



Memories Group Limited
(Company Registration No. 201201631D)

Condensed Interim Financial Statements
For the six-month ended 31 March 2022

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**Unaudited Financial Statements and Dividend Announcement
For six-month ended 31 March 2022**

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group	
		6 months ended 31 March 2022 Unaudited	6 months ended 31 March 2021 Unaudited
		US\$'000	US\$'000
Revenue	4	1,191	1,374
Cost of sales		(701)	(912)
Gross profit		490	462
Other losses-net		62	(301)
Loss allowance on trade receivable-net		22	-
Distribution and marketing expenses		(7)	(45)
General and administrative expenses		(2,547)	(4,001)
Finance expenses		(2,780)	278
Loss before taxation	6	(4,760)	(3,607)
Income tax credit	7	22	17
Net loss, representing total comprehensive attributable to equity holders of the Company		(4,738)	(3,590)
Earnings per share attributable to equity holders of the Company			
Basic/Diluted EPS (USD In cent)		(0.94)	(0.70)

The diluted EPS computations have not taken into consideration the effects of the shares to be issued and convertible bonds as at 31 March 2022, as they were anti-dilutive pursuant to paragraph 41 of SFRS(I) 33 Earnings per Share.

B. Condensed interim statements of financial position

	The Group		The Company	
	31 March 2022 Unaudited	30 Sept 2021 Audited	31 March 2022 Unaudited	30 Sept 2021 Audited
Note	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and bank balances	244	130	8	36
Trade and other receivables	1,825	1,956	13,550	13,462
Inventories	224	237	-	-
Total current assets	2,293	2,323	13,558	13,498
Non-current assets				
Investment in subsidiary corporations	-	-	67,482	67,482
Investment properties	12 16,100	16,100	-	-
Property, plant and equipment	11 45,965	47,098	-	-
Intangible assets	10 1,991	2,045	-	-
Financial assets, at fair value through profit or loss ("FVPL")	9 2,209	2,209	-	-
Other receivable	563	540	-	-
Total non-current assets	66,828	67,992	67,482	67,482
Total assets	69,121	70,315	81,040	80,980
LIABILITIES				
Current liabilities				
Trade and other payables	15,214	14,221	16,187	15,888
Borrowings	16,223	4,850	-	-
Current income tax liabilities	385	385	-	-
Total current liabilities	31,822	19,456	16,187	15,888
Non-current liabilities				
Borrowings	13,993	22,879	-	-
Convertible bonds	3,614	3,534	3,614	3,534
Deferred income tax liabilities	2,155	2,178	-	-
Provisions	112	105	-	-
	19,874	28,696	3,614	3,534
Total liabilities	51,696	48,152	19,801	19,422
NET ASSETS	17,425	22,163	61,239	61,558
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	84,544	84,544	84,839	84,839
Accumulated losses	(47,561)	(42,823)	(24,185)	(23,866)
Other reserves	(19,558)	(19,558)	585	585
Total equity	17,425	22,163	61,239	61,558

C. Condensed interim consolidated statements of changes in equity

The Group	Share capital	Capital reserve	Merger reserve	Equity component of convertible bonds	Accumulated losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
FY 2022 (Unaudited)						
Balance at 1 October 2021	84,544	566	(20,190)	66	(42,823)	22,163
Total comprehensive loss for the financial period	-	-	-	-	(4,738)	(4,738)
Balance at 31 March 2022	84,544	566	(20,190)	66	(47,561)	17,425
FY 2021 (Unaudited)						
Balance at 1 October 2020	84,544	566	(20,190)	66	(40,075)	24,911
Total comprehensive loss for the financial period	-	-	-	-	(3,590)	(3,590)
Balance at 31 March 2021	84,544	566	(20,190)	66	(43,665)	21,321

The Company	Share capital	Capital reserve	Translation reserve	Equity component of convertible bonds	Accumulated losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
FY 2022 (Unaudited)						
Balance at 1 October 2021	84,839	566	(47)	66	(23,866)	61,558
Total comprehensive loss for the financial period	-	-	-	-	(319)	(319)
Balance at 31 March 2022	84,839	566	(47)	66	(24,185)	61,239
FY 2021 (Unaudited)						
Balance at 1 October 2020	84,839	566	(47)	66	(23,350)	62,074
Total comprehensive loss for the financial period	-	-	-	-	(228)	(228)
Balance at 31 March 2021	84,839	566	(47)	66	(23,578)	61,846

D. Condensed interim consolidated statements of cash flows

	The Group	
	6 months ended	6 months ended
	31	31
	March 2022	March 2021
	Unaudited	Unaudited
Note	US\$'000	US\$'000
Cash flows from operating activities		
Profit before tax	(4,760)	(3,607)
Adjustments for:		
Interest income	(33)	(37)
Depreciation of property, plant and equipment	1,123	1,223
Amortisation of intangible assets	54	52
Finance expenses	1,651	-
Loss on disposal of property, plant and equipment	(12)	-
Interest expense	-	2,121
Unrealised currency translation loss/(gain)	1,052	(1,162)
Operating loss before working capital changes	(925)	(1,410)
Changes in Working capital		
Decrease/(increase) in inventories	13	(52)
Decrease/(increase) in trade and other receivables	164	(22)
(Decrease)/increase in trade and other payables	872	72
Cash generated from/ (used in) operations	124	(1,412)
Net tax paid	-	(15)
Net cash generated from/(used in) operating activities	124	(1,427)
Cash flows from investing activities		
Purchase of property, plant and equipment	(74)	-
Proceeds from disposal of property, plant and equipment	34	-
Net cash used in investing activities	(40)	-
Cash flows from financing activities		
Proceeds from borrowings	-	1,687
Interest paid on borrowing and lease liabilities	26	-
Principal payment of lease liabilities	(2)	(96)
Net cash generated from financing activities	24	1,591
Net increase in cash and cash equivalents	108	164
Cash and cash equivalents at beginning of the period	130	406
Effects of currency translation on cash and cash equivalents	6	(8)
Cash and cash equivalents at end of the period	244	562

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Memories Group Limited (formerly known as SHC Capital Asia Limited) (“the Company”) is listed on the Catalist of the Singapore Exchange Securities Trading Limited and incorporated and domiciled in Singapore. The address of its registered office is at 63 Mohamed Sultan Road, # 02-14 Sultan-Link, Singapore 239002.

The principal activities of the Company are that of investment holding and regional head office, centralised administrative office and subsidiary corporation management.

The principal activities of its subsidiary corporations are as follows:

- (a) operation and management of hotel and related hospitality businesses;
- (b) provision of tour operator and travel agency businesses;
- (c) provision of hot air balloon services;
- (d) provision of cruise services; and
- (e) provision of restaurant management services.

2. Basis of Preparation

The condensed interim consolidated financial statements for the six-month period ended 31 March 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual consolidated financial statements for the year ended 30 September 2021.

The accounting policies adopted are consistent with those adopted by the Group and the Company in its most recently audited consolidated financial statements for financial year ended 30 September 2021, which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in United States Dollar (“US\$”), which is the Company’s functional currency and all values have been rounded to the nearest thousand (“US\$’000”) unless otherwise stated.

2.1. Going concern assumption

As at 31 March 2022, the Group was in a net current liabilities position of US\$29.53 million mainly arising from current portion of the borrowings. Out of US\$29.53 million, US\$6.51 million were non-trade payables due to related parties, US\$6.80 million were payables to third-party creditors and US\$16.22 million were the current portion of loans.

The Board is of the opinion that the use of the going concern assumption for 6-month financial period ended 31 March 2022 is appropriate after taking into consideration, amongst others, the following steps undertaken to address the Group’s negative working capital as at 31 March 2022 of US\$29.53 million:

- (a) The Board and management have critically assessed the cash flow forecasts of the Group for the next twelve months and concluded that there will be sufficient cash flows and resources to allow the Group to continue its operations and meet its obligations for the foreseeable future;
- (b) The Group had obtained written confirmation from related parties not to demand for repayments of the non-trade payables of US\$6.51 million;

2. Basis of Preparation (cont'd)

2.1. Going concern assumption (cont'd)

- (c) The Group has the following unutilised credit facilities of US\$2.2 million that are available to the Group for drawdown, if required;
- US\$0.07 million from a secured loan,
 - US\$1.13 million from an unsecured loan
 - US\$1 million from Myanmar Outlook Investment Company Limited, an associate of the Executive Chairman of the Group
- (d) A non-binding term sheet on the terms of the US\$10 million convertible loan which had been executed with FMI in December 2020. This term sheet does not have an expiry date and is subject to, inter alia, entry into a definitive agreement and applicable approvals being sought. FMI has indicated its intention to provide continuing financial support to enable the Group to continue its operations as a going concern up to January 2023 and to meet its liabilities as and when they fall due;
- (e) The Group continues to be in discussions with its bankers to further defer principal and interest repayment amounting to US\$7.77 million to 30 June 2023. For details, please refer to note 13;
- (f) The Group had on 15 March 2022 extended the maturity date of repayment of the convertible bonds amounting to US\$3.61 million issued to Oakfame Investment Limited to 26 November 2023;
- (g) The Group will continue to engage in negotiations with creditors individually regarding deferred repayment plans, implement further cost reduction initiatives, defer non-essential capital and operating expenditure in order to preserve working capital and liquidity and to monitor the situation so as to adapt its response to developments as they arise during this time of severe macroeconomic uncertainties; and
- (h) The Group continues to explore the sale of non-core assets and other fund-raising options.

The Board is of the view that the adverse financial performance, cash flows and working capital position are temporary as the Group expects to generate income when the Covid-19 outbreak and political environment in Myanmar recovers.

The Board confirms that the Group will be able to meet its short-term debt obligations when they fall due based on the implementation of the above-mentioned steps, and continue to operate as a going concern and confirmed that all material disclosures have been provided for trading of the Company's shares to continue in an orderly manner.

2.2 Comparative Numbers

As announced by the Company on 4 March 2022, the Group changed the financial year end from 30 September to 31 March. Accordingly, for the purposes of this announcement, the current financial period ("1H2023") covered six months from 1 October 2021 to 31 March 2022 of current 18-month financial period ending 31 March 2023. The comparative financial period ("1H2021") covered six months from 1 October 2020 to 31 March 2021 of prior financial year ended 30 September 2021.

2.3. New and amended standards adopted by the Group

The Group adopted the new/revised Singapore Financial Reporting Standards (International) ("SFRS(I)s"), that are mandatory for annual periods beginning on or after 1 October 2021. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The adoption of the SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group and the Company for the current financial period reported on.

2.4. Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, the Group have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the Group in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the last financial year ended 30 September 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about assumptions and estimation uncertainties at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in Notes 10 Intangible assets.

3. Seasonal operations

Provision of hot air balloon services and cruise services under Experiences segment and Awei Pila hotel under Hotels segment are subject to monsoon season in Myanmar and unable to operate their businesses during the period from May to September, which fall within the next 6 months of the Group's current 18-month financial period ending 31 March 2023.

4. Segment and revenue information

The Group's business are organised and managed into three business segments, comprising Hotels segment, Experiences segment and Services segment which are predominantly operate in Myanmar.

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

4. Segment and revenue information (cont'd)

4.1 Reportable segments

	← Myanmar →			Singapore	Total
	Experiences	Services	Hotels	Corporate	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
For the financial period from 1 October 2021 to 31 March 2022					
Revenue					
Total segment revenue	11	383	829	-	1,223
Inter segment revenue	(10)	(1)	(21)	-	(32)
Revenue from external parties	1	382	808	-	1,191
Interest income	-	-	33	-	33
Total Other income	93	(39)	68	(60)	62
Total revenue and Other income	94	343	876	(60)	1,253
Depreciation and amortisation	(269)	(129)	(779)	-	(1,177)
Finance expense	(1,174)	(15)	(1,511)	(80)	(2,780)
Segment loss	(1,678)	(305)	(2,345)	(432)	(4,760)
Unallocated expense					-
Profit before taxation					(4,760)
Taxation					22
Earnings for the interim period					(4,738)
Segment assets	9,434	1,519	55,925	2,243	69,121
Additions to:-					
- Property, plant and equipment	17	11	46	-	74
Segment liabilities	17,065	1,976	23,522	9,133	51,696

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

	← Myanmar →			Singapore	Total
	Experiences	Services	Hotels	Corporate	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
For the financial period from 1 October 2020 to 31 March 2021					
Revenue					
Total segment revenue	11	375	1,004	-	1,390
Inter segment revenue	(11)	-	(5)	-	(16)
Revenue from external parties	-	375	999	-	1,374
Interest income	-	-	37	-	37
Total Other income	(149)	105	(405)	148	(301)
Total revenue and Other income	(149)	480	594	148	1,073
Depreciation and amortisation	(342)	(57)	(876)	-	(1,275)
Finance expense	(27)	-	404	(99)	278
Segment loss	(1,724)	(228)	(1,192)	(463)	(3,607)
Unallocated expenses				-	-
Profit before taxation				(3,607)	(3,607)
Taxation				17	17
Earnings for the interim period				(3,590)	(3,590)
Segment assets	10,976	3,403	59,422	2,519	76,320
Additions to:-					
- Property, plant and equipment	-	-	-	-	-
Segment liabilities	19,188	1,775	25,564	8,472	54,999

4. Segment and revenue information (cont'd)

4.2 Disaggregation of Revenue

The Group				
6 months ended 31 March 2022				
	Experiences	Services	Hotels	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Types of goods or service:				
Sales of goods	1	258	331	590
Rendering of services	-	124	477	601
Total revenue	1	382	808	1,191
Timing of revenue recognition:				
At a point in time	1	258	331	590
Over time	-	124	477	601
Total revenue	1	382	808	1,191
Geographical information:				
Myanmar	1	382	808	1,191
Total revenue	1	382	808	1,191

The Group				
6 months ended 31 March 2021				
	Experiences	Services	Hotels	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Types of goods or service:				
Sales of goods	-	275	486	761
Rendering of services	-	100	513	613
Total revenue	-	375	999	1,374
Timing of revenue recognition:				
At a point in time	-	263	486	749
Over time	-	112	513	625
Total revenue	-	375	999	1,374
Geographical information:				
Myanmar	-	375	999	1,374
Total revenue	-	375	999	1,374

4. Segment and revenue information (cont'd)

4.2 Disaggregation of Revenue (cont'd)

A breakdown of sales:

	The Group		
	6 months ended 31 March 2022	6 months ended 31 March 2021	Increase/ (Decrease)
	US\$'000	US\$'000	%
For the first half year			
Sales reported	1,191	1,374	-13%
Operating loss after tax	(4,738)	(3,590)	32%

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2022 and 30 September 2021:

	Note	The Group		The Company	
		31 March 2022	30 Sept 2021	31 March 2022	30 Sept 2021
		US\$'000	US\$'000	US\$'000	US\$'000
Financial Assets					
Financial assets, at fair value through profit or loss ("FVPL")	9	2,209	2,209	-	-
Cash and bank balances		244	130	8	36
Trade and other receivables		1,825	1,956	13,550	13,462
Less: prepayments		(414)	(459)	(12)	(1)
Financial assets at amortised cost		1,655	1,627	13,546	13,497
Financial Liabilities					
Trade and other payables		15,214	14,221	16,187	15,888
Borrowings		30,216	27,729	-	-
Convertible bonds		3,614	3,534	3,614	3,534
Less: Contract liabilities		(1,022)	(947)	-	-
Financial liabilities at amortised cost		48,022	44,537	19,801	19,422

6. Loss before taxation

6.1 Significant items

	The Group	
	6 months ended 31 March 2022	6 months ended 31 March 2021
	US\$'000	US\$'000
Income		
Interest income	33	37
Expenses		
Interest on borrowings	(1,501)	(1,941)
Depreciation of property, plant and equipment	(1,123)	(1,223)
Amortisation of intangible assets	(54)	(52)
Foreign exchange (loss)/gain, net	(1,093)	2,400
Loss on disposal of property, plant and equipment	12	-

6.2 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties on terms agreed between the parties:

	The Group	
	6 months ended 31 March 2022	6 months ended 31 March 2021
	US\$'000	US\$'000
Sales and purchases of goods and services and other transactions	264	325
Rental expenses paid/ payable to related parties	60	81
Project management fee charged by a related party	-	2
Loan and interest charged to related party	63	72

7. Taxation

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group	
	6 months ended 31 March 2022	6 months ended 31 March 2021
	US\$'000	US\$'000
Current income tax expense	-	-
Deferred income tax expense relating to reversal of temporary differences	(23)	(17)
Under provision of current income tax in prior financial years: Myanmar	1 (22)	- (17)

8. Net Assets Value

	The Group		The Company	
	As at 31 March 2022	As at 30 September 2021	As at 31 March 2022	As at 30 September 2021
	US cents	US cents	US cents	US cents
Net Assets value per ordinary share	3.47	4.41	12.19	12.26

9. Financial assets, at FVPL

Financial assets, at FVPL comprise the following:

	The Group	
	31 March 2022	30 Sept 2021
	US\$'000	US\$'000
Beginning of financial period/year	2,209	2,414
Fair value loss	-	(205)
End of financial period/year	2,209	2,209

The above investment in non-listed equity securities which is less than 20% of interest in investee is mandatorily measured at fair value through profit or loss.

The estimated fair value (Level 3 fair value measurement hierarchy) of financial assets at FVTPL is measured using market approach and the earnings of a business are capitalised using comparable companies' multiples, EV/EBITDA ratios as earnings multiples for valuation purposes.

9. Financial assets, at FVPL (cont'd)

The changes to the fair value of financial assets are insignificant at the end of 6-month period ended 31 March 2022 due to use of median and weighted average values for earnings multiples. Accordingly, there was no recognition of the fair value movement for the current 6-month financial period ended 31 March 2022.

10. Intangible assets

	The Group					Total US\$'000
	Customer relationship US\$'000	Goodwill US\$'000	Investment in business acquisition US\$'000	Trademark US\$'000	Brand name US\$'000	
As at 30 September 2021						
Cost	536	7,773	1,826	1,060	66	12,068
Accumulated amortisation	(464)	-	(1,826)	-	(1)	(3,097)
Accumulated impairment	-	(6,535)	-	(391)	-	(6,926)
Net book amount	72	1,238	-	669	65	2,045
6 months ended 31 March 2022						
Amortisation charge	(53)	-	-	-	(1)	(54)
As at 31 March 2022						
Cost	536	7,773	1,826	1,060	66	12,068
Accumulated amortisation	(517)	-	(1,826)	-	(2)	(3,151)
Accumulated Impairment	-	(6,535)	-	(391)	-	(6,926)
Net book amount	19	1,238	-	669	64	1,991

The Group had performed impairment reviews and recognised impairment losses as at 30 September 2020 and 30 September 2021 due to adverse market and economic condition arising from the Covid-19 outbreak and political instability respectively. There are no further adverse changes in the tourism industry impacting the Group at the end of 6-month period ended 31 March 2022.

11. Property, plant and equipment

During the six months ended 31 March 2022, the Group acquired assets amounting to US\$74,000 (30 September 2021: US\$3,000) and disposed of assets amounting to US\$21,700 (30 September 2021: US\$44,000).

12. Investment properties

	The Group	
	31 March 2022	30 Sept 2021
	US\$'000	US\$'000
Cost		
Beginning of financial year/period	15,835	17,350
Right-of use assets	265	-
Fair value loss recognised in profit or loss	-	(1,250)
End of financial year/period	<u>16,100</u>	<u>16,100</u>
At valuation:		
Leasehold properties	16,100	16,100

The investment properties relate to the undeveloped land development rights held for capital appreciation and/or leasing purpose.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. The fair values of the properties for the last financial year ended 30 September 2021 were determined by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

The Group determined that there is no change to fair value of its investment properties for the 6-month period ended 31 March 2022.

13. Borrowings

	The Group					
	As at 31 March 2022			As at 30 September 2021		
	Unsecured US\$'000	Secured US\$'000	Total US\$'000	Unsecured US\$'000	Secured US\$'000	Total US\$'000
Current						
- Bank borrowings	28	14,980	15,008	27	3,649	3,676
- Borrowing from related party	1,000	-	1,000	1,000	-	1,000
- Lease liabilities	215	-	215	174	-	174
	1,244	14,980	16,223	1,201	3,649	4,850
Non-current						
- Bank borrowings	-	13,116	13,116	-	21,859	21,859
- Lease liabilities	877	-	877	1,020	-	1,020
- Convertible bonds	3,614	-	3,614	3,534	-	3,534
	4,491	13,116	17,607	4,554	21,859	26,413
Total borrowings	5,735	28,095	33,830	5,755	25,508	31,263

Total secured borrowings of the Group as at 31 March 2022 of Kyat 49.93 billion (approximately US\$28.10 million) [30 September 2021: Kyat 47.21 billion (approximately US\$25.51 million)] consisted of the following: -

- a bank loan of Kyat 22.6 billion (approximately US\$12.71 million) owing by Pun Hlaing Lodge Hotel Management Limited [30 September 2021: Kyat 21.45 billion (approximately US\$11.58 million)]. The facility is secured by 2.2 acres plot of land and building in Pun Hlaing Estate where Awei Metta is situated; and
- a bank loan of Kyat 20.94 billion (approximately US\$11.79 million) owing by Shwe Lay Ta Gun Travels & Tour Limited [30 September 2021: Kyat 19.76 billion (approximately US\$10.67 million)]. The facility is secured by several plots of land in Bagan making up a total of 4.31 acres; and
- a bank loan of Kyat 6.38 billion (approximately US\$3.59 million) owing by Southern Myanmar Capital Limited [30 September 2021: Kyat 6 billion (approximately US\$ 3.25 million)]. The facility is secured by the land and building for Hotel Suggati Mawlamyaing of 0.424 acres and the land and building for Hotel Keinnara Hpa-An of 2.48 acres; and
- Corporate guarantee by the Company.

As at 31 March 2022 the secured borrowings are secured by assets with net book value amounting to US\$11.64 million (As at 30 September 2021: US\$8.28 million)

Total unsecured borrowings of the Group as at 31 March 2022 of US\$5.74 million were in relation to:-

- convertible bonds of US\$3.61 million (the principal amount of US\$3.19 million) at the coupon rate of 5% per annum by the Company as consideration for an acquisition of 1,696,636 shares representing 15.28% of the total issued and paid-up shares in the capital of Strand Hotels International Limited; and
- lease liabilities of approximately US\$1.10 million; and
- a loan of US\$1.0 million owing by Chindwin Investment Limited; and
- a Covid-19 relief loan of Kyat 0.05 billion (approximately US\$0.03 million) at the interest rate of 1% per annum owing by Traditional Lodge Hotel Limited.

13. Borrowings (cont'd)

Given the events of the last 6 months in Myanmar, the Group had not met its loan obligations for certain loans amounting to US\$1.27 million. However, the lenders have been supportive and the Group has been and continues to be in active discussion with the lenders to extend/revise the loan and interest repayment schedules for loans amounting to US\$7.77 million to 30 June 2023. In view of the ongoing negotiations with the lenders, the Directors are of the opinion that the foregoing defaults are not expected to have a significant impact on the operations of the Group and will not result in the Group to face cash flow difficulties. As at 31 March 2022 and the date of this announcement, there were no acceleration of repayments and no notifications from the lenders for the affected loans to be settled on demand basis.

14. Share capital

	The Company			
	31 March 2022		30 Sept 2021	
	Number of shares US\$'000	Amount US\$'000	Number of shares US\$'000	Amount US\$'000
End of interim period	502,171	84,839	502,171	84,839

The number of issued share of the Company (excluding treasury shares) remained at 502,170,955 as at 31 March 2022, 30 September 2021 and 31 March 2021.

Convertible Bonds

As at 31 March 2022, 30 September 2021 and 31 March 2021, there were unlisted convertible bonds in the principal amount of US\$3.19 million ("Convertible Bonds") outstanding. Assuming full conversion of the Convertible Bonds, up to 19,829,729 ordinary shares of the Company may be allotted and issued.

Memories Performance Share Plan ("Memories PSP")

As at 31 March 2022, 30 September 2021 and 31 March 2021, there were no outstanding shares to be issued under the Memories PSP.

Treasury Shares and Subsidiary Holdings

The Company did not have any subsidiary holdings or treasury shares as at 31 March 2022, 30 September 2021 and 31 March 2021.

15. Acquisition of subsidiary corporation

There was no acquisition of any subsidiary corporation in the six-month financial period ended 31 March 2022.

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

F. Other Information Required by Listing Rule Appendix 7c

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Memories Group Limited and its subsidiary corporations as at 31 March 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Review of the Group's performance for six-month ended 31 March 2022 as compared to the six-month ended 31 March 2021

Revenue

The Group's total revenue for six-month ended 31 March 2022 decreased by 13.3% to US\$1.19 million as compared to US\$1.37 million for six-month ended 31 March 2021.

Revenue from the Hotels segment decreased by US\$0.19 million for six-month ended 31 March 2022, compared to six-month ended 31 March 2021. Overall decline of revenue in Hotels segment was caused by low occupancy at Awei Metta hotel due to prolong impact of Covid-19 outbreak and the political environment in Myanmar.

There was no revenue from Experiences segment for six-month ended 31 March 2022 owing to the suspension of operations in Balloons Over Bagan business ("BOB Business") and Burma Boating business due to Covid-19 outbreak and the political environment in Myanmar.

There was a slight increase in revenue from Services segment of approximately US\$7,000 for six-month ended 31 March 2022. This was mainly caused by revenue increase in Pun Hlaing Country Club due to higher number of operating months in the six-month ended 31 March 2022.

Gross profit

The Group's cost of sales decreased by 23.1%, to US\$0.7 million. This was mainly due to a reduction of operational staff cost of US\$0.12 million in Experiences segment.

The Group recorded gross profit of US\$0.49 million, mainly contributed by Awei Metta hotel, Awei Pila hotel and Pun Hlaing Country Club. A higher gross profit margin of 41.1%, as compared to 33.6% in the previous financial period, was mainly due to reduction of operational staff cost in Experiences segment.

Other losses

There was no impairment loss on the Group's property, plant and equipment and intangible assets for the six-month ended 31 March 2022.

Distribution and Marketing expenses

The Group's distribution and marketing expenses reduced by US\$0.04 million, mainly from decrease in marketing and promotion activities.

2. Review of performance of the Group (cont'd)

General and administrative expenses

The Group's administrative expenses reduced by US\$1.45 million, consist mainly of US\$1.19 million savings in administrative staff cost, US\$0.10 million lower depreciation and US\$0.16 million decrease in general administrative expenses.

Finance expenses

Finance expenses comprise interest expenses paid/incurred on borrowings and currency translation differences arising from the translation of Kyat denominated borrowings and interest expenses to USD.

Finance expenses for the six-months ended 31 March 2022 was US\$3.06 million higher than same period last financial year due to currency exchange losses on the Group's Kyat-denominated borrowings. This difference consists of (i) a currency translation loss of US\$1.09 million derived from revaluation of the borrowings denominated in Kyat as a result of stronger Kyat against US\$ as at 31 March 2022, (ii) absence of a currency translation gain of US\$ 2.41 million recorded during 1H2021; and these losses were mitigated by (iii) a lower interest expense of US\$0.44 million in 1H2023 compared to 1H2021, due to a weaker Kyat against US\$ on average throughout the six-month period in 1H2023.

As a result of the above, the Group recorded a net loss after tax of US\$4.74 million for the six-month ended 31 March 2022 as compared to a net loss after tax of US\$3.59 million for the six-month period ended 31 March 2021.

Review of the consolidated statement of financial position

Cash and bank balances were higher by US\$0.11 million as at 31 March 2022 mainly due to tight control of cash across all business segments.

Trade and other receivables decreased by US\$0.13 million to US\$1.83 million as at 31 March 2022, which was primarily attributable to decrease in trade and other receivables of US\$0.04 million and decrease in related party receivables of US\$0.09 million due to collections within the six months ended financial period.

The value of investment properties amounted to US\$16.10 million as at 31 March 2022 as there was no change to the fair value. These investment properties relate to undeveloped land development rights at Kyun Pila island acquired for capital appreciation and/or leasing purposes.

The Group's property, plant and equipment and intangible assets decreased by US\$1.13 million which was mainly due to depreciation and amortisation charge for the period.

There was no impairment loss on intangible assets during six-month period ended 31 March 2022.

Total liabilities increased by US\$3.54 million mainly due to (i) US\$0.99 million increase in trade and other payables mainly from expenses paid on behalf by related parties (ii) US\$2.57 million increase in borrowings following capitalisation of accrued interest of US\$1.5 million and currency translation loss of US\$1.09 million arising from appreciation of the Kyat against US\$ on the Group's Kyat-denominated borrowings.

2. Review of performance of the Group (cont'd)

Review on consolidated statement of cash flow

The Group's net cash generated from operating activities amounted to US\$0.12 million for the six-month ended 31 March 2022, which comprised operating cash outflow of US\$0.93 million before changes in working capital, and net working capital inflow of US\$1.05 million which was mainly due to increase in trade payables.

The Group's net cash used in investing activities for six-month period ended 31 March 2022 amounted to US\$0.04 million, which was net impact of the proceeds from disposal of dated equipment and the payments for the development of the new order booking engine software.

The Group's net cash provided from financing activities for six-month period ended 31 March 2022 amounted to US\$0.02 million. This was mainly from reimbursement by bank for interest deducted at the completion of interest capitalisation.

As at 31 March 2022, the Group's cash and cash equivalents amounted to US\$0.24 million.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variances between it and the actual results

The Company released an announcement on earnings guidance on 3 November 2022. The financial results disclosed in this announcement are consistent with the aforementioned statement.

4. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

Barriers to international travel, security concerns in some parts of the country and a Covid-19 outbreak in February and March 2022 have continued to dampen demand for hospitality in the preceding period. While some of these challenges will remain, in other aspects there are signs of improvement. Throughout April 2022, the Myanmar authorities announced a series of rules revision that dismantle almost all pandemic-related border restrictions. Particularly, this culminates to the resumption of international commercial flights and eliminating quarantine requirements for visitors with vaccination record and negative test result for Covid-19. However, although regulatory barriers are removed, frequency of flights from international airlines are expected to only increase gradually. Coupled with negative media reports on Myanmar's political situation, international tourism arrival is expected to remain low for the year although business related travel may resume gradually first. As for the domestic market condition, except for the periods of Covid-19 outbreak in February and March 2022, day-to-day activities in Yangon have mostly resumed which will be positive for Awei Metta's business as indicated by an increase in demand for events recently.

Myanmar will be entering into its monsoon season in May, traditionally a low season for tourism as well as events. Four of the Group's five hotels will close during this monsoon period, and only Awei Metta in Yangon will continue to operate. Awei Pila closed this season with a relatively high occupancy in the month of April compared to previous seasons, thus showing promise for a revival of domestic tourism when the resort re-opens in October this year for the new season. Restart of operations for Balloons Over Bagan is expected when the tourism season begins in coming October.

5. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)

Not applicable

5A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: —

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that has material uncertainty relating to going concern.

Not applicable as the audit opinion for the Group's latest audited financial statements for the year ended 30 September 2021 included a statement on "Material Uncertainties Related to Going Concern, and Disclosure in Relation to the Effects of the Coronavirus-19 Pandemic and Political Events in Myanmar".

6. Dividend information

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No

(b) (i) Amount per share (cents)

Not applicable

(ii) Previous corresponding period (cents)

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived (if the dividend is not taxable in the hand of shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable.

Not applicable

(f) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

7. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been recommended for the current financial period reported on as the Company had incurred a loss.

8. Interested person transactions

If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The details of IPTs from 1 October 2021 to 31 March 2022 entered into by the Group are set out below.

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions the financial period under review which are conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
General IPTs			
Hlaing River Golf Club Company Ltd	Associate of Mr Serge Pun, Executive Chairman of the Company	-	US\$ 184,161

9. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalist Rules

Not Applicable

10. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1).

BY ORDER OF THE BOARD

Cyrus Pun

Executive Director and Chief Executive Officer
13 May 2022

Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The directors of the Company do hereby confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed interim financial statements of the Company and the Group for the six months ended 31 March 2022 to be false or misleading in any material respect.

On behalf of the Board of Directors

Cyrus Pun

Executive Director and Chief Executive Officer

13 May 2022

Serge Pun

Executive Chairman

This announcement has been reviewed by the Company's sponsor, Prime Partners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.