

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

**Unaudited Half Year Financial Statements
For The Period From 1 July 2009 To 31 December 2009**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group		
	1H FY 2010	1H FY 2009	Increase (Decrease)
	S\$ '000	S\$ '000	%
Revenue	71,217	80,224	(11.2%)
Cost of sales	(56,982)	(58,010)	(1.8%)
Gross profit	14,235	22,214	(35.9%)
Other operating income	734	538	36.4%
Selling expenses	(650)	(757)	(14.2%)
Administrative expenses	(3,385)	(2,920)	15.9%
Other operating expenses	(39)	(141)	(72.4%)
Finance costs	(363)	(158)	130.3%
Share of results of associate	894	550	62.5%
Profit before income tax	11,426	19,327	(40.9%)
Income tax expense	(1,491)	(3,031)	(50.8%)
Profit for the period attributable to the owners of the Company	9,935	16,296	(39.0%)
Other comprehensive income:			
Fair value gain/(loss) on available-for-sale investment	449	(515)	(187.1%)
Total comprehensive income for the period attributable to the owners of the Company	10,384	15,780	(34.2%)

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES**Unaudited Half Year Financial Statements
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Profit after tax was stated after (charging)/ crediting :-	The Group		Increase (Decrease) %
	1H FY 2010 S\$ '000	1H FY 2009 S\$ '000	
Depreciation of property, plant and equipment	(4,767)	(3,115)	53.1%
Currency exchange gain/(losses) - net	120	(141)	(184.8%)
Net gain on disposal of plant and equipment	36	9	313.6%
Loss on disposal of available-for-sale investment (Quoted shares)	(37)	-	NM
Interest income	-	55	NM
Interest expense	(363)	(213)	70.7%
Fair value (loss)/gain on derivative financial instruments	(458)	98	(566.9%)

Denotes: NM - not meaningful

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

STATEMENTS OF FINANCIAL POSITION

	The Group		The Company	
	As of 31/12/2009 S\$ '000	As of 30/06/2009 S\$ '000	As of 31/12/2009 S\$ '000	As of 30/06/2009 S\$ '000
ASSETS				
Current assets				
Cash and bank balances	17,215	8,430	15,796	7,492
Trade receivables	16,928	12,817	15,783	12,674
Other receivables and prepaid expenses	3,942	1,564	4,056	1,565
Derivative financial instruments	-	264	-	264
Inventories	9,943	10,189	9,558	10,038
Total current assets	48,028	33,264	45,193	32,034
Non-current assets				
Property, plant and equipment	65,940	59,598	56,234	51,809
Investment in associate	2,246	1,352	500	500
Investment in subsidiaries	-	-	196	112
Available-for-sale investments (Quoted shares)	1,057	794	1,052	788
Other assets	10	10	10	10
Total non-current assets	69,253	61,754	57,992	53,220
Total assets	117,281	95,018	103,185	85,254
LIABILITIES AND EQUITY				
Current liabilities				
Bills payable	15,349	10,949	15,349	10,949
Current portion of bank loan	304	304	304	304
Trade payables	2,748	1,580	1,289	1,338
Other payables	13,706	2,594	13,483	2,593
Current portion of finance leases	8,109	3,934	8,109	3,934
Derivative financial instruments	194	-	194	-
Income tax payable	1,881	1,161	1,683	1,156
Total current liabilities	42,291	20,522	40,411	20,274
Non-current liabilities				
Bank loan	531	683	531	683
Finance leases	9,751	4,490	9,751	4,490
Deferred tax liabilities	3,375	3,374	2,945	2,945
Total non-current liabilities	13,657	8,547	13,227	8,118
Total liabilities	55,948	29,069	53,638	28,391
NET ASSETS	61,333	65,949	49,547	56,862
Capital and reserves				
Share capital	1,858	1,858	1,858	1,858
Retained earnings	59,358	64,423	47,554	55,318
Fair value reserve	117	(332)	135	(314)
Total equity	61,333	65,949	49,547	56,862
Total liabilities and equity	117,281	95,018	103,185	85,254

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

	As at 31/12/2009		As at 30/06/2009	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	8,413	-	4,238	-
	As at 31/12/2009		As at 30/06/2009	
	Secured	Unsecured	Secured	Unsecured
Amount repayable after one year	10,282	-	5,173	-

Details of any collateral

- (i) S\$ 0.8 million of secured borrowings relate to a bank loan secured against our property at 26, Gul Road, Singapore 629346.
- (ii) S\$ 17.9 million secured borrowings relate to finance leases which are secured by one or more of the followings:
 - (a) Property, plant and equipment of the Group with carrying value of S\$12.6 million;
 - (b) Personal guarantees from certain directors
 - (c) Legal mortgage over a property belonging to certain directors.

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1 (c) Cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	1H FY 2010 S\$'000	The Group	1H FY 2009 S\$'000
<u>Operating activities</u>			
Profit before income tax	11,426		19,327
Adjustments for:			
Unrealised exchange loss/(gain) from derivative financial instruments	(120)		141
Share of results of associate	(894)		(550)
Depreciation of property, plant & equipment	4,767		3,115
Interest expense	363		213
Interest income	-		(55)
Loss on disposal of available-for-sale investments	37		-
Gain on disposal of property, plant and equipment	(36)		(9)
Operating cash flows before movements in working capital	<u>15,543</u>		<u>22,181</u>
Trade receivables	(4,111)		(3,316)
Other receivables and prepaid expenses	(2,378)		295
Inventories	246		(1,704)
Bills payable	4,400		(2,222)
Trade payables	1,168		(121)
Other payables	(5,577)		(390)
Cash generated from operations	<u>9,291</u>		<u>14,725</u>
Income tax paid	(1,027)		(2,090)
Net cash from operating activities	<u>8,265</u>		<u>12,635</u>
<u>Investing activities</u>			
Proceeds from available-for-sales investments	263		-
Interest received	-		55
Purchase of fixed assets	(5,868)		(4,656)
Proceeds from disposal of property, plant and equipment	205		14
Fixed deposit pledged to bank	91		(6,448)
Net cash used in investing activities	<u>(5,310)</u>		<u>(11,034)</u>
<u>Financing activities</u>			
Dividend paid	(3,000)		(1,000)
Interest paid	(363)		(213)
Repayment of obligations under finance leases	(3,661)		(3,365)
Proceeds from finance leases	13,097		2,296
Repayment of bank loans	(152)		(1,085)
Net cash from/ (used in) financing activities	<u>5,921</u>		<u>(3,367)</u>
Net increase/(decrease) in cash and cash equivalents	<u>8,876</u>		<u>(1,766)</u>
Cash and cash equivalents at beginning of the period (Note)	<u>8,339</u>		<u>4,395</u>
Cash and cash equivalents at end of the period	<u>17,215</u>		<u>2,629</u>
<u>Note :</u>			
Cash and cash equivalents at beginning of the period comprised:			
Cash and bank balances	8,430		
Less : Fixed deposits pledged to Bank	(91)		
	<u>8,339</u>		

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

<u>The Group</u>	<u>Attributable to owners of the Company</u>			
	Share capital	Fair value reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2009	1,858	(332)	64,423	65,949
Dividend	-	-	(15,000)	(15,000)
Total comprehensive income for the period	-	449	9,935	10,384
Balance at 31 December 2009	1,858	117	59,358	61,333
Balance at 1 July 2008	1,858	(50)	48,441	50,249
Dividend	-	-	(1,000)	(1,000)
Total comprehensive income for the period	-	(515)	16,296	15,780
Balance at 31 December 2008	1,858	(565)	63,737	65,029
<u>The Company</u>	Share capital	Fair value reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2009	1,858	(314)	55,318	56,862
Dividend	-	-	(15,000)	(15,000)
Total comprehensive income for the period	-	449	7,236	7,685
Balance at 31 December 2009	1,858	135	47,554	49,547
Balance at 1 July 2008	1,858	(33)	41,486	43,312
Dividend	-	-	(1,000)	(1,000)
Total comprehensive income for the period	-	(515)	14,612	14,097
Balance at 31 December 2008	1,858	(548)	55,098	56,408

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- 1(d)(ii) Details of any changes in the company's share capital arising from right 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 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.

During 1H FY 2010, there were no changes in the Company's share capital.

- 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.

	<u>31/12/2009</u>	<u>30/06/2009</u>
Total number of issued ordinary shares	371,640,000	1,858,200

Note : At an Extraordinary General Meeting held on 21 December 2009, the shareholders approved the Sub-division, prior to the placement of new shares ("Invitation"), of every existing ordinary share in the issued share capital of the Company be divided into 200 shares, resulting in an issued share capital of 1,858,200 divided into 371,640,000 shares.

- 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.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard.

The figures presented are not audited nor reviewed by the Company's Auditor.

3. Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements.

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.

The following are the new or amended Financial Reporting Standards ("FRS") that are relevant to the Group:

FRS 1 (Revised) : Presentation of Financial Statements
Amendments to FRS 107 Financial Instruments: Disclosure
FRS 108 : Operating Segments
Improvements to FRSs issued in 2008

On 1st July 2009, the Group adopted FRS 1 (Revised), which is effective for annual periods beginning on or after 1st January 2009. According to FRS 1 (Revised), the Group elected to present the statement of comprehensive income in one single statement.

In addition, the "Balance Sheets" and "Consolidated Cash Flow Statement" have been re-titled to "Statements of Financial Position" and "Consolidated Statement of Cash Flows" respectively.

There was no impact on prior period's earnings per ordinary share and net asset value per ordinary share on the adoption of the revised FRS.

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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.

	1H FY 2010	1H FY 2009
EPS based on weighted average number of ordinary shares in issue (cents)	2.67	4.38
On a fully diluted basis (cents)	2.67	4.38
Weighted average number of ordinary shares in issue	371,640,000	371,640,000

There were no potential dilutive ordinary shares in existence for the half year ended 31 December 2009 and 31 December 2008.

Note : Based on the assumption that the Sub-division of issued share capital 1,858,200 into 371,640,000 shares for 1H FY 2010 & 1H FY 2009.

7. Net asset value (for the issuer and group) per ordinary share based on 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.

	The Group		The Company	
	31/12/2009	30/06/2009	31/12/2009	30/06/2009
Net asset value per ordinary share (cents)	16.50	17.75	13.33	15.30
Ordinary shares at the end of the current financial period and immediately preceding financial year	371,640,000	371,640,000	371,640,000	371,640,000

Note : Based on the assumption that the Sub-division of issued share capital 1,858,200 into 371,640,000 shares for 1H FY 2010 & 1H FY 2009.

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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 revenue, 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.

INCOME STATEMENT

<u>Revenue</u>	1H FY 2010 S\$'000	1H FY 2009 S\$'000	Increase (Decrease) %
Equipment rental business	16,651	16,575	0.5%
Trading business	54,566	63,649	(14.3%)
Total	71,217	80,224	(11.2%)

The Group registered revenue of S\$71.2 million for 1H FY 2010, representing a decline of 11.2% over the S\$80.2 million recorded for the same period in the previous year. The decrease was due mainly to the decline in revenue generated from our Trading Business.

Revenue generated by our Equipment Rental Business increased marginally by 0.5% from S\$16.6 million in 1H FY 2009 to S\$16.7 million in 1H FY 2010. This was mainly due to an increase in equipment rental revenue from aerial lift, which was partly offset by lower in overtime income.

Revenue generated by our Trading Business decreased by 14.3% from S\$63.6 million in 1H FY 2009 to S\$54.6 million in 1H FY 2010. This was due to lower sales from both cranes and aerial lifts as a result of the unfavourable global economic condition.

Gross Profit

	1H FY 2010 S\$'000	1H FY 2009 S\$'000	Increase (Decrease) %
Equipment rental business	5,888	6,699	(12.1%)
Trading business	8,347	15,515	(46.2%)
Total	14,235	22,214	(35.9%)

The Group's gross profit from our Equipment Rental Business decreased by 12.1% from S\$6.7 million in 1H FY 2009 to S\$5.9 million in 1H FY 2010. This was mainly due to:

- (a) lesser overtime work required by our rental customers in the midst of slow recovery from the global financial crisis;
- (b) increase in depreciation charges (in line with increase in equipment rental fleet size); and
- (c) increase in maintenance costs (in line with increase in equipment rental fleet size).

These were partly offset by lower third party rental costs as we were able to fill more rental orders with our own cranes.

The Group's gross profit from our Trading Business decreased by approximately 46.2% from S\$15.5 million in 1H FY 2009 to S\$8.3 million in 1H FY 2010. This was mainly attributed to:

- (a) decline in trading volume; and
- (b) lower average selling prices as a result of competitive environment.

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Profit before tax

The Group's profit before tax decreased by 40.9% from S\$19.3 million in 1H FY 2009 to S\$11.4 million in 1H FY 2010. This was mainly due to :

- (a) lower gross profit;
- (b) higher administrative expenses as a result of increased in staff hiring; and
- (c) partly offset by higher operating income and higher share of profit from our associate.

Total comprehensive income for the period attributable to the owners of the Company

The Group's total comprehensive income for 1H FY 2010 attributable to the owners of the Company decreased by 34.2% from S\$15.8 million in 1H FY 2009 to S\$10.4 million in 1H FY2010 as a result of lower profit before tax partly offset by fair value gain on available-for-sale investment and lower income tax expense.

STATEMENTS OF FINANCIAL POSITION

Current assets

As at 31 December 2009, our current assets amounted to approximately S\$48.0 million or 41.0% of our total assets of S\$117.3 million. This was mainly due to :

- (a) Cash and cash equivalents increased from S\$8.4 million as at 30 June 2009 to S\$17.2 million as at 31 December 2009 due mainly to profit generated from the operations for 1H FY 2010.
- (b) Trade receivables increased from S\$12.8 million as at 30 June 2009 to S\$16.9 million as at 31 December 2009 primarily due to increase in trading activities towards the end of 1H FY 2010.

Non-current assets

As at 31 December 2009, our non-current assets amounted to S\$69.3 million or 59.1% of our total assets of S\$117.3 million. This was mainly due to :

- (a) Property, plant and equipment increased from S\$60.0 million as at 30 June 2009 to S\$65.9 million as at 31 December 2009 as we expanded the equipment rental fleet.

Current liabilities

As at 31 December 2009, our current liabilities amounted to S\$42.3 million or 75.5% of our total liabilities of S\$56.0 million. This was mainly due to :

- (a) Bills payable increased from S\$10.9 million as at 30 June 2009 to S\$15.3 million as at 31 December 2009 due to higher trading activities towards the end of 1H FY 2010.
- (b) Other payables increased from S\$2.6 million as at 30 June 2009 to S\$13.7 million as at 31 December 2009 due to the payable for the interim dividend of S\$12 million declared for FY 2010.
- (c) Current portion of finance leases increased from S\$3.9 million as at 30 June 2009 to S\$8.1 million as at 31 December 2009 due to increase in borrowings for the expansion of the equipment rental fleet.

Non-current liabilities

As at 31 December 2009, our non-current liabilities amounted to S\$13.7 million or 24.5% of our total liabilities of S\$56.0 million. This was mainly due to:

- (a) Non-current portion of finance leases increased from S\$4.5 million as at 30 June 2009 to S\$9.8 million as at 31 December 2009 due to increase in borrowings for the expansion of the equipment rental fleet.

Equity

The Group's equity decreased from S\$65.9 million as at 30 June 2009 to S\$61.3 million as at 31 December 2009 mainly due to the net profit generated for 1H FY 2010 after the payment of the final dividend for FY 2009 and the interim dividend declared for FY 2010.

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

There was no forecast, or any prospect statement previously disclosed to shareholders.

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.

Due to the global economic slowdown and the credit crunch, trading of equipment has experienced a slow down in the second half of FY 2009. However, we have seen some recovery in demand and buying interest towards the end of the first half of FY 2010.

Barring unforeseen circumstances, the Group is of the opinion that the equipment rental business will continue to be stable.

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11. Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.45 cents per ordinary share
Tax Rate	Tax exempt (1-tier)

Note: The dividend rate per ordinary share is calculated based on the issued shares 459,640,000. The above excludes the tax exempt (one-tier) interim dividend of S\$ 12.0 million declared on 21 December 2009 and subsequently paid on 18 January 2010.

(b) Corresponding Period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.27 cents per ordinary share
Tax Rate	Tax exempt (1-tier)

Note: The dividend rate per ordinary share is calculated based on the Sub-division of issued share capital 1,858,200 into 371,640,000 shares.

(c) Date payable

7 April 2010

(d) Book closure date

29 March 2010 (5:00pm)

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

Not applicable

13. Interested person transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	Nil	Nil

CONFIRMATION BY THE BOARD

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited consolidated financial results for the half year ended 31 December 2009 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Cheng Soon Don
Managing Director
11 March 2010