

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

**Condensed Consolidated Financial Statements
For the six months and full year ended 31 December 2021**

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	5
E. Notes to the condensed consolidated financial statements	6
F. Other information required by Listing Rule Appendix 7.2.....	17

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

	Note	Group			Group		
		6 months ended 31 December 2021	6 months ended 31 December 2020	Increase/ (Decrease)	12 months ended 31 December 2021	12 months ended 31 December 2020	Increase/ (Decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	3	28,149	22,041	27.7%	53,730	53,357	0.7%
Cost of sales		(20,675)	(17,992)	14.9%	(40,340)	(46,794)	(13.8%)
Gross profit		7,474	4,049	84.6%	13,390	6,563	104.0%
Other operating income		307	1,189	(74.2%)	1,738	4,335	(59.9%)
Selling expenses		(150)	(130)	15.4%	(346)	(441)	(21.5%)
Administrative expenses		(4,694)	(4,214)	11.4%	(8,993)	(8,794)	2.3%
Other operating expenses		(205)	(110)	86.4%	(788)	(434)	81.6%
Finance costs		(61)	(224)	(72.8%)	(183)	(473)	(61.3%)
Profit before income tax	5	2,671	560	377.0%	4,818	756	537.3%
Income tax (expense)/benefit	4	(542)	384	NM	(1,052)	440	NM
Profit for the period		2,129	944	125.5%	3,766	1,196	214.9%
Profit attributable to:							
Owners of the Company		2,129	944	125.5%	3,766	1,196	214.9%
Non-controlling interests		-	-	-	-	-	-
		2,129	944	125.5%	3,766	1,196	214.9%
Earnings per share (cents):							
	12						
Basic		1.87	0.83	125.5%	3.31	1.05	215.0%
Diluted		1.87	0.83	125.5%	3.31	1.05	215.0%
Profit for the period		2,129	944	125.5%	3,766	1,196	214.9%
Other comprehensive (loss)/income:							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on translation of foreign operations		(418)	140	NM	(1,499)	(182)	NM
Cumulative exchange differences on disposal of subsidiary		2	-	NM	2	-	NM
Total comprehensive income for the period		1,713	1,084	58.0%	2,269	1,014	123.8%
Total comprehensive income attributable to:							
Owners of the Company		1,713	1,084	58.0%	2,269	1,014	123.8%
Non-controlling interests		-	-	-	-	-	-
		1,713	1,084	58.0%	2,269	1,014	123.8%

NM: Not Meaningful

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

B. Statements of Financial Position

	Note	Group		Company	
		As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
		S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>					
Current assets					
Cash and bank balances		48,018	32,619	30,493	16,734
Trade receivables		8,370	23,154	9,007	26,849
Other receivables and prepayments		1,281	1,246	3,838	3,914
Lease receivables		-	-	96	84
Inventories		1,255	3,930	538	2,500
Financial assets at fair value through profit or loss		1,800	-	1,800	-
Total current assets		60,724	60,949	45,772	50,081
Non-current assets					
Property, plant and equipment	6	59,253	65,127	31,563	32,224
Right-of-use assets	7	3,773	955	3,440	535
Lease receivables		-	-	272	380
Investment in subsidiaries		-	-	25,082	29,385
Financial assets at fair value through profit or loss		349	404	349	404
Other assets		10	10	10	10
Total non-current assets		63,385	66,496	60,716	62,938
Total assets		124,109	127,445	106,488	113,019
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Derivative financial instruments		100	-	100	-
Trade payables		739	958	7,622	7,189
Other payables		3,263	2,630	7,389	12,297
Lease liabilities	9	558	3,014	558	2,006
Income tax payable		-	4	-	1
Total current liabilities		4,660	6,606	15,669	21,493
Non-current liabilities					
Lease liabilities	9	3,942	2,233	3,942	1,422
Deferred tax liabilities		6,706	6,137	3,460	3,000
Total non-current liabilities		10,648	8,370	7,402	4,422
Capital and reserves					
Share capital	10	41,846	41,846	41,846	41,846
Retained earnings		74,803	76,738	42,162	45,613
Treasury shares	11	(591)	(355)	(591)	(355)
Translation reserves		(6,334)	(4,837)	-	-
Capital reserve		(923)	(923)	-	-
Total equity attributable to owners of the Company		108,801	112,469	83,417	87,104
Total equity and liabilities		124,109	127,445	106,488	113,019

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 reserve S\$'000	Retained earnings S\$'000	Total Equity S\$'000
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
2020						
Balance at 1 January 2020	41,846	(355)	(4,655)	(923)	75,542	111,455
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	252	252
Other comprehensive loss for the period	-	-	(322)	-	-	(322)
Balance at 30 June 2020	41,846	(355)	(4,977)	(923)	75,794	111,385
Balance at 1 July 2020	41,846	(355)	(4,977)	(923)	75,794	111,385
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	944	944
Other comprehensive income for the period	-	-	140	-	-	140
Balance at 31 December 2020	41,846	(355)	(4,837)	(923)	76,738	112,469

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

C. Statements of Changes In Equity (cont'd)

<u>Company</u>	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Total Equity S\$'000
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
2020				
Balance at 1 January 2020	41,846	(355)	46,773	88,264
Loss for the period, representing total comprehensive loss for the period	-	-	(1,060)	(1,060)
Balance at 30 June 2020	41,846	(355)	45,713	87,204
Balance at 1 July 2020	41,846	(355)	45,713	87,204
Loss for the period, representing total comprehensive loss for the period	-	-	(100)	(100)
Balance at 31 December 2020	41,846	(355)	45,613	87,104

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

D. Consolidated Statement of Cash Flows

	Group	
	12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
Cash flows from operating activities		
Profit before income tax	4,818	756
Adjustments for:		
Unrealised fair value loss/(gain) from derivative financial instruments	100	(40)
Depreciation of property, plant & equipment	7,535	8,093
Depreciation of right-of-use assets	260	258
Write-back of allowance for doubtful debts	(210)	(239)
Impairment loss on financial assets	-	57
Interest expense	183	473
Interest income	(154)	(328)
Net unrealised foreign exchange loss/(gain)	969	(945)
Bad debts written off	-	10
Inventories written off	16	-
Property, plant and equipment written off	-	1
Gain on disposal of property, plant and equipment	(1)	(10)
Loss on derecognition of a subsidiary	2	-
Fair value loss arising on financial assets designated as FVTPL	55	149
Operating cash flows before movements in working capital	13,573	8,235
Trade receivables	14,725	(54)
Other receivables and prepaid expenses	(109)	487
Inventories	12,122	11,296
Trade payables	(216)	(331)
Other payables	674	(238)
Cash generated from operations	40,769	19,395
Income tax paid	(486)	(752)
Net cash from operating activities	40,283	18,643
Cash flows from investing activities		
Interest received	154	328
Purchase of property, plant and equipment	(13,775)	(4,722)
Purchase of financial assets designated as FVTPL	(1,800)	-
Proceeds from disposal of property, plant and equipment	609	125
Net cash used in investing activities	(14,812)	(4,269)
Cash flows from financing activities		
Interest paid	(183)	(473)
Payment of dividends to owners of the Company	(5,701)	-
Repayment of lease liabilities	(3,803)	(6,408)
Purchase of treasury shares	(236)	-
Net cash used in financing activities	(9,923)	(6,881)
Net increase in cash and cash equivalents	15,548	7,493
Cash and cash equivalents at beginning of the period	32,619	25,078
Effect of exchange rate changes on the balance of cash held in foreign currencies	(149)	48
Cash and cash equivalents at end of the period	48,018	32,619

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 2021 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 2021 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 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 2020.

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 2021. 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.

E. Notes to the condensed consolidated 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 2020.

(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 consolidated 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 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)

	Equipment rental	Trading	Total
	S\$'000	S\$'000	S\$'000
6 months ended 31 December 2020			
Segment revenue	11,776	10,265	22,041
Segment profit	2,550	1,499	4,049
Selling expenses	(88)	(42)	(130)
Other operating income			1,189
Administrative expenses			(4,214)
Other operating expenses			(110)
Finance costs	(209)	(15)	(224)
Profit before tax			560
Income tax expenses			384
Profit for the period			944

Other information

Capital expenditure	(3,570)	(523)	(4,093)
Depreciation expense	(3,722)	(334)	(4,056)
Property, plant and equipment written-off	(1)	-	(1)
Bad debts written-off	(10)	-	(10)
Impairment loss on financial assets, subject to ECL	(57)	-	(57)

	Equipment rental	Trading	Total
	S\$'000	S\$'000	S\$'000
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)	(423)	(7,795)
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)

3.1. Reportable segments (cont'd)

	Equipment rental	Trading	Total
	S\$'000	S\$'000	S\$'000
12 months ended 31 December 2020			
Segment revenue	21,338	32,019	53,357
Segment profit	2,404	4,159	6,563
Selling expenses	(176)	(265)	(441)
Other operating income			4,335
Administrative expenses			(8,794)
Other operating expenses			(434)
Finance costs	(450)	(23)	(473)
Profit before tax			756
Income tax expenses			440
Profit for the period			1,196

Other information

Capital expenditure	(4,134)	(588)	(4,722)
Depreciation expense	(7,755)	(596)	(8,351)
Gain on disposal of property, plant and equipment	10	-	10
Property, plant and equipment written-off	(1)	-	(1)
Bad debts written-off	(10)	-	(10)
Impairment loss on financial assets	(57)	-	(57)

3.2. Segment asset and liabilities

	Equipment rental	Trading	Total
	S\$'000	S\$'000	S\$'000
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
2020			
Segment assets	65,096	19,340	84,436
Unallocated corporate assets			43,009
Total assets			127,445
Segment liabilities	6,067	606	6,673
Unallocated corporate liabilities			8,303
Total liabilities			14,976

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

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 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	<u>13,476</u>	<u>14,673</u>	<u>28,149</u>
6 months ended 31 December 2020			
Singapore	7,479	2,287	9,766
Indonesia	-	5,389	5,389
Malaysia	2,442	80	2,522
Vietnam	-	-	-
Myanmar	1,855	267	2,122
Brunei	-	-	-
Taiwan	-	2,240	2,240
Others	-	2	2
Total revenue	<u>11,776</u>	<u>10,265</u>	<u>22,041</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>
12 months ended 31 December 2020			
Singapore	14,728	7,268	21,996
Indonesia	-	18,939	18,939
Malaysia	4,033	1,686	5,719
Vietnam	3	556	559
Myanmar	2,574	267	2,841
Brunei	-	400	400
Taiwan	-	2,240	2,240
Others	-	663	663
Total revenue	<u>21,338</u>	<u>32,019</u>	<u>53,357</u>

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)

3.4. Seasonal operation

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

3.5. Major customers information

There are no customers contributing more than 10 percent to the revenue of the Group (2020: 1).

3.6. Breakdown of sales

	Group		
	FY2021 S\$'000	FY2020 S\$'000	Increase/ (Decrease) %
(a) Revenue report for first half year	25,581	31,316	(18.3%)
(b) Operating profit after tax before deducting non-controlling interest reported for first half year	1,637	252	549.6%
(c) Revenue report for second half year	28,149	22,041	27.7%
(d) Operating profit after tax before deducting non-controlling interest reported for second half year	2,129	944	125.5%

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 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
Current income tax (expense)/benefit	49	40	(461)	95
Deferred income tax expense relating to origination and reversal of temporary differences	(591)	345	(591)	345
	(542)	385	(1,052)	440

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

5. Profit before income tax

	Group			
	6 months	6 months	12 months	12 months
	ended 31	ended 31	ended 31	ended 31
	December	December	December	December
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Profit for the year has been arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	3,685	3,927	7,535	8,093
Depreciation of right-of-use assets	131	129	260	258
Allowance for doubtful debts written back	(37)	(116)	(210)	(239)
Currency exchange loss/(gain) - net	179	181	692	(1,198)
Gain on disposal of property, plant and equipment	(3)	-	(1)	(10)
Fair value loss arising on financial assets designated as FVTPL	23	22	55	149
Impairment loss on financial assets	-	2	-	57
Interest expense	61	224	183	473
Interest income	(82)	(142)	(154)	(328)
Inventories written-off	16	-	16	-
Unrealised fair value loss/(gain) from derivative financial instruments	75	73	100	(40)
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\$13.8 million (2020: S\$4.7 million) and disposed of assets amounting to S\$0.6 million (2020: S\$0.1 million).

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.

During the year, the Group extended the lease term for the leasehold property till 2045. Accordingly, there was a corresponding increase in ROU assets and lease liabilities.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

8. Financial instruments

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020.

	Group		Company	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
Financial assets at amortised cost	56,699	56,035	43,153	47,306
Financial assets mandatorily measured at FVTPL	2,149	404	2,149	404
	58,848	56,439	45,302	47,710
Financial Liabilities				
Financial liabilities at amortised cost	4,002	3,588	15,011	19,486
Lease liabilities	4,500	5,247	4,500	3,428
Derivative financial instruments	100	-	100	-
	8,602	8,835	19,611	22,914

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 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	558	3,014	558	2,006
Unsecured	-	-	-	-
<u>Amount repayable after one year</u>				
Secured	3,942	2,233	3,942	1,422
Unsecured	-	-	-	-

As at 31 December 2021, the Group's lease liabilities of S\$4.5 million were secured over the Group's right-of-use assets and certain plant and equipment with carrying values of S\$3.8 million and S\$1.9 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 December 2021	As at 31 December 2020
Total number of issued ordinary shares	114,888,980	114,888,980
Less: Treasury shares	(1,475,980)	(875,980)
Total number of issued ordinary shares (excluding treasury shares)	113,413,000	114,013,000

There was no movement in the issued and paid up capital of the Company since 31 December 2020.

There were no outstanding convertibles as at 31 December 2021 and 31 December 2020.

11. Treasury shares

	Number of shares	
	As at 31 December 2021	As at 31 December 2020
As at 1 January	875,980	875,980
Repurchase of shares	600,000	-
As at 31 December	1,475,980	875,980

During the period, the Company acquired 600,000 of its own shares through purchases on the Singapore Exchange. The total amount paid to acquire the shares was approximately S\$236,000 and has been deducted from shareholder's equity.

Save for disclosed above, 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 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
EPS based on weighted average number of ordinary shares on issue (cents)	1.87	0.83	3.31	1.05
On a fully diluted basis (cents)	1.87	0.83	3.31	1.05
Weighted average number of ordinary shares in issue ('000)	113,746	114,013	113,880	114,013

There were no potential dilutive ordinary shares in existence for the periods from 1 January 2021 to 31 December 2021 and 1 January 2020 to 31 December 2020.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

13. Net asset value per share

	<u>Group</u>		<u>Company</u>	
	As at 31 December 2021	As at 31 December 2020	As at 31 December 2021	As at 31 December 2020
Net asset value per ordinary share (cents)	95.93	98.65	73.55	76.40
Ordinary shares at the end of the current financial period and immediately preceding financial year ('000)	113,413	114,013	113,413	114,013

14. Dividends

	<u>Group and Company</u>	
	As at 31 December 2021	As at 31 December 2020
	S\$'000	S\$'000
<u>Total annual dividend:</u>		
(a) Ordinary	5,671	5,701
(b) Preference	-	-
(c) Total	5,671	5,701

The Directors of the Company recommend that a tax-exempt one-tier first and final dividend and special dividend of 5 cents per ordinary share, totalling S\$5,671,000 (2020: S\$5,701,000) be proposed in respect of the financial year ended 31 December 2021. 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 2021 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 FY2021	2H FY2020	% Change	12M FY2021	12M FY2020	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
Equipment Rental business	13,476	11,776	14.4%	27,822	21,338	30.4%
Trading business	14,673	10,265	42.9%	25,908	32,019	(19.1%)
Total	28,149	22,041	27.7%	53,730	53,357	0.7%

The Group registered a total revenue of S\$28.1m in 2H FY2021, which was 27.7% higher than 2H FY2020. Total revenue of S\$53.7m for 12M FY2021 was 0.7% higher as compared to 12M FY2020. The increase was mainly due to higher rental revenue, which was partially offset by lower trading revenue.

Revenue from Equipment Rental business increased by 14.4% to S\$13.5m in 2H FY2021 and 30.4% to S\$27.8m in 12M FY2021 as compared to the corresponding period in FY2020 respectively. The increase was mainly due to more cranes rented out in FY2021 as the COVID-19 pandemic had resulted in lock-downs being imposed in Singapore and Malaysia during the corresponding period in FY2020.

Revenue from Trading business increased by 42.9% to S\$14.7m in 2H FY2021 but decreased by 19.1% to S\$25.9m in 12M FY2021 as compared to the corresponding periods in FY2020 respectively. The overall decrease was mainly due to different product mix sold.

Gross Profit

	Group			Group		
	6 months			Year to date		
	2H FY2021	2H FY2020	% Change	12M FY2021	12M FY2020	% Change
	S\$'000	S\$'000		S\$'000	S\$'000	
Equipment Rental business	3,962	2,550	55.4%	7,997	2,404	232.7%
Trading business	3,512	1,499	134.3%	5,393	4,159	29.7%
Total	7,474	4,049	84.6%	13,390	6,563	104.0%

The Group registered a total gross profit of S\$7.5m in 2H FY2021 which was 84.6% higher than 2H FY2020. Total gross profit for 12M FY2021 was S\$13.4m and 104.0% higher as compared to 12M FY2020 mainly due to the significant increase in rental revenue in FY2021, and favourable gross profit margin from Trading business.

The Group registered a gross profit of S\$4.0m from Equipment Rental business in 2H FY2021 which was 55.4% higher than 2H FY2020. The gross profit for 12M FY2021 was S\$8.0m and 232.7% higher as compared to 12M FY2020. The increase recorded in FY2021 was mainly due to higher rental revenue as compared to FY2020, which experienced significant reduction in rental revenue during the Circuit Breaker period.

The Group registered a gross profit of S\$3.5m from Trading business in 2H FY2021 which was 134.3% higher than 2H FY2020. The gross profit for 12M FY2021 was S\$5.4m and 29.7% higher as compared to 12M FY2021. The increase was due to the Group was able to perform transactions with better margins.

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 and S\$2.6m in 2H FY2021 and 12M FY2021 respectively as compared to the corresponding prior periods. The decrease was mainly due to lower government support scheme income received and foreign exchange loss recorded in FY2021 as compared to net foreign exchange gain recorded in the prior periods in FY2020.

Selling Expenses

Selling expenses decreased by S\$0.1m in 12M FY2021 as compared to 12M FY2020. The decrease was mainly due to lower selling expenses incurred and decrease in travelling expenses.

Administrative Expenses

Administrative expenses increased by S\$0.5m and S\$0.2m in 2H FY2021 and 12M FY2021 respectively as compared to the corresponding prior periods. The increase was mainly due to higher salary and related expenses.

Other Operating Expenses

Other operating expenses increased by S\$0.1m and S\$0.4m in 2H FY2021 and 12M FY2021 respectively as compared to the corresponding period periods in FY2020. The increase was mainly due to net foreign exchange loss recorded in the periods in FY2021 as compared to a net foreign exchange gain recorded in FY2020, offset against write-back of allowance for doubtful debts.

Finance Costs

Finance costs decreased by S\$0.2m and S\$0.3m in 2H FY2021 and 12M FY2021 respectively as compared to the corresponding prior periods. The decrease was mainly due to lower lease interest expense as a result of lower outstanding lease liabilities.

Income Tax Expense

The Group recorded an income tax expense in 12M FY2021, mainly due to provision of current tax expenses for 12M FY2021 and deferred tax charged to profit or loss.

STATEMENT OF FINANCIAL POSITION

Current Assets

As at 31 December 2021, current assets amounted to S\$60.7m or 49% of total assets. Current assets mainly comprises of cash and bank balances, trade and other receivables, inventories and other investments. Total current assets decreased by S\$0.2m as compared to 31 December 2020 mainly due to decrease in trade receivables and inventories, which was partially offset by increase in cash and bank balances and financial assets measured at FVTPL.

Non-Current Assets

As at 31 December 2021, non-current assets amounted to S\$63.4m or 51% 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\$3.1m as compared to 31 December 2020 mainly due to depreciation charged for the period offset by capitalisation of ROU asset.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION

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

STATEMENT OF FINANCIAL POSITION (cont'd)

Current Liabilities

As at 31 December 2021, current liabilities amounted to S\$4.7m or 30% of total liabilities. Current liabilities mainly comprises of trade and other payables and current portion of lease liabilities. Total current liabilities decreased by S\$1.9m as compared to 31 December 2020, mainly due to repayment of lease liabilities partially offset by increase in other payables.

Non-Current Liabilities

As at 31 December 2021, non-current liabilities amounted to S\$10.6m or 70% of total liabilities. Non-current liabilities comprises of the non-current portion of lease liabilities and deferred tax. Total non-current liabilities increased by S\$2.3m as compared to 31 December 2020, mainly due to recognition of a new lease liability and increase in deferred tax liabilities, partially offset by repayment of lease liabilities.

Working Capital

As at 31 December 2021, the Group registered a positive working capital of S\$56.0m as compared to that of S\$54.3m as at 31 December 2020.

Equity

As at 31 December 2021, the Group's total equity stood at S\$108.8m. Total equity decreased by S\$3.7m as compared to 31 December 2020, mainly due to payment of dividend, partially offset against profit for the year.

STATEMENT OF CASH FLOWS

The Group's net cash generated from operating activities in 12M FY2021 was S\$40.3m. This comprised positive operating cash flows before changes in working capital of S\$13.6m, adjusted by an increase in net working capital flow of S\$27.2m and income tax paid of S\$0.5m.

Net cash used in investing activities was S\$14.8m in 12M FY2021. This was mainly due to the cash outlay for the purchase of property, plant and equipment and renewal of rental fleet of S\$13.8m and acquisition cost of financial assets measured at FVTPL of S\$1.8m, offset with the proceeds from disposal of property, plant and equipment of S\$0.6m and interest received of S\$0.2m.

Net cash used in financing activities was S\$9.9m in 12M FY2021. This was mainly due to the dividend paid of S\$5.7m, payment of lease liabilities of S\$3.8m and interest expenses of S\$0.2m, and purchase of treasury shares of S\$0.2m.

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.

OTHER INFORMATION

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 26 January 2022, it was projected that the construction demand for 2022 in Singapore to be between S\$27 billion and S\$32 billion, of which public sector is expected to contribute about 60 percent of the total construction demand. While there appears to be some easing of the labour shortage and with construction demand expected to increase, the Group will continue to closely monitor its Singapore operations.

The outlook of the business environment in Malaysia remains challenging despite the Malaysia Government recently announcing its plan to re-open the borders amidst the current COVID-19 pandemic. The Group has downsized its rental fleet by disposing certain cranes and expects business activities to be slow.

The Group’s Myanmar operations continues to remain uncertain since the military seized power on 1 February 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

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)

Tax rate: Tax exempt (one-tier)

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

5b. Corresponding Period of the Immediate Preceding Financial Year

Yes.

Name of Dividend: First and Final, Special

Dividend type: Cash

Dividend amount per share (cents): 0.5 cents (first and final) and 4.5 cents (special)

Date payable: 18 May 2021

Book closure date: 10 May 2021

5c. Date Payable

To be announced later.

5d. Books Closure Date

To be announced later.

SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION

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. 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	54	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)	Ceased as Director of SH Equipment (HK) Limited (with effect from 10/09/2021)

BY ORDER OF THE BOARD

Tan Ah Lye
Executive Director and CEO
25 February 2022