

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

SINWA LIMITED

Q1 FY 2005 FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

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

	GROUP			COMPANY		
	31.03.05 S\$'000	31.03.04 S\$'000	Change %	31.03.05 S\$'000	31.03.04 S\$'000	Change %
<b>REVENUE</b>	24,939	16,446	51.6	212	175	21.1
Cost of sales	(19,559)	(12,755)	53.3	-	-	-
<b>GROSS PROFIT</b>	5,380	3,691	45.8	212	175	21.1
Other operating income	51	5	920.0	-	4	-
Marketing and Distribution costs	(754)	(399)	89.0	-	-	-
Administrative expenses	(2,804)	(1,611)	74.1	(258)	(248)	4.0
Other credits / (charges)	39	2	1,850.0	-	-	-
Profit/(loss) from operations	1,912	1,688	13.3	(46)	(69)	(33.3)
Finance costs	-	(12)	nm	-	-	-
<b>Profit/(loss) before income tax</b>	1,912	1,676	14.1	(46)	(69)	(33.3)
Income tax expense	(350)	(342)	2.3	-	-	-
<b>Net profit/(loss) for the period</b>	1,562	1,334	17.1	(46)	(69)	(33.3)
Minority interest	(12)	-	-	-	-	-
<b>Net profit/(loss) attributable to shareholders</b>	1,550	1,334	16.2	(46)	(69)	(33.3)

Note to income statement

	GROUP	
	31.03.05 S\$'000	31.03.04 S\$'000
Interest income	9	5
Foreign exchange gain(net)	26	2
Gain on disposal of property, plant and equipment	5	-
Depreciation	(157)	(131)
Bad trade debts recovered/	15	-
Interest expense	-	(12)

1(b)(i) Balance sheet (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	<b>Group</b>		<b>Company</b>	
	31.03.05 S\$' 000	31.12.04 S\$' 000	31.03.05 S\$' 000	31.12.04 S\$' 000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	5,983	5,938	474	925
Trade receivables	22,688	21,238	-	-
Other receivables and prepayments	1,372	568	6,135	5,877
Inventories	5,494	4,840	-	-
<b>Total current assets</b>	<b>35,537</b>	<b>32,584</b>	<b>6,609</b>	<b>6,802</b>
<b>Non-current assets:</b>				
Other receivables and prepayments	773	948	-	-
Investments in subsidiaries	-	-	6,236	6,236
Other investments	21	21	-	-
Property, plant and equipment	7,041	6,877	211	228
Goodwill on consolidation	1,190	1,146	-	-
<b>Total non-current assets</b>	<b>9,025</b>	<b>8,992</b>	<b>6,447</b>	<b>6,464</b>
<b>Total assets</b>	<b>44,562</b>	<b>41,576</b>	<b>13,056</b>	<b>13,266</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	50	72	-	-
Trade payables and accrued liabilities	19,059	18,148	208	278
Other payables	1,714	1,316	1,870	1,964
Income tax payable	1,356	1,328	-	-
Current portion of finance leases	45	45	-	-
<b>Total current liabilities</b>	<b>22,224</b>	<b>20,909</b>	<b>2,078</b>	<b>2,242</b>
<b>Non-current liabilities:</b>				
Finance leases	107	118	-	-
Deferred taxation	170	93	-	-
<b>Total non-current liabilities</b>	<b>277</b>	<b>211</b>	<b>-</b>	<b>-</b>
<b>Minority Interests</b>	<b>873</b>	<b>805</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity</b>	<b>21,188</b>	<b>19,651</b>	<b>10,978</b>	<b>11,024</b>
<b>Total liabilities and equity</b>	<b>44,562</b>	<b>41,576</b>	<b>13,056</b>	<b>13,266</b>

	<b>GROUP</b>	
	31.03.05	31.12.04
Inventory turnover (days)	26	11
Trade receivables turnover (days)	83	97
Gearing ratio	0.01	0.01

**Current assets**

Current assets increased by \$2.9 million, from \$32.6 million at 31 December 2004 to \$35.5 million at 31 March 2005 :

- (a) increase in other receivables and prepayments of \$0.6 million due to additional deposits made for securing inventory orders from China, loans made to our mutual cooperation partners
- (b) increased inventory of \$0.7 million. \$0.5 million relates to additional inventory we have purchased for marine supply. Remaining \$0.2 million is for inventory carried by our new subsidiaries.
- (c) increase in trade receivables of \$1.5 million is due to additional billings for Offshore, Agency and China operations

**Current liabilities**

Increase in current liabilities of the Group of \$1.3 million, from \$20.9 million at 31 December 2004 to \$22.2 million at 31 March 2005. This is due to :

- (a) increase in trade payables and accrued liabilities of \$0.9 million. The increase is due to increased billing of our China operations to customers resulting in more payables due to them as well as increased purchases made during the quarter to meet higher sales
- (b) increase of \$0.4 million in other payables as a result of acquisition of foreign subsidiaries

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

Amount repayable in one year or less, or on demand

As at Q1 2005		31-Dec-04	
Secured	Unsecured	Secured	Unsecured
45,000	50,000	45,000	72,000

Amount repayable after one year

As at Q1 2005		31-Dec-04	
Secured	Unsecured	Secured	Unsecured
107,000	-	118,000	-

Details of any collateral

The secured liabilities for Q1 2005 relate to :

- hire purchase financing for productive plant and machinery

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1 ( c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	31.03.05 S\$'000	31.03.04 S\$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax	1,912	1676
Adjustments for:		
Depreciation expense	157	131
Interest income	(9)	(5)
Interest expense	-	12
Property, plant and equipment written off	-	1
Gain on disposal of property, plant and equipment	(5)	-
Operating profit before working capital changes	<u>2,055</u>	<u>1,815</u>
Trade receivables	(1,450)	(316)
Other receivables and prepayments	(629)	(220)
Inventories	(654)	(1,724)
Trade payables and accrued liabilities	911	1,426
Other payables	<u>398</u>	<u>(463)</u>
Cash generated from operations	631	518
Interest paid	-	(12)
Interest received	9	5
Income tax paid	<u>(245)</u>	<u>(286)</u>
Net cash from operating activities	<u>395</u>	<u>225</u>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of property, plant and equipment	5	-
Purchase of property, plant and equipment	(321)	(13)
Additional incidental costs of acquisition of subsidiaries	(44)	-
Net cash used in investing activities	<u>(360)</u>	<u>(13)</u>
<b>Cash flows from financing activities:</b>		
(Decrease) in borrowings	(22)	(77)
Decrease in finance lease	(11)	(7)
Net cash used in financing activities	<u>(33)</u>	<u>(84)</u>
<b>Net effect of exchange rate changes in consolidating foreign subsidiaries</b>	<u>43</u>	<u>2</u>
<b>Net increase in cash and cash equivalents</b>	45	130
Cash and cash equivalents at beginning of year	5,938	7,639
Cash at end of year	<u>5,983</u>	<u>7,769</u>

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- 1(d)(i) A statement (for the group) showing either (I) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Share Capital S\$' 000	Share Premium S\$' 000	Translation Reserve S\$' 000	Accumulated Profits S\$' 000	Total S\$' 000
Balance at 1 January 2005	6,250	3,490	24	9,887	19,651
Net profit for the period	-	-	-	1,550	1,550
Foreign translation reserve	-	-	(13)	-	(13)
Balance at 31 March 2005	6,250	3,490	11	11,437	21,188
Balance at 1 January 2004	6,250	3,490	11	5,435	15,186
Net profit for the period	-	-	-	1,334	1,334
Foreign translation reserve	-	-	1	-	1
Balance at 31 March 2004	6,250	3,490	12	6,769	16,521

COMPANY	Share Capital S\$' 000	Share Premium S\$' 000	Translation Reserve S\$' 000	Accumulated Profits S\$' 000	Total S\$' 000
Balance at 1 January 2005	6,250	3,490	-	1,284	11,024
Net profit for the period	-	-	-	(46)	(46)
Foreign translation reserve	-	-	-	-	-
Balance at 31 March 2005	6,250	3,490	1	1,237	10,978
Balance at 1 January 2004	6,250	3,490	-	1,258	10,998
Net loss for the period	-	-	-	(69)	(69)
Balance at 31 March 2004	6,250	3,490	-	1,189	10,929

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There have been no changes in the company's share capital.

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

With effect from 1 January 2005, certain new and revised Singapore Financial Reporting Standards ("FRS") were adopted. These standards have no significant impact on the Group's results except as follows :

In 2004, the Council on Corporate Disclosure and Governance issued FRS 103 Business Combinations revised FRS 36 Impairment of Assets and revised FRS 38 Intangible Assets. These standards are effective for financial years beginning on or after 1 January 2005.

The impact of the adoption of these standards is that goodwill arising from the business combinations as recorded in the balance sheet of the group is no longer required to be amortised and charged to the income statement. Instead, such goodwill will be tested for impairment in accordance with FRS 36, FRS 103, revised FRS 36 and revised FRS 38 are applied on a prospective basis with effect from the new financial year beginning 1 January 2005.

With the adoption of FRS 103, revised FRS 36 and revised FRS 38 as from FY2005, the unaudited Group's net profit for the period ended 31 March 2005 (Q1 FY2005) has increased by \$15000.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

See paragraph 4.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group Figures</b>	
	Q1 2005	Q1 2004
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	1.24 cents	1.07 cents
(ii) On a fully diluted basis	1.24 cents	1.07 cents

The basic and fully diluted earnings per share for Q1 2005 have been calculated based on profit after tax and minority interest of \$1,550,000 and 125,000,000 ordinary shares in issue.

The basic and fully diluted earnings per share for Q1 2004 have been calculated based on profit after tax and minority interest of \$1,334,000 and 125,000,000 ordinary shares in issue.

**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>	
	Q1 2005	Q4 2004	Q1 2005	Q4 2004
Net asset value per ordinary share based on the number of shares in issue at end of year	17.0 cents	13.22 cents	8.78 cents	8.74 cents

The net asset value per share of the Group has been calculated based on shareholders' equity of \$21,188,000 (31 December 2004 : \$19,651,000) 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 \$10,978,000 (31 December 2004 : \$11,024,000) and share capital of 125,000,000 ordinary shares.



Agency revenue rose \$0.1 million due to increased activities and billings from one European customer.

The \$0.4 million reduction in Projects revenue was due to slow-down for replacement of thermal insulations as new vessels come on stream and old vessels are taken out.

### **GROSS PROFIT**

Higher revenue provided increased gross profit of \$1.7 million, from \$3.7 million in Q1 2004 to \$5.4 million in Q1 2005.

### **OPERATING EXPENSES**

Our operating expenses comprise marketing and distribution costs and administrative expenses. For Q1 2005, operating expenses of \$3.6 million represents 14.3% of total sales compared to 12.2% for Q1 2004.

Marketing and distribution costs include travelling, advertising, promotion, marketing and other fulfillment expenses. For Q1 2005, marketing and distribution costs as a percentage of revenue is 3.0% compared to 2.4% for Q1 2004.

Administrative expenses consist mainly of salary-related expenses, premises-related expenses, depreciation of assets and other miscellaneous costs. Administrative expenses increased by \$1.2 million from \$1.6 million in Q1 2004 to \$2.8 million in Q1 2005. The increase is mainly attributable to consolidating the expenses of our Australian subsidiaries.

Net profit after tax (PAT) increased by \$0.3 million or 16.2%, from \$1.3 million in Q1 2004 to \$1.6 million in Q1 2005.

	Aggregate value of interested person transactions	
Purchases	3 months ended 31 March	
	2005	2004
	\$' 000	\$' 000
Sims Global Pte Ltd	98	43

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 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

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 significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

From this latest first quarter results, we are pleased that the execution of our aggressive acquisition strategy last year has paid off. Sinwa now services 75 ports from 14 locations spanning 5 countries; Singapore, China, Australia, UAE and Timor Leste. As a leading marine supply and logistics group in Asia Pacific, we expect to derive more opportunities to grow our Marine Supply and Logistics business further.

Currently, as one of the largest stockist of anchor chains and exclusive distributor of Wolf Safety Lamps, we hope to further improve our performance in the Offshore business segment. Barring unforeseen circumstances, the Directors expect the profitability of FY2005 to be better than FY2004.

11 Dividend

(a) Current Financial Period Reported On

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

Name of Dividend

Dividend Type

Dividend Rate

Par value of shares

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

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

Name of Dividend

Dividend Type

Dividend Rate

Par value of shares

Tax rate

(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