



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

Unaudited Financial Statements and Dividend Announcement
For the Quarter and the Financial Year ended 31 March 2018

Background

Memories Group Limited (the “**Company**”) (formerly 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 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 Dollar (“**S\$**”) to US Dollar (“**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 quarter and the financial year ended 31 March 2018 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 deemed shares issued by the legal subsidiary corporation (as consideration for the acquisition of the Company) to be recognised at fair value. Excess of deemed acquisition cost over the fair value of the Company’s identifiable net assets is treated as cost of obtaining a listing by the legal subsidiary, MM Myanmar. The deemed cost is paid in shares 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 quarter and the financial year ended 31 March 2018 include financial performance and results of the BOB Business, the BL Business and the PHL Business for the period from 1 January 2018 to 31 March 2018 and 1 April 2017 to 31 March 2018 respectively, and financial performance and results of the DMC Business and

the HAL Business for the period from 1 January 2018 to 31 March 2018 and 18 August 2017 to 31 March 2018 respectively.

The comparative financial statements of MM Group for the corresponding financial year ended 31 March 2017 includes only the financial performance and financial position of MM Myanmar and the entities with interest in the BOB Business, the BL Business and the 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 quarter and the financial year ended 31 March 2018 refer to the enlarged group which included the results of MM Group from 1 January 2018 and 1 April 2017 to 31 March 2018 and the results of the Company from 1 January 2018 to 31 March 2018 and 26 December 2017 to 31 March 2018. The Group's consolidated statement of changes in equity for the financial year 31 March 2018 include the results of MM Group for the financial year ended 31 March 2018 and the results of the Company from 26 December 2017 to 31 March 2018.
- ii) The Group's consolidated statement of comprehensive income and consolidated statement of cash flows for the quarter and the financial year ended 31 March 2017 refer to the results of MM Group from 1 January 2017 to 31 March 2017 and 1 April 2016 to 31 March 2017. The Group's consolidated statement of changes in equity for the financial year ended 31 March 2017 refer to the results of MM Group only.
- iii) The Group's consolidated statement of financial position as at 31 March 2018 refers to the consolidated statement of financial position of the enlarged group comprising MM Group and the Company.
- 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 March 2018 and 31 March 2017 refers to that of the Company.
- vi) The Company's statement of changes in equity for the 15 months ended 31 March 2018 and for the 12 months ended 31 December 2016 refers 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					
	Quarter ended			Financial year ended		
	31.03.2018 (Unaudited)	31.03.2017 (Unaudited)	Change	31.03.2018 (Unaudited)	31.03.2017 (Unaudited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	4,917	3,669	34.0%	8,842	6,156	43.6%
Cost of sales	(2,617)	(1,387)	88.7%	(4,750)	(2,498)	90.2%
Gross profit	2,300	2,282	0.8%	4,092	3,658	11.9%
Other income, net	406	1,010	(59.8%)	398	329	21.0%
Acquisition cost arising from reverse acquisition	-	-	-	(6,327)	-	100%
Expenses						
- Administrative	(1,805)	(1,053)	71.4%	(4,147)	(2,520)	64.6%
- Selling & distribution	(144)	(18)	700.0%	(240)	(46)	421.7%
Profit/(Loss) before income tax	757	2,221	(65.9%)	(6,224)	1,421	(538.0%)
Income tax expense	(201)	(428)	(53.0%)	(205)	(383)	(46.5%)
Total Net profit/(loss) attributable to equity holders of the Company	556	1,793	(69.0%)	(6,429)	1,038	(719.4%)
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
- Currency translation gain arising from consolidation	(300)	-	NM	(285)	-	NM
Total comprehensive income/(loss) attributable to equity holders of the company	256	1,793	(85.7%)	(6,714)	1,038	(746.8%)

NM – Not meaningful

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

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

	The Group					
	Quarter ended			Financial year ended		
	31.03.2018 (Unaudited)	31.03.2017 (Unaudited)	Change	31.03.2018 (Unaudited)	31.03.2017 (Unaudited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Acquisition cost arising from reverse acquisition	-	-	-	6,327	-	100.0%
Depreciation of property, plant and equipment	240	117	105.1%	709	432	64.1%
Amortisation of intangible assets	156	68	129.4%	361	273	32.2%
Foreign exchange loss/(gain), net	(1)	(969)	(99.9%)	53	(270)	(119.6%)

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

	Group		Company	
	31.03.2018 (Unaudited)	31.03.2017 (Unaudited)	31.03.2018 (Unaudited)	31.12.2016 (Audited)
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
Current assets				
Cash and bank balances	9,075	546	6,676	25,352
Trade and other receivables	3,224	6,734	4,122	7
Inventories	134	86	-	-
Development properties	-	6,666	-	-
	12,433	14,032	10,798	25,359
Non-current assets				
Investment in subsidiary corporation	-	-	52,112	-
Property, plant and equipment	30,052	15,377	-	217
Intangible assets	7,401	534	-	-
	37,453	15,911	52,112	217
Total assets	49,886	29,943	62,910	25,576
Liabilities				
Current liabilities				
Trade and other payables	4,795	14,349	324	325
Current income tax liabilities	537	423	-	-
	5,332	14,772	324	325
Non-current liabilities				
Deferred income tax liabilities	745	133	-	-
	745	133	-	-
Total liabilities	6,077	14,905	324	325
Net assets	43,809	15,038	62,586	25,251
Equity				
Share capital	67,902	32,417	68,197	27,781
(Accumulated losses)/Retained profits	(3,618)	2,811	(5,564)	(2,465)
Currency translation reserve	(285)	-	(47)	(65)
Restructuring reserve	(20,190)	(20,190)	-	-
Total equity	43,809	15,038	62,586	25,251

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2018		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 Mar 2018		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.

	Quarter ended		Financial year ended	
	31.03.2018 (Unaudited)	31.03.2017 (Unaudited)	31.03.2018 (Unaudited)	31.03.2017 (Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Net profit/(loss)	556	1,793	(6,429)	1,038
Adjustment for:				
- Acquisition cost arising from reverse acquisition	-	-	6,327	-
- Amortisation of intangible assets	156	68	361	273
- Depreciation of property, plant and equipment	240	117	709	432
- Gain on disposal of property, plant and equipment	(5)	-	(5)	-
- Write off of property, plant and equipment	5	-	5	-
- Interest income	-	-	-	(3)
- Income tax expense	201	428	205	383
- Unrealised currency translation loss	(713)	(857)	(242)	(1)
	440	1,549	931	2,122
Working capital changes				
- Trade and other receivables	(1,066)	(1,005)	(6,769)	(2,205)
- Trade and other payables	(1,236)	(1,009)	8,740	(394)
- Inventories	181	107	(154)	(5)
Cash (used in)/generated from operations	(1,681)	(358)	2,748	(482)
Interest received	-	-	-	3
Income tax paid	(359)	(103)	(584)	(401)
Net cash (used in)/provided by operating activities	(2,040)	(461)	2,164	(880)
Investing activities				
Additions to property, plant and equipment	(1,287)	(3)	(3,683)	(506)
Disposal of property, plant and equipment	-	-	6	-
Acquisition of businesses, net of cash acquired	(975)	-	2,281	-
Net cash used in investing activities	(2,262)	(3)	(1,396)	(506)

	Quarter ended		Financial year ended	
	31.03.2018 (Unaudited)	31.03.2017 (Unaudited)	31.03.2018 (Unaudited)	31.03.2017 (Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
Financing activities				
Proceeds from placement, net of transaction costs	7,805	-	7,805	75
Net cash provided by financing activities	7,805	-	7,805	75
Net change in cash and cash equivalent	3,503	(464)	8,573	(1,311)
Cash and cash equivalent at the beginning of financial period/year	5,512	1,009	546	1,857
Effect of exchange rate changes on cash and cash equivalent	60	1	(44)	-
Cash and cash equivalent at the end of financial period/year	9,075	546	9,075	546

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

<u>The Group</u>	Share capital	Retained profits/ (Accumulated losses)	Currency Translation reserve	Restructuring reserve	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 April 2017	32,417	2,811	-	(20,190)	15,038
Share issued for acquisition of subsidiary corporations pursuant to the restructuring	18,365	-	-	-	18,365
Shares issued pursuant to the RTO	9,315	-	-	-	9,315
Issue of placement share	8,134	-	-	-	8,134
Share issue expenses	(329)	-	-	-	(329)
Total comprehensive loss	-	(6,429)	(285)	-	(6,714)
As at 31 March 2018	67,902	(3,618)	(285)	(20,190)	43,809
As at 1 April 2016	32,417	4,918	-	(20,190)	17,145
Total comprehensive income	-	1,038	-	-	1,038
Dividend declared*	-	(3,145)	-	-	(3,145)
As at 31 March 2017	32,417	2,811	-	(20,190)	15,038

*Dividend declared before reverse acquisition by MM Group.

<u>The Company</u>	Share Capital	Accumulated loss	Currency Translation Reserve	Restructuring Reserve	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January 2017	27,781	(2,465)	(65)	-	25,251
Currency alignment due to change of functional currency	616	-	18	-	634
Capital reduction	(20,117)	-	-	-	(20,117)
Shares issued pursuant to the RTO	52,112	-	-	-	52,112
Issue of placement shares	8,134	-	-	-	8,134
Share issue expenses	(329)	-	-	-	(329)
Total comprehensive loss	-	(3,099)	-	-	(3,099)
As at 31 March 2018	68,197	(5,564)	(47)	-	62,586
As at 1 January 2016	27,781	(888)	-	-	26,893
Total comprehensive loss	-	(1,577)	(65)	-	(1,642)
As at 31 December 2016	27,781	(2,465)	(65)	-	25,251

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\$)
As at 1 January 2018	308,707,182	60,392,944
Issue of placement shares ⁽¹⁾	42,600,000	7,804,712
Balance as at 31 March 2018	351,307,182	68,197,656

Note:

(1) The Company issued additional 42,600,000 new shares via a placement on 4 January 2018 raising an amount of US\$7,804,712 (net of share issue expense of US\$328,784) resulting in the Company's total paid up share capital to increase to US\$68,197,565.

The Company did not have any outstanding options or convertibles as at 31 March 2018 and 31 March 2017. There were no subsidiary holdings or treasury shares as at 31 March 2018 and 31 March 2017.

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

	31 March 2018	31 March 2017
Total number of issued shares	351,307,182	305,982,583

There were no treasury shares as at 31 March 2018 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 year.

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			
	Quarter ended		Financial year ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Profit/(Loss) attributable to shareholders of the company (US\$'000)	556	1,793	(6,429)	1,038
Weighted average number of ordinary shares in issue ('000)	349,603	305,983	316,583	305,983
Basic and diluted earnings per share (EPS) (US cents)	0.16	0.59	(2.03)	0.34

The basic EPS and the diluted 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	
	31.03.2018	31.03.2017	31.03.2018	31.12.2016
Net asset value (US\$'000)	43,809	15,038	62,586	25,251
Number of ordinary shares in issue ('000)	351,307	305,982	351,307	305,982
Net asset value per ordinary share (US cents)	12.47	4.91	17.82	8.25

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

Review of the Group's performance for Financial Year ended 31 March 2018 ("FY 2018") as compared to the Financial Year ended 31 March 2017 ("FY 2017")

Consolidated Statement of Comprehensive Income

	The Group					
	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Hotels	240	-	n.m.	525	-	n.m.
Experiences	3,403	3,669	(7.2%)	5,907	6,156	(4.0%)
Services	1,274	-	n.m.	2,410	-	n.m.
Total	4,917	3,669	34.0%	8,842	6,156	43.6%

n.m. – not meaningful

The Group's revenue for FY 2018 increased by approximately US\$2.7 million or 43.6% to approximately US\$8.8 million. The increase was mainly contributed by the acquisitions of the HAL Business (Hotels 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\$2.3 million or 90.2% to approximately US\$4.8 million in FY 2018. 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 food & beverage expenses), and the DMC Business (relating to hotels, tour expenses, airfares and food & beverage expenses incurred as part of the package tours offered by the DMC Business to end customers).

The Group's gross profit margin decreased by 13.1 percentage points to 46.3% in FY 2018 mainly due to the lower gross profit margin contributed by the HAL Business and the DMC Business as compared to the BOB Business.

The Group's administrative expenses increased by approximately US\$1.6 million or 64.6% from approximately US\$2.5 million in FY 2017 to approximately US\$4.1 million in FY 2018. This was due to additional expenses in relation to Memories Group Limited (Staff cost and Professional cost) In addition, the acquisitions of the HAL Business (staff cost) and the DMC Business (staff cost) also contributed to the increase in the administrative expenses. Following the completion of the RTO on 26 December 2017, the Group recognised acquisition cost arising from reverse

acquisition of approximately US\$6.3 million, being 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.

As a result of the above, the Group recorded a net loss after tax of approximately US\$6.4 million in FY 2018 as compared to a net profit after tax of approximately US\$1.0 million in FY 2017.

Consolidated statement of financial position as at 31 March 2018 as compared to 31 March 2017

Cash and bank balances increased by approximately US\$8.5 million to approximately US\$9.1 million as at 31 March 2018. This was mainly due to the placement of 42,600,000 new shares which raised an amount of approximately US\$7.8 million (net of share issue expenses). In addition, the cash received from the RTO amounted to approximately US\$3.1 million. The acquisition of the HAL Business and the DMC Business also increased the Group's cash by US\$0.1 million and US\$0.7 million respectively. The increase in cash was offset by US\$2.7 million used for the development of PHL Business (Hotels Segment) and consideration paid for the acquisition of Burma Boating business of US\$1.0 million.

Trade and other receivables decreased by approximately US\$3.5 million to approximately US\$3.2 million as at 31 March 2018. 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.

The development properties as at 31 March 2017 was in relation to Bagan Land. It was reclassified to PPE as at 31 March 2018.

Property, plant and equipment increased by approximately US\$14.7 million to approximately US\$30.1 million as at 31 March 2018. This was mainly due to the acquisition of the HAL Business (Hotels Segment) which comprised leasehold land, building and landscaping. The development of the PHL Business (Hotels Segment) also contributed to the increase in the costs being capitalised in the Hotels Segment. In addition, the Group acquired Burma Boating (Experiences Segment) which owns a yacht. The reclassification of the Bagan Land from development properties to PPE in view that the construction of the development is unlikely to commence prior to obtaining the relevant approval also contributed to the increase of PPE.

Intangible assets increased by approximately US\$6.9 million as at 31 March 2018 mainly due to trademark of US\$1.0 million, customer relationship of US\$0.4 million and provisional goodwill of US\$4.8 million, US\$0.5 million and US\$0.3 million from the acquisitions of the DMC Business, the HAL Business and Burma Boating Business respectively. The provisional goodwill may 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.

Trade and other payables decreased by approximately US\$9.6 million to approximately US\$4.8 million as at 31 March 2018. 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. Please refer to the

Company's Circular dated 20 November 2017 for further details.

Review of Statement of Cash Flows

The Group's net cash provided by operating activities amounted to approximately US\$2.2 million in FY 2018, which comprised operating cash inflow before working capital changes of approximately US\$0.9 million, net working capital inflows of approximately US\$1.8 million, and income tax payment of approximately US\$0.6 million.

The Group's net cash flows used in investing activities in FY 2018 amounted to approximately US\$1.4 million. This was mainly due to acquisition of Burma Boating business of approximately US\$1.0 million and payment for the development of PHL Business of approximately US\$2.7 million, offset by cash received following the completion of the RTO.

The Group's net cash flows provided by financing activities arose from the cash receipt of US\$7.8 million from the compliance placement of 42,600,000 new shares (net of share issue expenses).

As at 31 March 2018, the Group's cash and cash equivalents amounted to approximately US\$9.1 million.

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

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

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

Tourism activities are expected to be lower in the coming months as Myanmar enters into the raining season which runs between April and September. Tourism activities are expected to pick up between October and March, which is traditionally seen as the peak tourism period in Myanmar.

Hotels Segment

In Yangon, the construction of Pun Hlaing Lodge is expected to be completed by the end of financial year ending 31 March 2019 ("FY2019"). Outside of Yangon, the Group is actively looking to expand its hotel portfolio through (i) the acquisition of well-located hotels with asset enhancement opportunities, and (ii) the adding of more hotel management contracts to enable the Group to build up its portfolio of brands.

Experiences Segment

Demand for the Group's Balloons over Bagan business, which operates between October and April is expected to remain healthy, barring unforeseen circumstances. Meanwhile, Burma Boating, which was acquired in March 2018, has secured healthy

pre-bookings until the end of May 2019.

Services Segment

The Group will continue its sales and marketing strategies targeting Western travellers. It will also ramp up efforts in building its brand awareness and business in the Asian market. The Company expects to see a broader clientele base for the new season from October 2018.

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 details of interested person transactions from 26 December 2017 to 31 March 2018 are set out below.

Name of Interested Person	Aggregate value of all interested person transactions during FY 2018 (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during FY 2018 which are conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Associates of Mr. Serge Pun.:-		
Construction Services ⁽¹⁾	-	US\$2,312,248
Leasing ⁽²⁾	-	US\$27,360
General	-	-
Support Services ⁽³⁾	-	US\$23,192
Finance ⁽⁴⁾	-	US\$1,127

Note:

- (1) SPA Design and Project Services Ltd.
- (2) Yoma Development Group Limited.
- (3) Yoma Strategic Holdings Limited
- (4) YOMA Bank Limited

Shareholders’ approval for the Company’s IPT mandate was obtained at the Extraordinary General Meeting held on 18 December 2017 and was effected from 26 December 2017. The aggregate value of all interested person transactions conducted under the IPT mandate is presented for the period from 26 December 2017 to 31 March 2018.

14. Use of Compliance Placement Proceeds

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

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

<u>Use of Net Proceeds from the Compliance Placement</u>	<u>Amount allocated</u> <u>S\$'000</u>	<u>Amount Utilised</u> <u>S\$'000</u>	<u>Balance</u> <u>S\$'000</u>
Completion of construction of Pun Hlaing Lodge	3,046	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	3,046	4,569
Estimated expenses incurred in relation to the transaction contemplated under the Circular	2,662	2,662	-
Placement Commission	373	373	-
Total Gross Proceeds from the Proposed Compliance Placement to the Company	10,650	6,081	4,569

As at the date of this announcement, the Company has only utilised the proceeds allocated for “Completion of construction of Pun Hlaing Lodge” and “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. 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.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

16. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediately preceding year.**

Financial year ended 31 March 2018	Myanmar /Singapore			Singapore	Total
	Experiences	Services	Hotels	Corporate	
	US\$'000	US\$'000	US\$'000	US\$'000	
Revenue					
Total Segment Sales	6,062	2,410	525	-	8,997
Less: Inter- segment sales	(117)		(38)	-	(155)
Sales to external parties	5,945	2,410	487	-	8,842
Adjusted EBITDA	1,586	(175)	83	(321)	1,173
- Depreciation of property, plant and equipment	575	12	122	-	709
- Amortisation of intangible assets	273	88	-	-	361
- Acquisition cost arising from reverse acquisition	-	-	-	6,327	6,327
Segment assets	12,395	2,572	22,711	12,208	49,886
Segment assets includes: Additions to :					
- Property, plant and equipment	8,236	47	434	-	8,717
- Intangible assets	325	1,596	-	5,307	7,228
- Intangible assets others	260	1,508	-	-	1,768
Segment liabilities	1,920	963	2,903	291	6,077

Financial year ended 31 March 2017	Myanmar /Singapore			Singapore	
	Experiences	Services	Hotels	Corporate	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue					
Total Segment Sales	6,156	-	-	-	6,156
Less: Inter- segment sales	-	-	-	-	-
Sales to external parties	6,156	-	-	-	6,156
Adjusted EBITDA	2,150	-	(24)	-	2,126
- Depreciation of property, plant and equipment	432	-	-	-	432
- Amortisation of intangible assets	273	-	-	-	273
Segment assets	16,914	-	13,029	-	29,943
Segments includes:					
Additions to :					
- Property, plant and equipment	507	-	4,789	-	5,296
Segment liabilities	13,852	-	1,053	-	14,905

- 17. In the review of performance, the factors leading to any material changes in distribution to turnover and earnings by operating segments.**

Please refer to paragraph 8.

- 18. Breakdown of sales in the first half and second half of the financial year**

	Group		
	12 Months Ended		Change
	31 March 2018	31 March 2017	
	(Unaudited)	(Unaudited)	
	US\$'000	US\$'000	%
Sales reported for first half year	2	-	100%
Operating profit after tax before deducting non-controlling interests reported for first half year	(1,406)	(1,176)	20%
Sales reported for second half year	8,840	6,156	44%
Operating profit after tax before deducting non-controlling interests reported for second half year	(5,023)	2,214	(327%)

- 19. A breakdown the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable. No dividend has been recommended for FY2018 (in respect of the Company) and FY2017 (in respect of MM Group only given the RTO).

- 20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must take an appropriate negative statement.**

There are no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Georges Michel Novatin
Chief Executive Officer

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