

SOON LIAN HOLDINGS LIMITED
Co. Reg. No: 200416295G

HALF YEAR FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE
PERIOD ENDED 30 JUNE 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02, Singapore 068896, telephone (65) 6854 6160.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	<u>HY 2015</u>	<u>HY 2014</u>	<u>Change</u>
	S\$'000	S\$'000	%
Revenue	23,870	20,705	15.3%
Cost of Sales	(19,791)	(17,036)	16.2%
Gross Profit	4,079	3,669	11.2%
<u>Other Items of Income</u>			
Interest Income	4	2	100.0%
Other Gains	44	10,346	(99.6)%
<u>Other Items of Expense</u>			
Marketing and Distributions Costs	(499)	(404)	23.5%
Administrative Expenses	(2,438)	(2,287)	6.6%
Finance Costs	(459)	(420)	9.3%
Other Losses	(127)	(80)	58.8%
Profit Before tax from Continuing Operations	604	10,826	(94.4)%
Income Tax Expense	(238)	(102)	>100.0%
Profit Net of Tax	366	10,724	(96.6)%
Profit Attributable to Owners of The Parent, Net of Tax	364	10,724	(96.6)%
Profit Attributable to Non-Controlling Interest, Net of Tax	2	#	NM
Profit Net of Tax	366	10,724	(96.6)%

Consolidated Statement of Comprehensive Income

	Group		
	<u>HY 2015</u>	<u>HY 2014</u>	<u>Change</u>
	S\$'000	S\$'000	%
Profit Net of Tax	366	10,724	(96.6)%
<u>Other Comprehensive Income (Loss)</u>			
Exchange Differences on Translating Foreign Operations, Net of Tax	38	(155)	NM
Other Comprehensive Income (Loss) for the Period, Net of Tax	38	(155)	NM
Total Comprehensive Income	404	10,569	(96.2)%
Total Comprehensive Income Attributable to Owners of the Parent	402	10,569	(96.2)%
Total Comprehensive Income Attributable to Non-Controlling Interests	2	#	NM
Total Comprehensive Income	404	10,569	(96.2)%

NM – Not meaningful

denotes amount less than \$1,000

Profit before tax is arrived at after crediting (charging) the following:

	Group		
	<u>HY 2015</u> S\$'000	<u>HY 2014</u> S\$'000	<u>Change</u> %
Foreign exchange adjustment (loss) gain	(53)	108	NM
Depreciation of property, plant and equipment	(580)	(325)	78.5%
Directors' fee	(43)	(43)	–
Gain on disposal of property, plant and equipment	12	10,105	(99.9)%
Allowance for impairment on trade receivables - reversal	4	82	(95.1)%
Allowance for impairment on trade receivables	(36)	(14)	>100.0%
Inventories written back (realised)	1	17	(94.1)%
Allowance for impairment on inventories	(38)	(41)	(7.3)%
Forward contracts gain (loss): transactions not qualifying as hedges	2	(26)	NM
Interest expense	(459)	(420)	9.3%
Interest income	4	2	100.0%

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

	<u>Group</u>		<u>Company</u>	
	As at <u>30.06.15</u> S\$'000	As at <u>31.12.14</u> S\$'000	As at <u>30.06.15</u> S\$'000	As at <u>31.12.14</u> S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	25,089	25,028	–	–
Investment in Subsidiaries	–	–	11,871	11,210
Deferred Tax Assets	338	337	–	–
Total Non-Current Assets	25,427	25,365	11,871	11,210
<u>Current Assets</u>				
Inventories	30,046	26,062	–	–
Trade and Other Receivables	12,828	13,368	2,025	1,934
Other Assets	210	132	–	13
Cash and Cash Equivalents	4,259	6,466	17	70
Total Current Assets	47,343	46,028	2,042	2,017
Total Assets	72,770	71,393	13,913	13,227
EQUITY AND LIABILITIES				
Equity, Attributable to Owners of the Parent				
Share Capital	10,579	10,579	10,579	10,579
Retained Earnings	21,530	22,246	2,793	1,560
Statutory Reserve	225	225	–	–
Foreign Currency Translation Reserve	179	141	–	–
Equity, Attributable to Owners of the Parent	32,513	33,191	13,372	12,139
Non-Controlling Interests	18	16	–	–
Total Equity	32,531	33,207	13,372	12,139
<u>Non-Current Liabilities</u>				
Other Financial Liabilities	14,970	14,354	–	–
Total Non-Current Liabilities	14,970	14,354	–	–
<u>Current Liabilities</u>				
Income Tax Payable	236	68	60	11
Trade and Other Payables	20,947	20,691	481	1,077
Other Financial Liabilities	4,086	3,073	–	–
Total Current Liabilities	25,269	23,832	541	1,088
Total Liabilities	40,239	38,186	541	1,088
Total Equity and Liabilities	72,770	71,393	13,913	13,227

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
791	16,935	715	16,566

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
14,012	958	14,354	–

Details of any collateral

The Group's borrowings consist of term loans, bank overdrafts, bill payables and finance leases.

The banking facilities are secured by (a) legal mortgages on the subsidiaries' leasehold and freehold properties, (b) corporate guarantees issued by the Company, and (c) joint and several guarantees from certain directors of the Group. The finance leases were secured by the leased assets.

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.

	<u>Group</u>	
	<u>HY2015</u>	<u>HY2014</u>
	S\$'000	S\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	604	10,826
Interest Income	(4)	(2)
Interest Expense	459	420
Depreciation of Property, Plant and Equipment	580	325
Forward contracts (Gain)/ Loss: Transaction not qualifying as hedges	(2)	26
Gain on Disposal of Property, Plant and Equipment	(12)	(10,105)
Net Effect of Exchange Rate Changes in Consolidating Subsidiaries	53	(137)
Operating Cash Flow before Changes in Working Capital	1,678	1,353
Inventories	(3,984)	(1,338)
Trade and Other Receivables	548	(114)
Other Assets	(78)	2,870
Trade and Other Payables	256	(2,052)
Net Cash Flows (Used in)/ From Operations	(1,580)	719
Income Taxes Paid	(69)	(86)
Net Cash Flows (Used in)/ From Operating Activities	(1,649)	633
<u>Cash Flows From Investing Activities</u>		
Disposal of Property, Plant and Equipment	24	19,353
Purchase of Property, Plant and Equipment (Note B)	(491)	(22,357)
Interest Received	4	2
Net Cash Flows Used in Investing Activities	(463)	(3,002)
<u>Cash Flows From Financing Activities</u>		
Decrease in Other Financial Liabilities	(607)	(7,694)
Increase from New Borrowings	2,000	15,050
Dividends paid to Equity Owners	(1,080)	-
Interest Paid	(459)	(420)
Net Cash Flows (Used in)/ From Financing Activities	(146)	6,936
Net (Decrease)/ Increase in Cash and Cash Equivalents	(2,258)	4,567
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	6,441	1,771
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note A)	4,183	6,338

Note A

Cash and cash equivalents in the consolidated statement of cash flows comprised the following :

	<u>Group</u>	
	<u>HY2015</u>	<u>HY2014</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash and cash equivalents at end of the financial period	4,259	6,349
Bank overdraft	(76)	(11)
	<hr/>	<hr/>
	4,183	6,338
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Note B

Non-cash transaction :

There were acquisitions of plant and equipment amounting to an aggregate of \$185,000 (HY2014: nil) acquired through finance leases.

- 1 (d)(i) A statement (for the group and issuer) 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

	<u>Total Equity</u> S\$'000	<u>Attributable To Parent Sub-Total</u> S\$'000	<u>Share Capital</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Foreign Currency Translation Reserve</u> S\$'000	<u>Statutory Reserve</u> S\$'000	<u>Non- controlling Interests</u> S\$'000
Current Period:							
Opening Balance at 1 January 2015	33,207	33,191	10,579	22,246	141	225	16
Movements in Equity							
Dividend Paid	(1,080)	(1,080)	–	(1,080)	–	–	–
Total Comprehensive Income for the Period	404	402	–	364	38	–	2
Closing Balance at 30 June 2015	32,531	32,513	10,579	21,530	179	225	18

	<u>Total Equity</u> S\$'000	<u>Attributable To Parent Sub-Total</u> S\$'000	<u>Share Capital</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Foreign Currency Translation Reserve</u> S\$'000	<u>Statutory Reserve</u> S\$'000	<u>Non- controlling Interests</u> S\$'000
Previous Period:							
Opening Balance at 1 January 2014	21,680	21,665	10,579	10,771	109	206	15
Movements in Equity							
Total Comprehensive Income/ (Loss) for the Period	10,569	10,569	–	10,724	(155)	–	–
Closing Balance at 30 June 2014	32,249	32,234	10,579	21,495	(46)	206	15

COMPANY

	Total Equity	Share Capital	Retained Earnings
	S\$'000	S\$'000	S\$'000
Current Period:			
Opening Balance at 1 January 2015	12,139	10,579	1,560
Movement in Equity:			
Dividend Paid	(1,080)	–	(1,080)
Total Comprehensive Income for the Period	2,313	–	2,313
Closing Balance at 30 June 2015	13,372	10,579	2,793
Previous Period:			
Opening Balance at 1 January 2014	12,015	10,579	1,436
Movement in Equity:			
Total Comprehensive Income for the Period	135	–	135
Closing Balance at 30 June 2014	12,150	10,579	1,571

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 were no changes in the Company's share capital from 1 January 2015 to 30 June 2015. There were no outstanding convertibles and treasury shares as at 30 June 2015 and 30 June 2014.

1(d)(iii) 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.

As at 30/06/2015	As at 31/12/2014
108,000,000	108,000,000

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company does not have any treasury shares. There were no sale, transfer, disposal, cancellation and/or use of treasury shares as at 30 June 2015.

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 auditors' report (including any qualifications or emphasis of a matter).

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

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 has applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on, which are consistent with the audited financial statements for the financial 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 changed, as well as the reasons for, and the effect of, the change.

There were no changes in the accounting policies and methods of computation in the preparation of the financial statements for the current financial period reported on.

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:

	Group	
	HY2015	HY2014
Earnings per ordinary share ("EPS") for the financial period based on net profit after tax attributed to the shareholders of the Company		
(i) Based on the weighted average number of ordinary shares on issue	0.34 cents	9.93 cents
(ii) On a fully diluted basis	0.34 cents	9.93 cents
Weighted average number of ordinary shares on issue	108,000,000	108,000,000

The Group's basic and diluted EPS for HY2015 and HY2014 were the same as there were no potentially dilutive ordinary shares existing during the respective financial periods.

7. Net asset value (for the issuer) per ordinary share based on issued share capital 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
Net asset value per ordinary share (cents)	30.1	30.7	12.4	11.2

The net asset value per ordinary share for the Group and the Company have been calculated based on the issued share capital of 108,000,000 ordinary shares of the Company as at 30 June 2015 and 31 December 2014.

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.**

(a) Statement of Comprehensive Income

The Group's revenue increased by S\$3.2 million or 15.3% from S\$20.7 million in HY2014 to S\$23.9 million in HY2015. This was mainly due to an increase in sales to our customers in the precision engineering industry as well as to stockists and traders, partially offset by a decrease in sales to customers in the marine industry.

Sales to customers in the precision engineering industry increased by S\$4.0 million in HY2015 as compared to HY2014, mainly due to higher revenue generated by our subsidiaries in the People's Republic of China of S\$2.1 million. Sales to stockists and traders increased by S\$3.2 million in HY2015 as compared to HY2014, mainly due to an increase in demand from overseas stockists and traders. Sales to the marine industry decreased by S\$4.1 million in HY2015 as compared to HY2014, mainly due to the delay and/or scaling down in shipbuilding activities undertaken by our customers.

Gross profit increased by S\$0.4 million or 11.2% from S\$3.7 million in HY2014 to S\$4.1 million in HY2015, largely in line with the increase in revenue. However, the Group's gross profit margin decreased from 17.7% in HY2014 to 17.1% in HY2015 mainly attributable to a decrease in the average selling price of our products.

Other gains decreased by S\$10.3 million in HY2015 as compared to HY2014, due mainly to the absence of the non-recurring gain recorded in HY2014 from the disposal of the Group's property at 35 Tuas Avenue 2 of S\$10.1 million, as well as the absence of foreign exchange adjustment gain of S\$0.1 million and the reversal of allowance for impairment on trade receivables of S\$0.01 million in HY2014.

Marketing and distribution costs increased by S\$0.1 million or 23.5%, from S\$0.4 million in HY2014 to S\$0.5 million in HY2015, mainly due to an increase in commission expenses, which was in line with the increase in sales secured through our overseas sales agents.

Administrative expenses increased by S\$0.1 million or 6.6%, from S\$2.3 million in HY2014 to S\$2.4 million in HY2015, mainly due to an increase in payroll expenses of S\$0.1 million arising from the annual salary increments of the Group's employees.

Finance costs increased by S\$0.04 million or 9.3% in HY2015 compared to HY2014, due mainly to an increase in interest expenses as a result of higher utilisation of trade financing facilities and bank borrowings by the Group.

Other losses increased by S\$47,000 from S\$80,000 in HY2014 to S\$127,000 in HY2015. Other losses in HY2015 comprised mainly foreign exchange adjustment loss of S\$53,000, allowance for impairment on trade receivables of S\$36,000 and allowance for impairment on inventories of S\$38,000.

The Group recorded a profit before tax of S\$0.6 million in HY2015 as compared to a profit before tax of S\$10.8 million in HY2014, due mainly to the absence of the non-recurring gain from the disposal of the Group's property at 35 Tuas Avenue 2 in HY2014.

The Group recorded an increase in income tax expenses of S\$0.1 million, from S\$0.1 million in HY2014 to S\$0.2 million in HY2015, mainly due to the increase in profit from operating activities.

(b)(i) Statement of Financial Position

Non-current assets as at 30 June 2015 remained relatively constant at S\$25.4 million as compared to that as at 31 December 2014.

Current assets increased by S\$1.3 million from S\$46.0 million as at 31 December 2014 to S\$47.3 million as at 30 June 2015, mainly due to an increase in inventories of S\$4.0 million, partially offset by a decrease in trade and other receivable of S\$0.5 million and a decrease in cash and cash equivalents of S\$2.2 million. The increase in inventories was mainly due to the delay and/or scaling down in shipbuilding activities undertaken by our customers.

Non-current liabilities increased by S\$0.6 million, from S\$14.4 million as at 31 December 2014 to S\$15.0 million as at 30 June 2015, mainly due to an increase in bank borrowings and additional finance leases taken to finance the purchase of new plant and machineries.

Current liabilities increased by S\$1.5 million, from S\$23.8 million as at 31 December 2014 to S\$25.3 million as at 30 June 2015, mainly due to an increase in trade and other payables of S\$0.3 million arising mainly from higher bills payables in HY2015 as compared to FY2014, as well as an increase in bank borrowings of S\$1.0 million and income tax payable of S\$0.2 million in HY2015.

The Group reported a positive working capital position of S\$22.1 million as at 30 June 2015.

(b)(ii) Statement of Cash Flows

In HY2015, operating cash flow before changes in working capital amounted to S\$1.7 million, mainly due to the Group's profit before tax of S\$0.6 million, interest expense of S\$0.5 million and depreciation of property, plant and equipment of S\$0.6 million. Net cash used in working capital of S\$3.2 million was mainly due to an increase in inventories of S\$4.0 million, partially offset by a decrease in trade and other receivables of S\$0.5 million and an increase in trade and other payables of S\$0.3 million.

Net cash used in investing activities amounted to S\$0.5 million in HY2015 was mainly due to the purchase of plant and equipment, partially offset by the proceeds from the disposal of plant and equipment.

Net cash used in financing activities amounted to S\$0.2 million, mainly due to the repayment of bank loan and finance leases of S\$0.6 million, dividends distributed to equity owners of S\$1.1 million and interest payment of S\$0.5 million, partially offset by an increase in new borrowings of S\$2.0 million.

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

No forecast or prospect statement was previously disclosed.

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.

In a July 2015 update, the International Monetary Fund noted that with a slow first quarter registered by the United States of America, the global economic outlook has moderated and is now projected to be 3.3% for 2015. This will likely be led by a gradual pickup in advanced economies while emerging markets and developing economies experience a slowdown partly caused by a government-engineered deceleration in China.

China, an important market for our Precision Engineering business, has forecasted a decreased growth outlook of 6.8% for 2015. In our home base of Singapore, the Ministry of Trade and Industry, in May, projected modest growth of 2.0% to 4.0% for 2015, due to the prevailing uncertainties in the global economy. Accompanying these uncertainties has been an overall decline in oil and gas prices since September 2014. This has impacted the marine industry and as such, we see a decrease in orders from the Marine segment and we expect this trend to continue for some time.

Taking into account the volatility in our business environment, we are cautious of our outlook for the rest of the year. Nonetheless, we will continue to leverage on our strengths while managing costs, and will simultaneously build on our extensive international networks to drive revenue going forward.

On 12 June 2015, we expanded into Taiwan with the incorporation of a wholly-owned subsidiary, SL Metal (Taiwan) Co. Ltd (“SL Metal”). SL Metal will be involved in the trading and wholesale of aluminium alloy products. On 18 June 2015, we entered into an agreement with Saint An Aluminium Co., Ltd. a Taiwanese aluminium alloy trader, to acquire certain assets. The aforementioned acquisition was completed on 26 July 2015, for a total consideration of approximately TWD 23.6 million (about S\$1.0 million). We have also employed the owner of Saint An Aluminium, Mr Liao Jinyun, who has over 10 years of experience in the trading and wholesale of aluminium alloy products in Taiwan to bolster our manpower capabilities.

In sum, with the inherent uncertainties in our business environment, we will be cautious yet focused on our business development, networks and strengths.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period 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? Yes

Dividend paid :

Name of Dividend	Final
Dividend Type	Cash
Dividend amount per Share (in cents)	1.00
Tax Rate	Tax exempted one tier
No. Of Ordinary Shares	108,000,000
Date of payment	28 May 2015

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared for the financial period ended 30 June 2015.

13. Interested Person Transactions – Pursuant to Rule 920 (1) (a) of Section B of the Catalist Listing Manual

The Company does not have a general mandate from its shareholders for any interested person transactions. There were no interested person transactions in the financial period ended 30 June 2015.

14. Negative confirmation by the Board pursuant To Rule 705 (5)

We, Tan Yee Chin and Tan Yee Ho, being directors of Soon Lian Holdings Limited (the "Company") do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited financial statements for the six-month financial period ended 30 June 2015 to be false or misleading in any material aspect.

Tan Yee Chin

Tan Yee Ho

**BY ORDER OF THE BOARD
TAN YEE CHIN
Chairman and CEO
06 August 2015**