



**Third Quarter Financial Statements and Dividend Announcement  
For the Financial Period Ended 30 September 2018**

**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 September 2018.

**CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

	<b>GROUP</b>			<b>GROUP</b>		
	<b>3 months ended</b>			<b>9 months ended</b>		
	<b>30 September</b>			<b>30 September</b>		
	<b>2018</b>	<b>2017</b>	<b>+ / (-)</b>	<b>2018</b>	<b>2017</b>	<b>+ / (-)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	42,257	44,102	(4.2)	131,531	128,306	2.5
Cost of sales	(32,264)	(34,189)	(5.6)	(100,253)	(99,193)	1.1
Gross profit	9,993	9,913	0.8	31,278	29,113	7.4
<b>Other item of income</b>						
Financial income	123	54	>100	245	150	63.3
<b>Other items of expense</b>						
Marketing and distribution costs	(2,090)	(2,129)	(1.8)	(6,088)	(6,091)	NM
Administrative expenses	(5,221)	(5,793)	(9.9)	(16,770)	(15,710)	6.7
Other income/(expense) - net	40	49	(18.4)	193	294	(34.4)
Financial expenses	(46)	(17)	>100	(21)	(128)	(83.6)
Share of (loss)/profit in jointly controlled entity, net of tax	(8)	2	(>100)	(10)	17	(>100)
<b>Profit before income tax</b>	2,791	2,079	34.2	8,827	7,645	15.5
Income tax expense	(458)	(359)	27.6	(1,407)	(1,582)	(11.1)
<b>Profit for the period / Profit attributable to owners of the Company</b>	2,333	1,720	35.6	7,420	6,063	22.4
<b>Other comprehensive income:</b>						
Item that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences on foreign operations	(195)	81	(>100)	(600)	237	(>100)
<b>Other comprehensive (loss)/ income for the period, net of tax</b>	(195)	81	(>100)	(600)	237	(>100)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	2,138	1,801	18.7	6,820	6,300	8.3



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**

	<b>GROUP</b>		<b>GROUP</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Financial income:</b>				
Interest income - bank	123	47	245	150
Foreign exchange gain – net	-	7	-	-
	<u>123</u>	<u>54</u>	<u>245</u>	<u>150</u>
<b>Financial expenses:</b>				
Interest expense on:				
- short term borrowing	-	(15)	(9)	(45)
- obligation under finance leases	(2)	(2)	(5)	(5)
Foreign exchange loss – net	(44)	-	(7)	(78)
	<u>(46)</u>	<u>(17)</u>	<u>(21)</u>	<u>(128)</u>
<b>Other income/(expenses) – net</b>				
(Allowance)/Reversal for doubtful trade receivables	(17)	-	(7)	47
Bad debts written off (trade)	(5)	(4)	(62)	(14)
Gain on disposal of property, plant and equipment - net	25	2	32	10
Property, plant and equipment written off	(6)	-	(6)	-
Government grant income	13	10	111	117
Handling fee	30	28	93	87
Others	-	13	32	47
	<u>40</u>	<u>49</u>	<u>193</u>	<u>294</u>
<b>Profit before income tax is stated after charging:-</b>				
Depreciation of property, plant and equipment	(768)	(639)	(2,320)	(1,651)



- 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 SEPTEMBER 2018**

	GROUP		COMPANY	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	43,811	46,013	17	43
Goodwill	548	548	-	-
Investments in subsidiaries	-	-	22,908	22,908
Investment in joint venture	42	52	25	25
Deferred tax assets	395	417	-	-
Other assets	53	55	-	-
Other receivables	335	336	65	66
<b>Total non-current assets</b>	<u>45,184</u>	<u>47,421</u>	<u>23,015</u>	<u>23,042</u>
<b>Current assets</b>				
Inventories	5,203	5,601	-	-
Trade and other receivables	42,504	46,349	16,128	26,746
Prepayments	666	401	33	17
Cash, bank balances and fixed deposits	31,159	26,143	21,322	17,166
<b>Total current assets</b>	<u>79,532</u>	<u>78,494</u>	<u>37,483</u>	<u>43,929</u>
<b>Total assets</b>	<u><u>124,716</u></u>	<u><u>125,915</u></u>	<u><u>60,498</u></u>	<u><u>66,971</u></u>



**STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018 (Continued)**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30.09.2018</b>	<b>31.12.2017</b>	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	41,963	41,963	41,963	41,963
Treasury shares	(961)	(961)	(961)	(961)
Other reserves	12,838	13,438	108	108
Retained earnings	31,653	28,497	18,131	17,596
<b>Equity attributable to owners of the Company / Total equity</b>	<b>85,493</b>	<b>82,937</b>	<b>59,241</b>	<b>58,706</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	2,828	2,810	124	124
Finance leases	65	109	-	-
<b>Total non-current liabilities</b>	<b>2,893</b>	<b>2,919</b>	<b>124</b>	<b>124</b>
<b>Current liabilities</b>				
Income tax payable	1,455	1,479	1	53
Trade and other payables	34,815	35,520	1,132	5,088
Finance leases	60	60	-	-
Borrowings	-	3,000	-	3,000
<b>Total current liabilities</b>	<b>36,330</b>	<b>40,059</b>	<b>1,133</b>	<b>8,141</b>
<b>Total liabilities</b>	<b>39,223</b>	<b>42,978</b>	<b>1,257</b>	<b>8,265</b>
<b>Total equity and liabilities</b>	<b>124,716</b>	<b>125,915</b>	<b>60,498</b>	<b>66,971</b>

**GROUP**  
**30.09.2018 31.12.2017**

Financial ratios

Inventory turnover (days)	14	15
Trade receivables turnover (days)	88	93
Gearing (total borrowings to total equity)	*	0.04

\* denotes amount less than 0.01



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

Amount repayable in one year or less, or on demand

<b>30.09.2018</b>		<b>31.12.2017</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
60	-	3,060	-

Amount repayable after one year

<b>30.09.2018</b>		<b>31.12.2017</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
65	-	109	-

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 30 SEPTEMBER 2018**

	<b>GROUP</b>		<b>GROUP</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>				
Profit for the period	2,333	1,720	7,420	6,063
Adjustments for:				
Allowance/(Reversal) for doubtful trade receivables	17	-	7	(47)
Bad debts written off (trade)	5	4	62	14
Depreciation of property, plant and equipment	768	639	2,320	1,651
Interest income – bank	(123)	(47)	(245)	(150)
Interest expense	2	17	14	50
Gain on disposal of property, plant and equipment - net	(25)	(2)	(32)	(10)
Property, plant and equipment written off	6	-	6	-
Share of loss/(profit) of joint venture, net	8	(2)	10	(17)
Income tax expenses	458	359	1,407	1,582
Operating profit before working capital changes	3,449	2,688	10,969	9,136
Trade and other receivables	660	878	3,517	(8,193)
Inventories	434	(769)	398	(1,017)
Trade and other payables	2,606	(2,238)	(591)	4,688
Cash generated from operations	7,149	559	14,293	4,614
Interest paid	(2)	(17)	(14)	(50)
Interest received	123	37	245	140
Income tax paid	(652)	(701)	(1,399)	(1,579)
Net cash from/(used in) operating activities	6,618	(122)	13,125	3,125



**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (Continued)**

	<b>GROUP</b>		<b>GROUP</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Investing activities</b>				
Proceeds from disposal of property, plant and equipment	106	10	136	31
Purchase of property, plant and equipment	(452)	(408)	(915)	(1,408)
Construction in progress	-	(36)	-	(3,102)
Effect of foreign currency alignment on investing activities	220	(62)	576	(220)
Net cash used in investing activities	(126)	(496)	(203)	(4,699)
<b>Financing activities</b>				
Repayment of borrowings	-	-	(3,000)	(1,000)
Proceeds from finance leases	-	99	-	99
Repayment of finance leases	(15)	(18)	(44)	(45)
Dividends paid	(2,559)	(1,705)	(4,264)	(5,798)
Net cash used in financing activities	(2,574)	(1,624)	(7,308)	(6,744)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>3,918</b>	<b>(2,242)</b>	<b>5,614</b>	<b>(8,318)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>27,434</b>	<b>24,976</b>	<b>26,143</b>	<b>30,902</b>
Effect of exchange rate changes on cash and cash equivalents	(193)	86	(598)	236
<b>Cash and cash equivalents at end of period</b>	<b>31,159</b>	<b>22,820</b>	<b>31,159</b>	<b>22,820</b>



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 SEPTEMBER 2018**

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
<b>Balance at 1.01.2018</b>	82,937	41,963	(961)	108	17,489	28,497	(4,159)
Foreign currency translation differences on foreign operations	(405)	-	-	-	-	-	(405)
<b>Other comprehensive income, net of tax</b>	(405)	-	-	-	-	-	(405)
<b>Profit for the period</b>	5,087	-	-	-	-	5,087	-
<b>Total comprehensive income for the period</b>	4,682	-	-	-	-	5,087	(405)
<b>Dividends / Total transaction with owners of the Company</b>	(1,705)	-	-	-	-	(1,705)	-
<b>Balance at 30.06.2018</b>	85,914	41,963	(961)	108	17,489	31,879	(4,564)
<b>Balance at 1.07.2018</b>	85,914	41,963	(961)	108	17,489	31,879	(4,564)
Foreign currency translation differences on foreign operations	(195)	-	-	-	-	-	(195)
<b>Other comprehensive income, net of tax</b>	(195)	-	-	-	-	-	(195)
<b>Profit for the period</b>	2,333	-	-	-	-	2,333	-
<b>Total comprehensive income for the period</b>	2,138	-	-	-	-	2,333	(195)
<b>Dividends / Total transaction with owners of the Company</b>	(2,559)	-	-	-	-	(2,559)	-
<b>Balance at 30.09.2018</b>	85,493	41,963	(961)	108	17,489	31,653	(4,759)
<b>Balance at 1.01.2017</b>	74,635	41,963	(961)	108	12,835	24,782	(4,092)
Foreign currency translation differences on foreign operations	156	-	-	-	-	-	156
<b>Other comprehensive income, net of tax</b>	156	-	-	-	-	-	156
<b>Profit for the period</b>	4,343	-	-	-	-	4,343	-
<b>Total comprehensive income for the period</b>	4,499	-	-	-	-	4,343	156
<b>Dividends / Total transaction with owners of the Company</b>	(4,093)	-	-	-	-	(4,093)	-
<b>Balance at 30.06.2017</b>	75,041	41,963	(961)	108	12,835	25,032	(3,936)
<b>Balance at 1.07.2017</b>	75,041	41,963	(961)	108	12,835	25,032	(3,936)
Foreign currency translation differences on foreign operations	81	-	-	-	-	-	81
<b>Other comprehensive income, net of tax</b>	81	-	-	-	-	-	81
<b>Profit for the period</b>	1,720	-	-	-	-	1,720	-
<b>Total comprehensive income for the period</b>	1,801	-	-	-	-	1,720	81
<b>Dividends / Total transaction with owners of the Company</b>	(1,705)	-	-	-	-	(1,705)	-
<b>Balance at 30.09.2017</b>	75,137	41,963	(961)	108	12,835	25,047	(3,855)





**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**  
(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
<b>Balance at 1.01.2018</b>	58,706	41,963	(961)	108	17,596
Profit for the period / <b>Total comprehensive income for the period</b>	383	-	-	-	383
Dividends / <b>Total transaction with owners</b>	(1,705)	-	-	-	(1,705)
<b>Balance at 30.06.2018</b>	57,384	41,963	(961)	108	16,274
<b>Balance at 1.07.2018</b>	57,384	41,963	(961)	108	16,274
Profit for the period / <b>Total comprehensive income for the period</b>	4,416	-	-	-	4,416
Dividends / <b>Total transaction with owners</b>	(2,559)	-	-	-	(2,559)
<b>Balance at 30.09.2018</b>	59,241	41,963	(961)	108	18,131
<b>Balance at 1.01.2017</b>	52,683	41,963	(961)	108	11,573
Profit for the period / <b>Total comprehensive income for the period</b>	585	-	-	-	585
Dividends / <b>Total transaction with owners</b>	(4,093)	-	-	-	(4,093)
<b>Balance at 30.06.2017</b>	49,175	41,963	(961)	108	8,065
<b>Balance at 1.07.2017</b>	49,175	41,963	(961)	108	8,065
Loss for the period / <b>Total comprehensive income for the period</b>	(287)	-	-	-	(287)
Dividends / <b>Total transaction with owners</b>	(1,705)	-	-	-	(1,705)
<b>Balance at 30.09.2017</b>	47,183	41,963	(961)	108	6,073



- 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.

	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
Treasury shares	2,177,532	2,177,532
	-----	-----
Number of issued ordinary shares (excluding treasury shares)	341,079,335	341,079,335
	-----	-----
Percentage (%)	0.638%	0.638%
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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.**

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
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).**

The figures have not been audited or reviewed.

**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 2017, except for those as disclosed under paragraph 5.

**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.**

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)s"), the new accounting framework to be mandatory applied in the preparation and presentation of the financial statements for annual reporting periods beginning on or after 1 January 2018 and has prepared its first set of financial information under SFRS(I)s for the reported period.

The adoption of the following new/revised standards and interpretations applicable for the financial year beginning 1 January 2018, did not result in significant change to the Group's accounting policies nor any material impact on the Group's result, are disclosed below:

*SFRS(I) 15 Revenue from Contracts with Customers*

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

There was no significant impact to the financial statements of the Group. Accordingly, comparative financial information presented in this set of announcement has not been restated.

*SFRS(I) 9 Financial Instruments*

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation.

**1) Classification and measurement**

The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics of the financial assets to determine the appropriate classification for each financial asset under SFRS(I) 9.

**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. (Continued)**

**2) Impairment of financial assets**

Financial assets are subject to expected credit loss impairment model under SFRS(I) 9. As a result, the Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost.

There was no change in measurement basis arising from the adoption of the new classification and measurement model. In assessing for impairment losses on financial assets, the Group has adopted the simplified approach and recorded lifetime expected losses on all trade receivables using the expected credit loss model.

There was no significant impact to the financial statements of the Group and accordingly, no adjustments was recognised on 1 January 2018.

**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</b>			
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2018</b>	<b>30.09.2017</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
(a) Basic (cents)	0.68	0.50	2.18	1.78
(b) Diluted (cents)	0.68	0.50	2.18	1.78

The basic earnings per share is computed based on the weighted average number of 341,079,335 ordinary shares issued.

The diluted earnings per share is computed based on the weighted average number of 341,079,335 ordinary shares issued.

**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.**

	<b>GROUP</b>	<b>COMPANY</b>
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 September 2018	25.06	17.37
(b) 31 December 2017	24.31	17.21

**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 decreased by \$1.8 million to \$42.3 million for the third quarter ended 30 September 2018 ("3Q18"). However, for the first nine months ended 30 September 2018 ("9M18"), the Group's revenue increased by \$3.2 million to \$131.5 million compared to the same corresponding periods in the financial year 2017 ("FY2017").

The increase in revenue for 9M18 was mainly attributed by higher sales from the marine and offshore supply business in Australia and Thailand operations.

The Group's gross profit margin for both the quarter and nine months have improved to 23.6% for 3Q18 from 22.5% for 3Q17, and 23.8% for 9M18 from 22.7% for 9M17. The improvement in gross profit margin was mainly due to the change in sales mix with higher proportion of higher margin sales.

Administrative expenses decreased by \$0.6 million to \$5.2 million in 3Q18 from \$5.8 million in 3Q17. The decreased in administrative expenses for 3Q18 was mainly due to lower staff costs. For 9M18, the increased in administrative costs was mainly due to higher depreciation charge.

Net other income comprised mainly handling fee and government grant income such as wage credit scheme and temporary employment credit. For 9M18, the net other income was lower at \$0.1 million was mainly due to higher bad debt written off.

Financial income was higher for 3Q18 and 9M18 mainly attributed to higher interest earned from bank.

Financial expenses for 9M18 was lower at \$21,000 as compared to \$128,000 in 9M17. The decreased was mainly attributed to lower net foreign exchange loss.

The Group's profit before income tax for the quarter 3Q18 increased by 34.2% to \$2.8 million from \$2.1 million in 3Q17. For 9M18, it increased 15.5% to \$8.8 million from \$7.6 million for 9M17.

Depreciation in Australian dollar had resulted in a loss of \$0.2 million for 3Q18 and \$0.6 million for 9M18, recorded in the other comprehensive income, which arising from translating of 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 9M18 was higher at \$13.1 million as compared to \$3.1 million in 9M17. For 3Q18, net cash from operating activities was \$6.6 million, as compared to the same quarter last year with net cash outflow of \$0.1 million from operating activities. Higher cash from operating activities for 3Q18 was mainly due to higher profit from operation and slower payment during the quarter. For 9M18, higher cash from operations was mainly due to higher operating profit and payment received from customers.

Lower net cash used in investing activities for both 9M18 and 3Q18 as compared to same period last year was due to lower progressive payment for the construction of new warehouse and plant and equipment purchased for use in the new warehouse.

For 3Q18, net cash used in financing activities was \$2.6 million which was higher than \$1.6 million as compared to the same quarter last year. The increased in net cash used in financing activities was mainly due to higher dividend payout. Net cash outflow used in financing activities for 9M18 was \$7.3 million compared to \$6.7 million in 9M17. Higher net cash used in financing activities was mainly due higher repayment of bank borrowing.



**Non-current assets**

Property, plant and equipment had decreased by \$2.2 million to \$43.8 million as at 30 September 2018 from \$46.0 million as at 31 December 2017. The decrease was mainly attributed to depreciation charged for the period.

**Current Assets**

Inventories decreased to \$5.2 million as at 30 September 2018 from \$5.6 million as at 31 December 2017. The decreased in inventories attributed to faster stock turnover.

Trade and other receivables decreased to \$42.5 million as at 30 September 2018 from \$46.3 million as at 31 December 2017 was mainly due to improved collection from customers.

Cash and cash equivalents increased to \$31.2 million as at 30 September 2018 from \$26.1 million as at 31 December 2017, mainly due to higher profit from operation and improvement in collection from customers.

**Current liabilities**

Current liabilities decreased to \$36.3 million as at 30 September 2018 from \$40.1 million as at 31 December 2017. The decrease was mainly due to the repayment of short term 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.**

The on-going tit-for-tat trade war between the US and China will continue to adversely impact shipping traffic and freight rates for at least until the end of the year, while the offshore market, despite the recent correction in oil prices, is expected to continue its slow recovery over the next 12 months. Despite these challenging operating conditions, the Group is confident that we are on course for another profitable year ahead.

The Company announced on 13 November 2018 that it has entered into a conditional share purchase and loan assignment agreement with Asia Ship Chandlery Holdings Pte. Ltd to sell the issued and paid-up capital of the following wholly owned subsidiaries of the Company (the “**Sale Subsidiaries**”) set out below, for an aggregate consideration of S\$74,865,000, upon the terms and subject to the conditions of the SPA.

The Sale Subsidiaries are:

- (a) Sinwa SS Pte. Ltd.;
- (b) Seafirst Marine Services Pte. Ltd.;
- (c) Sinwa Offshore Pte. Ltd.;
- (d) Sinwa Ship Supply (HK) Pte. Ltd.;
- (e) Windsor Marine Pte. Ltd.; and
- (f) Sinwa Australia Pty Ltd.

Please refer to the announcement dated 13 November 2018 for details.



**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/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 Tan Lay Ling, 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 September 2018 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**

Sim Yong Teng  
Executive Chairman/Executive Director  
14 November 2018