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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 2018
ASX Appendix 4E

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2018

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VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

1. **Name of Entity**

ARBN:

Financial year ended (reporting period)

Financial year ended (previous corresponding period)

VIAGOLD CAPITAL LIMITED
070 352 500
31 March 2018
31 March 2017

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

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

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>Change</u>
	A\$'000	A\$'000	A\$'000	%
2.1 Revenue from ordinary activities	35,597	41,213	(5,616)	-14%
2.2 Loss from ordinary activities after tax attributable to the equity holders of the Company	(1,126)	(1,112)	(14)	1%
2.3 Net loss for the reporting period attributable to the equity holders of the Company	(1,126)	(1,112)	(14)	1%
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

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EXPLANATION OF RESULTS

I am pleased to present the 2017/2018 annual results of ViaGold Capital Limited ("VIA") and its subsidiaries collectively referred to as the "Group" and the outlook for 2018.

REVIEW

During the year under review, the Group recorded a consolidated revenue of approximately AUD35,597,000 (period ended 31 March 2017: AUD41,213,000) representing a decrease of approximately 13.5%.

During the review period, the Education Management recorded an increase in revenue of AUD368,000 (period ended 31 March 2017: AUD321,000), representing a moderate increase of 14.6% which is offset by the decrease in revenue in both the Leasing and Capital Financing of AUD215,000 (period ended 31 March 2017: AUD383,000) and that of the Rare Earth Refining and Separation for AUD35,014,000 (period ended 31 March 2017: AUD40,509,000). The loss attributable to the equity holder of the Group for the year ended 31 March 2018 was AUD1,126,000 (period ended 31 March 2017: AUD1,112,000).

GAIN AND LOSS

- (i) The segment loss in rare earth refining and separation was AUD170,000 (2017: profit of AUD654,000) which was mainly attributed to the complicated and ever-changing market environment challenging the rare earth sector. The revenue during the review period was dropped to AUD35,014,000 (2017: AUD40,509,000) whereas the fixed costing for operation remained.
- (ii) The segment profit in education management was AUD8,000 (2017: loss of AUD350,000). During the period that there was a consolidation of three school premises (two schools and one factory training premises) all in Tangjia, Zhuhai, China into one large school premises in Nanping, Zhuhai, China. This contributed to substantial reduction in cost during the period by:
 - a/ Salaries for principals, vice principals and administrative staffs have been reduced by 41%; and
 - b/ the reduction of office rent for the usage of office space in line with the reduction of staffs.
- (iii) The segment loss in leasing and capital financing was AUD168,000 (2017: loss of AUD54,000). During the period, the revenue decreased to AUD215,000 (2017: AUD383,000) attributing to expiration of previous lease and sell of the old vehicles and purchase of the new vehicles that accounted for the decrease in revenue and the increase in loss for the segment. New lease was successfully entered into in November 2017.

As a result, although there was a substantial reduction in segment loss of education management changing it into profit position, the loss in both leasing and capital financing and the rare earth refining and separation segments have overwhelmed it. Nevertheless, the management has manage to achieve only a mild increase of 1.25% of consolidated loss as attributable to the equity holders of the Group.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2018

EXPLANATION OF RESULTS (continued)

PROSPECT

Looking ahead, the group will focus on exploring the strategic mergers/acquisitions/joint venture and other opportunities to expand in rare-earth industry and complement our organic growth. We have established productive dialogues with the main players in this industry in China and look forward to entering into MOUs or agreements of cooperation which will optimize our portfolio while generating gains. We also believe that further improvements in our cost position can strengthen our competitive position and that further diversification in our focus rare-earth industry sector will enhance the value of the shareholders of the Group.

The education management sector is expected to continue to perform on a professional level though it will also encounter with challenges of rising costs. The Group will continue to endeavor to maximize the return by scrutinize the direct labor and rental expenses. Further, we believe that the continuing strong in Chinese Yuan will be a positive impact for the sector. As for car leasing sector, growth is expected since the newly signed leasing contract will cover the full year. Our Beijing team is actively seeking for more long term leasing contracts to sustain a growth pattern for the sector.

APRECIATION

On behalf of the Board, I would like to express my deepest gratitude to the Group's shareholders, customers, bankers and business associates for their continuing support, and my fellow directors and all the dedicated staffs for their hard work and valuable contribution during the year.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2018

OTHER INFORMATION

1. Net assets per security

	Current Reporting Period	Previous Corresponding Period
Net assets backing per ordinary security	A\$1.20	A\$1.22

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

For the year ended 31 March 2018, the Group only have interests in an associate and no joint venture entities.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2018	2017
	A\$'000	A\$'000
Turnover	35,597	41,213
Cost of services and sales	(33,390)	(37,953)
Gross profit	2,207	3,260
Other income	266	402
Administrative expenses	(3,349)	(3,497)
Impairment loss on interest in an associate	(191)	-
Share of result of an associate	29	(30)
Finance costs	(112)	(819)
Loss before income tax	(1,150)	(684)
Income tax expenses	(203)	(102)
Loss for the year	(1,353)	(786)
Attributable to:		
Equity holders of the Company	(1,126)	(1,112)
Non-controlling interests	(227)	326
	(1,353)	(786)
Loss per share attributable to the equity holders of the Company		
- Basic	(A\$0.03)	(A\$0.03)
- Diluted	(A\$0.03)	(A\$0.03)

The above preliminary consolidated financial statements 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 2018

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	<u>2018</u>	<u>2017</u>
	<u>A\$'000</u>	<u>A\$'000</u>
Loss for the year	(1,353)	(786)
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of:		
- Financial statements of overseas subsidiaries	1,518	(3,539)
Total comprehensive income/(loss) for the year	<u>165</u>	<u>(4,325)</u>
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	(566)	(550)
Non-controlling interests	731	(3,775)
	<u>165</u>	<u>(4,325)</u>

The above preliminary consolidated financial statements 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 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>2018</u>	<u>2017</u>
	<u>A\$'000</u>	<u>A\$'000</u>
ASSETS		
Non-current assets		
Fixed assets		
- Investment property	537	525
- Plant and equipment	8,752	8,265
Land use rights	4,421	4,206
Interests in an associate	337	465
Goodwill	2,856	2,778
Available-for-sale financial assets	2,278	1,614
	<u>19,181</u>	<u>17,853</u>
Current assets		
Trade and other receivables	21,270	19,988
Inventories	69,087	65,005
Pledged bank deposits	1,036	562
Cash and cash equivalents	923	1,374
	<u>92,316</u>	<u>86,929</u>
Total assets	<u><u>111,497</u></u>	<u><u>104,782</u></u>

The above preliminary consolidated financial statements 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 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	2018	2017
	A\$'000	A\$'000
CAPITAL AND RESERVES		
Equity		
Share capital	8,331	8,031
Reserves	8,615	8,416
Capital and reserves attributable to the equity holders of the Company	16,946	16,447
Non-controlling interests	33,074	32,343
Total equity	50,020	48,790
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	12,820	11,578
Current liabilities		
Trade and other payables	46,548	44,383
Tax payable	36	31
Short-term bank borrowing	2,073	-
	48,657	44,414
Net current assets	43,659	42,515
Total equity and liabilities	111,497	104,782

The above preliminary consolidated financial statements 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 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							Sub-total	Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Contributed surplus	Warrant reserve	Share-based compensation reserve	Accumulated losses			
	AS'000	AS'000	AS'000	AS'000	AS'000	AS'000	AS'000			
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)
	6,231	29,315	(27,786)	47,645	1,440	2,949	(59,277)	517	(3,265)	(2,748)
Transactions with equity holders in their capacity										
- Issuance of new shares	1,800	14,130	-	-	-	-	-	15,930	-	15,930
- Increase in non-controlling interest 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
As at 1 April 2017	8,031	43,445	(27,786)	47,645	1,440	2,949	(59,277)	16,447	32,343	48,790
- Total comprehensive income/(loss) for the year	-	-	560	-	-	-	(1,126)	(566)	731	165
	8,031	43,445	(27,226)	47,645	1,440	2,949	(60,403)	15,881	33,074	48,955
Transactions with equity holders in their capacity										
- Issuance of shares by exercise of warrants	300	885	-	-	(120)	-	-	1,065	-	1,065
- Transfer of warrant reserve upon lapse of warrants	-	-	-	-	(240)	-	240	-	-	-
- Transfer of share-based compensation reserve upon lapse of share options	-	-	-	-	-	(1,242)	1,242	-	-	-
As at 31 March 2018	8,331	44,330	(27,226)	47,645	1,080	1,707	(58,921)	16,946	33,074	50,020

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

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

	2018	2017
	A\$'000	A\$'000
Operating activities		
Net cash (used in)/generated from operating activities	(2,971)	21,634
Investing activities		
Net cash inflow from acquisition of subsidiaries	-	1,025
Purchase of fixed assets	(1,081)	(1,025)
Purchase of available-for-sale financial assets	(481)	(1,614)
Proceeds from disposal of plant and equipment	203	759
Interest received	54	20
Net cash used in investing activities	(1,305)	(835)
Financing activities		
Interest paid	(112)	(819)
(Increase)/decrease of pledged fixed deposits	(474)	1,369
Repayment of bank loans	-	(18,234)
Proceeds from bank loans	2,073	-
Proceeds from issuance of new shares by exercise of warrants	1,065	-
Net cash generated from/(used in) financing activities	2,552	(17,684)
Net (decrease)/ increase in cash and cash equivalents	(1,724)	3,115
Cash and cash equivalents at the beginning of the year	1,374	1,109
Effect of foreign exchange rate changes, net	1,273	(2,850)
Cash and cash equivalents at the end of the year	923	1,374

The above preliminary consolidated financial statements 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 2018

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 2018.

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 2018 while the prior year is the year ended 31 March 2017.

Note 2. Segment Reporting

The Group manages its business by divisions, which are organised 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:

- Rare earth refining and separation
- Leasing and capital financing
- Provision of consultancy and management services to educational institutions

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.

100% of the Group's customers are located in Mainland China and revenue of the Group is derived from operations in Mainland China.

100% of the Group's non-current assets are located in Mainland China. The geographical location of the non-current assets is based on the physical location of assets in the case of property, plant and equipment, and the location of the operation to which they are allocated in the case of goodwill.

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2018

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 period. This measurement basis excludes intra-group transactions and gain/loss of disposal of subsidiaries.

All assets are allocated to reportable segments other than interests in an associate and unallocated corporate assets. All liabilities are allocated to reportable segments other than unallocated corporate liabilities.

The segment information provided to the management for the reporting segments for the year ended 31 March 2018 is as follows:

	Leasing and capital financing	Provision of consultancy and management services to educational institutions	Rare earth refining and separation	Consolidated
	A\$'000	A\$'000	A\$'000	A\$'000
Segment revenue	215	368	35,014	35,597
Inter-segment revenue	-	-	-	-
Revenue from external customers	<u>215</u>	<u>368</u>	<u>35,014</u>	<u>35,597</u>
Reportable segment (loss)/profit before income tax	(168)	8	(170)	(330)
Unallocated corporate expenses				(820)
Loss before income tax				<u>(1,150)</u>
Depreciation	(133)	(11)	(1,053)	(1,197)
Amotisation of land use right	-	-	(59)	(59)
Interest income	2	-	52	54
Finance costs	-	-	(112)	(112)
Gain/(loss) on disposal of plant and equipment	<u>25</u>	<u>-</u>	<u>(2)</u>	<u>23</u>
As at 31 March 2018				
Reportable segment assets	1,981	366	105,322	107,669
Interests in an associate				337
Unallocated corporate assets				3,491
Consolidated total assets				<u>111,497</u>
Non-current assets (Other than financial instruments)	1,293	350	12,067	13,710
Unallocated corporate assets				3,193
				<u>16,903</u>
Additions to non-current assets (Other than financial instruments)	<u>813</u>	<u>251</u>	<u>85</u>	<u>1,149</u>
Reportable segment liabilities	(100)	(797)	(59,256)	(60,153)
Unallocated corporate liabilities				(1,324)
Consolidated total liabilities				<u>(61,477)</u>

The Group's customer base includes two (2017: two) customers with whom transactions have exceeded 10% of the Group's total revenue. Revenue from sales to these customers amounted to A\$10,981,000 and A\$5,037,000 each which related to rare earth refining and separation segment (2017: A\$16,542,000 and A\$10,118,000 each which related to rare earth refining and separation segment).

VIAGOLD CAPITAL LIMITED**PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 MARCH 2018****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 2017 is as follows:

	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
Segment revenue	383	321	40,509	41,213
Inter-segment revenue	-	-	-	-
Revenue from external customers	<u>383</u>	<u>321</u>	<u>40,509</u>	<u>41,213</u>
Reportable segment (loss)/profit before income tax	(54)	(350)	654	250
Unallocated corporate expenses				(934)
Loss before income tax				<u>(684)</u>
Depreciation	(48)	(7)	(1,239)	(1,294)
Amortisation of land use rights	-	-	(60)	(60)
Interest income	2	-	18	20
Finance costs	-	-	(819)	(819)
Gain on disposal of plant and equipment	<u>31</u>	<u>-</u>	<u>278</u>	<u>309</u>
As at 31 March 2017				
Reportable segment assets	1,950	139	98,906	100,995
Interests in an associate				465
Unallocated corporate assets				3,322
Consolidated total assets				<u>104,782</u>
Non-current assets (Other than financial instruments)	730	101	12,165	12,996
Unallocated corporate assets				3,243
				<u>16,239</u>
Additions to non-current assets (Other than financial instruments)	<u>25</u>	<u>2</u>	<u>998</u>	<u>1,025</u>
Reportable segment liabilities	(68)	(765)	(53,726)	(54,559)
Unallocated corporate liabilities				(1,433)
Consolidated total liabilities				<u>(55,992)</u>

VIAGOLD CAPITAL LIMITED

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 MARCH 2018

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\$1,081,000 (Year ended 31 March 2017: approximately A\$1,025,000).

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