



ROWSLEY LTD.
(Incorporated in the Republic of Singapore)
Company Registration No: 199908381D

Unaudited First Quarter Financial Statement Announcement for the period ended 30 June 2011

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 PERIOD ENDED 30 JUNE 2011

	Group		
	For the period ended 30 June		
	2011	2010	Change
	\$'000	\$'000	%
Sales	-	1	NM
Cost of sales	-	(1)	NM
Gross profit	-	-	NM
Other income	A 97	47	106
Expenses			
- Distribution and marketing	(28)	(88)	(68)
- General and administrative	B (722)	(647)	12
- Finance	(37)	(12)	208
Share of profits of associated company	C 134	3,350	(96)
(Loss)/profit before income tax	(556)	2,650	(121)
Income tax credit/(expense)	5	(9)	(156)
Net (loss)/profit	<u>(551)</u>	<u>2,641</u>	(121)
Other comprehensive income			
Financial assets, available-for-sale			
- Fair value (loss)/gain	(923)	659	(240)
Share of other comprehensive income of associated company			
- Exchange differences on translating foreign operations	-	478	NM
Currency translation differences arising from consolidation	10	(3)	NM
Other comprehensive (loss)/income, net of tax	<u>(913)</u>	<u>1,134</u>	(180)
Total comprehensive (loss)/income for the period	<u>(1,464)</u>	<u>3,775</u>	(139)
Net (loss)/income attributable to:			
Equity holders of the Company	(402)	2,768	(115)
Non-controlling interests	(149)	(127)	17
	<u>(551)</u>	<u>2,641</u>	(121)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(1,323)	3,902	(134)
Non-controlling interests	(141)	(127)	11
	<u>(1,464)</u>	<u>3,775</u>	(139)

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

	For the period ended 30 June		Change %
	2011	2010	
	\$'000	\$'000	
(A) Other income consists of			
Dividend income	108	-	NM
Rental income	-	24	NM
Interest income from bank deposits	13	13	-
Currency translation (loss)/gain	(42)	10	(520)
Gain on disposal financial assets, available-for-sale	18	-	NM
	<u>97</u>	<u>47</u>	106
(B) General and administrative expenses			
Employee compensation	460	385	19
Directors' fee	62	40	55
Professional fees	61	46	33
Depreciation	40	33	21
Rental	45	90	(50)
Others	54	53	2
	<u>722</u>	<u>647</u>	12
(C) Share of profits of associated company			
Share of profit	134	204	(34)
Reversal of impairment loss	-	3,146	NM
	<u>134</u>	<u>3,350</u>	(96)

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.

STATEMENT OF FINANCIAL POSITION

	<u>Group</u>		<u>Company</u>	
	<u>As at 30 June 11 \$'000</u>	<u>As at 31 March 11 \$'000</u>	<u>As at 30 June 11 \$'000</u>	<u>As at 31 March 11 \$'000</u>
ASSETS				
Current assets				
Cash and cash equivalents	3,715	5,960	2,513	4,752
Other receivables	2,283	387	1,946	72
Inventories	234	242	-	-
	<u>6,232</u>	<u>6,589</u>	<u>4,459</u>	<u>4,824</u>
Non-current assets				
Financial assets, available-for-sale	27,871	29,158	-	-
Amounts due from subsidiaries – non-trade	-	-	38,373	38,344
Investment in an associated company	15,845	15,710	-	-
Investments in subsidiaries	-	-	200	200
Plant and equipment	1,344	1,393	404	423
Goodwill	-	-	-	-
	<u>45,060</u>	<u>46,261</u>	<u>38,977</u>	<u>38,967</u>
Total assets	<u>51,292</u>	<u>52,850</u>	<u>43,436</u>	<u>43,791</u>
LIABILITIES				
Current liabilities				
Trade and other payables	686	565	145	118
Borrowings	17,179	17,095	16,099	16,000
Current income tax liabilities	2	2	2	2
	<u>17,867</u>	<u>17,662</u>	<u>16,246</u>	<u>16,120</u>
Non-current liabilities				
Deferred income tax liabilities	239	538	20	20
	<u>239</u>	<u>538</u>	<u>20</u>	<u>20</u>
Total liabilities	<u>18,106</u>	<u>18,200</u>	<u>16,266</u>	<u>16,140</u>
NET ASSETS	<u>33,186</u>	<u>34,650</u>	<u>27,170</u>	<u>27,651</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	51,914	51,914	51,914	51,914
Currency translation reserve	9	7	-	-
Fair value reserve	1,077	2,000	-	-
Accumulated losses	(18,760)	(18,358)	(24,744)	(24,263)
	<u>34,240</u>	<u>35,563</u>	<u>27,170</u>	<u>27,651</u>
Non-controlling interests	(1,054)	(913)	-	-
Total equity	<u>33,186</u>	<u>34,650</u>	<u>27,170</u>	<u>27,651</u>

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

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

Group

As at 30 June 11		As at 31 March 11	
Secured	Unsecured	Secured	Unsecured
\$000	\$000	\$000	\$000
1,179	16,000	1,095	16,000

Amount repayable after one year:

As at 30 June 11		As at 31 March 11	
Secured	Unsecured	Secured	Unsecured
\$000	\$000	\$000	\$000
-	-	-	-

Borrowings of \$17,179,000, consisting of the following:

- 1) \$1,079,000 represents a short-term bank loan and working capital facility extended by Guangdong Development Bank to San Technology (Shenzhen) Co., Ltd, are secured by fixed deposit and corporate guarantee from San Technology Holding Pte. Ltd.

The remaining balance of \$100,000 represents a short-term borrowing from a finance body which is secured by the Group's certain holdings in quoted equities.

- 2) \$16,000,000 short-term, interest-free and collateral-free loan from substantial shareholder Mr Lim Eng Hock under a loan agreement dated 1 March 2011. The proceed from the loan was used mainly for the acquisition of 24.33% in the enlarged capital of Chenhong International Metal Holding Co., Ltd for a sum of \$15,200,000.

1(c)

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

STATEMENT OF CASH FLOWS

	Group (\$'000)	
	For the period ended 30 June	
	2011	2010
Cash flows from operating activities		
Net (loss)/profit	(551)	2,641
Adjustments for		
- Income tax expense	(5)	9
- Depreciation of plant and equipment	40	33
- Share of results of associated company	(134)	(3,350)
- Gain on disposal of plant and equipment	-	4
- Finance expense	37	12
- Gain on disposal of financial assets, available-for-sale	(18)	-
- Dividend income	(108)	-
- Interest income	(13)	(13)
- Unrealised currency translation differences	8	22
	(744)	(642)
Change in working capital		
- Inventories	8	(46)
- Trade and other receivables	23	(54)
- Trade and other payables	84	(54)
Cash used in operations	(629)	(796)
Interest received	13	11
Interest paid	-	(12)
Income tax credit/(paid)	5	(9)
Net cash used in operating activities	(611)	(806)
Cash flows from investing activities		
Purchases of plant and equipment	-	(4)
Proceeds from disposal of plant and equipment	-	32
Disposal of financial asset, available-for-sale	82	-
Dividend received	158	-
Loans to third parties	(1,969)	-
Net cash (used in)/provided by investing activities	(1,729)	28
Cash flows from financing activities		
Proceeds from borrowings	100	706
Repayment of borrowings	(5)	(722)
Deposits pledged	30	(173)
Net cash provided by/(used in) financing activities	125	(189)
Net decrease in cash and cash equivalents	(2,215)	(967)
Cash and cash equivalents at beginning of financial period	4,758	6,926
Cash and cash equivalents at end of financial period	2,543	5,959

Note:

Analysis of cash and cash equivalents shown on the statement of financial position:

	30 June 2011	30 June 2010
	\$'000	\$'000
Cash and cash equivalents (as above)	3,715	7,243
Less: Bank deposits pledged	(1,172)	(1,284)
Cash and cash equivalents per consolidated statement of cash flows	<u>2,543</u>	<u>5,959</u>

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.

Group

	← Attributable to equity holders of the Company →					Non-controlling interest	Total equity
	Share capital	Accumulated losses	Fair value Reserve (a)	Translation reserve	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance as at 31 March 2011	51,914	(18,358)	2,000	7	35,563	(913)	34,650
Total comprehensive (loss)/income for the period	-	(402)	(923)	2	(1,323)	(141)	(1,464)
Balance as at 30 June 2011	<u>51,914</u>	<u>(18,760)</u>	<u>1,077</u>	<u>9</u>	<u>34,240</u>	<u>(1,054)</u>	<u>33,186</u>
Balance as at 31 March 2010	51,914	(19,991)	2,918	(16)	34,825	-	34,825
Transfer to/(from) accumulated losses	-	277	-	-	277	(277)	-
Total comprehensive income /(loss) for the period	-	2,768	659	474	3,901	(127)	3,774
Balance as at 30 June 2010	<u>51,914</u>	<u>(16,946)</u>	<u>3,577</u>	<u>458</u>	<u>39,003</u>	<u>(404)</u>	<u>38,599</u>

(a) Fair value reserve is not available for distribution.

Company	Share capital	Accumulated losses	Total equity
	\$'000	\$'000	\$'000
Balance as at 31 March 2011	51,914	(24,263)	27,651
Total comprehensive loss for the period	-	(481)	(481)
Balance as at 30 June 2011	<u>51,914</u>	<u>(24,744)</u>	<u>27,170</u>
Balance as at 31 March 2010	51,914	(23,426)	28,488
Total comprehensive loss for the period	-	(443)	(443)
Balance as at 30 June 2010	<u>51,914</u>	<u>(23,869)</u>	<u>28,045</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.

There was no warrant conversion in the quarter.

There was no change in the Company's share capital in the quarter.

As at 30 June 2011, the outstanding warrants were 380,019,892.

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 June 2011	As at 31 March 2011
Number of issued shares	886,720,331	886,720,331

The Company did not hold any treasury shares as at 30 June 2011.

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.

Not applicable.

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.

Yes.

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.

Not applicable.

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).

	For the period ended 30 June	
	2011	2010
EPS based on number of ordinary shares in issue (cents)	(0.045)	0.312
EPS on a fully diluted basis (cents)	(0.045)	0.309

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 June 2011	31 March 2011
Net asset value per ordinary share of		
Group (cents)	3.74	3.91
Company (cents)	3.06	3.12

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

The Group reported a net loss attributable to shareholders of \$402,000 in the first quarter of current financial year, a decrease from a net income of \$2.77 million in the same quarter last year. This decrease was largely due to an absence of a non-recurring reversal of impairment of investment in associated company of \$3.15 million and lower profit of the associated company in the quarter under review compared to the same quarter last year.

The increase in other income of \$50,000 was largely due to receipt of dividend income and gain on disposal of financial assets, available-for-sale, the increase of which was offset by an increase in foreign exchange loss.

The total operating expenses for first quarter in the current financial year amounted to \$787,000, representing an increase of \$40,000 from the same quarter last year. The increase was largely due to increase in headcount.

The Group's earnings per share decreased from 0.312 cents for the first quarter last year to a negative 0.045 cents for the quarter under review.

Review of Statement of Financial Position

The Group's total assets decreased from \$52.85 million as at 31 March 2011 to \$51.29 million as at 30 June 2011. The decrease was largely attributed to the mark-to-market valuation for the Group's investments in quoted securities.

Total liabilities of the Group amounted to \$18.11 million as at 30 June 2011, representing a slight increase of \$94,000 as at 31 March 2011. The increase was largely due to increase in borrowings from a finance body in Singapore. In addition, the machine sale deposit of RMB1 million, which was received by a subsidiary in June 2011 also contributed to the increase in the total liabilities. The subsidiary signed a machine sale and purchase agreement on 10 June 2011 for the amount of RMB2.5 million and was in preparation of the machine delivery as at 30 June 2011. The remaining balance of RMB1.5 million was received in July 2011.

The net asset value per share was 3.74 cents as at 30 June 2011, compared to 3.91 cents as at 31 March 2011.

Review of Statement of Cash Flow

Net cash used in operating activities in the current quarter amounted to \$611,000, which reduced from \$806,000 in the same quarter last year. The reduction was largely due to prudent working capital management practiced by the Group.

Net cash used in investing activities amounted to \$1.73 million, which was mainly due to loans extended to third parties.

Net cash generated from financing activities amounted to \$125,000 in the current quarter, which was largely due to proceeds from borrowings from a finance body in Singapore.

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.

Outlook

The soft and choppy market that prevailed during the quarter did not bring much cheer. After the end of the reporting quarter, the situation was exacerbated when the global economy was placed on tenterhooks as the US government argued internally over the handling of its debt ceiling. In consonance, the local market reacted poorly because of the potential associated economic impact and uncertainties.

The resolution of the US government's debt ceiling came in early August 2011. This was anticipated to buoy up the market. But it was not to be when the rating agency downgraded the US government's credit rating, causing huge turmoil in the global and local markets that persisted to the date of this announcement.

In cognizance of the grave market uncertainties, the Group will exercise great caution and prudence in moving forward in its investment activities.

Use of Proceeds of the Rights Issue (OIS dated 27 August 2009)

The Company wishes to announce that to date, out of the net proceeds of approximately \$14.90 million from the Rights Issue,:

- Approximately \$2.87 million had been used to provide shareholder loan to San Technology Holding Pte. Ltd.
- Approximately \$5.41 million had been used to subscribe for Rights Shares in UPP Holdings Limited.
- Approximately \$1.90 million had been used to provide convertible loan to International Brand Partners Private Ltd.
- Approximately \$0.07 million had been used to provide convertible loan to Heliconix, Inc.
- About \$4.27 million had been used for the Group's general corporate and working capital purposes.

The unutilised balance of net proceeds is approximately \$0.38 million.

11. Dividend

	30 June 2011	30 June 2010
(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. Negative Assurance Confirmation on interim financial results pursuant to rule 705(5) of the listing manual of SGX-ST

We Dr Ho Tat Kin and Quek Kai Hoo 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 first quarter financial period ended 30 June 2011 to be false or misleading in any material aspect.

On behalf of the board of directors

BY ORDER OF THE BOARD

Dr Ho Tat Kin
Director

Quek Kai Hoo
Director

12 August 2011