

Myanmar Investments International Limited

Audited financial results for the financial period from 1 October 2021 to 31 March 2023

Myanmar Investments International Limited [AIM: MIL] (“MIL” or the “Company”), the Myanmar focused investment company, today announces its audited financial results for the financial period from 1 October 2021 to 31 March 2023.

Copies of the Company’s annual report and accounts will be sent to shareholders shortly and will also be available to download from the Company’s website on www.myanmarinvestments.com/financial-reports.

Highlight

During the financial period our net asset value (“NAV”) has decreased by 66.0 per cent and was US\$8.7 million as at 31 March 2023, equivalent to US\$ 0.23 per share.

Myanmar

Please find a detailed report about the situation in Myanmar in the “Chairmen’s Letter”.

Future Strategy

In late 2018, the Directors felt that the investment environment in Myanmar is unlikely to generate an appropriate risk adjusted return commensurate with an investment in a frontier economy. Accordingly, the Directors thought that it was appropriate to start planning for an orderly disposal of our three investments with a view to ultimately winding up the Company.

At the Company’s AGM, held in Yangon on 24 October 2019, the shareholders approved a resolution to amend the Company’s Investment Policy such that the Board can:

- undertake an orderly disposal of its investments; and
- return surplus capital to shareholders.

Since then, the Directors have taken the following action to implement this strategy:

- We sold our investment in **Medicare International Health & Beauty (“Medicare”)** for US\$1 million to our main joint venture partner in November 2019. The transaction was completed in December 2019.
- We are in the process of selling our investment We in **Myanmar Finance International Limited (“MFIL”)**.
- We have continued to streamline our operations and as a result reduced our overheads. As part of the cost reduction process, we have prepared a proposal to de-list the Company and this will be despatched to Shareholders in due course for their consideration. If Shareholders approve it the annual cost savings will be considerable and will help to reduce the Company’s cash burn rate.

Business review

The Company has invested in two businesses:

AP Towers Holdings Pte. Ltd (“AP Towers”) / Apollo Towers

- The Company has invested US\$21 million in Apollo Towers.
- The share exchange with AP Towers was completed in January 2020. Under the share exchange, the Company transferred its indirect interest of 9.1 per cent of Apollo Towers for an indirect interest of 4.1 per cent of AP Towers. The share exchange effectively brought Apollo Towers and Pan Asia Towers, another Myanmar independent tower company, under the common ownership of AP Towers.
- As at 31 March 2023, Apollo Towers and Pan Asia Towers together had an aggregated portfolio of 3,234 towers, 6,706 tenants and a co-location ratio (also known as “Lease-up-Rate” or “LUR”) of 2.07x which is stable relative to 30 September 2021.
- Based on AP Towers actual results for the 6 months ended 31 March 2023, AP Towers annualised adjusted “run rate” revenue has decreased to US\$91.4 million. This represents a decline of 10.8 per cent compared with the numbers as of 30 September 2021. The annualised adjusted “run rate” EBITDA has decreased to US\$76.2 million. This represents a decline of 11.3 per cent compared with the numbers as of 30 September 2021.
- Going forward, AP Towers will, when market conditions allow, be looking to increase the number of tenancies either from new “Build to Suit” towers or from adding co-locations to its existing towers.
- AP Towers’ net debt was US\$379.8 million as at the end of March 2023, a decrease of US\$ 16.4 million since 30 September 2021.

Myanmar Finance International Limited (“MFIL”)

- MIL has invested US\$2.7 million for a 37.5 per cent shareholding.
- It is one of Myanmar’s leading microfinance companies.
- The impact from both the Covid-19 pandemic and the political crisis in Myanmar has severely affected all microfinance companies. Not only has the level of non-performing loans in the sector risen sharply but more critically the source of funds from foreign development finance institutions has all but dried up.
- Against this deteriorating background, over the last two years MFIL has pro-actively reduced its loan book, negotiated to repay all its foreign and local debts and materially reduced its operating expenses.
- As at 31 March 2023, MFIL’s gross loan book was MMK11.05 billion, a reduction from MMK16.5 billion at the beginning of this financial period (MMK14.0 billion at 31 March 2022 and MMK12.85 billion at 30 September 2022) with its Portfolio at Risk over 30 days ratio (“PAR 30+”) at 38.4 per cent.
- MFIL has agreed a debt repayment plan with all its lenders. For foreign lenders, this will lead to a significant haircut in liabilities that will crystalize as soon as all foreign lenders receive their agreed repayments. Regulatory approval has been received and the company will soon start processing the remittances.
- The offer for 100 per cent of MFIL from Thitikorn Plc, a Thai finance company, has been extended to the end of August 2023 and is subject to, *inter alia*, local regulatory approval.

Financial review

During the past 18 months our net asset value (“NAV”) has decreased by 66.0 per cent and was US\$8.7 million as at 31 March 2023. This was driven mainly by the decrease in the assessed value of our investments in AP Towers (down US\$14.8 million to US\$7.5 million) and in MFIL (down US\$1.1 million to US\$0.4 million).

During the financial period we achieved to reduce our operating “run rate” costs further down to now US\$0.4 million per annum.

Henrik Bodenstab, Chairman of MIL, “The past 18 months have presented a challenging environment for the Company, due to the combined impact of the Covid-19 pandemic and the political turbulence since February 2021. These factors have substantially reduced the Company’s NAV, a situation that we’ve conveyed to our shareholders in our interim financial reports as of 31 March 2022 and 30 September 2022. Nonetheless, APT’s results have stabilised, and we anticipate that the completion of MFIL’s restructuring in 2024 will establish a solid basis for the rejuvenation of its business operations. Last but not least our operating costs have been reduced over the last 18 months. These costs are set to decrease even further, contingent upon shareholders’ approval of the proposal to withdraw the Company’s shares from trading on AIM. Even with the recent setbacks, we remain steadfast in our commitment to pursue an effective course for the company’s future, with the primary goal of optimising value for our shareholders.”

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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For more information about MIL, please visit www.myanmarinvestments.com

CHAIRMEN'S LETTER

Dear fellow shareholder

MYANMAR

The political crisis in Myanmar is settling into a prolonged conflict. A general election in 2023, if held, will hint as to the medium-term prospect for the country.

Whatever happens next, the Myanmar people are resourceful and resilient. For over 70 years they have stoically survived repeated political crises.

At one level, there appears to be little change since our last report. The military continues to take aggressive action in the north, northeast and west of the country against pro-democracy and ethnic groups and is effectively not in control of a large part of the country, while in the urban areas life has returned to a level of normalcy.

The regime has started laying the groundwork for elections, planned for 2023, by passing a new party registration law and updating the voter list. However, with most of the country engulfed in anti-military activities; most citizens opposed to the exercise; and western governments indicating that the result is unlikely to be accepted, any regime-initiated vote will be contentious and may not bring peace.

When an election date is finally announced, there could be an escalation in violence, especially in the urban areas.

Strategically, the regime has begun to court international observers. In November 2022, the SAC granted amnesty to over 5,000 prisoners. Among those released was a small group of NLD politicians and a few high-profile foreigners. In May 2023, 2,153 more were released and 31 death sentences commuted following a visit from Ban Ki Moon, the former Secretary General of the United Nations. These moves are believed to be part of a choreographed relaxation to blunt international criticism and pave the way for a general election. Should an election take place, even if it is not necessarily internationally accepted, it could, like the 2010 election (which was also initially widely condemned), herald the beginning of a change. Whether or not this is the "off ramp" that allows the military to de-escalate will largely depend on who the military nominates as the next president.

In the year to September 2022, Myanmar's economy was weighed down by both external global weakness and by domestic instability. Inflation, which peaked at 16 per cent, stretched household income and hampered access to food. In spite of this, growth recovered to 2 per cent.

Since then, the economy has shown signs of further stabilization, and modest levels of growth will persist, with the World Bank forecasting GDP growth of 3 per cent for the year ending September 2023. Although this still means that GDP per capita will be 13 per cent lower than in 2019.

Over the coming year, modest growth is expected in the services sector as inflationary pressure eases, but domestic consumption will remain weak. Industrial sector growth is forecast to slow as garment and food processing industries face slower export demand but with input prices softening the agriculture sector could rebound.

A bright spot is a noticeable increase in domestic tourism, but western tourist arrivals are still well below pre-pandemic level.

The currency has also stabilized at an unofficial rate of MMK2,850 to US\$1.0 but remains weaker than the official central bank reference rate of MMK2,100 to US\$1.0. However, the actual availability of foreign currencies in the banking system is limited and the central bank continues to severely restrict foreign remittances. As the current account deficit, currently minus 1.8 per cent of GDP, continues to widen it is unlikely that the currency will appreciate any time soon.

These modest signs of stabilization have increased optimism, and this is reflected in the rise in the Manufacturing PMI to 57.4, clocking three straight months of expansion and a 28 per cent increase compared to our last report as of 30 September 2022 when it was 44.6.

However, this positive news must be tempered by the continuing high level of inflation of around 10 per cent and a severe crisis in the supply of electricity and fuel. Most parts of the country face daily power shortages and regular scheduled power cuts. Although electricity is made available to factories, since April, Yangon residents have faced over 8 hours of electricity cuts every day. The cost of fuel as well as the lack of supply has made it more difficult for households and small shops to run generators and has increased travelling expenses and travel times as fewer buses are running.

A UNDP report in February 2023 indicated that a quarter of the people living in eight of Yangon's poorest townships have often not had any income for the last 12 months. This is forcing people to adopt coping strategies that threaten their health and wellbeing, including cutting down on how much they eat and consuming less nutritious food, selling assets, such as vehicles, and forgoing medical treatment. This is exacerbated by a chronically weak healthcare system crippled by medical staff who protested against the coup and are now being targeted by the military and forced out of the formal system.

For foreign businesses or local companies that have international transactions, FATF's blacklisting of Myanmar in October 2022 is beginning to have an impact, with many banks experiencing difficulties with US\$ remittances. This is exacerbating the shortage of hard currency in Myanmar and forcing companies and individuals to revert to relying on the informal Hundi system for remittance.

In summary, there is now a level of weary stability at a lower level of economic activity with the population stoically bearing the brunt of the conflict with grim determination to survive. An election in 2023 would determine how long this continues.

REPORTING PERIOD

The State Administration Council (SAC) announced in August 2021 that Myanmar's fiscal year will be re-changed from 1 April to 31 March starting from the 2022 – 2023 financial year. Our investee companies (MFIL and AP Towers) have decided to change their fiscal years accordingly and the Board has decided to follow this decision. Therefore, we have issued interim accounts for the periods from 1 October 2021 to 31 March 2022 and from 1 April 2022 to 30 September 2022 which were both published within 3 months of the period end. Therefore, this full audited set of financial statements comprises the financial period from 1 October 2021 to 31 March 2023.

CHANGE IN STRATEGY AND POSSIBLE CANCELLATION OF ADMISSION OF THE COMPANY'S SHARES FROM AIM

At the Annual General Meeting ("AGM") in 2019 shareholders approved a resolution to amend the investment objective and policies of the Company as follows:

"The Company will seek to realise the Company's investments in an orderly manner, such realisations to be effected at such times, on such terms and in such manner as the Directors (in their absolute discretion) may determine.

Following such realisations, the Company will make periodic returns of surplus capital to Shareholders on such terms and in such manner as the Directors (in their absolute discretion) may determine.

The Company shall not make any new investments in projects to which it is not already committed. However, this will not preclude the Directors (in their absolute discretion) from: (a) authorising the expenditure of such capital as is necessary to: (i) complete arrangements pertaining to the Company's existing investments; or (ii) carry out any activities that the Directors (in their absolute discretion) deem appropriate to ensure the salability of any existing investment; or (b) entering into any contract or other arrangement with any third party to realise all or any part of the Company's existing investments.

Following the disposal of all of the Company's existing investments, the Directors intend to put a winding up proposal to the Shareholders."

Important steps have been made to implement this strategy:

- We sold our investment in **Medicare International Health & Beauty ("Medicare")** for US\$1 million to our main joint venture partner in November 2019. The transaction was completed in December 2019. This represented a loss of US\$1.1 million on the cost of the investment which largely reflected our share of the operating losses from opening a chain of new stores in Myanmar.

- We are in the process of selling our investment in **Myanmar Finance International Limited (“MFIL”)**. On 1 April 2020, we announced that we accepted an offer to sell our shareholding in MFIL to a Thai based company subject to the purchaser’s AGM approving the purchase, lender’s consent, and Myanmar regulatory approval. The minimum consideration for this transaction will be calculated based on a pre-agreed formula of two times the audited book value of MFIL at closing once these conditions have been satisfied. Subsequent to that announcement, the purchaser’s AGM on 23 April 2020 approved the transaction and the lenders to MFIL have given their consent. However, due to the outbreak of Covid-19 and the change of government on 1 February 2021, the transaction has not yet been closed. On 18 April 2023, the parties signed an extension of the binding offer until 31 August 2023.
- We have continued to streamline our operations and as a result, reduced our overheads. As part of the cost reduction process, we closed our office in Yangon and removed most of our staff costs from the operation as of 31 March 2020. The core cash-based overheads for the 12-month period from 1 April 2022 to 31 March 2023 are 24.3 per cent lower than for the financial period from 1 October 2020 to 30 September 2021 (excluding transaction costs and costs for preparation of de-listing the Company from the London Stock Exchange).

We are now holding approximately US\$0.9 million of cash. We also intend to streamline our operations further when we sell MFIL as by then we will only have one investment left. Due to the political situation, it is unclear how fast our investments can be monetized.

The Directors have concluded that due to the low level of trading in MIL Shares, the ongoing cost of being admitted to trading on AIM outweigh the benefits. We have incurred costs of US\$113,000 in this accounting period preparing a proposal to cancel admission of the Company’s shares from trading on AIM and a circular will be dispatched to Shareholders in due course for their consideration. If Shareholders approve the resolutions proposed in the circular, the annual cost savings will be considerable and will help to reduce the Company’s cash burn rate.

CORPORATE GOVERNANCE

The Company seeks to uphold the fundamental principles of good corporate governance and has adopted the Quoted Companies Alliance 2018 Corporate Governance Code. The Chairman’s Statement on Corporate Governance provides greater detail on how the Board itself operates as well as the steps taken to ensure that its staff adhere to principles such as those set out in the UK anti-bribery legislation.

On behalf of the Board, we should like to take this opportunity to thank a number of our key stakeholders: our remaining staff for their professionalism and commitment; our business partners for all of their advice and contributions; and our shareholders for their continued support.

HENRIK BODENSTAB

Chairman

9 June 2023

AUNG HTUN

Deputy Chairman

9 June 2023

EXECUTIVE DIRECTOR'S REVIEW

Business Review

During the past 18 months our net asset value (“NAV”) has decreased by 66.0 per cent and was US\$8.7 million as at 31 March 2023. This change is mainly attributable to the decrease in the assessed value of the Company’s investments in AP Towers (down US\$14.7 million to US\$7.5 million) and MFIL (down US\$1.1 million to US\$0.4 million) and the operating expenses for the reporting period (US\$ 1.0 million).

During the past 18 months our core operating expenses were significantly reduced to US\$0.8 million compared with US\$1.1 million (excluding transaction costs and the costs for preparing for the cancellation of admission of the Company’s shares from AIM) for the comparable 18-month period 1 April 2020 to 30 September 2021.

Overall, both AP Towers and MFIL were disrupted by the impact of Covid-19 and the takeover of the military on 1 February 2021 but the consequences for MFIL were more serious:

AP Towers:

- the Company transferred its interest in Apollo Towers for an interest in AP Towers in January 2020. The share exchange effectively brought Apollo Towers and Pan Asia Towers, another ITC, under the common ownership of AP Towers which now manages one of the largest networks of towers in Myanmar.
- Based on AP Towers’ actual results for the 6 months ended 31 March 2023, AP Towers annualised adjusted “run rate” revenue decreased to US\$91.4 million. This represents a decline of 10.8 per cent compared with the numbers as of 30 September 2021. The annualised adjusted “run rate” EBITDA has decreased to US\$76.2 million. This represents a decline of 11.3 per cent compared with the numbers as of 30 September 2021; and

MFIL:

- Against the deteriorating background due to Covid-19 and the political instability, over the last two years MFIL has pro-actively reduced its loan book, negotiated to repay all of its foreign and local debts and materially reduced its operating expenses. As at year end, Portfolio at Risk over 30 days (“PAR 30+”) was 38.4 per cent.
- In 2024, MFIL will be debt free and operating at a lower cost base. It will be a strong, albeit small, and profitable operation that has no liabilities.
- The offer for 100 per cent of MFIL from Thitikorn Plc, a Thai finance company, has been extended to the end of August 2023 and is subject to, *inter alia*, local regulatory approval.
- As soon as logistically practical, further discussions with the purchaser will be necessary to establish a timeline to close the sale of MFIL. It has been 38 months since the transaction was negotiated and much has changed in the country. It may be necessary to amend the transaction terms.

In both cases, Myanmar Investments’ team have worked closely with these businesses to provide strategic advice as well as hands-on local knowledge.

Financial Review

NET ASSET VALUE

The Directors assess the Group's NAV attributable to the shareholders of the Company as at 31 March 2023 to be US\$8.7 million, a decrease of 66.0 per cent compared with the Group's NAV as at 30 September 2021. This represents US\$0.23 per share, based on the number of shares in issue at the period-end. This change principally reflects the net changes in the Directors' assessment of the values of the Company's investments, described in more detail below, less the Group's running costs for the period.

As at 31 March 2023 the Group's NAV consisted of:

- an investment in AP Towers, the telecommunication tower business, of US\$7.5 million, excluding the non-controlling interests, determined using a comparable EBITDA multiple methodology;
- an investment in MFIL, the microfinance business, of US\$0.4 million, determined using a price to book value methodology; and
- cash and other net assets of US\$0.8 million.

AP TOWERS

As at 30 September 2021, the Directors had assessed that the Company's attributable shareholding in AP Towers, excluding the non-controlling interests attributable to the minority shareholders of MIL 4, to be worth US\$29.7 million, using a comparable EBITDA multiple methodology.

Applying the same methodology that we used as at 30 September 2021 with updated trading and comparable data, the value of this investment as at 31 March 2023 would be US\$10.0 million, a decrease of US\$19.7 million.

This valuation of AP Towers represents an unrealised loss of US\$10.8 million over the cost of the investment and an IRR since the initial investment in July 2015 of -9.1 per cent.

MFIL

As at 30 September 2021, the Directors had assessed the value of the Group's investment in MFIL to be US\$2.0 million using the price to book value methodology.

Applying the same methodology that we used as at 30 September 2021 the Directors have assessed the value of this investment as at 31 March 2023 to be US\$0.5 million, a decrease of US\$1.5 million.

This value of MFIL represents a loss of US\$2.2 million over the cost of the investment and an IRR since the initial investment in April 2014 of -21.4 per cent.

Valuation discount

The change of government has increased the uncertainties and risks of investing in Myanmar which is compounded by the current paucity of information. These risks could include, but are not limited to:

- reduced investor interest in a trade sale of assets or in an IPO;
- increased domestic regulatory uncertainties;
- a material and sustained decline in economic activity impacting investment and consumer demand;
- severe reduction in liquidity in the financial system;
- a volatile foreign exchange rate;
- prolonged political crisis paralyzing the country's administrative capacity;
- increases in the number of demonstrations, strikes and violence;
- potential broader international sanctions.

Given the uncertainties and risks in Myanmar the Directors have decided to apply a valuation discount of 25 per cent on the company's entire portfolio as at 31 March 2023 which is the same rate applied as at 30 September 2021. This valuation discount is reviewed regularly.

The impact on MIL's carrying value of the investments after applying the valuation discount are:

AP Towers:

This discount reduces the value of this investment as at 31 March 2023 to US\$7.5 million, which is US\$14.8 million lower than at September 2021. This valuation of AP Towers represents a loss of US\$13.3 million over the cost of the investment and an IRR since the initial investment in July 2015 of -12.5 per cent.

MFIL:

This discount reduces the value of this investment as at 31 March 2023 to US\$0.4 million, which is US\$1.1 million lower than at September 2021. This valuation of MFIL represents a loss of US\$2.3 million over the cost of the investment and an IRR since the initial investment in April 2014 of -24.8 per cent.

SUMMARY OF NAV

The NAV attributable to the shareholders of the Company in the attached audited financial statements does not differ from the NAV determined by the Directors as the investment in MFIL has been classified as a "non-current asset classified as held for sale" which requires the valuation of MFIL at "fair value" and not "at equity". In accordance with the Group's Valuation Policy, the Directors' valuation for MFIL is determined by reference to the International Private Equity and Venture Capital Guidelines.

FINANCIAL RESULTS

For the financial period from 1 October 2021 to 31 March 2023, the Group's audited loss after tax attributable to the shareholders of the Company was US\$16.9 million. The Group's audited loss after tax attributable to the shareholders of the Company for the financial year to 30 September 2021 was US\$7.8 million.

This is a significant deterioration on the last period's result. The loss per share is US cents 44.29 compared with a loss per share of US cents 20.49 for the year to 30 September 2021 and primarily relates to adjusting the valuation of the investments down.

We are steadily reducing our overheads whilst we try to exit from our two remaining investments. As part of the cost reduction process, we had closed our office in Yangon and removed most of our staff costs from the operation as of 31 March 2020. The annualised core cash-based overheads (including the costs of being a quoted company but excluding transaction costs and expenses for the cancellation of admission to trading on AIM project) based on the 6-month period from 1 October 2022 to 31 March 2023 is US\$0.4 million. Based on the 6-month period from 1 April 2021 to 30 September 2021 this amount was US\$0.7 million.

Outside of our overheads the most significant items were:

- Our share of the 'fair value loss on investment at fair value through profit or loss' for the investment in AP Towers of US\$14.8 million;
- 'Fair value loss on investment at fair value through profit or loss' for the investment in MFIL of US\$1.1 million.

DIVIDENDS

Based on the above the Directors do not recommend the payment of a dividend at this time.

WORKING CAPITAL

Based as of the date of this report, the Group has adequate financial resources to cover its working capital needs for the next 12 months. However, by the end of that period our cash balance will be significantly reduced, and the Group would need to raise further finance in order to continue its operations.

NICK PARIS

Managing Director

9 June 2023

STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023

| | Note | Financial period from 1 October 2021 to 31 March 2023 US\$ | Financial year ended 30 September 2021 US\$ |
|--|------|---|---|
| Other item of income | | | |
| Interest income | | - | 476 |
| Items of expense | | | |
| Employee benefits expense | 4 | (254,750) | (198,500) |
| Other operating expenses | | (710,202) | (495,663) |
| Finance costs | 5 | (7,911) | (6,827) |
| Fair value loss on investment at fair value through profit or loss | 9 | (22,180,000) | (9,100,000) |
| Write down to fair value less cost to sell on non-current asset held for sale | 13 | (1,125,000) | (1,052,467) |
| Loss before income tax | 6 | <u>(24,277,863)</u> | <u>(10,852,981)</u> |
| Income tax expense | 7 | (8,095) | (120) |
| Loss for the financial period/year | | <u>(24,285,958)</u> | <u>(10,853,101)</u> |
| Loss attributable to: | | | |
| Owners of the parent | | (16,878,128) | (7,806,703) |
| Non-controlling interests | 10 | <u>(7,407,830)</u> | <u>(3,046,398)</u> |
| | | <u>(24,285,958)</u> | <u>(10,853,101)</u> |
| Loss per share (cents) | | | |
| - Basic and diluted | 8 | <u>(44.29)</u> | <u>(20.49)</u> |

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

| | Note | 31 March 2023 US\$ | 30 September 2021 US\$ |
|--|------|--------------------------|------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Equity instrument at fair value through profit or loss | 9 | 11,220,000 | 33,400,000 |
| Total non-current assets | | <u>11,220,000</u> | <u>33,400,000</u> |
| Current assets | | | |
| Other receivables | 11 | 112,675 | 117,989 |
| Cash and bank balances | 12 | 878,606 | 1,807,634 |
| | | 991,281 | 1,925,623 |
| Non-current asset classified as held for sale | 13 | 375,000 | 1,500,000 |
| Total current assets | | <u>1,366,281</u> | <u>3,425,623</u> |
| Total assets | | <u>12,586,281</u> | <u>36,825,623</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 14 | 40,569,059 | 40,569,059 |
| Share option reserve | 15 | 1,358,913 | 1,358,913 |
| Accumulated losses | | (33,108,312) | (16,230,184) |
| Foreign exchange reserve | | (76,560) | (76,560) |
| Equity attributable to owners of the parent | | <u>8,743,100</u> | <u>25,621,228</u> |
| Non-controlling interests | 10 | 3,481,339 | 10,889,169 |
| Total equity | | <u>12,224,439</u> | <u>36,510,397</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Other payables | 16 | 361,842 | 297,512 |
| Income tax payable | | - | 17,714 |
| Total current liabilities | | <u>361,842</u> | <u>315,226</u> |
| Total equity and liabilities | | <u>12,586,281</u> | <u>36,825,623</u> |

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

| | Share capital US\$ | Share option reserve US\$ | Foreign exchange reserve US\$ | Accumulated losses US\$ | Equity attributable to owners of the parent US\$ | Non- controlling interests US\$ | Total US\$ |
|---|--------------------------|------------------------------------|--|-------------------------------|--|--|-------------------|
| 31 March 2023 | | | | | | | |
| At 1 October 2021 | 40,569,059 | 1,358,913 | (76,560) | (16,230,184) | 25,621,228 | 10,889,169 | 36,510,397 |
| Loss for the financial period, representing total comprehensive loss for the financial period | - | - | - | (16,878,128) | (16,878,128) | (7,407,830) | (24,285,958) |
| At 31 March 2023 | 40,569,059 | 1,358,913 | (76,560) | (33,108,312) | 8,743,100 | 3,481,339 | 12,224,439 |
| 30 September 2021 | | | | | | | |
| At 1 October 2020 | 40,569,059 | 1,358,913 | (76,560) | (8,423,481) | 33,427,931 | 13,935,567 | 47,363,498 |
| Loss for the financial year, representing total comprehensive loss for the financial year | - | - | - | (7,806,703) | (7,806,703) | (3,046,398) | (10,853,101) |
| At 30 September 2021 | 40,569,059 | 1,358,913 | (76,560) | (16,230,184) | 25,621,228 | 10,889,169 | 36,510,397 |

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

| | Note | Financial period from 1 October 2021 to 31 March 2023 US\$ | Financial year ended 30 September 2021 US\$ |
|--|------|---|---|
| Operating activities | | | |
| Loss before income tax | | (24,277,863) | (10,852,981) |
| Adjustments for: | | | |
| Interest income | | - | (476) |
| Finance costs | 5 | 7,911 | 6,827 |
| Fair value loss on investment at fair value through profit or loss | 9 | 22,180,000 | 9,100,000 |
| Write down to fair value less cost to sell on non-current asset held for sale | 13 | 1,125,000 | 1,052,467 |
| Operating cash flows before working capital changes | | (964,952) | (694,163) |
| Changes in working capital: | | | |
| Other receivables | | 5,314 | 150,845 |
| Other payables | | 64,330 | (6,541) |
| Cash used in operations | | (895,308) | (549,859) |
| Interest received | | - | 476 |
| Finance costs paid | 5 | (7,911) | (6,827) |
| Income tax paid | | (25,809) | (321) |
| Net cash flows used in operating activities | | (929,028) | (556,531) |
| Financing activities | | | |
| Decrease in short-term deposits pledged | | - | 35,943 |
| Net cash flows generated from financing activities | | - | 35,943 |
| Net change in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of the financial period/year | | 1,795,951 | 2,316,539 |
| Cash and cash equivalents at the end of financial period/year | 12 | 866,923 | 1,795,951 |

The accompanying notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

1. General corporate information

Myanmar Investments International Limited (“the Company”) is a limited liability company incorporated and domiciled in the British Virgin Islands (“BVI”). The Company’s registered office is at Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands.

The Company’s ordinary shares are traded on the AIM market of the London Stock Exchange under the ticker symbols MIL.

The Company was established for the purpose of identifying and investing in, and disposing of, businesses operating in or with business exposure to Myanmar. The Company’s focus was to target businesses operating in sectors that the Directors believed had strong growth potential and thereby could be expected to provide attractive yields, capital gains or both. At the Annual General Meeting held on 24 October 2019, the Company’s shareholders approved a resolution to begin an orderly disposal of the Company’s investments and in due course look to return surplus capital to shareholders. During the current financial period, the Directors have concluded that due to the low level of trading in the Company’s shares, the costs of their listing on the London Stock Exchange outweigh the benefits. Directors have prepared a proposal to de-list the Company and such proposal will be despatched to shareholders in due course for their consideration.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

The Group and the Company changed its financial year end from 30 September to 31 March as the Group’s investee company in Myanmar changed its financial year end from 30 September to 31 March to be in line with the directives issued by the Myanmar Internal Revenue Department on the changes of taxable period.

The current financial period covered a period of 18 months from 1 October 2021 to 31 March 2023 while the comparative financial year ended 30 September 2021 covers a period of 12 months from 1 October 2020 to 30 September 2021 and therefore the financial statements for period from 1 October 2021 to 31 March 2023 and for financial year ended 30 September 2021 are not comparable.

1.1 Going concern

The Group incurred loss after tax of US\$24,285,958 (30 September 2021: US\$10,853,101) during the current financial period. The Directors have assessed that the Group has adequate financial resources to continue in operational existence for at least 12 months from the date of the financial statements. The Directors’ considerations in making this assessment, amongst others, include:

- a) The Group’s current assets exceeded its current liabilities by US\$1,004,439;
- b) The Group currently has cash balance of US\$878,606;
- c) The Directors have carried out a detailed review of the cash flow forecast of the Group for 18 months from 31 March 2023. The cash flow forecast has been prepared with consideration of the expected cash outflow arising from future expenses based on latest known information. Factors relevant for the Directors’ consideration include, amongst others, expected cost reduction from running operations of the Company as well as cost savings resulting from potential de-listing of the Company.

Accordingly, the Directors are of the opinion that no material uncertainty exists and the going concern basis is appropriate in the preparation of the Group’s financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

2. Summary of significant accounting policies

The Company's significant accounting judgements and estimates used in the preparation of these financial statements are available in the full audited financial statements, a copy of which can be found on the Company's website at www.myanmarinvestments.com.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Critical judgements made in applying the entity's accounting policies

The following is the critical judgement that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the consolidated financial statements:

- (i) Extension of period required to complete a sale of the non-current asset held for sale

As the result of the ongoing transaction to sell the Group's 37.5% equity interest in Myanmar Finance International Ltd. ("MFIL") (Note 13), the entire carrying amount of the Group's investment in MFIL has been reclassified as non-current asset held for sale since the prior financial period. However, due to certain events and circumstances beyond the Group's control in Myanmar as disclosed in Note 20 to the financial statements, the sale could not be completed within one year. The Group remains committed to its plan to sell its investment in MFIL and consider the sale to be highly probable. As such, directors are of the view that the continuous classification of the Group's investment in MFIL as non-current asset held for sale is appropriate as at 31 March 2023.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- (i) Fair value of unquoted equity instrument at fair value through profit or loss

The Group's equity instrument at fair value through profit or loss are measured at fair value for financial reporting purposes. The Board of Directors determined the appropriate valuation techniques and inputs for fair value measurements being the enterprise value ("EV") over earning before, interest, tax, depreciation and amortisation ("EBITDA") ("EV/EBITDA") multiple, adjusted with a valuation discount.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages internal valuation specialist to perform the valuation. The valuation of the unquoted investment is categorised into Level 3 (30 September 2021: Level 3) of the fair value hierarchy. The Board of Directors works closely with the qualified internal valuation specialist to establish the appropriate valuation techniques and inputs to the model.

The details of the valuation techniques and inputs used in determining the fair value of the unquoted equity instrument at fair value through profit or loss are disclosed in Note 9 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Measurement of non-current asset held for sale

The Group follows the accounting policies set out in Note 2.8 and measures the non-current asset held for sale at lower of the carrying amount and fair value less cost to sell. In determining the fair value less cost to sell, the Company considers the terms and conditions of the Binding Offer as disclosed in Note 13 to the financial statements and relevant market conditions. The details of the measurement of non-current asset held for sale are disclosed in Note 13 to the financial statements.

4. Employee benefits expense

| | Financial period from 1 October 2021 to 31 March 2023 US\$ | Financial year ended 30 September 2021 US\$ |
|--|---|---|
| Salaries, wages and other staff benefits | 254,750 | 198,500 |
| | <u>254,750</u> | <u>198,500</u> |

The employee benefits expense includes the remuneration of Directors as disclosed in Note 17 to the financial statements.

5. Finance costs

Finance costs represent bank charges for the financial period/year.

6. Loss before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

| | Financial period from 1 October 2021 to 31 March 2023 US\$ | Financial year ended 30 September 2021 US\$ |
|------------------------|---|---|
| Auditor's remuneration | 82,670 | 51,607 |
| Consultants' fees | 212,918 | 191,472 |
| Short term leases | 6,256 | 2,730 |
| Professional fees | 276,802 | 147,428 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

7. Income tax expense

| | Financial period from 1 October 2021 to 31 March 2023 US\$ | Financial year ended 30 September 2021 US\$ |
|---------------------------------|---|---|
| Current income tax | | |
| - current financial period/year | 8,095 | 120 |
| | <u>8,095</u> | <u>120</u> |

A reconciliation of income tax applicable to loss before income tax at the statutory income tax rate of 22% (30 September 2021: 25%) in Myanmar is as follows:

| | Financial period from 1 October 2021 to 31 March 2023 US\$ | Financial year ended 30 September 2021 US\$ |
|--|---|---|
| Loss before income tax | (24,277,863) | (10,852,981) |
| | <u>(24,277,863)</u> | <u>(10,852,981)</u> |
| Income tax at the applicable tax rates | (5,341,129) | (2,713,245) |
| Effects of different income tax rates in other countries | 58,908 | (95) |
| Expenses not deductible for tax | 5,290,316 | 2,713,539 |
| Income tax exemption | - | (81) |
| Income tax for the financial period/year | <u>8,095</u> | <u>120</u> |

8. Loss per share

Basic loss per share is calculated by dividing the loss for the financial year/period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period/year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

8. Loss per share (Continued)

The following reflects the profit or loss and share data used in the basic and diluted loss per share computation:

| | Financial period from 1 October 2021 to 31 March 2023 US\$ | Financial year ended 30 September 2021 US\$ |
|--|---|---|
| Loss for the financial period/year attributable to owners of the Company (US\$) | (16,878,128) | (7,806,703) |
| Weighted average number of ordinary shares during the financial period/year applicable to basic loss per share | 38,108,451 | 38,108,451 |
| <u>Loss per share</u> | | |
| Basic and diluted (cents) | <u>(44.29)</u> | <u>(20.49)</u> |

Diluted loss per share is the same as the basic loss per share for financial period from 1 October 2021 to 31 March 2023 and financial year ended 30 September 2021 because the potential ordinary shares to be converted arising from share options are anti-dilutive.

9. Equity instrument at fair value through profit or loss

| | 31 March 2023 US\$ | 30 September 2021 US\$ |
|---|--------------------------|------------------------------|
| Investment in unquoted equity instrument, at fair value | <u>11,220,000</u> | <u>33,400,000</u> |

The Group, through its 66.67% subsidiary, MIL 4 Limited (“MIL 4”) invested in a 6.2% (30 September 2021: 6.2%) equity interest in unquoted share capital of AP Towers Holdings Pte. Ltd. (“AP Towers”).

Movement in the investment in unquoted equity instrument is as follows:

| | 31 March 2023 US\$ | 30 September 2021 US\$ |
|--|--------------------------|------------------------------|
| Balance at beginning of financial period/year | 33,400,000 | 42,500,000 |
| Fair value loss during the financial period/year | <u>(22,180,000)</u> | <u>(9,100,000)</u> |
| Balance at end of financial period/year | <u>11,220,000</u> | <u>33,400,000</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

9. Equity instrument at fair value through profit or loss (Continued)

Management engaged their internal valuation specialists to perform a valuation on the investment. The valuation of the unquoted investment is categorised into Level 3 (30 September 2021: Level 3) of the fair value hierarchy. The information on the significant unobservable inputs and the inter-relationship between key unobservable inputs and fair value are as follows:

31 March 2023

| Financial asset | Valuation technique used | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value |
|--|---------------------------------|--|--|
| Unquoted equity investment - AP Towers | Market Approach | - Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) of US\$76.2million | Increase EBITDA will increase the fair value of the financial asset. |
| | | - Enterprise Value (“EV”) per EBITDA multiple of 7.8x | Increase EV/EBITDA multiple will increase the fair value of the financial asset. |
| | | - Valuation discount of 25%* | Increase in valuation discount will decrease the fair value of the financial asset |

30 September 2021

| Financial asset | Valuation technique used | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value |
|--|---------------------------------|--|--|
| Unquoted equity investment - AP Towers | Market Approach | - Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) of US\$85.9million | Increase EBITDA will increase the fair value of the financial asset. |
| | | - Enterprise Value (“EV”) per EBITDA multiple of 12.7x | Increase EV/EBITDA multiple will increase the fair value of the financial asset. |
| | | - Valuation discount of 25%* | Increase in valuation discount will decrease the fair value of the financial asset |

* Due to political uncertainty and COVID-19 pandemic in Myanmar during current and previous financial years, management is of the view that an additional 25% discount should be applied to the Group’s investments in Myanmar.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023

10. Investment in subsidiaries

Details of the subsidiaries are as follows:

| Name of subsidiaries | Country of incorporation/ principal place of business | Principal activities | Proportion of ownership interest held by the Group | | Proportion of ownership interest held by non-control interests | |
|--|--|---|--|-------------------|--|-------------------|
| | | | 31 March 2023 | 30 September 2021 | 31 March 2023 | 30 September 2021 |
| | | | % | % | % | % |
| Myanmar Investments Limited ⁽²⁾ | Singapore | Investment holding company | 100 | 100 | - | - |
| MIL Management Pte. Ltd. ⁽²⁾ | Singapore | Provision of management services to the Group | 100 | 100 | - | - |
| MIL 4 Limited ⁽¹⁾ | British Virgin Islands | Investment holding company | 66.67 | 66.67 | 33.33 | 33.33 |
| Held by MIL Management Pte. Ltd. | | | | | | |
| MIL Management Co., Ltd ⁽³⁾ | Myanmar | Provision of management services to the Group | - | 100 | - | - |

⁽¹⁾ Audited by BDO LLP, Singapore.

⁽²⁾ Not audited for consolidation purpose

⁽³⁾ The liquidation of the company was completed in July 2022.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

10. Investment in subsidiaries (Continued)

Non-controlling interests

The summarised financial information before intra-group eliminations of the subsidiary that has material non-controlling interests as at the end of each reporting period is as follows:

| | MIL 4 Limited | |
|---|--------------------------|------------------------------|
| | 31 March 2023 | 30 September 2021 |
| | US\$ | US\$ |
| Assets and liabilities | | |
| Non-current assets | 11,220,000 | 33,400,000 |
| Current assets | 3,240 | 923 |
| Current liabilities | (779,228) | (733,422) |
| Net assets | <u>10,444,012</u> | <u>32,667,501</u> |
| Accumulated non-controlling interests | <u>3,481,339</u> | <u>10,889,169</u> |
| | | |
| | MIL 4 Limited | |
| | 31 March 2023 | 30 September 2021 |
| | US\$ | US\$ |
| Revenue | | - |
| Other loss | (22,180,000) | (9,100,000) |
| Administrative expenses | (43,489) | (39,193) |
| Loss and total comprehensive loss for the financial period/year | <u>(22,223,489)</u> | <u>(9,139,193)</u> |
| Loss and total comprehensive loss allocated to non-controlling interests | <u>(7,407,830)</u> | <u>(3,046,398)</u> |
| Operating cash flows before working capital changes | (43,489) | (39,193) |
| Working capital changes | 43,489 | 39,193 |
| Net cash used in operating activities | <u>-</u> | <u>-</u> |
| Net change in cash and cash equivalents | <u>-</u> | <u>-</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

11. Other receivables

| | 31 March 2023 US\$ | 30 September 2021 US\$ |
|-------------------------------------|--------------------------|------------------------------|
| Other receivables | 73,877 | 60,102 |
| Prepayments | 38,798 | 57,887 |
| Total | 112,675 | 117,989 |
| Less: | | |
| Prepayments | (38,798) | (57,887) |
| Add: | | |
| Cash and bank balances (Note 12) | 878,606 | 1,807,634 |
| Financial assets at amortised costs | 952,483 | 1,867,737 |

Other receivables are denominated in United States dollar.

12. Cash and bank balances

| | 31 March 2023 US\$ | 30 September 2021 US\$ |
|------------------------|--------------------------|------------------------------|
| Cash and bank balances | 866,923 | 1,795,951 |
| Short-term deposit | 11,683 | 11,683 |
| | 878,606 | 1,807,634 |

The short-term deposit bears interest rate of ranging from 0% to 3.6% (30 September 2021: 0% to 1.4%) per annum, has a tenure of approximately 12 months (30 September 2021: 12 months) and is pledged to bank to secure credit facilities.

Cash and bank balances and short-term deposits are denominated in the following currencies:

| | 31 March 2023 US\$ | 30 September 2021 US\$ |
|----------------------|--------------------------|------------------------------|
| United States dollar | 761,354 | 1,676,445 |
| Singapore dollar | 117,252 | 128,168 |
| Myanmar kyat | - | 3,021 |
| | 878,606 | 1,807,634 |

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial period/year:

| | 31 March 2023 US\$ | 30 September 2021 US\$ |
|-----------------------------------|--------------------------|------------------------------|
| Cash and bank balances | 878,606 | 1,807,634 |
| Less: short-term deposits pledged | (11,683) | (11,683) |
| | 866,923 | 1,795,951 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

13. Non-current asset classified as held for sale

Myanmar Finance International Ltd.

The Group, through its wholly-owned subsidiary Myanmar Investment Limited (“MIL”), holds 37.5% equity interest in a joint venture Myanmar Finance International Ltd (“MFIL”), a company incorporated in Myanmar, within principal activity of provision of microfinance loans.

On 26 February 2020, MIL together with each of the other shareholders of MFIL, received a Binding Offer (“BO”) to sell the entire share capital of MFIL to Thitikorn Public Company Limited (“TK”) (the “Purchaser”), a consumer finance company incorporated in Thailand and listed on the Stock Exchange of Thailand.

The original BO was executed on 17 March 2020 with the intention of agreeing and executing the Sale and Purchase Agreement (“SPA”) within a month. However, due to political uncertainty and Covid-19 pandemic in Myanmar, the sale could not be completed in time. Therefore, the BO has been extended for several times and the latest extension was signed on 18 April 2023 which extended the expiry of BO to 31 August 2023.

In accordance with the BO, the minimum consideration for this transaction will be calculated based on a pre-agreed formula of 2 times the book value of MFIL at closing.

As the result of the ongoing transaction to sell the Group’s 37.5% (30 September 2021: 37.5%) equity interest in MFIL, the entire carrying amount of the Group’s investment in MFIL has been reclassified as non-current asset held for sale as at 30 September 2020. However, due to certain events and circumstances beyond the Group’s control in Myanmar, the sale could not be completed within one year. The Group remains committed to its plan to sell its investment in MFIL and consider the sale to be highly probable. As such, directors are of the view that the continuous classification of the Group’s investment in MFIL as non-current asset held for sale is appropriate as at 31 March 2023.

Movements of assets in non-current asset classified as held-for-sale were as follows:

| | 31 March 2023 | 30 September 2021 |
|--|--------------------------|------------------------------|
| | US\$ | US\$ |
| Investment in joint venture - 37.5% equity interest in Myanmar Finance International Limited | | |
| Beginning of the financial period/year | 1,500,000 | 2,552,467 |
| Less: Write down to fair value less cost to sell | <u>(1,125,000)</u> | <u>(1,052,467)</u> |
| End of the financial period/year | <u>375,000</u> | <u>1,500,000</u> |

Non-current assets classified as held for sale are measured at the lower of the asset’s previous carrying amount and fair value less costs to sell. Directors estimate the fair value less cost to sell at US\$375,000 based on 2 times the audited book value of MFIL at 31 March 2023, adjusted for a valuation discount of 25% due to political uncertainty and COVID-19 pandemic in Myanmar during current financial year. The valuation of the non-current asset held for sale is categorised into Level 3 of the fair value hierarchy. Therefore, the carrying amount of the non-current asset held for sale was written down to its fair value less cost to sell. Accordingly, write down of US\$1,125,000 (30 September 2021: 1,052,467) was recognised in profit or loss for the current financial year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

14. Share capital

| | 31 March 2023 | | 30 September 2021 | |
|---|----------------------------|-----------------|----------------------------|-----------------|
| | US\$ | | US\$ | |
| Issued and fully-paid share capital: | | | | |
| Ordinary shares at the beginning of the financial period/year | 40,569,059 | | 40,569,059 | |
| | 31 March 2023 | | 30 September 2021 | |
| | Ordinary shares | Warrants | Ordinary shares | Warrants |
| Equity Instruments in issue | | | | |
| At the beginning of the financial period/year | 38,108,451 | 13,573,901 | 38,097,037 | 14,128,387 |
| Exercised during the year | - | - | - | (554,486) |
| Lapsed during the period | - | (13,573,901) | - | - |
| Issuance during the financial year | - | - | 11,414 | - |
| At the end of the financial period/year | 38,108,451 | - | 38,108,451 | 13,573,901 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share without restriction at meetings of the Company.

During the financial period, no warrants were exercised and all unexercised warrants were expired.

All the shares have been admitted to trading on AIM under the ticker MIL.

Warrants

No new warrants were issued during the period.

On 16 September 2016, the Company allotted 811,368 warrants pursuant to the Fourth Subscription. The Company had agreed that for every four Ordinary Shares subscribed for by a subscriber they would receive one warrant at nil cost.

The warrants entitle the holder to subscribe for an Ordinary share at an exercise price of US\$0.75. The warrants may be exercised during each 15 Business Day period commencing on the first day of each Quarter during the Subscription Period (from 21 June 2015 to 21 June 2018).

On 22 May 2018, the Company amended the terms of the warrants to extend the exercise period for warrants that remained outstanding at 21 June 2018:

- a) the exercise period for the warrants was extended such that the warrants can be exercised until 31 December 2021, but at a higher exercise price of US\$0.90; and
- b) in the extended period, warrant holders will have the option to exercise their warrants on a cashless basis in certain circumstances.

All warrants were previously traded on AIM under the ticker MILW.

As the warrant instrument expired on 31 December 2021, all unexercised warrants expired on that date and trading on AIM was cancelled on 4 January 2022.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

15. Share option reserve

Details of the Share Option Plan (the “Plan”)

The Plan allows for the total number of shares issuable under share options to constitute a maximum of one tenth of the number of the total number of ordinary shares in issue (excluding shares held by the Company as treasury shares and shares issued to the Founders prior to Admission).

Any future issuance of shares will give rise to the ability of the Remuneration Committee to award additional share options. Such share options will be granted with an exercise price set at a 10 percent premium to the subscription price paid by shareholders on the relevant issue of shares that gave rise to the availability of each tranche of share options.

Share options can be exercised any time after the first anniversary and before the tenth anniversary of the grant (as may be determined by the Remuneration Committee in its absolute discretion) of the respective share options.

Share options are not admitted to trading on AIM but application will be made for shares that are issued upon the exercise of the share options to be admitted to trading on AIM.

As at 31 March 2023, there were 3,622,740 (30 September 2021: 3,622,740) share options available for issue under the Plan of which 2,590,527 (30 September 2021: 2,590,527) had been granted. These granted share options have a weighted average exercise price of US\$1.214 (30 September 2021: US\$1.214) per share and a weighted average contractual life of 10 years (30 September 2021: 10 years).

The 3,622,740 share options available were created under the following series:

| Series/Date | Occasion | Number | Exercise price (USD) |
|--------------------------|------------------------------------|------------------|-----------------------------|
| Series 1/ June 2013 | Admission Placing and Subscription | 584,261 | 1.100 |
| Series 2/ December 2014 | Second Subscription | 361,700 | 1.155 |
| Series 3/ July 2015 | Third Subscription | 1,734,121 | 1.265 |
| Series 4/ September 2016 | Fourth Subscription | 324,546 | 1.430 |
| Series 5/ June 2017 | Fifth Subscription | 618,112 | 1.298 |
| | | <u>3,622,740</u> | |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023

15. Share option reserve (Continued)

Details of the Share Option Plan (the “Plan”) (Continued)

The following share-based payment arrangements were in existence during the current financial period:

| Option series | Number of share options | Grant date | Expiry date | Exercise price (USD) | Fair value at grant date |
|---------------|-------------------------|-------------------|-------------------|----------------------|--------------------------|
| Series 1 | 410,000 | 27 June 2013 | 26 June 2023 | 1.100 | 153,487 |
| Series 1 | 25,000 | 9 December 2013 | 8 December 2023 | 1.100 | 19,015 |
| Series 1 | 132,261 | 25 September 2014 | 24 September 2024 | 1.100 | 62,937 |
| Series 2 | 23,500 | 2 June 2015 | 1 June 2025 | 1.155 | 14,365 |
| Series 1 | 10,200 | 15 January 2016 | 14 January 2026 | 1.100 | 6,235 |
| Series 2 | 331,700 | 15 January 2016 | 14 January 2026 | 1.155 | 193,562 |
| Series 3 | 921,600 | 15 January 2016 | 14 January 2026 | 1.265 | 490,120 |
| Series 3 | 180,000 | 28 June 2016 | 27 June 2026 | 1.265 | 125,863 |
| Series 1 | 2,267 | 19 October 2016 | 18 October 2026 | 1.100 | 1,363 |
| Series 2 | 2,000 | 19 October 2016 | 18 October 2026 | 1.155 | 1,149 |
| Series 3 | 551,999 | 19 October 2016 | 18 October 2026 | 1.265 | 289,752 |
| | <u>2,590,527</u> | | | | <u>1,357,848</u> |

Share options that are allocated to a Participant are subject to a three-year vesting period during which the rights to the share options will be transferred to the Participant in three equal annual instalments provided, save in certain circumstances, that they are still in employment with or engaged by the Company.

Fair value of share options granted in the financial year

No share options were granted during the financial period.

Share options were priced using Black-Scholes option pricing model. Where relevant, the expected life used in the model was adjusted based on management’s best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility was based on historical share price volatility from the date of grant of the share options.

The Black-Scholes option pricing model uses the following assumptions:

| | Grant date | | | |
|---------------------------------|--------------|-----------------|-----------------|-----------------|
| | 28 June 2016 | 19 October 2016 | 19 October 2016 | 19 October 2016 |
| Grant date share price (US\$) | 1.628 | 1.388 | 1.388 | 1.388 |
| Exercise price (US\$) | 1.265 | 1.100 | 1.155 | 1.265 |
| Expected volatility | 22.47% | 22.25% | 22.25% | 22.25% |
| Option life | 10 years | 10 years | 10 years | 10 years |
| Risk-free annual interest rates | 1.46% | 1.76% | 1.76% | 1.76% |

The Group recognised a net expense of US\$Nil (30 September 2021: US\$Nil) related to equity-settled share-based payment transactions during the financial period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023

15. Share option reserve (Continued)

Movement in share option during the financial period

The following reconciles the share options outstanding and exercisable at the start of the period/year and at the end of the period.

| | 31 March 2023 | | 30 September 2021 | |
|---|------------------|---|-------------------|---|
| | Number | Weighted average exercise price US\$ | Number | Weighted average exercise price US\$ |
| Balance at beginning and end of financial period/year | <u>2,590,527</u> | 1.213 | <u>2,590,527</u> | 1.213 |

No share options were exercised during the financial year/period.

Movement in share option reserve during the financial period

| | 31 March 2023 US\$ | 30 September 2021 US\$ |
|---|-----------------------|---------------------------|
| Balance at beginning and end of financial period/year | <u>1,358,913</u> | <u>1,358,913</u> |

16. Other payables

| | 31 March 2023 US\$ | 30 September 2021 US\$ |
|---|-----------------------|---------------------------|
| Accruals | 166,165 | 106,961 |
| Other payables | 195,677 | 190,551 |
| Financial liabilities at amortised cost | <u>361,842</u> | <u>297,512</u> |

Other payables are denominated in the following currencies:

| | 31 March 2023 US\$ | 30 September 2021 US\$ |
|----------------------|-----------------------|---------------------------|
| Singapore dollar | 46,007 | 52,018 |
| United States dollar | 242,246 | 243,524 |
| British pound | 66,980 | 1,970 |
| Euro | 6,609 | - |
| | <u>361,842</u> | <u>297,512</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

17. Significant related party disclosures

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. During the current financial period, in addition to the information disclosed elsewhere in these financial statements, there was no other significant transactions with related parties.

Compensation of key management personnel

During the current financial year, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

The remuneration of Directors for the financial period/year were as follows:

| | Directors' fee US\$ | Short term employee benefits US\$ | Share option plan US\$ | Total US\$ |
|--|------------------------|--------------------------------------|---------------------------|----------------|
| <u>Financial period ended 31 March 2023</u> | | | | |
| Executive directors | | | | |
| Maung Aung Htun | - | 116,000 | - | 116,000 |
| Nicholas John Paris | - | 90,000 | - | 90,000 |
| Non-executive directors | | | | |
| Henrik Onne Bodenstab | 26,250 | - | - | 26,250 |
| Rudolf Gildemeister | 22,500 | - | - | 22,500 |
| | <u>48,750</u> | <u>206,000</u> | <u>-</u> | <u>254,750</u> |
| <u>Financial year ended 30 September 2021</u> | | | | |
| Executive directors | | | | |
| Maung Aung Htun | - | 86,000 | - | 86,000 |
| Nicholas John Paris | - | 80,000 | - | 80,000 |
| Non-executive directors | | | | |
| Henrik Onne Bodenstab | 17,500 | - | - | 17,500 |
| Rudolf Gildemeister | 15,000 | - | - | 15,000 |
| | <u>32,500</u> | <u>166,000</u> | <u>-</u> | <u>198,500</u> |

18. Dividends

The Directors of the Company do not recommend any dividend in respect of the financial period ended 31 March 2023 (30 September 2021: Nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2021 TO 31 MARCH 2023**

19. Financial risk management objectives and policies

The Group's Financial risk management objectives and policies have not changed in the past financial period and can be found on the website www.myanmarinvestments.com.

20. Impact of COVID-19 and political crisis in Myanmar

The Coronavirus (COVID-19) outbreak and the political crisis after the change of government on 1 February 2021 have created a high level of uncertainty to economic prospects.

The situation continues to evolve with significant level of uncertainty and the Group has seen an impact on its own operation.

Regarding its investees it can be said that the last 18 months have been difficult for the microfinance industry. A surge in COVID cases in June 2021 led to shortages of medical supplies and the country going into a hard lockdown. The "stay at home" directive severely reduced economic activity and mobility. The political crisis since 1 February 2021 has further impacted business sentiment and activity. Bank transfers and withdrawals have been restricted and USD has been hard to source. The impact of the lockdown and civil disobedience movement has made it complicated to complete the formality of the sale of Myanmar Finance International Ltd ("MFIL"). But MFIL has gone through a debt repayment plan with all its lenders and will be debt free in 2024. The purchaser has therefore agreed to extend the offer to August 2023 (Note 13). The Group intends to complete the sale as soon as it is practical.

Regarding the Group's other investment in AP Towers Holdings Pte. Ltd. ("AP Towers"), it is to be noted that the telecommunication sector has also suffered due to the outbreak of COVID-19 and the political crisis since 1 February 2021 but much less than the microfinance industry. The Myanmar telecommunication tower sector, following a period of rapid growth, has continued to slow in the last 18 months in terms of both new towers and new co-locations. Also the availability of US\$ has become a challenge. Mobile network services in Myanmar have been significantly disrupted since February 2021, primarily as a result of the suspension and restriction of data services imposed by the regulator. Whilst the operating environment has been very challenging, AP Towers has been able to continue to provide a reliable service with high up times, thereby contributing the continued availability of mobile phone services to the population of Myanmar.

21. Authorisation of financial statements

The financial statements of the Group for the financial period from 1 October 2021 to 31 March 2023 were approved by the Board of Directors on 9 June 2023.