

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

**Unaudited First Quarter Financial Statements Announcement
For The Period From 1 January 2018 To 31 March 2018**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		
	1/1/2018- 31/3/2018 (3 Months)	1/1/2017- 31/3/2017 (3 Months)	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	17,797	24,567	(27.6%)
Cost of sales	(14,955)	(20,210)	(26.0%)
Gross profit	2,842	4,357	(34.8%)
Other operating income	1,775	1,694	4.8%
Selling expenses	(395)	(462)	(14.5%)
Administrative expenses	(3,195)	(3,243)	(1.5%)
Other operating expenses	(39)	(1,134)	(96.6%)
Finance costs	(506)	(466)	8.6%
Profit before income tax	482	746	(35.4%)
Income tax expenses	(215)	(167)	28.7%
Profit for the period	267	579	(53.9%)
Total profit attributable to:			
Owners of the Company	161	495	(67.5%)
Non-controlling interests	106	84	26.2%
	267	579	(53.9%)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value gain on available-for-sale investments	26	99	(73.7%)
Exchange differences gain (loss) on translation of foreign operations	886	(918)	NM
Total other comprehensive income (loss), net of tax	912	(819)	NM
Total comprehensive income (loss) for the period	1,179	(240)	NM
Total comprehensive income (loss) attributable to:			
Owners of the Company	936	(238)	NM
Non-controlling interests	243	(2)	NM
	1,179	(240)	NM

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

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

Depreciation of property, plant and equipment
Currency exchange gain (loss)- net
Gain on disposal of property, plant and equipment
Interest income
Interest expenses
Unrealised fair value gain from derivative financial
instruments

Group		
1/1/2018- 31/3/2018 (3 Months)	1/1/2017- 31/3/2017 (3 Months)	Increase/ (Decrease)
S\$'000	S\$'000	%
(3,331)	(3,238)	2.9%
603	(1,158)	NM
9	14	(35.7%)
60	43	39.5%
(506)	(466)	8.6%
212	1,200	(82.3%)

Denotes: NM - not meaningful

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

STATEMENT OF FINANCIAL POSITION

	The Group		The Company	
	As at 31/03/2018 S\$'000	As at 31/12/2017 S\$'000	As at 31/03/2018 S\$'000	As at 31/12/2017 S\$'000
Current assets				
Cash and bank balances	29,153	27,349	12,737	13,065
Trade receivables	24,951	24,513	33,409	36,914
Other receivables	2,893	2,794	12,122	11,740
Derivative financial instruments	99	-	99	-
Inventories	4,875	4,395	1,989	369
Total current assets	61,971	59,051	60,356	62,088
Non-current assets				
Property, plant and equipment	130,062	133,205	41,784	42,361
Investment in subsidiaries	-	-	26,942	26,942
Available-for-sale investments	669	643	669	643
Other assets	10	10	10	10
Total non-current assets	130,741	133,858	69,405	69,956
Total assets	192,712	192,909	129,761	132,044
LIABILITIES AND EQUITY				
Current liabilities				
Bills payable	9,334	8,911	9,334	8,911
Derivative financial instruments	-	113	-	113
Current portion of bank loans	9,667	9,667	9,667	9,667
Trade payables	2,396	2,386	1,659	1,672
Other payables	3,232	3,989	2,434	2,913
Current portion of finance leases	11,142	11,140	4,804	4,917
Income tax payable	212	277	-	-
Total current liabilities	35,983	36,483	27,898	28,193
Non-current liabilities				
Bank loans	417	833	417	833
Finance leases	24,178	24,973	7,485	8,668
Deferred tax liabilities	9,385	9,050	3,170	3,250
Total non-current liabilities	33,980	34,856	11,072	12,751
Total liabilities	69,963	71,339	38,970	40,944
NET ASSETS	122,749	121,570	90,791	91,100
Capital and reserves				
Share capital	41,846	41,846	41,846	41,846
Treasury shares	(355)	(355)	(355)	(355)
Retained earnings	83,488	83,327	49,298	49,633
Translation reserves	(3,768)	(4,517)	-	-
Fair value reserve	2	(24)	2	(24)
Capital reserve	(711)	(711)	-	-
Total equity attributable to owners of the Company	120,502	119,566	90,791	91,100
Non-controlling interests	2,247	2,004	-	-
Total Equity	122,749	121,570	90,791	91,100
Total liabilities and equity	192,712	192,909	129,761	132,044

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

	As at 31/03/2018		As at 31/12/2017	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	11,142	9,667	11,140	9,667
Amount repayable after one year	24,178	417	24,973	833

As at 31 March 2018, the Group's finance leases of \$35.3m are secured over plant and equipment of the Group with carrying value of \$62.1m.

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

	Group	
	1/1/2018- 31/3/2018 (3 Months)	1/1/2017- 31/3/2017 (3 Months)
	S\$'000	S\$'000
<u>Operating activities</u>		
Profit before income tax	482	746
Adjustments for:		
Unrealised fair value gain from derivative financial instruments	(212)	(1,200)
Depreciation of property, plant & equipment	3,331	3,238
Interest expenses	506	466
Interest income	(60)	(43)
Net unrealised foreign exchange adjustments	(192)	(89)
Gain on disposal of property, plant and equipment	(9)	(14)
Operating cash flows before movements in working capital	3,846	3,104
Trade receivables	(215)	623
Other receivables	(64)	252
Inventories	1,694	1,908
Trade payables	2	112
Other payables	(694)	(678)
Cash generated from operations	4,569	5,321
Income tax paid	(49)	(335)
Net cash from operating activities	4,520	4,986
<u>Investing activities</u>		
Interest received	60	43
Purchase of property, plant and equipment	(929)	(6,860)
Proceeds from disposal of property, plant and equipment	23	17
Net cash used in investing activities	(846)	(6,800)
<u>Financing activities</u>		
Bills payable	423	1,450
Interest paid	(506)	(466)
Repayment of obligations under finance leases	(4,333)	(2,652)
Proceeds from finance leases	2,913	8,798
Repayment of bank loans	(417)	(667)
Net cash (used in) generated from financing activities	(1,920)	6,463
Net increase in cash and cash equivalents	1,754	4,649
Cash and cash equivalents at beginning of the period	27,349	25,468
Effect of exchange rate changes on the balance of cash held in foreign currencies	50	(306)
Cash and cash equivalents at end of the period	29,153	29,811

1(d)(i) A statement for (the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Attributable to equity holders of the Company								
	Share capital	Treasury shares	Capital reserve	Fair value reserve	Translation reserves	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018	41,846	(355)	(711)	(24)	(4,517)	83,327	119,566	2,004	121,570
<i>Total comprehensive income for the period</i>									
Profit for the period	-	-	-	-	-	161	161	106	267
Other comprehensive income	-	-	-	26	749	-	775	137	912
Balance at 31 March 2018	41,846	(355)	(711)	2	(3,768)	83,488	120,502	2,247	122,749
Balance at 1 January 2017	41,846	(141)	(711)	(238)	(4,578)	85,748	121,926	1,337	123,263
<i>Total comprehensive income for the period</i>									
Profit for the period	-	-	-	-	-	495	495	84	579
Other comprehensive profit (loss)	-	-	-	99	(832)	-	(733)	(86)	(819)
Balance at 31 March 2017	41,846	(141)	(711)	(139)	(5,410)	86,243	121,688	1,335	123,023
<u>The Company</u>	Share capital	Treasury shares	Capital reserve	Fair value	Translation reserves	Retained earnings	Total equity		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Balance at 1 January 2018	41,846	(355)	-	(24)	-	49,633	91,100		
<i>Total comprehensive income for the period</i>									
Loss for the period	-	-	-	-	-	(335)	(335)		
Other comprehensive income	-	-	-	26	-	-	26		
Balance at 31 March 2018	41,846	(355)	-	2	-	49,298	90,791		
Balance at 1 January 2017	41,846	(141)	-	(238)	-	53,236	94,703		
<i>Total comprehensive income for the period</i>									
Profit for the period	-	-	-	-	-	186	186		
Other comprehensive profit	-	-	-	99	-	-	99		
Balance at 31 March 2017	41,846	(141)	-	(139)	-	53,422	94,988		

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 31 March 2018, the total number of issued shares excluding treasury shares was 114,013,000 (31 December 2017: 114,013,000). The Company did not have any convertibles as at 31 March 2018 and 31 December 2017.

Save as disclosed above, there have been no bonus or other issues of shares during the period.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued ordinary shares
Less: Treasury shares
Total number of issued shares excluding treasury shares

31/3/2018	31/12/2017
114,888,980	114,888,980
(875,980)	(875,980)
114,013,000	114,013,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and /or use of treasury shares as at the end of the current financial period reported on.

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

- 1(d)(v) A statement showing all sales, transfers, cancellation and /or use of subsidiary holdings as at the end of the current financial period reported on.

During the financial period, there was no transaction pertaining to subsidiary holdings.

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

The figures presented are not audited or reviewed by the Company's Auditor.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the consolidated financial statements for the current reporting period as those applied in the audited financial statements for the year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There are no changes to the Group's accounting policies and the adoption of FRS and INT FRS that become effective in the financial period beginning on or after 1 January 2018 has no significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

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

On a fully diluted basis (cents)

Weighted average number of ordinary shares in issue

Group	
1/1/2018-31/3/2018 (3 Months)	1/1/2017-31/3/2017 (3 Months)
0.14	0.43
0.14	0.43
114,013,000	114,624,356

There were no potential dilutive ordinary shares in existence for the period from 1 January 2018 to 31 March 2018 and period from 1 January 2017 to 31 March 2017.

7. Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the :-

(a) current financial period reported on; and

(b) immediately preceding financial year.

Net asset value per ordinary share (cents)

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

The Group		The Company	
31/3/2018	31/12/2017	31/3/2018	31/12/2017
107.66	106.63	79.63	79.90
114,013,000	114,013,000	114,013,000	114,013,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the revenue, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

INCOME STATEMENT

Revenue

	Group			Group		
	3 months			Year to Date		
	1/1/2018 - 31/3/2018	1/1/2017 - 31/3/2017	% Change	1/1/2018 - 31/3/2018	1/1/2017 - 31/3/2017	% Change
S\$'000	S\$'000		S\$'000	S\$'000		
Equipment rental business	10,240	10,499	(2.5%)	10,240	10,499	(2.5%)
Trading business	7,557	14,068	(46.3%)	7,557	14,068	(46.3%)
Total	17,797	24,567	(27.6%)	17,797	24,567	(27.6%)

The Group registered total revenue of S\$17.8m for 1st Quarter ended 31 March 2018 ("1Q FY2018") which was 27.6% lower than that of 1st Quarter ended 31 March 2017 ("1Q FY2017"), mainly due to lower trading revenue.

Revenue from Equipment Rental business was marginally lower at S\$10.2m for 1Q FY2018 as compared to S\$10.5m in 1Q FY2017.

Revenue from Trading business was 46.3% lower at S\$7.6m for 1Q FY2018 as compared to S\$14.1m in 1Q FY2017, mainly due to lower number of units delivered.

Gross Profit

	Group			Group		
	3 months			Year to Date		
	1/1/2018 - 31/3/2018	1/1/2017 - 31/3/2017	% Change	1/1/2018 - 31/3/2018	1/1/2017 - 31/3/2017	% Change
S\$'000	S\$'000		S\$'000	S\$'000		
Equipment rental business	2,060	2,268	(9.2%)	2,060	2,268	(9.2%)
Trading business	782	2,089	(62.6%)	782	2,089	(62.6%)
Total	2,842	4,357	(34.8%)	2,842	4,357	(34.8%)

The Group registered total gross profit of S\$2.8m for 1Q FY2018, which was 34.8% lower than that of 1Q FY2017.

Gross profit from Equipment Rental business was 9.2% lower at S\$2.1m for 1Q FY2018 as compared to S\$2.3m in 1Q FY2017, mainly due to marginal drop in rental revenue and lower rental rates.

Gross profit from Trading business was 62.6% lower at S\$0.8m for 1Q FY2018 as compared to S\$2.1m in 1Q FY2017, mainly due to lower number of units delivered.

Net Profit / (Loss)

The Group registered net profit of S\$0.3m for 1Q FY2018. This was mainly due to the net impact of the following:

- (a) drop in gross profit generated from Equipment Rental and Trading Businesses;
- (b) higher realised and unrealised foreign exchange gain;
- (c) higher finance costs incurred due to higher interest rate;
- (d) income tax expenses as a result of deferred taxation adjustments.

STATEMENT OF FINANCIAL POSITION

Current assets

As at 31 March 2018, current assets amounted to S\$62.0m or 32.2% of total assets. Current assets comprised mainly cash and bank balances, trade receivables and inventories. Total current assets increased by S\$2.9m as compared to 31 December 2017, mainly due to increase in inventories, trade receivables and cash and bank balances.

Non-current assets

As at 31 March 2018, non-current assets amounted to S\$130.7 m or 67.8% of total assets. Non-current assets comprised mainly property, plant and equipment. Total non-current assets decreased by S\$3.1m as compared to 31 December 2017, mainly due to depreciation charged for the period.

Current liabilities

As at 31 March 2018, current liabilities amounted to S\$36.0m or 51.4% of total liabilities. Current liabilities comprised mainly bills payable, trade payables, other payables, current portion of bank loans and finance leases. Total current liabilities decreased by S\$0.5m as compared to 31 December 2017.

Non-current liabilities

As at 31 March 2018, non-current liabilities amounted to approximately S\$34.0m or 48.6% of total liabilities. Non-current liabilities comprise mainly non-current portion of finance leases and deferred tax. Total non-current liabilities decreased by S\$0.9m as compared to 31 December 2017, mainly due to repayment of bank loans and finance leases.

Working Capital

As at 31 March 2018, the Group registered a positive working capital of S\$26.0m as compared to that of S\$22.6m as at 31 December 2017.

Equity

The Group's equity increased by S\$1.1m to S\$122.7m as compared to S\$121.6m as at 31 December 2017, mainly due to total comprehensive income recorded for 1Q FY2018.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual**
There was no forecast, or any prospect statement previously disclosed to shareholders.
10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**
The Group expects the business environment to remain highly competitive.
11. **Dividend**
- (a) **Current Financial Period Reported on**
Any dividend declared for the current financial period reported on?
Nil
- (b) **Corresponding Period of the immediately preceding financial year**
Any dividend declared for the corresponding period of the immediately preceding financial year?
Nil
- (c) **Date payable**
Not applicable.
- (d) **Book Closure date**
Not applicable.
12. **If no dividend has been declared / recommended, a statement to that effect.**
Not applicable.
13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.**

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	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than \$100,000)
Nil	Nil	Nil

There were no interested person transactions conducted pursuant to the general mandate for interested person transactions during the financial period.

14. **CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL**
The Company hereby confirms that undertakings from all directors and executive officers as required in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.
15. **CONFIRMATION BY THE BOARD**
The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited consolidated financial results for the three-month ended 31 March 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Ah Lye
Executive Director and Chief Executive Officer
11 May 2018