

7 December 2015

PRESS RELEASE

Myanmar Investments International Limited

Unaudited interim results for the six months ended 30 September 2015

Myanmar Investments International Limited ("MIL", the "Company" or the "Group"), the AIM-traded investment company focussing on investing in Myanmar, has today announced its unaudited interim results for the six months to 30 September 2015.

Highlights

All dates refer to 2015 unless otherwise stated.

Country

- The general election on 8 November produced a landslide victory for Daw Aung San Suu Kyi's National League for Democracy ("NLD").
- Both the incumbent Union Solidarity Development Party ("USDP") and its military backers have confirmed their intention that there should be a smooth transition to the new government, a process that will take another four months prior to a new government being sworn in.
- Continued economic growth across the country especially in the telecommunications, banking and retailing sectors.
- It is likely that any remaining sanctions on the country will be lifted.

Company

- A successful equity fund raising completed in July raising US\$19.9 million.
- MIL led a US\$30 million investment into Apollo Towers in July, one of Myanmar's leading telecommunication tower companies.
- Myanmar Finance International Limited ("MFIL"), MIL's microfinance joint venture, continues to perform well.
- Continued development of our business network and expansion of our pipeline of investible opportunities.

Since the period end the Company announced on 16 November that Norfund, the Norwegian government's development finance institution, has taken a 25 per cent stake in MFIL, the Company's microfinance joint venture.

Whilst not formally announced, we believe that the Company's joint venture application for the securities license has not been successful although the Company continues to explore alternative investment opportunities in this area.

For the six months to 30 September 2015 the Company's unaudited loss after tax was US\$1.23 million. This represents:

- the share of the post-investment losses of MFIL;
- the overheads associated with running the Company's business;
- the impact of the share based payments arising from the Company's Employee Share Option Scheme; and

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- the costs associated with investigating investments, including both those that were made and those that did not come to fruition.

The Directors have determined that the Group's net asset value as at 30 September 2015 was US\$25.4 million, or US\$0.93 per share. This represents a 40.3 per cent increase in the net asset value over the 6 month period to 30 September 2015 and reflects:

- the unaudited loss for the period of US\$1.23 million;
- the equity fund raising in July of US\$19.9 million; and
- the appreciation in the valuation of the investment in MFIL of US\$0.26 million.

MIL continues to explore a strong pipeline of investment opportunities, with a total of 16 deals currently active within sectors including financial services, technology, logistics, healthcare, education, consumer products, energy and construction.

The Directors believe that investment conditions in Myanmar continue to improve and although it has not been without its difficulties, the Directors are pleased with the progress to date. Given the nature of the Company's deal flow the Directors believe that the Group will continue to be able to identify and close additional investments in the not too distant future.

To this end, and in accordance with the strategy set out in the Company's AIM Admission Document published in June 2013, the Company will consider raising additional equity to fund further investments.

Aung Htun, MIL's Managing Director commented "The recent election has cemented the unprecedented reforms started by President U Thein Sein five years ago. The spotlight is now on Daw Aung San Suu Kyi and we expect a significant increase in interest and investment from foreign companies, financial investors and the development finance community."

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Further information can be obtained from the Company's website www.myanmarinvestments.com

CHAIRMAN'S STATEMENT

All dates refer to 2015 unless otherwise stated.

COUNTRY UPDATE

Last month Myanmar held its first openly contested election in over 50 years. As a result Daw Aung San Suu Kyi's National League for Democracy ("NLD") won such an overwhelming majority that in 2016 it will control both houses of parliament and will be able to appoint the next President. With little specifics in its election manifesto, the NLD's campaign slogan of "time for change" resonated across the country that has been emerging from five decades of authoritarian rule.

Whilst there are still a number of key difficulties to be overcome the result is likely to enable the reform process to pick up pace and as such spur a significant increase in foreign interest and investment in Myanmar.

The November election was closely watched by international observers who concluded that it was a reasonably transparent process that, whilst flawed in parts, produced a credible outcome. That outcome was such an overwhelming landslide for the NLD that it even took them by surprise. Although the constitution provides that the military automatically holds 25 per cent of the seats in parliament, the NLD amassed 80 per cent of the contested seats such that Daw Suu, as she is affectionately known, now has the mandate to push through her social and economic reforms.

However, the NLD will also need to reach a working relationship with the military. Not only does it have its 25 per cent block in parliament but it also appoints the ministers of defence, border affairs and home affairs, the latter controlling both the police as well as the General Administration Department, which forms the backbone of local administration in the country.

That said, Daw Aung San Suu Kyi's stated priorities will be peace negotiation, the economy (especially development of the rural areas), reform of the administrative infrastructure and Rakhine State.

The NLD's policy on ethnic inclusion will be top of the agenda. Whilst a ceasefire agreement with eight of the country's largest ethnic groups was signed in October it was shunned by seven other ethnic groups. For long lasting peace and stability to therefore take place Daw Aung San Suu Kyi will still need to resolve one of the key issues her father, General Aung San, was still grappling with at the time of his assassination in 1947.

On economic policy, the specifics of NLD's 100 Day Plan are few but they have identified five priorities:

- fiscal prudence;
- lean and efficient government;
- revitalising agriculture;
- monetary and fiscal stability; and
- functioning infrastructure.

Fortunately, the economy the NLD is inheriting is already starting to show progress from the initial reforms put in place by the USDP:

- mobile phone penetration is now estimated at 60 per cent compared to 8 per cent two years ago;
- 9 foreign banks have been licensed and the number of ATMs has increased from 20 in 2012

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- to 1,600 currently;
- annual electricity production has increased from 8.6 GWh in 2010 to 12.2 GWh in 2014, a 42 per cent increase;
- approved annual foreign direct investment has nearly doubled from US\$4.6 billion in 2012 to US\$8.0 billion this year;
- the number of tourist arrivals to Myanmar has skyrocketed from 0.8m in 2011 to over 3m in 2014; and
- the Yangon Stock Exchange is scheduled to open on 9 December.

As a result Myanmar's economy grew at 8.5 per cent for the year ended 31 March 2015. This may moderate in the year to 31 March 2016 as a result of the floods suffered mid-year and a slowdown in pre-election investments per the World Bank. However the World Bank expects growth to resume at 8.0 to 8.5 per cent over the next few years, making Myanmar one of the fastest growing economies in the world.

Amidst strong economic growth, international institutions such as the IMF have sounded warnings on the risk of an overheating economy, and have projected full-year inflation for 2015 at 12.0 per cent, compared to official statistics of about 8.0 per cent as of April 2015. Put into perspective, however, inflation averaged over 30 per cent between 2005 to 2007 – in the pre-reform years, which had moderated to about 5.0 to 8.0 per cent between 2010 to 2014.

The Myanmar Kyat depreciated considerably against the US dollar but more or less in line with other ASEAN currencies, and is expected to continue to depreciate as a not untypical by-product of the import/export imbalance in the development process of Myanmar, and a stronger dollar as the threat of increasing interest rates looms in the United States. But reform of the Central Bank of Myanmar is expected to be a key part of the NLD's 100 day plan.

With the elections behind us, Myanmar's door is now wide open to receive further inflows of both tourists and foreign direct investments, the impact of which should be profound within the coming years.

COMPANY UPDATE

MIL has continued to press on with its mandate with several notable achievements during the interim period. Highlights include:

- a successful fundraising of US\$19.9 million in July;
- an investment of US\$20 million into Apollo Towers, also in July;
- Myanmar Finance International Limited, MIL's microfinance joint venture continues to perform well; and
- continued network and pipeline expansion.

Fund raising

On 21 July US\$19.9 million was raised through an equity issue of new ordinary shares and warrants for the purposes of raising capital for investment as well as covering the Company's general overhead costs. Both founding shareholders and notable new investors participated in the round. MIL has now raised almost US\$30 million since inception from a diverse shareholder base with an increasing number of institutional investors.

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Apollo Towers

Two weeks after this landmark capital raise, on 31 July MIL announced its participation as the lead investor in a US\$30 million investment into Apollo Towers (Singapore) Pte Ltd (“Apollo”). Currently operating over 1,200 on-air telecommunication towers, with another 600 contracted as of 30 September, Apollo is the second largest telecommunication tower company in Myanmar. Apollo is an industry leader operating at international standards, evidenced by tower up-time of 99.8 per cent, just shy of the developed world average of 99.9 per cent and well ahead of the emerging world’s 97.0 per cent.

With this foray into the telecommunications tower space, MIL seeks to capitalize on the boom in the recently liberalized mobile telecom sector. Both independent foreign mobile network operators (“MNOs”) in the country, Telenor and Ooredoo, have pledged to increase network coverage to over 90 per cent within the next few years.

MIL invested US\$20 million into Apollo, with LIM Advisors, one of our major shareholders together with an unconnected third party investing the remainder. The \$30 million investment purchased a 14.18 per cent stake in Apollo Towers, with MIL’s indirect share being 9.46 per cent.

MFIL

Myanmar Finance International Ltd. (“MFIL”), our microfinance business, has continued to perform strongly. With MIL’s assistance, MFIL has recruited a seasoned Managing Director, upgraded its back office systems, and extended its product lines, even while streamlining its internal processes. The recent floods have left MFIL relatively unaffected, with less than 0.1 per cent of the portfolio put at risk, which has since been resolved. As of 30 September, MFIL had 5 branches, with over 21,000 clients and an outstanding loans portfolio of over Kyat 3,325 million (US\$2.6 million at prevailing exchange rates).

Post period end, on 16 November, following robust growth and continued outperformance, the Norwegian Investment Fund for Developing Countries (“Norfund”), exercised an option granted to them earlier in the year to acquire a 25 per cent equity stake in MFIL. The option pricing effectively represents a 12 per cent uplift to the subscription price paid by MIL and we have revalued our investment in MFIL accordingly. We and our original joint venture partner, Myanmar Finance Company Limited (“MFC”), now each hold 37.5 per cent of the new partnership. As the Norwegian government’s development finance institution, Norfund is mandated to combat poverty through private sector development with microfinance being a particular area of expertise. MFIL intends to secure long-term debt facilities to leverage its business, and Norfund’s participation as a shareholder in MFIL and its connections with well-established microfinance lenders will greatly assist in this. We expect the joint venture to benefit immeasurably from this new partnership.

Securities joint venture

As of now, there has been no formal announcement with respect to the granting of the securities licences though the Yangon Stock Exchange which is scheduled to open on 9 December. It has however been reported that of the 22 applicants 10 have been informed that they have been granted provisional licences. Our JV applicant does not therefore appear to have been successful although we actively continue to explore opportunities in this area.

On 12 October we hosted our inaugural Investor Day in Myanmar. This was especially well attended by international institutional and private investors. The full day event included presentations and round table discussions from representatives from:

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- the Central Bank of Myanmar, the Asian Development Bank, the International Finance Corporation, diplomats and the United Nations Capital Development Fund;
- a broad range of local businesses, including telecommunications, power, oil and gas, retailing, finance, tourism, real estate, media and marketing research; as well as
- specialist advisers, political commentators and consultants.

Financial Performance

For the six months to 30 September MIL's unaudited consolidated loss after tax was US\$1.23 million. This represents:

- the overheads associated with running the business;
- costs associated with investigating investments, including both those that were made and those that did not come to fruition;
- the impact of the share based payments arising from the Company's Employee Share Option Scheme; and
- the Company's share of the post-investment losses of MFIL.

The Directors have appraised the MIL Group's Net Asset Value ("NAV") as at 30 September at US\$25.4 million, or US\$0.93 per share. This represents a 40.3 per cent increase in the net asset value over the 6 month period to 30 September and is mainly attributable to:

- the equity fund raising in July; plus
- the appreciation in the valuation of the investment in MFIL; less
- the unaudited loss for the period.

The Company's investments in MFIL and Apollo have been determined by reference to the prevailing International Private Equity and Venture Capital Guidelines.

In the following unaudited financial statements, which have been prepared in compliance with IFRS, the net asset value differs from the above stated value due to the following differences:

	US\$
NAV at end of the period as per the unaudited financial statements	25,144,123
Add: uplift due to difference in valuation methodology	<u>263,119</u>
NAV at end of period as per the Directors' valuation	<u><u>25,407,242</u></u>

Outlook

MIL continues to explore a strong pipeline of investment opportunities, with a total of 16 deals currently active within sectors including financial services, technology, logistics, healthcare, education, consumer products, energy and construction. Many of the opportunities are however not yet at a stage where they are investible and we maintain a rigorous screening process to quickly determine those opportunities that do not meet our stringent investment criteria. That said, our review of over 130 opportunities spanning almost every sector over the past few years has provided us with deeper market insight. Although we have seen deals of all shapes and sizes, we continue to seek opportunities that are true to our strategy, are fundamentally strong with significant, realistic upside at the same time as complying with our Business Integrity values.

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Once again, my appreciation goes out to the Executive Directors and staff for their hard work and achievements thus far, and to you the shareholders for your continued support.

William Knight
Chairman

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Present Interims</i>	<i>Prior Interims</i>	<i>Prior Full Year</i>
	<u>1 April 2015 to 30 Sept 2015</u>	<u>1 April 2014 to 30 Sept 2014</u>	<u>1 April 2014 to 31 March 2015</u>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	US\$	US\$	US\$
Revenue	-	-	-
Other item of income			
Interest income	-	-	-
Foreign exchange gain, net	-	-	216
Items of expense			
Employee benefits expense	(693,346)	(512,234)	(1,011,340)
Depreciation expense	(7,305)	(6,201)	(12,996)
Other operating expenses	(526,235)	(302,554)	(642,099)
Finance costs	(5,984)	(5,018)	(11,718)
Share of results of joint venture, net of tax	(1,811)	-	(62,305)
Loss before income tax	<u>(1,234,681)</u>	<u>(826,007)</u>	<u>(1,740,242)</u>
Income tax expense	(1,251)	(2,491)	(3,156)
Loss for the financial period, representing total comprehensive income	<u>(1,235,932)</u>	<u>(828,498)</u>	<u>(1,743,398)</u>
Loss per share (cents)			
- Basic and diluted	<u>(7.56)</u>	<u>(13.06)</u>	<u>(23.58)</u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Present Interims</i>	<i>Prior Interims</i>	<i>Prior Full Year</i>
	1 April 2015 to 30 Sept 2015 <i>Unaudited</i>	1 April 2014 to 30 Sept 2014 <i>Unaudited</i>	1 April 2014 to 31 March 2015 <i>Audited</i>
	US\$	US\$	US\$
ASSETS			
Non-current assets			
Investment in joint venture	1,715,051	1,100,000	1,450,195
Available for sale investments	20,000,000	-	-
Plant and equipment	19,305	26,949	24,252
	<u>21,734,356</u>	<u>1,126,949</u>	<u>1,474,447</u>
Current assets			
Other receivables	107,083	81,168	88,854
Cash and bank balances	3,608,234	2,701,609	5,049,268
	<u>3,715,317</u>	<u>2,782,777</u>	<u>5,138,122</u>
TOTAL ASSETS	<u><u>25,449,673</u></u>	<u><u>3,909,726</u></u>	<u><u>6,612,569</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	28,788,345	5,439,353	8,996,282
Share option reserve	201,996	107,586	160,113
Accumulated losses	(3,846,218)	(1,695,386)	(2,610,286)
Total Equity	<u>25,144,123</u>	<u>3,851,553</u>	<u>6,546,109</u>
Liabilities			
Current liabilities			
Other payables	304,299	58,173	65,195
Income tax payable	1,251	-	1,265
	<u>305,550</u>	<u>58,173</u>	<u>66,460</u>
TOTAL EQUITY AND LIABILITIES	<u><u>25,449,673</u></u>	<u><u>3,909,726</u></u>	<u><u>6,612,569</u></u>
NET ASSETS	<u><u>25,144,123</u></u>	<u><u>3,851,553</u></u>	<u><u>6,546,109</u></u>

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 APRIL 2015 TO 30 SEPTEMBER 2015

	Share capital US\$	Share option reserve US\$	Accumulated losses US\$	Total US\$
At 1 April 2015	8,996,282	160,113	(2,610,286)	6,546,109
Loss for the financial period	-	-	(1,235,932)	(1,235,932)
Total comprehensive income for the financial period	-	-	(1,235,932)	(1,235,932)
Contributions by and distributions to owners				
Issue of shares	19,942,396	-	-	19,942,396
Share issue expenses	(150,333)	-	-	(150,333)
Total contributions by and distributions to owners	19,792,063	-	-	19,792,063
Others				
Grant of share options to employees	-	41,883	-	41,883
Total others	-	41,883	-	41,883
At 30 September 2015	28,788,345	201,996	(3,846,218)	25,144,123

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AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Share capital US\$	Share option reserve US\$	Accumulated losses US\$	Total US\$
At 1 April 2014	5,439,353	74,749	(866,888)	4,647,214
Loss for the financial year	-	-	(1,743,398)	(1,743,398)
Total comprehensive loss for the financial year	-	-	(1,743,398)	(1,743,398)
Contributions by and distributions to owners				
Issue of shares	3,797,850	-	-	3,797,850
Share issue expenses	(240,921)	-	-	(240,921)
Total contributions by and distributions to owners	3,556,929	-	-	3,556,929
Others				
Grant of share options to employees	-	85,364	-	85,364
Total others	-	85,364	-	85,364
At 31 March 2015	8,996,282	160,113	(2,610,286)	6,546,109

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CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>Present Interims</u>	<u>Prior Interims</u>	<u>Prior Full Year</u>
	1 April 2015 to 30 Sept 2015 <i>Unaudited</i> US\$	1 April 2014 to 30 Sept 2014 <i>Unaudited</i> US\$	1 April 2014 to 31 March 2015 <i>Audited</i> US\$
Operating activities			
Loss before income tax	(1,235,932)	(828,498)	(1,740,242)
Adjustments for:			
Depreciation of plant and equipment	7,305	6,201	12,996
Share-based payment expense	41,883	32,837	85,364
Share of results of joint venture, net tax	1,811	-	62,305
Operating cash flows before working capital changes	<u>(1,184,933)</u>	<u>(789,460)</u>	<u>(1,579,577)</u>
Changes in working capital:			
(Increase)/decrease in other receivables	(18,229)	18,067	10,381
Increase/(decrease) in other payables	239,090	(5,539)	1,483
Cash used in operations	<u>(964,072)</u>	<u>(776,932)</u>	<u>(1,567,713)</u>
Income tax paid	-	-	(1,891)
Net cash flows used in operating activities	<u>(964,072)</u>	<u>(776,932)</u>	<u>(1,569,604)</u>
Investing activities			
Investment in joint venture	(266,667)	(1,100,000)	(1,512,500)
Available-for-sale investment	(20,000,000)	-	-
Purchase of plant and equipment	(2,358)	(1,125)	(5,223)
Net cash flows used in investing activities	<u>(20,269,025)</u>	<u>(1,101,125)</u>	<u>(1,517,723)</u>
Financing activities			
Net proceeds from issuance of shares	19,792,064	-	3,556,929
Increase in short-term deposits pledged	-	-	(35,981)
Net cash flows generated from financing activities	<u>19,792,064</u>	<u>-</u>	<u>3,520,948</u>
Net change in cash and bank balance	(1,441,033)	(1,878,057)	433,621
Cash and bank balances at beginning of the period	<u>5,013,287</u>	<u>4,579,666</u>	<u>4,579,666</u>
Cash and bank balances at the end of financial period	<u>3,572,254</u>	<u>2,701,609</u>	<u>5,013,287</u>