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**HALF YEAR FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT FOR THE  
PERIOD ENDED 30 JUNE 2012**

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**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.

	<b>Group</b>		
	<u>HY 2012</u>	<u>HY 2011</u>	<u>Change</u>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	14,022	10,055	39.5%
Cost of Sales	(11,406)	(8,031)	42.0%
<b>Gross Profit</b>	2,616	2,024	29.2%
<b><u>Other Items of Income</u></b>			
Interest Income	1	2	(50.0%)
Other Credits	185	871	(78.8%)
<b><u>Other Items of Expense</u></b>			
Marketing and Distribution Costs	(454)	(217)	109.2%
Administrative Expenses	(1,972)	(1,876)	5.1%
Finance Costs	(303)	(294)	3.1%
Other Charges	(9)	(151)	(94.0%)
<b>Profit Before Tax from Continuing Operations</b>	64	359	(82.2%)
Income Tax Expenses	(21)	(54)	(61.1%)
<b>Profit from Continuing Operations, Net of Tax</b>	43	305	(85.9%)
Profit Attributable to Owners of The Parent, Net of Tax	43	305	(85.9%)
Profit Attributable to Non-Controlling Interests, Net of Tax	#	-	NM
<b>Profit Net of Tax</b>	43	305	(85.9%)

**Consolidated Statement of Comprehensive Income**

	<b>Group</b>		
	<b><u>HY 2012</u></b>	<b><u>HY 2011</u></b>	<b><u>Change</u></b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Profit Net of Tax</b>	43	305	(85.9%)
<b><u>Other Comprehensive (Loss) / Income</u></b>			
Exchange Differences on Translating Foreign Operations, Net of Tax	(89)	(30)	196.7%
<b>Other Comprehensive Loss for the Period, Net of Tax</b>	(89)	(30)	196.7%
<b>Total Comprehensive (Loss) / Income</b>	(46)	275	NM
Total Comprehensive (Loss) / Income Attributable to Owners of The Parent	(46)	275	NM
Total Comprehensive Income Attributable to Non-Controlling Interests	#	-	NM
<b>Total Comprehensive (Loss) / Income</b>	(46)	275	NM

NM – Not meaningful

# denotes amount less than \$1,000

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

	<b>Group</b>		
	<b><u>HY 2012</u></b>	<b><u>HY 2011</u></b>	<b><u>Change</u></b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Foreign exchange adjustment gains	70	78	(10.3%)
Depreciation of property, plant and equipment	(336)	(318)	5.7%
Directors' fee	(15)	–	NM
(Loss)/gain on disposal of plant and equipment	(9)	30	NM
Write-off of plant and equipment	(1)	(80)	NM
Allowance for impairment on trade receivables - reversal	30	645	(95.4%)
Allowance for impairment on trade receivables	–	(7)	NM
Inventories written down (realised)	85	63	34.9%
Forward contracts losses: transactions not qualifying as hedges	–	(9)	NM
Interest expense	(303)	(294)	3.1%
Interest income	1	2	(50.0%)

**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>30.06.12</u>	<u>31.12.11</u>	<u>30.06.12</u>	<u>31.12.11</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b><u>Non-Current Assets</u></b>				
Property, Plant and Equipment	11,387	11,521	–	–
Investment in Subsidiaries	–	–	11,210	11,210
Deferred Tax Assets	287	279	–	–
<b>Total Non-Current Assets</b>	<b>11,674</b>	<b>11,800</b>	<b>11,210</b>	<b>11,210</b>
<b><u>Current Assets</u></b>				
Inventories	17,777	20,612	–	–
Trade and Other Receivables	6,989	5,920	810	1,548
Other Assets	106	105	8	13
Cash and Cash Equivalents	4,020	3,324	89	7
<b>Total Current Assets</b>	<b>28,892</b>	<b>29,961</b>	<b>907</b>	<b>1,568</b>
<b>Total Assets</b>	<b>40,566</b>	<b>41,761</b>	<b>12,117</b>	<b>12,778</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity Attributable to Owners of the Parent</u></b>				
Share Capital	10,579	10,579	10,579	10,579
Retained Earnings	10,353	10,310	1,238	1,150
Statutory Reserves	190	190	–	–
Currency Translation Reserves	(12)	77	–	–
<b>Equity, Attributable to Owners of the Parent, Total</b>	<b>21,110</b>	<b>21,156</b>	<b>11,817</b>	<b>11,729</b>
Non-Controlling Interests	15	15	–	–
<b>Total Equity</b>	<b>21,125</b>	<b>21,171</b>	<b>11,817</b>	<b>11,729</b>
<b><u>Non-Current Liabilities</u></b>				
Deferred Tax Liabilities	–	–	95	95
Other Financial Liabilities	6,579	7,125	–	–
<b>Total Non-Current Liabilities</b>	<b>6,579</b>	<b>7,125</b>	<b>95</b>	<b>95</b>
<b><u>Current Liabilities</u></b>				
Income Tax Payable	35	41	10	24
Trade and Other Payables	7,089	8,706	195	930
Other Financial Liabilities	5,738	4,718	–	–
<b>Total Current Liabilities</b>	<b>12,862</b>	<b>13,465</b>	<b>205</b>	<b>954</b>
<b>Total Liabilities</b>	<b>19,441</b>	<b>20,590</b>	<b>300</b>	<b>1,049</b>
<b>Total Equity and Liabilities</b>	<b>40,566</b>	<b>41,761</b>	<b>12,117</b>	<b>12,778</b>

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

**Amount repayable in one year or less, or on demand**

<b>As at 30.06.2012</b>		<b>As at 31.12.2011</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
1,407	7,414	1,425	8,752

**Amount repayable after one year**

<b>As at 30.06.2012</b>		<b>As at 31.12.2011</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
6,212	368	6,431	694

**Details of any collateral**

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

The banking facilities were secured by (a) legal mortgages on the subsidiaries' leasehold and freehold properties, (b) first closed legal mortgage on a related party's freehold properties and (c) corporate guarantees issued by the company. 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>HY2012</u>	<u>HY2011</u>
	<u>S\$'000</u>	<u>S\$'000</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Profit Before Tax	64	359
Interest Income	(1)	(2)
Interest Expense	303	294
Depreciation of Property, Plant and Equipment	336	318
Forward Contracts Losses: Transaction not Qualifying as Hedges	–	9
Loss / (Gain) on Disposal of Plant and Equipment	9	(30)
Written Off of Plant and Equipment	1	80
Net Effect of Exchange Rate Changes in Consolidating Subsidiaries	(171)	11
<b>Operating Cash Flow before Changes in Working Capital</b>	<b>541</b>	<b>1,039</b>
Inventories	2,836	2,299
Trade and Other Receivables	(1,069)	444
Other Assets	(2)	579
Trade and Other Payables	(1,618)	(6,503)
<b>Net Cash Flows From (Used in) Operations Before Interest and Tax</b>	<b>688</b>	<b>(2,142)</b>
Income Taxes Paid	70	(9)
<b>Net Cash Flows From (Used in) Operating Activities</b>	<b>758</b>	<b>(2,151)</b>
<b><u>Cash Flows From Investing Activities</u></b>		
Disposal of Plant and Equipment	30	56
Purchase of Plant and Equipment	(112)	(1,212)
Interest Income	1	2
Acquisition of Subsidiaries, Net of Cash Acquired	–	–
<b>Net Cash Flows Used in Investing Activities</b>	<b>(81)</b>	<b>(1,154)</b>
<b><u>Cash Flows From Financing Activities</u></b>		
Decrease in Other Financial Liabilities	(842)	(3,747)
Increase from New Borrowings	1,200	4,048
Dividends Paid to Equity Owners	–	(540)
Interest Paid	(303)	(294)
<b>Net Cash Flows From (Used in) Financing Activities</b>	<b>55</b>	<b>(533)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>732</b>	<b>(3,838)</b>
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	3,288	8,106
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance</b>	<b>4,020</b>	<b>4,268</b>
<b>Cash and Cash Equivalents in the Statement of Cash Flows:</b>		
Cash and Cash Equivalents	4,020	4,491
Bank Overdraft	–	(223)
	<b>4,020</b>	<b>4,268</b>

- 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>Currency Translation Reserves</u> S\$'000	<u>Statutory Reserves</u> S\$'000	<u>Non-controlling Interests</u> S\$'000
<b>Current Year:</b>							
Opening Balance at 1 January 2012	21,171	21,156	10,579	10,310	77	190	15
<b>Movements in Equity</b>							
Total Comprehensive (Loss) / Income for the Period	(46)	(46)	–	43	(89)	–	#
Closing Balance at 30 June 2012	21,125	21,110	10,579	10,353	(12)	190	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>Currency Translation Reserves</u> S\$'000	<u>Statutory Reserves</u> S\$'000	<u>Non-controlling Interests</u> S\$'000
<b>Pervious Year:</b>							
Opening Balance at 1 January 2011	20,947	20,947	10,579	10,426	(58)	–	–
<b>Movements in Equity</b>							
Total Comprehensive (Loss) / Income for the Period	275	275	–	305	(30)	–	–
Dividend Paid	(540)	(540)	–	(540)	–	–	–
Closing Balance at 30 June 2011	20,682	20,682	10,579	10,191	(88)	–	–

# denotes amount less than \$1,000



<b>COMPANY</b>	<b>Total Equity</b>	<b>Share Capital</b>	<b>Retained Earnings</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Current Year:</b>			
Opening Balance at 1 January 2012	11,729	10,579	1,150
<b>Movement in Equity:</b>			
Total Comprehensive Income for the Period	88	–	88
<b>Closing Balance at 30 June 2012</b>	<b>11,817</b>	<b>10,579</b>	<b>1,238</b>
<b>Previous Year:</b>			
Opening Balance at 1 January 2011	12,085	10,579	1,506
<b>Movement in Equity:</b>			
Total Comprehensive Income for the Period	9	–	9
Dividends Paid	(540)	–	(540)
<b>Closing Balance at 30 June 2011</b>	<b>11,554</b>	<b>10,579</b>	<b>975</b>

**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 2011. There were no outstanding convertibles and treasury shares as at 30 June 2012 and 30 June 2011.

**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 30/06/2012	As at 31/12/2011
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 year ended 31 December 2011.

**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	
	30.06.2012	30.06.2011
Earnings per ordinary share for the year 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	0.04 cents	0.28 cents
(ii) On a fully diluted basis	0.04 cents	0.28 cents
Weighted average number of ordinary shares on issue	108,000,000	108,000,000

**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	
	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Net asset value per ordinary share (Cents)	19.6	19.6	10.9	10.9

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\$4.0 million or 39.5% from S\$10.1 million in the six-month financial period ended 30 June 2011 ("HY2011") to S\$14.0 million in the six-month financial period ended 30 June 2012 ("HY2012"). The increase was mainly contributed by:

- (i) the increase in sales to our customers in the marine industry and precision engineering industry; and
- (ii) the revenue generated by our newly acquired China subsidiaries.

Gross profit increased by S\$0.6 million or 29.2% from S\$2.0 million in HY2011 to S\$2.6 million in HY2012 due mainly to higher revenue in HY2012 as compared to that in HY2011. Gross profit margin, however, decreased from 20.1% in HY2011 to 18.7% in HY2012 due to the decrease in average selling prices.

Other credits decreased by S\$0.7 million or 78.8%, from S\$0.9 million in HY2011 to S\$0.2 million in HY2012, mainly due to the decrease in the reversal of allowance for impairment on trade receivables of S\$0.6 million.

Marketing and distribution costs increased by S\$0.2 million or 109.2% from S\$0.2 million in HY2011 to S\$0.4 million in HY2012, mainly due to an increase in commission expenses as more sales were secured through our overseas sales agents.

Administrative expenses increased by S\$0.1 million or 5.1%, from S\$1.9 million in HY 2011 to S\$2.0 million in HY2012, mainly due to the inclusion of administrative expenses from the newly acquired China subsidiaries.

Finance costs for HY2012 remained relatively constant at S\$0.3 million as compared to that of HY2011.

Other charges decreased by S\$0.1 million or 94.0%, from S\$0.2 million in HY2011 to S\$0.01 million in HY2012, mainly due to the decrease of write-off plant & equipment of S\$0.1 million.

As a result of the above, the Group made a profit before tax of S\$64,000 in HY2012 as compared to profit before tax of S\$0.4 million in HY2011, representing a decrease of S\$0.3 million or 82.2%.

**(b)(i) Statement of Financial Position**

Non-current assets remained relatively constant at S\$11.7 million as compared to that of FY2011.

Current assets decreased by S\$1.1 million mainly due to the decrease in inventories of S\$2.8 million, partially offset by the increase in both cash and cash equivalents and trade and other receivables of S\$0.7 million and S\$1.1 million respectively. The lower inventories level was as a result of better inventory management in HY2012.

Non-current liabilities decreased by S\$0.5 million due to repayment made in HY2012.

Current liabilities decreased by S\$0.6 million mainly due to the decrease in trade and other payables of S\$1.6 million, partially offset by the increase in other financial liabilities of S\$1.0 million. The decrease in trade and other payables was mainly due to the lower bills payables in HY2012 as compared to FY2011. The increase in other financial liabilities mainly due to the increase in short-term bank borrowings.

**(b)(ii) Statement of Cash Flows**

In HY2012, we generated operating cash flow before working capital changes of S\$0.5 million. Net cash generated from working capital of S\$0.1 million was mainly due to a decrease in inventories of S\$2.8 million, partially offset by an increase in trade and other receivables of S\$1.1 million and a decrease in trade and other payables of S\$1.6 million. After accounting for the income tax credit, the net cash generated from operating activities amounted to S\$0.8 million.

Net cash used in investing activities amounted to S\$81,000 mainly due to the additional purchase of plant and equipment.

Net cash from financing activities amounted to S\$55,000 mainly due to the increase in bank borrowings of S\$1.2 million, partially offset by the repayment of bank loans and finance leases of S\$0.8 million and interest payment of S\$0.3 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.**

Looking ahead, we anticipate continued uncertainty in the wider operating environment with the prolonged European sovereign debt crisis and weak growth in the US and Japan. At the same time, China's growth is now relatively weak. In addition, inflation, not only in China but in our larger markets of Singapore and Malaysia is another long-standing challenge we will have to contend with. These broader economic developments will likely influence our progress as a Group with a presence in international markets.

Operationally, despite a strengthening in Group revenue over HY2012, with increased revenue contributions from our two main segments of marine and precision engineering, the outlook remains uncertain as these two sectors are affected by wider economic developments. For these reasons, we remain cautious about business prospects for the second half of the year.

As we move on, we will aim to develop our markets while placing a greater emphasis on cost control and inventory management in order to reduce overall expenses, increase inventory turnover, and employ capital as productively as possible.

**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 2012.

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

There were no transactions with interested persons in the financial period ended 30 June 2012.

**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 2012 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  
14 August 2012**