

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

HALF YEAR FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE
PERIOD ENDED 30 JUNE 2014

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 Karen Soh, Managing Director, Corporate Finance, 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 2014</u>	<u>HY 2013</u>	<u>Change</u>
	S\$'000	S\$'000	%
Revenue	20,705	17,506	18.3%
Cost of Sales	(17,036)	(14,068)	21.1%
Gross Profit	3,669	3,438	6.7%
<u>Other Items of Income</u>			
Interest Income	2	1	100.0%
Other Credits	10,346	85	NM
<u>Other Items of Expense</u>			
Marketing and Distributions Costs	(404)	(743)	(45.6)%
Administrative Expenses	(2,287)	(2,110)	8.4%
Finance Costs	(420)	(258)	62.8%
Other Charges	(80)	(70)	14.3%
Profit Before tax from Continuing Operations	10,826	343	NM
Income Tax Expense	(102)	(36)	183.3%
Profit Net of Tax	10,724	307	NM
Profit Attributable to Owners of The Parent, Net of Tax	10,724	307	NM
Profit Attributable to Non-Controlling Interest, Net of Tax	#	#	NM
Profit Net of Tax	10,724	307	NM

Consolidated Statement of Comprehensive Income

	Group		
	<u>HY 2014</u>	<u>HY 2013</u>	<u>Change</u>
	S\$'000	S\$'000	%
Profit Net of Tax	10,724	307	NM
<u>Other Comprehensive (Loss) Income</u>			
Exchange Differences on Translating Foreign Operations, Net of Tax	(155)	39	NM
Other Comprehensive (Loss) Income for the Period, Net of Tax	(155)	39	NM
Total Comprehensive Income	10,569	346	NM
Total Comprehensive Income Attributable to Owners of the Parent	10,569	346	NM
Total Comprehensive Income Attributable to Non-Controlling Interests	#	#	NM
Total Comprehensive Income	10,569	346	NM

NM – Not meaningful

denotes amount less than \$1,000

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

	Group		
	<u>HY 2014</u> S\$'000	<u>HY 2013</u> S\$'000	<u>Change</u> %
Foreign exchange adjustment gain (loss)	108	(29)	NM
Depreciation of property, plant and equipment	(325)	(342)	(5.0%)
Directors' fee	(43)	(43)	–
Gain on disposal of property, plant and equipment	10,505	4	NM
Write-off of plant and equipment	(400)	(1)	NM
Allowance for impairment on trade receivables - reversal	82	79	3.8%
Allowance for impairment on trade receivables	(14)	(21)	(33.3%)
Inventories written down (realised)	17	1	NM
Allowance for impairment on inventories	(41)	(19)	115.8%
Forward contracts (loss) gain: transactions not qualifying as hedges	(26)	1	NM
Interest expense	(420)	(258)	62.8%
Interest income	2	1	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	As at	As at	As at
	<u>30.06.14</u>	<u>31.12.13</u>	<u>30.06.14</u>	<u>31.12.13</u>
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	24,406	2,800	–	–
Investment in Subsidiaries	–	–	11,210	11,210
Deferred Tax Assets	146	146	–	–
Total Non-Current Assets	24,552	2,946	11,210	11,210
<u>Current Assets</u>				
Asset Held For Sale under FRS 105	–	8,838	–	–
Inventories	24,681	23,343	–	–
Trade and Other Receivables	10,575	10,503	1,617	1,785
Other Assets	30	2,900	–	39
Cash and Cash Equivalents	6,349	2,704	44	30
Total Current Assets	41,635	48,288	1,661	1,854
Total Assets	66,187	51,234	12,871	13,064
EQUITY AND LIABILITIES				
Equity, Attributable to Owners of the Parent				
Share Capital	10,579	10,579	10,579	10,579
Retained Earnings	21,495	10,771	1,571	1,436
Statutory Reserve	206	206	–	–
Foreign Currency Translation Reserve	(46)	109	–	–
Equity, Attributable to Owners of the Parent, Total	32,234	21,665	12,150	12,015
Non-Controlling Interests	15	15	–	–
Total Equity	32,249	21,680	12,150	12,015
<u>Non-Current Liabilities</u>				
Other Financial Liabilities	14,581	301	–	–
Total Non-Current Liabilities	14,581	301	–	–
<u>Current Liabilities</u>				
Income Tax Payable	82	80	39	17
Trade and Other Payables	16,204	18,256	682	1,032
Other Financial Liabilities	3,071	10,917	–	–
Total Current Liabilities	19,357	29,253	721	1,049
Total Liabilities	33,938	29,554	721	1,049
Total Equity and Liabilities	66,187	51,234	12,871	13,064

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

Amount repayable in one year or less, or on demand

As at 30.06.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
768	11,591	6,362	17,642

Amount repayable after one year

As at 30.06.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
14,581	–	301	–

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 guarantee 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>HY2014</u>	<u>HY2013</u>
	S\$'000	S\$'000
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	10,826	343
Interest Income	(2)	(1)
Interest Expense	420	258
Depreciation of Property, Plant and Equipment	325	342
Forward Contracts Loss (Gain) : Transaction not Qualifying as Hedges	26	(1)
Gain on Disposal of Property, Plant and Equipment	(10,105)	(3)
Net Effect of Exchange Rate Changes in Consolidating Subsidiaries	(137)	33
Operating Cash Flow before Changes in Working Capital	1,353	971
Inventories	(1,338)	(2,877)
Trade and Other Receivables	(114)	(3,831)
Other Assets	2,870	107
Trade and Other Payables	(2,052)	4,855
Net Cash Flows From (Used in) Operations	719	(775)
Income Taxes Paid	(86)	(16)
Net Cash Flows From (Used in) Operating Activities	633	(791)
<u>Cash Flows From Investing Activities</u>		
Disposal of Property, Plant and Equipment	19,353	8
Purchase of Property, Plant and Equipment	(22,357)	(360)
Interest Received	2	1
Net Cash Flows Used in Investing Activities	(3,002)	(351)
<u>Cash Flows From Financing Activities</u>		
Decrease in Other Financial Liabilities	(7,694)	(1,260)
Increase from New Borrowings	15,050	1,000
Interest Paid	(420)	(258)
Net Cash Flows From (Used in) Financing Activities	6,936	(518)
Net Increase (Decrease) in Cash and Cash Equivalents	4,567	(1,660)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	1,771	6,003
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	6,338	4,343
Cash and Cash Equivalents in the Statement of Cash Flows:		
Cash and Cash Equivalents	6,349	4,343
Bank Overdraft	(11)	-
	6,338	4,343

- 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 Year:							
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

	<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 Year:							
Opening Balance at 1 January 2013	21,099	21,085	10,579	10,410	(94)	190	14
Movements in Equity							
Total Comprehensive Income for the Period	346	346	-	307	39	-	#
Closing Balance at 30 June 2013	21,445	21,431	10,579	10,717	(55)	190	14

denotes amount less than \$1,000

COMPANY	Total Equity	Share Capital	Retained Earnings
	S\$'000	S\$'000	S\$'000
Current Year:			
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
Previous Year:			
Opening Balance at 1 January 2013	11,876	10,579	1,297
Movement in Equity:			
Total Comprehensive Income for the Period	65	–	65
Closing Balance at 30 June 2013	11,941	10,579	1,362

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 since 31 December 2013. There were no outstanding convertibles and treasury shares as at 30 June 2014 and 30 June 2013.

The Company did not have any treasury shares as at the end of the current financial period reported on and as at 30 June 2013.

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 30/06/2014	As at 31/12/2013
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.

Not applicable.

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 reporting period, which are consistent with the audited financial statements for the financial year ended 31 December 2013.

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 reporting period.

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	
	30.06.2014	30.06.2013
Earnings per ordinary share 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	9.93 cents	0.28 cents
(ii) On a fully diluted basis	9.93 cents	0.28 cents
Weighted average number of ordinary shares on issue	108,000,000	108,000,000

The basic and diluted earnings per ordinary share for the 6 month financial periods ending 30 June 2013 and 30 June 2014 were the same as there were no potentially dilutive ordinary shares existing during the aforesaid 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	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Net asset value per ordinary share (Cents)	29.9	20.1	11.3	11.1

The net asset value per ordinary share for Group and Company is calculated based on the issued share capital of 108,000,000 ordinary 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.**

(a) Statement of Comprehensive Income

Group revenue increased by S\$3.2 million or 18.3% from S\$17.5 million in HY2013 as compared to S\$20.7 million in HY2014. This was mainly due to the increase in sales to our customers in the marine and precision engineering industry, partially offset by a decrease in sales to the stockists and traders.

Sales to the marine industry increased by S\$2.3 million as we secured more orders from our local customers. Sales to the precision engineering industry increased by S\$1.4 million due mainly to higher revenue generated by our subsidiaries in the People's Republic of China and an increase in sales to other customers of S\$0.3 million. Sales to the stockists and traders decreased by S\$0.8 million due mainly to the decrease in demand from overseas stockists and traders.

Gross profit increased by S\$0.3 million or 6.7% from S\$3.4 million in HY2013 as compared to S\$3.7 million in HY2014 mainly due to the increase in revenue. Gross profit margin, however, decreased from 19.6% in HY2013 to 17.7% in HY2014 due to a decrease in the average selling price of our products.

Other credits increased by S\$10.2 million from S\$0.1 million in HY2013 as compared to S\$10.3 million in HY2014, due mainly to the gain from the disposal of the Group's property at 35 Tuas Avenue 2.

Marketing and distribution costs decreased by S\$0.3 million or 45.6%, from S\$0.7 million in HY2013 to S\$0.4 million in HY2014, mainly due to a decrease in commission expenses, in line with the decrease in sales secured through our overseas sales agents.

Administrative expenses increased by S\$0.2 million or 8.4%, from S\$2.1 million in HY 2013 as compared to S\$2.3 million in HY2014, mainly due to an increase in payroll expenses of S\$0.1 million from the annual salary increments and other general administrative expenses of S\$0.1 million

Finance costs for HY2014 increased by S\$0.1 million or 62.8% from S\$0.3 million in HY 2013 as compared to S\$0.4 million in HY2014, due mainly to an increase in interest expenses as a result of higher utilisation of bank overdraft facilities, trade facilities and the increase in bank borrowings used to finance the acquisition of the Group's new property at 9 Tuas Avenue 2.

The Group recorded a profit before tax of S\$10.8 million in HY2014 as compared to a profit before tax of S\$0.3 million in HY2013, due mainly to the non-recurring gain from the disposal of the Group's property at 35 Tuas Avenue 2.

(b)(i) Statement of Financial Position

Non-current assets as at 30 June 2014 increased by S\$21.7 million from S\$2.9 million as at 31 December 2013 to S\$24.6 million as at 30 June 2014, mainly due to the purchase of the Group's property at 9 Tuas Avenue 2 and purchases of new plant and machinery, partially offset by the depreciation charges in HY2014.

Current assets decreased by S\$6.7 million from S\$48.3 million as at 31 December 2013 to S\$41.6 million as at 30 June 2014, mainly due to the disposal of the Group's property at 35 Tuas Avenue 2, and decrease in other assets of S\$2.9 million, partially offset by an increase in inventories of S\$1.2 million, and increase in trade and other receivables and cash and cash equivalents of S\$0.1 million and S\$3.6 million respectively. The disposal of the said property was completed on 4 June 2014. The decrease in other assets was mainly due to the capitalisation of deposits paid and other prepaid fees for the acquisition of the Group's new property at 9 Tuas Avenue 2. The higher inventories level was a result of an increase in inventories procured in anticipation of higher demand for our aluminium alloy products.

Non-current liabilities increased by S\$14.3 million, from S\$0.3 million as at 31 December 2013 to S\$14.6 million as at 30 June 2014, mainly due to the increase in bank borrowings used to finance the acquisition of the Group's new property at 9 Tuas Avenue 2.

Current liabilities decreased by S\$9.9 million, from S\$29.3 million as at 31 December 2013 to S\$19.4 million as at 30 June 2014, mainly due to the decrease in trade and other payables of S\$2.1 million and decrease in other financial liabilities of S\$7.8 million. The decrease in trade and other payables was mainly due to the lower bills payables in HY2014 as compared to FY2013. The decrease in other financial liabilities was mainly due to the repayment of term loans in connection with the disposal of the property at 35 Tuas Avenue 2.

The Group reported a positive working capital position of S\$22.3 million as at 30 June 2014.

(b)(ii) Statement of Cash Flows

In HY2014, operating cash flow before changes in working capital amounted to S\$1.4 million, mainly due to the Group's profit before tax of S\$10.8 million and interest expense of S\$0.4 million, partially offset by the gain on disposal of property, plant and equipment of S\$10.1 million. Net cash used in working capital of S\$0.6 million was mainly due to the increase in inventories of S\$1.3 million, increase in trade and other receivables of S\$0.1 million and decrease in trade and other payables of S\$2.1 million, partially offset by a decrease in other assets of S\$2.9 million.

Net cash used in investing activities amounting to S\$3.0 million was mainly due to the purchase of the Group's property at 9 Tuas Avenue 2 at approximately S\$22.4 million, partially offset by the net proceeds from the disposal of the Group's property at 35 Tuas Avenue 2 for S\$19.4 million.

Net cash generated from financing activities amounted to S\$6.9 million, mainly due to an increase in new borrowings of S\$15.0 million, partially offset by repayment of bank loans and finance leases of S\$7.7 million and interest payment of S\$0.4 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.

Entering the second half of an eventful year for the Group, we note that an overall strengthening global economy will likely remain the backdrop as we enter the second half of the financial year. The International Monetary Fund, in a July 2014 update, noted that the global economy should improve over the next 18 months, but growth may not be as fast as previously expected due to weaker potential growth factor and a lacklustre investment environment. At our home base of Singapore, the Ministry of Trade and Industry, in a February 2014 update, expects modest growth of between 2.0 to 4.0%.

With an improving operating environment, we are cautiously optimistic but will remain vigilant, pursuing business growth but not over-extending ourselves. We will monitor credit risk, inventory levels and operational expenses, amid an environment of persistent inflation, especially in Singapore and China where the Group's main operations are located. We will also be mindful of our financial costs, against a likely scenario of increasing interest rates.

On a positive side, our strong business networks have enabled a commendable 18.3% revenue growth in our core operations over the recently concluded financial period. With determination and agility, we will continue to leverage on this as we move ahead.

At the same time, our relocation to new premises at 9 Tuas Avenue 2 will expand our built-in area by 30% to 85,500 sq ft and our total land area by 65% to 149,000 sq ft. This will grant us the added flexibility to increase our potential inventory load and deepen our range of high-grade aluminium alloy to service the varied needs of our growing international client base.

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?

No

(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 2014.

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 2014.

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

We, Tan Yee Chin and Tan Yee Ho, being two directors of Soon Lian Holdings Limited (the “Company”) do hereby confirm on behalf of the 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 2014 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 2014**