



**First Quarter Financial Statements and Dividend Announcement
For the Financial Period Ended 31 March 2017**

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

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Board of Directors of Sinwa Limited is pleased to announce the unaudited results of the Group for the financial period ended 31 March 2017.

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	GROUP		
	3 months ended		
	31 March		
	2017	2016	+ / (-)
	S\$'000	S\$'000	%
Revenue	39,787	40,720	(2.3)
Cost of sales	(30,530)	(31,010)	(1.5)
Gross profit	9,257	9,710	(4.7)
Other item of income:			
Financial income	62	60	3.3
Other items of expense:			
Marketing and distribution expenses	(1,838)	(1,302)	41.2
Administrative expenses	(4,773)	(5,322)	(10.3)
Other income - net	109	239	(54.4)
Financial expenses	(15)	(579)	(97.4)
Share of profit in joint venture, net of tax	12	15	(20.0)
Profit before income tax	2,814	2,821	(0.2)
Income tax expense	(518)	(587)	(11.8)
Profit for the period / Profit attributable to Owners of the Company	2,296	2,234	2.8
Other comprehensive income:			
Foreign currency translation differences on foreign operations	274	(16)	>100%
Other comprehensive income for the period, net of tax	274	(16)	>100%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,570	2,218	15.9



1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP	
	3 months ended	
	31 March	
	2017	2016
	S\$'000	S\$'000
Financial income:		
Interest income - bank	48	60
Foreign exchange gain-net	14	-
	<u>62</u>	<u>60</u>
Financial expenses:		
Interest expense on:		
- term loans	(14)	(19)
- obligation under finance leases	(1)	(1)
Foreign exchange loss-net	-	(559)
	<u>(15)</u>	<u>(579)</u>
Other income/(expenses):		
Allowance for doubtful trade receivables	-	(3)
Gain on disposal of property, plant and equipment, net	-	8
Government grant income	65	185
Handling fee	29	35
Others	15	14
	<u>109</u>	<u>239</u>
Profit before income tax was stated after charging:-		
Depreciation of property, plant and equipment	(493)	(504)



1(b) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	GROUP		COMPANY	
	31.03.17	31.12.16	31.03.17	31.12.16
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	41,436	38,479	68	77
Goodwill	548	548	-	-
Investments in subsidiaries	-	-	23,222	23,222
Investment in joint venture	54	42	25	25
Deferred tax assets	429	468	-	-
Other assets	57	55	-	-
Other receivables	356	356	86	86
Total non-current assets	<u>42,880</u>	<u>39,948</u>	<u>23,401</u>	<u>23,410</u>
Current assets				
Held-to-maturity financial asset	250	250	250	250
Inventories	4,352	4,651	-	-
Trade and other receivables	41,142	38,010	27,120	30,174
Prepayments	311	368	20	17
Cash, bank balances and fixed deposits	31,627	30,902	24,221	22,178
Total current assets	<u>77,682</u>	<u>74,181</u>	<u>51,611</u>	<u>52,619</u>
Total assets	<u>120,562</u>	<u>114,129</u>	<u>75,012</u>	<u>76,029</u>



STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017 (Continued)

	GROUP		COMPANY	
	31.03.17	31.12.16	31.03.17	31.12.16
	S\$'000	S\$'000	S\$'000	S\$'000
EQUITY AND LIABILITIES				
Equity				
Share capital	41,963	41,963	41,963	41,963
Treasury shares	(961)	(961)	(961)	(961)
Other reserves	9,125	8,851	108	108
Retained earnings	27,078	24,782	12,111	11,573
Equity attributable to owners of the Company / Total equity	77,205	74,635	53,221	52,683
Non-current liabilities				
Deferred tax liabilities	2,673	2,666	-	-
Finance leases	71	84	-	-
Total non-current liabilities	2,744	2,750	-	-
Current liabilities				
Income tax payable	1,810	1,368	44	44
Trade and other payables	34,751	30,324	17,747	18,302
Finance leases	52	52	-	-
Borrowings	4,000	5,000	4,000	5,000
Total current liabilities	40,613	36,744	21,791	23,346
Total liabilities	43,357	39,494	21,791	23,346
Total equity and liabilities	120,562	114,129	75,012	76,029

	GROUP	
	31.03.17	31.12.16
<u>Financial ratios</u>		
Inventory turnover (days)	13	14
Trade receivables turnover (days)	88	87
Gearing (total borrowings to total equity)	0.05	0.07



1(c) Aggregate amount of the Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

31.03.2017		31.12.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,052	-	5,052	-

Amount repayable after one year

31.03.2017		31.12.2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
71	-	84	-

The following assets in the Group were provided as securities for the credit facilities:

- a) 2 commercial properties in Singapore; and
- b) corporate guarantee provided by a subsidiary.



1(d) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	GROUP	
	3 months ended	
	31 March	
	2017	2016
	S\$'000	S\$'000
Operating activities		
Profit for the period	2,296	2,234
Adjustments for:		
Allowance for doubtful trade receivables	-	3
Depreciation of property, plant and equipment	493	504
Interest income - bank	(48)	(60)
Interest expense	15	20
Gain on disposal of property, plant and equipment, net	-	(8)
Share of profit of joint venture, net of tax	(12)	(15)
Income tax expenses	518	587
Operating profit before working capital changes	3,262	3,265
Trade and other receivables	(3,075)	(639)
Inventories	299	(757)
Trade and other payables	4,426	463
Cash generated from operations	4,912	2,332
Interest paid	(15)	(20)
Interest received	48	60
Income tax paid	(30)	(165)
Net cash from operating activities	4,915	2,207
Investing activities		
Proceeds from disposal of property, plant and equipment	-	8
Purchase of property, plant and equipment	(670)	(226)
Construction in progress	(2,536)	(1,292)
Effect of foreign currency alignment on investing activities	(245)	(21)
Net cash used in investing activities	(3,451)	(1,531)



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017 (Continued)

	GROUP	
	3 months ended	
	31 March	
	2017	2016
	S\$'000	S\$'000
Financing activities		
Repayment of finance leases	(13)	(13)
Repayment of borrowings	(1,000)	-
Effect of foreign currency alignment on financing activities	-	152
Net cash (used in)/from financing activities	<u>(1,013)</u>	<u>139</u>
Net increase in cash and cash equivalents	451	815
Cash and cash equivalents at beginning of period	30,902	23,624
Effect of exchange rate changes on cash and cash equivalents	<u>274</u>	<u>(15)</u>
Cash and cash equivalents at end of period	<u>31,627</u>	<u>24,424</u>
<u>Analysis of the cash and cash equivalents</u>		
Cash, bank balances and fixed deposits	31,627	27,599
Less: Fixed deposits pledged with bank	<u>-</u>	<u>(3,175)</u>
Cash and cash equivalents for the purpose of consolidated statement of cash flows	<u>31,627</u>	<u>24,424</u>



1(d)(1) 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 FINANCIAL PERIOD ENDED 31 MARCH 2017

GROUP	<u>Total equity</u> S\$'000	<u>Share capital</u> S\$'000	<u>Treasury shares</u> S\$'000	<u>Capital reserve</u> S\$'000	<u>Revaluation reserve</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Translation reserve</u> S\$'000
Balance at 1.01.2017	74,635	41,963	(961)	108	12,835	24,782	(4,092)
Foreign currency translation differences on foreign operations	274	-	-	-	-	-	274
Other comprehensive income, net of tax	274	-	-	-	-	-	274
Profit for the period	2,296	-	-	-	-	2,296	-
Total comprehensive income for the period	2,570	-	-	-	-	2,296	274
Balance at 31.03.2017	77,205	41,963	(961)	108	12,835	27,078	(3,818)
Balance at 1.01.2016	91,119	41,963	(961)	108	14,009	40,256	(4,256)
Foreign currency translation differences on foreign operations	(16)	-	-	-	-	-	(16)
Other comprehensive income, net of tax	(16)	-	-	-	-	-	(16)
Profit for the period	2,234	-	-	-	-	2,234	-
Total comprehensive income for the period	2,218	-	-	-	-	2,234	(16)
Balance at 31.03.2016	93,337	41,963	(961)	108	14,009	42,490	(4,272)

COMPANY	<u>Total equity</u> S\$'000	<u>Share capital</u> S\$'000	<u>Treasury shares</u> S\$'000	<u>Capital reserve</u> S\$'000	<u>Retained earnings</u> S\$'000
Balance at 1.01.2017	52,683	41,963	(961)	108	11,573
Profit for the period / Total comprehensive income for the period	538	-	-	-	538
Balance at 31.03.2017	53,221	41,963	(961)	108	12,111
Balance at 1.01.2016	54,106	41,963	(961)	108	12,996
Loss for the period / Total comprehensive losses for the period	(237)	-	-	-	(237)
Balance at 31.03.2016	53,869	41,963	(961)	108	12,759

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, , if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.**

Number of shares held as treasury shares against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer.

	31.03.2017	31.12.2016
	No. of Shares	No. of Shares
Treasury shares	2,177,532	2,177,532
	-----	-----
Number of issued ordinary shares (excluding treasury shares and subsidiary holdings)	341,079,335	341,079,335
	-----	-----
Percentage (%)	0.638%	0.638%
	-----	-----

- 1(d)(iii) To show total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31.03.2017	31.12.2016
	No. of Shares	No. of Shares
Number of issued ordinary shares (excluding treasury shares)	341,079,335	341,079,335
	-----	-----

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable



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

The figures in this announcement 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.**

The Group and the Company have applied the same accounting policies and method of computation as in the most recently audited financial statements for the year ended 31 December 2016.

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.**

There has been no change in the accounting policies and methods of computation adopted by the Group and the Company for the current reporting period compared to the audited financial statements as at 31 December 2016 except for the adoption of new/revised SFRS that are mandatory for financial year beginning on or after 1 January 2017. The adoption of these FRS does not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior period under review.

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	
	31.03.2017	31.03.2016
(a) Basic (cents)	0.67	0.65
(b) Diluted (cents)	0.67	0.65

The basic earnings per share for the period is computed based on the weighted average number of 341,079,335 (31 March 2016: 341,079,335) ordinary shares issued.

The diluted earnings per share for the period is computed based on the weighted average number of 341,079,335 (31 March 2016: 341,079,335) ordinary shares issued during the period and the full potential dilutive effect of shares under the Sinwa Share Plan.

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -**
 (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

	GROUP	COMPANY
The total number of issued shares excluding treasury shares at the end of the:		
(a) current financial period reported on	341,079,335	341,079,335
(b) immediately preceding financial year	341,079,335	341,079,335
Net asset value per issued ordinary shares (cents) as at:		
(a) 31 March 2017	22.64	15.60
(b) 31 December 2016	21.88	15.45

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**

For the first three months of the financial year 2017, the Group's revenue was marginally decreased by 2.3% at \$39.8 million compared to \$40.7 million for the same period last year.

The decrease in revenue was mainly due to the slower demand from the marine and offshore supply business in Australia.

The Group's gross profit margin remained stable at 23.3% for the three months ended 31 March 2017 ("1Q17") compared to 23.8% for the three months ended 31 March 2016 ("1Q16").

Marketing and distribution expenses for 1Q17 was \$1.8 million which was \$0.5 million higher compare to 1Q16. The increase was mainly due to higher distribution costs.

Administrative expenses decreased by \$0.5 million to \$4.8 million in 1Q17 from \$5.3 million in 1Q16. The decrease was mainly due to lower staff costs, legal and professional fees.

Net other income for this quarter was lower by \$0.1 million as compared to the same quarter last year mainly attributed by lower government grant income which mainly consists of wage credit scheme and temporary employment credit.

The decreased in financial expenses was mainly due to no foreign exchange loss-net incurred for the quarter 1Q17 as compared to \$0.6 million in 1Q16.

The Group's net profit for 1Q17 remained stable at \$2.3 million compared to \$2.2 million same quarter last year.

Other comprehensive income for 1Q17 was a gain of \$274,000 arising from the foreign currency translation differences on foreign operation as compare to a loss of \$16,000 for 1Q16. The gain was due to the appreciation of Australian dollar for the current period under review.

b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Net cash inflow from operating activities was \$4.9 million for 1Q17 compared to \$2.2 million for 1Q16. The increase in net cash from operating activities was mainly due to lower inventory kept for the quarter compared to same quarter last year.

Higher net cash outflow of \$3.5 million in investing activities for 1Q17 as compared to \$1.5 million same quarter last year was due to the progressive payment for the construction of our new warehouse.

Higher net cash outflow for 1Q17 in financing activities was mainly due to the repayment of short term borrowings of \$1 million during the quarter under review.

Non-current Assets

Property, plant and equipment had increased by \$2.9 million to \$41.4 million as at 31 March 2017 from \$38.5 million as at 31 December 2016. The increase was mainly attributed by the construction-in-progress of new warehouse.

Current Assets

Inventories decreased to \$4.3 million as at 31 March 2017 from \$4.7 million as at 31 December 2016. The decreased in inventories was mainly due to higher stock turnover.

Trade and other receivables increased to \$41.1 million as at 31 March 2017 from \$38.0 million as at 31 December 2016 which mainly due to slower debtor turnover and higher other receivables.

Cash and cash equivalents increased from \$30.9 million as at 31 December 2016 to \$31.6 million as at 31 March 2017, mainly due to operating profits for the period, offset by the progress payment of new warehouse construction and repayment of short term borrowings.

Current Liabilities

Current liabilities increased to \$40.6 million as at 31 March 2017 from \$36.7 million as at 31 December 2016. The increase was mainly due to higher trade and other payables.

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

Not applicable.

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 general shipping market continues a slow recovery, whilst the offshore oil and gas sector appears to have bottomed and the long road back to operational normality is beginning to take shape. There remains a cautious optimism in the market, however with our new facility in Singapore completed, we are in a strong position to take advantage of any opportunities that may present themselves.



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/recommended, a statement to that effect.

There is no dividend declared for the period under review.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group does not have a shareholders' general mandate for interested person transactions.

14. Negative confirmation pursuant to Rule 705(5).

We, Sim Yong Teng and Bruce William Rann, being directors of Sinwa Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the Group and the Company for the period ended 31 March 2017 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company has procured undertakings in the format set up in Appendix 7.7 from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Bruce William Rann
Executive Director/Chief Executive Officer
8 May 2017