



NEW SILKROUTES
GROUP LIMITED

NEW SILKROUTES GROUP --- LIMITED

ANNUAL REPORT 2016



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PROFILE AND **MISSION STATEMENT**

PROFILE

New Silkroutes Group Limited is a Singapore incorporated company listed on the main board of Singapore Exchange Securities Trading Ltd. While the principal activity of the Company is investment holding, the Group is principally in the business of oil and gas trading, and the provision of healthcare and info-communication technology services.

MISSION STATEMENT

To deliver a superior return on our shareholders' base of wealth via our capabilities, policies, and capital allocation, and to achieve sustained success through the exchange of ideas, cultures, philosophies and technologies.

GROUP STRUCTURE

International Energy Group Pte. Ltd.	100%	Digiland (Hong Kong) Limited (dormant)	99.9%	Baling (China) Investment Limited	99.97%
New Silkroutes Capital Sdn. Bhd.	100%	Top Post Enterprises Limited (dormant)	100%	New Silkroutes Capital Pte. Ltd.	100%
Digiland Pte. Ltd.	100%	New Silkroutes Group (Europe) Limited	100%	Grand Wood Group Limited	100%
Digiland Pty Ltd (dormant)	100%	IEG Malta Limited	90%	New Silkroutes Capital, LLC	70%
DG Shanghai International Trading Co., Ltd. (dormant)	100%	IBase Technology International Pte. Ltd.	65%	Smarnation Sdn. Bhd.	30%

HEAD OFFICE

New Silkroutes Group Limited

21 Serangoon North Avenue 5 Ban Teck Han Building #05-02 Singapore 554864
Tel: (65) 6603 9898 Fax: (65) 6603 9896 Website: www.newsilkroutes.org

SUBSIDIARIES

International Energy Group Pte. Ltd.

460 Alexandra Road #24-06 PSA Building
Singapore 119963
Tel: (65) 6377 0100 Fax: (65) 6377 0600
Website: www.iegroupp.sg

New Silkroutes Capital Sdn. Bhd.

Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur Malaysia
Tel: (603) 2095 7077 Fax: (603) 2095 0292

Digiland Pte. Ltd.

21 Serangoon North Avenue 5
Ban Teck Han Building #05-02
Singapore 554864
Tel: (65) 6603 9898 Fax: (65) 6603 9896

Digiland Pty Ltd

21 Ellingworth Parade, Box Hill
Victoria 3128 Melbourne Australia
Tel: (613) 9896 7788 Fax: (613) 9896 7780

DG Shanghai International Trading Co., Ltd.

R4G No 28 North Caoxi Road
People's Republic of China
Tel: (8621) 6486 9659 Fax: (8621) 5424 1136

Digiland (Hong Kong) Limited

20th Floor, Euro Trade Centre 21-23
Des Voeux Road Central Hong Kong
Tel: (852) 2521 6692 Fax: (852) 2810 4468

Top Post Enterprises Limited

OMC Chambers, Wickhams Cay 1
Road Town, Tortola, British Virgin Islands
Tel: (65) 6603 9878 Fax: (65) 6603 9897

New Silkroutes Group (Europe) Limited

Canter Business Centre, Patri Felicjan
Bilocca Street, Marsa, MRS 1524, Malta
Tel: (356) 2569 2801 Fax: (356) 2122 0186

IEG Malta Limited

Canter Business Centre, Patri Felicjan
Bilocca Street, Marsa, MRS 1524, Malta
Tel: (356) 2569 2801 Fax: (356) 2122 0186

IBase Technology International Pte. Ltd.

460 Alexandra Road #24-06 PSA Building
Singapore 119963
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Baling (China) Investment Limited

Room 1208, Wing On Centre
111 Connaught Road Central, Hong Kong
Tel: (852) 2851 7776 Fax: (852) 2851 2929

New Silkroutes Capital Pte. Ltd.

21 Serangoon North Avenue 5
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Singapore 554864
Tel: (65) 6603 9898 Fax: (65) 6603 9896

Grand Wood Group Limited

P.O. Box 957 Offshore Incorporations Centre
Road Town, Tortola, British Virgin Islands
Tel: (65) 6603 9898 Fax: (65) 6603 9896

New Silkroutes Capital, LLC

1209 Orange Street, Wilmington
Delaware 19801, USA
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ASSOCIATE

Smarnation Sdn. Bhd.

Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur Malaysia
Tel: (603) 2095 7077 Fax: (603) 2095 0292

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr Cai Sui Xin (*Chairman*)

Mr Lau Yu (*Vice Chairman*)

Dr Goh Jin Hian (*Executive Director*)

Mr Lee Soek Shen (*Executive Director*)

INDEPENDENT & NON EXECUTIVE DIRECTORS

Mr Frank Yu

Mr Ho Sheng

Ms Chen Chou Mei Mei Vivien

Mr Oo Cheong Kwan Kelvyn

AUDIT COMMITTEE

Mr Frank Yu (*Chairman*)

Mr Ho Sheng

Ms Chen Chou Mei Mei Vivien

NOMINATING COMMITTEE

Mr Ho Sheng (*Chairman*)

Mr Frank Yu

Ms Chen Chou Mei Mei Vivien

REMUNERATION COMMITTEE

Mr Oo Cheong Kwan Kelvyn (*Chairman*)

Mr Frank Yu

Mr Ho Sheng

JOINT COMPANY SECRETARIES

Mr Lim Koon Hock

Ms Ong Beng Hong

REGISTERED OFFICE

21 Serangoon North Avenue 5

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Singapore 554864

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www.newsilkroutes.org

SHARE REGISTRAR

B.A.C.S. Private Limited

8 Robinson Road ASO Building

Singapore 048544

INDEPENDENT AUDITOR

Foo Kon Tan LLP

Chartered Accountants

24 Raffles Place

#07-03 Clifford Centre

Singapore 048621

Audit Partner-in-charge: Mr Robin Chin Sin Beng

Date of Appointment: 10 July 2015

PRINCIPAL BANKERS

CIMB Bank Berhad

Oversea-Chinese Banking Corporation Ltd

DBS Bank Ltd

EXECUTIVE MANAGEMENT

Mr Cai Sui Xin

Executive Director

Mr Lau Yu

Executive Director

Dr Goh Jin Hian

Chief Executive Officer

Mr Lee Soek Shen

Executive Director

Mr Lim Koon Hock

Chief Financial Officer

Ms Cai Suirong

Executive Director of International Energy Group Pte. Ltd.

Mr Artun Gursel

Trading Manager and Book Leader of International Energy Group Pte. Ltd.

Mr Teh Kok Kheng Henry

President and Chief Executive Officer of Digiland Pte. Ltd.

Dear Shareholders,

We have been extremely busy all through the financial year ended 30 June 2016 (“FY2016”) and the months following. But swamped as we were, the effort was well worth it as we were laying the foundation for the long-term sustainable growth of New Silkroutes Group Limited (“NSG” or the “Group”). With the various initiatives put in place, we believe NSG is poised for better things to come.

To recap, we started FY2016 by taking on our current name (we were previously known as Digiland International Limited) to reflect our strategic shift from being a distributor of consumer IT products to an investment holding company focusing on several industry verticals, namely energy, healthcare and infocomm technology. Dr Goh Jin Hian was named Group CEO in July 2015 to drive this transformation.

Taking a leaf out of Chinese President Xi Jinping’s ‘One Belt One Road’ initiative – an ambitious plan by China to boost ties and trade with more than 60 countries across Europe and Asia – NSG sees itself playing a part in making available various energy, healthcare and technology solutions and services to countries in the Asia Pacific and beyond.

As part of NSG’s transformation, we announced an exercise in August 2015 to consolidate every 500 ordinary shares into a single share to minimise sharp swings in our share price and to comply with the Singapore Exchange’s minimum trading price rule. Completed in December 2015, the exercise is believed to be the largest of its kind in Singapore’s corporate history.

Around the same time, NSG announced a non-underwritten rights cum warrants issue to raise funds for acquisitions and working capital. The exercise was very well received by shareholders, signalling their confidence in the Group under its new leadership.

Fund Management

In order to significantly increase our activities and investments in the energy, healthcare and security & governance sectors, we decided to establish a capital allocation arm to raise funds to support and invest in our respective areas of focus.

New Silkroutes Capital Pte Ltd, our wholly owned financial investment arm, was established for this purpose. Through New Silkroutes Capital, we intend to manage funds and assets in the sectors where we can demonstrate strong core competencies.

In February 2016, New Silkroutes Capital formed a joint venture with New York-based CG Capital Partners LLC to offer fund management services, including structured products, to Asian investors. The joint venture in New York is 70% owned by New Silkroutes Capital and 30% by CG Capital Partners.

Oil & Gas Trading

International Energy Group (“IEG”), our wholly owned oil and gas trading arm, has made substantial headway despite being a relatively new player. While the slump in oil prices has taken a severe toll on oil producers and related service providers, it has worked to our benefit as we have been able to secure supplies from oil majors and national oil companies at lower costs and find ready buyers across Asia.

Singapore-based IEG made its first trade in Asia using Platts’ signature Market-on-Close price-discovery platform in February 2016. The platform relies on bids, offers and transactions from traders to assess prices of crude oil and related products. The prices published by Platts are used as benchmarks worldwide to settle contracts for these products in both physical and financial markets.

CHAIRMAN'S STATEMENT

The following month, IEG's joint venture with the government of Malta completed its maiden cargo trade. The joint venture, IEG Malta Limited, is 90% owned by IEG and 10% by Malta's Ministry of Energy. The entity was formed in 2015 with a mandate to develop the Southern European island into an energy trading hub between Europe and Asia.

IEG currently accounts for most of NSG's revenue. We expect IEG's revenue to exceed US\$225 million for the financial year ending 30 June 2017, compared to the US\$49.6 million it generated in FY2016. This will mark NSG's highest revenue in more than a decade. The expected increase will be driven by new credit facilities IEG obtained in 2016 from several international banks.

Security & Governance

We fully exited the consumer IT products distribution business in June 2016 as it has not been profitable for a number of years. Through Digiland Pte Ltd, NSG's wholly-owned technology arm, our current focus is on big data analytics and enterprise software solutions for government agencies and private companies, particularly for the management of public housing and real estate facilities.

In August 2016, we formed a joint venture with the owners of London-based consulting firm Rubeus Limited to offer bespoke risk management services to corporations, government agencies and ultra-high-net-worth families. The Singapore-based joint venture, Rubeus Silk Pte Ltd, is 51% owned by NSG and 49% by Mr John Davidson and Dr Jessica Lincoln, the founders of Rubeus Limited.

We believe Rubeus Silk will complement our other divisions. For example, as our oil and gas business grows, we may eventually manage and own oil storage facilities in Europe and Asia. Rubeus Limited's experience in evaluating energy assets, especially in frontier markets, will be invaluable.

Healthcare

In September 2016, we announced the acquisition of a 51% stake in Singapore-based Healthsciences International Pte Ltd ("HSI"), which would mark our maiden foray into the healthcare sector in Asia. Through HSI, we intend to offer services ranging from primary and preventive care to systems integration and enterprise resource planning for hospitals and clinics.

HSI aims to secure management contracts for healthcare facilities, such as hospitals, and will be synergistic to New Silkroutes Capital's investments in the healthcare sector.

Appreciation

I believe the Group is on the right track with the various initiatives put in place during, and in the months after, FY2016. NSG's transformation is by no means complete and in the coming year, we shall continue to build and renew our management and Board bench strength, thereby enabling the Company to run and not be weary, to walk and not be faint.

I wish to thank all shareholders, customers, business partners and staff for your support and trust.

Cai Sui Xin

Chairman of the Board of Directors

Mr Cai Sui Xin

Executive Director and Chairman

Sui Xin was appointed as Executive Director and Chairman of the Board on 20 July 2012.

He founded General Nice Development Limited in 1992 and went on to establish other related companies under the General Nice Group. He steered the group to become one of China's biggest producers and operators of metallurgy coke, winning for its subsidiaries, honorable titles like "PRC's Foreign Investment Enterprise of Double Excellence", and "Best Foreign Investment Enterprise in Tianjin".

Sui Xin is the Chairman and Executive Director of Loudong General Nice Resources (China) Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited ("HKEX"). He is also the Non-Executive Chairman and Non-Executive Director of the Board of Abterra Ltd, listed on Singapore Exchange Securities Trading Ltd ("SGX") and Non-Executive Director of IRC Limited, a company listed on HKEX.

Mr Lau Yu

Executive Director and Vice Chairman

Lau Yu was appointed as Executive Director and Vice Chairman of the Board on 20 July 2012.

He has over 20 years of solid experience in international trading of mineral resources and metals, including coal, coke, iron ore and steel. With his extensive experience in the trading of coke and metallurgy, he has established strong relationships with customers in India, Australia, South Africa, Venezuela and Brazil.

Lau Yu is the Chief Executive Officer, Executive Director and Chairman of the executive committee of Loudong General Nice Resources (China) Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited. He is the Chief Executive Officer and an Executive Director of Abterra Ltd, listed on Singapore Exchange Securities Trading Ltd. He is also the Chief Executive Officer and Executive Director of Evershine Group Holdings Limited, a company listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Lau Yu holds a Bachelor of Business Administration degree from the School of Finance in University of Hawaii in the United States of America.

Dr Goh Jin Hian

Executive Director and Chief Executive Officer

Dr Goh Jin Hian was appointed as Executive Director on 24 June 2015 and as Chief Executive Officer on 7 July 2015.

Dr Goh is currently an Independent Director of SGX-listed Cordlife Group Limited. Prior to joining New Silkroutes Group, Dr Goh was a C-suite executive in ParkwayHealth from 1999-2011 and an Executive Director in a private oil and gas company from 2012-2014.

He has also been serving on the Council of the Singapore Human Resource Institute since 2007 and currently holds the position of Vice-President. He had also previously served on the Council of the Singapore Medical Association.

Dr Goh obtained his Bachelor of Medicine and Bachelor of Surgery from the National University of Singapore in 1992. He also holds a Master of Business Administration from The University of Hull. In addition, Dr Goh completed The Wharton Advanced Management Program in 2005.

Mr Lee Soek Shen

Executive Director

Shen was appointed to the Board as Executive Director on 30 Mar 2015.

He has more than 20 years of experience in areas of strategic analysis, corporate restructuring & turnaround, post-merger integration, and capital markets financing, with direct experience across various industries such as securities, oil & gas, real estate, healthcare and technology industries with a focus on strategy and value-creation.

Building on his experience and background, Shen is responsible for making recommendations to the Board with regards to the group's capabilities, corporate policies, and capital allocation.

He is currently holding several senior executive appointments in companies across Asia, Europe and the United States.

BOARD OF DIRECTORS

Mr Frank Yu

Independent and Non-Executive Director

Frank Yu was appointed a Non-Executive Director on 1 March 2012 and was re-designated as Independent and Non-Executive Director on 16 August 2013.

He has over 26 years of experience in finance and over 16 years of experience investing in China. He obtained his Bachelor of Science degree from the University of Wisconsin – Madison.

Frank is the Founder and Executive Director of New Stream Capital Limited, a Hong Kong-based company specialising in structured financing, proprietary trading and corporate advisory services. He is also co-Founder and Executive Director of China Times Securities Limited, an online securities brokerage in Hong Kong, and Executive Director of Luoyang Glory Star Real Estate Co. Ltd., a real estate developer based in Luoyang, Henan, PRC.

Mr Ho Sheng

Lead Independent and Non-Executive Director

Ho Sheng was appointed Lead Independent and Non-Executive Director on 24 June 2015.

He has more than 25 years of experience in the financial services industry with extensive exposure to regional capital markets and cycles.

He is currently the Lead Independent Director of SGX-listed Cordlife Group Limited.

Ho Sheng holds a Master of Applied Finance degree from Macquarie University, Sydney. He is a Senior Associate of the Financial Services Institute of Australasia and an Associate of the Institute of Chartered Secretaries and Administrators (UK).

Ms Chen Chou Mei Mei Vivien

Independent and Non-Executive Director

Chen Chou Mei Mei Vivien was appointed Independent and Non-Executive Director on 24 June 2015.

She graduated with a Bachelor of Arts degree from the University of Colorado in the United States of America and has over 30 years' experience in investments, in particular, property investments and in garment manufacturing and aircraft maintenance businesses. She is also currently a Non-Executive Director of SEHK-listed Wing Tai Properties Limited, and an Executive Director of Winsor Industrial Corporation Ltd., HK.

Ms Chen is a Director of Farnham Group Ltd. and Gala Land Investment Co. Ltd., which are the substantial shareholders of Wing Tai Properties Limited within the meaning of Part XV of the SFO. She is also Director of Lian Thai Apparel Co. Ltd., Bangkok, Thailand, and a Director/advisory member of various non-profit organisations in various countries.

Mr Oo Cheong Kwan Kelvyn

Independent Director and Non-Executive Director

Kelvyn Oo was appointed Independent and Non-Executive Director on 24 June 2015.

He graduated from The University of Buckingham with LLB (Honours) and subsequently obtained his LL.M (Financial Services) from The University of New South Wales.

He is a lawyer by profession and is currently a partner of Pinsent Masons MPillay LLP. His area of practice is in corporate finance and advises on mergers and acquisitions (public and private, including reverse take-overs), joint ventures, equity capital markets, corporate restructuring to advising funds on fund formation and corporate entities (listed and private) on various securities, compliance and regulatory matters. Kelvyn is also an Independent Director of Teho International Inc Ltd., a company listed on the Singapore Exchange Securities Trading Limited.

Mr Cai Sui Xin

Executive Director

Please refer to write-up under “Board of Directors”

Mr Lau Yu

Executive Director

Please refer to write-up under “Board of Directors”

Dr Goh Jin Hian

Chief Executive Officer

Please refer to write-up under “Board of Directors”

Mr Lee Soek Shen

Executive Director

Please refer to write-up under “Board of Directors”

Mr Lim Koon Hock

Chief Financial Officer

Koon Hock joined Digiland as Chief Financial Officer on 1 November 2004.

His career of more than 20 years spans auditing, finance, accounts and corporate functions in both private and public listed companies.

Koon Hock has a Bachelor of Commerce (Accountancy) degree from the University of Auckland, and a Master of Business Administration degree from the National University of Singapore. He is a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants.

Ms Cai Suirong

Executive Director, International Energy Group Pte Ltd (“IEG”)

Ms Cai Suirong was appointed as an executive director of IEG on 20 September 2016.

Suirong has more than 20 years corporate experience in the commodities industry, in particular, the coke and coal industry. She has established a wide business network in commodities trading, and is well versed in the operations and business of the energy and commodities’ markets in China, Thailand and internationally.

She is currently a director of General Nice Development Co., Ltd, Vice Chairman of the Board and Operations Director of General Nice Resource Co., Ltd (HK), General Manager of Xinrong Investment Co., Ltd (Thailand), and CEO of General Nice Group (China) Tianjin, General Nice Industrial Co., Ltd (Tianjin) and General Nice Coal (Tianjin).

Suirong attended the Cheung Kong Graduate School of Business and Tsinghua University’s PBC School of Finance.

EXECUTIVE MANAGEMENT

Mr Artun Gursel

Trading Manager and Book Leader, International Energy Group Pte Ltd (“IEG”)

Artun joined IEG as Trading Manager and Book Leader in September 2015.

He has been in the oil industry since 2003. At the early stages of his career, while based in Europe, he ran supply operations and terminals, managed chartering activities of a European major oil distributor and played a key role in their global expansion.

Following that, in 2007-2009, he was also in charge of developing structured price risk management models for the refining arm of the European group.

Since 2008, he has been trading in Asia-Pacific markets and managing oil asset investments in the Far East. Proficient in both physical and derivative trading, his focus was global fuel oil & feedstock trading prior to IEG.

Artun Gursel holds a bachelor degree in business administration from Galatasaray College, a francophone University, with a major in statistics.

Mr Teh Kok Kheng Henry

President and Chief Executive Officer, Digiland Pte Ltd (“DPL”)

Henry joined DPL in June 2016.

He is in charge of driving the company’s strategy in info-communication technology and solutions for public housing, estate management and e-government.

Henry is also currently Director of Green Camp Pte Ltd and Globalports Pte Ltd. He was formerly Director of Bina Puri (S) Pte Ltd and Asian Business Solutions Pte Ltd, and Senior Advisor to CPG Corporation Pte Ltd.

Henry graduated from University of Southern California (USC), Los Angeles, California USA with a Bachelor of Architecture.

OPERATIONS REVIEW

On 13 July 2015, the Company announced its name change to New Silkroutes Group Ltd, effective 10 July 2015. With the name change, the Company further accelerated into a higher gear to achieve its goal of departing from the IT distribution business into a host of diversified businesses starting with oil trading as a key pillar. That was accompanied by a multitude of corporate actions to restructure the existing platform to facilitate the transformation. The Group completely exited the IT distribution business with the completion of the sale of subsidiaries Digiland (Thailand) Ltd and Infonet Systems and Services Pte Ltd on 30 June 2016.

Another major corporate event in financial year 2016 was the completion of the share consolidation exercise in December 2015. The exercise prepared the Company for SGX-ST's imminent implementation of a minimum trading price of shares listed on the main board of SGX-ST. Following that, the Company strengthened its balance sheet with a renounceable non-underwritten Rights with warrants issue, completed in March 2016. The strengthened balance sheet allowed the Group to further its oil trading goals.

As in the previous year, based on accounting standards, the results of discontinued operations (i.e of the operations of the 2 subsidiaries disposed) are separately disclosed from the rest of the continuing operations. The review below focuses on the continuing operations.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue increased 40% from US\$38.692M in the previous year to US\$54.296M in the current year. This is almost entirely attributable to oil sales, especially in the final quarter of the financial year ended 30 June 2016, as the Group continued with its sales momentum, expanding its oil market.

To support such growth, personnel expenses increased from US\$1.735M to US\$2.304M. At the same time, due to its numerous corporate actions, professional fees increased, substantially resulting in Other Operating Expenses increasing from US\$1.897M to US\$2.890M.

STATEMENTS OF FINANCIAL POSITION

The increase in trade and other receivables from US\$24.346M in the previous year to US\$35.146M in the current year is substantially due to the increase in oil business, and the sale proceeds receivable from the sale of the 2 mentioned subsidiaries. Prepayments increased from US\$0.042M to US\$4.941M due to prepayments made for inventory purchases in a subsidiary. The increase in the oil business also substantially caused an increase in trade and other payables from US\$3.861M to \$11.128M.

Share capital increased from US\$61.438M to US\$63.958M due to the net proceeds from the Rights with warrants issue.

The net result of the abovementioned operations resulted in the cash and cash equivalents decreasing from US\$9.761M to US\$3.563M.

CORPORATE GOVERNANCE

New Silkroutes Group Limited is committed to maintaining a high standard of corporate governance to protect the interest as well as to enhance the long-term value of its shareholders. This is in line with the Code of Corporate Governance 2012 (the “Code”). This statement describes the corporate governance policies and practices that have been adopted by the Company together with appropriate explanations where there are deviations from the Code.

PRINCIPLE 1: THE BOARD’S CONDUCT OF ITS AFFAIRS

The Board holds regular scheduled meetings throughout the year, with additional meetings and ad hoc teleconferences as warranted by particular circumstances. The Constitution of the Company allows Directors to participate in a meeting of the Board by means of a conference, telephone or similar communications equipment.

In the last financial year ended 30 June 2016, the Board met at four scheduled meetings. Board members were present at the meetings, either in person or via teleconferencing. In three Board meetings, seven of eight Board members attended. In another one Board meeting, six of eight attended.

The Board is entrusted with the overall management of the business affairs of the Company, and sets the overall strategy and policies on the Group’s business direction.

The principal functions of the Board include:

- a) Approving the overall policies, strategic plans, key operational initiatives, major investments and funding decisions;
- b) Approving the budget and monitoring the performance of the business;
- c) Approving the financial results of the Group for release to shareholders;
- d) Ensuring the implementation of appropriate control systems to manage the Group’s business and financial risks; and
- e) Considering and approving the nominations and re-nominations to the Board as well as the appointment of key personnel.

In the discharge of its function, the Board is supported by specialty Board Committees that provide independent oversight on Management, and which also serve to ensure that there are appropriate checks and balances. The key committees are the Audit Committee, Nominating Committee and Remuneration Committee.

All newly appointed Directors are given briefings by Management on the history and business operations of the Group. The Company will, if necessary, organise briefing sessions or circulate memoranda to the Directors to enable them to keep pace with regulatory changes, where such changes have a material bearing on the Group.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at 30 June 2016, the Board of Directors comprised eight members: four independent non-executive directors, and four executive directors. Independent non-executive directors form the majority in each specialty Board Committee.

The Board’s structure, size and composition are reviewed annually by the Nominating Committee. The Nominating Committee, with the concurrence of the Board, is of the view that, given the scope and nature of the Group’s operations, the present size of the Board is appropriate in facilitating effective decision-making.

The independent and non-executive members of the Board comprise seasoned professionals with management, legal, financial, and industry backgrounds. This enables the Management to benefit from their external and objective perspectives of issues that are brought before the Board.

The Nominating Committee assesses the suitability of each new Director based on the standing, character and relevance of a candidate’s expertise, skills and experience to the Group, before recommending the appointment to the Board.

A Director who is not an employee of the Group and who has no relationship with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company, is considered to be independent.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a distinct separation of responsibilities between the Chairman and the Chief Executive Officer (“CEO”) to ensure an appropriate balance of power and authority at the top of the Company and no one individual has considerable concentration of power. The Board appointed Mr Cai Sui Xin as Board Chairman on 20 July 2012.

The CEO is responsible for the day-to-day management of the Group’s affairs. He executes the strategic plans set by the Board and ensures that the Directors are kept updated and informed of the Group’s business through Management reports.

PRINCIPLE 4: BOARD MEMBERSHIP

PRINCIPLE 5: BOARD PERFORMANCE

The Company’s Constitution provides for regular retirement of Directors by rotation. At each Annual General Meeting (“AGM”), one-third of the Directors, with the exception of the Managing Director, will submit themselves for re-nomination and re-election.

The Nominating Committee comprises the following members:

Mr Ho Sheng (Chairman; Independent and Non-Executive Director)

Mr Frank Yu (Independent and Non-Executive Director)

Ms Chen Chou Mei Mei Vivien (Independent and Non-Executive Director)

The Nominating Committee has written Terms of Reference that describe the responsibilities of its members. The duties are as follows:

- a) To recommend all Board appointments, including making recommendations to the composition of the Board generally and the balance between Executive and Non-executive Directors appointed to the Board;
- b) To recommend to the Board re-nomination of Directors for re-election at the Company’s AGM, having considered the Directors’ contribution and performance. All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- c) To determine the independence of Directors;
- d) To ensure that Directors who have multiple board representations give sufficient time and attention to the Company’s affairs;
- e) To assess the contribution of each individual Board member to the effectiveness of the Board;
- f) To determine and implement the process of assessing the effectiveness of the Board as a whole; and
- g) To ensure complete disclosure of information of Directors as required under the Code.

The Nominating Committee evaluates the contribution and performance of the Board members based on assessment parameters set out in a Director Evaluation Form. The evaluation covers a range of qualities and factors, and takes into consideration the knowledge and experience of Directors, their attendance and participation at meetings of the Board and Committees, and availability for consultation.

The Nominating Committee has assessed the independence of the Non-executive Directors and is satisfied that there are no relationships which would deem any of the Non-executive Directors not to be independent.

The Nominating Committee has formulated internal guidelines to address the conflict of competing time commitments that are faced by Directors with multiple board representations. The Nominating Committee considers whether adequate time and attention have been devoted to the Company for Directors with multiple board representation.

Key information on Directors of the Company can be found on page 7 and 8 of this Annual Report. The Board has set up a formal assessment process to evaluate the effectiveness of the Board as a whole based on input from the individual Board members.

CORPORATE GOVERNANCE

The Board is of the view that the financial indicators set out in the Code as performance criteria for the evaluation of Directors' performance are more a measure of Management's performance and hence less appropriate for Non-executive Directors and the Board's performance as a whole.

In the financial year ended 30 June 2016, the Nominating Committee met once.

PRINCIPLE 6: ACCESS TO INFORMATION

Management provides Board members with complete, adequate and timely information prior to Board meetings. In addition, all relevant information on budgets, forecasts, monthly internal financial statements, material events and transactions complete with background and explanations are circulated to Directors as and when they arise.

The Directors have separate and independent access to the Company's senior Management and the advice and services of the Company Secretary, who also attends meetings of the Board and Committees. The Company Secretary is responsible for ensuring that Board procedures are followed. He also ensures that the Company complies with the requirements of all applicable rules and regulations. Directors may, in appropriate circumstances, seek independent professional advice concerning the Company's affairs.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATIONS

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The Remuneration Committee comprises the following members:

Mr Oo Cheong Kwan Kelvyn (Chairman; Independent and Non-Executive Director)

Mr Frank Yu (Independent and Non-Executive Director)

Mr Ho Sheng (Independent and Non-Executive Director)

In circumstances where the Remuneration Committee does not comprise entirely of Non-executive Directors, the majority of members would be Non-executive and the Chairman would be independent. The Remuneration Committee is empowered to engage from time to time human resource professional firms to advise on executive remuneration.

The Remuneration Committee's Terms of Reference provide that the Remuneration Committee's function is primarily to determine and recommend to the Board the framework of remuneration and terms of employment for the Executive Director and Executive Management.

In reviewing and recommending Directors' remuneration, the Committee adopts a framework based on the guidelines recommended by the Singapore Institute of Directors. This comprises a base fee as well as fees for chairing Board Committees, taking into consideration the amount of time and effort that each Board member may be required to devote to the role and the fees paid in comparable companies. A proportion of the remuneration is linked to performance. For the financial year ended 30 June 2016, the Group's financial strength was considered by the Remuneration Committee when they recommended Directors' remuneration.

In addition, the Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

The Company adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual. A variable component is the shares awarded under the Digiland Performance Share Plan ("PSP"), whereby participants receive fully paid Company shares, its equivalent in cash value or combinations thereof upon achieving prescribed performance targets.

The Remuneration Committee oversees the PSP and determines the eligibility of employees to participate in, and the number of options and awards to be granted to, each employee.

For the financial year ended 30 June 2016, no award was made under the PSP.

The Directors are paid Director's fees, subject to approval at the Company's AGM.

In the financial year ended 30 June 2016, the Remuneration Committee met once.

Details of remuneration for the financial year ended 30 June 2016 paid and/or payable to the Directors are set out below:

Directors Remuneration Band	Salary & CPF %	Fee %	Bonus %	Total %
Above S\$250,000				
Dr Goh Jin Hian	100	-	-	100
Lee Soek Shen	100	-	-	100
Below S\$250,000				
Cai Sui Xin	-	-	-	-
Lau Yu	100	-	-	100
Frank Yu	-	100	-	100
Ho Sheng	-	100	-	100
Chen Chou Mei Mei Vivien	-	100	-	100
Oo Cheong Kwan Kelyvn	-	100	-	100

Given the highly competitive industry conditions and the sensitivity and confidentiality of staff remuneration matters, the Company believes that the disclosure of remuneration of individual executives as recommended by the Code, would be disadvantageous to the Group's interests.

Details of remuneration for the financial year ended 30 June 2016 paid to the top four executives who are not Directors are set out below:

Key Executives Remuneration Band	Salary & CPF %	Bonus %	Total %
Below S\$250,000			
Lim Koon Hock	100	-	100
Teh Kok Kheng Henry	100	-	100
Artun Gursel	100	-	100
Long Ming Fai Edwin <i>(resigned on 30 June 2016)</i>	100	-	100

During the year under review, the Company considers these four personnel as key management personnel who are not Directors of the Company.

Given the highly competitive industry conditions and sensitivity and confidentiality of staff remuneration matters, the Company believes the disclosure of the remuneration individually and/or in aggregate of the four key management personnel (who are not directors or the CEO) would be disadvantageous to the Group's interests.

There are no employees who are immediate family members of the Directors and who earn in excess of S\$50,000 per year.

The Board is of the view that it is not necessary to present the remuneration policy at the AGM for shareholders' approval.

CORPORATE GOVERNANCE

PRINCIPLE 10: ACCOUNTABILITY AND AUDIT

The Board recognises that it is accountable to shareholders and aims to provide shareholders with a balanced and understandable assessment of the Company's performance. Review of performance and prospects are provided to shareholders on a quarterly basis.

For effective monitoring of the Group's business and affairs, Management reports are provided to the Board on a regular basis.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Company carries out a risk assessment of its business and operations on an ongoing basis. The objectives of the continuous risk assessment are to identify and rank the processes most critical to the business and formulate plans to address the risks relating to these processes.

The exercise also aims to establish a proactive risk management environment. The risk assessment covers business operation risk, financial risk, legal risk and reputation risk.

The Company routinely reviews many non-financial factors, such as the quality of corporate governance; employee, vendor and customer management processes; crisis management processes; the Company's use of technology; and its deployment of best practices. Early identification of trends gives Management time to react before the problems manifest themselves.

For a more detailed discussion of financial risk management, please refer to Note 30 in the Notes to the Financial Statements on page 79.

Based on the internal controls established and maintained by the Company, work performed by the internal auditors, and reviews by the Management, the Board, with the concurrence of the Audit Committee, is of the opinion that there are adequate and effective internal controls and risk management systems in place within the Group addressing financial, operational, compliance and information technology control risks to meet the needs of the Group in its current business environment.

The Board has received assurance from the CEO and the CFO:

- a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- b) regarding the effectiveness of the Company's risk management and internal control systems.

The Board of Directors believes that the system of internal controls maintained by Management and that was in place throughout the financial year and up to date of this report, provides reasonable, but not absolute, assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risk. The Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

PRINCIPLE 12: AUDIT COMMITTEE

The Audit Committee comprises the following members:

Mr Frank Yu (Chairman; Independent and Non-Executive Director)

Mr Ho Sheng (Independent and Non-Executive Director)

Ms Chen Chou Mei Mei Vivien (Independent and Non-Executive Director)

The Board is of the opinion that the members of the Audit Committee are appropriately qualified to discharge their responsibilities.

The Audit Committee has full access to the external auditors without the presence of the Management of the Company.

The Audit Committee has explicit authority to investigate any matter within its Terms of Reference, full access to and co-operation by the Management of the Company and full discretion to invite any Director or Management of the Company to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Audit Committee has written Terms of Reference that describe the responsibilities of its members.

These responsibilities are as follows:

- a) To review with the external auditors the audit plan (including the nature and scope of the audit before the audit commences), and to pay full attention to any material weaknesses reported and the recommendations proposed by the external auditors. The Audit Committee also reviews Management's response and ensures that the Group maintains a sound system of internal controls;
- b) To review the quarterly and annual financial statements before submission to the Board for approval;
- c) To discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss without the presence of Management at least twice a year;
- d) To review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually. Where the auditors also supply a substantial volume of non-audit services to the Company, to review the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the provision of such services would not affect the independence of the auditors. The Audit Committee also reviews the independence of the external auditors annually;
- e) To review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;
- f) To investigate any matter within its Terms of Reference, having full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;
- g) To review transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;
- h) To consider the appointment/re-appointment of the external auditors, the audit fee and matters relating to the resignation or dismissal of the auditors; and
- i) To ensure that the appointment where applicable, of a different auditing firm for its subsidiary would not compromise the standard and effectiveness of the audit of the Group.

The Audit Committee has undertaken a review of all non-audit services provided by the auditors and is of the opinion that the provision of such services will not affect the independence of the auditors.

All staff have direct access to the Audit Committee Chairman.

In appointing the audit firm for the Group, the Audit Committee is satisfied that the Company has complied with Rules 712, 715 and 716 of the Listing Manual of SGX-ST.

The Audit Committee reviews the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management annually. The Board and Audit Committee is satisfied that the internal controls are adequate.

CORPORATE GOVERNANCE

PRINCIPLE 13: INTERNAL AUDIT

For the year ended 30 June 2016, the internal audit function of the Group was outsourced.

PRINCIPLE 14: SHAREHOLDER RIGHTS

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 16: SHAREHOLDERS PARTICIPATION AT ANNUAL GENERAL MEETING

The Company is committed to keeping shareholders informed of material developments in the Group. This is done through appropriate announcements on the SGXNET in accordance with the Listing Manual as well as the Company's website at www.newsilkroutes.org where the public can access information on the Group. The Company does not practice selective disclosures.

At general meetings, shareholders are given the opportunity to communicate their views and direct questions to the Board and Management relating to the business affairs of the Group. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue so that shareholders are better able to exercise their right to approve or deny the issue or motion. Shareholders can also exercise their right to vote in absentia by the use of proxies.

OTHERS

INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
International Energy Group Pte. Ltd.	Specialised advice and services fee paid to Goodwood Associates Pte. Ltd. (value of transactions amounting to US\$0.056M)	Nil

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 30 June 2016.

	<u>Rights Issue</u>		
	31 Mar 2016 US\$M	19 May 2014 US\$M	12 Dec 2012 US\$M
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)
5. Payment for a subsidiary's oil inventory purchases (by cash and/or letters of credit)	(3.352)	-	-
6. Prepayment to suppliers of subsidiaries for inventory purchases	-	(4.757)	(0.144)
7. Payment to a supplier of a subsidiary for inventory purchases	-	-	(0.249)
Unutilised Rights Proceeds	-	-	-

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

OTHERS

Total Placement proceeds of US\$5.384M were utilised for the following as at 30 June 2016.

	Placement 28 Jan 2015 US\$M
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, IEG Malta Limited	(1.000)
4. Professional fees pertaining to IEG Malta Limited	(0.008)
5. Working capital facilities (for inventory purchases)	(2.372)
Unutilised Placement Proceeds	-

DEALINGS IN COMPANY'S SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, all staff of the Group are reminded to abstain from dealing in securities of the Company two weeks before the announcement of the quarterly results of the Group and one month before the announcement of the full year results of the Group. Officers of the Group are expected to observe insider trading laws at all times, and are discouraged from dealing in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

There are no material contracts entered into by the Company or any of its subsidiary companies involving the interests of the Chief Executive Officer, and any Director or controlling shareholder.

DIRECTORS' STATEMENT

For the financial year ended 30 June 2016

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 30 June 2016.

In the opinion of the directors:

- (a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, except as disclosed in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Names of directors

The directors of the Company in office at the date of this statement are:

Cai Sui Xin
Lau Yu
Dr Goh Jin Hian
Lee Soek Shen
Frank Yu
Ho Sheng
Chen Chou Mei Mei Vivien
Oo Cheong Kwan Kelvyn

Directors' interest in shares, debentures or warrants

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50, none of the directors who held office at the end of the financial year was interested in shares, debentures or warrants of the Company and its related corporations, except as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.7.2015	As at 30.6.2016 #	As at 1.7.2015	As at 30.6.2016 #
The Company - <u>New Silkroutes Group Limited</u>				<u>Number of ordinary shares *</u>
Cai Sui Xin ^(a)	-	-	12,222,767,790	25,489,038
Dr Goh Jin Hian ^(b)	-	-	-	5,096,849
Lee Soek Shen ^(c)	-	-	7,446,000,000	15,201,100
Chen Chou Mei Mei Vivien ^(d)	-	-	17,070,300	526,000
				<u>Number of warrants</u>
Cai Sui Xin ^(a)	-	-	-	5,043,503
Dr Goh Jin Hian ^(b)	-	-	-	1,096,849
Lee Soek Shen ^(c)	-	-	-	5,362,400
Chen Chou Mei Mei Vivien ^(d)	-	-	-	111,860

DIRECTORS' STATEMENT

For the financial year ended 30 June 2016

Directors' interest in shares, debentures or warrants (cont'd)

- ^(a) Cai Sui Xin is deemed to be interested in 25,489,038 shares in which 23,498,041 shares are held by Fortune Woods Global Investment Limited and 1,990,997 shares are held by General Nice Resources (Hong Kong) Limited, and 5,043,503 warrants in which 4,699,608 warrants are held by Fortune Woods Global Investment Limited and 343,895 warrants are held by General Nice Resources (Hong Kong) Limited.
- ^(b) Dr Goh Jin Hian is deemed to be interested in 5,096,849 shares and 1,096,849 warrants held in the name of Citibank Nominees Singapore Pte Ltd, a nominee company.
- ^(c) Lee Soek Shen is deemed to be interested in 15,201,100 shares and 5,362,400 warrants held by Goodwood Associates Pte. Ltd.
- ^(d) Chen Chou Mei Mei Vivien is deemed to be interested in 526,000 shares in which 46,837 shares are held by Avec Inc., 79,163 shares are held by a family trust "Chow Wen Hsien Estate" and 400,000 shares are held in the name of a nominee, and 111,860 warrants in which 12,697 warrants are held by Avec Inc., 19,163 warrants are held by a family trust "Chow Wen Hsien Estate" and 80,000 warrants are held in the name of a nominee.
- * During the financial year, the Company undertook a share consolidation exercise, pursuant to which every 500 existing ordinary shares in the capital of the Company were consolidated into one ordinary share. The share consolidation exercise was completed on 21 December 2015.
- # There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2016, except as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 30.6.2016	As at 21.7.2016	As at 30.6.2016	As at 21.7.2016
The Company - <u>New Silkroutes Group Limited</u>				
				<u>Number of ordinary shares</u>
Lee Soek Shen	–	–	15,201,100	14,679,700
				<u>Number of warrants</u>
Lee Soek Shen	–	–	5,362,400	5,456,400

Cai Sui Xin, by virtue of the provisions of Section 7 of the Companies Act, Chapter 50, is deemed to have an interest in all the subsidiaries of the Company.

Share options

No options were granted during the financial year to take up issued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Warrants

During the financial year, the Company undertook a renounceable non-underwritten rights shares and warrants issue on the basis of one rights share for every one existing ordinary share and one free detachable warrant for every one rights share subscribed.

25,172,385 rights shares at an issue price of S\$0.20 per share and 25,172,385 warrants with each carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.30 were allotted and issued on 1 April 2016 and 31 March 2016, respectively. The warrants expire on the date immediately preceding the third anniversary of the date of their issue.

DIRECTORS' STATEMENT

For the financial year ended 30 June 2016

Warrants (cont'd)

During the financial year, 150,000 warrants were exercised and converted into ordinary shares in the capital of the Company. The remaining 25,022,385 warrants will expire on 29 March 2019.

Except as mentioned above, no shares have been issued during the financial year by virtue of the exercise of warrants to take up unissued shares of the Company or its subsidiaries.

Performance Share Plan

The Digiland Performance Share Plan (the "PSP") was approved by the Company during the Extraordinary General Meeting on 31 October 2006. The PSP contemplates the awarding of fully paid-up shares, their equivalent cash value or combinations thereof, free of payment to selected employees of the Company and its subsidiaries and its associate companies, including executive directors of the Company.

The total number of new ordinary shares in the Company which may be issued in all awards granted under the PSP shall not exceed 15% of the number of issued shares in the capital of the Company from time to time.

No awards have been granted to directors, controlling shareholders of the Company or their associates and no directors or employees of the Company have received 5% or more of the total awards available under the PSP.

No awards have been granted under the PSP since its commencement and during the financial year. At the end of the financial year, there were no outstanding awards or unissued shares of the Company or its subsidiaries under the PSP.

Audit Committee

The Audit Committee of the Company comprises three independent and non-executive directors, and at the date of this statement, they are:

Frank Yu (Chairman)
Ho Sheng
Chen Chou Mei Mei Vivien

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

- (i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It also met with the Company's internal auditor to discuss the results of their examination and evaluation of the Group's system of internal accounting controls;
- (ii) the audit plan of the Company's external auditor and any recommendations on the Group's internal accounting controls arising from the statutory audit;
- (iii) the quarterly financial information, the statement of financial position of the Company as at 30 June 2016 and the consolidated financial statements of the Group for the financial year ended 30 June 2016, as well as the auditor's report thereon;
- (iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditor;
- (v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

DIRECTORS' STATEMENT

For the financial year ended 30 June 2016

Audit Committee (cont'd)

- (vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- (viii) reviewed the nature and extent of non-audit services provided by the external auditor;
- (ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- (x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- (xi) interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Full details regarding the Audit Committee are provided in the Report on Corporate Governance.

In appointing the external auditor for the Company and its Singapore-incorporated subsidiaries, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

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CAI SUI XIN

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DR GOH JIN HIAN

Dated: 30 September 2016

INDEPENDENT AUDITOR'S REPORT

to the members of New Silkroutes Group Limited

Report on the financial statements

We have audited the accompanying financial statements of New Silkroutes Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the financial position of the Group and the Company as at 30 June 2016, and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 30 September 2016

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2016

	Note	The Group		The Company	
		2016 US\$	2015 US\$	2016 US\$	2015 US\$
ASSETS					
Non-Current Assets					
Plant and equipment	4	49,019	60,667	16,050	10,879
Subsidiaries	5	–	–	25,763,768	5,399,812
Associate	6	7	–	–	–
Available-for-sale investment	7	36,242	–	–	–
		85,268	60,667	25,779,818	5,410,691
Current Assets					
Inventories	8	1,319,611	–	–	–
Trade and other receivables	9	35,146,135	24,345,672	9,774,404	27,179,265
Prepayments	10	4,940,965	41,645	30,606	39,331
Derivative financial instruments	11	285,313	–	–	–
Cash and bank balances	12	3,563,310	9,761,294	803,822	649,330
		45,255,334	34,148,611	10,608,832	27,867,926
Assets of disposal group classified as held for sale	13	–	10,091,692	–	–
		45,255,334	44,240,303	10,608,832	27,867,926
Total assets		45,340,602	44,300,970	36,388,650	33,278,617
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	63,957,747	61,438,332	63,957,747	61,438,332
Treasury shares	15	(321,751)	–	(321,751)	–
Other reserves	16	1,548,428	706,370	1,088,245	–
Accumulated losses		(30,934,025)	(27,572,691)	(29,137,956)	(29,378,251)
Equity attributable to owners of the Company		34,250,399	34,572,011	35,586,285	32,060,081
Non-controlling interests		(43,320)	9,671	–	–
Total equity		34,207,079	34,581,682	35,586,285	32,060,081
Non-Current Liabilities					
Obligations under finance leases	17	3,350	5,062	3,350	5,062
Current Liabilities					
Trade and other payables	18	11,128,314	3,860,932	797,156	1,211,716
Obligations under finance leases	17	1,859	1,758	1,859	1,758
		11,130,173	3,862,690	799,015	1,213,474
Liabilities directly associated with disposal group classified as held for sale	13	–	5,851,536	–	–
		11,130,173	9,714,226	799,015	1,213,474
Total liabilities		11,133,523	9,719,288	802,365	1,218,536
Total equity and liabilities		45,340,602	44,300,970	36,388,650	33,278,617

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2016

	Note	2016 US\$	2015 US\$
Continuing operations			
Revenue	3	54,295,826	38,691,825
Other income	19	1,546,903	1,552,350
Purchases of finished goods		(54,999,749)	(38,058,199)
Changes in inventories of finished goods		1,319,611	-
Employee benefits expense	20	(2,303,590)	(1,734,632)
Depreciation of plant and equipment		(22,862)	(15,173)
Net fair value loss on derivative financial instruments		(233,535)	-
Other operating expenses	21	(2,889,646)	(1,897,441)
Finance costs	22	(15,752)	(132,753)
Loss before taxation from continuing operations		(3,302,794)	(1,594,023)
Taxation	23	-	-
Loss after taxation from continuing operations		(3,302,794)	(1,594,023)
Loss from discontinued operations, net of tax	24	(212,679)	(978,796)
Loss for the year		(3,515,473)	(2,572,819)
Other comprehensive income after tax:			
Item that are or may be reclassified subsequently to profit or loss			
Foreign currency translation gain on consolidation		104,388	177,270
Foreign currency translation gain reclassified to profit or loss on disposal of subsidiaries		(350,575)	-
Other comprehensive income for the year, net of tax of nil		(246,187)	177,270
Total comprehensive loss for the year		(3,761,660)	(2,395,549)
Loss attributable to:			
Owners of the Company			
- loss from continuing operations, net of tax		(3,148,655)	(1,332,476)
- loss from discontinued operations, net of tax	24	(212,679)	(978,796)
		(3,361,334)	(2,311,272)
Non-controlling interests			
- loss from continuing operations, net of tax		(154,139)	(261,547)
		(3,515,473)	(2,572,819)
Total comprehensive loss attributable to:			
Owners of the Company			
- total comprehensive loss from continuing operations, net of tax		(3,451,963)	(1,244,809)
- total comprehensive loss from discontinued operations, net of tax		(155,558)	(889,193)
		(3,607,521)	(2,134,002)
Non-controlling interests			
- total comprehensive loss from continuing operations, net of tax		(154,139)	(261,547)
		(3,761,660)	(2,395,549)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2016

	Note	2016 US cent	2015 US cent (Restated)
Loss per share attributable to owners of the Company			
From continuing and discontinued operations - basic and diluted	25	(3.1432)	(2.2954)
From continuing operations - basic and diluted	25	(2.9443)	(1.3234)
From discontinued operations - basic and diluted	25	(0.1989)	(0.9720)

The annexed notes form an integral part of and should be read in conjunction with these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2016

← ----- Attributable to owners of the Company ----- →

	Share capital US\$	Foreign currency translation reserve US\$	Other reserve US\$	Accumulated losses US\$	Total US\$	Non- controlling interests US\$	Total equity US\$
Balance at 1 July 2014	55,952,946	529,100	-	(25,063,980)	31,418,066	-	31,418,066
Loss for the year	-	-	-	(2,311,272)	(2,311,272)	(261,547)	(2,572,819)
Other comprehensive income for the year							
- Foreign currency translation differences	-	177,270	-	-	177,270	-	177,270
Total comprehensive income for the year	-	177,270	-	(2,311,272)	(2,134,002)	(261,547)	(2,395,549)
Contributions by and distributions to owners							
- Issue of shares (Note 14)	5,485,386	-	-	-	5,485,386	-	5,485,386
Changes in ownership interests in subsidiaries							
- Incorporation of subsidiaries with non-controlling interests	-	-	-	-	-	64,302	64,302
- Acquisition of a subsidiary (Note 5)	-	-	-	-	-	9,478	9,478
- Acquisition of a non-controlling interest without a change in control (Note 5)	-	-	-	(197,439)	(197,439)	197,438	(1)
Transactions with owners in their capacity as owners	5,485,386	-	-	(197,439)	5,287,947	271,218	5,559,165
Cumulative income recognised directly in other comprehensive income relating to disposal group classified as held for sale (Note 13)	-	(293,454)	293,454	-	-	-	-
Balance at 30 June 2015	61,438,332	412,916	293,454	(27,572,691)	34,572,011	9,671	34,581,682

The annexed notes form an integral part of and should be read in conjunction with these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2016

←----- Attributable to owners of the Company -----→

	Share capital US\$	Treasury shares US\$	Warrant reserve US\$	Foreign currency translation reserve US\$	Other reserve US\$	Accumulated losses US\$	Total US\$	Non-controlling interests US\$	Total equity US\$
Balance at 1 July 2015	61,438,332	-	-	412,916	293,454	(27,572,691)	34,572,011	9,671	34,581,682
Loss for the year	-	-	-	-	-	(3,361,334)	(3,361,334)	(154,139)	(3,515,473)
Other comprehensive income for the year	-	-	-	47,267	57,121	-	104,388	-	104,388
- Foreign currency translation differences	-	-	-	47,267	57,121	-	104,388	-	104,388
- Realisation of reserve upon disposal of subsidiaries	-	-	-	-	(350,575)	-	(350,575)	-	(350,575)
Total comprehensive income for the year	-	-	-	47,267	(293,454)	(3,361,334)	(3,607,521)	(154,139)	(3,761,660)
Contributions by and distributions to owners									
- Issue of shares and warrants (Note 14)	2,479,585	-	1,094,769	-	-	-	3,574,354	-	3,574,354
- Exercise of warrants	39,830	-	(6,524)	-	-	-	33,306	-	33,306
- Purchase of treasury shares	-	(321,751)	-	-	-	-	(321,751)	-	(321,751)
Changes in ownership interests in subsidiaries									
- Incorporation of subsidiaries with non-controlling interests	-	-	-	-	-	-	-	101,148	101,148
Transactions with owners in their capacity as owners	2,519,415	(321,751)	1,088,245	-	-	-	3,285,909	101,148	3,387,057
Balance at 30 June 2016	63,957,747	(321,751)	1,088,245	460,183	-	(30,934,025)	34,250,399	(43,320)	34,207,079

The annexed notes form an integral part of and should be read in conjunction with these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2016

	2016 US\$	2015 US\$
Cash Flows from Operating Activities		
Loss before taxation from continuing operations	(3,302,794)	(1,594,023)
Loss before taxation from discontinued operations	(212,679)	(978,796)
Total loss before taxation	(3,515,473)	(2,572,819)
Adjustments for:		
Available-for-sale investment written off	-	1
Depreciation of plant and equipment	4 22,862	30,832
Gain on disposal of subsidiaries	24 (1,059,032)	-
Goodwill written off	5 -	1,657
Impairment losses on trade and other receivables	21 669,784	283,076
Interest expense	22 199,429	333,703
Interest income	19 (1,363,924)	(1,604,236)
Inventories written off	21 4,498	28,975
Loss on disposal of plant and equipment	21 -	5,206
Net fair value loss on derivative financial instruments	233,535	-
Reversal of write-down on inventories	19 -	(869)
Share of associate's results	24 42,165	61,089
Trade receivables written off	21 17,279	51,871
Unrealised foreign exchange differences	187,513	104,437
Operating loss before working capital changes	(4,561,364)	(3,277,077)
Changes in inventories	(1,108,289)	291,098
Changes in trade and other receivables	(6,303,847)	1,902,708
Changes in prepayments	(4,775,163)	5,038
Changes in trade and other payables	7,408,551	1,599,601
Cash (used in)/generated from operating activities	(9,340,112)	521,368
Income taxes paid	-	-
Net cash (used in)/generated from operating activities	(9,340,112)	521,368
Cash Flows from Investing Activities		
Acquisition of a subsidiary, net of cash acquired	5 -	10,371
Acquisition of available-for-sale investment	7 (36,242)	-
Interest received	25,627	394,082
Proceeds from disposal of subsidiaries	A 24,945	-
Purchase of plant and equipment	(27,026)	(73,843)
Net cash (used in)/generated from investing activities	(12,696)	330,610
Cash Flows from Financing Activities		
Capital contributions from non-controlling interests of subsidiaries	101,148	64,302
Fixed deposits pledged	(405,765)	19,598
Interest paid	(199,429)	(333,703)
Proceeds from exercise of warrants	33,306	-
Proceeds from issue of shares and warrants	3,574,354	5,485,386
Proceeds from short-term loans	6,020,026	5,844,178
Purchase of treasury shares	(321,751)	-
Repayment of short-term loans	(6,230,545)	(7,439,835)
Repayment of finance leases	(12,534)	(7,438)
Net cash generated from financing activities	2,558,810	3,632,488
Net (decrease)/increase in cash and cash equivalents	(6,793,998)	4,484,466
Cash and cash equivalents at beginning of year	10,378,086	5,907,432
Exchange differences on translation of cash and cash equivalents at beginning of year	(20,778)	(13,812)
Cash and cash equivalents at end of year	12 3,563,310	10,378,086

The annexed notes form an integral part of and should be read in conjunction with these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2016

A. Disposal of subsidiaries

On 30 June 2016, the Company completed the disposal of its entire interest in the wholly-owned subsidiaries, Digiland (Thailand) Ltd. and Infonet Systems and Services Pte Ltd, for a total cash consideration of US\$3,620,717 (Note 13). The effects of the disposal on the cash flows of the Group were as follows:

	2016 US\$
The Group	
Plant and equipment	77,886
Inventories	1,368,215
Trade and other receivables	3,389,615
Prepayments	85,366
Cash and bank balances	120,025
Fixed deposits	3,519,089
Borrowings	(2,727,876)
Trade and other payables	(2,920,060)
Current tax payable	-
Net assets	2,912,260
Foreign currency translation reserve	(350,575)
Gain on disposal of subsidiaries (Note 24)	1,059,032
Total consideration, to be satisfied in cash	3,620,717
Satisfied by:	
Cash	144,970
Consideration receivable (Note 9)	3,475,747
	3,620,717
Analysis of net flow of cash and bank balances arising on disposal:	
Cash consideration received	144,970
Cash and bank balances disposed of	(120,025)
	24,945

The annexed notes form an integral part of and should be read in conjunction with these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

1 General information

The financial statements of New Silkroutes Group Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

With effect from 10 July 2015, following the Extraordinary General Meeting of the Company held on 10 July 2015, the name of the Company was changed from “Digiland International Limited” to “New Silkroutes Group Limited”.

The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore. The Company is listed on the Mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 21 Serangoon North Avenue 5, Ban Teck Han Building #05-02, Singapore 554864.

The principal activities of the Company are those relating to investment holding, trading of computers, computer peripherals and accessories, and wholesale of petrochemical products. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”) including related Interpretations promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in United States dollar which is the Company’s functional currency. All financial information is presented in United States dollar, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Critical judgements in applying accounting policies

Going concern

The Group incurred a net loss and net operating cash outflows of US\$3,515,473 (2015: US\$2,572,819) and US\$9,340,112 (2015: net operating cash inflows of US\$521,368), respectively, for the financial year ended 30 June 2016. Notwithstanding this, the directors are of the view that the going concern assumption is appropriate for the preparation of these financial statements, due to the following:

- (i) The Group’s net loss comprised losses attributable to the discontinued operations of US\$212,679 (2015: US\$978,796). In addition, management and professional fees amounted to US\$1,087,131 (2015: US\$270,353), mainly arising from the addition of new subsidiaries and the various corporate exercises in the Group. Excluding the losses attributable to the discontinued operations, and isolating the effects of the management and professional fees, the Group would have incurred a net loss of US\$2,215,663 (2015: US\$1,323,670) for the financial year ended 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(a) Basis of preparation (cont'd)

Critical judgements in applying accounting policies (cont'd)

- (ii) The Group had net current assets (excluding the assets and liabilities of the disposal group classified as held for sale) and net assets of US\$34,125,161 (2015: US\$30,285,921) and US\$34,207,079 (2015: US\$34,581,682), respectively, as at 30 June 2016. In addition, the Company had net current assets and net assets of US\$9,809,817 (2015: US\$26,654,452) and US\$35,586,285 (2015: US\$32,060,081), respectively, as at 30 June 2016.
- (iii) Excluding those attributable to the disposal group which had been classified as held for sale as at 30 June 2015 and disposed of as at 30 June 2016, the Group and the Company had cash and bank balances of US\$3,563,310 (2015: US\$9,761,294) and US\$803,822 (2015: US\$649,330), respectively, as at 30 June 2016. In addition, the Group and the Company had minimum borrowings (comprising finance leases) of US\$5,209 (2015: US\$6,820) as at 30 June 2016.

Based on the above, the directors believe that the Group and the Company will have sufficient working capital and financial resources to meet their obligations as and when they fall due for the next twelve months from the end of the reporting period. Consequently, the directors consider that there is no material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concern.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

Control over a subsidiary

As disclosed in Note 5 to the financial statements, International Energy Group Pte. Ltd. ("IEGPL") has been accounted for as a subsidiary of the Group on the date of incorporation of IEGPL, even though the Company only holds a 19.9% ownership interest and voting right in IEGPL, as management has assessed that the option (potential voting right) held by the Company to acquire the 80.1% interest held by the other individual shareholder in the share capital of IEGPL is substantive (i.e. the Company has a practical ability to exercise the option based on the terms and conditions associated with the option). Subsequently, during the financial year, the Company exercised the call option to acquire the 80.1% interest, and IEGPL became a wholly-owned subsidiary of the Company.

Impairment of investments in subsidiaries

The Company assesses at the end of each reporting period whether there is any indication that the investments in subsidiaries may be impaired. If any indication exists, the investment in subsidiary is tested for impairment. The determination of the recoverable amount requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amount of the Company's investments in subsidiaries at the end of the reporting period is disclosed in Note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(a) Basis of preparation (cont'd)

Critical judgements in applying accounting policies (cont'd)

Revenue - gross presentation

For the sale of gas oil and fuel oil, the Group assesses its sales arrangements to determine if it acts as a principal or an agent. In determining whether the Group acts as a principal, the Group considers factors such as if the Group has primary responsibility for providing the goods or services to the customer, bears inventory risks before or after the customer order during shipping or on return, has latitude in establishing prices either directly or indirectly, and bears the customer's credit risks for the amount receivable from the customer.

The Group has determined, based on an evaluation of the terms and conditions of the sales arrangements, that the Group acts as a principal and so accounts the revenue as gross presentation in the consolidated statement of profit or loss and other comprehensive income. The Group's revenue from the sale of gas oil and fuel oil is disclosed in Note 3 to the financial statements.

Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made. The Group's taxation is disclosed in Note 23 to the financial statements.

Critical assumptions used and accounting estimates in applying accounting policies

Allowance for inventories obsolescence

The Group reviews the ageing analysis of inventories at the end of each reporting period, and make allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 8 to the financial statements. If the net realisable values of the inventories decrease/increase by 10% from management's estimates, the Group's results for the year will decrease/increase US\$131,961 (2015: US\$158,404).

Impairment of loans and receivables

The Group and the Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows for collective assessment are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 9 to the financial statements. If the present value of estimated future cash flows decreases/increases by 10% from management's estimates, the Group's allowance for impairment of loans and receivables will increase/decrease by US\$3,514,614 (2015: US\$2,434,567).

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(b) Interpretations and amendments to published standards effective in 2016

The Group has adopted FRS which are effective for annual periods beginning on or after 1 July 2015. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The adoption of these new and amended FRS did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements.

2(c) FRS not yet effective

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the SGX-ST will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on the SGX-ST will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

The following are the new or amended FRS and INT FRS issued that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 1	Presentation of Financial Statements: Disclosure Initiative	1 January 2016
Amendments to FRS 7	Statement of Cash Flows: Disclosure Initiative	1 January 2017
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 16 and FRS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 28 and FRS 110	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 111	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 115	Clarifications to FRS 115: Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 114	Regulatory Deferral Accounts	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019
Improvements to FRSs (November 2014):		
- Amendment to FRS 19	Employee Benefits	1 January 2016
- Amendment to FRS 34	Interim Financial Reporting	1 January 2016
- Amendment to FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
- Amendments to FRS 107	Financial Instruments: Disclosures	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(c) FRS not yet effective (cont'd)

Management does not anticipate that the adoption of the above FRS in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except for the following:

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

Under Amendments to FRS 7, an entity would need to reconcile cash flows arising from financing activities as reported in the statement of cash flows, excluding contributed equity, to the corresponding liabilities in the opening and closing statements of financial position. Additional disclosures are also required about information that is relevant to an understanding of the liquidity of an entity. This includes any restrictions over the decisions of an entity to use cash and cash equivalent balances, e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. The Group is currently assessing the impact and plans to adopt the amendments on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

Under FRS 109, an investment in an equity instrument that does not have a quoted price in an active market for an identical instrument shall be measured at fair value at the date of initial application. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(c) FRS not yet effective (cont'd)

FRS 116 Leases

FRS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases.

For a lessee, FRS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying FRS 7 *Statement of Cash Flows*.

For a lessor, FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

FRS 116 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply FRS 115 at or before the date of initial application of FRS 116.

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interests even if that results in a deficit balance.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if and only if the Group has all of the following:

- (i) power over the investee;
- (ii) exposure, or rights or variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect its returns

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(d) Summary of significant accounting policies (cont'd)

Consolidation (cont'd)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- (i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) potential voting rights held by the Group, other vote holders or other parties;
- (iii) rights arising from other contractual arrangements; and
- (iv) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Plant and equipment	2 to 5 years
Computers	2 to 5 years
Furniture, fittings and renovations	3 to 10 years
Motor vehicles	2 to 5 years
Office equipment	2 to 5 years

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(d) Summary of significant accounting policies (cont'd)

Plant and equipment (cont'd)

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is recognised in profit or loss from the month that the plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Subsidiaries

In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

Under the equity method, the investment in associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of operations of the associate. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and loss resulting from transaction between the Group and the associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss, on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any indication that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

When the end of the reporting period of the Group is different from that of the associate, the associate prepares, for the use of the Group, financial statements as of the same date as the financial statements of the Group. Accordingly, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(d) Summary of significant accounting policies (cont'd)

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the end of the reporting period with the exception that a financial asset shall not be reclassified into or out of the fair value through profit or loss category while it is held or issued.

All financial assets are recognised on their trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any held-to-maturity investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables and cash and cash equivalents. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Loans and receivables (cont'd)

Trade receivables that are factored out to financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions are recorded as borrowings.

Available-for-sale financial asset

Available-for-sale financial asset includes non-derivative financial asset that does not qualify for inclusion in any of the other categories of financial assets. It is included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the profit or loss for the period.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from the equity and recognised in the profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its oil commodity price exposures.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into, and is subsequently measured at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Attributable transaction costs are recognised in profit or loss as incurred.

The Group's derivative financial instruments do not qualify for hedge accounting. Subsequent to initial recognition, changes in the fair value of such derivative financial instruments are recognised immediately in profit or loss.

Inventories

Inventories of IT products are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes all costs in bringing the inventories to their present location and condition. Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Inventories of oil products are stated at fair value less costs to sell and any changes in fair value less costs to sell are recognised in profit or loss in the period of change.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of fixed deposits pledged as collateral.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(d) Summary of significant accounting policies (cont'd)

Disposal group held for sale and discontinued operations

The assets and liabilities of a disposal group are classified as held for sale and presented separately from other assets and liabilities, respectively, in the statements of financial position, and the disposal group is carried at the lower of carrying amount and fair value less costs to sell, if its carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss. Any cumulative income or expense recognised directly in equity relating to the disposal group classified as held for sale is presented separately as other reserve in the consolidated statement of changes in equity.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and:

- (i) represents a separate major line of business or geographical area of operations;
- (ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (iii) is a subsidiary acquired exclusively with a view to resale.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Treasury shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

Warrant reserve

The fair value ascribed to warrants less issue expenses is credited as a reserve in equity under warrant reserve and the related balance is transferred to the share capital account as and when the warrants are exercised.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Financial liabilities

The Group's financial liabilities comprise obligations under finance leases and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense in "finance cost" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(d) Summary of significant accounting policies (cont'd)

Financial liabilities (cont'd)

Financial liabilities and financial assets are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

Financial guarantees

The Company has issued corporate guarantees to financial institutions for the borrowings of a subsidiary. The guarantees are financial guarantee contracts as they require the Company to reimburse the financial institutions if the subsidiary fails to make principal or interest payments when due in accordance with the terms of its borrowings.

Financial guarantee contracts, if assessed to be material, are initially recognised at their fair value plus transaction costs in the statement of financial position.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the subsidiary's borrowings, unless the Group has incurred an obligation to reimburse the financial institutions for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the financial institutions.

Leases

Where the Group and the Company are the lessees,

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Plant and equipment".

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(d) Summary of significant accounting policies (cont'd)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity.

Employee benefits

Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. Pension contributions are provided at rates stipulated by the regulations and are contributed to pension funds managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees. The Company and its Singapore incorporated subsidiaries make contributions to the Central Provident Fund, a defined contribution pension scheme regulated and managed by the Government of Singapore.

A defined contribution national pension scheme is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(d) Summary of significant accounting policies (cont'd)

Related parties

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.
- b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(d) Summary of significant accounting policies (cont'd)

Impairment of non-financial assets (cont'd)

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss.

With the exception of goodwill,

- (i) An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- (ii) An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For local sale of goods, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading the goods onto the relevant carrier at the port.

The Group assesses its sales arrangements to determine if it is acting as a principal or an agent. The Group has concluded that it is acting as a principal in all of its sales arrangements.

Revenue from the sale of IT products is recognised upon delivery of goods and acceptance by customers.

Revenue from the physical sale of gas oil and fuel oil is recognised when the oil is transferred upon loading at the named port of shipment or destination.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(d) Summary of significant accounting policies (cont'd)

Revenue recognition (cont'd)

Revenue from the performance of services is recognised when the services are rendered.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Government grants

Government grants are recognised at its fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in United States dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of each reporting period;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and
- (iii) All resulting currency translation differences are recognised as other comprehensive income in the consolidated statement of profit or loss and other comprehensive income, and accumulated in the currency translation reserve in the consolidated statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

2(d) Summary of significant accounting policies (cont'd)

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's executive directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 29 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the executive directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire plant and equipment.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share awards granted to employees.

3 Revenue

Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax and value-added tax, are detailed as follows:

	Continuing operations		Discontinued operations (Note 24)		Total	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$	2016 US\$	2015 US\$
The Group						
Sale of goods						
- IT products	2,590,326	5,031,356	24,316,240	34,099,161	26,906,566	39,130,517
- Gas oil	46,671,106	30,242,397	–	–	46,671,106	30,242,397
- Fuel oil	5,034,394	3,276,750	–	–	5,034,394	3,276,750
	54,295,826	38,550,503	24,316,240	34,099,161	78,612,066	72,649,664
Rendering of services	–	141,322	97,513	33,705	97,513	175,027
	54,295,826	38,691,825	24,413,753	34,132,866	78,709,579	72,824,691

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

4 Plant and equipment

The Group	Plant and equipment US\$	Computers US\$	Furniture, fittings and renovations US\$	Motor vehicles US\$	Office equipment US\$	Total US\$
<u>Cost</u>						
At 1 July 2014	1,967	98,404	264,514	20,931	145,011	530,827
Additions	–	41,203	12,764	12,744	19,876	86,587
Disposals	–	–	(19,755)	–	–	(19,755)
Write-offs	–	–	(103,852)	–	(30,212)	(134,064)
Reclassified to assets held for sale (Note 13)	–	(3,736)	(126,591)	(31,674)	(83,608)	(245,609)
Translation differences	–	(282)	(6,619)	(2,001)	(3,015)	(11,917)
At 30 June 2015	1,967	135,589	20,461	–	48,052	206,069
Additions	–	8,040	–	–	3,174	11,214
At 30 June 2016	1,967	143,629	20,461	–	51,226	217,283
<u>Accumulated depreciation</u>						
At 1 July 2014	1,967	96,676	215,992	19,410	134,807	468,852
Depreciation	–	10,231	11,563	3,972	5,066	30,832
Disposals	–	–	(14,549)	–	–	(14,549)
Write-offs	–	–	(103,852)	–	(30,212)	(134,064)
Reclassified to assets held for sale (Note 13)	–	(3,296)	(88,478)	(21,902)	(81,839)	(195,515)
Translation differences	–	(214)	(5,490)	(1,480)	(2,970)	(10,154)
At 30 June 2015	1,967	103,397	15,186	–	24,852	145,402
Depreciation	–	15,575	1,449	–	5,838	22,862
At 30 June 2016	1,967	118,972	16,635	–	30,690	168,264
<u>Carrying amount</u>						
At 30 June 2016	–	24,657	3,826	–	20,536	49,019
At 30 June 2015	–	32,192	5,275	–	23,200	60,667
The Company						
<u>Cost</u>						
At 1 July 2014	1,967	94,386	14,543	–	28,208	139,104
Additions	–	–	–	–	4,931	4,931
At 30 June 2015	1,967	94,386	14,543	–	33,139	144,035
Additions	–	6,474	–	–	3,174	9,648
At 30 June 2016	1,967	100,860	14,543	–	36,313	153,683
<u>Accumulated depreciation</u>						
At 1 July 2014	1,967	93,919	14,077	–	20,263	130,226
Depreciation	–	306	255	–	2,369	2,930
At 30 June 2015	1,967	94,225	14,332	–	22,632	133,156
Depreciation	–	1,409	211	–	2,857	4,477
At 30 June 2016	1,967	95,634	14,543	–	25,489	137,633
<u>Carrying amount</u>						
At 30 June 2016	–	5,226	–	–	10,824	16,050
At 30 June 2015	–	161	211	–	10,507	10,879

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

4 Plant and equipment (cont'd)

At the end of the reporting period, the carrying amount of the Group's and the Company's plant and equipment held under finance leases comprised office equipment of US\$4,563 (2015: US\$6,274) (Note 17).

During the financial year ended 30 June 2015, the Group acquired plant and equipment with an aggregate cost of US\$86,587, of which US\$12,744 was acquired by means of finance leases. Cash payments of US\$73,843 were made to purchase plant and equipment.

The Group's plant and equipment with an aggregate carrying amount of US\$50,094 were reclassified to disposal group held for sale following the signing of the sale and purchase agreement on 9 February 2015 to dispose of Infonet Systems and Services Pte Ltd and Digiland (Thailand) Ltd. (Note 13).

5 Subsidiaries

	2016	2015
	US\$	US\$
The Company		
<u>Unquoted equity investments, at cost</u>		
At 1 July	23,657,176	20,688,557
Incorporation of a subsidiary	1	15,949
Acquisition of a non-controlling interest	-	1
Increase in capital of subsidiaries	19,363,955	5,383,762
Transfer of equity interest from a subsidiary	1,000,000	-
Reclassified to assets held for sale (Note 13)	-	(2,431,093)
At 30 June	44,021,132	23,657,176
<u>Allowance for impairment losses</u>		
At 1 July	18,257,364	20,688,457
Reclassified to assets held for sale (Note 13)	-	(2,431,093)
At 30 June	18,257,364	18,257,364
Carrying amount	25,763,768	5,399,812

For the financial year ended 30 June 2015

Incorporation of a subsidiary

On 15 August 2014, the Company incorporated International Energy Group Pte. Ltd. ("IEGPL") for S\$19,900 (US\$15,949), with a shareholding of 19.9%. The remaining 80.1% is held by another individual shareholder. The issued and paid-up capital of IEGPL is S\$100,000 divided into 100,000 ordinary shares of S\$1 each. On 25 August 2014, the Company also entered into a call option agreement with the other individual shareholder, pursuant to which the shareholder granted to the Company the option to acquire the shareholder's 80.1% interest in the share capital of IEGPL.

Based on the terms and conditions associated with the call option agreement, management has assessed that the option (potential voting right) held by the Company to acquire the 80.1% interest held by the other individual shareholder in the share capital of IEGPL is substantive (i.e. the Company has a practical ability to exercise the option). Accordingly, taking into consideration of the option to acquire IEGPL, it has been assessed that the Company has control over IEGPL, and IEGPL is accounted for as a subsidiary of the Company. The 80.1% interest of S\$80,100 (US\$64,102) held by the other individual shareholder is accounted for as a non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

5 Subsidiaries (cont'd)

For the financial year ended 30 June 2015 (cont'd)

Acquisition of a non-controlling interest

On 29 December 2014, the Company exercised the call option to acquire the other individual shareholder's 80.1% interest in IEGPL for S\$1. The acquisition was completed on 8 January 2015, and IEGPL became a wholly-owned subsidiary of the Company. Accordingly, the change in ownership interest in IEGPL that does not result in the Company losing control of the subsidiary is accounted for as an equity transaction, and the difference of US\$197,439 between the non-controlling interest and the consideration paid is recognised directly in equity.

Increase in capital of a subsidiary

In February 2015, the Company increased its investment in IEGPL by contributing additional capital of S\$7,281,000 (US\$5,383,762) comprising 7,281,000 ordinary shares of S\$1 each.

Incorporation of other subsidiaries in the Group

On 6 May 2015, IEGPL incorporated a wholly-owned subsidiary, New Silkroutes Group (Europe) Limited ("NSGEL"), in Malta, with an issued share capital of US\$2,000 divided into 2,000 ordinary shares of US\$1 each.

On 15 May 2015, NSGEL incorporated a company in Malta, IEG Malta Limited ("IEG Malta"), with Malta Enterprise Corporation, with a shareholding of 90% and 10%, respectively. IEG Malta has an issued share capital of US\$2,000 divided into 2,000 ordinary shares of US\$1 each. Accordingly, the 10% non-controlling interest amounted to US\$200.

Acquisition of a subsidiary

On 3 June 2015, the Company's wholly-owned subsidiary, Digiland Pte. Ltd., acquired 26,000 ordinary shares representing 65% of the issued and paid-up capital of IBase Technology International Pte. Ltd. ("IBTI"), for a cash consideration of S\$26,000 (US\$19,257). IBTI was incorporated on 8 December 2014.

The fair value of the net assets acquired approximated their carrying amount. There were no intangible assets identified which were previously not recorded in the subsidiary, or contingent liability recognised.

The following summarises the consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the acquisition date, the non-controlling interest in the subsidiary, and the effect on cash flows of the Group:

a) Fair value of identifiable assets acquired and liabilities assumed at acquisition date

	2015
	US\$
The Group	
Prepayments	85
Cash at bank	29,628
Other payables and accruals	(2,635)
Total net identifiable assets	27,078
Non-controlling interest	(9,478)
Goodwill arising from acquisition, written off	1,657
Total consideration transferred	19,257

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

5 Subsidiaries (cont'd)

For the financial year ended 30 June 2015 (cont'd)

Acquisition of a subsidiary (cont'd)

b) Effect on cash flows of the Group

	2015 US\$
The Group	US\$
Cash paid	(19,257)
Less: Cash at bank in subsidiary acquired	29,628
Net cash inflow from the acquisition	10,371

c) Non-controlling interest

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of the subsidiary's net identifiable assets.

For the financial year ended 30 June 2016

Incorporation of a subsidiary

On 1 October 2015, the Company incorporated a wholly-owned subsidiary, New Silkroutes Capital Pte. Ltd. ("NSCPL"), in Singapore. NSCPL has an initial issued and paid-up capital of S\$1 comprising one ordinary share, and is principally engaged in investment activities.

Increase in capital of subsidiaries

In October 2015 and March 2016, the Company increased its investment in IEGPL by contributing additional capital of S\$2,619,000 (US\$1,837,508) and S\$24,686,000 (US\$17,526,447), comprising 2,619,000 and 24,686,000 ordinary shares of S\$1 each, respectively.

In July 2015, IEGPL increased its investment in NSGEL by contributing additional capital of US\$998,000, comprising 998,000 ordinary shares of US\$1 each. Consequently, the issued share capital of NSGEL was US\$1,000,000. In November 2015, the Group undertook a corporate restructuring exercise pursuant to which the entire equity interest in NSGEL held by IEGPL amounting to US\$1,000,000 was transferred to the Company.

In November 2015, the issued share capital of IEG Malta was increased from US\$2,000 to US\$1,000,000, with each of NSG Silkroutes Group (Europe) Limited and Malta's Ministry of Energy and Health contributing proportional amounts of capital to maintain their respective percentage shareholdings in IEG Malta Limited.

Subscription of shares in newly incorporated subsidiaries

On 3 February 2016, the Company's wholly-owned subsidiary, NSCPL, acquired the entire equity interest, comprising one share of US\$1, in Grand Wood Group Limited, a company incorporated in the British Virgin Islands.

On 3 February 2016, Grand Wood Group Limited entered into a subscription agreement with CG Capital Partners, LLC and New Silkroutes Capital, LLC ("NSCLLC") to subscribe for 700 Class A Units representing 70% membership interest in NSCLLC, a Delaware limited liability company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

5 Subsidiaries (cont'd)

For the financial year ended 30 June 2016 (cont'd)

Subscription of shares in newly incorporated subsidiaries (cont'd)

On 19 February 2016, the Company's wholly-owned subsidiary, Top Post Enterprises Limited entered into a subscription agreement with Baling (China) Investment Limited ("BCI"), a company incorporated in Hong Kong, to subscribe for new ordinary shares in BCI that shall represent approximately 99.97% of the enlarged share capital of BCI. BCI is principally engaged in international trading of natural resources, including iron ore, coal, coke and precious metal.

Impairment losses

At the end of the reporting period, the indications of impairment for the Company's investments in certain subsidiaries which have been incurring persistent losses and operating cash outflows continue to exist. Accordingly, the impairment losses are not reversed.

Assets classified as held for sale

The Company's investments in subsidiaries, Infonet Systems and Services Pte Ltd and Digiland (Thailand) Ltd., were reclassified to disposal group held for sale following the signing of the sale and purchase agreement on 9 February 2015 to dispose of the subsidiaries (Note 13).

Summarised financial information of subsidiaries with material non-controlling interests

Summarised financial information in respect of the subsidiaries, mainly IBTI, IEG Malta and NSCLLC, which have material non-controlling interests, is set out below. The summarised financial information below represents amounts before intra-group eliminations.

Summarised statement of financial position

	IBTI US\$	IEG Malta US\$	NSCLLC US\$	Total US\$
2016				
Current assets	26,705	1,007,690	38,297	1,072,692
Current liabilities	(1,710)	(6,477)	(50,000)	(58,187)
Equity attributable to owners of the Company	16,247	901,092	141,808	1,059,147
Non-controlling interests	8,748	100,121	(153,511)	(44,642)
2015				
Current assets	29,959	2,000	–	31,959
Current liabilities	(2,901)	–	–	(2,901)
Equity attributable to owners of the Company	17,587	1,800	–	19,387
Non-controlling interests	9,471	200	–	9,671

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

5 Subsidiaries (cont'd)

Summarised financial information of subsidiaries with material non-controlling interests (cont'd)

Summarised statement of profit or loss and other comprehensive income

	IBTI US\$	IEG Malta US\$	NSCLLC US\$	Total US\$
2016				
Revenue	-	2,065,787	-	2,065,787
Expenses	(2,063)	(2,064,573)	(511,073)	(2,577,709)
(Loss)/Profit for the year, representing total comprehensive (loss)/income for the year	(2,063)	1,214	(511,073)	(511,922)
Attributable to:				
- owners of the Company	(1,340)	1,093	(358,192)	(358,439)
- non-controlling interests	(723)	121	(153,511)	(154,113)
	(2,063)	1,214	(511,703)	512,552
2015				
Revenue	-	-	-	-
Expenses	(3,654)	-	-	(3,654)
Loss for the year, representing total comprehensive loss for the year	(3,654)	-	-	(3,654)
Attributable to:				
- owners of the Company	(20)	-	-	(20)
- non-controlling interests	(3,634)	-	-	(3,634)
	(3,654)	-	-	(3,654)

Other summarised financial information

	IBTI US\$	IEG Malta US\$	NSCLLC US\$	Total US\$
2016				
Net cash outflow from operating activities	(2,995)	(788,344)	(461,703)	(1,253,042)
Net cash inflow from financing activities	-	998,000	500,000	1,498,000
Net cash (outflow)/inflow for the year	(2,995)	209,656	38,297	244,958
2015				
Net cash outflow from operating activities	(1,012)	-	-	(1,012)
Net cash inflow from financing activities	30,712	-	-	30,712
Net cash inflow for the year	29,700	-	-	29,700

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

5 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held	
			2016 %	2015 %
<i>Held by the Company</i>				
Infonet Systems and Services Pte Ltd ⁽¹⁾	Trading and providing technical and consultancy services in high technology products (reclassified to assets held for sale as at 30 June 2015)	Singapore	–	100
Digiland (Thailand) Ltd. ⁽²⁾	Trading of computers and related accessories (reclassified to assets held for sale as at 30 June 2015)	Thailand	–	100
New Silkroutes Capital Sdn. Bhd. (formerly known as Digiland Distribution (M) Sdn. Bhd.) ⁽⁴⁾	Investment holding (dormant as of 30 June 2016)	Malaysia	100	100
Digiland Pte. Ltd. ⁽⁴⁾	Investment holding (dormant as of 30 June 2016)	Singapore	100	100
Digiland Pty Ltd ⁽⁴⁾	Dormant	Australia	100	100
DG Shanghai International Trading Co., Ltd ⁽⁴⁾	Dormant	People's Republic of China	100	100
Digiland (Hong Kong) Limited ⁽⁴⁾	Dormant	Hong Kong	99.9	99.9
Top Post Enterprises Limited ⁽³⁾	Investment holding (dormant as of 30 June 2016)	British Virgin Islands	100	100
International Energy Group Pte. Ltd. ⁽¹⁾	Trading of petrochemical products and investment holding	Singapore	100	100
New Silkroutes Group (Europe) Limited ⁽⁴⁾	Investment holding (dormant as of 30 June 2016)	Malta	100	–
New Silkroutes Capital Pte. Ltd. ⁽⁴⁾	Investment holding (dormant as of 30 June 2016)	Singapore	100	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

5 Subsidiaries (cont'd)

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held	
			2016 %	2015 %
<u>Held by New Silkroutes Capital Sdn. Bhd.</u>				
Infonet Systems and Services (M) Sdn Bhd ⁽⁴⁾	In the process of winding up	Malaysia	100	100
<u>Held by Digiland Pte. Ltd.</u>				
IBase Technology International Pte. Ltd. ⁽⁴⁾	Developing and marketing enterprise solutions to support e-Government initiatives (dormant as of 30 June 2016)	Singapore	65	65
<u>Held by International Energy Group Pte. Ltd.</u>				
New Silkroutes Group (Europe) Limited ⁽⁴⁾	Investment holding (dormant as of 30 June 2016)	Malta	–	100
<u>Held by New Silkroutes Group (Europe) Limited</u>				
IEG Malta Limited ⁽³⁾	Wholesale and retail trading of crude oil, intermediate fuel oil and other distillates	Malta	90	90
<u>Held by Top Post Enterprises Limited</u>				
Baling (China) Investment Limited ⁽³⁾	International trading of natural resources, including iron ore, coal, coke and precious metal (inactive as of 30 June 2016)	Hong Kong	99.97	–
<u>Held by New Silkroutes Capital Pte. Ltd.</u>				
Grand Wood Group Limited ⁽⁴⁾	Investment holding (dormant as of 30 June 2016)	British Virgin Islands	100	–
<u>Held by Grand Wood Group Limited</u>				
New Silkroutes Capital LLC ⁽³⁾	Asset management services (inactive as of 30 June 2016)	United States of America	70	–

⁽¹⁾ Audited by Foo Kon Tan LLP, a member firm of HLB International

⁽²⁾ Audited by A.S.K.N. International Audit Services Co., Ltd, Certified Public Accountants, Thailand, a member firm of HLB International

⁽³⁾ Audited by Foo Kon Tan LLP for the purpose of the consolidated financial statements

⁽⁴⁾ Not required to be audited

In accordance with Rule 716(1) of the SGX-ST Listing Manual, the Audit Committee and the Board of Directors have confirmed that they are satisfied that the appointment of different auditors for its subsidiaries will not compromise the standard and efficiency of the audit of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

6 Associate

The Group	2016 US\$	2015 US\$
Unquoted equity investment, at cost	7	161,290
Share of post-acquisition results	-	(105,057)
Translation differences	-	(12,253)
Reclassified to assets held for sale (Note 13)	-	(43,980)
Carrying amount	7	-

On 17 May 2016, the Company's wholly-owned subsidiary, New Silkroutes Capital Sdn. Bhd., subscribed for 30 new ordinary shares representing 30% of the issued and paid-up capital of Smartnation Sdn. Bhd. ("Smartnation"), at a consideration of MYR 30. Smartnation is principally engaged in the provision of information technology services.

The Group's investment in the 49% owned associate of Digiland (Thailand) Ltd. ("DTL"), TTDG Co., Ltd (TTDG"), was reclassified to disposal group held for sale following the signing of the sale and purchase agreement on 9 February 2015 to dispose of DTL and Infonet Systems and Services Pte Ltd ("ISS") (Note 13). The disposal of DTL and ISS was completed on 30 June 2016.

Details of the associates are as follows:

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held	
			2016 %	2015 %
<u>Held by Digiland (Thailand) Ltd.</u>				
TTDG Co., Ltd ⁽¹⁾	Trade and services in IT electronics, mobile hardware, visual and audio electronics appliances (reclassified to assets held for sale)	Thailand	-	49
<u>Held by New Silkroutes Capital Sdn. Bhd.</u>				
Smartnation Sdn. Bhd. ⁽²⁾	Provision of information technology services (dormant as of 30 June 2016)	Malaysia	30	-

⁽¹⁾ Audited by A.S.K.N. International Audit Services Co., Ltd, Certified Public Accountants, Thailand, a member firm of HLB International, for equity accounting purposes

⁽²⁾ Not required to be audited

The statutory financial statements of TTDG are made up to 31 December each year. That was the financial reporting date established when the associate was incorporated. For the purpose of applying the equity method of accounting, the financial statements of the associate for the financial year ended 30 June 2015 have been prepared and made available by management, taking into account appropriate adjustments made for the effects of transactions between 31 December 2014 and 30 June 2015, and the financial statements of the associate for the financial year ended 30 June 2015 have been audited by A.S.K.N. International Audit Services Co., Ltd, Thailand for equity accounting purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

6 Associate (cont'd)

The financial information of TTDG is summarised below. There have been no dividends received from the associate.

Statement of financial position

	2015 US\$
Current assets	315,658
Non-current assets	21,480
Current liabilities	(246,841)
Non-current liabilities	(541)
Net assets	89,756

Statement of profit or loss and other comprehensive income

	2015 US\$
Revenue	5,325,980
Expenses	(5,450,652)
Taxation	-
Loss for the year, representing total comprehensive income for the year	(124,672)
The Group's share of associate's loss for the year (Note 24)	(61,089)

Reconciliation of summarised financial information to the carrying amount of interest in associate

	2015 US\$
Net assets of the associate	89,756
Percentage of the Group's equity interest in the associate	49%
Carrying amount of the Group's associate	43,980

7 Available-for-sale investment

	2016 US\$	2015 US\$
The Group		
Unquoted equity security	36,242	-

On 22 July 2015, Digiland Pte Ltd, a wholly-owned subsidiary of the Company, subscribed for 11,111 new ordinary shares representing 10% of the enlarged issued and paid-up capital of MB9 Pte Ltd, a company involved in analytics and applications, for a consideration of S\$50,000 (US\$36,242). The changes in fair value of the available-for-sale investment are not material to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

8 Inventories

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Trading stocks of IT products, at cost	23,392	1,632,085	23,392	23,392
Less: Allowance for inventories obsolescence	(23,392)	(48,049)	(23,392)	(23,392)
	-	1,584,036	-	-
Reclassified to assets held for sale (Note 13)	-	(1,584,036)	-	-
	-	-	-	-
Trading stocks of oil products, at fair value less costs to sell	1,319,611	-	-	-
	1,319,611	-	-	-

The trading stocks of IT products were reclassified to disposal group held for sale following the signing of the sale and purchase agreement on 9 February 2015 to dispose of Digiland (Thailand) Ltd. ("DTL") and Infonet Systems and Services Pte Ltd ("ISS") (Note 13). The disposal of DTL and ISS was completed on 30 June 2016.

The cost of inventories recognised as expense and included in purchases of finished goods and changes in inventories of finished goods (including discontinued operations) amounted to US\$77,170,673 (2015: US\$70,853,905).

9 Trade and other receivables

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Trade receivables				
- third parties	11,415,979	6,455,000	473,796	4,551,316
- a related party	10,073	795,785	10,073	-
- subsidiaries	-	-	4,031,897	4,032,000
	11,426,052	7,250,785	4,515,766	8,583,316
Less: Allowance for impairment losses				
- third parties	(197,159)	(197,159)	(197,159)	(197,159)
- subsidiaries	-	-	(4,030,582)	(4,030,658)
	(197,159)	(197,159)	(4,227,741)	(4,227,817)
Trade receivables, net	11,228,893	7,053,626	288,025	4,355,499
Amount due from related party (non-trade)	2,614,119	1,141,656	-	-
Amounts due from subsidiaries (non-trade)	-	-	7,107,614	2,552,318
Loans to subsidiaries	-	-	2,233,453	6,632,669
Refundable deposits and accrued interest	17,193,516	16,060,555	-	16,060,555
Other deposits	436,785	289,377	289,799	289,377
Consideration receivable	3,475,747	-	3,475,747	-
Other receivables	490,091	93,474	674	-
	24,210,258	17,585,062	13,107,287	25,534,919
Less: Allowance for impairment losses				
- third parties	(293,016)	(293,016)	(260,040)	(260,040)
- subsidiaries	-	-	(3,360,868)	(2,451,113)
	(293,016)	(293,016)	(3,620,908)	(2,711,153)
Other receivables and deposits, net	23,917,242	17,292,046	9,486,379	22,823,766
Trade and other receivables	35,146,135	24,345,672	9,774,404	27,179,265

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

9 Trade and other receivables (cont'd)

The related party is Goodwood Associates Pte Ltd, which is wholly-owned by a director of the Company. The trade receivable amount, which relates to the sale of fuel oil by a subsidiary to the related party, is on 29 days' credit term, and is unsecured and interest-free. The non-trade amount due from the related party relates to payments on behalf of the related party in respect of purchases of fuel oil, and is unsecured, interest-free and repayable on demand.

Trade and other receivables that have been determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties or have defaulted on payments.

The Group and the Company generally extend 29 to 60 days' credit to customers, depending on the length of business relationship, payment history, background and financial strength of the customers. The Group and the Company actively review the trade receivable balances and follow up on outstanding debts with the customers.

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
<u>By geographical areas</u>				
Singapore	4,680,233	2,756,573	40,168	58,446
China	900,000	900,000	-	900,000
Malaysia	-	2,910,996	-	2,910,996
Vietnam	247,857	486,057	247,857	486,057
South Korea	5,400,803	-	-	-
	11,228,893	7,053,626	288,025	4,355,499

The ageing analysis of trade receivables is as follows:

	2016		2015	
	Gross US\$	Impairment US\$	Gross US\$	Impairment US\$
<u>The Group</u>				
Not past due	7,904,449	-	2,963,161	-
Past due 1 to 30 days	36,224	-	277,960	-
Past due 31 to 60 days	2,377,646	-	2,465,188	-
Past due 61 to 90 days	253	-	412,007	-
Past due 91 to 180 days	-	-	35,310	-
Past due 181 to 360 days	10,073	-	-	-
Past due more than 360 days	1,097,407	(197,159)	1,097,159	(197,159)
	11,426,052	(197,159)	7,250,785	(197,159)

The Company

Not past due	260,062	-	263,696	-
Past due 1 to 30 days	16,327	-	277,959	-
Past due 31 to 60 days	-	-	2,465,187	-
Past due 61 to 90 days	-	-	412,006	-
Past due 91 to 180 days	-	-	35,307	-
Past due more than 360 days	4,239,377	(4,227,741)	5,129,161	(4,227,817)
	4,515,766	(4,227,741)	8,583,316	(4,227,817)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

9 Trade and other receivables (cont'd)

The impairment losses mainly relate to customers which have indicated that they are not expecting to be able to pay the outstanding balances mainly due to financial difficulties, or trade receivables which are under disputes with customers.

The Group and the Company believe that the unimpaired amounts which are past due within one year are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk. For those unimpaired amounts which are past due more than one year, the Group and the Company believe that no further impairment allowance is necessary as they mainly arise from customers that have a good credit record with the Group and the Company.

There are no other receivables and deposits which are past due but not impaired.

Consideration receivable relates to the outstanding amount arising from the disposal of the Company's wholly-owned subsidiaries, Digiland (Thailand) Ltd. and Infonet Systems and Services Pte Ltd, which is due on 30 June 2017 (Note 13).

The non-trade amounts due from subsidiaries, which represent advances to and payments on behalf of the subsidiaries, are unsecured, interest-free and repayable on demand.

The movement in allowance for impairment losses in respect of amounts due from subsidiaries is as follows:

The Company	2016 US\$	2015 US\$
At 1 July	6,481,771	6,458,464
Allowance made	921,956	193,601
Translation differences	(12,277)	(170,294)
At 30 June	7,391,450	6,481,771

The allowance for impairment losses relates to amounts due from subsidiaries which have been incurring persistent losses and operating cash outflows. Accordingly, an additional allowance of US\$921,956 (2015: US\$193,601) was made by the Company during the financial year to impair the amounts due from these subsidiaries as at 30 June 2016.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
United States dollar	33,221,775	21,297,946	7,677,406	17,696,621
Singapore dollar	1,924,360	3,044,370	2,096,998	9,482,644
Others	-	3,356	-	-
	35,146,135	24,345,672	9,774,404	27,179,265

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

9 Trade and other receivables (cont'd)

Refundable deposits

On 13 May 2011, the Company entered into a Sale and Purchase Agreement (“SPA”) with Tianjin General Nice Coke & Chemicals Co., Ltd (“TGNCC”) to acquire a 15% equity interest held by TGNCC in Thai General Nice Coal and Coke Co., Ltd (“Thai GNCC”), whose main asset is a coke plant project in Thailand. In addition to the SPA, TGNCC granted the Company an option to purchase up to an additional 15% equity interest in Thai GNCC. A refundable deposit of S\$5,000,000 was paid to TGNCC. Pursuant to the terms of the SPA, the refundable deposit (including interest thereon at 4% per annum effective from 13 May 2011 to the date of termination) shall be refunded to the Company in the event of the termination of the acquisition. Based on the SPA dated 13 May 2011, the completion date (“Long Stop Date”) of the proposed acquisition of the 15% equity interest in Thai GNCC was 30 June 2012. On 30 June 2012, a supplementary letter was signed by both parties to extend the Long Stop Date of the agreement to 31 March 2013. On 18 June 2013, a new supplementary letter was signed by both parties to extend the Long Stop Date of the agreement to 14 December 2014.

On 18 June 2013, an additional deposit of S\$12,000,000 was paid to TGNCC pursuant to the terms of the SPA and an addendum to the SPA was signed. The additional deposit (including interest therein at 10% per annum effective from 18 June 2013) shall be refunded to the Company in the event of the termination or completion of the acquisition from that date onwards. Further, through the same addendum, the initial deposit paid on 13 May 2011 including the interest of 4% per annum thereon shall be refunded to the Company in the event of the termination or completion of the acquisition with effect from 18 June 2013.

On 22 January 2014, both parties agreed to denominate the refundable deposit including the accrued interest in United States dollar at the closing exchange rate on 25 October 2013 in Bloomberg. Hence, the balance refundable deposits of S\$17,000,000 was re-denominated as US\$13,757,384.

On 16 December 2014, the Company announced that the long stop date of the SPA had been extended to 31 December 2015, to provide time for Thai GNCC to obtain the relevant approvals to operate the coking plant in greater entirety.

On 25 August 2015, the Company entered into a supplemental agreement with TGNCC to the SPA, pursuant to which, instead of acquiring a 15% equity interest, the Company shall acquire a 6% equity interest, comprising 3,000,000 shares in Thai GNCC. Accordingly, based on the valuation report that has been obtained, the purchase consideration for the proposed acquisition shall be US\$30,000,000. In addition, the number of option shares that may be further acquired by the Company shall be amended from 15% to 14% of the issued and paid-up capital, comprising 7,000,000 shares in Thai GNCC. The option period has also been extended to 36 months from the completion of the SPA, and the price for the option shares shall be an amount equivalent to 14% of the fair market value of Thai GNCC based on a valuation report to be obtained from an independent valuer during the three months’ period before the exercise of the option. Accordingly, the Company also entered into a supplemental agreement in relation to the option agreement dated 13 May 2011 that the Company entered into with TGNCC pursuant to the SPA.

The completion of the proposed acquisition of the 6% equity interest in Thai GNCC is subject to conditions precedent being fulfilled, including Thai GNCC having obtained an electricity licence from the Industrial Department in Thailand and having secured an electricity supply agreement with the power grid operator in Thailand in order to supply electricity to the power grid, and shareholders’ approval at an extraordinary general meeting to be convened.

During the financial year, the Company entered into addendums to the SPA, pursuant to which the long stop date of the SPA was further extended to 30 June 2016, and subsequently 31 December 2016. The Company also announced that it intends to convene an extraordinary general meeting to seek the approval of its shareholders for the proposed acquisition of the 6% equity interest in Thai GNCC.

As at 30 June 2016, the refundable deposits, including the accrued interest thereon, amounted to US\$17,193,516 (2015: US\$16,060,555).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

10 Prepayments

Prepayments comprised payments of US\$502,060 and US\$4,400,000 made by the subsidiaries, Top Post Enterprises Limited and Baling (China) Investment Limited, respectively, in advance for the purchase of iron ore fines.

11 Derivative financial instruments

The Group	2016 US\$	2015 US\$
Derivative financial assets at fair value through profit or loss (held for trading):		
- oil commodity futures	285,313	-

12 Cash and bank balances

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Cash on hand	3,082	641	281	99
Cash at banks	3,560,228	9,760,653	803,541	649,231
	3,563,310	9,761,294	803,822	649,330

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

The Group	2016 US\$	2015 US\$
Cash and bank balances from continuing operations	3,563,310	9,761,294
Cash and cash equivalents from discontinued operations (included in disposal group classified as held for sale) (Note 13)	-	3,895,547
Less: Fixed deposits pledged	-	(3,278,755)
	3,563,310	10,378,086

Cash and bank balances are denominated in the following currencies:

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
United States dollar	2,963,417	3,827,227	430,705	372,686
Malaysian ringgit	6,743	3,338	-	-
Singapore dollar	570,290	5,910,703	373,117	276,644
Others	22,860	20,026	-	-
	3,563,310	9,761,294	803,822	649,330

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

13 Disposal group classified as held for sale

On 9 February 2015, the Company entered into a sale and purchase agreement (“SPA”) with Mercurial Capital Limited (the “Purchaser”), pursuant to which the entire issued and paid-up capital of the Company’s wholly-owned subsidiaries, Digiland (Thailand) Ltd. (“DTL”) and Infonet Systems and Services Pte Ltd (“ISS”), will be sold to the Purchaser at a consideration of S\$6,800,000 (approximately US\$5,036,664) in cash from the Purchaser, such an amount being the aggregate of a consideration and the settlement of inter-company balances owing by DTL to the Company and its other subsidiaries. DTL holds 49% equity interest in the associate, TTDG Co., Ltd.

Accordingly, the disposal group in respect of DTL and ISS, which was previously reported in the information technology segment, was classified as held for sale.

There was no impairment loss arising on the remeasurement of the disposal group to the lower of its carrying amount and fair value less costs to sell.

At the end of the reporting period, the disposal group comprised the following assets and liabilities of the Group:

	Note	2015 US\$
The Group		
<u>Assets</u>		
Plant and equipment	4	50,094
Associate	6	43,980
Refundable deposit		192,747
Inventories	8	1,584,036
Trade and other receivables		4,115,765
Prepayments		209,523
Cash and cash equivalents		3,895,547
Assets classified as held for sale		10,091,692
<u>Liabilities</u>		
Borrowings		3,072,643
Trade and other payables		2,778,893
Liabilities classified as held for sale		5,851,536
Net assets classified as held for sale		4,240,156

Cumulative income recognised directly in other comprehensive income relating to disposal group classified as held for sale

- foreign currency translation reserve		293,454
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	Note	2015 US\$
The Company		
<u>Assets</u>		
Subsidiaries (fully impaired)	5	-
Amounts due from subsidiaries (fully impaired)		-
Assets classified as held for sale		-

On 29 September 2015 and 5 January 2016, the Company entered into a first and second addendum to the SPA, pursuant to which the long stop date for the proposed disposal was extended to 31 December 2015 and 30 June 2016, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

13 Disposal group classified as held for sale (cont'd)

On 3 June 2016, the Company entered into a supplemental agreement to the SPA, pursuant to which the consideration was amended to constitute (i) payment of S\$200,000 (US\$144,970) in cash at completion of the proposed disposal; and (ii) payment of an amount equivalent to the sum of (aa) amounts of invoices issued by DTL to its customers during the 60 days period ending on and including the date of completion and which remain in accounts receivable as at 30 June 2016 and (bb) costs of unsold inventory of DTL with ageing of no more than 60 days as at the date of completion ((aa) and (bb) constituted US\$3,475,747 in total), such payment to be made on the date falling 12 months from completion. Accordingly, the total consideration amounted to US\$3,620,717.

The disposal of DTL and ISS was completed on 30 June 2016.

14 Share capital

	2016	2015	2016	2015
The Group and the Company	Number of ordinary shares		US\$	US\$
<u>Issued and fully paid with no par value</u>				
At beginning of year	50,345,118,640	42,899,118,640	61,438,332	55,952,946
Share consolidation	(50,244,429,098)	–	–	–
Issue of shares	25,172,385	7,446,000,000	2,479,585	5,485,386
Exercise of warrants	150,000	–	39,830	–
At end of year	126,011,927	50,345,118,640	63,957,747	61,438,332

On 29 December 2014, the Company entered into a subscription agreement, pursuant to which the subscriber has agreed to subscribe up to 7,300,000,000 new ordinary shares in the issued and paid-up capital of the Company at an issue price of S\$0.001 per share. The placement was completed on 28 January 2015, and 7,300,000,000 and 146,000,000 new shares were issued to the subscriber and the consultant in connection with the placement, respectively, for a consideration of US\$5,485,386.

During the financial year, the Company undertook a share consolidation exercise, pursuant to which every 500 existing ordinary shares in the capital of the Company were consolidated into one ordinary share, so as to comply with the Minimum Trading Price requirement as implemented by the SGX-ST as an additional continuing listing requirement. The share consolidation exercise was completed on 21 December 2015.

During the financial year, the Company undertook a renounceable non-underwritten rights cum warrant issue of 25,172,385 new ordinary shares in the issued and paid-up capital of the Company at an issue price of S\$0.20 per share, with 25,172,385 free detachable warrants, each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.30 per share, on the basis of one rights share with one free detachable warrant for every four existing ordinary shares in the issued share capital of the Company, held by shareholders of the Company.

25,172,385 rights shares and 25,172,385 warrants were allotted and issued on 1 April 2016 and 31 March 2016, respectively, for a consideration of S\$5,034,477 (US\$3,574,354), of which US\$2,479,585 was credited to share capital.

During the financial year, 150,000 warrants were exercised and converted into ordinary shares in the capital of the Company, for a consideration of S\$45,000 (US\$33,306). Accordingly, the total amount of US\$39,830 (including the related balance of US\$6,524 in warrants reserve) was transferred to share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

15 Treasury shares

The Group and the Company	2016 Number of ordinary shares	2015	2016 US\$	2015 US\$
<u>Issued and fully paid with no par value</u>				
At beginning of year	-	-	-	-
Repurchased during the year	1,441,700	-	321,751	-
At end of year	1,441,700	-	321,751	-

The Company acquired 1,441,700 of its own shares through purchase on the SGX-ST during the financial year. The total amount paid to acquire the shares was S\$440,593 (US\$321,751) and has been deducted from shareholders' equity. The shares are held as "treasury shares".

16 Other reserves

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Foreign currency translation reserve	460,183	412,916	-	-
Warrant reserve	1,088,245	-	1,088,245	-
Other reserve	-	293,454	-	-
	1,548,428	706,370	1,088,245	-

Foreign currency translation reserve

Foreign currency translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the presentation currency.

Warrant reserve

Warrant reserve relates to the portion of proceeds from the rights shares issue ascribed to the attached warrants. As and when the warrants are exercised, the related balance in the warrant reserve is transferred to the share capital account. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.30. The warrants will expire on 29 March 2019. At the expiry of the warrants, the balance in the warrant reserve will be transferred to retained earnings.

Other reserve

Other reserve relates to the cumulative income or expense recognised directly in other comprehensive income relating to the disposal group classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

17 Obligations under finance leases

The Group and the Company	2016 US\$	2015 US\$
Minimum lease payments payable:		
Due not later than one year	1,936	2,095
Due later than one year and not later than five years	3,652	5,413
	5,588	7,508
Less: Finance charges allocated to future periods	(379)	(688)
Present value of future minimum lease payments	5,209	6,820
Present value of minimum lease payments:		
Due not later than one year	1,859	1,758
Due later than one year and not later than five years	3,350	5,062
	5,209	6,820

The lease terms range between four and five years. The effective interest rate is 5.64% (2015: 2.85% to 5.64%) per annum. The finance leases are on fixed repayment basis and no arrangement has been entered into for contingent rental payments.

The finance leases are secured by the underlying assets, comprising office equipment with carrying amount of US\$4,563 (2015: US\$6,274) (Note 4).

18 Trade and other payables

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Trade payables				
- third parties	9,832,741	2,957,935	87,404	43,030
- subsidiaries	-	-	89,587	160,018
	9,832,741	2,957,935	176,991	203,048
Amounts due to subsidiaries (non-trade)	-	-	175,109	181,490
Accrued purchases	157,548	558,414	157,548	533,999
Accrued operating expenses	179,371	119,082	145,855	119,082
Accrued personnel expenses	114,301	61,720	114,301	61,720
Advances and deposits received	719,663	-	-	-
Other payables	124,690	163,781	27,352	112,377
	1,295,573	902,997	620,165	1,008,668
	11,128,314	3,860,932	797,156	1,211,716

Trade payables are non-interest bearing and are generally settled on 30 to 90 days' credit terms.

The non-trade amounts due to subsidiaries, which represent advances from or payments on behalf by the subsidiaries, are unsecured, interest-free and repayable on demand.

Advances and deposits received relate to payments made by customers in advance for the purchase of oil and hedging of oil prices.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

18 Trade and other payables (cont'd)

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
United States dollar	10,811,155	3,501,115	537,000	922,646
Malaysian ringgit	1,197	12,702	-	-
Singapore dollar	315,962	347,115	260,156	289,070
	11,128,314	3,860,932	797,156	1,211,716

19 Other income

	Continuing operations		Discontinued operations (Note 24)		Total	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$	2016 US\$	2015 US\$
The Group						
Government grants	58,534	4,690	4,985	2,977	63,519	7,667
Interest income from						
- bank balances	471	469	-	-	471	469
- fixed deposits	-	-	44,774	77,413	44,774	77,413
- late payments by customers	185,718	393,393	-	-	185,718	393,393
- refundable deposits	1,132,961	1,132,961	-	-	1,132,961	1,132,961
	1,319,150	1,526,823	44,774	77,413	1,363,924	1,604,236
Miscellaneous income	174,562	15,494	25,021	47,054	199,583	62,548
Reversal of impairment losses on trade and other receivables	-	-	84,185	-	84,185	-
Reversal of write-down on inventories	-	-	-	869	-	869
Vendor rebates	(5,343)	5,343	7,428	40,669	2,085	46,012
	1,546,903	1,552,350	166,393	168,982	1,713,296	1,721,332

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

20 Employee benefits expense

	Continuing operations		Discontinued operations (Note 24)		Total	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$	2016 US\$	2015 US\$
The Group						
Salaries, wages and bonuses	2,147,181	1,611,353	637,104	675,447	2,784,285	2,286,800
Contributions to defined contribution plans	138,153	100,798	27,781	47,949	165,934	148,747
Other short-term employee benefits	18,256	22,481	57,527	102,843	75,783	125,324
	2,303,590	1,734,632	722,412	826,239	3,026,002	2,560,871
<u>Key management personnel compensation</u>						
Salaries, wages and bonuses	1,420,212	1,010,020	49,576	50,366	1,469,788	1,060,386
Contributions to defined contribution plans	48,246	43,681	873	897	49,119	44,578
	1,468,458	1,053,701	50,449	51,263	1,518,907	1,104,964
Comprising:						
Directors of the Company	1,038,442	528,409	–	–	1,038,442	528,409
Directors of the subsidiaries	40,590	269,608	50,449	51,263	91,039	320,871
Other key management personnel	389,426	255,684	–	–	389,426	255,684
	1,468,458	1,053,701	50,449	51,263	1,518,907	1,104,964

21 Other operating expenses

	Continuing operations		Discontinued operations (Note 24)		Total	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$	2016 US\$	2015 US\$
The Group						
Consultancy fee	90,000	–	63,446	–	153,446	–
Foreign exchange loss/(gain), net	431,081	991,325	63,490	(16,336)	494,571	974,989
General expenses	752,234	224,477	319,623	594,960	1,071,857	819,437
Impairment losses on trade receivables	–	–	669,784	283,076	669,784	283,076
Inventories written off	–	–	4,498	28,975	4,498	28,975
Listing expenses	188,827	49,863	–	–	188,827	49,863
Loss on disposal of plant and equipment	–	–	–	5,206	–	5,206
Management fee	500,000	–	–	–	500,000	–
Operating lease expenses	214,638	202,628	105,725	125,339	320,363	327,967
Professional fees	573,306	223,212	13,825	47,141	587,131	270,353
Sales commissions and incentives	76,125	108,457	120,333	240,091	196,458	348,548
Trade receivables written off	–	–	17,279	51,871	17,279	51,871
Audit fees paid/payable to:						
- auditor of the Company	60,804	60,445	3,601	4,009	64,405	64,454
- other auditors	2,631	–	13,475	16,669	16,106	16,669
Non-audit fees paid/payable to:						
- auditor of the Company	–	37,034	–	–	–	37,034
	2,889,646	1,897,441	1,395,079	1,381,001	4,284,725	3,278,442

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

22 Finance costs

	Continuing operations		Discontinued operations (Note 24)		Total	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$	2016 US\$	2015 US\$
The Group						
Interest expenses on:						
- finance leases	309	424	1,120	463	1,429	887
- letters of credit	10,443	-	-	-	10,443	-
- loan from a third party	5,000	118,328	-	48,499	5,000	166,827
- loan from a director	-	13,684	-	-	-	13,684
- loan from a former director	-	317	-	-	-	317
- promissory notes and short-term loans under factoring	-	-	182,557	151,988	182,557	151,988
	15,752	132,753	183,677	200,950	199,429	333,703

23 Taxation

	2016 US\$	2015 US\$
The Group		
Current taxation	-	-
Deferred taxation	-	-
	-	-

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on losses as a result of the following:

	2016 US\$	2015 US\$
The Group		
Loss before taxation from continuing operations	(3,302,794)	(1,594,023)
Loss before taxation from discontinued operations (Note 24)	(212,679)	(978,796)
Total loss before taxation	(3,515,473)	(2,572,819)
Tax at statutory rates applicable to different jurisdictions	(585,022)	(463,956)
Tax effect of expenses that are not deductible	753,000	350,264
Tax effect of income that is not taxable	(18,599)	(219,649)
Deferred tax assets on temporary differences not recognised in respect of continuing operations	89,880	209,533
Deferred tax assets on temporary differences not recognised in respect of discontinued operations	122,400	121,965
Utilisation of deferred tax assets on temporary differences previously not recognised in respect of continuing operations	(361,659)	-
Others	-	1,843
	-	-

Singapore

The corporate income tax rate applicable to the Company, International Energy Group Pte. Ltd. and Infonet Systems and Services Pte Ltd is 17% (2015: 17%) for the financial year ended 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

23 Taxation (cont'd)

Thailand

The corporate income tax rate applicable to Digiland (Thailand) Ltd. is 20% (2015: 20%) for the financial year ended 30 June 2016.

Malta

The corporate income tax rate applicable to IEG Malta Limited is 35% (2015: 35%) for the financial year ended 30 June 2016.

Non-deductible expenses mainly relate to unrealised foreign exchange losses.

At the end of the reporting period, the Group and the Company have deferred tax assets/(liabilities) that are not recognised in the statements of financial position, as follows:

	The Group		The Company	
	2016	2015	2016	2015
	US\$	US\$	US\$	US\$
Unused tax losses	54,331,000	57,237,000	34,903,000	35,897,000
Unutilised capital allowances	124,000	497,000	–	–
Interest income not yet received	(3,506,000)	(2,373,000)	(2,939,000)	(2,373,000)
	50,949,000	55,361,000	31,964,000	33,524,000
Deferred tax assets not recognised				
- continuing operations	8,661,000	8,933,000	5,434,000	5,699,000
- discontinued operations	–	471,000	–	–
	8,661,000	9,404,000	5,434,000	5,699,000

As at 30 June 2016, the unused tax losses and unutilised capital allowances exclude those pertaining to Digiland (Thailand) Ltd. (“DTL”) and Infonet Systems and Services Pte Ltd, which have been disposed of on 30 June 2016.

The unused tax losses and unutilised capital allowances are allowed to be carried forward and used to offset against the future taxable profits of the Company and its subsidiaries in which the items arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations of the respective countries in which the Company and its subsidiaries operate. The unused tax losses and unutilised capital allowances have no expiry date, except for the unused tax losses as at 30 June 2015 which are allowed to be carried forward for five years, pertaining to DTL that has been subsequently disposed of on 30 June 2016. As at 30 June 2015, the unused tax losses of the subsidiary amounted to US\$1,034,000, comprising US\$229,000 and US\$805,000 which will expire in 2019 and 2020, respectively. Deferred tax assets have not been recognised in respect of these items due to the uncertainty whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits.

There are no temporary differences arising from undistributed profits of subsidiaries, as the subsidiaries mainly have accumulated losses.

24 Discontinued operations

On 9 February 2015, the Company entered into a sale and purchase agreement with Mercurial Capital Limited (the “Purchaser”), pursuant to which the entire issued and paid-up capital of the Company’s wholly-owned subsidiaries, Digiland (Thailand) Ltd. (“DTL”) and Infonet Systems and Services Pte Ltd (“ISS”) (Note 13). DTL holds 49% equity interest in the associate, TTDG Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

24 Discontinued operations (cont'd)

Accordingly, the results relating to DTL and ISS, which were previously reported in the information technology segment, have been presented in the consolidated statement of profit or loss and other comprehensive income as "loss from discontinued operations, net of tax".

The disposal of DTL and ISS was completed on 30 June 2016.

Results of discontinued operations

The Group	Note	2016 US\$	2015 US\$
Revenue	3	24,413,753	34,132,866
Other income	19	166,393	168,982
Changes in inventories of finished goods		(542,374)	(578,383)
Purchases of finished goods		(22,948,161)	(32,217,323)
Employee benefits expense	20	(722,412)	(826,239)
Depreciation of plant and equipment		(17,989)	(15,659)
Other operating expenses	21	(1,395,079)	(1,381,001)
Finance costs	22	(183,677)	(200,950)
Share of associate's results		(42,165)	(61,089)
Loss before taxation from discontinued operations		(1,271,711)	(978,796)
Gain on disposal of subsidiaries		1,059,032	-
Loss before taxation attributable to discontinued operations		(212,679)	(978,796)
Taxation		-	-
Loss from discontinued operations, net of tax		(212,679)	(978,796)
		US cent	US cent (Restated)
Basic and diluted loss per share (United States cent)		(0.1989)	(0.9720)

Loss per share from discontinued operations

The basic and diluted loss per share from discontinued operations are calculated by dividing the loss from discontinued operations, net of tax, attributable to owners of the Company of US\$212,679 (2015: US\$978,796), by the weighted average number of ordinary shares outstanding of 106,939,537 (2015: 100,689,542) (Note 25).

Cash flows attributable to discontinued operations

The Group	2016 US\$	2015 US\$
Net cash generated from operating activities	162,945	319,741
Net cash used in investing activities	(15,812)	(6,844)
Net cash used in financing activities	(623,879)	(78,751)
Net cash (outflows)/inflows for the year	(476,746)	234,146

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

25 Loss per share

The calculation of basic and diluted loss per share was based on the loss attributable to the ordinary shareholders of the Company of US\$3,361,334 (2015: US\$2,311,272) and a weighted average number of ordinary shares outstanding of 106,939,537 (2015: 100,689,542 *), calculated as follows:

Loss attributable to ordinary shareholders

The Group	Continuing operations US\$	Discontinued operations US\$	Total US\$
2016			
Loss for the year attributable to ordinary shareholders	(3,148,655)	(212,679)	(3,361,334)

2015

Loss for the year attributable to ordinary shareholders	(1,332,476)	(978,796)	(2,311,272)
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Weighted average number of ordinary shares

	2016	2015 (Restated)
Issued ordinary shares at beginning of year	50,345,118,640	42,899,118,640
Effect of shares issued during the year	6,360,682	7,446,000,000
Share consolidation *	(50,244,429,098)	(50,244,429,098)
Effect of treasury shares repurchased during the year	(110,687)	–
Weighted average number of ordinary shares at end of year	106,939,537	100,689,542

Loss per share attributable to ordinary shareholders

The Group	Continuing operations US cent	Discontinued operations US cent	Total US cent
2016			
Loss per share attributable to ordinary shareholders	(2.9443)	(0.1989)	(3.1432)
2015			
Loss per share attributable to ordinary shareholders (Restated) *	(1.3234)	(0.9720)	(2.2954)

At the end of the reporting period, the 25,022,385 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.

* During the financial year, the Company undertook a share consolidation exercise, pursuant to which every 500 existing ordinary shares in the capital of the Company were consolidated into one ordinary share, so as to comply with the Minimum Trading Price requirement as implemented by the SGX-ST as an additional continuing listing requirement. Accordingly, corresponding figures for loss per share have been adjusted for the share consolidation exercise. The share consolidation exercise was completed on 21 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

26 Equity-settled share-based payment transactions

Performance Share Plan

The Digiland Performance Share Plan (the "PSP") was approved by the Company during the Extraordinary General Meeting on 31 October 2006. The PSP contemplates the awarding of fully paid-up shares, their equivalent cash value or combinations thereof, free of payment to selected employees of the Company and its subsidiaries and its associate companies, including executive directors of the Company.

The total numbers of new ordinary shares in the Company which may be issued in all awards granted under the PSP shall not exceed 15% of the number of issued shares in the capital of the Company from time to time.

No awards have been granted under the PSP since its commencement and during the financial year. At the end of the financial year, there were no outstanding awards or unissued shares of the Company or its subsidiaries under the PSP.

27 Commitments

27.1 Operating lease commitments

At the end of the reporting period, the Group and the Company were committed to making the following payments in respect of non-cancellable operating leases of office premises and warehouse/storage facilities:

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Not later than one year	227,536	231,491	82,633	84,438
Later than one year and not later than five years	122,025	351,134	41,316	126,657
	349,561	582,625	123,949	211,095

The lease terms range from two to three years. The leases have no renewal option or contingent rent provision included in the contracts.

27.2 Sales and purchases commitments

At the end of the reporting period, the Group has entered into non-cancellable commitments in respect of sales and purchases of oil and gas based on their prevailing market prices on the date of delivery and the conditions stated in the respective executory contracts.

	2016 US\$	2015 US\$
The Group		
Sales of oil and gas	13,780,366	–
Purchases of oil and gas	(12,199,661)	–

27.3 Other commitment

Other contractual commitment at the end of the reporting period but not recognised in the financial statements is as follows:

	2016 US\$	2015 US\$
The Group		
Commitment in respect of acquisition of 6% (2015: 15%) equity interest	11,906,484	16,370,309

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

27 Commitments (cont'd)

27.3 Other commitment (cont'd)

As disclosed in Note 9 to these financial statements, on 13 May 2011, the Company entered into a Sale and Purchase Agreement ("SPA") with Tianjin General Nice Coke & Chemicals Co., Ltd ("TGNCC") to acquire a 15% equity interest held by TGNCC in Thai General Nice Coal and Coke Co., Ltd ("Thai GNCC"), whose main asset is a coke plant project in Thailand.

Given the estimated purchase consideration for the proposed acquisition of the 15% equity interest in Thai GNCC of S\$45,000,000 (approximately US\$33,330,864), and taking into account and deducting the refundable deposits paid and accrued interest thereon of US\$16,060,555 and a trade receivable amount of US\$900,000 due from TGNCC, there was a remaining contractual commitment of US\$16,370,309 as at 30 June 2015.

On 25 August 2015, the Company entered into a supplemental agreement to the SPA, pursuant to which various amendments were made to the SPA, including the proposed acquisition of a 6% equity interest in Thai GNCC instead of 15%, and the removal of the condition precedent that the fair market value of Thai GNCC stated in a valuation report to be obtained shall not exceed S\$300,000,000. Based on a valuation report that had been obtained, the purchase consideration for the proposed acquisition of the 6% equity interest in Thai GNCC would be US\$30,000,000. Accordingly, considering the refundable deposits paid and accrued interest thereon of US\$17,193,516 and the trade receivable amount of US\$900,000 due from TGNCC, the remaining contractual commitment in respect of the proposed acquisition of the 6% equity interest in Thai GNCC was US\$11,906,484 as at 30 June 2016.

28 Significant related party transactions

Other than as disclosed elsewhere in the financial statements, transactions with related parties based on terms agreed between the parties are as follows:

	2016 US\$	2015 US\$
<u>With related parties</u>		
Sales ^(a)	-	1,497,849
Purchase of plant and equipment ^(b)	-	(8,477)
Repair and maintenance ^(b)	(4,314)	(6,516)
Consultancy fees ^(c)	(56,322)	-
<u>With associate</u>		
Sales	-	634,891
Purchases	-	(96,082)
<u>With directors</u>		
Interest expenses on:		
- Loan from a director ^(d)	-	(13,684)
- Loan from a former director	-	(317)

^(a) Relates to the sale of fuel oil by a subsidiary, International Energy Group Pte. Ltd., to Goodwood Associates Pte. Ltd., which is wholly-owned by a director of the Company.

^(b) Relates to transactions of International Energy Group Pte. Ltd. with the 35% non-controlling shareholder in a subsidiary, IBase Technology International Pte. Ltd.

^(c) Relates to the consultancy services rendered by Goodwood Associates Pte. Ltd., which is wholly-owned by a director of the Company, to International Energy Group Pte. Ltd.

^(d) Relates to a loan of S\$1,300,000 (US\$1,040,650) obtained by International Energy Group Pte. Ltd. from the Company's Executive Director and Chairman on 29 August 2014. Interest is charged at 3.91% per annum. The loan was fully repaid during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

28 Significant related party transactions (cont'd)

The directors are of the opinion that all the transactions above have been entered in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

29 Operating segments

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- Information Technology ("IT") – distribution of personal computers, servers and IT consumer electronic products, and provision of IT-related repair services;
- Trading of oil and gas; and
- Others

The Group's executive directors monitor the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Income taxes are managed on a group basis and are not allocated to operating segments.

Information regarding the results of each reportable segment is included in the following table. Performance is measured based on segment profit/(loss) before taxation, as included in the internal management reports that are regularly reviewed by the Group's executive directors. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

29 Operating segments (cont'd)

	IT US\$	Oil and gas US\$	Others US\$	Total continuing operations US\$	Discontinued operations US\$	Total US\$
2016						
Segment revenue	2,590,326	51,705,500	-	54,295,826	24,413,753	78,709,579
Sales to external customers						
Segment results	36,580	943,488	566,835	1,546,903	166,393	1,713,296
Other income	(4,478)	(18,384)	-	(22,862)	-	(22,862)
Depreciation of plant and equipment	-	-	-	-	(42,165)	(42,165)
Share of loss of associate	(490,210)	(174,375)	(31)	(664,616)	(755,762)	(1,420,378)
Other non-cash expenses	(309)	(15,443)	-	(15,752)	(183,677)	(199,429)
Finance costs	(3,496,717)	234,325	(40,402)	(3,302,794)	(212,679)	(3,515,473)
Segment (loss)/profit						
Segment assets and liabilities	5,512,541	35,377,153	4,450,908	45,340,602	-	45,340,602
Segment assets	793,334	10,290,189	50,000	11,133,523	-	11,133,523
Segment liabilities	7	-	-	7	-	7
Associate	(9,648)	(1,566)	-	(11,214)	(48,546)	(59,760)
Capital expenditure						
2015						
Segment revenue	5,172,678	33,519,147	-	38,691,825	34,132,866	72,824,691
Sales to external customers						
Segment results	25,996	393,393	1,132,961	1,552,350	168,982	1,721,332
Other income	(2,930)	(12,243)	-	(15,173)	(15,659)	(30,832)
Depreciation of plant and equipment	-	-	-	-	(61,089)	(61,089)
Share of loss of associate	(1,012,966)	21,640	-	(991,326)	(379,193)	(1,370,519)
Other non-cash expenses	(119,069)	(13,684)	-	(132,753)	(200,950)	(333,703)
Finance costs	(2,649,312)	(77,672)	1,132,961	(1,594,023)	(978,796)	(2,572,819)
Segment (loss)/profit						
Segment assets and liabilities	8,024,664	10,124,059	16,060,555	34,209,278	10,091,692	44,300,970
Segment assets	(1,129,179)	(2,738,573)	-	(3,867,752)	(5,851,536)	(9,719,288)
Segment liabilities	-	-	-	-	43,980	43,980
Associate	(4,932)	(62,031)	-	(66,963)	(19,624)	(86,587)
Capital expenditure						

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

29 Operating segments (cont'd)

Other income mainly relates to interest income. Other non-cash expenses mainly comprise write-down on inventories, impairment losses on trade and other receivables, and foreign exchange losses.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	2016	2015
	US\$	US\$
The Group		
<u>Revenue</u>		
Malaysia	–	30,242,397
Malta	2,065,787	–
Singapore	29,904,680	3,418,072
South Korea	19,735,033	–
Vietnam	2,590,326	5,031,356
Total continuing operations	54,295,826	38,691,825
Discontinued operations	24,413,753	34,132,866
	78,709,579	72,824,691
<u>Non-current assets</u>		
Singapore	49,019	60,667
Disposal group classified as held for sale	–	50,094
	49,019	110,761

Information about major customers

Revenue from four major customers (2015: one major customer) in the oil and gas segment amounted to US\$44,490,620 (2015: US\$30,242,397).

30 Financial risk management objectives and policies

The Group and the Company have documented financial risk management policies. These policies set out the Group's and the Company's overall business strategies and its risk management philosophy. The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity price risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

The Group's and the Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and the Company's activities. The Group and the Company, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 30.3), foreign currency risk (Note 30.4) and commodity price risk (Note 30.5).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

30 Financial risk management objectives and policies (cont'd)

30.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group and the Company adopt the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

The Group's and the Company's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group and the Company have established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group and the Company grant credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's and the Company's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

The Group's trade receivables comprise three debtors (2015: two debtors) that represented 97% (2015: 68%) of trade receivables. The Company's trade receivables (excluding trade amounts due from subsidiaries) comprise one debtor (2015: three debtors) that represented 86% (2015: 94%) of trade receivables.

The Group and the Company evaluate whether there is any objective evidence that trade and other receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group and the Company base the estimates on the ageing of the trade receivable balances, creditworthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's and the Company's assessment of their creditworthiness and in accordance with the Group's and the Company's policy.

In determining the recoverability of trade and other receivables, the Group and the Company consider any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the end of the reporting period.

The Group and the Company establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group and the Company are satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except for letters of financial support, and corporate guarantees issued by the Company to and on behalf of a subsidiary as at 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

30 Financial risk management objectives and policies (cont'd)

30.1 Credit risk (cont'd)

Exposure to credit risk (cont'd)

The Company has given formal undertakings, which are unsecured, to provide financial support to certain subsidiaries in the Group.

As at 30 June 2015, the Company had issued corporate guarantees to financial institutions for the borrowings undertaken by a subsidiary which had been subsequently disposed of on 30 June 2016. These borrowings amounted to US\$1,640,958 as at 30 June 2015. The credit risk, being the principal risk to which the Company was exposed, represented the loss that would be recognised upon a default by the subsidiary.

The interest rates charged by the lenders on the loans to the subsidiary were at market rates and were consistent with the borrowing costs of the subsidiaries without any corporate guarantees.

As at 30 June 2015, the Company did not consider it probable that a claim would be made against it under the corporate guarantees.

To mitigate credit risk arising from corporate guarantees, management continually monitors the risk and has established processes including performing credit evaluations of the parties for which the Group provides corporate guarantees. Corporate guarantees are only for intra-group financing purposes and given by the Company on behalf of its subsidiaries.

The Group's and the Company's major classes of financial assets are bank deposits and trade receivables. Cash is held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 9.

30.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

30 Financial risk management objectives and policies (cont'd)

30.2 Liquidity risk (cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities (excluding those attributable to the disposal group classified as held for sale) based on contractual undiscounted cashflows:

	Carrying amount US\$	Contractual cash flows US\$	Less than 1 year US\$	Between 1 and 5 years US\$
The Group				
2016				
<u>Non-derivative financial liabilities</u>				
Trade and other payables* (Note 18)	10,408,651	10,408,651	10,408,651	–
Obligations under finance leases (Note 17)	5,209	5,588	1,936	3,652
	10,413,860	10,414,239	10,410,587	3,652
2015				
<u>Non-derivative financial liabilities</u>				
Trade and other payables (Note 18)	3,860,932	3,860,932	3,860,932	–
Obligations under finance leases (Note 17)	6,820	7,508	2,095	5,413
	3,867,752	3,868,440	3,863,027	5,413
The Company				
2016				
<u>Non-derivative financial liabilities</u>				
Trade and other payables (Note 18)	797,156	797,156	797,156	–
Obligations under finance leases (Note 17)	5,209	5,588	1,936	3,652
	802,365	802,744	799,092	3,652
2015				
<u>Non-derivative financial liabilities</u>				
Trade and other payables (Note 18)	1,211,716	1,211,716	1,211,716	–
Obligations under finance leases (Note 17)	6,820	7,508	2,095	5,413
Intragroup financial guarantee	1,640,958	1,640,958	1,640,958	–
	2,859,494	2,860,182	2,854,769	5,413

* Exclude advances and deposits received

Except for the Company's cash flows arising from its intragroup corporate guarantees (Note 30.1), it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

At the end of the reporting period, the Company does not consider it probable that a claim will be made against it under the intragroup corporate guarantees.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

As disclosed in Note 2(a) to the financial statements, the directors are satisfied that the Group and the Company will have sufficient working capital and financial resources to meet their obligations as and when they fall due for the next twelve months from the end of the reporting period. The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner. The Group and the Company maintain sufficient level of cash and cash equivalents and has available adequate amount of committed credit facilities from financial institutions to meet their working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

30 Financial risk management objectives and policies (cont'd)

30.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from bank balances at floating rates. Finance leases and fixed deposits bear interest at fixed rates. All other financial assets and liabilities are interest-free.

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments (excluding those attributable to the disposal group classified as held for sale) is as follows:

	The Group		The Company	
	2016	2015	2016	2015
	US\$	US\$	US\$	US\$
Fixed rate instruments				
Financial liabilities				
- obligations under finance leases	(5,209)	(6,820)	(5,209)	(6,820)
Variable rate instruments				
Financial assets				
- bank balances	3,560,228	9,760,653	803,541	649,231

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the end of the reporting period, if interest rates had been 100 (2015: 100) basis points higher/lower with all other variables held constant, the Group's and the Company's results net of tax and equity would have been US\$35,602 (2015: US\$97,607) higher/lower and US\$8,035 (2015: US\$6,492) higher/lower, respectively, arising as a result of higher/lower interest income from floating rate bank balances.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

The Group's and the Company's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

30.4 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group and the Company have transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, mainly United States dollar. The foreign currencies in which these transactions are denominated are primarily Singapore dollar. Arising from the Group's and the Company's certain sales and purchases denominated in Singapore dollar, the Group's and the Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

30 Financial risk management objectives and policies (cont'd)

30.4 Foreign currency risk (cont'd)

Consequently, the Group and the Company are exposed to movements in foreign currency exchange rates.

The Group's and the Company's exposures in financial instruments (excluding those attributable to the disposal group classified as held for sale) to Singapore dollar are as follows:

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Trade and other receivables	1,924,360	3,044,370	2,096,998	9,482,644
Cash and bank balances	570,290	5,910,703	373,117	276,644
Obligations under finance leases	(5,209)	(6,820)	(5,209)	(6,820)
Trade and other payables	(315,962)	(347,115)	(260,156)	(289,070)
Net exposure	2,173,479	8,601,138	2,204,750	9,463,398

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Singapore dollar (SGD) exchange rate (against United States dollar), with all other variables held constant, of the Group's and the Company's results net of tax and equity.

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
SGD - strengthened 10% (2015: 10%)	217,348	860,114	220,475	946,340
- weakened 10% (2015: 10%)	(217,348)	(860,114)	(220,475)	(946,340)

30.5 Commodity price risk

Commodity price risk is the risk that the value of a financial instrument will fluctuate due to changes in commodity prices.

The Group manages the costs of purchases and sales of oil commodities using commodity paper derivative instruments. Management manages its commodity price risk using a suite of risk management tools which include marginal value at risk limits and hypothetical stress-tests of various scenarios. These risk management tools are designed by management and approved by the directors.

The Group enters into commodity paper derivative instruments, in which it agrees to exchange the difference between the fixed and floating prices, calculated by reference to an agreed-upon principal quantity, with its counterparties. The commodity paper derivative instruments entered into commit the Group to settle these instruments at various settlement dates.

The Group and the Company do not hold any quoted or marketable financial instruments.

Sensitivity analysis for commodity price risk

At the end of the reporting period, if there had been a 10% increase/decrease in oil forward prices with all other variables held constant, the Group's results net of tax and equity would increase/decrease by US\$28,531, arising as a result of increase/decrease in fair value on oil commodity paper derivative instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

30 Financial risk management objectives and policies (cont'd)

30.5 Commodity price risk (cont'd)

Sensitivity analysis for commodity price risk (cont'd)

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

31 Capital management

The Group's and the Company's objectives when managing capital are:

- (a) To safeguard the Group's and the Company's ability to continue as going concern;
- (b) To support the Group's and the Company's stability and growth;
- (c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and
- (d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises obligations under finance leases and trade and other payables, less cash and bank balances. Total capital represents equity attributable to owners of the Company.

	The Group		The Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Obligations under finance leases (Note 17)	5,209	6,820	5,209	6,820
Trade and other payables (Note 18)	11,128,314	3,860,932	797,156	1,211,716
Total debt	11,133,523	3,867,752	802,365	1,218,536
Less:				
Cash and bank balances (Note 12)	(3,563,310)	(9,761,294)	(803,822)	(649,330)
Net debt/(cash)	7,570,213	(5,893,542)	(1,457)	569,206
Equity attributable to the owners of the Company	34,250,399	34,572,011	35,586,285	32,060,081
Total capital	34,250,399	34,572,011	35,586,285	32,060,081
Total capital and net debt	41,820,612	28,678,469	35,584,828	32,629,287
Gearing ratio	18%	N.A.	N.A.	2%

N.A.: Not applicable

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

32 Financial instruments

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group and the Company do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables, cash and cash equivalents, obligations under finance leases, and trade and other payables, are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data.

Financial assets measured at fair value

The Group	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
2016				
Derivative financial assets				
- Oil commodity futures (Note 11)	-	285,313	-	285,313
2015				
Derivative financial assets				
- Oil commodity futures (Note 11)	-	-	-	-

The fair values of oil paper derivative instruments were determined based on spot and futures prices of the underlying oil commodities. These instruments are included in Level 2.

33 Events after the reporting period

Subsequent to the end of the reporting period, the Company allotted and issued an aggregate of 48,994 new ordinary shares pursuant to the exercise of warrants.

Subsequent to the end of the reporting period, the Company repurchased, by way of market acquisition, an aggregate of 484,400 of its own shares to be held as treasury shares.

On 10 August 2016, the Company incorporated a 51% owned subsidiary, Rubeus Silk Pte. Ltd. ("RSPL"), comprising 51 ordinary shares of S\$1 each. RSPL will be engaged in business and management consultancy services as well as computer facilities management activities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2016

33 Events after the reporting period (cont'd)

On 30 August 2016, MB9 Pte Ltd effected a share buy-back of the 11,111 ordinary shares held by the Company's wholly-owned subsidiary, Digiland Pte Ltd, for S\$50,000. Consequently, the Group's available-for-sale investment (Note 7) was disposed of.

On 15 September 2016, the Company entered into a sale and purchase agreement with the 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. The financial effects of the proposed acquisition have not been disclosed as the proposed acquisition has not been completed at the time these financial statements are authorised for issue.

STATISTICS OF SHAREHOLDINGS

As at 20 September 2016

Issued and fully paid-up capital	:	S\$89,179,443
No. of issued shares (excluding treasury shares)	:	124,280,227
Number/Percentage of treasury shares	:	1,780,100 (1.43%)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 – 99	15,724	58.06	194,577	0.16
100 – 1,000	7,789	28.76	3,278,710	2.64
1,001 – 10,000	3,003	11.09	10,246,484	8.24
10,001 – 1,000,000	554	2.05	24,510,298	19.72
1,000,001 and above	10	0.04	86,050,158	69.24
Total	27,080	100.00	124,280,227	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 20 SEPTEMBER 2016

No.	Name	No. of Shares	%
1	FORTUNE WOODS GLOBAL INVESTMENT LIMITED	23,498,041	18.91
2	RAFFLES NOMINEES (PTE) LTD	12,760,294	10.27
3	SMARTFUL GLOBAL HOLDINGS LIMITED	12,325,000	9.92
4	CITIBANK NOMINEES SINGAPORE PTE LTD	11,486,980	9.24
5	DBS VICKERS SECURITIES (S) PTE LTD	9,576,752	7.71
6	PHILLIP SECURITIES PTE LTD	9,147,123	7.36
7	TAN BENG WAH	3,206,907	2.58
8	DBS NOMINEES PTE LTD	1,763,235	1.42
9	OCBC SECURITIES PRIVATE LTD	1,257,422	1.01
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,028,404	0.83
11	CHERAYATH AJAY ANDREWS	920,000	0.74
12	OCBC NOMINEES SINGAPORE PTE LTD	737,520	0.59
13	TAN WEI YANG MELVIN (CHEN WEIYANG)	699,200	0.56
14	MAYBANK KIM ENG SECURITIES PTE LTD	608,244	0.49
15	HENG YONG SENG	600,000	0.48
16	LOH YIH	588,200	0.47
17	PUAY MENG HO	583,000	0.47
18	LIM YUE HENG	573,000	0.46
19	CIMB SECURITIES (SINGAPORE) PTE LTD	369,951	0.30
20	UOB KAY HIAN PTE LTD	347,950	0.28
		92,077,223	74.09

PUBLIC FLOAT

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public. The Company has complied with this requirement. As at 20 September 2016, approximately 54.23% of its shares listed on Singapore Exchange Securities Trading Limited were held by the public.

STATISTICS OF SHAREHOLDINGS

As at 20 September 2016

SUBSTANTIAL SHAREHOLDERS AS AT 20 SEPTEMBER 2016

(As recorded in the Register of Substantial Shareholders)

S/No.	Substantial Shareholders	Number of Shares			Total	Percentage of the issued shares
		Shareholdings registered in the name of substantial shareholders	Shareholdings held by the substantial shareholders in the name of nominees	Shareholdings in which the substantial shareholders are deemed to be interested		
1	Fortune Woods Global Investment Limited	23,498,041	–	–	23,498,041	18.91
2	General Nice Resources (Hong Kong) Limited	1,990,997	–	23,498,041 ¹	25,489,038	20.51
3	General Nice Investment (China) Limited	–	–	25,489,038 ²	25,489,038	20.51
4	General Nice Development Ltd	–	–	25,489,038 ³	25,489,038	20.51
5	General Nice Group Holdings Limited	–	–	25,489,038 ⁴	25,489,038	20.51
6	Cai Sui Xin	–	–	25,489,038 ⁵	25,489,038	20.51
7	Smartful Global Holdings Ltd	12,325,000	–	–	12,325,000	9.92
8	Xiao De	–	–	12,325,000 ⁶	12,325,000	9.92
9	Goodwood Associates Pte. Ltd.	13,451,700	–	–	13,451,700	10.82
10	Lee Soek Shen	–	–	13,451,700 ⁷	13,451,700	10.82

Notes

- General Nice Resources (Hong Kong) Limited's deemed interest in the Company arises from its deemed interest in the 23,498,041 Shares held by Fortune Woods Global Investment Limited.
- General Nice Investment (China) Limited's deemed interest in the Company arises from its deemed interest in the 23,498,041 Shares in respect of which General Nice Resources (Hong Kong) Limited has a deemed interest and the 1,990,997 Shares held by General Nice Resources (Hong Kong) Limited.
- General Nice Development Ltd's deemed interest in the Company arises from its deemed interest in the 23,498,041 Shares in respect of which General Nice Resources (Hong Kong) Limited has a deemed interest and the 1,990,997 Shares held by General Nice Resources (Hong Kong) Limited.
- General Nice Group Holdings Limited's deemed interest in the Company arises from its deemed interest in the 25,489,038 Shares in respect of which General Nice Development Ltd and General Nice Investment (China) Limited have a deemed interest.
- Cai Sui Xin's deemed interest in the Company arises from his deemed interest in the 25,489,038 Shares in respect of which General Nice Group Holdings Limited has a deemed interest, and also through his deemed and direct interests in General Nice Investment (China) Limited and General Nice Development Ltd.
- Xiao De's deemed interest in the Company arises from his deemed interest in the 12,325,000 Shares held by Smartful Global Holdings Ltd.
- Lee Soek Shen's deemed interest in the Company arises from his interest in the Shares held by Goodwood Associates Pte. Ltd., as Lee Soek Shen is the sole shareholder of all the ordinary shares in Goodwood Associates Pte. Ltd.

STATISTICS OF WARRANT HOLDINGS

As at 20 September 2016

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant holdings	No of Warrant holders	%	No of Warrants	%
1 – 99	155	7.17	7,126	0.03
100 – 1,000	1,156	53.52	699,276	2.80
1,001 – 10,000	722	33.43	2,033,956	8.14
10,001 – 1,000,000	122	5.65	5,092,516	20.39
1,000,001 and above	5	0.23	17,141,111	68.64
Total	2,160	100.00	24,973,985	100.00

TWENTY LARGEST WARRANT HOLDERS AS AT 20 SEPTEMBER 2016

No.	Name	No. of Warrants	%
1	DBS VICKERS SECURITIES (S) PTE LTD	6,508,877	26.06
2	FORTUNE WOODS GLOBAL INVESTMENT LTD	4,699,608	18.82
3	SMARTFUL GLOBAL HOLDINGS LIMITED	2,465,000	9.87
4	RAFFLES NOMINEES (PTE) LTD	2,354,741	9.43
5	CITIBANK NOMINEES SINGAPORE PTE LTD	1,112,885	4.46
6	TAN BENG WAH	999,500	4.00
7	LIM CHER KHIANG	382,194	1.53
8	PHILLIP SECURITIES PTE LTD	346,148	1.39
9	MAYBANK KIM ENG SECURITIES PTE LTD	210,607	0.84
10	UOB KAY HIAN PTE LTD	173,712	0.69
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	164,392	0.66
12	LEONG CHING CHING	162,000	0.65
13	LIM YUE HENG	161,400	0.65
14	DBS NOMINEES PTE LTD	126,650	0.51
15	LEE SANDOR	95,000	0.38
16	SOO WEI CHUAN	93,000	0.37
17	TEH KAH CHAN	85,000	0.34
18	OCBC NOMINEES SINGAPORE PTE LTD	84,410	0.34
19	CHEW PECK YEE	75,000	0.30
20	CHIU CHUN KEONG (ZHOU JUNQIANG)	57,900	0.23
		20,358,024	81.52

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of NEW SILKROUTES GROUP LIMITED (the “**Company**”) will be held at Temasek Club, 131 Rifle Range Road, Singapore 588406, Seletar Room on Monday, 31 October 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2016 together with the Auditors’ Report thereon. **(Resolution 1)**
2. (a) To re-elect the following Director retiring pursuant to Article 91 of the Company’s Constitution:

Mr Cai Sui Xin	(retiring under Article 91)	(Resolution 2)
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Mr Cai Sui Xin will, upon re-election as Director of the Company, be re-designated as Non-Executive Chairman of the Board of Directors and will be considered non-independent.
- (b) To note that the following Directors will be retiring pursuant to Article 91 of the Company’s Constitution and will not be seeking re-election at the Annual General Meeting:

Mr Lau Yu	(retiring under Article 91)	
Mr Frank Yu	(retiring under Article 91)	
3. To approve the payment of Directors’ fees of S\$240,000 for the financial year ending 30 June 2017 to be paid quarterly in arrears. **(Resolution 3)**
4. To re-appoint Foo Kon Tan LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications and subject to Proviso 1 below:

6. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised to allot and issue:

- a. shares; and/or
- b. convertible securities (including options, warrants and debentures); and/or
- c. additional securities issued pursuant to Rule 829 of the Listing Rules; and/or
- d. shares arising from the conversion of securities in (b) and (c) above,

in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares and securities convertible into shares that may be issued must not exceed 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders must not be more than 20% of the total number of issued shares excluding treasury shares. For the purpose of determining the aggregate number of shares and convertible securities that may be issued under this Resolution, the percentage of the total number of issued shares excluding treasury shares is based on the total number of issued shares excluding treasury shares at the time this Resolution is passed after adjusting for:

NOTICE OF ANNUAL GENERAL MEETING

- (a) new shares arising from the conversion or exercise of convertible securities;
- (b) new shares arising from vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares.

[See Explanatory Note (i)]

(Resolution 5)

7. **Renewal of Share Purchase Mandate**

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, (the “**Companies Act**”), the exercise by the Directors of all powers of the Company to purchase or otherwise acquire shares, not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) on-market purchase(s) (each a “**On-Market Purchase**”) transacted on the SGX-ST through the ready market through 1 or more duly licensed dealers appointed by the Company for the purpose; or
- (ii) off-market purchase(s) (each an “**Off-Market Purchase**”) (effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the rules of the Listing Manual,

(the “**Share Purchase Mandate**”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (ii) the date on which the share purchases are carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;

- (c) in this Resolution:

“**Prescribed Limit**” means 10% of the total number of Shares as at the date of the last annual general meeting of the Company held before this Resolution is passed or as at the date of passing of this Resolution, whichever is the higher (excluding any treasury shares that may be held by the Company from time to time), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares of the Company shall be taken to be the total number of Shares of the Company as altered;

“**Relevant Period**” means the period commencing from the date on which the resolution authorising the Share Purchase Mandate is passed, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier;

NOTICE OF ANNUAL GENERAL MEETING

“**Maximum Price**” in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the shares; and
- (ii) the case of an Off-Market Purchase pursuant to an equal access scheme, 115% of the Average Closing Price of the shares;

where:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of shares from holders of shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors and each of them be and are hereby authorised to deal with the shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as they think fit, which is allowable under the Companies Act and the Listing Manual.
- (e) the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they or he may consider necessary, desirable or expedient to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (ii)]

(Resolution 6)

By Order of the Board

Lim Koon Hock

Joint Company Secretary

Singapore, 14 October 2016

NOTICE OF ANNUAL GENERAL MEETING

Proviso 1

Unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

Explanatory Notes:

- (i) The Ordinary Resolution 5 proposed in item 6 above, if passed, will empower the Directors of the Company, effectively to allot and issue shares and convertible securities in the Company, up to a number not exceeding, in total, 50% of the total number of issued shares excluding treasury shares in the capital of the Company at the time of passing of this resolution, of which up to 20% may be issued other than on a pro-rata basis to shareholders.
- (ii) The Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of On-Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued shares excluding any shares which are held as treasury shares by the Company, at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Letter to Shareholders dated 14 October 2016.

Notes:

- (i) (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50 (the “**Companies Act**”)) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Annual General Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
- (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- (ii) A proxy need not be a Member of the Company.
- (iii) If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 21 Serangoon North Avenue 5, Ban Teck Han Building #05-02, Singapore 554864 not less than forty-eight (48) hours before the time appointed for holding the Meeting.
- (v) A depositor shall not be regarded as a member of a Company entitled to attend, speak and vote at the Annual General Meeting unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289) 72 hours before the time fixed for the Annual General Meeting.

Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NEW SILKROUTES GROUP LIMITED

(Company Registration No. 199400571K)

(Incorporated In The Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy New Silkroutes Group Limited's Shares, this Proxy Form is forwarded to them at the request of the CPF Approved Nominees.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.
4. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two (2) proxies to attend, speak, and vote at the Meeting.

PROXY FORM ANNUAL GENERAL MEETING

I/We, _____

of _____

being a member/members of NEW SILKROUTES GROUP LIMITED (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Temasek Club, 131 Rifle Range Road, Singapore 588406, Seletar Room on Monday, 31 October 2016 at 10.00am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	For*	Against*
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2016		
2	Re-election of Mr Cai Sui Xin as a Director		
3	Approval of Directors' fees amounting to S\$240,000		
4	Re-appointment of Foo Kon Tan LLP as Auditors		
5	Authority to allot and issue shares		
6	Authority to renew the share purchase mandate		

* If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her Shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
(b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share(s) held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
3. A proxy need not be a member of the Company.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 21 Serangoon North Avenue 5, Ban Teck Han Building #05-02, Singapore 554864 not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

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AFFIX
STAMP

The Joint Company Secretary
NEW SILKROUTES GROUP LIMITED
21 Serangoon North Avenue 5
Ban Teck Han Building #05-02
Singapore 554864



NEW SILKROUTES
GROUP LIMITED

New Silkroutes Group Limited

21 Serangoon North Avenue 5

Ban Teck Han Building #05-02

Singapore 554864

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BRN: 199400571K

Front and Back cover painting courtesy of :
Associate Professor Sun Lei, Shantung University of Arts and
China National Academy of Fine Arts