

**SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES**

**Condensed Interim Financial Statements  
For the six months ended 30 June 2021**

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# SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

	Note	Group		Increase/ (Decrease)
		6 months ended 30 June		
		2021	2020	
		S\$'000	S\$'000	%
Revenue	3	25,581	31,316	(18.3%)
Cost of sales		(19,665)	(28,802)	(31.7%)
<b>Gross profit</b>		<b>5,916</b>	<b>2,514</b>	<b>135.3%</b>
Other operating income		1,431	3,146	(54.5%)
Selling expenses		(196)	(311)	(37.0%)
Administrative expenses		(4,299)	(4,580)	(6.1%)
Other operating expenses		(583)	(324)	79.9%
Finance costs		(122)	(249)	(51.0%)
<b>Profit before income tax</b>	5	<b>2,147</b>	<b>196</b>	<b>NM</b>
Income tax (expense) benefit		(510)	56	NM
<b>Profit for the period</b>		<b>1,637</b>	<b>252</b>	<b>NM</b>
<b>Profit attributable to:</b>				
Owners of the Company		1,637	252	NM
Non-controlling interests		-	-	
		<b>1,637</b>	<b>252</b>	<b>NM</b>
<b>Earning per share (cents):</b>	12			
Basic		1.44	0.22	NM
Diluted		1.44	0.22	NM
<b>Profit for the period</b>		<b>1,637</b>	<b>252</b>	<b>NM</b>
<b>Other comprehensive loss:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations		(1,081)	(322)	NM
<b>Total comprehensive income (loss) for the period</b>		<b>556</b>	<b>(70)</b>	<b>NM</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Owners of the Company		556	(70)	NM
Non-controlling interests		-	-	
		<b>556</b>	<b>(70)</b>	<b>NM</b>

NM: Not Meaningful

# SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

## B. Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		As at 30 Jun 2021 S\$'000	As at 31 Dec 2020 S\$'000	As at 30 Jun 2021 S\$'000	As at 31 Dec 2020 S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		38,833	32,619	24,668	16,734
Trade receivables		10,698	23,154	11,831	26,849
Other receivables and prepayments		1,548	1,246	4,616	3,914
Lease receivables		-	-	84	84
Derivative financial instruments		25	-	25	-
Inventories		5,190	3,930	1,883	2,500
<b>Total current assets</b>		<b>56,294</b>	<b>60,949</b>	<b>43,107</b>	<b>50,081</b>
<b>Non-current assets</b>					
Property, plant and equipment	6	62,153	65,127	32,929	32,224
Right-of-use assets		825	955	448	535
Lease receivables		-	-	332	380
Investment in subsidiaries		-	-	36,015	29,385
Financial assets at fair value through profit or loss		372	404	372	404
Other assets		10	10	10	10
<b>Total non-current assets</b>		<b>63,360</b>	<b>66,496</b>	<b>70,106</b>	<b>62,938</b>
<b>Total assets</b>		<b>119,654</b>	<b>127,445</b>	<b>113,213</b>	<b>113,019</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bills payable		815	-	815	-
Trade payables		854	958	8,799	7,189
Other payables		2,243	2,630	13,978	12,297
Lease liabilities	8	989	3,014	989	2,006
Income tax payable		157	4	350	1
<b>Total current liabilities</b>		<b>5,058</b>	<b>6,606</b>	<b>24,931</b>	<b>21,493</b>
<b>Non-current liabilities</b>					
Lease liabilities	8	1,165	2,233	1,165	1,422
Deferred tax liabilities		6,107	6,137	3,000	3,000
<b>Total non-current liabilities</b>		<b>7,272</b>	<b>8,370</b>	<b>4,165</b>	<b>4,422</b>
<b>Capital and reserves</b>					
Share capital		41,846	41,846	41,846	41,846
Treasury shares		(355)	(355)	(355)	(355)
Retained earnings		72,674	76,738	42,626	45,613
Translation reserves		(5,918)	(4,837)	-	-
Capital reserve		(923)	(923)	-	-
<b>Total equity attributable to owners of the Company</b>		<b>107,324</b>	<b>112,469</b>	<b>84,117</b>	<b>87,104</b>
<b>Total equity and liabilities</b>		<b>119,654</b>	<b>127,445</b>	<b>113,213</b>	<b>113,019</b>

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## C. Condensed Interim Statements of Changes In Equity

The Group	Share capital	Treasury shares	Translation reserves	Capital reserve	Retained earnings	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2021	41,846	(355)	(4,837)	(923)	76,738	112,469
<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)
Total	-	-	(1,081)	-	1,637	556
<i>Transactions with owners of the Company, recognised directly in equity</i>						
Dividends paid	-	-	-	-	(5,701)	(5,701)
Total	-	-	-	-	(5,701)	(5,701)
<b>Balance at 30 June 2021</b>	<b>41,846</b>	<b>(355)</b>	<b>(5,918)</b>	<b>(923)</b>	<b>72,674</b>	<b>107,324</b>
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)
Total	-	-	(322)	-	252	(70)
<b>Balance at 30 June 2020</b>	<b>41,846</b>	<b>(355)</b>	<b>(4,977)</b>	<b>(923)</b>	<b>75,794</b>	<b>111,385</b>

**SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES**

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

<b>The Company</b>	<b>Share capital S\$'000</b>	<b>Treasury shares S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Total Equity S\$'000</b>
Balance at 1 January 2021	41,846	(355)	45,613	87,104
Profit for the period, representing total comprehensive profit for the period	-	-	2,714	2,714
Total	-	-	2,714	2,714
<i>Transactions with owners of the Company, recognised directly in equity</i>				
Dividends paid	-	-	(5,701)	(5,701)
Total	-	-	(5,701)	(5,701)
<b>Balance at 30 June 2021</b>	<b>41,846</b>	<b>(355)</b>	<b>42,626</b>	<b>84,117</b>
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)
<b>Balance at 30 June 2020</b>	<b>41,846</b>	<b>(355)</b>	<b>45,713</b>	<b>87,204</b>

# SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

## D. Condensed interim consolidated statement of cash flows

For the financial period ended 30 June 2021

	Group	
	6 months ended 30 June	
	2021	2020
	S\$'000	S\$'000
<b><u>Cash flows from operating activities</u></b>		
<b>Profit before income tax</b>	2,147	196
Adjustments for:		
Unrealised fair value gain from derivative financial instruments	(25)	(113)
Depreciation of right-of-use assets	129	129
Depreciation of property, plant & equipment	3,850	4,166
Allowance for doubtful debts written back	(173)	(123)
Interest expenses	122	249
Interest income	(72)	(186)
Net unrealised foreign exchange adjustments	867	(1,036)
Allowance for doubtful debts	-	55
Loss arising on financial assets designated as at FVTPL	32	127
Loss on disposal of property, plant and equipment	2	(10)
<b>Operating profit before working capital changes</b>	<b>6,879</b>	<b>3,454</b>
Decrease in trade receivables	12,490	5,653
Increase in other receivables and prepayments	(498)	(328)
Decrease in inventories	2,054	5,656
Decrease in trade payables	(94)	(820)
Decrease other payables	(344)	(1,320)
<b>Cash generated from operations</b>	<b>20,486</b>	<b>12,295</b>
Income tax paid	(362)	(598)
<b>Net cash from operating activities</b>	<b>20,124</b>	<b>11,697</b>
<b><u>Cash flows from investing activities</u></b>		
Interest received	72	186
Purchase of property, plant and equipment	(5,957)	(629)
Proceeds from disposal of property, plant and equipment	199	125
<b>Net cash used in investing activities</b>	<b>(5,685)</b>	<b>(318)</b>
<b><u>Cash flows from financing activities</u></b>		
Bills payable	815	1,455
Interest paid	(122)	(249)
Payment of dividends to owners of the Company	(5,701)	-
Repayment of lease liabilities	(3,076)	(3,154)
<b>Net cash used in financing activities</b>	<b>(8,084)</b>	<b>(1,948)</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,355</b>	<b>9,431</b>
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	(141)	63
<b>Cash and cash equivalents at end of the period</b>	<b>38,833</b>	<b>34,572</b>

# SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

## E. Notes to the condensed interim 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 interim consolidated financial statements as at and for the six months ended 30 June 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 30 June 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 interim 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 annual financial statements for the year ended 31 December 2020.

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)s that are relevant to its operations and effective for annual periods beginning on 1 January 2021.

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

#### 2.2. Basis of measurement

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

The condensed interim 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 interim 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### (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.



**2.3. Uses of estimates and judgements (cont'd)**

(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

## 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

	<u>Equipment Rental</u> S\$'000	<u>Trading</u> S\$'000	<u>Total</u> S\$'000
<b>1 January 2021 to 30 June 2021</b>			
Segment revenue	14,346	11,235	25,581
Segment profit	4,035	1,881	5,916
Selling expenses	(110)	(86)	(196)
Other operating income			1,431
Administrative expenses			(4,299)
Other operating expenses			(583)
Finance costs			(122)
<b>Profit before tax</b>			<b>2,147</b>
Income tax expenses			(510)
<b>Profit for the period</b>			<b>1,637</b>
<b>Other information</b>			
Capital expenditure	(5,943)	(14)	(5,957)
Depreciation expense	(3,757)	(222)	(3,979)
Loss on disposal of property, plant and equipment	(2)	-	(2)
<b>Asset and liabilities</b>			
Segment assets	61,522	9,275	70,796
Unallocated corporate assets			48,858
<b>Total assets</b>			<b>119,654</b>
Segment liabilities	2,581	516	3,097
Unallocated corporate liabilities			9,233
<b>Total liabilities</b>			<b>12,330</b>

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## 3.1. Reportable segments (cont'd)

	<u>Equipment Rental</u> S\$'000	<u>Trading</u> S\$'000	<u>Total</u> S\$'000
<b>1 January 2020 to 30 June 2020</b>			
Segment revenue	9,562	21,754	31,316
Segment profit	(146)	2,660	2,514
Selling expenses	(88)	(223)	(311)
Other operating income			3,146
Administrative expenses			(4,580)
Other operating expenses			(324)
Finance costs			(249)
<b>Profit before tax</b>			196
Income tax expenses			56
<b>Profit for the period</b>			252
<b>Other information</b>			
Capital expenditure	(564)	(65)	(629)
Depreciation expense	(4,033)	(262)	(4,295)
Gain on disposal of property, plant and equipment	10	-	10
<b>Asset and liabilities</b>			
Segment assets	71,830	12,132	83,962
Unallocated corporate assets			46,091
<b>Total assets</b>			130,053
Segment liabilities	8,485	660	9,144
Unallocated corporate liabilities			9,524
<b>Total liabilities</b>			18,668

## SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

### 3.2. Disaggregation of Revenue

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

	<b>Group</b>		
	<b>6 months ended 30 June 2021</b>		
	<u>Equipment Rental</u>	<u>Trading</u>	<u>Total</u>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Geographical information:			
Singapore	12,512	6,470	18,982
Indonesia	-	391	391
Malaysia	1,115	-	1,115
Myanmar	719	-	719
Taiwan	-	4,122	4,122
Others	-	252	252
Total revenue:	<u>14,346</u>	<u>11,235</u>	<u>25,581</u>

	<b>Group</b>		
	<b>6 months ended 30 June 2020</b>		
	<u>Equipment Rental</u>	<u>Trading</u>	<u>Total</u>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Geographical information:			
Singapore	7,223	4,974	12,197
Indonesia	-	13,550	13,550
Malaysia	1,591	1,606	3,197
Vietnam	3	563	566
Myanmar	719	-	719
Brunei	26	400	426
Others	-	661	661
Total revenue:	<u>9,562</u>	<u>21,754</u>	<u>31,316</u>

### 3.3. Seasonal operation

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

## SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

### 4. Income tax (expense) benefit

The Group calculates the period 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 consolidated statement of profit or loss are:

	Group	
	6 months ended 30 June	
	2021	2020
	S\$'000	S\$'000
Current income tax (expense)/benefit	(510)	56

### 5. Profit before income tax

The following items have been included in arriving profit before tax (charging) / crediting:-

	Group	
	6 months ended 30 June	
	2021	2020
	S\$'000	S\$'000
Depreciation of property, plant and equipment	(3,850)	(4,166)
Depreciation of right-of-use assets	(129)	(129)
Allowance for doubtful debts	-	(55)
Allowance for doubtful debts written back	173	123
Currency exchange loss- net	(513)	1,379
Loss on disposal of property, plant and equipment	(2)	10
Net loss arising on financial assets designated as at FVTPL	(32)	(127)
Interest income	72	186
Interest expenses	(122)	(249)
Unrealised fair value gain from derivative financial instruments	25	113

### 6. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$6.0m (30 June 2020: S\$630k) and disposed of assets amounting to S\$200k (30 June 2020: S\$125k).

# SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

## 7. Financial Instruments

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020.

	Group		Company	
	As at 30 Jun 2021 S\$'000	As at 31 Dec 2020 S\$'000	As at 30 Jun 2021 S\$'000	As at 31 Dec 2020 S\$'000
<b>Financial Assets</b>				
Financial assets at amortised cost	49,774	56,035	40,213	47,306
Financial assets mandatorily measured at FVTPL	372	404	372	404
Derivative financial instruments	25	-	25	-
	<u>50,171</u>	<u>56,439</u>	<u>40,610</u>	<u>47,710</u>
<b>Financial Liabilities</b>				
Financial liabilities at amortised cost	3,097	3,588	22,777	19,486
Lease liabilities	2,154	5,247	2,154	3,428
	<u>5,251</u>	<u>8,835</u>	<u>24,931</u>	<u>22,914</u>

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

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

	Group	
	As at 30 Jun 2021 S\$'000	As at 31 Dec 2020 S\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	989	3,014
Unsecured	-	-
<u>Amount repayable after one year</u>		
Secured	1,165	2,233
Unsecured	815	-

Included in the secured borrowings are current lease liabilities of S\$0.1m and non-current lease liabilities of S\$0.7m which are secured over the right-of-use assets of S\$0.8m.

As at 30 June 2021, the Group's lease liabilities of S\$1.3m are secured over plant and equipment of the Group with carrying value of S\$14m.

The unsecured amount is due to bills payable pertaining to purchase of cranes.

## SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

### 9. Share Capital

	Number of shares	
	As at 30-Jun-21	As at 31-Dec-20
Total Number of issued ordinary shares	114,888,980	114,888,980
Less: Treasury shares	(875,980)	(875,980)
Total Number of issued ordinary shares (excluding treasury share)	114,013,000	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 30 June 2021 and 31 December 2020.

### 10. Treasury Shares

	Number of shares	
	As at 30-Jun-21	As at 31-Dec-20
At beginning and end of the period	875,980	875,980

There was no sale, transfer, disposal, cancellation and use of treasury shares during the six months ended 30 June 2021.

### 11. Earning per share

	Group	
	6 months ended 30 June	
	2021	2020
EPS based on weighted average number of ordinary shares on issue	1.44	0.22
On a fully diluted basis (cents)	1.44	0.22
Weighted average number of ordinary shares in issue	114,013,000	114,013,000

There were no potential dilutive ordinary shares in existence for the period from 1 January 2021 to 30 June 2021 and period from 1 January 2020 to 30 June 2020.

### 12. Net asset value per share

	Group		Company	
	As at 30-Jun-21	As at 31-Dec-20	As at 30-Jun-21	As at 31-Dec-20
Net asset value per ordinary share (cents)	94.13	98.65	73.78	76.40
Ordinary shares at the end of the current financial period and immediately preceding financial year	114,013,000	114,013,000	114,013,000	114,013,000

### 13. Dividend

No interim dividend for the half year ended 30 June 2021 (30 June 2020: Nil) were recommended in view of the Group's operational and financial cash needs.

### 14 Subsequent Events

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

**Other Information Required by Listing Rule  
Appendix 7.2**



## SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

### OTHER INFORMATION

#### 1. Review

The condensed consolidated statement of financial position of Sin Heng Heavy Machinery Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

#### 2. Review of performance of the Group

### INCOME STATEMENT

#### Revenue

	Group		
	Year to Date		
	1H FY2021	1H FY2020	% Change
	S\$'000	S\$'000	
Equipment Rental business	14,346	9,562	50.0%
Trading business	11,235	21,754	(48.4%)
<b>Total</b>	<b>25,581</b>	<b>31,316</b>	<b>(18.3%)</b>

The Group registered a total revenue of S\$25.6m in 1H FY2021, which was 18.3% lower than 1H FY2020. The decrease was mainly due to lower trading revenue, which was partially offset by higher rental revenue.

Revenue from Equipment Rental business increased by 50.0% to S\$14.3m in 1H FY2021 as compared to 1H FY2020. The increase was mainly due to more cranes rented out in 1H FY2021 as compared to the Covid-19 pandemic lock-down periods imposed in Singapore and Malaysia during the corresponding period in 1H 2020.

Revenue from Trading business decreased by 48.4% to S\$11.2m in 1H FY2021 as compared to 1H FY2020. The decrease was mainly due to fewer crane sold in 1H FY2021 as compared to the prior period.

#### Gross Profit

	Group		
	Year to Date		
	1H FY2021	1H FY2020	% Change
	S\$'000	S\$'000	
Equipment Rental business	4,035	(146)	NM
Trading business	1,881	2,660	(29.3%)
<b>Total</b>	<b>5,916</b>	<b>2,514</b>	<b>135.3%</b>

The Group registered a total gross profit of S\$5.9m in 1H FY2021 which was 135.3% higher than 1H FY2020. The increase was mainly due to the significant increased in rental revenue, which was partially offset by lower trading gross profit.

The Group registered a gross profit of S\$4.0m from Equipment Rental business in 1H FY2021 as compared to a gross loss of S\$0.1m in 1H FY2020, mainly due to the significant decreased in rental revenue during the Circuit Breaker in 1H FY2020.

The Group registered a gross profit of S\$1.9m from Trading business in 1H FY2021 which was 29.2% lower than 1H FY2020. The decrease was in tandem with the decreased in trading revenue with a better margin transactions.

#### Other Operating Income

Other operating income decreased by S\$1.7m as compared to 1H FY2020. The decrease was mainly due to the foreign exchange loss registered in 1H FY2021 as compared to foreign exchange gain recorded in prior period in 1H FY2020.

#### Selling Expenses

Selling expenses decreased by S\$0.1m as compared to 1H FY2020. The decrease was mainly due to lower selling expenses incurred as a result of fewer crane sold.

#### Administrative Expenses

Administrative expenses decreased by S\$0.3m as compared to 1H FY2020. The decrease was mainly due to lower staff and related expenses.

#### Other Operating Expenses

Other operating expenses increased by S\$0.3m as compared to 1H FY2020. The increase was mainly due to net foreign exchange loss recorded.

#### Finance Costs

Finance costs decreased by S\$0.1m as compared to 1H FY2020. The decrease was mainly due to lower lease liabilities interests as a result of lower outstanding lease liabilities.

#### Income Tax Expenses

The Group recorded an income tax expense in 1H FY2021, mainly due to provision of current tax expenses for 1H FY2021.

## SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

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

#### STATEMENT OF FINANCIAL POSITION

##### Current assets

As at 30 June 2021, current assets amounted to S\$56.3m or 47.0% of total assets. Current assets comprised mainly cash and bank balances, trade and other receivables and inventories. Total current assets decreased by S\$4.7m as compared to 31 December 2020 mainly due to decrease in trade receivables.

##### Non-current assets

As at 30 June 2021, non-current assets amounted to S\$63.4m or 53.0% of total assets. Non-current assets comprised mainly property, plant and equipment and right-of-use assets. Total non-current assets decreased by S\$3.1m mainly due to depreciation charged for the period.

##### Current liabilities

As at 30 June 2021, current liabilities amounted to S\$5.1m or 41.0% of total liabilities. Current liabilities comprised mainly bills payable, trade and other payables and lease liabilities. Total current liabilities decreased by S\$1.5m as compared to 31 December 2020, mainly due to repayment of lease liabilities and the trade and other payables, partially offset by increased in bills payable.

##### Non-current liabilities

As at 30 June 2021, non-current liabilities amounted to S\$7.3m or 59.0% of total liabilities. Non-current liabilities comprised mainly non-current portion of lease liabilities and deferred tax. Total non-current liabilities decreased by S\$1.1m as compared to 31 December 2020, mainly due to repayment of lease liabilities.

##### Working Capital

As at 30 June 2021, the Group registered a positive working capital of S\$51.2m as compared to that of S\$54.3m as at 31 December 2020.

##### Equity

As at 30 June 2021, the Group's total equity stood at S\$107.3m. Total equity decreased by S\$5.1m as compared to 31 December 2020, mainly due to payment of dividend.

#### STATEMENT OF CASH FLOWS

The Group's net cash generated from operating activities in 1H FY2021 was S\$20.1m. This comprised positive operating cash flows before changes in working capital of S\$6.9m, adjusted by an increase in net working capital flow of S\$13.6m and income tax paid of S\$0.4m.

Net cash used in investing activities was S\$5.7m in 1H FY2021. This was mainly due to the cash outlay for the purchase of property, plant and equipment and renewal of rental fleet of S\$6.0m, offset with the proceeds from disposal of property, plant and equipment of S\$0.2m and interest received of S\$0.1m.

Net cash used in financing activities was S\$8.1m in 1H FY2021. This was mainly due to the dividend paid of S\$5.7m, payment of lease liabilities of S\$3.1m and interest expenses of S\$0.1m, which was partially offset by the increase in bills payable of S\$0.8m.

## SIN HENG HEAVY MACHINERY LIMITED AND ITS SUBSIDIARIES

### **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**

The Singapore economy has seen a strong recovery in 2021 due to a low base effect in 2020. Furthermore, the construction sector has rebounded from 2020 when the Circuit Breaker measures were implemented in April to June 2020, followed by the subsequent lockdown of Foreign Workers Dormitories. However, the construction industry continues to face challenges due to shortage of manpower, strict safe distancing measures and rising costs.

Our Malaysian operations have been impacted by the worsening Covid-19 Pandemic and the Movement Control Order measures. As a result, our operations have been disrupted and the utilization of our equipment remains low.

The Group's Myanmar operations remain affected by the Covid-19 Pandemic and the uncertain operating environment in Myanmar after the military seized power on 1 February 2021. The outlook remains uncertain and the business activities are expected to be slow.

As such, the Group will closely monitor the evolving situation of the Covid-19 Pandemic, particularly, in view of the emergence of Covid-19 virus variants, and accordingly adapt to any changes in the control measures implemented in the countries that we operate in. We will remain focused in our core business and redeploy our machinery assets in accordance to the business and economic environment. In view of the uncertain economic outlook, the Group will continue to adopt a prudent cash management strategy.

### **5. Dividend information**

#### 5a. Current Financial Period Reported on

No interim dividend for the half year ended 30 June 2021 were recommended.

#### 5b. Corresponding Period of the Immediate Preceding Financial Year

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

#### 5c. Date Payable

N.A

#### 5d. Books Closure Date

N.A

### **6. Interested person transactions**

The Group has not obtained a general mandate from shareholders of the Company for Interest Person Transactions. There was no interested person transactions exceeding S\$100,000 during the period under review.

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

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

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

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited interim financial results for the six months ended 30 June 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Ah Lye  
Executive Director and CEO  
13-Aug-21