

NEW SILKROUTES GROUP LIMITED
1st Quarter Financial Statement and Dividend Announcement For The Period Ended 30 September 2017

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

	GROUP		
	1ST QUARTER ENDED		
	30/09/17	30/09/16	Change
	US\$'000	US\$'000	%
Revenue	149,257	69,276	115%
Other income	9	302	-97%
Purchases of finished goods	(148,173)	(65,773)	125%
Changes in inventories of finished goods	852	(2,147)	-140%
Personnel expenses	(1,274)	(607)	110%
Amortisation of intangible assets	(39)	-	NM
Depreciation of plant and equipment	(26)	(6)	333%
Net fair value loss on derivative financial instruments	(107)	(774)	-86%
Other operating expenses	(1,069)	(349)	206%
Other gains	301	-	NM
Finance costs	(202)	(69)	193%
Share of results of associates, net of tax	(61)	-	NM
Loss before taxation	(532)	(147)	262%
Taxation	7	-	NM
Loss for the period	(525)	(147)	257%
Other comprehensive income:			
Foreign currency translation	46	(16)	-388%
Total comprehensive loss for the period	(479)	(163)	194%
Profit/(Loss) attributable to:			
Owners of the company	(551)	(146)	277%
Non-controlling interests	26	(1)	NM
	(525)	(147)	
Total comprehensive income/(loss) attributable to:			
Owners of the company	(521)	(162)	222%
Non-controlling interests	42	(1)	NM
	(479)	(163)	
Notes (The expenses below are included in "Other operating expenses" above):			
Foreign exchange (loss)/gain	(24)	21	-214%
Allowance for trade and non-trade receivables	(28)	-	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.

	GROUP		COMPANY	
	30/09/2017	30/06/2017	30/09/2017	30/06/2017
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Plant and equipment	409	421	15	10
Intangible assets and goodwill	4,796	4,791	-	-
Subsidiaries	-	-	29,911	29,904
Associates	50	402	-	-
Available-for-sale investment	14,090	14,090	-	-
Total non-current assets	19,345	19,704	29,926	29,914
Current assets				
Inventories	6,119	5,267	-	-
Trade and other receivables	34,745	26,517	11,122	11,200
Prepayments	6,615	5,475	42	27
Derivative financial instruments	-	136	-	-
Cash and cash equivalents	46,579	30,870	41	251
Total current assets	94,058	68,265	11,205	11,478
Total assets	113,403	87,969	41,131	41,392
EQUITY AND LIABILITIES				
Equity				
Share capital	71,179	71,179	71,179	71,179
Treasury shares	(169)	(510)	(169)	(510)
Capital reserve	45	68	45	68
Other reserves	1,169	1,139	666	666
Accumulated losses	(33,279)	(32,728)	(32,800)	(31,979)
	38,945	39,148	38,921	39,424
Non-controlling interests	426	384	-	-
Total equity	39,371	39,532	38,921	39,424
Non-current liabilities				
Deferred tax liabilities	406	413	-	-
Borrowings	182	201	1	2
Total non-current liabilities	588	614	1	2
Current liabilities				
Trade and other payables	60,056	38,330	1,471	1,356
Borrowings	12,025	9,452	738	610
Income tax payable	14	41	-	-
Derivative financial instruments	1,349	-	-	-
Total current liabilities	73,444	47,823	2,209	1,966
Total liabilities	74,032	48,437	2,210	1,968
Total equity and liabilities	113,403	87,969	41,131	41,392

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

Amount repayable in one year or less, or on demand

As at 30 September 2017		As at 30 June 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
10,442	1,583	8,418	1,034

Amount repayable after one year

As at 30 September 2017		As at 30 June 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
4	178	4	197

Details of any collateral

The Group's secured borrowings of US\$10.446m comprises:

- i. US\$0.007m: Finance lease secured by plant and equipment financed.
- ii. US\$10.043m: A floating charge on inventory and corporate guarantee on trade transactions financed.
- iii. US\$0.396m: This relates to the bank loan and bank overdraft. The balances are secured on the fixed deposits and all sums in the current account of that bank of the subsidiary, Healthsciences International Pte. Ltd. and on the personal guarantees of two directors who are also shareholders of the subsidiary.

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

	GROUP	
	3 MONTHS ENDED	
	30/09/2017	30/09/2016
	US\$'000	US\$'000
OPERATING ACTIVITIES		
Loss before taxation	(532)	(147)
Adjustments for:-		
Amortisation of intangible assets	39	-
Depreciation of plant and equipment	26	6
Gain on disposal of associate	(301)	-
Finance costs	202	69
Finance income	(2)	-
Allowance for impairment of receivables, net	28	-
Net fair value loss on derivative financial instruments	107	774
Unrealised foreign exchange differences	10	(19)
Share of results of associates	61	-
Operating (loss)/profit before working capital changes	(362)	683
Increase / decrease in:		
Inventories	(852)	912
Trade and other receivables	(6,323)	(12,632)
Prepayments	(1,140)	(14)
Trade and other payables	21,726	28,381
Cash from operations	13,049	17,330
Income tax paid	(27)	-
Net cash flows from operating activities	13,022	17,330
INVESTING ACTIVITIES		
Interest received	2	-
Acquisition of plant and equipment	(6)	(2)
Net cash flows used in investing activities	(4)	(2)
FINANCING ACTIVITIES		
Cash restricted in use	(8,892)	-
Interest paid	(192)	(69)
Proceeds from issuance of shares pursuant to exercise of warrants	-	11
Proceeds from short-term loans	15,700	-
Proceeds from disposal of treasury shares	318	-
Purchase of treasury shares	-	(156)
Repayment of short-term loans	(13,156)	-
Net cash flows used in financing activities	(6,222)	(214)
Net increase in cash and cash equivalents	6,796	17,114
Cash and cash equivalents at beginning of the period	6,581	3,563
Effect of exchange rate differences in cash and cash equivalents	5	2
Cash and cash equivalents at end of financial period	13,382	20,679
Cash and cash equivalents comprise the following:		
Cash and cash equivalents	46,579	20,679
Less: Bank overdrafts	(393)	-
Less: Fixed deposits pledged	(119)	-
Less: Restricted cash	(32,685)	-
Cash and cash equivalents at end of financial period	13,382	20,679

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.

	Share capital US\$'000	Treasury shares US\$'000	Warrant reserve US\$'000	Translation reserve US\$'000	Capital reserve US\$'000	Accumulated losses US\$'000	Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
GROUP									
Balance as at 1 July 2017	71,179	(510)	666	473	68	(32,728)	39,148	384	39,532
Loss for the period	-	-	-	-	-	(551)	(551)	26	(525)
Other comprehensive income									
- foreign currency translation	-	-	-	30	-	-	30	16	46
Total comprehensive income/(loss) for the period	-	-	-	30	-	(551)	(521)	42	(479)
Contributions by and distributions to owners									
- Disposal of treasury shares	-	341	-	-	(23)	-	318	-	318
Transactions with owners in their capacity as owners	-	341	-	-	(23)	-	318	-	318
Balance as at 30 September 2017	71,179	(169)	666	503	45	(33,279)	38,945	426	39,371
Balance as at 1 July 2016	63,958	(322)	1,088	460	-	(30,934)	34,250	(43)	34,207
Loss for the period	-	-	-	-	-	(146)	(146)	(1)	(147)
Other comprehensive income									
- foreign currency translation	-	-	-	(16)	-	-	(16)	-	(16)
Total comprehensive loss for the period	-	-	-	(16)	-	(146)	(162)	(1)	(163)
Contributions by and distributions to owners									
- Exercise of warrants	13	-	(2)	-	-	-	11	-	11
- Purchase of treasury shares	-	(156)	-	-	-	-	(156)	-	(156)
Transactions with owners in their capacity as owners	13	(156)	(2)	-	-	-	(145)	-	(145)
Balance as at 30 September 2016	63,971	(478)	1,086	444	-	(31,080)	33,943	(44)	33,899
	Share capital US\$'000	Treasury shares US\$'000	Warrant reserve US\$'000	Capital reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000			
COMPANY									
Balance as at 1 July 2017	71,179	(510)	666	68	(31,979)	39,424			
Disposal of treasury shares	-	341	-	(23)	-	318			
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(821)	(821)			
Balance as at 30 September 2017	71,179	(169)	666	45	(32,800)	38,921			
Balance as at 1 July 2016	63,958	(322)	1,088	-	(29,138)	35,586			
Exercise of warrants	13	-	(2)	-	-	11			
Purchase of treasury shares	-	(156)	-	-	-	(156)			
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(694)	(694)			
Balance as at 30 September 2016	63,971	(478)	1,086	-	(29,832)	34,747			

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

The movement of the Company's share capital and treasury share reserve were as follows:

	No of issued shares	Amount US\$'000
Balance as at 1 July 2017	144,563,187	71,335
Disposal of treasury shares	992,300	341
Balance as at 30 September 2017	<u>145,555,487</u>	<u>71,676</u>

The number of shares that may be issued on conversion of the Company's outstanding warrants as at the end of the financial period was 15,309,068 (30 September 2016: 24,973,391).

As at 30 September 2017, the Company held 488,800 (30 September 2016: 1,926,100) of its issued shares as treasury shares.

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

The number of issued shares excluding treasury shares as at the end of the financial period was 145,555,487 (30 June 2017: 144,563,187).

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

The movement of the Company's treasury shares are as follows:

	No. of shares	Amount US\$'000
Balance as at 1 July 2017	1,481,100	510
Disposal of treasury shares	(992,300)	(341)
Balance as at 30 September 2017	<u>488,800</u>	<u>169</u>

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

The figures have not been audited or reviewed by the 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 current reporting period as compared with those of the audited financial statements for 30 June 2017 except for the adoption of new or amended FRS and interpretations to FRS, which took effect from financial year beginning on or after 1 July 2017.

The adoption of the new or amended standards did not have any material effect on the financial performance or position of the Group and the Company.

- 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 were no changes in the accounting policies and methods of computation.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends.**

Loss per ordinary share for the period based on net loss	3 MONTHS ENDED	
	30/09/2017	30/09/2016
	US\$	US\$
(i) Basic	(0.379) cents	(0.118) cents
(ii) Diluted	(0.379) cents	(0.118) cents

The basic and diluted earnings per ordinary share for the financial period ended 30 September 2017 was calculated based on the weighted average number of issued shares 145,407,604. For comparison, earnings per share for the corresponding period was computed based on the weighted average number of shares of 124,319,694.

At the end of the reporting period, the 15,309,068 (30 September 2016: 24,973,391) outstanding warrants were excluded from the calculation of the diluted weighted average number of ordinary shares in issue as their effect would have been anti-dilutive.

7 Net asset / (liability) 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 year reported on; and
(b) immediately preceding financial year

	GROUP		COMPANY	
	30/09/2017	30/06/2017	30/09/2017	30/06/2017
	US\$	US\$	US\$	US\$
Net asset value per ordinary share based on the issued share capital at the end of the period	26.756 cents	27.081 cents	26.740 cents	27.272 cents

Net asset value per ordinary share as at 30 September 2017 and 30 June 2017 was calculated based on the number of shares in issue excluding treasury shares of 145,555,487 and 144,563,187 respectively.

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.

Income Statement Review

Revenue increased from US\$69.276m for the first quarter ended 30 September 2016 ("1Q17") to US\$149.257m for the first quarter ended 30 September 2017 ("1Q18"). This is mainly attributable to increased oil trades, and the revenue contributed by the newly acquired healthcare subsidiaries, Healthsciences International Pte. Ltd. ("HSI") and dental companies.

Other income dropped from US\$0.302m in 1Q17 to US\$0.009m in 1Q18, substantially because the deposit for the acquisition of Thai General Nice Coal and Coke Co., Ltd. was converted into equity in 4Q17, and interest income (on the deposit) no longer applicable.

Personnel expenses increased from US\$0.607m for 1Q17 to US\$1.274m for 1Q18. The increase is mainly due to the personnel expenses of the newly acquired subsidiary, HSI (acquisition completed on 7 December 2016) and the dental companies (acquisition completed on 30 June 2017).

Amortisation of intangible assets of US\$0.039m in 1Q18 relates to the amortisation of the clinic management system of HSI.

Depreciation of plant and equipment increased from US\$0.006m for 1Q17 to US\$0.026m for 1Q18. The increase is due to depreciation of equipment of the newly acquired dental companies.

Other operating expenses increased from US\$0.349m for 1Q17 to US\$1.069m for 1Q18.

The increase is primarily due to:

- Exchange gains of US\$0.021m in 1Q17 compared to exchange losses of US\$0.024m in 1Q18.
- Increase in oil trading related costs e.g. inspection fees, letters of credit charges and commission as a result of the increase in oil trades.
- Listing and professional fees relating to the Company's various corporate actions.
- Other operating expenses incurred by the newly acquired healthcare subsidiaries, HSI and dental companies.

Other gains of US\$0.301m in 1Q18 is attributable to the gain on disposal of investment in the associate company, New Silkroutes Asset Management Pte. Ltd. (NSAM), as announced on 25 September 2017 (as the Group had equity accounted for its share of loss).

Finance costs increased from US\$0.069m for 1Q17 to US\$0.202m for 1Q18. This is largely due to its oil trading activities - interest costs relating to the discounting of letters of credit and loan interest on short-term loans secured by subsidiary International Energy Group Pte Ltd ("IEG") for its oil trades.

The share of results of associates amounting to US\$0.061m relates to the Group's share of the loss in New Silkroutes Asset Management Pte Ltd ("NSAM") up to 22 September 2017, when it disposed the associate.

Financial Position Review

Investments in associates decreased from US\$0.402m to US\$0.050m relates to the divestment of NSAM on 22 September 2017.

In 1Q18, the increase/decrease in the following items is primarily due to the increase in oil trading activities:

- Inventories increased from US\$5.267m to US\$6.119m.
- Trade and other receivables increased from US\$26.517m to US\$34.745m.
- Derivative financial instruments (for oil price hedges) decreased from US\$0.136m in asset position to US\$1.349m liability position.
- Cash and cash equivalents increased from US\$30.870m to US\$46.579m.
- Trade and other payables increased from US\$38.330m to US\$60.056m.
- Total borrowings increased from US\$9.653m to US\$12.207m - the increase being mainly due to short-term loans secured by IEG to finance its oil trades.

Cash Flow Statement Review

The movement in the net cash flows from operating activities mainly due to increase in trading activities.

The net cash used in financing activities of US\$6.222m in the current period mainly relates to funds held in designated bank accounts, earmarked for letters of credit issued.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results reported herein are in line with the announcements previously made.

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.

On 11 October 2017, the Group announced its acquisition of The Dental Hub's 3 clinics. Following this acquisition, the Group will have nine dental clinics and two dental supplies companies.

On 19 October 2017, the Company announced that its wholly-owned subsidiary New Silkroutes Capital Pte Ltd ("NSC") would acquire a 66% stake in European fund manager Culross Global Holdings Limited and all its related companies. With the acquisition, NSC will not only be able to onboard essential wealth management capabilities but will also be able to operate seamlessly in European time zones in key European cities.

In the quarter, the Company also announced allowing the agreement for its proposed acquisition of Capital Group Investments Pte Ltd to lapse as certain conditions precedent were not met, and that it divested NSAM. The group will continue to adjust and fine-tune its investment targets to optimise the use of its resources to achieve its evolving ends.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the period ended 30 September 2017.

13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions (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.

No IPT mandate has been obtained.

14 Negative assurance confirmation on the interim financial results under Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited first quarter financial results of the Group and the Company (comprising the statement of financial position, consolidated income statement, statement of changes in equity and the consolidated cash flow statement, if any) as of 30 September 2017 to be false or misleading in any material respect.

15 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 as set out in Appendix 7.7 of Rule 720(1) of the Listing Manual.

On behalf of Board of Directors

Goh Jin Hian
Director

Pao Kiew Tee
Audit Committee Chairman

BY ORDER OF THE BOARD

Lim Koon Hock
Joint Company Secretary
9 November 2017