

SINGAPORE MYANMAR INVESTCO LIMITED

Notes to the Financial Statements 31 March 2020

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in United States dollars and they cover the company (referred to as “parent”) and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activity of the company is an investment holding company. The company registered a branch in Myanmar so as to have a stronger business presence to support its Myanmar businesses.

The company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activities of its subsidiaries are described in Note 16 to the financial statements below.

The registered office is: 300 Beach Road, #31-03, The Concourse, Singapore 199555. The company is situated in Singapore.

Uncertainties from COVID-19 pandemic and the aftermath

The COVID-19 pandemic and the aftermath of the pandemic globally forced the reporting entity to suspend or limit business operations during the reporting year and the aftermath is expected for the unforeseeable period ahead. Measures were taken by the governments to contain the spread of COVID-19, including travels, social distancing and closure of non-essential services. This has resulted in an economic slowdown, which has adversely impacted on the business of the reporting entity. The economic uncertainties have created questions about the uncertainties relating to the impairment or recoverability of certain assets (including impairment allowances for receivables, plant and equipment, cost of investments and net receivables from subsidiaries) and the completeness or valuation of certain assets and liabilities reflected in these financial statements. An assessment was made by management whether for the current reporting year there were any indications that these assets and liabilities may be impacted adversely. If any such indication of uncertainties existed, an estimate was made of the realisable amount and or fair value of the relevant assets and the completeness of the liabilities (which balances are more fully disclosed in the relevant notes to these financial statements). The recoverability of the assets and the ability of the entity to maintain or pay its debts as they mature are dependent to a large extent on the efficacy of the fiscal and other measures undertaken by Singapore and the affected countries overseas, in particular Myanmar, to successfully meet those economic challenges. As the pandemic continues to progress and evolve, it is extremely challenging to predict the full extent and duration of its impact on the entity’s businesses and the countries where the reporting entity operates. The group is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing its cost by adopting an operating cost reduction strategy and conserving liquidity by working with major creditors to align repayment obligations with receivable collections.

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1. General (cont'd)

Basis for going concern

The group and the company incurred losses from continuing operations, net of tax of US\$10.5 million and US\$9.0 million respectively during the reporting year ended 31 March 2020 (2019: US\$2.6 million and US\$10.5 million respectively) and, as of that date, the group recorded a negative working capital (current liabilities exceeded the current assets) of US\$10.9 million as compared to a positive working capital of US\$13.3 million as at 31 March 2019. The negative working capital was mainly due to the reclassification of trade receivables of US\$14.6 million from current asset to non-current asset as at 31 March 2020. And as disclosed in Note 30E, the company has guaranteed the credit facilities of its subsidiaries amounting to US\$2.4 million obtained from financial institutions.

Notwithstanding the negative working capital position, the management is of the view that the working capital available as at 31 March 2020 is sufficient for the group's present cash flow requirements and for the following 12 months. In arriving at this conclusion, management took into account the following:

- The group's ability to generate sufficient cash flows from its operating activities to support its operating expenses in the next 12 months, taking into account the impact that COVID-19 may have on the group's operations based on current available information.
- Management is of the view that the banks will not request for immediate payment of the outstanding loans and will continue to make available the existing overdraft facilities to the group.
- Written undertaking from the two substantial shareholders, who are also directors of the company, to provide continued financial support to the group and not to demand payment of the loans outstanding from the group until the group is in a financial position to do so.

Consequently, management is of the opinion that the use of the going concern basis in the preparation of these financial statements is appropriate.

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

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

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1. General (cont'd)

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this note to the financial statements, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as financial assets that is an equity investment measured at fair value through other comprehensive income in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of comprehensive income is not presented.