SIN HENG
HEAVY MACHINERY LIMITED

Staying Vigilant

annual report 2015 | Sin Heng Heavy Machinery Limited

CONTENTS

COMPANY PROFILE

Sin Heng Heavy Machinery Limited Is A Leading Home Grown Lifting Service Provider In Singapore.

With a history tracing back to 1969, we have accumulated more than 45 years of experience and expertise in providing comprehensive lifting solutions to our customers in infrastructure and geotechnic, construction, offshore and marine as well as oil and gas industries. Many of the landmark projects in Singapore that we were involved include the Newton Circle Flyover – one of the first dual carriage flyovers in Singapore, Benjamin Sheares Bridge, Pan-Island Expressway, Central Expressway, Singapore Flyer, Resorts World at Sentosa, Marina Bay Sands Integrated Resort, Marina Bay Financial Centre, Marina Coastal Expressway, Jurong Rock Caverns, Jurong East MRT Modification Project, National University of Singapore Flyover, Exxonmobil SPT Project, Google Data Centre Project and Thomson MRT Line.

In recognition of our service excellence and achievements over the years, we were named Singapore's third most enterprising company in the prestigious Enterprise 50 Awards (2009). We also obtained the bizSAFE3 certification by the Workplace Safety and Health Council for our strict compliance with safety and efficiency standards at worksites. In February 2010, we achieved yet another milestone in our history with our successful initial public offering and listing on the Mainboard of the Singapore Exchange.

Today, as we continuously renew and expand our equipment fleet and pursue new and exciting business frontiers, we remain firmly committed to providing our customers with the best lifting solutions. We strongly believe that our commitment will lead us towards our vision of becoming the leading integrated lifting service provider in Asia.

♦ OUR BUSINESS

Our core business activities are rental and trading of cranes, aerial lifts and other lifting equipment. In addition, we undertake the sales and distribution of related parts. To-date, we have built up a vast portfolio of customers across many countries.

♦ OUR DISTRIBUTORSHIPS

Our dedication and reliability through the years have earned us our sterling reputation. We have been awarded the dealership rights for the sales and distribution of cranes and parts for Kobelco, one of the world's top crane manufacturers. We are now one of the world's biggest customers of Kobelco cranes. We are also the distributor for Kato, one of the world's leading hydraulic crane manufacturers, to deal in new cranes and parts. In addition, we have been granted the distributorship to deal in mini crawler cranes, known as Mighty Crane, and its related parts. Last but not least, we have also obtained the distributorship for Arcomet self-erecting cranes for most ASEAN countries.

♦ OUR PROFESSIONALISM

Our team of well-trained staff takes pride in providing prompt and effective lifting solutions that meet the exacting demands and requirements of our customers in the most professional approach. With our broad technical expertise and excellent after-sales services, we deliver operational, service and safety excellence to our customers.

♦ OUR OVERSEAS PRESENCE

We have been actively seeking new geographic regions to expand our business reach and network. Since 2009, we have established footholds in Malaysia and Vietnam through the setting up of wholly-owned subsidiaries and joint ventures together with our trusted local partners. In addition, we have also widened our regional reach through establishing wholly-owned subsidiaries in Myanmar, Indonesia and Hong Kong.

Our overseas operations are fully equipped with a comprehensive range of quality cranes and aerial lifts and are supported by our team of professionals.

MR TAN CHENG SOON DON
MANAGING DIRECTOR

MR TAN AH LYE
NON-EXECUTIVE CHAIRMAN

JOINT MESSAGE BY CHAIRMAN & MANAGING DIRECTOR

"We expect a challenging environment ahead. However, **we are confident that with the right foundations laid**, there will be lucrative fruits to be reaped."

DEAR SHAREHOLDERS,

For the financial year ended 30 June 2015 ("FY2015"), the Group faced headwinds in our macro environment, such as the weakening of the global economy, volatile currency movements as well as the slump in prices of oil and other commodities, which limited our growth and opportunities. Despite these challenges, we are proud to achieve yet another set of credible results for FY2015.

STANDING FIRM AGAINST CHALLENGES

The Group posted a revenue of S$177.8 million for FY2015, which was a 16.6% drop from the year before. This decrease was due to lower trading revenue as a result of the weaker demand for higher capacity cranes. Equipment rental revenue, on the other hand, remained fairly stable amidst the competitive rental environment as compared to the previous year.

Despite the drop in revenue, the Group only recorded a marginal 1.7% decline in gross profit as compared to the year before, ending with S$31.7 million for FY2015. This can be credited to the improvement in gross profit from the trading business to S$16.2 million, which mitigated the 10.2% decline in the gross profit from the equipment rental business to S$15.5 million.

Together with the higher other operating income from better sales of parts, gain on disposal of property, plant and equipment as well as gain on divestment of an associate, these reduced the impact of the Group's higher operating expenses. As a result, the Group achieved a net profit after tax of S$12.0 million for FY2015.

The Group balance sheet position continues to remain robust amidst these challenging times. Total equity attributable to the shareholders of the Company increased from S$127.4 million at the end of FY2014 to S$130.9 million at the end of FY2015. This increase was mainly driven by the net profit generated in FY2015 after payment of dividends to shareholders.

REINFORCING OUR FOUNDATIONS

During FY2015, the Group incorporated SH Equipment (HK) Limited, a new wholly-owned subsidiary in Hong Kong, to explore new business opportunities in Hong Kong and Greater China. This move will further enhance our foothold in Asia.

MOVING AHEAD

As the global economy continues to be shrouded in uncertainties, we expect the path ahead to remain challenging for some time. Notwithstanding that, we are staying vigilant and cautiously optimistic as we expect the overall sentiment in the Asian market to gradually improve, supported by sustained economic growth in the developing and emerging markets.

We remain focused as we work enthusiastically towards laying strong foundations for the future. We will continue to explore new geographical markets and complementary products that will allow us to deliver superior lifting solutions to our valued customers.

REWARDING OUR SHAREHOLDERS

On behalf of the Board, we would like to share the success we have achieved for FY2015 via a proposed final dividend of 0.55 Singapore cents per ordinary share.

JOINT MESSAGE BY CHAIRMAN & MANAGING DIRECTOR

With the interim dividend of 0.45 Singapore cents per share paid out earlier in the year, this works out to a total dividend of 1.0 Singapore cent per share for FY2015. This represents a total dividend yield of 6.3% based on the closing price of 16.0 Singapore cents per share as at 30 June 2015.

A WORD OF THANKS

We would like to express our sincere appreciation to Mr Yasuhiro Kakihara, who had resigned as a Non-Executive and Non-Independent Director. His contributions to the Group have been invaluable. We would also like to warmly welcome Mr Hideyuki Morita, who has joined the Board as a Non-Executive and Non-Independent Director and as a member of the Audit & Risk Committee, Nominating Committee and Remuneration Committee.

The Group's continued strong performance in spite of the challenging economic climate is a testament to the people who have put in so much efforts. Our achievements could not have been possible without the confidence and support of members of the Board, our principals, customers, business associates, and most importantly, our dedicated staff for believing in us.

Last but not the least, we would like to thank all our shareholders. Your continued support is crucial to the strong performance and future success of the Group.

MR TAN AH LYE
Non-Executive Chairman

MR TAN CHENG SOON DON
Managing Director

OUR GLOBAL NETWORK


Celebrations at The Float
SIN HENG 68612280
827
SIN HENG TEL: 6861 2280

FINANCIAL HIGHLIGHTS

Equipment Rental Fleet

	FY2011	FY2012	FY2013	FY2014	FY2015
Aggregate crane lifting capacity (tons)	12,071	15,253	14,658	15,654	17,327
Average crane lifting capacity (tons)	113	96	100	108	116
Cranes (units)	107	159	147	145	150
Aerial Lifts (units)	149	198	267	304	279

REVENUE
(S$Million)

GROSS PROFIT
(S$Million)

PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY
(S$Million)

OPERATIONS REVIEW

MEETING CHALLENGES

The Group faced a challenging environment for FY2015 amid the weakening global economy, volatile currency movements as well as the slump in prices of oil and other commodities.

The Group revenue decreased by 16.6% to S$177.8 million as compared to the previous financial year due to lower trading volume, smaller tonnage equipment sold and marginal decline in the equipment rental business mainly due to competitive rental environment.

Revenue from the trading business in FY2015 had decreased by 20.7% to S$131.2 million while the revenue from the equipment rental business in FY2015 had fallen by a marginal 2.2% to S$46.6 million as compared to FY2014.

Despite the drop in revenue, the Group gross profit in FY2015 ended lower by a marginal 1.7% to S$31.7 million as compared to the S$32.3 million achieved the year before. This can mainly be attributed to the trading business which saw a 8.0% increase to S$16.2 million, which mitigated the 10.2% decline from the equipment rental business to S$15.5 million.

OPERATIONS REVIEW

The Group performance for FY2015 was also lifted by higher other operating income which saw an increase of 22.5% to S$4.8 million due to better sales of parts, gain on disposal of property, plant and equipment, gain on divestment of an associate as well as and lower other operating expenses arising from lower foreign currency exchange loss as compared to FY2014. All these helped to mitigate the higher administrative expenses due to increase in depreciation charges and staff related expenses which saw an increase of 21.3% to S$16.5 million.

As a result, the Group net profit after tax for FY2015 decreased to S$12.0 million from S$13.8 million for FY2014.

STRONG FINANCIAL POSITION

The Group financial position remained strong with net assets of S$132.3 million as at 30 June 2015 and a net asset value of 23.06 Singapore cents per share as compared to a net asset value of 22.26 Singapore cents per share as at 30 June 2014.

The Group total non-current assets increased by S$4.9 million from S$120.4 million to S$125.3 million as at 30 June 2015, mainly due to the expansion of the Group rental fleet, which was offset by the divestment of an associate.

The Group total current assets decreased by S$20.4 million from S$122.8 million to S$102.4 million as at 30 June 2015, mainly due to a decrease in cash and bank balances and trade receivables. The repayment of bills payable decreased the cash and bank balances while the lower revenue recorded for the year resulted in lower trade receivables.

As a result, the Group total assets decreased from S$243.2 million to S$227.7 million as at 30 June 2015.

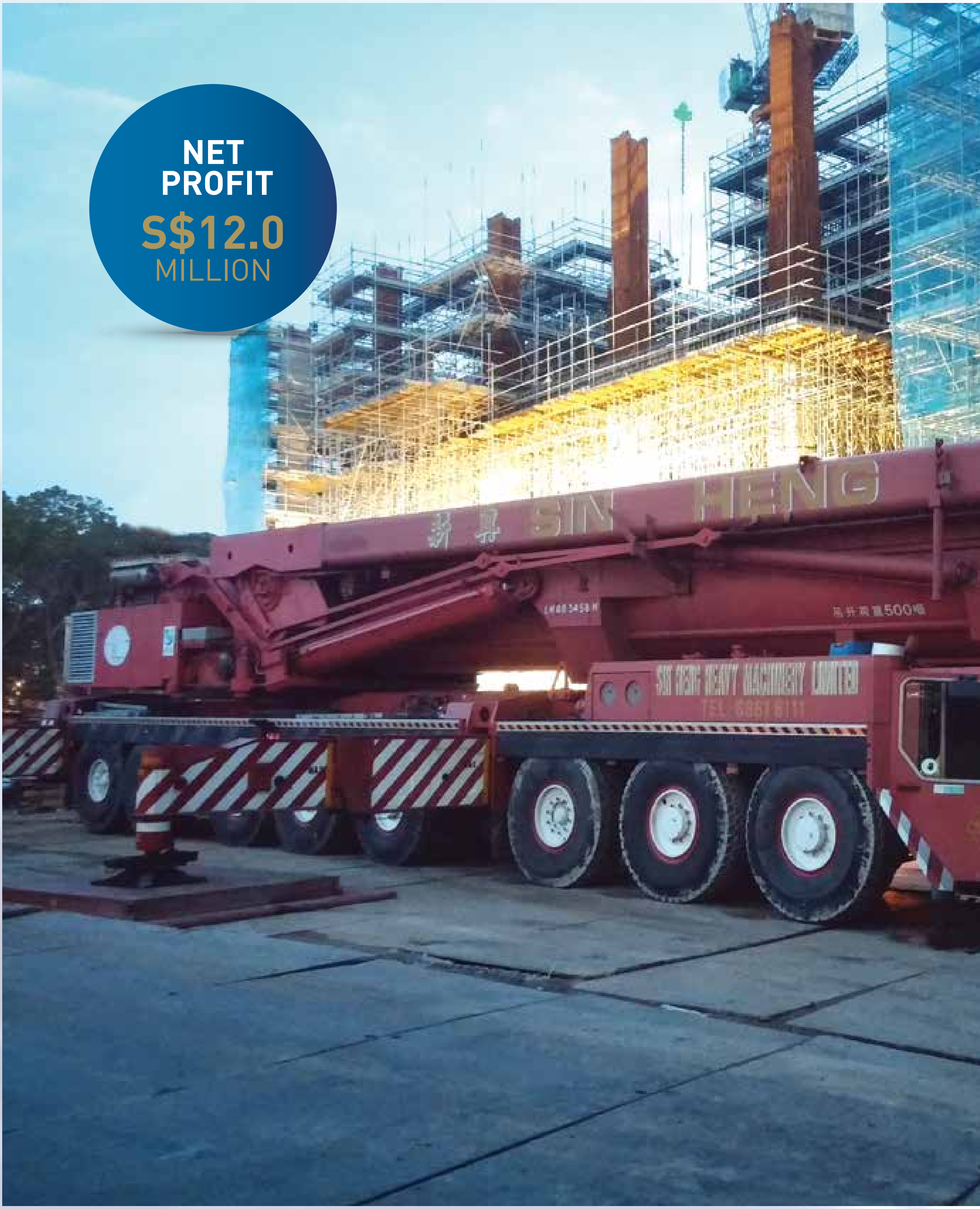
The Group total non-current liabilities decreased by S$1.2 million from S$24.9 million to S$23.7 million as at 30 June 2015, mainly due to repayment of finance leases, which was offset by an increase in bank loans for the expansion of the rental fleet.

Total current liabilities decreased by S$18.8 million from S$90.5 million to S$71.7 million as at 30 June 2015, mainly due to repayment of bills, trade and other payables.

GROSS PROFIT
S$31.7
MILLION


KATO
KATO
KATO
KATO
KATO
KATO
KATO

OPERATIONS REVIEW



Consequently, the Group total liabilities decreased from S$115.4 million to S$95.4 million as at 30 June 2015.

As at 30 June 2015, the Group registered a positive working capital of S$30.7 million as compared to S$32.3 million as at 30 June 2014.

DIVIDENDS

To show our appreciation for the support and confidence of our shareholders, the Board proposed a final dividend of 0.55 Singapore cents per share, After taking into consideration of the interim dividend of 0.45 Singapore cents per share, the full year dividend will be 1.0 Singapore cent per share.

OPERATIONS REVIEW

MOVING FORWARD

It has been a year of slow progress. However, the Group has delivered credible results while strengthening its capacity to tap on growth opportunities in the region. We expect the operating environment to remain challenging and competitive for some time, and we continue to be cautiously optimistic. Nevertheless, we are committed to laying firm foundations to capitalise on any new opportunities that may arise, and thus achieve greater value for all our shareholders.

TOTAL ASSETS
S$227.7
MILLION

NET ASSETS
S$132.3
MILLION

TRACK RECORD OF PROJECTS

1990 TO 1999

- Pan-Island Expressway
- Reclamation of Jurong Island
- Cuppage Centre
- Hewlett Packard Factory
- Raffles Hospital
- SIA Complex
- Fusionpolis
- Changi Airport Terminal 2 Extension
- Petrochemical Corporation of Singapore's Petrochemical Complex

1981 TO 1989

- Changi Airport Flyover
- Central Expressway
- Benjamin Sheares Bridge
- Ayer Rajah Expressway
- Toa Payoh Flyover

2000 TO 2009

- Sentosa Light Rail System
- Braddell / Thomson / Lornie Road Interchange
- Changi Water Reclamation Plant
- Jurong Rock Caverns
- Marina Coastal Expressway
- Marina Bay Financial Centre
- Marina Bay Sands Integrated Resort
- Resorts World at Sentosa
- National University of Singapore Flyover
- Jurong East MRT Modification Project

2010 TO PRESENT

- Neste Oil Project in Tuas
- MRT Downtown Lines
- Exxonmobil SPT Project
- Google Data Centre Project
- Evonik Me5 Project @ Jurong Island
- Low Cost Carrier Terminal (Malaysia)
- Kelana Jaya LRT Line Extension (Malaysia)
- Pengerang Oil Terminal (Malaysia)
- Sungai Buloh – Kajang MRT (Malaysia)
- Sampyung - Hoa Hiep Combined Cycle Power Plant (Vietnam)
- Nghi Son Power Plant (Vietnam)
- Thi Vai Terminal (Vietnam)
- Noi Bai International Airport (Vietnam)
- Thomson MRT Line
- Sentosa Pedestrian Overhead Bridge
- Ng Teng Fong General Hospital
- Manjung 4 Power Plant (Malaysia)
- Tanjung Bin 4 Power Plant (Malaysia)
- Connaught Bridge Power Plant (Malaysia)
- Son Duong Deepwater Seaport (Vietnam)
- Formosa's Vietnam Steel Complex (Vietnam)
- Van Cong Bridge (Vietnam)
- Omon Power Plant Project (Vietnam)

BOARD OF DIRECTORS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BOARD OF DIRECTORS

1 **MR TAN AH LYE**
Non-Executive Chairman

Mr Tan Ah Lye, the founder of the Company, is one of the pioneers in the lifting industry in Singapore. He started as a sole proprietor in 1969 and has more than 40 years of experience in cranes, aerial lifts and construction-related equipment. Mr Tan was responsible for all strategic planning, development and expansion plan for the Company until 2008. Mr Tan is very familiar with the business and operational aspects of the Company and is also very well-versed with the technicality of the equipment. With his many years of valuable experience and knowledge, Mr Tan has also built up a vast network across many industries and close relationships with our major suppliers.

2 **MR TAN CHENG SOON DON**
Managing Director

Mr Tan Cheng Soon Don, joined the Company in 1989 and appointed as Managing Director in August 2008.

Mr Tan is responsible for our overall strategy, management and operations. Concurrently, as the head of our crane rental business, Mr Tan is in charge of identifying and developing new customers and maintaining relationships with our existing customers. Mr Tan has more than 20 years of experience in the business of rental and trading of cranes and other equipment. He is also in charge of the management of our operations in Vietnam and Myanmar. Under his leadership, our Group has grown into a leading lifting service provider in Singapore.

3 **MR TAN CHENG GUAN**
Executive Director

Mr Tan Cheng Guan joined the Company in 1993 and worked his way up to his current position as an Executive Director. Mr Tan is the head of our crane trading business, and has been instrumental in growing the scope and revenue of this business segment. He is responsible for developing new procurement channels, promoting sales, identifying new business opportunities and customers and managing relationships with existing customers. Mr Tan has more than 20 years of experience in the business of rental and trading of cranes and other equipment. He is also in charge of the management of our operations in Malaysia and Indonesia. Mr Tan is also in charge of our maintenance service team. He graduated from Singapore Polytechnic in 1990 with a Diploma in Mechanical Engineering.

4 **MR TAN CHENG KWONG**
Executive Director

Mr Tan Cheng Kwong joined the Company in 1995 and worked his way up to his current position as an Executive Director. Mr Tan is in charge of the management and operations of Sin Heng Aerial Lifts since 1999. Mr Tan has 20 years of experience in the business of rental and trading of equipment. Under his management, our aerial lift business has grown significantly and we are now one of the leading aerial lift companies in Singapore.

5 **MR HIROSHI TAKAHASHI**
Executive Director

Mr Hiroshi Takahashi was appointed as an Executive Director of the Company in May 2012. He joined Toyota Tsusho Corporation in 2007 and was nominated as a representative director of Vestech Japan, a Toyota Tsusho unit handling wind turbines. He is fluent in Japanese, English and Russian, and has extensive experience in corporate planning, finance and legal issues. Mr Takahashi began his career as an employee of Nichimen Corporation (currently Sojitz Corporation) in 1979. In 1984, he joined the National Project of South Yakutian Coal Exploration in USSR, which imports coal from Yakutia (the Sakha Republic) to Japan. For three years, he worked as a permanent representative of the Moscow Office in charge of raw materials and metal products. After his return from Moscow, he joined Arysta LifeScience Corp. as a General Manager of Corporate Planning and General Affairs.

6 **MR HIDEKI OKADA**
Executive Director

Mr Hideki Okada was appointed as an Executive Director of the Company in May 2012. He joined the Toyota Tsusho Group in 1997. He was in charge of the sales of construction equipment and commercial trucks under ODA Projects for Asia & Middle-East Countries which include Afghanistan, Bhutan, Indonesia, Cambodia, China, Laos, Nepal, Thailand, Vietnam, and Iraq. Through his experience with Japanese trading firms, he has a strong network with many manufacturers not only in Japan but also in America and Europe.

7 MR YOSHIHIRO KAWAHARA
Non-Executive Director

Mr Yoshihiro Kawahara has been appointed as a Non-Executive Director of the Company from April 2014. Mr. Kawahara joined Toyota Tsusho Corporation in 1989. He was in charge of the Electronic Parts Business in Non-Ferrous Metals Department at Nagoya Head Office from 1989 to 1993. From 1994 to 2007, he was transferred to Kariya Branch in Aichi Prefecture to oversee the Automotive Machinery Business for Toyota Motor Group.

Then, he had worked as General Manager of Toyota Tsusho (Thailand) where he managed the Automotive Machinery Business in ASEAN and Industrial Machinery & Project Business in Thailand from 2008 to 2012.

After being back to Japan in 2013, he is General Manager of Construction Machinery & Project Department of Toyota Tsusho in Tokyo, Japan from 2014.

8 MR HIDEYUKI MORITA
Non-Executive Director

Mr. Hideyuki Morita was appointed as a Non-Executive Director of the Company in July 2015. He is also appointed as a member of Audit Committee, Nominating Committee and Remuneration Committee at the same time. He joined former Tomen Corporation (later merged to Toyota Tsusho Corporation in 2006) in 1981. He has been constantly in charge of the Construction Machinery business from the beginning of his career till today.

He worked in Indonesia, Iran and Syria as a permanent representative. Also he worked as a President of Toyota Tsusho Philippines Corporation from 2010 to 2015. He is now a Senior Project General Manager of Construction Machinery & Project Department at the Tokyo Head Office. He graduated with Bachelor in Faculty of Economics from Keio University in 1981.

9 MR YEO YUN SENG, BERNARD
Independent Director

Mr Yeo Yun Seng, Bernard has been our Independent Director since December 2009. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee. Mr Yeo runs a consultancy practice advising small and medium enterprises.

He has been in this business since 1997 and specializes in strategic advisory work, turning unprofitable businesses around, growing business units, grooming key executives including chief executive officers in preparation for listing, and overseas business expansion. Mr. Yeo is an independent director of RH Petrogas Limited since 2001 and an independent director of MFS Technology Ltd since August 2013. Mr Yeo is also a director of Singapore Human Resources Corp Pte Ltd and Singapore Human Resources Academy Pte Ltd.

Mr Yeo started his career in audit in 1973 with Turquands Ernst and Whinney. He was financial controller for France Scott Pte Ltd (a Sime Darby Group Company in Singapore) during 1977-1980, finance and personnel manager for Nemic-Lambda (S) Pte Ltd (a Japanese company) during 1980-1983, and finance and administration manager for Airpax Components Far East Pte Ltd (a US company) during 1983-1986. He joined Compaq Asia in 1986 and was its chief financial officer for Asia Pacific when he left in 1996.

10 MR TAN KEH YAN, PETER
Independent Director

Mr Tan Keh Yan, Peter has been our Independent Director since December 2009. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. He joined DBS Bank in 1972. From 1998 to 2001, Mr Tan was the Executive Director of DBS Finance Ltd. He became the Bank's managing director of Enterprise Banking Department from 2001 to 2003.In early 2004, he joined Redwood Capital Pte Ltd, a wealth management and financial advisory firm and was its managing director until 2005 when he left.

BOARD OF DIRECTORS

Currently, he is an independent director of two other SGX-listed companies, namely Asia Enterprises Holding Ltd and Maxi-Cash Financial Services Corporation Ltd. Mr Tan graduated with a Bachelor of Science (Honors) from the University of Singapore in 1972 and a Master of Business Administration from the University of California, Los Angeles in 1985.

11 MR RENNY YEO AH KIANG

Independent Director

Mr Renny Yeo Ah Kiang has been our Independent Director since December 2009. He is the Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit Committee. He is also an independent non-executive director of Catalist-listed OEL (Holdings) Ltd.

He holds a Higher National Diploma (HND) in Electrical & Electronic Engineering from Southampton College of Technology UK and a Master in Management from Asia Institute of Management, Philippines. He has nearly 40 years of working experience in the field of shipbuilding/ship repairing, electrical engineering and cable industries. He is a full member of the Singapore Institute of Directors.

Mr Yeo formerly seats on various government Boards and Committees including Board member of Building and Construction Authority, Board member of the Productivity & Standards Board, Director of PSB Corporation Pte Ltd, founding Board member of the Singapore Green Building Council, the President of the Singapore National Committee [SNC] of The International Electrotechnical Commission [IEC], Member of the Standard Council-SPRING, Chairman of Electrical & Electronic Product Standards Committee-SPRING, Emeritus President and President of Singapore Manufacturers' Federation. Prior to Mr Yeo's retirement in 2009, he was also the Executive Chairman and Director of Draka Cableteq Asia Pacific and its subsidiaries in Asia.

Mr Yeo is currently a SPRING Board member, the Chairman of The Singapore Accreditation Council-SAC (SPRING) and Advisor of Electrical & Electronic Product Standards Committee (SPRING). He is also a Member of the National Productivity Council (NPC), the Director of Singapore Business Advisors & Consultants Council Ltd (SBACC), Member of the SBACC Governing Council and Member of the Board of Governors of Singapore Manufacturers' Federation.

Mr Yeo is also a Director of KPH Properties Holdings Sdn Bhd and its subsidiaries in Malaysia. He is also the President of Dunearn Tech-Greenridge Alumni Association and School Advisory Committee Member of Greenridge Secondary School. He was conferred the Pingkat Bakti Masyarakat (Public Service Medal) by The President of the Republic of Singapore (2000) and awarded the SPRING Singapore distinguished Partner Award (2011), SISIR Standards Council Distinguished Award (1994).

12 MR SOH SAI KIANG

Independent Director

Mr Soh Sai Kiang joined us as our Independent Director with effect from 1 August 2012. He is a member of Audit Committee, Nominating Committee and Remuneration Committee. Mr. Soh has been Head of Business Development and the Director of Capital Markets (Singapore) at UOB Kay Hian Pte Ltd since 2001, handling capital fund raising and debt financing. From 1999 to 2001, he was the Head of Internet Trading in Lum Chang Securities Pte. Ltd. (subsequently known as DBS Vickers Securities Pte. Ltd.), where he was responsible for managing the Internet trading business.

He is also co-founder and Non-Executive Chairman of Catalist-listed Artivision Technologies Ltd, and was appointed as its Director on 7 June 2007. Mr. Soh graduated with a Bachelor of Arts (Merit) degree in Economics and Political Science from the National University of Singapore in 1993.

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Tan Ah Lye
Non-Executive Chairman

Tan Cheng Soon Don
Managing Director

Tan Cheng Guan
Executive Director

Tan Cheng Kwong
Executive Director

Hiroshi Takahashi
Executive Director

Hideki Okada
Executive Director

Yoshihiro Kawahara
Non-Executive Director

Hideyuki Morita
Non-Executive Director

Soh Sai Kiang
Lead Independent Director

Yeo Yun Seng, Bernard
Independent Director

Tan Keh Yan, Peter
Independent Director

Renny Yeo Ah Kiang
Independent Director

AUDIT & RISK COMMITTEE:

Yeo Yun Seng, Bernard
Chairman

Tan Keh Yan, Peter

Renny Yeo Ah Kiang

Hideyuki Morita

Soh Sai Kiang

NOMINATING COMMITTEE:

Tan Keh Yan, Peter
Chairman

Yeo Yun Seng, Bernard

Renny Yeo Ah Kiang

Hideyuki Morita

Soh Sai Kiang

REMUNERATION COMMITTEE:

Renny Yeo Ah Kiang
Chairman

Yeo Yun Seng, Bernard

Tan Keh Yan, Peter

Hideyuki Morita

Soh Sai Kiang

JOINT COMPANY SECRETARIES:

Oo Cheong Kwan Kelvyn and Theng Searn Por

REGISTERED OFFICE

26 Gul Road
Singapore 629346

SHARE REGISTRAR AND SHARE TRANSFER OFFICE:

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower, Singapore 048623

AUDITORS:

Deloitte & Touche LLP
6 Shenton Way #32-00
OUE Downtown 2
Singapore 068809
Partner-in-charge: Yang Chi Chih
(Appointed since FY2014)

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Sin Heng Heavy Machinery Limited (the "**Company**") recognises the importance of and is committed to maintaining a high standard of corporate governance. The Company is guided in its corporate governance practices by the Code of Corporate Governance 2012 (the "**Code**") issued by the Singapore Council on Corporate Disclosure and Governance so as to protect shareholders' interests and enhance long-term shareholders' value and corporate transparency. This Corporate Governance Report outlines the Group's corporate governance processes and activities during the financial year ended 30 June 2015 ("**FY2015**") with specific reference to the Code.

PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

The Board is responsible for the overall direction and management of the Company and its subsidiaries (the "**Group**"). Its role involves the protection and enhancement of long-term shareholders' value, the safe-guarding of shareholders' and other stakeholders' interests, and the Company's assets through the enhancement of corporate performance and accountability. The Board oversees and approves the formulation of our Group's overall long-term strategic objectives and directions, and sets its values and standards. It is responsible for our Group's overall performance objectives, financial plans and annual budget; major investments, divestment and funding proposals; financial performance reviews, risk management, and corporate governance practices; and ensuring our Group's compliance with all laws and regulations relevant to our Group's business. The Board also consider sustainability issues, such as environmental and social factors, as part of its strategic formulation of the Group's objectives and directions. In addition to the foregoing, the Board also approves the policies and guidelines for the Board, our Management's remuneration and the appointment of Directors.

The Board has adopted a set of internal controls and guidelines for our Management to operate within. These internal controls and guidelines set authorisation and approval limits for operating matters. Apart from matters that specifically require the Board's approval, such as investments, acquisitions, disposals, borrowings, issue of shares, dividend distributions and other returns to shareholders, the Board approves operational matters where the value of a transaction exceeds these limits. To assist in the execution of its responsibilities, the Board has established three committees as follows:

a. Audit and Risk Committee ("**ARC**");

b. Nominating Committee ("**NC**"); and

c. Remuneration Committee ("**RC**").

Each committee functions within clearly defined terms of reference and operating procedures. The effectiveness of each committee is also constantly reviewed by the Board.

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings can also be convened when circumstances require. If necessary, Board meetings may be conducted by way of telephone or video conferencing as permitted under Article 116 of the Company's Articles of Association which permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

For FY2015, the Company has held four meetings of the ARC, one meeting of the NC, five meetings of the RC and four meetings of the Board. The attendance of the Directors at meetings of the Board and Board committees as well as the frequency of such meetings, are disclosed below. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his attendance at meetings of the Board and/or committees. A Director's contribution may also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

Our Directors are provided with regular updates on changes in the relevant laws, regulations and changing commercial risks from time to time to enable them to make well-informed decisions and to ensure that our Directors are competent in carrying out their expected roles and responsibilities. The Board may also request further explanations, briefings or information on any aspect of the Company's operations or business issues from our Management. During the year, the Board was briefed and/or updated on the changes under the Code and on general duties and responsibilities of directors under the relevant legislation.

The Board ensures that all newly-appointed Directors undergo an orientation programme upon joining the Board to ensure that they understand their duties as directors and how to discharge such duties. New Directors are encouraged to visit our premises which display our equipment and to visit our subsidiaries in the region. The Group provides extensive background information about its history, mission, and values to its Directors. Meetings with key management are also conducted to familiarise the new Directors with the business activities, strategic directions, policies and corporate governance practices of the Group.

As part of the Company's continuing education programme policy for the Directors, Directors attending relevant seminars and courses conducted by the Singapore Institute of Directors and the Singapore Exchange Securities Limited ("**SGX-ST**") will be at the Company's expense.

Directors' Attendance at Board and Board Committee Meetings in FY2015

Name of Director	Board	ARC	NC	RC
	Number of Meetings held: 4	Number of Meetings held: 4	Number of Meetings held: 1	Number of Meetings held: 5
	Meetings attended	Meetings attended	Meetings attended	Meetings attended
Mr Tan Ah Lye	4/4	NA	NA	NA
Mr Tan Cheng Soon Don	4/4	NA	NA	NA
Mr Tan Cheng Guan	4/4	NA	NA	NA
Mr Tan Cheng Kwong	4/4	NA	NA	NA
Mr Hiroshi Takahashi	4/4	NA	NA	NA
Mr Hideki Okada	4/4	NA	NA	NA
Mr Yasuhiro Kakihara [1]	3/4	NA	NA	NA
Mr Yoshihiro Kawahara	4/4	4/4	1/1	5/5
Mr Yeo Yun Seng Bernard	4/4	4/4	1/1	5/5
Mr Tan Keh Yan Peter	4/4	4/4	1/1	5/5
Mr Renny Yeo Ah Kiang	4/4	4/4	1/1	5/5
Mr Soh Sai Kiang	4/4	4/4	1/1	5/5
Mr Hideyuki Morita [2]	–	–	–	–

[1] Yasuhiro Kakihara resigned as Non-Executive Director w.e.f. 31 July 2015.
[2] Hideyuki Morita has been appointed as Non-Executive Director w.e.f. 31 July 2015.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at the date of this report, the Board currently has twelve (12) Directors, comprising five (5) Executive Directors, three (3) Non-Executive Directors and four (4) Independent Directors, namely:

Name of Director	Position as at Date of Report	Date of First Appointment	Date of Last Re-election/ Re-appointment
Mr Tan Ah Lye	Non-Executive Chairman	31 October 2012	30 October 2014
Mr Tan Cheng Soon Don	Managing Director / Executive Director	30 November 1994	Not Applicable
Mr Tan Cheng Guan	Executive Director	1 July 1996	30 October 2014
Mr Tan Cheng Kwong	Executive Director	1 July 1996	31 October 2013
Mr Hiroshi Takahashi	Executive Director	25 May 2012	30 October 2014
Mr Hideki Okada	Executive Director	25 May 2012	31 October 2012
Mr Yoshihiro Kawahara	Non-Executive Director	1 April 2014	30 October 2014
Mr Hideyuki Morita	Non-Executive Director	31 July 2015	Not Applicable
Mr Yeo Yun Seng Bernard	Independent Director	21 December 2009	30 October 2014
Mr Tan Keh Yan Peter	Independent Director	21 December 2009	31 October 2013
Mr Renny Yeo Ah Kiang	Independent Director	21 December 2009	31 October 2013
Mr Soh Sai Kiang	Independent Director and Lead Independent Director	1 August 2012	31 October 2012

The Board considers that the current Board size (12) and number of Board committees are appropriate for effective decision-making, taking into account the scope and nature of the operations of the Group given that the current independent directors form one third of the Board's composition.

Our Management and our Company benefit from the Board's varied and objective perspectives on issues brought before it. The Board considers that its Directors possess the necessary skills, experience and knowledge to lead our Group effectively. The profiles of each of the Directors are provided on pages 18 to 22 of this annual report.

Mr Yeo Yun Seng Bernard, Mr Tan Keh Yan Peter, Mr Renny Yeo Ah Kiang, and Mr Soh Sai Kiang who are our Independent Directors, do not have any existing business or professional relationship with our Group, our Directors or substantial shareholders. Mr Yeo Yun Seng Bernard is the chairman of the ARC and is also a member of the NC and RC. Mr. Tan Keh Yan Peter is the chairman of the NC and is also a member of the ARC and RC. Mr Renny Yeo Ah Kiang is the chairman of the RC and is a member of the ARC and NC. Mr Soh Sai Kiang is the Lead Independent Director who is also a member of the ARC, NC and RC.

Our Non-Executive Director and our Independent Directors participate actively in the Board committees. They are free to request further clarification and also have separate and independent access to our Management. If necessary, our Non-Executive Directors and/or our Independent Directors may initiate meetings to address any specific matter involving any other member of our

Management. The Non-Executive Directors are also encouraged to meet without the presence of Management.

PRINCIPLE 3: CHAIRMAN AND THE MANAGING DIRECTOR

There is a clear separation of the roles and responsibilities of our Non-Executive Chairman and our Managing Director.

Our Non-Executive Chairman is responsible for achieving the Group's vision, overarching strategy and promoting the highest standards of corporate governance. He leads the Board to ensure its effectiveness on all aspects of its role and set its agenda. He also ensures the Directors receive accurate, timely and clear information and effective communication with shareholders. Our Non-Executive Chairman, amongst other duties, encourages constructive relations between the Board and Management and facilitates the effective contribution of non-Executive Directors.

Our Managing Director is responsible for the implementation and management of the Company's business.

Mr Soh Sai Kiang as the Lead Independent Director meets periodically with the Independent Directors without the presence of other Directors and after such meetings, he provides feedback to the Non-Executive Chairman. Mr Soh Sai Kiang is also available to shareholders, in respect of matters where they have concerns and for which, contact through the normal channels of the Non-Executive Chairman and the Managing Director may not be appropriate or have failed to resolve.

Although our Non-Executive Chairman and our Managing Director are immediate family members (father and son), the establishment of various board committees with the power and authority to perform key functions beyond the authority of, or without undue influence from the Non-Executive Chairman or the Managing Director, the appointment of the Lead Independent Director and various internal controls for effective Board oversight, the Board is of the view that there are adequate accountability safeguards to enable the Board to exercise independent decision making and to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has set up the NC to ensure that there is a formal and transparent process for the appointment of new directors to the Board. As at the date of this report, the NC consists of four (4) Independent Directors and a Non-Executive Director. Its members are Mr Tan Keh Yan Peter, Mr Renny Yeo Ah Kiang, Mr Yeo Yun Seng Bernard, Mr Soh Sai Kiang and Mr Hideyuki Morita. The Chairman of the NC is Mr Tan Keh Yan Peter. The NC is guided by its written terms of reference which clearly sets out its authority and duties. The NC is responsible for, *inter-alia*:

(i) reviewing and making recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment to the Board and on re-nomination of our Directors, taking into account the composition and progressive renewal of the Board and each Director's competencies, commitment, prior contribution and performance;

(ii) making recommendations to the Board on matters relating to the review of Board succession plans for directors, the development of a process for evaluating the performance of the Board, Board Committees and Directors and on the review of training programmes for the Board;

(iii) determining annually and as and when circumstances require whether or not a Director is independent;

(iv) deciding whether or not a Director with multiple board representation is able to and has been adequately carrying out his duties as a Director;

(v) assessing the performance of the Board, Board Committees and contribution of each Director to the effectiveness of the Board; and

(vi) reviewing and approving any new employment of related persons and the proposed terms of their employment.

The NC appraises the performance of the Board, Board Committees and the contribution of each Director to the effectiveness of the Board. The NC will decide how the Board's performance is to be evaluated and will propose objective performance criteria, subject to the approval of the Board, which will address how the Board has enhanced long-term shareholders' value. Each member of the NC is required to abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as Director.

Article 89 of the Company's Articles of Association requires one-third of the Directors, other than the Managing Director or a person holding such equivalent position, to retire and subject themselves to re-election by the shareholders at every Annual General Meeting of the Company ("**AGM**") ("**one-third rotation rule**"). The appointment of the Managing Director is for a fixed term of not exceeding three years. Retiring Directors are selected on the basis of their length of service since their last re-election, but as between persons, who became Directors on the same day, shall be selected by lot or by agreement. Pursuant to the one-third rotation rule, Mr Tan Cheng Kwong, Mr Hideki Okada and Mr Soh Sai Kiang will submit themselves for retirement and re-election by the shareholders at the forthcoming AGM.

According to Article 96 of the Company's Articles of Association, any person appointed either to fill casual vacancy or as addition to the Board shall hold office only until the next annual general meeting but shall then be eligible for re-election and not be taken into account in determining the Directors who are to retire under the one-third rotation rule. Pursuant to the said Article, Mr Hideyuki Morita will submit himself for retirement and re-election by the shareholders at the forthcoming AGM.

Pursuant to Section 153 of the Companies Act, Chapter 50, any person over the age of 70 years, may by an ordinary resolution passed at an annual general meeting of the Company be appointed/reappointed as a director of the Company to hold office or be authorized to continue in office as a director of the Company until the next annual general meeting of the Company. Mr Tan Ah Lye will submit himself for re-appointment as a Director of the Company by the shareholders at the forthcoming AGM.

The directorships, both present and those held over the preceding three (3) years in other listed companies by the Directors, as well as their other principal commitments[1], are as follows:

Name	Present directorships / other principal commitments	Past directorships
Mr Tan Ah Lye	Sin Heng Heavy Machinery Limited	Nil
Mr Tan Cheng Soon Don	Sin Heng Heavy Machinery Limited	Nil
Mr Tan Cheng Guan	Sin Heng Heavy Machinery Limited	Nil
Mr Tan Cheng Kwong	Sin Heng Heavy Machinery Limited	Nil
Mr Hiroshi Takahashi	Sin Heng Heavy Machinery Limited	Nil
Mr Hideki Okada	Sin Heng Heavy Machinery Limited	Nil
Mr Yoshihiro Kawahara	Sin Heng Heavy Machinery Limited	Nil
Mr Hideyuki Morita	Sin Heng Heavy Machinery Limited	Nil
Mr Yeo Yun Seng Bernard	Sin Heng Heavy Machinery Limited RH Petrogas Limited MFS Technology Ltd	UE E&C Ltd.
Mr Tan Keh Yan Peter	Sin Heng Heavy Machinery Limited Asia Enterprises Holding Limited Maxi-Cash Financial Services Corporation Ltd.	CHT (Holdings) Ltd
Mr Renny Yeo Ah Kiang[2]	Sin Heng Heavy Machinery Limited OEL (Holdings) Limited KayLim Resources Bhd.	Nil
Mr Soh Sai Kiang	Sin Heng Heavy Machinery Limited Artivision Technologies Ltd.	Nil

[1] Principal commitments as defined the Code include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporation, there are not normally considered principal commitments.

[2] Other principal commitment for Mr Renny Yeo Ah Kiang are:
- Member of the National Productivity and Continuing Education Council (NPCEC)
- Board Member of SPRING Singapore
- Chairman of The Singapore Accreditation Council (SAC) (SPRING)

The NC, from time to time, will also deliberate on whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Directors' number of listed company board representations and other principal commitments. To ensure the Directors who hold multiple board representations are able to and have been devoting sufficient time to discharge their responsibilities adequately, the NC and the Board have determined the maximum number of board representations on listed companies that their Directors may hold is five (5), including a board representations on the Company.

PRINCIPLE 5: BOARD PERFORMANCE

All Directors review and evaluate the performance and assess the effectiveness of the Board and Board Committees as a whole and the results of each assessment are considered by the NC, which has the responsibility of assisting the Board in the evaluation of the Board's and Board Committees' effectiveness. Factors such as the (1) structure and size of the Board and Board Committees, (2) manner in which the Board and Board Committees meetings are conducted, (3) Board and Board committees accountability, (4) process to review and approve the corporate strategy and planning, (5) Board's access to information, and (6) access to the Key Management to ensure the establishment of a risk management system and internal control are applied to evaluate the Board's, Board Committees' and each Director's performance. Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution in respect of the assessment of his own performance or re-nomination as a Director. The NC held one (1) meeting during FY2015.

The Company also has in place a formal process for assessment of the contribution by each Director to the effectiveness of the Board. The NC assesses each Director's performance and evaluates the Board's and Board Committees' performance as a whole annually using objective and appropriate quantitative and qualitative criteria, such as those factors above, which were recommended by the NC. In reviewing the overall Board performance, the NC also took into consideration the Board's ability to monitor Management's achievement of the strategic directions/objectives set and approved by the Board.

Assessment parameters for Directors' performance include their level of participation at Board and Board committee meetings and the quality of their contribution to Board processes and the business strategies and performance of the Group. The NC's evaluation of the individual Directors for FY2015 was facilitated this year with feedback from the NC members on areas relating to the Board's competencies and effectiveness. The results of the evaluation process were used by the NC, in its consultation with the Non-Executive Chairman to effect continuing improvements on Board processes.

PRINCIPLE 6: ACCESS TO INFORMATION

The Board is entitled and is free to request further clarification and also has separate and independent access to our Management, as well as to the Company Secretary. In the furtherance of their duties, Directors may consult independent professional advice, if necessary, at the Group's expense.

The Directors are provided with board papers and related materials ("**Board Papers**") before each meeting of the Board to enable them to be properly informed of matters to be discussed and/or approved. Board Papers contain regular items such as quarterly management and budget reports, information of the business and financial environment, risks faced by the Group as well as matters for the decision or information of the Board. From time to time, our Management will brief our Directors at Board meetings when there are changes in regulations and/or accounting standards which may have an impact on the disclosure obligations or the financial position of our Company. The Directors are entitled to request from Management any additional information as may be needed to make informed decisions.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

As at the date of this report, the RC consists of our four (4) Independent Directors and a Non-Executive Director. Its members are Mr Renny Yeo Ah Kiang, Mr Yeo Yun Seng Bernard, Mr Soh Sai Kiang, Mr Tan Keh Yan Peter and Mr Hideyuki Morita. The Chairman of the RC is Mr Renny Yeo Ah Kiang. The RC is guided by its written terms of reference which clearly sets out its authority and duties. The RC held five (5) meetings during FY2015.

The RC is responsible for (1) recommending to the Board a framework of remuneration for our Directors, Managing Director, Financial Controller and other Executive Officers whom the RC may decide from time to time, and (2) determining specific remuneration packages for each of them. Recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration including, but not limited to, directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. Each member of the RC is required to abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the RC with respect to his remuneration package. If a member of the RC has an interest in a matter being deliberated by the committee, he is required to abstain from participating in the review and the approval process of the RC in relation to that matter.

The RC also reviews the Company's obligations arising in the appointment, revision and amendments and termination of the Executive Directors and Key Management's contract of service, to ensure that such contracts of service contain fair and reasonable terms, and termination clauses which are not overly generous.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

In setting remuneration packages, the RC takes into account the respective performance of our Group and of each individual. In its deliberation, the RC takes into consideration remuneration packages, employment conditions within the industry and benchmarks against comparable companies and the report conducted by the external consulting firm, Hay Group, in FY2014.

No Director or member of the RC is involved in deciding his own remuneration, compensation, options or any form of benefits to be granted to him, except for providing information and documents specifically requested by the RC to assist in its deliberations.

The RC reviews the services contracts between an Executive Director and the Company to ensure it is comparable to industry standards before giving its recommendations to the Board.

The RC recognises that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company and should attract, retain and motivate the Directors to provide good stewardship of the Company and to ensure the Key Management successfully manages the Company. The Company links the remuneration paid to the Executive Directors and Key Management to the Company's and each individual performances, based on an annual appraisal and using indicators such as core values, competencies, key result areas, performance rating, and potential of the employees.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 9: DISCLOSURE OF REMUNERATION

Each of our Executive Directors has a service contract that covers a period of three years. All our Directors, except for Executive Directors, receive directors' fees for their responsibilities and contributions to the Board. The fees are subject to shareholders' approval at the AGM.

There is no employee of our Group who is an immediate family member of a Director or Substantial Shareholder whose remuneration exceeds S$50,000 for FY2015.

Having considered several factors, the Board is of the opinion that given the confidentiality of and commercial sensitivity attached to the remuneration matters and to be in line with the interest of the Company, the remuneration of each Director and Key Management will be disclosed in band-wide manner.

The following table shows a breakdown of the remuneration of our Executive Directors, Non-Executive Directors and Key Management in percentage terms for FY2015:

	Salary (%)	Bonus & profit sharing (%)	Shares Awarded (%)	Other Benefits (%)	Fees (%)	Total (%)
Executive Directors:						
S$1,250,001 to S$1,500,000						
Mr Tan Cheng Soon Don	52	42	–	6	–	100
S$1,000,001 to S$1,250,000						
Mr Tan Cheng Guan	45	43	–	12	–	100
Mr Tan Cheng Kwong	48	46	–	6	–	100
Below S$250,000						
Mr Hiroshi Takahashi	81	14	–	5	–	100
Mr Hideki Okada	80	13	–	7	–	100
Non-Executive Directors:						
Below S$250,000						
Mr Tan Ah Lye	–	–	–	14	86	100
Mr Yasuhiro Kakihara [(a) (c)]	–	–	–	–	100	100
Mr Yeo Yun Seng Bernard	–	–	–	–	100	100
Mr Tan Keh Yan Peter	–	–	–	–	100	100
Mr Renny Yeo Ah Kiang	–	–	–	–	100	100
Mr Soh Sai Kiang	–	–	–	–	100	100
Mr Yoshihiro Kawahara	–	–	–	–	100	100
Mr Hideyuki Morita [(b)]	–	–	–	–	–	–

	Salary (%)	Bonus & profit sharing (%)	Shares Awarded (%)	Other Benefits (%)	Fees (%)	Total (%)
Key Management:						
S$500,001 to S$750,000						
Mr William Teo Thiam Chuan	53	42	–	5	–	100
S$250,001 to S$500,000						
Mr Chen Fook Cheong	55	36	–	9	–	100
Mr Yang Yung Kang	53	42	–	5	–	100
Below S$250,000						
Mr Yeo See Liap John	67	8	–	24	–	100
Mr Tan Roh Tang	68	21	–	11	–	100

[a] Mr Yasuhiro Kakihara resigned as Non-Executive Director w.e.f. 31 July 2015.
[b] Mr Hideyuki Morita has been appointed as Non-Executive Director w.e.f. 31 July 2015.
[c] Save for the payment to be made to Mr Yasuhiro Kakihara, there are no termination, retirement and post-employment benefits that were granted to Mr Yasuhiro Kakihara.

The annual aggregate amount of the total remuneration paid/payable to the Directors and Key Management are approximately S$4,321,000 and S$1,566,000 respectively.

Share Award Scheme

The Company has in place an employee share option scheme which allows certain of its confirmed employees, non-Executive director (including independent directors), controlling shareholders or their associate and Executive director ("**Participants**") to participate in the Company's growth. It was introduced in order to motivate each Participant to optimize his performance standard, efficiency, maintain a high level of contribution to our Company and to retain key employees and directors to instill their loyalty and a stronger identification by the participants with the long-term prosperity of our Company. Up until 30 June 2015, the Company has not issued any options to the Participants.

PRINCIPLE 10: ACCOUNTABILITY

The Board is accountable to shareholders and the management is accountable to the Board. The Company recognizes that effective communication can highlight transparency and enhance accountability to its shareholders. The Company provides information to its shareholders via SGXNET announcements, news releases and the Company's website. Price-sensitive information is publicly released on an immediate basis where required under the Listing Manual. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that shareholders and the public have a fair access to the information.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

As part of the ongoing risk management process, Risk Management Working Team will conduct a risk assessment and evaluation periodically, when deemed appropriate, and provide for significant risks to be managed through regular reviews by the Management, Board and Board committees, adoption of adequate and cost-effective system of internal controls. The ARC reviews the Group's risk management process established by the Management to ensure that there are adequate internal controls in place to manage the significant risks identified.

The Board is responsible for the governance of risk and overall internal control framework and is fully aware of the value of a sound system of risk management and internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

As at the date of this Annual Report, the ARC has met with the Key Management, internal and external auditors to review the internal and external auditors' audit plans and the adequacy of risk management mechanisms implemented within the Group. As part the annual statutory audit on financial statements, the internal and external auditors also report to the ARC and the appropriate level of Management on any material weaknesses in financial internal controls over the areas which are significant to the audit.

The Board has received assurance from the Managing Director and the Financial Controller that the financial records have been properly maintained and the financial statements in this Annual Report give a true and fair view of the Company's operations and finances and that the Company's risk management and internal control systems are adequate and effective.

PRINCIPLE 12: AUDIT AND RISK COMMITTEE ("ARC")

As at the date of this report, the ARC consists of our four (4) Independent Directors and a Non-Executive Director. Its members are Mr Yeo Yun Seng Bernard, Mr Tan Keh Yan Peter, Mr Soh Sai Kiang, Mr Renny Yeo Ah Kiang and Mr Hideyuki Morita. The Chairman of the ARC is Mr Yeo Yun Seng Bernard. The ARC has sufficient financial management expertise and experience amongst its members to discharge its functions within its written terms of reference.

In accordance with the terms of reference adopted by the Audit and Risk Committee, the duties and powers of the Audit and Risk Committee include, *inter alia*:

(i) assisting the Board in the discharge of its responsibilities on financial and accounting matters;

(ii) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(iii) reviewing with the external auditors on the audit plans, including the nature and scope of the audit before the audit commences, audit report, Management letter and Management's response and evaluate the system of internal controls;

(iv) reviewing the quarterly, half-year and annual financial statements before submission to the Board for approval;

(v) discussing problems and concerns, if any, rising from the quarterly, interim and final audits, in consultation with the external auditors and internal auditors where necessary;

(vi) meeting with internal auditors and external auditors without the presence of the Management, at least annually, to discuss any problems and concerns they may have;

(vii) reviewing the effectiveness of the Company's internal audit function;

(viii) reviewing assistance given by Management to the internal auditors and external auditors;

(ix) reviewing annually the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the external auditors;

(x) reviewing the guidelines and procedures of interested person transactions falling within the scope of the SGX-ST Listing Manual;

(xi) overseeing of risk management; and

(xii) nominating external auditors for re-appointment.

The ARC held four (4) meetings during FY2015.

The ARC has reviewed the services provided by the external auditors during the current financial year, including the non-audit services, and is satisfied that the financial, professional and business relationships between the Company and the external auditors will not prejudice the independence and objectivity of the external auditors. It recommends the reappointment of the external auditors.

The total amount of fee paid to the external auditors for FY2015 is approximately S$153,900 out of which S$132,500 was for audit services and S$21,400 was for non-audit services.

The ARC is provided with regular updates on the changes to accounting standards and regulations to ensure that they are well-informed and competent in carrying out their expected roles and responsibilities.

There is no member of the ARC who was a former partner or director of the Company's existing auditing firm.

In appointing the audit firms for the Group, the ARC and the Board are satisfied that the appointment of different auditing firms for its subsidiaries or associated companies would not compromise the standard and effectiveness of the audit of the Company. The Group has complied with Rules 712 and 716 of the Listing Manual in relation to its Auditors.

In the opinion of the Directors, our Group complies with the Code's guidelines on audit committees.

Whistle-Blowing Policy

The Company has a Whistle Blowing Policy to encourage the reporting in good faith of suspected reportable conduct by establishing clearly defined processes through which such reports may be made, with the confidence that employees and other persons making such reports to the Director/manager or whistle blowing officers, will be treated fairly and, to the extent possible, protected from reprisal. There were no reports received through the Company's whistle-blowing mechanism during FY2015.

PRINCIPLE 13: INTERNAL AUDIT

The ARC is responsible for (1) establishing an independent internal audit function, (2) reviewing the internal audit program and ensuring coordination between internal auditors, external auditors and our Management, and (3) ensuring that the internal auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies.

The Company outsources its internal audit function to professional accounting firm to carry out the internal audit covering the review of key internal controls in selected areas and financial risks affecting the operations, as advised by the ARC and our Management. The appointed internal auditor reports directly to the ARC and assists the Board in monitoring and managing risks and internal controls of the Group. The ARC is of the opinion that the appointed audit firm is adequately resourced with qualified personnel to discharge its responsibilities.

The ARC noted that the systems of internal control under review are generally adequate. The ARC, in conjunction with management and the Board continues to review the reports submitted by the internal auditors and the external auditors, so that improvements can be implemented where internal control weaknesses have been identified.

PRINCIPLE 14: SHAREHOLDER RIGHTS

The Company is committed to treating all shareholders fairly and equitably and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company strives to facilitate the exercise of ownership rights by all shareholders and to keep them sufficiently informed of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares. The Company also ensures that its shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders by providing information on the rules, including voting procedures that govern general meetings of shareholders.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

The Company adopts the practice of regularly communicating major developments in its businesses and operations through SGXNET and, where appropriate, directly to shareholders, other investors, analysts, the media, the public and its employees. Our Management is committed to regular and proactive communication with shareholders in line with continuous disclosure obligations of the Group according to the Listing Manual of the SGX-ST.

Management is tasked with the focuses on facilitating communications between the Company and its shareholders with timely disclosures of material and pertinent information through regular news release and announcements to the SGX-ST. During the year, the IR team and the Management have taken steps to solicit and understand the views of the shareholders through analyst briefings.

The Company makes available all its financial Information, its annual reports, briefing materials on a timely basis through:

- SGXNET announcements and news releases; and
- The Company's website at www.sinheng.com.sg, where shareholders can access information and the corporate profile of the Group.

PRINCIPLE 16: GREATER SHAREHOLDER PARTICIPATION

Shareholders of the Company receive notices of general meetings which are also advertised in a major newspaper and issued via SGXNET. The Board recognises that the AGM is an important forum at which shareholders have the opportunity to communicate their views and raise any queries with the Board and the Management regarding the Company and its operations. The participation of shareholders is encouraged at the Company's AGM. The Board, including chairmen of the ARC, RC and NC, the Lead Independent Director, and the Key Management will be available at the forthcoming AGM to answer questions. The external auditors will also be present to assist the Directors in addressing any relevant queries from the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

At general meetings, separate resolutions are set out on distinct issues for approval by shareholders.

PRINCIPLE 17: CODE ON DEALING IN SECURITIES, INTERESTED PERSON TRANSACTIONS POLICY, ETC.

17.1 Dealings in Securities

Our Group has adopted a set of code in relation to dealings in our Company's securities to all our officers pursuant to the SGX-ST Listing Manual. This has been made known to our officers. In particular, our Company and our officers are not allowed to deal in our Company's securities during the period commencing two weeks before the announcement of our Group's financial results for each of the first three quarters of its financial year, or one month before the announcement of our Group's full year financial results, and ending on the date of the announcements of the relevant results or when they are no longer in possession of any unpublished price sensitive information of our Group. Our officers are also advised not to deal in our Company's securities on short-term consideration and should be mindful of the law pertaining to insider trading.

17.2 Interested Person Transactions

Our Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC and that transactions are conducted on an arm's length basis on terms that are not prejudicial to the interests of our shareholders.

Details of the interested person transactions entered into by the Group for FY2015 as required to be disclosed pursuant to Rule 1207(17) of the Listing Manual of the SGX-ST are set out as below:-

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)
PT. Toyota Tusho Indonesia	Nil	S$735,442

17.3 Use of Proceeds

From the issuance of 114,805,000 new ordinary shares of S$0.16 each via rights issue on 19 August 2013, the Company had raised a total net proceeds of approximately S$17.9 million (after deducting rights issues expenses of about S$0.5 million) ("**Net Proceeds**"). As at the date of this report, the Net Proceeds was fully utilised as follows:

Intended use as per the Offer Information Statement	Amount Allocated	Amount Utilised as at the date of this report	Balance Amount
Expansion of the Group's business and operation	S$9.0 million	S$9.0 million	–
Reducing the levels of leverage of the Group	S$5.0 million	S$5.0 million	–
Group's general corporate and working capital	S$3.9 million	S$3.9 million	–
Net Proceeds	S$17.9 million	S$17.9million	–

The breakdown of the working capital of S$3.9 million utilised was as followed:

Staff costs: S$2.1 million
Operating expenses: S$1.8 million

FINANCIAL CONTENTS

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2015.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Tan Ah Lye
Tan Cheng Soon Don
Tan Cheng Guan
Tan Cheng Kwong
Yeo Yun Seng, Bernard
Tan Keh Yan, Peter
Renny Yeo Ah Kiang
Hiroshi Takahashi
Hideki Okada
Soh Sai Kiang
Yoshihiro Kawahara
Hideyuki Morita (Appointed on 31 July 2015)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of directors or nominees		Shareholdings in which directors are deemed to have an interest	
Name of directors and companies in which interest are held	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
The Company (Ordinary Shares)				
Tan Ah Lye	–	–	161,366,000	161,366,000

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(cont'd)*

By virtue of Section 7 of the Companies Act, Mr Tan Ah Lye is deemed to have an interest in the Company and all the related corporations of the Company as at 30 June 2015.

The directors' interests in the shares and options of the Company at 21 July 2015 were the same at 30 June 2015.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest except as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacities as directors and/or executives of those related corporations.

5 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the Company, consisting of all non-executive directors, is chaired by Mr Yeo Yun Seng, Bernard, an independent director, and includes Mr Tan Keh Yan, Peter, an independent director, Mr Hideyuki Morita, a non-independent director, Mr Soh Sai Kiang, an independent director and Mr Renny Yeo Ah Kiang, an independent director. The Audit and Risk Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

6 AUDIT AND RISK COMMITTEE *(cont'd)*

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

e) the co-operation and assistance given by the management to the Group's external auditors; and

f) the re-appointment of the external auditors of the Group.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

Based on the reports from the internal and external auditors and concurrence of the Audit and Risk Committee, the Board is of the opinion that there were adequate internal controls to address the financial, operational, compliance and information technology controls, and risk management systems as at 30 June 2015 for the nature and size of the Group's assets and ensure the integrity of the financial statements. The management continues to focus on improving the standard of internal controls, corporate governance and the mitigation of high risk areas.

The system of internal controls established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Audit and Risk Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Tan Cheng Soon Don

Tan Cheng Kwong

30 September 2015

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 47 to 105 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2015, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Tan Cheng Soon Don

Tan Cheng Kwong

30 September 2015

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SIN HENG HEAVY MACHINERY LIMITED

Report of the Financial Statements

We have audited the accompanying financial statements of Sin Heng Heavy Machinery Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 47 to 105.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SIN HENG HEAVY MACHINERY LIMITED

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

30 September 2015

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	45,391	55,943	16,018	38,812
Trade receivables	8	37,579	46,153	65,550	73,874
Other receivables and prepayments	9	1,943	1,615	9,136	10,981
Derivative financial instruments	10	117	162	24	162
Inventories	11	17,404	18,914	6,810	8,445
Total current assets		102,434	122,787	97,538	132,274
Non-current assets					
Property, plant and equipment	12	122,099	115,357	49,813	48,328
Investment in subsidiaries	13	–	–	14,200	3,807
Investment in associates	14	2,568	4,368	1,200	3,318
Available-for-sale investments	15	519	695	519	695
Other assets	16	63	10	63	10
Total non-current assets		125,249	120,430	65,795	56,158
Total assets		227,683	243,217	163,333	188,432
LIABILITIES AND EQUITY					
Current liabilities					
Bills payable	17	54,093	70,447	54,093	70,447
Current portion of bank loans	18	1,400	617	400	617
Trade payables	19	2,190	3,040	1,478	2,101
Other payables	20	5,212	7,145	3,622	2,928
Current portion of finance leases	21	6,544	6,551	3,815	3,468
Income tax payable		2,256	2,712	–	1,301
Total current liabilities		71,695	90,512	63,408	80,862

STATEMENTS OF FINANCIAL POSITION (cont'd)
AS AT 30 JUNE 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current liabilities					
Bank loans	18	2,300	700	300	700
Finance leases	21	12,813	15,505	6,501	5,536
Deferred tax liabilities	22	8,565	8,727	4,917	5,410
Total non-current liabilities		23,678	24,932	11,718	11,646
Capital and reserves					
Share capital	23	41,846	41,846	41,846	41,846
Retained earnings		91,817	86,695	46,593	54,157
Treasury shares	24	(83)	(54)	(83)	(54)
Translation reserves		(1,861)	(643)	–	–
Fair value reserve		(149)	(25)	(149)	(25)
Capital reserve		(711)	(402)	–	–
Total equity attributable to owners of the Company		130,859	127,417	88,207	95,924
Non-controlling interest		1,451	356	–	–
Total equity		132,310	127,773	88,207	95,924
Total liabilities and equity		227,683	243,217	163,333	188,432

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 30 JUNE 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	25	177,818	213,102
Cost of sales		(146,086)	(180,809)
Gross profit		31,732	32,293
Other operating income	26	4,811	3,928
Selling expenses		(2,334)	(2,036)
Administrative expenses		(16,535)	(13,633)
Other operating expenses		(995)	(1,668)
Finance costs	27	(1,641)	(1,635)
Share of results of associates	14	318	(416)
Profit before income tax		15,356	16,833
Income tax expense	28	(3,336)	(3,002)
Profit for the year	29	12,020	13,831
Profit attributable to:			
Owners of the Company		11,436	13,807
Non-controlling interest		584	24
		12,020	13,831
Earnings per share (cents):			
Basic	30	1.99	2.47
Diluted	30	1.99	2.47

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2015

	Note	Group 2015 $'000	Group 2014 $'000
Profit for the year	29	12,020	13,831
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(1,438)	(174)
Transfer to profit or loss from equity on disposal of available-for-sale investments		(87)	–
Fair value (loss) gain on available-for-sale investments		(37)	9
Other comprehensive income for the year, net of tax		(1,562)	(165)
Total comprehensive income for the year		10,458	13,666
Total comprehensive income attributable to:			
Owners of the Company		10,094	13,642
Non-controlling interest		364	24
		10,458	13,666

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2015

	Share capital $'000	Treasury shares $'000	Fair value reserve $'000	Translation reserves $'000	Capital reserve $'000	Retained earnings $'000	Attributable to equity holders of the Company $'000	Non-controlling interest $'000	Total $'000
Group									
Balance at 1 July 2013	23,969	(54)	(34)	(469)	–	77,480	100,892	298	101,190
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	13,807	13,807	24	13,831
Other comprehensive income for the year	–	–	9	(174)	–	–	(165)	–	(165)
Total	–	–	9	(174)	–	13,807	13,642	24	13,666
Transactions with owners, recognised directly in equity									
Effects of acquiring non–controlling interest in a subsidiary (Note 13)	–	–	–	–	(402)	–	(402)	34	(368)
Dividends paid (Note 31)	–	–	–	–	–	(4,592)	(4,592)	–	(4,592)
Issue of share capital (Note 23)	17,877	–	–	–	–	–	17,877	–	17,877
Total	17,877	–	–	–	(402)	(4,592)	12,883	34	12,917
Balance at 30 June 2014	41,846	(54)	(25)	(643)	(402)	86,695	127,417	356	127,773
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	11,436	11,436	584	12,020
Other comprehensive income for the year	–	–	(124)	(1,218)	–	–	(1,342)	(220)	(1,562)
Total	–	–	(124)	(1,218)	–	11,436	10,094	364	10,458
Transactions with owners, recognised directly in equity									
Effects of acquiring non-controlling interest in a subsidiary (Note 13)	–	–	–	–	71	–	71	(356)	(285)
Non-controlling interest arising from issue of share capital in a subsidiary (Note 13)	–	–	–	–	(380)	–	(380)	1,087	707
Dividends paid (Note 31)	–	–	–	–	–	(6,314)	(6,314)	–	(6,314)
Repurchase of shares	–	(29)	–	–	–	–	(29)	–	(29)
Total	–	(29)	–	–	(309)	(6,314)	(6,652)	731	(5,921)
Balance at 30 June 2015	41,846	(83)	(149)	(1,861)	(711)	91,817	130,859	1,451	132,310

STATEMENTS OF CHANGES IN EQUITY (cont'd)
YEAR ENDED 30 JUNE 2015

	Share capital $'000	Treasury shares $'000	Fair value reserve $'000	Retained earnings $'000	Total $'000
Company					
Balance at 1 July 2013	23,969	(54)	(34)	54,476	78,357
Total comprehensive income for the year					
Profit for the year	–	–	–	4,273	4,273
Other comprehensive income for the year	–	–	9	–	9
Total	–	–	9	4,273	4,282
Transactions with owners, recognised directly in equity					
Dividends paid (Note 31)	–	–	–	(4,592)	(4,592)
Issue of share capital (Note 23)	17,877	–	–	–	17,877
Total	17,877	–	–	(4,592)	13,285
Balance at 30 June 2014	41,846	(54)	(25)	54,157	95,924
Total comprehensive loss for the year					
Loss for the year	–	–	–	(1,250)	(1,250)
Other comprehensive income for the year	–	–	(124)	–	(124)
Total	–	–	(124)	(1,250)	(1,374)
Transactions with owners, recognised directly in equity					
Dividends paid (Note 31)	–	–	–	(6,314)	(6,314)
Repurchase of shares	–	(29)	–	–	(29)
Total	–	(29)	–	(6,314)	(6,343)
Balance at 30 June 2015	41,846	(83)	(149)	46,593	88,207

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2015

	Group	
	2015 $'000	2014 $'000
Operating activities		
Profit before income tax	15,356	16,833
Adjustments for:		
Unrealised fair value loss (gain) from derivative financial instruments	45	(444)
Share of associates' results	(318)	416
Depreciation of property, plant and equipment	11,637	10,273
Allowance for doubtful debts	21	24
Interest expense	1,641	1,635
Interest income	(204)	(163)
Net unrealised foreign exchange adjustment	33	(85)
Bad debt written off	157	243
Bad debt written back	(46)	(10)
Gain on disposal of investment in an associate	(345)	–
Gain on disposal of property, plant and equipment	(933)	(474)
Gain on disposal of available-for-sale investments	(88)	–
Property, plant and equipment written off	15	5
Operating cash flows before movements in working capital	26,971	28,253
Trade receivables	7,738	(1,590)
Other receivables and prepaid expenses	(363)	412
Inventories	1,579	4,896
Trade payables	588	(1,543)
Other payables	(836)	(3,988)
Cash generated from operations	35,677	26,440
Income tax paid	(3,795)	(1,607)
Net cash from operating activities	31,882	24,833
Investing activities		
Proceeds from capital reduction of investment in an associate (Note 14)	2,118	–
Proceeds from disposal of investment in an associate (Note 14)	345	–
Proceeds from disposal of available-for-sale investments	140	–
Interest received	204	163
Purchase of property, plant and equipment (Note A)	(20,600)	(12,863)
Purchase of club membership	(53)	–
Proceeds from disposal of property, plant and equipment	3,899	3,279
Acquisition of non-controlling interest in a subsidiary (Note 13)	–	(368)
Net cash used in investing activities	(13,947)	(9,789)

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
YEAR ENDED 30 JUNE 2015

	Group	
	2015 $'000	2014 $'000
Financing activities		
Bills payable	(16,354)	23,055
Dividends paid	(6,314)	(4,592)
Interest paid	(1,641)	(1,635)
Repayment of obligations under finance leases	(8,644)	(13,540)
Proceeds from finance leases	2,881	705
Repayment of bank loans	(617)	(7,862)
Proceeds from bank loans	3,000	300
Proceeds from rights issue	–	18,369
Purchase of treasury shares	(29)	–
Share issue expenses pursuant to rights issue	–	(492)
Net cash (used in) from financing activities	(27,718)	14,308
Net (decrease) increase in cash and cash equivalents	(9,783)	29,352
Cash and cash equivalents at beginning of year	55,943	26,684
Effect of exchange rate changes on the cash and cash equivalents held in foreign currencies	(769)	(93)
Cash and cash equivalents at end of year (Note 7)	45,391	55,943

Note A

During the financial year ended 30 June 2015, the Group acquired property, plant and equipment (including inventory that are purchased and transferred to property, plant and equipment in the current year) with an aggregate cost of $24,551,065 (2014 : $21,003,803) for which $3,951,287 (2014 : $8,140,533) were acquired under finance leases (Note 21).

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration No. 198101305R) is incorporated in Singapore with its registered office and principal place of business at 26 Gul Road, Singapore 629346. The Company was listed on the Singapore Exchange Securities Trading Limited on 3 February 2010. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are those of hiring and dealing in cranes and heavy machinery and provision of facilities and custody services. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2015 were authorised for issue by the Board of Directors on 30 September 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entity, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

ADOPTION OF NEW AND REVISED STANDARDS – On 1 July 2014, the Group adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

Other than the additional disclosures, the application of FRS 112 has not had any material impact on the amounts recognised in the consolidated financial statements.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group were issued but not effective:

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)
- Improvements to Financial Reporting Standards (November 2014)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

FRS 109 will take effect for companies with financial years beginning on or after 1 Janauary 2018, with retrospective application subject to transitional provisions. The management is currently evaluating the potential impact of the application of FRS 109 on the financial statements of the Group and the Company in the period of initial adoption.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue,* FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contracts with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. In addition, extensive disclosures are required by FRS 115.

FRS 115 will take effect for companies with financial year beginning on or after 1 January 2018, with retrospective application required.

The Group is currently assessing the effects of FRS 115 in the period of initial adoption.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments – An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes.

The amendments to FRS 1 are effective for companies with annual periods beginning on or after 1 January 2016, with retrospective application subject to transitional provisions. The Group is currently assessing the potential impact of amendments to FRS 1 in the period of initial adoption.

Improvements to Financial Reporting Standards (January and February 2014)

The following amendments apply for annual periods beginning on or after July 1, 2014.

Standard	Topic	Key amendment
FRS 108 *Operating Segments*	Aggregation of Operating Segments	Amendments require an entity to disclose the judgement made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'.
	Reconciliation of the total of the reportable segments' assets to the entity's assets	Clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.
FRS 24 *Related Party Disclosures*	Key Management Personnel	Clarifies that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However disclosure of the components for such compensation is not required.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Standard	Topic	Key amendment
FRS 113 *Fair Value Measurement*	Scope of portfolio exception	The scope of the portfolio exception for measuring the fair value of a Group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with FRS 39, even if those contracts do not meet the definitions of financial assets or financial liabilities within FRS 32. The amendment must be applied prospectively from the beginning of the annual period in which FRS 113 was initially applied.

The Group does not expect the application of Improvements to Financial Reporting Standards (January and February 2014) to have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including: -

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions of the acquirer in accordance with FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits and are subject to an insignificant risk of changes in value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Available-for-sale financial assets

Certain shares held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised directly in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of the liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risk of changes in foreign exchange rates and interest rates.

The Group uses derivative financial instruments (primarily foreign exchange forward contracts) to hedge significant future transactions and cash flows in the management of its exchange rate exposures. The Group does not use any financial derivative instrument to manage its interest rates exposure. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the trade date, and are remeasured to fair value at the end of each reporting period. All changes in fair value are taken to profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

INVENTORIES – Inventories, comprising mainly cranes and aerial lifts, are stated at the lower of cost and net realisable value. For purchase inventories, cost of cranes and aerial lifts is determined on specific identification cost basis and comprises the costs of purchase and other costs incurred in bringing the inventories to their present location and condition. For inventories transferred from property, plant and equipment with the intention to sell, the deemed cost of the inventories are their net carrying value at the date of change in use. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment loss.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than freehold land which is not depreciated, over their estimated useful lives, using the straight-line method, on the following bases:

Workshop building	–	over lease period of 25 years
Cranes	–	6.67%
Aerial lifts	–	10%
Motor vehicles	–	20%
Plant and equipment	–	10 to 20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment, other than for cranes and aerial lifts that are transferred to inventories, is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. The sales consideration and deemed cost of cranes and aerial lifts that are transferred to inventories and subsequently disposed of are recognised as revenue and cost of sales respectively when the cranes and aerial lifts are transferred to the customer.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

IMPAIRMENT OF NON-FINANCIAL ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

ASSOCIATES – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the group retains an interest in the former associate and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services is recognised upon completion and delivery of services to the customers.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(cont'd)*

(a) *Critical judgements in applying the entity's accounting policies*

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements, except for those involving estimation uncertainties as disclosed below.

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' estimated useful lives as set out in Note 2 to the financial statements. As described in Note 2, the Group reviews the estimated useful life of property, plant and equipment at the end of each annual reporting period. Changes in future usage and technological development can impact the economic useful lives of these assets with consequential impact on future depreciation charge.

The net carrying amounts of classes of property, plant and equipment are stated in Note 12 to the financial statements.

Impairment of property, plant and equipment

Where there are indications of impairment of its assets, the management estimates the recoverable amounts of these assets to determine the extent of the impairment loss, if any. The recoverable amounts of these assets are determined based on the higher of fair value less cost to sell and value in use. The carrying amount of property, plant and equipment at the end of the reporting period is disclosed in Note 12 to the financial statements.

Allowance for inventories

In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by management based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations of price or cost, seasonality, or any inventories on hand that may not be realised, as a result of events occurring after the end of the financial year to the extent that such events confirm conditions existing at the year end. The carrying amount of inventories is stated in Note 11 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(cont'd)*

Allowance for trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at the initial recognition). The carrying amounts of trade and other receivables are stated in Notes 8 and 9 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Financial assets				
Derivative financial instruments at fair value	117	162	24	162
Available-for-sale investments at fair value	519	695	519	695
Loans and receivables at amortised cost:				
Cash and cash equivalents	45,391	55,943	16,018	38,812
Trade receivables	37,579	46,153	65,550	73,874
Other receivables	528	355	8,853	10,605
	84,134	103,308	90,964	124,148
Financial liabilities				
Amortised cost:				
Bills payable	54,093	70,447	54,093	70,447
Bank loans	3,700	1,317	700	1,317
Trade payables	2,190	3,040	1,478	2,101
Other payables	5,212	7,145	3,622	2,928
Finance leases	19,357	22,056	10,316	9,004
	84,552	104,005	70,209	85,797

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

(b) *Financial risk management policies and objectives*

The financial risk management of the Group is handled by management of the Company as part of the operations of the Group. Management seeks to mitigate risk through monitoring of exposures to financial risks arising on the normal course of operations. The Group may enter into foreign exchange forward contracts to mitigate its foreign exchange exposure from time to time.

(i) Credit risk management

The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

As at 30 June 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is represented by the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

At the end of the reporting period, there is no significant concentration of credit risk except for trade balances due from 4 major customers amounting to $10,334,407 (2014 : 5 major customers amounting to $21,053,000). Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Cash and fixed deposits are placed with reputable financial institutions which are regulated.

(ii) Interest rate risk management

The Group's exposure to changes in interest rates relates primarily to interest-bearing bills payable and bank loans as disclosed in Notes 17 and 18 for which interest rates are subject to fluctuation.

The impact of fluctuations in short-term interest rates on cash balances is relatively insignificant.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 30 June 2015 would decrease/increase by $634,000 (2014: decrease/increase by $627,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(iii) Foreign currency risk management

The Group operates internationally, giving rise to market risk from changes in foreign exchange risks. As far as possible, the Group relies on natural hedge of matching foreign currency denominated assets and liabilities of the same currency.

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies, are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Japanese yen	6,082	2,052	7,212	17,766	3,289	2,052	7,212	17,766
Malaysian Ringgit	202	1,299	–	–	202	1,299	–	–
Singapore dollars	2,024	1,625	–	–	–	–	–	–
United States dollars	7,634	1,083	73	59	3	5	–	–

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, profit for the year will increase (decrease) by:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Impact arising from				
Japanese yen	113	1,571	392	1,571
Malaysian Ringgit	(20)	(130)	(20)	(130)
Singapore dollars	(202)	(163)	–	–
United States dollars	(756)	(102)	*	(1)

* Denotes amount less than $1,000

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, profit for the year will (increase) decrease by the same amounts.

(iv) Liquidity risk management

Liquidity risk refers to the risk in which the Group may not be able to meet its short-term obligations. The Group maintains sufficient cash and cash equivalents and internally generated cash flows to finance their activities. The Group has adequate credit facilities to meet all its operational requirements.

Liquidity and interest risk analysis

Non-derivative financial liabilities

The following table details the Group's contracted maturities for non-derivative financial liabilities. The table below has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability at the end of the reporting period.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

	Weighted average effective interest rate %	Repayable on demand or within 1 year $'000	Within 2 to 5 years $'000	Adjustment $'000	Total $'000
Group					
At 30 June 2015					
Non-interest bearing	–	7,402	–	–	7,402
Finance leases (fixed rate)	4.48	7,316	13,701	(1,660)	19,357
Variable interest rate instruments	1.24	56,166	2,359	(732)	57,793
		70,884	16,060	(2,392)	84,552
At 30 June 2014					
Non-interest bearing	–	10,185	–	–	10,185
Finance leases (fixed rate)	4.14	7,523	16,952	(2,419)	22,056
Variable interest rate instruments	1.00	71,622	715	(573)	71,764
		89,330	17,667	(2,992)	104,005
Company					
At 30 June 2015					
Non-interest bearing	–	5,100	–	–	5,100
Finance leases (fixed rate)	3.06	4,129	6,903	(716)	10,316
Variable interest rate instruments	1.16	55,097	302	(606)	54,793
		64,326	7,205	(1,322)	70,209
At 30 June 2014					
Non-interest bearing	–	5,029	–	–	5,029
Finance leases (fixed rate)	3.29	3,731	5,963	(690)	9,004
Variable interest rate instruments	1.00	71,622	715	(573)	71,764
		80,382	6,678	(1,263)	85,797

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

Non-derivative financial assets

All the non-derivative financial assets are repayable within one year and non-interest bearing (Notes 8 and 9), except for short-term interests on cash balances (Note 7) and loan to associate (Note 9) which are relatively insignificant to the Group and the Company.

Derivative financial instruments

The Group's derivative financial instruments comprise foreign exchange forward contracts amounting to $ 117,000 asset (2014 : $167,000 asset) and $nil liability (2014 : $5,000 liability) with contracted cash flows all due within one year (2014 : due within one year) (Note 10).

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to financial statements.

The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following level:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There was no transfer between Level 1 and Level 2 of the fair value hierarchy in the period.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets				
2015				
Group and Company				
Available-for-sale investments:				
– Quoted equities	519	519	–	–
Derivative financial instruments	117	–	117	–
Total	636	519	117	–
Financial assets				
2014				
Group and Company				
Available-for-sale investments:				
– Quoted equities	695	695	–	–
Derivative financial instruments	162	–	162	–
Total	857	695	162	–

(c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consisted of debts (which include e.g. bills payable, bank borrowings and finance leases as disclosed in Notes 17, 18 and 21 respectively) and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

As a part of the review of capital structure, management considers the cost of capital and the risks associated with each source of financing. The management of capital structure includes making decisions relating to payment of dividends and the redemption of existing loans. The Group's overall strategy remains unchanged from 2014.

5 RELATED COMPANY TRANSACTIONS

Related companies in these financial statements refer to members of the Company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless stated otherwise.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements and terms thereof are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

During the year, the Group entities entered into the following transactions with related parties:

	Group	
	2015 $'000	2014 $'000
Associate		
Rental income	12	12
Servicing income	506	165
Interest income	8	–

Compensation of directors and key management personnel

The remuneration of directors and other members of key management are as follows:

	Group	
	2015 $'000	2014 $'000
Short-term benefits	5,772	4,459
Post-employment benefits	115	122
	5,887	4,581

The remuneration of directors and key management is determined by the remuneration committee having regard the performance of individuals and market trends.

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash at bank	43,689	53,202	16,015	38,812
Cash on hand	143	61	3	–
Fixed deposits	1,559	2,680	–	–
	45,391	55,943	16,018	38,812

As at 30 June 2015, fixed deposits bore average interest at 4% per annum (2014: 4% per annum), for a tenure of approximately 1 month (2014: 1 month).

8 TRADE RECEIVABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Outside parties	37,260	46,211	16,669	34,235
Associates	372	–	372	–
Subsidiaries (Note 13)	–	–	48,509	39,639
	37,632	46,211	65,550	73,874
Less: Allowance for doubtful debts – outside parties	(53)	(58)	–	–
	37,579	46,153	65,550	73,874

The credit period ranges from 30 to 90 days for the years ended 30 June 2015 and 2014. No interest is charged on the outstanding trade receivables.

The table below is an analysis of trade receivables as at the end of the reporting period:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Not past due and not impaired	24,021	35,655	25,978	36,956
Past due but not impaired:				
Less than 3 months	8,872	7,421	15,774	11,861
More than 3 months and less than 12 months	4,686	3,077	23,798	25,057
	37,579	46,153	65,550	73,874
Impaired receivables – individually assessed	53	58	–	–
Less: Allowance for impairment	(53)	(58)	–	–
	–	–	–	–
Total trade receivables, net	37,579	46,153	65,550	73,874

8 TRADE RECEIVABLES *(cont'd)*

Movements in the allowance for doubtful debts in respect of trade receivables

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Balance at beginning of the year	58	160	–	–
Increase in allowance recognised in profit or loss	21	24	–	–
Amount written off during the year	(3)	(120)	–	–
Amount written back during the year	(25)	–	–	–
Exchange differences	2	(6)	–	–
Balance at end of the year	53	58	–	–

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Other than the Group's 4 major customers (2014 : 5 major customers) as disclosed in Note 4, the concentration of credit risk is limited due to the customer base being diverse and unrelated. Accordingly, management believes that there is no further allowance required in excess of the allowance for doubtful debts. The Group does not hold any collateral over these balances.

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Subsidiaries (Note 13)	–	–	8,394	10,478
Associate	200	–	200	–
Deposits	257	276	219	80
Prepayments	1,415	1,260	283	376
Sundry debtors	71	79	40	47
	1,943	1,615	9,136	10,981

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

The amount due from an associate is unsecured, bears interest of 8% per annum and repayable on demand.

All other receivables as at year end are within their cash collection cycles and are not past due, and there has not been a significant change in credit quality.

10 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2015		2014	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Foreign currency forward contracts	117	–	167	5

	Company			
	2015		2014	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Foreign currency forward contracts	24	–	167	5

The Group utilises foreign currency forward contracts to purchase and sell Singapore dollar, Malaysian Ringgit, United States dollar and Japanese yen in the management of its exchange rate exposures.

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

	Group		Company	
	2015	2014	2015	2014
Sell SGD'000	18,466	34,605	18,466	34,065
Sell MYR'000	6,200	13,428	–	13,428
Sell JPY'000	20,800	–	20,800	–
Buy SGD'000	2,529	5,183	229	5,183
Buy JPY'000	1,679,000	2,821,270	1,679,000	2,821,270

The fair value of the derivative financial assets and liabilities fall under level 2 of the fair value hierarchy. The fair values of these foreign currency forward contracts are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates.

The changes in fair value of the forward foreign exchange contracts loss amounting to $45,000 (2014 : foreign exchange contract gain $444,000) have been taken up in profit or loss.

11 INVENTORIES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cranes and aerial lifts	17,404	18,914	6,810	8,445

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Workshop building $'000	Cranes $'000	Aerial lifts $'000	Motor vehicles $'000	Plant and equipment $'000	Total $'000
Group							
Cost:							
At 1 July 2013	3,196	3,951	122,343	16,467	3,797	1,652	151,406
Additions	500	–	2,912	103	682	376	4,573
Transfer from inventories	–	–	14,485	5,237	–	–	19,722
Transfer to inventories	–	–	(15,651)	(3,182)	–	–	(18,833)
Disposals	–	–	(3,322)	(2)	(1)	–	(3,325)
Written off	–	–	–	–	–	(102)	(102)
Exchange differences	(91)	–	(1,090)	(38)	(27)	(11)	(1,257)
At 30 June 2014	3,605	3,951	119,677	18,585	4,451	1,915	152,184
Additions	–	–	6,958	263	1,667	683	9,571
Transfer from inventories	–	–	21,594	3,048	–	–	24,642
Transfer to inventories	–	–	(7,739)	(4,146)	–	–	(11,885)
Disposals	–	–	(2,878)	(388)	(1,601)	(2)	(4,869)
Written off	–	–	–	–	–	(28)	(28)
Exchange differences	(301)	–	(3,438)	(105)	(100)	(54)	(3,998)
At 30 June 2015	3,304	3,951	134,174	17,257	4,417	2,514	165,617
Accumulated depreciation:							
At 1 July 2013	–	2,055	24,783	2,919	1,987	1,118	32,862
Depreciation for the year	–	158	7,584	1,758	617	156	10,273
Transfer to inventories	–	–	(4,997)	(588)	–	–	(5,585)
Disposals	–	–	(520)	–	–	–	(520)
Written off	–	–	–	–	–	(97)	(97)
Exchange differences	–	–	(87)	(9)	(8)	(2)	(106)
At 30 June 2014	–	2,213	26,763	4,080	2,596	1,175	36,827
Depreciation for the year	–	158	8,581	1,828	793	277	11,637
Transfer to inventories	–	–	(1,048)	(1,107)	–	–	(2,155)
Disposals	–	–	(655)	(86)	(1,162)	–	(1,903)
Written off	–	–	–	–	–	(13)	(13)
Exchange differences	–	–	(739)	(93)	(32)	(11)	(875)
At 30 June 2015	–	2,371	32,902	4,622	2,195	1,428	43,518
Carrying amount:							
At 30 June 2015	3,304	1,580	101,272	12,635	2,222	1,086	122,099
At 30 June 2014	3,605	1,738	92,914	14,505	1,855	740	115,357

12 PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

	Workshop building $'000	Cranes $'000	Motor vehicles $'000	Plant and equipment $'000	Total $'000
Company					
Cost:					
At 1 July 2013	3,951	81,457	2,777	1,345	89,530
Additions	–	550	564	190	1,304
Transfer from inventories	–	947	–	–	947
Transfer to inventories	–	(16,908)	–	–	(16,908)
Written off	–	–	–	(102)	(102)
At 30 June 2014	3,951	66,046	3,341	1,433	74,771
Additions	–	752	524	56	1,332
Transfer from inventories	–	7,219	–	–	7,219
Transfer to inventories	–	(2,383)	–	–	(2,383)
Written off	–	–	(1,061)	–	(1,061)
At 30 June 2015	3,951	71,634	2,804	1,489	79,878
Accumulated depreciation:					
At 1 July 2013	2,055	20,793	1,672	1,004	25,524
Depreciation for the year	158	4,677	417	106	5,358
Transfer to inventories	–	(4,342)	–	–	(4,342)
Written off	–	–	–	(97)	(97)
At 30 June 2014	2,213	21,128	2,089	1,013	26,443
Depreciation for the year	158	4,364	479	112	5,113
Transfer to inventories	–	(622)	–	–	(622)
Written off	–	–	(869)	–	(869)
At 30 June 2015	2,371	24,870	1,699	1,125	30,065
Carrying amount:					
At 30 June 2015	1,580	46,764	1,105	364	49,813
At 30 June 2014	1,738	44,918	1,252	420	48,328

12 PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

The carrying amount of property, plant and equipment that are held under finance leases (Note 21) are as follows:w

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cranes	35,587	39,570	20,056	19,631
Motor vehicles	455	546	125	204
Plant and equipment	11	14	11	14
	36,053	40,130	20,192	19,849

13 INVESTMENT IN SUBSIDIARIES

	Company	
	2015 $'000	2014 $'000
Unquoted equity shares – at cost	4,200	3,807
Loan to subsidiary	10,000	–
	14,200	3,807

The loan amount is unsecured and repayment is at the discretion and ability of the subsidiary. Accordingly, the loan to subsidiary is deemed as part of the investment in subsidiary.

The details of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activity
		2015 %	2014 %	
Held by the Company				
Sin Heng Aerial Lifts Pte Ltd [1]	Singapore	100	100	Rental and trading of aerial lifts
SH Heavy Machinery Sdn Bhd [2]	Malaysia	85	100	Rental and trading of cranes
Sin Heng Vina Co. Ltd [3]	Vietnam	100	100	Rental and trading of cranes
SH Equipment Pte Ltd [4]	Singapore	100	100	Trading of equipment
PT SH Machinery Indonesia [5]	Indonesia	100	100	Dormant
SH Equipment Holdings Sdn Bhd [5]	Malaysia	100	100	Dormant
SH Equipment (HK) Limited [5]	Hong Kong	100	–	Dormant

13 INVESTMENT IN SUBSIDIARIES *(cont'd)*

Name of subsidiary	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activity
		2015 %	2014 %	
Held by subsidiaries				
FC Heavy Machinery Sdn Bhd [2]	Malaysia	100	70	Rental and trading of cranes
SH Equipment (Myanmar) Company Limited [5]	Myanmar	100	100	Rental of equipment

(1) Audited by Deloitte & Touche LLP, Singapore

(2) Audited by Deloitte Malaysia

(3) Audited by Deloitte Vietnam Co., Ltd.

(4) Audited by Baker Tilly TFW LLP, Singapore

(5) Not audited as the subsidiary is not material for the Group's consolidated financial statements. Unaudited management accounts were used for consolidation purposes.

(1) On 23 January 2014, the Company acquired the remaining 50% equity interest in its subsidiary, SH Equipment Pte Ltd ("SHEPL"), for a purchase consideration of $368,000. The excess of consideration paid over the proportionate share of the subsidiary's identifiable net liabilities assumed amounting to $402,000 was recognised as a capital reserve within equity. Upon completion of the acquisition, SHEPL became a wholly-owned subsidiary of the Company.

(2) On 1 July 2014, a wholly-owned subsidiary of the company, SH Heavy Machinery Sdn Bhd ("SHSB"), acquired the remaining 30% equity interest in its subsidiary, FC Heavy Machinery Sdn Bhd, from a non-controlling interest for a purchase consideration of $285,000.

The shortfall of the consideration paid over the proportionate share of non-controlling interest acquired of $71,000 (credit) at the date of transaction which did not result in change in control by the Group was recognised as a capital reserve within equity.

(3) On 1 July 2014, a wholly-owned subsidiary of the company, SHSB, completed the allotment of 200,000 new ordinary shares at the issue price of approximately $3.93 per share, for a total consideration of approximately $786,000.

13 INVESTMENT IN SUBSIDIARIES *(cont'd)*

The allotment consist of 180,000 new ordinary shares, representing 15% of the enlarged equity interest of SHSB, alloted to a non-controlling interest for a consideration of $707,400 and 20,000 new ordinary shares alloted to the Company for a consideration of $78,600. The excess of consideration paid over the proportionate share of the subsidiary's identifiable net liabilities assumed amounting to $380,000 was recognised as a capital reserve within equity. Upon completion of the allotment, SHSB became a subsidiary with an 85% equity interest held by the Company.

The above transactions in (2) and (3) had no impact to the cashflows of the Group and the Company as the considerations were used to partly offset against the amount to the non-controlling interest as disclosed in Note 20.

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interest, before any intra-group elimination, is set out below:

	SH Heavy Machinery Sdn Bhd and its subsidiary	
	2015 $'000	2014 $'000
Current assets	25,867	20,413
Non-current assets	32,837	33,278
Current liabilities	30,607	35,140
Non-current liabilities	8,426	11,800
Equity attributable to equity holders of the Company	18,220	6,395
Non-controlling interest	1,451	356
Revenue	59,435	33,897
Profit attributable to:		
Equity holders of the Company	3,307	3,301
Non-controlling interest	584	24
Profit for the year	3,891	3,325
Total comprehensive income attributable to:		
Equity holders of the Company	2,057	3,305
Non-controlling interest	364	24
Total comprehensive income for the year	2,421	3,329
Dividends paid to non-controlling interest	–	–
Net cash inflow from operating activities	17,648	13,704
Net cash outflow from investing activities	(11,338)	(5,003)
Net cash outflow from financing activities	(4,071)	(4,101)
Net cash inflow	2,239	4,600

14 INVESTMENT IN ASSOCIATES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Unquoted shares, at cost	1,200	3,318	1,200	3,318
Share of post-acquisition profits reserves, net of dividend received	1,368	1,050	–	–
	2,568	4,368	1,200	3,318

Details of the Group's associates are as follows:

Name of associate	Country of incorporation/ operations	Proportion of ownership interest and voting power held		Principal activities
		2015 %	2014 %	
Songcheon Engineering Pte Ltd [1]	Singapore	20	20	Construction projects and hiring of cranes
Sinolion Group Holdings Pte Ltd ("Sinolion") [2]	Singapore	–	30	Investment holding

(1) Audited by Yong Fan Kiong & Co

(2) Not audited and the associate is not material for the Group's consolidated financial statements. Unaudited management accounts were used for equity accounting purposes. The associate holds 25% equity interest in an associate, Yantai GuoYu Financial Leasing Co., Ltd, which is incorporated in the People Republic of China, to engage in the business of leasing of cranes. The associate's year end is 31 December and the statutory financial statements are audited by C. C. Yang & Co.

On 30 October 2014, the Group received cash amounting to $2,118,000 as a result of capital reduction of the fully paid-up ordinary shares to the shareholders of Sinolion.

On 21 May 2015, the Group disposed off its entire shareholding in Sinolion, comprising 30% of the fully paid-up ordinary shares in the capital of Sinolion at a consideration of $345,000. Sinolion has thereby ceased to be an associated company of the Group.

14 INVESTMENT IN ASSOCIATES *(cont'd)*

Summarised financial information in respect of the Group's associates is set out below:

	2015 $'000	2014 $'000
Total assets	22,510	25,351
Total liabilities	(9,670)	(6,105)
Net assets	12,840	19,246
Group's share of associates' net assets	2,568	4,368
Revenue	18,759	9,926
Profit (loss) for the year	1,587	(2,080)
Group's share of associates' profit (loss) for the year	318	(416)

15 AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2015 $'000	2014 $'000
Quoted equity shares, at fair value	519	695

The investments above include investments in quoted equity shares that offer the Group the opportunity for return through dividend income and fair value gains. The fair values of these shares are based on the quoted closing market prices on the last market day of the financial year.

16 OTHER ASSETS

	Group and Company	
	2015 $'000	2014 $'000
Golf club memberships	122	69
Allowance for impairment	(59)	(59)
Golf club memberships, at fair value	63	10

17 BILLS PAYABLE

Bills payable are unsecured, repayable between 22 to 167 days (2014 : 5 to 114 days) and with interest rates ranging from 1.00% to 1.39% (2014 : 1.05% to 1.36%) per annum.

18 BANK LOANS

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Bank loan – unsecured	3,700	1,317	700	1,317
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,400)	(617)	(400)	(617)
Amount due for settlement after 12 months	2,300	700	300	700

The fair value of the bank loans approximate their carrying amounts at the end of the reporting period as their interest rates approximate current market interest rates on or near the end of the reporting period.

The effective interest rates for the bank loans are 2.57% (2014 : 2.25%) per annum.

19 TRADE PAYABLES

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Outside parties	2,190	3,040	1,478	2,101

The average credit period on purchases of goods is 30 to 90 days for the years ended 30 June 2015 and 2014. No interest is charged on the outstanding balance.

20 OTHER PAYABLES

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Outside parties	413	482	–	–
Accrued expenses	4,184	2,817	3,470	2,348
Amount due to director/non-controlling interest of a subsidiary	–	1,201	–	–
Deposits received	615	2,645	152	580
	5,212	7,145	3,622	2,928

Accrued expenses principally comprise amounts outstanding for personnel-related costs and other ongoing costs.

The amount due to director/non-controlling interest of a subsidiary in 2014 was unsecured, interest-free and repayable on demand.

21 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Group				
Amounts payable under finance leases:				
Within one year	7,316	7,523	6,544	6,551
In the second to fifth years inclusive	13,701	16,952	12,813	15,505
	21,017	24,475	19,357	22,056
Less: Future finance charges	(1,660)	(2,419)	–	–
Present value of lease obligations	19,357	22,056	19,357	22,056
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(6,544)	(6,551)
Amount due for settlement after 12 months			12,813	15,505
Company				
Amounts payable under finance leases:				
Within one year	4,129	3,731	3,815	3,468
In the second to fifth years inclusive	6,903	5,963	6,501	5,536
	11,032	9,694	10,316	9,004
Less: Future finance charges	(716)	(690)	–	–
Present value of lease obligations	10,316	9,004	10,316	9,004
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(3,815)	(3,468)
Amount due for settlement after 12 months			6,501	5,536

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 4 years. For the year ended 30 June 2015, the average effective borrowing rate was 4.5% (2014 : 4.1%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 FINANCE LEASES *(cont'd)*

All lease obligations are denominated in the functional currencies of the respective entities.

The carrying amount of the Group's finance leases approximate its fair value.

The Group's obligations under finance leases are secured by certain property, plant and equipment as disclosed in Note 12.

22 DEFERRED TAX LIABILITIES

Movements of the net deferred tax liabilities recognised are as follows:

	Accelerated tax depreciation	
	Group $'000	Company $'000
Balance at 1 July 2013	7,842	5,842
Charge to profit or loss (Note 28)	905	(432)
Exchange differences	(20)	–
Balance at 30 June 2014	8,727	5,410
Charge to profit or loss (Note 28)	23	(493)
Exchange differences	(185)	–
Balance at 30 June 2015	8,565	4,917

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax liabilities	8,899	8,818	5,251	5,410
Deferred tax assets	(334)	(91)	(334)	–
	8,565	8,727	4,917	5,410

23 SHARE CAPITAL

	Group and Company			
	2015 '000	2014 '000	2015 $'000	2014 $'000
	Number of ordinary shares			
Issued and paid-up:				
At beginning of the year	574,445	459,640	41,846	23,969
Issued for cash pursuant to rights issue	–	114,805	–	18,369
Capitalisation of direct expenses pursuant to rights issue	–	–	–	(492)
At end of the year	574,445	574,445	41,846	41,846

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

24 TREASURY SHARES

	Group and Company			
	2015 '000	2014 '000	2015 $'000	2014 $'000
	Number of ordinary shares			
At beginning of the year	420	420	54	54
Repurchased during the year	181	–	29	–
At the end of the year	601	420	83	54

The company acquired 180,900 of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was $29,000 and has been deducted from shareholders' equity. The shares are held as 'treasury shares'.

25 REVENUE

	Group	
	2015 $'000	2014 $'000
Rental of cranes and aerial lifts	46,631	47,683
Trading of cranes and aerial lifts	131,187	165,419
	177,818	213,102

26 OTHER OPERATING INCOME

	Group	
	2015 $'000	2014 $'000
Rental of office and warehouse space	190	85
Gain on derivative financial instruments	–	444
Insurance claim received	16	112
Gain on disposal of property, plant and equipment	933	474
Gain on disposal of associate	345	–
Gain on disposal of available for sale investment	88	–
Servicing income	2,620	2,334
Interest income	204	163
Others	415	316
	4,811	3,928

27 FINANCE COSTS

	Group	
	2015 $'000	2014 $'000
Interest expenses on:		
Bills payable	594	538
Bank loans	23	81
Finance leases	1,024	1,016
	1,641	1,635

28 INCOME TAX EXPENSE

	Group	
	2015 $'000	2014 $'000
Current tax expense:		
Current year	2,774	2,572
Under (Over) provision in prior years	539	(475)
Deferred tax expense:		
Current year	175	785
(Over) Underprovision in prior years	(152)	120
	3,336	3,002

28 INCOME TAX EXPENSE *(cont'd)*

Domestic income tax is calculated at 17% (2014 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2015 $'000	2014 $'000
Profit before income tax	15,356	16,833
Income tax expense at the income tax rate of 17% (2014 : 17%)	2,611	2,862
Tax effect of expenses not deductible for tax purpose, net	403	370
Tax effect of revenue that is exempt from taxation	(335)	(28)
Tax effect of share of results of an associate	–	71
Effect of different tax rates of overseas subsidiaries	548	201
Effect of tax incentive	(59)	(60)
Effect of utilisation of previously unrecognised tax losses and unutilised capital allowance	(194)	–
Under (Over) provision of current tax in prior years	539	(475)
(Over) Underprovision of deferred tax in prior years	(152)	120
Singapore statutory stepped income exemption	(52)	(52)
Others	27	(7)
Total income tax expense	3,336	3,002

Subject to the agreement of the tax authority, at the end of the reporting period, the Group has unutilised tax loss and unutilised capital allowance of $162,000 (2014: $1,303,000) available for offset against future profits. No deferred tax asset has been recognised due to unpredictability of future profit streams.

29 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2015 $'000	2014 $'000
Bad debts written off	157	243
Cost of defined contribution plans included in employee benefits expense	1,159	1,145
Directors' remuneration	4,394	3,305
Employee benefits expense (including directors' remuneration)	20,888	18,875
Depreciation of property, plant and equipment	11,637	10,273
Net foreign exchange loss	473	1,138
Change in fair value of derivatives financial instruments	45,000	(444,000)
Cost of inventories recognised as expense	113,787	149,496
Audit fees:		
– paid to auditors of the Company	95	95
– paid to other auditors	73	58
Non-audit fees:		
– paid to auditors of the Company	21	17

30 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profits for the financial year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

The calculation of the basic and diluted earnings per share is based on the following data:

	2015	2014
Profit for the year attributable to owners of the Company ($'000)	11,436	13,807
Weighted average number of fully paid ordinary shares in issue ('000)	573,985	559,674
Basic and diluted earnings per share (cents)	1.99	2.47

31 DIVIDENDS

On 28 November 2013, a tax-exempt final dividend of $2,583,113 ($0.0045 per share) in respect of financial year ended 30 June 2013 was declared and paid to the shareholders.

On 25 April 2014, a tax-exempt first interim dividend of $2,009,088 ($0.0035 per share) in respect of financial year ended 30 June 2014 was declared and paid to the shareholders.

On 28 November 2014, a tax-exempt final dividend of $3,731,162 ($0.0065 per share) in respect of financial year ended 30 June 2014 was declared and paid to the shareholders.

On 29 April 2015, a tax-exempt first interim dividend of $2,582,889 ($0.0045 per share) in respect of financial year ended 30 June 2015 was declared and paid to the shareholders.

In respect of the financial year 2015, on 27 August 2015, the directors proposed a tax-exempt final dividend of $0.0055 per share. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

32 SEGMENT INFORMATION

Goods and Services from which reportable segments derive their revenue

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision maker have focused on the business operating units which in turn, are segregated based on their goods and services. This forms the basis of identifying the operating segments of the Group under FRS 108.

Operating segments are segregated into a single reportable operating segment if they have similar economic characteristics, such as long-term average gross margins, and are similar in respect of nature of services and processes, type of customers, methods of distribution, and/or their reported revenue, absolute amount of profit or loss and assets are not material to the consolidated totals of all operating segments.

The Group's reportable operating segments under FRS 108 are as follows:

Segment	Principal activities
Equipment rental	Rental of cranes and aerial lifts
Trading	Trading of cranes and aerial lifts

Segment revenue represents revenue generated from external customers. Segment profits represents the profit earned by each segment after allocating selling expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources, the chief operating decision maker monitors the tangible and financial assets and liabilities attributable to each segment. All assets and liabilities are allocated to reportable segments. Assets and liabilities, if any, used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments.

32 SEGMENT INFORMATION *(cont'd)*

Information regarding the Group's reportable segments is presented in the tables below.

	Equipment rental $'000	Trading $'000	Total $'000
2015			
Revenue			
Segment revenue	46,631	131,187	177,818
Results			
Segment results	15,530	16,202	31,732
Selling expenses	(612)	(1,722)	(2,334)
Other operating income			4,811
Administrative expenses			(16,535)
Other operating expenses			(995)
Finance costs	(1,036)	(605)	(1,641)
Share of results of associates			318
Profit before tax			15,356
Income tax expense			(3,336)
Profit for the year			12,020
Other information			
Capital expenditure*	23,267	1,284	24,551
Depreciation expense	11,087	550	11,637
Gain on disposal of property, plant and equipment	(933)	–	(933)
Property, plant and equipment written off	15	–	15
Assets and liabilities			
Segment assets	130,174	38,793	168,967
Unallocated corporate assets			58,716
Total assets			227,683
Segment liabilities	21,392	54,863	76,255
Unallocated corporate liabilities			19,118
Total liabilities			95,373

32 SEGMENT INFORMATION *(cont'd)*

	Equipment rental $'000	Trading $'000	Total $'000
2014			
Revenue			
Segment revenue	47,683	165,419	213,102
Results			
Segment results	17,285	15,008	32,293
Selling expenses	(456)	(1,580)	(2,036)
Other operating income			3,928
Administrative expenses			(13,633)
Other operating expenses			(1,668)
Finance costs	(1,057)	(578)	(1,635)
Share of results of associates			(416)
Profit before tax			16,833
Income tax expense			(3,002)
Profit for the year			13,831
Other information			
Capital expenditure*	20,344	660	21,004
Depreciation expense	9,876	397	10,273
Gain on disposal of property, plant and equipment	(474)	-	(474)
Assets and liabilities			
Segment assets	123,594	48,892	172,486
Unallocated corporate assets			70,731
Total assets			243,217
Segment liabilities			
Unallocated corporate liabilities	24,869	73,319	98,188
Total liabilities			17,256
			115,444

* Included in capital expenditure is certain property, plant and equipment acquired for which $3,951,287 (2014 : $8,140,533) were acquired under finance leases.

Revenue reported above represents revenue generated from external customers.

32 SEGMENT INFORMATION *(cont'd)*

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment results represents the profit earned by each segment without allocation of central administrative expenses, share of profit of associates, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performances.

Geographical segment information

The following table provide details on the Group's revenue by location of customers by geographical area:

	Singapore $'000	Indonesia $'000	Myanmar $'000	Malaysia $'000	Vietnam $'000	Brunei $'000	Thailand $'000	Others $'000	Total $'000
2015									
Revenue from external customers	67,994	21,129	11,845	61,039	5,228	4,443	2,084	4,056	177,818
2014									
Revenue from external customers	112,694	43,270	3,116	40,101	5,399	1,970	1,456	5,096	213,102

The Group's segment assets by geographical location are detailed below:

Non-current assets

	2015 $'000	2014 $'000
Singapore	58,728	58,612
Malaysia	31,985	32,726
Myanmar	9,774	3,351
Vietnam	13,420	12,730
	113,907	107,419

Major customer information

There were no transactions with a single customer amounting to more than 10% of the Group's revenue for the financial year ended 30 June 2015 and 2014.

33 CAPITAL COMMITMENTS

	Group 2015 $'000	Group 2014 $'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted but not provided for in the financial statements	1,200	7,122

34 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2015 $'000	2014 $'000
Minimum lease payments under operating leases recognised as an expense in the year	498	392

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2015 $'000	2014 $'000
Within one year	284	267
In the second to fifth years inclusive	912	876
After five years	1,105	1,213
	2,301	2,356

Operating lease payments represent rentals payable by the Group for certain of its leasehold land and staff accommodations. Leases are negotiated for an average term of 1 year and rentals are subjected to annual review.

The Group as lessor

At the end of the reporting period, the Group has contracted with tenants for the following minimum lease receipts:

	2015 $'000	2014 $'000
Within one year	55	44
In the second years inclusive	24	30
	79	74

35 SUBSEQUENT EVENT

On 18 August 2015, the Company announced the proposed consolidation of every five ordinary shares in the issue share capital of the Company held by shareholders in the capital of the Company into one ordinary share. The proposed share consolidation is subject to approval by shareholders at the forthcoming Extraordinary General Meeting.

Had the proposed share consolidation been approved and completed before the financial statements are authorised for issue, the earnings per share (basic and diluted) of the Group, as if the share consolidation had occurred at the beginning of the current financial year, would be 9.96 Singapore cents per share.

STATISTICS OF SHAREHOLDINGS
AS AT 28 SEPTEMBER 2015

Number of issued and fully paid-up shares excluding treasury shares	573,844,100
Class of shares	Ordinary Shares
Voting Rights	One Vote per Ordinary Shares
Number of Ordinary Shares held as treasury shares (no voting rights)	600,900 (0.10%)
No. of Holders	Ordinary Share : 1,930 holders

DISTRIBUTION OF SHAREHOLDINGS AS AT 28 SEPTEMBER 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	124	6.43	1,380	0.00
100 - 1,000	27	1.40	19,777	0.00
1,001 - 10,000	327	16.94	2,097,267	0.37
10,001 - 1,000,000	1,413	73.21	123,145,145	21.46
1,000,001 AND ABOVE	39	2.02	448,580,531	78.17
TOTAL	**1,930**	**100.00**	**573,844,100**	**100.00**

DIRECT AND INDIRECT INTEREST OF SUBSTANTIAL SHAREHOLDERS AS AT 28 SEPTEMBER 2015

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
TAL Holdings Pte Ltd	161,366,000	28.12	–	–
Tan Ah Lye	–	–	161,366,000[1]	28.12
Toyota Tsusho Corporation	154,750,000	26.97	–	–
Toyota Motor Corporation	–	–	154,750,000[2]	26.97

Notes:

(1) Mr Tan Ah Lye owns more than 20% of the issued and paid up shares in the capital of TAL Holdings Pte. Ltd. ("**TALH**"). For the purpose of Section 7 of the Companies Act, Chapter 50 ("**Companies Act**"), Mr Tan Ah Lye is deemed to be interested in the sares held by TALH.

(2) Daiwa Capital Markets Singapore Ltd is holding shares as nominee on behalf of Toyota Tsusho Corporation ("**TTC**"). Toyota Motor Corporation is deemed interested in the shares held by TTC pursuant to Section 7 of the Companies Act by virtue of its shareholdings of more than 20% of shares in the capital of TTC.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
01	TAL HOLDINGS PTE LTD	161,366,000	28.12
02	DAIWA CAPITAL MARKETS SINGAPORE LIMITED	154,750,000	26.97
03	DBS NOMINEES (PRIVATE) LIMITED	14,155,482	2.47
04	OCBC SECURITIES PRIVATE LIMITED	13,842,300	2.41
05	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,644,500	1.68
06	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	9,253,754	1.61
07	PHILLIP SECURITIES PTE LTD	8,601,112	1.50
08	LIM GUAN CHONG	6,260,307	1.09
09	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	6,066,800	1.06
10	DB NOMINEES (SINGAPORE) PTE LTD	5,544,500	0.97
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,871,711	0.67
12	HONG LEONG FINANCE NOMINEES PTE LTD	3,779,000	0.66
13	CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,766,515	0.66
14	RAFFLES NOMINEES (PTE) LIMITED	3,614,450	0.63
15	SIM KIM TENG ANNIE	3,439,000	0.60
16	SIM SZE MAY	3,400,000	0.59
17	UOB KAY HIAN PRIVATE LIMITED	2,882,300	0.50
18	LOOI BOCK HEAY	2,500,000	0.44
19	WOO KOK SIN	2,392,000	0.42
20	LIM SIU HORNG	2,125,000	0.37
	TOTAL	**421,254,731**	**73.42**

Based on Shareholders' Information as at 28 September 2015, approximately 44.91% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of Sin Heng Heavy Machinery Limited (the "**Company**") will be held at Raffles Marina, No.10, Tuas West Drive, Singapore 638404 on Wednesday, 28 October 2015 at 9:30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 30 June 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax-exempt cash dividend of 0.55 Singapore cents for each ordinary share held in the capital of the Company in respect of the financial year ended 30 June 2015. **(Resolution 2)**

3. To re-elect Mr Tan Cheng Kwong retiring by rotation under Article 89 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **(Resolution 3)**

4. To re-elect Mr Hideki Okada retiring by rotation under Article 89 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **(Resolution 4)**

5. To re-elect Mr Soh Sai Kiang retiring by rotation under Article 89 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

   Mr Soh Sai Kiang, will upon re-election as Director of the Company, remains as a member of the Audit and Risk Committee, Nominating Committee and Remuneration Committee of the Company. Mr Soh is considered as Independent and Non-Executive Director. **(Resolution 5)**

6. To re-elect Mr Hideyuki Morita retiring under Article 96 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

   Mr Hideyuki Morita, will upon re-election as Director of the Company, remains as a member of the Audit and Risk Committee, Nominating Committee and Remuneration Committee of the Company. Mr Morita is considered as Non-Independent and Non-Executive Director. **(Resolution 6)**

7. To re-appoint Mr Tan Ah Lye, pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") as a Director to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

   Mr Tan Ah Lye, will upon re-appointment as Director, remains as Non-Executive Chairman of the Company. **(Resolution 7)**

8. To approve the payment of Directors' fees of S$375,804 (2014: S$349,508) for the financial year ended 30 June 2015. **(Resolution 8)**

9. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

10. **Mandate to issue shares in the capital of the Company**

That authority be and is hereby given to the Directors to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, the "**instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) shall not exceed 50 per cent of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (2) below), of which the aggregate number of shares and instruments to be issued other than on a pro rata basis to shareholders of the Company ("**Shareholders**") shall not exceed 20 per cent of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST ("**Listing Manual**") for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) unless revoked or varied by the Company in General Meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the instruments, made or granted to this Resolution, until the issuance of such shares in accordance with the terms of the instruments.

[See Explanatory Note (i)] **(Resolution 10)**

11. **Proposed Renewal of the Interested Person Transactions Mandate**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 ("**Chapter 9**") of the Listing Manual, in particular for the purposes of Rule 920 of the Listing Manual in relation to a general mandate from the Shareholders, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions (as described in Paragraph 5 of Appendix I of the circular to Shareholders ("**Circular**") in relation to the proposed renewal of the interested person transactions mandate) with the Interested Persons (as that term is used in the Circular), provided that such transactions are made on normal commercial terms, not prejudicial to the interests of the Company and its minority shareholders, and in accordance with the guidelines and review procedures for such Interested Person Transactions (the "**IPT Mandate**");

(b) the approval given in paragraph (a) above shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors and any of them be and are hereby authorised to complete and do all such acts and things (including execution all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this Resolution. **(Resolution 11)**

12. **Proposed Renewal of the Share Buy-Back Mandate**

That:

(a) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company (excluding treasure shares) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market share buy-back, transacted on the ready market of the SGX-ST, or as the case may be, other stock exchange for the time being on which the shares may be listed or quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose (the "**On-Market Share Buy-Back**"); and/or

(ii) off-market share buy-back (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual (the "**Off-Market Share Buy-Back**"),

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the proposed Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:

(i) the conclusion of the next Annual General Meeting of the Company or the date by which such Annual General Meeting is required by law to be held;

(ii) the date on which the purchases or acquisitions of the shares by the Company pursuant to the proposed Share Buy-Back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained by the proposed Share Buy-Back Mandate is varied or revoked by ordinary resolution of the Company in general meeting.

(c) In this Resolution:

"**Prescribed Limit**" means the number of shares representing 10 per cent of the total issued ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined hereinafter), in which event the issued ordinary share capital of the Company (excluding treasury shares) shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last Annual General Meeting was held and expiring on the date the next Annual General Meeting is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the Shareholders in a general meeting; and

"**Maximum Price**" in relation to a share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Buy-back, 105 per cent of the Average Closing Price;

(ii) in the case of an Off-Market Share Buy-back, 120 per cent of the Average Closing Price,

where "**Average Closing Price**" means the average of the closing market prices of a share over the last 5 Market Days ("**Market Day**" being a day on which the SGX-ST is open for securities trading), on which transactions in the shares were recorded, immediately preceding the date of making the On-Market Share Buy-Back or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after the relevant 5 day period; and

(d) the Directors and any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Share Buy-Back Mandate and/or this Resolution. **(Resolution 12)**

13. To transact any other business as may properly be transacted at an Annual General Meeting.

NOTICE OF BOOKS CLOSURE DATE AND PAYMENT DATE FOR FINAL DIVIDEND

NOTICE IS HEREBY GIVEN that subject to approval being obtained at the Annual General Meeting to be held at Raffles Marina, No. 10, Tuas West Drive, Singapore 638404 on 28 October 2015 at 9:30 a.m.:

1. A final one-tier tax-exempt cash dividend of 0.55 Singapore cents per ordinary share for the financial year ended 30 June 2015 will be paid on 18 November 2015.

2. The Share Transfer Book and Register of Members of the Company will be closed on 5 November 2015 for the preparation of dividend payment. Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 up to 5.00 p.m. on 4 November 2015 will be registered to determine Shareholders' entitlement to the proposed final dividend.

Shareholders whose securities account with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 4 November 2015 will be entitled to the proposed final dividend.

By Order of the Board

Mr Tan Cheng Soon Don
Managing Director
Singapore

13 October 2015

Explanatory Notes:

(i) Resolution 10 in item 10 above empowers the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% the issued shares (excluding treasury shares) in the capital of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution 10 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 10 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

(ii) Resolution 11 in item 11 is to renew a mandate which was last approved at the annual general meeting of the Company on 30 October 2014, allowing the Company, its subsidiaries and associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST. Please refer to the Circular to Shareholders accompanying this Notice of AGM for details.

(iii) Resolution 12 in item 12 is to renew the Share Buy-Back Mandate which was last approved at the annual general meeting of the Company on 30 October 2014. Please refer to the Circular to Shareholders accompanying this Notice of AGM for details.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. Where a Member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

3. The instrument appointing a proxy must be deposited at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SIN HENG HEAVY MACHINERY LIMITED

(Company Registration No.: 198101305R)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies to buy Sin Heng Heavy Machinery Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company Secretary of Sin Heng Heavy Machinery Limited.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of Annual General Meeting dated 13 October 2015.

I/We ____

of ____

____

being a member/members of Sin Heng Heavy Machinery Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC / Passport No.	Proportion of shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC / Passport No.	Proportion of shareholdings (%)

or failing him/her, the Chairman of the Annual General Meeting (the "**Meeting**"), as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Meeting of Sin Heng Heavy Machinery Limited to be held at Raffles Marina, No. 10, Tuas West Drive, Singapore 638404, on Thursday, 28 October 2015 at 9.30 a.m., and at any adjournment thereof. I/We have indicated with an "√" against the Resolutions set out in the Notice of Annual General Meeting and summarised below how I/We wish my/our proxy/proxies to vote. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion.

No.	Ordinary Resolutions	Number of Votes For*	Number of Votes Against*
1.	To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 30 June 2015, together with the Auditor's Report thereon.		
2.	To approve the payment of a final one-tier tax-exempt dividend for the financial year ended 30 June 2015.		
3.	To re-elect Mr Tan Cheng Kwong as a director of the Company ("**Director**").		
4.	To re-elect Mr Hideki Okada as a Director.		
5.	To re-elect Mr Soh Sai Kiang as a Director.		
6.	To re-elect Mr Hideyuki Morita as a Director.		
7.	To re-appoint Mr Tan Ah Lye as a Director.		
8.	To approve the payment of Directors' fees of S$375,804 (2014: S$349,508) for the financial year ended 30 June 2015.		
9.	To re-appoint Deloitte & Touche LLP as the Auditors of the Company.		
10.	To grant the Directors the authority to issue shares in the capital of the Company.		
11.	To proposed renewal of the Interested Person Transactions Mandate.		
12.	The proposed renewal of the Share Buy-Back Mandate.		

* If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ______________________ 2015

Total Number of Shares Held

____
Signature(s) of Member(s) / Common Seal
IMPORTANT. Please read notes overleaf

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares.
   If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such corporation.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy must be deposited at the registered office of the Company's share registrar Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

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AFFIX
STAMP

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General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are deposited with The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

SIN HENG
HEAVY MACHINERY LIMITED

Company Registration No. : 198101305R

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