

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) SINWA LIMITED  
THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

Income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	30.09.04 S\$'000	Group 30.09.03 S\$'000	Change %	Quarter ended 30.09.04 S\$'000	30.09.03 S\$'000	Change %
<b>REVENUE</b>	49,316	40,532	21.7	16,324	14,024	16.4
Cost of sales	(38,638)	(30,572)	26.4	(13,110)	(11,003)	19.1
<b>GROSS PROFIT</b>	10,678	9,960	7.2	3,214	3,021	6.4
Other operating income	22	16	37.5	13	4	225.0
Marketing & Distribution costs	(1,060)	(1,183)	(10.4)	(321)	(432)	(25.7)
Administrative expenses	(4,653)	(4,276)	8.8	(1,568)	(1,486)	5.5
Other credits / (charges)	(4)	27	n.m	(6)	37	n.m
Profit/(loss) from operations	4,983	4,544	9.7	1,332	1,144	16.4
Finance costs	(35)	(10)	250.0	(12)	(9)	n.m
<b>Profit before income tax</b>	4,948	4,534	9.1	1,320	1,135	16.3
Income tax expense	(974)	(1,049)	(7.1)	(229)	(279)	(17.9)
<b>Net profit for the period</b>	3,974	3,485	14.0	1,091	856	27.5
Minority interest	-	-	-	-	-	-
<b>Net profit attributable to shareholders</b>	3,974	3,485	14.0	1,091	856	27.5

n.m denotes not meaningful

The following items have been included in arriving at the Group's results :

	30.09.04 S\$' 000	Group 30.09.03 S\$' 000
Interest income	22	16
Foreign exchange loss(net)	(19)	(21)
Gain on disposal of property, plant and equipment	15	49
Property, plant and equipment written off	(1)	(2)
Depreciation	(419)	(330)
Bad trade debts recovered	-	2
Interest expense	(35)	(10)

1(b)(i)

SINWA LIMITED  
THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

Balance sheet (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year

	<b>Group</b>		<b>Company</b>	
	30.09.04 S\$' 000	31.12.03 S\$' 000	30.09.04 S\$' 000	31.12.03 S\$' 000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	8,005	7,639	1,439	4,735
Trade receivables	15,387	15,917	-	-
Other receivables and prepayments	1,183	941	1,939	1,163
Inventories	3,964	1,306	-	-
<b>Total current assets</b>	<b>28,539</b>	<b>25,803</b>	<b>3,378</b>	<b>5,898</b>
<b>Non-current assets:</b>				
Other receivables and prepayments	61	56	-	-
Investments in subsidiaries	-	-	6,089	6,039
Other investments	21	21	-	-
Property, plant and equipment	6,087	6,051	245	296
<b>Total non-current assets</b>	<b>6,169</b>	<b>6,128</b>	<b>6,334</b>	<b>6,335</b>
<b>Total assets</b>	<b>34,708</b>	<b>31,931</b>	<b>9,712</b>	<b>12,233</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Trade payables and accrued liabilities	13,875	12,715	98	57
Other payables	107	925	-	1,177
Income tax payable	1,291	1,470	-	-
Current portion of finance leases	45	19	-	-
Current portion of other interest-bearing borrowings	308	303	-	-
<b>Total current liabilities</b>	<b>15,626</b>	<b>15,432</b>	<b>98</b>	<b>1,234</b>
<b>Non-current liabilities:</b>				
Finance leases	129	30	-	-
Deferred taxation	90	90	-	-
Interest-bearing borrowings	958	1,193	-	-
<b>Total non-current liabilities</b>	<b>1,177</b>	<b>1,313</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
Issued capital	6,250	6,250	6,250	6,250
Reserves	11,655	8,936	3,364	4,749
	<b>17,905</b>	<b>15,186</b>	<b>9,614</b>	<b>10,999</b>
<b>Total liabilities and equity</b>	<b>34,708</b>	<b>31,931</b>	<b>9,712</b>	<b>12,233</b>

Ratio	GROUP	
	30.09.04	31.12.03
Inventory (turnover) days	28	11
Trade receivables turnover (days)	85	97
Gearing	0.08	0.1

## REVIEW OF FINANCIAL POSITION

### Current assets

Current assets of the Group increased by \$2.7 million, from \$25.8 million at 31 December 2003 to \$28.5 million at 30 September 2004. This is due to :

- (a) increase in cash of \$0.4 million as a result of higher business volume and better management of receivables
- (b) increase in other receivables and prepayments of \$0.2 million. \$0.2 million relates to receivables due from our mutual cooperation partner in Shanghai.
- (c) increased inventory of \$2.6 million. \$2.1 million relates to inventory we have purchased for Sinwa Offshore where new product lines such as ropes, anchor chains and deck fittings are being offered to our customers and \$0.5 million is for additional inventory carried for marine supply. This is a result of our continuous effort to source direct from manufacturers and making bulk purchase to reduce our costs.
- (d) reduction in trade receivables of \$0.5 million. The reason for the reduction is due to better collection efforts

### Current liabilities

Increase in current liabilities of the Group of \$0.2 million, from \$15.4 million at 31 December 2003 to \$15.6 million at 30 September 2004. This is due to :

- (a) increase in trade payables and accrued liabilities of \$1.2 million as a result of increased purchases made during the period to meet higher sales.
- (b) reduction of \$0.8 million in other payables resulting from payment of directors' loan
- (c) reduction in income tax payable of \$0.2 million

### Non-current liabilities

Non-current liabilities comprise finance leases and long-term borrowing. The reduction of \$0.1 million at 30 September 2004 is due to paying down loan on term loan secured for purchase of 3 properties adjacent to 28 Joo Koon Circle.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

Amount repayable in one year or less, or on demand

As at 30.09.04		As at 31.12.03	
Secured	Unsecured	Secured	Unsecured
353,000	-	322,000	-

Amount repayable after one year

As at 30.09.04		As at 31.12.03	
Secured	Unsecured	Secured	Unsecured
1,087,000	-	1,223,000	-

Details of any collateral

The secured liabilities relate to :

- \$175,000 was hire purchase financing for productive plant and machinery
- \$1,265,000 term loan for purchase of properties located at 24 and 26 Joo Koon Circle and 35 Joo Koon Road

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	30.09.04	30.09.03
	S\$' 000	S\$' 000
<b>Cash flows from operating activities:</b>		
Profit before income tax	4,948	4,534
Adjustments for:		
Depreciation expense	419	330
Doubtful debts recovered	-	(2)
Interest income	(22)	(16)
Interest expense	35	10
Plant and equipment written off	1	2
Gain on disposal of property, plant and equipment	(15)	(49)
	<hr/>	<hr/>
Operating profit before working capital changes	5,366	4,809
Trade receivables	530	(1,874)
Other receivables and prepayments	(247)	(211)
Inventories	(2,658)	(177)
Trade payables and accrued liabilities	1,160	2,097
Other payables	(818)	(294)
	<hr/>	<hr/>
Cash generated from operations	3,333	4,350
Interest paid	(35)	(10)
Interest received	22	16
Income tax paid	(1,159)	(935)
Dividends paid	(1,250)	(1,250)
Net cash from operating activities	<hr/>	<hr/>
	911	2,171
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of property, plant and equipment	15	65
Purchase of property, plant and equipment	(295)	(3,561)
Increase in investments	-	(2,000)
Net cash used in investing activities	<hr/>	<hr/>
	(280)	(5,496)
<b>Cash flows from financing activities:</b>		
Increase/(Decrease) in borrowings	(231)	1,570
Proceeds from issuing share capital	-	4,740
Increase/(Decrease) in finance leases	(35)	11
Net cash (used in)/from financing activities	<hr/>	<hr/>
	(266)	6,321
<b>Net effect of exchange rate changes in consolidating foreign subsidiary</b>	<hr/>	<hr/>
	1	3
<b>Net increase in cash and cash equivalents</b>	366	2,999
Cash and cash equivalents at beginning of period	7,639	2,424
Cash and cash equivalents at end of period	<hr/>	<hr/>
	8,005	5,423

1(d)(i) SINWA LIMITED  
Statement of changes in equity  
For the nine months ended 30 September 2004

GROUP	Share Capital S\$' 000	Share Premium S\$' 000	Translation Reserve S\$' 000	Accumulated Profits S\$' 000	Total S\$' 000
At 1 January 2004	6,250	3,490	11	5,435	15,186
Net profit for the period	-	-	-	3,974	3,974
Foreign translation reserve	-	-	(5)	-	(5)
Dividend paid	-	-	-	(1,250)	(1,250)
Balance at 30 September 2004	6,250	3,490	6	8,159	17,905
At 1 January 2003	5,000	-	5	1,795	6,800
Issue of shares	1,250	-	-	-	1,250
Premium arising from issue of shares	-	3,490	-	-	3,490
Net profit for the period	-	-	-	3,485	3,485
Foreign translation reserve	-	-	2	-	2
Dividend paid	-	-	-	(1,250)	(1,250)
Balance at 30 September 2003	6,250	3,490	7	4,030	13,777
COMPANY	Share Capital S\$' 000	Share Premium S\$' 000	Translation Reserve S\$' 000	Accumulated Profits/(Losses) S\$' 000	Total S\$' 000
At 1 January 2004	6,250	3,490	-	1,257	10,997
Net loss for the period	-	-	-	(133)	(133)
Dividend paid	-	-	-	(1,250)	(1,250)
Balance at 30 September 2004	6,250	3,490	-	(126)	9,614
At 1 January 2003	5,000	-	-	1,371	6,371
Issue of shares	1,250	-	-	-	1,250
Premium arising from issue of shares	-	3,490	-	-	3,490
Net loss for the period	-	-	-	(178)	(178)
Dividend paid	-	-	-	(1,250)	(1,250)
Balance at 30 September 2003	6,250	3,490	-	(57)	9,683

2 The figures have not been audited or reviewed.

3 Not applicable.

4 The financial information included in this report have been prepared using the same accounting policies and methods of computation as presented in the financial statements for the year ended 31 December 2003. A summary of the significant accounting policies can be found on pages 50 to 52 of the Company's 2003 Annual Report dated 3 March 2004.

5 There were no changes in accounting policies and methods of computation.

**6 Earnings per ordinary share of the group**

	<b>Group Figures</b>	
	30.09.04	30.09.03
Earnings per ordinary share for the year based on net profit after tax and minority interest :		
(i) Based on weighted average number of ordinary shares in issue	3.18 cents	2.92 cents
(ii) On a fully diluted basis	3.18 cents	2.92 cents

The basic and fully diluted earnings per share for the period ended 30.09.04 have been calculated based on profit after tax of \$3,974,000 and 125,000,000 ordinary shares in issue.

The basic and fully diluted earnings per share for the period ended 30.9.03 above have been calculated based on profit after tax of \$3,485,000 and the weighted number of ordinary shares in issue during the period ended 30 September 2003 of 119,444,444 shares

**7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	<b>Group Figures</b>		<b>Company Figures</b>	
	30.09.04	31.12.03	30.09.04	31.12.03
Net asset backing per ordinary share based on the number of shares in issue at end of year	14.32 cents	12.15 cents	7.69 cents	8.80 cents

The net asset value per share of the Group has been calculated based on shareholders' equity of \$17,905,000 (31 December 2003 : \$15,186,000) and share capital of 125,000,000 ordinary shares.

The net asset value per share of the Company has been calculated based on shareholders' equity of \$9,614,000 (31 December 2003 : \$10,999,000) and share capital of 125,000,000 ordinary shares.

## 8 SINWA LIMITED

### Review of performance of the Group Overview

	30.09.04		Group		30.09.03	% of Increase (Decrease)
	S\$'000	%	S\$'000	%		
Revenue by business segment						
Supply	45,470	92.2%	37,051	91.4%	22.7%	
Agency	440	0.9%	610	1.5%	-27.9%	
Projects	1,044	2.1%	2,871	7.1%	-63.6%	
Offshore	2,362	4.8%	-	0.0%	-	
	<u>49,316</u>	100.0%	<u>40,532</u>	100.0%	21.7%	

	30.09.04		Gross Profit		30.09.03	Gross Profit margin
	S\$'000	%	S\$'000	%		
Gross Profit by business segment						
Supply	9,444	20.8%	7,883	21.3%		
Agency	163	37.0%	271	44.4%		
Projects	566	54.2%	1,806	62.9%		
Offshore	505	21.4%	-	nm		
	<u>10,678</u>	21.7%	<u>9,960</u>	24.6%		

	30.09.04		30.09.03		
	S\$'000	%	S\$'000	%	
REVENUE					
By Geographical Market					
Europe	37,918	76.9%	31,725	78.3%	19.5%
Asia	5,566	11.3%	4,503	11.1%	23.6%
Others	5,832	11.8%	4,304	10.6%	35.5%
	<u>49,316</u>	100.0%	<u>40,532</u>	100.0%	21.7%

### REVENUE

For the nine months ended 30 September 2004, revenue totalled \$49.3 million compared to \$40.5 million for the corresponding period of the immediately preceding year. Of the \$8.8 million increase in revenue, Supply accounted for \$8.4 million and Offshore contributed \$2.4 million whilst Agency and Projects recorded reductions of \$0.2 million and \$1.8 million respectively.

The \$8.4 million increase in Supply was mainly due to :

- \$1.8 million was from the supply of initial stores to 43 new vessels for period ended 30 September 2004 compared to 15 for period ended 30 September 2003
- \$1.8 million was contributed by our appointed marine supply and logistics companies in Dalian, Shanghai and Guangzhou
- remaining \$4.8 million was due mainly to more vessels serviced in Singapore; from 3280 vessels for period ended 30 September 2003 to 3526 for period ended 30 September 2004

Agency revenue fell by \$0.2 million or 27.9% from \$0.6 million for period ended 30 September 2003 to \$0.4 million for period ended 30 September 2004 due to lower business volumes.

The \$1.8 million reduction in project revenue was due to smaller value of work carried out on heating, ventilation and airconditioning (hvac) work.

**GROSS PROFIT**

Higher revenue provided increased gross profit of \$0.7 million, from \$10.0 million in first nine months of 2003 to \$10.7 million in first nine months of 2004.

Overall gross profit margin of 21.7% for first nine months of 2004 is lower than 24.6% for the corresponding period in 2003. Increased sales contribution from our appointed marine supply partners in China has affected on overall gross profit margin. Lower project billings which traditionally has higher gross profit have also caused dilution in overall gross profit margin.

**OPERATING EXPENSES**

Operating expenses comprise marketing and distribution costs and administrative expenses. For the 9 months ended 30 September 2004, operating expenses of \$5.7 million represents 11.5% of total sales compared to 13.4% for the corresponding period in 2003.

Marketing and distribution costs include travelling, advertising, promotion, marketing and other fulfillment expenses. For the 9 months ended 30 September 2004, marketing and distribution costs as a percentage of revenue is 2.1% compared to 2.9% for the corresponding period in 2003. Stringent control have enabled us to keep our marketing and distribution costs low compared to the corresponding period in the preceding year.

Administrative expenses consist mainly of salary-related expenses (including remuneration of directors, sales and marketing and administrative staff), premises-related expenses (such as rental, office maintenance and utilities), depreciation of assets and other miscellaneous costs. Administrative expenses increased by \$0.4 million from \$4.3 million for the 9 months ended 30 September 2003 to \$4.7 for the period ended 30 September 2004. Of the \$0.4 million increase, \$0.2 million is due to higher remuneration cost, \$0.1 million due to higher JTC rental and property tax and \$0.1 million due to higher depreciation arising from fixed assets additions.

**NET PROFIT AFTER TAX**

Net profit after tax (PAT) increased by \$0.5 million. This represents an increase of 14% over the corresponding period in 2003.

	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to rule 920 (excluding transactions less than \$100,000)	
Purchases	9 months ended 30 September	
	2004	2003
	\$' 000	\$' 000
Sims Global Pte Ltd	182	-

The above transactions are on arm's length basis and according to normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

9 No profit forecast or profit guarantee has been issued for the period under review.

10 A commentary at the date of the announcement of the competitive conditions

Sinwa's core Supply business benefitted from strong growth momentum in the general shipping market and increased revenue from the China operation.

Sinwa is also benefitting from the current boom in shipping and offshore oil activities in the region and beyond as reflected in the increased sales of deck fittings and mooring equipment from our subsidiary, Sinwa Offshore, which was set up in October last year.

Our recent acquisition of Windsor Marine, which is the exclusive distributor of the Wolf Safety Lamps, will further advance our market leadership in Singapore. We have recently extended our global reach by establishing three subsidiaries in Australia to tap new opportunities in key port cities such as Sydney, Melbourne, Port Hedland, Fremantle and Darwin.

On the basis of this positive third quarter results, we are very much on track to achieving our target for FY2004.

11 Dividend

( a ) Current Financial Period Reported On

**Any dividend declared for the current financial period reported on ?**

No

**( b ) Corresponding Period of the immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year ?

None

**( c ) Date payable**

Not applicable

**( d ) Books closure date**

Not applicable

12 If no dividend has been declared/recommendeded, a statement to that effect

Not applicable

**BY ORDER OF THE BOARD**

SIM YONG TENG  
Executive Chairman and CEO  
10-Nov-04