

# MYANMAR INVESTMENTS INTERNATIONAL LIMITED

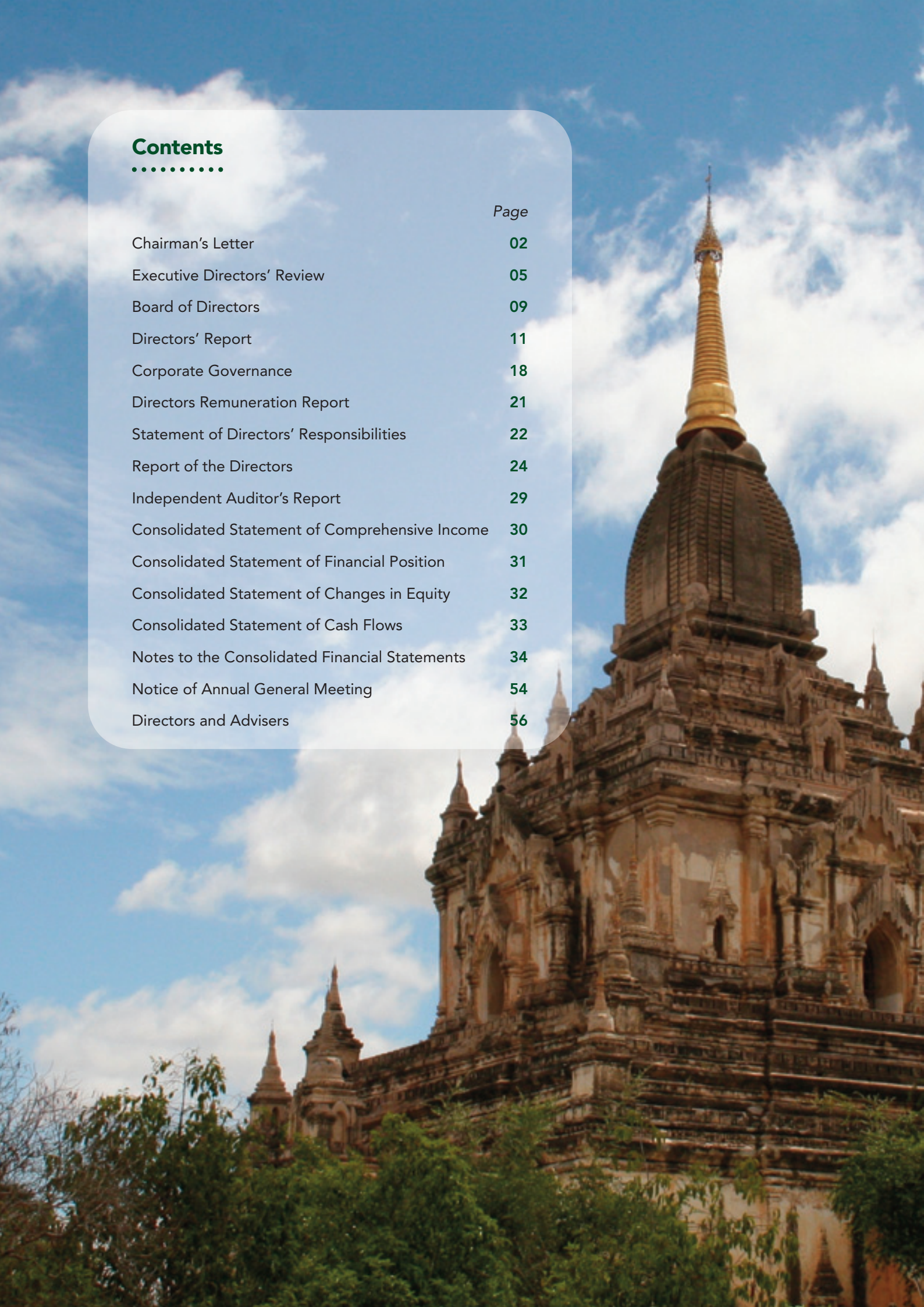


## 2014 ANNUAL REPORT

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## Overview

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**Myanmar Investments International Limited** is an AIM quoted investment company focussing exclusively on investing in Myanmar.

### Myanmar Update

- Political and economic reform is continuing
- Legal and banking reforms are underway
- Myanmar is chairing ASEAN this year
- A number of major overseas manufacturing and service companies have started business in the past 12 months
- Government initiatives to bring in foreign companies are progressing well:
  - Foreign mobile telecom operators have mobilised
  - Auctions for on-shore and offshore oil and gas blocks were well received
  - Foreign banks and insurance companies have set up rep offices in readiness to bid for licenses

### Myanmar Investments International Limited Update

- Established an office in Yangon
- Recruited a team of professional and support staff
- Over 60 investment opportunities reviewed
- Strong pipeline of investable opportunities
- Acquired a 55% shareholding in Myanmar Finance International Limited, a leading microfinance company
- Plan to increase capital to fund further investments

## Chairman's Letter

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Dear fellow Shareholder,

Following the Company's admission to trading on AIM on 27 June 2013, I am pleased to present Myanmar Investments' inaugural annual report and consolidated financial statements for the period ended 31 March 2014.

### Strategy

Myanmar Investments was formed to provide a conduit for investors to participate in the emerging economy of Myanmar, a resource rich country the size of France with oil, gas, minerals, arable land and a long coastline. It is also an ancient kingdom with a long tradition and history evidenced by a number of world renowned historical sites.

We believe that as the country opens up after half a century of isolation there will be many investment opportunities as Myanmar catches up with its neighbouring South East Asian countries.

The Company's primary investment objective is to generate above average long-term capital appreciation by investing (directly or indirectly) in a diversified portfolio of businesses. While most will be Myanmar companies we may also invest in non-Myanmar companies that have a material exposure to doing business with or in Myanmar.

The Company is targeting businesses operating in sectors that the Directors believe have strong growth potential and thereby, when developed, can be expected to provide attractive yields, capital gains or both. In the early stages however most opportunities are likely to be in a growth phase and are not expected to provide dividends.

We do not have any sector preferences but instead will focus on businesses that we believe will benefit from Myanmar's re-emergence. Our portfolio will be a mixture of long term "core" holdings as well as some shorter term (5 to 7 years) financial investments.

Since admission to AIM a number of steps have been taken by the Company to achieve this goal. These are detailed in the Executive Directors' Report.

### Country Update

During the period since the Company's admission to trading on the AIM market of the London Stock Exchange on 27 June, 2013 ("Admission") Myanmar has continued to open up its economy and undertake

the long delayed reforms that are essential for its development. Since the reformist President U Thein Sein took office three years ago there have been a series of significant steps to improve the country's economy and political transparency.

Some notable corporate moves have included the mobile licence award in late June 2013 to Telenor of Norway and Ooredoo of Qatar following an auction that was praised as having been both competitive and transparent. Ooredoo went live in August and Telenor is expected to do the same shortly.

Similarly in March of this year the government awarded exploration rights for 20 offshore oil and gas blocks to a range of foreign companies. Again, the process was deemed to be an open and competitive one with the successful bidders including western oil majors such as Chevron, Shell and Total.

As a result of these "investor friendly" moves a significant number of multi-national companies such as GE, Chevron, Caterpillar, Pepsi, Heineken, VISA, MasterCard, British American Tobacco, Ford Motor have all set up businesses in Myanmar.

In tandem, foreign banks and insurance companies have set up representative offices in readiness to bid for licenses.

Daiwa has also been awarded the contract to start a Stock Exchange in Yangon which is slated to open in late 2015.

Following the introduction of the Foreign Investment Law in late 2012 the legal framework for FDI has improved considerably. Further reforms to the Law and to the Company Law are in the offing to further streamline the legal process.

Following the decision taken in 2012 by its fellow ASEAN members, Myanmar this year is chairing the ASEAN economic bloc.

Coming on the heels of a well-received South East Asian Games in Nay Pyi Taw, the country's capital, in December 2013 Myanmar is clearly being welcomed back into the international community.

### Financial performance

As at 31 March, 2014 the Group had not made any investments. As such, the results for that period represent the costs of Admission and the overheads of running the business.

I am pleased to note that the Executive Directors have done an excellent job in keeping our costs to a minimum.

**Corporate Governance**

As an AIM quoted company, Myanmar Investment seeks to uphold the fundamental principles of good corporate governance. The section of this report headed “Corporate Governance” provides more details on how the Board itself operates as well as steps taken to ensure that its staff also adhere to principles such as compliance with the UK’s Anti-Bribery laws.

**Annual General Meeting**

This year’s Annual General Meeting will be held at the Inwa Room, Level 3, Sule Shangri La Hotel, Yangon, Myanmar at 2.00pm (Myanmar time) on 21 October 2014. Shareholders who cannot attend the Annual General Meeting in person are encouraged to use their proxy votes. Shareholders who hold their shares through CREST are able to lodge their votes electronically.

**Breakfast briefing with HE President U Thein Sein**

On 15 June 2013, two weeks after the Company’s Admission, the Company was honoured to host a private breakfast meeting for His Excellency President U Thein Sein of the Republic of the Union of Myanmar in London. The breakfast was also attended by five Union Ministers and two deputy Union Ministers. Myanmar Investments invited a cross section of senior representatives of British industry.



*His Excellency President U Thein Sein on the first day of his first state visit to the UK with the Company’s Managing Director, Aung Htun*

**Outlook**

In August 2014 the Group acquired a 55% shareholding in Myanmar Finance International Limited. This is a joint venture company formed with Myanmar Finance Company Limited, a highly ranked provider of microfinance loans principally to small-scale business operators in rural and urban areas of Yangon and neighbouring Bago. This is an attractive business in its own right and one that that could also be a platform for significantly expanded retail and SME financial services in the long term. We are delighted to have been able to form this strategic alliance with U Htet Nyi and his well-established management team.

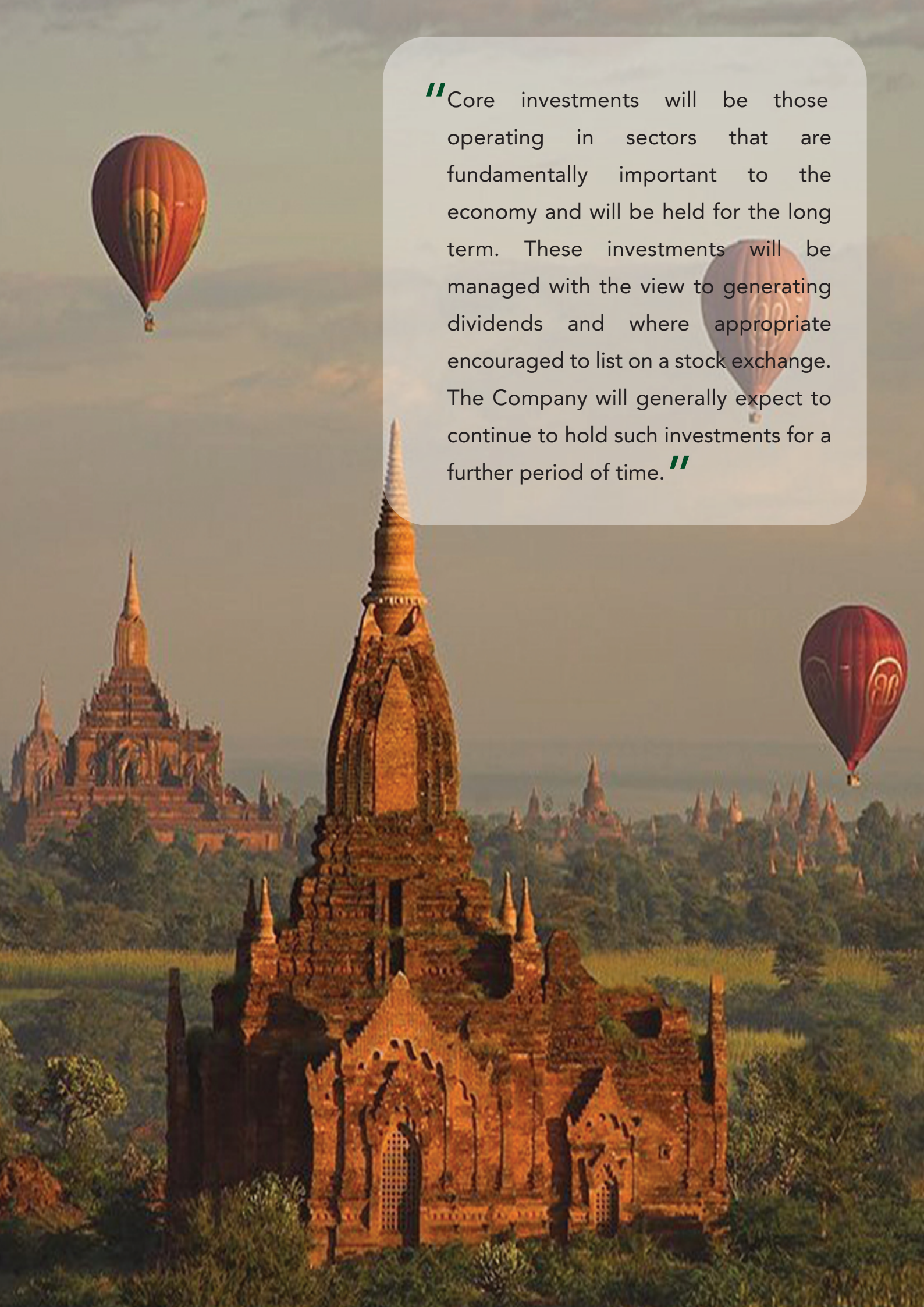
Whilst we have made just the one investment so far this does not fully illustrate the progress we have made in our first year in Myanmar and I believe that our progress in our second year will build on the foundation we have established.

To this end we will, in accordance with the strategy set out in the Company’s Admission document, consider raising additional equity to fund further investments.

Lastly I should like to thank the Executive Directors and the staff of the Company for the progress they have made in such a short time and anticipate that the coming financial year will see further milestones achieved. But equally important I should like to express my appreciation to you, the Company’s shareholders, for your unwavering support.

**William Knight**  
Chairman

23 September 2014



“Core investments will be those operating in sectors that are fundamentally important to the economy and will be held for the long term. These investments will be managed with the view to generating dividends and where appropriate encouraged to list on a stock exchange. The Company will generally expect to continue to hold such investments for a further period of time.”

## Executive Directors' Review

Dear Shareholder,

It is our pleasure to provide this first review of the Company's operations.

### Myanmar

Myanmar is a complex country with a long and proud history. It is also a rich and diverse country, both geographically and ethnically. Myanmar will benefit from being strategically located at the crossroad of three large trading blocs; ASEAN, China and India.

A visitor to Yangon today will find it hard to believe that sanctions were lifted only 2 years ago. At one level there are signs of progress everywhere with bustling shops, new restaurants, difficulties in booking hotel rooms, new cars on the road (and horrendous traffic jams reminiscent of Thailand and Indonesia in the early 90's), billboards advertising the arrival of two new mobile phone carriers, etc. Yet at the same time, but unseen by tourists, the pace of business remains frustratingly arcane. Although the government has successfully promulgated new laws that encourage business, practical implementation is lagging.

Poor infrastructure has been a constraint. Power cuts and water shortages, not to mention patchy internet coverage, were regular occurrences. The financial services industry was almost non-existent (two years ago one had to change foreign currency at unofficial rates through agents). Outside Yangon these issues are more pronounced. Only 30% of the country has access to electricity and the roads and rail network need significant upgrades.

For the average citizen although they are now seeing tangible results of the democratic changes (freer press, the right to demonstrate etc.) they need, and are hoping to see, a better quality of life in particular in education and healthcare as well as in their daily conveniences such as foodstuffs, financial services and transportation.

This is exactly why we are here. We see these obstacles as opportunities. It is the needs of the common man that drives change and we see this demand very clearly. Even in the short time since the opening up, there is a wider range of products on the shop shelves, a proliferation of independent newspapers and periodicals, foreign credit cards can increasingly be used, and there are ATM machines where one can even use a foreign visa card to withdraw money.

Any diverse country embarking on change will encounter issues both domestic and international and Myanmar is no different. We are mindful of the international audience's perception that Myanmar is not moving fast enough to embrace western values but we also see enlightened leaders grappling with complex issues.

We believe that the opening up will continue although the pace and trajectory may not always be smooth or linear. But for the changes to be permanent they must eventually benefit all sections of society.



“Our vision is to build a diversified portfolio of investments that will benefit from Myanmar’s emergence.”





**Executive Directors' Review (continued)**  
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Foreign direct investment is still predominantly into the natural resources, infrastructure related and low end manufacturing sectors. Labour intensive industries are restarting and will provide employment in the short term but limited added value. We believe that many more companies are waiting for the operating environment to improve before investing. This includes at one end better transportation, electricity and water supplies and logistics and at the other end a better quality of life for their foreign employees, especially in terms of housing, schooling and healthcare.

Myanmar, albeit from a lower base, is now outperforming its ASEAN peers. According to the IMF in June 2014 Myanmar's economic outlook is favourable with real GDP growth expected to accelerate slightly to 8.50% in fiscal year 2014/2015 from 8.25% in 2013/14 led by rising gas production and investment. However we need to keep an eye on the inflation figure which is stable at around 6%. The current account deficit is being financed through capital inflows and we expect that as the economy expands and more capital goods are required the situation will be exacerbated. The government will need to accelerate export industries as well as tourism.

Domestically the fiscal deficit is being kept at 5% of GDP. Better revenue collection is a key priority. Myanmar has limited international reserves but also minimal foreign borrowings (which are mainly from foreign governments and multilateral agencies).

**Strategy**

Our vision is to build a diversified portfolio of investments that will benefit from Myanmar's emergence.

Broadly, investments will be either "core" or "financial" investments.

Core investments will be those operating in sectors that are fundamentally important to the economy and will be held for the long term. These investments will be managed with the view to generating dividends and where appropriate encouraged to list on a stock exchange. The Company will generally expect to continue to hold such investments for a further period of time.

Financial investments will be managed with the view to an exit, typically, within 5 to 7 years.

In both categories we may acquire minority or majority shareholdings and the investments could range from start-up, expansion capital financing to buyouts.

In essence our strategy is to build net asset value as well as to generate dividends when it becomes commercially appropriate. Over time this should allow us to generate an attractive total return to shareholders.

However, this will take time to build. At the time of this report we will have just announced our first investment. While we believe this to be an attractive long term investment, it is not necessarily representative of how future investments will be made both in terms of size, structure or industry.

The directors are also considering, once it becomes appropriate, establishing a corporate finance advisory subsidiary of the Company to take advantage of opportunities that arise from the Company's investment activities. This would include advising a) local companies on fund raisings as well as b) both local and foreign companies on M&A opportunities. Such a subsidiary would derive fee income for the Group and also enable the Group to take advantage of synergies between its core investment business and its advisory business.

**Operations Review**

Since Admission the Company has moved to quickly implement its investment policy.

In August 2013 we opened our office in Yangon and were joined by Tham Chee Chung as our Yangon resident investment director.

Since then we have hired additional Myanmar professional staff with a diverse range of backgrounds, some from within Yangon and others who wanted to return to Myanmar to participate in the country's opening up.

We have built on the relationships that we had already established before Admission and have expanded our contacts both in the local and expatriate community as well as within Government and the regulators.

Since the year end we have made our first investment in Myanmar. On 26 August, 2014 the Company's wholly owned subsidiary, Myanmar Investments Limited, signed a joint venture agreement (the "JVA") with Myanmar Finance Company Limited ("MFC"), a highly ranked provider of microfinance loans principally to small-scale business operators in rural and urban areas of Yangon and neighbouring Bago in Myanmar.

## Executive Directors' Review (continued)

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The Directors believe the new joint venture, called Myanmar Finance International Ltd. ("MFIL"), to be the first foreign microfinance joint venture in Myanmar. MFIL has both a lending and deposit taking licence, issued by the Myanmar government.

Under the terms of the JVA, MFC injected its existing microfinance business into MFIL, which is jointly managed by the two partners. Myanmar Investments and MFC agreed to an initial phased contribution of US\$4.8 million in capital (Myanmar Investments' total contribution being US\$2.75 million) with Myanmar Investments owning 55 per cent. of the new company and MFC holding the remaining 45 per cent.

MFIL has taken over the branches in Yangon and Bago and has plans to roll out branches in other cities as well introduce additional financial products. In the long term the vision is to create a retail financial services platform.

The Directors believe that a well-run microfinance business in a well-regulated environment represents a socially responsible investment as well as an attractive commercial opportunity as has been demonstrated elsewhere in Southeast Asia where strong microfinance companies become consumer banks.

Following the investment in MFIL the Company has substantially implemented its investing policy in accordance with Rule 8 of the AIM Rules for Companies.

### Financial Review

As at 31 March 2014 the Company had liquid net assets of US\$4,615,189 which is sufficient to cover its working capital needs for the next 12 months and enable it to make the investment in MFIL.

At Admission, the Company's net asset value, after commissions but before other Admission expenses, was US\$5,898,912 or US\$0.93 per share.

The other costs of the Admission reduced this to US\$5,439,353 or US\$0.86 per share.

As previously announced, net asset value as at 30 September 2013 was US\$5,227,468, representing US\$0.82 per share and the reduction represented the running costs in the period from Admission to 30 September 2013.

Net asset value as at 31 March 2014 was US\$4,647,214, representing US\$0.73 per share, a 14.6% decrease from the net asset value post

Admission and represents the running costs for the period since Admission. Barring unforeseen circumstances, other than the planned compensation adjustment for the Executive Directors described in the Directors Remuneration Report, the Directors do not expect the level of running costs to fluctuate significantly in the foreseeable future.

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



### Outlook

Over the last year we have seen over 60 investment opportunities in a diverse range of sectors and sizes. Within this process we have made significant progress in our ability to analyse and assess investment opportunities and deal structures in the context of what is presently realistically achievable within Myanmar today. We have an exciting pipeline of investment opportunities at present and this includes opportunities where we are in negotiations and evaluating investments in telecom infrastructure, IT services, equipment rental and education.

As stated in our announcement on 26 August, 2014, as a result of having made the investment in MFIL we will be looking to raise additional equity to fund further investments in line with the Company's investing policy described in its Admission document.

**Aung Htun**  
Managing Director

23 September 2014

**Michael Dean**  
Finance Director

23 September 2014

## Board of Directors

### **Christopher William Knight,**

*Independent Non-Executive Chairman*

Mr Knight is an alternative asset investment specialist who has spent almost his entire career with the financial development of growth companies in developing economies with particular emphasis on Asia. His early pioneering led to him winning a capital goods export finance mandate for Myanmar in the early 1980s and establishing the first London listed investment fund for Thailand in 1988 and the first investment fund for Vietnam in 1991. His experience covers involvement with a number of listing jurisdictions including AIM in his capacity as an independent non-executive director.

He is a co-founder of Emerisque Brands, is Chairman of JP Morgan Chinese Investment Trust Plc, China Chaintek United Co Ltd and MCS Apparel (HK) Ltd. He is also a director of Fidelity Asian Values Trust Plc, Ceylon Guardian Investment Trust Plc, Smith-Tan Asia Phoenix Fund Ltd and Homestrings Ltd.

### **Maung Aung Htun,**

*Managing Director*

Mr. Htun is half Myanmar and an engineering graduate from Imperial College. He brings 30 years of hands-on experience of advising, starting, building and managing companies.

Mr. Htun started at Kleinwort Benson in London before founding, in 1987, Seamico Securities in Thailand, a company he took public in 1995. In 1999 he founded Thai Strategic Capital, a Bangkok based private equity fund manager where he led investments into, *inter alia*, B-Quik, Modern Asia Environmental Holdings, and Wuttisak Clinic.

Mr. Htun brings a wealth of experience and contacts in a diverse range of industries and currently sits on the boards of Draco PCB Plc, Wuttisak Clinic Inter Group Ltd, and Nam Seng Insurance Plc., as well as being a member of the investment committee of Lakeshore Capital Partners. He is a director of the Thai Private Equity & Venture Capital Association which he co-founded in 1989.

### **Anthony Michael Dean, Finance Director**

Mr. Dean has over 30 years of experience in the financial industry in investment banking, private equity and accounting. Twenty-two of these years have been spent in Hong Kong and Singapore. He has held senior management positions with Credit Lyonnais Securities Asia ("CLSA"), PPMV Asia (the

private equity arm of Prudential plc) and a further eight years as chief financial officer for a global shipping group.

Mr. Dean is a non-executive independent director of Singapore main board listed Petra Foods Limited. He is a Fellow of the Institute of Chartered Accountants in England and Wales, an Associate of the Chartered Institute of Taxation and a member of the Singapore Institute of Directors.

### **Craig Robert Martin,**

*Independent Non-executive Director*

Mr. Martin has 20 years of business building and direct investment experience in emerging markets in Southeast Asia. He has lived and worked in Southeast Asia (with a focus on the Greater Mekong region) since 1993, living in Cambodia (seven years), Vietnam (five years) and Singapore (eight years), and building businesses in Myanmar, Thailand, Cambodia, Vietnam and Laos and investing in many sectors. His experience covers telecoms, agribusiness, building materials, education, media, retail, real estate, manufacturing, finance, logistics, transportation and infrastructure.

Mr. Martin has a Masters of Engineering from the University of York, UK, and a MBA with Distinction from INSEAD, and is a member of the Singapore Institute of Directors. Mr. Martin is a Managing Director of CapAsia, a Singapore headquartered private equity fund manager, focusing on investments in emerging markets.

### **Christopher David Appleton,**

*Independent Non-executive Director*

Mr. Appleton has worked in finance since 1982 and in Asia since 1984. Mr. Appleton worked in Japan as equity analyst then equity sales and management. Moving to Hong Kong in 1998 Mr. Appleton worked for Salomon Smith Barney as Head of Asian Sales before becoming Head of Asia for Fox-Pitt, Kelton directly running all the equity functions, as well as responsibility for capital markets and advisory. During this time he also set up their Tokyo office. In 2005 he founded Faye Capital as an advisory business and in 2008 acquired a licence for third party asset management. After closing Faye Capital in 2010 Mr. Appleton briefly worked at HSBC Private Bank as Head of Investment Advisory. Since 2011 he has been running his private assets.

Mr. Appleton was educated at Oxford University with post graduate studies at Tokyo University.



“The Company’s primary objective is to build capital value over the long term by making investments in a diversified portfolio of Myanmar businesses that the Directors believe will benefit from Myanmar’s re-emergence. ”

## Directors' Report

The Directors present their annual report and audited consolidated financial statements of the Group for the period ended 31 March 2014.

### *The Company*

Myanmar Investments International Limited (the "Company") is a public company limited by shares incorporated under the laws of the British Virgin Islands. The Company was admitted to trading on the AIM market of the London Stock Exchange ("AIM") on 27 June 2013.

### **The Group**

As at 31 March 2014 the Company had established a wholly owned subsidiary in Singapore, MIL Management Pte Ltd which in turn had established a wholly owned subsidiary in Myanmar, MIL Management Co., Ltd. These two companies are responsible for the management of the Group's investments. In addition the Company has established a second wholly owned subsidiary in Singapore, Myanmar Investments Limited, to act as the first investment holding company.

The above named companies comprise the Myanmar Investments Group (the "Group").

### **Investment Policy**

The Company's investment policy was set out in its Admission Document and is reproduced below in full. There has been no change in its investment policy since Admission.

### *Strategy*

The Company's primary objective is to build capital value over the long term by making investments in a diversified portfolio of Myanmar businesses that the Directors believe will benefit from Myanmar's re-emergence. In the first couple of years it is likely that the portfolio of the Company will be concentrated as it seeks out new potential investments. However, in time and subject to available opportunities the Directors intend to diversify the portfolio.

The Company intends to be a proactive investor, seeking to add value to the development of each of its Investee Companies. As such, the Company will usually, where permitted under Myanmar or other applicable law, seek participation in the management process through board representation with a view to helping improve the performance and growth of the Investee Company. The Company may acquire majority or minority stakes in Investee Companies.

Value may be added through advice on such matters as capital structure and introductions to potential foreign lenders, introductions to foreign markets, access to foreign technical partners, and implementation of governance issues. If a Myanmar stock exchange is established, Myanmar companies may want to list but are likely to have limited understanding of what is required.

Where appropriate the Company may seek to bring in strategic investors who are capable of adding operational value to the Investee Company.

### *Investment Categories*

Investments will likely fall into two categories, core investments and financial investments:

#### *Core investments*

The Company intends that its core investments will be in businesses which, in the Directors' opinion:

- are considered essential to the domestic economy in Myanmar;
- are businesses where there are limited opportunities, creating a medium term barrier to entry; and/or
- are capable of being built into leading franchises in Myanmar.



For core investments, the Company will seek to help the Investee Company enhance its return on equity and, as soon as it is prudent, generate dividends. When appropriate, the Investee Company will be encouraged to list on a stock exchange although the Group will generally expect to continue to hold its investment for a further period of time.

It is expected that core investments will be held until such time as the Directors believe that long term growth rates have started to moderate. As such

## Directors' Report (continued)

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there will not be an expectation of a near term disposal unless a compelling opportunity for full or partial divestment arises.

### *Financial investments*

The Company's financial investments are intended to be 'private equity style' investments where the Company sees potential for capital gains and liquidity.

Financial investments therefore, unlike core investments, are expected to be made only when there is a realistic and credible exit plan. As such they are likely to be disposed of within a five to seven year time horizon, though this may be adjusted in appropriate circumstances. Exits may be achieved through listings, in Myanmar (if a Myanmar stock exchange is set up) or on suitable overseas stock exchanges, trade sales or share swaps.

It is expected, in the initial years, that the Company's investments will typically range between US\$5 million and US\$25 million, although it may consider larger or smaller investments. Investments that are larger than the Company's existing resources are expected to be funded through further equity issues. Additionally where an Investment Target is larger than the Company's appetite or does not fall within the Investment Policy, the Group may seek to generate fee income (for example placement and management fees and carried interests) through placements to its Cornerstone Investors (as defined in the Company's Admission Document) as well as other financial investors. The Company has granted co-investment rights to its Cornerstone Investors which are described in more detail in its Admission Document.

### *Sanctions and Restrictions*

The Company will comply with any sanctions and restrictions imposed by the EU, the UK, the BVI and Singapore. The Directors will also take into consideration other actions by jurisdictions relevant to the business of the Company relating to investment in and trade with Myanmar. Should there be any addition to or re-imposition of sanctions or restrictions at any time in the future, the Directors will seek to ensure compliance with such regulations. Further details of the risk of possible re-imposition of sanctions and restrictions are set out in the Risk Factors in Part V of this document.

### *Portfolio*

The Company expects to build a diversified portfolio however this will take some time and as a consequence, particularly during the early life of the Company, its investment portfolio will be concentrated in a limited number of Investee Companies.

There is no minimum or maximum number of companies that the Company can invest in at any one time. Similarly there are no sector limits nor minimum or maximum exposure limits to any one company or joint venture partner.

### *Geographical Diversity*

The Company will primarily make investments in companies, businesses or assets located in Myanmar. This will include Myanmar businesses that are listed on foreign stock exchanges but also foreign companies that have a material exposure to doing business with or in Myanmar.

### *Forms of Investment*

The Company may employ all forms of permitted investment mechanisms, utilising instruments and structures that might be suitable to allow participation in Investment Targets in a manner that seeks to minimise risks and maximise rewards. The Company may invest in equity, quasi-equity or debt instruments, which may or may not represent shareholding or management control. Investments are likely to be made through special purpose vehicles established specifically for each Investee Company, or by way of legal joint ventures or nominee or trust structures. In some circumstances the Company may invest via contracts that grant an economic interest in an asset.



Because Myanmar businesses are relatively small compared to their more developed Asian counterparts the Company's investments are more likely to be in the form of expansion capital than buyouts and may also be in greenfield businesses.

#### *Funding of Investments*

In order to finance future Investments, the Company will issue further Ordinary Shares to raise capital as and when investment opportunities become available. The Company may also consider issuing Ordinary Shares as consideration for acquiring Investments or the issue by the Company or one of its subsidiaries of debt or hybrid financial instruments.

#### *Borrowings*

The Directors believe that an appropriate amount of appropriately structured debt could enhance the overall returns from the Company's Investments.

It is the Directors' present intention that any borrowings taken on in support of an Investment should ideally be raised at a subsidiary level on a non-recourse basis. Where this is not available and the Directors consider that the assumption of debt will enhance the overall return from an investment without giving rise to a disproportionate risk then the Company may borrow directly or may provide guarantees to its subsidiaries for such borrowings. The Directors do not intend to take on borrowings of more than 50 per cent. of the prevailing NAV of the Company, though if the NAV were to decline this benchmark might be breached.

The Company or its subsidiaries may also issue hybrid financial instruments and may borrow in any currency that the Directors consider appropriate.

It is not expected that the Company will borrow to fund its operating expenses.

#### *Sectors*

The Company does not plan to limit itself to any specific sectors however, at this time, there are certain sectors falling within its Investment Policy which, given the large funding requirements typically required, it would not currently look to focus on. These sectors include large real estate development, infrastructure development and exploration and production of natural resources. However, the Company would consider establishing sector specific vehicles in the future possibly with suitable joint venture partners to participate in such opportunities.

Whilst the Investment Policy is not sector specific, in assessing which sectors the Company may invest in, the following themes will be considered:

- Regulatory framework: under present foreign investment regulations there are limitations and prohibitions imposed with regard to foreign investment in certain specified sectors. However these regulations may be subject to change and refinement.
- Ease of upgrading: the Directors believe that there are many areas of the Myanmar economy that can benefit from practices and technology that are commonplace in Western and other Asian economies and without the need to introduce advanced technology, and where relatively easy to implement changes can have a significant improvement on efficiency and profitability. These might be in manufacturing industries but also in services such as distribution and retailing.
- Scalability: the Company will be looking at sectors where there are opportunities for significant scalability given their potential, both domestically as well as in export markets.
- Barriers to entry: in some sectors being first to market may help secure key retail locations or licences, giving rise to competitive advantages.
- Leverage: the Company will take into consideration the availability of locally sourced debt where that may be influenced by the nature of the underlying business.

#### *Investment Policy Review*

The Directors will review the Investment Policy on an annual basis and, subject to their review and in the absence of unforeseen circumstances, the Company intends to adhere to the Investment Policy for at least three years following Admission.

Notwithstanding the above, should the Company wish to make a material change to its Investment Policy, which may be prompted, *inter alia*, by changes in government policies or economic conditions which alter, reduce or introduce investment opportunities, the Company will seek prior Shareholder consent at a general meeting.

In the event of a breach of the Investment Policy or any restrictions imposed on the Investment Policy, if the Board considers the breach to be material, notification shall be made to a Regulatory Information Service provider.

## Directors' Report (continued)

### Results and dividends

As at 31 March 2014 the Group had not made any investments.

Since the year end it has however made the investment in MFIL as described in more detail in the Executive Directors' Report. In addition it has established a pipeline of potential investments that it is actively developing and the Directors believe that, barring unforeseen circumstances, the Group should be able to consummate one or more investments within the next financial year.

At the time of Admission, the Group's net asset value, after commissions but before the other Admission expenses, was US\$5,898,912 or US\$0.93 per share. The other costs of the Admission reduced this to US\$5,439,353 or US\$0.86 per share.

Net asset value as at 31 March 2014 was US\$4,647,214, representing US\$0.73 per share, a 14.6% decrease from the net asset value post Admission and represents the running costs in the period from Admission to 31 March 2014.

The results for the year are set out in more detail in the consolidated statement of comprehensive income.

The Directors do not recommend the payment of a dividend for the period ended 31 March 2014.

### Review of the Company's Business and Future Outlook

The Chairman's Letter and the Executive Directors' Report provide further details as to the development of the business in the period under review as well as the future outlook.

### Directors

The members of the Board are listed in the section headed "Board of Directors".

Aung Htun and Michael Dean served as Executive Directors throughout the period under review. William Knight, Craig Martin and Christopher Appleton, all of whom are independent Non-Executive Directors, also served throughout the period under review.

In accordance with the Company's Articles of Association Michael Dean retires by rotation and offers himself for re-election at the Company's Annual General Meeting.

The means by which the Board administers its responsibilities is set out in more detail in the section headed "Corporate Governance".

### Directors' Shareholdings

There are no requirements in place pursuant to the Company's Articles of Association for the Directors to own shares in the Company.

At the date of signing this report, the Directors' interests in the equity of the Company were as follows:

Director	Ordinary Shares	Warrants	Share options
William Knight	25,000	0	20,000
Aung Htun	325,000	75,000	180,000
Michael Dean	175,000	50,000	140,000
Craig Martin	100,000	50,000	30,000
Christopher Appleton	100,000	50,000	40,000

The Directors have entered into lock-in agreements with the Company, Allenby Capital Limited and Grant Thornton UK LLP in accordance with Rule 7 of the AIM Rules for Companies. As it is now more than 12 months since the Company's Admission, these agreements provide that the Directors will not sell any of their Ordinary Shares or Warrants other than via an orderly market disposal conducted through the Company's broker Allenby Capital Limited.

### Share Option Plan

The Company established its Share Option Plan as a long term incentive scheme for its employees, Directors and advisers built around the fundamental principle of aligning their interests with those of the Shareholders.

The Share Option Plan is designed to reward a participant only if there is an appreciation in value of the Company's share price. The Share Option Plan is administered by the Remuneration Committee.

The Share Option Plan provides that Share Options available for granting by the Company shall constitute a maximum of one-tenth of the number of the total number of Ordinary Shares in issue on the date preceding the date of grant (excluding shares held by the Company as treasury shares and Founder Shares). Following Admission there were 6,342,619 Ordinary Shares in issue and up to 584,261 Share Options available for issue.

Any issue of Ordinary Shares by the Company will enable the Remuneration Committee to grant further Share Options which will be granted with an exercise price set at a 10% premium to the subscription price paid by Shareholders for the issue of Ordinary Shares that gave rise to the availability of each tranche of



the Share Options. However, the Share Options that arose as a result of the Ordinary Shares issued in connection with the Admission have an exercise price of US\$1.10.

Share Options can be exercised at any time after the first anniversary and any time up to the tenth anniversary of the grant of the Share Options (as may be determined by the Remuneration Committee in its absolute discretion). Share Options will not be admitted to trading on AIM but application will be made for Ordinary Shares that are issued upon the exercise of the Share Options to be admitted to trading on AIM.

As at 31 March, 2014 the Company had 584,261 Share Options available for granting, of which 435,000 Share Options had been granted leaving a further 149,261 Share Options available for granting.

### Related Party Transactions

Other than the Directors compensation, details of which are described in the section headed "Directors remuneration", the Group has not undertaken any related party transactions during the period under review.

### Substantial Interests

As at 23 September, 2014, the following interests of 3% or more of the issued ordinary share capital had been notified to the Group:

Name	Number of Ordinary Shares	Percentage of Issued Capital
LIM Asia Special Situations Master Fund Limited	620,000	9.78%
Crystal Consultancy Services Limited	500,000	7.88%
Pachira Holdings Limited	500,000	7.88%
Presnow Limited	500,000	7.88%
Red Oak Operations Limited	500,000	7.88%
G.K. Goh Strategic Holdings Pte. Ltd	450,000	7.09%
Incagrove Limited	450,000	7.09%
Value Regain Limited	450,000	7.09%
Hansabay Pte Ltd	380,000	5.99%
Schola Capital Limited	225,000	3.55%
Nishit Kothari	200,000	3.15%
Directors	725,000	11.43%
Holder with less than 3%	842,619	13.29%
<b>Total</b>	<b>6,342,619</b>	<b>100.00%</b>

### Going Concern

Based on the Group's current expectations and projected cash flows, the Board believes that the Group will be able to satisfy its working capital requirements for at least the next twelve months. The Board has therefore concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

### Litigation

The Group is not engaged in any litigation or claim of material importance, nor, so far as the Directors are aware, is any litigation or claim of material importance pending or threatened against the Group.

### Payment to Suppliers

The Group's policy is to agree the terms of payment with suppliers prior to engaging them; to ensure that suppliers are made aware of the terms of payment; and to abide by the terms of payment.

### Transparency to Shareholders

The Company seeks to be open and transparent to its Shareholders. In accordance with AIM rules the Company will use the RNS of the London Stock Exchange to announce significant milestones. It has also established a website that allows viewing of published information. Additionally it has established a periodic newsletter to highlight some of the general issues faced by Myanmar.

All Shareholders are encouraged to attend the Annual General Meeting and ask further questions.

### Internal Controls

The Directors acknowledge their responsibility for the Group's system of internal control and for reviewing its effectiveness. However, the system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and as such can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board also considers the process for identifying, evaluating and managing any significant risks faced by the Company.

The Audit Committee has reviewed the Group's risk management and internal control systems and believes that the controls are satisfactory given the size and nature of the Group.

## Directors' Report (continued)

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### Financial Risk Profile

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to set out its overall business strategies, tolerance of risk and general risk management philosophy. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Prior to the Group making its first investment, the main risk which the Group faces is the credit risk of the financial institution holding its US dollar denominated cash deposits.

Further details are given in the notes to the consolidated financial statements.

### Disclosure of Information to Auditors

All of the Directors confirm that they have taken all the steps that they ought to have taken to make themselves aware of any information needed by the

Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

### Auditors

BDO LLP were appointed as auditors to the Group during the period and have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board of Directors

**William Knight**  
*Chairman*

23 September 2014

**Aung Htun**  
*Managing Director*

23 September 2014



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## Corporate Governance

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The Company is committed to high standards of corporate governance and has established a framework which it believes is appropriate given its size and Investment Policy.

As a BVI incorporated company, the UK Corporate Governance Code does not formally apply to the Company. Nonetheless, the Directors recognise that it is in the best interests of the Company and its Shareholders to apply its principles so far as they are appropriate for a company of this size. The Directors seek to comply with the recommendations on corporate governance made by the Quoted Companies Alliance in its 'Corporate Governance Code for Small and Mid-Size Quoted Companies 2013' guide as far as is practicable, taking into account the Company's size and stage of development.

### Board Responsibilities, composition and Committees

The Board of Myanmar Investments comprises a well balanced mix of professionals whose individual skill sets and extensive experiences complement each other to ensure that the Board has the requisite resources to enable the Company to achieve its strategic goals.

The Board is responsible for setting the strategy for the Company and then ensuring that the Company has the requisite wherewithal to achieve that strategy. In this context the Board is also responsible for managing the risks inherent in the strategy and the implementation. It is incumbent on the Board to maintain an open dialogue with the Company's shareholders through the RNS system of the London Stock Exchange.

Out of a total of five directors, the board of directors (the "Board") comprises two executive directors and three non-executive directors. There is a clear separation of the role of the Managing Director and the Chairman. The Board meets regularly and is provided with timely updates and information from the two Executive Directors. As and when there are urgent commercial or other corporate matters, Board meetings are convened to seek guidance from the Board or to elicit a decision. All directors are expected to act in good faith and to act in the interests of the Company.

The Chairman oversees the Agenda for all the Board Meetings liaising closely with the executive and non-executive directors. The same applies for the meetings of the various committees outlined below

and their respective chairmen. The Chairman is specifically responsible for the Chairman's Report, the governance statements in the Annual Report and answerable to the shareholders on behalf of the board for it. The Chairman is ultimately responsible to shareholders for the ethos, and oversight of good practice, of the executive management

The Board is supported by the Investment Committee, the Audit Committee, the Remuneration Committee and the Nominating and Corporate Governance Committee. The committees have been established with clear Terms of Reference and they regularly review matters within their purview.

The Directors have access to the Company's Nomad, Broker, legal advisers, auditor, Company Secretary and, should it prove necessary in the furtherance of their duties, to independent professional advice at the expense of the Group.

Unless in the event of an unexpected event, Board and Committee meetings are scheduled well in advance at a time and place that will enable the Directors to participate. All members of the Board are expected to attend each Board meeting and to arrange their schedules accordingly, although non-attendance is unavoidable in certain circumstances.

An agenda and supporting papers are circulated to the Board and the relevant Committees well in advance of the meeting. Directors may request any agenda items be added that they consider appropriate for Board discussion. Additionally, each Director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussion.

During the period under review there were five Board meetings and all directors attended all of them.

During the period under review there were three meetings of each of the Audit Committee, the Remuneration Committee and the Nominating and Corporate Governance Committee and all the members of the various committees attended all of their respective meetings.

Where appropriate administrative matters requiring the Board's approval are dealt with by way of circulating resolutions in writing.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

### Investment Committee

The Investment Committee comprises Aung Htun, Michael Dean and Craig Martin and is chaired by Aung Htun. During the period under review there were five meetings of the Investment Committee and all the members of the committee attended all of the meetings. The Investment Committee has responsibility for, amongst other things, establishing the Investment Policy, guiding Management in the execution of this policy, monitoring the deal flow and investments in progress, supervising Management's management of Investments, and planning the realisation of Investments. During the period under review it assessed a number of specific investment opportunities as well as reviewed and prioritised the deal flow of potential investment opportunities. It has made recommendations to the Board regarding making investments and is responsible for computing the Company's net asset value for the Board's consideration.

### Audit Committee

The Audit Committee comprises Craig Martin and William Knight and is chaired by Craig Martin. During the period under review there were three meetings of the Audit Committee and all the members of the committee attended all of the meetings. The audit committee has responsibility for, amongst other things, the planning and review of the Company's annual report and accounts and half-yearly reports and the involvement of the Company's auditors in that process. The committee focuses in particular on compliance with legal requirements, accounting standards and on ensuring that an effective system of internal financial control is maintained under the Group's underlying assets and liabilities as well as the books and records. The ultimate responsibility for reviewing and approval of the annual report and accounts and the half-yearly reports remains with the Board.

The Audit Committee also advises the Board on the appointment of the external Auditors, reviews their fees and the audit plan. It approves the external Auditors' terms of engagement, their remuneration and any non-audit work.

The Audit Committee also meets the Group's Auditors and reviews reports from the Auditors relating to accounts and internal control systems. The Audit Committee meets with the Auditors as and when the Audit Committee requires and, in conformity with good practice, has met with the

Auditors without the presence of the executive directors.

Auditor objectivity and independence is safeguarded through limiting non-audit services to tax work.

### Remuneration Committee

The Remuneration Committee comprises William Knight, Craig Martin and Christopher Appleton and is chaired by William Knight. During the period under review there were three meetings of the Remuneration Committee and all the members of the committee attended all of the meetings. The Remuneration Committee is responsible for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the Managing Director, all other executive Directors and such other members of the executive management of the Company as it is designated to consider. This includes the administration of the Share Option Plan. It is also responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and allocation of Share Options. No Director plays a part in any decision about his own remuneration.

### Nomination Committee

The Nomination and Corporate Governance Committee ("NCGC") comprises Christopher Appleton, William Knight, Craig Martin and Aung Htun and is chaired by Christopher Appleton. During the period under review there were three meetings of the NCGC and all the members of the committee attended all of the meetings. The NCGC is responsible for assessing the performance of the Board and the various committees and also considering new or replacement appointments to the Board or senior management. This committee is also responsible for ensuring the Company's compliance with the AIM Rules for Companies as well as other relevant corporate governance standards.

The NCGC formally assesses the effectiveness of the Board, the balance of skills represented and the composition and performance of its various committees. The NCGC concluded that the Board has an appropriate balance of skills and experience in relation to the activities of the Group.

## Corporate Governance (continued)

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When considering the appointment and reappointment of Directors, the NCGC and the Board consider whether the Board and its committees have the appropriate balance of skills, experience, independence, knowledge and diversity to enable them to discharge their respective duties and responsibilities effectively.

The NCGC also established guidelines to determine the independence of each of the Directors and affirmed that all the Directors were found to be independent.

The Board currently comprises of five Directors. The Board does not believe that it is currently in the best interests of the Group to seek to appoint a new Director, in addition to the current Directors, to broaden the diversity of the Board.

Shareholders vote on the re-appointment of at least one Director at each Annual General Meeting, with every Director's appointment being voted on by Shareholders every three years.

During the period under review the NCGC ensured that the new employee handbooks included adequate disclosure on such topics as share dealing, anti-bribery legislation and whistle blowing and that all employees and consultants were briefed on these.

The NCGC has direct access to the Company's Nomad and, in conformity with good practice, a non-executive member of the committee has met with the Nomad without the presence of the executive directors during the period under review.

### Share Dealing

The Company has adopted a share dealing code for the Directors which is appropriate for a company whose Ordinary Shares and Warrants are admitted to trading on AIM and which is consistent with the obligations set out in Rule 21 of the AIM Rules for Companies relating to directors' dealings in Ordinary Shares and Warrants. The Company takes all reasonable steps to ensure compliance by the Directors and the Group's applicable employees as well.

### The Takeover Code

As the Company was incorporated in the BVI, it is not treated by the Panel on Takeovers and Mergers as resident in the UK, the Channel Islands or the Isle of Man and therefore it is not subject to the Takeover Code. However, the Company has incorporated certain provisions in its Articles of Association which are broadly similar to those of Rules 4, 5, 6 and 9 of the Takeover Code, further details of which are contained in paragraph 4.20.2 of Part VI of this document. It should however be noted that as the Takeover Panel will have no role in the interpretation of these provisions, Shareholders will not necessarily be afforded the same level of protection as is available to a company subject to the Takeover Code which now has the effect of law for those companies within its jurisdiction. The Directors have the right to waive the application of these provisions.

On behalf of the Board of Directors

**William Knight**  
*Chairman*

23 September 2014

**Aung Htun**  
*Managing Director*

23 September 2014

## Directors Remuneration Report

### Remuneration Policy

It is the Group’s policy to ensure that compensation arrangements are appropriate and are fairly applied across the Group.

The Group’s long term incentive plan is embodied within the Share Option Scheme which is fundamentally driven around the principle of aligning interest with shareholders by pricing the options out of the money and by making them vest over a prolonged period.

### Directors’ Remuneration

The Directors’ remuneration for the period ended 31 March 2014 was (all amounts in US dollars):

Director	Fees	Salaries
William Knight	22,829	–
Aung Htun <sup>1</sup>	–	75,982
Michael Dean <sup>1</sup>	–	56,986
Craig Martin	19,023	–
Christopher Appleton	19,023	–
	60,875	132,968

*Note 1 – Under the terms of their employment agreements Messrs Htun and Dean were only to be paid 50% of their salaries until such time as the Group makes its first investment. See below for further details.*

The above remuneration was paid in accordance with the agreements described in more detail below. No additional sums were paid in the period to Directors for work on behalf of the Company outside their normal duties.

The Group’s Share Option Scheme is described in the Directors Report.

There are no further cash payments or benefits provided to Directors.

The Group has entered into the following employment agreements and letters of appointment:

- On 21 June 2013, Aung Htun entered into an employment agreement with the Company for an initial term of two years, the terms of which were conditional upon Admission. He agreed to act as Managing Director of the Group for a salary of US\$200,000 pa with 50% of each month’s salary being deferred until either the

Company has substantially implemented its investing policy or the Shareholders agree to extend the period for implementing the investment policy at the First Shareholder Meeting. If neither of these events occurs, Mr. Htun’s entitlement to the deferred element will lapse without any compensation. If the deferred element of salary becomes payable, a review of Mr. Htun’s salary will immediately be conducted by the remuneration committee to assess the level it should be re-based at given the prevailing market rate for an executive in similar or related sector. After the initial two year appointment the contract is terminable on six months’ notice by either party.

- On 21 June 2013, Michael Dean entered into an employment agreement with the Company for an initial term of two years, the terms of which were conditional upon Admission. He agreed to act as Finance Director of the Group for a salary of US\$150,000 pa with a) 50% of each month’s salary being deferred and b) a salary review to be undertaken on the same terms as described in Mr Htun’s contract above. After the initial two year appointment the contract is terminable on six months’ notice by either party.
- Each of the Non-executive Directors of the Company, William Knight, Craig Martin and Christopher Appleton, have entered into a letter of appointment with the Company under the terms of which they each agreed to act as a non-executive director of the Company. Each non-executive director shall receive a fee of US\$25,000 per annum, save for William Knight who is also appointed to act as chairman and shall receive a fee of US\$30,000 per annum. Each non-executive Director’s appointment is subject to retirement by rotation in accordance with the Articles and is terminable by either party on one month’s notice.

Following the investment in MFIL after the end of the financial year, the Company has substantially implemented its investing policy in accordance with Rule 8 of the AIM Rules for Companies. As a result both Messrs Htun and Dean received the deferred portion of their salaries and the Remuneration Committee has commenced a review to determine what should be the appropriate level of their compensation going forward.

## Statement of Directors' Responsibilities

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The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that, taken as a whole, the annual report and accounts provide the information necessary for the shareholders to assess the Company's performance, business model and strategy and that they give a true and fair view of the state of affairs of the Company for that period. The directors are also required to prepare financial statements in accordance with the AIM rules for Companies.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board confirms that the annual report and accounts taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the performance model and strategy of the Company. The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's activities and disclose with reasonable

accuracy at any time the financial position of the Company and ensure that the financial statements and the Directors' Remuneration Report comply with the BVI Business Companies Act, 2004. They also are responsible for safeguarding the assets of the Company and therefore for taking reasonable steps for the prevention of fraud and other irregularities.

Under the applicable law and regulations the Directors are also responsible for preparing a Directors' Report and Statement of Corporate Governance that comply with that law and those regulations.

The accounts are published on [www.myanmarinvestments.com](http://www.myanmarinvestments.com) which is maintained by the Company. The Company is responsible for the integrity of the website as far as it relates to the Company.

Each of the Directors, whose names and functions are listed in the Directors' Report confirms to the best of his/her knowledge:

- the financial statements, which have been prepared in accordance with IFRS give a true and fair view of the assets, liabilities, financial position of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Legislation in the British Virgin Islands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For and on behalf of the Board of Directors

**William Knight**  
*Chairman*

23 September 2014





## Report of the Directors

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The Directors of the Company present their report to the members together with the audited financial statements of Group for the financial period from 17 May 2013 (date of incorporation) to 31 March 2014.

### 1. Directors

The Directors of the Company in office at the date of this report are:

Christopher William Knight (*Appointed on 17 May 2013*)

Maung Aung Htun (*Appointed on 17 May 2013*)

Anthony Michael Dean (*Appointed on 17 May 2013*)

Craig Robert Martin (*Appointed on 17 May 2013*)

Christopher David Appleton (*Appointed on 17 May 2013*)

### 2. Arrangements to enable directors to acquire shares and debentures

Except as disclosed in the financial statements, neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### 3. Directors' interests in shares or debentures

The following directors, who held office at the end of the financial period, had interests in shares in the Company (other than wholly-owned subsidiaries) as stated below:

Name of directors and companies in which interests are held	Shareholdings registered in name of director or nominee	
	At beginning of financial period or date of appointment, if later	At end of financial period
<b>Company</b>		
Myanmar Investments International Limited		
<i>Number of ordinary shares</i>		
Christopher William Knight	–	25,000
Maung Aung Htun	–	325,000
Anthony Michael Dean	–	175,000
Craig Robert Martin	–	100,000
Christopher David Appleton	–	100,000
<i>Number of warrants to subscribe for ordinary shares of the Company</i>		
Maung Aung Htun	–	75,000
Anthony Michael Dean	–	50,000
Craig Robert Martin	–	50,000
Christopher David Appleton	–	50,000

**3. Directors' interests in shares or debentures (continued)**

Name of directors and companies in which interests are held	Shareholdings registered in name of director or nominee	
	At beginning of financial period or date of appointment, if later	At end of financial period
<b>Company (continued)</b>		
Myanmar Investments International Limited		
<i>Number of share options to subscribe for ordinary shares of the Company</i>		
Christopher William Knight	–	20,000
Maung Aung Htun	–	180,000
Anthony Michael Dean	–	140,000
Craig Robert Martin	–	30,000
Christopher David Appleton	–	40,000

**Significant shareholdings**

Except for the interests disclosed in this note, the Directors are not aware of any holding of ordinary shares as at 31 March 2014 representing 3% or more of the issued share capital of the Company.

Name	Number of ordinary shares	Percentage of total issued capital
LIM Asia Special Situations Master Fund Limited	620,000	9.78%
Crystal Consultancy Services Limited	500,000	7.88%
Pachira Holdings Limited	500,000	7.88%
Presnow Limited	500,000	7.88%
Red Oak Operations Limited	500,000	7.88%
G.K. Goh Strategic Holdings Pte. Ltd	450,000	7.09%
Incagrove Limited	450,000	7.09%
Value Regain Limited	450,000	7.09%
Hansabay Pte Ltd	380,000	5.99%
Schola Capital Limited	225,000	3.55%
Nishit Kothari	200,000	3.15%

**4. Directors' contractual benefits**

Except as disclosed in the financial statements, since the date of incorporation, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## Report Of The Directors (continued)

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### 5. Share Option Plan

The Company has established a Share Option Plan (the "Plan") for the employees, Directors and advisers of the Group, as well as the employees, directors and advisers of its Investee Companies ("Participants").

The Plan is administered by the Remuneration Committee whose members are:

- William Knight (Chairman)
- Craig Robert Martin
- Christopher David Appleton

The Plan in respect of unissued ordinary shares in the Company was adopted by the Company on 21 June 2013.

The Plan is designed to reward a Participant only if there is an appreciation in value of the Company's share price.

The Plan provides that share options granted by the Company under the terms of the Plan shall constitute a maximum of one-tenth of the number of the total number of ordinary shares in issue on the date preceding the date of grant.

Any issue of ordinary shares by the Company will enable the Remuneration Committee to grant further share options which will be granted with an exercise price set at a 10 percent premium to the subscription price paid by shareholders for the issue of ordinary shares that gave rise to the availability of each tranche of the share options. However, the share options that arise as a result of the new ordinary shares being issued in connection with admission have an exercise price of US\$1.10.

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

Any share options which have not been allocated or which have not vested will not be eligible for conversion into ordinary shares. Where a Participant ceases to be in the employment of or engaged by the Group entities before their Share Options have fully vested, then in the case of a 'good leaver', the Remuneration Committee shall determine in its absolute discretion whether any unvested share options shall continue to be retained by the Participant or lapse without any claim against the Company. The Remuneration Committee has the discretion to re-allocate the number of ordinary shares underlying the portion of any lapsed or unvested share options to be the subject of further options granted under the Plan, subject to certain conditions.

During the financial period, there were 584,261 share options available for issue. Of these 435,000 share options were granted to Directors and an employee during the financial period as follows:

Date of grant	Granted	Exercise price per share	Exercisable period
27 June 2013	410,000	US\$1.10	To 26 June 2023
9 December 2013	25,000	US\$1.10	To 8 December 2023

There were no shares issued during the financial period by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were 149,261 share options unallocated as at the end of the financial period.

**5. Share Option Plan (continued)**

No employee or employee of related corporations has received 5% or more of the total options available under the Plan.

The information on Directors of the Company participating in the Plan is as follows:

<b>Name of Director</b>	<b>Options granted during the financial period</b>	<b>Aggregate options granted since commencement of the Plan to the end of financial period</b>	<b>Aggregate options exercised since commencement of the Plan to the end of financial period</b>	<b>Aggregate options lapsed since commencement of the Plan to the end of financial period</b>	<b>Aggregate options outstanding as at end of the financial year</b>
Christopher William Knight	20,000	20,000	–	–	20,000
Maung Aung Htun	180,000	180,000	–	–	180,000
Anthony Michael Dean	140,000	140,000	–	–	140,000
Craig Robert Martin	30,000	30,000	–	–	30,000
Christopher David Appleton	40,000	40,000	–	–	40,000

**6. Auditors**

The auditors, BDO LLP, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors

**Anthony Michael Dean**  
Director

**Maung Aung Htun**  
Director

13 September, 2014

## Statement by the Directors

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In the opinion of the Board of Directors,

- (a) the accompanying consolidated statement of financial position of the Group as at 31 March 2014, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with notes thereon are drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group as at 31 March 2014 and the results of the business, changes in equity and cash flows of the Group for the financial period from 17 May 2013 (date of incorporation) to 31 March 2014; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

**Anthony Michael Dean**  
Director

**Maung Aung Htun**  
Director

13 September, 2014

## Independent Auditor's Report

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To the Members of Myanmar Investments International Limited

### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Myanmar Investments International Limited ("the Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group as at 31 March 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial period from 17 May 2013 (date of incorporation) to 31 March 2014, and a summary of significant accounting policies and other explanatory information.

#### *Management's responsibility for the consolidated financial statements*

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements of the Group are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group as at 31 March 2014 and of the results, changes in equity and cash flows of the Group for the financial period from 17 May 2013 (date of incorporation) to 31 March 2014.

#### **BDO LLP**

*Public Accountants and  
Chartered Accountants*

Singapore  
13 September, 2014

## Consolidated Statement of Comprehensive Income

For the financial period from 17 May 2013 (date of incorporation) to 31 March 2014

	Note	Period from 17 May 2013 to 31 March 2014 US\$
Revenue		–
<b>Other item of income</b>		
Interest income		3,413
<b>Items of expense</b>		
Employee benefits expense	4	(395,686)
Depreciation expense	9	(3,595)
Other operating expenses		(462,824)
Finance costs	5	(8,196)
<b>Loss before income tax</b>	6	(866,888)
Income tax expense	7	–
<b>Loss for the financial period, representing total comprehensive income for the financial period</b>		<b>(866,888)</b>
<b>Loss per share (cents)</b>		
– Basic and diluted	8	(15.26)

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



## Consolidated Statement of Financial Position

As at 31 March 2014

	Note	2014 US\$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	9	32,025
<b>Current assets</b>		
Other receivables	11	99,235
Cash and bank balances	12	4,579,666
		4,678,901
<b>Total assets</b>		<b>4,710,926</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	13	5,439,353
Share option reserve	14	74,749
Accumulated losses		(866,888)
<b>Total equity</b>		<b>4,647,214</b>
<b>LIABILITIES</b>		
<b>Current liability</b>		
Other payables	15	63,712
<b>Total equity and liabilities</b>		<b>4,710,926</b>

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

## Consolidated Statement of Changes in Equity

For the financial period from 17 May 2013 (date of incorporation) to 31 March 2014

	Note	Share capital US\$	Share option reserve US\$	Accumulated losses US\$	Total US\$
Issue of 1 subscriber's shares at 17 May 2013 (date of incorporation)		—*	—	—	—*
Loss for the financial period		—	—	(866,888)	(866,888)
<b>Total comprehensive income for the financial period</b>		—	—	(866,888)	(866,888)
<b>Contributions by and distributions to owners</b>					
Issue of shares	13	6,184,793	—	—	6,184,793
Share issue expenses	13	(745,440)	—	—	(745,440)
<b>Total contributions by and distributions to owners</b>		5,439,353	—	—	5,439,353
<b>Others</b>					
Grant of share options to employees	14	—	74,749	—	74,749
<b>Total others</b>		—	74,749	—	74,749
<b>At 31 March 2014</b>		5,439,353	74,749	(866,888)	4,647,214

\* Share capital at date of incorporation is US\$0.10.

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

## Consolidated Statement of Cash Flows

For the financial period from 17 May 2013 (date of incorporation) to 31 March 2014

	Period from 17 May 2013 to 31 March 2014 US\$
<b>Operating activities</b>	
Loss before income tax	(866,888)
Adjustments for:	
Interest income	(3,413)
Depreciation of plant and equipment	3,595
Share-based payment expense	74,749
Operating cash flows before working capital changes	(791,957)
Changes in working capital:	
Increase in other receivables	(99,235)
Decrease in other payables	63,712
Cash used in operations	(827,480)
Interest received	3,413
Net cash flows used in operating activities	(824,067)
<b>Investing activity</b>	
Purchase of plant and equipment, representing cash flows used in investing activity	(35,620)
<b>Financing activities</b>	
Net proceeds from issuance of shares, representing cash flows from financing activity	5,439,353
<b>Net change in cash and bank balances, representing cash and bank balances at end of financial period</b>	<b>4,579,666</b>

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

## Notes to the Consolidated Financial Statements

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For the financial period from 17 May 2013 (date of incorporation) to 31 March 2014

These notes form an integral part of and should be read in conjunction with the consolidated financial statements.

### 1. General corporate information

Myanmar Investments International Limited ("the Company") is a limited liability company incorporated on 17 May 2013 in the British Virgin Islands ("BVI"). The Company's registered office is at Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands.

The Company's ordinary shares and warrants are traded on the AIM market of the London Stock Exchange under the ticker symbols MIL and MILW respectively. The Company can raise additional capital as described in Note 13 to the consolidated financial statements.

The Company has been established for the purpose of identifying and investing in, and disposing of, businesses operating in or with business exposure to Myanmar. The Company will target businesses operating in sectors that the Directors believe have strong growth potential and thereby can be expected to provide attractive yields, capital gains or both.

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

The consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial period from 17 May 2013 (date of incorporation) to 31 March 2014 were approved by the Board of Directors on 13 September, 2014.

#### 1.1 Going concern

After due and careful enquiries, the Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future.

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

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation of the consolidated financial statements

The consolidated financial statements, which are expressed in United States dollars, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") which comprise standards and interpretations approved by IASB and International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements have been prepared on an historical cost basis, except as disclosed in the accounting policies below.

For the purpose of IFRS 8 Operating Segments, the Group has only one segment, being "Investments". No further operating segment financial information is therefore disclosed.

The preparation of the consolidated financial statements in conformity with IFRSs requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on the management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

**2. Summary of significant accounting policies (continued)**

**2.1 Basis of preparation of the consolidated financial statements (continued)**

In the current financial period, the Group has adopted all the new and revised IFRS and interpretations that are relevant to its operations and effective for the current financial period. The adoption of these new/revised FRS and interpretations did not result in any substantial changes to the Group’s accounting policies and has no material effect on the amounts reported for the current period.

Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the consolidated financial statements are disclosed in Note 3 to the consolidated financial statements.

*New or amended standards and interpretations that have been issued but are not yet effective*

The Group has not early adopted the following new or amended IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments <sup>7</sup>
IFRS 7, IFRS 9 and IAS 39 (Amendments)	Hedge Accounting <sup>7</sup>
IFRS 10, IFRS 12 and IAS 27 (Amendments)	Investment Entities <sup>1</sup>
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
IFRS 14	Regulatory Deferral Accounts <sup>5</sup>
IFRS 15	Revenue from Contracts with Customers <sup>6</sup>
IAS 16 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
IAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions <sup>2</sup>
IAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
IAS 36 (Amendments)	Recoverable Amount Disclosures for Non-financial Assets <sup>1</sup>
IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
IAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
IFRIC 21	Levies <sup>1</sup>
Improvements to IFRSs	Annual Improvements 2010-2012 Cycle <sup>3</sup>
Improvements to IFRSs	Annual Improvements 2011-2013 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>3</sup> Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2015

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2018

The Directors have considered the above and are of the opinion that the above Standards and Interpretations will have no material impact on the Group’s consolidated financial statements, except as discussed below.

## Notes to the Consolidated Financial Statements (continued)

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### 2. Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation of the consolidated financial statements (continued)

##### *IFRS 10, IFRS 12 and IAS 27 (Amendments) – Investment Entities*

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in IFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

##### *IFRS 15 – Revenue from Contracts with Customers*

IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The amendments are applied retrospectively subject to certain transitional provisions.

The Group is in the process of making an assessment of the potential impact of these new or amended IFRSs.

#### 2.2 Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the Company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

## 2. Summary of significant accounting policies (continued)

### 2.2 Basis of consolidation (continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

#### *Acquisition under common control*

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the cash paid for the acquisition and share capital of acquiree is recognised directly to equity.

### 2.3 Subsidiaries

A subsidiary is any entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Inter-company transactions, balances, income and expenses between group companies are eliminated.

Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

### 2.4 Revenue recognition

#### *Interest income*

Interest income is recognised on an accrual basis using the effective interest rate ("EIR") method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

### 2.5 Foreign currency translation

Transactions in currencies other than US dollars, which is the functional currency of all of the respective Group entities, are recorded at the rate of exchange prevailing on the date of the transactions.

At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing at the end of the reporting period.

Non-monetary items carried at fair value which are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Foreign exchange gains and losses arising on the settlement of monetary items, and on the retranslation of monetary items, are included in net profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity in which cases, the exchange differences are also recognised directly in equity.

## Notes to the Consolidated Financial Statements (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.6 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss if it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the financial year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets, if any, is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### 2.7 Plant and equipment

Plant and equipment are all stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has results in an increase in the future economic benefits expected to be obtained from the use of the plant and equipment, the expenditure is capitalised as an additional cost of that asset.

##### *Disposals*

The gain or loss arising from disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

##### *Depreciation*

Depreciation is provided to write off the cost of plant and equipment, using the straight line method, over their useful lives. The principal annual rates are as follows:

	Years
Office equipment	3
Computer equipment	3
Furniture and fittings	3

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Fully depreciated assets still in use are retained in the consolidated financial statements.



## 2. Summary of significant accounting policies (continued)

### 2.8 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets.

Impairment loss is recognised in profit or loss, unless it reverses a previous revaluation, credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

The recoverable amount of an asset or cash-generating unit is the higher of a) its fair value less costs to sell and b) its value in use. Recoverable amount is determined for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### 2.9 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose of which the assets are acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the reporting period, where allowed and appropriate.

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "Other receivables (excluding prepayments)" and "Cash and bank balances" on the consolidated statement of financial position.

## Notes to the Consolidated Financial Statements (continued)

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### 2. Summary of significant accounting policies (continued)

#### 2.9 Financial assets (continued)

##### *Recognition and derecognition*

Financial assets are recognised on the statements of financial position when, and only when, the Group becomes parties to the contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net consideration proceeds is recognised in profit or loss.

##### *Initial and subsequent measurement*

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

##### *Impairment*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

##### (i) Loans and receivables

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

## 2. Summary of significant accounting policies (continued)

### 2.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. The Group has not designated any financial liabilities as at fair value through profit or loss upon initial recognition.

The accounting policies adopted for other financial liabilities are set out below:

#### (i) Other payables

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

#### *Recognition and derecognition*

Financial liabilities are recognised on the consolidated statement of financial position when, and only when, the Group becomes parties to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### 2.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### 2.13 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received.

Incremental costs directly attributable to the issuance of new equity instruments are shown in equity as a deduction from the proceeds.

### 2.14 Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

## Notes to the Consolidated Financial Statements (continued)

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### 2. Summary of significant accounting policies (continued)

#### 2.14 Share-based payments (continued)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellation of equity-settled transaction awards are treated equally.

The diluted effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

Fair value is measured using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

#### 2.15 Operating leases

*When the Group is the lessee of operating leases*

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

#### 2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

## 2. Summary of significant accounting policies (continued)

### 2.17 Contingent liabilities

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the consolidated statement of financial position of the Group.

## 3. Significant accounting judgements and estimates

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

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

- (i) Impairment of investment in subsidiaries

The Group follows the guidance of IAS 36 on determining whether an investment in subsidiary is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment in subsidiary is less than its cost and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

- (ii) Determination of functional currency

The Group measures foreign currency transactions in the functional currency of the Company. In determining the functional currency of the entities within Group, judgement is required to determine the currency that mainly influences sales price for services and of the country whose competitive forces and regulations mainly determines the sales prices of its services. The functional currency of the entities within Group is determined based on management's assessment of the economic environment in which the Group operates and its process of determining sales price.

### 3.2 Key sources of estimation uncertainty

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

## Notes to the Consolidated Financial Statements (continued)

### 3. Significant accounting judgements and estimates (continued)

#### *Employee share option plan*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model for estimating fair value for share-based payment transactions are set out in Note 14 to the consolidated financial statements.

### 4. Employee benefits expense

	Period from 17 May 2013 to 31 March 2014 US\$
Salaries, wages, bonuses and other staff benefits	320,937
Share option expenses	74,749
	<u>395,686</u>

The employee benefits expense includes the remuneration of Directors as disclosed in Note 16 to the consolidated financial statements.

### 5. Finance costs

Finance costs represent bank charges for the financial period.

### 6. Loss before income tax

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

	Period from 17 May 2013 to 31 March 2014 US\$
Auditor's remuneration	30,914
Directors' fee	60,875
Foreign exchange loss, net	8,746
Operating lease expenses	70,573
Professional fees	76,325
Travel and accommodation	<u>86,015</u>

**7. Income tax**

As the Group has not derived any taxable income during the financial period, no tax provision has been made.

A reconciliation of income tax applicable to loss before income tax at the statutory income tax rate of 25% in Myanmar is as follows:

	Period from 17 May 2013 to 31 March 2014 US\$
Loss before income tax	(866,888)
Income tax at the applicable tax rates	(216,722)
Effects of different income tax rates in other countries	(751)
Expenses not deductible for tax purposes	217,473
Income tax for the financial period	–

**8. Loss per share**

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

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

	2014
Loss for the financial year attributable to owners of the Company (US\$)	(866,888)
Weighted average number of ordinary shares during the financial period applicable to basic loss per share	5,682,268
<b>Loss per share</b>	
Basic and diluted (cents)	(15.26)

Diluted loss per share is the same as the basic loss per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the shares conversion would be to decrease the loss per share.

**9. Plant and equipment**

	Computer equipment US\$	Office equipment US\$	Furniture and fittings US\$	Total US\$
<b>Group</b>				
<b>Cost</b>				
Balance at date of incorporation	–	–	–	–
Additions	6,405	1,418	27,797	35,620
Balance at end of financial period	6,405	1,418	27,797	35,620
<b>Accumulated depreciation</b>				
Balance at date of incorporation	–	–	–	–
Depreciation for the financial period	566	158	2,871	3,595
Balance at end of financial period	566	158	2,871	3,595
<b>Carrying amount</b>				
Balance at end of financial period	5,839	1,260	24,926	32,025

## Notes to the Consolidated Financial Statements (continued)

### 10. Investment in subsidiaries

Details of the investments in which the Group has a controlling interest are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %
Myanmar Investments Limited <sup>(1)(3)</sup>	Singapore	Investment holding company	100
MIL Management Pte. Ltd. <sup>(1)(4)</sup>	Singapore	Provision of management services to the Group	100
<b>Held by MIL Management Pte. Ltd.</b>			
MIL Management Co., Ltd <sup>(2)</sup>	Myanmar	Provision of management services to the Group	100

<sup>(1)</sup> Audited by BDO LLP, Singapore

<sup>(2)</sup> Audited by JF Group Audit Firm, Yangon, Myanmar

<sup>(3)</sup> This company was incorporated on 1 March 2013 and was owned by the Directors before it was transferred to the Company on 28 May 2013.

<sup>(4)</sup> This company was incorporated on 8 November 2012 as Myanmar Investments Pte Limited and was owned by two Directors, Anthony Michael Dean and Craig Robert Martin. It was transferred to Myanmar Investments Limited on 13 May 2013. It changed its name to Myanmar Investments (Singapore) Pte Limited on 20 May 2013. It subsequently changed its name to MIL Management Pte Ltd on 19 August 2013.

#### *Incorporation of a subsidiary by MIL Management Pte.Ltd.*

On 21 October 2013, MIL Management Pte. Ltd. incorporated a wholly-owned subsidiary in Myanmar, MIL Management Co., Ltd, for a cash consideration amounting to US\$50,000.

### 11. Other receivables

	2014 US\$
Other receivables	4,683
Deposits	17,096
Prepayments	77,456
	99,235

Other receivables are denominated in the following currencies:

	2014 US\$
United States dollar	82,801
Myanmar kyat	16,434
	99,235



## 12. Cash and bank balances

Cash and bank balances are denominated in the following currencies:

	2014 US\$
United States dollar	4,461,003
Singapore dollar	109,789
Myanmar kyat	8,874
	4,579,666

## 13. Share capital

	2014 US\$
<b>Issued and fully-paid share capital:</b>	
1 ordinary share at the date of incorporation	—*
Issuance of 6,342,618 ordinary shares during the financial period	6,184,793
Share issuance expenses	(745,440)
	5,439,353

\* Share capital at date of incorporation is US\$0.10.

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

All ordinary shares rank equally with regard to the Company's residual assets except for 500,000 ordinary shares held by the Directors that were subscribed for prior to the Company's Admission to the AIM market of the London Stock Exchange at US\$0.10 per share (the "Founders Shares") on 17 May 2013. In recognition of the difference between the subscription price paid for these Founder Shares and the Issue Price paid for the other shares issued at the time of Admission, the Founders had agreed that should the Company be liquidated following a vote of its shareholders as a result of the Company being unable to substantially implement its Investing Policy then the Founders shall return a sum equal to 90 percent of the amount otherwise receivable by each of them in respect of the Founders Shares and shall work with the Company's liquidator to distribute such monies amongst the remainder of the Shareholders in proportion to their shareholdings. In the event that any part of such monies cannot be so distributed within six months of completion of a liquidation then the net amount remaining will be donated to one or more children's charities in Myanmar.

On 21 May 2013, the Memorandum of Association of the Company was amended to allow the issue of an unlimited number of Ordinary Shares.

On 28 May 2013, the Company allotted 499,999 Ordinary Shares to the Directors as Founder Shares at an effective subscription price of US\$0.10 each.

On 21 June 2013, the Company allotted 5,842,619 Ordinary Shares pursuant to the Placing and Subscription undertaken as part of the Admission.

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

The new ordinary shares issued during the financial period ranked *pari passu* in all respects with the existing ordinary shares of the Company except as otherwise described above.

## Notes to the Consolidated Financial Statements (continued)

### 13. Share capital (continued)

#### Warrants

On 21 June 2013, the Company allotted 5,842,619 Warrants pursuant to the Placing and Subscription undertaken as part of the Admission. The Company had agreed that for every Ordinary Share subscribed for by a Subscriber or a Placee, such Subscriber or Placee would receive one Warrant at nil cost.

The Warrants entitle the holder to subscribe for an Ordinary share at an exercise price of US\$0.75. The Warrants may be exercised at any time from 21 June 2015 to the fifth anniversary of the date of the Warrant Instrument, being 21 June 2018.

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

As at 31 March 2014, the outstanding number of Warrants is 5,842,619.

### 14. Share option reserve

#### Details of the Share Option Plan (the "Plan")

As at 31 March 2014, there were 584,261 share options available for issue of which 435,000 have been granted. These share options have an exercise price of US\$1.10 per share.

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

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

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

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

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

Option series	Number of share options	Grant date	Expiry date	Exercise price (USD)	Fair value at grant date
27 June 2013	410,000	27 June 2013	26 June 2023	1.10	153,487
9 December 2013	25,000	9 December 2013	8 December 2023	1.10	19,015

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

**14. Share option reserve (continued)**

*Fair value of share options granted in the financial period*

The weighted average fair value of the share options granted during the financial period is US\$0.397. Share options were priced using Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on historical share price volatility from the date of grant of the share options.

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

	Option series	
	27 June 2013	9 December 2013
Grant date share price (US\$)	1.05	1.50
Exercise price (US\$)	1.10	1.10
Expected volatility	22.88%	22.88%
Option life	10 years	10 years
Risk-free annual interest rates	2.46%	2.82%

The Group recognised total expenses of US\$74,749 related to equity-settled share-based payment transactions during the financial period.

*Movement in share option during the financial period*

The following reconciles the share options outstanding at the date of incorporation and at the end of the financial period.

	2014	2014
	Number	Weighted average exercise price US\$
Balance at date of incorporation	–	–
Granted	435,000	1.10
Balance at end of financial period	435,000	1.10

No share options were exercised during the financial period.

*Share option outstanding at the end of the financial period*

The share options outstanding at the end of financial period had a weighted average exercise price of US\$1.10 and a weighted average contractual life of 9.27 years.

## Notes to the Consolidated Financial Statements (continued)

### 15. Other payables

	2014 US\$
Accruals	63,712

Other payables are denominated in the following currencies:

	2014 US\$
Singapore dollar	43,587
United States dollar	7,716
British pound	6,595
Myanmar kyat	5,814
	63,712

### 16. Significant related party disclosures

For the purposes of these consolidated financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

#### Compensation of key management personnel

For period from 17 May 2013 (date of incorporation) to 31 March 2014, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

The remuneration of Directors for the period from 17 May 2013 (date of incorporation) to 31 March 2014 are as follows:

	Directors' fee US\$	Short term employee benefits US\$	Share option plan US\$
<b>Executive directors</b>			
Maung Aung Htun	–	75,982	31,251
Anthony Michael Dean	–	56,986	24,307
<b>Independent non-executive directors</b>			
Christopher William Knight	22,829	–	3,472
Craig Robert Martin	19,023	–	5,209
Christopher David Appleton	19,023	–	6,945
	60,875	132,968	71,184

## 17. Commitments

### Operating lease commitments – as lessee

The Group leases the Yangon office and accommodation for Directors under non-cancellable operating leases. The operating lease commitments are based on rental rates as specified in the lease agreements. The Group has the options to renew certain agreements on the leased premises for another one year.

In accordance with prevailing market conditions in Yangon, lease payments are paid in advance.

Future minimum rentals payable under non-cancellable operating leases (excluding prepayment) at the reporting date are as follows:

	2014 US\$
Within one financial year	13,906
After one financial year but within five financial years	30,625
	44,531

## 18. Dividends

The Directors of the Company do not recommend any dividend in respect of the financial period from 17 May 2013 (date of incorporation) to 31 March 2014.

## 19. Financial risk management objectives and policies

The Group has risk management policies that systematically view the risks that could prevent it from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Group's objectives are achieved. The Group's risk management takes place in the context of day-to-day operations and normal business processes such as strategic and business planning. The Directors have identified each risk and are responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Group's established business objectives.

The Group's principal financial instruments consist of other receivables, cash and bank balances and other payables. The main risks arising from the Company's financial instruments and the policies for managing each of these risks are summarised below.

### 19.1 Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its obligations. The Group's credit risk is primarily attributable to other receivables and cash and bank balances with the maximum exposure being the reported balance in the consolidated statement of financial position. The Group has a nominal level of debtors and as such the Company believes that the credit risk to these is minimal. The Group holds available cash with licensed banks which have a strong history. The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

### 19.2 Market risks

#### *Foreign currency risks*

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than its functional currency, the United States dollar. The currencies giving rise to this risk are the Singapore dollar and Myanmar kyat. Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group monitors its foreign currency exchange risks closely and maintains funds in various currencies to minimise currency exposure. Currency translation risk arises when commercial transactions, recognised assets and liabilities and net investment in foreign operations are denominated in the currency that is not the entity's functional currency.

## Notes to the Consolidated Financial Statements (continued)

### 19. Financial risk management objectives and policies (Continued)

#### 19.2 Market risks (continued)

##### *Foreign currency risks (continued)*

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period were as follows:

	<b>Assets 2014 US\$</b>	<b>Liabilities 2014 US\$</b>
United States dollar	4,543,804	7,716
Singapore dollar	109,789	43,587
Myanmar kyat	25,308	5,814
British pound	–	6,595
	<b>4,678,901</b>	<b>63,712</b>

##### *Foreign currency sensitivity analysis*

No sensitivity test was performed as the exposure to foreign currency risk is not significant to the consolidated financial statements.

##### *Interest rate risk*

The Group does not have any significant exposure to interest rate risk as the Group does not have any significant interest bearing liabilities and its interest earning assets are producing relatively low yields.

#### 19.3 Liquidity risk

The Group is exposed to liquidity risk to the extent that it holds investments that it may not be able to sell quickly at close to fair value.

The risk is managed by the Group by means of cash flow planning to ensure that future cash requirements are anticipated and, where financial instruments have to be sold to meet these requirements, the process is carried out in a controlled manner intended to minimise the liquidity risk involved.

As at 31 March 2014, the Group's principal financial instruments consist mainly of cash and bank balances. As such the investments are highly liquid and capable of being realised at their fair value.

#### 19.4 Fair value of financial assets and financial liabilities

The carrying amounts of the Group's current financial assets and financial liabilities approximate their respective fair values due to the short term maturity of these financial instruments.

#### 19.5 Capital management

The Group manages its capital to ensure that the Group is able to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The management constantly reviews the capital structure to ensure the Group is able to service any debt obligations based on its operating cash flows. At present the Group has taken on no debt obligations, other than other payables, and therefore has no difficulties in settling its debts as they fall due.

Rule 8 of the AIM Rules for Companies, requires that within eighteen months from the date of admission to the AIM market of the London Stock Exchange the Company is required to have "substantially implemented its Investment Policy".

By virtue of the investment in Myanmar Finance International Ltd. as described in more detail in Note 21, the Company has substantially implemented its investing policy in accordance with Rule 8 of the AIM Rules for Companies.

The Group does not have any externally imposed capital requirements for the financial period ended 31 March 2014.

## 20. Contingent liabilities

The service contracts for the two executive directors, Maung Aung Htun and Anthony Michael Dean, both provide that 50 percent of their salary is to be deferred until either the Company has substantially implemented its investing policy or the Shareholders agree to extend the period for implementing the investment policy. If neither of these events occurs, their entitlement to this deferred element will lapse without any compensation.

As at 31 March 2014, this deferred compensation amounting to US\$132,968 has not been included in the results for the financial period. However, by virtue of the investment in Myanmar Finance International Ltd., as described in more detail in Note 21, the Company fulfilled this requirement and as such the Company will recognise this liability in the financial year to 31 March 2015.

As part of the Admission process, certain of the Company's professional advisers agreed to defer receipt of fees amounting to US\$179,903. This is only payable at the earlier of a secondary fundraising or the passing of a shareholder vote to continue the Company's business should the "substantially invested" requirement of the AIM market not be met within the time frame so specified. In the event that these events do not occur then the obligation to make such payments will lapse. As such they have not been included in the results for the period.

## 21. Subsequent event review

On 26 August, 2014 the Company's wholly-owned subsidiary, Myanmar Investments Limited ("MIL"), signed a joint venture agreement ("JVA") with Myanmar Finance Company Limited ("MFC") by which, the two parties agreed to establish a Myanmar microfinance joint venture company, Myanmar Finance International Ltd. ("MFIL").

Under the terms of the JVA, MFC injected its existing microfinance business into the joint venture which is jointly managed by MIL and MFC. The two partners agreed to a phased contribution of US\$4.8 million in capital (MIL's share being US\$2.75 million) with MIL owning 55 per cent of the new company and MFC holding the remaining 45 per cent.

MFC is a well-established provider of microfinance loans to small-scale business operators in rural and urban areas of Yangon and neighbouring Bago. It is believed to be the first foreign microfinance joint venture in Myanmar.

Following this investment, the Company has fulfilled the requirement to have "substantially implemented its Investment Policy" in accordance with Rule 8 of the AIM Rules for Companies within the stipulated eighteen months from the date of admission to the AIM market of the London Stock Exchange. As a consequence of this:

- the contingent liabilities with respect to its Executive Directors (as described in more detail in Note 20) have crystallised and will be recognised and settled in the financial year to 31 March, 2015; and
- the remuneration committee will assess the levels of compensation that should be paid to the Executive Directors to ensure they reflect the prevailing market rate for an executive in a similar or related sector.

## 22. Comparative figures

There are no comparative figures as this is the first set of consolidated financial statements prepared since the date of incorporation of the Company on 17 May 2013.

## Notice of Annual General Meeting

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### Myanmar Investments International Limited

(Company Number 1774652)

Notice is hereby given that the 2014 Annual General Meeting of Myanmar Investments International Limited (the "Company") will be held at the Inwa Room, Level 3, Sule Shangri La Hotel, Yangon, Myanmar at 2.00pm (Myanmar time) on 21 October, 2014 for the purpose of considering and if thought fit, passing the following resolutions:

#### Ordinary Resolutions

1. To receive and adopt the Company's annual accounts for the financial year ended 31 March 2014 together with the last directors' report and auditors' report on those accounts.
2. To reappoint BDO LLP as the auditors of the Company at a remuneration to be determined by the directors.
3. To reappoint Anthony Michael Dean as director who retires by rotation as required by Article 8.5 of the Articles of Association of the Company.

#### Special Resolution

4. In addition to any pre-existing authority under Regulation 2.17 of the Company's Articles of Association (the "Articles"), to authorise the Company to issue up to 634,262 ordinary shares or rights to subscribe for, or to convert securities into, up to 634,262 ordinary shares wholly for cash where there is a discount of more than 10 per cent. to the last published Net Asset Value, with such power expiring at the Annual General Meeting of the Company in 2015, unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting, and the rights of pre-emption pursuant to Regulation 2.16 of the Articles shall not apply to any such issue.

By Order of the Board

**Appleby Corporate Services (BVI) Limited**

Secretary

23 September 2014

*Registered Office:*

Jayla Place  
Wickhams Cay 1  
Road Town  
Tortola VG1110  
British Virgin Islands



**NOTES**

Resolutions 1-3 will be passed if approved by more than fifty per cent. of the votes of those members entitled to vote and voting on the resolutions. Resolution 4 will be passed if approved by more than seventy five per cent. of the votes of those members entitled to vote and voting on the resolution.

A Member entitled to attend and vote at the above meeting is entitled to appoint a proxy or one or more proxies to attend and, on a poll, vote in his place. A proxy need not be a member of the Company.

Forms of Direction from holders of depositary interests must be deposited at the office of the Registrar, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, United Kingdom not later than 5.00 pm (UK time) Thursday 16 October 2014. Proxies from holders of ordinary shares must be received by the Registrar not later than 5.00 pm (UK time) Friday 17 October 2014.

The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company by no later than 48 hours for the time fixed for the meeting shall be entitled to attend or vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes in entries on the relevant register of members after such time and date shall be disregarded in determining the rights of any person to attend or vote at this meeting.

## Directors and Advisers

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### Company data

Website: [www.myanmarinvestments.com](http://www.myanmarinvestments.com)

Email: [enquiries@myanmarinvestments.com](mailto:enquiries@myanmarinvestments.com)

Listed on the AIM market of the London Stock Exchange:

Ticker symbol for the Ordinary Shares MIL

Ticker symbol for the Warrants MILW

The Company is incorporated in the British Virgin Islands with registration number 1774652

### Directors

Christopher William Knight, *Independent Non-executive Chairman*

Maung Aung Htun, *Managing Director*

Anthony Michael Dean, *Finance Director*

Craig Robert Martin, *Independent Non-executive Director*

Christopher David Appleton, *Independent Non-executive Director*

### Registered Office

Jayla Place  
Wickhams Cay I  
Road Town  
Tortola VG1110  
British Virgin Islands

### Nominated Adviser

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU  
United Kingdom

### Legal Advisers to the Company (as to English Law)

Reed Smith LLP  
The Broadgate Tower  
20 Primrose Street  
London EC2A 2RS  
United Kingdom

### Legal Advisers to the Company (as to British Virgin Islands law)

Appleby  
Jayla Place  
Wickhams Cay I  
Road Town  
Tortola  
British Virgin Islands

### Independent Auditor

BDO LLP  
Public Accountants and Chartered Accountants  
21 Merchant Road #05-01  
Singapore 058267  
Partner-in-charge: Adrian Lee Yu-Min  
(Appointed since the financial period ended 31 March 2014)

### Warrant Registrar

Capita Registrars Limited  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
United Kingdom

### Myanmar Office

Suite 11-B Pansodan Business Tower  
123/133 Anawrahta Road  
PO Box 817  
Kyauktada Township  
Yangon, Myanmar  
Telephone: +95 1 391 804 to 7

### Broker

Allenby Capital Limited  
3 St. Helens Place  
London EC3A 6AB  
United Kingdom

### Legal Advisers to the Company (as to Myanmar Law)

DFDL Legal & Tax  
134A Thanlwin Road  
Golden Valley Ward (1)  
Bahan Township  
Yangon  
Myanmar

### Company Secretary

Appleby Corporate Services (BVI) Limited  
Jayla Place  
Wickhams Cay I  
Road Town  
Tortola  
British Virgin Islands

### Registrars

Capita Registrars (Guernsey) Limited  
Mont Crevelt House  
Bulwer Avenue  
St. Sampson  
Guernsey GY2 4LH

### Depository

Capita IRG Trustees Limited  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
United Kingdom



