



SINWA LIMITED (Company Registration No: 200206542H)
Unaudited 1st Quarter Financial Statement for the Period Ended 31/03/2006

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

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

	GROUP		Change %
	31.03.06 S\$'000	31.03.05 S\$'000	
REVENUE	26,321	24,939	5.5
Cost of sales	(21,276)	(19,559)	8.8
GROSS PROFIT	5,045	5,380	(6.2)
Financial income	65	85	(23.5)
Financial expense	(4)	-	n.m.
Marketing and distribution costs	(639)	(754)	(15.3)
Administrative expenses	(2,546)	(2,804)	(9.2)
Other credits	-	5	n.m.
Profit before income tax	1,921	1,912	0.5
Income tax expense	(201)	(350)	(42.6)
Profit for the period	1,720	1,562	10.1
(Profit)/Loss attributable to minority interests	19	(12)	n.m.
Profit attributable to shareholders	1,739	1,550	12.2

	GROUP	
	31.03.06 S\$'000	31.03.05 S\$'000
Interest income	28	9
Foreign exchange gain (net)	7	26
Gain on disposal of property, plant and equipment	-	5
Depreciation	(189)	(157)
Bad trade debts recovered	-	15
Interest expense	(4)	-

n.m. denotes not meaningful

1(b)(i) A 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	
	31.03.06 S\$' 000	31.12.05 S\$' 000	31.03.06 S\$' 000	31.12.05 S\$' 000
ASSETS				
Current assets:				
Cash and cash equivalents	10,112	9,059	38	48
Trade and other receivables	23,523	23,811	7,399	5,015
Inventories	5,934	5,143	-	-
Total current assets	39,569	38,013	7,437	5,063
Non-current assets:				
Investments in subsidiaries	-	-	6,276	8,538
Available- for- sale investments	60	60	-	-
Property, plant and equipment	6,911	7,143	144	160
Goodwill on consolidation	1,237	1,237	-	-
Total non-current assets	8,208	8,440	6,420	8,698
Total assets	47,777	46,453	13,857	13,761
LIABILITIES AND EQUITY				
Current liabilities:				
Trade and other payables	17,935	18,352	186	173
Income tax payable	1,282	1,047	-	-
Current portion of finance leases	129	137	-	-
Total current liabilities	19,346	19,536	186	173
Non-current liabilities:				
Finance leases	204	237	-	-
Deferred taxation	93	93	-	-
Total non-current liabilities	297	330	-	-
Total liabilities	19,643	19,866	186	173
Share capital and reserves				
Share capital	6,383	6,383	6,383	6,383
Reserves	21,008	19,403	7,288	7,205
	27,391	25,786	13,671	13,588
Minority Interests	743	801	-	-
	28,134	26,587	13,671	13,588
Total liabilities and equity	47,777	46,453	13,857	13,761
Ratio				
	GROUP			
	31.03.06	31.12.05		
Inventory turnover (days)	25	24		
Trade receivables turnover (days)	76	80		
Gearing	0.01	0.01		

REVIEW OF FINANCIAL POSITION

Current assets

Current assets increased by approximately \$1.5 million, from \$38.0 million at 31 December 2005 to \$39.5 million at 31 March 2006. This is mainly due to:

- (a) increase in cash and cash equivalents, approximately S\$1.1 million was due to more sales and faster debtors' turnover.
- (b) inventory increased by \$0.8 million. The increase is mainly caused by the additional inventory purchased for ship supply and offshore business in anticipation of higher sales for the rest of the year.

Non-current assets

Non current assets of the Group decreased by \$0.2 million, from \$8.4 million as at 31 December 2005 to \$8.2 million as at 31 March 2006. This is due to the depreciation of fixed assets charged for the period.

Current liabilities

Decrease in current liabilities of the Group of \$0.2 million, from \$19.5 million as at 31 December 2005 to \$19.3 million as at 31 March 2006. This is mainly due to the reduction of trade payables.

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

Amount repayable in one year or less, or on demand

As at 31 March 2006		As at 31 December 2005	
Secured	Unsecured	Secured	Unsecured
129,000	-	137,000	-

Amount repayable after one year

As at 31 March 2006		As at 31 December 2005	
Secured	Unsecured	Secured	Unsecured
204,000	-	237,000	-

Details of any collateral

The secured liabilities as at 31 March 2006 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

	31March 06 S\$'000	31March 05 S\$'000
Cash flows from operating activities:		
Profit before income tax	1,921	1,912
Adjustments for:		
Depreciation expense	189	157
Interest income	(28)	(9)
Interest expense	4	-
Property, plant and equipment written off	-	-
Gain on disposal of property, plant and equipment	-	(5)
Operating profit before working capital changes	<u>2,086</u>	<u>2,055</u>
Trade and other receivables	287	(2,079)
Inventories	(791)	(654)
Trade and other payables	<u>(418)</u>	<u>1,309</u>
Cash generated from operations	1,164	631
Interest paid	(4)	-
Interest received	28	9
Income tax paid	34	(245)
Net cash from operating activities	<u>1,222</u>	<u>395</u>
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	-	5
Purchase of property, plant and equipment	(5)	(321)
Additional costs directly attributable to the acquisition of subsidiaries	-	(44)
Net cash used in investing activities	<u>(5)</u>	<u>(360)</u>
Cash flows from financing activities:		
Decrease in short term borrowings	-	(22)
Decrease in finance leases	(41)	(11)
Net cash used in financing activities	<u>(41)</u>	<u>(33)</u>
Net effect of exchange rate changes in consolidating foreign subsidiaries	<u>(123)</u>	<u>43</u>
Net increase in cash and cash equivalents	1,053	45
Cash and cash equivalents at beginning of period	9,059	5,938
Cash and cash equivalents at end of period	<u>10,112</u>	<u>5,983</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.

Statement of changes in equity

For the three months ended 31 March 2006

GROUP	Share	Share	Translation	Accumulated	Total	Minority	Total
	Capital	Premium	Reserve	Profits		Interests	equity
	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000
At 1 January 2006	6,383	4,171	(22)	15,254	25,786	801	26,587
Exchanges differences on translating foreign subsidiaries' financial statements	-	-	(134)	-	(134)	(39)	(173)
Net loss recognised directly in equity	-	-	(134)	-	(134)	(39)	(173)
Profit for the period	-	-	-	1,739	1,739	(19)	1,720
Total recognised income/(expense) for the period	-	-	(134)	1,739	1,605	(58)	1,547
Balance at 31 March 2006	6,383	4,171	(156)	16,993	27,391	743	28,134
At 1 January 2005	6,250	3,490	24	9,887	19,651	805	20,456
Exchanges differences on translating foreign subsidiaries' financial statements	-	-	(13)	-	(13)	-	(13)
Net loss recognised directly in equity	-	-	(13)	-	(13)	-	(13)
Profit for the period	-	-	-	1,550	1,550	12	1,562
Total recognised income/(expense) for the period	-	-	(13)	1,550	1,537	12	1,549
Issue of shares	133	681	-	-	814	-	814
Balance at 31 March 2005	6,383	4,171	11	11,437	22,002	817	22,819
COMPANY	Share	Share	Accumulated				
	Capital	Premium	Profits	Total			
	S\$' 000	S\$' 000	S\$' 000	S\$' 000			
At 1 January 2006	6,383	4,171	3,034	13,588			
Profit for the period	-	-	83	83			
Total recognised income for the period	-	-	83	83			
Balance at 31 March 2006	6,383	4,171	3,117	13,671			
At 1 January 2005	6,250	3,490	1,284	11,024			
Loss for the period	-	-	(46)	(46)			
Total recognised expense for the period	-	-	(46)	(46)			
Issue of share capital	133	681	-	814			
Balance at 31 March 2005	6,383	4,171	1,238	11,792			

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-back, 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.

Not applicable

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

The figures have not been audited nor 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.

The Group applied the same accounting policies and methods of computation, set in the audited financial statement as at 31 December 2005 in the preparation of the financial statements for current reporting period.

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	
	31.03.2006	31.03.2005
Earnings per ordinary share for the year based on profit after tax attributed to the shareholders of the Company		
(i) Based on weighted average number of ordinary shares in issue (cents)	1.36	1.22
(ii) On a fully diluted basis (cents)	1.36	1.22

The basic and fully diluted earnings per share for 31.3.2006 have been calculated based on profit after tax attributable to shareholders of the Company of \$1,739,000 and 127,659,598 weighted average number of ordinary shares in issue.

The basic and fully diluted earnings per share for 31.3.2005 have been calculated based on net profit after tax attributable to shareholders of the Company of \$1,550,000 and 126,832,168 weighted average number of 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	
	31.03.2006	31.12.2005	31.03.2006	31.12.2005
Net asset value per ordinary share based on the number of shares in issue at end of year (cents)	21.46	20.20	10.71	10.64

The net asset value per share of the Group has been calculated based on equity attributable to holders of the parent of \$27,391,000 (31 December 2005 : \$25,786,000) and share capital of 127,659,598 (31 December 2005 :127,659,598) ordinary shares.

The net asset value per share of the Company has been calculated based on equity attributable to holders of the parent of \$13,671,000 (31 December 2005 : \$13,588,000) and share capital of 127,659,598 (31 December 2005:127,659,598) 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.

Overview

During the first quarter 2006, our supply business contributed 99.0% of total Group revenue, while Projects and Agency 1.0%.

The surge of foreign vessels calling at docks and ports in PRC for both operations and repairs has resulted a higher revenue for our six operations in China.

Our supply business continued on a strong growth path riding on the buoyant global marine industry as well as offshore industry through the recent acquisitions and from our China operations.

Revenue

Revenue increased by \$1.4 million or 5.5%, from \$24.9 million in the first quarter of 2005 to \$26.3 million in the corresponding period of 2006.

This increase is mainly from:

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

Gross Profit

Gross profit decrease from \$5.4 million in the first quarter 2005 to \$5.1 million in the corresponding period of 2006.

Operating Expenses

Our operating expenses comprise marketing and distribution costs, and administrative expenses. Operating expenses for the first quarter 2006 of \$3.2 million (first quarter 2005 : \$3.6 million) is 12.1% of total sales compared to that 14.2% in corresponding period of 2005

The decrease in operating expenses is due to:

- (a) the current restructuring exercise carried out in Australian operations which resulted some cost savings.
- (d) Some expenses, like preliminary and marketing expenses that were incurred by the Australia operations in the first quarter 2005 were non-recurring.

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

Profit after tax attributable to shareholders of the company increased by \$0.2 million or 12.2%.

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 continue to be buoyant into the rest of 2006, boosted by the shipping trade growth and increase of offshore activities in East Asia.

Currently we operate from 6 major ports in China. 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 their restructuring for economies of scale in purchasing, marketing and accounting areas. Competition remains to be extremely keen, as can be expected when we are seeking to increase our market shares and presence in Australia. We are under some pricing pressure but we are confident that these companies can continue to remain competitive.

Barring unforeseen circumstances, the Directors expect the rest of 2006 to be profitable.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? **No**

Name of Dividend	Not applicable
Dividend Type	
Dividend Rate	

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **No**

Name of Dividend	Not applicable
Dividend Type	
Dividend Rate	

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable

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

Not applicable.

BY ORDER OF THE BOARD

Yow Hon Meng
CFO & Company Secretary
15 May 2006