



## ***PRESS RELEASE***

*For immediate release*

### **Sinwa's Half-year Net Profit Up 9.4% to \$3.5 Million**

**- Revenue up 8.5% to \$52.0 million**

**Singapore, August 10, 2006** – Mainboard-listed and Singapore's largest marine supply company, Sinwa Limited ("Sinwa" or "the Group"), today announced a 9.4 per cent increase in net profit to \$3.5 million for the half-year ended 30 June 2006, up from \$3.2 million for the corresponding period last year.

Sinwa's turnover for the half year ended 30 June 2006 reached \$52.0 million. This is an increase of 8.5 per cent from the \$47.9 million registered during the first half of the previous financial year.

Commenting on the first half financial performance, Mr Mike Sim, Executive Chairman and Chief Executive Officer of Sinwa, said: "Our supply business has continued on a strong growth path by riding on the buoyant global marine industry and offshore industry. We have increased our customer base in Europe, Scandinavia and Singapore, by offering ship-owners ship supplies from Singapore, Australian and Chinese ports."

Operating expenses (comprising marketing, distribution and administrative costs) as a percentage of total sales also fell year-on-year. Such expenses totalled \$7.2 million, or 13.9 per cent, of the \$52.0 million 2006 half-year earnings. In comparison, the 2005 half-year operating expenses of \$6.9 million represented 14.4 per cent of the \$47.9 million half-year turnover.

In percentage terms, operating costs dropped due to the following reasons:-

- the current restructuring exercise in the Group's operations in Australia has resulted in cost savings
- some expenses, such as promotion and marketing expenses incurred by Sinwa's Australia operations during the first quarter of 2005, were non-recurring

**Business Prospects**

The general shipping market is expected to continue to be vibrant for the rest of 2006. This positive outlook is boosted by the growth in the shipping trade and increase in offshore activities in East Asia.

Revenues from the China operations are expected to increase due to the growth in the number of foreign vessels calling at China for both cargo operations and general repairs. Sinwa currently operates from 6 major ports in China.

Competition remains extremely keen in Australia. The operations in Australia are under some pricing pressure. Despite this, Sinwa is seeking to increase its market share and presence in Australia. It is confident that its Australian operations will continue to remain competitive.

Barring any unforeseen circumstances, the directors expect the second half year of 2006 to be profitable.

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**About Sinwa Limited (“Sinwa”)**

Sinwa Limited (“Sinwa”) was listed on the SGX-ST Dealing and Automated Quotation System (the “SGX SESDAQ”) in February 2003. In April 2005, Sinwa was upgraded to the Main Board of the Singapore Exchange. Sinwa is Singapore’s largest marine supply company servicing the oil and gas industry and sea-going vessels in Singapore, the PRC and Australia. Founded in the 1960s, Sinwa’s core business includes the supply of a wide range of ships’ stores, provisions and equipment to ships and oil rigs, as well as providing their operators and owners with shipping agency and related services. For more information, please visit [www.sinwa.com.sg](http://www.sinwa.com.sg)

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