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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 2016

ASX Appendix 4E

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT **FOR THE YEAR ENDED 31 MARCH 2016**

CONTENTS

PAGE(S)

RESULTS FOR ANNOUNCEMENT TO THE MARKET	1 - 2
OTHER INFORMATION	3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	4
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE PRELIMINARY FINAL REPORT	9 - 12

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VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. Name of Entity	VIAGOLD CAPITAL LIMITED
ARBN:	070 352 500
Financial year ended (reporting period)	31 March 2016
Financial year ended (previous corresponding period)	31 March 2015

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

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

	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Change</u>
	<u>AS'000</u>	<u>AS'000</u>	<u>AS'000</u>	<u>%</u>
2.1 Revenue from ordinary activities	816	748	68	9%
2.2 Loss from ordinary activities after tax attributable to members	(1,214)	(1,038)	(176)	17%
2.3 Net loss for the reporting period attributable to members	(1,214)	(1,038)	(176)	17%
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 2016

EXPLANATION OF RESULTS

I am pleased to present the 2015/16 annual results of ViaGold Capital Limited (VIA) and its subsidiaries (collectively referred to as the “Group”) and the outlook for 2016

Review

Revenue was A\$816,000 for the year ended 31 March 2016 as compared to A\$748,000 for the year ended 31 March 2015, a moderate increase in both its education management and asset leasing sectors.

The loss attributable to the shareholders of the Group for the year ended 31 March 2016 was A\$1,214,000 (2015: a loss of approximately A\$1,038,000). Within which, the loss in the major operations for A\$425,000 was mainly attributed to increase in the cost of operation due to the inflation factor of PRC which outweigh the moderate increase in revenue. And the remaining balance of loss for A\$789,000 was mainly due to the annual mandatory statutory professional fee, as well as the professional fee rendered for the acquisition of entities in the rare earth industry during the year.

Prospect

In 2016, on top of boosting the Group’s existing businesses by strengthening the marketing development and the management in its current education management, asset leasing and mineral trading businesses, the Group is completing its acquisition of a company and its subsidiaries which are principally engaged in the rare earth industry in southern part of China which is expected to be of benefit to ViaGold’s shareholders. Details of the acquisition are set out in ASX announcements dated 22 January 2016 and 29 April 2016 respectively. Furthermore, the Group will diversify in other investment opportunities and anticipate to enhance better returns to our shareholders.

Appreciation

Finally, I would like to take this opportunity to extend my gratitude to my fellow directors and all the dedicated staff of the Group for their hard work and contribution during the year. On behalf of the Board, I would also like to express our sincere thanks to the Group’s shareholders, investors, customers, bankers and business associates for their continued support.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

OTHER INFORMATION

1. Net tangible assets per security	Current Reporting Period	Previous Corresponding Period
Net tangible assets backing per ordinary security	A\$0.05	A\$0.06

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

There were no associate or joint venture entity holdings in the current year.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2016	2015
	<u>A\$'000</u>	<u>A\$'000</u>
Turnover	816	748
Cost of services	<u>(657)</u>	<u>(611)</u>
Gross profit	159	137
Other income	210	51
Administrative expenses	(1,482)	(1,230)
Impairment loss on trade and other receivables	(89)	(18)
Other operating income/(expenses)	6	(21)
Finance costs	<u>(2)</u>	<u>(3)</u>
Loss before income tax	(1,198)	(1,084)
Income tax expenses	<u>-</u>	<u>-</u>
Loss for the year	<u><u>(1,198)</u></u>	<u><u>(1,084)</u></u>
Attributable to:		
Equity holders of the Company	(1,214)	(1,038)
Non-controlling interests	<u>16</u>	<u>(46)</u>
	<u><u>(1,198)</u></u>	<u><u>(1,084)</u></u>
Loss per share attributable to the equity holders of the Company		
- Basic	<u><u>(A\$0.04)</u></u>	<u><u>(A\$0.03)</u></u>
- Diluted	<u><u>N/A</u></u>	<u><u>N/A</u></u>

The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes set out on pages 9 to 12.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<u>2016</u> A\$'000	<u>2015</u> A\$'000
Loss for the year	(1,198)	(1,084)
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>(69)</u>	<u>193</u>
Total comprehensive loss for the year	<u><u>(1,267)</u></u>	<u><u>(891)</u></u>
Total comprehensive loss attributable to:		
Equity shareholders of the Company	(1,251)	(833)
Non-controlling interests	<u>(16)</u>	<u>(58)</u>
	<u><u>(1,267)</u></u>	<u><u>(891)</u></u>

The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes set out on pages 9 to 12.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT

AS AT 31 MARCH 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2016	2015
	A\$'000	A\$'000
ASSETS		
Non-current assets		
Fixed assets		
- Investment property	599	669
- Plant and equipment	896	1,054
	<u>1,495</u>	<u>1,723</u>
Current assets		
Trade and other receivables	230	925
Cash and cash equivalents	1,109	271
	<u>1,339</u>	<u>1,196</u>
Total assets	<u>2,834</u>	<u>2,919</u>
EQUITY		
Share capital	6,231	6,131
Reserves	(5,164)	(4,733)
Capital and reserves attributable to the owners of the Company	<u>1,067</u>	<u>1,398</u>
Non-controlling interests	<u>510</u>	<u>526</u>
Total equity	1,577	1,924
LIABILITIES		
Current liabilities		
Other payables	<u>1,257</u>	<u>995</u>
Total equity and liabilities	<u>2,834</u>	<u>2,919</u>

The above preliminary consolidated statement of financial position should be read in conjunction with the accompanying notes set out on pages 9 to 12. Restatement of prior year comparative figures is detailed in note 2.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

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
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	
As at April 1, 2014 (Restated)	6,131	29,020	(28,516)	47,645	551	7,221	(60,185)	1,867	584	2,451
- Total comprehensive loss	-	-	205	-	-	-	(1,038)	(833)	(58)	(891)
	6,131	29,020	(28,311)	47,645	551	7,221	(61,223)	1,034	526	1,560
Transactions with owners in their capacity										
- Issuance of warrants during the year	-	-	-	-	364	-	-	364	-	364
As at March 31, 2015	<u>6,131</u>	<u>29,020</u>	<u>(28,311)</u>	<u>47,645</u>	<u>915</u>	<u>7,221</u>	<u>(61,223)</u>	<u>1,398</u>	<u>526</u>	<u>1,924</u>
As at April 1, 2015	6,131	29,020	(28,311)	47,645	915	7,221	(61,223)	1,398	526	1,924
- Total comprehensive loss	-	-	(37)	-	-	-	(1,214)	(1,251)	(16)	(1,267)
	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 March 31, 2016	<u>6,231</u>	<u>29,315</u>	<u>(28,348)</u>	<u>47,645</u>	<u>1,440</u>	<u>2,949</u>	<u>(58,165)</u>	<u>1,067</u>	<u>510</u>	<u>1,577</u>

The above preliminary consolidated statement of changes in equity should be read in conjunction with the accompanying notes set out on pages 9 to 12. Restatement of prior year comparative figures is detailed in note 2.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>2016</u> AS'000	<u>2015</u> AS'000
Cash flows from operating activities		
Net cash used in operating activities	<u>(112)</u>	<u>(650)</u>
Cash flows from investing activities		
Acquisition of fixed assets	(491)	(726)
Proceeds from disposal of plant and equipment	509	383
Interest received	<u>1</u>	<u>4</u>
Net cash (generated from)/used in investing activities	<u>19</u>	<u>(339)</u>
Cash flows from financing activities		
Interest paid	(2)	(3)
Proceeds from issuance of new shares	355	-
Proceeds from issuance of warrants	<u>565</u>	<u>364</u>
Net cash from financing activities	<u>918</u>	<u>361</u>
Net increase/(decrease) in cash and cash equivalents	<u>825</u>	<u>(628)</u>
Cash and cash equivalents at the beginning of the year	271	968
Effect of foreign exchange rate changes, net	<u>13</u>	<u>(69)</u>
Cash and cash equivalents at the end of the year	<u>1,109</u>	<u>271</u>

The above preliminary consolidated statement of cash flows should be read in conjunction with the accompanying notes set out on pages 9 to 12.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

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 condensed consolidated interim financial statements for the half-year ended 30 September 2015.

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 2016 while the prior year is the year ended 31 March 2015.

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
- Leasing and capital financing
- Trading of minerals
- Provision of consultancy and management services to educational institutions

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

NOTES TO THE PRELIMINARY FINAL REPORT (continued)

Note 2. Segment Reporting (continued)

The management considers the business from both a geographic and product perspective. Geographically, the management operates the businesses in Hong Kong and Macao as investment holdings and the People's Republic of China (the "PRC"), which is further segregated into leasing and capital financing, consultancy and management services to educational institutions.

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 2016 is as follows:

	Hong Kong and Macao	Hong Kong	PRC	PRC		
	Investment holding and administration	Trading of minerals	Leasing and capital financing	Provision of consultancy and management services to educational institutions	Unallocated	Consolidated
	AS'000	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						
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 2016****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 2015 is as follows:

	Hong Kong and Macao	Hong Kong	PRC	PRC		
	Investment holding and administration	Trading of minerals	Leasing and capital financing	Provision of consultancy and management services to educational institutions	Unallocated	Consolidated
	AS'000	AS'000	AS'000	AS'000	AS'000	AS'000
Segment revenue	-	-	432	316	-	748
Inter-segment revenue	-	-	-	-	-	-
Revenue from external customers	<u>-</u>	<u>-</u>	<u>432</u>	<u>316</u>	<u>-</u>	<u>748</u>
Reportable segment loss before income tax	(542)	(37)	(154)	(351)	-	(1,084)
Depreciation and amortisation	-	-	(432)	(5)	-	(437)
Interest income	3	-	1	-	-	4
As at 31 March 2015						
Total assets (Refer to note 2)	<u>139</u>	<u>334</u>	<u>2,262</u>	<u>184</u>	<u>-</u>	<u>2,919</u>
Non-current assets (Refer to note 2) (Other than financial instruments and deferred tax assets)	<u>-</u>	<u>-</u>	<u>1,597</u>	<u>126</u>	<u>-</u>	<u>1,723</u>
Additions to non-current assets (Other than financial instruments and deferred tax assets)	<u>-</u>	<u>-</u>	<u>629</u>	<u>97</u>	<u>-</u>	<u>726</u>
Total liabilities	<u>440</u>	<u>341</u>	<u>146</u>	<u>68</u>	<u>-</u>	<u>995</u>

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2016

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\$491,000 (Year ended 31 March 2015: approximately A\$726,000).

Note 4. Acquisition of the subsidiaries

On 25 January 2016, the Group announced its intention to acquire 100% equity interest in Polygoal Capital Limited and its subsidiaries (Polygoal Group) for AUD 18 million, which would be settled by the issuance of nine million ordinary shares. Upon completion of the transaction the Group would account the assets and liabilities of Polygoal Group using the acquisition method. The deal was approved by shareholders on the Special General Meeting (SGM) on 29 April 2016. Up to date of this report, the acquisition has not been completed.

On 25 May 2016, the date of approval for issue of the Consolidated Financial Statements by the Board of Directors, the Group has no other subsequent events that result in a modification of value of its assets and liabilities or any additional disclosure.