

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Financial Statements
For the six months ended 30 June 2022**

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SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

A. Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Note | Group | | Increase/ (Decrease) |
|--|------|-----------------------------------|-----------------------------------|-------------------------|
| | | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 | |
| | | S\$'000 | S\$'000 | % |
| Revenue | 3 | 26,498 | 25,581 | 3.6% |
| Cost of sales | | (20,216) | (19,665) | 2.8% |
| Gross profit | | 6,282 | 5,916 | 6.2% |
| Other operating income | | 517 | 1,431 | (63.9%) |
| Selling expenses | | (168) | (196) | (14.3%) |
| Administrative expenses | | (4,177) | (4,299) | (2.8%) |
| Other operating expenses | | (190) | (583) | (67.4%) |
| Finance costs | | (26) | (122) | (78.7%) |
| Profit before income tax | 5 | 2,238 | 2,147 | 4.2% |
| Income tax expense | 4 | (487) | (510) | (4.5%) |
| Profit for the period | | 1,751 | 1,637 | 7.0% |
| Profit attributable to: | | | | |
| Owners of the Company | | 1,751 | 1,637 | 7.0% |
| Non-controlling interests | | - | - | - |
| | | 1,751 | 1,637 | 7.0% |
| Earnings per share (cents): | | | | |
| | 11 | | | |
| Basic | | 1.54 | 1.44 | 7.0% |
| Diluted | | 1.54 | 1.44 | 7.0% |
| Profit for the period | | 1,751 | 1,637 | 7.0% |
| Other comprehensive (loss)/income: | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Exchange differences on translation of foreign operations | | (518) | (1,081) | (52.1%) |
| Total comprehensive income for the period | | 1,233 | 556 | 121.8% |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | | 1,233 | 556 | 121.8% |
| Non-controlling interests | | - | - | - |
| | | 1,233 | 556 | 121.8% |

NM: Not Meaningful

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B. Statements of Financial Position

| | Note | Group | | Company | |
|---|------|-----------------------|------------------------------|-----------------------|------------------------------|
| | | As at 30 June 2022 | As at 31 December 2021 | As at 30 June 2022 | As at 31 December 2021 |
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | | 37,652 | 48,018 | 20,414 | 30,493 |
| Trade receivables | | 9,778 | 8,370 | 13,444 | 9,007 |
| Other receivables and prepayments | | 2,064 | 1,281 | 3,822 | 3,838 |
| Lease receivables | | - | - | 96 | 96 |
| Inventories | | 6,651 | 1,255 | 3,540 | 538 |
| Financial assets at fair value through profit or loss | | 1,800 | 1,800 | 1,800 | 1,800 |
| Total current assets | | 57,945 | 60,724 | 43,116 | 45,772 |
| Non-current assets | | | | | |
| Property, plant and equipment | 6 | 58,302 | 59,253 | 33,219 | 31,563 |
| Right-of-use assets | | 3,644 | 3,773 | 3,354 | 3,440 |
| Lease receivables | | - | - | 224 | 272 |
| Investment in subsidiaries | | - | - | 25,082 | 25,082 |
| Financial assets at fair value through profit or loss | | 427 | 349 | 427 | 349 |
| Other assets | | 10 | 10 | 10 | 10 |
| Total non-current assets | | 62,383 | 63,385 | 62,316 | 60,716 |
| Total assets | | 120,328 | 124,109 | 105,432 | 106,488 |
| LIABILITIES AND EQUITY | | | | | |
| Current liabilities | | | | | |
| Bills payable | | 449 | - | 449 | - |
| Derivative financial instruments | | 285 | 100 | 285 | 100 |
| Trade payables | | 1,005 | 739 | 9,658 | 7,622 |
| Other payables | | 3,024 | 3,263 | 7,928 | 7,389 |
| Lease liabilities | 8 | 462 | 558 | 462 | 558 |
| Income tax payable | | 347 | - | 291 | - |
| Total current liabilities | | 5,572 | 4,660 | 19,073 | 15,669 |
| Non-current liabilities | | | | | |
| Lease liabilities | 8 | 3,730 | 3,942 | 3,730 | 3,942 |
| Deferred tax liabilities | | 6,663 | 6,706 | 3,460 | 3,460 |
| Total non-current liabilities | | 10,393 | 10,648 | 7,190 | 7,402 |
| Capital and reserves | | | | | |
| Share capital | 9 | 41,846 | 41,846 | 41,846 | 41,846 |
| Retained earnings | | 70,883 | 74,803 | 37,914 | 42,162 |
| Treasury shares | 10 | (591) | (591) | (591) | (591) |
| Translation reserves | | (6,852) | (6,334) | - | - |
| Capital reserve | | (923) | (923) | - | - |
| Total equity attributable to owners of the Company | | 104,363 | 108,801 | 79,169 | 83,417 |
| Total equity and liabilities | | 120,328 | 124,109 | 105,432 | 106,488 |

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C. Statements of Changes In Equity

| <u>Group</u> | Share capital | Treasury shares | Translation reserves | Capital reserve | Retained earnings | Total Equity |
|--|---------------|-----------------|----------------------|-----------------|-------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 2022 | | | | | | |
| Balance at 1 January 2022 | 41,846 | (591) | (6,334) | (923) | 74,803 | 108,801 |
| Dividends paid | - | - | - | - | (5,671) | (5,671) |
| <i>Total comprehensive income for the period</i> | | | | | | |
| Profit for the period | - | - | - | - | 1,751 | 1,751 |
| Other comprehensive loss for the period | - | - | (518) | - | - | (518) |
| Balance at 30 June 2022 | 41,846 | (591) | (6,852) | (923) | 70,883 | 104,363 |

| | | | | | | |
|--|---------------|--------------|----------------|--------------|---------------|----------------|
| 2021 | | | | | | |
| Balance at 1 January 2021 | 41,846 | (355) | (4,837) | (923) | 76,738 | 112,469 |
| Dividends paid | - | - | - | - | (5,701) | (5,701) |
| <i>Total comprehensive income for the period</i> | | | | | | |
| Profit for the period | - | - | - | - | 1,637 | 1,637 |
| Other comprehensive loss for the period | - | - | (1,081) | - | - | (1,081) |
| Balance at 30 June 2021 | 41,846 | (355) | (5,918) | (923) | 72,674 | 107,324 |

| <u>Company</u> | Share capital | Treasury shares | Retained earnings | Total Equity |
|---|---------------|-----------------|-------------------|---------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 2022 | | | | |
| Balance at 1 January 2022 | 41,846 | (591) | 42,162 | 83,417 |
| Dividends paid | - | - | (5,671) | (5,671) |
| Profit for the period, representing total comprehensive income for the period | - | - | 1,423 | 1,423 |
| Balance at 30 June 2022 | 41,846 | (591) | 37,914 | 79,169 |
| 2021 | | | | |
| Balance at 1 January 2021 | 41,846 | (355) | 45,613 | 87,104 |
| Dividends paid | - | - | (5,701) | (5,701) |
| Profit for the period, representing total comprehensive income for the period | - | - | 2,714 | 2,714 |
| Balance at 30 June 2021 | 41,846 | (355) | 42,626 | 84,117 |

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D. Consolidated Statement of Cash Flows

| | Group | |
|---|--|--|
| | 6 months ended 30 June 2022 S\$'000 | 6 months ended 30 June 2021 S\$'000 |
| Cash flows from operating activities | | |
| Profit before income tax | 2,238 | 2,147 |
| Adjustments for: | | |
| Unrealised fair value loss/(gain) from derivative financial instruments | 185 | (25) |
| Depreciation of property, plant & equipment | 3,408 | 3,850 |
| Depreciation of right-of-use assets | 129 | 129 |
| Write-back of allowance for doubtful debts | (4) | (173) |
| Interest expense | 26 | 122 |
| Interest income | (86) | (72) |
| Net unrealised foreign exchange (gain)/loss | (51) | 867 |
| (Gain)/Loss on disposal of property, plant and equipment | (272) | 2 |
| Fair value (gain)/loss arising on financial assets designated as FVTPL | (78) | 32 |
| Operating cash flows before movements in working capital | 5,495 | 6,879 |
| Trade receivables | (1,435) | 12,490 |
| Other receivables and prepaid expenses | (809) | (498) |
| Inventories | (1,147) | 2,054 |
| Trade payables | 268 | (94) |
| Other payables | (233) | (344) |
| Cash generated from operations | 2,139 | 20,487 |
| Income tax paid | (125) | (362) |
| Net cash generated from operating activities | 2,014 | 20,125 |
| Cash flows from investing activities | | |
| Interest received | 86 | 72 |
| Purchase of property, plant and equipment | (7,156) | (5,957) |
| Proceeds from disposal of property, plant and equipment | 286 | 199 |
| Net cash used in investing activities | (6,784) | (5,686) |
| Cash flows from financing activities | | |
| Bills payable | 449 | 815 |
| Interest paid | (26) | (122) |
| Payment of dividends to owners of the Company | (5,671) | (5,701) |
| Repayment of lease liabilities | (308) | (3,076) |
| Net cash used in financing activities | (5,556) | (8,084) |
| Net (decrease)/increase in cash and cash equivalents | (10,326) | 6,355 |
| Cash and cash equivalents at beginning of the period | 48,018 | 32,619 |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | (40) | (141) |
| Cash and cash equivalents at end of the period | 37,652 | 38,833 |

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the condensed interim financial statements

1. Corporate Information

Sin Heng Heavy Machinery Limited (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the "Group").

The primary activities of the Company are those of hiring and dealing in cranes and heavy machinery and provision of facilities and custody services.

2. Basis of Preparation

2.1. Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and the performance of the Group since the last interim financial statements for the period ended 31 December 2021.

The Group has applied accounting policies and methods of computation in the financial statements for the current reporting period consistent with those of the audited financial statements for the year ended 31 December 2021.

In the current financial period, the Group has adopted all the new and revised SFRS(I) that are relevant to its operations and effective for annual periods beginning on 1 January 2022. The Group did not have to change its accounting policy or make retrospective adjustments as a result of adopting these standards.

The condensed financial statements are expressed in Singapore dollars which is the Company's functional currency.

2.2. Basis of measurement

The condensed financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

The condensed financial statements have been prepared on a going concern basis, since the directors have verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group's ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the reporting period.

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E. Notes to the condensed interim financial statements (cont'd)

2. Basis of Preparation (cont'd)

2.3. Uses of estimates and judgements

The preparation of the condensed financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

(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.

(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 asset and liabilities within the next financial year, are discussed below:

Impairment of cranes and aerial lifts classified as property, plant and equipment

Where there are indications of impairment of its cranes and aerial lifts classified as property, plant and equipment, 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 value in use calculations which require the use of key estimates such as utilisation rates and discount rate.

Allowance for inventories

In determining the net realisable value of the cranes and aerial lifts classified as 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. Management judgement regarding future market and economic conditions is involved in determining the net realisable value of inventories.

Allowance for trade receivables

Management judgement is required in assessing the ultimate realisation of the trade receivables. This involves an assessment of the Group's historical loss rates and estimates of expected future loss rates, management's assessment of forward looking macro-economic factors and the eventual expected credit losses in accordance with SFRS(I) 9 Financial Instruments.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the condensed interim financial statements (cont'd)

3. Segment and revenue information

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision maker has 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 SFRS(I) 8 Operating segments as follows:

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 are as follows:

- Segment 1: Equipment Rental
- Segment 2: Trading

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.

3.1. Reportable segments

| | Equipment rental | Trading | Total |
|---|-----------------------------|----------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 |
| 6 months ended 30 June 2022 | | | |
| Segment revenue | 13,719 | 12,779 | 26,498 |
| Segment profit | 4,035 | 2,247 | 6,282 |
| Selling expenses | (87) | (81) | (168) |
| Other operating income | | | 517 |
| Administrative expenses | | | (4,177) |
| Other operating expenses | | | (190) |
| Finance costs | (20) | (6) | (26) |
| Profit before tax | | | 2,238 |
| Income tax expenses | | | (487) |
| Profit for the period | | | 1,751 |
| Other information | | | |
| Capital expenditure | (7,152) | (4) | (7,156) |
| Depreciation expense | (3,328) | (209) | (3,537) |
| Allowance for doubtful debts written back | 4 | - | 4 |
| Gain on disposal of property, plant and equipment | 272 | | 272 |

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E. Notes to the condensed interim financial statements (cont'd)

3. Segment and revenue information (cont'd)

3.1. Reportable segments (cont'd)

| | Equipment rental | Trading | Total |
|---|---------------------|---------|---------|
| | S\$'000 | S\$'000 | S\$'000 |
| 6 months ended 30 June 2021 | | | |
| Segment revenue | 14,346 | 11,235 | 25,581 |
| Segment profit | 4,035 | 1,881 | 5,916 |
| Selling expenses | (110) | (86) | (196) |
| Other operating income | | | 1,431 |
| Administrative expenses | | | (4,299) |
| Other operating expenses | | | (583) |
| Finance costs | (116) | (6) | (122) |
| Profit before tax | | | 2,147 |
| Income tax expenses | | | (510) |
| Profit for the period | | | 1,637 |
| Other information | | | |
| Capital expenditure | (5,943) | (14) | (5,957) |
| Depreciation expense | (3,757) | (222) | (3,979) |
| Loss on disposal of property, plant and equipment | (2) | - | (2) |

3.2. Segment asset and liabilities

| | Equipment rental | Trading | Total |
|-----------------------------------|---------------------|---------|---------|
| | S\$'000 | S\$'000 | S\$'000 |
| As at 30 June 2022 | | | |
| Segment assets | 59,291 | 19,084 | 78,375 |
| Unallocated corporate assets | | | 41,953 |
| Total assets | | | 120,328 |
| Segment liabilities | 3,359 | 1,838 | 5,197 |
| Unallocated corporate liabilities | | | 10,768 |
| Total liabilities | | | 15,965 |
| As at 31 December 2021 | | | |
| Segment assets | 60,252 | 12,584 | 72,836 |
| Unallocated corporate assets | | | 51,273 |
| Total assets | | | 124,109 |
| Segment liabilities | 3,337 | 1,902 | 5,239 |
| Unallocated corporate liabilities | | | 10,069 |
| Total liabilities | | | 15,308 |

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E. Notes to the condensed interim financial statements (cont'd)

3. Segment and revenue information (cont'd)

3.3. Disaggregation of Revenue

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

| | Group | | |
|------------------------------------|-----------------------------|----------------|----------------|
| | Equipment rental | Trading | Total |
| | S\$'000 | S\$'000 | S\$'000 |
| <u>Geographical information:</u> | | | |
| 6 months ended 30 June 2022 | | | |
| Singapore | 12,095 | 5,063 | 17,158 |
| Indonesia | - | 3,533 | 3,533 |
| Malaysia | 1,022 | 172 | 1,194 |
| Myanmar | 602 | - | 602 |
| Taiwan | - | 4,011 | 4,011 |
| Total revenue | 13,719 | 12,779 | 26,498 |
| 6 months ended 30 June 2021 | | | |
| Singapore | 12,512 | 6,470 | 18,982 |
| Indonesia | - | 391 | 391 |
| Malaysia | 1,115 | - | 1,115 |
| Myanmar | 719 | - | 719 |
| Taiwan | - | 4,122 | 4,122 |
| Others | - | 252 | 252 |
| Total revenue | 14,346 | 11,235 | 25,581 |

3.4. Seasonal operation

The Group's businesses are not affected significantly by seasonal or cyclical factors during financial period.

3.5. Major customers information

There was one customer which contributed more than 10 percent to the revenue of the Group (2021: Nil).

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E. Notes to the condensed interim financial statements (cont'd)

4. Income tax expense

The Group calculates the period's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim statement of profit or loss are:

| | Group | |
|----------------------------|--|--|
| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
| | S\$'000 | S\$'000 |
| Current income tax expense | (487) | (510) |

5. Profit before income tax

| | Group | |
|--|--|--|
| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
| | S\$'000 | S\$'000 |
| Profit for the year has been arrived at after charging/(crediting): | | |

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

| | | |
|---|--------------|-------|
| Depreciation of property, plant and equipment | 3,408 | 3,850 |
| Depreciation of right-of-use assets | 129 | 129 |
| Allowance for doubtful debts written back | (4) | (173) |
| Currency exchange (gain)/loss - net | (30) | 513 |
| (Gain)/loss on disposal of property, plant and equipment | (272) | 2 |
| Fair value loss arising on financial assets designated as FVTPL | (78) | 32 |
| Interest expense | 26 | 122 |
| Interest income | (86) | (72) |
| Unrealised fair value loss/(gain) from derivative financial instruments | 185 | (25) |

6. Property, plant and equipment

During the 6 months ended 30 June 2022, the Group acquired assets amounting to S\$7.2 million (30 June 2021: S\$6.0 million) and disposed of assets amounting to S\$14k (30 June 2021: S\$200k).

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the condensed interim financial statements (cont'd)

7. Financial instruments

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2022 and 31 December 2021.

| | Group | | Company | |
|--|-----------------------|------------------------------|-----------------------|------------------------------|
| | As at 30 June 2022 | As at 31 December 2021 | As at 30 June 2022 | As at 31 December 2021 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Financial Assets | | | | |
| Financial assets at amortised cost | 48,855 | 56,718 | 37,643 | 43,153 |
| Financial assets mandatorily measured at FVTPL | 2,227 | 2,149 | 2,227 | 2,149 |
| | 51,082 | 58,867 | 39,870 | 45,302 |
| Financial Liabilities | | | | |
| Financial liabilities at amortised cost | 4,825 | 4,002 | 18,326 | 15,011 |
| Lease liabilities | 4,192 | 4,500 | 4,192 | 4,500 |
| Derivative financial instruments | 285 | 100 | 285 | 100 |
| | 9,302 | 8,602 | 22,803 | 19,611 |

The investments are measured at fair value through profit or loss in accordance with SFRS(I) 9, as they represent an identified portfolio of investments which the Group and Company manage together with an intention of profit taking when the opportunity arises.

8. Aggregate amount of group's borrowings and debt securities

| | Group and Company | |
|--|-----------------------|------------------------------|
| | As at 30 June 2022 | As at 31 December 2021 |
| | S\$'000 | S\$'000 |
| <u>Amount repayable within one year or on demand</u> | | |
| Secured | 462 | 558 |
| Unsecured | 449 | - |
| <u>Amount repayable after one year</u> | | |
| Secured | 3,730 | 3,942 |
| Unsecured | - | - |

As at 30 June 2022, the Group's lease liabilities of S\$4.2 million were secured over the Group's right-of-use assets and certain plant and equipment with carrying values of S\$3.6 million and S\$1.2 million, respectively. The unsecured amount was due to bills payable pertaining to purchase of cranes.

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E. Notes to the condensed interim financial statements (cont'd)

9. Share capital

| | Number of shares | |
|---|-------------------------------|-----------------------------------|
| | As at 30 June 2022 | As at 31 December 2021 |
| Total number of issued ordinary shares | 114,888,980 | 114,888,980 |
| Less: Treasury shares | (1,475,980) | (1,475,980) |
| Total number of issued ordinary shares (excluding treasury shares) | 113,413,000 | 113,413,000 |

There was no movement in the issued and paid up capital of the Company since 31 December 2021.

There were no outstanding convertibles as at 30 June 2022 and 31 December 2021.

10. Treasury shares

| | Number of shares | |
|----------------------------|-------------------------------|-----------------------------------|
| | As at 30 June 2022 | As at 31 December 2021 |
| At beginning of the period | 1,475,980 | 875,980 |
| Repurchase of shares | - | 600,000 |
| At end of the period | 1,475,980 | 1,475,980 |

There were no sale, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

11. Earnings per share

| | Group | |
|---|--|--|
| | 6 months ended 30 June 2022 | 6 months ended 30 June 2021 |
| EPS based on weighted average number of ordinary shares on issue (cents) | 1.54 | 1.44 |
| On a fully diluted basis (cents) | 1.54 | 1.44 |
| Weighted average number of ordinary shares in issue ('000) | 113,413 | 114,013 |

There were no potential dilutive ordinary shares in existence for the periods from 1 January 2022 to 30 June 2022 and 1 January 2021 to 30 June 2021.

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E. Notes to the condensed interim financial statements (cont'd)

12. Net asset value per share

| | Group | | Company | |
|--|-----------------------|------------------------------|-----------------------|------------------------------|
| | As at 30 June 2022 | As at 31 December 2021 | As at 30 June 2022 | As at 31 December 2021 |
| Net asset value per ordinary share (cents) | 92.02 | 95.93 | 69.81 | 73.55 |
| Ordinary shares at the end of the current financial period and immediately preceding financial year ('000) | 113,413 | 113,413 | 113,413 | 113,413 |

13. Dividends

No interim dividend for the half year ended 30 June 2022 (30 June 2021: Nil) was recommended in view of the Group's operational and financial cash needs.

14. Subsequent events

There are no known subsequent event which have led to adjustments to this set of condensed interim financial statements.

Other Information Required by Listing Rule Appendix 7.2

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION

1. Review

The interim condensed statement of financial position of Sin Heng Heavy Machinery Limited and its subsidiaries as at 30 June 2022 and the related consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited nor reviewed.

2. Review of performance of the Group

INCOME STATEMENT

Revenue

| | Group | | |
|---------------------------|---------------------------|---------------|-------------|
| | 6 months (Period to Date) | | |
| | 1H FY2022 | 1H FY2021 | % Change |
| | S\$'000 | S\$'000 | |
| Equipment Rental business | 13,719 | 14,346 | (4.4%) |
| Trading business | 12,779 | 11,235 | 13.7% |
| Total | 26,498 | 25,581 | 3.6% |

The Group registered a total revenue of S\$26.5m in 1H FY2022, which was 3.6% higher than 1H FY2021. The increase was mainly due to higher trading revenue, which was partially offset by lower rental revenue.

Revenue from Equipment Rental business decreased by 4.4% to S\$13.7m in 1H FY2022 as compared to 1H FY2021. The decrease was mainly due to the uncertain political situation in Myanmar resulting in a lower revenue contribution from our Myanmar subsidiary.

Revenue from Trading business increased by 13.7% to S\$12.8m in 1H FY2022 as compared to 1H FY2021. The overall increase was mainly due to different product mix sold.

Gross Profit

| | Group | | |
|---------------------------|---------------------------|--------------|-------------|
| | 6 months (Period to Date) | | |
| | 1H FY2022 | 1H FY2021 | % Change |
| | S\$'000 | S\$'000 | |
| Equipment Rental business | 4,035 | 4,035 | - |
| Trading business | 2,247 | 1,881 | 19.5% |
| Total | 6,282 | 5,916 | 6.2% |

The Group registered a total gross profit of S\$6.3m in 1H FY2022 which was 6.2% higher than 1H FY2021. The increase was mainly due to the increase in Trading revenue, which also contributed an improved gross profit in FY2022.

The Group registered a gross profit of S\$4.0m from Equipment Rental business in 1H FY2022, which was consistent with 1H FY2021 as rental revenue remained relatively stable.

The Group registered a gross profit of S\$2.2m from Trading business in 1H FY2022, which was 19.5% higher than 1H FY2021, in line with the increase in Trading revenue.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION

2. Review of performance of the Group (cont'd)

INCOME STATEMENT (cont'd)

Other Operating Income

Other operating income decreased by S\$0.9m in 1H FY2022 as compared to 1H FY2021. The decrease was mainly due to the absence of job support scheme income in 1H FY2022.

Selling Expenses

Selling expenses decreased slightly in 1H FY2022 compared to 1H FY2021. The decrease was mainly due to lower entertainment and travelling expenses incurred.

Administrative Expenses

Administrative expenses has largely remained flat in 1H FY2022 compared to 1H FY2021 with a marginal decrease of S\$0.1m.

Other Operating Expenses

Other operating expenses decreased by S\$0.4m in 1H FY2022 as compared to 1H FY2021. The decrease was mainly due to net foreign exchange gain recorded in 1H FY2022 as compared to the net foreign exchange loss recorded in 1H FY2021, resulted from the devaluation of Myanmar KYAT in 1H FY2021.

Finance Costs

Finance costs decreased by S\$0.1m in 1H FY2022 as compared to 1H FY2021 as the Group fully repaid certain lease liabilities.

Income Tax Expense

The Group recorded an income tax expense in 1H FY2022, mainly due to provision of current tax expenses for the period ended 30 June 2022.

STATEMENT OF FINANCIAL POSITION

Current Assets

As at 30 June 2022, current assets amounted to S\$57.9m or 48% of total assets. Current assets mainly comprise of cash and bank balances, trade and other receivables, inventories and other investments. Total current assets decreased by S\$2.8m as compared to 31 December 2021 mainly due to decrease in cash and bank balances, which was offset by increases in trade and other receivables, and inventories.

Non-Current Assets

As at 30 June 2022, non-current assets amounted to S\$62.4m or 52% of total assets. Non-current assets mainly comprises of property, plant and equipment and right-of-use assets. Total non-current assets decreased by S\$1.0m as compared to 31 December 2021 mainly due to depreciation charged for the period, which was offset by additions to property, plant and equipment.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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2. Review of performance of the Group (cont'd)

STATEMENT OF FINANCIAL POSITION (cont'd)

Current Liabilities

As at 30 June 2022, current liabilities amounted to S\$5.6m or 35% of total liabilities. Current liabilities mainly comprise of trade and other payables and current portion of lease liabilities. Total current liabilities increased by S\$0.9m as compared to 31 December 2021, mainly due to increase in provision for current tax and bills payable.

Non-Current Liabilities

As at 30 June 2022, non-current liabilities amounted to S\$10.4m or 65% of total liabilities. Non-current liabilities comprises of the non-current portion of lease liabilities and deferred tax. Total non-current liabilities decreased by S\$0.3m as compared to 31 December 2021, mainly due to repayment of lease liabilities.

Working Capital

As at 30 June 2022, the Group registered a positive working capital of S\$52.4m as compared to that of S\$56.0m as at 31 December 2021.

Equity

As at 30 June 2022, the Group's total equity stood at S\$104.4m. Total equity decreased by S\$4.4m as compared to 31 December 2021, mainly due to payment of dividend, partially offset against profit for the period.

STATEMENT OF CASH FLOWS

The Group's net cash generated from operating activities in 1H FY2022 was S\$2.0m. This comprised positive operating cash flows before changes in working capital of S\$5.5m, adjusted by an decrease in net working capital flow of S\$3.4m and income tax paid of S\$0.1m.

Net cash used in investing activities was S\$6.8m in 1H FY2022. This was due to the cash outlay for the purchase of property, plant and equipment of S\$7.2m, offset by proceeds from disposal of property, plant and equipment of S\$0.3m and interest received of S\$0.1m.

Net cash used in financing activities was S\$5.6m in 1H FY2022. This was mainly due to the dividend paid of S\$5.7m, payment of lease liabilities of S\$0.3m, offset by increase in bills payable of S\$0.4m.

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

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

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4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operated and any known factors or events that may affect the Group in the next operating period and the next 12 months

The global economy remains volatile with the lingering effects of the COVID-19 pandemic, coupled with rising interest rates, inflationary cost pressures and tight labour supply, especially in Singapore. Despite the challenging business environment, the Group remains cautiously optimistic with its Singapore operations.

With the COVID-19 situation stabilizing in Malaysia, we foresee resumption in infrastructure spending and construction activities. The Group is well prepared through its Malaysian subsidiary to meet the increase in demand and activities.

The Group's Myanmar operations continues to remain uncertain since the military seized power in 2021 and the ongoing COVID-19 pandemic.

In view of the above, the Group will continue to adopt a prudent cash management strategy while exploring other business opportunities.

5. Dividend information

5a. Current Financial Period Reported on

No interim dividend for the half year ended 30 June 2022 were recommended.

5b. Corresponding Period of the Immediate Preceding Financial Year

No interim dividend was declared for the corresponding period of the immediately preceding financial year.

5c. Date Payable

Not applicable.

5d. Books Closure Date

Not applicable.

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6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

There was no interested person transactions exceeding S\$100,000 during the period under review.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

8. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

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 interim financial results for the six months ended 30 June 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Ah Lye
Executive Director and CEO
11 August 2022