



**Second Quarter Financial Statements and Dividend Announcement
For the Financial Period Ended 30 June 2014**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Board of Directors of Sinwa Limited is pleased to announce the unaudited results of the Group for the financial period ended 30 June 2014.

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	GROUP 3 months ended 30 June			GROUP 6 months ended 30 June		
	Re-presented			Re-presented		
	2014	2013	+ / (-)	2014	2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	38,001	36,814	3.2	74,015	70,620	4.8
Cost of sales	(28,989)	(27,486)	5.5	(55,904)	(52,557)	(6.4)
Gross profit	9,012	9,328	(3.4)	18,111	18,063	0.3
Other item of income						
Financial income	176	16	>100	674	28	>100
Other items of expense						
Marketing and distribution costs	(1,106)	(1,179)	(6.2)	(2,319)	(2,215)	4.7
Administrative expenses	(5,369)	(4,627)	16.0	(10,640)	(9,218)	15.4
Other income/(expense) - net	(93)	109	(>100)	1,191	370	>100
Financial expenses	(45)	(1,550)	(97.1)	(107)	(886)	(87.9)
Share of (losses)/profit in jointly controlled entity, net of tax	7	408	(98.3)	4	230	(98.3)
Profit before income tax	2,582	2,505		6,914	6,372	8.5
Income tax expense	(420)	(436)	(3.7)	(981)	(932)	5.3
Profit for continuing operations	2,162	2,069	4.5	5,933	5,440	9.1
Discontinued operations						
Loss from discontinued operations	-	(114)	NM	-	(828)	NM
Profit for the period	2,162	1,955	10.6	5,933	4,612	28.6
Profit/(Loss) attributable to:						
Owners of the Company	2,162	1,989	8.7	5,933	4,869	21.9
Non-controlling interest	-	(34)	NM	-	(257)	NM
	2,162	1,955		5,933	4,612	



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

	GROUP 3 months ended 30 June			GROUP 6 months ended 30 June		
	Re-presented			Re-presented		
	2014	2013	+ / (-)	2014	2013	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
PROFIT FOR THE PERIOD	2,162	1,955	10.6	5,933	4,612	28.6
Other comprehensive income:						
Exchange differences on translating foreign operations	(9)	(253)	(96.4)	127	1,065	(88.1)
Share of exchange difference on translating Joint controlled entity	48	(164)	(>100)	44	(293)	(>100)
Other comprehensive income for the period, net of tax	39	(417)	(>100)	171	772	(77.8)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>2,201</u>	<u>1,538</u>	43.1	<u>6,104</u>	<u>5,384</u>	13.4
Total comprehensive income/(loss) attributable to:						
Owners of the Company	2,201	1,572	40.0	6,104	5,641	8.2
Non-controlling interest	-	(34)	NM	-	(257)	NM
	<u>2,201</u>	<u>1,538</u>	43.1	<u>6,104</u>	<u>5,384</u>	>13.4



- 1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP 3 months ended 30 June		GROUP 6 months ended 30 June	
	2014	Re-presented 2013	2014	Re-presented 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Financial income:				
Interest income - bank	44	16	62	28
Foreign exchange gain-net	132	-	612	-
	<u>176</u>	<u>16</u>	<u>674</u>	<u>28</u>
Financial expenses:				
Interest expense	(45)	(173)	(107)	(359)
Foreign exchange loss-net	-	(1,377)	-	(527)
	<u>(45)</u>	<u>(1,550)</u>	<u>(107)</u>	<u>(886)</u>
Other (expenses)/income - net				
Allowance for doubtful trade receivables	(11)	-	(95)	-
Allowance for doubtful other receivables	(150)	-	(150)	-
Write back of allowance for doubtful debts	-	42	-	42
Bad debts written off (trade)	(5)	(2)	(33)	(2)
Gain on disposal of subsidiaries	-	-	-	133
Gain/(Loss) on disposal of property, plant and equipment - net	45	(1)	1,263	(1)
Government grant income	5	19	112	47
Handling fee	21	23	38	53
Inventory written off	-	(15)	-	(23)
Management fee income	-	6	26	22
Sales of scrap material	-	32	6	86
Others	2	5	24	13
	<u>(93)</u>	<u>109</u>	<u>1,191</u>	<u>370</u>
Profit before income tax is stated after charging:-				
Amortisation of intangible assets	(4)	(6)	(7)	(18)
Depreciation of property, plant and equipment	(456)	(397)	(1,131)	(790)



	GROUP 3 months ended 30 June		GROUP 6 months ended 30 June	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Results of discontinued operations</u>				
Revenue	-	444	-	1,886
Expenses	-	(558)	-	(2,714)
Results from discontinued operations	-	(114)	-	(828)

Results of discontinued operations include the following expenses:

Gain on disposal of property, plant and equipment	-	(14)	-	4
Depreciation	-	(3)	-	(13)



- 1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	GROUP		COMPANY	
	30.06.14	31.12.13	30.06.14	31.12.13
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	40,631	44,485	163	99
Intangible assets	13	20	-	-
Goodwill	548	548	-	-
Deferred tax assets	486	341	-	-
Investments in subsidiaries	-	-	11,763	11,763
Investments in joint ventures	714	724	699	696
Other assets	59	57	-	-
Other receivables	1,144	1,268	-	-
Total non-current assets	43,595	47,443	12,625	12,558
Current assets				
Inventories	5,959	4,918	-	-
Trade and other receivables	40,765	38,208	55,113	56,482
Cash and cash equivalents	23,758	24,007	12,448	11,172
	70,482	67,133	67,561	67,654
Assets classified as held for sale	15,116	15,116	-	-
Total current assets	85,598	82,249	67,561	67,654
Total assets	129,193	129,692	80,186	80,212



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013 (Continued)

	GROUP		COMPANY	
	30.06.14	31.12.13	30.06.14	31.12.13
	S\$'000	S\$'000	S\$'000	S\$'000
EQUITY AND LIABILITIES				
Equity				
Share capital	40,249	39,881	40,249	39,881
Retained earnings	43,355	40,788	7,311	5,644
Revaluation reserves	13,481	13,481	-	-
Equity compensation reserve	-	294	-	294
Foreign currency translation reserve	(2,442)	(2,613)	-	-
Equity attributable to owners of the Company	94,643	91,831	47,560	45,819
Non-controlling interest	(739)	(739)	-	-
Total equity	93,904	91,092	47,560	45,819
Non-current liabilities				
Deferred tax liabilities	2,794	2,794	-	-
Borrowings	3,530	-	3,530	-
Finance leases	50	-	-	-
Total non-current liabilities	6,374	2,794	3,530	-
Current liabilities				
Income tax payable	1,797	1,336	20	39
Trade and other payables	26,932	25,800	29,076	30,999
Finance leases	20	-	-	-
Borrowings	166	8,670	-	3,355
Total current liabilities	28,915	35,806	29,096	34,393
Total liabilities	35,289	38,600	32,626	34,393
Total equity and liabilities	129,193	129,692	80,186	80,212

	GROUP	
	30.06.14	31.12.13
<u>Financial ratios</u>		
Inventory turnover (days)	19	17
Trade receivables turnover (days)	94	94
Gearing (total borrowings to total equity)	0.04	0.10



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

Amount repayable in one year or less, or on demand

30.06.2014		31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	166	8,504	166

Amount repayable after one year

30.06.2014		31.12.2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,530	-	-	-

Details of any collateral:

The liabilities are secured by corporate guarantees from the Company and relate to:

- 1) Working capital financing obtained for subsidiaries; and
- 2) Loan obtained to finance the construction of 2 offices cum warehouse complexes and 1 residential property in Australia.

There are some borrowings that are also jointly and severally guaranteed by the Company and subsidiaries.

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

- a) 3 commercial properties in Singapore;
- b) 2 commercial properties in Australia;
- c) 2 residential properties in Australia;
- d) All other assets and undertakings of 2 subsidiaries in Australia;
- e) Fixed deposits



- 1(d) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	GROUP		GROUP	
	3 months ended		6 months ended	
	30 June		30 June	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit for the period	2,162	1,955	5,933	4,612
Adjustments for:				
Allowance for doubtful trade receivables	11	-	95	-
Allowance for doubtful non trade receivables	150		150	
Write back of allowance for doubtful trade receivables	-	(42)	-	(42)
Bad debts written off (trade)	5	2	33	2
Amortisation of intangible assets	4	6	7	18
Depreciation of property, plant and equipment	456	400	1,131	803
Interest income - bank	(44)	(17)	(62)	(29)
Interest expense	45	173	107	358
Gain on disposal of subsidiaries	-	-	-	(133)
(Gain)/Loss on disposal of property, plant and equipment - net	(45)	(1)	(1,263)	(1)
Share of results of jointly controlled entity	(7)	(408)	(4)	(230)
Income tax expense	420	436	981	932
Inventory written off	-	15	-	23
Operating profit before working capital changes	3,157	2,519	7,108	6,313
Trade and other receivables	(1,804)	216	(3,302)	(3,915)
Inventories	292	449	(1,074)	51
Work in progress	-	160	-	647
Trade and other payables	(298)	114	1,169	679
Cash generated from operations	1,347	3,458	3,901	3,775
Interest paid	(45)	(173)	(107)	(358)
Interest received	44	17	62	29
Income tax paid	(666)	(683)	(628)	(589)
Net cash from/(used in) operating activities	680	2,619	3,228	2,857



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014 (Continued)

	GROUP		GROUP	
	3 months ended		6 months ended	
	30 June		30 June	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Investing activities				
Repayment from/(Advances to) PRC licensees	-	(98)	(26)	(19)
Proceeds from disposal of property, plant and equipment	128	12	5,663	54
Purchase of property, plant and equipment	(363)	(276)	(873)	(443)
Joint Venture company	-	-	-	23,687
Proceeds from disposal of subsidiaries	-	650	650	2,150
Effect of foreign currency alignment on investing activities	(190)	1,373	(792)	1,019
Net cash (used in)/from investing activities	<u>(425)</u>	<u>1,661</u>	<u>4,622</u>	<u>26,448</u>
Financing activities				
Proceeds from borrowings	3,438	-	3,438	-
Repayment of borrowing	(6,803)	(2,479)	(8,565)	(2,479)
Proceeds from bills financing	-	1,374	-	4,952
Repayment of bills financing	-	(3,174)	-	(6,269)
Proceeds from finance leases	74	-	74	-
Repayment of finance leases	(4)	(12)	(4)	(22)
(Repayment) /Advances from Non-controlling interest	-	(30)	-	(30)
Dividends paid	(3,366)	(5,020)	(3,366)	(5,020)
Fixed deposit pledge with bank	(3,522)	-	(3,522)	-
Effect of foreign currency alignment on financing activities	61	(948)	153	(726)
Net cash used in financing activities	<u>(10,122)</u>	<u>(10,289)</u>	<u>(11,792)</u>	<u>(9,594)</u>
Net increase/ (decrease) in cash and cash equivalents	(9,867)	(6,009)	(3,942)	19,711
Cash and cash equivalents at beginning of period	30,064	39,057	24,007	13,277
Effect of exchange rate changes on cash and cash equivalents	39	(570)	171	(510)
Cash and cash equivalents at end of period	<u>20,236</u>	<u>32,478</u>	<u>20,236</u>	<u>32,478</u>
<u>Analysis of the cash and cash equivalents</u>				
Cash and cash equivalents	23,758	32,478	23,758	32,478
Fixed Deposit pledge with bank	(3,522)	-	(3,522)	-
Cash and cash equivalents for the purpose of statement of cash flow	<u>20,236</u>	<u>32,478</u>	<u>20,236</u>	<u>32,478</u>



1(e) 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.

GROUP	Total equity	Non- controlling interest	Equity, attributable to owners of the Company	Share capital	Treasury shares	Capital reserve	Equity compensation reserve	Revaluation reserve	Retained earnings	Translation reserve
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.1 2014	91,092	(739)	91,831	40,734	(961)	108	294	13,481	40,788	(2,613)
Profit for the period	3,771	-	3,771	-	-	-	-	-	3,771	-
Foreign currency translation differences on foreign operation	136	-	136	-	-	-	-	-	-	136
Share of reserve of jointly controlled entities	(4)	-	(4)	-	-	-	-	-	-	(4)
Other comprehensive income	132	-	132	-	-	-	-	-	-	132
Total comprehensive income for the year	3,903	-	3,903	-	-	-	-	-	3,771	132
Share based payment	74	-	74	-	-	-	74	-	-	-
Issue of share	-	-	-	368	-	-	(368)	-	-	-
Total transactions with owners	74	-	74	368	-	-	(294)	-	-	-
Balance at 31.3.2014	95,069	(739)	95,808	41,102	(961)	108	-	13,481	44,559	(2,481)
Balance at 1.4 2014	95,069	(739)	95,808	41,102	(961)	108	-	13,481	44,559	(2,481)
Profit for the period	2,162	-	2,162	-	-	-	-	-	2,162	-
Foreign currency translation differences on foreign operation	(9)	-	(9)	-	-	-	-	-	-	(9)
Share of reserve of jointly controlled entities	48	-	48	-	-	-	-	-	-	48
Other comprehensive income	39	-	39	-	-	-	-	-	-	39
Total comprehensive income for the year	2,201	-	2,201	-	-	-	-	-	2,162	39
Dividends/total transaction with owners	(3,366)	-	(3,366)	-	-	-	-	-	(3,366)	-
Balance at 30.6.2014	93,904	(739)	94,643	41,102	(961)	108	-	13,481	43,355	(2,442)



SINWA LIMITED
(Co. Reg. No.: 200206542H)

GROUP	Total equity	Non- controlling interest	Equity attributable to owners of the Company	Share capital	Treasury shares	Capital reserve	Equity compensation reserve	Revaluation reserve	Retained earnings	Translation reserve
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.1 2013	95,398	(503)	95,901	40,734	(961)	108	-	13,481	45,711	(3,172)
Profit for the period	2,657	(223)	2,880	-	-	-	-	-	2,880	-
Foreign currency translation differences on foreign operation	1,318	-	1,318	-	-	-	-	-	-	1,318
Share of reserve of jointly controlled entity	(129)	-	(129)	-	-	-	-	-	-	(129)
Other comprehensive income	1,189	-	1,189	-	-	-	-	-	-	1,189
Total comprehensive income for the period	3,846	(223)	4,069	-	-	-	-	-	2,880	1,189
Disposal of subsidiaries/total transaction with owners	63	63	-	-	-	-	-	-	-	-
Balance at 31.3. 2013	<u>99,307</u>	<u>(663)</u>	<u>99,970</u>	<u>40,734</u>	<u>(961)</u>	<u>108</u>	<u>-</u>	<u>13,481</u>	<u>48,591</u>	<u>(1,983)</u>
Balance at 1.4 2013	99,307	(663)	99,970	40,734	(961)	108	-	13,481	48,591	(1,983)
Profit for the period	1,955	(34)	1,989	-	-	-	-	-	1,989	-
Foreign currency translation differences on foreign operation	(253)	-	(253)	-	-	-	-	-	-	(253)
Share of reserve of jointly controlled entity	(164)	-	(164)	-	-	-	-	-	-	(164)
Other comprehensive income	(417)	-	(417)	-	-	-	-	-	-	(417)
Total comprehensive income for the period	1,538	(34)	1,572	-	-	-	-	-	1,989	(417)
Dividends/total transaction with owners	(5,020)	-	(5,020)	-	-	-	-	-	(5,020)	-
Balance at 30.6. 2013	<u>95,825</u>	<u>(697)</u>	<u>96,522</u>	<u>40,734</u>	<u>(961)</u>	<u>108</u>	<u>-</u>	<u>13,481</u>	<u>45,560</u>	<u>(2,400)</u>



STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014
(Continued)

COMPANY	Total <u>equity</u> S\$'000	Share <u>capital</u> S\$'000	Treasury <u>shares</u> S\$'000	Equity Compensation <u>reserve</u> S\$'000	Capital <u>reserve</u> S\$'000	Retained. <u>earnings</u> S\$'000
Balance at 1 January 2014	45,819	40,734	(961)	294	108	5,644
Profit for the period/total comprehensive income for the period	30	-	-	-	-	30
Issue of shares/ total transaction with owners	74	368	-	(294)	-	-
Balance at 31 March 2014	<u>45,923</u>	<u>41,102</u>	<u>(961)</u>	<u>-</u>	<u>108</u>	<u>5,674</u>
Balance at 1 April 2014	45,923	41,102	(961)	-	108	5,674
Profit for the period/total comprehensive income for the period	5,003	-	-	-	-	5,003
Dividends/ total transaction with owners	(3,366)	-	-	-	-	(3,366)
Balance at 30 June 2014	<u>47,560</u>	<u>41,102</u>	<u>(961)</u>	<u>-</u>	<u>108</u>	<u>7,311</u>
Balance at 1 January 2013	50,315	40,734	(961)	-	108	10,434
Total comprehensive income for the period	(4,378)	-	-	-	-	(4,378)
Balance at 31 March 2013	<u>45,937</u>	<u>40,734</u>	<u>(961)</u>	<u>-</u>	<u>108</u>	<u>6,056</u>
Balance at 1 April 2013	45,937	40,734	(961)	-	108	6,056
Total comprehensive income for the period	244	-	-	-	-	244
Dividends/ total transaction with owners	(5,020)	-	-	-	-	(5,020)
Balance at 30 June 2013	<u>41,161</u>	<u>40,734</u>	<u>(961)</u>	<u>-</u>	<u>108</u>	<u>1,280</u>



- 1(f)(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Sinwa Share Plan

As at 30 June 2014, the number of share granted under the Sinwa Share Plan but yet to be released is 4,480,000. (30 June 2013: Nil).

- 1(f)(ii) Number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer.**

	30.06.2014	30.06.2013
	No. of Shares	No. of Shares
Treasury shares	2,177,532	2,177,532
	-----	-----
Number of issued ordinary shares (excluding treasury shares)	336,599,335	334,679,335
	-----	-----
Percentage (%)	0.647%	0.651%
	-----	-----

- 1(f)(iii) To show total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	30.06.2014	31.12.2013
	No. of Shares	No. of Shares
Number of issued ordinary shares (excluding treasury shares)	336,599,335	334,679,335
	-----	-----

- 1(f)(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.**

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 2013.

In the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on 1 January 2014. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods except for the accounting policies disclosed in item 5 below

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 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements

FRS 110 replaces the control assessment criteria and consolidation requirement in FRS 27 and INT FRS 12, Consolidation-Special Purpose Entities. FRS 110 defines the principle of control and established a new control model as the basis of determining which entities are to be consolidated in the consolidated financial statements. FRS 27 remains as standard applicable only to separate financial statements. With the adoption of FRS 110, management is required to exercise more judgement than under the current requirement of FRS 27 in order to determine which entities are controlled by the Group.

With the adoption of this standard, the management does not expect any changes to the entities being consolidated by the Group.

- b) FRS 111 Joint Arrangement and FRS 28 Investment in Associates and Joint Ventures

FRS 111 supersedes FRS 31, Interest in Joint Ventures and INT FRS 13, Jointly Controlled Entities – Non-Monetary Contributions by Ventures. FRS 111 classifies a joint venture arrangement either as a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. Under FRS 111, all joint ventures must be accounted for under equity method, as described in the revised FRS 28, and proportionate consolidation is prohibited. These changes will take effect from the financial year beginning on 1 January 2014 with full retrospective application.

The Group's investments in Yakki International Pte Ltd and Nordic International Limited were consolidated into the financial statement of the Group using the proportionate consolidation method under FRS 31. With the adoption FRS 111, the Group is required to use equity method to consolidate the financial of these two joint venture entities instead. This will have an impact on the presentation of the Group's statements of financial position as at 31 March 2014 and the figures of the immediate preceding year. Management does not expect the adoption of FRS 111 to have any material net impact on its financial position or performance of the Group.

- c) FRS 112 Disclosure of interests in Other Entities

FRS 112 is a new standard which prescribes comprehensive disclosure requirements for all types of interest in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. This new standard is likely result in more extensive disclosures in the financial statements. However, there will be no impact on the financial position or financial performance of the Group.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP			
	3 months ended		6 months ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
(a) Basic (cents)	0.64	0.59	1.76	1.45
(b) Diluted (cents)	0.63	0.59	1.74	1.45

The basic earnings per share for 3 months period ended is computed based on the weighted average number of 336,599,335. (2013: 334,679,335).

The basic earnings per share for 6 months period ended is computed based on the weighted average number of 336,461,434. (2013: 334,679,335).

The diluted earnings per share for 3 months period ended 30 June 2014 and 6 months period ended 30 June 2014 is 341,079,335 (Q213: 336,599,335, 1H13 :336,599,335) computed based on the weighted average number of shares issued during the period and the full potential dilutive effect of shares under the Sinwa Share Plan.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	GROUP	COMPANY
The total number of issued shares excluding treasury shares at the end of the:		
(a) current financial period reported on	336,599,335	336,599,335
(b) immediately preceding financial year	334,679,335	334,679,335
Net asset value per issued ordinary shares as at (cents)		
(a) 30 June 2014	28.12	14.13
(b) 31 December 2013	27.44	13.69

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

The Group's revenue increased by \$1.2 million to \$38.0 million for three months period ended 30 June 2014 (2Q14) and \$3.4 million to \$74.0 million for the first half of the year ended 30 June 2014 (1H14) compared to the corresponding periods in FY2013.

The increase in revenue for 2Q14 and 1H14 was mainly due to higher revenue recorded from the marine offshore supply business in Singapore and Australia

Gross margin decreased to 23.7% in 2Q14 from 25.3% in 2Q13. It decreased to 24.5% in 1H14 from 25.6% in 1H13. The decrease in gross margin was mainly due to the disposal of our Anchor Handling Tug in first quarter of 2014 and thus no chartering income was earned after the disposal. The secondary reason was a compression of margin in our marine supply business due to competition.

Marketing and distribution cost decreased slightly by \$73,000 to \$1.1 million in 2Q14. In overall 1H14, Marketing and distribution cost increase to \$2.3 million from \$2.2 million in 1H13. The increase was mainly due to higher marketing and distribution costs associated with higher sales.

Administrative expenses increased by \$0.7 million in 2Q14 to \$5.4 million and by \$1.4 million to \$10.6 million in 1H14. The increases were mainly due to higher staff costs and accelerated depreciation of some fixed assets.

The Group recorded an Other expense – net of \$93,000 in 2Q14 compared to an Other income- net of \$109,000 in 2Q13. The net loss in 2Q14 was mainly due to allowance for doubtful receivables of \$161,000. Other income -net increased by \$721,000 in 1H14 from \$370,000 in 1H13 mainly due to gains from the disposal of AHT.

Financial income increased by \$160,000 in 2Q14 to \$176,000 compared to \$16,000 for 2Q13. For 1H14, financial income increased by \$646,000 to \$674,000 compared to \$28,000 for 1H13. The increase in financial income for 2Q14 and 1H14 was mainly due to the foreign exchange gain.

Financial expenses decreased by \$1.5 million in 2Q14 to \$45,000 and decreased by \$779,000 to \$107,000 in 1H14. The decrease in financial expenses was mainly due to the strengthening of Australian dollar against Singapore dollar.

With the adoption of FRS 111 Joint Arrangement and FRS 28 Investment in Associate and Joint Venture, the Company has re-presented its share of results of jointly controlled entity from proportionate consolidation method to equity method. Under this equity method, the Group presented its share of result of jointly controlled entity as share of losses of jointly controlled entity for the current and comparative period.

Lower profit from joint venture company for 2Q14 and 1H14 compared to 2Q13 and 1H13 was due to cessation of the operation of joint venture company –Yakki International subsequent to the disposal of its liftboat in first quarter 2013. The profit in 2Q13 mainly due to reversal of deferred tax.

Discontinued operations refers to the engineering division –Sinwa Engineering Pte Ltd and its subsidiaries which was announced on 14 December 2013 by the Company that the division will be voluntarily wound up. No cost was incurred for the current period as the engineering division has ceased operation and is in the process of winding up. The loss of \$0.1 million incurred in 2Q13 and

1H13 included the costs of repatriation of foreign workers, dormitory and office rental as well as costs incurred in completing the projects on hand.

The Group's net profit for 2Q14 was \$2.2 million compared to \$2.0 million for 2Q13. The increase in 2Q14 profit was mainly due to an increase in revenue which was partially offset by a decrease in gross margin and an increase in administrative expenses. For 1H14, the increase of profit from \$4.6 million in 1H13 to \$5.9 million was mainly due to an increase in revenue and gain on disposal of AHT partially offset by an increase in administrative expenses.

(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 2Q14 decreased from \$2.6 million for 2Q13 to \$0.7 million. Lower net cash inflow from the operating activities was mainly due higher cash tied up in trade and other receivables. Net cash inflow in 1H14 recorded an increase of \$0.3 million from \$2.9 million for 1H13 to \$3.2 million. The increase in net cash inflow from the operating activities was mainly due to higher profit for the period.

Cashflow from investing activities in 2Q13 was a net cash outflow of \$0.4 million compared to net cash inflow of \$1.6 million in 2Q13. Net cash outflow for 2Q14 was mainly due to purchase of property, plant and equipment. Whereas for 2Q13, the net cash inflow was due to the proceeds from the disposal of AMS Group. Cash inflow from investing activities in 1H14 was mainly generated from the disposal of Anchor Handling Tug of \$5.5 million and the final instalment of \$0.6 million of the proceeds from the disposal of AMS Group, offset by the purchase of property, plant and equipment of \$0.9 million. Whereas in 1H13, the cash inflow was due to the repayment of shareholder loan of \$23.7 million by Yakki International Pte Ltd subsequent to its disposal of the liftboat, KS Titan 2 and the partial receipts of the sales proceeds from the disposal of the AMS Group.

Net cash used in financing activities 2Q14 and 1H14 was mainly due to the net repayment of borrowings and payment of dividend.

Non-current assets

The decreased in property, plant and equipment to \$40.6 million as at 30 June 2014 from \$44.5 million as at 31 December 2013 was mainly due to the disposal of AHT in March 2014.

Increase in deferred tax assets was due to the recognition of tax lossess by our Australian subsidiaries.

Current Assets

Inventories increased to \$6.0 million as at 30 June 2014 from \$4.9 million as at 31 December 2013. The increase in inventories was mainly due to higher sales orders towards the end of period.

Trade and other receivables registered an increase of \$2.6 million from \$38.2 million as at 31 December 2013 to \$40.8 million as at 30 June 2014 in line with higher sales for the period ended 30 June 2014.

Assets classified as held for sale refers to the investment in joint venture entity –Nordic International Limited. With the adoption of FRS 111 Joint Arrangement, the Group has reclassified the investment in Nordic from proportionate consolidation method to equity method. As of 30 June 2014, this investment still pending for the court decision for it final valuation. As such, this investment continues to be classified as aeests held for sale.



Equity

Share capital increased to \$40.2 million as of 30 June 2014 from \$39.9 million as of 31 December 2013. The increase in share capital is due to the issuance of 1,920,000 share under the Sinwa Share Plan.

The foreign currency translation reserve decreased from negative \$2.6 million as of 31 December 2013 to negative \$2.4 million as at 30 June 2014. The improvement was mainly due to the strengthening of Australian dollar against the Singapore dollar.

Non Current liabilities

Total non-current liabilities increased from \$2.8 million as of 31 December 2013 to \$6.4 million as of 30 June 2014. The increase was mainly due to the refinancing of short term loans into long term loans.

Current liabilities

Trade and other payables increased from \$25.8 million as of 31 December 2013 to \$26.9 million as of 30 June 2014. The increase was in line with higher level of inventories and increase in business volume.

Current liabilities decreased from \$35.8 million as of 31 December 2013 to \$28.9 million as of 30 June 2014. The decreased was mainly because the Group made a repayment of \$5.1 million bank loan and refinanced \$3.5 million short term loans into a long term loan.

- 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 outlook for the general shipping industry is still of cautious optimism now that the industry has seen the worst and going forward, shipping rates are expected to stabilise at current levels in the near term.

These positive sentiments contribute to demand for marine supplies and logistics services. The offshore market continues to grow in the Asia Pacific region due to heightened level of demand for oil and gas.

With growing oil and gas exploration and production activities shifted to this region, we are poised to tap on the opportunities of offshore supplies. Overall we expect the competition to intensify as players increase their presence in these markets.



11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes, the Board wishes to declare an interim tax exempt dividend of \$0.0175 per share (which consists of a special dividend of \$0.0125 per share from the proceeds of disposal of AHT and an interim dividend of \$0.005 per share for FY2014).

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes, an interim tax exempt dividend of \$0.02 per share (which consists of a special dividend \$0.015 per share to return excess funds from our rights issue and proceeds from our sale of liftboat, KS Titan 2, and an interim dividend of \$0.005 per share for FY2013) was declared and paid on 6 September 2013.

(c) Date payable

The interim dividend will be paid on 10 September 2014.

(d) Books closure date

The Share Transfer books and Register of Members of the Company closed on 29 August 2014 for the purpose of determining shareholders' entitlement to the Company's interim tax exempt dividend of \$0.0175 per share.

12. If no dividend has been declared/recommended, 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, Tan Lay Ling and Bruce William Rann, being two 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 30 June 2014 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Tan Lay Ling
Executive Chairman

Bruce William Rann
Chief Executive Officer

BY ORDER OF THE BOARD

Bruce William Rann
Chief Executive Officer
11 August 2014