



Memories Group Limited
(Company Registration No. 201201631D)

Unaudited Financial Statements and Dividend Announcement
For Six-Month and Twelve-Month Period ended 31 March 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group					
	Six-month ended			Twelve-month ended		
	31.03.2020 (Unaudited)	31.03.2019 (Unaudited)	Change	31.03.2020 (Unaudited)	31.03.2019 (Audited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	8,745	9,282	-5.8%	9,760	10,094	-3.3%
Cost of sales	(4,787)	(5,505)	-13.0%	(5,707)	(6,319)	-9.7%
Gross profit	3,958	3,777	4.8%	4,053	3,775	7.4%
Other income, net	333	7,670	-95.7%	397	7,838	-94.9%
Expenses						
- Administrative	(6,058)	(4,586)	32.1%	(10,886)	(8,051)	35.2%
- Selling & distribution	(169)	(263)	-35.7%	(390)	(407)	-4.1%
- Finance cost	(4,280)	(1,087)	NM	(5,498)	(1,087)	NM
(Loss)/profit before income tax	(6,216)	5,511	NM	(12,324)	2,068	NM
Income tax credit/(expense)	24	(123)	NM	34	(60)	NM
Net (loss)/profit attributable to equity holders of the Company	(6,192)	5,388	NM	(12,290)	2,008	NM
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
- Currency translation gain/(loss) arising from consolidation	-	534	NM	-	(2,213)	NM
Total comprehensive (loss)/income attributable to equity holders of the Company	(6,192)	5,922	NM	(12,290)	(205)	NM

NM-Not Meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Loss for the financial period is stated after charging/ (crediting) the following:

	The Group					
	Six-month ended			Twelve-month Ended		
	31.03.2020 (Unaudited)	31.03.2019 (Unaudited)	Change	31.03.2020 (Unaudited)	31.03.2019 (Audited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation of property, plant and equipment	1,346	758	77.6%	2,677	1,405	90.5%
Amortisation of intangible assets	53	176	-69.8%	107	367	-70.8%
Foreign exchange (gain)/loss, net	(227)	160	NM	(230)	275	NM
Employee share award expense	-	22	NM	-	72	NM
Interest income from bank deposit	(45)	(12)	NM	(88)	(12)	NM
Interest expense on borrowings	1,655	660	150.8%	3,003	660	NM
Interest expense on convertible bonds	79	-	NM	146	-	NM
Interest expense on lease liabilities	16	-	NM	33	-	NM
Gain from bargain purchase	-	(7,673)	NM	-	(7,673)	NM
Currency translation losses on borrowings, net	2,530	347	629.1%	2,280	347	557.1%

NM-Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31.03.2020 (Unaudited)	31.03.2019 (Audited)	31.03.2020 (Unaudited)	31.03.2019 (Audited)
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
Current assets				
Cash and bank balances	835	2,265	154	91
Trade and other receivables	3,811	2,812	9,358	9,884
Inventories	223	184	-	-
	4,869	5,261	9,512	9,975
Non-current assets				
Investment in subsidiary corporations	-	-	81,854	81,854
Property, plant and equipment	59,470	61,090	1	1
Investment properties	16,683	16,683	-	-
Intangible assets	9,130	9,237	-	-
Other receivables	724	662	-	-
Financial assets at fair value through profit or loss	3,190	-	3,190	-
	89,197	87,672	85,045	81,855
Total assets	94,066	92,933	94,557	91,830
Liabilities				
Current liabilities				
Trade and other payables	13,176	12,715	14,583	13,795
Borrowings	-	1,042	-	-
Lease liabilities	28	-	-	-
Current income tax liabilities	404	564	-	-
	13,608	14,321	14,583	13,795
Non-current liabilities				
Borrowings	26,064	15,511	-	-
Other payables	146	-	146	-
Convertible bonds	3,190	-	3,190	-
Lease liabilities	288	-	-	-
Deferred income tax liabilities	2,248	2,289	-	-
	31,936	17,800	3,336	-
Total liabilities	45,544	32,121	17,919	13,795
Net assets	48,522	60,812	76,638	78,035
Equity				
Share capital	84,544	84,472	84,839	84,767
Accumulated losses	(16,398)	(1,610)	(8,720)	(7,323)
Currency translation reserve	-	(2,498)	(47)	(47)
Restructuring reserve	(20,190)	(20,190)	-	-
Performance share reserve	-	72	-	72
Other reserve	566	566	566	566
Total equity	48,522	60,812	76,638	78,035

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 Mar 2020		As at 31 Mar 2019	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	28	1,042	-

Amount repayable after one year

As at 31 Mar 2020		As at 30 Mar 2019	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
26,064	3,478	15,511	-

Total secured borrowings of the Group as at 31 March 2020 of Kyat36.0 billion (approximately US\$26.06 million) were:-

- (a) a bank loan of Kyat18.0 billion (approximately US\$13.03 million) owing by Pun Hlaing Lodge Hotel Management Limited ("PHLHM"). The facility is secured by 2.2 acres plot of land in Pun Hlaing Estate where Awei Metta is situated.
- (b) a bank loan of Kyat18.0 billion (approximately US\$13.03 million) owing by Shwe Lay Ta Gun Travels & Tour Limited ("SLTG"). The facility is secured by several plots of land in Bagan making up a total of 4.31 acres.

Total unsecured borrowings of the Group as at 31 March 2020 of US\$3.51 million were:-

- (a) convertible bonds in 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
- (b) Lease liabilities of approximately US\$0.32 million arising from the adoption of SFRS(I) 16 Leases.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Six months ended		Twelve months ended	
	31.03.2020 (Unaudited)	31.03.2019 (Unaudited)	31.03.2020 (Unaudited)	31.03.2019 (Audited)
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Net (loss)/profit	(6,192)	5,338	(12,290)	2,008
Adjustment for:				
-Income tax (credit)/expense	(24)	123	(34)	60
-Interest income from bank deposit	(45)	(12)	(88)	(12)
-Depreciation of property, plant and equipment	1,346	758	2,677	1,405
-Amortisation of intangible assets	53	176	107	367
-Gain on bargain purchase	-	(7,673)	-	(7,673)
-Loss on disposal of property, plant and equipment	-	4	-	4
- Employee share award expenses	-	22	-	72
-Interest expenses	1,750	660	3,182	660
-Unrealised currency translation loss/(gain)	2,458	(1,334)	2,208	(987)
	(654)	(1,888)	(4,238)	(4,096)
Working capital changes				
-Inventories	40	11	(39)	(25)
-Trade and other receivables	(657)	473	(941)	774
-Trade and other payables	2,070	190	1,847	(351)
Cash (used in)/generated from operations	799	(1,214)	(3,371)	(3,698)
Interest received	-	12	-	12
Income tax refunded/(paid)	(159)	(137)	(167)	(141)
Net cash (used in)/provided by operating activities	640	(1,339)	(3,538)	(3,827)
Investing activities				
Additions to property, plant and equipment	(447)	(5,332)	(631)	(8,211)
Acquisition of businesses, net of cash acquired	-	(9,229)	(2,324)	(9,954)
Net cash used in investing activities	(447)	(14,561)	(2,955)	(18,165)
Financing Activities				
-Proceed from borrowings	-	16,545	7,240	16,545
-Non-current other receivables	-	(662)	-	(662)
-Interest paid	(857)	(688)	(2,186)	(688)
Net cash (used in)/provided by financing activities	(857)	15,195	5,054	15,195
Net decrease in cash and cash equivalent	(664)	(705)	(1,439)	(6,797)
Cash and cash equivalent at the beginning of financial period	1,499	2,896	2,265	9,075
Effect of currency translation on cash and cash equivalent	-	74	9	(13)
Cash and cash equivalent at the end of the financial period	835	2,265	835	2,265

1(d)(i) A statement (for the issue and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues distributions to shareholders, together with a comparative statement for the corresponding period of the immediately financial year.

Statement of Changes in Equity

<u>The Group</u>	Share Capital	(Accumulated losses)	Currency Translation Reserve	Restructuring Reserve	Performance share reserve	Other reserve	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 October 2019	84,544	(10,206)	-	(20,190)	-	566	54,714
Total comprehensive loss	-	(6,192)	-	-	-	-	(6,192)
As at 31 Mar 2020	84,544	(16,398)	-	(20,190)	-	566	48,522
As at 1 April 2019	84,472	(1,610)	(2,498)	(20,190)	72	566	60,812
Issue of shares	72	-	-	-	(72)	-	-
Total comprehensive loss	-	(6,098)	-	-	-	-	(6,098)
Effect of change in currency of subsidiary corporation	-	(2,498)	2,498	-	-	-	-
As at 30 Sep 2019	84,544	(10,206)	-	(20,190)	-	566	54,714
As at 1 October 2018	68,468	(6,998)	(3,032)	(20,190)	50	-	38,298
Issue of shares	16,004	-	-	-	-	-	16,004
Shares to be issued	-	-	-	-	-	566	566
Total comprehensive profit	-	5,388	534	-	-	-	5,922
Employee share award expense	-	-	-	-	22	-	22
As at 31 Mar 2019	84,472	(1,610)	(2,498)	(20,190)	72	566	60,812
As at 1 April 2018	67,902	(3,618)	(285)	(20,190)	-	-	43,809
Issue of shares	566	-	-	-	-	-	566
Total comprehensive loss	-	(3,380)	(2,747)	-	-	-	(6,127)
Employee share award expense	-	-	-	-	50	-	50
As at 30 Sep 2018	68,468	(6,998)	(3,032)	(20,190)	50	-	38,298

<u>The Company</u>	Share capital	(Accumulated losses)	Currency Translation Reserve	Performance share reserve	Other reserve	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 October 2019	84,839	(8,015)	(47)	-	566	77,343
Total comprehensive loss	-	(705)	-	-	-	(705)
As at 31 Mar 2020	84,839	(8,720)	(47)	-	566	76,638
As at 1 April 2019	84,767	(7,323)	(47)	72	566	78,035
Issue of shares	72	-	-	(72)	-	-
Total comprehensive loss	-	(692)	-	-	-	(692)
As at 30 Sep 2019	84,839	(8,015)	(47)	-	566	77,343
As at 1 October 2018	68,763	(6,743)	(47)	50	-	62,023
Issue of shares	16,004	-	-	-	-	16,004
Shares to be issued	-	-	-	-	566	566
Total comprehensive loss	-	(580)	-	-	-	(580)
Employee share award expense	-	-	-	22	-	22
As at 31 Mar 2019	84,767	(7,323)	(47)	72	566	78,035
As at 1 April 2018	68,197	(5,564)	(47)	-	-	62,586
Issue of shares	566	-	-	-	-	566
Total comprehensive loss	-	(1,179)	-	-	-	(1,179)
Employee share award expense	-	-	-	50	-	50
As at 30 Sep 2018	68,763	(6,743)	(47)	50	-	62,023

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital – Ordinary Shares

	No of ordinary shares of the Company	Issued and paid-up share capital of the Company (US\$'000)
As at 30 September 2019 and 31 March 2020	502,170,955	84,839

Convertible Bonds

As at 31 March 2020, 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 shares of the Company may be allotted and issued. There were no outstanding convertibles as at 31 March 2019.

The Company did not have any subsidiary holdings or treasury shares as at 31 March 2020 and 31 March 2019.

Memories Performance Share Plan ("Memories PSP")

As at 31 March 2019, the total number of ordinary shares expected to be issued pursuant to vesting of the share award granted under the Memories PSP was 500,000 shares which had been allotted and issued to the Company's former CEO on 30 April 2019. As at 31 March 2020, there were no outstanding shares to be issued under the Memories PSP.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	31 March 2020	31 March 2019
Total number of issued shares	502,170,955	501,670,955

There were no treasury shares as at 31 March 2020 and 31 March 2019.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed.

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

Not applicable.

- 3A. 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. The Group's latest financial statements for the financial year ended 31 March 2019 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those applied to its audited financial statement for the financial year ended 31 March 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. 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 following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments*
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 1-12 *Income tax consequences of payments on financial instruments classified as equity*
- Amendments to SFRS(I) 1-23 *Borrowing costs eligible for capitalisation*

The adoption of the above 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 except for the following:

Adoption of SFRS(I) 16

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the financial year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

Right-of-use assets included in property, plant and equipment, are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in adjustments to the statement of financial position of the Group as at 1 April 2019. On adoption of SFRS(I) 16, the Group chose to measure the right-of-use assets at amounts equal to the lease liabilities, adjusted by the amounts of any prepaid or accrued lease payments relating to those leases recognised in the statement of financial position immediately before 1 April 2019. Accordingly, the adoption of SFRS(I) 16 does not result in any adjustment to the opening balance of accumulated losses as at 1 April 2019.

The differences from the statement of financial position as previously reported at 31 March 2019 are as follows:

	01.04.2019 <u>US\$'000</u>
Increase in property, plant and equipment as a result of recognition of right-of-use assets	282
Increase in lease liabilities	282
Net impact in net assets	<u>-</u>

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	The Group			
	Six-month ended		Twelve-month ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
(Loss)/Profit attributable to equity holders of the Company (US\$'000)	(6,192)	5,388	(12,290)	2,008
Add: Interest expenses on convertible bonds**	79	-	146	-
Adjusted (loss)/profit attributable to equity holders of the Company for the purpose of computing diluted loss per share	(6,113)	5,388	(12,144)	2,008
Weighted average number of ordinary shares in issue for computing basic loss per share ('000)	502,171	462,123	502,086	417,442
Shares to be issued* (000)	3,891	3,891	3,891	3,891
Convertible bonds** (000)	19,830	-	19,830	-
Performance share awards ('000)	-	500	-	500
Weighted average number of ordinary shares for computing diluted loss per share ('000)	525,892	466,514	525,807	421,833
Basic and Diluted (loss)/profit per share (US\$ cents)***	(1.18)	1.16	(2.34)	0.48

The weighted average number of shares in issue for the purpose of calculating diluted loss per share had been adjusted as if all performance share awards and the additional issuances of shares to U Kun Naung Myint Wai ("UKNMW") were issued as at 31 March 2019.

* Shares to be issued are in relation to the 3,890,640 consideration shares which will be allotted and issued to UKNMW as part of the purchase consideration for the acquisition of the business of Kayah Resort ("Keinnara Loikaw") upon satisfaction of certain conditions.

** Convertible bonds are assumed to have been converted into ordinary shares at issuance and the net loss is adjusted to eliminate the interest expense less any tax effect.

*** The diluted loss per share computations have not taken into consideration the effects of the shares to be issued and convertible bonds as at 31 March 2020, as they were anti-dilutive pursuant to para 41 of SFRS(I) 33 *Earnings per Share*.

The basic and diluted EPS are the same for the Company as at 31 March 2020 and 31 March 2019.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) Current period reported on; and
(b) Immediately preceding financial year.

	Group		Company	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Net asset value (US\$'000)	48,522	60,812	76,638	78,035
Number of ordinary shares in issue ('000)	502,171	501,671	502,171	501,671
Net asset value per ordinary share (US cents)	9.66	12.12	15.26	15.56

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss: -
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of the Group's performance for six-month ended 31 March 2020 ("HY2020") as compared to the six-month ended 31 March 2019 ("HY2019")

Consolidated Statement of Comprehensive Income

	The Group					
	Six-month ended			Twelve-month ended		
	31.03.2020	31.03.2019	Change	31.03.2020	31.03.2019	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Hotels	1,882	998	89%	2,554	1,158	121%
Experiences	5,282	6,207	-15%	5,458	6,428	-15%
Services	1,581	2,077	-24%	1,748	2,508	-30%
Total	8,745	9,282	-6%	9,760	10,094	-3%

The decline of US\$0.54 million in the Group's revenue for the six-month period comparison was attributable to an increase of US\$0.88 million reported in Hotels segment being offset by lesser revenue of US\$0.93 million in Experiences segment and US\$0.50 million in Services segment.

Higher revenue in Hotels segment for HY2020 came mainly from all five hotels operating fully that are boosted by active promotions especially at the Awei Metta and Awei Pila Properties which in turn, raised the occupancy rates to its peak in December 2019 and January 2020.

A dip in Experiences segment's revenue was primarily caused by cancellation of flights from SLTG as well as trips in Burma Boating business due to the outbreak of pandemic COVID-19. Both operations halted in the last week of March 2020 due to border closures implemented to curb the spread of COVID-19. Secondary contributor to lesser revenue in Burma Boating business was the overhaul of its yacht for one-third of HY2020.

Reduction in Services segment's revenue was mainly from having lower demand from the European market due to adverse western media reports on Myanmar affecting the draw of Myanmar as a travel destination.

The Group's overall cost of sales decreased by US\$0.72 million primarily due to the decline in direct expenses of Experiences and Services segment, from an operating period shortened by the COVID-19 outbreak which was counterbalanced by increased cost of sales in Hotels segment from higher rooms sale.

Due to the above reasons, gross profit margin increased to 45.3% in HY2020 from 40.7% in HY2019.

The significant drop of US\$7.3 million reported in the other income was due to the absence of a one-off recognition of gain on bargain purchase from acquisition of SM Assets Holdings Pte. Ltd. in HY2019.

Increase of US\$1.47 million in the Group's administrative expenses during HY2020 was partly due to a one-off write-off of US\$0.63 million resulting from the fraud case reported on Asia Holidays Travels & Tours Ltd. ("AHTT").

A substantial rise in finance costs by US\$3.19 million was a result of additional bank borrowings secured after 31 March 2019 and also from currency translation loss from strengthening of the Kyat against US\$.

Consolidated statement of financial position as at 31 March 2020 as compared to 31 March 2019

Cash and bank balances of the Group was lower by US\$1.43 million as at 31 March 2020 mainly due to additional bank borrowings amounting to Kyat11 billion (approximately US\$7.24 million) which was offset by:- (i) the settlement of remaining outstanding payment of US\$2.32 million for acquisition of Kyun Pila; (ii) the capital expenditure of US\$0.63 million; (iii) interest payments made on total borrowings of US\$2.19 million; and (iv) net cash used in operating activities for the peak tourist season of US\$3.54 million.

Trade and other receivables had increased by approximately US\$1.00 million, which was driven by:- (i) US\$0.48 million increase in trade and other receivables of AHTT during the last quarter of the reporting period; (ii) US\$0.10 million for prepaid insurance for the Hotels Segment; (iii) US\$0.30 million increase in prepaid project-related expenses; and (iv) interest receivables from the loan made to associated company as at 31 March 2020.

Decrease in the Group's Property, Plant and Equipment of US\$1.62 million was mainly due to depreciation charge of US\$2.68 million for the period and offset by additional purchase of US\$1.06 million.

The increase of US\$0.46 million in trade and other payables are primarily due to quarterly interest payments due on additional bank borrowings made after 31 March 2019.

There were no current borrowings as at 31 March 2020 due to deferment of the repayment of the borrowings to September 2021. In addition to the reclassification, increase in non-current borrowings was mainly due to additional bank borrowings secured to fund the remaining outstanding amount payable for the purchase of Kyun Pila and operating costs of the businesses during the off-peak season.

The value of convertible bonds with the principal amount of US\$3.19 million at the coupon rate of 5% per annum was issued in relation to acquisition of the 1,696,636 shares in the capital of Strand Hotels International Limited. This was classified as financial asset held at fair value through profit or loss and its book value was determined based on sale and purchase agreement since fair value had not yet been assessed.

Non-current other payables relate to the capitalised interest expense on convertible bonds at simple interest of 5% per annum since the issuance of the bonds in May 2019.

Current and non-current lease liabilities as at 31 March 2020 totaling US\$0.32 million arose from the adoption of SFRS(I) 16 Leases.

As at 31 March 2020, the Group reported a net current liabilities position of US\$8.74 million mainly arising from the payables for project development costs of Awei Metta, Awei Pila and Hotel Suggati Mawlamyaing. The Group is taking various measures to improve its working capital position such as requesting for interest rate reductions with its banks, applying for working capital loans under government's Covid Economic Response Plan (refer to paragraph 10 in this announcement for more information), reduction in operating costs and actively exploring fund raising options. 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 aforementioned steps.

Review of Statement of Cash Flows for six-month ended 31 March 2020 as compared to the six-month ended 31 March 2019

The Group's net cash provided by operating activities amounted to US\$0.64 million for HY2020 mainly comprising of operating cash outflow before the change in working capital of US\$0.65 million and net working capital inflow of US\$1.45 million arising from full operations of businesses during peak tourism season.

The Group's net cash used in investing activities for HY2020 was US\$0.45 million, which is mainly due to the payment for capital expenditure in the Hotels segment.

The Group's net cash used in financing activities is recorded at US\$0.85 million for HY2020 which was wholly due to the quarterly interest payments made on the secured borrowings from bank.

As at 31 March 2020, the Group's cash and cash equivalent amounted to US\$0.84 million.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

10. A commentary at the date of the 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 reporting period and the next 12 months.

Macroeconomic Outlook

The escalation of the COVID-19 outbreak into a global pandemic has shuttered the global tourism industry with widespread travel fears and governments across the world implementing stricter border control and preventative measures. The Myanmar Government (“**Government**”) is no exception, having announced temporary suspension of international flights from 30 March 2020 and closed its border to non-nationals. The Government also implemented social distancing measures including movement restrictions, stay home orders, ordered closure of public venues, and banning festive activities during the Myanmar New Year period from 12 - 17 April 2020. Since the first reported cases of COVID-19 in March 2020, there has been a total of 161 confirmed cases in Myanmar as of 5 May 2020¹.

In line with the Government’s efforts, the Group has taken steps in line with the Government advisories since January 2020 to safeguard the wellbeing of all its stakeholders including employees, customers, business partners, and the local communities in which it operates in. It will also continue to strictly comply with all the Government’s measures to contain the spread of COVID-19 even as they cause serious business disruptions.

On the economic front, the Government has announced various stimulus measures to help businesses, culminating in a comprehensive “Covid Economic Response Plan” that coordinates efforts across ministries. These include the provision of short-term working capital loans targeted at tourism-related companies, deferral of tax payments, and reduction of interest rates by 3%, among others. This plan also touted the need to promote investment and mandated fast-track procedures to approve projects, which should help bring in capital quickly given numerous investment projects in the pipeline. The Group has applied for working capital loans under this scheme to help ease short term cash flow, and it is also expected to benefit from lower interest costs on its existing loans.

Business Outlook

The outlook of Myanmar’s tourism industry has been severely impacted by the COVID-19 pandemic, and its adverse impact on business volume is expected to continue in the next few months. Customers’ preferences and markets are expected to change, and the industry will have to adapt accordingly. The Company will use this period of downturn to review strategically and make necessary adjustments, create new tourism products and experiences, to be ready when the demand for travel recovers.

In anticipation of sluggish demand in the coming months, the Group has announced a temporary closure of three of its five hotels – Keinnara Loikaw, Keinnara Hpa An and Suggati Mawlamyaing from April to June 2020. Awei Pila, Burma Boating and Balloons Over Bagan, which normally closes for the monsoon season, all ended the season early at the beginning of April due to various restrictions imposed on travel. The Group anticipates that domestic and regional travel market will return more readily than the international tourists and will pivot towards these targets in its marketing efforts for the remainder of the year. With the anticipated drop in business volume in sight, the Group is also pursuing various measures to reduce cost across its operations and will defer any non-essential expenses and investments. Measures taken include temporary reduction in salary for all senior staff, reduction of headcount, suspension of office rental and other service agreements such as IT and marketing. Given the lower business activities, these measures are not expected to have a detrimental impact on operations.

¹ <https://www.irrawaddy.com/specials/myanmar-covid-19/myanmar-confirms-10-new-covid-19-cases-two-day-reprieve.html>

11. If a decision regarding dividend has been made: -

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

No dividends have been declared or recommended for the current reporting period.

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

Not applicable.

(b)(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 hands of the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date

Not applicable.

12. If no dividend has been declared/recommendeded, 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 Group was not profitable.

13. 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 interested person transactions that are S\$100,000 or more from 1 April 2019 to 31 March 2020 are set out below.

Name of Interested Person	Aggregate value of all interested person transactions for 12-month period ended 31 March 2020 (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions for 12-month period ended 31 March 2020 which are conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Associates of Mr. Serge Pun.:-		
Construction Services ⁽¹⁾	-	US\$124,399 ^(a)
Rental of office units ⁽²⁾	-	US\$215,327
Support Services ⁽³⁾	-	US\$907,673
Finance	US\$87,437 ^{(b)(3)}	
TOTAL	US\$87,437	US\$1,247,399

Notes:

(1) SPA Design and Project Services Ltd.

(2) Yoma Development Group Limited.

(3) Yoma Strategic Holdings Ltd.

(a) Mostly relates to payments to third party sub-contractors by SPA Design and Project Services Limited for the provision of project management services for the Group’s hotels.

(b) This is interest on the loan to Pun Hlaing Lodge Company Limited, a subsidiary of Yoma Strategic Holdings Ltd., in exchange for the release of its land grant to the Company as security.

The aggregate value of all interested person transactions conducted under the IPT mandate is presented for the period from 1 April 2019 to 31 March 2020.

14. Use of Compliance Placement Proceeds

The Company refers to the net proceeds raised from the compliance placement of 42.6 million new shares at S\$0.25 per new share which was completed on 4 January 2018 (“**Compliance Placement**”).

As at the date of this announcement, the status on the use of the net proceeds from the Compliance Placement is as follows:

<u>Use of Net Proceeds from the Compliance Placement</u>	<u>Amount allocated</u>	<u>Amount Utilised</u>	<u>Balance</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Completion of construction of Pun Hlaing Lodge (now known as Awei Metta)	3,046	3,046	-
Expenditure for branding and marketing efforts and developing an integrated technology platform	762	762	-
Working capital ⁽¹⁾	761	761	-
Investment in or acquisition of further hospitality and tourism assets in Myanmar	3,046	3,046	-
Net proceeds	7,615	7,615	-

Note:

(1) Used for the payment of salaries, professional cost and upkeep of its assets.

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

The company had through its direct wholly-owned subsidiary, MM Myanmar Pte. Ltd., incorporated the following wholly-owned indirect subsidiaries during the current six-months reporting period ended 31 March 2020:

S/N	Subsidiary	Date of announcement
1	Memories Myanmar International Travel Service (Dalian) Co., Ltd	15 November 2019
2	Memories Myanmar F&B Management Company Limited	6 March 2020
3	Memories Myanmar Hotel Management Company Limited	6 March 2020

Further details on the subsidiaries can be found in the Company’s announcements released on the respective dates as set out above.

16. Negative Confirmation by the Board Pursuant to Rule 705(5)

To the best of the Board of Directors’ knowledge, nothing has come to their attention which may render the unaudited financial results for the six-month and twelve-month financial period ended 31 March 2020 to be false or misleading in any material aspect.

17. Confirmation that the issue 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 Rule 720(1) of the Catalist Listing Manual.

BY ORDER OF THE BOARD

Cyrus Pun
Executive Director and Chief Executive Officer
13 May 2020

This announcement has been prepared by the Memories Group Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).