



**Second Quarter Financial Statements and Dividend Announcement
For the Financial Period Ended 30 June 2016**

**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 30 June 2016.

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	GROUP 3 months ended 30 June			GROUP 6 months ended 30 June		
	2016	2015	+ / (-)	2016	2015	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	41,340	40,815	1.3	82,060	77,669	5.7
Cost of sales	(31,260)	(31,110)	0.5	(62,270)	(59,300)	5.0
Gross profit	10,080	9,705	3.9	19,790	18,369	7.7
Other item of income						
Financial income	75	51	47.1	135	190	(28.9)
Other items of expense						
Marketing and distribution costs	(2,086)	(1,349)	54.6	(3,388)	(2,717)	24.7
Administrative expenses	(5,240)	(5,127)	2.2	(10,562)	(10,166)	3.9
Other income/(expense) - net	104	306	(66.0)	343	488	(29.7)
Financial expenses	(219)	(288)	(24.0)	(798)	(51)	>100
Share of profit in jointly controlled entity, net of tax	9	6	50.0	24	6	>100
Profit before income tax	2,723	3,304	(17.6)	5,544	6,119	(9.4)
Income tax expense	(559)	(666)	(16.1)	(1,146)	(1,264)	(9.3)
Profit for the period / Profit attributable to owners of the Company	2,164	2,638	(18.0)	4,398	4,855	(9.4)
Other comprehensive income:						
Item that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences on foreign operations	(465)	(313)	48.6	(481)	(658)	(26.9)
Other comprehensive income for the period, net of tax	(465)	(313)	48.6	(481)	(658)	(26.9)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,699	2,325	(26.9)	3,917	4,197	(6.7)



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		GROUP	
	3 months ended		6 months ended	
	30 June		30 June	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Financial income:				
Interest income - bank	75	51	135	89
Foreign exchange gain – net	-	-	-	101
	<u>75</u>	<u>51</u>	<u>135</u>	<u>190</u>
Financial expenses:				
Interest expense on:				
- term loans	(17)	(23)	(36)	(50)
- obligation under finance leases	(2)	-	(3)	(1)
Foreign exchange loss – net	(200)	(265)	(759)	-
	<u>(219)</u>	<u>(288)</u>	<u>(798)</u>	<u>(51)</u>
Other income/(expenses) - net				
Reversal for doubtful trade receivables	3	113	-	116
Reversal for doubtful other receivables	-	190	-	190
Bad debts written off (trade)	-	-	-	(12)
Bad debts written off (non-trade)	-	(28)	-	(28)
(Loss)/Gain on disposal of property, plant and equipment - net	(5)	(8)	3	(8)
Property, plant and equipment written off	(5)	-	(5)	-
Government grant income	46	4	231	135
Handling fee	26	33	61	68
Others	39	2	53	27
	<u>104</u>	<u>306</u>	<u>343</u>	<u>488</u>
Profit before income tax is stated after charging:-				
Amortisation of intangible assets	-	(4)	-	(7)
Depreciation of property, plant and equipment	(501)	(435)	(1,005)	(880)



- 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 30 JUNE 2016

	GROUP		COMPANY	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	38,597	36,495	94	111
Intangible assets	-	-	-	-
Goodwill	548	548	-	-
Held-to-maturity financial asset	250	250	250	250
Investments in subsidiaries	-	-	28,412	28,513
Investments in joint ventures	55	31	25	25
Deferred tax assets	451	452	-	-
Other assets	54	55	-	-
Other receivables	669	704	121	155
Total non-current assets	<u>40,624</u>	<u>38,535</u>	<u>28,902</u>	<u>29,054</u>
Current assets				
Inventories	5,613	4,961	-	-
Trade and other receivables	43,116	45,325	24,902	31,816
Prepayments	362	424	18	16
Cash, bank balances and fixed deposits	23,346	26,947	14,027	17,371
	<u>72,437</u>	<u>77,657</u>	<u>38,947</u>	<u>49,203</u>
Assets classified as held for sale	15,116	15,116	-	-
Total current assets	<u>87,553</u>	<u>92,773</u>	<u>38,947</u>	<u>49,203</u>
Total assets	<u>128,177</u>	<u>131,308</u>	<u>67,849</u>	<u>78,257</u>



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (Continued)

	GROUP		COMPANY	
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
	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	9,380	9,861	108	108
Retained earnings	38,685	40,256	6,067	12,996
Equity attributable to owners of the Company / Total equity	89,067	91,119	47,177	54,106
Non-current liabilities				
Deferred tax liabilities	2,746	2,745	-	-
Finance leases	110	136	-	-
Total non-current liabilities	2,856	2,881	-	-
Current liabilities				
Income tax payable	2,001	2,104	28	37
Trade and other payables	33,198	32,571	19,644	21,533
Finance leases	55	52	-	-
Borrowings	1,000	2,581	1,000	2,581
Total current liabilities	36,254	37,308	20,672	24,151
Total liabilities	39,110	40,189	20,672	24,151
Total equity and liabilities	128,177	131,308	67,849	78,257

	GROUP	
	30.06.2016	31.12.2015
<u>Financial ratios</u>		
Inventory turnover (days)	16	14
Trade receivables turnover (days)	92	96
Gearing (total borrowings to total equity)	0.01	0.03



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

Amount repayable in one year or less, or on demand

30.06.2016		31.12.2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,055	-	2,633	-

Amount repayable after one year

30.06.2016		31.12.2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
110	-	136	-

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

- a) 2 commercial properties in Singapore;
- b) 2 residential properties in Australia; and
- c) Certain fixed deposits.



- 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 30 JUNE 2016

	GROUP		GROUP	
	3 months ended		6 months ended	
	30 June		30 June	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit for the period	2,164	2,638	4,398	4,855
Adjustments for:				
(Reversal)/Allowance for doubtful trade receivables	(3)	(113)	-	(116)
(Reversal)/Allowance for doubtful non trade receivables	-	(190)	-	(190)
Bad debts written off (trade)	-	-	-	12
Bad debts written off (non-trade)	-	28	-	28
Amortisation of intangible assets	-	4	-	7
Depreciation of property, plant and equipment	501	435	1,005	880
Interest income - bank	(75)	(51)	(135)	(89)
Interest expense	19	23	39	51
Loss/(Gain) on disposal of property, plant and equipment - net	5	8	(3)	8
Property, plant and equipment written off	5	-	5	-
Share of results of jointly controlled entity	(9)	(6)	(24)	(6)
Income tax expense	559	666	1,146	1,264
Operating profit before working capital changes	3,166	3,442	6,431	6,704
Trade and other receivables	2,945	(3,849)	2,306	(4,105)
Inventories	105	418	(652)	(868)
Trade and other payables	162	1,450	625	3,095
Cash generated from operations	6,378	1,461	8,710	4,826
Interest paid	(19)	(23)	(39)	(51)
Interest received	75	51	135	89
Income tax paid	(1,081)	(767)	(1,246)	(849)
Net cash from operating activities	5,353	722	7,560	4,015



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016 (Continued)

	GROUP		GROUP	
	3 months ended		6 months ended	
	30 June		30 June	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Investing activities				
Proceeds from disposal of property, plant and equipment	6	5	14	5
Purchase of property, plant and equipment	(2,002)	(66)	(3,520)	(130)
Effect of foreign currency alignment on investing activities	419	349	398	768
Net cash (used in)/from investing activities	<u>(1,577)</u>	<u>288</u>	<u>(3,108)</u>	<u>643</u>
Financing activities				
Proceeds from borrowings	1,000	-	1,000	-
Repayment of borrowing	(2,499)	(516)	(2,499)	(516)
Repayment of finance leases	(10)	(5)	(23)	(10)
Dividends paid	(5,969)	(1,693)	(5,969)	(1,693)
Fixed deposit pledge with bank	3,242	633	3,242	633
Effect of foreign currency alignment on financing activities	(153)	(49)	(1)	(151)
Net cash used in financing activities	<u>(4,389)</u>	<u>(1,630)</u>	<u>(4,250)</u>	<u>(1,737)</u>
Net (decrease)/increase in cash and cash equivalents	(613)	(620)	202	2,921
Cash and cash equivalents at beginning of period	24,424	24,274	23,624	21,078
Effect of exchange rate changes on				
cash and cash equivalents	<u>(465)</u>	<u>(287)</u>	<u>(480)</u>	<u>(632)</u>
Cash and cash equivalents at end of period	<u>23,346</u>	<u>23,367</u>	<u>23,346</u>	<u>23,367</u>
<u>Analysis of the cash and cash equivalents</u>				
Cash, bank balances and fixed deposits	23,346	26,533	23,346	26,533
Less: Fixed deposits pledged with bank	-	(3,166)	-	(3,166)
Cash and cash equivalents for the purpose of consolidated statement of cash flow	<u>23,346</u>	<u>23,367</u>	<u>23,346</u>	<u>23,367</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 FINANCIAL PERIOD ENDED 30 JUNE 2016

GROUP	Total equity S\$'000	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Revaluation reserve S\$'000	Retained earnings S\$'000	Translation reserve S\$'000
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)
Balance at 1.04.2016	93,337	41,963	(961)	108	14,009	42,490	(4,272)
Foreign currency translation differences on foreign operations	(465)	-	-	-	-	-	(465)
Other comprehensive income, net of tax	(465)	-	-	-	-	-	(465)
Profit for the period	2,164	-	-	-	-	2,164	-
Total comprehensive income for the period	1,699	-	-	-	-	2,164	(465)
Dividends / Total transaction with owners of the Company	(5,969)	-	-	-	-	(5,969)	-
Balance at 30.06.2016	89,067	41,963	(961)	108	14,009	38,685	(4,737)
Balance at 1.01.2015	91,604	41,471	(961)	108	14,009	39,951	(2,974)
Foreign currency translation differences on foreign operations	(345)	-	-	-	-	-	(345)
Other comprehensive income, net of tax	(345)	-	-	-	-	-	(345)
Profit for the period	2,217	-	-	-	-	2,217	-
Total comprehensive income for the period	1,872	-	-	-	-	2,217	(345)
Balance at 31.03.2015	93,476	41,471	(961)	108	14,009	42,168	(3,319)
Balance at 1.04.2015	93,476	41,471	(961)	108	14,009	42,168	(3,319)
Foreign currency translation differences on foreign operations	(313)	-	-	-	-	-	(313)
Other comprehensive income, net of tax	(313)	-	-	-	-	-	(313)
Profit for the period	2,638	-	-	-	-	2,638	-
Total comprehensive income for the period	2,325	-	-	-	-	2,638	(313)
Dividends / Total transaction with owners of the Company	(1,693)	-	-	-	-	(1,693)	-
Balance at 30.06.2015	94,108	41,471	(961)	108	14,009	43,113	(3,632)



STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016
(Continued)

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 1.01.2016	54,106	41,963	(961)	108	12,996
Loss for the period / Total comprehensive income for the period	(237)	-	-	-	(237)
Balance at 31.03.2016	53,869	41,963	(961)	108	12,759
Balance at 1.04.2016	53,869	41,963	(961)	108	12,759
Loss for the period / Total comprehensive income for the period	(723)	-	-	-	(723)
Dividends / Total transaction with owners	(5,969)	-	-	-	(5,969)
Balance at 30.06.2016	47,177	41,963	(961)	108	6,067
Balance at 1.01.2015	46,611	41,471	(961)	108	5,993
Loss for the period / Total comprehensive income for the period	(63)	-	-	-	(63)
Balance at 31.03.2015	46,548	41,471	(961)	108	5,930
Balance at 1.04.2015	46,548	41,471	(961)	108	5,930
Profit for the period / Total comprehensive income for the period	7,609	-	-	-	7,609
Dividends / Total transaction with owners	(1,693)	-	-	-	(1,693)
Balance at 30.06.2015	52,464	41,471	(961)	108	11,846



- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

Sinwa Share Plan

As at 30 June 2016, the number of share granted under the Sinwa Share Plan but yet to be released is Nil (30 June 2015: 2,560,000).

Number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer.

	30.06.2016	30.06.2015
	No. of Shares	No. of Shares
Treasury shares	2,177,532	2,177,532
	-----	-----
Number of issued ordinary shares (excluding treasury shares)	341,079,335	338,519,335
	-----	-----
Percentage (%)	0.638%	0.643%
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- 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.**

	30.06.2016	31.12.2015
	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, disposal, cancellation and/or use of treasury shares 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.**

Except as disclosed in paragraph 5 below, 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 2015.

In the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards (FRSs) that are relevant to its operations and effective for annual periods beginning on 1 January 2016. The adoption of these new/revised FRSs does not result in substantial changes to the Group's and the Company's accounting policies and had no material effect on the amounts reported for the current or prior periods.

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.**

a) FRS 109 - Financial Instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group will adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. The Group is currently assessing the impact of FRS 109 and will adopt the standard on the required effective date.

b) FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. The Group plans to adopt the standard in the financial year beginning on 1 January 2018 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year. The Group is in the process of assessing the potential impact on accounting for contract with customers.

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			
	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
(a) Basic (cents)	0.63	0.73	1.29	1.43
(b) Diluted (cents)	0.63	0.72	1.29	1.42

The basic earnings per share for 3 months period ended is computed based on the weighted average number of 341,079,335. (2Q15: 338,519,335).

The basic earnings per share for 6 months period ended is computed based on the weighted average number of 341,079,335. (1H15: 338,519,335).

The diluted earnings per share for 3 months period ended for the quarter and 6 months period ended 30 June 2016 is 341,079,335 (Q215 and 1H15: 341,079,335) computed based on the weighted average number of 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 as at (cents)		
(a) 30 June 2016	26.11	13.83
(b) 31 December 2015	26.71	15.86

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**

The Group's revenue increased by \$0.5 million to \$41.3 million for the second quarter ended 30 June 2016 (2Q16) and \$4.4 million to \$82.1 million for the first half of the year ended 30 June 2016 (1H16) compared to the corresponding periods in FY2015.

The increase in revenue was mainly due to higher sales from the marine and offshore supply business as a result of increased in the Group's customer base and higher sales from existing customers.

Group's gross profit margin had improved for both the quarter and half year; 24.4% for 2Q16 from 23.8% for 2Q15 and 24.1% for 1H16 from 23.7% for 1H15.

Marketing and distribution cost was higher by \$0.7 million for both the quarter and for the half year. Higher marketing and distribution costs for both quarter and half year were due to higher sales.

Administrative expenses was higher by \$0.1 million to \$5.2 million in 2Q16 and \$0.4 million to \$10.6 million in 1H16. The increased for the quarter and half year was mainly attributed by higher professional expenses and depreciation charges as compared to 2Q15 and 1H15 as compared to previous period.

Other income – net for the quarter was lower by \$0.2 million in 2Q16 while for the half year was \$0.1 million lower. This decrease was mainly due to doubtful debts reversal recorded in 2Q15 and 1H15 and no reversal of doubtful debts in 2Q16 and 1H16.

Financial income pertains to interest from bank had increased from \$51,000 to \$75,000 for the quarters. For the half year, financial income was lower by \$55,000 mainly due to no exchange gain for 1H16 as compared to 1H15.

Financial expenses in 2Q16 had decreased from \$0.3 million in 2Q15 to \$0.2 million mainly attributed to lower foreign exchange loss. For the half year, financial expenses was higher at \$0.8 million for 1H16 mainly due to exchange loss of \$0.7 million.

The Group's net profit for the quarter at \$2.1 million and half year at \$4.4 million had decreased by \$0.5 million as compared to \$2.6 million for 2Q15 and \$4.9 million for 1H15. The decrease in net profit was mainly due higher marketing and distribution costs, foreign exchange losses and depreciation expenses.

Depreciation in Australian dollar had resulted in loss of \$0.5 million for the second quarter in 2Q16 and \$0.5 million for the half year in 1H16, recorded in the other comprehensive income, which mainly due to exchange differences on translating the financial statements of foreign operations.

(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 for the quarter was higher at \$5.4 million in 2Q16 as compared to \$0.7 million in 2Q15, and for the half year from \$4.0 million in 1H15 to \$7.6 million in 1H16. The increase was mainly due to higher cash generated from operation as a result of better working capital management.

For both the quarter 2Q16 and half year 1H16, higher net cash outflow from investing activities as compared to same period last year was due to the progressive payment for the construction of our new warehouse.

Higher net cash used in financing activities for 2Q16 and 1H16 was mainly due to higher net repayment of borrowings and payment of dividend.

Non-current assets

Total non-current assets had increased by \$2.1 million to \$40.6 million as at 30 June 2016 from \$38.5 million as at 31 December 2015. The increase was mainly attributed by the construction-in-progress of new warehouse.

Current Assets

Inventories increased to \$5.6 million as at 30 June 2016 from \$5.0 million as at 31 December 2015. The increase in inventories was mainly due to higher sales orders.

Trade and other receivables decreased slightly to \$43.1 million as at 30 June 2016 from \$45.3 million as at 31 December 2015 due to better collection, in line with better turnover days compared to last financial year ended.

Cash and cash equivalents decreased from \$26.9 million as at 31 December 2015 to \$23.3 million as at 30 June 2016, mainly due to payment of dividend in second quarter of 2016.

Current liabilities

Current liabilities decreased to \$36.3 million as at 30 June 2016 from \$37.3 million as at 31 December 2015. The decrease was mainly attributed to the repayment of borrowings.

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.**

While the signs of a gradual revival in the general shipping market continue, freight rates remain depressed, amid ample supply. The recovery is hindered by the global pessimism surrounding the performance of the Chinese economy, particularly in the Asia Pacific Region. The Oil and Gas sector remains stagnant following the severe cost cutting measures of the global oil majors in the light of low crude oil prices, with the flow on effect of these cuts, sending tremors throughout all facets of the industry. That being said, offshore opportunities still exist in the downturn and whilst we continue to keep a vigilant eye on our expenditure, we remain in a 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?

Yes, a special dividend of \$0.0225 per share to reward shareholders was declared and paid on 3 September 2015.

(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.

- 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 assurance confirmation pursuant to Rule 705(5) of the Listing Manual**

We, Sim Yong Teng and Bruce William Rann, being two directors of Sinwa Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Group and 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 30 June 2016 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
Chief Executive Officer/Executive Director
4 August 2016