NEW SILKROUTES GROUP LIMITED
First Quarter Financial Statement and Dividend Announcement For The Period Ended 30 September 2018

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		
	30/09/18 US$'000	**30/09/17 US$'000**	**Change %**
Revenue	169,273	149,257	13%
Other income	53	310	-83%
Purchases of finished goods	(151,173)	(148,173)	2%
Changes in inventories of finished goods	(14,235)	852	NM
Employee benefits expense	(1,929)	(1,274)	51%
Amortisation of intangible assets	(46)	(39)	18%
Depreciation of plant and equipment	(100)	(26)	285%
Net fair value loss on derivative financial instruments	(249)	(107)	133%
Other operating expenses	(1,402)	(1,069)	31%
Finance costs	(622)	(202)	208%
Share of results of associates, net of tax	-	(61)	NM
Loss before taxation	**(430)**	**(532)**	**-19%**
Taxation	(48)	7	NM
Loss for the period	**(478)**	**(525)**	**-9%**
Other comprehensive (loss)/income after tax:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	(115)	46	NM
Total comprehensive loss for the period	**(593)**	**(479)**	**24%**
Profit/(Loss) attributable to:			
Owners of the company	(578)	(551)	5%
Non-controlling interests	100	26	285%
	(478)	**(525)**	**-9%**
Total comprehensive income/(loss) attributable to:			
Owners of the company	(659)	(521)	26%
Non-controlling interests	66	42	57%
	(593)	**(479)**	**24%**
Notes (The expenses below are included in "Other operating expenses" above):			
Foreign exchange loss	(101)	(24)	321%
Allowance for impairment of trade and other 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	
	30/09/2018 US$'000	30/06/2018 (Restated) US$'000	01/07/2017 (Restated) US$'000	30/09/2018 US$'000	30/06/2018 US$'000
ASSETS					
Non-current assets					
Plant and equipment	1,174	962	421	3	5
Intangible assets and goodwill	14,350	6,429	4,791	-	-
Subsidiaries	-	-	-	35,665	31,993
Associates	-	-	402	-	-
Available-for-sale investments	21,673	21,673	14,090	-	-
Deferred tax assets	48	37	-	-	-
Long-term receivables	1,900	1,900	-	1,900	1,900
Total non-current assets	39,145	31,001	19,704	37,568	33,898
Current assets					
Inventories	368	14,309	5,267	-	-
Trade and other receivables	66,268	24,181	26,517	6,031	5,629
Prepayments	1,289	2,773	5,475	33	19
Derivative financial instruments	-	-	136	-	-
Cash and bank balances	43,215	32,883	30,870	2,839	5,987
Total current assets	111,140	74,146	68,265	8,903	11,635
Total assets	**150,285**	**105,147**	**87,969**	**46,471**	**45,533**
EQUITY AND LIABILITIES					
Equity					
Share capital	79,961	78,076	71,179	79,961	78,076
Treasury shares	(863)	(863)	(510)	(863)	(863)
Other reserves	(322)	(241)	734	711	711
Accumulated losses	(36,014)	(35,379)	(32,255)	(37,990)	(37,329)
	42,762	41,593	39,148	41,819	40,595
Non-controlling interests	1,173	784	384	-	-
Total equity	43,935	42,377	39,532	41,819	40,595
Non-current liabilities					
Deferred tax liabilities	395	386	413	-	-
Borrowings	7,843	3,872	201	3,737	3,737
Total non-current liabilities	8,238	4,258	614	3,737	3,737
Current liabilities					
Trade and other payables	82,266	43,016	38,330	914	1,199
Borrowings	15,434	14,542	9,452	1	2
Income tax payable	203	72	41	-	-
Derivative financial instruments	209	882	-	-	-
Total current liabilities	98,112	58,512	47,823	915	1,201
Total liabilities	106,350	62,770	48,437	4,652	4,938
Total equity and liabilities	**150,285**	**105,147**	**87,969**	**46,471**	**45,533**

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 2018		As at 30 June 2018	
	Secured	Unsecured	Secured	Unsecured
	US$'000	US$'000	US$'000	US$'000
Borrowings	15,434	-	14,542	-

Amount repayable after one year

	As at 30 September 2018		As at 30 June 2018	
	Secured	Unsecured	Secured	Unsecured
	US$'000	US$'000	US$'000	US$'000
Borrowings	4,106	3,737	135	3,737

Details of any collateral

The Group's secured borrowings of US$19.540m comprises:

i. US$0.041m: Finance lease secured by plant and equipment.

ii. US$6.550m: A floating charge on inventory and corporate guarantee on the financing of trade transactions.

iii. US$6.800m: A short term loan secured by corporate guarantee.

iv. US$0.202m: This relates to a bank overdraft, the balance of which is secured on a fixed deposit, all sums in the current account of that bank of the subsidiary (Healthsciences International Pte. Ltd.) and the personal guarantee from one of the director.

v. US$0.731m: This relates to a Money Market Line ("MML") facility which includes an overdraft sublimit of S$200,000. The balance owing is secured on a pledged fixed deposit and a corporate guarantee from the ultimate holding company.

vi. US$4.943m: This relates to a term loan which is secured on the shares of the newly acquired medical subsidiaries, a pledged fixed deposit and a corporate guarantee from the ultimate holding company.

vii. US$0.035m term loan secured by corporate guarantee and personal guarantee from a director and US$0.238m secured by personal guarantee from directors and a doctor of certain subsidiaries that are not wholly-owned by the Group.

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	
	30/09/2018 US$'000	**30/09/2017 US$'000**
OPERATING ACTIVITIES		
Loss before taxation	(430)	(532)
Adjustments for:-		
Amortisation of intangible assets	46	39
Depreciation of plant and equipment	100	26
Gain on disposal of associate	-	(301)
Finance costs	622	202
Finance income	-	(2)
Impairment losses on trade and other receivables	-	28
Loss on deregistration of a subsidiary	150	-
Net fair value loss on derivative financial instruments	249	107
Unrealised foreign exchange differences	14	10
Plant and equipment written off	14	-
Share of results of associates	-	61
Operating profit/(loss) before working capital changes	**765**	**(362)**
Increase / decrease in:		
Inventories	14,235	(852)
Trade and other receivables	(42,874)	(6,323)
Prepayments	1,492	(1,140)
Trade and other payables	38,948	21,726
Cash from operations	**12,566**	**13,049**
Income tax paid	(12)	(27)
Net cash flows from operating activities	**12,554**	**13,022**
INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired (Note A)	(8,288)	-
Acquisition of plant and equipment	(99)	(6)
Interest received	-	2
Net cash flows used in investing activities	**(8,387)**	**(4)**
FINANCING ACTIVITIES		
Cash restricted in use	(10,001)	(8,892)
Dividends paid	(57)	-
Interest paid	(517)	(192)
Pledged fixed deposits	(338)	-
Proceeds from issuance of shares	1,885	-
Proceeds from short-term loans	11,503	15,700
Proceeds from disposal of treasury shares	-	318
Repayment of finance lease payables	(2)	-
Repayment of short-term loans	(6,543)	(13,156)
Net cash flows used in financing activities	**(4,070)**	**(6,222)**
Net increase in cash and cash equivalents	97	6,796
Cash and cash equivalents at beginning of the period	11,973	6,581
Effect of exchange rate differences in cash and cash equivalents	(23)	5
Cash and cash equivalents at end of financial period	**12,047**	**13,382**
Cash and cash equivalents comprise the following:		
Cash and bank balances	43,215	46,579
Less: Bank overdrafts	(202)	(393)
Less: Fixed deposits pledged	(455)	(119)
Less: Restricted cash	(30,511)	(32,685)
Cash and cash equivalents at end of financial period	**12,047**	**13,382**

Note A

On 2 August 2018, the Company and its subsidiary HSI Medical Pte. Ltd. (formerly known as HSI Nominees B Pte. Ltd.), completed the acquisitions of between 51% and 60% of the total issued and paid-up share capital of various healthcare companies, namely Lily Aw Medical Services Pte Ltd, HL Family Clinic & Surgery (Bedok) Pte. Ltd., HL Dermahealth Aesthetic Clinic Pte. Ltd., HL Clinic Pte Ltd, HK Family Clinic & Surgery Pte. Ltd. and Dr Chua's Family Clinic Pte. Ltd., which are engaged in the business of provision of family medicine and aesthetic healthcare services through general practitioner and aesthetic clinics, for an aggregate consideration of S$11,352,000 (US$8,335,774).

	30 September 2018 At fair value US$'000
ASSETS	
Plant and equipment	247
Inventories	294
Trade and other receivables	135
Prepayments	8
Cash and cash equivalents	48
Total assets	732
LIABILITIES	
Deferred tax liabilities	16
Trade and other payables	225
Income tax payables	77
Total liabilities	318
Total identifiable net assets	414
Less: Non-controlling interests	(173)
Total identifiable net assets attributable to the Group	241
Add: Goodwill arising from acquisition	8,095
Total consideration	8,336
Consideration paid by cash	8,336
Less: Cash and cash equivalents of subsidiaries acquired	(48)
Cash outflow on acquisition per consolidated statement of cash flows	8,288

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$'000	Capital reserve US$'000	Fair value reserve US$'000	Translation reserve US$'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 2018										
- As previously reported	78,076	(863)	666	45	(987)	508	(35,852)	41,593	784	42,377
- Effect of adoption SFRS(I)	-	-	-	-	-	(473)	473	-	-	-
As restated	78,076	(863)	666	45	(987)	35	(35,379)	41,593	784	42,377
(Loss)/Profit for the period	-	-	-	-	-	-	(578)	(578)	100	(478)
Other comprehensive income										
- Foreign currency translation	-	-	-	-	-	(81)	-	(81)	(34)	(115)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(81)	(578)	(659)	66	(593)
Contributions by and distributions to owners										
- Issue of shares	1,885	-	-	-	-	-	-	1,885	-	1,885
- Deregistration of a subsidiary	-	-	-	-	-	-	-	-	150	150
- Dividends	-	-	-	-	-	-	(57)	(57)	-	(57)
Changes in ownership interests in subsidiaries										
- Acquisition of subsidiaries	-	-	-	-	-	-	-	-	173	173
Transactions with owners in their capacity as owners	1,885	-	-	-	-	-	(57)	1,828	323	2,151
Balance as at 30 September 2018	**79,961**	**(863)**	**666**	**45**	**(987)**	**(46)**	**(36,014)**	**42,762**	**1,173**	**43,935**
Balance as at 1 July 2017										
- As previously reported	71,179	(510)	666	68	-	473	(32,728)	39,148	384	39,532
- Effect of adoption SFRS(I)	-	-	-	-	-	(473)	473	-	-	-
As restated	71,179	(510)	666	68	-	-	(32,255)	39,148	384	39,532
(Loss)/Profit 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**	**45**	**-**	**30**	**(32,806)**	**38,945**	**426**	**39,371**

	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 2018	78,076	(863)	666	45	(37,329)	40,595
Issue of shares	1,885	-	-	-	-	1,885
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(661)	(661)
Balance as at 30 September 2018	**79,961**	**(863)**	**666**	**45**	**(37,990)**	**41,819**
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**

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, treasury shares reserve and warrant reserve is as follows:

	No of issued shares	Amount US$'000
Balance as at 1 July 2018	164,198,495	77,879
Issuance of new ordinary shares	8,600,000	1,885
Balance as at 30 September 2018	172,798,495	79,764

The number of shares that may be issued on conversion of the Company's outstanding convertibles as at the end of the financial period is as follows:

	30/09/2018	30/09/2017
Warrants Total number of shares that may be issued on conversion of the Company's outstanding warrants	15,301,568	15,309,068
Convertible loan note Total number of shares that may be issued on conversion of the Company's convertible loan note (1)	11,111,111	-

Note:
(1) On 30 May 2018, the Company had entered into convertible loan agreement with Haitong International Financial Products (Singapore) Pte. Ltd. (the "Lender"), pursuant to which the Lender has agreed to make available to the Company a convertible loan facility of up to a maximum amount of S$5,000,000. The Company had drawn down S$5,000,000 (equivalents to US$3,736,500). The convertible loan is convertible into 11,111,111 ordinary shares, at a reset floor price of S$0.45 per share.

As at 30 September 2018, the Company held 3,444,200 (30 September 2017: 488,800) 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 172,798,495 (30 June 2018: 164,198,495).

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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	No. of shares	Amount US$'000
Balance as at 1 July 2018 and 30 September 2018	3,444,200	863

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.

Except as disclosed under item 5 below, 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 the financial year ended 30 June 2018.

5 If there are any changes in the accounting polices 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.

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised SFRS(I)s and interpretation of SFRS(I) which are effective for annual financial periods beginning on or after 1 July 2018 and are relevant to the Group. On transition to SFRS(I), the Group has elected the option to reset its translation reserve to zero at the date of transition on 1 July 2017. As a result, the Group has reclassified an amount of US$473,029 from translation reserve to accumulated losses as at 1 July 2017. After the date of transition, any gain or loss on disposal of any foreign operation will exclude translation differences that arose before the date of transition.

Except as stated above, the Group expects the adoption of SFRS(I), new and revised SFRS(I)s and interpretation of SFRS(I) that are relevant to the Group to have no significant impact on the financial statements of the Group.

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	
	30/09/2018	30/09/2017
	US$	US$
(i) Basic	(0.351) cents	(0.379) cents
(ii) Diluted	(0.351) cents	(0.379) cents

The basic and diluted earnings per ordinary share for the financial period ended 30 September 2018 was calculated based on the weighted average number of issued shares 164,478,930. For comparison, earnings per share for the corresponding period was computed based on the weighted average number of shares of 145,407,604.

At the end of the reporting period, the outstanding warrants and the potential ordinary shares to be converted under the convertible loan note 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	
	30/09/2018	30/06/2018	30/09/2018	30/06/2018
	US$	US$	US$	US$
Net asset value per ordinary share based on the issued share capital at the end of the period	24.747 cents	25.330 cents	24.201 cents	24.723 cents

Net asset value per ordinary share as at 30 September 2018 and 30 June 2018 was calculated based on the number of shares in issue excluding treasury shares of 172,798,495 and 164,198,495 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

The Group registered a total revenue of US$169.27m in first quarter ended 30 September 2018 ("1Q19") which was 13% higher than US$149.26m in first quarter ended 30 September 2017 ("1Q18"). This is mainly due to the increase in the oil trades (US$18.64m), and contribution from the newly acquired healthcare subsidiaries (US$1.37m).

Other income decreased to US$0.05m in 1Q19 as compared to US$0.31m in 1Q18. This is mainly due to gain on disposal of investment in the associate, New Silkroutes Asset Management Pte. Ltd. (NSAM) in 1Q18 (as the Group had equity accounted for its share of loss).

Employee benefits expense increased to US$1.93m in 1Q19 as compared to US$1.27m in 1Q18 mainly due to the employee benefits expense of the 3 newly acquired dental companies on 30 October 2017 and 6 medical companies on 2 August 2018.

Depreciation of plant and equipment increased to US$0.10m in 1Q19 as compared to US$0.03m in 1Q18 due to depreciation of equipment of the newly acquired dental and medical companies.

Other operating expenses increased to US$1.40m in 1Q19 as compared to US$1.07m in 1Q18.
The increase is mainly due to other operating expenses incurred by the newly acquired healthcare subsidiaries and the one-off expenses as follows:
i. Increase in rental expense by US$0.13m due to the newly acquired healthcare subsidiaries.
ii. Increase in professional fees by US$0.23m due to the Group's various corporate actions.
iii. Loss of US$0.15m on deregistration of a subsidiary, New Silkroutes Capital, LLC.

Finance costs increased to US$0.62m in 1Q19 as compared to US$0.20m in 1Q18, largely due to increased in oil trading activities - interest incurred from the discounting of letters of credit and short-term loans.

The share of results of associates decreased to nil in 1Q19 as compared to US$0.06m in 1Q18. The decrease is due to the disposal of New Silkroutes Asset Management Pte Ltd ("NSAM") on 22 September 2017.

Financial Position Review
Plant and equipment increased to US$1.17m as at 30 September 2018 as compared to US$0.96m as at 30 June 2018. The increase was mainly due to the equipment of the 6 newly acquired medical companies on 2 August 2018.

Intangible assets and goodwill increased to US$14.35m as at 30 September 2018 as compared to US$6.43m as at 30 June 2018. The increase was mainly due to the goodwill arising from the acquisition of the 6 medical companies on 2 August 2018.

As at 30 September 2018, the increase/decrease of the following items in 1Q19 as compared to 1Q18 is primarily due to the increase in oil trading activities:
i. Inventories decreased to US$0.37m as compared to US$14.31m.
ii. Trade and other receivables increased to US$66.27m as compared to US$24.18m.
iii. Derivative financial instruments (for oil price hedging purposes) decreased to US$0.21m as compared to US$0.88m.
iv. Prepayments decreased to US$1.29m as compared to US$2.77m.
v. Cash and cash equivalents increased to US$43.22m as compared to US$32.88m.
vi. Trade and other payables increased to US$82.27m as compared to US$43.02m.

Total borrowings increased to US$23.28m as compared to US$18.41m, mainly due to the term loan secured by HSI Medical Pte. Ltd. to finance its acquisition of the 6 medical companies on 2 August 2018.

Cash Flow Statement Review
The movement in the net cash flows from operating activities was mainly due to the oil trading activities.

The net cash of US$4.07m used in financing activities in the currrent period mainly resulted from:
i. Increase of US$10m cash held in designated bank accounts and earmarking for letters of credit issued.
ii. Proceeds of US$1.89m from the issuance of shares.
iii. Increase in net borrowings of US$4.96m.

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.

No new trends or healthcare policies were noted in the preceding quarter that will significantly change the Company's outlook in its healthcare business. The Company, therefore, remains confident that its healthcare segment will continue to record stable revenues. To extract operating efficiencies, it will invest in IT infrastructure and services. The Company will also seek partnerships with third party administrators and insurers to increase its market share.

Even with the recent rise in oil prices, demand remains strong and the Company expects its energy business to continue to grow. The Company is seeking strategic investors and partners which can take its energy division to the next level. In so doing, it seeks to be less reliant on contributions by its energy division for its profits.

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/recommended, a statement to that effect.

No dividend has been declared or recommended for the period ended 30 September 2018.

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 2018 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.

BY ORDER OF THE BOARD

Dr Goh Jin Hian
Executive Director and Chief Executive Officer
14 November 2018