

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

**Condensed Consolidated Financial Statements
For the six months and full year ended 31 December 2022**

Table of Contents

A. Condensed statement of profit or loss and other comprehensive income	1
B. Statements of financial position	2
C. Statements of changes in equity	3
D. Consolidated statement of cash flows	4
E. Notes to the condensed consolidated financial statements.....	5
F. Other information required by Listing Rule Appendix 7.2.....	15

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

	Note	Group			Group		
		6 months	6 months	Increase/ (Decrease)	12 months	12 months	Increase/ (Decrease)
		ended 31 Dec 2022 S\$'000	ended 31 Dec 2021 S\$'000		ended 31 Dec 2022 S\$'000	ended 31 Dec 2021 S\$'000	
Revenue	3	25,072	28,149	(10.9%)	51,570	53,730	(4.0%)
Cost of sales		(18,515)	(20,675)	(10.4%)	(38,731)	(40,340)	(4.0%)
Gross profit		6,557	7,474	(12.3%)	12,839	13,390	(4.1%)
Other operating income		995	307	224.1%	1,512	1,738	(13.0%)
Selling expenses		(309)	(150)	106.0%	(477)	(346)	37.9%
Administrative expenses		(5,113)	(4,694)	8.9%	(9,290)	(8,993)	3.3%
Other operating expenses		65	(205)	(131.7%)	(125)	(788)	(84.1%)
Finance costs		(38)	(61)	(37.7%)	(64)	(183)	(65.0%)
Profit before income tax	5	2,157	2,671	(19.2%)	4,395	4,818	(8.8%)
Income tax expense	4	(257)	(542)	NM	(744)	(1,052)	NM
Profit for the period		1,900	2,129	(10.8%)	3,651	3,766	(3.1%)
Profit attributable to:							
Owners of the Company		1,900	2,129	(10.8%)	3,651	3,766	(3.1%)
Non-controlling interests		-	-	-	-	-	-
		1,900	2,129	(10.8%)	3,651	3,766	(3.1%)
Earnings per share (cents):	12						
Basic		1.68	1.87	(10.2%)	3.22	3.31	(2.6%)
Diluted		1.68	1.87	(10.2%)	3.22	3.31	(2.6%)
Profit for the period		1,900	2,129	(10.8%)	3,651	3,766	(3.1%)
Other comprehensive (loss)/income:							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		(1,523)	(418)	NM	(2,041)	(1,499)	NM
Cumulative exchange differences on disposal of subsidiary		-	2	NM	-	2	NM
Total comprehensive income for the period		377	1,713	(78.0%)	1,610	2,269	(29.0%)
Total comprehensive income attributable to:							
Owners of the Company		377	1,713	(78.0%)	1,610	2,269	(29.0%)
Non-controlling interests		-	-	-	-	-	-
		377	1,713	(78.0%)	1,610	2,269	(29.0%)

NM: Not Meaningful

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

B. Statements of Financial Position

	Note	Group		Company	
		As at 31	As at 31	As at 31	As at 31
		Dec 2022	Dec 2021	Dec 2022	Dec 2021
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and bank balances		38,051	48,018	21,259	30,493
Trade receivables		9,453	8,370	14,971	9,007
Other receivables and prepayments		2,711	1,281	2,818	3,838
Lease receivables		-	-	96	96
Inventories		5,744	1,255	3,644	538
Financial assets at fair value through profit or loss		1,800	1,800	1,800	1,800
Total current assets		57,759	60,724	44,588	45,772
Non-current assets					
Property, plant and equipment	6	63,893	59,253	36,799	31,563
Right-of-use assets	7	3,604	3,773	3,358	3,440
Lease receivables		-	-	176	272
Investment in subsidiaries		-	-	21,282	25,082
Financial assets at fair value through profit or loss		430	349	430	349
Other assets		10	10	10	10
Total non-current assets		67,937	63,385	62,055	60,716
Total Assets		125,696	124,109	106,643	106,488
LIABILITIES AND EQUITY					
Current liabilities					
Bills payable		1,135	-	1,135	-
Derivative financial instruments		138	100	138	100
Trade payables		992	739	9,270	7,622
Other payables		3,045	3,263	8,270	7,389
Lease liabilities	9	2,038	558	2,038	558
Income tax payable		313	-	153	-
Total current liabilities		7,661	4,660	21,004	15,669
Non-current liabilities					
Lease liabilities	9	6,232	3,942	6,232	3,942
Deferred tax liabilities		7,063	6,706	3,650	3,460
Total non-current liabilities		13,295	10,648	9,882	7,402
Capital and reserves					
Share capital	10	41,846	41,846	41,846	41,846
Retained earnings		72,783	74,803	34,502	42,162
Treasury shares	11	(591)	(591)	(591)	(591)
Translation reserves		(8,375)	(6,334)	-	-
Capital reserve		(923)	(923)	-	-
Total equity attributable to owners of the Company		104,740	108,801	75,757	83,417
Total Equity and Liabilities		125,696	124,109	106,643	106,488

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

C. Statements of Changes in Equity

<u>Group</u>	Share capital S\$'000	Treasury Shares S\$'000	Translation Reserves S\$'000	Capital Reserves S\$'000	Retained Earnings S\$'000	Total Equity 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
Balance at 1 July 2022	41,846	(591)	(6,852)	(923)	70,883	104,363
Repurchase of shares	-	-	-	-	-	-
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	1,900	1,900
Other comprehensive loss for the period	-	-	(1,523)	-	-	(1,523)
Balance at 31 December 2022	41,846	(591)	(8,375)	(923)	72,783	104,740
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
Balance at 1 July 2021	41,846	(355)	(5,918)	(923)	72,674	107,324
Repurchase of shares	-	(236)	-	-	-	(236)
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	2,129	2,129
Other comprehensive loss for the period	-	-	(416)	-	-	(416)
Balance at 31 December 2021	41,846	(591)	(6,334)	(923)	74,803	108,801
<u>Company</u>						
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
Balance at 1 July 2022			41,846	(591)	37,914	79,169
Repurchase of shares			-	-	-	-
Loss for the period, representing total comprehensive loss for the period			-	-	(3,412)	(3,412)
Balance at 31 December 2022			41,846	(591)	34,502	75,757
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
Balance at 1 July 2021			41,846	(355)	42,626	84,117
Repurchase of shares			-	(236)	-	(236)
Loss for the period, representing total comprehensive loss for the period			-	-	(464)	(464)
Balance at 31 December 2021			41,846	(591)	42,162	83,417

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

D. Consolidated Statement of Cash Flows

	Group	
	12 months ended 31 Dec 2022	12 months ended 31 Dec 2021
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	4,395	4,818
Adjustments for:		
Unrealised fair value loss from derivative financial instruments	38	100
Depreciation of property, plant & equipment	6,825	7,535
Depreciation of right-of-use assets	266	261
Write-back of allowance for doubtful debts	(69)	(210)
Interest expense	64	183
Interest income	(337)	(154)
Net unrealised foreign exchange (gain)/loss	(162)	907
Bad debts recovered	-	(173)
Inventories written off	-	16
(Gain)/loss on disposal of property, plant and equipment	(417)	1
Loss on derecognition of a subsidiary	-	2
Fair value (gain)/loss arising on financial assets designated as FVTPL	(81)	55
Operating cash flows before movements in working capital	10,522	13,341
Trade receivables	(1,131)	14,898
Other receivables and prepaid expenses	(933)	(110)
Inventories	4,717	12,568
Trade payables	261	(215)
Other payables	(179)	672
Cash generated from operations	13,257	41,154
Income tax paid	(517)	(465)
Net cash generated from operating activities	12,740	40,689
Cash flows from investing activities		
Interest received	337	154
Purchase of property, plant and equipment	(22,403)	(13,773)
Purchase of financial assets designated as FVTPL	-	(1,800)
Proceeds from disposal of property, plant and equipment	449	201
Net cash used in investing activities	(21,617)	(15,218)
Cash flows from financing activities		
Bills payable	1,135	-
Interest paid	(64)	(183)
Payment of dividends to owners of the Company	(5,671)	(5,701)
Repayment of lease liabilities	(890)	(3,804)
Proceeds from lease liabilities	4,563	-
Purchase of treasury shares	-	(236)
Net cash used in financing activities	(927)	(9,924)
Net (decrease)/increase in cash and cash equivalents	(9,804)	15,547
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	(163)	(148)
Cash and cash equivalents at end of the year	38,051	48,018

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the Condensed Consolidated 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 consolidated financial statements as at and for the six months ended 31 December 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 31 December 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 30 June 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 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.

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.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the Condensed Consolidated 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 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*.

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 Consolidated 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 31 December 2022			
Segment revenue	13,582	11,490	25,072
Segment profit	3,811	2,746	6,557
Selling expenses	(166)	(143)	(309)
Other operating income			995
Administrative expenses			(5,113)
Other operating expenses			65
Finance costs	(33)	(5)	(38)
Profit before tax			2,157
Income tax expenses			(257)
Profit for the period			1,900
Other information			
Capital expenditure	(15,247)	-	(15,247)
Depreciation expense	(3,345)	(209)	(3,554)
Allowance for doubtful debts written back	56	-	56
Gain on disposal of property, plant and equipment	145	-	145
6 months ended 31 December 2021			
Segment revenue	13,476	14,673	28,149
Segment profit	3,962	3,512	7,474
Selling expenses	(69)	(81)	(150)
Other operating income			307
Administrative expenses			(4,694)
Other operating expenses			(205)
Finance costs	(54)	(7)	(61)
Profit before tax			2,671
Income tax expenses			(542)
Profit for the period			2,129
Other information			
Capital expenditure	(7,818)	-	(7,818)
Depreciation expense	(3,615)	(201)	(3,816)
Allowance for doubtful debts written back	210	-	210
Gain on disposal of property, plant and equipment	1	-	1

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

3. Segment and Revenue Information (cont'd)

3.1. Reportable segments (cont'd)

	Group		
	Equipment Rental S\$'000	Trading S\$'000	Total S\$'000
12 months ended 31 December 2022			
Segment revenue	27,301	24,269	51,570
Segment profit	7,846	4,993	12,839
Selling expenses	(253)	(224)	(477)
Other operating income			1,512
Administrative expenses			(9,290)
Other operating expenses			(125)
Finance costs	(53)	(11)	(64)
Profit before tax			4,395
Income tax expenses			(744)
Profit for the period			3,651
Other information			
Capital expenditure	(22,399)	(4)	(22,403)
Depreciation expense	(6,673)	(418)	(7,091)
Allowance for doubtful debts written back	69	-	69
Gain on disposal of property, plant and equipment	417	-	417
12 months ended 31 December 2021			
Segment revenue	27,822	25,908	53,730
Segment profit	7,997	5,393	13,390
Selling expenses	(179)	(167)	(346)
Other operating income			1,738
Administrative expenses			(8,993)
Other operating expenses			(788)
Finance costs	(170)	(13)	(183)
Profit before tax			4,818
Income tax expenses			(1,052)
Profit for the period			3,766
Other information			
Capital expenditure	(13,761)	(14)	(13,775)
Depreciation expense	(7,372)	(424)	(7,796)
Allowance for doubtful debts written back	210	-	210
Loss on disposal of property, plant and equipment	(1)	-	(1)

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the Condensed Consolidated 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
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
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

3.3. Disaggregation of revenue

	Group		
	Equipment Rental S\$'000	Trading S\$'000	Total S\$'000
<u>Geographical information</u>			
6 months ended 31 December 2022			
Singapore	11,811	5,651	17,462
Indonesia	-	2,305	2,305
Malaysia	1,577	690	2,267
Myanmar	194	-	194
Taiwan	-	2,515	2,515
Others	-	329	329
Total revenue	13,582	11,490	25,072
6 months ended 31 December 2021			
Singapore	11,865	8,910	20,775
Indonesia	-	217	217
Malaysia	808	2,552	3,360
Myanmar	803	-	803
Taiwan	-	1,370	1,370
Others	-	1,624	1,624
Total revenue	13,476	14,673	28,149

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

3. Segment and Revenue Information (cont'd)

3.3. Disaggregation of revenue (cont'd)

	Group		
	Equipment Rental S\$'000	Trading S\$'000	Total S\$'000
<u>Geographical information</u>			
12 months ended 31 December 2022			
Singapore	23,906	10,714	34,620
Indonesia	-	5,838	5,838
Malaysia	2,599	862	3,461
Myanmar	796	-	796
Taiwan	-	6,526	6,526
Others	-	329	329
Total revenue	<u>27,301</u>	<u>24,269</u>	<u>51,570</u>
12 months ended 31 December 2021			
Singapore	24,377	15,380	39,757
Indonesia	-	608	608
Malaysia	1,923	2,552	4,475
Myanmar	1,522	-	1,522
Taiwan	-	5,492	5,492
Others	-	1,876	1,876
Total revenue	<u>27,822</u>	<u>25,908</u>	<u>53,730</u>

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

3.6. Breakdown of sales

	Group		
	FY2022 S\$'000	FY2021 S\$'000	Increase/ (Decrease)
(a) Revenue report for first half year	26,498	25,581	3.6%
(b) Operating profit after tax before deducting non-controlling interest reported for first half year	1,751	1,637	7.0%
(c) Revenue report for second half year	25,072	28,149	(10.9%)
(d) Operating profit after tax before deducting non-controlling interest reported for second half year	1,900	2,129	(10.8%)

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

4. Income Tax (Expense)/Benefit

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 consolidated statement of profit or loss are:

	Group			
	6 months ended 31 Dec 2022 S\$'000	6 months ended 31 Dec 2021 S\$'000	12 months ended 31 Dec 2022 S\$'000	12 months ended 31 Dec 2021 S\$'000
Current income tax benefit/(expense)	234	49	(253)	(461)
Deferred income tax expense relating to origination and reversal of temporary differences	(491)	(591)	(491)	(591)
	(257)	(542)	(744)	(1,052)

5. Profit Before Income Tax

	Group			
	6 months ended 31 Dec 2022 S\$'000	6 months ended 31 Dec 2021 S\$'000	12 months ended 31 Dec 2022 S\$'000	12 months ended 31 Dec 2021 S\$'000
Profit for the year has been arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	3,416	3,685	6,825	7,535
Depreciation of right-of-use assets	137	132	266	261
Allowance for doubtful debts written back	(56)	(37)	(69)	(210)
Currency exchange (gain)/loss - net	(137)	179	(107)	692
(Gain)/loss on disposal of property, plant and equipment	(145)	3	(417)	1
Fair value (gain)/loss arising on financial assets designated as FVTPL	(3)	23	(81)	55
Interest expense	38	61	64	183
Interest income	(251)	(82)	(337)	(154)
Inventories written-off	-	16	-	16
Unrealised fair value (gain)/loss from derivative financial instruments	(146)	75	38	100
Loss on derecognition of a subsidiary	-	2	-	2

6. Property, Plant and Equipment

During the financial year, the Group acquired property, plant and equipment amounting to S\$22.4 million (2021: S\$13.8 million) and disposed of assets amounting to S\$0.1 million (2021: S\$0.2 million).

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

E. Notes to the Condensed Consolidated 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

	Group		Company	
	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial assets at amortised cost	48,768	56,718	38,927	43,153
Financial assets mandatorily measured at FVTPL	2,230	2,149	2,230	2,149
	50,998	58,867	41,157	45,302
Financial liabilities				
Financial liabilities at amortised cost	5,485	4,002	18,828	15,011
Lease liabilities	8,270	4,500	8,270	4,500
Derivative financial instruments	138	100	138	100
	13,893	8,602	27,236	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.

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

	Group		Company	
	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	2,038	558	2,038	558
Unsecured	1,135	-	1,135	-
<u>Amount repayable after one year</u>				
Secured	6,232	3,942	6,232	3,942
Unsecured	-	-	-	-

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

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

10. Share Capital

	Number of shares	
	As at 31 Dec 2022	As at 31 Dec 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 31 December 2022 and 31 December 2021.

11. Treasury Shares

	Number of shares	
	2022	2021
At beginning of the year	1,475,980	875,980
Repurchase of shares	-	600,000
At end of the year	1,475,980	1,475,980

There was no movement in the treasury shares of the Company since 31 December 2021.

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 31 Dec 2022	6 months ended 31 Dec 2021	12 months ended 31 Dec 2022	12 months ended 31 Dec 2021
EPS based on weighted average number of ordinary shares on issue (cents)	1.68	1.87	3.22	3.31
On a fully diluted basis (cents)	1.68	1.87	3.22	3.31
Weighted average number of ordinary shares in issue ('000)	113,413	113,746	113,413	113,880

There were no potential dilutive ordinary shares in existence for the periods from 1 January 2022 to 31 December 2022 and 1 January 2021 to 31 December 2021.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

13. Net Asset Value Per Share

	Group		Company	
	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
Net asset value per ordinary share (cents)	92.35	95.93	66.80	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

14. Dividends

	Group and Company	
	As at 31 Dec 2022	As at 31 Dec 2021
	S\$'000	S\$'000
<u>Total annual dividend:</u>		
(a) Ordinary	3,969	5,671
(b) Preference	-	-
(c) Total	3,969	5,671

The Directors of the Company recommend that a tax-exempt one-tier first and final dividend and special dividend of 3.5 cents per ordinary share, totalling S\$3,969,000 (2021: S\$5,671,000) be proposed in respect of the financial year ended 31 December 2022. The proposed dividends are subject to approval by Shareholders at the forthcoming Annual General Meeting and hence the proposed dividends have not been accrued as a liability as at the end of the reporting period.

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 consolidated statement of financial position of Sin Heng Heavy Machinery Limited and its subsidiaries as at 31 December 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			Group		
	6 months			Year to date		
	2H FY2022	2H FY2021	% Change	12M FY2022	12M FY2021	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
Equipment Rental business	13,582	13,476	0.8%	27,301	27,822	(1.9%)
Trading business	11,490	14,673	(21.7%)	24,269	25,908	(6.3%)
Total	25,072	28,149	(10.9%)	51,570	53,730	(4.0%)

The Group registered a total revenue of S\$25.1m in 2H FY2022, which was 10.9% lower than 2H FY2021. Total revenue of S\$51.6m for 12M FY2022 was 4.0% lower as compared to 12M FY2021. The decrease was mainly due to slightly lower revenue from both business segments.

Revenue from Equipment Rental business increased by 0.8% to S\$13.6m in 2H FY2022 but decreased 1.9% to S\$27.3m in 12M FY2022 as compared to the corresponding periods in FY2021 respectively. The decrease was mainly due to the reduced level of activity in the Myanmar operation as a result of the local political climate that resulted in a decreased contribution from the Myanmar operations towards the Group's FY2022 results.

Revenue from Trading business decreased by 21.7% to S\$11.5m in 2H FY2022 and 6.3% to S\$24.3m in 12M FY2022 as compared to the corresponding periods in FY2021 respectively. The overall decrease was mainly due to reduced market demand for higher tonnage cranes.

Gross Profit

	Group			Group		
	6 months			Year to date		
	2H FY2022	2H FY2021	% Change	12M FY2022	12M FY2021	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
Equipment Rental business	3,811	3,962	(3.8%)	7,846	7,997	(1.9%)
Trading business	2,746	3,512	(21.8%)	4,993	5,393	(7.4%)
Total	6,557	7,474	(12.3%)	12,839	13,390	(4.1%)

The Group registered a total gross profit of S\$6.6m in 2H FY2022 which was 12.3% lower than 2H FY2021. Total gross profit for 12M FY2022 was S\$12.8m and 4.1% lower as compared to 12M FY2021 mainly due to lower contribution from the Group's trading business. However, gross profit margin for both business segments have largely remained stable from FY2021 to FY2022.

The Group registered a gross profit of S\$3.8m from Equipment Rental business in 2H FY2022 which was 3.8% lower than 2H FY2021. The gross profit for 12M FY2022 was S\$7.8m and 1.9% lower as compared to 12M FY2021. The decrease in FY2022 was mainly attributed to the reduced level of activity in the Myanmar operation as a result of the local political climate that resulted in a decreased contribution from the Myanmar operations towards the Group's FY2022 results.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION

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

INCOME STATEMENT (cont'd)

Gross Profit (cont'd)

The Group registered a gross profit of S\$2.7m from Trading business in 2H FY2022 which was 21.8% lower than 2H FY2021. The gross profit for 12M FY2022 was S\$5.0m and 7.4% lower as compared to 12M FY2021. The decrease was due to lower market demand for higher tonnage cranes and in tandem with the decrease in trading revenue.

Other Operating Income

Other operating income increased by S\$0.7m in 2H FY2022 but overall decreased by S\$0.2m for 12M FY2022 as compared to the corresponding prior periods, respectively. The overall decrease for 12M FY2022 was mainly due to the absence of government job support scheme income in FY2022 (2021: S\$1.1m). The 2H FY2022 increase was due to insurance claim income and net foreign exchange gain recognised.

Selling Expenses

Selling expenses increased by S\$0.1m in 12M FY2022 as compared to 12M FY2021. The increase was mainly due to higher entertainment and travelling expenses incurred compared to FY2021 as travel restrictions were lifted.

Administrative Expenses

Administrative expenses increased by S\$0.4m and S\$0.3m in 2H FY2022 and 12M FY2022 respectively as compared to the corresponding prior periods. The increase was mainly due to increase in directors' remuneration and professional fees.

Other Operating Expenses

Other operating expenses decreased by S\$0.3m and S\$0.7m in 2H FY2022 and 12M FY2022 respectively as compared to the corresponding period periods in FY2021. The decrease was mainly due to net foreign exchange gain recorded in the periods in FY2022 as compared to a net foreign exchange loss recorded in FY2021.

Finance Costs

Finance costs decreased by S\$0.1m and S\$0.1m in 2H FY2022 and 12M FY2022 respectively as compared to the corresponding prior periods. The decrease was mainly due to lower lease interest expense.

Income Tax Expense

The Group recorded an income tax expense in 12M FY2022, mainly due to provision of current tax expenses for 12M FY2022.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION

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

STATEMENT OF FINANCIAL POSITION

Current Assets

As at 31 December 2022, current assets amounted to S\$57.8m or 46% 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\$3.0m as compared to 31 December 2021 mainly due to decrease in cash and bank balances, which was partially offset by increase in trade and other receivables and inventories.

Non-Current Assets

As at 31 December 2022, non-current assets amounted to S\$67.9m or 54% of total assets. Non-current assets mainly comprise of property, plant and equipment and right-of-use assets. Total non-current assets increased by S\$4.6m as compared to 31 December 2021 mainly due to acquisitions of new cranes (plant and equipment) as rental fleet.

Current Liabilities

As at 31 December 2022, current liabilities amounted to S\$7.7m or 37% of total liabilities. Current liabilities mainly comprise of trade and other payables and current portion of lease liabilities. Total current liabilities increased by S\$3.0m as compared to 31 December 2021, mainly due to drawdown of new lease liabilities (hire purchase) and bills payable, offset by a decrease in other payables.

Non-Current Liabilities

As at 31 December 2022, non-current liabilities amounted to S\$13.3m or 63% of total liabilities. Non-current liabilities comprise of the non-current portion of lease liabilities and deferred tax. Total non-current liabilities increased by S\$2.6m as compared to 31 December 2021, mainly due to drawdown of new lease liabilities (hire purchase).

Working Capital

As at 31 December 2022, the Group registered a positive working capital of S\$50.1m as compared to that of S\$56.1m as at 31 December 2021.

Equity

As at 31 December 2022, the Group's total equity stood at S\$104.7m. Total equity decreased by S\$4.1m as compared to 31 December 2021, mainly due to payment of dividend, partially offset against profit for the year.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION

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

STATEMENT OF CASH FLOWS

The Group's net cash generated from operating activities in 12M FY2022 was S\$12.7m. This comprised positive operating cash flows before changes in working capital of S\$10.5m, adjusted by an increase in net working capital flow of S\$2.7m and income tax paid of S\$0.5m.

Net cash used in investing activities was S\$21.6m in 12M FY2022. This was mainly due to the cash outlay for the purchase of property, plant and equipment and renewal of rental fleet of S\$22.4m, offset by the proceeds from disposal of property, plant and equipment of S\$0.4m and interest received of S\$0.3m.

Net cash used in financing activities was S\$0.9m in 12M FY2022. This was mainly due to the dividend paid of S\$5.7m, repayment of lease liabilities of S\$0.9m and interest expenses of S\$0.1m, offset by drawdown of lease liabilities of S\$4.6m and bills payable of S\$1.1m.

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

According to the latest media release by Building and Construction Authority ("BCA") on 12 January 2023, it was projected that the construction demand for 2023 in Singapore to be between S\$27 billion and S\$32 billion, which is similar to 2022. The public sector is expected to contribute about 60 percent of the total construction demand, between \$16 billion and \$19 billion; as the civil engineering construction demand is anticipated to stay firm with continued support from Singapore's MRT line construction and other infrastructure works.

The Malaysian operation is expected to remain challenging with slower economic growth in 2023. Accordingly, the Group will continue its efforts to streamline and adjust its rental fleet in tandem with market requirements.

The Financial Action Task Force ("FATF"), an inter-governmental body and the global money laundering and terrorist financing watchdog, which Singapore is a member of, had on October 2022 urged all member states to apply enhanced due diligence measures to the risk arising from Myanmar. Given that the situation in Myanmar is not expected to improve in the near future, the Management will continue to closely monitor the situation and make any necessary operational adjustments as required.

In view of the above and taking into consideration the rising interest rates and inflationary pressures, the Group will continue to adopt a prudent cash management strategy while exploring other business opportunities.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION

5. Dividend information

(a) Current Financial Period Reported on

Yes.

Name of Dividend: First and Final, Special

Dividend type: Cash

Dividend amount per share (cents): 1.0 cents (first and final) and 2.5 cents (special)

Tax rate: Tax exempt (one-tier)

The final dividends are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

(b) Corresponding Period of the Immediate Preceding Financial Year

Yes.

Name of Dividend: First and Final, Special

Dividend type: Cash

Dividend amount per share (cents): 1.0 cents (first and final) and 4.0 cents (special)

Date payable: 13 May 2022

Book closure date: 5 May 2022

(c) Date Payable

To be announced later.

(d) Book Closure Date

To be announced later.

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. 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

OTHER INFORMATION

8. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any Director and/or substantial shareholder	Current position and duties, and the year the position was held	Details in changes in duties and position held, if any, during the year
Tan Cheng Soon, Don	55	Son of Executive Director & CEO Mr Tan Ah Lye, and brother of Executive Directors Mr Tan Cheng Guan and Mr Tan Cheng Kwong (Cheng Qingguang)	Director of Operations in charge of the Singapore rental division (with effect from 01/07/2016) Director of SH Equipment Pte. Ltd. (with effect from 14/03/2012) Director of SH Equipment (Myanmar) Co. Ltd. (with effect from 25/10/2012) Director of Sin Heng Aerial Lifts Pte. Ltd. (with effect from 29/11/1994) Director of Sin Heng Vina Company Limited (with effect from 19/05/2009)	n/a

BY ORDER OF THE BOARD

Tan Ah Lye
Executive Director and CEO
27 February 2023