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RAFFLES UNITED RECORDS PROFITABLE FY15

SINGAPORE, 23 February 2016 – Raffles United Holdings Ltd ("RUH" or "the Group") has reported a net profit of $0.36 million for the full year ended 31 December 2015 ("FY15"), compared to $0.41 million recorded in the previous financial year ("FY14"). This was on a 7% decline in revenue to $76.4 million. Earnings per share was 0.13 cent (FY14: 0.19 cent).

The reduction in revenue reflected the challenging operating conditions in the Greater China and ASEAN dealers' markets for the bearings and seals segment. This was compounded by weak domestic sales in the Maintenance, Repair, and Overhaul ("MRO") market, a general slowdown in the Original Equipment Manufacturer ("OEM") market as well as the cessation of operations in Australia. The revenue decline also took into account the translation effect of the weaker Malaysian Ringgit against the Singapore Dollar. The decline was, nevertheless, partially mitigated by a slight improvement in sales to the Western countries and higher rental revenue from the Group's property segment.

Commenting on the Group's FY15 performance, Managing Director, Mr Teo Teng Beng, said, "This financial year was extremely challenging for our bearings and seals segment. However, we are heartened that our expansion into property has shown signs of first fruit."

Revenue contribution from the bearings and seals segment was $74.7 million reflecting a decline of 8.7% from $81.8 million the previous year. On the other hand, revenue from property rose 343% to $1.7 million compared to $0.4 million the previous year.

Lifted by higher revenue contribution from the property division and sales generated from the active promotion of its inventories during the year the Group's gross profit margin recorded an improvement to 21.6% in FY15, compared to 18% in FY14.

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Profit-before taxation for FY15 fell 35% to $0.8 million as the $1.8 million improvement in gross profit and a write-back on provision for slow-moving inventories were eroded by several factors. These included a $1.8 million decline in fair value gain from the revaluation of investment properties, higher finance cost, as well as a $0.8 million loss on the waiver of inter-company trade debt arising from the disposal of a subsidiary in China attributable to the non-controlling interest. Consequently, pre-tax profit margin declined to 1.0% (2014: 1.5%).

Net cash from operating activities was $3.4 million mainly due to active promotion of its inventories and better collection from customers during the year.

Taking into consideration the uncertainties in the global markets, the Group expects the operating environment to remain challenging. In the face of these challenges, the Group will continue to keep a tight control on its overheads and optimise the use of its resources by right-sizing its operations. It will also keep a close watch on its bearings and seals operations locally and overseas, while being vigilant in managing its inventory mix.

The Group completed its interested party acquisition of seven units of 2-storey shophouses along Lavender Street from Raffles Capital Enterprise Pte Ltd in August 2015. These units are currently being leased out for recurring income, and the Group remains committed to seeking out strategic avenues for further expansion in the property sector going forward.

Barring any unforeseen circumstances, the Directors expect the Group to be profitable for the financial year 2016.

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About Raffles United Holdings Ltd

Raffles United Holdings Ltd (K22.SI / KH SP), formerly known as Kian Ho Bearings Ltd, is one of the largest professional stockist, distributor and retailer of bearings and seals products in the region. The Group carries a comprehensive product range of more than 35,000 product types across various brands in the bearings and seals business, and has extensive presence in South East Asia and Greater China enabling the Group to cater to the needs of resellers and OEM customers globally. Having also recently expanded into property investment, Raffles United currently owns 7 units of 2-storey shophouses along Lavender Street and 10 commercial shop units at 1 Sophia Road and is on the lookout for suitable opportunities to build upon its property portfolio. For more information, please visit http://www.kianho.com.sg

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