RAFFLES UNITED HOLDINGS LTD
Co. Reg No. 197302030N
Unaudited Half Year Financial Statement Announcement for the half year ended 30 June 2015

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		%
		6 months ended 30/06/2015	6 months ended 30/06/2014	Change
			(Reclassified)	
Revenue	Note 1	39,754	41,910	(5)
Other income including interest income		27	7	NM
Changes in inventories		900	(7,975)	NM
Raw materials and consumables used		(31,201)	(25,919)	20
Staff costs	Note 2	(4,843)	(4,651)	4
Depreciation of property, plant and equipment	Note 3	(492)	(523)	(6)
Foreign exchange loss, net	Note 4	(62)	(239)	(74)
Write-back of/(provision for) trade doubtful debts, net	Note 5	22	(41)	NM
Provision for slow moving inventories	Note 6	(121)	(1,453)	NM
Provision for doubtful debts, associate	Note 7	-	(100)	(100)
Gain on change in fair value of investment properties	Note 8	-	2,185	(100)
Other operating expenses		(2,092)	(2,237)	(6)
Finance costs	Note 9	(468)	(339)	38
Profit before tax		1,424	625	128
Income tax expense	Note 10	(317)	(567)	(44)
Profit for the period		1,107	58	NM
Profit attributable to:				
Owners of the Company		1,089	97	NM
Non-controlling interests		18	(39)	NM
		1,107	58	NM

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

		Group		
		S$'000		%
		6 months ended 30/06/2015	6 months ended 30/06/2014	Change
Profit for the period		1,107	58	NM
Other comprehensive income:				
Item that will not be reclassified subsequently to profit or loss				
Revaluation of land and buildings	Note 11	-	1,088	(100)
		-	1,088	(100)
Item that may be reclassified subsequently to profit or loss				
Foreign currency translation	Note 12	(841)	(135)	NM
		(841)	(135)	523
Other comprehensive (loss/) income for the period, net of tax		(841)	953	NM
Total comprehensive income for the period		266	1,011	(74)
Total comprehensive income attributable to:				
Owners of the Company		190	1,056	(82)
Non-controlling interests		76	(45)	NM
		266	1,011	(74)

NM - Not meaningful

Notes to the Income Statement

1 Group turnover was down by 5% to $39.8 million in 1H15 from $41.9 million in 1H14 mainly from the Bearings and Seals division partially offset by higher rental income generated from the Property division due to additional properties acquired since the 2nd half of 2014. The lower revenue generated by the Bearings and Seals division was largely attributable to the continued weak market conditions for dealer segments in Greater China and Europe. This was mitigated by stable sales performance of our Original Equipment Manufacturer ("OEM") markets in Singapore, Malaysia and Greater China and certain export markets in ASEAN. 1H14 rental income was reclassified in view of the approved expansion of the current core business of the Group to include property investment. Please refer to Item 8 for further details.

Gross profit margin, on the other hand, increased to 24% (1H14: 19%) due to:-
- reclassification of rental income to revenue in view of the expansion of the current core business of the Group to include property investment
- in line with stable sales performance in the OEM sector of the Group as compared to lower sales to the dealers' segment which have lower profit margin.

2 Staff costs was up by 4% mainly due to certain salary increments and increase in variable sales incentive in the 2nd half of 2014 and 1st half of 2015 in Singapore.

3 Depreciation charges reduced mainly due to certain plant and equipment being fully depreciated during the period.

4 The Group recorded a foreign exchange loss mainly due to the Group's exposure to JPY against SGD currency during the period.

5 The write-back of provision for trade doubtful debts relates to collections from customers during the period for debts previously provided for.

6 Provisions were made for slow moving inventories for the Group. The provisions for slow moving inventories were adequate as at 30 June 2015.

7 No provision for doubtful debts owing from associate was made due to repayments made during the period.

8 There was no gain on change in fair value of investment properties during the current period as there were no significant changes in the valuations of properties from the recent indicative valuations in June 2015.

9 Group Finance cost increased by 38% due to new borrowings drawndown towards the end of 2014 to finance the acquisition of certain investment properties offset by repayments made during the period.

10 The effective tax rate for the Group was higher than the Singapore tax rate of 17% (2014: 17%) mainly due to:-
- higher tax rate of 25% for its Malaysia subsidiary; and
- certain non-deductible expenses of the Group for tax purposes

11 There was no revaluation gain or loss recognized during the period as there were no significant changes in the valuations of properties from the recent indicative valuations in June 2015.

12 The loss on translation reserve was mainly due to the depreciation of MYR against SGD upon consolidation of overseas subsidiaries during the period.

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	
		30.06.2015 S$'000	31.12.2014 S$'000	30.06.2015 S$'000	31.12.2014 S$'000
Assets					
Non-current assets					
Property, plant and equipment	Note 1	23,925	24,471	22,606	22,972
Investment in subsidiaries	Note 2	-	-	7,041	7,112
Investment in an associate		-	-	10	10
Investment properties		27,290	27,214	4,030	4,030
Other investments		237	237	237	237
		51,452	51,922	33,924	34,361
Current assets					
Trade debtors	Note 3	16,575	17,790	205	2,582
Other debtors		190	215	50	8
Prepayments		218	150	83	16
Amounts due from subsidiaries	Note 2	-	-	39,573	48,242
Amount due from an associate		1,251	1,208	1,151	1,181
Amounts due from related parties	Note 4	1,027	1,093	-	-
Inventories	Note 5	71,208	70,429	-	-
Fixed deposits		1,032	989	-	-
Cash at banks and on hand		5,882	7,525	1,825	2,889
		97,383	99,399	42,887	54,918
Total assets		148,835	151,321	76,811	89,279
Equity and liabilities					
Current liabilities					
Interest bearing loans and borrowings	Note 6	25,519	26,740	12,230	20,592
Trade creditors and accruals	Note 7	14,581	14,120	828	3,584
Other creditors		881	952	126	343
Amounts due to related parties	Note 4	7,246	7,658	-	-
Provision for taxation		152	130	-	-
		48,379	49,600	13,184	24,519
Net current assets		49,004	49,799	29,703	30,399
Non-current liabilities					
Interest bearing loans and borrowings	Note 6	19,700	21,041	7,500	8,750
Deferred tax liabilities		3,037	2,993	2,106	2,106
		22,737	24,034	9,606	10,856
Total liabilities		71,116	73,634	22,790	35,375
Net assets		77,719	77,687	54,021	53,904
Equity attributable to owners of the Company					
Share capital		31,658	31,658	31,658	31,658
Assets revaluation reserve		11,115	11,115	9,920	9,920
Foreign currency translation reserve		(4,463)	(3,564)	-	-
Revenue reserve		38,155	37,300	12,443	12,326
		76,465	76,509	54,021	53,904
Non-controlling interests		1,254	1,178	-	-
Total equity		77,719	77,687	54,021	53,904
Total equity and liabilities		148,835	151,321	76,811	89,279

Notes to the Statements of Financial Position

1 The decrease in property, plant and equipment at the Company and Group level was mainly attributed to the depreciation charges during the period.

2 The decline in the amounts due from subsidiaries and investment in subsidiaries was due to partial settlement made during the period by certain subsidiaries.

3 The decrease in Group trade debtors was in line with collections received during the period. The drop in Company level trade debtors was due to collections received during the period and transfer of business to its newly incorporated subsidiary, Kian Ho Pte Ltd ("KHPL"), in line with the Internal Group Restructuring exercise announced on 1 October 2014.

4 The amounts due from/to related parties, who are mainly non-controlling shareholders of certain subsidiaries, were unsecured, interest-free and repayable within the next twelve months. The decline in these amounts were due to settlements made during the period.

5 The slight increase in inventories at the Group level mainly came from higher purchases in the 2nd quarter of 2015 to cater for anticipated demand.

6 Total bank borrowings declined for both the Group and Company level mainly due to repayments made during the period.

7 Trade creditors increased at the Group level due to higher purchases in the 2nd quarter of 2015 to meet anticipated demand. Trade creditors at the Company level decreased largely due to transfer of its bearings and seals operations to KHPL in the last quarter of 2014.

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

Amount repayable in one year or less, or on demand

As at 30.06.2015		As at 31.12.2014	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
5,157	20,362	3,943	22,797

Amount repayable after one year

As at 30.06.2015		As at 31.12.2014	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
12,200	7,500	12,291	8,750

Details of any collaterals

The Group's borrowings were secured on certain properties, deposits and receivables 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	
	6 months ended 30/06/2015	6 months ended 30/06/2014
	S$'000	S$'000
Operating activities		
Profit before tax	1,424	625
Adjustments for:		
Depreciation of property, plant and equipment	492	523
(Write-back of)/provision for trade doubtful debts, net	(22)	41
Provision for slow moving inventories	121	1,453
Provision for doubtful debts, associate	-	100
Gain on change in fair value of investment properties	-	(2,185)
Foreign currency adjustments	(260)	167
Interest expense	468	339
Interest income	(4)	(4)
Operating cash flows before changes in working capital	2,219	1,059
Changes in working capital		
Decrease/(increase) in trade debtors	1,196	(2,261)
Increase in amount due from an associate	(43)	(83)
(Increase)/decrease in other debtors	(91)	306
(Increase)/decrease in inventories	(1,114)	7,413
Increase in trade creditors and accruals	477	4,465
(Decrease)/increase in other creditors	(73)	127
Increase/(decrease) in trade amounts owing from/to related parties	311	(495)
Cash flows generated from operations	2,882	10,531
Income tax paid	(255)	(232)
Interest paid	(468)	(339)
Interest income received	4	4
Net cash flows generated from operating activities	2,163	9,964
Investing activities		
Purchase of plant and equipment	(17)	(158)
Net cash flows used in investing activities	(17)	(158)
Financing activities		
Proceeds from term loans from banks	23,159	18,980
Repayment of term loans from banks	(28,722)	(23,672)
Proceeds from trust receipts	7,534	5,359
Repayment of trust receipts	(4,672)	(8,382)
Non-trade amounts owing from/to related parties	(971)	(1,261)
Dividend paid on ordinary shares	(234)	(468)
Net cash flows used in financing activities	(3,906)	(9,444)
Net (decrease)/increase in cash and cash equivalents	(1,760)	362
Effect of exchange rate changes on cash and cash equivalents	117	36
Cash and cash equivalents at 1 January	7,525	4,137
Cash and cash equivalents at 30 June	5,882	4,535
Cash and cash equivalents comprise of:-		
Cash at banks and on hand	5,882	4,535

Cash and cash equivalents as at 30 June 2015 excluded $1,032K (2014: $989K) of fixed deposits which had been pledged to banks for short term loan facilities and bank guarantee for certain subsidiaries.

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

	Attributable to owners of the Company				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
Group						
Balance at 1 January 2014	31,658	9,716	(3,327)	37,470	1,140	76,657
Profit for the period	-	-	-	97	(39)	58
Other comprehensive income for the period	-	1,081	(122)	-	(6)	953
Total comprehensive income for the period	-	1,081	(122)	97	(45)	1,011
Contributions by and distributions to owners						
Dividend paid	-	-	-	(468)	-	(468)
Effects of acquiring part of non-controlling interests in a subsidiary	-	-	-	(140)	140	-
Total transactions with owners recognized directly in equity	-	-	-	(608)	140	(468)
Balance at 30 June 2014	31,658	10,797	(3,449)	36,959	1,235	77,200
Balance at 1 January 2015	31,658	11,115	(3,564)	37,300	1,178	77,687
Profit for the period	-	-	-	1,089	18	1,107
Other comprehensive income for the period	-	-	(899)	-	58	(841)
Total comprehensive income for the period	-	-	(899)	1,089	76	266
Contributions by and distributions to owners						
Dividend paid	-	-	-	(234)	-	(234)
Total transactions with owners recognized directly in equity	-	-	-	(234)	-	(234)
Balance at 30 June 2015	31,658	11,115	(4,463)	38,155	1,254	77,719
Company						
Balance at 1 January 2014	31,658	8,617	-	21,380	-	61,655
Loss for the period	-	-	-	(8,784)	-	(8,784)
Other comprehensive income for the period	-	1,069	-	-	-	1,069
Total comprehensive income for the period	-	1,069	-	(8,784)	-	(7,715)
Contributions by and distributions to owners						
Dividend paid	-	-	-	(468)	-	(468)
Total transactions with owners recognized directly in equity	-	-	-	(468)	-	(468)
Balance at 30 June 2014	31,658	9,686	-	12,128	-	53,472
Balance at 1 January 2015	31,658	9,920	-	12,326	-	53,904
Profit for the period	-	-	-	351	-	351
Total comprehensive income for the period	-	-	-	351	-	351
Contributions by and distributions to owners						
Dividend paid	-	-	-	(234)	-	(234)
Total transactions with owners recognized directly in equity	-	-	-	(234)	-	(234)
Balance at 30 June 2015	31,658	9,920	-	12,443	-	54,021

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 period.

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 30 June 2015 was 234,060,000 (2014: 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 period as compared with the audited financial statements for the year ended 31 December 2014.

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 2015. The adoption of these new/revised FRSs and INT FRSs has no significant impact to the Group.

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.

	Group	
	30.06.2015	**30.06.2014**
	in cents	**in cents**
Earnings per ordinary share for the period:-		
Based on existing issued share capital	0.47	0.04
On a fully diluted basis	0.47	0.04

The computation of earnings per share is based on 234,060,000 (2014: 234,060,000) weighted average number of ordinary shares in issue during the period.

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.

	Group		Company	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
	in cents	in cents	in cents	in cents
Net asset value per ordinary share based on issued share capital	32.67	32.69	23.08	23.03

The above is computed based on the number of issued ordinary shares as at the respective balance sheet dates amounting to 234,060,000 (2014: 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 turnover was down by 5% to $39.8 million in 1H15 from $41.9 million in 1H14 mainly from the Bearings and Seals division partially offset by higher rental income generated from the Property division due to additional properties acquired since the 2nd half of 2014. The lower revenue generated by the Bearings and Seals division was largely attributable to the continued weak market conditions for dealer segments in Greater China and Europe. This was mitigated by stable sales performance of our Original Equipment Manufacturer ("OEM") markets in Singapore, Malaysia and Greater China and certain export markets in ASEAN.

There was a reclassification of rental income to revenue in view of the expansion of the current core business of the Group to include property investment, as previously approved in the Extraordinary General Meeting held on 8 December 2014. This resulted in revenue of $176K being reclassified from other income for 1H14 for comparative purposes.

Gross profit margin, on the other hand, increased to 24% (1H14: 19%) due to:-
- reclassification of rental income to revenue in view of the expansion of the current core business of the Group to include property investment
- in line with stable sales performance in the OEM sector of the Group as compared to lower sales to the dealers' segment which have lower profit margin.

Despite the decline in Group turnover, profit before taxation increased substantially by 128% mainly due to:-
- higher gross profit margin as explained above
- lower provision for slow moving stocks

offset by:
- 1H14 gain on change in fair value of investment properties

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

The Group's net cash generated from operating activities was $2.2 million (1H14: $10.0 million) mainly due to better profits made and decrease in trade debtors in line with collections during the period.

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.

On 10 June 2015, the Company released an announcement in relation to the proposed acquisition of 51% of the issued and paid-up share capital of Raffles Capital Enterprise Pte. Ltd. ("RCE"), which is a property company owned by Ms Teo Xian-Hui Amanda Marie and Mr Teo Teck Yao Glenn Ashley, the deemed controlling shareholders of the Company (the "Acquisition"). Shareholders' approval for the Acquisition had been obtained at the Extraordinary General Meeting held on 13 August 2015. RCE will become a subsidiary of the Company contributing additional revenue and profit streams to the Group upon completion of the Acquisition.

Moving forward, the Group will continue to focus on its core divisions, namely, the Property division and Bearings & Seals division. The Group will also explore potential investment opportunities for its Property division and may undertake such transactions after careful consideration.

Barring any unforeseen circumstances, the Directors expect the performance of the Group for the full year 2015 to remain profitable.

11. Dividend

(a) Current Financial Period Reported On

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

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

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. 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.

The Board of Directors of Raffles United Holdings Ltd (the "Company"), do hereby confirm on behalf of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the half year ended 30 June 2015 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Tan Saik Hock
Chairman

Teo Teng Beng
Managing Director

14 August 2015