



**First Quarter Financial Statements and Dividend Announcement  
For the Financial Period Ended 31 March 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 31 March 2018.

**CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	<b>GROUP</b>		
	<b>3 months ended</b>		
	<b>31 March</b>		
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>+ / (-)</u></b>
	<b>SS'000</b>	<b>SS'000</b>	<b>%</b>
<b>Revenue</b>	45,804	39,787	15.1
Cost of sales	(35,227)	(30,530)	15.4
Gross profit	10,577	9,257	14.3
<b><i>Other item of income:</i></b>			
Financial income	41	62	(33.9)
<b><i>Other items of expense:</i></b>			
Marketing and distribution expenses	(2,024)	(1,838)	10.1
Administrative expenses	(5,790)	(4,773)	21.3
Other income, net	44	109	(59.6)
Financial expenses	(208)	(15)	>100
Share of profit in joint venture, net of tax	2	12	(83.3)
<b>Profit before income tax</b>	2,642	2,814	(6.1)
Income tax expense	(488)	(518)	(5.8)
<b>Profit for the period /</b>			
<b>Profit attributable to Owners of the Company</b>	2,154	2,296	(6.2)
<b><i>Other comprehensive income:</i></b>			
Foreign currency translation differences on foreign operations	(424)	274	(100)
<b>Other comprehensive income for the period, net of tax</b>	(424)	274	(100)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	1,730	2,570	(32.7)



- 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**

	<b>GROUP</b>	
	<b>3 months ended</b>	
	<b>31 March</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Financial income:</b>		
Interest income from bank	41	48
Foreign exchange gain, net	-	14
	<u>41</u>	<u>62</u>
<b>Financial expenses:</b>		
Interest expense on:		
- term loans	(9)	(14)
- obligation under finance leases	(2)	(1)
Foreign exchange loss, net	(197)	-
	<u>(208)</u>	<u>(15)</u>
<b>Other income, net:</b>		
Allowance for doubtful trade receivables	(7)	-
Bad debts written off	(18)	-
Loss on disposal of property, plant and equipment, net	(20)	-
Government grant income	62	65
Handling fee	30	29
Others	(3)	15
	<u>44</u>	<u>109</u>
<b>Profit before income tax was stated after charging: -</b>		
Depreciation of property, plant and equipment	<u>(777)</u>	<u>(493)</u>



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 2018**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b><u>31.03.18</u></b>	<b><u>31.12.17</u></b>	<b><u>31.03.18</u></b>	<b><u>31.12.17</u></b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	45,154	46,013	34	43
Intangible assets	-	-	-	-
Goodwill	548	548	-	-
Investments in subsidiaries	-	-	22,908	22,908
Investment in joint venture	54	52	25	25
Deferred tax assets	403	417	-	-
Other assets	55	55	-	-
Other receivables	336	336	66	66
<b>Total non-current assets</b>	<b>46,550</b>	<b>47,421</b>	<b>23,033</b>	<b>23,042</b>
<b>Current assets</b>				
Inventories	5,464	5,601	-	-
Trade and other receivables	47,252	46,349	21,881	26,746
Prepayments	528	401	18	17
Cash, bank balances and fixed deposits	23,901	26,143	18,756	17,166
<b>Total current assets</b>	<b>77,145</b>	<b>78,494</b>	<b>40,655</b>	<b>43,929</b>
<b>Total assets</b>	<b>123,695</b>	<b>125,915</b>	<b>63,688</b>	<b>66,971</b>



**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018 (Continued)**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b><u>31.03.18</u></b>	<b><u>31.12.17</u></b>	<b><u>31.03.18</u></b>	<b><u>31.12.17</u></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	13,014	13,438	108	108
Retained earnings	30,651	28,497	17,529	17,596
<b>Equity attributable to owners of the Company / Total equity</b>	<b>84,667</b>	<b>82,937</b>	<b>58,639</b>	<b>58,706</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	2,828	2,810	124	124
Finance leases	95	109	-	-
<b>Total non-current liabilities</b>	<b>2,923</b>	<b>2,919</b>	<b>124</b>	<b>124</b>
<b>Current liabilities</b>				
Income tax payable	1,928	1,479	53	53
Trade and other payables	34,117	35,520	4,872	5,088
Finance leases	60	60	-	-
Borrowings	-	3,000	-	3,000
<b>Total current liabilities</b>	<b>36,105</b>	<b>40,059</b>	<b>4,925</b>	<b>8,141</b>
<b>Total liabilities</b>	<b>39,028</b>	<b>42,978</b>	<b>5,049</b>	<b>8,265</b>
<b>Total equity and liabilities</b>	<b>123,695</b>	<b>125,915</b>	<b>63,688</b>	<b>66,971</b>

	<b>GROUP</b>	
	<b><u>31.03.18</u></b>	<b><u>31.12.17</u></b>
<b>Financial ratios</b>		
Inventory turnover (days)	14	15
Trade receivables turnover (days)	92	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

<u>31.03.2018</u>		<u>31.12.2017</u>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
60	-	3,060	-

Amount repayable after one year

<u>31.03.2018</u>		<u>31.12.2017</u>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
95	-	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 31 MARCH 2018**

	<b>GROUP</b>	
	<b>3 months ended</b>	
	<b>31 March</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>SS'000</b>	<b>SS'000</b>
<b>Operating activities</b>		
Profit for the period	2,154	2,296
Adjustments for:		
Allowance for doubtful trade receivables	7	-
Bad debts written off	18	-
Depreciation of property, plant and equipment	777	493
Interest income - bank	(41)	(48)
Interest expense	11	15
Loss on disposal of property, plant and equipment, net	20	-
Share of profit of joint venture, net of tax	(2)	(12)
Income tax expenses	488	518
Operating profit before working capital changes	3,432	3,262
Trade and other receivables	(1,055)	(3,075)
Inventories	137	299
Trade and other payables	(1,404)	4,426
Cash generated from operations	1,110	4,912
Interest paid	(11)	(15)
Interest received	41	48
Income tax paid	(7)	(30)
Net cash from operating activities	1,133	4,915
<b>Investing activities</b>		
Purchase of property, plant and equipment	(331)	(670)
Construction in progress	-	(2,536)
Effect of foreign currency alignment on investing activities	394	(245)
Net cash from/(used in) investing activities	63	(3,451)
<b>Financing activities</b>		
Repayment of finance leases	(14)	(13)
Repayment of borrowings	(3,000)	(1,000)
Net cash used in financing activities	(3,014)	(1,013)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,818)</b>	<b>451</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>26,143</b>	<b>30,902</b>
Effect of exchange rate changes on cash and cash equivalents	(424)	274
<b>Cash and cash equivalents at end of period</b>	<b>23,901</b>	<b>31,627</b>



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 2018**

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	Foreign currency translation <u>reserve</u> S\$'000
Balance at 1.01.2018	82,937	41,963	(961)	108	17,489	28,497	(4,159)
Foreign currency translation differences on foreign operations	(424)	-	-	-	-	-	(424)
Other comprehensive income, net of tax	(424)	-	-	-	-	-	(424)
Profit for the period	2,154	-	-	-	-	2,154	-
Total comprehensive income for the period	1,730	-	-	-	-	2,154	(424)
Balance at 31.03.2018	84,667	41,963	(961)	108	17,489	30,651	(4,583)

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)

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 1.01.2018	58,706	41,963	(961)	108	17,596
Loss for the period / Total comprehensive losses for the period	(67)	-	-	-	(67)
Balance at 31.03.2018	58,639	41,963	(961)	108	17,529
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

- 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.

	Number of shares	
	<u>31.03.2018</u>	<u>31.12.2017</u>
Treasury shares	2,177,532	2,177,532
	-----	-----
Number of issued ordinary shares	341,079,335	341,079,335
(excluding treasury shares and subsidiary holdings)	-----	-----
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.**

	Number of shares	
	<u>31.03.2018</u>	<u>31.12.2017</u>
Number of issued ordinary shares	341,079,335	341,079,335
(excluding treasury shares)	-----	-----

- 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 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 quarter ended 31 March 2018.

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.

**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)**

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.

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>31.03.2018</b>	<b>31.03.2017</b>
(a) Basic (cents)	0.63	0.67
(b) Diluted (cents)	0.63	0.67

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><u>GROUP</u></b>	<b><u>COMPANY</u></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 (cents) as at:		
(a) 31 March 2018	24.82	17.19
(b) 31 December 2017	24.32	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 for the first three months of financial year 2018, saw a 15.1% increase to \$45.8 million as compared to \$39.8 million for the first three months ended 31 March 2017 ("1Q17"). Increased in revenue was mainly attributed by higher sales from marine and offshore supply business in Australia and Thailand operations.

The Group's gross profit margin was marginally lower at 23.1% for the first three months ended 31 March 2018 ("1Q18") compared to 23.3% for 1Q17, mainly due to intense competition.

Marketing and distribution expenses for 1Q18 was \$2.0 million which was \$0.2 million higher compare to \$1.8 million in 1Q17. The increase was in line with higher sales.

Administrative expenses increased by \$1.0 million to \$5.8 million in 1Q18 from \$4.8 million in 1Q17. This was mainly due to higher staff costs and depreciation.

For this quarter, the other income – net was \$65,000 lower, as compared to the same quarter last year. The decrease in other income – net was mainly due to loss on disposal of property, plant and equipment and bad debts written off.

Financial expenses increased to \$208,000 for 1Q18 was mainly due to foreign exchange loss. For the same period last year, the Group recorded a gain in foreign exchange.

The Group's net profit at \$2.2 million for this quarter in 2018 was slightly lower by 6.2%, as compared to \$2.3 million in the same quarter last year.

Other comprehensive income for 1Q18 saw a loss of \$0.4 million arising from the foreign currency translation differences on foreign operations as compare to a gain of \$0.3 million for 1Q17. The loss was due to the depreciation 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 for 1Q18 at \$1.1 million was lower as compared to the same quarter last year at \$4.9 million. This was mainly due to lower cash generated from working capital.

For this quarter, the Group recorded net cash inflow of \$63,000 from investing activities. Compared to the same quarter last year, investing activities was net cash outflow position of \$3.5 million for 1Q17, attributed by the progressive payments for our new warehouse.

Higher net cash outflow for 1Q18 in financing activities as compared to the same quarter in last financial year 2017 was mainly due to the full repayment of short term borrowings of \$3.0 million during the quarter under review.



**Non-current Assets**

Decreased in property, plant and equipment from \$46.0 million as at 31 December 2017 to \$45.2 million as at 31 March 2018 was mainly attributed to depreciation charges.

**Current Assets**

Inventories remains marginally stable at \$5.5 million as at 31 March 2018 compared to \$5.6 million as at 31 December 2017, while inventory turnover days had improved from 15 days as at last financial year ended to 14 days as at 31 March 2018.

Trade and other receivables increased to \$47.3 million as at 31 March 2018 from \$46.3 million as at 31 December 2017 which mainly due to higher sales.

Cash and cash equivalents decreased from \$26.1 million as at 31 December 2017 to \$23.9 million as at 31 March 2018, mainly due to repayment of short term borrowings.

**Current Liabilities**

Current liabilities decreased to \$36.1 million as at 31 March 2018 from \$40.1 million as at 31 December 2017 mainly due to 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.**

Whilst the outlook for Shipping and Offshore has generally taken on a more optimistic turn, the massive amount of overcapacity that exists and is due for delivery, remains a matter of concern. Cost controls and budgets are being rigorously enforced by Owners and Managers alike, in an intensely competitive market, placing enormous pressure on margins, across all sectors of the supply chain.

Despite these tough market conditions, Sinwa continues to push forward and we remain 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 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**

Bruce William Rann  
Executive Director/Chief Executive Officer  
8 May 2018