banks	(38,111)	(38,111)
Proceeds from trade financing	13,367	9,635
Repayment of trade financing	(13,985)	(13,985)
Non-trade amounts owing to related parties	-	(321)
Proceeds from loan from immediate and ultimate holding company	-	2,250
Repayment of loan from immediate and ultimate holding company	-	(2,250)
Net cash flows used in financing activities	(15,756)	(7,353)
Net (decrease)/increase in cash and cash equivalents	(5,261)	6,284
Effect of exchange rate changes on cash and cash equivalents	(25)	31
Cash and cash equivalents at 1 January	11,414	5,099
Cash and cash equivalents at 31 December	6,128	11,414
Cash and cash equivalents comprise of:-		
Cash at banks and on hand	6,128	11,414

- 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.

Statements of Changes in Equity

	<u>Attributable to owners of the Company</u>				Non-controlling interests	Total equity
	Share Capital	Assets revaluation reserve	Foreign currency translation reserve	Revenue reserve		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>						
Balance at 1 January 2016	31,658	11,418	(5,637)	37,533	9,255	84,227
Loss for the year	-	-	-	(6,989)	247	(6,742)
Other comprehensive loss for the year	-	473	(526)	-	33	(20)
Total comprehensive loss for the year	-	473	(526)	(6,989)	280	(6,762)
<u>Contributions by and distributions to owners</u>						
Disposal of a subsidiary	-	-	-	-	(1,412)	(1,412)
Total transactions with owners recognized directly in equity	-	-	-	-	(1,412)	(1,412)
Balance at 31 December 2016	<u>31,658</u>	<u>11,891</u>	<u>(6,163)</u>	<u>30,544</u>	<u>8,123</u>	<u>76,053</u>
Balance at 1 January 2017	31,658	11,891	(6,163)	30,544	8,123	76,053
Profit for the year	-	-	-	3,394	252	3,646
Other comprehensive income for the year	-	510	133	-	6	649
Total comprehensive income for the year	-	510	133	3,394	258	4,295
<u>Contributions by and distributions to owners</u>						
Acquisition of a subsidiary	-	-	-	-	488	488
Total transactions with owners recognized directly in equity	-	-	-	-	488	488
Balance at 31 December 2017	<u>31,658</u>	<u>12,401</u>	<u>(6,030)</u>	<u>33,938</u>	<u>8,869</u>	<u>80,836</u>
<u>Company</u>						
Balance at 1 January 2016	31,658	10,359	-	13,157	-	55,174
Profit for the year	-	-	-	44	-	44
Other comprehensive income for the year	-	346	-	-	-	346
Total comprehensive income for the year	-	346	-	44	-	390
Balance at 31 December 2016	<u>31,658</u>	<u>10,705</u>	<u>-</u>	<u>13,201</u>	<u>-</u>	<u>55,564</u>
Balance at 1 January 2017	31,658	10,705	-	13,201	-	55,564
Profit for the year	-	-	-	1,471	-	1,471
Other comprehensive income for the year	-	475	-	-	-	475
Total comprehensive income for the year	-	475	-	1,471	-	1,946
Balance at 31 December 2017	<u>31,658</u>	<u>11,180</u>	<u>-</u>	<u>14,672</u>	<u>-</u>	<u>57,510</u>

- 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.

There was no change in the Company's share capital during the financial year.

- 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 end of the immediately preceding year.

The total number of issued ordinary shares excluding treasury shares as at 31 December 2017 was 234,060,000 (2016: 234,060,000).

- 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.

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

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of 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.

Except as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financials for the current year as compared with the audited financial statements for the year ended 31 December 2016.

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

Earnings/(Loss) per ordinary share for the year:-
Based on existing issued share capital
On a fully diluted basis

Group	
31.12.2017	31.12.2016
in cents	in cents
1.45	(2.99)
1.45	(2.99)

The computation of earnings/(loss) per share is based on 234,060,000 (2016: 234,060,000) weighted average number of ordinary shares in issue during the year.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

Net asset value per ordinary share based on issued

Group		Company	
31.12.2017	31.12.2016	31.12.2017	31.12.2016
in cents	in cents	in cents	in cents
30.75	29.02	24.57	23.74

The above is computed based on the number of issued ordinary shares as at the respective balance sheet dates amounting to 234,060,000 (2016: 234,060,000) shares.

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.

Group revenue increased by 2% to \$73.0 million from \$71.4 million in FY16 primarily due to:

- contribution from the Group's subsidiary, ACEE, which was acquired in March 2017; and
- a significant increase in sales contribution from the OEM market in Singapore, Malaysia, Indonesia and Vietnam

The increase was offset by:

- absence of revenue contribution from the Group's Taiwan subsidiary in FY17 (FY16: \$4.6 million) following its disposal in 2H16;
- stiff competition in the dealers' market primarily in Western and other Asian countries; and
- inventory clearance at reduced prices in FY16

Gross profit margin improved to 20% in FY17 (FY16: 18%) mainly due to old stocks promotion at reduced prices in FY16.

The Group recorded a strong turnaround with profit before taxation ("PBT") of \$3.0 million in FY17, from a net loss before taxation of \$6.6 million in FY16 primarily due to the:

- S\$5.1 million shift from provision for slow-moving inventories to write-back following sales of previously provided inventories;
- S\$1.7 million increase in gross profit in FY17 due to old stocks clearance at reduced prices in FY16;
- S\$1.4 million drop in loss on disposal of a subsidiary;
- S\$0.9 million fall in other operating expenses;
- S\$0.5 million increase in gain on changes in fair value of investment properties;
- S\$0.3 million decline in staff costs; and
- S\$0.3 million reduction in finance costs

offset by:

- S\$0.3 million decline in share of results of associates; and
- S\$0.3 million provision for sundry debtors

The property and new segments contributed positively to the Group's revenue and PBT.

Please refer to notes to the income statement for further details.

The Group's net cash generated from operating activities was \$15.8 million (FY16: \$13.9 million) mainly due to improved sales activities and collections during the year.

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

Not applicable.

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.

The Group believes that its improved financial performance in FY17 demonstrates the effectiveness of its overall strategy in managing inventories and cash amidst challenging global market conditions. In the current year, the Group has continued to optimise its bearings and seals operations, delivering positive performance to the Group whilst its property, electrical and gearbox divisions contributed positively to the bottom line as well.

Going forward, the Group intends to continue its disciplined approach towards inventory and cash performance management and will position itself to seize any growth opportunities that may arise in the uncertain global economy.

Barring any unforeseen circumstances, the Directors expect the performance of the Group for the financial year 2018 to remain profitable.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial year reported on? No

Name of dividend	Interim (Tax exempt One-Tier)	First and final (Tax exempt One-Tier)
Dividend Type	N.A.	N.A.
Dividend amount per share (in cents)	Nil	Nil

(b) Corresponding period of the Immediately Preceding Financial Year?

Any dividend declared for the corresponding period of the Immediately Preceding Financial Year? No

Name of dividend	Interim (Tax exempt One-Tier)	First and final (Tax exempt One-Tier)
Dividend Type	N.A.	N.A.
Dividend amount per share (in cents)	Nil	Nil

(c) Date payable

N.A.

(d) Books closure date

N.A.

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

In anticipation of the uncertain global economy, the Group is keenly aware of the need to be prudent and conserve its resources. While the Group has made improvement on its financial performance, the turnaround of the profitability of the Group this year is at a relatively early stage in the face of an uncertain global economy. Keeping in mind the Group's best interest, it has thus not declared any dividend for the current financial year reported on.

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

13. Segmental 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.

Business Segments

	Bearings & Seals		Property		Others		Total	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<i>Segment revenue</i>								
Revenue to external customers	66,523	69,358	2,094	2,083	4,357	-	72,974	71,441
<i>Segment results</i>								
Segment results	1,716	(7,279)	2,175	1,700	168	-	4,059	(5,579)
<u>Adjustments A</u>								
Interest income							7	13
Finance costs							(1,053)	(1,321)
Share of results of associates							10	308
Profit/(Loss) before tax per consolidated income statement							3,023	(6,579)

Other business segment information

	Bearings & Seals		Property		Others		Total	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Capital expenditure	5,746	129	-	-	7	-	5,753	129
Depreciation	844	867	-	-	35	-	879	867
Other non-cash expense/(income)	(114)	5,938	(408)	73	143	-	(379)	6,011

	Bearings & Seals		Property		Others		Total	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<i>Segment assets</i>								
Segment assets	76,300	87,532	57,288	57,014	2,727	-	136,315	144,546
<u>Adjustments B</u>								
Investment in associates							764	764
Other investments							-	57
Per consolidated statement of financial position							137,079	145,367
<i>Segment liabilities</i>								
Segment liabilities	25,418	39,204	26,267	27,307	1,407	-	53,092	66,511
<u>Adjustments C</u>								
Provision for taxation							124	53
Deferred tax liabilities							3,027	2,750
Per consolidated statement of financial position							56,243	69,314

The Others business segment refers to the electrical products, gearbox and beauty divisions of the Group. The beauty division currently consists of OPI nail polish products.

Adjustment A

These items are added to/(deducted from) segment profit to arrive at 'profit before tax' presented in the consolidated income statement.

Adjustments B and C

These items are added to segment assets/liabilities to arrive at total assets/liabilities reported in the consolidated statement of financial position.

Non-cash expense/(income) information presented above consists of foreign currency adjustments, gain/loss on disposal of plant and equipment/plant and equipment written off, (loss)/gain on change in fair value of investment properties, provision for trade doubtful debts, provision for doubtful debts (associate), provision for sundry debtors, impairment loss on other investments, (write-back)/provision for slow-moving inventories, loss on disposal of a subsidiary, non-controlling interest share on waiver of intercompany debts on disposal of a subsidiary, and share of results of associates as presented in the consolidated statement of cash flows.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue			Non- current assets		
	2017 S\$'000	2016 S\$'000	Change %	2017 S\$'000	2016 S\$'000	Change %
Singapore	27,916	22,390	25	80,761	74,975	8
Other ASEAN countries	27,569	26,425	4	1,313	1,101	19
Other Asian countries	14,179	17,468	(19)	4,099	4,218	(3)
Western countries	3,020	4,797	(37)	-	-	NM
Others	290	361	(20)	-	-	NM
	72,974	71,441	2	86,173	80,294	7

Non-current assets information presented above consist of property, plant and equipment, and investment properties as presented in the consolidated statement of financial position.

Information about major customers

The Group is not significantly reliant on revenue derived from any major customers or group of customers.

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

The decline in sales for the bearings and seals business segment was due to \$4.6 million revenue from the Group's Taiwan subsidiary in FY2016 which was disposed at the end of 2016.

Group turnover by geographical segment improved mainly due to:

a) Singapore:

- contribution from the newly-acquired subsidiary, ACEE
- significant increase in sales contribution from the OEM market

b) Other ASEAN countries

- improved OEM sales in Malaysia and Indonesia

This was partially offset by drop in sales to:

a) Western:

- continued weak export market in Europe and South America

b) Other Asian countries:

- absence of revenue from the disposal of the Group's Taiwan subsidiary in 2H16 offset by higher revenue generated from certain dealers and OEM market.

15. A breakdown of revenue

Revenue reported for first half year

Operating profit after tax before deducting non-controlling interests reported for first half year

Revenue reported for second half year

Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year

Group		
S\$'000		%
2017	2016	Change
39,171	37,732	4
755	125	504
33,803	33,709	0
2,891	(6,867)	NM

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	2017	2016
	S\$'000	S\$'000
Ordinary	-	-
Preference	-	-
Total:	-	-

17. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate for Interested Person Transactions from the shareholders.

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).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Kwek San San, Susanna	47	Daughter of Kwek Che Yong (Deemed Substantial Shareholder)	Head, Purchasing of Kian Ho Pte Ltd since August 2015. Duties: Oversees the Purchasing department.	N/A
Koh Hai Yang	48	Son-in-law of Kwek Che Yong (Deemed Substantial Shareholder)	Business Development Director of Kian Ho Pte Ltd since June 2017. Duties: Takes charge of sourcing for bearings and seals products and supplier relations; oversees the China and Malaysia operations.	Re-designated as Business Development director of Kian Ho Pte Ltd
Teo Teck Yao, Glenn Ashley	32	Son of Teo Teng Beng (Managing Director)	Corporate Planner of Raffles United Holdings Ltd since 2014. Duties: Involved in certain management meetings and discussions for the Group.	On unpaid leave during the year.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Teo Teng Beng
Managing Director

23 February 2018