



**SINWA LIMITED (Company Registration No: 200206542H)**  
**Unaudited Half Year Financial Statement for the Period Ended 30/06/2006**

**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**

	<b>GROUP</b>		Change %
	30.06.06 S\$'000	30.06.05 S\$'000	
<b>REVENUE</b>	51,941	47,867	8.5
Cost of sales	(40,648)	(37,227)	9.2
<b>GROSS PROFIT</b>	11,293	10,640	6.1
Financial income	72	14	414.3
Financial expense	(166)	(12)	1,283.3
Marketing and Distribution costs	(1,473)	(1,443)	2.1
Administrative expenses	(5,775)	(5,491)	5.2
Other credits	-	200	(100.0)
<b>Profit/(loss) before income tax</b>	3,951	3,908	1.1
Income tax expense	(500)	(690)	(27.5)
<b>Net profit for the period</b>	3,451	3,218	7.2
(Profit)/Loss attributable to minority interests	83	11	654.5
<b>Net profit attributable to shareholders</b>	3,534	3,229	9.4

Note to income statement

	<b>GROUP</b>	
	30.06.06 S\$'000	30.06.05 S\$'000
Interest income	68	14
Foreign exchange (loss) gain, (net)	(141)	3
Gain on disposal of property, plant and equipment	-	5
Depreciation	(342)	(357)
Bad trade debts recovered	-	72
Interest expense	(20)	(12)

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.**

	<b>Group</b>		<b>Company</b>	
	30.06.06 S\$' 000	31.12.05 S\$' 000	30.06.06 S\$' 000	31.12.05 S\$' 000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	8,038	9,059	31	48
Trade and other receivables	24,742	23,811	2,605	5,015
Inventories	6,163	5,143	-	-
<b>Total current assets</b>	<b>38,943</b>	<b>38,013</b>	<b>2,636</b>	<b>5,063</b>
<b>Non-current assets:</b>				
Investments in subsidiaries	-	-	8,538	8,538
Investments in associates	24	-	-	-
Available-for-sale investments	58	60	-	-
Property, plant and equipment	6,771	7,143	127	160
Goodwill on consolidation	1,237	1,237	-	-
<b>Total non-current assets</b>	<b>8,090</b>	<b>8,440</b>	<b>8,665</b>	<b>8,698</b>
<b>Total assets</b>	<b>47,033</b>	<b>46,453</b>	<b>11,301</b>	<b>13,761</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Trade and other payables	18,477	18,352	681	173
Income tax payable	928	1,047	-	-
Current portion of finance leases	143	137	-	-
<b>Total current liabilities</b>	<b>19,548</b>	<b>19,536</b>	<b>681</b>	<b>173</b>
<b>Non-current liabilities:</b>				
Finance leases	156	237	-	-
Deferred taxation	93	93	-	-
<b>Total non-current liabilities</b>	<b>249</b>	<b>330</b>	<b>-</b>	<b>-</b>
<b>Share capital and reserves</b>				
Share capital	10,554	10,554	10,554	10,554
Reserves	15,995	15,232	66	3,034
	26,549	25,786	10,620	13,588
<b>Minority Interests</b>				
	687	801	-	-
	27,236	26,587	10,620	13,588
<b>Total liabilities and equity</b>	<b>47,033</b>	<b>46,453</b>	<b>11,301</b>	<b>13,761</b>
<b>Ratio</b>				
	<b>GROUP</b>			
	30.06.06	31.12.05		
Inventory turnover (days)	28	24		
Trade receivables turnover (days)	80	80		
Gearing	0.01	0.01		

## REVIEW OF FINANCIAL POSITION

### Current assets

Current assets increased by approximately \$0.9 million, from \$38.0 million at 31 December 2005 to \$38.9 million at 30 June 2006. This is mainly due to:

- (a) Additional inventory amounted to \$1 million were purchased for ship supply and offshore business in anticipation of higher sales for the rest of the year.
- (b) Trade receivables increased by \$0.5 million due to more sales from China operations in the second quarter.
- (c) The cash and cash equivalents reduced by \$1.0 million was due to dividend of \$2.6 million paid to Shareholders.

### Non-current assets

Non current assets of the Group decreased by \$0.3 million, from \$8.4 million as at 31 December 2005 to \$8.1 million as at 30 June 2006. This is due to the depreciation of fixed assets charged for the period.

### Current liabilities

The current liabilities remain at \$19.5 million.

### Non-current liabilities

The decrease in non-current liabilities is due to some of the non-current portion of finance lease is now payable within a year.

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

As at 30.06.06		As at 31.12.05	
Secured	Unsecured	Secured	Unsecured
143,000	-	137,000	-

Amount repayable after one year

As at 30.06.06		As at 31.12.05	
Secured	Unsecured	Secured	Unsecured
156,000	-	237,000	-

Details of any collateral

The secured liabilities as at 30 June 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**

	30.06.06 S\$'000	30.06.05 S\$'000
<b>Cash flows from operating activities:</b>		
Profit before income tax	3,951	3,908
Adjustments for:		
Depreciation expense	342	357
Interest income	(68)	(14)
Interest expense	141	12
Gain on disposal of property, plant and equipment	-	(5)
Operating profit before working capital changes	<u>4,366</u>	<u>4,258</u>
Trade and other receivables	(931)	(1,517)
Inventories	(1,021)	(1,921)
Trade and other payables	124	964
Cash generated from operations	<u>2,538</u>	<u>1,784</u>
Interest paid	(141)	(12)
Interest received	68	14
Income tax paid	(619)	(610)
Dividend paid	(2,553)	(1,277)
Net cash from operating activities	<u>(707)</u>	<u>(101)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of property, plant and equipment	-	5
Purchase of property, plant and equipment	(30)	(475)
Purchase of available-for-sale investments	-	-
Additional costs directly attributable to the acquisition of subsidiaries	-	(42)
Net cash used in investing activities	<u>(30)</u>	<u>(512)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short term borrowings	-	(72)
Decrease in finance leases	(75)	(21)
Net cash used in financing activities	<u>(75)</u>	<u>(93)</u>
<b>Net effect of exchange rate changes in consolidating foreign subsidiaries</b>	<u>(209)</u>	<u>22</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,021)	(684)
Cash and cash equivalents at beginning of period	9,059	5,938
Cash and cash equivalents at end of period	<u>8,038</u>	<u>5,254</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 half year ended 30 June 2006

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
At 1 January 2005	6,250	3,490	24	9,887	19,651	805	20,456
Changes in equity for the period							
Exchange difference on translation of foreign subsidiaries' financial statements	-	-	22	-	22	-	22
	-	-	22	-	22	-	22
Profit for the period	-	-	-	3,229	3,229	(11)	3,218
Total recognised income (expense) for the period	-	-	-	3,229	3,229	(11)	3,218
Dividends	-	-	-	(1,277)	(1,277)	-	(1,277)
Issue of shares	133	681	-	-	814	-	814
Contribution from minority interests to the share capital of subsidiaries	-	-	-	-	-	56	56
Balance at 30 June 2005	<u>6,383</u>	<u>4,171</u>	<u>46</u>	<u>11,839</u>	<u>22,439</u>	<u>850</u>	<u>23,289</u>

At 1 January 2006	6,383	4,171	(22)	15,254	25,786	801	26,587
Changes in equity for the period							
Bonus issue on 4 May 2006	3,192	(3,192)	-	-	-	-	-
Transfer from share premium	979	(979)	-	-	-	-	-
Exchange difference on translation of foreign subsidiaries' financial statements	-	-	(218)	-	(218)	(31)	(249)
	4,171	(4,171)	(218)	-	(218)	(31)	(249)
Profit for the period	-	-	-	3,534	3,534	(83)	3,451
Total recognised income (expense) for the period	-	-	-	3,534	3,534	(83)	3,451
Dividends	-	-	-	(2,553)	(2,553)	-	(2,553)
Balance at 30 June 2006	<u>10,554</u>	<u>-</u>	<u>(240)</u>	<u>16,235</u>	<u>26,549</u>	<u>687</u>	<u>27,236</u>

COMPANY	Share Capital S\$' 000	Share Premium S\$' 000	Accumulated Profits S\$' 000	Total S\$' 000
At 1 January 2005	6,250	3,490	1,284	11,024
Changes in equity for the period				
Profit for the period	-	-	(148)	(148)
Total recognised income for the period	-	-	(148)	(148)
Dividends	-	-	(1,277)	(1,277)
Issue of shares	133	681	-	814
Balance at 30 June 2005	<u>6,383</u>	<u>4,171</u>	<u>(141)</u>	<u>10,413</u>
At 1 January 2006	6,383	4,171	3,034	13,588
Changes in equity for the period				
Bonus issue on 4 May 2006	3,192	(3,192)	-	-
Transfer from share premium	979	(979)	-	-
	4,171	(4,171)	-	-
Profit for the period	-	-	(415)	(415)
Total recognised income for the period	-	-	(415)	(415)
Dividends	-	-	(2,553)	(2,553)
Balance at 30 June 2006	<u>10,554</u>	<u>-</u>	<u>66</u>	<u>10,620</u>

**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.**

With the changes to the Companies Act, Cap. 50, effective from 30 January 2006, there is the removal of the concept of par value and authorised capital and there is no share premium account. The company had a share premium account balance of \$4,171,000 as of 31 December 2005. On 4 May 2006, the Company utilised \$3,192,000 to allot and issue bonus ordinary shares on the basis of one new ordinary share for every two ordinary shares. The remaining amount of \$979,000 has now been included in share capital as required by the changes to the Companies Act.

**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.**

	<b>Group figures</b>	
	30.06.06	30.06.05
Earnings per ordinary share for the year based on net profit after tax attributed to the shareholders of the Company		
(i) Based on weighted average number of ordinary shares in issue (cents)	1.85	1.69
(ii) On a fully diluted basis (cents)	1.85	1.69

The basic and fully diluted earnings per share for 30 June 2006 have been calculated based on net profit after tax attributable to shareholders of the Company of \$3,534,000 and 191,489,397 weighted average number of ordinary shares in issue after taking into consideration of the bonus shares issued on 4 May 2006.

The basic and fully diluted earnings per share for 30 Jun 2005 have been calculated based on net profit after tax attributable to shareholders of the Company of \$3,229,000 and 191,092,662 weighted average number of ordinary shares in issue, with adjustment of the bonus shares issued, as if the bonus issue was carried out on 1 Jan 2005.

**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</b>		<b>Company</b>	
	30.6.2006	31.12.2005	30.6.2006	31.12.2005
Net asset value per ordinary share based on the number of shares in issue at end of year (cents)	13.86	13.47	5.55	7.10

The net asset value per share of the Group has been calculated based on equity attributable to holders of the parent of \$26,549,000 (31 December 2005: \$25,786,000) and share capital of 191,489,397 (31 December 2005: 191,489,397, taking into consideration of the bonus shares issued on 4 May 2006) ordinary shares.

The net asset value per share of the Company has been calculated based on equity attributable to holders of the parent of \$10,620,000 (31 December 2005: \$13,588,000) and share capital of 191,489,397 (31 December 2005: 191,489,397, taking into consideration of the bonus shares issued on 4 May 2006) 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

The growth in the Supply business was attributed to the buoyant global marine industry as well as the offshore industry. Windsor Marine and three marine supplies companies in Australia also helped to boost our Supply business.

Our five operations in China recorded higher revenue due to the continuing growth of foreign vessels calling at docks and ports in PRC for both operations and repairs. Our sixth operation in Tianjin has commenced business during the second quarter of 2006.

#### Revenue

Revenue increased by 8.5% or \$4.1 million to reach \$52.0 million for the first half of 2006 as compared to \$47.9 million in the corresponding period of 2005.

#### Gross Profit

Gross profit increased by 6.1% from \$10.6 million in the first half of 2005 to \$11.3 million for the first half of 2006.

#### Operating Expenses

Our operating expenses consist of marketing and distributing costs as well as administrative expenses. Operating expenses registered 13.9% of total sales and accounted for \$7.2 million for the first half of 2006 as compared to 14.4% or \$6.9 million for the corresponding period last year.

The reduction in operating expenses is due to: -

- (a) the current restructuring exercise carried out in our Australian operations, which resulted in some cost savings;
- (d) some expenses such as promotion and marketing expenses that were incurred by the Australian operations in the first quarter of 2005 were non-recurring.

Net profit after tax attributable to Shareholders increased by \$0.3 million or 9.4%.

**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 be vibrant into the rest of 2006, boosted by the continuing shipping trade growth and increase of offshore activities in East Asia.

Revenues from our China operations are expected to grow proportionally with the increase of foreign vessels calling at China for both cargo operations and general repairs. Currently we operate from 6 major ports in China.

The Group continues to restructure the Australian operations for economies of scale in purchasing, marketing and accounting areas. Competition remains to be extremely keen. We are under some pricing pressure but we are confident that these companies can 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  
10 August 2006