

Myanmar Investments International Limited

Interim results to 31 March 2021

Myanmar Investments International Limited [AIM: MIL] (“MIL” or the “Company”), the AIM-quoted Myanmar focused investment company, today announces its unaudited interim financial results for the six months to 31 March 2021.

Myanmar

Myanmar is currently in its fifth month of a politically induced crisis after the military took over the government on 1 February 2021. At one level an artificial sense of normalcy has returned to parts of Yangon while at the same time signs of the crisis are everywhere; long queues to withdraw a maximum of USD 120 from ATMs per day, as well as regular daily bombings.

In these five months, over 840 people have died, 4,500 leaders and protestors have been imprisoned and civil liberties curtailed, not to mention internet restrictions. The public has shown its defiance through civil disobedience that has paralyzed, *inter alia*, the healthcare, banking and education sectors. A parallel shadow government has been formed that is challenging the military installed government and the Ethnic Armed Organizations have increased their skirmishes with the military in the rural areas.

Equally worrying is the recent formation of the Peoples Defense Force at both the national and village level. Daily explosions and killings have become the norm in Yangon and other cities. The opposition is increasingly better armed.

International condemnation and sanctions against the military have been issued but with little effect.

The strong determination of a computer savvy gen Z who have enjoyed a decade of openness and of ethnic groups who sense an opening to push for a long desired federal structure is likely to mean that the current conflict could be protracted.

Throw in a looming financial crisis, a weakening currency and sharp price rises, Fitch Solutions has forecast a 20 per cent decline in GDP in 2021.

This is a potent and combustible mix to which, as of now, there appears to be no resolution in sight and may deteriorate further.

Overview

The Company’s shareholders approved a change to the Company’s investment objectives at the AGM held on 24 October 2019 and, as a result, the Directors have commenced the process of planning and implementing an orderly disposal of the investment portfolio with the intention of returning surplus cash to shareholders with a view towards an eventual winding down of the business.

As at 31 March 2021 the Company had two investments in Myanmar:

- an indirect shareholding of 4.1 per cent in AP Towers Holdings Pte. Limited (“AP Towers”), one of Myanmar’s leading independent tower companies (“ITC”). This investment will most likely

continue to be held until such time as our joint venture partner looks to create an exit opportunity. At this stage, no discussions are underway and there is no defined timeframe for such an exit.

- a 37.5 per cent shareholding in Myanmar Finance International Limited (“MFIL”) a well-established microfinance company. On 1 April 2020, the Company announced that it has accepted an offer to sell its shareholding in MFIL. Due to the outbreak of COVID-19 and the change of government on 1 February 2021 the transaction has not been closed yet. On 26 April 2021, the purchaser’s shareholders approved a one-year extension for closing the transaction.

The Directors have determined that MIL’s Net Asset Value (“NAV”) as at 31 March 2021 was US\$28.3 million, or US\$0.74 per share.

The valuation of the two investments has been consistent with the methodology of previous years. However, given the uncertainty regarding the political and economic development in Myanmar, the Directors have applied a portfolio discount of 30% to reflect this uncertainty.

The Company has continued to streamline its operations and as a result reduced its overheads. In the period to 31 March 2021, the core cash-based overheads were US\$339,000 which is 51.6 per cent lower than for the same period last year.

As at 31 March 2021, the Company had cash resources of US\$2.1 million (2020: US\$2.8 million).

AP Towers

Background

AP Towers is an independent tower company (“ITC”) in Myanmar, managing one of the largest networks of towers in Myanmar. Its wholly owned subsidiaries Apollo Towers and Pan Asia Towers provide tower and power services to Myanmar’s mobile network operators (“MNOs”).

MIL’s 66.6 per cent subsidiary, MIL 4 Limited (“MIL4”), has a shareholding of 6.2 per cent in AP Towers, of which 4.1 per cent is attributable to MIL.

MIL4 sits on the board of AP Towers and contributes to the strategy and growth of the company.

Update

- The Myanmar telecoms sector has grown rapidly since 2015. Myanmar’s mobile penetration rate is estimated to be as high as 107 per cent though this is based on SIM cards and not unique subscribers. Coupled with this is the prevalence of data enabled devices. Smartphones are estimated to account for approximately 80 per cent of the mobile phones in use in the country and data demand drives the need for connectivity. Connectivity requires an extensive network of telecom towers with reliable power. Myanmar currently has 20,000 towers, of which 11,000 are owned by ITCs, and is expected to reach 22,000 towers within the next few years.
- Apollo Towers and Pan Asian Towers have both built strong reputations in the market for their valuable site locations, operational excellence and strong customer focus. AP Towers will look to leverage the best practices of both companies in providing a full suite of services that are commercially attractive to the customers of both businesses.
- The Myanmar telecom 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.

- Mobile network services in Myanmar have been significantly disrupted since February 2021, primarily as a result of the suspension of data services. APTH and other tower and power providers have also faced difficulties in maintaining the up time of the power services as movement of key suppliers and personnel has been restricted. APTH has focused on maintaining the safety and security of its staff. Whilst the operating environment has been very challenging, APTH 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.
- Contrary to other industries, the telecoms sector has not suffered greatly due to the outbreak of COVID-19.
- As at 31 March 2021, Apollo Towers and Pan Asia Towers together had an aggregated portfolio of 3,255 towers, 6,668 tenants and a co-location ratio (“Lease-up-Rate” or “LUR”) of 2.05x. This compares to an LUR of 2.05x at 30 September 2020.
- By adding additional tenants to existing towers, the yield on invested capital can significantly improve, making each additional tenant highly accretive in terms of EBITDA and eventually enterprise value. Market analysis for Myanmar points to an expected LUR of 2.2x or higher over the next few years.
- As of 31 March 2021, AP Towers annualised adjusted “run rate” revenue and EBITDA has increased to US\$108.6 million and US\$88.9m, respectively. This represents an increase of 3.9 per cent and 6.6 per cent, respectively compared with September 2020.
- Going forward, AP Towers will 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\$ 416.8 million as at 31 March 2021, a decrease of US\$ 12.5 million since the end of September 2020.

Valuation

Using the same methodology as at 30 September 2020 with updated trading and comparable data and on the basis that the trading environment and outlook is the same as at the time of the 30 September 2020 valuation, the value of this investment would be US\$33.8 million, an increase of US\$5.5 million compared with the valuation as at 30 September 2020.

This value of AP Towers represents a profit of US\$13 million over the cost of the investment and an IRR since the initial investment in July 2015 of 9.0%.

Myanmar Finance International Limited (“MFIL”)

Background

MFIL is one of the leading microfinance operators in Myanmar. Through 15 main branches and 3 sub-branches it provides loans of between US\$150 and US\$5,000 to individuals and small-scale business operators in rural and semi-urban areas in Yangon, Bago, Ayeyarwady and Mon. In October 2020 MFIL was granted a license to operate in the Mandalay region.

MFIL was established as a microfinance joint venture in September 2014 by MIL and Myanmar Finance Company Limited (“MFC”). In November 2015, the Norwegian Investment Fund for Developing Countries (“Norfund”), the Norwegian development finance institution, also became a shareholder

such that the shareholdings today are MIL 37.5 per cent, MFC 37.5 per cent and Norfund 25 per cent, with a total paid up capital of over US\$7 million. MIL's total investment cost to date is US\$2.7 million.

MFIL is a well-established microfinance company that has a positive impact on the lives and economic well-being of its clients.

A representative of MIL sits on the board of MFIL and works closely with the management and shareholders on strategic and restructuring issues.

Update

- Although COVID-19 and the related lockdown was difficult for the microfinance industry, until February 2021 MFIL was relatively unscathed with Portfolio at Risk over 30 days ("PAR 30+") of around 2%, a growing loan book and operating profits.
- The current political crisis is having an adverse impact on the country's economy, finances and business landscape.

Fitch Solutions has forecast a 20 percent decline in GDP for 2021. This will impact livelihoods and the earning capacity of MFIL's clients.

- In addition, sporadic violence in some of the areas that MFIL operates in has affected its clients' mobility and impacted collection. This difficulty was compounded when mobile internet was turned off for 6 weeks as mobile remittance agents were unable to function.
- The Civil Disobedience Movement that sprung up has led to strikes in many sectors including banking which has nearly paralyzed the country's financial system. Cash shortages and difficulties in making remittances is now a daily struggle for most citizens.
- Against this background and with no clear indication of how this crisis might be resolved, MFIL has adopted a cautious approach. It has been repositioning its balance sheet into safer assets while also increasing liquidity. MFIL has also reduced operating costs and will be adjusting its product lines. This process is ongoing.
- MFIL continues to see substantial demand for its products but before it can consider increasing its loan book, it needs stability and it needs to assist clients who are unable to repay their full monthly schedule by giving them appropriate restructuring. MFIL continues to witness clients showing their willingness to repay regularly even though their capacity has diminished and they offer reduced repayments.
- During the height of the violence in March, MFIL had given approximately two thirds of its clients a 2-month repayment holiday.
- Foreign lenders to the microfinance industry, primarily DFIs, have indicated their support for the sector and are starting to extend the tenor of their loans to microfinance companies to facilitate liquidity while the inevitable restructuring of clients' loan portfolios take place.

- In the six months to 31 March 2021, due to the continuing effects of COVID-19 as well as the initial impact from the civil disturbances, MFIL incurred a loss of MMK1.38 billion (US\$0.9 million). This was due to additions in loan loss reserves of MMK837 million (US\$0.6 million) and having maintained a high liquidity level and therefore having negative net interest margin on the cash holding. MFIL's shareholders' funds at 31 March 2021 was MMK7.0 billion (US\$4.8 million)
- MFIL's current loan book, at the end of May 2021 is MMK19.5 billion (US\$12.1 million) (MMK21.66 billion (US\$14.7 million) at 31 March 2021). At 30 September 2020 its PAR 30+ was 3.1%. This has increased to 6.6% at 31 March 2021. Given the weak economy and the need to restructure clients, this is expected to increase significantly over the next few months before MFIL will see a reduction.
- MFIL is a strong and liquid microfinance company, as at the end of May 2021 it had free cash on the balance sheet of over MMK6.3 billion (US\$3.9 million). This should allow MFIL to navigate its way through the current crisis.
- In October 2020, the Financial Regulatory Department (FRD), the microfinance industry's regulatory body, awarded MFIL a license to open branches in Mandalay, Myanmar's second most populous region. However, because of the violence in and around Mandalay, MFIL has not yet started operation.
- Acquisition of MFIL: COVID-19 related travel difficulties and the current political crisis have made it difficult to carry out the closing audit and to complete the conditions precedent. The purchaser's shareholders at their latest AGM on 26 April 2021 have approved a one-year extension. We have also extended the exclusivity period and continue to update the potential purchaser on events at MFIL and in Myanmar.

We intend to recommence the completion process as soon as it is practical to do so. This may also require additional negotiations on the terms as well as updating the due diligence work as it is over a year since we had agreed terms.

Valuation

As at 30 September 2020 the Directors had assessed the value of the Group's investment in MFIL to be US\$4.4 million using the price to book value methodology.

Using the same methodology as at 31 March 2021 the Directors have assessed the value of this investment to be US\$3.5 million which is US\$0.9 million lower compared with 30 September 2020.

This value of MFIL represents a profit of US\$0.8 million over the cost of the investment. This equates to an IRR since the initial investment in September 2014 of 5.2 per cent.

Ad hoc market 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 not be 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;
- enhanced COVID-19 risks;
- potential broader international sanctions.

Given the uncertainties and increased risks the Directors have decided to apply an *ad hoc* discount of 30% on the company's entire portfolio. This will be reviewed regularly.

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

APT:

This discount reduces the value of this investment to US\$23.7 million, which is US\$4.7 million lower than at September 2020.

This valuation of AP Towers represents a profit of US\$2.9 million over the cost of the investment and an IRR since the initial investment in July 2015 of 2.3%.

MFIL:

This discount reduces the value of this investment to US\$2.45 million, which is US\$1.95 million lower than at September 2020.

This valuation of MFIL represents a loss of US\$220,000 over the cost of the investment.

Financial Performance

Unaudited Financial Statements

The unaudited financial statements for the six months to 31 March 2021 are attached at the end of this announcement. They have been prepared in compliance with IFRS.

Profit and Loss

For the six months to 31 March 2021, MIL's unaudited consolidated loss after tax was US\$5.3 million, compared with a profit of US\$0.86 million in the same period last year.

This is principally represented by:

- the overheads associated with running the Company's business (US\$347,000);
- the Company's share of MFIL's losses (US\$331,000);and
- the loss on re-evaluation of the investment in AP Towers (US\$4,667,000).

Within this the cost of MIL's cash-based overheads (i.e. the joint venture results, and re-evaluation gains) was US\$339,000 compared to US\$702,000 for the six months to 31 March 2020, a reduction of US\$363,000 or 51.6 per cent. On a per share basis this has dropped from 1.84¢ to 0.89¢, a reduction of 51.6 per cent.

Net asset value

The Directors have determined that MIL's Net Asset Value ("NAV") as at 31 March 2021 was US\$28.3 million, or US\$0.74 per share. This is comprised of:

- the investment in AP Towers, the telecommunication tower business, of US\$23.7 million, excluding the non-controlling interests, determined using a comparable EBITDA multiple methodology and applying a portfolio discount of 30%;
- the investment in MFIL, the microfinance business, of US\$2.45 million, determined using a comparable price to book value methodology and applying a portfolio discount of 30%;
- cash and other net assets/liabilities of US\$2.1 million.

In accordance with the Company's stated policy, the Company's investments have been determined by reference to the prevailing International Private Equity and Venture Capital Guidelines.

Summary of NAV

The NAV valuation of US\$28.3 million is a net decrease of US\$7 million (19.8 per cent) from US\$35.3 million as at 30 September 2020. This is mainly attributable to:

- the fact that the AP Towers investment, is valued US\$4.7 million lower than as at 30 September 2020);
- the reduction of the valuation of MFIL by US\$ 1.9 million compared with September 2020; and
- overheads and transaction costs of US\$0.4 million.

In the attached financial statements, the NAV attributable to shareholders differs from the above stated value of US\$28.3 million due to the following adjustment:

	US\$ millions
NAV per the financial statements	27.8
MFIL ¹	0.5
NAV per the Directors' valuation	<u>28.3</u>

Note 1: In accordance with IFRS 11 Joint Arrangements, the investment in MFIL is accounted for as an investment in a joint venture using the equity method. Whereas 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.

Working Capital

As of the date of this announcement the Group has adequate financial resources to cover its working capital needs for the next 12 months.

Commenting on the Interim Results, Nick Paris, Managing Director of Myanmar Investments International Limited, said "The last 6 months have been challenging. Not only COVID-19 had an impact on the development in Myanmar but the circumstances got even more difficult after the change of government in February 2021. Nevertheless, we think that we have two healthy investments. The sale of MFIL is still on the way as the purchaser's AGM has approved a one-year extension to close the transaction. The investment in APTH was holding up well. As we have pointed out, we have applied a portfolio discount of 30% on both investments to reflect the uncertainty regarding the development in Myanmar. Our operating costs have been reduced significantly and are kept under constant review to seek to minimise our cash burn in order to return surplus capital to 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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2021**

		<i><u>Present Interims</u></i>	<i><u>Prior Interims</u></i>	<i><u>Prior Full Year</u></i>
	Note	1 October 2020 to 31 March 2021 Unaudited US\$	1 October 2019 to 31 March 2020 Unaudited US\$	1 April 2019 to 30 September 2020 Audited US\$
Revenue		-	-	-
Other item of income				
Finance income	4	-	216	491
Gain on disposal of a joint venture	10	-	361,248	361,248
Fair value gain on investment at fair value through profit or loss	11	-	2,500,000	6,500,000
		-	2,861,464	6,861,739
Items of expense				
Employee benefits expense	5	(99,250)	(415,331)	(893,323)
Depreciation expense		-	(10,240)	(20,719)
Other operating expenses		(251,714)	(442,240)	(1,325,262)
Finance costs	6	(3,607)	(4,719)	(13,857)
Share of results of joint ventures, net of tax	10	(321,228)	(298,340)	(926,004)
Fair value loss on investment at fair value through profit or loss	11	(7,000,000)	-	-
Profit/(Loss) before income tax	7	(7,685,799)	1,690,594	3,677,574
Income tax expense	8	(70)	(3,398)	(1,306)
Profit/(Loss) for the financial period/year		(7,685,869)	1,687,196	3,676,268
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange gain/(loss) arising on translation of foreign operations	10	(279,841)	265,615	399,314
Other comprehensive income for the financial period/year, net of tax		(279,841)	265,615	399,314
Total comprehensive income for the financial period/year		(7,965,710)	1,952,811	4,075,582
Profit/(Loss) attributable to:				
Owners of the parent		(5,345,088)	857,670	1,616,159
Non-controlling interests		(2,340,781)	829,526	2,060,109
		(7,685,869)	1,687,196	3,676,268

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2021

	<i><u>Present Interims</u></i>	<i><u>Prior Interims</u></i>	<i><u>Prior Full Year</u></i>
	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020	1 April 2019 to 30 September 2020
Note	Unaudited US\$	Unaudited US\$	Audited US\$
Total comprehensive income attributable to:			
Owners of the parent	(5,624,929)	(992,474)	2,015,473
Non-controlling interests	(2,340,781)	(15,604)	2,060,109
	<u>(7,965,710)</u>	<u>(1,008,078)</u>	<u>4,075,582</u>
Earnings/(Loss) per share (cents)			
- Basic and diluted	9 (14.03)	2.25	4.24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

		<i><u>Present</u></i> <i><u>Interims</u></i>	<i><u>Prior</u></i> <i><u>Full Year</u></i>
	Note	31 March 2021 Unaudited US\$	30 September 2020 Audited US\$
ASSETS			
Non-current assets			
Investments in joint ventures		-	-
Equity instrument at fair value through profit or loss	11	35,500,000	42,500,000
Plant and equipment		-	-
Total non-current assets		<u>35,500,000</u>	<u>42,500,000</u>
Current assets			
Other receivables		99,394	265,834
Cash and cash equivalents		2,109,216	2,364,166
Non-current asset classified as held for sale	13	<u>1,941,398</u>	<u>2,552,467</u>
Total current assets		<u>4,150,008</u>	<u>5,185,467</u>
Total assets		<u>39,650,008</u>	<u>47,685,467</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		(13,768,569)	(8,423,481)
Foreign exchange reserve		<u>(356,401)</u>	<u>(76,560)</u>
Equity attributable to owners of the parent		27,803,002	33,427,931
Non-controlling interests		<u>11,594,786</u>	<u>13,935,567</u>
Total equity		<u>39,397,788</u>	<u>47,363,498</u>
LIABILITIES			
Current liabilities			
Other payables		234,545	304,053
Income tax payable		<u>17,675</u>	<u>17,916</u>
Total current liabilities		<u>252,220</u>	<u>321,969</u>
Total equity and liabilities		<u>39,650,008</u>	<u>47,685,467</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2021**

	Note	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\$
Unaudited								
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 period		-	-	-	(5,345,088)	(5,345,088)	(2,340,781)	(7,685,869)
Other comprehensive income for the financial period								
Exchange loss arising on translation of foreign operations	13	-	-	(279,841)	-	(279,841)	-	(279,841)
Total other comprehensive income for the financial period		-	-	(279,841)	-	(279,841)	-	(279,841)
Total comprehensive income for the financial period		-	-	(279,841)	(5,345,088)	(5,624,929)	(2,340,781)	(7,965,710)
Contributions by and distributions to owners								
Share options expense	15	-	-	-	-	-	-	-
Total contributions by and distributions to owners		-	-	-	-	-	-	-
At 31 March 2021		40,569,059	1,358,913	(356,401)	(13,768,569)	27,803,002	11,594,786	39,397,788

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2019 TO 30 SEPTEMBER 2020**

Audited	Note	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\$
2020								
At 1 April 2019		40,569,059	1,337,005	(475,874)	(10,039,640)	31,390,550	11,875,458	43,266,008
Profit for the financial year		-	-	-	1,616,159	1,616,159	2,060,109	3,676,268
Other comprehensive income for the financial year								
Exchange gain arising on translation of foreign operations	10	-	-	399,314	-	399,314	-	399,314
Total other comprehensive income for the financial year		-	-	399,314	-	399,314	-	(263,584)
Total comprehensive income for the financial year		-	-	399,314	1,616,159	2,015,473	2,060,109	4,075,582
Contributions by and distributions to owners								
Share options expense	15	-	21,908	-	-	21,908	-	21,908
Total contributions by and distributions to owners		-	21,908	-	-	21,908	-	21,908
At 30 September 2020		40,569,059	1,358,913	(76,560)	(8,423,481)	33,427,931	13,935,567	47,363,498

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2021**

		<u>Present Interims</u>	<u>Prior Interims</u>	<u>Prior Full Year</u>
	Note	1 October 2020 to 31 March 2021 Unaudited US\$	1 October 2019 to 31 March 2020 Unaudited US\$	1 April 2019 to 30 September 2020 Audited US\$
Operating activities				
Profit/(Loss) before income tax		(7,685,799)	1,690,594	3,677,574
Adjustments for:				
Interest income	4	-	(216)	(491)
Finance costs		3,607	4,719	13,857
Depreciation of plant and equipment		-	10,240	20,719
Share-based payment expense		-	10,954	21,908
Share of results of joint ventures, net of tax	10/13	331,228	298,340	926,004
Fair value (gain) / loss on investment at fair value through profit or loss	11	7,000,000	(2,500,000)	(6,500,000)
Gain on disposal of joint venture	10	-	(361,248)	(361,248)
Plant and equipment written off		-	17,385	17,384
Operating cash flows before working capital changes		(350,964)	(829,232)	(2,184,293)
Changes in working capital:				
Other receivables		169,440	(276,481)	(90,058)
Other payables		(69,508)	114,745	(68,357)
Cash used in operations		(251,032)	(990,968)	(2,342,709)
Interest received		-	216	491
Finance costs paid		(3,607)	(4,719)	(13,857)
Income tax (paid) / refunded		(311)	63	(280)
Net cash flows used in operating activities		(254,950)	(995,408)	(2,356,355)
Investing activities				
Proceeds from disposal of investments		-	1,000,000	1,000,000
Net cash flows from investing activities		-	1,000,000	1,000,000
Financing activities				
Increase in short-term deposits pledged		-	(216)	(216)
Net cash flows used in financing activities		-	(216)	(216)

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2021

	<i><u>Present Interims</u></i>	<i><u>Prior Interims</u></i>	<i><u>Prior Full Year</u></i>
Note	1 October 2020 to 31 March 2021 Unaudited US\$	1 October 2019 to 31 March 2020 Unaudited US\$	1 April 2019 to 30 September 2020 Audited US\$
Net change in cash and cash equivalents	(254,950)	4,376	(1,356,571)
Cash and cash equivalents at beginning of financial period/year	<u>2,316,539</u>	<u>2,715,220</u>	<u>3,673,110</u>
Cash and cash equivalents at end of financial period/year	<u>2,061,589</u>	<u>2,719,596</u>	<u>2,316,539</u>

Cash and cash equivalents comprise the following at the end of the financial period/year:

	<i><u>Present Interims</u></i>	<i><u>Prior Full Year</u></i>
	31 March 2021 Unaudited US\$	30 September 2020 Audited US\$
Bank balances	2,109,589	2,364,166
Less: short-term deposits pledged	<u>(47,627)</u>	<u>(47,627)</u>
	<u>2,061,589</u>	<u>2,316,539</u>

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2021**

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 and warrants are traded on the AIM market of the London Stock Exchange under the ticker symbols MIL and MILW respectively.

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.

Details of the Company’s investments in its joint ventures are disclosed in Note 10 and 13; its equity instrument at fair value through profit or loss is disclosed in Note 11 and the principal activities of the subsidiaries are disclosed in Note 12.

The consolidated financial information of the Company and its subsidiaries (the “Group”) for the period from 1 October 2020 to 31 March 2021 were approved by the Board of Directors on 16 June 2021. This consolidated financial information is unaudited.

Whilst the financial information included in this announcement has been prepared in accordance with the International Financial Reporting Standards (“IFRS”), this announcement does not in itself contain sufficient information to comply with IFRS. The full audited financial statements of the Company for the financial period from 1 April 2019 to 30 September 2020 can be found on the Company’s website at www.myanmarinvestments.com.

1.1 Going concern

The Coronavirus (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects.

Although the situation continues to evolve with significant level of uncertainty, the Group does not foresee a huge impact on its own operation. Regarding its investees it can be said that the microfinance industry has been impacted by COVID-19. Depending on the speed of recovery from COVID-19, MFIL’s book value at closing of the on-going transaction to sell its shares in MFIL may have reduced. The purchaser’s AGM on 23rd April 2020 has approved the transaction and the lenders have given their consent. However, because of COVID-19 and the political crisis since February 2021, little progress has been made in obtaining regulatory approval. On 26 April 2021, the purchaser’s AGM approved a one-year extension for closing the transaction. Regarding the Group’s other investment in AP Towers, it is to be noted that contrary to other industries, the telecoms sector has not suffered greatly due to the outbreak of COVID-19.

After due and careful enquiries, the Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. This expectation is based on a review of the Company’s existing financial resources, its present and expected future commitments in terms of its overheads and running costs; and its commitments to its existing investments.

1. General corporate information (Continued)

1.1 Going concern (Continued)

Accordingly, the Directors have adopted the going concern basis in preparing the consolidated financial information.

2. Summary of significant accounting policies

The Company's accounting policies are available in the financial statements for the financial period from 1 April 2019 to 30 September 2020, a copy of which can be found on the Company's website at www.myanmarinvestments.com.

3. Significant accounting judgements and estimates

The Company's significant accounting judgements and estimates used in the preparation of these financial information are available in the full audited financial statements for the financial period from 1 April to 30 September 2020, a copy of which can be found on the Company's website at www.myanmarinvestments.com.

4. Finance income

	1 October 2020 to 31 March 2021 Unaudited US\$	1 October 2019 to 31 March 2020 Unaudited US\$	1 April 2019 to 30 September 2020 Audited US\$
Interest income	-	216	491

5. Employee benefits expense

	1 October 2020 to 31 March 2021 Unaudited US\$	1 October 2019 to 31 March 2020 Unaudited US\$	1 April 2019 to 30 September 2020 Audited US\$
Salaries, wages and other staff benefits	99,250	404,377	826,415
Bonuses	-	-	50,000
Share options expense	-	10,954	21,908
	<u>99,250</u>	<u>415,331</u>	<u>898,323</u>

The employee benefits expense includes the remuneration of Directors as disclosed in Note 16.

6. Finance costs

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

7. Profit/(Loss) before income tax

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

	1 October 2020 to 31 March 2021 Unaudited US\$	1 October 2019 to 31 March 2020 Unaudited US\$	1 April 2019 to 30 September 2020 Audited US\$
Auditor's remuneration	25,597	23,275	103,397
Consultants' fees	101,261	58,428	218,999
Short term lease expenses	736	44,487	84,206
Professional fees	59,545	15,912	599,324
Travel and accommodation	-	32,538	54,572

8. Income tax

	1 October 2020 to 31 March 2021 Unaudited US\$	1 October 2019 to 31 March 2020 Unaudited US\$	1 April 2019 to 30 September 2020 Audited US\$
Current income tax			
- current financial period/year	(241)	3,461	3,703
- (over) / under provision in prior financial period/year	311	(63)	(2,397)
	<u>70</u>	<u>3,398</u>	<u>1,306</u>

9. Earnings/(Loss) per share

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

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

	1 October 2020 to 31 March 2021 Unaudited	1 October 2019 to 31 March 2020 Unaudited	1 April 2019 to 30 September 2020 Audited
Profit/(Loss) for the financial period/year attributable to owners of the Company (US\$)	(5,345,088)	857,670	1,616,159
Weighted average number of ordinary shares during the financial period/year applicable to basic profit or loss per share	38,102,054	38,097,037	38,097,037

Earnings/(Loss) per share

Basic and diluted (cents)	(14.03)	2.25	4.24
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Diluted earnings or loss per share is the same as the basic earnings or loss per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the shares conversion would be to decrease the profit or loss per share.

10. Investments in joint ventures

	31 March 2021 Unaudited US\$	30 September 2020 Audited US\$
Investments in joint ventures		
Unquoted equity investments, at cost	-	4,815,000
Share of post-acquisition results of joint venture, net of tax	-	(1,547,221)
Share of post-acquisition foreign currency translation reserve	-	(76,560)
Reclassified to non-current asset held-for-sale	-	(2,552,467)
	-	-
Movement during the period/year		
Balance at beginning of financial period/year	-	3,717,909
Investments during the financial period/year	-	-
Share of results of joint ventures, net of tax	-	(926,004)
Share of foreign currency translation reserve	-	399,314
Advances during the financial period/year	-	-
Disposal of joint venture during the financial period/year	-	(638,752)
Reclassified to non-current asset held-for-sale	-	(2,552,467)
Balance at end of financial period/year	-	-

11. Equity instrument at fair value through profit or loss

	31 March 2021	30 September 2020
	Unaudited US\$	Audited US\$
Investment in AP Towers (2019: Apollo Towers), at fair value	35,500,000	42,500,000

Investment in AP Towers

The Group's investment in AP Towers Holdings Pte. Ltd ("AP Towers") (2019: Apollo Towers Holdings Limited ("Apollo Towers")), is made through the Group's 66.67 per cent subsidiary, MIL 4 Limited ("MIL 4").

On 23 January 2020, MIL 4 exchanged its investment in Apollo Towers for shares in AP Towers which owns Pan Asia Majestic Eagle Limited ("Pan Asia Towers"), another Myanmar independent tower company. Under the share swap, MIL 4 has exchanged its existing 13.7 per cent shareholding in Apollo Towers for a shareholding of 6.2 per cent in AP Towers. The share swap effectively brings Apollo Towers and Pan Asia Towers under common ownership of AP Towers.

Movement in the investment is as follows:

	31 March 2021	30 September 2020
	Unaudited US\$	Audited US\$
Balance at beginning of financial period/year	42,500,000	36,000,000-
Fair value (loss) / gain during the financial period/year	(7,000,000)	6,500,000
Balance at end of financial period/year	35,500,000	42,500,000

As at 31 March 2021, the equity instrument at fair value through profit or loss represents an effective 4.1% equity interest in the unquoted share capital of AP Towers.

The Group intends to hold these investments for long-term appreciation in value as well as strategic investment purposes.

Management engaged their internal valuation specialists to perform a valuation on the investment. The valuation of the unquoted investment is categorised into 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:

Financial assets	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Unquoted equity investments	Comparable Company Analysis	<ul style="list-style-type: none"> - Earnings Before Interest, Tax, Depreciation and Amortization (“EBITDA”) of US\$88.9million - Enterprise Value (“EV”) per EBITDA multiple of 13.6x - Portfolio discount of 30% 	Increase EBITDA and EV/EBITDA multiple will increase the fair value of the financial asset.

Investment in Apollo Towers (30 September 2020)

Financial assets	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Unquoted equity investments	Comparable Company Analysis	<ul style="list-style-type: none"> - Earnings Before Interest, Tax, Depreciation and Amortization (“EBITDA”) of US\$83.4million - Enterprise Value (“EV”) per EBITDA multiple of 13.1x 	Increase EBITDA and EV/EBITDA multiple will increase the fair value of the financial asset.

As announced on 23 January 2020, MIL 4 exchanged its investment in Apollo Towers Holdings Limited (“Apollo Towers”) for shares in AP Tower Holdings Pte. Ltd. (“AP Towers”) which owns Pan Asia Majestic Eagle Limited (“Pan Asia Towers”), another Myanmar independent tower company. Under the share swap, MIL 4 has exchanged its existing 13.7 per cent shareholding in Apollo Towers for a shareholding of approximately 6.2 per cent in AP Towers, of which approximately 4.1 per cent indirectly held by MIL. The Share Swap effectively brings Apollo Towers and Pan Asia Towers under common ownership of AP Towers.

12. 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 %
Myanmar Investments Limited	Singapore	Investment holding company	100	-
MIL Management Pte. Ltd.	Singapore	Provision of management services to the Group	100	-
MIL 4 Limited	British Virgin Islands	Investment holding company	66.67	33.33
<i>Held by MIL Management Pte. Ltd</i>				
MIL Management Co., Ltd ⁽²⁾	Myanmar	Provision of management services to the Group	100	-

⁽²⁾ In the process of striking off.

13. Non-current asset classified as held for sale

As the result of the ongoing transaction to sell the Group's 37.5% equity interest in MFIL (Note 10), 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.

	31 March 2021	30 September 2020
	Unaudited US\$	Audited US\$
Investments in joint venture		
Unquoted equity investments, at cost	2,670,000	-
Share of post-acquisition results of joint venture, net of tax	(372,201)	-
Share of post-acquisition foreign currency translation reserve	(356,401)	-
	<u>1,941,398</u>	
Movement during the period/year		
Balance at beginning of financial period/year	2,552,467	-
Investments during the financial period/year	-	-
Share of results of joint ventures, net of tax	(331,228)	-
Share of foreign currency translation reserve	(279,841)	-
Advances during the financial period/year	-	-
Disposal of joint venture during the financial period/year	-	-
Balance at end of financial period/year	<u>1,941,398</u>	<u>2,552,467</u>

The details of the joint venture are as follows:

Name of joint venture (Country of incorporation/ place of business)	Principal activities	Effective equity interest held by the Company	
		31 March	30 September
		2021	2020
		%	%
Myanmar Finance International Limited (Myanmar) ("MFIL")	Provider of microfinance loans	37.5	37.5

Summary

	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020	1 April 2019 to 30 September 2020
	Unaudited US\$	Unaudited US\$	Audited US\$
Share of results of joint venture, net of tax MFIL	(331,228)	(123,180)	(349,699)

14. Share capital

	31 March 2021	30 September 2020
	Unaudited US\$	Audited US\$
Issued and fully paid share capital:		
Ordinary shares at the beginning of the financial period/year	40,569,059	40,569,059
	<u>40,569,059</u>	<u>40,569,059</u>
		31 March 2020
	Ordinary shares	Warrants
Equity Instruments in issue		
At the beginning of the financial period	38,097,037	14,128,387
At the end of the financial period	<u>38,108,451</u>	<u>13,573,901</u>

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.

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

Warrants

As at 31 March 2021, there were 13,573,901 (30 September 2020: 14,128,387) Warrants in issue.

During the six-month period ended 31 March 2021, 554,486 Warrants were exercised cashlessly at the previously announced ratio of 48.57 Warrants for a new Ordinary Share, resulting in 11,414 new Ordinary Shares being issued.

All Warrants have been admitted to trading on AIM under the ticker MILW.

15. Share option reserve

Details of the Share Option Plan (the "Plan") are set out in the financial statements for the year to 30 September 2020, which can be found on the Company's website at www.myanmarinvestments.com (Long Term Incentive Plans ("LTIP") / ESOP).

During the six-month period ended 31 March 2021, no further options were created, granted or forfeited.

As at 31 March 2021, 2,590,527 (30 September 2020: 2,590,527) share options had been granted under the Plan.

16. Significant related party disclosures

Compensation of key management personnel

The remuneration of Directors for the financial period from 1 October 2020 to 31 March 2021 was as follows:

	Directors' fees US\$	Short term employee benefits US\$	Share option plan US\$	Total US\$
<u>Financial period from 1 October 2020 to 31 March 2021</u>				
Executive directors				
Maung Aung Htun	-	43,000	-	43,000
Nicholas John Paris	-	40,000	-	40,000
Non-executive directors				
Henrik Onne Bodenstab	8,750	-	-	8,750
Rudolf Gildemeister	7,500	-	-	7,500
	<u>16,250</u>	<u>83,000</u>	<u>-</u>	<u>99,250</u>

17. Dividends

The Directors of the Company did not recommend any dividend in respect of the financial period from 1 October 2020 to 31 March 2021 (1 April 2019 to 30 September 2020: Nil).

18. Financial risk management objectives and policies

The Company's financial risk management objectives and policies are set out in the audited financial statements for the financial period from 1 April 2019 to 30 September 2020.