



Memories Group Limited
(Company Registration No. 201201631D)

Unaudited Financial Statements and Dividend Announcement

For the Third Quarter ended 31 December 2018

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			Nine months ended		
	31.12.2018 (Unaudited)	31.12.2017 (Unaudited)	Change	31.12.2018 (Unaudited)	31.12.2017 (Unaudited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	3,873	3,873	-	4,683	3,895	20%
Cost of sales	(2,175)	(2,013)	8%	(2,972)	(2,049)	45%
Gross profit	1,698	1,860	-9%	1,711	1,846	-7%
Other income, net	107	58	84%	278	22	1,164%
Acquisition cost arising from reverse takeover	-	(6,327)	-100%	-	(6,327)	-100%
Expenses						
- Administrative	(1,738)	(1,091)	59%	(5,220)	(2,427)	115%
- Selling & distribution	(119)	(36)	231%	(264)	(96)	175%
- Finance	(417)	-	NM	(417)	-	NM
Loss before income tax	(469)	(5,536)	-92%	(3,912)	(6,982)	-44%
Income tax (expense)/credit	(11)	(21)	-48%	52	13	300%
Net loss attributable to equity holders of the Company	(480)	(5,557)	-91%	(3,860)	(6,969)	-45%
Other comprehensive income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
- Currency translation gain/(loss) arising from consolidation	179	21	NM	(2,568)	14	NM
Total comprehensive loss attributable to equity holders of the Company	(301)	(5,536)	-95%	(6,428)	(6,955)	-8%

NM – Not meaningful

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

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

	The Group					
	Quarter ended			Nine months ended		
	31.12.2018 (Unaudited)	31.12.2017 (Unaudited)	Change	31.12.2018 (Unaudited)	31.12.2017 (Unaudited)	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Acquisition cost arising from reverse takeover	-	6,327	-100%	-	6,327	-100%
Depreciation of property, plant and equipment	75	218	-66%	722	469	54%
Amortisation of intangible assets	95	68	40%	285	205	39%
Foreign exchange gain/(loss), net	104	(6)	NM	218	(53)	NM
Employee share award expense	25	-	100%	75	-	100%
Gain on disposal of property, plant and equipment	-	-	-	-	5	-100%
Interest expenses on borrowings	158	-	100%	158	-	100%

NM – Not meaningful

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	
	31.12.2018 (Unaudited)	31.03.2018 (Audited)	31.12.2018 (Unaudited)	31.03.2018 (Audited)
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
Current assets				
Cash and bank balances	16,010	9,075	179	6,676
Trade and other receivables	4,282	3,223	11,069	4,122
Inventories	318	134	-	-
	20,610	12,432	11,248	10,798
Non-current assets				
Investment in subsidiary corporations	-	-	81,854	52,112
Property, plant and equipment	57,136	30,052	1	-
Intangible assets	16,609	8,114	-	-
Other receivables ^(a)	654	-	-	-
	74,399	38,166	81,855	52,112
Total assets	95,009	50,598	93,103	62,910
Liabilities				
Current liabilities				
Trade and other payables	22,995	5,507	14,895	324
Borrowings	1,012	-	-	-
Current income tax liabilities	558	537	-	-
	24,565	6,044	14,895	324
Non-current liabilities				
Borrowings	15,184	-	-	-
Deferred income tax liabilities	668	745	-	-
	15,852	745	-	-
Total liabilities	40,417	6,789	14,895	324
Net assets	54,592	43,809	78,208	62,586
Equity				
Share capital	84,472	67,902	84,767	68,197
Accumulated losses	(7,478)	(3,618)	(7,153)	(5,564)
Currency translation reserve	(2,853)	(285)	(47)	(47)
Restructuring reserve	(20,190)	(20,190)	-	-
Performance share reserve	75	-	75	-
Other reserve	566	-	566	-
Total equity	54,592	43,809	78,208	62,586

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 2018		As at 31 Mar 2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
1,012	-	-	-

Amount repayable after one year

As at 31 Dec 2018		As at 31 Mar 2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
15,184	-	-	-

Total borrowings of the Group as at 31 December 2018 of Kyats 25.0 billion (approximately US\$16.2 million) are secured borrowings.

Included in total secured borrowings as at 31 December 2018 were:-

- (a) a loan of Kyats 13.0 billion (approximately US\$8.4 million) owing by Pun Hlaing Lodge Hotel Management Limited ("PHLHML") to the Myanmar Apex Bank ("MAB"). The loan is secured by a plot of land of 2.20 acres in Pun Hlaing Estate where Awei Metta is situated.
- (b) a loan of Kyats 12.0 billion (approximately US\$7.8 million) owing by Shwe Lay Ta Gun Travels & Tour Limited ("SLTG") to MAB. The loan is secured by several plots of land in Bagan of a total of 4.31 acres.

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		Nine months ended	
	31.12.2018 (Unaudited)	31.12.2017 (Unaudited)	31.12.2018 (Unaudited)	31.12.2017 (Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Net loss	(480)	(5,557)	(3,860)	(6,969)
Adjustment for:				
- Acquisition cost arising from reverse acquisition	-	6,327	-	6,327
- Employee share award expense	25	-	75	-
- Amortisation of intangible assets	95	68	285	205
- Depreciation of property, plant and equipment	75	218	722	469
- Gain on disposal of property, plant and equipment	-	-	-	(5)
- Income tax expense/ (credit)	11	240	(52)	(13)
- Interest expense on bank borrowings	158	-	158	-
- Unrealised currency translation (gain)/ loss	(36)	22	(109)	15
	(152)	1,318	(2,781)	29
Working capital changes				
- Trade and other receivables	(1,317)	3,013	(757)	6,149
- Trade and other payables	(14)	(1,732)	(574)	(2,109)
- Inventories	(99)	(281)	(148)	(336)
Cash (used in)/generated from operations	(1,582)	2,318	(4,260)	3,733
Income tax (paid) / received	-	(215)	(4)	4
Net cash (used in)/provided by operating activities	(1,582)	2,103	(4,264)	3,737
Investing activities				
Additions to property, plant and equipment	(2,864)	(519)	(5,617)	(2,033)
Proceed from disposal of property, plant & equipment	-	1	-	6
Proceeds from acquisition of business and subsidiary corporations (net of cash acquired)	2,175	3,107	1,451	3,256
Net cash (used in)/provided by investing activities	(689)	2,589	(4,166)	1,229

	Quarter ended		Nine months ended	
	31.12.2018 (Unaudited)	31.12.2017 (Unaudited)	31.12.2018 (Unaudited)	31.12.2017 (Unaudited)
	US\$'000	US\$'000	US\$'000	US\$'000
Financing activities				
Proceed from borrowings	16,196	-	16,196	-
Non-current other receivables ^(a)	(654)	-	(654)	-
Interest paid	(158)	-	(158)	-
Net cash provided by financing activities	15,384	-	15,384	-
Net change in cash and cash equivalent	13,113	4,692	6,954	4,966
Cash and cash equivalent at the beginning of financial period	2,896	820	9,075	546
Effect of currency translation on cash and cash equivalents	1	-	(19)	-
Cash and cash equivalent at the end of financial period	16,010	5,512	16,010	5,512

^(a) Please refer to Paragraph 13 for further details.

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

	Share capital	(Accumulated losses)/ Retained profits	Currency translation reserve	Restructuring reserve	Performance share reserve	Other reserve	Total equity
The Group	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 October 2018	68,468	(6,998)	(3,032)	(20,190)	50	-	38,298
Issuance of ordinary shares	16,004	-	-	-	-	-	16,004
Shares to be issued	-	-	-	-	-	566	566
Total comprehensive loss	-	(480)	179	-	-	-	(301)
Employee share award expense	-	-	-	-	25	-	25
As at 31 Dec 2018	84,472	(7,478)	(2,853)	(20,190)	75	566	54,592
As at 1 April 2018	67,902	(3,618)	(285)	(20,190)	-	-	43,809
Issuance of ordinary shares	16,570	-	-	-	-	-	16,570
Shares to be issued	-	-	-	-	-	566	566
Total comprehensive loss	-	(3,860)	(2,568)	-	-	-	(6,428)
Employee share award expense	-	-	-	-	75	-	75
As at 31 Dec 2018	84,472	(7,478)	(2,853)	(20,190)	75	566	54,592
As at 1 October 2017	50,782	1,399	(7)	(20,190)	-	-	31,984
Issuance of ordinary shares pursuant to reverse acquisition	9,315	-	-	-	-	-	9,315
Total comprehensive loss	-	(5,557)	21	-	-	-	(5,536)
As at 31 Dec 2017	60,097	(4,158)	14	(20,190)	-	-	35,763
As at 1 April 2017	39,982	2,811	-	(20,190)	-	-	22,603
Issuance of ordinary shares	10,800	-	-	-	-	-	10,800
Issuance of ordinary shares pursuant to reverse acquisition	9,315	-	-	-	-	-	9,315
Total comprehensive loss	-	(6,969)	14	-	-	-	(6,955)
As at 31 Dec 2017	60,097	(4,158)	14	(20,190)	-	-	35,763

	Share Capital	Accumulated loss	Currency translation reserve	Performance share reserve	Other reserve	Total equity
<u>The Company</u>	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 October 2018	68,763	(6,743)	(47)	50	-	62,023
Issuance of ordinary shares	16,004	-	-	-	-	16,004
Shares to be issued	-	-	-	-	566	566
Total comprehensive loss	-	(410)	-	-	-	(410)
Employee share award expense	-	-	-	25	-	25
As at 31 Dec 2018	84,767	(7,153)	(47)	75	566	78,208
As at 1 April 2018	68,197	(5,564)	(47)	-	-	62,586
Issuance of ordinary shares	16,570	-	-	-	-	16,570
Shares to be issued	-	-	-	-	566	566
Total comprehensive loss	-	(1,589)	-	-	-	(1,589)
Employee share award expense	-	-	-	75	-	75
As at 31 Dec 2018	84,767	(7,153)	(47)	75	566	78,208
As at 1 October 2017	7,664	(3,213)	(57)	-	-	4,394
Issuance of ordinary shares	52,112	-	-	-	-	52,112
Total comprehensive loss	-	(2,034)	10	-	-	(2,024)
As at 31 Dec 2017	59,776	(5,247)	(47)	-	-	54,482
As at 1 April 2017	7,664	(2,465)	(65)	-	-	5,134
Issuance of ordinary shares	52,112	-	-	-	-	52,112
Total comprehensive loss	-	(2,782)	18	-	-	(2,764)
As at 31 Dec 2017	59,776	(5,247)	(47)	-	-	54,482

- 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 of the Company	Issued and paid-up share capital of the Company (US\$)
As at 1 October 2018	355,197,822	68,763,156
Issuance and allotment of shares ⁽¹⁾	146,473,133	16,004,631
As at 31 December 2018	501,670,955	84,767,787

Note:

- (1) The Company issued a total of 146,473,133 new shares on 26 October 2018 in relation to the acquisition of 100% of issued and paid up share capital of SM Asset Holdings Pte. Ltd. and remaining 20% of Mokan (S) Pte Ltd. As a result of the issuance of these shares, the total number of issued shares of the Company increased from 355,197,822 as at 1 October 2018 to 501,670,955 as at 31 December 2018 and the share capital increased from US\$68,763,156 to US\$84,767,787.

Save for the share awards disclosed below, the Company did not have any outstanding options or convertibles as at 31 December 2018 and 31 December 2017. There were no subsidiary holdings or treasury shares as at 31 December 2018 and 31 December 2017.

Memories Performance Share Plan (“Memories PSP”)

On 4 April 2018, the Company granted share awards of 1,000,000 shares to the former Chief Executive Officer of the Company, Mr Georges Michel Novatin, pursuant to the Memories PSP. As of 31 December 2018, the total number of ordinary shares awarded under the Memories PSP was 1,000,000 and will be vested in 2 tranches (i) 50% on 1 April 2019 and (ii) 50% on 1 April 2020 respectively (31 December 2017: Nil).

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 2018	31 March 2018
Total number of issued shares	501,670,955	351,307,182

There were no treasury shares as at 31 December 2018 and 31 March 2018.

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 applied to its audited financial statement for the financial year ended 31 March 2018.

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 a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 April 2018 and has prepared its first set of financial information under SFRS(I)s for the quarter ended 30 June 2018.

The Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date:

- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts* – Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- Requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions* issued by the IASB in June 2016;
- Requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of Investment Property* issued by the IASB in December 2016;
- Requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the consolidated financial statements for the current financial 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			
	Quarter ended		Nine months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Loss attributable to equity holders of the Company (US\$'000)	(480)	(5,557)	(3,860)	(6,969)
Weighted average number of ordinary shares in issue used for computing basic loss per share ('000)	462,123	308,707	389,340	308,707
Performance share awards ('000)	1,000	-	1,000	-
Shares to be issued* ('000)	3,891	-	3,891	-
Weighted average number of ordinary shares in issue used for computing diluted loss per share ('000)	467,014	308,707	394,231	308,707
Basic and diluted loss per share (US cents)	(0.10)	(1.80)	(0.99)	(2.26)

As at 31 December 2018, 1,000,000 (31 December 2017: Nil) performance share awards under the Memories PSP were outstanding.

The weighted average number of shares in issue for the purpose of calculating diluted loss per share had been adjusted as if all performance share awards and the additional issuances of shares to UKNMW were issued as at 31 December 2018.

The basic and diluted loss per share are the same as the Group incurred net loss for the respective financial periods.

* Shares to be issued are in relation to the 3,890,640 consideration shares which will be allotted and issued to U Kun Naung Myint Wai ("UKNMW") as part of the purchase consideration for the acquisition of Kayah Resort upon satisfaction of certain conditions.

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	
	31.12.2018	31.03.2018	31.12.2018	31.03.2018
Net asset value (US\$'000)	54,592	43,809	78,208	62,586
Number of ordinary shares in issue ('000)	501,671	351,307	501,671	351,307
Net asset value per ordinary share (US cents)	10.88	12.47	15.59	17.82

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 Quarter ended 31 December 2018 ("Q3 2019") as compared to the Quarter ended 31 December 2017 ("Q3 2018")

Consolidated Statement of Comprehensive Income

	The Group					
	Quarter ended			Nine months ended		
	31.12.2018	31.12.2017	Change	31.12.2018	31.12.2017	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Hotels	344	235	46%	504	260	94%
Experiences	2,762	2,465	12%	2,981	2,498	19%
Services	767	1,173	-35%	1,198	1,137	5%
Total	3,873	3,873	-	4,683	3,895	20%

**All figures stated in Note 8 are subject to rounding up to 2 decimal places (millions).*

The Group's revenue remained constant at US\$3.87 million in Q3 2019 as compared to Q3 2018. The revenue from the DMC Business (the tourism and destination management business operating under the name "Asia Holidays") (Services Segment) in Q3 2019 decreased by US\$0.41 million as compared to Q3 2018 of US\$1.17 million due to the drop in the number of tourist arrivals from the European market. The reduction in revenue from service segment was balanced by the rise in the contribution from Burma Boating business (Experiences Segment) of 12% or US\$0.30 million. In addition, the Keinnara Loikaw (Hotels Segment) acquisition in May 2018 had begun to contribute positively to the Group's revenue by US\$0.11 million.

The cost of sales was higher by US\$0.16 million in Q3 2019 from US\$2.01 million to US\$2.17 million. This was mainly due to the increase in staff cost as additional staff were hired for the new hotel openings (Awei Metta, Awei Pila and Hotel Suggati). These include pre-opening expenses in preparation for the new hotels openings.

The Group's gross profit margin was 44% in Q3 2019 as compared to 48% in Q3 2018. This decrease was mainly due to the increase in staff costs for the new hotels (Awei Metta, Awei Pila and Hotel Suggati). In addition, the DMC Business margin decreased during the reporting quarter from 33% (Q3 2018) to 28% (Q3 2019). The lower margin of the DMC business in Q3 2019 was offset by the improvement of the margin from the BOB Business (Experience Segment) largely resulting from the cost control measures taken by the management.

The Group's administrative expenses increased by US\$0.65 million or 59% from US\$1.10 million in Q3 2018 to US\$1.74 million in Q3 2019. This was mainly due to additional expenses incurred by Memories Group Limited (staff cost, professional cost such as valuation, investor relationship, legal and stamp duties for the acquisition of SM Assets Holdings Pte Ltd, amongst others). The acquisitions of the Keinnara Loikaw, Awei Pila and Hotel Suggati (Hotels Segment) and Burma Boating (Experiences Segment) had also added to the increase in staff cost for administrative personnel, depreciation cost and repair and maintenance cost.

The following items were included in the finance expenses:-

	The Group	
	Quarter ended	
	31.12.2018 (Unaudited)	31.12.2017 (Unaudited)
	US\$'000	US\$'000
Interest expenses on borrowings ^(a)	158	-
Finance fee	80	-
Currency translation losses on borrowings, net ^(b)	179	-
Total Finance Cost	417	-

(a) Interest expenses on borrowings was US\$0.16 million in Q3 2019 arising from new borrowings obtained by the Group amounting to US\$16.20 million during Q3 2019.

(b) The currency translation losses on borrowings of US\$0.18 million which was recognised in Q3 2019 was a result of the strengthening of the Kyat against US\$, in which the borrowings are denominated, against the functional currencies of the borrowing entities during Q3 2019.

As a result of the above, the Group recorded a net loss after tax of US\$0.48 million in Q3 2019 as compared to a net loss after tax of US\$5.56 million in Q3 2018.

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

Cash and bank balances was higher by US\$6.94 million to US\$16.01 million as at 31 December 2018. This was mainly due to the loans proceeds from Myanmar Apex Bank ("MAB").

Trade and other receivables increased by US\$1.06 million to US\$4.28 million as at 31 December 2018. The rise was primarily due to DMC Business's deposits and prepayments balance which relates to confirmed bookings received as at 31 December 2018. In addition, there were additional assets for the financial period 31 December 2018 as compared to 31 December 2017 (Burma Boating and Keinnara Loikaw) which contributed to the higher trade and other receivables.

Property, plant and equipment enlarged by US\$27.08 million to US\$57.14 million as at 31 December 2018. This was mainly due to the acquisition of hotels under SM Asset Holdings Pte. Ltd. (Awei Pila and Hotel Suggati).

Intangible assets were higher by US\$8.50 million as at 31 December 2018 mainly due to the provisional goodwill of US\$8.78 million from the acquisition of the Kayah Resort business and the SM Asset Holdings Pte. Ltd's business which were then offset by the amortisation of air operating rights for the BOB Business (Experiences Segment) and customer relation for the DMC Business (Services Segment) amounting to US\$0.28 million for the financial period. The provisional goodwill from the Kayah Resort business and the SM Asset Holdings Pte. Ltd.'s business may be adjusted subsequently upon 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 increased by US\$17.49 million to US\$23.00 million as at 31 December 2018. The increase was mainly due to the purchase price to be partially satisfied in cash consideration for the acquisition of SM Asset Holdings Pte. Ltd (Awei Pila and Hotel Suggati) and 20% of the remaining interest in Mokaan (S) Pte Ltd amounting to US\$13.74 million. The deferred consideration payable to Wa Minn Group of Companies Company Limited and U Kun Naung Myint Wai of US\$0.73 million (in cash) in relation to the acquisition of Kayah Resort (Hotels Segment) also contributed to the rise in trade and other payable. In addition, the continuous development of Awei Metta, Awei Pila and Hotel Suggati in Mawlamyaing contributed to the increase in Trade and other payables (retention sum and construction accrual for work done).

Current and non-current borrowings as at 31 December 2018 are secured borrowings from MAB.

As at 31 December 2018, the Group was in a net current liabilities position of US\$3.96 million mainly arising from the continuous development of the Awei Metta, Awei Pila and Hotel Suggati (Hotels Segment) and the increase in staff cost and pre-operation expenses for these newly acquired hotels. The Group expects its working capital position to improve after additional bank financing that is targeted to be completed within the next quarter.

Review of Statement of Cash Flows

The Group's net cash used in operating activities amounted to US\$1.58 million in Q3 2019, which comprised operating cash outflow before the change in working capital of US\$0.15 million and net working capital outflow of US\$1.43 million which was mainly due to higher prepayment paid to the supplier of DMC Business.

The Group's net cash used in investing activities in Q3 2019 amounted to US\$0.69 million. This was mainly due to the additions to property, plant and equipment in relation to the additional construction costs capitalised for the development of facilities in Awei Metta (Hotels Segment), which has been offset by net proceeds from the acquisition of SM Asset Holdings Pte. Ltd and its subsidiaries (comprised cash in the books of SM Asset Holdings Pte Ltd.).

The Group's net cash provided from financing activities in Q3 2019 amounted to US\$15.38 million. This was mainly due to proceeds of loans obtained from MAB.

As at 31 December 2018, the Group's cash and cash equivalents in Q3 2019 amounted to US\$16.01 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.

Myanmar saw a slight increase of 4.8%¹ in visitor numbers in 2018 compared to 2017, according to the Myanmar Ministry of Hotels & Tourism. However, this masks a large variation across regions, with the significant growth in Asian tourist arrivals being largely offset by the drop in tourists from the European markets, where the impact of negative publicity surrounding the Rakhine issue lingers. This trend is expected to continue into the next quarter as Myanmar tourism enters the final half of its high season. As Western Europe has traditionally been an important market for the Group, especially in the Services Segment, this would continue to impact the Group's business growth whilst it continues to elevate its efforts to capture the growing Asian market.

Balloons Over Bagan and Burma Boating businesses have performed well, and bookings have remained healthy compared to previous years despite reduced arrivals from the European countries and increased competition.

Burma Boating has benefited from increasing international publicity and recognition of the Mergui Archipelago as an untouched natural region for yachting and diving activities, and our yachts have enjoyed high utilisation since the tourism season started. Moreover, the Group had recently obtained management concessions for several more boats, thereby increasing its share and leadership position in this growing segment.

January 2019 also saw the opening of three hotels under the Group; Awei Metta in Yangon, Awei Pila in Mergui, and Hotel Suggati in Mawlamyaing. These hotels are now fully operational and have received guests since their respective soft openings in December 2018. However, new hotels will typically take time to build up occupancy rates before contributing positively to the Group's financial performance.

¹ <http://tourism.gov.mm/visitor-arrivals-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 and the reason(s) for the decision.

No dividend has been recommended for the current financial period reported on as the Group intends to conserve cash for future investments.

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 1 April 2018 to 31 December 2018 are set out below.

Name of Interested Person	Aggregate value of all interested person transactions during FY 2019 (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 2019 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⁾	-	^(a) US\$3,640,131
Rental of office units ⁽²⁾	-	US\$169,420
Support Services ⁽³⁾	-	US\$440,600
Finance	^(b) US\$653,613	US\$1,822 ⁽³⁾⁽⁴⁾
Airline Services ⁽⁵⁾	-	US\$2,585
	-	
Total	US\$653,613	US\$4,254,558

Notes:

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

The aggregate value of all interested person transactions conducted under the IPT mandate is presented for the period from 1 April 2018 to 31 December 2018.

^(a) The bulk of this amount relates to payment to third party sub-contractors by SPA Design and Project Services Ltd for the provision of project management services for the Group's hotels.

^(b) This is an one-off loan (plus interest) to Pun Hlaing Lodge Company Limited, a subsidiary of Yoma Strategic Holdings Ltd., in exchange for the release of its land grant for the benefit of the Company as a security for, and is on the same interest terms as, the Company's loan with MAB.

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	190	572
Working capital	761	761	-
Investment in or acquisition of further hospitality and tourism assets in Myanmar	3,046	3,046	-
Net proceeds	7,615	7,043	572

As at the date of this announcement, the Company has utilised the proceeds allocated for “Investment in or acquisition of further hospitality and tourism assets in Myanmar” for the Company and its subsidiaries for acquiring the development rights of Bo Ywe Island, Nga Mann Island and Kyun Pila Island (collectively, the “Islands”), together with Awei Pila which is a five-star hotel located on the Kyun Pila Island. In addition, the Group had also acquired Hotel Suggati, a three-star hotel in Mawlamyaing.

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 second quarter financial period ended 31 December 2018 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

Cyrus Pun
Executive Director and Chief Executive Officer

11 February 2019

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 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).