

NEW SILKROUTES GROUP LIMITED
3rd Quarter Financial Statement and Dividend Announcement For The Period Ended 31 March 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 3 MONTHS ENDED			GROUP 9 MONTHS ENDED		
	31/03/17 US\$'000	31/03/16 US\$'000	Change %	31/03/17 US\$'000	31/03/16 US\$'000	Change %
Revenue	125,375	10,167	NM	318,455	19,276	NM
Other income	7	187	-96%	717	1,105	-35%
Changes in inventories	(385)	-	NM	(14)	-	NM
Purchases	(124,869)	(9,874)	NM	(315,312)	(18,851)	NM
Personnel expenses	(819)	(602)	36%	(2,112)	(1,754)	20%
Depreciation of plant and equipment	(40)	(5)	NM	(54)	(16)	NM
Amortisation of intangible assets	(51)	-	NM	(51)	-	NM
Net gain / (loss) on fair value of derivative financial instruments	1,565	(107)	NM	55	(158)	NM
Other operating expenses	(572)	(1,137)	-50%	(1,494)	(2,475)	-40%
Finance costs	(436)	(1)	NM	(754)	(2)	NM
Share of results of associates	(134)	-	NM	(285)	-	NM
Loss before tax	(359)	(1,372)	-74%	(849)	(2,875)	-70%
Income tax expense	11	-	NM	11	-	NM
Loss for the period from continuing operations	(348)	(1,372)	-75%	(838)	(2,875)	-71%
Loss for the period from discontinued operations, net of tax	-	(65)	NM	-	(373)	NM
Loss for the period	(348)	(1,437)	-76%	(838)	(3,248)	-74%
Other comprehensive income:						
Foreign currency translation	(14)	(19)	-28%	27	151	-82%
Total comprehensive loss for the period	(362)	(1,456)	-75%	(811)	(3,097)	-74%
Loss attributable to owners of the company						
Continuing operations, net of tax	(294)	(1,219)	-76%	(755)	(2,721)	-72%
Discontinued operations, net of tax	-	(65)	NM	-	(373)	NM
	(294)	(1,284)	-77%	(755)	(3,094)	-76%
Loss attributable to non-controlling interests:						
Continuing operations, net of tax	(54)	(153)	-65%	(83)	(154)	-46%
	(348)	(1,437)	-76%	(838)	(3,248)	-74%
Total comprehensive loss attributable to owners of the company:						
Continuing operations, net of tax	(304)	(1,230)	-75%	(724)	(2,656)	-73%
Discontinued operations, net of tax	-	(73)	NM	-	(287)	NM
	(304)	(1,303)	-77%	(724)	(2,943)	-75%
Total comprehensive loss attributable to non-controlling interests:						
Continuing operations, net of tax	(58)	(153)	-62%	(87)	(154)	-44%
	(362)	(1,456)	-75%	(811)	(3,097)	-74%
Notes (The expenses below are included in "Other operating expenses" of continuing operations above):						
Foreign exchange gain / (loss)	6	61	-90%	(39)	(581)	-93%

Results of the discontinued operations are as follows:

	GROUP 3 MONTHS ENDED			GROUP 9 MONTHS ENDED		
	31/03/17 US\$'000	31/03/16 US\$'000	Change %	31/03/17 US\$'000	31/03/16 US\$'000	Change %
Revenue and other income	-	6,179	-100%	-	19,432	-100%
Expenses	-	(6,202)	-100%	-	(19,663)	-100%
Finance costs	-	(55)	-100%	-	(139)	-100%
Finance income	-	13	-100%	-	39	-100%
Share in result of an associate	-	-	NM	-	(42)	NM
Loss from discontinued operations	-	(65)	NM	-	(373)	NM
Notes (The expenses below are included in "Expenses" of discontinued operations above):						
Foreign exchange gain / (loss)	-	12	NM	-	(79)	NM
Allowance of inventory to net realisable value	-	(1)	NM	-	(4)	NM
Allowance for trade and other receivables	-	(15)	NM	-	(54)	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	
	31/03/2017	30/06/2016	31/03/2017	30/06/2016
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Plant and equipment	55	49	12	16
Intangible assets and goodwill	2,557	-	-	-
Subsidiaries	-	-	27,285	25,764
Associates	467	-	-	-
Available-for-sale investment	-	36	-	-
Long-term deposits	56	-	-	-
Total non-current assets	3,135	85	27,297	25,780
Current assets				
Inventories	1,331	1,320	-	-
Trade and other receivables	91,690	35,146	10,970	9,774
Prepayments	4,957	4,941	30	30
Derivative financial instruments	1,294	285	-	-
Cash and cash equivalents	20,599	3,563	162	804
Total current assets	119,871	45,255	11,162	10,608
Total assets	123,006	45,340	38,459	36,388
EQUITY AND LIABILITIES				
Equity				
Share capital	67,993	63,958	67,993	63,958
Treasury shares	(890)	(322)	(890)	(322)
Other reserves	1,244	1,548	753	1,088
Accumulated losses	(31,689)	(30,934)	(31,170)	(29,138)
	36,658	34,250	36,686	35,586
Non-controlling interests	321	(43)	-	-
Total equity	36,979	34,207	36,686	35,586
Non-current liabilities				
Deferred tax liabilities	257	-	-	-
Borrowings	39	3	2	3
Total non-current liabilities	296	3	2	3
Current liabilities				
Trade and other payables	76,970	11,128	1,555	797
Borrowings	8,761	2	216	2
Total current liabilities	85,731	11,130	1,771	799
Total liabilities	86,027	11,133	1,773	802
Total equity and liabilities	123,006	45,340	38,459	36,388

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

Amount repayable in one year or less, or on demand

As at 31 March 2017		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
8,262	499	2	-

Amount repayable after one year

As at 31 March 2017		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
39	-	3	-

Details of any collateral

The Group's secured borrowings of US\$8.301m comprises:

- i. US\$0.008m: Finance lease secured by plant and equipment financed.
- ii. US\$7.951m: A floating charge on inventory and corporate guarantee on trade transactions financed.
- iii. US\$0.342m: This relates to the bank loan and bank overdraft of newly acquired subsidiary, Healthsciences International Pte Ltd. The balances are secured on the fixed deposits and all sums in the current account of that bank of the mentioned subsidiary, 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	
	9 MONTHS ENDED	
	31/03/2017	31/03/2016
	US\$'000	US\$'000
OPERATING ACTIVITIES		
Loss before tax		
from continuing operations	(849)	(2,875)
from discontinued operations	-	(373)
Total loss before tax	(849)	(3,248)
Adjustments for :-		
Amortisation of intangible assets	51	-
Depreciation of plant and equipment	54	29
Finance costs	754	141
Finance income	-	(40)
Allowance of receivables, net	-	54
Allowance of inventories, net	-	4
Unrealised fair value gain on derivative financial instruments	(1,095)	(403)
Unrealised foreign exchange differences	32	192
Share of results of associates	285	42
Operating cash flows before movements in working capital	(768)	(3,229)
Increase / decrease in:		
Inventories	14	(29)
Trade and other receivables	(56,431)	1,708
Prepayments	(10)	(4,869)
Trade and other payables	64,756	(1,025)
Cash from / (used in) operations	7,561	(7,444)
Income tax paid	-	-
Net cash flows from / (used in) operating activities	7,561	(7,444)
INVESTING ACTIVITIES		
Interest received	-	26
Capital contributions from non-controlling interests of subsidiaries	-	101
Acquisition of available-for-sale investment	-	(35)
Incorporation of an associate	(752)	-
Acquisition of subsidiary, net of cash acquired (Note A)	(823)	-
Acquisition of plant and equipment	(3)	(19)
Proceeds from disposal of available-for-sale investment	36	-
Net cash flows (used in) / from investing activities	(1,542)	73
FINANCING ACTIVITIES		
Interest paid	(743)	(141)
Proceeds from issuance of shares pursuant to exercise of warrants	1,658	-
Proceeds from issuance of shares	2,042	3,575
Proceeds from short term loans	14,390	2,372
Repayment of short term loans	(6,180)	(2,185)
Repayment of finance lease payables	(1)	(13)
Pledged fixed deposits	(2)	(402)
Purchase of treasury shares	(568)	-
Net cash flows from financing activities	10,596	3,206
Net increase / (decrease) in cash and cash equivalents	16,615	(4,165)
Cash and cash equivalents at beginning of the period	3,563	10,378
Effect of exchange rate differences in cash and cash equivalents	(2)	(21)
Cash and cash equivalents at end of financial period	20,176	6,192
Cash and cash equivalents comprise the following:		
Cash and cash equivalents		
- Continuing operations	20,599	5,913
- Discontinued operations	-	279
Less: Bank overdrafts	(308)	-
Less: Fixed deposits pledged	(115)	-
Cash and cash equivalents at end of financial period	20,176	6,192
Cash flows attributable to the discontinued operations:		
Operating activities	-	(76)
Investing activities	-	(15)
Financing activities	-	(227)
Net cash out flows	-	(318)

Note A

The Company had on 15 September 2016 entered into a sale and purchase agreement with the existing shareholders of Healthsciences International Pte. Ltd. ("HSI") to acquire 510,000 ordinary shares in the capital of HSI, comprising 51% of the issued and paid-up share capital of HSI, for an aggregate consideration of S\$2,167,500 (US\$1,522,000).

Completion took place on 7 December 2016.

	At fair value US\$'000
ASSETS	
Plant and equipment	57
Intangible assets	1,556
Long-term deposits	55
Inventories	25
Trade and other receivables	27
Prepayments	6
Fixed deposits	113
Cash and cash equivalents	117
Total assets	<u>1,956</u>
LIABILITIES	
Borrowings	534
Trade and other payables	232
Deferred tax liabilities	269
Total liabilities	<u>1,035</u>
Total identifiable net assets	921
Less: Non-controlling interests	<u>(451)</u>
Total identifiable net assets attributable to the Group	470
Add: Goodwill arising from acquisition	<u>1,052</u>
	1,522
Less: Consideration payable	<u>(854)</u>
Consideration paid for the acquisition	668
Less: Cash and cash equivalents of subsidiaries acquired	<u>(117)</u>
Add: Bank overdrafts of subsidiary acquired	272
Cash outflow on acquisition per consolidated statement of cash flows	<u>823</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.

	Share capital US\$'000	Treasury shares US\$'000	Warrant reserve US\$'000	Translation reserve US\$'000	Other 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 2016	63,958	(322)	1,088	460	-	(30,934)	34,250	(43)	34,207
Issuance of shares pursuant to exercise of warrants	1,993	-	(335)	-	-	-	1,658	-	1,658
Issuance of shares	2,042	-	-	-	-	-	2,042	-	2,042
Purchase of treasury shares	-	(568)	-	-	-	-	(568)	-	(568)
Acquisition of a subsidiary	-	-	-	-	-	-	-	451	451
Loss for the period	-	-	-	-	-	(755)	(755)	(83)	(838)
Other comprehensive income - foreign currency translation	-	-	-	31	-	-	31	(4)	27
Total comprehensive loss for the period	-	-	-	31	-	(755)	(724)	(87)	(811)
Balance as at 31 March 2017	67,993	(890)	753	491	-	(31,689)	36,658	321	36,979
Balance as at 1 July 2015	61,438	-	-	413	293	(27,572)	34,572	10	34,582
Issuance of shares	3,575	-	-	-	-	-	3,575	-	3,575
Contribution of non-controlling interest	-	-	-	-	-	-	-	100	100
Loss for the period	-	-	-	-	-	(3,094)	(3,094)	(154)	(3,248)
Other comprehensive income - foreign currency translation	-	-	-	65	86	-	151	-	151
Total comprehensive loss for the period	-	-	-	65	86	(3,094)	(2,943)	(154)	(3,097)
Balance as at 31 March 2016	65,013	-	-	478	379	(30,666)	35,204	(44)	35,160
	Share capital US\$'000	Treasury shares US\$'000	Warrant reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000				
COMPANY									
Balance as at 1 July 2016	63,958	(322)	1,088	(29,138)	35,586				
Issuance of shares pursuant to exercise of warrants	1,993	-	(335)	-	1,658				
Issuance of shares	2,042	-	-	-	2,042				
Purchase of treasury shares	-	(568)	-	-	(568)				
Loss for the period, representing total comprehensive loss for the period	-	-	-	(2,032)	(2,032)				
Balance as at 31 March 2017	67,993	(890)	753	(31,170)	36,686				
Balance as at 1 July 2015	61,438	-	-	(29,378)	32,060				
Issuance of shares	3,575	-	-	-	3,575				
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,896)	(1,896)				
Balance as at 31 March 2016	65,013	-	-	(31,274)	33,739				

- 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 January 2017	131,172,344	67,262
Issuance of new ordinary shares pursuant to exercise of warrants	3,045,000	641
Purchase of treasury shares	(88,800)	(47)
Balance as at 31 March 2017	<u>134,128,544</u>	<u>67,856</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 17,309,068 (31 March 2016: 25,172,385).

As at 31 March 2017, the Company held 2,596,700 (31 March 2016: Nil) 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 134,128,544 (30 June 2016: 124,570,227).

- 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.**

As at 31 March 2017, there were no sales, transfers, disposal, cancellation and/or use of treasury shares.

- 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 2016 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 2016.

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.**

Profit / (loss) per ordinary share for the period based on net profit / (loss)	9 MONTHS ENDED	
	31/03/2017	31/03/2016
	US\$	US\$
(i) Basic	(0.590) cents	(3.071) cents
(ii) Diluted	(0.590) cents	(3.071) cents

The basic and diluted earnings per ordinary share for the financial period ended 31 March 2017 was calculated based on the weighted average number of issued shares 128,054,294. For comparison, earnings per share for the corresponding period was computed based on the weighted average number of shares of 100,781,078.

At the end of the reporting period, the 17,309,068 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	
	31/03/2017	30/06/2016	31/03/2017	30/06/2016
	US\$	US\$	US\$	US\$
Net asset value per ordinary share based on the issued share capital at the end of the period	27.330 cents	27.495 cents	27.351 cents	28.567 cents

Net asset value per ordinary share as at 31 March 2017 and 30 June 2016 was calculated based on the number of shares in issue excluding treasury shares of 134,128,544 and 124,570,227 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\$10.167m for the third quarter ended 31 March 2016 ("3Q16") to US\$125.375m for the third quarter ended 31 March 2017 ("3Q17"). This is mainly attributable to the increased oil sales by International Energy Group Pte. Ltd. ("IEG"), NSG's wholly-owned oil trading subsidiary. Accordingly, purchases increased correspondingly from US\$9.874m in 3Q16 to US\$124.869m in 3Q17.

Other income dropped from US\$0.187m in 3Q16 to US\$0.007m in 3Q17 substantially because the deposit for the acquisition of Thai GNCC no longer attracted interest (income) due to the impending conversion of the deposit to equity.

Personnel expenses increased from US\$0.602m for 3Q16 to US\$0.819m for 3Q17. The increase is mainly due to the personnel expenses of the newly acquired subsidiary, Healthsciences International Pte. Ltd. ("HSI") on 7 December 2016.

Amortisation of intangible assets of US\$0.051m in 3Q17 is attributable to the clinic management system of HSI.

Other operating expenses decreased from US\$1.137m for 3Q16 to US\$0.572m for 3Q17.

The decrease is primarily due to:

- i. Consultancy fees paid towards the Group's U.S. venture set-up and registration with the Securities Exchange Commission in 3Q16.
- ii. Issuance costs and professional fees relating to the rights issue undertaken in 3Q16.

Finance costs increased from US\$0.001m for 3Q16 to US\$0.436m for 3Q17. This is largely due to its oil trading activities - interest costs relating to the discounting of letters of credit from IEG's oil sales and loan interest on short-term loans secured by IEG to finance its oil trades.

The share of results of associates amounting to US\$0.134m relates to the Group's share of the loss in New Silkroutes Asset Management Pte. Ltd., the Company's 30% investment as announced on 7 October 2016.

Financial Position Review

In 3Q17, the increase in the following items is primarily due to the increase in oil trading activities:

- i. Trade and other receivables increased from US\$35.146m to US\$91.690m.
- ii. Derivative financial instruments (for oil price hedges) increased from US\$0.285m to US\$1.294m.
- iii. Trade and other payables increased from US\$11.128m to US\$76.970m.
- iv. Cash and cash equivalents increased from US\$3.563m to US\$20.599m.
- v. Total borrowings increased from US\$0.005m to US\$8.8m - the increase being mainly due to a short-term loans secured by IEG to finance its oil trading activities.

Investments in associates amounting to US\$0.467m relate to the Group's investments in New Silkroutes Asset Management Pte. Ltd. (less losses to date) and SilkrouteAsia Asset Management Pte. Ltd.

Cash Flow Statement Review

In the 9 months ended 31 March 2017, cash inflows from operating activities amounted to US\$7.561m, compared to cash outflows used in operating activities of US\$7.444m in the corresponding period. The turnaround is predominantly due to increased oil trading activities, and prudent cash management.

The net cash inflows from financing activities of US\$10.596m in the current period are principally due to the proceeds from the short-term loans secured by IEG, exercise of warrants and issuance of shares in the Company's share placement exercise.

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 1 March 2017, the Company announced its acquisition of 35% equity interest in the new company, SilkrouteAsia Asset Management Pte. Ltd. which will focus on real estate advisory, deal originations and investment structuring.

On 3 March 2017, the Company announced that it has entered into a supplemental agreement dated 17 February 2017 to the sale and purchase agreement ("SPA") relating to the proposed investment in Thai General Nice Coal and Coke Co., Ltd. ("Thai GNCC"). The key amendments to the SPA include the change of acquiring stake from 6% to 2.82% stake in Thai GNCC, the acquisition of which is in the midst of being completed.

With the above actions, the Group underpins its 2 pillars of business in energy and real estate, realising and precipitating its plans on both fronts, enabling it to focus on growth henceforth.

**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 31 March 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 third 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 31 March 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 May 2017