



**First Quarter Financial Statements and Dividend Announcement  
For the Financial Period Ended 31 March 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 31 March 2016.

**CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

|                                                                             | <b>GROUP</b>          |                |                |
|-----------------------------------------------------------------------------|-----------------------|----------------|----------------|
|                                                                             | <b>3 months ended</b> |                |                |
|                                                                             | <b>31 March</b>       |                |                |
|                                                                             | <b>2016</b>           | <b>2015</b>    | <b>+ / (-)</b> |
|                                                                             | <b>S\$'000</b>        | <b>S\$'000</b> | <b>%</b>       |
| <b>Revenue</b>                                                              | 40,720                | 36,854         | 10.5           |
| Cost of sales                                                               | (31,010)              | (28,190)       | 10.0           |
| Gross profit                                                                | 9,710                 | 8,664          | 12.1           |
| <b>Other item of income:</b>                                                |                       |                |                |
| Financial income                                                            | 60                    | 404            | (85.1)         |
| <b>Other items of expense:</b>                                              |                       |                |                |
| Marketing and distribution costs                                            | (1,302)               | (1,368)        | (4.8)          |
| Administrative expenses                                                     | (5,322)               | (5,039)        | 5.6            |
| Other income - net                                                          | 239                   | 182            | 31.3           |
| Financial expenses                                                          | (579)                 | (28)           | >100           |
| Share of profit in jointly controlled entity, net of tax                    | 15                    | -              | >100           |
| <b>Profit before income tax</b>                                             | 2,821                 | 2,815          | 0.2            |
| Income tax expense                                                          | (587)                 | (598)          | (1.8)          |
| <b>Profit for the period / Profit attributable to Owners of the Company</b> | 2,234                 | 2,217          | 0.8            |
| <b>Other comprehensive income:</b>                                          |                       |                |                |
| Foreign currency translation differences on foreign operations              | (16)                  | (345)          | (95.4)         |
| <b>Other comprehensive income for the period, net of tax</b>                | (16)                  | (345)          | (95.4)         |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                            | 2,218                 | 1,872          | 18.5           |



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>2016</b>           | <b>2015</b>    |
|                                                                  | <b>S\$'000</b>        | <b>S\$'000</b> |
| <b>Financial income:</b>                                         |                       |                |
| Interest income - bank                                           | 60                    | 38             |
| Foreign exchange gain                                            | -                     | 366            |
|                                                                  | <u>60</u>             | <u>404</u>     |
| <b>Financial expenses:</b>                                       |                       |                |
| Interest expense on:                                             |                       |                |
| - term loans                                                     | (19)                  | (27)           |
| - obligation under finance leases                                | (1)                   | (1)            |
| Foreign exchange loss                                            | (559)                 | -              |
|                                                                  | <u>(579)</u>          | <u>(28)</u>    |
| <b>Other income/(expenses):</b>                                  |                       |                |
| (Allowance)/Reversal of allowance for doubtful trade receivables | (3)                   | 3              |
| Bad debt written off                                             | -                     | (12)           |
| Gain on disposal of property, plant and equipment, net           | 8                     | -              |
| Government grant income                                          | 185                   | 131            |
| Handling fee                                                     | 35                    | 35             |
| Others                                                           | 14                    | 25             |
|                                                                  | <u>239</u>            | <u>182</u>     |
| <b>Profit before income tax was stated after charging:-</b>      |                       |                |
| Amortisation of intangible assets                                | -                     | (3)            |
| Depreciation of property, plant and equipment                    | (504)                 | (445)          |



**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 2016**

|                                        | <b>GROUP</b>    |                 | <b>COMPANY</b>  |                 |
|----------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                        | <b>31.03.16</b> | <b>31.12.15</b> | <b>31.03.16</b> | <b>31.12.15</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          | 37,529          | 36,495          | 102             | 111             |
| Intangible assets                      | -               | -               | -               | -               |
| Goodwill                               | 548             | 548             | -               | -               |
| Held-to-maturity financial assets      | 250             | 250             | 250             | 250             |
| Investments in subsidiaries            | -               | -               | 28,412          | 28,513          |
| Investment in joint venture            | 46              | 31              | 25              | 25              |
| Deferred tax assets                    | 455             | 452             | -               | -               |
| Other assets                           | 55              | 55              | -               | -               |
| Other receivables                      | 669             | 704             | 121             | 155             |
| <b>Total non-current assets</b>        | <u>39,552</u>   | <u>38,535</u>   | <u>28,910</u>   | <u>29,054</u>   |
| <b>Current assets</b>                  |                 |                 |                 |                 |
| Inventories                            | 5,718           | 4,961           | -               | -               |
| Trade and other receivables            | 45,985          | 45,325          | 27,538          | 31,816          |
| Prepayments                            | 435             | 424             | 20              | 16              |
| Cash, bank balances and fixed deposits | 27,599          | 26,947          | 19,203          | 17,371          |
|                                        | 79,737          | 77,657          | 46,761          | 49,203          |
| Assets classified as held for sale     | 15,116          | 15,116          | -               | -               |
| <b>Total current assets</b>            | <u>94,853</u>   | <u>92,773</u>   | <u>46,761</u>   | <u>49,203</u>   |
| <b>Total assets</b>                    | <u>134,405</u>  | <u>131,308</u>  | <u>75,671</u>   | <u>78,257</u>   |



**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016 (Continued)**

|                                                                    | <b>GROUP</b>    |                 | <b>COMPANY</b>  |                 |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                                    | <b>31.03.16</b> | <b>31.12.15</b> | <b>31.03.16</b> | <b>31.12.15</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                                                     | 9,845           | 9,861           | 108             | 108             |
| Retained earnings                                                  | 42,490          | 40,256          | 12,759          | 12,996          |
| <b>Equity attributable to owners of the Company / Total equity</b> | <b>93,337</b>   | <b>91,119</b>   | <b>53,869</b>   | <b>54,106</b>   |
| <b>Non-current liabilities</b>                                     |                 |                 |                 |                 |
| Deferred tax liabilities                                           | 2,746           | 2,745           | -               | -               |
| Finance leases                                                     | 123             | 136             | -               | -               |
| <b>Total non-current liabilities</b>                               | <b>2,869</b>    | <b>2,881</b>    | <b>-</b>        | <b>-</b>        |
| <b>Current liabilities</b>                                         |                 |                 |                 |                 |
| Income tax payable                                                 | 2,527           | 2,104           | 47              | 37              |
| Trade and other payables                                           | 33,035          | 32,571          | 19,170          | 21,533          |
| Finance leases                                                     | 52              | 52              | -               | -               |
| Borrowings                                                         | 2,585           | 2,581           | 2,585           | 2,581           |
| <b>Total current liabilities</b>                                   | <b>38,199</b>   | <b>37,308</b>   | <b>21,802</b>   | <b>24,151</b>   |
| <b>Total liabilities</b>                                           | <b>41,068</b>   | <b>40,189</b>   | <b>21,802</b>   | <b>24,151</b>   |
| <b>Total equity and liabilities</b>                                | <b>134,405</b>  | <b>131,308</b>  | <b>75,671</b>   | <b>78,257</b>   |

|                                            | <b>GROUP</b>    |                 |
|--------------------------------------------|-----------------|-----------------|
|                                            | <b>31.03.16</b> | <b>31.12.15</b> |
| <b><u>Financial ratios</u></b>             |                 |                 |
| Inventory turnover (days)                  | 16              | 14              |
| Trade receivables turnover (days)          | 99              | 96              |
| Gearing (total borrowings to total equity) | 0.03            | 0.03            |



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

Amount repayable in one year or less, or on demand

| 31.03.2016 |           | 31.12.2015 |           |
|------------|-----------|------------|-----------|
| Secured    | Unsecured | Secured    | Unsecured |
| S\$'000    | S\$'000   | S\$'000    | S\$'000   |
| 2,637      | -         | 2,633      | -         |

Amount repayable after one year

| 31.03.2016 |           | 31.12.2015 |           |
|------------|-----------|------------|-----------|
| Secured    | Unsecured | Secured    | Unsecured |
| S\$'000    | S\$'000   | S\$'000    | S\$'000   |
| 123        | -         | 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 31 MARCH 2016**

|                                                              | <b>GROUP</b>          |                |
|--------------------------------------------------------------|-----------------------|----------------|
|                                                              | <b>3 months ended</b> |                |
|                                                              | <b>31 March</b>       |                |
|                                                              | <b>2016</b>           | <b>2015</b>    |
|                                                              | <b>S\$'000</b>        | <b>S\$'000</b> |
| <b>Operating activities</b>                                  |                       |                |
| Profit for the period                                        | 2,234                 | 2,217          |
| Adjustments for:                                             |                       |                |
| (Reversal of)/Allowance for doubtful trade receivables       | 3                     | (3)            |
| Bad debt written off (trade)                                 | -                     | 12             |
| Amortisation of intangible assets                            | -                     | 3              |
| Depreciation of property, plant and equipment                | 504                   | 445            |
| Interest income - bank                                       | (60)                  | (38)           |
| Interest expense                                             | 20                    | 28             |
| Gain on disposal of property, plant and equipment, net       | (8)                   | -              |
| Share of losses of jointly controlled entity                 | (15)                  | -              |
| Income tax expenses                                          | 587                   | 598            |
| Operating profit before working capital changes              | 3,265                 | 3,262          |
| Trade and other receivables                                  | (639)                 | (256)          |
| Inventories                                                  | (757)                 | (1,286)        |
| Trade and other payables                                     | 463                   | 1,645          |
| Cash generated from operations                               | 2,332                 | 3,365          |
| Interest paid                                                | (20)                  | (28)           |
| Interest received                                            | 60                    | 38             |
| Income tax paid                                              | (165)                 | (82)           |
| Net cash from operating activities                           | 2,207                 | 3,293          |
| <b>Investing activities</b>                                  |                       |                |
| Proceeds from disposal of property, plant and equipment      | 8                     | -              |
| Purchase of property, plant and equipment                    | (1,518)               | (64)           |
| Effect of foreign currency alignment on investing activities | (21)                  | 419            |
| Net cash (used in)/from investing activities                 | (1,531)               | 355            |



**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 (Continued)**

|                                                                                   | <b>GROUP</b>          |                |
|-----------------------------------------------------------------------------------|-----------------------|----------------|
|                                                                                   | <b>3 months ended</b> |                |
|                                                                                   | <b>31 March</b>       |                |
|                                                                                   | <b>2016</b>           | <b>2015</b>    |
|                                                                                   | <b>S\$'000</b>        | <b>S\$'000</b> |
| <b>Financing activities</b>                                                       |                       |                |
| Repayment of finance leases                                                       | (13)                  | (5)            |
| Effect of foreign currency alignment on financing activities                      | 152                   | (102)          |
| Net cash from/(used in) financing activities                                      | 139                   | (107)          |
| <b>Net increase in cash and cash equivalents</b>                                  | 815                   | 3,541          |
| <b>Cash and cash equivalents at beginning of period</b>                           | 23,624                | 21,078         |
| Effect of exchange rate changes on cash and cash equivalents                      | (15)                  | (345)          |
| <b>Cash and cash equivalents at end of period</b>                                 | 24,424                | 24,274         |
| <b><u>Analysis of the cash and cash equivalents</u></b>                           |                       |                |
| Cash, bank balances and fixed deposits                                            | 27,599                | 28,156         |
| Less: Fixed deposits pledged with bank                                            | (3,175)               | (3,882)        |
| Cash and cash equivalents for the purpose of consolidated statement of cash flows | 24,424                | 24,274         |



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 2016**

| GROUP                                                          | <u>Total equity</u><br>S\$'000 | <u>Share capital</u><br>S\$'000 | <u>Treasury shares</u><br>S\$'000 | <u>Capital reserve</u><br>S\$'000 | <u>Revaluation reserve</u><br>S\$'000 | <u>Retained earnings</u><br>S\$'000 | <u>Translation reserve</u><br>S\$'000 |
|----------------------------------------------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|
| <b>Balance at 1.01.2016</b>                                    | 91,119                         | 41,963                          | (961)                             | 108                               | 14,009                                | 40,256                              | (4,256)                               |
| Foreign currency translation differences on foreign operations | (16)                           | -                               | -                                 | -                                 | -                                     | -                                   | (16)                                  |
| <b>Other comprehensive income, net of tax</b>                  | (16)                           | -                               | -                                 | -                                 | -                                     | -                                   | (16)                                  |
| <b>Profit for the period</b>                                   | 2,234                          | -                               | -                                 | -                                 | -                                     | 2,234                               | -                                     |
| <b>Total comprehensive income for the period</b>               | 2,218                          | -                               | -                                 | -                                 | -                                     | 2,234                               | (16)                                  |
| <b>Balance at 31.03.2016</b>                                   | 93,337                         | 41,963                          | (961)                             | 108                               | 14,009                                | 42,490                              | (4,272)                               |
| <b>Balance at 1.01.2015</b>                                    | 91,604                         | 41,471                          | (961)                             | 108                               | 14,009                                | 39,951                              | (2,974)                               |
| Foreign currency translation differences on foreign operations | (345)                          | -                               | -                                 | -                                 | -                                     | -                                   | (345)                                 |
| <b>Other comprehensive income, net of tax</b>                  | (345)                          | -                               | -                                 | -                                 | -                                     | -                                   | (345)                                 |
| <b>Profit for the period</b>                                   | 2,217                          | -                               | -                                 | -                                 | -                                     | 2,217                               | -                                     |
| <b>Total comprehensive income for the period</b>               | 1,872                          | -                               | -                                 | -                                 | -                                     | 2,217                               | (345)                                 |
| <b>Balance at 31.03.2015</b>                                   | 93,476                         | 41,471                          | (961)                             | 108                               | 14,009                                | 42,168                              | (3,319)                               |

| COMPANY                                                                   | <u>Total equity</u><br>S\$'000 | <u>Share capital</u><br>S\$'000 | <u>Treasury shares</u><br>S\$'000 | <u>Capital reserve</u><br>S\$'000 | <u>Retained earnings</u><br>S\$'000 |
|---------------------------------------------------------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| <b>Balance at 1.01.2016</b>                                               | 54,106                         | 41,963                          | (961)                             | 108                               | 12,996                              |
| Loss for the period /<br><b>Total comprehensive losses for the period</b> | (237)                          | -                               | -                                 | -                                 | (237)                               |
| <b>Balance at 31.03.2016</b>                                              | 53,869                         | 41,963                          | (961)                             | 108                               | 12,759                              |
| <b>Balance at 1.01.2015</b>                                               | 46,611                         | 41,471                          | (961)                             | 108                               | 5,993                               |
| Loss for the period /<br><b>Total comprehensive losses for the period</b> | (63)                           | -                               | -                                 | -                                 | (63)                                |
| <b>Balance at 31.03.2015</b>                                              | 46,548                         | 41,471                          | (961)                             | 108                               | 5,930                               |



- 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 31 March 2016, the number of share granted under the Sinwa Share Plan but yet to be released is Nil (31 March 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.**

|                                                                 | <b>31.03.2016</b>    | <b>31.12.2015</b>    |
|-----------------------------------------------------------------|----------------------|----------------------|
|                                                                 | <b>No. of Shares</b> | <b>No. of Shares</b> |
| Treasury shares                                                 | 2,177,532            | 2,177,532            |
|                                                                 | -----                | -----                |
| Number of issued ordinary shares<br>(excluding treasury shares) | 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.**

|                                                                 | <b>31.03.2016</b>    | <b>31.12.2015</b>    |
|-----------------------------------------------------------------|----------------------|----------------------|
|                                                                 | <b>No. of Shares</b> | <b>No. of Shares</b> |
| Number of issued ordinary shares<br>(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.

**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)**

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.**

|                     | <b>GROUP</b>      |                   |
|---------------------|-------------------|-------------------|
|                     | <b>31.03.2016</b> | <b>31.03.2015</b> |
| (a) Basic (cents)   | 0.65              | 0.65              |
| (b) Diluted (cents) | 0.65              | 0.65              |

The basic earnings per share for the period is computed based on the weighted average number of 341,079,335 (31 March 2015: 338,519,335).

The diluted earnings per share for the period is computed based on the weighted average number of 341,079,335 (31 March 2015: 341,079,335) 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.**

|                                                                                | <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 (cents) as at:                      |              |                |
| (a) 31 March 2016                                                              | 27.61        | 13.75          |
| (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**

For the first three months of the financial year 2016, the Group's revenue was 10.5% higher at \$40.7 million compared to \$36.9 million for the same period last year.

The increase in revenue was mainly due to the increases in the Group's customer base and the sales to existing customers for the marine and offshore supply businesses. Our newly incorporated subsidiary in Thailand which had commenced operations in the second half of financial year 2015 ("FY2015"), had also contributed to the increase in revenue.

The Group's gross profit margin remained stable at 23.8% for the three months ended 31 March 2016 ("1Q16") against last quarter's 23.5% for the three months ended 31 March 2015 ("1Q15"). For the same period comparison, gross profit increased by 12.1% from \$8.7 million in 1Q15 to \$9.7 million for 1Q16.

Marketing and distribution costs for 1Q16 was \$1.3 million which was slightly lower than \$1.4 million in 1Q15. The slight decrease was due to some realignment of costs allocation.

Administrative expenses increased to \$5.3 million in 1Q16 compared to \$5.0 million in 1Q15. The increase was mainly due to the inclusion of Thailand subsidiary's administrative cost which only commenced operation in the second half of FY2015.

Net other income for this quarter was higher by \$0.1 million or 31.3% as compared to the same quarter last year mainly attributed by higher government grant income which mainly consists of wage credit scheme and temporary employment credit.

The increase in financial expenses was mainly due to foreign exchange loss of \$0.6 million for the quarter as compared to foreign exchange gain of \$0.4 million in 1Q15.

The Group's net profit for 1Q16 remained stable at \$2.2 million compared to same quarter last year.

Last quarter's other comprehensive income saw a loss of \$0.3 million arising from exchange differences on translating the financial statements of foreign operations, as a result of the depreciation in Australian dollar. No impact for this quarter as Australian dollar had remained stable.

**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 \$2.2 million for 1Q16 compared to \$3.3 million for 1Q15. The decrease in net cash from operating activities was mainly due to higher cash used for operations and working capital management.

Higher net cash outflow from investing activities in this quarter as compared to same quarter last year was due to the progressive payment for the construction of our new warehouse.

**Non-current Assets**

Total non-current assets had increased by \$1.0 million to \$39.6 million as at 31 March 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 \$5.7 million as at 31 March 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 increased slightly to \$46.0 million as at 31 March 2016 from \$45.3 million as at 31 December 2015; in line with higher sales.

Cash and cash equivalents increased from \$26.9 million as at 31 December 2015 to \$27.6 million as at 31 March 2016, mainly due to operating profits for the period.

**Current Liabilities**

Current liabilities increased to \$38.2 million as at 31 March 2016 from \$37.3 million as at 31 December 2015. The increase was mainly due to the income tax provision for the current period and 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.**

While there are signs of a steady, if slow revival in the general shipping market, recovery is still held back by the continuing slowdown in the Chinese economy and its impact on world trade. On the other hand the offshore market continues to stagnant in the face of low crude oil prices, with no signs of an imminent recovery anytime soon.



**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 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  
Executive Director/Chief Executive Officer  
13 May 2016