

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

Unaudited First Quarter Financial Statements Announcement
For The Period From 1 July 2011 To 30 September 2011

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

	Group		
	1Q FY2012	1Q FY2011	% Change
	S\$'000	S\$'000	
Revenue	31,741	22,423	41.6%
Cost of sales	(26,978)	(19,088)	41.3%
Gross profit	4,763	3,335	42.8%
Other operating income	419	1,091	(61.6%)
Selling expenses	(318)	(148)	114.6%
Administrative expenses	(2,326)	(2,018)	15.3%
Other operating expenses	(487)	(62)	685.7%
Finance costs	(345)	(277)	24.5%
Share of results of associate	104	126	(17.8%)
Profit before income tax	1,810	2,047	(11.6%)
Income tax expense	(151)	(285)	(47.0%)
Profit for the period	1,659	1,762	(5.8%)
Total profit attributable to:			
Owners of the company	1,591	1,762	(9.7%)
Non-controlling interest	68	-	NM
	1,659	1,762	(5.8%)
Other comprehensive income:			
Fair value (loss)/gain on available-for-sale investment	(52)	29	(278.6%)
Transfer to profit and loss on disposal of available-for-sales investments	-	76	NM
Exchange difference on translation of foreign operations	23	(20)	(214.5%)
Total other comprehensive income, net of tax	(29)	85	(134.0%)
Total comprehensive income for the year attributable to owners of the Company	1,630	1,847	(11.7%)
Total comprehensive income attributable to:			
Owners of the company	1,562	1,847	(15.5%)
Non-controlling interest	68	-	NM
	1,630	1,847	(11.7%)

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For The Period From 1 July 2011 To 30 September 2011****1(a)(ii) Notes to consolidated statement of comprehensive income****Profit after tax was stated after
(charging)/ crediting :-**

	Group		% Change
	1Q FY2012	1Q FY2011	
	S\$'000	S\$'000	
Depreciation of property, plant and equipment	(2,047)	(1,655)	23.7%
Currency exchange (loss)/ gain- net	(473)	223	(311.9%)
Net gain on disposal of plant and equipment	1	56	(98.7%)
Gain on disposal of available-for-sale investment	-	281	NM
Interest income	26	1	2538.5%
Interest expense	(345)	(277)	24.5%
Fair value (loss)/ gain on derivative financial instruments	(83)	246	(133.8%)

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.

STATEMENT OF FINANCIAL POSITION

	The Group		The Company	
	As at 30/9/2011 S\$ '000	As at 30/6/2011 S\$ '000	As at 30/9/2011 S\$ '000	As at 30/6/2011 S\$ '000
ASSETS				
Current assets				
Cash and bank balances	16,573	18,641	12,137	10,421
Trade receivables	21,635	29,612	30,352	38,113
Other receivables	3,511	2,699	6,005	5,191
Derivative financial instruments	66	149	66	149
Inventories	14,756	8,025	14,520	7,501
Total current assets	56,541	59,126	63,080	61,375
Non-current assets				
Other receivables	107	107	107	107
Property, plant and equipment	101,258	91,973	75,026	76,508
Investment in subsidiaries	-	-	335	335
Investment in associates	5,101	4,997	2,618	2,618
Available-for-sale investments	590	642	590	642
Other assets	10	10	10	10
Total non-current assets	107,066	97,729	78,686	80,220
Total assets	163,607	156,855	141,766	141,595
LIABILITIES AND EQUITY				
Current liabilities				
Bills payable	33,575	29,110	33,575	29,110
Trade payables	2,927	1,779	1,790	1,942
Other payables	3,470	4,231	1,883	3,736
Current portion of finance leases	13,157	12,771	12,391	12,764
Income tax payable	987	1,242	698	925
Total current liabilities	54,116	49,133	50,337	48,477
Non-current liabilities				
Finance leases	15,061	15,001	13,151	14,980
Deferred tax liabilities	5,788	5,709	4,907	4,907
Total non-current liabilities	20,849	20,710	18,058	19,887
Total liabilities	74,965	69,843	68,395	68,364
NET ASSETS	88,642	87,012	73,371	73,231
Capital and reserves				
Share capital	23,969	23,969	23,969	23,969
Retained earnings	64,703	63,112	49,532	49,340
Translation reserve	(28)	(51)	-	-
Fair value reserve	(130)	(78)	(130)	(78)
	88,514	86,952	73,371	73,231
Non-controlling interest	128	60	-	-
Total Equity	88,642	87,012	73,371	73,231
Total liabilities and equity	163,607	156,855	141,766	141,595

(0)

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES**Unaudited First Quarter Financial Statements Announcement
For The Period From 1 July 2011 To 30 September 2011****1(b)(ii) Aggregate amount of group's borrowings and debt securities**

	As at 30/09/2011		As at 30/06/2011	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	13,157	-	12,771	-
	As at 30/09/2011		As at 30/06/2011	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable after one year	15,061	-	15,001	-

As at 30 Sept 2011, The Group's finance leases of S\$28.2m are secured over plant and equipment of the Group with carrying value of S\$62.9m. The finance leases of a subsidiary are also secured by corporate guarantee from the Company and another subsidiary company.

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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

	Group	
	1Q FY2012	1Q FY2011
	S\$'000	S\$'000
Operating activities		
Profit before income tax	1,810	2,047
Adjustments for:		
Unrealised fair value loss from derivative financial	83	35
Share of results of associate	(104)	(126)
Depreciation of property, plant & equipment	2,047	1,655
Interest expense	345	277
Interest income	(26)	(1)
Net foreign exchange adjustment	17	(2)
Gain on disposal of property, plant and equipment	(1)	(56)
Operating cash flows before movements in working capital	4,171	3,829
Trade receivables	7,993	62
Other receivables and prepaid expenses	(809)	428
Inventories	(6,373)	(11,129)
Trade payables	926	(385)
Other payables	(764)	(1,859)
Cash generated from /(used in) operations	5,144	(9,054)
Income tax paid	(333)	(174)
Net cash from/(used in) operating activities	4,811	(9,228)
Investing activities		
Proceeds from available-for-sales investments	-	195
Purchase of property, plant and equipment	(8,673)	(991)
Investment in associate company	-	(2,118)
Interest received	26	1
Proceeds from disposal of property, plant and equipment	15	156
Net cash used in investing activities	(8,632)	(2,757)
Financing activities		
Bill payables	4,465	8,627
Interest paid	(345)	(277)
Repayment of obligations under finance leases	(3,572)	(3,618)
Proceeds from finance leases	1,170	7,251
Repayment of bank loans	-	(76)
Net cash from financing activities	1,718	11,907
Net decrease in cash and cash equivalents	(2,103)	(78)
Cash and cash equivalents at beginning of the period	18,641	23,009
Effect of exchange rate changes on the balance of cash held in foreign currencies	35	-
Cash and cash equivalents at end of the period	16,573	22,931

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**Unaudited First Quarter Financial Statements Announcement
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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>	Attributable to owners of the Company						
	Share capital	Fair value reserve	Translation Reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2011	23,969	(78)	(51)	63,112	86,952	60	87,012
Total comprehensive income for the period	-	(52)	23	1,591	1,562	68	1,630
Balance at 30 September 2011	23,969	(130)	(28)	64,703	88,514	128	88,642
Balance at 1 July 2010	23,969	(83)	-	59,629	83,515	-	83,515
Total comprehensive income for the period	-	105	(20)	1,762	1,847	-	1,847
Balance at 30 September 2010	23,969	22	(20)	61,391	85,362	-	85,362
 <u>The Company</u>							
	Share capital	Fair value reserve	Translation Reserve	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Balance at 1 July 2011	23,969	(78)	-	49,340	73,231		
Total comprehensive income for the period	-	(52)	-	192	140		
Balance at 30 September 2011	23,969	(130)	-	49,532	73,371		
Balance at 1 July 2010	23,969	(65)	-	47,410	71,314		
Total comprehensive income for the period	-	103	-	1,059	1,162		
Balance at 30 September 2010	23,969	38	-	48,469	72,476		

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 1Q FY 2012, 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>30/09/2011</u>	<u>30/06/2011</u>
Total number of issued ordinary shares	459,640,000	459,640,000

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.

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.

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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 preparation of the consolidated financial statements for the current reporting period as those applied in the audited financial statements for the year ended 30 June 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 are no changes to the Group's accounting policies and the adoption of FRS and INT FRS that become effective in the financial period beginning on or after 1 July 2011 has no significant impact on the financial statements."

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.

EPS based on weighted average number of ordinary shares in issue (cents)

On a fully diluted basis (cents)

Weighted average number of ordinary shares in issue

Group	
1Q FY2012	1Q FY2011
0.35	0.38
0.35	0.38
459,640,000	459,640,000

There were no potential dilutive ordinary shares in existence for 1Q FY 2012 & 1Q FY 2011.

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.

Net asset value per ordinary share (cents)

Ordinary shares at the end of the current financial period and immediately preceding financial year

The Group		The Company	
30/09/2011	30/06/2011	30/09/2011	30/06/2011
19.29	18.93	15.96	15.93
459,640,000	459,640,000	459,640,000	459,640,000

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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

Revenue

Equipment rental business

Trading business

Total

Group		
1Q FY2012	1Q FY2011	% Change
S\$'000	S\$'000	
8,911	7,626	16.9%
22,830	14,797	54.3%
31,741	22,423	41.6%

The Group registered total revenue of about \$31.7m for 1Q FY2012, which was 41.6% higher than the prior period 1Q FY2011. The increase in total revenue was due to both higher Equipment Rental revenue and Trading revenue.

Revenue from Equipment Rental business in 1Q FY2012 increased 16.9% to approximately \$8.9m as compared to the prior period 1Q FY2011, mainly due to improved contributions from overseas subsidiaries and an expanded fleet in the group.

Revenue from Trading business in 1Q FY2012 increased 54.3% to approximately \$22.8m as compared to the prior period 1Q FY2011, as bigger and more number of cranes were traded.

Gross Profit

Equipment rental business

Trading business

Total

Group		
1Q FY2012	1Q FY2011	% Change
S\$'000	S\$'000	
2,756	2,286	20.5%
2,007	1,049	91.4%
4,763	3,335	42.8%

The Group registered total gross profit of about \$4.8m for 1Q FY2012, which was 42.8% higher than the prior period 1Q FY2011. The increase in total gross profit was due to higher revenue from both Equipment Rental and Trading business.

Gross profit for Equipment Rental business in 1Q FY2012 increased about 20.5% to approximately \$2.8m as compared to the prior period 1Q FY2011, mainly due to higher Equipment Rental revenue and improved contributions from overseas subsidiaries.

Gross profit from Trading business in 1Q FY2012 increased by about 91.4% to approximately \$2.0m as compared to the prior period 1Q FY2011. This was mainly attributed to bigger tonnage cranes and higher sales volume which fetched higher gross profit.

Profit before tax

The Group's profit before tax was about 11.6% lower at approximately \$1.8m as compared to the prior period 1Q FY 2011, mainly due to the net impact of the following:

(a) a higher gross profit dollar;

(b) lower other operating income from lower repair services, spare parts sales and absence of a gain from disposal of available-for sale investment which was registered in the prior period 1Q FY 2011;

(c) higher selling, administrative and finance expenses in line with the increased in revenue and fleet size;

(d) higher other operating expenses comprising mostly of unrealised foreign exchange differences.

STATEMENT OF FINANCIAL POSITION

Current assets

As at 30 September 2011, total current assets amounted to approximately \$56.5m or 34.5% of our total assets. Current assets comprise mostly of cash and bank balances, inventories and trade receivables. Total current assets decreased about \$2.6m as compared to 30 Jun 2011, mostly from lower trade receivables but partially offset by higher inventories. The lower trade receivables were mainly due to better collections of the trade receivables and the increase in inventories were mainly due to the purchase of inventory cranes towards the end of this reporting period.

The Group's liquidity remains relatively healthy with cash and bank balances of about \$16.6m.

Non-current assets

As at 30 September 2011, non-current assets amounted to approximately \$107.1m or 65.5% of our total assets. Non-current assets comprise mostly of fixed assets and investments. Total non-current assets increased about \$9.3m compared to 30 Jun 2011 mainly due to increase in the overseas equipment rental fleet size with the recently acquired 70% owned Malaysia subsidiary, funded mostly by internal sources.

Current liabilities

As at 30 September 2011, current liabilities amounted to about S\$54.1m or 72.2% of our total liabilities. Current liabilities comprises mostly of bills payables and current portion of finance leases. Total current liabilities increased about S\$5.0m as compared to 30 Jun 2011, mostly from the increase in bills payable, in line with the increase of inventory. Current portion of finance leases remained relatively constant.

Non-current liabilities

As at 30 September 2011, non-current liabilities amounted to approximately \$20.8m or 27.8% of our total liabilities. Non-current liabilities comprises mostly of non-current portion of finance leases and deferred tax. Total non-current liabilities remained relatively constant.

Equity

The Group's total equity increased from \$87.0m as at 30 June 2011 to \$88.6m as at 30 September 2011 mainly due to the comprehensive income generated for 1Q FY2012.

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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.

The local equipment rental industry remains competitive and the trading business environment continues to face challenges as the customers remain cautious due to the uncertainties in the economic outlook. On the global front, the economic condition remains unusually vulnerable, especially in the US, Eurozone and Japan. For this financial year, the Group will continue to maintain active and tight management control of its respective businesses and continue to expand the overseas markets.

11. Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

Nil.

(b) Corresponding Period of the immediately preceding financial year

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

Nil.

(c) Date payable

Nil.

(d) Book closure date

Nil.

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 three month ended 30 September 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Cheng Soon Don
Managing Director
9 November 2011