

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

Unaudited Second Quarter and Half Year Financial Statements Announcement
For The Period ended 31 December 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			Group		
	2Q FY2012	2Q FY2011	Increase/ (Decrease)	1H FY2012	1H FY2011	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	32,094	23,423	37.0%	63,835	45,846	39.2%
Cost of sales	(27,794)	(18,919)	46.9%	(54,773)	(38,007)	44.1%
Gross profit	4,300	4,504	(4.5%)	9,062	7,839	15.6%
Other operating income	1,047	633	65.4%	1,466	1,724	(15.0%)
Selling expenses	(436)	(261)	67.0%	(755)	(409)	84.6%
Administrative expenses	(2,176)	(1,838)	18.4%	(4,499)	(3,856)	16.7%
Other operating expenses	(276)	(100)	175.8%	(763)	(162)	370.9%
Finance costs	(457)	(297)	53.9%	(802)	(574)	39.7%
Share of results of associate	(65)	(9)	627.6%	38	117	(67.5%)
Profit before income tax	1,937	2,632	(26.4%)	3,747	4,679	(19.9%)
Income tax benefit / (expense)	610	(456)	NM	459	(741)	NM
Profit for the period	2,547	2,176	17.0%	4,206	3,938	6.8%
Total profit attributable to:						
Owners of the company	2,505	2,176	15.1%	4,096	3,938	4.0%
Non-controlling interests	42	-	NM	110	-	NM
	2,547	2,176	17.0%	4,206	3,938	6.8%
Other comprehensive income:						
Fair value (loss)/gain on available-for-sale investment	(18)	6	NM	(70)	111	NM
Exchange difference on translation of foreign operations	(5)	(19)	(75.8%)	18	(39)	NM
Total other comprehensive income, net of tax	(23)	(13)	73.8%	(52)	72	NM
Total comprehensive income for the period	2,524	2,163	16.7%	4,154	4,010	3.6%
Total comprehensive income attributable to:						
Owners of the company	2,482	2,163	14.7%	4,044	4,010	0.9%
Non-controlling interests	42	-	NM	110	-	NM
	2,524	2,163	16.7%	4,154	4,010	3.6%

1(a)(ii) Notes to consolidated statement of comprehensive income

Profit after tax was stated after
(charging)/ crediting :-

	Group			Group		
	2Q FY2012	2Q FY2011	Increase/ (Decrease)	1H FY2012	1H FY2011	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	(2,149)	(1,697)	26.6%	(4,196)	(3,352)	25.2%
Currency exchange loss- net	(192)	(255)	(24.8%)	(662)	(32)	1967.3%
Net gain on disposal of plant and equipment	334	83	302.6%	335	139	140.9%
Gain on disposal of available-for-sale investment	-	266	NM	-	266	NM
Interest income	34	6	458.6%	60	7	755.7%
Interest expense	(457)	(297)	53.9%	(802)	(574)	39.7%
Fair value gain on derivative financial instruments	249	66	276.8%	166	31	434.1%

Denotes: NM - not meaningful

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 31/12/2011 S\$ '000	As at 30/6/2011 S\$ '000	As at 31/12/2011 S\$ '000	As at 30/6/2011 S\$ '000
ASSETS				
Current assets				
Cash and bank balances	15,021	18,641	10,933	10,421
Trade receivables	29,074	29,612	42,273	38,113
Other receivables	3,462	2,699	5,889	5,191
Derivative financial instruments	315	149	315	149
Inventories	4,731	8,025	4,475	7,501
Total current assets	52,603	59,126	63,885	61,375
Non-current assets				
Other receivables	112	107	112	107
Property, plant and equipment	106,918	91,973	75,017	76,508
Investment in subsidiaries	-	-	335	335
Investment in associates	4,935	4,997	2,618	2,618
Available-for-sale investments	572	642	572	642
Other assets	10	10	10	10
Total non-current assets	112,547	97,729	78,664	80,220
Total assets	165,150	156,855	142,549	141,595
LIABILITIES AND EQUITY				
Current liabilities				
Bills payable	28,204	29,110	28,204	29,110
Current portion of bank loan	8,433	-	8,433	-
Trade payables	2,326	1,779	1,672	1,942
Other payables	3,788	4,231	1,914	3,736
Current portion of finance leases	11,869	12,771	10,958	12,764
Income tax payable	796	1,242	290	925
Total current liabilities	55,416	49,133	51,471	48,477
Non-current liabilities				
Bank loan	867	-	867	-
Finance leases	14,559	15,001	12,309	14,980
Deferred tax liabilities	5,709	5,709	4,907	4,907
Total non-current liabilities	21,135	20,710	18,083	19,887
Total liabilities	76,551	69,843	69,554	68,364
NET ASSETS	88,599	87,012	72,995	73,231
Capital and reserves				
Share capital	23,969	23,969	23,969	23,969
Treasury shares	(39)	-	(39)	-
Retained earnings	64,680	63,112	49,213	49,340
Translation reserve	(33)	(51)	-	-
Fair value reserve	(148)	(78)	(148)	(78)
	88,429	86,952	72,995	73,231
Non-controlling interests	170	60	-	-
Total Equity	88,599	87,012	72,995	73,231
Total liabilities and equity	165,150	156,855	142,549	141,595

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

	As at 31/12/2011		As at 30/06/2011	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	11,869	8,433	12,771	-

	As at 31/12/2011		As at 30/06/2011	
	Secured	Unsecured	Secured	Unsecured
Amount repayable after one year	14,559	867	15,001	-

As at 31 December 2011, The Group's finance leases of S\$26.4m are secured over plant and equipment of the Group with carrying value of S\$63.4m . The finance leases of a subsidiary are also secured by corporate guarantee from the Company and another subsidiary company.

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

	Group		Group	
	2Q FY2012	2Q FY2011	1H FY2012	1H FY2011
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before income tax	1,937	2,632	3,747	4,679
Adjustments for:				
Unrealised exchange gain from derivative financial instruments	(249)	(66)	(166)	(31)
Share of associate's results	65	9	(38)	(117)
Depreciation of property, plant & equipment	2,149	1,697	4,196	3,352
Interest expense	457	297	802	574
Interest income	(34)	(6)	(60)	(7)
Net forex exchange adjustment	8	(15)	22	(17)
Gain on disposal of available-for-sale investment	-	(266)	-	(266)
Gain on disposal of property, plant and equipment	(334)	(83)	(335)	(139)
Operating cash flows before movements in working capital	3,999	4,199	8,168	8,028
Trade receivables	(7,434)	(2,480)	560	(2,418)
Other receivables and prepaid expenses	49	(1,533)	(761)	(1,105)
Inventories	9,538	10,359	3,165	(770)
Trade payables	(578)	205	348	(180)
Other payables	297	(706)	(466)	(2,564)
Cash generated from operations	5,871	10,044	11,014	991
Income tax refund/(paid)	341	(172)	9	(346)
Net cash from operating activities	6,212	9,872	11,023	645
Investing activities				
Proceeds from available-for-sales investments	-	288	-	484
Interest received	34	6	60	7
Purchase of property, plant and equipment	(5,815)	(6,178)	(14,488)	(7,169)
Proceeds from disposal of property, plant and equipment	1,696	155	1,710	311
Investment in associated company	-	-	-	(2,118)
Dividend received from associated company	100	-	100	-
Net cash (used in) investing activities	(3,985)	(5,729)	(12,618)	(8,485)
Financing activities				
Bill payables	(5,371)	(12,098)	(905)	(3,471)
Dividend paid	(2,528)	(2,528)	(2,528)	(2,528)
Interest paid	(457)	(298)	(802)	(575)
Purchase of treasury shares	(39)	-	(39)	-
Repayment of obligations under finance leases	(4,623)	(3,705)	(8,195)	(7,323)
Proceeds from finance leases	-	6,739	1,170	13,990
Repayment of bank loans	-	(74)	-	(152)
Proceeds from bank loan	9,300	2,048	9,300	2,048
Net cash (used in) / from financing activities	(3,718)	(9,916)	(1,999)	1,989
Net decrease in cash and cash equivalents	(1,491)	(5,773)	(3,594)	(5,851)
Cash and cash equivalents at beginning of the period	16,573	22,931	18,641	23,009
Effect of exchange rate changes on the balance of cash held in foreign currencies	(61)	-	(26)	-
Cash and cash equivalents at end of the period	15,021	17,158	15,021	17,158

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.

The Group	Attributable to owners of the Company							Total equity S\$'000
	Share capital	Treasury shares	Fair value reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	
	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 31 September 2011	23,969	-	(130)	(28)	64,703	88,514	128	88,642
Balance at 1 October 2011	23,969	-	(130)	(28)	64,703	88,514	128	88,642
Dividend	-	-	-	-	(2,528)	(2,528)	-	(2,528)
Purchase of treasury shares	-	(39)	-	-	-	(39)	-	(39)
Total comprehensive income for the period	-	-	(18)	(5)	2,505	2,482	42	2,524
Balance at 31 December 2011	23,969	(39)	(148)	(33)	64,680	88,429	170	88,599
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
Balance at 1 October 2010	23,969	-	22	(20)	61,391	85,362	-	85,362
Dividend	-	-	-	-	(2,528)	(2,528)	-	(2,528)
Total comprehensive income for the period	-	-	6	(19)	2,176	2,163	-	2,163
Balance at 31 December 2010	23,969	-	28	(39)	61,039	84,997	-	84,997
The Company								
	Share capital	Treasury shares	Fair value reserve	Translation Reserve	Retained earnings	Total		
	S\$'000	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 October 2011	23,969	-	(130)	-	49,532	73,371		
Dividend	-	-	-	-	(2,528)	(2,528)		
Purchase of treasury shares	-	(39)	-	-	-	(39)		
Total comprehensive income for the period	-	-	(18)	-	2,209	2,191		
Balance at 31 December 2011	23,969	(39)	(148)	-	49,213	72,995		
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		
Balance at 1 October 2010	23,969	-	38	-	48,469	72,476		
Dividend	-	-	-	-	(2,528)	(2,528)		
Total comprehensive income for the period	-	-	(10)	-	1,972	1,962		
Balance at 31 December 2010	23,969	-	28	-	47,913	71,910		

- 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 the quarter ended 31 December 2011, the Company had purchased 300,000 (31 December 2010: nil) of its ordinary shares by way of on-market purchase, and held them as treasury shares.

- 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.

	31/12/2011	30/06/2011
Total number of issued ordinary shares	459,640,000	459,640,000
Less: Treasury shares	(300,000)	-
Total number of issued shares excluding treasury shares	459,340,000	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.

No treasury shares were sold, transferred, disposed, cancelled and/or used as at the end of the current financial period reported on.

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

The figures presented are not audited or 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 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.

	Group		Group	
	2Q FY2012	2Q FY2011	1H FY2012	1H FY2011
EPS based on weighted average number of ordinary shares in issue (cents)	0.55	0.47	0.89	0.86
On a fully diluted basis (cents)	0.55	0.47	0.89	0.86
Weighted average number of ordinary shares in issue	459,615,000	459,640,000	459,615,000	459,640,000

There were no potential dilutive ordinary shares in existence for 2Q FY 2011 & 2Q FY 2010.

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	
	31/12/2011	30/06/2011	31/12/2011	30/06/2011
Net asset value per ordinary share (cents)	19.29	18.93	15.89	15.93
Ordinary shares at the end of the current financial period and immediately preceding financial year	459,340,000	459,640,000	459,340,000	459,640,000

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

	Group			Group		
	2Q FY2012	2Q FY 2011	% Change	1H FY2012	1H FY2011	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
Equipment rental business	9,010	7,975	13.0%	18,021	15,602	15.5%
Trading business	23,084	15,448	49.4%	45,814	30,244	51.5%
Total	32,094	23,423	37.0%	63,835	45,846	39.2%

The Group registered total revenue of about \$32.1m for 2Q FY2012 (and about \$63.8m for 1H FY2012), which was 37.0% higher than the corresponding period of the prior 2Q FY2011 (and 39.2% higher than 1H FY2011). The increase in total revenue was due to both higher Equipment Rental revenue and Trading revenue.

Revenue from Equipment Rental business increased by 13.0% to approximately \$9.0m for 2Q FY2012 and increased by about 15.5% to approximately \$18.0m for 1H FY2012, as compared to the respective prior periods, due to improved contributions from overseas subsidiaries and an expanded fleet size in the group.

Revenue from Trading business increased by about 49.4% to approximately \$23.1m for 2Q FY2012 and increased by 51.5% to approximately \$45.8m for 1H FY2012, as compared to the respective prior periods, as bigger tonnage crane and higher number of cranes were sold.

Gross Profit

	Group			Group		
	2Q FY2012	2Q FY 2011	% Change	1H FY2012	1H FY2011	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
Equipment rental business	2,500	2,883	(13.3%)	5,356	5,169	3.6%
Trading business	1,800	1,621	11.0%	3,706	2,670	38.8%
	4,300	4,504	(4.5%)	9,062	7,839	15.6%

The Group registered total gross profit of about \$4.3m for 2Q FY 2012, which was 4.5% lower than the corresponding period of the prior 2Q FY 2011. The slightly lower gross profit for 2Q FY2012 was mainly due to lower gross profit from Equipment Rental business. For 1H FY2012, total gross profit was 15.6% higher at about \$9.1m as compared to the prior period 1H FY2011. This was mainly due to higher gross profit from Trading business.

Gross profit for Equipment Rental business in 2Q FY2012 was 13.3% lower at approximately \$2.5m as compared to the prior period 2Q FY2011, mainly due to maintenance costs incurred in this period and lower overtime revenue. For 1H FY2012, gross profit from Equipment Rental was 3.6% higher at approximately \$5.4m as compared to the prior period 1H FY2011. This was mainly attributed to improved contribution from overseas subsidiaries.

Gross profit from Trading business increased by about 11.0% to approximately \$1.8m for 2Q FY2012 and increased by about 38.8% to approximately \$3.7m for 1H FY2012, as compared to the respective prior periods. This was mainly attributed to more sales volume of the group.

Net Profit

The Group registered net profit before tax of about \$1.9m for 2Q FY2012 (and about \$3.7m for 1H FY2012), which was 26.4% lower than the corresponding period of the prior 2Q FY2012 (and 19.9% lower than 1H FY2011). This was mainly due to the net impact of the following:

- lower gross profit for 2Q FY2012;
- higher other operating income arising from gain on disposal of fixed assets and gain on forward contract hedging in 2Q FY2012;
- higher selling, administrative and finance costs which are in line with the increase in revenue and fleet size;
- lower contributions from an associate company; and
- higher other operating expenses comprising primarily of unrealised foreign exchange differences.

Net profit after tax for the Group increased by 17% to approximately \$2.5m for 2Q FY2012 and increased by about 6.8% to approximately \$4.2m for 1H FY2012, as compared to the respective prior periods, primarily due to current income tax benefit registered in the current period as a result of the tax credits received from finalisation of prior periods tax assessment.

STATEMENT OF FINANCIAL POSITION

Current assets

As at 31 December 2011, total current assets amounted to approximately \$52.6m or 31.8% of our total assets. Current assets comprises mostly of cash and bank balances, trade receivables and inventories. Total current assets decreased about \$6.5m as compared to 30 Jun 2011, mainly from lower inventories due to sales of inventory cranes and transfers to fixed assets.

The Group's liquidity remains relatively healthy with cash and bank balances of about \$15.0m.

Non-current assets

As at 31 December 2011, non-current assets amounted to approximately \$112.5m or 68.2% of our total assets. Non-current assets comprises mostly of fixed assets and investments. Total non-current assets increased about \$14.8m compared to 30 Jun 2011, mainly due to increase in the overseas equipment rental fleet size and the recent investment in a new 70% owned Malaysia subsidiary.

Current liabilities

As at 31 December 2011, current liabilities amounted to about \$55.4m or 72.4% of our total liabilities. Current liabilities comprises mostly of bills payables, current portion of finance leases and bank loans. Total current liabilities increased about \$6.3m compared to 30 Jun 2011, mostly from the drawdown of bank loans for bridging finance of fixed assets prior to the actual fixed assets finance lease drawdown. Subsequent to this balance sheet date, the bridging loans have been partially paid down upon some disbursement of finance lease drawdowns.

Non-current liabilities

As at 31 December 2011, non-current liabilities amounted to approximately \$21.1m or 27.6% 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 equity increased from \$86.9 million as at 30 June 2011 to \$88.4m as at 31 December 2011 mainly due to the comprehensive income generated for 1H FY2012, after netting off against a dividend payment of about S\$2.5m in November 2011.

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

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

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.

10. Whilst the global economy continues to experience persistent uncertainties, the key markets in which the Group operates present positive developments and new opportunities. Regional markets, such as Malaysia, Vietnam and Indonesia, are seeing robust growth in sectors such as resource mining, infrastructure development as well as oil and gas. Meanwhile, in Singapore, the Building and Construction Authority ("BCA") expects the overall construction demand to remain stable, between S\$21 billion and S\$27 billion for 2012.
- Going forward, the Group will continue to maintain active and tight management control of its respective businesses and explore expansion into both existing and promising new overseas markets to increase its revenue base.

Dividend

11. **Current Financial Period Reported on**

(a) **Any dividend declared for the current financial period reported on?**

Name of Dividend:	Interim
Dividend Type:	Cash
Dividend Rate:	0.45 cents per ordinary shares
Tax Rate:	Tax exempt (Tier 1)

Corresponding Period of the immediately preceding financial year

(b) **Any dividend declared for the corresponding period of the immediately preceding financial year?**

Yes

Name of Dividend:	Interim
Dividend Type:	Cash
Dividend Rate:	0.45 cents per ordinary shares
Tax Rate:	Tax exempt (Tier 1)

Date payable

(c) To be advised at a later date.

Book closure date

(d) To be advised at a later date.

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

12. Not applicable.

Interested person transactions

- 13.
- | 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 six month period ended 31 December 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Cheng Soon Don
Managing Director
9 February 2012