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**Memories Group Limited**  
**(Company Registration No. 201201631D)**

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## **Condensed Interim Financial Statements**

### **For the three-month and nine-month financial periods ended 30 June 2022**

PURSUANT TO RULES 705(2C) OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST") LISTING MANUAL SECTION B: RULES OF CATALIST, MEMORIES GROUP LIMITED IS REQUIRED BY SGX-ST TO ANNOUNCE ITS QUARTERLY FINANCIAL STATEMENTS.

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

	Note	The Group		The Group	
		3 months ended 30 June 2022	3 months ended 30 June 2021	9 months ended 30 June 2022	9 months ended 30 June 2021
		Unaudited US\$'000	Unaudited US\$'000	Unaudited US\$'000	Unaudited US\$'000
Revenue	4	664	478	1,855	1,852
Cost of sales		(387)	(318)	(1,088)	(1,230)
<b>Gross profit</b>		<b>277</b>	<b>160</b>	<b>767</b>	<b>622</b>
Other income/(loss) - net		158	273	219	(28)
Loss allowance on trade receivable-net		38	-	60	-
Distribution and marketing expenses		(2)	(8)	(9)	(53)
General and administrative expenses		(1,350)	(1,471)	(3,895)	(5,472)
Finance expenses		467	3,654	(2,314)	3,932
<b>(Loss)/Profit before taxation</b>	6	<b>(412)</b>	<b>2,608</b>	<b>(5,172)</b>	<b>(999)</b>
Income tax credit	7	9	11	31	28
<b>Net (loss)/profit, representing total comprehensive attributable to equity holders of the Company</b>		<b>(403)</b>	<b>2,619</b>	<b>(5,141)</b>	<b>(971)</b>
<b>(Loss)/Earnings per share attributable to equity holders of the Company</b>					
Basic/Diluted LPS/EPS (USD In cents)		(0.08)	0.52	(1.02)	(0.19)

The diluted LPS/EPS computations have not taken into consideration the effects of the shares to be issued and convertible bonds as at 30 June 2022, as they were anti-dilutive pursuant to paragraph 41 of SFRS(I) 33 Earnings per Share.

## B. Condensed interim statements of financial position

	Note	The Group		The Company	
		30 June 2022	30 Sept 2021	30 June 2022	30 Sept 2021
		Unaudited	Audited	Unaudited	Audited
		US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		123	130	15	36
Trade and other receivables		1,830	1,956	13,522	13,462
Inventories		218	237	-	-
<b>Total current assets</b>		<b>2,171</b>	<b>2,323</b>	<b>13,537</b>	<b>13,498</b>
<b>Non-current assets</b>					
Investment in subsidiary corporations		-	-	67,482	67,482
Investment properties	12	16,100	16,100	-	-
Property, plant and equipment	11	45,412	47,098	-	-
Intangible assets	10	1,971	2,045	-	-
Financial assets, at fair value through profit or loss ("FVPL")	9	2,209	2,209	-	-
Other receivable		540	540	-	-
<b>Total non-current assets</b>		<b>66,232</b>	<b>67,992</b>	<b>67,482</b>	<b>67,482</b>
<b>Total assets</b>		<b>68,403</b>	<b>70,315</b>	<b>81,019</b>	<b>80,980</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		15,469	14,221	16,386	15,888
Borrowings		17,702	4,850	-	-
Current income tax liabilities		385	385	-	-
<b>Total current liabilities</b>		<b>33,556</b>	<b>19,456</b>	<b>16,386</b>	<b>15,888</b>
<b>Non-current liabilities</b>					
Borrowings		11,910	22,879	-	-
Convertible bonds		3,654	3,534	3,654	3,534
Deferred income tax liabilities		2,146	2,178	-	-
Provisions		115	105	-	-
<b>Total liabilities</b>		<b>51,381</b>	<b>48,152</b>	<b>20,040</b>	<b>19,422</b>
<b>NET ASSETS</b>		<b>17,022</b>	<b>22,163</b>	<b>60,979</b>	<b>61,558</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital		84,544	84,544	84,839	84,839
Accumulated losses		(47,964)	(42,823)	(24,445)	(23,866)
Other reserves		(19,558)	(19,558)	585	585
<b>Total equity</b>		<b>17,022</b>	<b>22,163</b>	<b>60,979</b>	<b>61,558</b>

## 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
<b>FP 2023 (Unaudited)</b>						
Balance as at 1 October 2021	84,544	566	(20,190)	66	(42,823)	22,163
Total comprehensive loss for the financial period	-	-	-	-	(5,141)	(5,141)
Balance as at 30 June 2022	84,544	566	(20,190)	66	(47,964)	17,022
<b>FY 2021 (Unaudited)</b>						
Balance as at 1 October 2020	84,544	566	(20,190)	66	(40,075)	24,911
Total comprehensive loss for the financial period	-	-	-	-	(971)	(971)
Balance as at 30 June 2021	84,544	566	(20,190)	66	(41,046)	23,940

  

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
<b>FP 2023 (Unaudited)</b>						
Balance as at 1 October 2021	84,839	566	(47)	66	(23,866)	61,558
Total comprehensive loss for the financial period	-	-	-	-	(579)	(579)
Balance as at 30 June 2022	84,839	566	(47)	66	(24,445)	60,979
<b>FY 2021 (Unaudited)</b>						
Balance as at 1 October 2020	84,839	566	(47)	66	(23,350)	62,074
Total comprehensive loss for the financial period	-	-	-	-	(319)	(319)
Balance as at 30 June 2021	84,839	566	(47)	66	(23,669)	61,755

## D. Condensed interim consolidated statement of cash flows

		The Group	
		9 months ended 30 June 2022 Unaudited	9 months ended 30 June 2021 Unaudited
Note		US\$'000	US\$'000
<b>Cash flows from operating activities</b>			
<b>Loss before tax</b>		(5,172)	(999)
Adjustments for:			
Interest income	6.1	(50)	(58)
Depreciation of property, plant and equipment	6.1	1,674	1,807
Amortisation of intangible assets	6.1	74	82
Profit on disposal of property, plant and equipment	6.1	(12)	(13)
Interest expense	6.1	2,369	3,051
Unrealised currency translation gain		(80)	(6,822)
<b>Operating loss before working capital changes</b>		<b>(1,197)</b>	<b>(2,952)</b>
<b>Changes in Working capital</b>			
Inventories		19	(14)
Trade and other receivables		179	251
Trade and other payables		1,051	(1,068)
<b>Cash generated from / (used in) operations</b>		<b>52</b>	<b>(3,783)</b>
Net tax paid		-	(15)
<b>Net cash generated from / (used in) operating activities</b>		<b>52</b>	<b>(3,798)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(74)	(103)
Proceeds from disposal of property, plant and equipment		34	13
<b>Net cash used in investing activities</b>		<b>(40)</b>	<b>(90)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	4,306
Interest paid on borrowing and lease liabilities		(14)	(542)
Principal payment of lease liabilities		(5)	(44)
<b>Net cash (used in) / generated from financing activities</b>		<b>(19)</b>	<b>3,720</b>
Net increase in cash and cash equivalents		(7)	(168)
Cash and cash equivalents at beginning of the period		130	406
Effects of currency translation on cash and cash equivalents		-	(6)
<b>Cash and cash equivalents at end of the period</b>		<b>123</b>	<b>232</b>

## **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. These condensed interim consolidated financial statements for the three-month financial period and nine-month financial period ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

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 three-month financial period and nine-month financial period ended 30 June 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 financial year ended 30 September 2021.

The accounting policies adopted are consistent with those adopted by the Group 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 30 June 2022, there are material uncertainties related to the timing of the expected recovery and the extent of the impact of the Covid-19 pandemic and economic/political events on the Group's operations and performance. As a result, the Group has incurred net loss of US\$5.14 million for the nine-month financial period ended 30 June 2022.

In addition, the Group's current liabilities amounting to US\$33.56 million as at 30 June 2022. The Group's current assets amounting to US\$2.17 million as at 30 June 2022, including the unrestricted cash and cash equivalents amount of US\$0.12 million may be insufficient to fulfil these obligations at the relevant repayment dates, notwithstanding the fact that the Group has non-current assets as at 30 June 2022 amounting to US\$66.23 million.

As at 30 June 2022, the Group was in a net current liabilities position of US\$31.39 million comprising US\$6.85 million of non-trade payables due to related parties, US\$6.84 million were payables to third-party creditors and US\$17.70 million were the current portion of borrowings.

## 2. Basis of Preparation (cont'd)

### 2.1. Going concern assumption (cont'd)

These events or conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, the Board is of the opinion that the use of the going concern assumption for nine-month financial period ended 30 June 2022 is appropriate after taking into consideration the following measures/assumptions:

- (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 next twelve months;
- (b) The Group had obtained written confirmation from related parties not to demand for repayments of the non-trade payables of US\$6.31 million;
- (c) The Group has the following unutilised credit facilities of US\$2.08 million that are available to the Group for drawdown, if required;
  - US\$1.08 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 Company to continue its operations as a going concern for the next 12 months and to meet its liabilities as and when they fall due;
- (e) The Group has come to an agreement in principle with its bankers to refinance existing secured borrowings amounting to US\$ 24.05 million with a view to extend tenure of these loans and deferring the repayment of borrowings up to US\$ 12.7 million to non-current. For details, please refer to note 13;
- (f) 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
- (g) 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 as at 30 June 2022 are temporary as the Group expects to generate income when the Covid-19 outbreak and political/economic 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 measures/assumptions, 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. Basis of Preparation (cont'd)

### 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 covered three months from 1 April 2022 to 30 June 2022 ("3Q2023") and covered nine months from 1 October 2021 to 30 June 2022 ("9M2023") of current 18-month financial period ending 31 March 2023. The comparative financial period covered three months from 1 April 2021 to 30 June 2021 ("3Q2021") and covered nine months from 1 October 2020 to 30 June 2021 ("9M2021") 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 fluctuations caused by the monsoon season in Myanmar and unable to operate their businesses during the period spanning 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 businesses are organised and managed into three business segments, comprising Hotels segment, Experiences segment and Services segment which are predominantly operating 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

	← Experiences	Myanmar Services	Hotels →	Singapore Corporate	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
For the financial period from 1 April 2022 to 30 June 2022					
<b>Revenue</b>					
Total segment revenue	5	243	434	-	682
Inter segment revenue	(5)	-	(13)	-	(18)
<b>Revenue from external parties</b>	-	243	421	-	664
Interest income	-	-	17	-	17
Total other income	(7)	62	71	32	158
Total revenue and other income	(7)	305	492	32	822
Depreciation and amortisation	(124)	(57)	(390)	-	(571)
Finance income/(expenses)	192	(7)	321	(39)	467
<b>Segment loss</b>	(115)	(59)	(78)	(160)	(412)
Unallocated expense					-
Loss before taxation					(412)
Taxation					9
Net loss					(403)
<b>Segment assets</b>	9,274	1,511	55,372	2,246	68,403
Additions to:-					
- Property, plant and equipment	9	12	58	-	79
<b>Segment liabilities</b>	16,901	1,997	23,141	9,342	51,381

#### 4. Segment and revenue information (cont'd)

##### 4.1. Reportable segments (cont'd)

	← Experiences	Myanmar Services	Hotels →	Singapore Corporate	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>For the financial period from 1 April 2021 to 30 June 2021</b>					
<b>Revenue</b>					
Total segment revenue	8	177	299	-	484
Inter segment revenue	(5)	-	(1)	-	(6)
<b>Revenue from external parties</b>	3	177	298	-	478
Interest income	-	-	21	-	21
Total other income	(207)	220	24	236	273
Total revenue and other income	(204)	397	322	236	751
Depreciation and amortisation	(145)	(28)	(438)	-	(611)
Finance income/(expenses)	1,484	-	2,216	(46)	3,654
<b>Segment profit</b>	860	70	1,649	29	2,608
Unallocated expenses					-
Profit before taxation					2,608
Taxation					11
Earnings for the interim period					2,619
<b>Segment assets</b>	10,727	3,258	58,545	2,527	75,057
Additions to:-					
- Property, plant and equipment	1	2	27	-	30
<b>Segment liabilities</b>	17,606	1,756	23,180	8,576	51,118

#### 4. Segment and revenue information (cont'd)

##### 4.1. Reportable segments (cont'd)

	← Experiences	Myanmar Services	Hotels →	Singapore Corporate	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>For the financial year from 1 October 2021 to 30 June 2022</b>					
<b>Revenue</b>					
Total segment revenue	16	625	1,265	-	1,906
Inter segment revenue	(16)	(1)	(34)	-	(51)
Revenue from external parties	-	624	1,231	-	1,855
Interest income	-	-	50	-	50
Total other income	86	23	138	(28)	219
Total revenue and other income	86	647	1,369	(28)	2,074
Depreciation and amortisation	(393)	(186)	(1,169)	-	(1,748)
Finance expense	(981)	(22)	(1,191)	(120)	(2,314)
<b>Segment loss</b>	(1,793)	(364)	(2,423)	(592)	(5,172)
Unallocated expense					-
Loss before taxation					(5,172)
Taxation					31
<b>Net loss</b>					(5,141)
<b>Segment assets</b>	9,274	1,511	55,372	2,246	68,403
Additions to:-					
- Property, plant and equipment	9	12	58	-	79
<b>Segment liabilities</b>	16,901	1,997	23,141	9,342	51,381

#### 4. Segment and revenue information (cont'd)

##### 4.1. Reportable segments (cont'd)

	← Myanmar	→	Singapore	
	Experiences	Services	Hotels	Corporate
	US\$'000	US\$'000	US\$'000	US\$'000
				Total
				US\$'000
For the financial period from 1 Oct 2020 to 30 June 2021				
<b>Revenue</b>				
Total segment revenue	19	552	1,303	-
Inter segment revenue	(16)	-	(6)	-
Revenue from external parties	3	552	1,297	-
Interest income	-	-	58	-
Total other income	(356)	323	(379)	384
Total revenue and other income	(353)	875	918	384
Depreciation and amortisation	(487)	(85)	(1,317)	-
Finance income/(expenses)	1,457	-	2,620	(145)
<b>Segment (loss)/profit</b>	(863)	(159)	457	(434)
Unallocated expenses				-
Loss before taxation				(999)
Taxation				28
<b>Net loss</b>				(971)
<b>Segment assets</b>	10,727	3,258	58,545	2,527
Additions to:-				
- Property, plant and equipment	4	9	108	-
<b>Segment liabilities</b>	17,606	1,756	23,180	8,576

#### 4. Segment and revenue information (cont'd)

##### 4.2. Disaggregation of Revenue

The Group 3 months ended 30 June 2022				
	Experiences	Services	Hotels	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Types of goods or service:				
Sales of goods	-	169	182	351
Rendering of services	-	74	239	313
Total revenue	-	243	421	664
Timing of revenue recognition:				
At a point in time	-	169	182	351
Over time	-	74	239	313
Total revenue	-	243	421	664
Geographical information:				
Myanmar	-	243	421	664
Total revenue	-	243	421	664

The Group 3 months ended 30 June 2021				
	Experiences	Services	Hotels	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Types of goods or service:				
Sales of goods	1	177	129	307
Rendering of services	2	-	169	171
Total revenue	3	177	298	478
Timing of revenue recognition:				
At a point in time	1	177	129	307
Over time	2	-	169	171
Total revenue	3	177	298	478
Geographical information:				
Myanmar	3	177	298	478
Total revenue	3	177	298	478

#### 4. Segment and revenue information (cont'd)

##### 4.2. Disaggregation of Revenue (cont'd)

The Group				
9 months ended 30 June 2022				
	Experiences	Services	Hotels	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Types of goods or service:				
Sales of goods	1	426	514	941
Rendering of services	-	198	716	914
Total revenue	1	624	1,230	1,855
Timing of revenue recognition:				
At a point in time	1	426	514	941
Over time	-	198	716	914
Total revenue	1	624	1,230	1,855
Geographical information:				
Myanmar	1	624	1,230	1,855
Total revenue	1	624	1,230	1,855

  

The Group				
9 months ended 30 June 2021				
	Experiences	Services	Hotels	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Types of goods or service:				
Sales of goods	1	552	616	1,169
Rendering of services	2	-	681	683
Total revenue	3	552	1,297	1,852
Timing of revenue recognition:				
At a point in time	1	552	616	1,169
Over time	2	-	681	683
Total revenue	3	552	1,297	1,852
Geographical information:				
Myanmar	3	552	1,297	1,852
Total revenue	3	552	1,297	1,852

#### 4. Segment and revenue information (cont'd)

##### 4.2. Disaggregation of Revenue (cont'd)

A breakdown of sales:

	The Group		
	9 months ended 30 June 2022 US\$'000	9 months ended 30 June 2021 US\$'000	Increase/ (Decrease) %
<b><u>For the first half year Oct~Mar</u></b>			
Sales reported	1,191	1,374	-13%
Operating loss after tax	(4,738)	(3,590)	32%
<b><u>For the Period Apr~June</u></b>			
Sales reported	664	478	39%
Operating (loss)/profit after tax	(403)	2,619	NM

#### 5. Financial assets and financial liabilities

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

		The Group		The Company	
		As at 30	As at 30	As at 30	As at 30
		June 2022	Sept 2021	June 2022	Sept 2021
	Note	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial Assets</b>					
Financial assets, at fair value through profit or loss ("FVPL")	9	2,209	2,209	-	-
Cash and bank balances		123	130	15	36
Trade and other receivables		1,830	1,956	13,522	13,462
Less: prepayments		(413)	(459)	(6)	(1)
Financial assets at amortised cost		1,540	1,627	13,531	13,497
<b>Financial Liabilities</b>					
Trade and other payables		15,469	14,221	16,386	15,888
Borrowings		29,612	27,729	-	-
Convertible bonds		3,654	3,534	3,654	3,534
Less: Contract liabilities		(886)	(947)	-	-
Financial liabilities at amortised cost		47,849	44,537	20,040	19,422



## 6. Loss before taxation

### 6.1. Significant items

	The Group			
	3 months ended 30 June 2022	3 months ended 30 June 2021	9 months ended 30 June 2022	9 months ended 30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Income</b>				
Interest income	17	21	50	58
<b>Expenses</b>				
Interest on borrowings	(682)	(929)	(2,369)	(3,051)
Depreciation of property, plant and equipment	(552)	(584)	(1,674)	(1,807)
Amortisation of intangible assets	(19)	(27)	(74)	(82)
Foreign exchange gain from currency translation, net	1,149	4,583	55	6,983
Profit on disposal of property, plant and equipment	-	4	12	13

### 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			
	3 months ended 30 June 2022	3 months ended 30 June 2021	9 months ended 30 June 2022	9 months ended 30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Sales and purchases of goods and services and	138	210	402	535
Rental expenses paid/ payable to related parties	31	22	92	103
Project management fee charged by a related party	-	-	-	2
Loan and interest charged to related party	32	32	95	103

## 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			
	3 months ended 30 June 2022	3 months ended 30 June 2021	9 months ended 30 June 2022	9 months ended 30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Deferred income tax expense relating to reversal of temporary difference	(9)	(11)	(32)	(34)
Under-Provision of current income tax in prior financial year - Myanmar	-	-	1	6
	(9)	(11)	(31)	(28)

## 8. Net Assets Value

	The Group		The Company	
	As at 30 June 2022	As at 30 Sept 2021	As at 30 June 2022	As at 30 September 2021
	US cents	US cents	US cents	US cents
Net Assets value per ordinary share	3.39	4.41	12.14	12.26

## 9. Financial assets, at FVPL

Financial assets, at FVPL comprise the following:

	The Group	
	As at 30 June 2022	As at 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.

The changes to the fair value of financial assets are insignificant at the end of 9-month period ended 30 June 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 9-month financial period ended 30 June 2022.

## 10. Intangible assets

The Group				
	Customer relationship	Goodwill	Trademark	Brand name
	US\$'000	US\$'000	US\$'000	US\$'000
As at 30 September 2021				
Cost	536	7,773	1,060	66
Accumulated amortisation	(463)	-	-	(1)
Accumulated impairment		(6,535)	(391)	-
Net book amount	73	1,238	669	65
9 months ended 30 June 2022				
Amortisation charge	(73)	-	-	(1)
As at 30 June 2022				
Cost	536	7,773	1,060	66
Accumulated amortisation	(536)	-	-	(2)
Accumulated Impairment	-	(6,535)	(391)	-
Net book amount	-	1,238	669	64

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 9-month period ended 30 June 2022.

## 11. Property, plant and equipment

During the nine months financial period ended 30 June 2022, the Group acquired assets amounting to US\$79,000 (30 September 2021: US\$3,000) and disposed of assets amounting to US\$22,400 (30 September 2021: US\$44,000).

## 12. Investment properties

	The Group	
	As at	As at
	30 June 2022	30 Sept 2021
	US\$'000	US\$'000
<b>Cost</b>		
Beginning of financial year/period	16,100	17,350
Fair value (loss)/gain recognised in profit or loss	-	(1,250)
End of financial year/period	16,100	16,100
 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.

There are no further adverse changes in the tourism industry impacting the Group at the end of 9-month period ended 30 June 2022. The Group determined that there is no change to fair value of its investment properties for the 9-month period ended 30 June 2022.

### 13. Borrowings

	The Group					
	As at 30 June 22			As at 30 Sept 21		
	Unsecured	Secured	Total	Unsecured	Secured	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Current</b>						
- Bank borrowings	1,028	16,407	17,435	1,026	3,649	4,675
- Lease liabilities	267	-	267	175	-	175
	<b>1,295</b>	<b>16,407</b>	<b>17,702</b>	<b>1,201</b>	<b>3,649</b>	<b>4,850</b>
<b>Non-current</b>						
- Bank borrowings	-	11,138	11,138	-	21,859	21,859
- Lease liabilities	772	-	772	1,020	-	1,020
- Convertible bonds	3,654	-	3,654	3,534	-	3,534
	<b>4,426</b>	<b>11,138</b>	<b>15,564</b>	<b>4,554</b>	<b>21,859</b>	<b>26,413</b>
<b>Total borrowings</b>	<b>5,721</b>	<b>27,545</b>	<b>33,266</b>	<b>5,755</b>	<b>25,508</b>	<b>31,263</b>

Total secured borrowings of the Group as at 30 June 2022 of Kyat 51.01 billion (approximately US\$27.54 million) [30 September 2021: Kyat 47.21 billion (approximately US\$25.51 million)] consisted of the following: -

- a bank loan of Kyat 23.06 billion (approximately US\$12.45 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 21.42 billion (approximately US\$11.57 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 6.52 billion (approximately US\$3.52 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 30 June 2022 the secured borrowings are secured by assets with net book value amounting to US\$11.62 million (As at 30 September 2021: US\$8.28 million)

Total unsecured borrowings of the Group as at 30 June 2022 of US\$5.72 million [30 September 2021: US\$5.75 million] were in relation to:-

- convertible bonds of US\$3.65 million (the principal amount of US\$3.19 million) [30 September 2021: US\$3.53 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\$1.04 million [30 September 2021: US\$1.19 million]; and
- a loan of US\$1.0 million owing by Chindwin Investment Limited [30 September 2021: US\$1.0 million]; and
- a Covid-19 relief loan of Kyat 0.05 billion (approximately US\$0.03 million) [30 September 2021: Kyat 0.03 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 9 months in Myanmar, the Group had not met its loan obligations for certain secured loans amounting to US\$3.88 million. However, the lenders have been supportive and the Group has come to an agreement in principle with its bankers to refinance existing secured borrowings amounting to US\$24.05 million with a view to extend the tenure of these loans and deferring the repayment of borrowings of up to US\$ 12.7 million (including US\$3.88 million in default), to non-current. In view of the foregoing 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 30 June 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 Group				The Company			
	As at 30 June 2022		As at 30 Sept 2021		As at 30 June 2022		As at 30 Sept 2021	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Beginning and end of period/year	502,171	84,544	502,171	84,544	502,171	84,839	502,171	84,839

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

#### Convertible Bonds

As at 30 June 2022, 30 September 2021 and 30 June 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 30 June 2022, 30 September 2021 and 30 June 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 30 June 2022, 30 September 2021 and 30 June 2021.

### 15. Acquisition of subsidiary corporation

There was no acquisition of any subsidiary corporation in the nine-month financial period ended 30 June 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 30 June 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 nine-month ended 30 June 2022 as compared to the nine-month ended 30 June 2021**

##### **Revenue**

The Group's total revenue for nine-month ended 30 June 2022 increased by 0.16% to US\$1.86 million as compared to US\$1.85 million for nine-month ended 30 June 2021.

Revenue from the Hotels segment decreased by US\$0.07 million for nine-month ended 30 June 2022, compared to nine-month ended 30 June 2021. Overall declined of revenue in Hotels segment was mainly 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 nine-month ended 30 June 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\$0.07million for nine-month ended 30 June 2022. This was mainly caused by operating additional restaurant outlets in Pun Hlaing Estate and revenue increase in Pun Hlaing Country Club.

##### **Gross profit**

The Group's cost of sales decreased by 11.54%, to US\$1.09 million. This was mainly due to a reduction of operational cost of US\$0.21 million in the Experiences segment.

The Group recorded a gross profit of US\$0.77 million, mainly contributed by Awei Metta hotel, Awei Pila hotel and Pun Hlaing Country Club. A higher gross profit margin of 41.35%, as compared to 33.59% in the previous financial period, was mainly due to reduction of operational cost in the Experiences segment.

##### **Other losses**

There was no impairment loss on the Group's property, plant and equipment and intangible assets for the nine-month ended 30 June 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\$1.58 million, consisting mainly of US\$1.3 million savings in administrative staff cost, US\$0.14 million lower depreciation and US\$0.14 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 nine-months ended 30 June 2022 was US\$6.25 million higher than the same period last financial year due to decrease in currency exchange gain on the Group's Kyat-denominated borrowings. This difference consists of (i) decrease in currency translation gain of US\$ 6.92 million but is mitigated by a lower interest expense of US\$0.68 million in the nine-months ended 30 June 2022 compared to the nine-months ended 30 June 2021, due to a weaker Kyat against US\$ on average throughout the nine-months ended 30 June 2022.

As a result of the above, the Group recorded a net loss after tax of US\$5.14 million for the nine-month ended 30 June 2022 as compared to a net loss after tax of US\$0.97 million for the nine-month period ended 30 June 2021.

### **Review of the consolidated statement of financial position**

Cash and bank balances were lower by US\$0.01 million as at 30 June 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 30 June 2022, which was primarily attributable to decrease in trade and other receivables of US\$0.09 million due to collections within the nine months ended financial period.

The value of investment properties amounted to US\$16.10 million as at 30 June 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\$1.69 million which was mainly due to depreciation and amortisation charge for the period.

There was no impairment loss on intangible assets during nine-month period ended 30 June 2022.

Total liabilities increased by US\$3.23 million mainly due to (i) US\$1.25 million increase in trade and other payables mainly from expenses paid on behalf by related parties (ii) US\$2.04 million increase in borrowings following capitalisation of accrued interest of US\$2.07 million and offset by currency translation gain of US\$0.06 million arising from depreciation 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\$0.05 million for the nine-month ended 30 June 2022, which comprised operating cash outflow of US\$1.2 million before changes in working capital, and net working capital inflow of US\$1.25 million which was mainly due to increase in trade and other payables.

The Group's net cash used in investing activities for nine-month period ended 30 June 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 used in financing activities for nine-month period ended 30 June 2022 amounted to US\$0.02 million. This was mainly from payment of interest and principal of lease liabilities.

As at 30 June 2022, the Group's cash and cash equivalents amounted to US\$0.12 million.

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

The Group released an announcement on profit guidance on 8 August 2022 in which it was stated that, "based on preliminary figures for the Group's unaudited consolidated financial results for the three-month and nine-month ended 30 June 2022, the Group expects to report an overall net loss due to the low tourism season and the generally adverse market environment in Myanmar".

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**

The period of May to September is Myanmar's monsoon season, when tourism and other recreational events are usually lower. Due to this seasonality, currently of the Group's five hotels only Awei Metta is in operation. Since April 2022, requirement for quarantine upon entry into Myanmar has been lifted, the authorities have resumed online e-visa-application process and flight connections have only increased slowly. Since then, some business travellers have visited Myanmar although in much lower numbers than in 2019, while tourist arrivals have been negligible.

Preparation works are underway to re-opens Awei Pila for the new season and also to restart the Balloons Over Bagan after suspension of business for two tourism seasons, in the October 2022 where domestic tourism is expected to recover.

**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

**(e) 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 Group’s shareholder’s mandate has been approved by shareholders at the AGM held on 27 January 2022. The details of IPTs from 1 October 2021 to 30 June 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)
<b>General IPTs</b>			
Hlaing River Golf Club Company Ltd	Associate of Mr Serge Pun, Executive Chairman of the Company	-	US\$ 270,343
<b>Support Services IPTs</b>			
Yoma Strategic Holdings Ltd	Controlling Shareholder of the Company	-	US\$ 130,088
<b>Total</b>		-	<b>US\$ 400,431</b>

## 9. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalyst 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 Catalyst 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 Catalyst Rule 720(1).

**BY ORDER OF THE BOARD**

Cyrus Pun

Executive Director and Chief Executive Officer  
14 August 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 nine months ended 30 June 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

14 August 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](mailto:sponsorship@ppcf.com.sg).