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Sinwa reports 22.0% increase in earnings for 2Q2015 to S\$2.6 million

- **Revenue for 2Q2015 improved by 7.4% to S\$40.8 million**
- **24.4% increase in cash flow to S\$4.0 million for HY2015**
- **Proposed special dividend of 2.25 cents per share**

Singapore, 3 Aug 2015 – Listed on the SGX Mainboard and Asia Pacific’s leading marine, offshore supply and logistics player, **Sinwa Limited** (“**Sinwa**” or “**the Group**”), has announced its financial results for the six months ended 30 June 2015 (“**HY2015**”). Financial highlights of the results are mentioned below:

Financial Highlights	2Q2015	2Q2014	Chg	HY2015	HY2014	Chg
	S\$’000	S\$’000	%	S\$’000	S\$’000	%
Revenue	40,815	38,001	7.4	77,669	74,015	4.9
Gross Profit	9,705	9,012	7.7	18,369	18,111	1.4
Profit Attributable to Equity Holders	2,638	2,162	22.0	4,855	5,933	(18.2)
Basic Earnings Per Share (cents)*	0.73	0.64	14.1	1.43	1.76	(18.8)

*Based on weighted average number of 338,519,335 ordinary shares for 2Q2015 and HY2015 (2Q2014: 336,599,335, HY2014: 336,461,434)

Review of Continuing Operations

The Group reported a 7.4% year-on-year (“y-o-y”) increase in total revenue to S\$40.8 million for 2Q2015. This was due to the growth in customer base and increased sales volume from existing customers for the marine and offshore supply business.

Gross profit for 2Q2015 saw an increase of 7.7% y-o-y to S\$9.7 million, in line with revenue growth. Gross profit margin for 2Q2015 remained relatively constant at 23.8% from 23.7% for 2Q2014. However, gross margin for HY2015 fell to 23.7% from 24.5% in HY2014 mainly due to competitive market condition.

The marketing and distribution costs increased from S\$1.1 million for 2Q2014 to S\$1.3 million for 2Q2015, in line with the revenue growth. This increase was mainly due to higher sales. Administrative expenses decreased to S\$5.1 million for 2Q2015 from S\$5.4 million for 2Q2014. This was due to higher professional expenses incurred for 2Q2014.

The Group’s net profit attributable to equity holders increased 22.0% to S\$2.6 million for 2Q2015. Basic earnings per share was 0.73 Singapore cents for 2Q2015 (2Q2014: 0.64) and 1.43 Singapore cents for HY2015 (HY2014: 1.76 Singapore cents).

As a reward to shareholders, the Group will be paying a special dividend of 2.25 Singapore cents per share.

The Group registered a strong increase in cash flow from operations of 6.2% to S\$0.7 million and 24.4% to S\$4.0 million for 2Q2015 and HY2015 respectively. The Group also maintained a robust balance sheet, reporting cash and cash equivalents amounting to S\$26.5 million as at 30 June 2015. Overall, the Group is in a net cash position with borrowings reduced by S\$0.7 million from 31 December 2014 to S\$2.6 million as at 30 June 2015.

Outlook

Commenting on the Group’s business outlook, Mr. Bruce Rann, Group CEO of Sinwa, said,

“We have continued our strategy to streamline our business model and focus on our core marine, offshore supply and logistics business. It has been validated over the last two quarters and shown its effectiveness despite a slow recovery in the shipping industry.

The current outlook in the offshore oil and gas industry remains bearish, especially with the anticipation of Iran’s return as a substantial producer of crude oil, which could significantly affect oil prices. As a result, the effects of capital expenditure cuts and fallen margins have been impressed upon the offshore and marine industry and it is facing a situation of lower demand.

However, the adversities in the market will not divert us away from our long-term strategy. Our core business has shown great resilience and our management has displayed strong proficiency in response to the headwinds faced.

We will remain watchful of any developments in the marine and offshore industry and regularly review our business operations to continue the momentum of our progress.

Our operations in Thailand have commenced this year and we look forward to the myriad of opportunities it presents. Moreover, we will stay focused and springboard ourselves to further expand our client base and business in the Asia Pacific region. We will take a conservative and methodical approach to do our utmost to place ourselves in a prime position when the market recovers.”

ABOUT SINWA LIMITED (Bloomberg Ticker: SKS SP)

Sinwa Limited was listed on the SGX SESDAQ in February 2003 and was upgraded to the Main Board of the Singapore Exchange in April 2005.

Sinwa is Asia-Pacific's leading marine, offshore supply and logistics company servicing the general marine and offshore industry. Sinwa's main operations and head office are in Singapore, with subsidiaries and offices in Australia and China.

Founded in the 1960s, Sinwa's core business includes the supply of a wide range of ships' heavy deck and engine equipment, ships' spares, general hardware and provisions to the marine and offshore industry, and providing a full and comprehensive range of shipping agency, logistics, warehousing and related support services.

For more information, please visit www.sinwaglobal.com

Issued for and on behalf of Sinwa Limited

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