

SINWA LIMITED
Q3 FY 2005 FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

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

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

	GROUP					
	Year to date			Qtr ended		
	30.09.05 S\$'000	30.09.04 S\$'000	Change %	30.09.05 S\$'000	30.09.04 S\$'000	Change %
REVENUE	74,509	49,316	51.1	26,642	16,324	63.2
Cost of sales	(57,845)	(38,638)	49.7	(20,618)	(13,110)	57.3
GROSS PROFIT	<u>16,664</u>	<u>10,678</u>	56.1	<u>6,024</u>	<u>3,214</u>	87.4
Other operating income	224	22	918.2	90	13	592.3
Marketing and Distribution costs	(2,795)	(1,060)	163.7	(1,352)	(321)	321.2
Administrative expenses	(8,489)	(4,653)	82.4	(2,998)	(1,568)	91.2
Other credits / (charges)	40	(4)	NM	(40)	(6)	566.7
Finance costs	(29)	(35)	(17.1)	(17)	(12)	41.7
Profit before income tax	<u>5,615</u>	<u>4,948</u>	13.5	<u>1,707</u>	<u>1,320</u>	29.3
Income tax expense	(1,198)	(974)	23.0	(508)	(229)	121.8
Net profit for the period	<u>4,417</u>	<u>3,974</u>	11.1	<u>1,199</u>	<u>1,091</u>	9.9
Loss attributable to minority interests	165	-	NM	154	-	NM
Net profit attributable to shareholders	<u><u>4,582</u></u>	<u><u>3,974</u></u>	15.3	<u><u>1,353</u></u>	<u><u>1,091</u></u>	24.0

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

Note to income statement

	GROUP	
	30.09.05 S\$'000	30.09.04 S\$'000
Interest income	31	22
Net foreign exchange (loss)	(4)	(19)
Gain on disposal of property, plant and equipment	5	15
Property, plant and equipment written off	-	(1)
Depreciation	(568)	(419)
Bad trade debts recovered	38	-
Interest expense	(29)	(35)

NM - not meaningful

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

	Group		Company	
	30.09.05	31.12.04	30.09.05	31.12.04
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
ASSETS				
Current assets:				
Cash and cash equivalents	6,879	5,938	151	925
Trade receivables	21,670	21,238	-	-
Other receivables and prepayments	2,150	568	4,762	5,877
Inventories	6,335	4,840	-	-
Total current assets	<u>37,034</u>	<u>32,584</u>	<u>4,913</u>	<u>6,802</u>
Non-current assets:				
Other receivables and prepayments	-	948	-	-
Investments in subsidiaries	-	-	6,277	6,236
Other investments	21	21	-	-
Property, plant and equipment	6,989	6,877	177	228
Goodwill on consolidation	1,188	1,146	-	-
Total non-current assets	<u>8,198</u>	<u>8,992</u>	<u>6,454</u>	<u>6,464</u>
Total assets	<u>45,232</u>	<u>41,576</u>	<u>11,367</u>	<u>13,266</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	-	72	-	-
Trade payables and accrued liabilities	18,190	18,148	128	278
Other payables	530	1,316	893	1,964
Income tax payable	1,469	1,328	-	-
Current portion of finance leases	93	45	-	-
Total current liabilities	<u>20,282</u>	<u>20,909</u>	<u>1,021</u>	<u>2,242</u>
Non-current liabilities:				
Finance leases	151	118	-	-
Deferred taxation	170	93	-	-
Total non-current liabilities	<u>321</u>	<u>211</u>	<u>-</u>	<u>-</u>
Share capital and reserves				
Share capital	6,383	6,250	6,383	6,250
Reserves	17,409	13,401	3,963	4,774
	<u>23,792</u>	<u>19,651</u>	<u>10,346</u>	<u>11,024</u>
Minority interests				
	837	805	-	-
	<u>24,629</u>	<u>20,456</u>	<u>10,346</u>	<u>11,024</u>
Total liability and equity	<u>45,232</u>	<u>41,576</u>	<u>11,367</u>	<u>13,266</u>
GROUP				
	30.09.05	31.12.04		
Inventory turnover (days)	30	33		
Trade receivables turnover (days)	80	114		
Gearing ratio	0.01	0.01		

Notes to Balance Sheet

Current assets

Current assets increased by \$4.4 million, from \$32.6 million at 31 December 2004 to \$37.0 million at 30 September 2005 :

- (a) increase in cash and cash equivalents, approximately S\$1.0 million was due to more sales and faster debtors' turnover.
- (b) increase in other receivables and prepayments of \$1.6 million due to additional deposits made for securing inventory orders from China as well as short-term loans made to our mutual cooperation partners.
- (c) increased inventory of \$1.5 million, mainly due to additional inventory we have purchased for offshore business and for inventory carried by our new subsidiaries in Australia.

Current liabilities

Decrease in current liabilities of the Group of \$0.6 million, from \$20.9 million at 31 December 2004 to \$20.3 million at 30 September 2005. This is mainly due to the settlement of payables arising from the acquisition of businesses in Australia and Windsor Marine.

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

Amount repayable in one year or less, or on demand

As at 30.09.05		31.12.2004	
Secured	Unsecured	Secured	Unsecured
93,000	-	45,000	72,000

Amount repayable after one year

As at 30.09.05		31.12.2004	
Secured	Unsecured	Secured	Unsecured
151,000	-	118,000	-

Details of any collateral

The secured liabilities for 3Q 2005 relate to :

- hire purchase financing for productive plant and machinery

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	30.09.05 S\$'000	30.09.04 S\$'000
Cash flows from operating activities:		
Profit before income tax	5,615	4,948
Adjustments for:		
Depreciation expense	568	419
Interest income	(31)	(22)
Interest expense	29	35
Property, plant and equipment written off	-	1
Gain on disposal of property, plant and equipment	(5)	(15)
Operating profit before working capital changes	<u>6,176</u>	<u>5,366</u>
Trade receivables	(432)	530
Other receivables and prepayments	(634)	(247)
Inventories	(1,495)	(2,658)
Trade payables and accrued liabilities	42	1,160
Other payables	234	(818)
Cash generated from operations	<u>3,891</u>	<u>3,333</u>
Interest paid	(29)	(35)
Interest received	31	22
Income tax paid	(980)	(1,159)
Dividend paid	(1,277)	(1,250)
Net cash from operating activities	<u>1,636</u>	<u>911</u>
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	5	15
Purchase of property, plant and equipment	(569)	(295)
Additional costs directly attributable to the acquisition of subsidiaries	(42)	-
Net cash used in investing activities	<u>(606)</u>	<u>(280)</u>
Cash flows from financing activities:		
Decrease in short term borrowings	(72)	(231)
Decrease in finance leases	(30)	(35)
Net cash used in financing activities	<u>(102)</u>	<u>(266)</u>
Net effect of exchange rate changes in consolidating foreign subsidiaries	<u>13</u>	<u>1</u>
Net increase in cash and cash equivalents	941	366
Cash and cash equivalents at beginning of period	5,938	7,639
Cash and cash equivalents at end of period	<u>6,879</u>	<u>8,005</u>

1(d)(i) A statement (for the issuer and 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	Minority Interests S\$' 000	Total equity S\$' 000
Balance at 1 January 2005	6,250	3,490	24	9,887	19,651	805	20,456
Issue of share capital	133	681	-	-	814	-	814
Net profit for the period	-	-	-	4,582	4,582	(165)	4,417
Contribution from minority interests to the share capital of a subsidiary	-	-	-	-	-	150	150
Increase in minority interests	-	-	-	-	-	56	56
Foreign translation reserve	-	-	22	-	22	(9)	13
Dividend paid	-	-	-	(1,277)	(1,277)	-	(1,277)
Balance at 30 September 2005	6,383	4,171	46	13,192	23,792	837	24,629
At 1 January 2004	6,250	3,490	11	5,435	15,186	-	15,186
Net profit for the period	-	-	-	3,974	3,974	-	3,974
Foreign translation reserve	-	-	(5)	-	(5)	-	(5)
Dividend paid	-	-	-	(1,250)	(1,250)	-	(1,250)
Balance at 30 September 2004	6,250	3,490	6	8,159	17,905	-	17,905
COMPANY	Share Capital S\$' 000	Share Premium S\$' 000	Translation Reserve S\$' 000	Accumulated Profits S\$' 000	Total S\$' 000	Minority Interests S\$' 000	Total equity S\$' 000
Balance at 1 January 2005	6,250	3,490	-	1,284	11,024	-	11,024
Issue of share capital	133	681	-	-	814	-	814
Net loss for the period	-	-	-	(215)	(215)	-	(215)
Dividend paid	-	-	-	(1,277)	(1,277)	-	(1,277)
Balance at 30 September 2005	6,383	4,171	-	(208)	10,346	-	10,346
At 1 January 2004	6,250	3,490	-	1,257	10,997	-	10,997
Net loss for the period	-	-	-	(133)	(133)	-	(133)
Dividend paid	-	-	-	(1,250)	(1,250)	-	(1,250)
Balance at 30 September 2004	6,250	3,490	-	(126)	9,614	-	9,614

1(d)(ii) Details of any changes in the company's share capital arising from right 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 previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

In 28 January 2005, 2,659,598 shares of 5 cents each were issued at a premium of 25.6 cents each as partial consideration for acquisition of Australia subsidiaries.

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 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 :

- (i) 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 the revised FRS 36. FRS 103, revised FRS 36 and revised FRS 38 are applied on a prospective basis 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 30 September 2005 has increased by \$45,000.

- (ii) The statement of changes in equity of the Group has included the movement of minority interests as required by FRS1

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.

	Group Figures	
	30.09.2005	30.09.2004
Earnings per ordinary share for the period based on net profit after tax attributable to shareholders of the Company:		
(i) Based on weighted average number of ordinary shares in issue	3.60 cents	3.18 cents
(ii) On a fully diluted basis	3.60 cents	3.18 cents

The basic and fully diluted earnings per share for 30.09.2005 have been calculated based on net profit after tax attributable to shareholders of the Company of \$4,582,000 and 127,396,560 weighted average number of ordinary shares in issue.

The basic and fully diluted earnings per share for 30.09.04 have been calculated based on net profit after tax attributable to shareholders of the Company of \$3,974,000 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

	Group		Company	
	30.09.2005	31.12.2004	30.09.2005	31.12.2004
Net asset value per ordinary share based on the number of shares in issue at end of year	18.64 cents	15.72 cents	8.10 cents	8.82 cents

The net asset value per share of the Group has been calculated based on equity attributable to holders of the parent of \$23,792,000 (31 December 2004 : \$19,651,000) and share capital of 127,659,598 (31.12.04:125,000,000) ordinary shares.

The net asset value per share of the Company has been calculated based on equity attributable to holders of the parent of \$10,346,000 (31 December 2004 : \$11,024,000) and share capital of 127,659,598 (31.12.04:125,000,000) ordinary shares.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business.

It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

During the first nine months of 2005, our supply business contributed 94.0% of total Group revenue, while Projects, Agency and Offshore 6.0%.

With the partnerships in Xiamen and Qingdao which commenced business in third quarter 2005, the revenue from the five operations in China increased significantly.

The acquisition of additional warehousing facilities last year enables the Company to stock up more inventory to meet new and existing customers' requirements. The Group is presently one of the largest stockists of anchor chains in Singapore.

The first nine month results show that our supply business has benefited from our recent acquisition of Windsor Marine and three marine supply companies in Australia. Our supply business, through the recent acquisitions and from our China operations is expected to continue on a strong growth path riding on the buoyant global marine industry as well as oil and gas.

REVENUE

Revenue increased by \$25.2 million or 51.1%, from \$49.3 million in the first nine months of 2004 to \$74.5 million in the corresponding period in 2005.

This increase is mainly from:

- (a) our appointed marine supply and logistics companies in China,
- (b) our recent acquired subsidiaries in Australia and Windsor Marine,
- (c) sales for deck fittings and mooring equipment by Sinwa Offshore, and
- (d) more supplies to vessels serviced in Singapore.

GROSS PROFIT

Higher revenue provided increased gross profit of \$6.0 million, from \$10.7 million in first nine months of 2004 to \$16.7 million in the same period in 2005.

OPERATING EXPENSES

Our operating expenses comprise marketing and distribution costs, and administrative expenses. For first nine months of 2005, operating expenses of \$11.3 million is 15.1% of total sales compared to that 11.6% in the same period of 2004.

The recent appreciation of Renminbi has not impacted the Group as the Group matches the expenses against the billings in that currency.

Net profit after tax attributable to Shareholders increased by \$0.6 million or 15.3%.

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.

The Group expects the general shipping market to remain to be buoyant in the last quarter of 2005, boosted by the shipping trade growth and increase of oil and gas activities in East Asia.

In China, we now operate from 5 major ports. Revenues from our China operations are expected to increase in line with the growth in the number of foreign vessels calling at China for both cargo operations and general repairs.

Our Australian operations continue to be restructured for economies of scale in purchasing, marketing and accounting areas. Competition remains to be extremely intense, as can be expected when we are seeking to increase our market shares and presence in Australia. We are confident that we can continue to remain competitive, and to become profitable in the near future.

Barring unforeseen circumstances, the Directors expect the profitability of FY 2005 to exceed that of FY 2004.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ?

None

(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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

<Place tabular results and/ or notes here>

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

15 A breakdown of sales

<Refer to para 15 of Appendix 7.2 for the required details. Place tabular results and/ or notes here>

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year ()	Previous Full Year ()
Ordinary		
Preference		
Total:		

BY ORDER OF THE BOARD

SIM YONG TENG
Executive Chairman and CEO
11/11/2005

[Delete if not applicable]

Auditors Report