

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

**Condensed Interim Financial Statements
For the six months ended 30 June 2023**

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SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

A. Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		Increase/ (Decrease)
		6 months ended 30 Jun 2023	6 months ended 30 Jun 2022	
		S\$'000	S\$'000	
Revenue	3	34,736	26,498	31.1%
Cost of sales		(25,602)	(20,216)	26.6%
Gross profit		9,134	6,282	45.4%
Other operating income		1,030	517	99.2%
Selling expenses		(222)	(168)	32.1%
Administrative expenses		(5,091)	(4,177)	21.9%
Other operating expenses		(359)	(190)	88.9%
Finance costs		(84)	(26)	223.1%
Profit before income tax	5	4,408	2,238	97.0%
Income tax expense	4	(1,096)	(487)	125.1%
Profit for the period		3,312	1,751	89.1%
Profit attributable to:				
Owners of the Company		3,312	1,751	89.1%
Non-controlling interests		-	-	-
		3,312	1,751	89.1%
Earnings per share (cents):	12			
Basic		2.93	1.54	90.3%
Diluted		2.93	1.54	90.3%
Profit for the period		3,312	1,751	89.1%
Other comprehensive loss:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		(683)	(518)	31.9%
Total comprehensive income for the period		2,629	1,233	113.2%
Total comprehensive income attributable to:				
Owners of the Company		2,629	1,233	113.2%
Non-controlling interests		-	-	-
		2,629	1,233	113.2%

NM: Not Meaningful

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B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		As at 30	As at 31	As at 30	As at 31
		Jun 2023	Dec 2022	Jun 2023	Dec 2022
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and bank balances		39,373	38,051	21,858	21,259
Trade receivables		12,657	9,453	15,984	14,971
Other receivables and prepayments		2,171	2,711	2,937	2,818
Lease receivables		-	-	96	96
Inventories		7,587	5,744	3,772	3,644
Financial assets at fair value through profit or loss		-	1,800	-	1,800
Total current assets		61,788	57,759	44,647	44,588
Non-current assets					
Property, plant and equipment	6	62,304	63,893	42,107	36,799
Right-of-use assets	7	3,468	3,604	3,265	3,358
Lease receivables		-	-	128	176
Investment in subsidiaries		-	-	10,357	21,282
Financial assets at fair value through profit or loss		354	430	354	430
Financial assets at fair value through other comprehensive income		500	-	500	-
Other assets		10	10	10	10
Total non-current assets		66,636	67,937	56,721	62,055
Total Assets		128,424	125,696	101,368	106,643
LIABILITIES AND EQUITY					
Current liabilities					
Bills payable		880	1,135	880	1,135
Derivative financial instruments		176	138	177	138
Trade payables		1,311	992	8,627	9,270
Other payables		5,238	3,045	4,721	8,270
Lease liabilities	9	3,002	2,038	3,002	2,038
Income tax payable		451	313	607	153
Total current liabilities		11,058	7,661	18,014	21,004
Non-current liabilities					
Lease liabilities	9	7,241	6,232	7,241	6,232
Deferred tax liabilities		6,978	7,063	3,650	3,650
Total non-current liabilities		14,219	13,295	10,891	9,882
Capital and reserves					
Share capital	10	41,846	41,846	41,846	41,846
Retained earnings		72,126	72,783	31,461	34,502
Treasury shares	11	(844)	(591)	(844)	(591)
Translation reserves		(9,058)	(8,375)	-	-
Capital reserve		(923)	(923)	-	-
Total equity attributable to owners of the Company		103,147	104,740	72,463	75,757
Total Equity and Liabilities		128,424	125,696	101,368	106,643

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C. Condensed Interim Statements of Changes in Equity

<u>Group</u>	Share capital S\$'000	Treasury Shares S\$'000	Translation Reserves S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total Equity S\$'000	
2023							
Balance at 1 January 2023	41,846	(591)	(8,375)	(923)	72,783	104,740	
Repurchase of shares	-	(253)	-	-	-	(253)	
Dividends paid	-	-	-	-	(3,969)	(3,969)	
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	-	3,312	3,312	
Other comprehensive loss for the period	-	-	(683)	-	-	(683)	
Balance at 30 June 2023	41,846	(844)	(9,058)	(923)	72,126	103,147	
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	
<u>Company</u>				Share capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
2023							
Balance at 1 January 2023				41,846	(591)	34,502	75,757
Repurchase of shares				-	(253)	-	(253)
Dividends paid				-	-	(3,969)	(3,969)
Profit for the period, representing total comprehensive income for the period				-	-	928	928
Balance at 30 June 2023				41,846	(844)	31,461	72,463
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

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D. Condensed Interim Statement of Cash Flows

	Group	
	6 months ended 30 Jun 2023 S\$'000	6 months ended 30 Jun 2022 S\$'000
Cash flows from operating activities		
Profit before income tax	4,408	2,238
Adjustments for:		
Unrealised fair value loss from derivative financial instruments	38	185
Depreciation of property, plant & equipment	3,307	3,408
Depreciation of right-of-use assets	136	129
Write-back of allowance for doubtful debts	-	(4)
Allowance for doubtful debts	24	-
Bad debts written off	86	-
Interest expense	84	26
Interest income	(516)	(86)
Net unrealised foreign exchange loss/(gain)	81	(51)
Property, plant and equipment written off	66	-
Gain on disposal of property, plant and equipment	(370)	(272)
Fair value loss/(gain) arising on financial assets designated as FVTPL	76	(78)
Operating cash flows before movements in working capital	7,420	5,495
Trade receivables	(3,349)	(1,435)
Other receivables and prepaid expenses	(36)	(809)
Inventories	6,301	(1,147)
Trade payables	321	268
Other payables	2,205	(233)
Cash generated from operations	12,862	2,139
Income tax paid	(407)	(125)
Purchase of property, plant and equipment	(8,853)	(6,859)
Net cash generated from/(used in) operating activities	3,602	(4,845)
Cash flows from investing activities		
Interest received	516	86
Purchase of property, plant and equipment	(1,968)	(297)
Purchase of financial assets at fair value designated at FVTOCI	(500)	-
Proceeds from disposal of property, plant and equipment	528	286
Proceeds from disposal of financial assets designated at FVTPL	1,800	-
Net cash generated from investing activities	376	75
Cash flows from financing activities		
Bills payable	(255)	449
Interest paid	(84)	(26)
Payment of dividends to owners of the Company	(3,969)	(5,671)
Repayment of lease liabilities	(1,355)	(308)
Purchase of treasury shares	(253)	-
Proceeds from hire purchase facilities	3,328	-
Net cash used in financing activities	(2,588)	(5,556)
Net increase/(decrease) in cash and cash equivalents	1,390	(10,326)
Cash and cash equivalents at beginning of the period	38,051	48,018
Effect of exchange rate changes on the balance of cash held in foreign currencies	(68)	(40)
Cash and cash equivalents at end of the period	39,373	37,652

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 2023 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 2023 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 financial statements for the year ended 31 December 2022.

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 2022.

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 2023. 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.

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 2022.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the Condensed Interim Financial Statements (cont'd)

2. Basis of Preparation (cont'd)

2.3. Uses of estimates and judgements (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.

(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 rental rates and utilisation rates.

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*.

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

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the Condensed Interim Financial Statements (cont'd)

3. Segment and Revenue Information (cont'd)

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

	Group		
	Equipment Rental S\$'000	Trading S\$'000	Total S\$'000
6 months ended 30 June 2023			
Segment revenue	15,238	19,498	34,736
Segment profit	4,693	4,441	9,134
Selling expenses	(98)	(124)	(222)
Other operating income			1,030
Administrative expenses			(5,091)
Other operating expenses			(359)
Finance costs	(80)	(4)	(84)
Profit before tax			4,408
Income tax expenses			(1,096)
Profit for the period			3,312
Other information			
Capital expenditure	(10,710)	(111)	(10,821)
Depreciation expense	(3,240)	(203)	(3,443)
Allowance for doubtful debts	(24)	-	(24)
Bad debts written off	(86)	-	-
Property, plant and equipment written off	(66)	-	(66)
Gain on disposal of property, plant and equipment	370	-	370
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

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the Condensed Interim Financial Statements (cont'd)

3. Segment and Revenue Information (cont'd)

3.2. Segment assets and liabilities

	Group		
	Equipment Rental S\$'000	Trading S\$'000	Total S\$'000
As at 30 June 2023			
Segment assets	63,703	22,313	86,016
Unallocated corporate assets			42,408
Total assets			128,424
Segment liabilities	9,805	1,749	11,554
Unallocated corporate liabilities			13,723
Total liabilities			25,277
As at 31 December 2022			
Segment assets	65,046	17,648	82,694
Unallocated corporate assets			43,002
Total assets			125,696
Segment liabilities	7,444	1,818	9,262
Unallocated corporate liabilities			11,694
Total liabilities			20,956

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 S\$'000	Trading S\$'000	Total S\$'000
<u>Geographical information</u>			
6 months ended 30 June 2023			
Singapore	13,852	7,235	21,087
Indonesia	-	4,298	4,298
Malaysia	1,386	899	2,285
Taiwan	-	5,533	5,533
Japan	-	1,503	1,503
Others	-	30	30
Total revenue	15,238	19,498	34,736
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

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the Condensed Interim Financial Statements (cont'd)

3. Segment and Revenue Information (cont'd)

3.4. Seasonal operation

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

3.5. Major customers information

There were two customers each contributed more than 10 percent to the revenue of the Group (2022: 1).

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 Jun 2023 S\$'000	6 months ended 30 June 2022 S\$'000
Current income tax expense	(1,096)	(487)

5. Profit Before Income Tax

	Group	
	6 months ended 30 Jun 2023 S\$'000	6 months ended 30 June 2022 S\$'000
Profit for the year has been arrived at after charging/(crediting):		

Depreciation of property, plant and equipment	3,307	3,408
Depreciation of right-of-use assets	136	129
Allowance for doubtful debts written back	-	(4)
Allowance for doubtful debts	24	-
Bad debts written off	86	-
Currency exchange gain - net	(70)	(30)
Gain on disposal of property, plant and equipment	(370)	(272)
Fair value loss/(gain) arising on financial assets designated as FVTPL	76	(78)
Interest expense	84	26
Interest income	(516)	(86)
Unrealised fair value loss from derivative financial instruments	38	185

6. Property, Plant and Equipment

During the six months ended 30 June 2023, the Group acquired property, plant and equipment (including inventories that were purchased and transferred to property, plant and equipment in the current period) amounting to S\$10.8 million (30 June 2022: S\$7.2 million) and disposed of assets amounting to S\$158k (30 June 2022: S\$14k).

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the Condensed Interim Financial Statements (cont'd)

7. Right-of-Use Assets

The Group leases leasehold property and dormitory units and recognises as right-of-use ("ROU") assets. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

8. 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 2023 and 31 December 2022.

	Group		Company	
	As at 30 Jun 2023	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at amortised cost	52,528	48,769	40,260	38,655
Financial assets measured at FVTPL	354	2,230	354	2,230
Financial assets measured at FVTOCI	500	-	500	-
	53,382	50,999	41,114	40,885
Financial liabilities				
Financial liabilities at amortised cost	7,429	5,172	14,228	18,675
Lease liabilities	10,243	8,270	10,243	8,270
Derivative financial instruments	176	138	177	138
	17,848	13,580	24,648	27,083

Financial assets measured at FVTPL is classified under Level 1 fair value measurements where the fair value is determined by reference to the quoted price (unadjusted) in active market for identical assets. The investments are measured 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.

Financial assets measured at FVTOCI is classified under Level 3 fair value measurements where the fair value is determined based on the unobservable inputs for the assets and liabilities.

9. Aggregate Amount of Group's Borrowings and Debt Securities

	Group		Company	
	As at 30 Jun 2023	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	3,002	2,038	3,002	2,038
Unsecured	880	1,135	880	1,135
<u>Amount repayable after one year</u>				
Secured	7,241	6,232	7,241	6,232
Unsecured	-	-	-	-

As at 30 June 2023, the Group's lease liabilities of S\$10.2 million (31 December 2022 : S\$8.3 million) were secured over the Group's right-of-use assets and certain plant and equipment with carrying values of S\$3.5 million (31 December 2022 : S\$3.6 million) and S\$12.1 million (31 December 2022 : S\$7.9 million), respectively.

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E. Notes to the Condensed Interim Financial Statements (cont'd)

10. Share Capital

	Number of shares	
	As at 30 Jun 2023	As at 31 Dec 2022
Total number of issued ordinary shares	114,888,980	114,888,980
Less: Treasury shares	(2,100,880)	(1,475,980)
Total number of issued ordinary shares (excluding treasury shares)	112,788,100	113,413,000

As at 30 June 2023, there are 2,100,880 (31 December 2022 : 1,475,980) shares held as treasury shares against the total number of issued shares excluding treasury shares of 112,788,100 (31 December 2022 : 113,413,000).

There were no outstanding convertibles as at 30 June 2023 and 31 December 2022.

11. Treasury Shares

	Number of shares	
	As at 30 Jun 2023	As at 31 Dec 2022
At beginning of the period	1,475,980	1,475,980
Repurchase of shares	624,900	-
At end of the period	2,100,880	1,475,980

As at 30 June 2023, the number of treasury shares represented 1.8% (31 December 2022 : 1.3%) of the total number of issued shares.

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

12. Earnings Per Share

	Group	
	6 months ended 30 Jun 2023	6 months ended 30 June 2022
EPS based on weighted average number of ordinary shares on issue (cents)	2.93	1.54
On a fully diluted basis (cents)	2.93	1.54
Weighted average number of ordinary shares in issue ('000)	113,212	113,413

There were no potential dilutive ordinary shares in existence for the periods from 1 January 2023 to 30 June 2023 and 1 January 2022 to 30 June 2022.

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E. Notes to the Condensed Interim Financial Statements (cont'd)

13. Net Asset Value Per Share

	Group		Company	
	As at 30 Jun 2023	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2022
Net asset value per ordinary share (cents)	91.45	92.35	64.25	66.80
Ordinary shares at the end of the current financial period and immediately preceding financial year ('000)	112,788	113,413	112,788	113,413

14. Dividends

No interim dividend for the half year ended 30 June 2023 (30 June 2022: Nil) was recommended in view of the Group's operational and financial cash needs.

15. 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 condensed interim statement of financial position of Sin Heng Heavy Machinery Limited and its subsidiaries as at 30 June 2023 and the related condensed interim profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim 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 FY2023	1H FY2022	% Change
	S\$'000	S\$'000	
Equipment Rental business	15,238	13,719	11.1%
Trading business	19,498	12,779	52.6%
Total	34,736	26,498	31.1%

The Group registered a total revenue of S\$34.7m in 1H FY2023, which was 31.1% higher than 1H FY2022. The increase was mainly due to higher revenue in both business segments.

Revenue from Equipment Rental business increased by 11.1% to S\$15.2m in 1H FY2023 as compared to 1H FY2022. The increase was mainly due to improve contribution from our Singapore operations.

Revenue from Trading business increased by 52.6% to S\$19.5m in 1H FY2023 as compared to 1H FY2022. The overall increase was mainly due to increase in number of cranes sold during the period.

Gross Profit

	Group		
	6 months (Period to date)		
	1H FY2023	1H FY2022	% Change
	S\$'000	S\$'000	
Equipment Rental business	4,693	4,035	16.3%
Trading business	4,441	2,247	97.6%
Total	9,134	6,282	45.4%

The Group registered a total gross profit of S\$9.1m in 1H FY2023 which was 45.4% higher than 1H FY2022. The increase was mainly due to higher revenue in both business segments, which contributed an improved gross profit in 1H FY2023.

The Group registered a gross profit of S\$4.7m from Equipment Rental business in 1H FY2023, which was 16.3% higher than 1H FY2022, mainly due to higher rental revenue generated.

The Group registered a gross profit of S\$4.4m from Trading business in 1H FY2023, which was 97.6% higher than 1H FY2022, in tandem with the increased in trading revenue with better margin transactions.

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 increased by S\$0.5m in 1H FY2023 as compared to 1H FY2022. The increase was mainly due to the higher interest earned and gain on disposal of property, plant and equipment during the period.

Selling Expenses

Selling expenses increased slightly in 1H FY2023 compared to 1H FY2022. The increase was mainly due to higher entertainment and travelling expenses incurred in tandem with the increase in business activities.

Administrative Expenses

Administrative expenses increased by S\$0.9m in 1H FY2023 as compared to 1H FY2022. The increase was mainly due to the higher staff related expenses and professional fees.

Other Operating Expenses

Other operating expenses increased by S\$0.2m in 1H FY2023 as compared to 1H FY2022. The increase was mainly due to the bad debts written off during the period.

Finance Costs

Finance costs increased by S\$0.06m in 1H FY2023 as compared to 1H FY2022. The increase was mainly due to the utilisation of the Group's hire purchase facility for the purchase of cranes.

Income Tax Expense

The Group recorded an income tax expense in 1H FY2023, mainly due to provision of current tax expenses for the period ended 30 June 2023.

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

Current Assets

As at 30 June 2023, current assets amounted to S\$61.8m or 48% of total assets. Current assets mainly comprises cash and bank balances, trade and other receivables and inventories. Total current assets increased by S\$4.0m as compared to 31 December 2022 mainly due to increase in cash and bank balances, trade receivables and inventories, which was partially offset by decrease in other receivables.

Non-Current Assets

As at 30 June 2023, non-current assets amounted to S\$66.6m or 52% of total assets. Non-current assets mainly comprises property, plant and equipment and right-of-use assets. Total non-current assets decreased by S\$1.3m as compared to 31 December 2022 mainly due to depreciation charged for the period, which was offset by additions to property, plant and equipment and an investment made of S\$0.5m.

Current Liabilities

As at 30 June 2023, current liabilities amounted to S\$11.1m or 44% of total liabilities. Current liabilities mainly comprises trade and other payables and current portion of lease liabilities. Total current liabilities increased by S\$3.4m as compared to 31 December 2022, mainly due to increase in trade and other payables and current portion of lease liabilities.

Non-Current Liabilities

As at 30 June 2023, non-current liabilities amounted to S\$14.2m or 56% of total liabilities. Non-current liabilities comprises the non-current portion of lease liabilities and deferred tax. Total non-current liabilities increased by S\$0.9m as compared to 31 December 2022, mainly due to increase in non-current portion of lease liabilities.

Working Capital

As at 30 June 2023, the Group registered a positive working capital of S\$50.7m as compared to that of S\$50.1m as at 31 December 2022.

Equity

As at 30 June 2023, the Group's total equity stood at S\$103.1m. Total equity decreased by S\$1.6m as compared to 31 December 2022, mainly due to payment of dividend, partially offset against profit for the period.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

STATEMENT OF CASH FLOWS

The Group's net cash generated from operating activities in 1H FY2023 was S\$3.6m. This comprised positive operating cash flows before changes in working capital of S\$7.4m, adjusted by an increase in net working capital flow of S\$5.5m and offset by the purchase of property, plant and equipment for rental use of S\$8.9m and income tax payment of S\$0.4m.

Net cash generated from investing activities was S\$0.4m in 1H FY2023. This was due to the proceeds from disposal of property, plant and equipment of S\$0.5m, proceeds from disposal of financial assets at fair value through profit or loss of S\$1.8m and interest received of S\$0.5m, offset by the cash outlay for the purchase of property, plant and equipment of S\$2.0m and financial assets at fair value through other comprehensive income of S\$0.5m.

Net cash used in financing activities was S\$2.6m in 1H FY2023. This was mainly due to the dividend paid of S\$4.0m, payment of lease liabilities of S\$1.4m, purchase of treasury shares of S\$0.3m, increase in bills payable of S\$0.3m, offset by the proceeds from hire purchase facilities of S\$3.3m.

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.

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

In Singapore, the Group is cautiously optimistic about the business operations due to the ongoing support from the construction of Singapore's MRT lines and other infrastructure projects.

The Malaysia market remains challenging due to the continued weakness in the Malaysia infrastructure build out and the weakening of its currency. In view of these challenges, the Group is evaluating the strategies of our rental operations. Hence, the Group will continue to streamline and adapt our operations in line to the market conditions.

In view of the current uncertain operating environment in Myanmar since the military coup in February 2021, the Group had re-deployed its remaining rental fleet from Myanmar to Singapore. Accordingly, the Group will exit the Myanmar market.

Amidst the inflationary cost environment, volatile foreign exchange and high interest rate situation, the Group will continue to be prudent with its cash management. Notwithstanding that, the Group will remain open to explore other potential business opportunities that align with its long-term strategies.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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5. Dividend information

(a) Current Financial Period Reported on

No interim dividend for the half year ended 30 June 2023 were recommended.

(b) Corresponding Period of the Immediate Preceding Financial Year

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

(c) Date Payable

Not applicable.

(d) Book Closure Date

Not applicable.

6. Interested person transactions

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

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

7. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Listing Manual of the SGX-ST

As at the date of this announcement, SH Equipment (Myanmar) Company Limited, a wholly-owned subsidiary of the Company incorporated in Myanmar, which became inactive since its business operation ceased on 31 May 2023 has submitted an application to the Directorate of Investment and Company Registration (DICA) to be liquidated pursuant to Myanmar Companies Law 2017.

The liquidation of SH Equipment (Myanmar) Company Limited is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the current financial year ending 31 December 2023.

None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the liquidation of SH Equipment (Myanmar) Company Limited, save for their respective shareholdings in the Company.

8. 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.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

9. 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 2023 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Ah Lye
Executive Director and CEO
11 August 2023