



ROWSLEY LTD.

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

Unaudited Third Quarter Financial Statement Announcement For The Financial Period Ended 30 September 2016

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), 9 MONTHS 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 2016

	Group			Group		
	3 rd quarter ended 30 September			9 months ended 30 September		
	2016	2015	Change	2016	2015	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	24,604	17,588	40	67,409	51,705	30
Other income	A 3,367	3,200	5	8,983	9,363	(4)
Staff costs	(17,661)	(12,271)	44	(48,523)	(41,203)	18
Other expenses	B (8,853)	(7,232)	22	(28,044)	(18,073)	55
Foreign exchange loss, net	(217)	1,094	(120)	(2,233)	(5)	44560
Gain on remeasurement of previously held equity interest in an associate which became a subsidiary	7,163	-	NM	7,163	-	NM
Share of profit of associated companies	1,074	109	885	1,142	102	1020
Fair value changes in purchase consideration payable	(749)	(3,750)	(80)	8,251	4,500	83
Profit/(Loss) before interest, tax, depreciation and amortisation (EBITDA)	8,728	(1,262)	NM	14,148	6,389	121
Interest income	43	160	(73)	178	383	(54)
Finance costs	C (1,893)	(1,736)	9	(5,679)	(3,500)	62
Depreciation and amortisation	(1,531)	(1,133)	35	(4,627)	(3,387)	37
Results from operating activities	5,347	(3,971)	NM	4,020	(115)	NM
Tax (expense)/credit	D (156)	(242)	(36)	197	(470)	NM
Profit/(Loss) for the period	5,191	(4,213)	NM	4,217	(585)	NM
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations	(6,846)	(31,555)	(78)	(10,821)	(52,659)	(79)
Net change in fair value of available-for-sale financial assets	(463)	(449)	3	(1,028)	(3,007)	(66)
Other comprehensive income for the period, net of tax	(7,309)	(32,004)	(77)	(11,849)	(55,666)	(79)
Total comprehensive income for the period	(2,118)	(36,217)	(94)	(7,632)	(56,251)	(86)
Profit/(Loss) attributable to:						
Equity holders of the Company	5,394	(4,213)	NM	4,866	(585)	NM
Non-controlling interests	(203)	-	NM	(649)	-	NM
Profit/(Loss) for the period	5,191	(4,213)	NM	4,217	(585)	NM
Total comprehensive income attributable to:						
Equity holders of the Company	(1,686)	(36,217)	(95)	(5,381)	(56,251)	(90)
Non-controlling interests	(432)	-	NM	(2,251)	-	NM
Total comprehensive income for the period	(2,118)	(36,217)	NM	(7,632)	(56,251)	(86)

NM – Not meaningful

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

	Group		Group	
	3 rd quarter ended 30 September		9 months ended 30 September	
	2016	2015	2016	2015
Basic earnings per share	0.116	(0.096)	0.107	(0.014)
Diluted earnings per share	0.116	(0.096)	0.107	(0.014)

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

	Group			Group		
	3 rd quarter ended 30 September			9 months ended 30 September		
	2016	2015	Change	2016	2015	Change
	\$'000	\$'000	%	\$'000	\$'000	%
(A) Other income						
Reversal of impairment loss on trade receivables	-	30	(100)	-	30	(100)
Management consultancy fee	138	344	(60)	544	1,162	(53)
Sales of prints	40	25	60	137	106	29
Jobs credit/government grant	175	51	243	590	399	48
Wages reimbursed from customers	2,255	2,692	(16)	6,884	7,583	(9)
Gain on disposal of available for sale financial assets	-	-	NM	32	-	NM
Gain on disposal of PPE	10	-	NM	11	-	NM
Others	749	58	NM	785	83	NM
	<u>3,367</u>	<u>3,200</u>	5	<u>8,983</u>	<u>9,363</u>	(4)
(B) Other expenses						
Selling and marketing expenses	(876)	(424)	107	(2,639)	(1,378)	92
Directors' fee	(91)	(132)	(31)	(280)	(385)	(27)
Professional fees	(580)	(557)	4	(1,667)	(1,406)	19
Rental	(1,545)	(1,172)	32	(4,178)	(3,472)	20
Travelling and entertainment expenses	(511)	(525)	(3)	(1,527)	(1,746)	(13)
Loss on disposal of property, plant and equipment	-	-	NM	(63)	(15)	320
Repairs and maintenance	(500)	(214)	134	(1,454)	(661)	120
Project expenses	(2,067)	(2,916)	(29)	(9,543)	(7,116)	34
Administrative expenses	(93)	(78)	(19)	(236)	(258)	(9)
Reversal of allowance for foreseeable losses	(85)	62	(237)	380	695	(45)
Gifts and donations	(19)	(255)	(93)	(361)	(261)	38
Advertisement	(63)	(33)	91	(126)	(137)	(8)
Telephone and internet	(74)	(58)	28	(218)	(179)	22
Utilities	(84)	(54)	56	(229)	(139)	65
Printing and stationery	(124)	(82)	51	(294)	(203)	45
Leasing of office equipment	13	(44)	(130)	(106)	(113)	(6)
Loss on write-off of call option	-	(497)	(100)	-	(497)	(100)
Hotel and café operating costs	(1,040)	-	NM	(3,316)	-	NM
Impairment loss on trade and other receivables	(471)	-	NM	(471)	-	NM
Others	(643)	(253)	155	(1,716)	(802)	114
	<u>(8,853)</u>	<u>(7,232)</u>	22	<u>(28,044)</u>	<u>(18,073)</u>	55

NM – Not meaningful

	Group			Group		
	3 rd quarter ended 30 September			9 months ended 30 September		
	2016	2015	Change	2016	2015	Change
	\$'000	\$'000	%	\$'000	\$'000	%
(C) Finance costs						
Interest on bank loans	(164)	-	NM	(535)	-	NM
Interest expense on Medium Term Notes	(1,729)	(1,736)	1	(5,144)	(3,500)	47
	<u>(1,893)</u>	<u>(1,736)</u>	9	<u>(5,679)</u>	<u>(3,500)</u>	62
(D) Tax expense						
Current tax expense	(274)	(348)	(21)	(442)	(671)	(34)
Current deferred tax credit	63	106	(41)	587	269	118
Over/(under) provision in respect of prior years	55	-	NM	52	(68)	NM
	<u>(156)</u>	<u>(242)</u>	NM	<u>197</u>	<u>(470)</u>	NM

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 30 Sep 16	As at 31 Dec 15	As at 30 Sep 16	As at 31 Dec 15
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	80,146	95,787	228	279
Goodwill	123,983	108,265	-	-
Intangible assets	8,257	8,852	-	-
Investment property	151,672	150,916	-	-
Subsidiaries	-	-	206,332	552,329
Associates	30,395	34,014	-	-
Other investments	1,576	2,604	-	-
Deferred tax assets	932	549	-	-
	<u>396,961</u>	<u>400,987</u>	<u>206,560</u>	<u>552,608</u>
Current assets				
Development property	143,210	143,210	-	-
Work-in-progress	42,079	40,051	-	-
Inventories	308	280	-	-
Amounts due from subsidiaries – non-trade	-	-	369,177	14,348
Trade and other receivables	23,014	35,449	672	486
Cash and cash equivalents	37,628	37,326	13,526	15,885
	<u>246,239</u>	<u>256,316</u>	<u>383,375</u>	<u>30,719</u>
Total assets	643,200	657,303	589,935	583,327
EQUITY				
Share capital	782,967	742,202	782,967	742,202
Fair value reserve	(738)	290	-	-
Foreign currency translation reserve	(65,960)	(56,741)	-	-
Accumulated losses	(237,747)	(242,613)	(305,281)	(306,720)
Equity attributable to owners of the Company	478,522	443,138	477,686	435,482
Non-controlling interests	5,396	7,647	-	-
Total equity	483,918	450,785	477,686	435,482
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	9,911	12,071	20	20
Borrowings	116,924	120,079	99,434	99,170
Purchase consideration payable	11,794	-	11,794	-
	<u>138,629</u>	<u>132,150</u>	<u>111,248</u>	<u>99,190</u>
Current liabilities				
Excess of progress billings over work-in-progress	3,292	3,756	-	-
Trade and other payables	16,768	21,529	1,001	3,155
Current tax payable	345	2,584	-	-
Purchase consideration payable	-	45,500	-	45,500
Borrowings	248	999	-	-
	<u>20,653</u>	<u>74,368</u>	<u>1,001</u>	<u>48,655</u>
Total liabilities	159,282	206,518	112,249	147,845
TOTAL EQUITY AND LIABILITIES	643,200	657,303	589,935	583,327

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 Sep 2016		As at 31 Dec 2015	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Bank loan	248	-	999	-

Amount repayable after one year:

	As at 30 Sep 2016		As at 31 Dec 2015	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Bank loan	17,490	-	20,909	-
Medium Term Notes	-	99,434	-	99,170

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	
	3 rd quarter ended 30 September		9 months ended 30 September	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash flows from operating activities				
Profit /(loss) for the period	5,191	(4,213)	4,217	(585)
Adjustments for:				
- Tax expense/(credit)	156	242	(197)	470
- Depreciation of property, plant and equipment	1,332	469	4,032	1,395
- Amortisation of intangible assets	199	664	595	1,992
- Gain on disposal of available-for-sale financial assets	-	-	(32)	-
- Gain on disposal of property, plant and equipment	(10)	-	(11)	-
- Loss on disposal of property, plant and equipment	-	-	63	15
- Interest income	(43)	(160)	(178)	(383)
- Interest expense	1,893	1,736	5,679	3,500
- Share of loss of associated companies	(1,074)	(109)	(1,142)	(102)
- Gain on remeasurement of previously held equity interest in an associate which became a subsidiary	(7,163)	-	(7,163)	-
- Fair value changes in purchase consideration payable, net of settlement loss	749	3,750	(8,251)	(4,500)
- Impairment loss on trade receivables	471	-	471	-
- Reversal of impairment loss on trade receivables	-	(30)	-	(30)
- Reversal of allowance for foreseeable losses	85	(62)	(380)	(695)
- Loss on write-off of call option	-	497	-	497
- Unrealised foreign exchange loss/(gain)	1,048	(841)	2,071	82
Operating loss before working capital changes	2,834	1,943	(226)	1,656
Changes in working capital:				
- Inventories	(21)	-	(28)	-
- Work-in-progress	(2,275)	(3,753)	(446)	(7,622)
- Trade and other receivables	8,760	2,648	16,605	9,764
- Trade and other payables	(1,159)	(1,463)	(5,586)	(11,792)
- Progress billings	(2,036)	11	(464)	(961)
- Development properties	-	6	-	(74)
Cash generated from/(used in) operations	6,103	(608)	9,855	(9,029)
- Interest received	30	149	141	368
- Tax paid	(1,022)	(955)	(2,755)	(2,997)
Net cash generated from/(used in) operating activities	5,111	(1,414)	7,241	(11,658)
Cash flows from investing activities				
Cash from consolidation of new subsidiary (Squire Mech)	3,274	(20,589)	3,274	(20,589)
Additions to property, plant and equipment	(1,009)	(254)	(1,941)	(927)
Proceeds from disposal of property, plant and equipment	10	-	135	2
Net proceeds from disposal of available-for-sale financial Assets	-	-	32	-
Expenditure on investment properties	(232)	2	(756)	(21)
Dividend received from an associated company	-	-	1,396	700
Movement in fixed deposits	(626)	308	(1,304)	1,025
Net cash generated from/(used in) investing activities	1,417	(20,533)	836	(19,810)
Cash flows from financing activities				
Expenditure from issuance and listing of ordinary shares	-	-	(30)	-
Net proceeds from issuance of Notes	-	-	-	98,951
Interest paid	(3,707)	(3,277)	(7,318)	(3,277)
Repayment of borrowings	-	-	(248)	-
Restricted cash	-	-	-	(3,250)
Net cash (used in)/generated from financing activities	(3,707)	(3,277)	(7,596)	92,424

	Group		Group	
	3 rd quarter ended 30 September		9 months ended 30 September	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net increase/(decrease) in cash and cash equivalents	2,821	(25,224)	481	60,956
Cash and cash equivalents at beginning of the period	30,331	120,529	34,059	35,141
Effect of exchange rate changes on cash held	(95)	1,212	(1,483)	420
Cash and cash equivalents at end of the period	33,057	96,517	33,057	96,517
Cash and cash equivalents comprise:				
Cash and bank balances	29,837	48,105	29,837	48,105
Short-term deposits	7,791	52,046	7,791	52,046
	37,628	100,151	37,628	100,151
Less: Fixed deposits with maturities of more than 3 months	(1,304)	(384)	(1,304)	(384)
Cash held in interest service reserve account	(3,267)	(3,250)	(3,267)	(3,250)
Cash and cash equivalents in the consolidated statement of cash flows	33,057	96,517	33,057	96,517

Notes to Consolidated Statement of Cash Flows

During the quarter ended 30 September 2016, the Group acquired the remaining 65% of the issued and paid-up share capital of Squire Mech Private Limited ("Squire Mech") through a wholly owned subsidiary, RSP Architects Planners & Engineers (Pte) Ltd ("RSP"), for a total of \$15,340,000 or 130,000,000 shares. An Initial Consideration of 36,400,000 ordinary shares were issued at completion on 4 August 2016. The remaining Consideration Shares shall be allotted and issued subject to the terms and conditions set out in the sale and purchase agreement, which include the achievement of an earn-out target.

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

	S\$'000
Property, plant and equipment	453
Cash and cash equivalents	3,274
Work-in-progress	1,202
Trade and other receivables	5,180
Deferred tax liabilities	469
Trade and other payables	(2,089)
Current tax liabilities	(127)
Total net assets of subsidiary company	8,362
Provisional goodwill arising from acquisition	17,478
Total purchase consideration	25,840
Fair value of existing 35% shares	10,500
Issue of shares as consideration	4,295
Purchase consideration payable	11,045
	<u>25,840</u>
Net cash inflows from acquisition of assets	
Cash and cash equivalents acquired	3,274
Purchase consideration	-
Net cashflows on acquisition	3,274

- 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 2016	742,202	(56,741)	290	(242,613)	443,138	7,647	450,785
Total comprehensive income for the period							
Profit for the period	-	-	-	4,866	4,866	(649)	4,217
<i>Other comprehensive income</i>							
Foreign currency translation differences for foreign operations	-	(9,219)	-	-	(9,219)	(1,602)	(10,821)
Net change in fair value of available-for-sale financial assets	-	-	(1,028)	-	(1,028)	-	(1,028)
Total comprehensive income for the period	-	(9,219)	(1,028)	4,866	(5,381)	(2,251)	(7,632)
Transactions with owners, recorded directly in equity							
Contribution by and distributions to owners							
Issuance of ordinary shares	40,795	-	-	-	40,795	-	40,795
Issue costs	(30)	-	-	-	(30)	-	(30)
Total contribution by and distributions to owners	40,765	-	-	-	40,765	-	40,765
Total transactions with owners, recorded directly in equity	40,765	-	-	-	40,765	-	40,765
At 30 September 2016	782,967	(65,960)	(738)	(237,747)	478,522	5,396	483,918

STATEMENT OF CHANGES IN EQUITY

Group

	Attributable to owners of the Group				
	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 January 2015	717,225	(10,129)	692	(206,315)	501,473
Total comprehensive income for the year					
Loss for the period	-	-	-	(585)	(585)
<i>Other comprehensive income</i>					
Foreign currency translation differences for foreign operations	-	(52,659)	-	-	(52,659)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(3,007)	-	(3,007)
Total comprehensive income for the period	-	(52,659)	(3,007)	(585)	(56,251)
Transactions with owners, recorded directly in equity					
<i>Contribution by and distributions to owners</i>					
Issuance of ordinary shares	25,000	-	-	-	25,000
Issue costs	(30)	-	-	-	(30)
Total contribution by and distributions to owners	24,970	-	-	-	24,970
At 30 September 2015	742,195	(62,788)	(2,315)	(206,900)	470,192

Company

	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 January 2016	742,202	(306,720)	435,482
Total comprehensive income for the period			
Profit for the period	-	1,439	1,439
Total comprehensive income for the period	-	1,439	1,439
Transactions with owners, recorded directly in equity			
<i>Contribution by and distributions to owners</i>			
Issuance of ordinary shares	40,795	-	40,795
Issue costs	(30)	-	(30)
Total contribution by and distributions to owners	40,765	-	40,765
At 30 September 2016	782,967	(305,281)	477,686
At 1 January 2015	717,225	(195,978)	521,247
Total comprehensive income for the period			
Profit for the period	-	6,760	6,760
Total comprehensive income for the period	-	6,760	6,760
Transactions with owners, recorded directly in equity			
<i>Contribution by and distributions to owners</i>			
Issuance of ordinary shares	25,000	-	25,000
Issue costs	(30)	-	(30)
Total contribution by and distributions to owners	24,970	-	24,970
At 30 September 2015	742,195	(189,218)	552,977

- 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.**

Changes in Share Capital

During the 3 months ended 30 September 2016, the Company issued 36,400,000 ordinary shares at market value of \$4.30 million to Squire Mech Vendors as initial consideration for the acquisition of the remaining 65% of the issued and paid up share capital of Squire Mech Private Limited.

	30 September 2016		30 September 2015	
	No. of issued shares	Amount \$'000	No. of issued shares	Amount \$'000
Balance as at 1 July	4,633,241,931	778,672	4,383,205,931	742,195
Issue of shares	36,400,000	4,295	-	-
Balance as at 30 September	4,669,641,931	782,967	4,383,205,931	742,195

As at 30 September 2016, there were 1,971,328,530 outstanding warrants (30 September 2015: 1,971,364,530).

- 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 Sep 2016	As at 31 Dec 2015
Number of issued shares	4,669,641,931	4,383,241,931
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 September 2016, as compared with the Group's audited financial statements for the year ended 31 December 2015.

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).**

	3rd quarter ended 30 September		9 months ended 30 September	
	2016	2015	2016	2015
EPS based on net profit attributable to shareholders of the Company (cents):				
Basic	0.116*	(0.096)*	0.107*	(0.014)*
Diluted	0.116***	(0.096)**	0.107***	(0.014)**
Weighted average number of ordinary shares on issue as at the end of the period	4,656,189,757	4,383,205,931	4,565,217,113	4,334,671,132
Weighted average number of ordinary shares on issue after adjusting for effects of dilutive warrants as at the end of the period	4,656,189,757	6,329,736,980	4,565,217,113	6,285,191,817

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

** Based on the weighted average number of fully paid shares in issue after adjusting for effects of all dilutive potential ordinary shares

*** 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 Sep 2016	31 Dec 2015
Net asset value per ordinary share of		
Group (cents)	10.25	10.11
Company (cents)	10.23	9.94

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

Third quarter ended 30 September 2016 (“Q3FY2016”) vs Third quarter ended 30 September 2015 (“Q3FY2015”)

1. The Group reported a revenue of \$24.60 million for Q3FY2016, as compared to \$17.59 million in the same quarter last year (“Q3FY2015”). The increase of \$7.01 million was mainly due to contribution of \$3.80 million from the UK hospitality group, \$2.5 million from Squire Mech Private Limited (“Squire Mech”), which was acquired on 4 August 2016 and increase in RSP’s revenue of \$0.8 million.
2. Staff costs were \$17.66 million for Q3FY16, an increase of \$5.39 million from Q3FY2015. The increase was due to inclusion of \$1.65 million of costs for UK hospitality business and \$1.74 million for Squire Mech. The balance increase is on existing businesses.
3. Operating expenses amounted to \$8.85 million for Q3FY2016, an increase of \$1.62 million versus Q3FY2015. The increase was mainly due to inclusion of \$1.90 million for the UK hospitality business, \$0.48 million for Squire Mech which is partially offset by lower expenses from existing businesses.
4. The gain on remeasurement of previously held equity interest in an associate which became a subsidiary was related to fair value gain on the Group’s existing 35% shareholding in Squire Mech. The \$7.16 million gain represented the difference between the carrying amount of the cost of investment in the associate and the enterprise value of Squire Mech, at the date of acquisition.
5. Share of profit from associated companies increased from \$0.11 million in Q3FY2015 to \$1.07 million in Q3FY2016 mainly due to inclusion of a full quarter’s share of profit from RSP Design Consultants (India) Private Limited, which was acquired on 5 August 2015.
6. Fair value changes in purchase consideration payable of \$0.75 million was related to re-measurement of earn-out consideration shares payable to Squire Mech Vendors, whereas the amount of \$3.75 million for Q3FY2015 was related to re-measurement on earn-out consideration share payable to RSP Vendors.
7. Overall, the Group recorded an EBITDA of \$8.73 million and a profit for the period of \$5.19 million.

9 months ended 30 September 2016 (“9MFY2016”) vs 9 months ended 30 September 2015 (“9MFY2015”)

1. The Group reported a revenue of \$67.41 million for 9MFY2016, as compared to \$51.71 million in the same period last year (“9MFY2015”). The increase of \$15.70 million was due to contribution of \$12.0 million from the UK hospitality group, \$2.53 million from Squire Mech and an increase in revenue of \$1.40 million from RSP.
2. Staff costs were \$48.52 million for 9MFY16, an increase of \$7.32 million from 9MFY2015. The UK hospitality business added \$5.18 million of staff costs, and Squire Mech added \$1.74 million to this line of expense.
3. Operating expenses amounted to \$28.04 million for 9MFY2016, an increase of \$9.97 million. The increase was due to inclusion of \$5.90 million for the UK hospitality business, \$0.48 million for Squire Mech, increase in RSP’s project expenses of \$2.60 million as well as higher selling and marketing expenses of \$0.87 million.
4. The gain on remeasurement of previously held equity interest in an associate which became a subsidiary was related to fair value gain on the Group’s existing 35% shareholding in Squire Mech. The \$7.16 million gain represented the difference between the carrying amount of the cost of investment in the associate and the enterprise value of Squire Mech, at the date of acquisition.

5. The net foreign exchange loss of \$2.23 million mainly arose from Sterling pound which depreciated against the Singapore dollar in 9MFY2016 as a result of the Brexit referendum, and other currencies eg. U.S. dollar and Malaysian Ringgit's depreciation against the Singapore dollar.
6. Share of profit from associated companies increased from \$0.10 million for 9MFY2015 to \$1.14 million for 9MFY2016 mainly due to inclusion of full 9 months' share of profit from RSP Design Consultants (India) Private Limited, which was acquired on 5 August 2015.
7. The Company issued 250 million second and final earn-out shares to the RSP Vendors at \$0.146 per share on 24 March 2016, after the earn-out targets were met. The liability was measured at \$0.182 per share previously. As a result, the Company recorded a fair value gain arising from purchase consideration payable of \$9 million. The gain was partially offset by fair value loss arising from re-measurement of purchase consideration payable to Squire Mech vendors.
8. Finance costs increased from \$3.50 million in 9MFY2015 to \$5.68 million in 9MFY2016. The increase of \$2.18 million was largely due to a) an increase in \$1.64 million interest of fixed rate medium term notes of S\$100 million due 2018, which took the full 9 months' effect in the period under review, as opposed to half year's accrual in 9MFY2015, when the notes were issued on 27 March 2015; and b) interest expense of \$0.54 million attributed to the UK hospitality assets specifically Hotel Football in Manchester.
9. The increase in depreciation and amortisation of \$1.24 million, from \$3.39 million in 9MFY2015 to \$4.63 million in 9MFY2016, was primarily due to inclusion of depreciation for the hotel building of the UK hospitality group.
10. Overall, the Group recorded EBITDA of \$14.15 million and a profit for the period of \$4.22 million.

Review of Statement of Financial Position

1. The Group recorded net assets of \$483.92 million as at 30 September 2016 compared with \$450.79 million as at 31 December 2015, before excluding minority interests. The increase was mainly due to settlement of purchase consideration payable to RSP Vendors but partially offset by the decrease in value of the Hotel Football building in Manchester due to the depreciation of the Sterling.
2. The Group recorded property, plant and equipment of \$80.15 million as at 30 September 2016 compared with \$95.79 million as at 31 December 2015. The decrease, besides depreciation, was again due to the depreciation of the Sterling.
3. The increase in goodwill from \$108.27 million as at 31 December 2015 to \$123.98 million as at 30 September 2016 was mainly due to inclusion of a provisional goodwill of \$17.48 million arising from acquisition of Squire Mech, partially offset by the decrease in goodwill attributable to UK Hospitality due to the depreciation of the Sterling.
4. The decline in trade and other receivables from \$35.45 million as at 31 December 2015 to \$23.01 million as at 30 September 2016 was largely due to more receipts from RSP's clients, partially offset by the addition of trade and other receivables of Squire Mech amounting to \$5.17 million, post acquisition.
5. The Group recorded a higher debit balance of foreign currency translation reserve balance of \$65.96 million as at 30 September 2016, compared to \$56.74 million as at 31 December 2015. The increase was largely due to exchange loss arising from translation of the Group's UK subsidiaries as a result of the weakening of Sterling against Singapore Dollar in Q3FY2016.
6. The decrease in deferred tax liabilities of \$2.16 million was largely due to decline in translated balance of the UK subsidiaries due to depreciation of the Sterling against Singapore Dollar.
7. The purchase consideration payable of \$11.79 million was related to the earn-out consideration payable to Squire Mech Vendors.
8. Trade and other payables declined to \$16.77 million, a decrease of \$4.76 million. This was primarily due to a) increase in progress payments made to sub-contractors; b) payment of accrued FY2015 bonus in the current period; and c) payment of accrued MTN interest.

9. The Company's share capital increased by \$40.77 million due to a) issuance of the second and final earn-out shares of 250 million at an issue price of \$0.146 per share to RSP Vendors on 24 March 2016, after earn-out targets were met. At the same time, the purchase consideration payable of \$45.50 million was settled; and b) issuance of initial consideration shares of 36.40 million at an issue price of \$0.118 per share to Squire Mech Vendors.
10. Due to the foregoing, net asset value per share for the Group increased to 10.23 cents as at 30 September 2016, from 10.11 cents as at 31 December 2015.

Review of Statement of Cash Flows

1. Net cash generated from operating activities for Q3FY16 amounted to \$5.11 million, which was mainly due to positive working capital, partially offset by tax payment.
2. Net cash generated from investing activities for Q3FY16 was \$1.42 million, which was mainly attributable to the inclusion of cash and cash equivalent of \$3.27 million from Squire Mech on acquisition, offset by additions of property, plant and equipment of \$1.01 million, expenditure on investment property of \$0.23 million and withdrawal of fixed deposits of \$0.63 million.
3. Net cash used in financing activity for Q3FY16 was mainly due to payment of interest of \$3.71 million.
4. Overall, the net increase in cash and cash equivalents for Q3FY16 was \$2.82 million.
5. As at 30 September 2016, the Group's cash and cash equivalents amounted to \$33.06 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.

In Singapore, the broader market outlook has turned weaker and sentiments are that the downturn will be longer. Although RSP continues to win new orders, the weak market will have a direct impact on our consultancy business. Our recent acquisitions of Squire Mech and RSP India continue to be financially profitable and will cushion some of the weakness ahead.

In the UK, market uncertainties from the Brexit decision continue. Recently the Sterling pound depreciated further against major currencies on fears of a hard Brexit. The weaker Pound meant that our UK earnings translated less in Singapore dollar terms. However, to the extent that Sterling value stays low, it means a lower cost of investments for the group in particular for the St Michael's mixed development. The group recently entered into a partnership agreement to open a new Café Football outlet at the National Football Museum in the UK as well as access to the museum's vast collection of football memorabilia. The group expects this to strengthen our football branded business ahead.

On 7 September 2016, the group announced that it had entered into an agreement to acquire in full the shares of Ariva Pte. Ltd. Ariva is a hospitality management company based in Singapore and currently has more than 6,500 room keys under management and in the pipeline across the Asia Pacific region. When the acquisition is completed, Ariva will contribute positively to the group.

The group continues to focus on creating synergies across its consultancy, real estate development and hospitality business while looking for opportunities in each of these three areas.

11. Dividend

	Period ended	
	30 Sep 2016	30 Sep 2015
(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 September 2016, the exercise proceeds amounting to \$1,309,320 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 September 2016 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

2 November 2016