



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

Unaudited Second Quarter Financial Statement Announcement for the period ended 30 September 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 FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	Group			Group		
	2 nd quarter ended 30 September			6 months ended 30 September		
	2011	2010	Change	2011	2010	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Sales	478	-	NM	478	1	NM
Cost of sales	(785)	-	NM	(785)	(1)	NM
Gross loss	(307)	-	NM	(307)	-	NM
Other income/(loss) - net	A 166	(83)	(300)	263	(36)	(831)
Expenses						
- Distribution and marketing	(44)	(62)	(29)	(72)	(150)	(52)
- General and administrative	B (702)	(751)	(7)	(1,424)	(1,398)	2
- Finance	33	(13)	(354)	(4)	(25)	(84)
Share of profits of associated companies	C 7	478	(99)	141	3,828	(96)
(Loss)/profit before income tax	(847)	(431)	97	(1,403)	2,219	(163)
Income tax credit/(expense)	-	-	-	5	(9)	(156)
Net (loss)/profit	(847)	(431)	97	(1,398)	2,210	(163)
Other comprehensive (loss)/income						
Financial assets, available-for-sale						
- Fair value (loss)/gain	(4,057)	1,652	(346)	(4,980)	2,311	(315)
Share of other comprehensive income of associated company						
- Exchange differences on translating foreign operations	-	(478)	NM	-	-	-
Currency translation differences arising from consolidation	(94)	12	(883)	(84)	9	(1033)
Other comprehensive (loss)/income, net of tax	(4,151)	1,186	(450)	(5,064)	2,320	(318)
Total comprehensive (loss)/income for the period	(4,998)	755	(762)	(6,462)	4,530	(243)
Net (loss)/income attributable to:						
Equity holders of the Company	(683)	(224)	205	(1,085)	2,544	(143)
Non-controlling interests	(164)	(207)	(21)	(313)	(334)	(6)
	(847)	(431)	97	(1,398)	2,210	(163)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(4,787)	953	(602)	(6,110)	4,855	(226)
Non-controlling interests	(211)	(198)	7	(352)	(325)	8
	(4,998)	755	(762)	(6,462)	4,530	(243)

NM – Not Meaningful.

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

	2 nd quarter ended 30 September			6 months ended 30 September		
	2011 \$'000	2010 \$'000	Change %	2011 \$'000	2010 \$'000	Change %
(A) Other income consists of						
Dividend income	-	-	NM	108	-	NM
Rental income	-	32	NM	-	56	NM
Interest income from bank deposits	9	6	50	11	19	(42)
Loan interest from IBP*	19	-	NM	31	-	NM
Currency translation gain/(loss)	133	(121)	(210)	90	(111)	(181)
Gain on disposal of financial assets, available-for-sale	5	-	NM	23	-	NM
	<u>166</u>	<u>(83)</u>	<u>(300)</u>	<u>263</u>	<u>(36)</u>	<u>(831)</u>
(B) General and administrative expenses						
Employee compensation	416	446	(7)	876	831	5
Directors' fee	46	48	(4)	109	88	24
Professional fees	77	67	15	138	113	22
Depreciation	39	30	30	78	63	24
Rental	41	104	(61)	86	194	(56)
Other	83	56	48	137	109	26
	<u>702</u>	<u>751</u>	<u>(6)</u>	<u>1,424</u>	<u>1,398</u>	<u>2</u>
(C) Share of profits of associated companies						
Share of profits	7	-	NM	141	204	(31)
Reclassification from other comprehensive income - share of exchange difference	-	478	NM	-	478	NM
Reversal of impairment loss	-	-	NM	-	3,146	NM
	<u>7</u>	<u>478</u>	<u>(99)</u>	<u>141</u>	<u>3,828</u>	<u>(96)</u>

NM – Not meaningful

* The loan bears interest at 4% per annum.

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 2011 \$'000	As at 31 Mar 2011 \$'000	As at 30 Sep 2011 \$'000	As at 31 Mar 2011 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	1,998	5,960	1,891	4,752
Other receivables	2,349	387	2,007	72
Inventories	250	242	-	-
	<u>4,597</u>	<u>6,589</u>	<u>3,898</u>	<u>4,824</u>
Non-current assets				
Financial assets, available-for-sale	22,982	29,158	-	-
Amounts due from subsidiaries – non-trade	-	-	38,360	38,344
Investment in associated company	15,853	15,710	-	-
Investments in subsidiaries	-	-	200	200
Plant and equipment	503	1,393	386	423
Deferred income tax assets	592	-	-	-
	<u>39,930</u>	<u>46,261</u>	<u>38,946</u>	<u>38,967</u>
Total assets	<u>44,527</u>	<u>52,850</u>	<u>42,844</u>	<u>43,791</u>
LIABILITIES				
Current Liabilities				
Trade and other payables	237	565	90	118
Borrowings	16,100	17,095	16,100	16,000
Current income tax liabilities	2	2	2	2
	<u>16,339</u>	<u>17,662</u>	<u>16,192</u>	<u>16,120</u>
Non-current liabilities				
Deferred income tax liabilities	-	538	20	20
	<u>-</u>	<u>538</u>	<u>20</u>	<u>20</u>
Total liabilities	<u>16,339</u>	<u>18,200</u>	<u>16,212</u>	<u>16,140</u>
NET ASSETS	<u>28,188</u>	<u>34,650</u>	<u>26,632</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	(38)	7	-	-
Fair value reserve	(2,980)	2,000	-	-
Accumulated losses	(19,443)	(18,358)	(25,282)	(24,263)
	<u>29,453</u>	<u>35,563</u>	<u>26,632</u>	<u>27,651</u>
Non-controlling interests	(1,265)	(913)	-	-
Total equity	<u>28,188</u>	<u>34,650</u>	<u>26,632</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 September 2011		As at 31 March 2011	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
100 ⁽¹⁾	16,000 ⁽²⁾	1,095	16,000

Amount repayable after one year:

As at 30 September 2011		As at 31 March 2011	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Borrowings of \$16,100,000, consisting of the following:

- 1) \$100,000 represents a short-term borrowing, from a finance company, which is secured by the Group's certain holdings in quoted equities.
- 2) \$16,000,000 is from a short-term, interest-free and collateral-free loan from substantial shareholder Mr Lim Eng Hock under a loan agreement dated 1 March 2011. The proceeds from the loan were 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 statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

STATEMENT OF CASH FLOWS

	Group		Group	
	2 nd quarter ended 30 September	2010	6 months ended 30 September	2010
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net (loss)/profit	(847)	(431)	(1,398)	2,210
Adjustments for :				
- Income tax expense	5	-	-	9
- Depreciation of plant and equipment	39	30	78	63
- Share of profits of associated companies	(7)	(478)	(141)	(3,828)
- Gain on disposal of plant and equipment	-	-	-	(4)
- Gain on disposal of financial assets, available-for-sale	-	-	(18)	-
- Dividend income	-	-	(108)	-
- Interest income	(29)	(6)	(42)	(19)
- Interest expense	(33)	13	4	25
- Unrealised currency translation differences	(80)	74	(71)	104
Operating loss before working capital changes	(952)	(798)	(1,696)	(1,440)
Change in working capital :				
- Inventories	(16)	(27)	(8)	(73)
- Trade and other receivables	(66)	(80)	(43)	(134)
- Trade and other payables	(366)	98	(282)	44
Cash used in operations	(1,400)	(807)	(2,029)	(1,603)
- Interest received	29	6	42	17
- Interest paid	(51)	-	(51)	(9)
- Income tax paid	(5)	(13)	-	(25)
Net cash used in operating activities	(1,427)	(814)	(2,038)	(1,620)
Cash flows from investing activities				
Purchase of plant and equipment	-	(150)	-	(154)
Proceeds from disposal of plant and equipment	9	-	9	-
Disposal of financial asset, available-for-sale	-	-	82	-
Dividend received	-	-	158	-
Loans to third parties	-	-	(1,969)	-
Disposal of plant and equipment	803	35	803	67
Net cash provided by/(used in) investing activities	812	(115)	(917)	(87)
Cash flows from financing activities				
Proceeds from borrowings	-	580	100	1,286
Repayment of borrowings	(1,102)	(368)	(1,107)	(1,090)
Deposits pledged	1,172	(48)	1,202	(221)
Net cash provided by/(used in) financing activities	70	164	195	(25)
Net decrease in cash & cash equivalents	(545)	(765)	(2,760)	(1,732)
Cash and cash equivalents at beginning of financial period	2,543	5,959	4,758	6,926
Cash and cash equivalents at end of financial period	1,998	5,194	1,998	5,194

Note:

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

	30 September 2011	30 September 2010
	\$'000	\$'000
Cash and cash equivalents as per balance sheet	1,998	6,450
Less: Bank deposits pledged	-	(1,256)
Cash and cash equivalents as per cash flow statement	<u>1,998</u>	<u>5,194</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.

<u>Group</u>	← Attributable to equity holders of the Company →				Total	Non-controlling Interests	Total equity
	Share capital	Accumulated losses	Fair value reserve (a)	Currency translation reserve			
	\$'000	\$'000	\$'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 for the period	-	(1,085)	(4,980)	(45)	(6,110)	(352)	(6,462)
Balance as at 30 September 2011	51,914	(19,443)	(2,980)	(38)	29,453	(1,265)	28,188
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 period	-	2,544	2,311	9	4,864	(325)	4,539
Balance as at 30 September 2010	51,914	(17,172)	5,229	(7)	39,964	(600)	39,364

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

<u>Company</u>	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	-	(1,019)	(1,019)
Balance as at 30 September 2011	51,914	(25,282)	26,632
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	51,914	(24,352)	27,562

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 September 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 September 2011	As at 31 March 2011
Number of issued shares	886,723,331	886,723,331

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

	2 nd quarter ended 30 September		6 months ended 30 September	
	2011	2010	2011	2010
EPS based on number of ordinary shares in issue (cents)	(0.077)	(0.025)	(0.122)	0.287
EPS on a fully diluted basis (cents)	(0.077)	(0.025)	(0.122)	0.283

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 2011	31 March 2011
Net asset value per ordinary share of		
Group (cents)	3.18	3.91
Company (cents)	3.00	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

Second quarter ended 30 September 2011

The Group reported a net loss attributable to shareholders of \$683,000 for the second quarter ended 30 September 2011, representing an increase of \$459,000 from a net loss of \$224,000 in the same quarter last year.

The increase in net loss amount was the result of a gross loss of \$307,000 recorded by a subsidiary in its sale of an oil recycling machine.

In addition, a lower share of profit amount from an associated company in the current quarter and an absence of a reclassification of other comprehensive income – share of exchange difference in an associated company, following the Group's cessation of equity accounting for the investment in associated company, UPP Holdings Limited ("UPP"), also contributed to the increase in net loss.

The increase in other income of \$249,000 was largely due to a currency translation gain of \$133,000 recorded in the current quarter, as opposed to a currency translation loss recorded in the same quarter last year.

The total operating expenses for second quarter in the current financial year amounted to \$714,000, representing a decrease of \$113,000 from the same quarter last year. The decrease was due to reversal of over-provision of financial cost and a decrease in rental expense.

The Group recorded other comprehensive loss of \$4.15 million for the second quarter ended 30 September 2011, as opposed to other comprehensive income of \$1.19 million in the same period last year. The loss was primarily the result of fair value losses of available-for-sale quoted securities.

Owing to the increase in the net loss amount, the Group's earnings per share decreased from negative 0.025 cents for the second quarter last year to a negative 0.077 cents for the quarter under review.

Six months ended 30 September 2011

The Group reported a net loss attributable to shareholders of \$1.09 million for the six-month ended 30 September 2011, as compared to a net income of \$2.54 million in the same period last year.

The loss was primarily attributed to a gross loss recorded by a subsidiary in its sale of an oil recycling machine and a lower share of profit from an associated company.

In addition, the absence of a reclassification of other comprehensive income – share of exchange difference in UPP, following the Group's cessation of equity accounting for the investment in UPP, together with reversal of impairment loss also contributed to the loss incurred.

The increase in other income of \$299,000 was largely due to receipt of dividend income of \$108,000 as well as a currency translation gain of \$90,000 recorded in the current period, as opposed to a currency translation loss of \$111,000 in the same period last year.

The total operating expenses for the six-month ended 30 September 2011 amounted to \$1.50 million, representing a decrease of \$73,000 from the same period last year. The decrease was due to decrease in business development expenses.

Other comprehensive loss of \$5.06 million for the six-month ended 30 September 2011 was largely due to fair value losses of available-for-sale quoted securities.

The Group's earnings per share decreased from 0.287 cents for six-month ended 30 September 2010 to a negative 0.122 cents for the same period under review.

Review of Statement of Financial Position

The Group's total assets decreased from \$52.85 million as at 31 March 2011 to \$44.53 million as at 30 September 2011. The decrease was largely attributed to the mark-to-market valuation for the Group's investments in quoted securities, disposal of plant and equipment and settlement of a short-term borrowing.

Total liabilities of the Group amounted to \$16.34 million as at 30 September 2011, representing a decrease of \$1.86 million as at 31 March 2011. The decrease was largely due to repayment of a short-term borrowing of \$1.10 million and decrease of deferred income tax liabilities.

The net asset value per share was 3.18 cents as at 30 September 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 \$1.43 million, which increased from \$814,000 in the same quarter last year. The increase in the cash outflow was largely due to payments of \$366,000 mainly made by a subsidiary to creditors during the quarter under review.

Net cash generated from investing activities amounted to \$812,000, which was mainly due to cash received from disposal of plant and equipment.

Net cash generated from financing activities amounted to \$70,000 in the current quarter, which was the result of net proceeds received from a fixed deposit after the settlement of bank borrowings.

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 local market earned a respite when the long-awaited eurozone rescue deal was sealed by European heads of state, the International Monetary Fund and bankers on October 27, 2011. However, the market experiences continuing turmoil again as affected European countries come into focus for rescue packages. These are dark clouds on the global economic horizon as there are concerns over whether the eurozone bailout fund is large enough for effective rescue and whether the long-term structural issues of the eurozone still remain. Closer to home, Singapore's economy growth is forecast to stall over the next few quarters.

On October 20, 2011, the Group disbursed a second tranche of loan of US\$120,000, the total of which amounted to US\$180,000, to Heliconix, Inc. after it had met the conditions precedent to the convertible loan agreement.

On October 21, 2011, the shareholders of the Company's 51% owned subsidiary, San Technology Holding Pte. Ltd. ("STH") passed a special resolution to approve the voluntary winding up of STH and the appointment of Messrs Chee Yoh Chuang and Abuthahir Abdul Gafoor as joint and several liquidators for the purpose of winding up the affairs of STH. Subsequently, a creditors' meeting was held on the same day to approve the appointment of the above-mentioned liquidators and establishment of a committee of inspection of not more than 3 members. The accounting impact of the liquidation will be reflected in the next quarter.

The Group will strictly adhere to its investment policies and will continue to exercise great caution and prudence in moving forward with its investment activities.

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

The Company wishes to announce that to date, the net proceeds of approximately \$14.90 million from the Rights Issue have been fully utilised as follows:

- 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 \$0.23 million had been used to provide convertible loan to Heliconix, Inc.
- About \$4.49 million had been used for the Group's general corporate and working capital purposes.

11. Dividend

	30 September 2011	30 September 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. 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.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	S\$'000	S\$'000
Not applicable	Not applicable	Not applicable

14. **Negative Confirmation pursuant to rule 705(5)**

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 2nd quarter financial period ended 30 September 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

9 November 2011