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VIAGOLD CAPITAL LIMITED

(Incorporated in Bermuda with limited liability)

(ARBN: 070 352 500)

Preliminary Final Report

For the year ended 31 March 2017

ASX Appendix 4E

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

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VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. Name of Entity	VIAGOLD CAPITAL LIMITED
ARBN:	070 352 500
Financial year ended (reporting period)	31 March 2017
Financial year ended (previous corresponding period)	31 March 2016

2. **Results for announcement to the market**

(Amount and percentage change up or down from the previous corresponding period)

	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>Change</u>
	AS'000	AS'000	AS'000	%
2.1 Revenue from ordinary activities	41,213	816	40,397	4951%
2.2 Loss from ordinary activities after tax attributable to members	(1,112)	(1,214)	102	-8%
2.3 Net loss for the reporting period attributable to members	(1,112)	(1,214)	102	-8%
2.4 Dividends	Amount per security		Franked amount per security	
Final dividend	Nil		N/A	
Interim dividend	Nil		N/A	
Previous corresponding period	Nil		N/A	
2.5 Record date for determining entitlements to the dividend			N/A	

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

EXPLANATION OF RESULTS

I am pleased to present the 2016/2017 annual results of ViaGold Capital Limited (“VIA”) and its subsidiaries collectively referred to as the “Group” and the outlook for 2017.

REVIEW

During the review period, the Group recorded a turnover of AUD41,213,000 showing a significant increase as compared to the prior period (period ended 31 March, 2016: AUD816,000).

During the year under review, although China has been taking measures to boost its economy, it was still under pressure shadowed by the slow recovery of global economy. Among the major operations in the provision of management and consulting services to education institutions as well as leasing and capital financing, the business environment remained inactive and very competitive. The loss attributable to the equity holders of the Group for the year ended 31 March 2017 was AUD1,112,000 (2016: AUD1,214,000). Within which:

- (i) the segment loss in education management was AUD350,000 (2016: AUD420,000) with turnover of AUD321,000 sustaining the turnover of AUD323,000 of prior period. This was mainly attributed to the reduction in cost by strengthening management in the period of review;
- (ii) the segment loss in leasing and capital financing was AUD54,000 (2016: profit of AUD53,000). The turnover during the year of review was AUD383,000 (2016: AUD493,000). This was mainly attributed to the continued competitive business environment and a reduction of leasing assets has been adopted;
- (iii) the segment investment holding and administration loss was AUD920,000 which was mainly the annual mandatory statutory professional fee.
- (iv) Nevertheless, the Group has adopted the strategy of diversification in investment. Subsequent to the completion of the acquisition of Polygoal Capital in April 2016, the Group has broadened its scope of investment into the rare-earth processing and refinery industry. During the period under review, the segment revenue contributed by rare-earth processing and refinery were approximately AUD40,509,000 which has uplifted the Group’s aggregate turnover for prior period by some 50 times; The segment profit for rare-earth processing and refinery was AUD654,000 which not only reduced the loss attributed to the equity holders as a whole but has lighted up a profitable path for the Group in the future.

As a result, the Group is able to maintain a stable growth.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

PROSPECT

Looking forward, the Group will continue to maintain the Group's businesses in the education management as well as leasing and capital financing sectors. While doing this, the Group will put more effort on actively developing various businesses in the rare-earth industry, including establishing procurement and supply chain relating to rare-earth mining, separation and refine processing, and will continue to seek good business opportunities to enhance the value of the shareholders of the Group.

APRPECIATION

On behalf of the Board of directors (the "Board"), I would like to express my sincere thanks to the Group's shareholders, customers, bankers and business associates for their continuing support to the Group. And I would also like to take this opportunity to express my heartfelt thanks to my fellow directors and all the dedicated employees of the Group for their hard work and contributing during the year.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

OTHER INFORMATION

1. Net assets per security	Current Reporting Period	Previous Corresponding Period
Net assets backing per ordinary security	A\$1.22	A\$0.05

2. Dividends

There was no dividend paid or declared during the current year.

3. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

N/A

4. Details of associates and joint venture entities

During the year ended 31 March 2017, the Group has acquired an associate through acquisition of subsidiaries.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2017	2016
	A\$'000	A\$'000
Turnover	41,213	816
Cost of services	<u>(37,953)</u>	<u>(657)</u>
Gross profit	3,260	159
Other income	402	210
Administrative expenses	(3,497)	(1,482)
Impairment loss on trade and other receivables	-	(89)
Share of result of an associate	(30)	-
Other operating income	-	6
Finance costs	<u>(819)</u>	<u>(2)</u>
Loss before income tax	(684)	(1,198)
Income tax expenses	<u>(102)</u>	<u>-</u>
Loss for the year	<u><u>(786)</u></u>	<u><u>(1,198)</u></u>
Attributable to:		
Equity holders of the Company	(1,112)	(1,214)
Non-controlling interests	<u>326</u>	<u>16</u>
	<u><u>(786)</u></u>	<u><u>(1,198)</u></u>
Loss per share attributable to the equity holders of the Company		
- Basic	<u><u>(A\$0.03)</u></u>	<u><u>(A\$0.04)</u></u>
- Diluted	<u><u>(A\$0.03)</u></u>	<u><u>(A\$0.04)</u></u>

The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes set out on pages 11 to 14.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	<u>2017</u> A\$'000	<u>2016</u> A\$'000
Loss for the year	(786)	(1,198)
Other comprehensive loss for the year		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of:		
- Financial statements of overseas subsidiaries	<u>(3,539)</u>	<u>(69)</u>
Total comprehensive loss for the year	<u>(4,325)</u>	<u>(1,267)</u>
Total comprehensive loss attributable to:		
Equity shareholders of the Company	(550)	(1,251)
Non-controlling interests	<u>(3,775)</u>	<u>(16)</u>
	<u>(4,325)</u>	<u>(1,267)</u>

The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes set out on pages 11 to 14.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT AS AT 31 MARCH 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>2017</u>	<u>2016</u>
	A\$'000	A\$'000
ASSETS		
Non-current assets		
Fixed assets		
- Investment property	525	599
- Plant and equipment	8,265	896
Land use rights	4,206	-
Interests in an associate	465	-
Goodwill	2,778	-
Financial asset available-for-sale	1,614	-
	<u>17,853</u>	<u>1,495</u>
Current assets		
Trade and other receivables	19,988	230
Inventory	65,005	-
Pledged bank deposits	562	-
Cash and cash equivalents	1,374	1,109
	<u>86,929</u>	<u>1,339</u>
Total assets	<u><u>104,782</u></u>	<u><u>2,834</u></u>

The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes set out on pages 11 to 14.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT AS AT 31 MARCH 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	<u>2017</u> A\$'000	<u>2016</u> A\$'000
CAPITAL AND RESERVES		
Equity		
Share capital	8,031	6,231
Reserves	8,416	(5,164)
Capital and reserves attributable to the owners of the Company	16,447	1,067
Non-controlling interests	32,343	510
Total equity	48,790	1,577
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	11,578	-
Current liabilities		
Trade and other payables	44,383	1,257
Tax payable	31	-
Total equity and liabilities	<u>104,782</u>	<u>2,834</u>

The above preliminary consolidated statement of financial position should be read in conjunction with the accompanying notes set out on pages 11 to 14.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							Non- controlling interests	Total equity	
	Share capital	Share premium	Translation reserve	Contributed surplus	Warrant reserve	Share-based compensation reserve	Accumulated losses			Total
	AS\$'000	AS\$'000	AS\$'000	AS\$'000	AS\$'000	AS\$'000	AS\$'000			AS\$'000
As at 1 April 2015	6,131	29,020	(28,311)	47,645	915	7,221	(61,223)	1,398	526	1,924
- Total comprehensive loss for the year	-	-	(37)	-	-	-	(1,214)	(1,251)	(16)	(1,267)
As at 31 March 2016	6,131	29,020	(28,348)	47,645	915	7,221	(62,437)	147	510	657
Transactions with owners in their capacity										
- Issuance by exercise of warrants during the year	100	295	-	-	(40)	-	-	355	-	355
- Issuance of warrants during the year	-	-	-	-	565	-	-	565	-	565
- Transfer of share-based compensation reserve upon lapse of share options	-	-	-	-	-	(4,272)	4,272	-	-	-
As at 31 March 2016	6,231	29,315	(28,348)	47,645	1,440	2,949	(58,165)	1,067	510	1,577
As at 1 April 2016	6,231	29,315	(28,348)	47,645	1,440	2,949	(58,165)	1,067	510	1,577
- Total comprehensive income/(loss) for the year	-	-	562	-	-	-	(1,112)	(550)	(3,775)	(4,325)
As at 31 March 2017	6,231	29,315	(27,786)	47,645	1,440	2,949	(59,277)	517	(3,265)	(2,748)
Transactions with owners in their capacity										
- Issuance of new shares	1,800	14,130	-	-	-	-	-	15,930	-	15,930
- Increase in NCI as a result of acquisition	-	-	-	-	-	-	-	-	35,608	35,608
As at 31 March 2017	8,031	43,445	(27,786)	47,645	1,440	2,949	(59,277)	16,447	32,343	48,790

The above preliminary consolidated statement of changes in equity should be read in conjunction with the accompanying notes set out on pages 11 to 14.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

CONSOLIDATED STATEMENT OF CASH FLOWS

	2017	2016
	A\$'000	A\$'000
Operating activities		
Net cash generated from/(used in) operating activities	21,634	(112)
Investing activities		
Acquisition of fixed assets	(1,025)	(491)
Net cash inflow from acquisition of subsidiaries	1,025	-
Purchase of short-term investments	(1,614)	-
Proceeds from disposal of plant and equipment	759	509
Interest received	20	1
Net cash (used in)/generated from investing activities	(835)	19
Financing activities		
Interest paid	(819)	(2)
Net decrease of pledged fixed deposits for secure use	1,369	-
Repayment of bank loans	(18,234)	-
Proceeds from issuance of new shares	-	355
Proceeds from issuance of warrants	-	565
Net cash (used in)/generated from financing activities	(17,684)	918
Net increase in cash and cash equivalents	3,115	825
Cash and cash equivalents at the beginning of the year	1,109	271
Effect of foreign exchange rate changes, net	(2,850)	13
Cash and cash equivalents at the end of the year	1,374	1,109

The above preliminary consolidated statement of cash flows should be read in conjunction with the accompanying notes set out on pages 11 to 14.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE PRELIMINARY FINAL REPORT

Note 1. Statement of Significant Accounting Policies

The preliminary final report of ViaGOLD Capital Limited and its subsidiaries (collectively the "Group") has been prepared in accordance with listing rule 4.3A of the Australian Securities Exchange Limited ("ASX") and has been derived from the unaudited consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards.

The preliminary final report is presented in Australian dollars, unless otherwise stated.

The preliminary final report has been prepared under the historical cost convention, as modified by the revaluations of financial assets and financial liabilities at fair value through profit or loss (if any). The accounting policies adopted in this report is the same as those disclosed in the consolidated financial statements for the year ended 31 March 2016.

The accounting policies adopted in this report have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

The preliminary final report is based on the financial statements which are in the process of being audited.

The current reporting in the preliminary final report is the year ended 31 March 2017 while the prior year is the year ended 31 March 2016.

Note 2. Segment Reporting

The Group manages its business by divisions, which are organized by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments:

- Investment holdings and administration
- Rare earth refining and separation
- Trading of minerals
- Leasing and capital financing
- Provision of consultancy and management services to educational institutions

The management manages the Group's business both by geographical and by business segments. Geographically, the Group's businesses are divided into Hong Kong and the People's Republic of China (the "PRC"). The main business in Hong Kong is investment holdings. The businesses in the PRC are segregated into rare earth refining and separation, leasing and capital financing services, and consultancy and management services to educational institutions.

VIAGOLD CAPITAL LIMITED

**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

The management assesses the performance of the operating segments based on the profit/loss for the year. This measurement basis excluded intra-group transactions and gain/loss on disposal of subsidiaries.

Segment assets include all tangible and current assets excluding the interests in subsidiaries, and inter-group current accounts.

Segment liabilities include all current and non-current liabilities excluding intra-group current accounts.

The segment information provided to the management for the reporting segments for the year ended 31 March 2017 is as follows:

	Hong Kong	Hong Kong	PRC	PRC	PRC	
	Investment holding and administration	Trading of minerals	Leasing and capital financing	Provision of consultancy and management services to educational institutions	Rare earth refining and separation	Consolidated
	AS'000	AS'000	AS'000	AS'000	AS'000	AS'000
Segment revenue	-	-	383	321	40,509	41,213
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	-	-	383	321	40,509	41,213
Reportable segment (loss)/profit before income tax	(920)	(14)	(54)	(350)	654	(684)
Depreciation and amortisation	-	-	(48)	(7)	-	(55)
Interest income	-	-	2	-	18	20
Gain on disposal of plant and equipment	-	-	31	-	278	309
As at 31 March 2017						
Total assets	3,703	84	1,950	139	98,906	104,782
Non-current assets (Other than financial instruments and deferred tax assets)	3,243	-	730	101	13,779	17,853
Additions to non-current assets (Other than financial instruments and deferred tax assets)	-	-	25	2	998	1,025
Total liabilities	1,423	10	68	765	53,726	55,992

VIAGOLD CAPITAL LIMITED

**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

The segment information provided to the management for the reporting segments for the year ended 31 March 2016 is as follows:

	Hong Kong	Hong Kong	PRC	PRC	
	Investment holding and administration	Trading of minerals	Leasing and capital financing	Provision of consultancy and management services to educational institutions	Consolidated
	AS'000	AS'000	AS'000	AS'000	AS'000
Segment revenue	-	-	493	323	816
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	-	-	493	323	816
Reportable segment (loss)/profit before income tax	(789)	(42)	53	(420)	(1,198)
Depreciation and amortisation	-	-	(323)	(7)	(330)
Impairment loss on trade and other receivables	(89)	-	-	-	(89)
Interest income	-	-	1	-	1
As at 31 March 2016					
Total assets	499	5	2,162	168	2,834
Non-current assets (Other than financial instruments and deferred tax assets)	-	-	1,383	112	1,495
Additions to non-current assets (Other than financial instruments and deferred tax assets)	-	-	491	-	491
Total liabilities	684	2	94	477	1,257

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 3. Additions to Plant and Equipment

During the year, the Group acquired plant and equipment at a cost of approximately A\$1,025,000 (Year ended 31 March 2016: approximately A\$491,000).

Note 4. Acquisition of the subsidiaries

During the year ended 31 March 2017, the Group has acquired 100% equity interest in Polygoal Capital Limited which indirectly hold a 30.6% controlling interest in Jintan Hailin Rare Earth Co., Ltd. for consideration of approximately A\$15.93 million by issuance of 9,000,000 shares of the Company.