

NEW SILKROUTES GROUP

LIMITED

ANNUAL REPORT 2015

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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. The company is principally in the business of oil and gas trading, enterprise info-communication system integration, network security and the marketing, sale and distribution of electronic and information technology products.

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.

Infonet Systems and Services Pte Ltd	100%	Digiland Pte. Ltd. (formerly known as Digilandmall.com Pte Ltd) (dormant)	100%	Top Post Enterprises Limited (dormant)	100%
Digiland (Thailand) Ltd	100%	Digiland Pty Ltd (dormant)	100%	New Silkroutes Group (Europe) Limited	100%
International Energy Group Pte. Ltd.	100%	DG Shanghai International Trading Co Ltd (dormant)	100%	IEG Malta Limited	90%
New Silkroutes Capital Sdn. Bhd. (formerly known as Digiland Distribution (M) Sdn. Bhd. (dormant))	100%	Digiland (Hong Kong) Limited (dormant)	99.9%	IBase Technology International Pte. Ltd.	65%
				TTDG Co., Ltd	49%

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.digiland.com.sg

SUBSIDIARIES

Infonet Systems and Services Pte Ltd

21 Serangoon North Avenue 5, Ban Teck Han Building
#05-02 Singapore 554864
Tel: (65) 6603 9878 Fax: (65) 6603 9897
Website: www.infonet.com.sg

Digiland (Thailand) Ltd

731 PM Tower, 11th Floor,
Asoke-Dindaeng Rd., Dindaeng,
Dindaeng Bangkok 10400
Tel: (662) 642 8700 Fax: (662) 642 8686
Website: www.digiland.co.th

International Energy Group Pte. Ltd.

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

New Silkroutes Capital Sdn. Bhd. (formerly known as Digiland Distribution (M) 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.

(formerly known as Digilandmall.com 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 Felician
Bilocca Street, Marsa, MRS 1524, Malta
Tel: (356) 2569 2801 Fax: (356) 2122 0186

IEG Malta Limited

Canter Business Centre, Patri Felician
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
Tel: (65) 6377 0100 Fax: (65) 6377 0600

ASSOCIATE

TTDG Co., Ltd

731 PM Tower, 16th Floor,
Asoke-Dindaeng Rd., Dindaeng,
Dindaeng Bangkok 10400
Tel: (662) 642 8737 Fax: (662) 642 8737
Website: www.ttdg.co.th

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
Ban Teck Han Building #05-02
Singapore 554864
Tel: (65) 6603 9898 Fax: (65) 6603 9896
www.digiland.com.sg

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
ASO Building
Singapore 048544

AUDITORS

Foo Kon Tan LLP
Chartered Accountants
47 Hill Street #05-01
Singapore Chinese
Chamber of Commerce
& Industry Building
Singapore 179365
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

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

Dr Long Ming Fai, Edwin
President, IT Business

Mr Lim Koon Hock
Chief Financial Officer

CHAIRMAN'S STATEMENT

The financial year ended 30 June 2015 had been a year of changes for the Group. It introduced a new management team with the appointment of new Directors comprising two Executive Directors and three Independent Non-Executive Directors. Subsequently, after the financial year-end, a new Executive Director, Dr Goh Jin Hian was also appointed the Chief Executive Officer of the Group.

The immediate focus of the new management is to implement a strategy to transform business for long-term sustainable growth after the Company's removal from SGX-ST's watchlist in November 2014. To help fund its growth, the company effected a share placement in January 2015, raising US\$5.485M.

In January 2015, the Company acquired the remaining 80.1% equity in International Energy Group Pte. Ltd. ("IEGPL") via the exercise of a call option. It had earlier incorporated IEGPL taking a 19.1% equity. IEGPL will be the energy arm of the Group. In May 2015, IEGPL incorporated a wholly-owned subsidiary, New Silkroutes Group (Europe) Limited, in Malta. In the same month, the latter incorporated a joint venture company, IEG Malta Limited with Malta Enterprise Corporation, the Maltese government's exclusive agency focused on attracting inward investment and supporting enterprise in Malta. The joint venture's aim is to develop a trading hub for energy products between Europe and Asia.

In February 2015, the Company entered into a sale and purchase agreement with Mercurial Capital Limited for the proposed disposal of the whole of the issued and paid-up capital of the Company's wholly-owned subsidiaries, Digiland (Thailand) Ltd. and Infonet Systems and Services Pte Ltd. This is part of the Company's realignment and restructuring plans and will allow the Company to streamline its existing IT business.

After the financial year-end, the Company name was changed to New Silkroutes Group Limited. A rebranding exercise to better reflect its new DNA involving the exchange of ideas, cultures and technology, and a new direction that is driven for a start, by the twin business pillars of energy and Infocom Technology. The latter is partly exemplified in the Company's subsidiary signing a Memorandum of Understanding with NTT MSC Sdn Bhd, a wholly-owned subsidiary of NTT Communications Corporations, to collaborate, develop and deploy cutting edge solutions in big data analysis, cloud-based services in e-Government, real estate/facilities management, healthcare IT and energy conservation. The Company has also invested in various entities in the IT sector and is set to evolving from the traditional hardware distribution business model into a high technology business that has expertise in big data analytics, cyber security and the like.

In August 2015, the Company announced a proposed share consolidation and a renounceable non-underwritten rights issue. Both are subject to shareholder approval.

The Group looks forward to further expansion of its business through investments, acquisition, joint ventures or strategic alliances, seizing and capitalising on opportunities presented by regional and global market volatilities, diversifying its business and growing its geographical footprint.

I wish to thank the previous Board members for their contribution and welcome new management and board members.

On behalf of the Board, I wish to thank all our shareholders, customers, business partners and employees for their support, confidence and trust.

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. He is also the Executive Chairman of the Board of Abterra Ltd, listed on Singapore Exchange Securities Trading Ltd.

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 a Non-Executive Director of Pluton Resources Limited, a company listed on the Australian Securities Exchange. 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. He is also a Director in Parkway Shenton Pte Ltd, Shenton Insurance Pte Ltd and IAG Healthsciences Pte Ltd, all of which are healthcare-related companies. 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 and Europe.

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 22 years of experience in finance and over 12 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, an Independent Director of SGX-listed Ying Li International Real Estate Limited and Chairman, Asia-Pac Advisory Board of HCL Technologies Limited.

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 related investments. She is a non-executive director of Agritrade Resources Limited. She is also currently a non-executive director of SEHK-listed Wing Tai Properties Limited. She retired as an independent non-executive director of Bingo Group Holdings Limited with effect from 15 August 2014.

Ms Chen is a director of Farnham and Gala which are the substantial shareholders of Wing Tai Properties Limited within the meaning of Part XV of the SFO.

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.

EXECUTIVE MANAGEMENT

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”

Dr Long Ming Fai, Edwin

President, IT Business

Edwin Long joined Digiland in December 2006 to head operations, product development and OEM marketing.

Edwin has more than 20 years of experience in the product development and business management of IT electronics and consumer electronics products.

He was also instrumental in starting up various electronics companies developing and marketing IT products and appliances.

Edwin holds a Bachelor of Engineering in Mechanical Engineering (Hons) from Strathclyde University and a Doctor of Philosophy in Engineering from California University.

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.

On 8 January 2015, the Company announced the completion of acquisition of the remaining 80.1% interest in the issued and paid-up share capital of International Energy Group Pte. Ltd. ("IEGPL"). Following that, IEGPL became a wholly-owned subsidiary. IEGPL's business focus is in oil trading. With the acquisition, the Company strengthens its venture into the energy sector which began the previous financial year.

On 28 January 2015, the Company announced the issue of 7.446b new shares arising from the completion of a share placement. Proceeds of the placement amounted to US\$5.485M and that helped to strengthen the Group's balance sheet, providing additional working capital to the Group.

On 9 February 2015, the Company entered into a sale and purchase agreement with Mercurial Capital Limited for the proposed disposal of the whole of the issued and paid-up capital of the Company's wholly-owned subsidiaries, Digiland (Thailand) Ltd. and Infonet Systems and Services Pte Ltd (collectively "discontinued operations" or "DO"). The disposal is part of the Company's re-alignment and restructuring plans with the intent of maximizing returns to shareholders.

Based on accounting standards, the results of the DO are to be separately disclosed from the results of the continuing operations ("CO"). The review below on the profit or loss statement focuses on the CO.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Group revenue decreased from US\$49.928M in the previous year to US\$38.692M in the current year. This is mainly attributable to the lower volume of Marine Gas Oil ("MGO") sales, and the drop in oil prices resulting in lower transaction values of MGO trades. The volume reduction resulted from the Group's tightening of credit extended, in anticipation of tighter credit market conditions. The lower MGO sales was however, partially offset by sales of fuel oil, a product line new to the Group.

Employee benefits expense - mainly in the form of employee compensation, increased from US\$0.563M in the previous year to US\$1.735M in the current year. This is largely due to the staff costs in an investee company acquired during the year. As announced on 8 January 2015, the investee company became a wholly-owned subsidiary with the Company's acquisition of the remaining 80.1% interest in the investee company.

Other operating expenses increased from US\$0.238M to US\$1.897M. This is substantially due to foreign exchange loss arising from the stronger US\$, and operating expenses of the abovementioned new subsidiary company.

Statement of Financial Position

The current year assets and liabilities attributable to DO are classified and disclosed separately under the lines "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale" respectively. For a meaningful review below, the CO and DO figures are aggregated for the current year, the DO details being disclosed separately in Note 12 of the Notes to the Financial Statements.

Cash and cash equivalents increased from US\$9.289M in the previous year to US\$13.657M in the current year. The increase is substantially due to proceeds of US\$5.485M from the share placement announced on 28 January 2015, net of the repayment of borrowings of US\$1.765M.

The mentioned share placement also resulted in an increase in the Share capital from US\$55.953M to US\$61.438M.

Trade and other payables increased from US\$5.040M in the previous year to US\$6.640M in the current year. This increase mainly relates to the new fuel oil business of the Group.

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 (the “Code”) issued by the Ministry of Finance. This statement describes the corporate governance policies and practices that had 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 Articles of Association 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 2015, the Board met at four scheduled meetings. Board members were present at the meetings, either in person or via teleconferencing. One Board meeting was fully attended. In another three Board meetings, between half and more than three quarters of Board members 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 2015, 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 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 Articles of Association 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 Annual General Meetings, 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.

CORPORATE GOVERNANCE

Key information on Directors of the Company can be found on page 6 and 7 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.

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 2015, 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 are 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 2015 the Group's financial strength was considered by the Remuneration Committee when they recommended Directors' remuneration.

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 ("DPSP"), where participants receive fully paid Company shares, its equivalent in cash value or combinations thereof upon achieving prescribed performance targets.

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

For the financial year ended 30 June 2015, no award was made under the DPSP.

CORPORATE GOVERNANCE

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

In the financial year ended 30 June 2015, the Remuneration Committee met once.

Details of remuneration for the financial year ended 30 June 2015 paid and/or payable to the Directors are set out below:

Directors Remuneration Band	Salary & CPF %	Fee %	Bonus %	Total %
Below S\$250,000				
Lau Yu	41	–	59	100
Dr Goh Jin Hian	100	–	–	100
Wong Tat Hei	86		14	100
Frank Yu	–	100	–	100
Wu XiaoPing	–	100	–	100
Shantilal Aatmanand Ramsundersingh	–	100	–	100
Koh Kew Siong	–	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 2015 paid to the top two executives who are not Directors are set out below:

Key Executives Remuneration Band	Salary & CPF %	Bonus %	Total %
Below S\$250,000			
2 Key Executives	80	20	100

There are no employees who are immediate family members of the Directors and who earn in excess of S\$150,000 per year.

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

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.

CORPORATE GOVERNANCE

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 itself.

For a more detailed discussion of financial risk management, please refer to Note 28 in the Notes to the Financial Statements on page 71.

Based on the internal controls established and maintained by the Company, worked 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 internal controls in place within the Group addressing financial, operational and compliance risks to meet the needs of the Group in their current business environment.

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.

The duties 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 ensure 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 AC 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.

Principle 13: Internal Audit

For the year ended 30 June 2015, 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.digiland.com.sg 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

International Energy Group Pte. Ltd. has entered into an IPT aggregating US\$1.498m with Goodwood Associates Pte. Ltd.

USE OF RIGHTS ISSUE AND SHARE PLACEMENT PROCEEDS

Total Rights Issue proceeds of US\$9.740M and US\$16.763M were utilised for the following as at 30 June 2015

	Rights Issue	
	19 May 2014	12 Dec 2012
	US\$M	US\$M
Rights Proceeds	9.740	16.763
Less utilised:		
1) Rights Issue Expenses	(0.227)	(0.341)
2) Working capital (for inventory purchases)	(3.160)	(6.569)
3) Transferred to Digiland (Thailand) Ltd's bank account and deposit pledged to the bank for the latter's granting of working capital facilities	(1.596)	-
4) Additional Deposit# (SGD12M)	-	(9.460)
Unutilised Rights Proceeds	4.757	0.393

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

Total Placement proceeds of US\$5.384M were utilised for the following as at 30 June 2015.

	Placement
	28 Jan 15
	US\$M
Placement Proceeds	5.384
Less utilised:	
1) Cash used for operating expenses of subsidiary, International Energy Group Pte. Ltd.	(0.384)
2) Deposit paid to secure oil stocks for sale	(1.142)
3) Paid up capital for subsidiary in Malta	(0.002)
4) Professional fees pertaining to Malta subsidiary	(0.008)
Unutilised Placement Proceeds	3.848

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

On 26 August 2014, the Company entered into an agreement with Mr Lee Soek Shen ("Call Option Agreement") pursuant to which Mr Lee granted the Company, the option to acquire from Mr Lee the entire issued and paid up share capital of Goodwood Associates Pte. Ltd.

On 25 August 2015, the Company entered into an addendum to the Call Option Agreement, pursuant to which the expiry date of the Call Option Agreement was extended to a date falling 24 months from the date of the Call Option Agreement.

DIRECTORS' REPORT

For the financial year ended 30 June 2015

The directors submit this annual report to the members together with the audited statement of financial position of the Company and consolidated financial statements of the Group for the financial year ended 30 June 2015.

Names of directors

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

Cai Sui Xin

Lau Yu

Dr Goh Jin Hian (Appointed on 24 June 2015)

Lee Soek Shen (Appointed on 30 March 2015)

Frank Yu

Ho Sheng (Appointed on 24 June 2015)

Chen Chou Mei Mei Vivien (Appointed on 24 June 2015)

Oo Cheong Kwan Kelvyn (Appointed on 24 June 2015)

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body, other than as disclosed in this report.

Directors' interest in shares or debentures

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 or debentures of the Company and its related corporations, except as follows:

	<u>Holdings registered in the name of director</u>		<u>Holdings in which director is deemed to have an interest</u>	
	As at 1.7.2014 or date of appointment, if later	As at 30.6.2015 and 21.7.2015 #	As at 1.7.2014 or date of appointment, if later	As at 30.6.2015 and 21.7.2015 #
The Company - New Silkroutes Group Limited (formerly known as Digiland International Limited)				
	<u>Number of ordinary shares</u>			
Cai Sui Xin ^(a)	-	-	12,222,767,790	12,222,767,790
Lee Soek Shen ^(b)	-	-	-	7,446,000,000
Chen Chou Mei Mei Vivien ^(c)	-	-	-	17,070,300

(a) Cai Sui Xin is deemed to be interested in 12,222,767,790 shares in which 11,399,216,790 shares are held by Fortune Woods Global Investment Limited and 823,551,000 shares are held by General Nice Resources (Hong Kong) Limited.

(b) Lee Soek Shen is deemed to be interested in 7,446,000,000 shares held by Goodwood Associates Pte. Ltd.

(c) Chen Chou Mei Mei Vivien is deemed to be interested in 17,070,300 shares in which 7,070,300 shares are held by Avec Inc. and 10,000,000 shares are held by a family trust "Chow Wen Hsien Estate".

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2015.

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.

DIRECTORS' REPORT

For the financial year ended 30 June 2015

Directors' benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit, which is required to be disclosed under Section 201(8) of the Companies Act, Chapter 50, by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 18 to the financial statements.

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 report, they are:

Frank Yu
Ho Sheng
Chen Chou Mei Mei Vivien

The audit committee has convened four meetings during the financial year with key management.

The audit committee carried out its duties which included the following:

- (i) Review of the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditor, including the review of the extent of non-audit services provided by the external auditor to the Group;
- (ii) Review of the audit plans of the internal auditor of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;
- (iii) Review of the Group's quarterly and annual financial statements and the external auditor's report on the annual financial statements of the Group and of the Company before their submission to the board of directors;
- (iv) Review of the quarterly, half-yearly and annual announcements as well as the related press releases on the financial performance of the Group and financial position of the Group and of the Company;
- (v) Review of the adequacy of the Group's risk management processes;
- (vi) Review of the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
- (vii) Review of interested person transactions in accordance with SGX-ST listing rules;
- (viii) Nomination of external auditor and approval of its compensation; and

Audit committee (cont'd)

- (ix) Submission of reports of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.

The audit committee has full access to and has the cooperation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the audit committee.

The audit committee has recommended to the directors the nomination of Foo Kon Tan LLP for re-appointment as external auditor of the Group at the forthcoming Annual General Meeting of the Company.

Independent auditor

At the Extraordinary General Meeting of the Company held on 10 July 2015, Foo Kon Tan LLP was appointed as independent auditor of the Company.

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

On behalf of the Directors

LAU YU

DR GOH JIN HIAN

Dated: 30 September 2015

STATEMENT BY DIRECTORS

for the financial year ended 30 June 2015

In our opinion:

- (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 2015 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, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

LAU YU

DR GOH JIN HIAN

Dated: 30 September 2015

INDEPENDENT AUDITOR'S REPORT

to the members of New Silkroutes Group Limited
(formerly known as Digiland International Limited)

Report on the financial statements

We have audited the accompanying financial statements of New Silkroutes Group Limited (formerly known as Digiland International 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 2015, 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.

INDEPENDENT AUDITOR'S REPORT

to the members of New Silkroutes Group Limited
(formerly known as Digiland International Limited) (cont'd)

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 2015, 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.

Other matter

The financial statements for the financial year ended 30 June 2014 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements in its report dated 10 October 2014.

Foo Kon Tan LLP

Public Accountants and
Chartered Accountants

Singapore
30 September 2015

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2015

		The Group		The Company	
	Note	2015 US\$	2014 US\$	2015 US\$	2014 US\$
ASSETS					
Non-Current Assets					
Plant and equipment	4	60,667	61,975	10,879	8,878
Subsidiaries	5	-	-	5,399,812	100
Associate	6	-	109,905	-	-
Available-for-sale investment	7	-	1	-	1
Refundable deposit	8	-	197,851	-	-
		60,667	369,732	5,410,691	8,979
Current Assets					
Inventories	9	-	1,903,240	-	-
Trade and other receivables	10	24,345,672	29,484,505	27,179,265	28,857,878
Prepayments		41,645	256,206	39,331	56,070
Cash and cash equivalents	11	9,761,294	9,289,304	649,330	720,037
		34,148,611	40,933,255	27,867,926	29,633,985
Assets of disposal group classified as held for sale	12	10,091,692	-	-	-
		44,240,303	40,933,255	27,867,926	29,633,985
Total assets		44,300,970	41,302,987	33,278,617	29,642,964
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	61,438,332	55,952,946	61,438,332	55,952,946
Other reserves	14	706,370	529,100	-	-
Accumulated losses		(27,572,691)	(25,063,980)	(29,378,251)	(28,820,547)
Equity attributable to owners of the Company		34,572,011	31,418,066	32,060,081	27,132,399
Non-controlling interests		9,671	-	-	-
Total equity		34,581,682	31,418,066	32,060,081	27,132,399
Non-Current Liability					
Borrowings	15	5,062	6,777	5,062	6,777
Current Liabilities					
Trade and other payables	16	3,860,932	5,040,224	1,211,716	908,755
Borrowings	15	1,758	4,837,920	1,758	1,595,033
		3,862,690	9,878,144	1,213,474	2,503,788
Liabilities directly associated with disposal group classified as held for sale	12	5,851,536	-	-	-
		9,714,226	9,878,144	1,213,474	2,503,788
Total liabilities		9,719,288	9,884,921	1,218,536	2,510,565
Total equity and liabilities		44,300,970	41,302,987	33,278,617	29,642,964

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 2015

	Note	2015 US\$	2014 US\$
Continuing operations			
Revenue	3	38,691,825	49,927,916
Other income	17	1,552,350	1,372,757
Purchases of finished goods		(38,058,199)	(47,804,642)
Employee benefits expense	18	(1,734,632)	(563,294)
Depreciation of plant and equipment		(15,173)	(1,032)
Other operating expenses	19	(1,897,441)	(238,003)
Finance costs	20	(132,753)	(217,577)
(Loss)/Profit before taxation from continuing operations		(1,594,023)	2,476,125
Taxation	21	-	-
(Loss)/Profit after taxation from continuing operations		(1,594,023)	2,476,125
Loss from discontinued operations, net of tax	22	(978,796)	(598,653)
(Loss)/Profit for the year		(2,572,819)	1,877,472
Other comprehensive income after tax:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation gain/(loss) on consolidation		177,270	(80,979)
Other comprehensive income for the year, net of tax of nil		177,270	(80,979)
Total comprehensive income for the year		(2,395,549)	1,796,493
(Loss)/Profit attributable to:			
Owners of the Company			
- (loss)/profit from continuing operations, net of tax		(1,332,476)	2,476,125
- loss from discontinued operations, net of tax	22	(978,796)	(598,653)
		(2,311,272)	1,877,472
Non-controlling interests			
- loss from continuing operations, net of tax		(261,547)	-
		(2,572,819)	1,877,472
Total comprehensive income attributable to:			
Owners of the Company			
- total comprehensive income from continuing operations, net of tax		(1,244,809)	2,440,255
- total comprehensive income from discontinued operations, net of tax		(889,193)	(643,762)
		(2,134,002)	1,796,493
Non-controlling interests			
- total comprehensive income from continuing operations, net of tax		(261,547)	-
		(2,395,549)	1,796,493

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 (CONT'D)

for the financial year ended 30 June 2015

	Note	2015 US cent	2014 US cent
(Loss)/Earnings per share attributable to owners of the Company			
From continuing and discontinued operations - basic and diluted		(0.0050)	0.0058
From continuing operations - basic and diluted	23	(0.0029)	0.0077
From discontinued operations - basic and diluted	23	(0.0021)	(0.0019)

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 2015

<----- 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 2013	46,440,070	610,079	-	(26,941,452)	20,108,697	-	20,108,697
Profit for the year	-	-	-	1,877,472	1,877,472	-	1,877,472
Other comprehensive income for the year	-	(80,979)	-	-	(80,979)	-	(80,979)
- Foreign currency translation differences	-	(80,979)	-	-	(80,979)	-	(80,979)
Total comprehensive income for the year	-	(80,979)	-	1,877,472	1,796,493	-	1,796,493
Contributions by and distributions to owners							
- Issue of shares (Note 13)	9,512,876	-	-	-	9,512,876	-	9,512,876
Transactions with owners in their capacity as owners	9,512,876	-	-	-	9,512,876	-	9,512,876
Balance at 30 June 2014	55,952,946	529,100	-	(25,063,980)	31,418,066	-	31,418,066
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	-	177,270	-	-	177,270	-	177,270
- 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 13)	5,485,386	-	-	-	5,485,386	-	5,485,386
Changes in ownership interests in subsidiaries	-	-	-	-	-	64,302	64,302
- Incorporation of subsidiaries with non-controlling interests	-	-	-	-	-	9,478	9,478
- Acquisition of a subsidiary (Note 5)	-	-	-	-	-	-	-
- 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 12)	-	(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 CASH FLOWS

for the financial year ended 30 June 2015

	Note	2015 US\$	2014 US\$
Cash Flows from Operating Activities			
(Loss)/Profit before taxation from continuing operations		(1,594,023)	2,476,125
Loss before taxation from discontinued operations		(978,796)	(598,653)
Total (loss)/profit before taxation		(2,572,819)	1,877,472
Adjustments for:			
Available-for-sale investment written off	7	1	-
Depreciation of plant and equipment	4	30,832	22,317
Goodwill written off	5	1,657	-
Impairment losses on trade receivables	10	283,076	91,175
Interest expense	20	333,703	448,401
Interest income	17	(1,604,236)	(1,275,914)
Inventories written off	19	28,975	-
Loss on disposal of plant and equipment	19	5,206	-
Reversal of impairment losses on other receivables and deposits	10	-	(1,807)
Reversal of impairment loss on refundable deposit	8	-	(197,851)
Reversal of write-down on inventories	9	(869)	(242,802)
Share of associate's results	22	61,089	(5,335)
Trade receivables written off	19	51,871	475
Unrealised foreign exchange differences		104,437	(112,373)
Operating (loss)/profit before working capital changes		(3,277,077)	603,758
Changes in inventories		291,098	1,031,139
Changes in trade and other receivables		1,902,708	(6,737,616)
Changes in prepayments		5,038	210,212
Changes in trade and other payables		1,599,601	(2,641,608)
Cash generated from/(used in) operating activities		521,368	(7,534,115)
Income taxes paid		-	(16,178)
Net cash generated from/(used in) operating activities		521,368	(7,550,293)
Cash Flows from Investing Activities			
Acquisition of a subsidiary, net of cash acquired	5	10,371	-
Interest received		394,082	72,209
Proceeds from disposal of investment		-	1,614,199
Purchase of plant and equipment	4	(73,843)	(11,607)
Net cash generated from investing activities		330,610	1,674,801
Cash Flows from Financing Activities			
Capital contributions from non-controlling interests of subsidiaries		64,302	-
Fixed deposits pledged		19,598	(1,433,987)
Interest paid		(333,703)	(448,401)
Proceeds from issue of shares		5,485,386	9,512,876
Proceeds from short-term loans		5,844,178	11,203,659
Repayment of short-term loans		(7,439,835)	(12,058,266)
Repayment of finance leases		(7,438)	-
Net cash generated from financing activities		3,632,488	6,775,881
Net increase in cash and cash equivalents		4,484,466	900,389
Cash and cash equivalents at beginning of year		5,907,432	5,051,973
Exchange differences on translation of cash and cash equivalents at beginning of year		(13,812)	(44,930)
Cash and cash equivalents at end of year	11	10,378,086	5,907,432

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 2015

1 General information

The financial statements of New Silkroutes Group Limited (formerly known as Digiland International Limited) (the “Company”) and its subsidiaries (the “Group”) for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

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 of US\$2,572,819 (2014: net profit of US\$1,877,472) for the financial year ended 30 June 2015. Notwithstanding this, 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\$30,285,921 (2014: US\$31,055,111) and US\$34,581,682 (2014: US\$31,418,066), respectively, as at 30 June 2015, and generated net operating cash inflows of US\$521,368 (2014: net operating cash outflows of US\$7,550,293) for the financial year then ended. In addition, the Company had net current assets and net assets of US\$26,654,452 (2014: US\$27,130,197) and US\$32,060,081 (2014: US\$27,132,399), respectively, as at 30 June 2015. Accordingly, 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. 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, and are of the view that the going concern assumption is appropriate for the presentation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

Critical judgements in applying accounting policies (cont'd)

Classification of disposal group held for sale and 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, will be sold to the Purchaser for S\$6,800,000 (approximately US\$5,036,664) (Note 12). DTL holds 49% equity interest in the associate, TTDG Co., Ltd. The board of directors considered the criteria to classify as disposal group held for sale and discontinued operations to be met at that date for the following reasons:

- (i) The board of directors is committed to a plan to sell the disposal group, at a price that is reasonable in relation to its current fair value;
- (ii) The disposal group is available for immediate sale in its present condition, subject only to usual and customary terms and conditions precedent pertaining to the sale and purchase agreement;
- (iii) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn; and
- (iv) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

If the criteria are no longer met, the disposal group shall cease to be classified as held for sale in the statements of financial position, and the results attributable to the disposal group shall cease to be classified as discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

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 subsidiaries and associate

The Group and the Company assess at the end of each reporting period whether there is any indication that the investments in subsidiaries and associate may be impaired. If any indication exists, the investment 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 Group and the Company to make an estimate of the expected future cash flows from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amount of the Company's subsidiaries and the Group's associate at the end of the reporting period is disclosed in Note 5 and Note 6, respectively, to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

Critical judgements in applying accounting policies (cont'd)

Revenue - gross presentation

For the sale of marine 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 marine gas oil and fuel oil is disclosed in Note 3 to the financial statements.

Critical assumptions used and accounting estimates in applying accounting policies

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 21 to the financial statements.

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 9 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 by US\$158,404 (2014: US\$190,324).

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 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 10 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\$2,434,567 (2014: US\$2,948,451).

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 2015

2(b) Interpretations and amendments to published standards effective in 2015

On 1 July 2014, the Group adopted the following FRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

Reference	Description
Revised FRS 27	Separate Financial Statements
Revised FRS 28	Investments in Associates and Joint Ventures
Amendments to FRS 19	Defined Benefit Plans: Employee Contributions
Amendments to FRS 27, FRS 110 and FRS 112	Investment Entities
Amendments to FRS 32	Offsetting of financial Assets and Financial Liabilities
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedge Accounting
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
INT FRS 121	Levies
Improvements to FRSs (January 2014):	
- Amendment to FRS 16	Property, Plant and Equipment
- Amendment to FRS 24	Related Party Disclosures
- Amendment to FRS 38	Intangible Assets
- Amendment to FRS 102	Share-based Payment
- Amendment to FRS 103	Business Combinations
- Amendments to FRS 108	Operating Segments
Improvements to FRSs (February 2014):	
- Amendment to FRS 40	Investment Property
- Amendment to FRS 103	Business Combinations
- Amendment to FRS 113	Fair Value Measurement

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 except for the following:

Revised FRS 27 *Separate Financial Statements* and FRS 110 *Consolidated Financial Statements*

As a result of FRS 110, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

FRS 110 applies to all entities including special purpose entities. The changes introduced by FRS 110 will require management to exercise significant judgement to determine whether entities are controlled and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in the separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

2(b) Interpretations and amendments to published standards effective in 2015 (cont'd)

Revised FRS 27 Separate Financial Statements and FRS 110 Consolidated Financial Statements (cont'd)

The Group has reassessed which entities the Group controls and there are no resulting changes required for existing entities. For entities incorporated or acquired during the financial year, as disclosed in Note 5 to the financial statements, the Group concluded that it has control over International Energy Group Pte. Ltd. with an initial 19.9% equity interest, by considering the substantive potential voting right held by the Company.

Amendments to FRS 19 Defined Benefit Plans: Employee Contributions

FRS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

Improvements to FRSs (January 2014) Amendment to FRS 24 Related Party Disclosures

Improvements to FRSs (January 2014) Amendment to FRS 24 *Related Party Disclosures* clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group and the Company when implemented.

Improvements to FRSs (January 2014) Amendments to FRS 108 Operating Segments

Improvements to FRSs (January 2014) Amendments to FRS 108 *Operating Segments* clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. In addition, the entity is required to disclose the judgements made by management in applying the aggregation criteria to operating segments. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group and the Company when implemented.

2(c) FRS not yet effective

The following are the new or amended FRS and INT FRS issued in 2015 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	Disclosure Initiative	1 January 2016
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
FRS 109	Financial Instruments	1 January 2018
FRS 114	Regulatory Deferral Accounts	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2017

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

Reference	Description	Effective date (Annual periods beginning on or after)
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

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:

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 2017 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.

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.

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

Consolidation (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

Associate (cont'd)

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.

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 financial assets at fair value through profit or loss or held-to-maturity investments.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

Financial assets (cont'd)

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.

Inventories

Inventories 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

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.

Financial liabilities

The Group's financial liabilities comprise borrowings 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.

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.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

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. The subsidiary in Thailand is required to provide certain staff pension contributions to its employees under existing regulations. 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.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The Group operates unfunded defined benefit plans. The liability in respect of the defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for actuarial gains/losses and past service cost. The Group determines the present value of the defined benefit obligation with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at end of the reporting period of government securities which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in profit or loss is determined by the corridor method in accordance with the applicable approved accounting standard in the country of incorporation and is charged or credited to profit or loss over the average remaining service lives of the related employees participating in the defined benefit plans.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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).

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

Impairment of non-financial assets (cont'd)

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

Revenue from the performance of services is recognised which 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

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.

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 27 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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 22)		Total	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$	2015 US\$	2014 US\$
The Group						
Sale of goods						
- IT products	5,031,356	4,960,188	34,099,161	32,968,326	39,130,517	37,928,514
- Marine gas oil	30,242,397	43,617,538	-	-	30,242,397	43,617,538
- Fuel oil	3,276,750	-	-	-	3,276,750	-
	38,550,503	48,577,726	34,099,161	32,968,326	72,649,664	81,546,052
Rendering of services	141,322	1,350,190	33,705	61,719	175,027	1,411,909
	38,691,825	49,927,916	34,132,866	33,030,045	72,824,691	82,957,961

4 Plant and equipment

	Plant and equipment US\$	Computers US\$	Furniture, fittings and renovations US\$	Motor vehicles US\$	Office equipment US\$	Total US\$
The Group						
<u>Cost</u>						
At 1 July 2013	1,967	104,820	311,448	20,815	179,759	618,809
Additions	-	2,175	7,325	-	10,756	20,256
Write-offs	-	-	(25,237)	-	(26,539)	(51,776)
Liquidation of subsidiaries	-	(8,619)	(7,119)	-	(8,840)	(24,578)
Translation differences	-	28	(21,903)	116	(10,125)	(31,884)
At 30 June 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 12)	-	(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
<u>Accumulated depreciation</u>						
At 1 July 2013	1,967	104,538	249,864	14,760	179,251	550,380
Depreciation	-	743	16,019	4,544	1,011	22,317
Write-offs	-	-	(25,237)	-	(26,539)	(51,776)
Liquidation of subsidiaries	-	(8,619)	(7,119)	-	(8,840)	(24,578)
Translation differences	-	14	(17,535)	106	(10,076)	(27,491)
At 30 June 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 12)	-	(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
<u>Carrying amount</u>						
At 30 June 2015	-	32,192	5,275	-	23,200	60,667
At 30 June 2014	-	1,728	48,522	1,521	10,204	61,975

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

4 Plant and equipment (cont'd)

The Company	Plant and equipment US\$	Computers US\$	Furniture, fittings and renovations US\$	Office equipment US\$	Total US\$
<u>Cost</u>					
At 1 July 2013	1,967	93,773	14,487	36,642	146,869
Additions	-	613	509	8,514	9,636
Write-offs	-	-	(453)	(16,948)	(17,401)
At 30 June 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
<u>Accumulated depreciation</u>					
At 1 July 2013	1,967	93,500	14,487	36,641	146,595
Depreciation	-	419	43	570	1,032
Write-offs	-	-	(453)	(16,948)	(17,401)
At 30 June 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
<u>Carrying amount</u>					
At 30 June 2015	-	161	211	10,507	10,879
At 30 June 2014	-	467	466	7,945	8,878

The carrying amount of Group's plant and equipment held under finance leases was US\$16,045 (2014: US\$7,985), comprising motor vehicles of US\$9,771 (2014: US\$nil) and office equipment of US\$6,274 (2014: US\$7,985), respectively (Note 15.1).

The carrying amount of the Company's plant and equipment held under finance lease comprised office equipment of US\$6,274 (2014: US\$7,985) (Note 15.1).

During the financial year, the Group and the Company acquired plant and equipment with an aggregate cost of US\$86,587 (2014: US\$20,256) and US\$4,931 (2014: US\$9,636), of which US\$12,744 (2014: US\$8,649) and US\$nil (2014: US\$8,514) was acquired by means of finance leases, respectively. Cash payments of US\$73,843 (2014: US\$11,607) and US\$4,931 (2014: US\$1,122) were made to purchase plant and equipment, respectively.

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 12).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

5 Subsidiaries

	2015 US\$	2014 US\$
The Company		
<u>Unquoted equity investments, at cost</u>		
At 1 July	20,688,557	26,614,440
Incorporation of a subsidiary	15,949	-
Acquisition of a non-controlling interest	1	-
Increase in capital of a subsidiary	5,383,762	-
Liquidation of subsidiaries	-	(5,925,883)
Reclassified to assets held for sale (Note 12)	(2,431,093)	-
At 30 June	23,657,176	20,688,557
<u>Allowance for impairment losses</u>		
At 1 July	20,688,457	25,980,225
Allowance made	-	634,115
Liquidation of subsidiaries	-	(5,925,883)
Reclassified to assets held for sale (Note 12)	(2,431,093)	-
At 30 June	18,257,364	20,688,457
Carrying amount	5,399,812	100

Liquidation of subsidiaries

On 16 December 2013 and 29 April 2014, liquidations of Digiland Vietnam Pte Ltd and Digiland (Singapore) Pte Ltd, respectively, were completed. Accordingly, the allowance for impairment losses was utilised against the corresponding costs of investments of US\$5,925,883 in 2014.

Impairment testing of investment in a subsidiary

For the financial year ended 30 June 2014, management had performed impairment test for the Company's investment in a subsidiary which had been incurring persistent losses and operating cash outflows. A recoverable amount of US\$nil was determined, and accordingly, an allowance for impairment loss of US\$634,115 was made to fully impair the investment. The estimate of the recoverable amount had been determined based on value in use calculation. Cash flows projection used in this calculation was based on financial budgets approved by management covering a five-year period.

The key assumptions used for value in use calculation for 2014 were as follows:

- (i) Anticipated growth in the gross margin included in the cash flow projections was 6% in 2015 and nil% from 2016 to 2019. The gross margin was based on the subsidiary's past performances and management's expectations of the market developments.
- (ii) Cash flows beyond the five-year period were extrapolated using the estimated growth rate of nil%. The growth rate did not exceed the long-term average growth rate in which the subsidiary operates.
- (iii) Pre-tax discount rate was 14% based on the subsidiary's weighted average cost of capital.

The values assigned to the key assumptions represented management's assessment of future trends in the industry and were based on both external and internal sources (historical data).

The indications of impairment for the Company's investment in the subsidiary remained as at 30 June 2015. Accordingly, the impairment loss was not reversed.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

5 Subsidiaries (cont'd)

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.

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:

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

5 Subsidiaries (cont'd)

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	<u>(2,635)</u>
Total net identifiable assets	27,078
Non-controlling interest	(9,478)
Goodwill arising from acquisition, written off	<u>1,657</u>
Total consideration transferred	<u><u>19,257</u></u>

b) Effect on cash flows of the Group

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

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.

d) Summarised financial information of subsidiary

Summarised financial information in respect of the subsidiary, IBase Technology International Pte. Ltd., which has a non-controlling interest, is set out below. The summarised financial information below represents amounts before intragroup eliminations. The subsidiary has no non-current assets, non-current liabilities and revenue, and there are no dividends paid to the non-controlling interest.

Summarised statement of financial position

	2015 US\$
Current assets	29,959
Current liabilities	(2,901)
Equity attributable to owners of the Company	17,587
Non-controlling interest	<u><u>9,471</u></u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

5 Subsidiaries (cont'd)

Summarised statement of profit or loss and other comprehensive income

	<u>2015 US\$</u>
Expenses	<u>(3,654)</u>
Loss for the year	<u>(3,654)</u>
Loss attributable to owners of the Company	(20)
Loss attributable to non-controlling interest *	<u>(3,634)</u>
Loss for the year	<u>(3,654)</u>
Total comprehensive income attributable to owners of the Company	(20)
Total comprehensive income attributable to non-controlling interest *	<u>(3,634)</u>
Total comprehensive income for the year	<u>(3,654)</u>

* Relates mainly to the losses incurred by the subsidiary from December 2014 to May 2015 before its acquisition by the Group on 3 June 2015.

Other summarised information

	<u>2015 US\$</u>
Net cash outflow from operating activities	(1,012)
Net cash inflow from financing activities	<u>30,712</u>
Net cash inflow for the year	<u>29,700</u>

Details of the subsidiaries are as follows:

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held	
			2015 %	2014 %
<u>Held by the Company</u>				
Infonet Systems and Services Pte Ltd ⁽¹⁾	Trading and providing technical and consultancy services in high technology products (reclassified to assets held for sale)	Singapore	100	100
Digiland (Thailand) Ltd. ⁽²⁾	Trading of computers and related accessories (reclassified to assets held for sale)	Thailand	100	100
Digiland Distribution (M) Sdn. Bhd. ⁽³⁾	Dormant	Malaysia	100	100
Digiland Pte. Ltd. (formerly known as Digilandmall.com Pte Ltd) ⁽⁴⁾	Investment holding (dormant as of 30 June 2015)	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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

5 Subsidiaries (cont'd)

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held	
			2015 %	2014 %
<u>Held by the Company</u>				
Digiland (Hong Kong) Limited ⁽⁴⁾	Dormant	Hong Kong	99.9	99.9
Top Post Enterprises Limited ⁽⁴⁾	Dormant	British Virgin Islands	100	100
International Energy Group Pte. Ltd. ⁽¹⁾	Trading of petrochemical products and investment holding	Singapore	100	-
<u>Held by Digiland Distribution (M) 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 2015)	Singapore	65	-
<u>Held by International Energy Group Pte. Ltd.</u>				
New Silkroutes Group (Europe) Limited ⁽⁴⁾	Investment holding (dormant as of 30 June 2015)	Malta	100	-
<u>Held by New Silkroutes Group (Europe) Limited</u>				
IEG Malta Limited ⁽⁴⁾	Wholesale and retail trading of crude oil, intermediate fuel oil and other distillates (dormant as of 30 June 2015)	Malta	90	-

(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 another firm of auditors, Crowe Horwath, Malaysia, Certified Public Accountants

(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.

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 12).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

6 Associate

	2015 US\$	2014 US\$
The Group		
Unquoted equity investment, at cost	161,290	161,290
Share of post-acquisition results	(105,057)	(43,968)
Translation differences	(12,253)	(7,417)
Reclassified to assets held for sale (Note 12)	(43,980)	-
Carrying amount	-	109,905

Details of the associate are as follows:

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held	
			2015 %	2014 %
<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	49

(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

The Group's investment in the 49% owned associate of Digiland (Thailand) Ltd., TTDG Co., Ltd, was 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 12).

The statutory financial statements of the associate, TTDG Co., Ltd, 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.

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

Statement of financial position

	2015 US\$	2014 US\$
Current assets	315,658	1,903,801
Non-current assets	21,480	25,623
Current liabilities	(246,841)	(1,704,026)
Non-current liabilities	(541)	(1,103)
Net assets	89,756	224,295

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

6 Associate (cont'd)

Statement of profit or loss and other comprehensive income

	2015 US\$	2014 US\$
Revenue	5,325,980	453,499
Expenses	(5,450,652)	(442,611)
Taxation	-	-
(Loss)/Profit for the year, representing total comprehensive income for the year	(124,672)	10,888
The Group's share of associate's (loss)/profit for year (Note 22)	(61,089)	5,335

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

	2015 US\$	2014 US\$
Net assets of the associate	89,756	224,295
Percentage of the Group's equity interest in the associate	49%	49%
Carrying amount of the Group's associate	43,980	109,905

7 Available-for-sale investment

	2015 US\$	2014 US\$
The Group and the Company		
Unquoted equity security, at cost	-	1

The investment in unquoted equity security is stated at cost less impairment, if any, as its fair value cannot be determined reliably. The investment was written off during the financial year.

8 Refundable deposit

	2015 US\$	2014 US\$
The Group		
Long-term deposit	385,494	395,702
Allowance for impairment loss	(192,747)	(197,851)
Reclassified to assets held for sale (Note 12)	(192,747)	-
	-	197,851

Refundable deposit relates to a deposit of THB 13,000,000 paid by a subsidiary to a third party to secure a project in 2012. The project was subsequently cancelled, and an allowance for impairment loss was made by the Group to fully impair the amount. In 2014, the third party agreed to refund 50% of the deposit received, and accordingly, the allowance for impairment loss was reversed by an amount of THB 6,500,000 (US\$197,851) to profit or loss for the financial year ended 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

8 Refundable deposit (cont'd)

The movement in allowance for impairment loss in respect of refundable deposit is as follows:

	2015 US\$	2014 US\$
At 1 July	197,851	427,913
Allowance reversed (Note 17)	-	(197,851)
Translation differences	(5,104)	(32,211)
Reclassified to assets held for sale (Note 12)	(192,747)	-
	-	197,851

The refundable deposit was 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 12).

9 Inventories

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Trading stocks	1,632,085	1,923,198	23,392	23,392
Goods-in-transit	-	29,793	-	-
Allowance for inventories obsolescence	(48,049)	(49,751)	(23,392)	(23,392)
	1,584,036	1,903,240	-	-
Reclassified to assets held for sale (Note 12)	(1,584,036)	-	-	-
	-	1,903,240	-	-

The cost of inventories recognised as expense and included in purchases of finished goods and changes in inventories of finished goods amounted to US\$70,853,905 (2014: US\$79,912,072).

The movement in allowance for inventories obsolescence is as follows:

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
At 1 July	49,751	326,586	23,392	23,392
Allowance made	13,685	14,667	-	-
Allowance reversed	(14,554)	(257,469)	-	-
Allowance reversed, net	(869)	(242,802)	-	-
Allowance utilised	-	(23,913)	-	-
Translation differences	(833)	(10,120)	-	-
At 30 June	48,049	49,751	23,392	23,392

For the financial year ended 30 June 2015, due to the decline in selling prices and the obsolescence of certain inventories, the Group wrote down US\$13,685 (2014: US\$14,667) of the inventories to their net realisable value. US\$14,554 (2014: US\$257,469) of the previous write-down on inventories was reversed when the related inventories were sold above their carrying amounts, while allowances of US\$nil (2014: US\$23,913) were utilised against the corresponding inventories when they were sold at their net realisable value or written off during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

10 Trade and other receivables

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Trade receivables				
- third parties	6,455,000	16,311,907	4,551,316	8,319,793
- a related party	795,785	-	-	-
- subsidiaries	-	-	4,032,000	4,032,366
	7,250,785	16,311,907	8,583,316	12,352,159
Less: Allowance for impairment losses				
- third parties	(197,159)	(2,351,414)	(197,159)	(197,159)
- subsidiaries	-	-	(4,030,658)	(4,030,926)
	(197,159)	(2,351,414)	(4,227,817)	(4,228,085)
Trade receivables, net	7,053,626	13,960,493	4,355,499	8,124,074
Amount due from related party (non-trade)	1,141,656	-	-	-
Amounts due from subsidiaries (non-trade)	-	-	7,928,537	6,822,312
Loans to subsidiaries	-	-	6,632,669	6,755,728
Refundable deposits and accrued interest	16,060,555	14,927,965	16,060,555	14,927,965
Other deposits	289,377	314,977	289,377	291,596
Sales incentives recoverable	-	417,198	-	-
Other receivables	93,474	339,280	-	-
	17,585,062	15,999,420	30,911,138	28,797,601
Less: Allowance for impairment losses				
- third parties	(293,016)	(475,408)	(260,040)	(260,040)
- subsidiaries	-	-	(7,827,332)	(7,803,757)
	(293,016)	(475,408)	(8,087,372)	(8,063,797)
Other receivables and deposits, net	17,292,046	15,524,012	22,823,766	20,733,804
Trade and other receivables	24,345,672	29,484,505	27,179,265	28,857,878

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 an advance made by a subsidiary to the related party, and is unsecured, interest-free and repayable on demand.

The Group has factored trade receivables with an aggregate carrying amount of US\$616,692 (2014: US\$919,514) to a financial institution in exchange for cash at the end of the reporting period (Note 15.3). The transactions have been accounted for as secured borrowings as the financial institution has full recourse to the Group in the event of default by the debtors.

The movement in allowance for impairment losses in respect of trade receivables from third parties is as follows:

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
At 1 July	2,351,414	2,708,304	197,159	485,577
Allowance made (Note 19)	283,076	91,175	-	(10,684)
Allowance utilised	(492,024)	(298,346)	-	(277,734)
Translation differences	(43,937)	(149,719)	-	-
Reclassified to assets held for sale	(1,901,370)	-	-	-
At 30 June	197,159	2,351,414	197,159	197,159

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

10 Trade and other receivables (cont'd)

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	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
<u>By geographical areas</u>				
Singapore	2,756,573	92,290	58,446	72,741
China	900,000	1,300,000	900,000	1,300,000
Malaysia	2,910,996	6,553,037	2,910,996	6,553,037
Vietnam	486,057	198,296	486,057	198,296
Thailand	-	5,816,870	-	-
	7,053,626	13,960,493	4,355,499	8,124,074

The ageing analysis of trade receivables is as follows:

	2015		2014	
	Gross	Impairment	Gross	Impairment
	US\$	US\$	US\$	US\$
<u>The Group</u>				
Not past due	2,963,161	-	6,683,223	-
Past due 1 to 30 days	277,960	-	4,573,137	-
Past due 31 to 60 days	2,465,188	-	1,302,410	-
Past due 61 to 90 days	412,007	-	550,660	-
Past due 91 to 180 days	35,310	-	198,038	-
Past due 181 to 360 days	-	-	49,131	-
Past due more than 360 days	1,097,159	(197,159)	2,955,308	(2,351,414)
	7,250,785	(197,159)	16,311,907	(2,351,414)
<u>The Company</u>				
Not past due	263,696	-	6,591,891	-
Past due 1 to 30 days	277,959	-	1,230,740	-
Past due 31 to 60 days	2,465,187	-	-	-
Past due 61 to 90 days	412,006	-	300,000	-
Past due 91 to 180 days	35,307	-	-	-
Past due more than 360 days	5,129,161	(4,277,817)	4,229,528	(4,228,085)
	8,583,316	(4,277,817)	12,352,159	(4,228,085)

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

10 Trade and other receivables (cont'd)

The movement in allowance for impairment losses in respect of other receivables and deposits with third parties is as follows:

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
At 1 July	475,408	1,064,070	260,040	831,902
Allowance reversed	-	(1,807)	-	-
Allowance utilised	-	(571,862)	-	(571,862)
Translation differences	(4,705)	(14,993)	-	-
Reclassified to assets held for sale	(177,687)	-	-	-
At 30 June	293,016	475,408	260,040	260,040

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

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:

	2015 US\$	2014 US\$
The Company		
At 1 July	11,834,683	12,868,587
Allowance made	193,601	2,467,273
Allowance utilised	-	(3,402,235)
Translation differences	(170,294)	(98,942)
At 30 June	11,857,990	11,834,683

As a result of the deregistration of Digiland Vietnam Pte Ltd and Digiland (Singapore) Pte Ltd, as disclosed in Note 5 to the financial statements, the amounts due from the subsidiaries, which had been fully impaired, were written off against the corresponding allowance for impairment losses of US\$3,402,235 in 2014.

The allowance for impairment losses relates to amounts due from subsidiaries which had been incurring persistent losses and operating cash outflows. Accordingly, an additional allowance of US\$193,601 (2014: US\$2,467,273) was made by the Company during the financial year to impair the amounts due from these subsidiaries as at 30 June 2015.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
United States dollar	21,297,946	16,426,270	17,696,621	16,426,270
Singapore dollar	3,044,370	6,679,947	9,482,644	12,431,608
Thai baht	-	6,378,288	-	-
Others	3,356	-	-	-
	24,345,672	29,484,505	27,179,265	28,857,878

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

10 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.

As at 30 June 2015, the refundable deposits, including the accrued interest thereon, amounted to US\$16,060,555 (2014: US\$14,927,965).

The completion of the proposed acquisition of the 15% equity interest in Thai GNCC is subject to various conditions precedent including shareholder approval at an extraordinary general meeting, satisfactory due diligence, and the determination of an acceptable fair market value pursuant to a valuation report.

The conditions precedent to the SPA have not been completed. As disclosed in Note 31 to the financial statements, subsequent to the end of the financial year, 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 has been recently obtained, the purchase consideration for the proposed acquisition of the 6% equity interest in Thai GNCC would be US\$30,000,000.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

11 Cash and cash equivalents

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Cash on hand	883	567	99	97
Cash at banks	10,377,203	5,906,865	649,231	719,940
Fixed deposits	3,278,755	3,381,872	-	-
	13,656,841	9,289,304	649,330	720,037
Reclassified to assets held for sale (Note 12)	(3,895,547)	-	-	-
	9,761,294	9,289,304	649,330	720,037

The fixed deposits have an average maturity of 30 days (2014: 30 days) from the end of the reporting period with a weighted average effective interest rate of 1.9% (2014: 2.1%) per annum at the end of the reporting period. Interest on the fixed deposits is subject to floating interest rates and is contractually re-priced at intervals of less than 12 months.

Fixed deposits of US\$3,278,755 (2014: US\$3,381,872) for the Group were pledged as security for promissory notes (Note 15.2) and short-term loans under factoring (Note 15.3) granted by certain financial institutions to a subsidiary.

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

	2015 US\$	2014 US\$
The Group		
Cash and cash equivalents	13,656,841	9,289,304
Less: Fixed deposits pledged	(3,278,755)	(3,381,872)
	10,378,086	5,907,432

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
United States dollar	3,827,227	204,424	372,686	159,515
Malaysian ringgit	3,338	3,447	-	-
Singapore dollar	5,910,703	5,369,528	276,644	560,522
Thai baht	-	3,699,520	-	-
Others	20,026	12,385	-	-
	9,761,294	9,289,304	649,330	720,037

12 Disposal group classified as held for sale

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"), 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

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:

The Group	Note	2015 US\$
<u>Assets</u>		
Plant and equipment	4	50,094
Associate	6	43,980
Refundable deposit	8	192,747
Inventories	9	1,584,036
Trade and other receivables		4,115,765
Prepayments		209,523
Cash and cash equivalents	11	3,895,547
Assets classified as held for sale		<u>10,091,692</u>
<u>Liabilities</u>		
Borrowings	15	3,072,643
Trade and other payables		<u>2,778,893</u>
Liabilities classified as held for sale		<u>5,851,536</u>
Net assets classified as held for sale		<u>4,240,156</u>
Cumulative income recognised directly in other comprehensive income relating to disposal group classified as held for sale		
- foreign currency translation reserve		<u>293,454</u>

The Company

<u>Assets</u>		
Subsidiaries	5	-
Amounts due from subsidiaries		-
Assets classified as held for sale		<u>-</u>

13 Share capital

The Group and the Company	2015 Number of ordinary shares	2014 Number of ordinary shares	2015 US\$	2014 US\$
<u>Issued and fully paid with no par value</u>				
At beginning of year	42,899,118,640	30,693,588,351	55,952,946	46,440,070
Issuance of shares	7,446,000,000	12,205,530,289	5,485,386	9,512,876
At end of year	<u>50,345,118,640</u>	<u>42,899,118,640</u>	<u>61,438,332</u>	<u>55,952,946</u>

On 19 May 2014, the Company issued 12,205,530,289 new ordinary shares via a non-renounceable non-underwritten rights issue at an issue price of S\$0.001 for each rights share, on the basis of one rights share for every two shares held. The total share proceeds amounted to US\$9,512,876.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

13 Share capital (cont'd)

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.

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.

14 Other reserves

The Group	2015 US\$	2014 US\$
Foreign currency translation reserve	412,916	529,100
Other reserve	293,454	-
	706,370	529,100

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.

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.

15 Borrowings

	Note	The Group		The Company	
		2015 US\$	2014 US\$	2015 US\$	2014 US\$
Non-current					
Obligations under finance leases	15.1	11,074	6,777	5,062	6,777
Current					
Obligations under finance leases	15.1	4,071	1,661	1,758	1,661
Promissory notes (secured)	15.2	2,595,572	2,738,876	-	-
Short-term loans under factoring (secured)	15.3	468,746	504,011	-	-
Loans from individuals (unsecured)	15.4	-	1,593,372	-	1,593,372
		3,068,389	4,837,920	1,758	1,595,033
		3,079,463	4,844,697	6,820	1,601,810
Reclassified to liabilities held for sale (Note 12)		(3,072,643)	-	-	-
		6,820	4,844,697	6,820	1,601,810
Represented by:					
Non-current		5,062	6,777	5,062	6,777
Current		1,758	4,837,920	1,758	1,595,033
		6,820	4,844,697	6,820	1,601,810

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

15 Borrowings (cont'd)

15.1 Obligations under finance leases

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Minimum lease payments payable:				
Due not later than one year	4,561	2,095	2,095	2,095
Due later than one year and not later than five years	11,884	7,508	5,413	7,508
	16,445	9,603	7,508	9,603
Less: Finance charges allocated to future periods	(1,300)	(1,165)	(688)	(1,165)
Present value of future minimum lease payments	15,145	8,438	6,820	8,438
Present value of minimum lease payments:				
Due not later than one year	4,071	1,661	1,758	1,661
Due later than one year and not later than five years	11,074	6,777	5,062	6,777
	15,145	8,438	6,820	8,438

The lease terms range between four and five years. The effective interest rate is 2.85% to 5.64% (2014: 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 motor vehicles and office equipment with carrying amount of US\$9,771 (2014: US\$nil) and US\$6,274 (2014: US\$7,985), respectively, for the Group, and office equipment with carrying amount of US\$6,274 (2014: US\$7,985), for the Company (Note 4).

15.2 Promissory notes (secured)

Promissory notes are obtained by a subsidiary of the Company and are secured by the subsidiary's fixed deposits of US\$3,278,755 (2014: US\$3,381,872) (Note 11). In addition, the promissory notes comprise an amount of US\$1,172,212 (2014: US\$1,216,945) which is secured by a corporate guarantee from the Company. Interest rates range from 6% to 7.15% (2014: 4.75% to 7.375%) per annum.

15.3 Short-term loans under factoring (secured)

Short-term loans under factoring obtained by a subsidiary of the Company from a financial institution amounted to THB 16,000,000 (US\$468,746) (2014: THB 20,000,000 (US\$504,011)). These loans are secured by a corporate guarantee from the Company, the subsidiary's fixed deposits of US\$3,278,755 (2014: US\$3,381,872) (Note 11) and certain trade receivables with an aggregate carrying amount of US\$616,692 (2014: US\$919,514) (Note 10).

Under the terms of the factoring agreement, the subsidiary will receive the value of sales from the financial institution prior to the due date of collection from customers. The Company has a commitment to settle to the financial institution when it receives the collection from such sales.

At the end of the reporting period, the subsidiary has unutilised factoring facilities amounting to THB 4,000,000 (US\$128,120) (2014: THB 6,000,000 (US\$184,502)).

Interest rates range from 1% to 6.37% (2014: 1% to 6.75%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

15 Borrowings (cont'd)

15.4 Loans from individuals (unsecured)

Unsecured loans from individuals comprise the following:

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Loan from a third party ^(a)	-	1,274,698	-	1,274,698
Loan from a former director ^(b)	-	318,674	-	318,674
	-	1,593,372	-	1,593,372

^(a) Loan from a third party is unsecured, bears interest of 12% (2014: 12%) per annum and is repayable on demand. The loan was fully repaid by the Company during the financial year.

^(b) Loan from a former director is unsecured, bears interest of 12% per annum and is repayable no later than 16 February 2015. The loan was fully repaid by the Company during the financial year.

15.5 Currency risk

Borrowings are denominated in the following currencies:

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Singapore dollar	6,820	1,601,810	6,820	1,601,810
Thai baht	-	3,242,887	-	-
	6,820	4,844,697	6,820	1,601,810

16 Trade and other payables

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Trade payables				
- third parties	2,957,935	4,299,708	43,030	160,597
- subsidiaries	-	-	160,018	160,018
	2,957,935	4,299,708	203,048	320,615
Amounts due to subsidiaries (non-trade)	-	-	181,490	176,219
Accrued purchases	558,414	148,163	533,999	147,787
Accrued operating expenses	119,082	350,945	119,082	198,619
Accrued personnel expenses	61,720	109,642	61,720	28,823
Other payables	163,781	131,766	112,377	36,692
	902,997	740,516	1,008,668	588,140
	3,860,932	5,040,224	1,211,716	908,755

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

16 Trade and other payables (cont'd)

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Singapore dollar	347,115	278,439	289,070	260,026
United States dollar	3,501,115	549,397	922,646	648,729
Thai baht	-	4,199,502	-	-
Malaysian ringgit	12,702	12,886	-	-
	3,860,932	5,040,224	1,211,716	908,755

17 Other income

	Continuing operations		Discontinued operations (Note 22)		Total	
The Group	2015 US\$	2014 US\$	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Gain on liquidation of subsidiaries	-	102,607	-	-	-	102,607
Government grants	4,690	2,852	2,977	2,172	7,667	5,024
Interest income from						
- bank balances	469	142	-	-	469	142
- fixed deposits	-	-	77,413	42,276	77,413	42,276
- investment in bonds	-	-	-	29,791	-	29,791
- late payments by customers	393,393	82,814	-	-	393,393	82,814
- refundable deposits	1,132,961	1,120,891	-	-	1,132,961	1,120,891
	1,526,823	1,203,847	77,413	72,067	1,604,236	1,275,914
Miscellaneous income	15,494	16,407	47,054	11,881	62,548	28,288
Reversal of impairment losses on other receivables and deposits (Note 10)	-	-	-	1,807	-	1,807
Reversal of impairment loss on refundable deposit (Note 8)	-	-	-	197,851	-	197,851
Reversal of write-down on inventories (Note 9)	-	-	869	242,802	869	242,802
Reversal of trade and other payables	-	42,131	-	39,614	-	81,745
Vendor rebates	5,343	4,913	40,669	55,345	46,012	60,258
	1,552,350	1,372,757	168,982	623,539	1,721,332	1,996,296

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

18 Employee benefits expense

	Continuing operations		Discontinued operations (Note 22)		Total	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$	2015 US\$	2014 US\$
The Group						
Salaries, wages and bonuses	1,611,353	547,123	675,447	689,937	2,286,800	1,237,060
Contributions to defined contribution plans	100,798	42,792	47,949	37,318	148,747	80,110
Other short-term employee benefits	22,481	(26,621)	102,843	40,140	125,324	13,519
	1,734,632	563,294	826,239	767,395	2,560,871	1,330,689
<u>Key management personnel compensation</u>						
Salaries, wages and bonuses	1,010,020	401,886	50,366	39,943	1,060,386	441,829
Contributions to defined contribution plans	43,681	18,571	897	756	44,578	19,327
	1,053,701	420,457	51,263	40,699	1,104,964	461,156
Comprising:						
Directors of the Company	528,409	230,402	-	-	528,409	230,402
Directors of the subsidiaries	269,608	6,100	51,263	40,699	320,871	46,799
Other key management personnel	255,684	183,955	-	-	255,684	183,955
	1,053,701	420,457	51,263	40,699	1,104,964	461,156

19 Other operating expenses

	Continuing operations		Discontinued operations (Note 22)		Total	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$	2015 US\$	2014 US\$
The Group						
Exchange loss/(gain), net	991,325	(198,566)	(16,336)	132,608	974,989	(65,958)
General expenses	274,340	252,891	594,960	471,973	869,300	724,864
Impairment losses on trade receivables (Note 10)	-	(10,684)	283,076	101,859	283,076	91,175
Inventories written off	-	-	28,975	-	28,975	-
Loss on disposal of plant and equipment	-	-	5,206	-	5,206	-
Operating lease expenses	202,628	70,394	125,339	86,928	327,967	157,322
Professional fees	223,212	70,068	47,141	54,253	270,353	124,321
Sales commissions and incentives	108,457	80	240,091	241,878	348,548	241,958
Trade receivables written off	-	-	51,871	475	51,871	475
Audit fees paid/payable to:						
- auditor of the Company	60,445	53,820	4,009	3,957	64,454	57,777
- other auditors	-	-	16,669	36,707	16,669	36,707
Non-audit fees paid/payable to:						
- auditor of the Company	37,034	-	-	-	37,034	-
	1,897,441	238,003	1,381,001	1,130,638	3,278,442	1,368,641

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

20 Finance costs

	Continuing operations		Discontinued operations (Note 22)		Total	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$	2015 US\$	2014 US\$
The Group						
Interest expenses on:						
- finance leases	424	211	463	-	887	211
- promissory notes and short-term loans under factoring	-	-	151,988	220,527	151,988	220,527
- loan from a third party	118,328	203,480	48,499	10,297	166,827	213,777
- loan from a director	13,684	-	-	-	13,684	-
- loan from a former director	317	13,886	-	-	317	13,886
	132,753	217,577	200,950	230,824	333,703	448,401

21 Taxation

	2015 US\$	2014 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)/profits as a result of the following:

	2015 US\$	2014 US\$
The Group		
(Loss)/Profit before taxation from continuing operations	(1,594,023)	2,476,125
Loss before taxation from discontinued operations (Note 22)	(978,796)	(598,653)
Total (loss)/profit before taxation	(2,572,819)	1,877,472
Tax at statutory rate of 17% (2014: 17%)	(437,379)	319,170
Tax effect of different tax rates in other countries	(26,577)	(22,323)
Tax effect of expenses that are not deductible	350,264	50,069
Tax effect of income that is not taxable	(219,649)	(456,202)
Deferred tax assets on temporary differences not recognised	331,498	215,468
Utilisation of deferred tax assets on temporary differences not recognised in prior years	-	(97,997)
Others	1,843	(8,185)
	-	-

Non-deductible expenses mainly relate to unrealised exchange gain, while non-taxable income mainly relates to unremitted foreign-sourced interest income.

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	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Unused tax losses	56,230,000	55,244,000	35,873,000	35,223,000
Unutilised capital allowances	488,000	538,000	-	-
Interest income not yet received	(1,309,000)	(1,204,000)	(1,309,000)	(1,204,000)
	55,409,000	54,578,000	34,564,000	34,019,000
Deferred tax assets not recognised	10,318,000	9,987,000	5,875,000	5,783,000

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

21 Taxation (cont'd)

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 pertaining to a subsidiary, which are allowed to be carried forward for five years. At the end of the reporting period, 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 (2014: US\$805,000 which will expire in 2019). 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 and associate.

22 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"), will be sold to the Purchaser for S\$6,800,000 (approximately US\$5,036,664) (Note 12). DTL holds 49% equity interest in the associate, TTDG Co., Ltd.

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 operating segment was not presented as discontinued operations for the financial year ended 30 June 2014 or classified as held for sale as at 30 June 2014, and the comparative consolidated statement of profit or loss and other comprehensive income had been re-presented to show the discontinued operations separately from continuing operations.

Results of discontinued operations

The Group	Note	2015 US\$	2014 US\$
Revenue	3	34,132,866	33,030,045
Other income	17	168,982	623,539
Changes in inventories of finished goods		(578,383)	(1,172,696)
Purchases of finished goods		(32,217,323)	(30,934,734)
Employee benefits expense	18	(826,239)	(767,395)
Depreciation of plant and equipment		(15,659)	(21,285)
Other operating expenses		(1,381,001)	(1,130,638)
Finance costs	20	(200,950)	(230,824)
Share of associate's results	6	(61,089)	5,335
Loss before taxation from discontinued operations		(978,796)	(598,653)
Taxation		-	-
Loss from discontinued operations, net of tax		(978,796)	(598,653)
Basic and diluted loss per share (United States cent)		(0.0021)	(0.0019)

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\$978,796 (2014: US\$598,653), by the weighted average number of ordinary shares outstanding of 46,040,718,640 (2014: 32,098,060,329) (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

22 Discontinued operations (cont'd)

Cash flows attributable to discontinued operations

The Group	2015 US\$	2014 US\$
Net cash generated from operating activities	319,741	351,839
Net cash (used in)/generated from investing activities	(6,844)	1,603,579
Net cash used in financing activities	(78,751)	(2,265,364)
Net cash inflows/(outflows) for the year	234,146	(309,946)

23 (Loss)/Earnings per share

The calculation of basic and diluted (loss)/earnings per share was based on the loss attributable to the ordinary shareholders of the Company of US\$2,311,272 (2014: profit of US\$1,877,472) and a weighted average number of ordinary shares outstanding of 46,040,718,640 (2014: 32,098,060,329), calculated as follows:

(Loss)/Profit attributable to ordinary shareholders

The Group	Continuing operations US\$	Discontinued operations US\$	Total US\$
2015			
Loss for the year attributable to ordinary shareholders	(1,332,476)	(978,796)	(2,311,272)
2014			
Profit/(Loss) for the year attributable to ordinary shareholders	2,476,125	(598,653)	1,877,472

Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at beginning of year	42,899,118,640	30,693,588,351
Effect of shares issued during the year	3,141,600,000	1,404,471,978
Weighted average number of ordinary shares at end of year	46,040,718,640	32,098,060,329

(Loss)/Earnings per share attributable to ordinary shareholders

The Group	Continuing operations US cent	Discontinued operations US cent	Total US cent
2015			
Loss per share attributable to ordinary shareholders	(0.0029)	(0.0021)	(0.0050)
2014			
Earnings/(Loss) per share attributable to ordinary shareholders	0.0077	(0.0019)	0.0058

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

24 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.

25 Commitments

25.1 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	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
Not later than one year	231,491	167,618	84,438	112,691
Later than one year and not later than five years	351,134	13,697	126,657	-
	582,625	181,315	211,095	112,691

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

25.2 Other commitment

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

	2015	2014
	US\$	US\$
The Company		
Commitment in respect of acquisition of 15% equity interest	16,370,309	22,093,475

As disclosed in Note 10 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 (Note 10) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

25 Commitments (cont'd)

25.2 Other commitment (cont'd)

As disclosed in Note 31 to the financial statements, subsequent to the end of the financial year, 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 has been recently 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, and the trade receivable amount due from TGNCC as mentioned in the preceding paragraph, the remaining contractual commitment in respect of the proposed acquisition of the 6% equity interest in Thai GNCC would be US\$13,039,445.

26 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:

	2015 US\$	2014 US\$
<u>With related parties</u>		
Sales ^(a)	1,497,849	-
Purchase of plant and equipment ^(b)	(8,477)	-
Repair and maintenance ^(b)	(6,516)	-
<u>With associate</u>		
Sales	634,891	864,243
Purchases	(96,082)	(416,469)
<u>With directors</u>		
Interest expenses on:		
- Loan from a director ^(c)	(13,684)	-
- Loan from a former director (Note 15.4)	(317)	(13,886)

^(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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

27 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.

	IT US\$	Oil and gas US\$	Others US\$	Total continuing operations US\$	Discon- tinued operations US\$	Total US\$
2015						
Segment revenue						
Sales to external customers	5,172,678	33,519,147	-	38,691,825	34,132,866	72,824,691
Segment results						
Other income	25,996	393,393	1,132,961	1,552,350	168,982	1,721,332
Depreciation of plant and equipment	(2,930)	(12,243)	-	(15,173)	(15,659)	(30,832)
Share of loss of associate	-	-	-	-	(61,089)	(61,089)
Other non-cash expenses	(1,012,966)	21,640	-	(991,326)	(379,193)	(1,370,519)
Finance costs	(119,069)	(13,684)	-	(132,753)	(200,950)	(333,703)
Segment (loss)/profit	(2,649,312)	(77,672)	1,132,961	(1,594,023)	(978,796)	(2,572,819)
Segment assets and liabilities						
Segment assets	8,024,664	10,124,059	16,060,555	34,209,278	10,091,692	44,300,970
Segment liabilities	(1,129,179)	(2,738,573)	-	(3,867,752)	(5,851,536)	(9,719,288)
Capital expenditure	(4,932)	(62,031)	-	(66,963)	(19,624)	(86,587)
2014						
Segment revenue						
Sales to external customers	6,310,378	43,617,538	-	49,927,916	33,030,045	82,957,961
Segment results						
Other income	168,052	82,814	1,121,891	1,372,757	623,539	1,996,296
Depreciation of plant and equipment	(1,032)	-	-	(1,032)	(21,285)	(22,317)
Share of profit of associate	-	-	-	-	5,335	5,335
Other non-cash expenses	(210,124)	-	-	(210,124)	(206,644)	(416,768)
Finance costs	(217,577)	-	-	(217,577)	(230,824)	(448,401)
Segment profit/(loss)	854,559	500,675	1,120,891	2,476,125	(598,653)	1,877,472
Segment assets and liabilities						
Segment assets	19,821,985	6,553,037	14,927,965	41,302,987	-	41,302,987
Segment liabilities	(9,884,921)	-	-	(9,884,921)	-	(9,884,921)
Capital expenditure	(9,636)	-	-	(9,636)	(10,620)	(20,256)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

27 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:

	2015 US\$	2014 US\$
The Group		
<u>Revenue</u>		
Malaysia	30,242,397	43,617,538
China	-	1,300,000
Singapore	3,418,072	50,190
Vietnam	5,031,356	4,960,188
Total continuing operations	38,691,825	49,927,916
Discontinued operations	34,132,866	33,030,045
	72,824,691	82,957,961
<u>Non-current assets</u>		
Singapore	60,667	11,663
Thailand	-	358,069
	60,667	369,732
Disposal group classified as held for sale	286,821	-
	347,488	369,732

Information about major customers

Revenue from a major customer in the oil and gas segment amounted to US\$30,242,397 (2014: US\$43,617,538).

28 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 market 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 28.3) and foreign currency risk (Note 28.4).

The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

28.1 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 two debtors (2014: two debtors) that represented 68% (2014: 46%) of trade receivables. The Company's trade receivables (excluding trade amounts due from subsidiaries) comprise one debtor (2014: one debtor) that represented 64% (2014: 79%) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

28.1 Credit risk (cont'd)

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.

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

At the end of the reporting period, the Company has issued corporate guarantees to financial institutions for the borrowings undertaken by a subsidiary (Note 15). These borrowings amounted to US\$1,640,958 (2014: US\$1,720,956) at the end of reporting period. The credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiary.

The current interest rates charged by the lenders on the loans to the subsidiaries are at market rates and are consistent with the borrowing costs of the subsidiaries without any corporate guarantee.

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

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 10.

28.2 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 2015

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

28.2 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				
2015				
<u>Non-derivative financial liabilities</u>				
Trade and other payables (Note 16)	3,860,932	3,860,932	3,860,932	-
Borrowings (Note 15)	6,820	7,508	2,095	5,413
	3,867,752	3,868,440	3,863,027	5,413
2014				
<u>Non-derivative financial liabilities</u>				
Trade and other payables (Note 16)	5,040,224	5,040,224	5,040,224	-
Borrowings (Note 15)	4,844,697	5,273,079	5,265,571	7,508
	9,884,921	10,313,303	10,305,795	7,508
The Company				
2015				
<u>Non-derivative financial liabilities</u>				
Trade and other payables (Note 16)	1,211,716	1,211,716	1,211,716	-
Borrowings (Note 15)	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
2014				
<u>Non-derivative financial liabilities</u>				
Trade and other payables (Note 16)	908,755	908,755	908,755	-
Borrowings (Note 15)	1,601,810	1,794,179	1,786,671	7,508
Intragroup financial guarantee	1,720,956	1,720,956	1,720,956	-
	4,231,521	4,423,890	4,416,382	7,508

Except for the Company's cash flows arising from its intragroup corporate guarantees (Note 28.1), 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 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 2015

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

28.3 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 promissory notes, short-term loans under factoring and bank balances at floating rates. Finance leases, loans from individuals 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	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
Fixed rate instruments				
Financial assets				
- fixed deposits	-	3,381,872	-	-
Financial liabilities				
- obligations under finance leases	(6,820)	(8,438)	(6,820)	(8,438)
- loans from individuals	-	(1,593,372)	-	(1,593,372)
	(6,820)	(1,601,810)	(6,820)	(1,601,810)
	(6,820)	1,780,062	(6,820)	(1,601,810)
Variable rate instruments				
Financial assets				
- bank balances	9,760,653	5,906,865	649,231	719,940
Financial liabilities				
- promissory notes	-	(2,738,876)	-	-
- short-term loans under factoring	-	(504,011)	-	-
	-	(3,242,887)	-	-
	9,760,653	2,663,978	649,231	719,940

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 (2014: 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\$97,607 (2014: US\$26,640) higher/lower and US\$6,492 (2014: US\$7,199) higher/lower, respectively, arising mainly as a result of higher/lower interest income from floating rate bank balances, offset by higher/lower interest expense on floating rate promissory notes and short-term loans under factoring.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

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

28.4 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.

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	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
Trade and other receivables	3,044,370	6,679,947	9,482,644	12,431,608
Cash and cash equivalents	5,910,703	5,369,528	276,644	560,522
Borrowings	(6,820)	(1,601,810)	(6,820)	(1,601,810)
Trade and other payables	(347,115)	(278,439)	(289,070)	(260,026)
Net exposure	8,601,138	10,169,226	9,463,398	11,130,294

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	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
SGD - strengthened 10% (2014: 10%)	860,114	1,016,923	946,340	1,113,029
- weakened 10% (2014: 10%)	(860,114)	(1,016,923)	(946,340)	(1,113,029)

28.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group and the Company do not hold any quoted or marketable financial instruments, hence, are not exposed to any movement in market prices.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

29 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 shareholder.

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 borrowings and trade and other payables, less cash and cash equivalents. Total capital represents equity attributable to owners of the Company.

	The Group		The Company	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Borrowings (Note 15)	6,820	4,844,697	6,820	1,601,810
Trade and other payables (Note 16)	3,860,932	5,040,224	1,211,716	908,755
Total debt	3,867,752	9,884,921	1,218,536	2,510,565
Less:				
Cash and cash equivalents (Note 11)	(9,761,294)	(9,289,304)	(649,330)	(720,037)
Net (cash)/debt	(5,893,542)	595,617	569,206	1,790,528
Equity attributable to the owners of the Company	34,572,011	31,418,066	32,060,081	27,132,399
Total capital	34,572,011	31,418,066	32,060,081	27,132,399
Total capital and net debt	28,678,469	32,013,683	32,629,287	28,922,927
Gearing ratio	N.A.	2%	2%	6%

N.A.: Not applicable

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

30 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, borrowings, 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.

31 Events subsequent to end of reporting period

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”.

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.

On 19 August 2015, Digiland Pte Ltd signed a Memorandum of Understanding with NTT MSC Sdn Bhd, a wholly-owned subsidiary of NTT Communications Corporation, Japan, to focus on big data analytics, business intelligence reporting and dashboard solutions, cloud services focusing on e-Government applications, facilities and real estate management solutions, healthcare informatics and management systems, and energy management and conservation solutions.

On 25 August 2015, the Company entered into an addendum to the call option agreement dated 26 August 2014, to extend the option period to acquire the entire issued and paid-up share capital of Goodwood Associates Pte. Ltd. from a director of the Company, to 24 months from the date of the call option agreement.

On 25 August 2015, the Company proposed to undertake a share consolidation exercise pursuant to which the Company will consolidate every 500 existing ordinary shares in the capital of the Company into one ordinary share, and a renounceable non-underwritten rights issue of up to 100,690,237 new ordinary shares in the issued and paid up capital of the Company at an issue price of S\$0.05 for each rights share, on the basis of one rights share for every one existing ordinary share in the issued share capital of the Company.

On 25 August 2015, the Company entered into a supplemental agreement with Tianjin General Nice Coke & Chemicals Co., Ltd. (“TGNCC”) to the Sales and Purchase Agreement dated 13 May 2011 (the “SPA”) relating to the acquisition of shares in Thai General Nice Coal and Coke Co., Ltd (“Thai GNCC”). Pursuant to the supplemental agreement, instead of acquiring a 15% equity interest, the Company shall acquire a 6% equity interest, comprising of 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 shall also enter 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 precedents 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

31 Events subsequent to end of reporting period (cont'd)

With effect from 14 September 2015, the name of the Company's wholly-owned subsidiary, Digiland Distribution (M) Sdn. Bhd., was changed to "New Silkroutes Capital Sdn. Bhd.".

On 17 September 2015, the board of directors approved the voluntary winding up of the associate, TTDG Co., Ltd. Notwithstanding the winding up of the associate, the sale and purchase agreement for the proposed disposal of Digiland (Thailand) Ltd. (Note 12) will not be affected.

On 29 September 2015, the Company entered into an addendum to the sale and purchase agreement for the proposed disposal of Digiland (Thailand) Ltd. and Infonet Systems and Services Pte Ltd (Note 12), pursuant to which the long stop date for the proposed disposal has been extended from 30 September 2015 to 31 December 2015.

32 Comparative information

The corresponding figures relating to the financial statements for the year ended 30 June 2014 were audited by another firm of chartered accountants.

STATISTICS OF SHAREHOLDINGS

As at 23 September 2015

Issued and fully paid-up capital	:	S\$84,651,731
Class of shares	:	Ordinary share
Voting rights	:	One vote per ordinary share
Ordinary shares held as treasury shares:		NIL

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 – 99	176	0.61	7,612	0.00
100 – 1,000	4,833	16.81	3,538,920	0.01
1,001 – 10,000	8,695	30.25	34,354,168	0.07
10,001 – 1,000,000	12,612	43.87	3,000,253,729	5.96
1,000,001 and above	2,433	8.46	47,306,964,211	93.96
Total	28,749	100.00	50,345,118,640	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 23 SEPTEMBER 2015

No.	Name	No. of Shares	%
1	FORTUNE WOODS GLOBAL INVESTMENT LIMITED	11,399,216,790	22.64
2	DBS VICKERS SECURITIES (S) PTE LTD	7,840,889,400	15.57
3	SMARTFUL GLOBAL HOLDINGS LIMITED	6,430,000,000	12.77
4	RAFFLES NOMINEES (PTE) LTD	4,648,578,384	9.23
5	PHILLIP SECURITIES PTE LTD	763,095,935	1.52
6	DBS NOMINEES PTE LTD	600,751,302	1.19
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	413,941,117	0.82
8	MAYBANK KIM ENG SECURITIES PTE LTD	380,356,190	0.76
9	UOB KAY HIAN PTE LTD	348,495,220	0.69
10	CHERAYATH AJAY ANDREWS	300,000,000	0.60
11	OCBC NOMINEES SINGAPORE PTE LTD	292,677,721	0.58
12	LIM YUE HENG	270,000,000	0.54
13	ER CHENG SENG BENJAMIN	230,000,000	0.46
14	PUAY MENG HO	225,000,000	0.45
15	CITIBANK NOMINEES SINGAPORE PTE LTD	213,485,157	0.42
16	LOH YIH	200,000,000	0.40
17	OCBC SECURITIES PRIVATE LTD	196,760,387	0.39
18	ER MOR HUA	190,000,000	0.38
19	LEE EE @ LEE ENG	167,000,000	0.33
20	LEE OON HOE	156,563,000	0.31
		35,266,810,603	70.05

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 23 September 2015, approximately 48.08% of its shares listed on Singapore Exchange Securities Trading Limited were held of the public.

STATISTICS OF SHAREHOLDINGS

As at 23 September 2015

SUBSTANTIAL SHAREHOLDERS AS AT 23 SEPTEMBER 2015

(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	11,399,216,790	–	–	11,399,216,790	22.64%
2	General Nice Resources (Hong Kong) Limited ¹	823,551,000	–	11,399,216,790	12,222,767,790	24.28%
3	General Nice Investment (China) Limited ²	–	–	12,222,767,790	12,222,767,790	24.28%
4	General Nice Development Ltd ³	–	–	12,222,767,790	12,222,767,790	24.28%
5	General Nice Group Holdings Limited ⁴	–	–	12,222,767,790	12,222,767,790	24.28%
6	Cai Sui Xin ⁵	–	–	12,222,767,790	12,222,767,790	24.28%
7	Smartful Global Holdings Ltd	6,430,000,000	–	–	6,430,000,000	12.77%
8	Xiao De ⁶	–	–	6,430,000,000	6,430,000,000	12.77%
9	Goodwood Associates Pte. Ltd.	7,467,000,000	–	–	7,467,000,000	14.83%
10	Lee Soek Shen ⁷	–	–	7,467,000,000	7,467,000,000	14.83%

Notes

- General Nice Resources (Hong Kong) Limited's deemed interest in the Company arises from its deemed interest in the 11,399,216,790 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 11,399,216,790 Shares in respect of which General Nice Resources (Hong Kong) Limited has a deemed interest and the 823,551,000 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 11,399,216,790 Shares in respect of which General Nice Resources (Hong Kong) Limited has a deemed interest and the 823,551,000 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 12,222,767,790 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 12,222,767,790 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 6,430,000,000 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.

NOTICE OF ANNUAL GENERAL MEETING

NEW SILKROUTES GROUP LIMITED

(formerly known as Digiland International Limited)
(Company Registration No. 199400571K)
(Incorporated in Singapore with limited liability)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of NEW SILKROUTES GROUP LIMITED ("the Company") will be held at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Banquet Hall (Level 3), Singapore 568046 on Thursday, 29 October 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 30 June 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 91 and 97 of the Company's Articles of Association:

Mr Frank Yu	(retiring under Article 91)	(Resolution 2)
Dr Goh Jin Hian	(retiring under Article 97)	(Resolution 3)
Mr Lee Soek Shen	(retiring under Article 97)	(Resolution 4)
Mr Ho Sheng	(retiring under Article 97)	(Resolution 5)
Ms Chen Chou Mei Mei Vivien	(retiring under Article 97)	(Resolution 6)
Mr Oo Cheong Kwan Kelvyn	(retiring under Article 97)	(Resolution 7)

Mr Frank Yu will, upon re-election as Director of the Company, remain as an Independent and Non-Executive Director and the chairman of the Audit Committee and a member of each of the Nominating Committee and Remuneration Committee. He will be considered independent.

Dr Goh Jin Hian will, upon re-election as Director of the Company, remain as an Executive Director and the Chief Executive Officer and will be considered non-independent.

Mr Lee Soek Shen will, upon re-election as Director of the Company, remain as an Executive Director and will be considered non-independent.

Mr Ho Sheng will, upon re-election as Director of the Company, remain as an Independent and Non-Executive Director and the chairman of the Nominating Committee and a member of each of the Audit Committee and Remuneration Committee. He will be considered independent.

Ms Chen Chou Mei Mei Vivien will, upon re-election as Director of the Company, remain as an Independent and Non-Executive Director and a member of each of the Audit Committee and Nominating Committee. She will be considered independent.

Mr Oo Cheong Kwan Kelvyn will, upon re-election as Director of the Company, remain as an Independent and Non-Executive Director and the chairman of the Remuneration Committee. He will be considered independent.

3. To approve the payment of Directors' fees of S\$240,000 for the financial year ending 30 June 2016 to be paid quarterly in arrears (Financial year ended 30 June 2015: S\$141,125). **(Resolution 8)**
4. To re-appoint Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 9)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF 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:

- (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 10)

7. Authority to allot and issue shares under the Digiland Performance Share Plan

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors be authorised to grant awards under the Digiland Performance Share Plan ("**the DPSP**") and to allot and issue shares in the Company as may be required pursuant to the vesting of awards granted under the DPSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the DPSP when added to the number of new shares issued and issuable in respect of all awards granted under the DPSP shall not exceed 15% of the issued shares excluding treasury shares in the capital of the Company from time to time.

[See Explanatory Note (ii)]

(Resolution 11)

By Order of the Board

Lim Koon Hock
Joint Company Secretary

Singapore, 14 October 2015

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 10 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 11 proposed in item 7 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company pursuant to the vesting of awards granted under the DPSP of up to a number which when added to the number of new shares issued and issuable in respect of all awards granted under the DPSP shall not exceed in total 15% of the issued shares excluding treasury shares in the capital of the Company from time to time.

Notes:

- 1. A Member entitled to attend and vote at the Annual General Meeting (the “**Meeting**”) is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
- 2. 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.

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.

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NEW SILKROUTES GROUP LIMITED

(formerly known as Digiland International 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 and is sent solely FOR INFORMATION ONLY.
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 attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

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 The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Banquet Hall (Level 3), Singapore 568046 on Thursday, 29 October 2015 at 10.00 a.m. 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' Report and Audited Accounts for the financial year ended 30 June 2015		
2	Re-election of Mr Frank Yu as a Director		
3	Re-election of Dr Goh Jin Hian as a Director		
4	Re-election of Mr Lee Soek Shen as a Director		
5	Re-election of Mr Ho Sheng as a Director		
6	Re-election of Ms Chen Chou Mei Mei Vivien as a Director		
7	Re-election of Mr Oo Cheong Kwan Kelvyn as a Director		
8	Approval of Directors' fees amounting to S\$240,000		
9	Re-appointment of Foo Kon Tan LLP as Auditors		
10	Authority to allot and issue shares		
11	Authority to allot and issue shares under the Digiland Performance Share Plan		

* 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 _____ 2015

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

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

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 130A of the Companies Act, Chapter 50 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 member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
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.

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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 forty-eight (48) 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



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Since 1987

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