



ROWSLEY

**ROWSLEY LTD.**

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

**Unaudited Second Quarter Financial Statement Announcement for the period ended 30 September 2010**

**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 SEPTEMBER 2010**

		Group			Group		
		2 <sup>nd</sup> quarter ended 30 September	2009	Change	6 months ended 30 September	2009	Change
		2010	\$'000	%	2010	\$'000	%
		\$'000	\$'000	%	\$'000	\$'000	%
Sales		-	-	NM	1	-	NM
Cost of sales		-	-	NM	(1)	-	NM
Gross profit		-	-	NM	-	-	NM
Other (loss)/income	A	(83)	103	NM	(36)	103	NM
Expenses							
- Distribution and marketing		(62)	(41)	51	(150)	(81)	85
- General and administrative	B	(751)	(923)	(19)	(1,398)	(1,544)	(9)
- Finance		(13)	(12)	8	(25)	(36)	(31)
Share of results of associated company	C	478	879	(46)	3,828	2,128	80
(Loss)/profit before income tax		(431)	6	NM	2,219	570	289
Income tax expense		-	-	-	(9)	-	NM
Net (loss)/profit		(431)	6	NM	2,210	570	288
<b>Other comprehensive income</b>							
Financial assets, available-for-sale							
- Fair value gain		1,652	2,279	(28)	2,311	4,349	(47)
Share of other comprehensive income of associated company							
- Reclassification of exchange differences on translating foreign operations		(478)	-	NM	-	-	-
Translation of foreign operations		12	(8)	NM	9	(33)	NM
<b>Other comprehensive income, net of tax</b>		<b>1,186</b>	<b>2,271</b>	<b>(48)</b>	<b>2,320</b>	<b>4,316</b>	<b>(46)</b>
<b>Total comprehensive income for the financial period</b>		<b>755</b>	<b>2,277</b>	<b>(67)</b>	<b>4,530</b>	<b>4,886</b>	<b>(7)</b>
<b>(Loss)/profit attributable to:</b>							
Owners of the Company		(224)	158	NM	2,544	847	200
Non-controlling interests		(207)	(152)	36	(334)	(277)	21
		(431)	6	NM	2,210	570	288
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		953	2,433	(61)	4,855	5,179	(6)
Non-controlling interests		(198)	(156)	27	(325)	(293)	11
		755	2,277	(67)	4,530	4,886	(7)

NM – Not Meaningful.

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

	2 <sup>nd</sup> quarter ended 30 September			6 months ended 30 September		
	2010 \$'000	2009 \$'000	Change %	2010 \$'000	2009 \$'000	Change %
(A) Other income consists of						
Dividend income	-	100	NM	-	100	NM
Rental income	32	23	39	56	45	24
Interest earned from bank deposits	6	1	500	19	1	1,800
Foreign exchange loss	(121)	(21)	476	(111)	(43)	158
	<u>(83)</u>	<u>103</u>	<u>NM</u>	<u>(36)</u>	<u>103</u>	<u>NM</u>
(B) General and administrative expenses						
Employee compensation	446	342	30	831	666	25
Directors' fee	48	41	17	88	85	4
Professional fee	67	59	14	113	128	(12)
Depreciation	30	28	7	63	55	15
Rental	104	83	27	194	164	18
Rights issue	-	262	NM	-	262	NM
Research and development	-	61	NM	-	110	NM
Other	56	47	19	109	74	47
	<u>751</u>	<u>923</u>	<u>(19)</u>	<u>1,398</u>	<u>1,544</u>	<u>(9)</u>
(C) Share of results of associated company						
Share of profit/(loss)	-	-	-	204	(341)	NM
Reclassification from other comprehensive income - share of exchange difference	478	-	NM	478	-	NM
Reversal of impairment	-	879	NM	3,146	2,469	27
	<u>478</u>	<u>879</u>	<u>(46)</u>	<u>3,828</u>	<u>2,128</u>	<u>80</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.

**STATEMENT OF FINANCIAL POSITION**

	<u>Group</u>		<u>Company</u>	
	As at 30 Sep 2010 \$'000	As at 31 Mar 2010 \$'000	As at 30 Sep 2010 \$'000	As at 31 Mar 2010 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	6,450	8,036	5,148	6,828
Other receivables	3	20	3	15
Inventories	131	61	-	-
Other current assets	470	325	192	134
	<u>7,054</u>	<u>8,442</u>	<u>5,343</u>	<u>6,977</u>
<b>Non-current assets</b>				
Amounts due from subsidiaries – non-trade	-	-	21,196	20,502
Financial assets, available-for-sale	32,984	6,484	-	-
Investment in associated company	-	19,885	-	-
Investment in subsidiaries	-	-	1,000	1,000
Property plant and equipment	1,432	1,449	345	231
Goodwill	512	512	-	-
	<u>34,928</u>	<u>28,330</u>	<u>22,541</u>	<u>21,733</u>
<b>Total assets</b>	<u>41,982</u>	<u>36,772</u>	<u>27,884</u>	<u>28,710</u>
<b>Current Liabilities</b>				
Trade and other payables	363	323	300	200
Borrowings	1,162	1,008	-	-
Current income tax liabilities	2	2	2	2
	<u>1,527</u>	<u>1,333</u>	<u>302</u>	<u>202</u>
<b>Non-current Liabilities</b>				
Deferred income tax liabilities	1,091	614	20	20
	<u>1,091</u>	<u>614</u>	<u>20</u>	<u>20</u>
<b>Total liabilities</b>	<u>2,618</u>	<u>1,947</u>	<u>322</u>	<u>222</u>
<b>Net assets</b>	<u>39,364</u>	<u>34,825</u>	<u>27,562</u>	<u>28,488</u>
<b>EQUITY</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	51,914	51,914	51,914	51,914
Translation reserve	(7)	(16)	-	-
Fair value reserve	5,229	2,918	-	-
Accumulated losses	(17,172)	(19,991)	(24,352)	(23,426)
	<u>39,964</u>	<u>34,825</u>	<u>27,562</u>	<u>28,488</u>
Non-controlling interests	(600)	-	-	-
<b>Total equity</b>	<u>39,364</u>	<u>34,825</u>	<u>27,562</u>	<u>28,488</u>

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

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

As at 30 September 2010		As at 31 March 2010	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
1,162	-	1,008	-

Amount repayable after one year:

As at 30 September 2010		As at 31 March 2010	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

**Details of any collateral**

Borrowings of \$1,162,000, consisting of 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. ("STH")

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

**CASH FLOW STATEMENT**

	Group		Group	
	2 <sup>nd</sup> quarter ended 30 September		6 months ended 30 September	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Net (loss)/profit	(431)	6	2,210	570
Adjustments for :				
- Income tax expense	-	-	9	-
- Depreciation	30	28	63	55
- Share of results of associated company	(478)	(879)	(3,828)	(2,128)
- Gain on disposal of property, plant and equipment	-	-	(4)	-
- Dividend income	-	(100)	-	(100)
- Interest income	(6)	(1)	(19)	(1)
- Interest expense	13	12	25	12
- Translation difference	74	(7)	104	(18)
<b>Operating loss before working capital changes</b>	<b>(798)</b>	<b>(941)</b>	<b>(1,440)</b>	<b>(1,610)</b>
Change in working capital :				
- Inventories	(27)	(156)	(73)	(161)
- Trade and other receivables	(80)	43	(134)	(25)
- Trade and other payables	98	(41)	44	24
- Net cash used in operations	(807)	(1,095)	(1,603)	(1,772)
- Interest income received	6	1	17	1
- Income tax paid	-	(1)	(9)	(3)
- Interest expenses paid	(13)	(12)	(25)	(12)
<b>Net cash used in operating activities</b>	<b>(814)</b>	<b>(1,107)</b>	<b>(1,620)</b>	<b>(1,786)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(150)	(31)	(154)	(39)
Disposal of property, plant and equipment	35	-	67	-
<b>Net cash used in investing activities</b>	<b>(115)</b>	<b>(31)</b>	<b>(87)</b>	<b>(39)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank loans	580	750	1,286	1,233
Repayment of bank loans	(368)	(1,091)	(1,090)	(1,091)
Increase in pledged bank deposits	(48)	(468)	(221)	(468)
Proceeds from rights issue	-	15,201	-	15,201
<b>Net cash provided by/(used in) financing activities</b>	<b>164</b>	<b>14,392</b>	<b>(25)</b>	<b>14,875</b>
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>(765)</b>	<b>13,254</b>	<b>(1,732)</b>	<b>13,050</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>5,959</b>	<b>959</b>	<b>6,926</b>	<b>1,163</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>5,194</b>	<b>14,213</b>	<b>5,194</b>	<b>14,213</b>

**Note:**

Analysis of cash and cash equivalents shown on the balance sheet:

	30 September 2010	30 September 2009
	\$'000	\$'000
Cash and cash equivalents as per balance sheet	6,450	14,681
Less: Fixed deposits pledged with bank	(1,256)	(468)
<b>Cash and cash equivalents as per cash flow statement</b>	<b>5,194</b>	<b>14,213</b>

**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.**

<b>Group</b>	<b>Share capital \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Fair value reserve \$'000</b>	<b>Translation reserve \$'000</b>	<b>Total \$'000</b>	<b>Non-controlling interests \$'000</b>	<b>Total equity \$'000</b>
Balance as at 31 March 2010	51,914	(19,991)	2,918	(16)	34,825	-	34,825
Effects of adopting FRS 27 (revised)	-	275	-	-	275	(275)	-
Total comprehensive income/(loss) for the financial period	-	2,544	2,311	9	4,864	(325)	4,539
Balance as at 30 September 2010	<u>51,914</u>	<u>(17,172)</u>	<u>5,229</u>	<u>(7)</u>	<u>39,964</u>	<u>(600)</u>	<u>39,364</u>
Balance as at 31 March 2009	36,713	(26,761)	(270)	1	9,683	307	9,990
Total comprehensive income/(loss) for the financial period	-	847	4,349	(17)	5,179	(293)	4,886
Rights issue shares	15,201	-	-	-	15,201	-	15,201
Balance as at 30 September 2009	<u>51,914</u>	<u>(25,914)</u>	<u>4,079</u>	<u>(16)</u>	<u>30,063</u>	<u>14</u>	<u>30,077</u>
<b>Company</b>	<b>Share capital \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>				
Balance as at 31 March 2010	51,914	(23,426)	28,488				
Total comprehensive loss for the period	-	(926)	(926)				
Balance as at 30 September 2010	<u>51,914</u>	<u>(24,352)</u>	<u>27,562</u>				
Balance as at 31 March 2009	36,713	(28,938)	7,775				
Total comprehensive loss for the period	-	(1,090)	(1,090)				
Rights issue shares	15,201	-	15,201				
Balance as at 30 September 2009	<u>51,914</u>	<u>(30,028)</u>	<u>21,886</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 change in the Company's share capital in the reporting quarter.

As at 30 September 2010, outstanding warrants were 380,022,892 (as at 31 March 2010: 380,022,892).

- 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 September 2010	As at 31 March 2010
Number of issued shares	886,720,331	886,720,331

The Company did not hold any treasury shares as at 30 September 2010.

- 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.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 March 2010.

**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.**

Adoption of New and Revised Standards:

The Group has adopted:-

- FRS 103 (Revised) Business Combinations and FRS 27 (Revised) Consolidated and Separate Financial Statements which were effective for annual periods beginning on or after 1 July 2009; and
- Amendment to FRS 7 Cash Flow Statements which was effective for annual periods beginning on or after 1 January 2010.

Under the revised FRS 27, total comprehensive income is required to be allocated to the non-controlling interests even if it results in the non-controlling interests having a deficit balance. The adoption resulted in the non-controlling interests (instead of the equity holders of the Company) having to bear accumulated losses of \$275,000. This was transferred from the Group's accumulated losses to non-controlling interests as indicated in the statement of changes in equity.

**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).

	2 <sup>nd</sup> quarter ended 30 September		6 months ended 30 September	
	2010	2009	2010	2009
EPS based on number of ordinary shares in issue (cents)	(0.025)	0.024	0.287	0.131
EPS on a fully diluted basis (cents)	(0.025)	0.023	0.283	0.128

**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 September 2010	As at 31 March 2010
Net asset value per ordinary share of :		
Group (cents)	4.51	3.93
Company (cents)	3.11	3.21



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (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 September 2010**

The Group reported net loss of \$431,000 for 2Q FY2011, compared to net profit of \$6,000 for 2Q FY2010. Net loss attributable to shareholders was \$224,000 for 2Q FY2011. The net loss was primarily due to cessation of equity method to account for investment in associated company, UPP Holdings Limited ("UPP") as a result of dilution in shareholding of the investment below 20%.

Operating expense for 2Q FY2011 was \$826,000, a decrease of 15% over 2Q FY2010. The decrease in operating expenses was due to rights issue expense of \$262,000 in 2Q FY2010.

Other loss of \$83,000 for 2Q FY2011 comprised rental income of \$32,000, interest income from bank deposits of \$6,000 and foreign exchange loss of \$121,000.

Other comprehensive income for 2Q FY2011 was \$1.19 million which was mainly due to fair value reserve gain on available-for-sale securities and reclassification of share of other comprehensive income of associated company, compared to \$2.27 million for 2Q FY2010.

The Group reported total comprehensive income of \$755,000 for 2Q FY2011, as compared to \$2.28 million for 2Q FY2010. Total comprehensive income attributable to shareholders for 2Q FY2011 was \$953,000, as compared to \$2.43 million for 2Q FY2010.

#### **Six months ended 30 September 2010**

The Group reported net profit of \$2.21 million for 1H FY2011, compared to net profit of \$570,000 for 1H FY2010. Net profit attributable to shareholders was \$2.54 million for 1H FY2011, compared to \$847,000 for 1H FY2010. The net profit was primarily due to reversal of impairment loss on investment in UPP which previously was accounted for under the equity method.

Other loss for 1H FY2011 was \$36,000, as compared to other income of \$103,000 for 1H FY2010. Included in the other income for 1H FY2010 was \$100,000 dividend derived from investment in FJ Benjamin Holdings Ltd.

Operating expense for 1H FY2011 was \$1.57 million, a decrease of 5% from 1H FY2010. The decrease in operating expenses was due to rights issue expense of \$262,000 in 1H FY2010.

Other comprehensive income for 1H FY2011 was \$2.32 million which was mainly due to the fair value reserve gain on available-for-sale securities.

The Group reported for 1H FY2011 total comprehensive income of \$4.53 million as compared to \$4.89 million for 1H FY2010. Total comprehensive income attributable to shareholders for 1H FY2011 was \$4.86 million, as compared to \$5.18 million for 1H FY2010,

### **Review of Statement of Financial Position**

Shareholders' equity increased by \$5.14 million to \$39.96 million as at 30 September 2010, the increase being mainly due to fair value gain arising from investment in available-for-sale financial assets. UPP ceased to be an associated company and the carrying value of the investment was reclassified as financial assets, available-for-sale as at 30 September 2010.

Total assets was \$41.98 million as at 30 September 2010, compared to \$36.77 million as at 31 March 2010. This was largely due to mark-to-market gain for the quoted securities.

Total liabilities was \$2.62 million as at 30 September 2010, compared to \$1.95 million as at 31 March 2010. The change was due to additional deferred income tax liabilities of \$477,000, arising from fair value gain on available-for-sale financial assets.

The Group maintained a low debt/equity ratio (total liabilities/equity) of 0.07.

### **Review of Statement of Cash Flow**

In 2Q FY2011, the Group's operating activities used \$814,000 compared to \$1.11 million in 2Q FY2010. Change in working capital for 2Q FY2011, mainly due to increase of trade and other payables that consisted of collection of additional rental deposit, and increase of trade and other receivable that consisted of rental deposit paid out for the corporate office.

Investing activities used net cash of \$115,000. This was mainly due to renovation and refurbishment cost incurred for relocation of the corporate office on 13 September 2010.

Financing activities provided net cash of \$164,000, due to proceeds from bank loans.

Overall, the net decrease in cash and cash equivalent for 2Q FY2011 was \$765,000.

The Group had cash and cash equivalent of \$5.19 million as at 30 September 2010. This amount excluded \$1.26 million of fixed deposits pledged with a bank for loan facilities.

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.**

As an investment company with equity stakes in a few listed entities, the performance of the Company is affected by market movements.

The market had been relatively stable in the last quarter, with some gradual advancements made. In consequence, there was a fair value gain of \$1.65 million in the Company's investments. Compared to the corresponding period, these gains were moderate.

As reported in the last quarter, the Company's 51% subsidiary, San Technology Holding Pte. Ltd., continues with its commercialization moves in the reporting quarter. No significant sales were reported for these two quarters.

### 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,:

- About \$2.67 million had been used to provide shareholder loan to STH.
- About \$5.41 million had been used to subscribe for UPP Rights Shares.
- About \$1.82 million had been used for the Group's general corporate and working capital purposes.

The unutilised balance of net proceeds is about \$5 million.

### 11. Dividend

	30 September 2010	30 September 2009
(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 2<sup>nd</sup> quarter financial period ended 30 September 2010 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

10 November 2010