



ROWSLEY LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 199908381D)
(the "Company")

Unaudited Second Quarter Financial Statement Announcement For The Financial Period Ended 30 June 2017

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Group			Group		
	2 nd quarter ended 30 June			Half year ended 30 June		
	2017	2016	Change	2017	2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	22,524	22,316	1	45,078	42,805	5
Other income	A 2,701	2,479	9	5,257	5,616	(6)
Staff costs	(17,705)	(15,167)	17	(36,434)	(30,863)	18
Other expenses	B (8,111)	(10,625)	(24)	(15,970)	(19,191)	(17)
Foreign exchange loss, net	(92)	(868)	(89)	(464)	(2,017)	(77)
Share of profit/(loss) of associated companies	767	(500)	NM	1,340	69	1,842
Fair value changes in purchase consideration payable	4,168	-	NM	7,089	9,000	(21)
Profit/(Loss) before interest, tax, depreciation and amortisation (EBITDA)	4,252	(2,365)	NM	5,896	5,419	9
Interest income	46	29	59	77	135	(43)
Finance costs	C (1,849)	(1,890)	(2)	(3,689)	(3,785)	(3)
Depreciation and amortisation	(1,396)	(1,535)	(9)	(2,765)	(3,096)	(11)
Results from operating activities	1,053	(5,761)	NM	(481)	(1,327)	(64)
Tax (expense)/credit	D (3)	255	NM	(205)	353	NM
Profit/(Loss) for the period	1,050	(5,506)	NM	(686)	(974)	(30)
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations	6,260	(11,873)	NM	(793)	(3,975)	(80)
Net change in fair value of available-for-sale financial assets	(211)	(314)	(33)	(493)	(565)	(13)
Other comprehensive income for the period, net of tax	6,049	(12,187)	NM	(1,286)	(4,540)	(72)
Total comprehensive income for the period	7,099	(17,693)	NM	(1,972)	(5,514)	(64)
Profit/(Loss) attributable to:						
Equity holders of the Company	1,197	(5,294)	NM	(356)	(528)	(33)
Non-controlling interests	(147)	(212)	(31)	(330)	(446)	(26)
Profit/(Loss) for the period	1,050	(5,506)	(119)	(686)	(974)	(30)
Total comprehensive income attributable to:						
Equity holders of the Company	7,019	(16,911)	NM	(1,705)	(3,695)	(54)
Non-controlling interests	80	(782)	NM	(267)	(1,819)	(85)
Total comprehensive income for the period	7,099	(17,693)	NM	(1,972)	(5,514)	(64)

NM – Not meaningful

Earnings per share attributable to ordinary shareholders of the Company (cents per share)

	Group		Group	
	2 nd quarter ended 30 June		Half year ended 30 June	
	2017	2016	2017	2016
Basic earnings per share	0.026	(0.114)	(0.008)	(0.012)
Diluted earnings per share	0.026	(0.114)	(0.008)	(0.012)

1 (a) (ii) Notes to the Consolidated Statement of Comprehensive Income

	Group			Group		
	2 nd quarter ended 30 June			Half year ended 30 June		
	2017	2016	Change	2017	2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
(A) Other income						
Reversal of impairment loss on trade receivables	76	-	NM	76	-	NM
Reversal of impairment loss on other receivables	28	-	NM	28	-	NM
Management consultancy fee	406	228	78	516	406	27
Sales of prints	102	53	92	137	97	41
Jobs credit/government grant	229	138	66	394	415	(5)
Wages reimbursed from customers	1,832	2,039	(10)	3,998	4,629	(14)
Gain on disposal of available for sale financial assets	-	-	NM	-	32	NM
Gain on disposal of property, plant and equipment	-	1	NM	-	1	NM
Others	28	20	40	108	36	200
	<u>2,701</u>	<u>2,479</u>	<u>9</u>	<u>5,257</u>	<u>5,616</u>	<u>(6)</u>
(B) Other expenses						
Selling and marketing expenses	(154)	(886)	(83)	(258)	(1,763)	(85)
Directors' fee	(73)	(87)	(16)	(161)	(189)	(15)
Professional fees	(556)	(568)	(2)	(896)	(1,087)	(18)
Rental	(1,509)	(1,327)	14	(3,058)	(2,633)	16
Travelling and entertainment expenses	(724)	(379)	91	(1,457)	(1,016)	43
Loss on disposal of property, plant and equipment	-	(30)	NM	-	(63)	NM
Repairs and maintenance	(527)	(480)	10	(1,073)	(954)	12
Project expenses	(2,472)	(4,558)	(45)	(5,718)	(7,476)	(24)
Administrative expenses	(55)	(66)	(17)	(122)	(143)	(15)
Reversal of allowance for foreseeable losses	129	194	(34)	668	465	44
Gifts and donations	6	(280)	NM	(10)	(342)	(97)
Advertisement	(88)	(44)	100	(137)	(63)	117
Telephone and internet	(82)	(68)	21	(173)	(144)	20
Utilities	(100)	(71)	41	(177)	(145)	22
Printing and stationery	(79)	(87)	(9)	(183)	(170)	8
Leasing of office equipment	(40)	(82)	(51)	(79)	(119)	(34)
Hotel and café operating costs	(1,200)	(1,202)	0	(2,137)	(2,276)	(6)
Others	(587)	(604)	(3)	(999)	(1,073)	(7)
	<u>(8,111)</u>	<u>(10,625)</u>	<u>(24)</u>	<u>(15,970)</u>	<u>(19,191)</u>	<u>(17)</u>

NM – Not meaningful

	Group			Group		
	2 nd quarter ended 30 June			Half year ended 30 June		
	2017	2016	Change	2017	2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
(C) Finance costs						
Interest on bank loans	(131)	(182)	(28)	(277)	(370)	(25)
Interest expense on Medium Term Notes	(1,718)	(1,708)	1	(3,412)	(3,415)	0
	<u>(1,849)</u>	<u>(1,890)</u>	<u>(2)</u>	<u>(3,689)</u>	<u>(3,785)</u>	<u>(3)</u>
(D) Tax expense						
Current tax (expense)/ credit	(93)	175	NM	(277)	(169)	64
Current deferred tax credit	113	83	36	218	525	(58)
Under provision in respect of prior years	(23)	(3)	667	(146)	(3)	4767
	<u>(3)</u>	<u>255</u>	<u>NM</u>	<u>(205)</u>	<u>353</u>	<u>NM</u>

NM – Not meaningful

1(b)(i) 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.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at	As at	As at	As at
	30 Jun 17	31 Dec 16	30 Jun 17	31 Dec 16
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	59,419	56,173	130	161
Goodwill	93,090	78,873	-	-
Intangible assets	3,594	4,443	-	-
Investment property	147,986	148,444	-	-
Subsidiaries	-	-	498,561	507,416
Associates	25,554	26,866	-	-
Other investments	1,548	2,041	-	-
Deferred tax assets	528	548	-	-
	331,719	317,388	498,691	507,577
Current assets				
Development property	139,728	140,163	-	-
Work-in-progress	36,975	35,863	-	-
Inventories	289	302	-	-
Amounts due from subsidiaries – non-trade	-	-	30,668	9,627
Trade and other receivables	33,032	37,149	548	380
Cash and cash equivalents	31,479	37,580	5,109	6,644
	241,503	251,057	36,325	16,651
Total assets	573,222	568,445	535,016	524,228
EQUITY				
Share capital	788,267	782,967	788,267	782,967
Fair value reserve	(130)	363	-	-
Foreign currency translation reserve	(73,015)	(72,159)	-	-
Accumulated losses	(306,267)	(305,911)	(355,216)	(360,848)
Equity attributable to owners of the Company	408,855	405,260	433,051	422,119
Non-controlling interests	1,833	2,140	-	-
Total equity	410,688	407,400	433,051	422,119
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	3,022	3,171	20	20
Borrowings	17,968	116,100	-	99,526
Purchase consideration payable	14,264	11,513	-	-
	35,254	130,784	20	99,546
Current liabilities				
Excess of progress billings over work-in-progress	5,431	3,714	-	-
Trade and other payables	21,020	24,846	2,234	2,563
Current tax payable	318	706	-	-
Purchase consideration payable	800	-	-	-
Borrowings	99,711	995	99,711	-
	127,280	30,261	101,945	2,563
Total liabilities	162,534	161,045	101,965	102,109
TOTAL EQUITY AND LIABILITIES	573,222	568,445	535,016	524,228

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

Group

Amount repayable in one year or less, or on demand:

	As at 30 Jun 2017		As at 31 Dec 2016	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Bank loan	-	-	995	-
Medium Term Notes	-	99,711	-	-

Amount repayable after one year:

	As at 30 Jun 2017		As at 31 Dec 2016	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Bank loan	17,968	-	16,574	-
Medium Term Notes	-	-	-	99,526

Medium Term Notes ("MTN")

On 27 March 2015, the Company issued S\$100 million 6.5 per cent fixed rate notes due 2018 ("Notes") under the S\$500 million Multicurrency Medium Term Note Programme that was established on 17 November 2014.

The net proceeds arising from the issuance of the Notes (after deducting issue expenses) would be used for general corporate purposes of the Company and its subsidiaries, including, but not limited to, financing investments, acquisitions and expansion, repayment of borrowings, general working capital and capital expenditure requirements of the Company and/or its subsidiaries.

Details of Collateral

The Notes are secured by a charge over an interest service reserve account in which the Company maintains an interest reserve amount equivalent to six months' interest on the Notes. The bank loan is secured by a fixed and floating charge over the assets of the borrowing subsidiary.

1(c) 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	Group		Group	
	2nd quarter ended 30 June		Half year ended 30 June	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit/(Loss) for the period	1,050	(5,506)	(686)	(974)
Adjustments for:				
- Tax expense/ (credit)	3	(255)	205	(353)
- Depreciation of property, plant and equipment	971	1,338	1,916	2,700
- Amortisation of intangible assets	425	197	849	396
- Gain on disposal of available-for-sale financial assets	-	-	-	(32)
- Loss on disposal of property, plant and equipment	-	30	-	63
- Interest income	(46)	(29)	(77)	(135)
- Interest expense	1,849	1,890	3,689	3,785
- Share of loss/(profit) of associated companies	(767)	500	(1,340)	(69)
- Fair value changes in purchase consideration payable, net of settlement loss	(4,168)	-	(7,089)	(9,000)
- Reversal of impairment loss on trade receivables	(76)	-	(76)	-
- Reversal of impairment loss on other receivables	(28)	-	(28)	-
- Reversal of allowance for foreseeable losses	(129)	(194)	(668)	(465)
- Unrealised foreign exchange loss/(gain)	33	127	(91)	1,022
Operating loss before working capital changes	(883)	(1,902)	(3,396)	(3,062)
Changes in working capital :				
- Inventories	(23)	(19)	13	(7)
- Work-in-progress	304	2,536	(444)	1,829
- Trade and other receivables	(115)	(2,969)	6,174	7,791
- Trade and other payables	760	2,090	(4,735)	(4,427)
- Progress billings	2,519	2,238	1,717	1,572
Cash generated from operations	2,562	1,974	(671)	3,696
- Interest received	41	19	57	165
- Tax paid	(388)	(1,101)	(808)	(1,733)
Net cash generated from/(used in) operating activities	2,215	892	(1,422)	2,128
Cash flows from investing activities				
Net cash flows on acquisition of subsidiaries	1,712	-	877	-
Investment in an associated company	(70)	-	(70)	-
Additions to property, plant and equipment	(2,787)	(365)	(4,532)	(932)
Proceeds from disposal of property, plant and equipment	-	7	-	125
Net proceeds from disposal of available-for-sale financial assets	-	-	-	32
Expenditure on investment properties	(2)	(524)	(3)	(524)
Dividend received from an associated company	1,111	709	2,873	1,396
Movement in fixed deposits	(3,368)	1,474	(2,032)	(678)
Net cash (used in)/generated from investing activities	(3,404)	1,301	(2,887)	(581)
Cash flows from financing activities				
Expenditure from issuance and listing of ordinary shares	(30)	-	(60)	(30)
Interest paid	(227)	(182)	(3,689)	(3,611)
Proceeds from / (Repayment) of borrowings	-	-	244	(271)
Net cash used in financing activities	(257)	(182)	(3,505)	(3,912)
Net (decrease)/increase in cash and cash equivalents	(1,446)	2,011	(7,814)	(2,365)
Cash and cash equivalents at beginning of the period	26,067	28,668	32,929	34,059
Effect of exchange rate changes on cash held	191	(348)	(303)	(1,363)
Cash and cash equivalents at end of the period	24,812	30,331	24,812	30,331

	Group		Group	
	2 nd quarter ended 30 June		Half year ended 30 June	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents comprise:				
Cash and bank balances	31,479	28,301	31,479	28,301
Short-term deposits	-	5,975	-	5,975
	31,479	34,276	31,479	34,276
Less: Fixed deposits with maturities of more than 3 months	(3,352)	(678)	(3,352)	(678)
Cash held in interest service reserve account	(3,315)	(3,267)	(3,315)	(3,267)
Cash and cash equivalents in the consolidated statement of cash flows	24,812	30,331	24,812	30,331

Notes to Consolidated Statement of Cash Flows

During the financial period ended 30 June 2017, the Group completed the following acquisitions:

- (i) Acquisition of the entire issued and paid-up share capital of AC Consortium Pte Ltd (“AC Consortium”) on 30 June 2017. The aggregate consideration for the acquisition was up to \$8,000,000, to be satisfied by way of allotment and issue of new shares of the Company.

An initial consideration of \$4,400,000 amounting to 60,773,480 shares based on a weighted average share price of \$0.0724 per share were allotted and issued to AC Consortium vendors.

- (ii) Acquisition of the entire issued and paid-up share capital of Ariva Pte Ltd (“Ariva”) on 28 February 2017. The aggregate consideration for the acquisition was up to \$10,600,000, to be satisfied by way of cash and the allotment and issue of new shares of the Company, at an issue price of \$0.15 per consideration share.

An initial consideration of 8,000,000 shares amounting to \$960,000, based on the closing share price of \$0.12 per share on the acquisition date, were allotted and issued to Ariva vendors together with cash payment of \$1,000,000.

((i) and (ii) collectively known as the “Acquisitions”.)

For the above Acquisitions, the balance of the consideration shall be paid and/or allotted subject to the terms and conditions set out in the sale and purchase agreement, which includes the achievement of certain targets.

The identifiable assets acquired, liabilities assumed and the net cash flows from the Acquisitions were as follows:

	AC Consortium	Ariva	Total
	\$'000	\$'000	\$'000
Property, plant and equipment	4	2	6
Cash and cash equivalents	1,712	165	1,877
Investment in associates	-	151	151
Trade and other receivables	1,115	528	1,643
Trade and other payables	(153)	(701)	(854)
Non-controlling interests	-	40	40
Total net assets of subsidiary company	2,678	185	2,863
Provisional goodwill arising from acquisition	5,322	8,815	14,137
Total purchase consideration	8,000	9,000	17,000

	AC Consortium \$'000	Ariva \$'000	Total \$'000
Initial consideration:			
- Issue of shares	4,400	960	5,360
- Cash paid	-	1,000	1,000
Purchase consideration payable	3,600	7,040	10,640
	8,000	9,000	17,000
Net cash outflows from the acquisition			
Cash and cash equivalents acquired	1,712	165	1,877
Purchase consideration paid	-	(1,000)	(1,000)
Net cashflows on acquisition	1,712	(835)	877

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY

Group

	Attributable to owners of the Company				Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Accumulated losses \$'000			
At 1 January 2017	782,967	(72,159)	363	(305,911)	405,260	2,140	407,400
Total comprehensive income for the period							
Loss for the period	-	-	-	(356)	(356)	(330)	(686)
<i>Other comprehensive income</i>							
Foreign currency translation differences for foreign operations	-	(856)	-	-	(856)	63	(793)
Net change in fair value of available-for-sale financial assets	-	-	(493)	-	(493)	-	(493)
Total comprehensive income for the period	-	(856)	(493)	(356)	(1,705)	(267)	(1,972)
Transactions with owners, recorded directly in equity							
Contribution by and distributions to owners							
Issuance of ordinary shares	5,360	-	-	-	5,360	-	5,360
Issue costs	(60)	-	-	-	(60)	-	(60)
Total contribution by and distributions to owners	5,300	-	-	-	5,300	-	5,300
Changes in ownership interests in subsidiaries							
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	(40)	(40)
Total changes in ownership interests in subsidiary	-	-	-	-	-	(40)	(40)
Total transactions with owners, recorded directly in equity	5,300	-	-	-	5,300	(40)	5,260
At 30 June 2017	788,267	(73,015)	(130)	(306,267)	408,855	1,833	410,688

Group

	Attributable to owners of the Company						
	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Accumulated losses \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 January 2016	742,202	(56,741)	290	(242,613)	443,138	7,647	450,785
Total comprehensive income for the period							
Loss for the period	-	-	-	(528)	(528)	(446)	(974)
<i>Other comprehensive income</i>							
Foreign currency translation differences for foreign operations	-	(2,602)	-	-	(2,602)	(1,373)	(3,975)
Net change in fair value of available-for-sale financial assets	-	-	(565)	-	(565)	-	(565)
Total comprehensive income for the period	-	(2,602)	(565)	(528)	(3,695)	(1,819)	(5,514)
Transactions with owners, recorded directly in equity							
Contribution by and distributions to owners							
Issuance of ordinary shares	36,500	-	-	-	36,500	-	36,500
Issue costs	(30)	-	-	-	(30)	-	(30)
Total contribution by and distributions to owners	36,470	-	-	-	36,470	-	36,470
Total transactions with owners, recorded directly in equity	36,470	-	-	-	36,470	-	36,470
At 30 June 2016	778,672	(59,343)	(275)	(243,141)	475,913	5,828	481,741

STATEMENT OF CHANGES IN EQUITY

Company

	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 January 2017	782,967	(360,848)	422,119
Total comprehensive income for the period			
Profit for the period	-	5,632	5,632
Total comprehensive income for the period	-	5,632	5,632
Transactions with owners, recorded directly in equity			
<i>Contribution by and distributions to owners</i>			
Issuance of ordinary shares	5,360	-	5,360
Issue costs	(60)	-	(60)
Total contribution by and distributions to owners	5,300	-	5,300
At 30 June 2017	<u>788,267</u>	<u>(355,216)</u>	<u>433,051</u>
At 1 January 2016	742,202	(306,720)	435,482
Total comprehensive income for the period			
Profit for the period	-	5,547	5,547
Total comprehensive income for the period	-	5,547	5,547
Transactions with owners, recorded directly in equity			
<i>Contribution by and distributions to owners</i>			
Issuance of ordinary shares	36,500	-	36,500
Issue costs	(30)	-	(30)
Total contribution by and distributions to owners	36,470	-	36,470
At 30 June 2016	<u>778,672</u>	<u>(301,173)</u>	<u>477,499</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issues, 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.

During the quarter ended 30 June 2017, the Company issued 60,773,480 ordinary shares at a share price of \$0.0724 per share with a market value of \$4.40 million to Grace Young Kok Inn and Tan Meow Hwa as initial consideration for the acquisition of the entire issued and paid-up share capital of AC Consortium Pte. Ltd. The balance of the consideration shall be allotted subject to the terms and conditions set out in the sale and purchase agreement.

As at 30 June 2017, there was no outstanding warrant (30 June 2016: 1,971,328,530).

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

	As at 30 Jun 2017	As at 31 Dec 2016
Number of issued shares	4,738,417,411	4,669,643,931
Number of treasury shares	Nil	Nil

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the Company's auditors.

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 has applied the same accounting policies and methods of computation in the financial statements for the period ended 30 June 2017, as compared with the Group's audited financial statements for the year ended 31 December 2016.

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.

There is no change in the accounting policies and methods of computation adopted.

6. Earnings per ordinary share ("EPS") 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 :-

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	2nd quarter ended		Half year ended	
	30 Jun		30 Jun	
	2017	2016	2017	2016
EPS based on net profit attributable to shareholders of the Company (cents):				
Basic	0.026	(0.114)*	(0.008)*	(0.012)*
Diluted	0.026**	(0.114)**	(0.008)**	(0.012)**
Weighted average number of ordinary shares on issue as at the end of the period	4,678,311,711	4,633,241,931	4,675,416,160	4,519,230,942
Weighted average number of ordinary shares on issue after adjusting for effects of dilutive warrants as at the end of the period	4,678,311,711	4,633,241,931	4,675,416,160	4,519,230,942

* Based on weighted average number of fully paid shares in issue

** The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares

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.**

	As at	
	30 Jun 2017	31 Dec 2016
Net asset value per ordinary share of		
Group (cents)	8.63	8.68
Company (cents)	9.14	9.04

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**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Statement of Comprehensive Income

Second quarter ended 30 June 2017 ("Q2FY2017") vs Second quarter ended 30 June 2016 ("Q2FY2016")

1. The Group reported a revenue of \$22.52 million for Q2FY2017, as compared to \$22.32 million ("Q2FY2016"). The increase of \$0.20 million was mainly due to new revenue of \$2.60 million from Squire Mech (which became a wholly-owned subsidiary company in August 2016) but offset by RSP revenue which fell \$2.63 million in the same period.
2. Other income for Q2FY2017 amounted to \$2.70 million, as compared to \$2.48 million recorded for Q2FY2016. The decrease of \$0.22 million was primarily attributable to decline in wages reimbursed from customers.
3. Staff costs were \$17.71 million for Q2FY2017, an increase of \$2.54 million from Q2FY2016. This is due to new costs from Squire Mech.
4. Operating expenses amounted to \$8.11 million for Q2FY2017, a decrease of \$2.52 million. The decrease was mainly due to overall reduction of expenses across the Group such as project-related consultancy fees of \$2.00 million as well as sales and general administrative expenses of approximately \$1.03 million. However, this was offset by new operating expenses from Squire Mech of \$0.89 million.
5. The fair value gain of \$4.17 million for Q2FY2017 arose from remeasurement of the Company's purchase consideration payable in the form of share payment at the lower closing share price as at 30 June 2017.
6. Share of profit from associated companies increased to \$0.77 million in Q2FY2017 from a loss of \$0.50 million in Q2FY2016, as a result of improved financial performance from RSP India and RSP Malaysia in this quarter whereas both associated companies reported a loss in the same quarter last year.

7. The decrease in depreciation and amortisation of \$0.14 million, from \$1.54 million in Q2FY2016 to \$1.40 million in Q2FY2017, was primarily due to lower depreciation charges arising from accounting adjustments for Hotel Football.
8. Overall, the Group recorded a positive EBITDA of \$4.25 million and a profit for the period of \$1.05 million.

Half year ended 30 June 2017 (“H1FY2017”) vs Half year ended 30 June 2016 (“H1FY2016”)

1. The Group reported a revenue of \$45.08 million for H1FY2017, as compared to \$42.81 million in the same period last year (“H1FY2016”). The increase of \$2.27 million was mainly due to new revenue of \$5.44 million from Squire Mech but offset by a fall in RSP revenue of \$3.27 million in the same period.
2. Other income for H1FY2017 amounted to \$5.26 million, as compared to \$5.62 million recorded for H1FY2016. The decrease of \$0.36 million was primarily attributable to decline in wages reimbursed from customers.
3. Staff costs were \$36.43 million for H1FY2017, an increase of \$5.57 million from H1FY2016. This is mainly contributed by Squire Mech amounting to \$5.16 million.
4. Operating expenses amounted to \$15.97 million for H1FY2017, a decrease of \$3.22 million. The decrease was mainly due to overall reduction of expenses across the Group such as project-related consultancy fees of \$1.88 million as well as sales and general administrative expenses of approximately \$2.03 million. However, this was offset by new operating expenses from Squire Mech of \$1.29 million.
5. The net foreign exchange loss of \$0.46 million mainly arose from realised foreign exchange loss in first quarter of the year as a result of depreciation of Sterling pound against Singapore dollar.
6. Share of profit from associated companies increased to \$1.34 million for H1FY2017, an increase of \$1.27 million. It is a result of improved financial performance from RSP India of \$0.43 million and RSP Malaysia of \$0.57 million as compared to prior period. There was also a share of losses of \$0.26 million from Squire Mech as an associate company for H1FY2016, prior to it being a wholly-owned subsidiary in August 2016.
7. The fair value gain of \$7.09 million for H1FY2017 arose from remeasurement of the Company's purchase consideration payable in the form of share payment at the lower closing share price as at 30 June 2017.
8. The decrease in depreciation and amortisation of \$0.33 million, from \$3.10 million in H1FY2016 to \$2.77 million in H1FY2017, was primarily due to lower depreciation charges as a result of accounting adjustments for Hotel Football.
9. Overall, the Group recorded EBITDA of \$5.90 million and a loss for the period of \$0.69 million.

Review of Statement of Financial Position

1. The Group recorded net assets of \$410.69 million as at 30 June 2017 compared with \$407.40 million as at 31 December 2016, before excluding minority interests. The increase was mainly due to acquisition of AC Consortium Pte. Ltd. in 2017 with net asset contribution of \$2.83 million.
2. The Group recorded property, plant and equipment of \$59.42 million as at 30 June 2017 compared with \$56.17 million as at 31 December 2016. The increase was due to construction-in-progress of Stock Exchange Hotel in UK, as well as, the effect of appreciation of the Sterling against Singapore Dollar during the period under review.
3. The increase in goodwill from \$78.87 million as at 31 December 2016 to \$93.09 million as at 30 June 2017 was mainly due to provisional goodwill arising from the acquisition of AC Consortium Pte Ltd and Ariva Pte Ltd.

4. The decrease in investment property value from \$148.44 million as at 31 December 2016 to \$147.99 million as at 30 June 2017 was mainly due to weakening of Malaysian Ringgit against Singapore Dollar. For the same reason, development property decreased from \$140.16 million as at 31 December 2016 to \$139.73 million as at 30 June 2017.
5. The decline in trade and other receivables from \$37.15 million as at 31 December 2016 to \$33.03 million as at 30 June 2017 was largely due to increase in collections by RSP.
6. The decline in the associates was primarily due to receipt of dividend from RSP India during the half year ended 30 June 2017.
7. The Group recorded a higher debit balance of foreign currency translation reserve balance of \$73.02 million as at 30 June 2017, compared to \$72.16 million as at 31 December 2016. The increase was largely due as a result of to the weakening of Malaysian Ringgit against Singapore Dollar in Q2FY2017 which impacted on the translation of the Group's Malaysia subsidiaries.
8. The increase in purchase consideration payable, from \$11.51 million as at 31 December 2016 to \$15.06 million as at 30 June 2017, was due to new additions of earn-out consideration payable to vendors following the Group's acquisitions of Ariva Pte Ltd and AC Consortium Pte Ltd in February 2017 and June 2017 respectively.
9. Trade and other payables declined to \$21.02 million, a decrease of \$3.83 million. This was primarily due to increase in progress payments made to sub-contractors, as well as, certain accruals and provisions reflected would relate to a six-month period instead of a full fiscal year period .
10. Due to the foregoing, net asset value per share for the Group decreased to 8.63 cents as at 30 June 2017, from 8.68 cents as at 31 December 2016.

Review of Statement of Cash Flows

1. Net cash generated from operating activities for Q2FY2017 amounted to \$2.22 million, which was mainly due to positive working capital, partially offset by tax payment.
2. Net cash used in investing activities for Q2FY2017 was \$3.40 million, which was mainly attributable to additions of property, plant and equipment of \$2.79 million and new placement of fixed deposits amounting \$3.37 million, offset by dividend received from RSP India of \$1.11 million and cash and cash equivalent of \$1.71 million from the Group's Acquisitions.
3. Net cash used in financing activity for Q2FY2017 was mainly due to payment of bank loan interest of \$0.23 million.
4. Overall, the net decrease in cash and cash equivalents for Q2FY2017 was \$1.45 million.
5. As at 30 June 2017, the Group's cash and cash equivalents amounted to \$24.81 million.

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.

Proposed Acquisition of Healthcare assets

On 18 July 2017, the Group announced that it had entered into a non-legally binding term sheet with Mr Lim Eng Hock, a controlling shareholder of Rowsley, to acquire his 100% stakes in Thomson Medical Pte Ltd and 70.36% stakes in TMC Life Sciences Berhad, for up to S\$1.9 billion ("Proposed Acquisition"). The Proposed Acquisition will be financed through issuance of new shares to be issued at S\$0.075 per share.

The Proposed Acquisition provides the Group the opportunity to acquire two established healthcare assets in Singapore and Malaysia, participate in an expanding healthcare business, diversify the Group's current portfolio and strengthen the Group's existing business. The Proposed Acquisition will significantly increase the market capitalisation of the Company and is expected to raise the profile of the Company and generate investors' interest in the Company.

The Group has also proposed, subject to the Proposed Acquisition being completed, an issue of free bonus warrants. The Group has proposed a bonus issue of up to 18,962,004,296 warrants ("Proposed Bonus Issue"), comprising 9,481,002,148 bonus warrants (the "Bonus Warrants") on the basis of two Bonus Warrants for every one existing share held by shareholders of the Company. Each Bonus Warrant shall have an exercise price of S\$0.09 which is exercisable within the first anniversary of its date of issue.

The Group has also proposed 9,481,002,148 additional company warrants (the "Piggyback Warrants") on the basis of one Piggyback Warrant for every one Bonus Warrant which is exercised. Each Piggyback Warrant shall have an exercise price of S\$0.12 and is exercisable from its date of issue up until the fourth anniversary of the date of issue of the Bonus Warrants.

Assuming all the Warrants issued pursuant to the Proposed Bonus Issue are exercised, the Company will receive gross proceeds of approximately S\$1,991,010,451.

The Group expects to sign a Sales and Purchase Agreement within two months. Upon completion, the Group will become a major healthcare player.

St Michael's

In the UK, a revised scheme is being prepared after an extensive review by Historic England. Once completed, it will be re-submitted to the Manchester City Council for planning approval. Outlook for the Manchester residential, commercial and hotel market continues to be strong.

11. Dividend

	Period ended	
	30 Jun 2017	30 Jun 2016
(a) Declaration of interim (final) ordinary dividend	None	None
(b) (i) Dividend amount per share (cents)	Not applicable	Not applicable
(b) (ii) Previous corresponding period (cents)	-	-
(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend derived.	Not applicable	Not applicable
(d) The date the dividend is paid	Not applicable	Not applicable
(e) Book closure date	Not applicable	Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, 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.

There was no reportable IPT as required under Rule 920(1)(a)(ii) and no IPT general mandate has been obtained during the reporting financial period.

14. Update on use of exercise proceeds from Warrants Issue.

As at 30 June 2017, the exercise proceeds balance amounting to \$309,680 had not been utilised. The Company will continue to make periodic announcements on the material disbursement of any proceeds arising from the exercise of the Warrants as and when such proceeds are materially disbursed.

15. Negative Confirmation pursuant to rule 705(5)

We, Tan Wee Tuck and Ho Kiam Kheong, being two directors of Rowsley Ltd. (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 for the financial period ended 30 June 2017 to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in appendix 7.7) under rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Tan Wee Tuck
Executive Director and Chief Financial Officer

Ho Kiam Kheong
Executive Director and Managing Director, Real Estate

21 July 2017