

Sarment Holding Pte. Ltd. (Singapore) and its subsidiaries
Interim Condensed Consolidated Statements of Financial Position
(Unaudited)

| | | As at | |
|--------------------------------|--------|------------------------------|----------------------------------|
| | Notes | June 30, 2018 US\$'000 | December 31, 2017 US\$'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 313 | 384 |
| Intangible assets | 5 | 961 | 50 |
| Other receivables | 6 | 120 | 117 |
| | | 1,394 | 551 |
| Current assets | | | |
| Inventories | 7 | 7,886 | 8,314 |
| Trade and other receivables | 6 | 3,591 | 3,892 |
| Prepayments | | 692 | 1,235 |
| Cash and bank balances | 8 | 1,634 | 1,349 |
| | | 13,803 | 14,790 |
| Total assets | | 15,197 | 15,341 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 6,666 | 5,790 |
| Advances received | | 662 | 2,034 |
| Advances from shareholders | | – | 7,188 |
| Embedded derivatives | 10(ii) | 1,158 | – |
| Loans and borrowings | 10 | 7,699 | 4,283 |
| | | 16,185 | 19,295 |
| Net current liabilities | | (2,382) | (4,505) |
| Non-current liabilities | | | |
| Loans and borrowings | 10 | 9,420 | 18,115 |
| Other liabilities | | 16 | 17 |
| | | 9,436 | 18,132 |
| Total liabilities | | 25,621 | 37,427 |
| Net liabilities | | (10,424) | (22,086) |

Sarment Holding Pte. Ltd. (Singapore) and its subsidiaries
Interim Condensed Consolidated Statements of Financial Position (cont'd)
(Unaudited)

| | | As at | |
|---|-------|------------------------------|----------------------------------|
| | Notes | June 30, 2018 US\$'000 | December 31, 2017 US\$'000 |
| Equity attributable to owners of the Company | | | |
| Share capital | 11 | 38,606 | 12,977 |
| Mandatorily convertible loan | 11 | 2,000 | – |
| Translation reserves | | 752 | 81 |
| Accumulated losses | | (60,104) | (48,583) |
| Other reserves | 11 | 9,584 | 14,645 |
| | | (9,162) | (20,880) |
| Non-controlling interests | | (1,262) | (1,206) |
| Total equity | | (10,424) | (22,086) |
| Total equity and liabilities | | 15,197 | 15,341 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Sarment Holding Pte. Ltd. (Singapore) and its subsidiaries
Interim Condensed Consolidated Statements of Profit or Loss and
Other Comprehensive Income
(Unaudited)

| | | For the three months ended June 30 | | For the six months ended June 30 | |
|---|-------|---------------------------------------|------------------|-------------------------------------|------------------|
| | Notes | 2018 US\$'000 | 2017 US\$'000 | 2018 US\$'000 | 2017 US\$'000 |
| Revenue | 12 | 5,902 | 3,633 | 10,638 | 7,026 |
| Cost of sales | | (4,141) | (2,539) | (7,359) | (4,952) |
| Gross profit | | 1,761 | 1,094 | 3,279 | 2,074 |
| Other income | | 11 | 6 | 16 | 9 |
| Items of expenses | | | | | |
| Staff costs | 13 | (3,506) | (2,239) | (6,937) | (4,111) |
| Depreciation and amortization | | (75) | (87) | (143) | (199) |
| Other operating expenses | 15 | (4,125) | (1,614) | (6,341) | (2,861) |
| Operating loss | | (5,934) | (2,840) | (10,126) | (5,088) |
| Finance costs | 14 | (605) | (936) | (1,462) | (1,673) |
| Loss before income tax | | (6,539) | (3,776) | (11,588) | (6,761) |
| Income tax expenses | | – | – | – | – |
| Net loss for the period | | (6,539) | (3,776) | (11,588) | (6,761) |
| Other comprehensive income, net of tax | | 1,367 | (283) | 671 | (500) |
| Total comprehensive income for the period | | (5,172) | (4,059) | (10,917) | (7,261) |
| Loss attributable to: | | | | | |
| Equity holders of the Company | | (6,483) | (3,740) | (11,521) | (6,682) |
| Non-controlling interests | | (56) | (36) | (67) | (79) |
| | | (6,539) | (3,776) | (11,588) | (6,761) |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | (5,142) | (4,038) | (10,861) | (7,195) |
| Non-controlling interests | | (30) | (21) | (56) | (66) |
| | | (5,172) | (4,059) | (10,917) | (7,261) |
| Earnings per share attributable to the equity holders of the Company (dollar per share) | | | | | |
| Basic | 16 | (211.6) | (208.9) | (459.4) | (373.3) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Sarment Holding Pte. Ltd. (Singapore) and its subsidiaries
Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)

| | Attributable to equity holders of the Company | | | | | | Total US\$'000 |
|---|---|--|---------------------------------|-----------------------|-------------------------|----------------------------------|-------------------|
| | Share capital (Note 11a) | Mandatorily convertible loan (Note 11c) | Other reserves (Note 11b) | Accumulated losses | Translation reserves | Non- controlling interests | |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | |
| At January 1, 2017 | 12,977 | – | 14,645 | (33,248) | 1,131 | (1,056) | (5,551) |
| Issuance of share capital | 3,501 | – | – | – | – | – | 3,501 |
| Total comprehensive income for the period | – | – | – | (6,682) | (500) | (66) | (7,248) |
| At June 30, 2017 | 16,478 | – | 14,645 | (39,930) | 631 | (1,122) | (9,298) |
| At January 1, 2018 | 12,977 | – | 14,645 | (48,583) | 81 | (1,206) | (22,086) |
| Issuance of share capital | 25,629 | – | (5,061) | – | – | – | 20,568 |
| Mandatorily convertible loan | – | 2,000 | – | – | – | – | 2,000 |
| Total comprehensive income for the period | – | – | – | (11,521) | 671 | (56) | (10,906) |
| At June 30, 2018 | 38,606 | 2,000 | 9,584 | (60,104) | 752 | (1,262) | (10,424) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Sarment Holding Pte. Ltd. (Singapore) and its subsidiaries
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

| | Notes | For the six months ended | |
|--|--------|--------------------------|----------------|
| | | June 30 | |
| | | 2018 | 2017 |
| | | US\$'000 | US\$'000 |
| Cash flows from operating activities | | | |
| Loss before income tax | | (11,588) | (6,761) |
| Adjustment for: | | | |
| Depreciation of property, plant and equipment | 4 | 99 | 179 |
| Amortization of intangible assets | 5 | 44 | 20 |
| Finance costs | 14 | 1,462 | 1,673 |
| Foreign exchange differences | | 712 | (544) |
| Operating cash flows before working capital changes | | (9,271) | (5,433) |
| Changes in working capital | | | |
| Decrease in inventories | | 428 | 953 |
| Decrease in trade and other receivables | | 306 | 506 |
| Increase in trade and other payables | | 798 | 1,168 |
| Decrease in advances received | | (1,372) | (530) |
| Decrease in prepayments | | 542 | 87 |
| Cash flows used in operations | | (8,569) | (3,249) |
| Interest paid | | (145) | (26) |
| Net cash used in operating activities | | (8,714) | (3,275) |
| Cash flows from investing activities | | | |
| Payments to acquire property, plant and equipment | 4 | (4) | – |
| Net cash received from acquisition of a group of assets | | 2 | – |
| Net cash used in investing activities | | (2) | – |
| Cash flows from financing activities | | | |
| Proceeds from issuance of shares | 11 | 2,000 | 3,500 |
| Proceeds from issuance of convertible loans | 10,11c | 6,000 | – |
| Proceeds from short term loan | 10 | 1,000 | – |
| Repayment of finance leases | | – | (15) |
| Proceeds from a related party | | – | 2,500 |
| Net cash generated from financing activities | | 9,000 | 5,985 |
| Net change in cash and cash equivalents | | 284 | 2,710 |
| Cash and cash equivalents at beginning of the period | | 1,264 | 1,354 |
| Effect of foreign exchange rate changes | | 2 | 22 |
| Cash and cash equivalents at end of the period | 8 | 1,550 | 4,086 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Sarment Holding Pte. Ltd. (Singapore) and its subsidiaries
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited, expressed in thousands of United States Dollars unless otherwise stated)

1. Corporate information

The interim condensed consolidated financial statements of Sarment Holding Pte. Ltd. (Singapore) (the "Company") and its subsidiaries (collectively, the Group) for the three and six months ended June 30, 2018 were authorized for issue in accordance with a resolution of the directors on August 27, 2018.

The Company is a limited liability company which is domiciled and incorporated in Singapore. The Company's registered office is 3 Raffles Place, #06-01, Bharat Building, Singapore 048617. The Group is principally engaged in sale of wines and other luxury products and related services.

2. The Restructuring Exercise

In the fourth quarter of 2017, the Board of Directors of Sarment Holding Limited (Hong Kong) ("Sarment Hong Kong") resolved that Sarment Hong Kong and its subsidiaries are to be held by a Singapore incorporated company, for the purpose of the Group's listing on the TSX Venture Exchange. Accordingly, the Company was incorporated on January 24, 2018 to be the new holding entity of the Group.

On March 21, 2018, the Group carried out a restructuring exercise (the "Restructuring"), pursuant to which, inter alia, the shareholders of Sarment Hong Kong, exchanged their shares in the capital of Sarment Hong Kong on a 1:1 basis for shares in the capital of the Company, such that the Company will be the holding company for the Sarment Group (the "Share Swap"). Following completion of the Share Swap, Sarment Hong Kong became a subsidiary of the Company.

The Restructuring also involves the incorporation of legal entities in Singapore and Macau Special Administrative Region of People's Republic of China ("Macau"), the partial capitalization of shareholder loans, additional cash capital contributions by existing shareholders in the aggregate amount of US\$9,200 in consideration of the issuance by the Company of 3,797 Ordinary Shares, and the contribution of the shares in the capital of Sarment Sàrl (Luxembourg) into the Company by shareholders Bertrand Faure Beaulieu and Vino Ventures Limited (each previously holding 50% of the shares in Sarment Sàrl).

The Company converted into a public company limited by shares on August 3, 2018. By converting to a public company limited by shares, the Company no longer has restrictions on a member's right to transfer ordinary shares and the Company is permitted to have more than 50 members. In accordance with the conversion of the Company to a public company limited by shares, it has changed its name from "Sarment Holding Pte. Ltd." to "Sarment Holding Limited".

Sarment Holding Pte. Ltd. (Singapore) and its subsidiaries
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited, expressed in thousands of United States Dollars unless otherwise stated)

3. Basis of preparation and changes to the Group's accounting policies

3.1 Basis of preparation

The interim condensed consolidated financial statements for the three and six months ended June 30, 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2017.

The financial statements are presented in United States Dollars (US\$) and all values in the tables and disclosures are rounded to the nearest thousand (US\$'000) except when otherwise indicated. It has been determined that the Company's functional currency is US\$, as the main purpose of the Company is to raise funds denominated in US\$ and for contributing capital to its foreign subsidiaries.

Operating results for the three and six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

3.2 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the interim condensed 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 unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

As a result of the Share Swap as described in note 2 above, the Company is the sole shareholder of Sarment Hong Kong and its subsidiaries in exchange for the issue of equity of the Company. The transaction is not a business combination and does not result in any change of economic substance. Accordingly, the interim condensed consolidated financial statements of the Company are a continuation of the existing group. Comparatives presented represent consolidated financial results of the Group which include subsidiaries as disclosed in note 17 since inception of the Group in year 2012.

3. Basis of preparation and Changes to the Group's accounting policies (cont'd)

3.3 Going concern uncertainty

The Group incurred a net loss of US\$11,588 during the six months ended June 30, 2018 and had an accumulated losses of US\$60,104 as at June 30, 2018. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern depends on the Group's ability to generate sufficient cash flows from operating activities and additional equity and/or debt financing to enable the Group to continue as a going concern for the next 12 months from the date of this interim condensed consolidated financial statements. Subsequent to June 30, 2018, the Company completed an initial public offering ("IPO") of the Company's shares for total gross proceeds of US\$14,610 (Canadian dollar ("CAD\$") of \$19 million) (see Note 21).

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

3.4 Effective of adoption of new Standards

The Group has adopted these standards on January 1, 2018.

(a) IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

3. Basis of preparation and Changes to the Group's accounting policies (cont'd)

3.4 Effective of adoption of new Standards (cont'd)

(a) IFRS 9 Financial Instruments

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience with necessary adjustments for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 270 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018. The adoption of the ECL requirements of IFRS 9 did not result in any significant impact in impairment allowances of the Group's debt financial assets.

(b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under IFRS 15, revenue is recognized 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 new revenue standard is effective for annual periods beginning on or after January 1, 2018. The Group elected to adopt IFRS 15 using the modified retrospective method.

Sale of goods

The Group's contracts with customers for the sale of goods generally include a single performance obligation. The Group has concluded that revenue from sale of inventory should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition. However, the amount of revenue to be recognized was affected by volume rebates granted to certain customers.

3. Basis of preparation and Changes to the Group's accounting policies (cont'd)

3.4 Effective of adoption of new Standards (cont'd)

(b) IFRS 15 Revenue from Contracts with Customers

Variable consideration

The Group provides retrospective volume rebates to its customers on all products purchased by the customer once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer on subsequent purchases. Prior to adoption of IFRS 15, the Group estimated the expected volume rebates using the probability-weighted average amount of rebates approach and included a provision for rebates offset against trade and other receivables.

Under IFRS 15, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration. Upon adoption of IFRS 15, the Group assessed the quantum of expected future rebates and concluded the impact from such variable consideration is not material as of January 1, 2018. Hence no cumulative catch-up adjustment to the opening balance of retained earnings as at January 1, 2018 was recorded.

Storage services

The Group is in the business of sale of wine. Some of their contracts with customers for the sale of wine may be bundled with storage services. Under IFRS 15, storage services is considered a separate performance obligation and hence, the transaction price should be allocated between sale of wine and storage services on a relative stand-alone selling price basis and recognized separately. Upon adoption of IFRS 15, the Group assessed the quantum of transaction price to be allocated to storage services and concluded the impact from such separate performance obligation is not material as of January 1, 2018. Hence no cumulative catch-up adjustment to the opening balance of retained earnings as at January 1, 2018 was recorded.

Rights of return

Under IFRS 15, the Group estimated the amount of expected returns in determining the transaction price. The Group does not expect the impact to be material based on current information. The Group assessed the quantum of expected future returns and concluded the impact is not material as of January 1, 2018. Hence no cumulative catch-up adjustment to the opening balance of retained earnings as at January 1, 2018 was recorded.

Sarment Holding Limited (Singapore) and its subsidiaries
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited, expressed in thousands of United States Dollars unless otherwise stated)

4. Property, plant and equipment

| | Computers | Furniture and fixtures | Office equipment | Machinery | Motor vehicles | Leasehold improvement | Total |
|----------------------|------------------|-----------------------------------|-----------------------------|------------------|---------------------------|----------------------------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Cost | | | | | | | |
| At December 31, 2016 | 56 | 206 | 357 | 82 | 214 | 657 | 1,572 |
| Additions | 9 | 6 | 71 | 17 | 12 | 7 | 122 |
| Disposals | – | (12) | (12) | (4) | (10) | (334) | (372) |
| Exchange realignment | 5 | 4 | 16 | 3 | 17 | 16 | 61 |
| At December 31, 2017 | 70 | 204 | 432 | 98 | 233 | 346 | 1,383 |
| Additions | 2 | – | 2 | – | – | – | 4 |
| Disposals | (16) | (3) | – | (17) | – | (31) | (67) |
| Reclassification | 137 | 58 | (154) | 8 | – | (49) | – |
| Exchange realignment | – | (2) | (6) | (5) | (5) | (3) | (21) |
| At June 30, 2018 | 193 | 257 | 274 | 84 | 228 | 263 | 1,299 |

Sarment Holding Limited (Singapore) and its subsidiaries
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited, expressed in thousands of United States Dollars unless otherwise stated)

4. Property, plant and equipment (cont'd)

| | Computers | Furniture and fixtures | Office equipment | Machinery | Motor vehicles | Leasehold improvement | Total |
|---------------------------------|------------------|-----------------------------------|-----------------------------|------------------|---------------------------|----------------------------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Accumulated depreciation | | | | | | | |
| At December 31, 2016 | 32 | 167 | 174 | 46 | 114 | 495 | 1,028 |
| Charge for the year | 21 | 17 | 73 | 13 | 34 | 92 | 250 |
| Disposal | – | (7) | (8) | (3) | (1) | (333) | (352) |
| Exchange realignment | 2 | – | 10 | 2 | – | 9 | 23 |
| At December 31, 2017 | 55 | 177 | 249 | 58 | 147 | 263 | 949 |
| Charge for the period | 14 | 7 | 39 | 6 | 17 | 16 | 99 |
| Disposal | (16) | (1) | (18) | (32) | 1 | (29) | (95) |
| Reclassification | 111 | 15 | (99) | 23 | – | (50) | – |
| Exchange realignment | (1) | (1) | (4) | (3) | (4) | (1) | (14) |
| At June 30, 2018 | 163 | 197 | 167 | 52 | 161 | 199 | 939 |

Sarment Holding Limited (Singapore) and its subsidiaries
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited, expressed in thousands of United States Dollars unless otherwise stated)

4. Property, plant and equipment (cont'd)

| | Computers | Furniture and fixtures | Office equipment | Machinery | Motor vehicles | Leasehold improvement | Total |
|------------------------------------|------------------|-----------------------------------|-----------------------------|------------------|---------------------------|----------------------------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Accumulated impairment loss | | | | | | | |
| At December 31, 2016 | – | – | 35 | 9 | – | – | 44 |
| Impairment for the year | – | 21 | – | – | – | – | 21 |
| Exchange realignment | 1 | (17) | 1 | – | – | – | (15) |
| At December 31, 2017 | 1 | 4 | 36 | 9 | – | – | 50 |
| Reclassification | (1) | 37 | (36) | – | – | – | – |
| Exchange realignment | – | (3) | – | – | – | – | (3) |
| At June 30, 2018 | – | 38 | – | 9 | – | – | 47 |
| Carrying amount | | | | | | | |
| At December 31, 2017 | 14 | 23 | 147 | 31 | 86 | 83 | 384 |
| At June 30, 2018 | 30 | 22 | 107 | 23 | 67 | 64 | 313 |

Sarment Holding Pte. Ltd.Limited (Singapore) and its subsidiaries
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited, expressed in thousands of United States Dollars unless otherwise stated)

5. Intangible assets

| | Computer software | Trademark | Goodwill | Total |
|--|--------------------------|------------------|-----------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Cost | | | | |
| At December 31, 2016 | 141 | – | 2,916 | 3,057 |
| Additions | – | – | – | – |
| Exchange realignment | 9 | – | (22) | (13) |
| At December 31, 2017 | 150 | – | 2,894 | 3,044 |
| Additions | – | 1,000 | – | 1,000 |
| Exchange realignment | (3) | (42) | – | (45) |
| At June 30, 2018 | 147 | 958 | 2,894 | 3,999 |
| Accumulated amortization and impairment | | | | |
| At December 31, 2016 | 55 | – | 2,916 | 2,971 |
| Charge for the period | 41 | – | – | 41 |
| Exchange realignment | 4 | – | (22) | (18) |
| At December 31, 2017 | 100 | – | 2,894 | 2,994 |
| Charge for the period | 19 | 25 | – | 44 |
| Exchange realignment | – | – | – | – |
| At June 30, 2018 | 119 | 25 | 2,894 | 3,038 |
| Carrying amount | | | | |
| At December 31, 2017 | 50 | – | – | 50 |
| At June 30, 2018 | 28 | 933 | – | 961 |

Goodwill

Goodwill arose from the acquisition of Sarment Ltd and its subsidiaries in 2012. Goodwill has been fully impaired in 2013 due to uncertainty of future economic benefits at that point in time.

Trademarks

Trademarks were acquired as part of the Restructuring in the current financial period. The trademarks were held by Sarment Sàrl, a Luxembourg company, which became a subsidiary of the Group as a result of the Restructuring. The purchase consideration was settled through issuance of 412 ordinary shares of the Company. The Group engaged a third party valuer to perform a valuation of the trademarks. It is to be amortised over its estimated useful life of 10 years.

Sarment Holding Pte. Ltd.Limited (Singapore) and its subsidiaries
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited, expressed in thousands of United States Dollars unless otherwise stated)

6. Trade and other receivables

| | As at June 30, 2018 | As at December 31, 2017 |
|--|------------------------------------|--|
| | US\$'000 | US\$'000 |
| <i>Trade and other receivables (current):</i> | | |
| Trade receivables from third parties | 2,952 | 2,653 |
| Trade receivables from related parties | 50 | 133 |
| Amount due from shareholders | 170 | 277 |
| Other receivables | 419 | 829 |
| | <hr/> | <hr/> |
| | 3,591 | 3,892 |
| <i>Other receivables (Non-current):</i> | | |
| Refundable deposits | 120 | 117 |
| | <hr/> | <hr/> |
| Total trade and other receivables | 3,711 | 4,009 |
| Add: Cash and bank balances (Note 8) | 1,634 | 1,349 |
| | <hr/> | <hr/> |
| Total loans and receivables | 5,345 | 5,358 |

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

| | As at June 30, 2018 | As at December 31, 2017 |
|--|------------------------------------|--|
| | US\$'000 | US\$'000 |
| Trade receivables – nominal amounts | 295 | 68 |
| Less: Allowance for impairment | (81) | (15) |
| | <hr/> | <hr/> |
| | 214 | 53 |
| Movement in allowance accounts: | | |
| At January 1 | (15) | (11) |
| Charge for the period | (67) | (11) |
| Written off | – | 8 |
| Exchange differences | 1 | (1) |
| | <hr/> | <hr/> |
| At June 30 and December 31 | (81) | (15) |

The Group recognised impairment losses on receivables arising from contracts with customers, which have been included under Other Operating Expenses in the consolidated statements of profit or loss amounting to US\$16 and US\$67 (2017: Nil and US\$11) for the three and six months ended June 30, 2018, respectively.

Amounts due from related parties are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Sarment Holding Pte. Ltd.Limited (Singapore) and its subsidiaries
Notes to Interim Condensed Consolidated Financial Statements
(Unaudited, expressed in thousands of United States Dollars unless otherwise stated)

7. Inventories

Inventories comprise mainly wines and spirits, and other ancillary products. Inventories recognized as expenses in cost of sales, amounting to US\$4,141 and US\$7,359 (2017: US\$2,539 and US\$4,952) for the three and six months ended June 30, 2018, respectively.

As at June 30, 2018 and December 31, 2017, certain inventory items were co-owned with third parties. The Group recorded its proportionate share of these products amounting to US\$288 (2017: US\$298) as part of inventories at each of the balance sheet dates.

As at June 30, 2018, the carrying amount of the Group's wine and spirits inventory in Singapore pledged as security in favour of UOB amounting to US\$1,715 (2017: Nil) (see Note 10).

8. Cash and bank balances

| | As at June 30, 2018 | As at December 31, 2017 |
|-----------------------------------|------------------------------------|--|
| | US\$'000 | US\$'000 |
| Cash at banks | 1,634 | 1,349 |
| Less: Short term pledged deposits | (84) | (85) |
| | <hr/> | <hr/> |
| Cash and cash equivalents | 1,550 | 1,264 |
| | <hr/> <hr/> | <hr/> <hr/> |

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are pledged to licensed banks for credit card application and bank guarantee to the Company issued in favour of Comptroller of Goods and Services tax. The short-term deposits are made for varying periods of between six months to twenty-four months and earn interest at the respective short-term deposit rates. The weighted average effective interest rate as at June 30, 2018 for the Group was 0.58% (December 31, 2017: 0.21%).

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9. Trade and other payables

| | As at June 30, 2018 | As at December 31, 2017 |
|---|------------------------------------|--|
| | US\$'000 | US\$'000 |
| Trade payables to third parties | 2,498 | 2,253 |
| Trade payables to related parties | 701 | 23 |
| Accruals and other payables | 3,452 | 3,514 |
| Amount due to a director | 15 | – |
| Trade and other payables | 6,666 | 5,790 |
| Short term loan (Note 10) | 1,000 | – |
| Loan from Galia Holdings Inc. (“Galia”) (Note 10) | 3,831 | 3,535 |
| Convertible loans (current) (Note 10) | 2,000 | – |
| Convertible loans (non-current) (Note 10) | 842 | – |
| Loans from shareholders (current) (Note 10) | 868 | 748 |
| Loans from shareholders (non-current) (Note 10) | 8,578 | 18,115 |
| Total financial liabilities carried at amortised cost | 23,785 | 28,188 |

10. Loans and borrowings

| | As at June 30, 2018 | As at December 31, 2017 |
|---|------------------------------------|--|
| | US\$'000 | US\$'000 |
| Loans and borrowings (current) | | |
| Short term loan | 1,000 | – |
| Loan from Galia | 3,831 | 3,535 |
| Convertible loans (i) | 2,000 | – |
| Loans from shareholders | 868 | 748 |
| | 7,699 | 4,283 |
| Loans and borrowings (non-current) | | |
| Convertible loans (ii) | 842 | – |
| Loans from shareholders | 8,578 | 18,115 |
| | 9,420 | 18,115 |
| | 17,119 | 22,398 |

The current portion of loans from shareholders represent interest payable for the interest bearing loan due to the shareholder.

10. Loans and borrowings (cont'd)

Short term loan

On April 16, 2018, Sarment Pte Ltd entered into a facility letter with UOB for a three (3) month bridging loan in an amount equal to US\$1,000. On April 26, 2018, a First Deed of Debenture was executed in favour of UOB granting UOB a floating charge over the Group's wine and spirits inventory in Singapore, which is required to have a cost price of at least S\$1.5 million at all times. The loan bears interest of 1-month LIBOR + 5% per annum or 5% over UOB's 1-month Cost of Funds, whichever is higher. On July 26, 2018, UOB agreed to extend the maturity date of the loan to August 27, 2018. The Company repaid this loan subsequent to June 30, 2018 (see Note 21).

Loan from Galia

In December 2016, Sarment Holding Limited entered into a loan agreement with Galia of which Mr. Pierre Lorinet, at the time a director of Sarment Hong Kong, is the ultimate beneficiary. US\$3,000 has been drawn down in aggregate over three instalments during 2016 and 2017. Mr. Pierre Lorinet resigned on March 22, 2018 as director of Sarment Hong Kong. During the period from January 1 to May 31, 2018, the loan bears interest of LIBOR (90 days) + 7.5% per annum. During the period from June 1 to June 30, 2018, the loan bears interest of LIBOR (90 days) + 9.5% per annum.

The repayment terms are depending on the proposed listing of the Group. Based on the agreement, the loan is repayable in cash by August 31, 2018 if the proposed listing does not occur before April 30, 2018. The lender can call immediate repayment of the loan and the applicable interest rate shall increase automatically by 2% per annum. As of each balance sheet date, the loan was accounted for as a financial liability carried at amortised cost using the effective interest method. The Company repaid this loan subsequent to June 30, 2018 (see Note 21).

Convertible loans

- (i) On May 25, 2018, the Company entered into non-interest bearing convertible loan agreements with certain of its current shareholders, totalling to US\$2,000. Pursuant to the terms of the convertible loan agreements, the loan will mature on May 24, 2019 and the aggregate outstanding principal amounts under each convertible loan shall, on the first day following the listing of the ordinary shares on a Canadian Stock Exchange, be automatically converted into that number of ordinary shares determined by dividing the outstanding principal amount of the convertible loan by an amount equal to the offering price in USD using the applicable exchange rate on the date the ordinary shares are listed. The convertible loans were accounted for as a financial liability and the conversion option was accounted for as a non-derivative for which the Company is obliged to deliver a variable number of the Company's ordinary shares. This loan was converted into ordinary shares of the Company subsequent to June 30, 2018 (see Note 21).

10. Loans and borrowings (cont'd)

Convertible loans (cont'd)

- (ii) On June 28, 2018, the Company entered into non-interest bearing convertible loan agreements with certain of its current shareholders, totalling to US\$2,000. Pursuant to the terms of the convertible loan agreements, the loan will mature on the date falling 18 months after the Initial Public Offering of the ordinary shares of the Company or June 30, 2020, whichever is earlier. At the option of the lender, the convertible loan may be repaid in cash on the maturity date or the lender may convert the aggregate outstanding principal amounts under each convertible loan into that number of ordinary shares determined by dividing the outstanding principal amount of the convertible loan by an amount equal to the offering price in USD using the applicable exchange rate on the date the ordinary shares are listed. The debt host of the convertible loans was accounted for as a financial liability carried at amortised cost using the effective interest method. The conversion option was accounted for as an embedded derivative liability measured at fair value with changes in value being recorded in the consolidated statements of profit or loss. At June 30, 2018, the debt host and embedded derivative of the convertible loans were amounting to US\$842 (2017: Nil) and US\$1,158 (2017: Nil), respectively.

Loans from shareholders

All loans from shareholders are unsecured, interest free, and repayable by January 2021, except for the US\$7,623 facility from a shareholder, which bears interest of 3% per annum. The Company has recognized such loans as a financial liability at fair value upon initial recognition. Fair value of these loans is determined as the present value of all future cash payments discounted using the prevailing market rate of interest for instruments of similar term and nature. The differences between cash proceeds from these loans and fair values of the financial liabilities are recorded as "other reserves" within the equity account.

On March 21, 2018, the Company executed a Restructuring, which involved the restructuring of the majority of the outstanding shareholder loans by way of converting a portion of such shareholder loans to equity. The aggregate amount of outstanding shareholder loans before the Restructuring was US\$27,373 and post-Restructuring the aggregate amount decreased by US\$15,500 to US\$11,873.

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10. Loans and borrowings (cont'd)

Loans from shareholders (cont'd)

The following table shows the outstanding shareholder loans both prior to, and after the completion of the Restructuring.

| | As at December 31, 2017 | | | As at March 20, 2018 | | | As at June 30, 2018 | | |
|-------------------------|-------------------------------|---------------------------------|------------------------------|-------------------------------|---------------------------------|------------------------------|-------------------------------|---------------------------------|------------------------------|
| | Principal Loan US\$'000 | Imputed Interest US\$'000 | Present Value US\$'000 | Principal Loan US\$'000 | Imputed Interest US\$'000 | Present Value US\$'000 | Principal Loan US\$'000 | Imputed Interest US\$'000 | Present Value US\$'000 |
| Mark Irwin | 7,500 | (2,447) | 5,053 | 7,500 | (2,445) | 5,055 | 2,000 | (606) | 1,394 |
| Vino Ventures Limited | 3,500 | (1,225) | 2,275 | 3,500 | (1,145) | 2,355 | – | – | – |
| Claude Dauphin Estate | 15,373 | (5,235) | 10,138 | 15,373 | (4,753) | 10,620 | 9,873 | (2,689) | 7,184 |
| Bertrand Faure Beaulieu | 1,000 | (351) | 649 | 1,000 | (327) | 673 | – | – | – |
| Total | 27,373 | (9,258) | 18,115 | 27,373 | (8,670) | 18,703 | 11,873 | (3,295) | 8,578 |

All loans and borrowings are denominated in United States Dollars.

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11. Equity

11a. Share capital

| | As at June 30, 2018 | | As at December 31, 2017 | |
|------------------------------------|--------------------------------|---|------------------------------------|---|
| | No. of shares | Issued and fully paid up, no par value | No. of shares | Issued and fully paid up, no par value |
| | | US\$'000 | | US\$'000 |
| Ordinary shares: | | | | |
| At beginning of the period/year | 18,100 | 12,977 | 18,100 | 12,977 |
| Issuance for the period/year | 12,541 | 25,629 | – | – |
| At end of the period/year | 30,641 | 38,606 | 18,100 | 12,977 |

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 ordinary shares rank equally with regard to the Company's residual assets.

On March 21, 2018, the Company executed a Restructuring, which involved cash capital contributions by existing shareholders in the aggregate amount of US\$9,200 of which, US\$7,200, was received in the course of 2017 and US\$2,000 was received during the period ended June 30, 2018. The Restructuring also involved converting a portion of shareholder loans to equity. The aggregate amount outstanding under the shareholder loans before the Restructuring was US\$27,373, whilst post-Restructuring the aggregate amount decreased by US\$15,500 to US\$11,873.

11b. Other reserves

As of June 30, 2018, among others, "other reserves" included an additional contribution of US\$9,584 (2017: US\$14,645) which relates to the benefit received as a result of shareholders requiring interest rates lower than market rates on loans advanced by them to the Group. During the period, US\$5,061 was transferred from other reserves to share capital as part of the unexpired imputed interest relating to the US\$15,500 of shareholder loans converted to equity as part of the Restructuring.

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11. Equity (cont'd)

11c. Mandatorily convertible loan

On March 12, 2018, the Company entered into a non-interest bearing convertible loan agreement with Mr. Michael Wainwright pursuant to which Mr. Wainwright agreed to provide to the Company a convertible loan in the aggregate amount of US\$2,000 (the "Wainwright Loan"). Pursuant to the terms of the agreement, the aggregate outstanding principal amounts under the Wainwright Loan shall be automatically converted into that number of Ordinary Shares (as adjusted to account for the Share Split) determined by dividing the outstanding principal amount of the Wainwright Loan by US\$2,423.10 on the earlier of:

- (a) the date falling one day after the listing of the Company's Ordinary Shares on a Canadian stock exchange; or
- (b) March 12, 2019.

The Wainwright loan is mandatorily convertible and will not be settled in cash repayment. Due to its terms and conditions, for accounting purposes the Wainwright Loan is treated as equity. This loan was converted into ordinary shares of the Company subsequent to June 30, 2018 (see Note 21).

12. Revenue

| | For the three months ended June 30 | | For the six months ended June 30 | |
|--|---|--------------|---|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| <i>Type of goods or service</i> | | | | |
| Sales of wines and spirits, and other ancillary products | 5,812 | 3,606 | 10,504 | 6,967 |
| Revenue from professional services* | 90 | 27 | 134 | 59 |
| Total revenue from contracts with customers | 5,902 | 3,633 | 10,638 | 7,026 |
| <i>Geographical markets</i> | | | | |
| China | 2,211 | 1,394 | 4,552 | 2,789 |
| Hong Kong | 2,455 | 1,379 | 3,622 | 3,380 |
| Singapore and international | 1,236 | 860 | 2,464 | 857 |
| Total revenue from contracts with customers | 5,902 | 3,633 | 10,638 | 7,026 |
| <i>Timing of revenue recognition</i> | | | | |
| Goods transferred at a point in time | 5,812 | 3,606 | 10,504 | 6,967 |
| Services transferred over time | 90 | 27 | 134 | 59 |
| Total revenue from contracts with customers | 5,902 | 3,633 | 10,638 | 7,026 |

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12. Revenue (cont'd)

* Service revenue consists of revenue from professional services, including sommelier services and spirits-related services to bars and hotels, such as the design and development of bar menu, events and training of staff.

13. Staff costs

| | For the three months ended June 30 | | For the six months ended June 30 | |
|---|---|--------------|---|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Salaries and related costs | 3,027 | 1,943 | 6,024 | 3,519 |
| Employee benefits | 107 | 32 | 203 | 59 |
| Defined contribution plans and related costs | 266 | 161 | 509 | 331 |
| Staff welfare | 106 | 103 | 201 | 202 |
| | 3,506 | 2,239 | 6,937 | 4,111 |

14. Finance costs

| | For the three months ended June 30 | | For the six months ended June 30 | |
|---|---|-------------|---|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Loans from a related party and shareholders ^(a) | 490 | 507 | 1,327 | 1,230 |
| Bank charges | 115 | 429 | 135 | 443 |
| | 605 | 936 | 1,462 | 1,673 |

^(a) During the six months ended June 30, 2018, the amount of imputed interest related to loans from shareholders was \$1,205 (2017: \$1,032).

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15. Other operating expenses

This item includes the following charges:

| | For the three months ended June 30 | | For the six months ended June 30 | |
|---------------------------------------|---------------------------------------|----------|-------------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Travelling and entertainment expenses | 443 | 461 | 953 | 884 |
| Marketing expenses | 232 | 450 | 450 | 607 |
| Technology and content development | 255 | 42 | 311 | 88 |
| Logistic expenses | 351 | 255 | 636 | 510 |
| Rental of premises | 311 | 158 | 742 | 367 |
| Consultant fee | 26 | – | 297 | 4 |

16. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit, net of tax, attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. The convertible loan options were excluded from the diluted weighted average number of common shares calculation because their effect was anti-dilutive.

| | For the three months ended June 30 | | For the six months ended June 30 | |
|---|---------------------------------------|---------------|-------------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | No of shares | No. of shares | No of shares | No. of shares |
| Weighted average number of ordinary shares for basic earnings per share computation | 30,641* | 17,900** | 25,080* | 17,900** |

* On March 21, 2018, the Company acquired all of the issued and outstanding ordinary shares in the capital of Sarment Holding Limited (Hong Kong), which was incorporated on June 29, 2012, pursuant to a restructuring transaction as disclosed in Note 2.

** Deferred shares of 200 units are excluded for the purpose of the Earnings per share computation as the shares does not carry any rights to dividend.

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17. Subsidiaries

(a) **Acquisition of group of assets**

The Group has the following significant investments in subsidiaries.

| Name | Principal place of business | Principal activities | Proportion (%) of ownership interest | |
|--|-----------------------------|--|--------------------------------------|-------------------|
| | | | June 30, 2018 | December 31, 2017 |
| <i>Held by the Company:</i> | | | | |
| Sarment Holding Limited (Sarment Hong Kong) | Hong Kong | Investment holding | 100% | 100% |
| Sarment (S) Pte Ltd | Singapore | Digital platform development | 100% | – |
| <i>Held by Sarment Hong Kong:</i> | | | | |
| Sarment Limited | Hong Kong | Sale of wines | 94% | 94% |
| Sarment Pte Ltd | Singapore | Sale of wines | 100% | 100% |
| SWTC Pte Ltd | Singapore | Sale of wines | 100% | 100% |
| SARL Sarment France | France | Sale of wines | 100% | 100% |
| <i>Held through Sarment Limited:</i> | | | | |
| Sarment China Limited | China | Sale of wines | 94% | 94% |
| Sarment (Macau) Limited | Macau | Sale of wines | 94% | – |
| <i>Held through SWTC Pte Ltd:</i> | | | | |
| SWTC (Macau) Ltd | Macau | Sale of wines | 100% | 100% |
| Sarment Japan KK | Japan | Sale of wines | 100% | 100% |
| <i>Held through Sarment (S) Pte Ltd</i> | | | | |
| Sarment Sàrl | Luxembourg | Holder of intellectual property rights | 100% | – |
| Sarment IP Holding Pte. Ltd. | Singapore | Holder of intellectual property rights | 100% | – |

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18. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in these financial statements, the following significant transactions between the Group and related parties took place at terms agreed to between the parties during the period as follows:

| | For the three months ended June 30 | | For the six months ended June 30 | |
|--|---------------------------------------|----------|-------------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Sale of finished goods to: | | | | |
| - Key management personnel | 1 | 1 | 8 | 8 |
| - Directors | – | – | 64 | – |
| - Shareholders | 11 | – | 12 | 3 |
| Finance costs paid to: | | | | |
| - A director and his controlled entity | 490 | 507 | 1,327 | 1,230 |
| Acquisition of group of assets | | | | |
| - Directors and shareholders | – | – | 878 | – |

(b) Compensation of key management personnel

| | For the three months ended June 30 | | For the six months ended June 30 | |
|----------------------------------|---------------------------------------|----------|-------------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Short-term employee benefits | 323 | 423 | 654 | 471 |
| Other short-term benefits | 30 | 92 | 69 | 137 |
| | 353 | 515 | 723 | 608 |
| <i>Comprise amounts paid to:</i> | | | | |
| Directors of the Company | 124 | 502 | 307 | 595 |
| Other key management personnel | 228 | 13 | 415 | 13 |

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19. Segment information

| | China | | Hong Kong | | Singapore and International | | Elimination | | Note | Total | |
|-------------------------------|------------------------------------|--------------|------------------------------------|--------------|------------------------------------|------------|------------------------------------|--------------|------|------------------------------------|--------------|
| | For the three months ended June 30 | | For the three months ended June 30 | | For the three months ended June 30 | | For the three months ended June 30 | | | For the three months ended June 30 | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | | 2018 | 2017 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | | US\$'000 | US\$'000 |
| Revenue: | | | | | | | | | | | |
| External customers | 2,211 | 1,394 | 2,455 | 1,379 | 1,236 | 860 | – | – | | 5,902 | 3,633 |
| Inter-segment | – | 42 | 1,019 | 555 | 174 | 92 | (1,193) | (689) | A | – | – |
| Total revenue | 2,211 | 1,436 | 3,474 | 1,934 | 1,410 | 952 | (1,193) | (689) | | 5,902 | 3,633 |
| Results: | | | | | | | | | | | |
| Depreciation and amortization | (8) | (9) | (4) | (35) | (63) | (43) | – | – | | (75) | (87) |
| Other non-cash expenses | (511) | 21 | (40) | 153 | (819) | 127 | – | – | | (1,370) | 301 |
| Segment (loss)/profit | (1,048) | (683) | 67 | (133) | (4,953) | (2,024) | – | – | | (5,934) | (2,840) |

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19. Segment information (cont'd)

| | China | | Hong Kong | | Singapore and International | | Elimination | | Note | Total | |
|-------------------------------|----------------------------------|--------------|----------------------------------|--------------|----------------------------------|--------------|----------------------------------|----------------|------|----------------------------------|--------------|
| | For the six months ended June 30 | | For the six months ended June 30 | | For the six months ended June 30 | | For the six months ended June 30 | | | For the six months ended June 30 | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | | 2018 | 2017 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | | US\$'000 | US\$'000 |
| Revenue: | | | | | | | | | | | |
| External customers | 4,552 | 2,728 | 3,622 | 2,455 | 2,464 | 1,843 | – | – | | 10,638 | 7,026 |
| Inter-segment | – | 61 | 1,785 | 925 | 219 | 250 | (2,004) | (1,236) | A | – | – |
| Total revenue | 4,552 | 2,789 | 5,407 | 3,380 | 2,683 | 2,093 | (2,004) | (1,236) | | 10,638 | 7,026 |
| Results: | | | | | | | | | | | |
| Depreciation and amortization | (17) | (31) | (21) | (68) | (105) | (100) | – | – | | (143) | (199) |
| Other non-cash expenses | (116) | 34 | (124) | 164 | (372) | 455 | – | – | | (612) | 653 |
| Segment loss | (1,010) | (1,354) | (240) | (396) | (8,876) | (3,338) | – | – | | (10,126) | (5,088) |

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19. Segment information (cont'd)

| | China | | Hong Kong | | Singapore and International | | Elimination | | Note | Total | |
|---------------------|---------------------|-------------------------|---------------------|-------------------------|-----------------------------|-------------------------|---------------------|-------------------------|------|---------------------|-------------------------|
| | As at June 30, 2018 | As at December 31, 2017 | As at June 30, 2018 | As at December 31, 2017 | As at June 30, 2018 | As at December 31, 2017 | As at June 30, 2018 | As at December 31, 2017 | | As at June 30, 2018 | As at December 31, 2017 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | | US\$'000 | US\$'000 |
| Assets: | | | | | | | | | | | |
| Segment assets | 6,226 | 6,771 | 73,775 | 73,649 | 53,289 | 9,234 | (118,093) | (74,313) | B | 15,197 | 15,341 |
| Segment liabilities | 14,849 | 14,409 | 50,083 | 68,303 | 36,047 | 24,662 | (75,358) | (69,947) | C | 25,621 | 37,427 |

Note: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A Inter-segment revenues are eliminated on consolidation.
- B Inter-segment assets (loans, advances and cost of investments) are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position.
- C Inter-segment liabilities (loans and advances) are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

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20. Operating lease commitments

The Company entered into leases of office premise and warehouses. These leases have an average tenure of between one to three years with no renewal option or contingent rent provision included in the contracts. The Company is restricted from subleasing the leased equipment to third parties.

Future minimum rental payable under non-cancellable operating leases at June 30, 2018 are as follows:

| Operating leases | US\$'000 |
|---|-----------------|
| Less than one year | 853 |
| Later than one year but not later than five years | 351 |
| Total | <u>1,204</u> |

21. Events occurring after the reporting period

On August 21, 2018, the Company completed the IPO of an aggregate of 6,057,553 ordinary shares at a price of CAD\$3.15 per ordinary share and its shares started trading on the TSX Venture Exchange ("TSXV") under the symbol SAIS. Gross proceeds of the offering were US\$14,610 (CAD\$19 million). The Company has granted the agents an over-allotment option (the "Over-Allotment Option"), exercisable in whole or in part for a period of 30 days following the closing of the IPO ("Closing"), to purchase up to an additional 908,632 ordinary shares at the IPO price of CAD\$3.15 per ordinary share for additional gross proceeds of approximately CAD\$2,862,191, assuming the Over-Allotment Option is exercised in full.

Concurrent with Closing, the non-interest bearing convertible loans provided to the Company by certain existing shareholders on May 25, 2018 and Wainwright Loan were converted into 829,532 and 643,803 ordinary shares of the Company, respectively. Furthermore, concurrent with Closing, Chairman of the Company, who is also a significant shareholder of the Company, received a bonus from the Company which was satisfied by the issuance of 181,726 ordinary shares.

Subsequent to June 30, 2018, the Company repaid the loan from Galia and short term loan from UOB in full.