



**Memories Group Limited**  
(formerly known as SHC Capital Asia Limited)  
**(Company Registration No. 201201631D)**

---

**Unaudited Financial Statements and Dividend Announcement**  
**For the Three Months and the Nine Months ended 31 December 2017**

---

**Background**

Memories Group Limited (the “**Company**”) (previously known as SHC Capital Asia Limited) was incorporated in Singapore on 19 January 2012 under the Companies Act, Chapter 50 of Singapore (“**Companies Act**”) as a company limited by shares under the name of “SHC Capital Asia Pte. Ltd.”. The Company changed its name to “SHC Capital Asia Limited” on 9 March 2012 and subsequently to Memories Group Limited on 26 of December 2017.

The Company and its subsidiary corporations (the “**Group**”) were formed pursuant to a reverse takeover (“**RTO**”) by MM Myanmar Pte. Ltd. (“MM Myanmar” and together with its subsidiary corporations, the “**MM Group**”) which was completed on 26 December 2017. Prior to the completion of the RTO, MM Myanmar undertook a restructuring exercise for the purposes of consolidating interests in the hot-air balloon business operating under the name “Balloons over Bagan” (the “**BOB Business**”), the business of a proposed commercial and tourism-related hospitality development in Bagan (the “**BL Business**”), the business of a proposed hotel development under the name “Pun Hlaing Lodge” (the “**PHL Business**”), the tourism and destination management business operating under the name “Asia Holidays” (the “**DMC Business**”) and the hotel/lodge business operating under the name “Hpa An Lodge” (the “**HAL Business**”) under MM Myanmar.

Please refer to the Company’s Circular dated 20 November 2017 for further details on the RTO and restructuring exercise.

MM Myanmar was incorporated in Singapore as a private limited company under the Companies Act on 23 December 2016. The principal activity of MM Myanmar is that of an investment holding company. MM Group is a tourism group in Myanmar that operates an “Integrated Tourism Platform” which synergistically connects all its businesses under the group to provide a seamless, one-of-a-kind experience aimed at creating lasting memories.

Following the completion of the RTO, the Company changed its functional currency and presentation currency from Singapore Dollars (“SGD”) to US Dollars (“US\$”). In addition, the Company changed its financial year end from 31 December to 31 March.

**Group Level**

Following the completion of the RTO, the wholly-owned subsidiary corporation, MM Myanmar, is deemed as the accounting acquirer that has acquired the Company (the accounting acquiree) for accounting purpose. As such, the consolidated financial statements have been prepared and presented as a continuation of MM Group.

Accordingly, the consolidated financial statements of the Group for the three months and nine months ended 31 December 2017 have been presented as a continuation of the MM Group’s financial results and operations, in accordance with the following:

- 1) the assets and liabilities of the accounting acquirer, MM Myanmar and its subsidiary corporations, are recognised and measured in the consolidated statement of financial position at their pre-acquisition carrying amount;
- 2) the assets and liabilities of the accounting acquiree, the Company, are recognised and measured in accordance with their acquisition date fair value;
- 3) the retained earnings and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of MM Group immediately before the RTO;
- 4) the amount recognised in the issued equity interest in the consolidated financial statements of the Group is computed by adding the issued equity of MM Myanmar immediately before the RTO to the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to affect the combination; and
- 5) the comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of MM Group.

Following the completion of the RTO, the principal business of the Group is those of MM Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in FRS 103 – “Business Combination”, but it does not result in the recognition of goodwill, as the Company was deemed as a cash company under the Rule 1017 of the Catalist Rules and did not meet the definition of a business as set out in FRS 103. Instead, such transaction falls within the scope of FRS 102 “Share-based Payments”, which requires the shares deemed issued by the legal subsidiary corporation (as consideration for the acquisition of the Company) to be recognised at fair value. Any difference between the consideration sum and the fair value of the Company’s identifiable net assets represents a service received by the legal subsidiary, MM Myanmar, which is recognised as an expense in the statement of comprehensive income.

### **MM Group Level**

Following the completion of restructuring exercise, MM Group comprising entities with interest in the BOB Business, the BL Business and the PHL Business which were accounted for using the pooling-of-interest method. Under this method, assets and liabilities are brought into the consolidated financial statements of MM Myanmar at their existing carrying amounts from the perspective of the controlling party and the consolidated statements of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control. The cost of investment is recorded at the nominal value of the equity shares issued by MM Myanmar and the difference between the cost of investment and the nominal value of the share capital of each of the entity is recognised as the Restructuring Reserve under equity. The restructuring of the entities with interest in the DMC Business and the HAL Business was accounted for using the acquisition method in accordance with FRS 103. Accordingly, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of MM Group for the three months and the nine months ended 31 December 2017 include financial performance and results of the BOB Business, BL Business and PHL Business for the period from 1 October 2017 and 1 April 2017 to 31 December 2017 respectively, and financial performance and results of the DMC Business

and the HAL Business for the period from 1 October 2017 and 18 August 2017 to 31 December 2017 respectively.

The comparative financial statements of MM Group for the corresponding financial period ended 31 December 2016 and as at 31 March 2017 includes only the financial performance and financial position of MM Myanmar and the entities with interest in the BOB Business, BL Business and PHL Business.

### **Company Level**

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. As such, the investment in MM Myanmar recorded in the Company's financial statements was accounted for at cost less accumulated impairment losses, if any.

#### Notes:

- i) The Group's consolidated statement of comprehensive income and consolidated statement of cash flows for the three months and nine months ended 31 December 2017 refer to the enlarged group which included the results of MM Group from 1 October 2017 and 1 April 2017 to 31 December 2017 and the result of Memories Group Limited from 26 December 2017 to 31 December 2017. The Group's consolidated statement of changes in equity for the nine months ended 31 December 2017 include the results of MM Group for the nine months ended 31 December 2017 and the results of Memories Group Limited from 26 December 2017 to 31 December 2017.
- ii) The Group's consolidated statement of comprehensive income and consolidated statement of cash flows for the three months and nine months ended 31 December 2016 refer to the results of MM Group from 1 October 2016 and 1 April 2016 to 31 December 2016. The Group's consolidated statement of changes in equity for the nine months ended 31 December 2016 refer to the results of MM Group only.
- iii) The Group's consolidated statement of financial position as at 31 December 2017 refers to the consolidated statement of financial position of the enlarged group comprising MM Group and Memories Group Limited.
- iv) The Group's consolidated statement of financial position as at 31 March 2017 refers to the consolidated statement of financial position of MM Group only.
- v) The Company's statement of financial position as at 31 December 2017 and 31 December 2016 refer to that of the Company.
- vi) The Company's statement of changes in equity for the 12 months ended 31 December 2017 and 31 December 2016 refer to that of the Company.

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

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

	The Group					
	Three months ended period			Nine months ended period		
	31.12.2017 (Unaudited)	31.12.2016 (Unaudited)	Change	31.12.2017 (Unaudited)	31.12.2016 (Unaudited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>	3,873	2,461	57.4%	3,895	2,461	58.3%
Cost of sale	(2,075)	(1,111)	86.8%	(2,133)	(1,111)	92.0%
<b>Gross profit</b>	<b>1,798</b>	<b>1,350</b>	<b>33.2%</b>	<b>1,762</b>	<b>1,350</b>	<b>30.5%</b>
Other income/(loss), net	58	(375)	115.5%	22	(656)	103.4%
Acquisition cost arising from reverse acquisition	(6,327)	-	-100.0%	(6,327)	-	-100.0%
<b>Expenses</b>						
Administrative	(1,028)	(556)	84.9%	(2,343)	(1,466)	59.8%
Selling & distribution	(36)	(9)	300.0%	(96)	(28)	242.9%
<b>(Loss)/profit before income tax</b>	<b>(5,535)</b>	<b>410</b>	<b>-1,450.0%</b>	<b>(6,982)</b>	<b>(800)</b>	<b>-772.8%</b>
Income tax	(27)	5	-640.0%	(3)	28	110.7%
<b>Net (loss)/profit</b>	<b>(5,562)</b>	<b>415</b>	<b>-1,440.2%</b>	<b>(6,985)</b>	<b>(772)</b>	<b>-804.8%</b>
<b>Other comprehensive income attributable to equity holders of the company</b>						
Items that may be reclassified subsequently to profit or loss: - Currency translation gain arising from consolidation	-	-	-	15	-	100%
<b>Total comprehensive (loss)/income attributable to equity holders of the company</b>	<b>(5,562)</b>	<b>415</b>	<b>-1,440.2%</b>	<b>(6,970)</b>	<b>(772)</b>	<b>-802.8%</b>

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

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

	<b>The Group</b>					
	<b>Three months ended</b>			<b>Nine months ended</b>		
	<b>31.12.2017 (Unaudited)</b>	<b>31.12.2016 (Unaudited)</b>	<b>Change</b>	<b>31.12.2017 (Unaudited)</b>	<b>31.12.2016 (Unaudited)</b>	<b>Change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Acquisition cost arising from reverse acquisition	6,327	-	100.0%	6,327	-	100.0%
Depreciation of property, plant and equipment	218	152	43.4%	469	315	48.9%
Amortisation of intangible assets	68	68	-	205	205	-
Foreign exchange (loss)/gain	(6)	(415)	-98.6%	(53)	(699)	-92.4%

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

	Group		Company	
	31.12.2017 (Unaudited)	31.03.2017 (Unaudited)	31.12.2017 (Unaudited)	31.12.2016 (Audited)
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets</b>				
<b>Current assets</b>				
Inventories	315	86	-	-
Trade and other receivables	2,158	6,617	50	7
Development properties	6,666	6,666	-	-
Cash and bank balances	5,512	546	3,107	25,352
	<b>14,651</b>	<b>13,915</b>	<b>3,157</b>	<b>25,359</b>
<b>Non-current assets</b>				
Property, plant and equipment	18,217	15,378	-	217
Intangible assets	10,354	534	-	-
Investment in subsidiary corporation	-	-	52,112	-
	<b>28,571</b>	<b>15,912</b>	<b>52,112</b>	<b>217</b>
<b>Total assets</b>	<b>43,222</b>	<b>29,827</b>	<b>55,269</b>	<b>25,576</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	6,161	13,205	170	325
Current income tax liabilities	860	423	-	-
	<b>7,021</b>	<b>13,628</b>	<b>170</b>	<b>325</b>
<b>Non-current liabilities</b>				
Deferred income tax liabilities	98	133	-	-
	<b>98</b>	<b>133</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>7,119</b>	<b>13,761</b>	<b>170</b>	<b>325</b>
<b>Net assets</b>	<b>36,103</b>	<b>16,066</b>	<b>55,099</b>	<b>25,251</b>
<b>Equity</b>				
Share capital	60,451	13,255	60,393	27,781
(Accumulated losses) / Retained profits	(4,174)	2,811	(5,247)	(2,465)
Currency translation reserve	15	-	(47)	(65)
Restructuring reserve	(20,189)	-	-	-
<b>Total equity</b>	<b>36,103</b>	<b>16,066</b>	<b>55,099</b>	<b>25,251</b>

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

**Amount repayable in one year or less, or on demand**

As at 31 Dec 2017		As at 31 Mar 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

**Amount repayable after one year**

As at 31 Dec 2017		As at 31 Mar 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

**Details of any collateral**

(i) Not Applicable

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

	Three Months Ended		Nine Months Ended	
	31.12.2017 (Unaudited)	31.12.2016 (Unaudited)	31.12.2017 (Unaudited)	31.12.2016 (Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities</b>				
Net (loss)/profit	(5,562)	415	(6,985)	(772)
Adjustment for:				
- Transaction cost arising from reverse acquisition	6,327	-	6,327	-
- Depreciation of property, plant and equipment	218	152	469	315
- Gain on disposal of property, plant and equipment	-	-	(5)	-
- Unrealised currency translation loss	22	34	15	856
- Amortisation of intangible assets	68	68	205	205
- Income tax expense	245	(5)	3	(28)
	<b>1,318</b>	<b>664</b>	<b>29</b>	<b>576</b>
<b>Working capital changes</b>				
- Trade and other receivables	3,013	475	6,149	(2,148)
- Trade and other payables	(1,732)	(238)	(2,109)	1,561
- Inventories	(281)	12	(336)	(111)
<b>Cash generated from / (used in) operations</b>	<b>2,318</b>	<b>913</b>	<b>3,733</b>	<b>(122)</b>
Income tax (paid) / refunded	(215)	(298)	4	(298)
<b>Net cash provided by / (used in) operating activities</b>	<b>2,103</b>	<b>615</b>	<b>3,737</b>	<b>(420)</b>
<b>Investing activities</b>				
Additions to property, plant and equipment	(519)	(393)	(2,033)	(503)
Proceeds from disposal of property, plant and equipment	1	-	6	-
Proceeds from acquisition of subsidiary corporations	3,107	-	3,256	-
<b>Net cash flows provided by / used in) investing activities</b>	<b>2,589</b>	<b>(393)</b>	<b>1,228</b>	<b>(503)</b>



	Three Months Ended		Nine Months Ended	
	31.12.2017 (Unaudited) US\$'000	31.12.2016 (Unaudited) US\$'000	31.12.2017 (Unaudited) US\$'000	31.12.2016 (Unaudited) US\$'000
<b>Financing activities</b>				
Issue of share capital	-	-	-	75
<b>Net cash provided by financing activities</b>	-	-	-	<b>75</b>
<b>Net change in cash and cash equivalent</b>	<b>4,692</b>	<b>222</b>	<b>4,966</b>	<b>(848)</b>
Cash and cash equivalent at the beginning of financial period	820	787	546	1,857
Effect of exchange rate changes on cash on cash equivalent	-	-	-	-
<b>Cash and cash equivalent at the end of financial period</b>	<b>5,512</b>	<b>1,009</b>	<b>5,512</b>	<b>1,009</b>

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

**Statement of Changes in Equity**

<b>The Group</b>	<b>Share capital</b>	<b>Retained profits/ (Accumulated losses)</b>	<b>Currency translation reserve</b>	<b>Restructuring reserve</b>	<b>Total equity</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>As at 1 April 2017</b>	<b>13,255</b>	<b>2,811</b>	-	-	<b>16,066</b>
Restructuring of MM Group pursuant to the RTO	(13,253)	-	-	(20,189)	(33,442)
Shares issued for restructuring of MM Group	51,134	-	-	-	51,134
Shares issued pursuant to the RTO	9,315	-	-	-	9,315
Total comprehensive (loss)/income	-	(6,985)	15	-	(6,970)
<b>As at 31 December 2017</b>	<b>60,451</b>	<b>(4,174)</b>	<b>15</b>	<b>(20,189)</b>	<b>36,103</b>
<b>As at 1 April 2016</b>	<b>13,036</b>	<b>4,713</b>	-	-	<b>17,749</b>
Issue of share capital	219	-	-	-	219
Total comprehensive loss	-	(503)	-	-	(503)
Dividend declared	-	(3,144)	-	-	(3,144)
<b>As at 31 December 2016</b>	<b>13,255</b>	<b>1,066</b>	-	-	<b>(14,321)</b>

<b>The Company</b>	<b>Share Capital</b>	<b>Accumulated loss</b>	<b>Currency translation Reserve</b>	<b>Restructuring Reserve</b>	<b>Total equity</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>As at 1 January 2017</b>	<b>27,781</b>	<b>(2,465)</b>	<b>(65)</b>	-	<b>25,251</b>
Capital reduction	(20,116)	-	-	-	(20,116)
Shares issued pursuant to the RTO	52,728	-	-	-	52,728
Total comprehensive (loss)/income	-	(2,782)	18	-	(2,764)
<b>As at 31 December 2017</b>	<b>60,393</b>	<b>(5,247)</b>	<b>(47)</b>	-	<b>55,099</b>
<b>As at 1 January 2016</b>	<b>27,781</b>	<b>(888)</b>	-	-	<b>26,893</b>
Total comprehensive loss	-	(1,577)	(65)	-	(1,642)
<b>As at 31 December 2016</b>	<b>27,781</b>	<b>(2,465)</b>	<b>(65)</b>	-	<b>25,251</b>

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

**Share Capital – Ordinary Shares**

	No of ordinary shares issued Company	Issued and paid-up share capital of the Company (US\$)
<b>As at 1 July 2017</b>	<b>305,982,583</b>	<b>7,664,564</b>
Issue of shares pursuant to the RTO	264,997,065	52,728,380
Share consolidation	(262,272,466)	-
<b>Balance as at 31 December 2017</b>	<b>308,707,182</b>	<b>60,392,944</b>

As at 1 July 2017, the Company had a total issued share capital of S\$11,075,295 (equivalent of US\$7,664,564) divided into 305,982,583 pre-consolidated shares. Following the completion of the proposed share consolidation on 26 December 2017, the Company had a total issued share capital of S\$11,075,295 (equivalent of US\$7,664,564) divided into approximately 43,710,117 consolidated shares. The Company issued a further 264,997,065 shares as consideration for the acquisition of MM Myanmar which was completed on 26 December 2017 with value US\$52,728,380 giving total paid up share capital of US\$60,392,944

The Company did not have any outstanding options or convertibles as at 31 December 2017 and 31 December 2016. There were no subsidiary holdings or treasury shares as at 31 December 2017 and 31 December 2016.

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

	31 December 2017	31 March 2017
Total number of issued shares	<u>308,707,182</u>	<u>305,982,583</u>

There were no treasury shares as at 31 December 2017 and 31 March 2017.

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

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

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

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

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

The figures have not been audited or reviewed by the Company's independent auditor.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the unaudited pro-forma consolidated financial statements of MM Myanmar as set out in the Company's Circular dated 20 November 2017

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

The Group has adopted all the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the accounting periods beginning on or after 1 April 2017. The adoption of these new and revised FRS and INT FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

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

	The Group			
	Three months ended		Nine months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/profit attributable to shareholders of the company	(5,562)	415	(6,970)	(772)
Weighted average number of ordinary shares in issue ('000)	308,707	264,997	308,707	264,997
<b>Basic and fully diluted basis (LSP)/EPS(cents)</b>	<b>(1.80)</b>	<b>0.16</b>	<b>(2.26)</b>	<b>(0.29)</b>

The basic (LPS)/EPS and the diluted (LPS)/EPS are the same as the Company has no potentially dilutive ordinary shares in issue as at the end of the respective financial periods.

In connection with the RTO, the number of ordinary shares outstanding from the beginning of the period to the completion date of the RTO for purpose of calculating the weighted average number of ordinary shares is deemed to be the number of ordinary shares issued by the Company to the owners of MM Myanmar. The number of ordinary shares outstanding from the completion date to the end of the period is the weighted average number of ordinary shares of the Company outstanding during the period.

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

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

	Group		Company	
	31.12.2017	31.03.2017	31.12.2017	31.12.2016
Net asset value (US\$'000)	36,103	16,066	55,099	25,251
Number of ordinary shares in issue ('000)	308,707	305,983	308,707	305,983
<b>Net asset value per ordinary share (US cents)</b>	<b>11.69</b>	<b>5.25</b>	<b>17.85</b>	<b>8.25</b>

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

**Review of Group performances for 3 months ended 31 December 2017 ("3Q 2017") as compared to the 3 months ended 31 December 2016 ("3Q 2016").**

Consolidated Statement of Comprehensive Income

	The Group					
	Three months ended			Nine months ended		
	31.12.2017	31.12.2016	Change	31.12.2017	31.12.2016	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Hotels	235	-	100.0%	260	-	100.0%-
Experiences	2,458	2,461	-0.1%	2,458	2,461	-0.1%
Services	1,180	-	100.0%-	1,177	-	100.0%
<b>Total</b>	<b>3,873</b>	<b>2,461</b>	<b>57.4%</b>	<b>3,895</b>	<b>2,461</b>	<b>58.3%</b>

The Group's revenue for 3Q 2017 increased by approximately US\$1.41 million or 57.4% to approximately US\$3.87 million. The increase was mainly contributed by the acquisitions of the HAL Business (Hotel Segment) and the DMC Business (Services Segment) which had been consolidated upon the completion of the acquisitions on 17 August 2017.

The Group's cost of sales increased by approximately US\$0.96 million or 86.8% to approximately US\$2.08 million in 3Q 2017. The increase was in line with the increase in revenue following the acquisitions of the HAL Business (relating to staff cost, depreciation expenses to maintain Hpa An Lodge and F&B expenses.), and the DMC Business (relating to hotels, tour expenses, airfares and F&B expenses incurred as part of the package tours offered by the DMC Business to end customers).

The Group's gross profit margin decreased by 8.5 percentage points to 46.4% in 3Q 2017 mainly due to the lower gross profit margin contributed by HAL Business and the DMC Business as compared to BOB Business.

Acquisition cost arising from the RTO amounted to approximately US\$6.33 million. The cost was derived from the difference between the fair value of consideration shares deemed issued by the legal subsidiary, MM Myanmar over the fair value of the Company's identifiable net assets. This is a one-off non-operating expense.

The Group's administrative expenses increased by approximately US\$0.47 million or 84.9% from approximately US\$0.56 million (3Q 2016) to approximately US\$1.03 million (3Q 2017). This was due to the acquisitions of the HAL Business and DMC Business which were completed on 17 August 2017.

As a result of the above, the Group recorded a net loss after tax of approximately US\$5.56 million in 3Q 2017 as compared to a net profit after tax of approximately US\$0.42 million in 3Q 2016. Excluding the abovementioned one-off non-operating expense in relation to the acquisition cost arising from the RTO of approximately US\$6.33 million, the Group would have recorded a profit after tax of approximately US\$0.77 million in 3Q 2017.

**Consolidated statement of financial position as at 31 December 2017 as compared to 31 March 2017.**

Property, plant and equipment increased by approximately US\$2.84 million to approximately US\$18.22 million as at 31 December 2017. This was mainly due to the acquisition of HAL Business (Hotel Segment) which comprised leasehold land, building and landscaping. In addition, the continuous development of PHL Business contributed to the increase in the costs capitalised.

Trade and other receivables decreased by approximately US\$4.46 million to approximately US\$2.16 million as at 31 December 2017. The decrease was mainly due to the settlement of receivables between MM Group and its former immediate holding corporation, Yoma Strategic Investments Ltd and its subsidiaries pursuant to the Master Settlement Agreement dated 19 November 2017. Please refer to the Company's Circular dated 20 November 2017 for further details.

Cash and bank balances increased by approximately US\$4.97 million to approximately US\$5.51 million as at 31 December 2017. This was mainly due to the acquisition of the HAL Business (US\$0.13 million) and the DMC Business (US\$0.69 million); In addition, cash and bank balances of the BOB Business increased by approximately US\$1.04 million and the cash received from the RTO contributed by the Company amounting to approximately US\$3.11 million.

Trade and other payables decreased by approximately US\$7.04 million to approximately US\$6.16 million as at 31 December 2017. The decrease was mainly due to the settlement of payables between MM Group and its former immediate holding corporation, Yoma Strategic Investments Ltd and its subsidiaries pursuant to the Master Settlement Agreement dated 19 November 2017.

Intangible assets increased by approximately US\$9.82 million as at 31 December 2017 mainly due to the provisional goodwill from the acquisitions of the HAL Business and the DMC Business. The provisional goodwill will be adjusted subsequent to the completion of the Purchase Price Allocation to be performed during the measurement period, i.e. within one year from the acquisition date.

### **Review of Statement of Cash Flows**

The Group generated positive net cash flows in operating activities of approximately US\$2.10 million in 3Q 2017, which comprised operating cash inflow before working capital changes of approximately US\$1.32 million, net working capital inflows of approximately US\$1.00 million, and income tax payment of approximately US\$0.22 million.

The Group's net cash flows generated from investing activities in 3Q 2017 amounted to approximately US\$2.59 million. This was mainly due to net cash received from the RTO contributed by the Company of approximately US\$3.11 million, offset by the additions of property, plant and equipment of approximately US\$0.52 million (mainly due to Experience segment).

As at 31 December 2017, the Group's cash and cash equivalents amounted to approximately US\$5.51 million.

Subsequent to the Balance Sheet date, the gross compliance placement proceeds of S\$10.65 million had been received.

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

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



**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Myanmar government expects the tourism industry to grow 6.8% in 2017-2018 and that the country's GDP is expected to grow 7.2% from April to September 2018. This is due to an inflow of foreign investment, improved transport infrastructure, tourism growth and other services<sup>1</sup>.

While there is a slight drop of inbound travellers from Western countries, there is an increase in foreign travellers from Asian countries, and the Group intends to intensify its sales and marketing efforts to penetrate into service segment<sup>2</sup>.

Hotels Segment

Pun Hlaing Lodge, one of the Group's wholly-owned assets will be opening at the end of 2018. The Group is actively negotiating for other potential acquisition targets to add into its portfolio.

Experiences Segment

Since the introduction of a premium balloon ride service which offers a champagne and continental breakfast after the flight, the occupancy rate for the premium flight has been higher than the occupancy rate for the classic balloon flight. The Group is also exploring opportunities to expand its hot-air balloons business in the region and plans to begin additional operations at a new location by the end of 2018.

Services Segment

While the Group continues its sales and marketing strategies targeted at Western travellers, it will also ramp up efforts in penetrating the Asian market. Due to an increase in Asian travellers to Myanmar over the years, the Company expects to see the broader clientele base starting the season in October 2018.

At the same time, the Group will also focus on and step up its efforts to offer management services to third party tourism assets in Myanmar.

---

<sup>1</sup> <https://www.mmtimes.com/news/government-expects-growth-68pc-2017-18.html>

<sup>2</sup> <https://asia.nikkei.com/Politics-Economy/Economy/Myanmar-woos-Asian-tourists-amid-Rohingya-crisis?page=1>

**11. Dividend**

**(a) Current Financial Period Reported On:** Any dividend declared for the current financial period reported on?

No

**(b) Corresponding Period of the Immediately Preceding Financial Year:** Any dividend declared for the corresponding period of the immediately preceding financial year?

No

**(c) Date payable:**

Not applicable

**(d) Books closure date:**

Not applicable

**12. If no dividend has been declared/recommendeded, a statement to that effect**

No dividend has been recommended for the current financial period reported on.

**13. If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company’s IPT general mandate was approved by shareholders at the extraordinary general meeting held on 18 December 2017 and was effected from 26 December 2017

There was no IPT entered into by the Group under the IPT general mandate from 26 December 2017 up to 31 December 2017.

#### 14. Use of Compliance Placement Proceeds

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

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

<b><u>Use of Net Proceeds from the Compliance Placement</u></b>	<b><u>Amount allocated</u></b> <b><u>S\$'000</u></b>	<b><u>Amount Utilised</u></b> <b><u>S\$'000</u></b>	<b><u>Balance</u></b> <b><u>S\$'000</u></b>
Completion of construction of Pun Hlaing Lodge	3046	-	3,046
Expenditure for branding and marketing efforts and developing an integrated technology platform	762	-	762
Working capital	761	-	761
Investment in or acquisition of further hospitality and tourism assets in Myanmar	3,046	-	3,046
Net proceeds	7,615	-	7,615
Estimated expenses incurred in relation to the transaction contemplated under the Circular	2,662	-	2,662
Placement Commission	373	371	2
Total Gross Proceeds from the Proposed Compliance Placement to the Company	10,650	371	10,279

As at the date of this announcement, the Company has only utilised the “Placement Commission”. The Company will continue to make periodic announcement via SGXNET on the utilisation of the balance of the net proceeds from the Compliance Placement as and when such proceeds are materially disbursed.

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

To the best of the Board of Directors' knowledge, nothing has come to their attention which may render the unaudited financial results for the 3 months and 9 months financial periods ended 31 December 2017 to be false or misleading in any material aspect.

**16. Confirmation that the issue has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

**BY ORDER OF THE BOARD**

Georges Michel Novatin  
Chief Executive Officer

9 February 2018

This announcement has been prepared by Memories Group Limited (the "**Company**") and its contents have been reviewed by the Company's continuing sponsor (the "**Sponsor**") PrimePartners Corporate Finance Pte. Ltd. for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

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

The contact persons for the Sponsor are Ms Gillian Goh, Director, Head of Continuing Sponsor, who can be contacted at 16 Collyer Quay # 10-00 Income at Raffles Singapore 049318, telephone: (65) 6229 8050.