

NEW SILKROUTES GROUP LIMITED
2nd Quarter and Half Year Financial Statement and Dividend Announcement For The Period Ended 31 December 2015
1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP 2ND QUARTER ENDED			GROUP HALF YEAR ENDED		
	31/12/15 US\$'000	31/12/14 US\$'000	Change %	31/12/15 US\$'000	31/12/14 US\$'000	Change %
Revenue	6,324	11,028	NM	9,109	26,629	NM
Other income	513	413	24%	867	737	18%
Purchases	(6,239)	(10,815)	NM	(8,977)	(26,194)	NM
Personnel expenses	(668)	(506)	32%	(1,152)	(677)	70%
Depreciation of plant and equipment	(6)	(4)	NM	(11)	(5)	NM
Other operating expenses	(299)	(954)	NM	(1,338)	(920)	45%
Finance costs	(1)	(38)	NM	(1)	(77)	NM
Profit / (Loss) before tax	(376)	(876)	NM	(1,503)	(507)	NM
Income tax expense	-	-	NM	-	-	NM
Profit / (Loss) for the period from continuing operations	(376)	(876)	NM	(1,503)	(507)	NM
Profit / (Loss) for the period from discontinued operations, net of tax	(128)	(223)	NM	(308)	(205)	NM
Profit / (Loss) for the period	(504)	(1,099)	NM	(1,811)	(712)	NM
Other comprehensive income:						
Foreign currency translation	5	106	NM	170	94	NM
Total comprehensive income / (loss) for the period	(499)	(993)	NM	(1,641)	(618)	NM
Profit / (Loss) attributable to owners of the company						
Continuing operations, net of tax	(376)	(614)	NM	(1,502)	(245)	NM
Discontinued operations, net of tax	(128)	(223)	NM	(308)	(205)	NM
	(504)	(837)		(1,810)	(450)	
Profit / (Loss) attributable to non-controlling interests						
Continuing operations, net of tax	-	(262)		(1)	(262)	
	(504)	(1,099)		(1,811)	(712)	
Total comprehensive income / (loss) attributable to owners of the company:						
Continuing operations, net of tax	(370)	(559)	NM	(1,426)	(201)	NM
Discontinued operations, net of tax	(129)	(172)	NM	(214)	(155)	NM
	(499)	(731)		(1,640)	(356)	
Total comprehensive income / (loss) attributable to non-controlling interests:						
Continuing operations, net of tax	-	(262)		(1)	(262)	
	(499)	(993)		(1,641)	(618)	

Notes (The expenses below are included in "Other operating expenses" of continuing operations above):

Foreign exchange (loss) / gain	109	(686)	NM	(642)	(539)	NM
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Results of the discontinued operations are as follows:

	GROUP 2ND QUARTER ENDED			GROUP HALF YEAR ENDED		
	31/12/15 US\$'000	31/12/14 US\$'000	Change %	31/12/15 US\$'000	31/12/14 US\$'000	Change %
Revenue and other income	5,768	9,190	-37%	13,253	20,125	-34%
Expenses	(5,864)	(9,401)	-38%	(13,461)	(20,327)	-34%
Finance costs	(45)	(49)	-8%	(84)	(86)	-2%
Finance income	13	20	-35%	26	38	-32%
Share in result of an associate	-	17	NM	(42)	45	NM
Loss from discontinued operations	(128)	(223)	NM	(308)	(205)	NM

Notes (The expenses below are included in "Expenses" of discontinued operations above):

Foreign exchange (loss) / gain	6	(71)	NM	(91)	10	NM
Write back / (allowance) of inventory to net realisable value	(2)	-	NM	(3)	15	NM
Write back / (allowance) for trade and other receivables	(17)	(44)	NM	(39)	(76)	NM

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	
	31/12/2015	30/06/2015	31/12/2015	30/06/2015
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Plant and equipment	53	61	11	11
Investment in subsidiaries	-	-	8,237	5,400
Available-for-sale financial asset	35	-	-	-
Total non-current assets	88	61	8,248	5,411
Current assets				
Trade and other receivables	21,156	24,345	24,840	27,180
Prepayments	36	42	28	39
Cash and cash equivalents	8,713	9,761	741	649
	29,905	34,148	25,609	27,868
Assets of disposal group classified as held for sale	9,628	10,092	-	-
Total current assets	39,533	44,240	25,609	27,868
Total assets	39,621	44,301	33,857	33,279
EQUITY AND LIABILITIES				
Equity				
Share capital	61,438	61,438	61,438	61,438
Reserves	(28,506)	(26,866)	(30,138)	(29,378)
	32,932	34,572	31,300	32,060
Non-controlling interests	109	10	-	-
Total equity	33,041	34,582	31,300	32,060
Non-current liability				
Borrowings	4	5	4	5
Total non-current liability	4	5	4	5
Current liabilities				
Trade and other payables	674	3,860	2,551	1,212
Derivative financial instrument	51	-	-	-
Borrowings	2	2	2	2
	727	3,862	2,553	1,214
Liabilities directly associated with disposal group classified as held for sale	5,849	5,852	-	-
Total current liabilities	6,576	9,714	2,553	1,214
Total liabilities	6,580	9,719	2,557	1,219
Total equity and liabilities	39,621	44,301	33,857	33,279

Statement of financial position of discontinued operations

	GROUP	
	31/12/2015	30/06/2015
	US\$'000	US\$'000
ASSETS		
Plant and equipment	90	50
Associate	-	44
Refundable deposit	181	193
Inventories	1,378	1,584
Trade and other receivables	4,240	4,115
Prepayments	145	210
Cash and cash equivalents	3,594	3,896
Total assets	9,628	10,092
LIABILITIES		
Borrowings	2,572	3,073
Trade and other payables	3,277	2,779
Total liabilities	5,849	5,852
Net asset of disposal group classified as held for sale	3,779	4,240
Cumulative income recognised directly in other comprehensive income relating to disposal group classified as held for sale		
Foreign currency translation reserve	387	293

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 December 2015		As at 30 June 2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
2	-	2	-

Amount repayable after one year

As at 31 December 2015

Secured	Unsecured
US\$'000	US\$'000
4	-

Amount repayable after one year

As at 30 June 2015

Secured	Unsecured
US\$'000	US\$'000
5	-

Details of any collateral

Borrowings was secured by plant and equipment.

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	
	6 MONTHS ENDED	
	31/12/2015	31/12/2014
	US\$'000	US\$'000
OPERATING ACTIVITIES		
Profit / (Loss)		
from continuing operations	(1,503)	(507)
from discontinued operations	(308)	(205)
Profit / (Loss) before tax	(1,811)	(712)
Adjustments for :-		
Depreciation of plant and equipment	18	13
Finance costs	85	163
Finance income	(26)	(38)
Allowance / (Write back) of receivables, net	39	76
Allowance / (Write back) of inventories, net	3	(15)
Changes in value of derivative financial instruments	51	-
Exchange difference	214	47
Share of (profit) / loss from equity-accounted associate	42	(45)
Operating cash flows before movements in working capital	(1,385)	(511)
(Increase) / decrease in:		
Inventories	203	207
Trade and other receivables	3,037	4,475
Prepayments	71	(376)
Trade and other payables	(2,688)	(1,588)
Cash from / (used in) operations	(762)	2,207
Income tax paid	-	-
Net cash flows from / (used in) operating activities	(762)	2,207
INVESTING ACTIVITIES		
Interest received	26	38
Capital contributions from non-controlling interests of subsidiaries	100	65
Acquisition of available-for-sale investment	(35)	-
Acquisition of plant and equipment	(18)	(80)
Net cash flows from / (used in) investing activities	73	23
FINANCING ACTIVITIES		
Interest paid	(85)	(163)
Proceeds from short term loans	1,159	3,870
Repayment of short term loans	(1,506)	(3,249)
Repayment of finance lease payables	(11)	-
Pledged fixed deposits	(13)	31
Net cash flows from / (used in) financing activities	(456)	489
Net increase / (decrease) in cash and cash equivalents	(1,145)	2,719
Cash and cash equivalents at beginning of the period	10,378	5,907
Effect of exchange rate differences in cash and cash equivalents	(22)	(4)
Cash and cash equivalents at end of financial period	9,211	8,622
Cash and cash equivalents comprising of the following:		
Continuing operations	8,713	8,261
Discontinued operations	498	361
Cash and cash equivalents at end of financial period	9,211	8,622
Cash flows attributable to the discontinued operations:		
Operating activities	324	(76)
Investing activities	12	20
Financing activities	(454)	35
Net cash in / (out) flows	(118)	(21)

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	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 2015	61,438	413	293	(27,572)	34,572	10	34,582
Contribution of non-controlling interest	-	-	-	-	-	100	100
Loss for the period	-	-	-	(1,810)	(1,810)	(1)	(1,811)
Other comprehensive income - foreign currency translation	-	76	94	-	170	-	170
Total comprehensive loss for the period	-	76	94	(1,810)	(1,640)	(1)	(1,641)
Balance as at 31 December 2015	61,438	489	387	(29,382)	32,932	109	33,041
Balance as at 1 July 2014	55,953	529	-	(25,064)	31,418	-	31,418
Incorporation of subsidiaries with non-controlling interests	-	-	-	-	-	65	65
Profit for the period	-	-	-	(450)	(450)	(262)	(712)
Other comprehensive income - foreign currency translation	-	94	-	-	94	-	94
Total comprehensive income for the period	-	94	-	(450)	(356)	(262)	(618)
Balance as at 31 December 2014	55,953	623	-	(25,514)	31,062	(197)	30,865
	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000				
COMPANY							
Balance as at 1 July 2015	61,438	(29,378)	32,060				
Loss for the period, representing total comprehensive loss for the period	-	(760)	(760)				
Balance as at 31 December 2015	61,438	(30,138)	31,300				
Balance as at 1 July 2014	55,953	(28,821)	27,132				
Profit for the period, representing total comprehensive loss for the period	-	(196)	(196)				
Balance as at 31 December 2014	55,953	(29,017)	26,936				

- 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.**

There was a share consolidation exercise, consolidating every 500 existing issued ordinary shares into 1 ordinary share in the capital of the Company. Subsequent to the EGM approval on 27 November 2015, the share consolidation exercise was completed on 21 December 2015.

	No of shares		Amount	
	2015	2014	2015 US\$'000	2014 US\$'000
1 July	50,345,118,640	42,899,118,640	61,438	55,953
Share consolidation	(50,445,808,182)	-	-	-
31 December	100,689,542	42,899,118,640	61,438	55,953

- 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 100,689,542 (30 June 2015: 50,345,118,640).

- 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**

Not applicable.

- 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 2015 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 2015.

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)	HALF YEAR ENDED	
	31/12/2015	31/12/2014
	US\$	US\$
(i) Basic	(1.799) cents	(0.707) cents
(ii) Diluted	(1.799) cents	(0.707) cents

The basic earnings per ordinary share for the financial period ended 31 December 2015 was calculated based on the weighted average number of shares in issue of 100,689,542. For comparison, earnings per share for the corresponding period last year was re-computed based on the revised weighted average number of shares of 100,689,542.

The diluted earnings per ordinary share for the financial period ended 31 December 2015 was calculated based on the weighted average number of shares in issue of 100,689,542. For comparison, earnings per share for the corresponding period last year was re-computed based on the revised weighted average number of shares of 100,689,542.

There was no potential dilutive ordinary shares in existence for the current financial period that would result in dilution earnings per ordinary share.

- 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	
	31/12/2015	30/06/2015	31/12/2015	30/06/2015
	US\$	US\$	US\$	US\$
Net asset value per ordinary share based on the issued share capital at the end of the period	32.706 cents	34.335 cents	31.086 cents	31.840 cents

Net asset value per ordinary share as at 31 December 2015 was calculated based on the number of shares in of 100,689,542. For comparison, NAV asset per ordinary share as at 30 June 2015 was recomputed based on the revised number of shares of 100,689,542.

- 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.

The commentaries below focuses on the "continuing operations" of the Group. The "discontinued operations" of the Group pertains to operations of 2 subsidiaries, which the Company plans to dispose, as announced on 10 February 2015.

Income Statement Review

Revenue decreased from US\$11.028m to US\$6.324m. This is mainly attributable to Marine Gas Oil ("MGO") sales. In the previous quarter, the Company reported that in its continual review of credit risks, it decided to reduce the credit risk attributable to MGO sales, preferring the trade-off of lower sales. That direction continued into 2Q16, with the Company continuing to review and manage its credit risk tolerance, aligning it with business objectives, customer credit-worthiness, market conditions, etc.

Personnel expenses increased from US\$0.506m to US\$0.668m. This mainly due to the additional headcount to execute the various corporate initiatives recently announced.

Other operating expenses decreased from US\$0.954m to US\$0.299m. This is substantially due to the foreign exchange gain of US\$0.109m in 2Q16 compared to a loss of US\$0.626m in the corresponding period. Professional fees for the many recent corporate actions also contributed to the increase in operating expenses.

Financial Position Review

Trade and other receivables decreased from US\$24.345m to US\$21.156m. This is mainly due to the collections received from customers and the abovementioned reduced sales turnover. Trade and other payables decreased from US\$3.860m to US\$0.674m as vendor balances are paid.

Cash Flow Statement Review

Net cash flows from operating activities of US\$2.207m in the corresponding period became Net cash flows used in operating activities of US\$0.762m in the current period. This is mainly due to the abovementioned collection of receivables and settlement of trade and other payables.

The Net cash flows from financing activities of US\$0.489m in the corresponding period became Net cash flows used in financing activities of US\$0.456m in the current period. This is mainly due to the combined effects of a lower quantum of borrowing and a higher quantum of repayment of short term loans.

- 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.**

The Company announced many corporate actions since the beginning of calendar year 2015. The most recent announcement pertains to the Company's joint venture with a US firm to enter the asset management business. The Group looks forward to more collaborations and corporate actions in its effort to realise its vision towards achieving profitability and better shareholder value.

Use of Rights Issue and Share Placement proceeds

Total Rights Issue proceeds of US\$9.740m and US\$16.763m were utilised for the following as at 31-Dec-15

	Rights Issue	
	19-May-14 US\$'000	12-Dec-12 US\$'000
Rights Proceeds	9.740	16.763
Less utilised:		
1. Rights Issue Expenses	(0.227)	(0.341)
2. Working capital facilities (for inventory purchases)	(3.160)	(6.569)
3. Transferred to Digiland (Thailand) Ltd's bank account and the deposit pledged to the bank for the latter's granting of working capital facilities	(1.596)	-
4. Additional Deposit# (SGD12M)	-	(9.460)
Unutilised Rights Proceeds	4.757	0.393

#paid to the vendor of the Company's intended acquisition of shares in Thai General Nice Coke and Coal Co., Ltd

Total placement proceeds of US\$5.384m were utilised for the following as at 31-Dec-15

	Placement 28-Jan-15 US\$'000
Net Placement Proceeds	5.384
Less utilised:	
1. Cash used for operating expenses of subsidiary, International Energy Group Pte. Ltd.	(0.859)
2. Deposit paid to secure oil stocks for sale	(1.145)
3. Paid up capital for subsidiary Malta	(1.000)
4. Professional fees pertaining to Malta subsidiary	(0.008)
5. Working capital facilities (for inventory purchases)	(2.372)
Unutilised Rights Proceeds	-

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 December 2015.

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 31 December 2015 to be false or misleading in any material respect.

On behalf of Board of Directors

Goh Jin Hian
Director

Frank Yu
Audit Committee Chairman

BY ORDER OF THE BOARD

Lim Koon Hock
Joint Company Secretary
12 February 2016