

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 30/06/2019	6 months ended 30/06/2018	Change
Revenue	Note 1	27,305	37,237	(27)
Other income including interest income		49	57	(14)
Changes in inventories	Note 1	3,345	(228)	NM
Raw materials and consumables used	Note 1	(24,690)	(28,984)	(15)
Staff costs	Note 2	(3,356)	(3,735)	(10)
Depreciation of property, plant and equipment, and right-of-use assets	Note 3	(591)	(477)	24
Foreign exchange loss, net	Note 4	(38)	(888)	(96)
Impairment loss recognised on trade debtors	Note 5	(28)	(226)	(88)
Write-back of provision for slow-moving inventories, net	Note 6	40	334	(88)
Impairment loss reversed on amounts due from an associate	Note 7	-	63	NM
Gain on sale of investment property	Note 8	2,533	-	NM
Gain on disposal of a subsidiary	Note 9	391	-	NM
Other operating expenses	Note 10	(1,371)	(1,593)	(14)
Finance costs		(526)	(542)	(3)
Profit before tax		3,063	1,018	201
Income tax expense	Note 11	(76)	(220)	(65)
Profit for the period		2,987	798	274
Profit attributable to:				
Owners of the Company		3,225	710	354
Non-controlling interests		(238)	88	(370)
		2,987	798	274

(ii) Consolidated Statement of Comprehensive Income

		Group		
		S\$'000		%
		6 months ended 30/06/2019	6 months ended 30/06/2018	Change
Profit for the period		2,987	798	274
Other comprehensive income:				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Revaluation of land and buildings	Note 12	297	249	19
		297	249	19
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation	Note 13	(56)	1,384	(104)
		(56)	1,384	(104)
Other comprehensive income for the period, net of tax		241	1,633	(85)
Total comprehensive income for the period		3,228	2,431	33
Total comprehensive income attributable to:				
Owners of the Company		3,460	2,338	48
Non-controlling interests		(232)	93	(349)
		3,228	2,431	33

NM - Not meaningful

Notes to the Income Statement

- 1 Group revenue declined by 27% to \$27.3 million in 1H19 from \$37.2 million in 1H18 primarily due to the:
 - cyclical downturn in Original Equipment Manufacturer ("OEM") market in Singapore and Malaysia; and
 - absence of revenue contribution from the electrical operations as the Group's subsidiary, Acee Electric Pte Ltd ("Acee"), was dormant since November 2018 and subsequently disposed in 1H2019.This was partially offset by the:
 - improved OEM market conditions in Indonesia and Vietnam; and
 - increase in revenue contribution from the beauty division.

Revenue from the property segment remained relatively stable during the period.

Group profit margin was relatively stable at 21.8% (1H18: 21.6%) as compared with the prior period.
- 2 Staff costs declined by 10% primarily due to the:
 - cessation of operations of Acee in 2H18; and
 - Group's prudent approach towards headcount management, including natural staff attrition as well as the optimisation of operations.
- 3 The increase in depreciation by 24% reflected the impact of the:
 - upward revaluation of the Group's properties in Singapore in December 2018;
 - addition of property in Singapore for operations use; and
 - adoption of SFRS(I) 16 *Leases* during the period.
- 4 Group foreign exchange loss was mainly due to the strengthening of JPY and USD against SGD currency during the period. The significant drop in foreign exchange loss was mainly due to the realisation of IDR currency translation losses arising from the repayments of quasi-equity loan by its Indonesia subsidiary in the prior period.
- 5 Impairment loss recognised on trade debtors was made upon internal assessment of the Group's outstanding trade receivables.
- 6 The Group recorded net write-back of provision for slow-moving inventories following the sale of certain inventories previously provided for. The provision for slow-moving inventories was adequate as at 30 June 2019.
- 7 The impairment loss reversed on amounts due from an associate in the prior period was made due to repayments received.
- 8 The gain on sale of investment property was registered following the sale of the Group's property in Singapore as part of a collective sale in 1H19. Please refer to the announcements released on 29 January 2019 and 8 March 2019 for further details.
- 9 The gain on disposal of a subsidiary was due to disposal of the entire 70% stake in a subsidiary, Acee, during the financial period.
- 10 Other operating expenses declined by 14% primarily due to the:
 - lower level of business activities during the period;
 - cessation of the operations of Acee in 2H18 and subsequently its full disposal in 1H19; and
 - impact on the adoption of SFRS(I) 16 *Leases* during the period.
- 11 The effective tax rate for the Group was lower than the Singapore tax rate of 17% (2018: 17%) mainly due to certain non-taxable income and unutilised tax losses of the Group.
- 12 The revaluation of land and buildings under property, plant and equipment was attributable to revaluation gain arising from independent valuation performed on the Group's properties in Singapore in June 2019.
- 13 The loss on translation reserve was mainly due to the depreciation of the RMB against the SGD upon consolidation of the Group's 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	
		30.06.2019 S\$'000	31.12.2018 S\$'000	30.06.2019 S\$'000	31.12.2018 S\$'000
Assets					
Non-current assets					
Property, plant and equipment	Note 1	36,785	36,019	30,058	26,876
Investment in subsidiaries	Note 2	-	-	12,579	13,051
Investment in associates		780	780	453	453
Investment properties	Note 3	55,687	57,031	920	4,520
		93,252	93,830	44,010	44,900
Current assets					
Trade debtors	Note 4	9,227	10,831	48	-
Other debtors		91	81	34	27
Prepayments		315	302	19	15
Amounts due from subsidiaries	Note 2	-	-	37,529	30,433
Inventories	Note 5	33,619	30,234	-	-
Cash at banks and on hand		4,411	4,847	35	36
		47,663	46,295	37,665	30,511
Total assets		140,915	140,125	81,675	75,411
Equity and liabilities					
Current liabilities					
Interest bearing loans and borrowings	Note 6	5,425	12,800	-	8,000
Trade creditors and accruals	Note 7	11,510	13,313	322	577
Other creditors	Note 8	700	844	8	28
Lease liabilities	Note 9	23	-	23	-
Amounts due to related parties		2,384	2,384	-	-
Provision for taxation		61	119	-	-
		20,103	29,460	353	8,605
Net current assets		27,560	16,835	37,312	21,906
Non-current liabilities					
Interest bearing loans and borrowings	Note 6	14,317	18,410	-	-
Lease liabilities	Note 9	3,239	-	3,239	-
Deferred tax liabilities		4,149	4,124	3,287	3,229
		21,705	22,534	6,526	3,229
Total liabilities		41,808	51,994	6,879	11,834
Net assets		99,107	88,131	74,796	63,577
Equity attributable to owners of the Company					
Share capital		39,580	31,658	39,580	31,658
Assets revaluation reserve		17,117	16,820	15,686	15,402
Foreign currency translation reserve		(5,207)	(5,145)	-	-
Revenue reserve		38,990	35,765	19,530	16,517
		90,480	79,098	74,796	63,577
Non-controlling interests		8,627	9,033	-	-
Total equity		99,107	88,131	74,796	63,577
Total equity and liabilities		140,915	140,125	81,675	75,411

Notes to the Statements of Financial Position

- 1 The increase in property, plant and equipment ("PPE") at the Group and Company level was mainly attributable to the adoption of SFRS(I) 16 *Leases* on 1 January 2019 which has resulted in the recognition of a Right-of-use assets, in the capacity as lessees, as part of PPE in the balance sheet.

It was partially offset by the:

- reclassification of a property in Singapore to investment property following the change in use; and
- depreciation charges during the period.

- 2 The decline in investment in subsidiaries was mainly due to the disposal of Acee subsidiary during the period.

The amounts due from subsidiaries at the Company level increased in view of funding provided to certain subsidiaries to support operations during the period.

- 3 The decline in investment properties at the Group and Company level was primarily due to the sale of an investment property in Singapore as part of a collective sale. Please refer to the announcements released on 29 January 2019 and 8 March 2019 for further details.

This was offset by the reclassification of a property in Singapore from PPE to investment property following the change in use.

- 4 The decline in Group trade debtors was primarily due to lower sales for the bearings and seals division and collections received during the period.

- 5 The increase in inventories was mainly due to the stocking up of inventories in Singapore and Malaysia to fulfill certain customers' back orders on the back of lower demand from the OEM market.

- 6 Bank borrowings for both the Group and the Company declined primarily due to net repayments made during the period.

- 7 Group trade creditors and accruals decreased mainly due to repayments made and disposal of Acee subsidiary during the period.

- 8 The decline in other creditors at the Group level was primarily due to lower advances received from customers of the Group.

- 9 Lease liabilities at the Group and the Company level relate to recognition of lease obligations upon the adoption of SFRS(I) 16 *Leases*.

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

Amount repayable in one year or less, or on demand

As at 30.06.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
875	4,550	1,100	11,700

Amount repayable after one year

As at 30.06.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
14,317	-	18,410	-

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	
	6 months ended 30/06/2019	6 months ended 30/06/2018
	S\$'000	S\$'000
Operating activities		
Profit before tax	3,063	1,018
Adjustments for:		
Depreciation of property, plant and equipment, and right-of-use assets	591	477
Impairment loss recognised on trade debtors	28	226
Write-back of provision for slow moving-inventories, net	(40)	(334)
Impairment loss reversed on amounts due from an associate	-	(63)
Gain on sale of investment property	(2,533)	-
Gain on disposal of a subsidiary	(391)	-
Foreign currency adjustments	94	748
Interest expense	526	542
Interest income	(4)	(1)
Operating cash flows before changes in working capital	1,334	2,613
Changes in working capital		
Decrease/(Increase) in trade debtors	1,597	(3,008)
Decrease in amounts due from an associate	-	71
(Increase)/Decrease in other debtors	(6)	204
(Increase)/Decrease in inventories	(3,299)	597
(Decrease)/Increase in trade creditors and accruals	(1,800)	1,145
Decrease in other creditors	(143)	(43)
Cash flows (used in) / generated from operations	(2,317)	1,579
Income tax paid	(161)	(183)
Interest paid	(526)	(542)
Interest income received	4	1
Net cash flows (used in) / generated from operating activities	(3,000)	855
Investing activities		
Purchase of property, plant and equipment	(12)	(2,322)
Proceeds from sale of investment property	6,133	-
Net cash flows generated from / (used in) investing activities	6,121	(2,322)
Financing activities		
Proceeds from term loans from banks	9,996	17,961
Repayment of term loans from banks	(21,464)	(16,789)
Proceeds from trade financing	426	628
Repayment of trade financing	(426)	(244)
Payment of lease liabilities	(23)	-
Capital injection by non-controlling shareholders of a subsidiary	-	118
Net proceeds on issue of shares	7,922	-
Net cash flows (used in) / generated from financing activities	(3,569)	1,674
Net (decrease)/increase in cash and cash equivalents	(448)	207
Effect of exchange rate changes on cash and cash equivalents	12	88
Cash and cash equivalents at 1 January	4,847	6,128
Cash and cash equivalents at 30 June	4,411	6,423
Cash and cash equivalents comprise of:-		
Cash at banks and on hand	4,411	6,423

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>				<u>Non-</u>	<u>Total equity</u>
	<u>Share</u>	<u>Assets</u>	<u>Foreign</u>	<u>Revenue</u>	<u>controlling</u>	
	<u>Capital</u>	<u>revaluation</u>	<u>currency</u>	<u>reserve</u>	<u>interests</u>	
		<u>reserve</u>	<u>translation</u>			
	<u>reserve</u>		<u>reserve</u>			
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>Group</u>						
Balance at 1 January 2018	31,658	12,401	(6,030)	33,938	8,869	80,836
Profit for the period	-	-	-	710	88	798
Other comprehensive income for the period	-	249	1,379	-	5	1,633
Total comprehensive income for the period	-	249	1,379	710	93	2,431
<u>Contributions by and distributions to owners</u>						
Capital injection by non-controlling shareholders of a subsidiary	-	-	-	-	118	118
Total transactions with owners recognized directly in equity	-	-	-	-	118	118
Balance at 30 June 2018	31,658	12,650	(4,651)	34,648	9,080	83,385
Balance at 1 January 2019	31,658	16,820	(5,145)	35,765	9,033	88,131
Profit for the period	-	-	-	3,225	(238)	2,987
Other comprehensive income/(loss) for the period	-	297	(62)	-	6	241
Total comprehensive income/(loss) for the period	-	297	(62)	3,225	(232)	3,228
<u>Contributions by and distributions to owners</u>						
Disposal of a subsidiary	-	-	-	-	(174)	(174)
Issue of share capital	7,922	-	-	-	-	7,922
Total transactions with owners recognised directly in equity	7,922	-	-	-	(174)	7,748
Balance at 30 June 2019	39,580	17,117	(5,207)	38,990	8,627	99,107
<u>Company</u>						
Balance at 1 January 2018	31,658	11,180	-	14,672	-	57,510
Profit for the period	-	-	-	837	-	837
Other comprehensive income for the period	-	249	-	-	-	249
Total comprehensive income for the period	-	249	-	837	-	1,086
Balance at 30 June 2018	31,658	11,429	-	15,509	-	58,596
Balance at 1 January 2019	31,658	15,402	-	16,517	-	63,577
Profit for the period	-	-	-	3,013	-	3,013
Other comprehensive income for the period	-	284	-	-	-	284
Total comprehensive income for the period	-	284	-	3,013	-	3,297
<u>Contributions by and distributions to owners</u>						
Issue of share capital	7,922	-	-	-	-	7,922
Total transactions with owners recognized directly in equity	7,922	-	-	-	-	7,922
Balance at 30 June 2019	39,580	15,686	-	19,530	-	74,796

- 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.

Changes in share capital during the financial period

	30.06.2019	31.12.2018
At the beginning of the period	234,060,000	234,060,000
Issuance of new ordinary shares pursuant to:		
- Rights issue exercise	161,043,118	-
At the end of the period	395,103,118	234,060,000

The Company has undertaken a renounceable non-underwritten rights issue (the "Rights Issue") of up to 234,060,000 new ordinary shares in the capital of the company ("Rights Shares") at an issue price of \$0.05 for every rights share on the basis of one (1) rights share for every one (1) existing ordinary share in the capital of the Company ("Shares") held by Entitled Shareholders. On 14 May 2019, the Company announced that pursuant to the Rights Issue, an aggregate of 161,043,118 Rights Shares were allotted and issued by the Company. The number of issued Shares in the Company has increased from 234,060,000 to 395,103,118 Shares.

- 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 2019 was 395,103,118 (2018: 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 2018.

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 the Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are effective for annual periods beginning on or after 1 January 2019 and are relevant to its operations. The adoption of these new SFRS(I)s does not result in significant change to the Group's and Company's financials reported for the current or prior years. The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach.

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 per ordinary share for the period:-
Based on existing issued share capital
On a fully diluted basis

Group	
30.06.2019	30.06.2018
in cents	in cents
1.176	0.303
1.176	0.303

The computation of earnings per share is based on 274,320,780 (2018: 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	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	in cents	in cents	in cents	in cents
Net asset value per ordinary share based on issued share capital	22.90	33.79	18.93	27.16

The above is computed based on the number of issued ordinary shares as at the respective balance sheet dates amounting to 395,103,118 (2018: 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 declined by 27% to \$27.3 million in 1H19 from \$37.2 million in 1H18 primarily due to the:

- cyclical downturn in Original Equipment Manufacturer ("OEM") market in Singapore and Malaysia; and
- absence of revenue contribution from the electrical operations as the Group's subsidiary, Acee Electric Pte Ltd ("Acee"), was dormant since November 2018 and subsequently disposed in 1H2019.

This was partially offset by the:

- improved OEM market conditions in Indonesia and Vietnam; and
- increase in revenue contribution from the beauty division.

Revenue from the property segment remained relatively stable during the period.

Group profit margin was relatively stable at 21.8% (1H18: 21.6%) as compared with the prior period.

The Group recorded an increase in profit before taxation ("PBT") of \$2.06 million to \$3.06 million in 1H19 from \$1.0 million in 1H18 primarily due to the:

- \$2.5 million gain on sale of investment property;
- \$0.9 million decrease in foreign exchange loss;
- \$0.4 million gain on disposal of a subsidiary;
- \$0.4 million decrease in staff costs;
- \$0.2 million decrease in other operating expenses;

which was partially offset by:

- \$2.1 million decrease in gross profit primarily due to lower business activities for the bearings and seals division; and
- \$0.3 million decrease in write-back of provision for slow-moving inventories

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

The Group's net cash used in operating activities was approximately \$3.0 million (1H18: \$0.9 million net cash generated), which was mainly due to the increase in purchase of inventories during the period. The Group's net cash used in financing activities of approximately \$3.6 million (1H18: \$1.7 million net cash generated) was due to repayment of bank borrowings 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.

The Group expects the business operating environment to remain challenging and uncertain. In this regard, the Group will continue to exercise prudence on its operations to strengthen its balance sheet and working capital position.

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.

14. Confirmation by the Board pursuant to Rule 705(5).

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 2019 to be false or misleading in any material aspects.

15. 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

Tan Saik Hock
Chairman

Teo Teng Beng
Managing Director

14 August 2019