

7 December 2015

## **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
- 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](http://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 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.

#### *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:

- 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>25,407,242</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.

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<i>Present Interims</i>	<i>Prior Interims</i>	<i>Prior Full Year</i>
	Notes	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\$
Revenue		-	-	-
<b>Other item of income</b>				
Interest income		-	-	-
Foreign exchange gain, net		-	-	216
<b>Items of expense</b>				
Employee benefits expense	4	<b>(693,346)</b>	(512,234)	(1,011,340)
Depreciation expense	11	<b>(7,305)</b>	(6,201)	(12,996)
Other operating expenses		<b>(526,235)</b>	(302,554)	(642,099)
Finance costs	5	<b>(5,984)</b>	(5,018)	(11,718)
Share of results of joint venture, net of tax	9	<b>(1,811)</b>	-	(62,305)
<b>Loss before income tax</b>	6	<b>(1,234,681)</b>	(826,007)	(1,740,242)
Income tax expense	7	<b>(1,251)</b>	(2,491)	(3,156)
<b>Loss for the financial period, representing total comprehensive income</b>		<b>(1,235,932)</b>	(828,498)	(1,743,398)
<b>Loss per share (cents)</b>				
- Basic and diluted	8	<b>(7.56)</b>	(13.06)	(23.58)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<i>Present Interims</i>	<i>Prior Interims</i>	<i>Prior Full Year</i>
	Notes	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\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment in joint venture	9	1,715,051	1,100,000	1,450,195
Available for sale investments	10	20,000,000	-	-
Plant and equipment	11	19,305	26,949	24,252
		<u>21,734,356</u>	<u>1,126,949</u>	<u>1,474,447</u>
<b>Current assets</b>				
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>
<b>TOTAL ASSETS</b>		<u><u>25,449,673</u></u>	<u><u>3,909,726</u></u>	<u><u>6,612,569</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	13	28,788,345	5,439,353	8,996,282
Share option reserve	14	201,996	107,586	160,113
Accumulated losses		(3,846,218)	(1,695,386)	(2,610,286)
<b>Total Equity</b>		<u>25,144,123</u>	<u>3,851,553</u>	<u>6,546,109</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
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>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>25,449,673</u></u>	<u><u>3,909,726</u></u>	<u><u>6,612,569</u></u>
<b>NET ASSETS</b>		<u><u>25,144,123</u></u>	<u><u>3,851,553</u></u>	<u><u>6,546,109</u></u>



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

	Notes	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)
<b>Total comprehensive income for the financial period</b>		-	-	<b>(1,235,932)</b>	<b>(1,235,932)</b>
<b>Contributions by and distributions to owners</b>					
Issue of shares	13	19,942,396	-	-	19,942,396
Share issue expenses	13	(150,333)	-	-	(150,333)
<b>Total contributions by and distributions to owners</b>		<b>19,792,063</b>	-	-	<b>19,792,063</b>
<b>Others</b>					
Grant of share options to employees	14	-	41,883	-	41,883
<b>Total others</b>		-	<b>41,883</b>	-	<b>41,883</b>
<b>At 30 September 2015</b>		<b>28,788,345</b>	<b>201,996</b>	<b>(3,846,218)</b>	<b>25,144,123</b>

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

	Notes	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)
<b>Total comprehensive loss for the financial year</b>		-	-	<b>(1,743,398)</b>	<b>(1,743,398)</b>
<b>Contributions by and distributions to owners</b>					
Issue of shares	13	3,797,850	-	-	3,797,850
Share issue expenses	13	(240,921)	-	-	(240,921)
<b>Total contributions by and distributions to owners</b>		<b>3,556,929</b>	-	-	<b>3,556,929</b>
<b>Others</b>					
Grant of share options to employees		-	85,364	-	85,364
<b>Total others</b>		-	<b>85,364</b>	-	<b>85,364</b>
<b>At 31 March 2015</b>		<b>8,996,282</b>	<b>160,113</b>	<b>(2,610,286)</b>	<b>6,546,109</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Present Interims</i>	<i>Prior Interims</i>	<i>Prior Full Year</i>
	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\$
<b>Operating activities</b>			
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>
<b>Investing activities</b>			
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>
<b>Financing activities</b>			
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>
<b>Net change in cash and bank balance</b>	<b>(1,441,033)</b>	<b>(1,878,057)</b>	<b>433,621</b>
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>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

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**1. General corporate information**

Myanmar Investments International Limited (the "Company") is a limited liability company incorporated and domiciled 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 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 12.

The consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial period ended 30 September 2015 were approved by the Board of Directors on 7 December 2015.

**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.

This expectation is based on a review of the Company's existing financial resources; its present and expected future commitments in terms of its overheads and running costs; and its commitments to its existing investments.

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

**2. Summary of significant accounting policies**

There have been no significant changes in the Company's significant accounting policies from those disclosed in the Company's 2015 Annual Report, a copy of which can be found on our website at [www.myanmarinvestments.com](http://www.myanmarinvestments.com) except as described in Note 10.

**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.

There have been no significant changes in the Company's significant accounting judgements and estimates from those disclosed in the Company's 2015 Annual Report, a copy of which can be found on our website at [www.myanmarinvestments.com](http://www.myanmarinvestments.com).

#### 4. Employee benefits expense

	6 months to 30 September 2015 US\$	6 months to 30 September 2014 US\$	Year ended 31 March 2015 US\$
Salaries, wages, bonuses and other staff benefits	651,463	479,397	925,976
Share option expenses	41,883	32,837	85,364
	<u>693,346</u>	<u>512,234</u>	<u>1,011,340</u>

The employee benefits expense includes the remuneration of Directors as disclosed in Note 15.

#### 5. Finance costs

Finance costs represent bank charges for the financial year/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:

	6 months to 30 September 2015 US\$	6 months to 30 September 2014 US\$	Year ended 31 March 2015 US\$
Auditor's remuneration	24,836	20,012	34,131
Consultants' fees	124,461	52,101	107,681
Directors' fees	40,000	40,000	80,000
Operating lease expenses	60,400	55,781	113,320
Professional fees	19,877	26,529	44,275
Travel and accommodation	26,891	47,779	80,569
Transaction costs	122,878	-	-

Transaction costs represent the costs of investigating investment opportunities including those that were consummated and those that were not.

#### 7. Income tax

Income tax represents tax arising from the provision of inter-company management services.

#### 8. Loss per share

Basic loss per share is calculated by dividing the loss for the financial period/year attributable to owners of the Company 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:

	6 months to 30 September 2015	6 months to 30 September 2014	Year ended 31 March 2015
Loss for the financial year/period attributable to owners of the Company (US\$)	(1,237,397)	(828,498)	(1,743,398)
Weighted average number of ordinary shares during the financial year/period applicable to basic loss per share	16,403,349	6,342,619	7,393,035
<b><u>Loss per share</u></b>			
Basic and diluted (cents)	(7.53)	(13.06)	(23.58)

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. Investment in joint venture

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\$2.84 million) with MIL owning 55 per cent of the new company and MFC holding the remaining 45 per cent.

As at 30 September 2015, most of the committed equity capital contribution had been called. For MIL this totalled US\$1,779,167 with a further commitment outstanding of US\$1,060,833. However, as described in Note 18, on 16 November 2015 this commitment was reduced to only US\$140,833 (which has since been paid) as a result of Norfund taking up the balance of the commitment as part of it becoming a shareholder in MFIL.

MFIL 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. As at 30 September 2015, MFIL had 5 branches, with over 21,000 clients and an outstanding loan portfolio of over Kyat 3,325 million (US\$2.6 million at prevailing exchange rates).

MFIL is deemed to be a joint venture of the Company as the appointment of its directors and the allocation of voting rights for key business decisions require the unanimous approval of its shareholders.

	6 months to 30 September 2015	6 months to 30 September 2014	Year ended 31 March 2015
<b>Investment in joint venture (55%)</b>			
Carrying value brought forward	1,450,195	-	-
Additions/(disposals)	266,667	1,100,000	1,512,500
Share of results of joint venture, net of tax	(1,811)	-	(62,305)
Carrying value carried forward	<u>1,715,051</u>	<u>1,100,000</u>	<u>1,450,195</u>

## 10. Available for sale investment

On 31 July 2015, the Company announced that it had acquired a 66.67% stake in MIL 4 Limited (“MIL 4”) for a purchase consideration of US\$20,000,000. MIL 4, now a Company subsidiary, then acquired a 14.18% stake into Apollo Towers Pte. Ltd. (“Apollo”), an unlisted Singapore incorporated company, for a purchase consideration of US\$30,000,000. The Company’s indirect shareholding in Apollo of 9.46% is reflected in these interim financial statements.

Apollo owns and operates a leading telecommunication towers business in Myanmar through its wholly-owned subsidiary Apollo Towers Myanmar Limited.

Investments in shares classified as available for sale are recognized at fair value.

## 11. Plant and equipment

	Computer equipment US\$	Office equipment US\$	Furniture and fittings US\$	Total US\$
<b>Cost</b>				
Balance at 1 April 2015	10,749	2,297	27,797	40,843
Additions	-	-	2,358	2,358
Balance at 30 September 2015	10,749	2,297	30,155	43,201
<b>Accumulated depreciation</b>				
Balance at 1 April 2015	3,604	752	12,235	16,591
Depreciation for the period	1,893	383	5,029	7,305
Balance at 30 September 2015	5,497	1,135	17,264	23,896
<b>Carrying amount</b>				
Balance at 30 September 2015	5,252	1,162	12,891	19,305
<b>Cost</b>				
Balance at 1 April 2014	6,405	1,418	27,797	35,620
Additions	4,344	879	-	5,223
Balance at 31 March 2015	10,749	2,297	27,797	40,843
<b>Accumulated depreciation</b>				
Balance at 1 April 2014	566	158	2,871	3,595
Depreciation for the financial year	3,038	594	9,364	12,996
Balance at 31 March 2015	3,604	752	12,235	16,591
<b>Carrying amount</b>				
Balance at 31 March 2015	7,145	1,545	15,562	24,252

## 12. Investments in subsidiaries

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

<u>Name of subsidiaries</u>	<u>Country of incorporation / principal place of business</u>	<u>Principal activities</u>	<u>Proportion of ownership interest</u>
Myanmar Investments Limited	Singapore	Investment holding company	100
MIL Management Pte. Ltd.	Singapore	Provision of management services to the Group	100
MIL No. 2 Pte. Ltd.	Singapore	Dormant	100
MIL No. 3 Pte. Ltd.	Singapore	Dormant	100
MIL4 Limited	British Virgin Islands	Investment holding company	66.67
<b><i>Held by MIL Management Pte. Ltd.</i></b>			
MIL Management Co., Ltd	Myanmar	Provision of management services to the Group	100

## 13. Share Capital

	6 months to 30 September 2015 US\$	6 months to 30 September 2014 US\$	Year to 31 March 2015 US\$
<b>Issued and fully-paid share capital:</b>			
Ordinary shares at the beginning of the financial year	8,996,282	5,439,353	5,439,353
Issuance of ordinary shares during the financial year/ period	19,942,396	-	3,797,850
Share issuance expenses	(150,333)	-	(240,921)
	<u>28,788,345</u>	<u>5,439,353</u>	<u>8,996,282</u>
<b>Equity instruments in issue</b>	<b><u>Ordinary Shares</u></b>	<b><u>Warrants</u></b>	
As at 1 April 2015	9,959,619	9,459,619	
Issued during the financial period	17,341,214	5,780,408	
As at 30 September 2015	<u>27,300,833</u>	<u>15,240,027</u>	

The holders of the 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 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.

## Warrants

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.

No warrants were exercised during the period.

## 14. Share option reserve

Details of the Share Option Plan (the “Plan”) are more fully described in the Company’s 2015 Annual Report which can be found on our website [www.myanmarinvestments.com](http://www.myanmarinvestments.com).

As at 30 September 2015, there were 2,680,082 share options available for issue under the Plan with a weighted average exercise price of US\$1.121 per share of which 604,061 have been granted.

Of the 2,680,082 share options available they were created under the following series:

Series	Occasion	Number	Exercise price (USD)
Series 1	Admission Placing and Subscription	584,261	1.100
Series 2	December 2014 Subscription	361,700	1.155
Series 3	July 2015 Subscription	1,734,121	1.265
		<u>2,680,082</u>	

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

<u>Option series</u>	<u>Number of share options</u>	<u>Grant date</u>	<u>Expiry date</u>	<u>Exercise-price (USD)</u>	<u>Fair value at grant date</u>
Series 1	410,000	27 June 2013	26 June 2023	1.100	153,487
Series 1	25,000	9 December 2013	8 December 2023	1.100	19,015
Series 1	139,061	25 September 2014	24 September 2024	1.100	66,173
Series 2	30,000	2 June 2015	1 June 2025	1.155	22,683
	<u>604,061</u>				

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

The weighted average fair value of the share options granted during the financial period was US\$0.756. Share options were priced using the Black-Scholes option pricing model. 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:

	<u>Grant date</u> <u>2 June 2015</u>
Grant date share price(US\$)	1.40
Exercise price (US\$)	1.55
Expected volatility	34.86%
Option life	10 years
Risk-free annual interest rates	2.27%



The Group recognised total expenses of US\$41,883 related to equity-settled share-based payment transactions during the financial year.

#### Movement in share options during the financial period

The following reconciles the share options outstanding at the start of the period and at the end of the period.

	<u>Number</u>	<u>Weighted average exercise price</u> US\$
Balance at start of the financial period	574,061	1.100
Granted	30,000	1.155
Balance at end of financial period	604,061	1.103

No share options were exercised during the financial period.

#### Share option outstanding at the end of the financial year/period

The share options outstanding at the end of financial period had a weighted average exercise price of US\$1.103 and a weighted average contractual life of 8.14 years.

## 15. Significant related party disclosures

### *Compensation of key management personnel*

The remuneration of the Directors for the six month period to 30 September 2015 are as follows:

	<u>Directors' fees</u> US\$	<u>Short term benefits</u> US\$	<u>Share options</u> US\$	<u>Total</u> US\$
<b>Executive directors</b>				
Maung Aung Htun	-	251,000*	15,365	266,365
Anthony Michael Dean	-	238,500*	13,355	251,855
<b>Independent non-executive directors</b>				
Christopher William Knight	15,000	-	718	13,218
Craig Robert Martin	12,500	-	1,077	13,577
Christopher David Appleton	12,500	-	1,436	16,436
	40,000	489,500	31,951	561,451

\* The short term employee benefits includes bonuses totalling US\$150,000 for the Executive Directors that relate to the financial year ended 31 March 2015 as determined by the Remuneration Committee.

## 16. Dividends

The Directors of the Company do not recommend any dividend in respect of the six month period ended 30 September 2015.

## **17. Financial risk management objectives and policies**

The Group has risk management policies that systematically manage 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 and are kept under review by the Directors. 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 investments, 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 in the Company's 2015 Annual Report a copy of which can be found on our website [www.myanmarinvestments.com](http://www.myanmarinvestments.com).

## **18. Subsequent events**

On 16 November 2015 the Company announced that the Norwegian Investment Fund for Developing Countries ("Norfund") had entered into conditional agreements ("Agreements") pursuant to which Norfund will become an equity shareholder in Myanmar Finance International Ltd. ("MFIL"), the Company's microfinance joint venture.

Norfund is the Norwegian development finance institution, established and owned by the Norwegian Government to combat poverty in selected countries through private sector development. One of the areas that it specialises in is microfinance and as a result brings significant experience to MFIL.

Under the Agreements Norfund will subscribe for new shares for total consideration of US\$1,430,720 (the "Subscription"). Concurrent with the Subscription, the fourth and final tranche of the initial capital specified under the MFIL joint venture agreement is being called from the existing joint venture partners, Myanmar Investments and Myanmar Finance Co Ltd ("MFC") (the "Capital Call"). Myanmar Investments will contribute US\$140,833 in this Capital Call, for a total capital contribution to date of US\$1,920,000. Following completion of the Subscription and Capital Call, Myanmar Investments' and MFC's shareholdings in MFIL will each be reduced to 37.5 per cent, while Norfund will have a 25 per cent shareholding in MFIL.