

NEW SILKROUTES GROUP LIMITED
3rd Quarter Financial Statement and Dividend Announcement For The Period Ended 31 March 2016
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		
	31/03/16 US\$'000	31/03/15 US\$'000	Change %	31/03/16 US\$'000	31/03/15 US\$'000	Change %
Revenue	10,167	5,292	92%	19,276	31,921	NM
Other income	80	447	-82%	947	1,184	NM
Purchases	(9,874)	(5,179)	91%	(18,851)	(31,373)	NM
Personnel expenses	(602)	(656)	NM	(1,754)	(1,333)	32%
Depreciation of plant and equipment	(5)	(5)	NM	(16)	(10)	NM
Other operating expenses	(1,137)	(627)	81%	(2,475)	(1,547)	60%
Finance costs	(1)	(49)	-98%	(2)	(126)	NM
Profit / (Loss) before tax	(1,372)	(777)	NM	(2,875)	(1,284)	NM
Income tax expense	-	-	NM	-	-	NM
Profit / (Loss) for the period from continuing operations	(1,372)	(777)	NM	(2,875)	(1,284)	NM
Profit / (Loss) for the period from discontinued operations, net of tax	(65)	(114)	NM	(373)	(319)	NM
Profit / (Loss) for the period	(1,437)	(891)	NM	(3,248)	(1,603)	NM
Other comprehensive income:						
Foreign currency translation	(19)	86	NM	151	180	NM
Total comprehensive income / (loss) for the period	(1,456)	(805)	NM	(3,097)	(1,423)	NM
Profit / (Loss) attributable to owners of the company						
Continuing operations, net of tax	(1,219)	(1,039)	NM	(2,721)	(1,284)	NM
Discontinued operations, net of tax	(65)	(114)	NM	(373)	(319)	NM
	(1,284)	(1,153)		(3,094)	(1,603)	
Profit / (Loss) attributable to non-controlling interests						
Continuing operations, net of tax	(153)	262		(154)	-	
	(1,437)	(891)		(3,248)	(1,603)	
Total comprehensive income / (loss) attributable to owners of the company:						
Continuing operations, net of tax	(1,230)	(1,005)	NM	(2,656)	(1,206)	NM
Discontinued operations, net of tax	(73)	(62)	NM	(287)	(217)	NM
	(1,303)	(1,067)		(2,943)	(1,423)	
Total comprehensive income / (loss) attributable to non-controlling interests:						
Continuing operations, net of tax	(153)	262		(154)	-	
	(1,456)	(805)		(3,097)	(1,423)	

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

Foreign exchange (loss) / gain	61	(414)	NM	(581)	(953)	NM
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Results of the discontinued operations are as follows:

	GROUP 3 MONTHS ENDED			GROUP 9 MONTHS ENDED		
	31/03/16 US\$'000	31/03/15 US\$'000	Change %	31/03/16 US\$'000	31/03/15 US\$'000	Change %
Revenue and other income	6,179	7,184	-14%	19,432	27,309	-29%
Expenses	(6,202)	(7,268)	-15%	(19,663)	(27,595)	-29%
Finance costs	(55)	(49)	13%	(139)	(135)	3%
Finance income	13	18	-27%	39	56	-30%
Share in result of an associate	-	1	NM	(42)	46	NM
Loss from discontinued operations	(65)	(114)	NM	(373)	(319)	NM

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

Foreign exchange (loss) / gain	12	58	NM	(79)	68	NM
Write back / (allowance) of inventory to net realisable value	(1)	-	NM	(4)	0	NM
Write back / (allowance) for trade and other receivables	(15)	(40)	NM	(54)	(116)	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	
	31/03/2016	30/06/2015	31/03/2016	30/06/2015
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Plant and equipment	49	61	11	11
Investment in subsidiaries	-	-	25,764	5,400
Available-for-sale financial asset	35	-	-	-
Total non-current assets	84	61	25,775	5,411
Current assets				
Trade and other receivables	22,663	24,345	7,093	27,180
Prepayments	5,036	42	36	39
Cash and cash equivalents	5,913	9,761	3,579	649
	33,612	34,148	10,708	27,868
Assets of disposal group classified as held for sale	10,356	10,092	-	-
Total current assets	43,968	44,240	10,708	27,868
Total assets	44,052	44,301	36,483	33,279
EQUITY AND LIABILITIES				
Equity				
Share capital	65,013	61,438	65,013	61,438
Reserves	(29,809)	(26,866)	(31,274)	(29,378)
	35,204	34,572	33,739	32,060
Non-controlling interests	(44)	10	-	-
Total equity	35,160	34,582	33,739	32,060
Non-current liability				
Borrowings	4	5	4	5
Total non-current liability	4	5	4	5
Current liabilities				
Trade and other payables	2,144	3,860	2,738	1,212
Derivative financial instrument	158	-	-	-
Borrowings	2	2	2	2
	2,304	3,862	2,740	1,214
Liabilities directly associated with disposal group classified as held for sale	6,584	5,852	-	-
Total current liabilities	8,888	9,714	2,740	1,214
Total liabilities	8,892	9,719	2,744	1,219
Total equity and liabilities	44,052	44,301	36,483	33,279

Statement of financial position of discontinued operations

	GROUP	
	31/03/2016	30/06/2015
	US\$'000	US\$'000
ASSETS		
Plant and equipment	86	50
Associate	-	44
Refundable deposit	182	193
Inventories	1,608	1,584
Trade and other receivables	4,609	4,115
Prepayments	84	210
Fixed deposits	3,508	3,279
Cash and cash equivalents	279	617
Total assets	10,356	10,092
LIABILITIES		
Borrowings	3,113	3,073
Trade and other payables	3,471	2,779
Total liabilities	6,584	5,852
Net assets of disposal group classified as held for sale	3,772	4,240
Cumulative income recognised directly in other comprehensive income relating to disposal group classified as held for sale		
Foreign currency translation reserve	379	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 March 2016		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 March 2016		As at 30 June 2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
4	-	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	
	9 MONTHS ENDED	
	31/03/2016	31/03/2015
	US\$'000	US\$'000
OPERATING ACTIVITIES		
Profit / (Loss)		
from continuing operations	(2,875)	(1,284)
from discontinued operations	(373)	(319)
Profit / (Loss) before tax	(3,248)	(1,603)
Adjustments for :-		
Depreciation of plant and equipment	29	21
Finance costs	141	261
Finance income	(40)	(57)
Allowance / (Write back) of receivables, net	54	116
Allowance / (Write back) of inventories, net	4	-
Changes in value of derivative financial instruments	(403)	-
Exchange difference	192	72
Share of (profit) / loss from equity-accounted associate	42	(46)
Operating cash flows before movements in working capital	(3,229)	(1,236)
(Increase) / decrease in:		
Inventories	(29)	(503)
Trade and other receivables	1,708	2,474
Prepayments	(4,869)	17
Trade and other payables	(1,025)	(1,285)
Cash from / (used in) operations	(7,444)	(533)
Income tax paid	-	-
Net cash flows from / (used in) operating activities	(7,444)	(533)
INVESTING ACTIVITIES		
Interest received	26	57
Capital contributions from non-controlling interests of subsidiaries	101	65
Acquisition of available-for-sale investment	(35)	-
Acquisition of plant and equipment	(19)	(86)
Net cash flows from / (used in) investing activities	73	36
FINANCING ACTIVITIES		
Interest paid	(141)	(261)
Proceeds from issuance of shares	3,575	5,485
Proceeds from short term loans	2,372	4,812
Repayment of short term loans	(2,185)	(6,084)
Repayment of finance lease payables	(13)	-
Pledged fixed deposits	(402)	31
Net cash flows from / (used in) financing activities	3,206	3,983
Net increase / (decrease) in cash and cash equivalents	(4,165)	3,486
Cash and cash equivalents at beginning of the period	10,378	5,907
Effect of exchange rate differences in cash and cash equivalents	(21)	(2)
Cash and cash equivalents at end of financial period	6,192	9,391
Cash and cash equivalents comprising of the following:		
Continuing operations	5,913	9,125
Discontinued operations	279	266
Cash and cash equivalents at end of financial period	6,192	9,391
Cash flows attributable to the discontinued operations:		
Operating activities	(76)	96
Investing activities	(15)	57
Financing activities	(227)	(270)
Net cash in / (out) flows	(318)	(117)

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
Issue 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
Balance as at 1 July 2014	55,953	529	-	(25,064)	31,418	-	31,418
Issue of shares	5,485	-	-	-	5,485	-	5,485
Incorporation of subsidiaries with non-controlling interests	-	-	-	65	65	-	65
Profit for the period	-	-	-	(1,603)	(1,603)	-	(1,603)
Other comprehensive income - foreign currency translation	-	180	-	-	180	-	180
Total comprehensive income for the period	-	180	-	(1,603)	(1,423)	-	(1,423)
Balance as at 31 March 2015	61,438	709	-	(26,602)	35,545	-	35,545
	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				
Issue 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				
Balance as at 1 July 2014	55,953	(28,821)	27,132				
Issue of shares	5,485	-	5,485				
Profit for the period, representing total comprehensive loss for the period	-	(611)	(611)				
Balance as at 31 March 2015	61,438	(29,432)	32,006				

- 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.**

On 31 March 2016, the Company issued 25,172,385 new ordinary shares (each a "Rights Share") in its renounceable non-underwritten Rights Cum Warrants Issue at an issue price of \$0.20 for each Rights Share, with free detachable Warrants (each, a "Warrant"), each Warrant carrying the right to subscribe for one new ordinary share at an exercise price of \$0.30 for each new share, on the basis of one Rights Share with one free detachable warrant for every four Shares held as at the Book Closure date of 4 March 2016.

The movement of the Company's share capital was as follows:

	No of issued shares	Amount US\$'000
Balance as at 1 January 2016	100,689,542	61,438
Issuance of Rights Share	25,172,385	3,575
31 March 2016	<u>125,861,927</u>	<u>65,013</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 25,172,385 (30 June 2015: Nil).

The Company did not have any treasury shares as at 31 March 2016.

- 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 125,861,927 (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)	9 MONTHS ENDED	
	31/03/2016	31/03/2015
	US\$	US\$
(i) Basic	(3.071) cents	(1.592) cents
(ii) Diluted	(3.071) cents	(1.592) cents

The basic and diluted earnings per ordinary share for the financial period ended 31 March 2016 was calculated based on the weighted average number of shares in issue of 100,781,078. For comparison, earning per share for the corresponding period was re-computed based on the revised weighted average number of shares of 100,689,542.

The outstanding warrants were not included in the computation of the diluted loss per share as the exercise of warrants would result in anti-dilution of loss per 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	
	31/03/2016	30/06/2015	31/03/2016	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	27.969 cents	34.335 cents	26.806 cents	31.840 cents

Net asset value per ordinary share as at 31 March 2016 was calculated based on the number of shares in issue of 125,861,927. 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 increased from US\$5.292m to US\$10.167m. This is mainly attributable to the increased oil sales in subsidiary International Energy Group Pte Ltd, as it started gaining sales momentum, expanding its market. The increase in sales is also due to the commencement on 18 March 2016, of oil sales in another subsidiary, IEG Malta Limited.

Other operating expenses increased from US\$0.627m to US\$1.137m. This is substantially due to professional/ consultancy fees paid towards its US venture set-up and registration with the Securities Exchange Commission, Rights Issue costs, and professional fees relating to the Group's many recent corporate actions. Part of the increase however, had been partially netted off by the effect of exchange rates favourable to the Group. The strong US dollar in the corresponding period weakened in the current period, resulting in the relatively large exchange losses of the corresponding period becoming a small exchange gain in the current period.

Financial Position Review

Trade and other receivables decreased from US\$24.345m to US\$22.663m. This is mainly due to the collection of trade receivables, which roughly corresponds with the settlement of trade payables, resulting in a decrease in trade and other payables from US\$3.860m to US\$2.144m.

Cash Flow Statement Review

Net cash flows used in operating activities increased from US\$0.533m to US\$7.444m. This is mainly attributable to advance payments made to the suppliers and an increase in operating expenses.

The net cash flows from financing activities of US\$3.983m in the corresponding period decreased to US\$3.206m in the current period. This resulted mainly because the Share placement proceeds in the corresponding was higher than the Rights issue proceeds in the current period.

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.

On 3 May 2016, the Company announced the change of use of the balance of the Rights issue proceeds from the 12 December 2012 and the 19 May 2014 Rights Issues. This will help to release working capital for its oil trading business which is gaining momentum. Together with working capital from the 31 March 2016 Rights issue, the Company is optimistic of getting a step closer to its goal of becoming a leading international energy player.

Use of Rights Issue and Share Placement proceeds

Total Rights Issue proceeds of US\$3.575m, US\$9.740m and US\$16.763m were utilised for the following as at 31-Mar-16

	31-Mar-16 US\$'000	Rights Issue 19-May-14 US\$'000	12-Dec-12 US\$'000
Rights Proceeds	3.575	9.740	16.763
Less utilised:			
1. Rights Issue Expenses	(0.223)	(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 as at 31 March 2016	3.351	4.757	0.393
5. Payment to a bank for issuance of letters of credit for oil purchases by a subsidiary:	(1.676)	-	-
Unutilised Rights Proceeds as at 12 May 2016	1.675	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-Mar-16

	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 March 2016.

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 2016 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

Frank Yu
Audit Committee Chairman

BY ORDER OF THE BOARD

Lim Koon Hock
Joint Company Secretary
12 May 2016