

**MYANMAR STRATEGIC HOLDINGS LIMITED  
AND ITS SUBSIDIARIES**

*Company Registration Number: 201302159D*

UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM  
1 OCTOBER 2020 TO 31 MARCH 2021

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
Financial and Operational Highlights	1 – 8
Condensed Interim Consolidated Statement of Comprehensive Income	9
Condensed Interim Consolidated Statement of Financial Position	10
Condensed Interim Consolidated Statement of Changes in Equity	11 – 12
Condensed Interim Consolidated Statement of Cash Flows	13 – 14
Notes to the Condensed Interim Consolidated Financial Statements	15 – 32

## MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the financial period from 1 October 2020 to 31 March 2021

All dates refer to the six-month financial period ended 31 March 2021, unless otherwise stated. The six-month financial period from 1 October 2019 to 31 March 2020, is referred to as "6M'20".

#### FINANCIAL HIGHLIGHTS

- Group revenues for the six-month financial period ended 31 March 2021 increased 175% year-on-year ("YOY") to US\$7.6 million, of which 65% derived from Education and 35% from Services (6M'20: 70% derived from Services, 28% from Education and 2% from Hospitality). The increase in the Group's revenue is due to (i) the consolidation of Wall Street English Vietnam ("WSE Vietnam") since the completion of its acquisition on 14 July 2020 and (ii) the growth of the Wall Street English Myanmar ("WSE Myanmar") owned business following the review and amendment of the existing management agreements.
- The Group's net loss for the six-month financial period ended 31 March 2021 amounted to US\$2.9 million (6M'20: US\$1.6 million), primarily due to (i) the continued impact of COVID-19 on the Myanmar and Vietnam operations, (ii) the disruption linked to the military takeover initiated in Myanmar on 1 February 2021 (the "State of Emergency"), (iii) a subdued tourism market impacting the Hospitality division and (iv) the increase in amortisation of right-of-use assets arising from the consolidation of the WSE Vietnam leases and four new leases entered in respect of the WSE Myanmar language centres.
- The Group's net comprehensive loss for the six-month financial period ended 31 March 2021 was US\$3.1 million (6M'20: US\$1.6 million).
- As a result of cost control and cash flow management initiatives, financial resources were carefully administered and operating cash outflow for the six-month financial period ended 31 March 2021 amounted to US\$1.1 million (6M'20: US\$0.9 million), a limited increase considering the Group's considerable growth in size.
- Underlying revenues, an indicator of the volume of business generated by the managed and owned businesses, increased 71% YOY to ca. US\$8.2 million (6M'20: US\$4.8 million) for the six-month financial period ended 31 March 2021, of which 67% derived from Education and 33% from Services.
- The COVID-19 pandemic continues to significantly affect the Group's operations resulting, among others, in (i) temporary closures of in-person operations across both its Education and Hospitality divisions and (ii) higher operating costs in its Services division. The global COVID-19 response remains fluid as countries adopt different COVID-19 restrictions and vaccination policies. Therefore, the Group cannot reasonably project the full extent of the COVID-19 impact going forward.
- As a result of Myanmar's State of Emergency, since 1 February 2021 Yangon American International School ("Yangon American"), WSE Myanmar and Auston College ("Auston") were subjected to temporary closures and shifted to online service delivery due to the general unrest and worsening security environment. Conversely, EXERA continued to operate and registered a marked increase in the demand for security, secured logistics and risk management services. Operations across all divisions have stabilised since May 2021.
- The diversification of the Group's operations between Myanmar and Vietnam mitigates the overall COVID-19 and single-country exposure of the Group.
- The Company maintains a loan facility of up to US\$7.0 million with MACAN, the Company's corporate shareholder, and has drawn down US\$5.0 million at the date of this report (US\$4.5 million as at 31 March 2021). Management has assessed that there are sufficient mitigating actions within the control of the Group, such as the significant reduction of operational activities of non-profitable business segments, re-negotiation of lease contracts with landlords to secure lease concession and unutilised credit facilities for its working capital requirements for the next 12 months from the date of this report.

## MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the financial period from 1 October 2020 to 31 March 2021

#### OPERATIONAL HIGHLIGHTS

##### Education

- Through its Education division, the Group is currently active in (i) English language learning (Wall Street English Myanmar and Vietnam), (ii) higher education (Auston College Myanmar) and (iii) K-12 international school (Yangon American International School).
- As a result of the COVID-19 outbreak affecting the education sector, the Group renegotiated the key terms of its operating and management agreements with its related party, TED Limited ("TED"). Effective 1 October 2020, E Partners, a wholly owned-subsiary of the Group, leased four language centres from TED to operate and manage its own Wall Street English language learning centres and Auston College in Myanmar. These education businesses will therefore be owned businesses and contribute to the Group's revenues.
- E Partners will continue to provide operating, management and technical support services for TED's existing student contracts for a fee over the next 24 months. Therefore, these legacy businesses will continue to be treated as managed businesses and generate management fees to the Group.
- Group revenues from the owned and managed education businesses for the six-month financial period ended 31 March 2021 amounted to US\$7.3 and US\$1.0 million (6M'20: US\$2.2 and US\$2.6 million), respectively. The increase is mainly due to (i) the consolidation of WSE Vietnam since the completion of its acquisition on 14 July 2020 and (ii) the growth of the WSE Myanmar owned business following the review and amendment of the existing management agreements.
- As at 31 March 2021, the number of Wall Street English centres and students by country are as follows:

	Number of WSE retail centres		Number of WSE students ('000)	
	6 months ended 31 March 2021	6 months ended 31 March 2020	6 months ended 31 March 2021	6 months ended 31 March 2020
Vietnam (Owned business)	7	N/A	4.8	N/A
Myanmar (Owned and managed businesses)	4	4	1.6	1.8
<b>Total</b>	11	4	6.4	1.8

- The Group continues to seek opportunities to expand its WSE centres as the sole franchisee in Vietnam and with its remaining exclusive franchise rights of six years in Myanmar.
- MSH owns and operates the Yangon American International School ("Yangon American"), a Myanmar Investment Commission-approved international school operating on a campus of over 3,000 sqm. Its planned capacity is 400 students and its enrolment for academic year 2020-2021 was ca. 70 students (6M'20: 50 students).
- In July 2021, Yangon American was recognised as an official International Baccalaureate Primary Years Programme ("IB PYP") school by the International Baccalaureate Organization. The IB PYP programme, which was established by the International Baccalaureate Educational Foundation in 1997 and is now taught in 109 countries, is designed for students aged 3 through 12 and focuses on the child as an "inquirer", developing their natural curiosity, both in and out of the classroom. Yangon American is the only IB PYP school in Myanmar.
- During the six-month financial period ended 31 March 2021, the education businesses generated underlying revenues of US\$5.5 million (6M'20: US\$2.2 million). Due to COVID-19 and the State of Emergency, movement restrictions and school closures were experienced, which in turn resulted in slower recruitment of students and delivery of classes through home-based learning. The State of Emergency also lead to certain foreign investors and operators re-assessing their investments in Myanmar and to the suspension of leading international schools within Yangon American's vicinity, which will provide opportunities for student recruitment.

## MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the financial period from 1 October 2020 to 31 March 2021

---

#### Services

- EXERA is an internationally-managed provider of security and risk management services, operating exclusively in Myanmar. As at 31 March 2021, EXERA has an experienced workforce of over 1,700 (6M'20: 1,300) security officers and provides a range of integrated security, guarding, protective services, journey management, training, and nationwide risk consulting, to a wide range of international and local clients.
- Its customer base includes multi-national corporations, large oil and gas companies, established local businesses and governmental bodies and international organisations such as WFP, UNHCR, UNICEF, the Embassy of the Republic of Singapore and the EU mission. EXERA's services are essential to the continued presence of these organisations in Myanmar throughout the current political and economic instability.
- The Group's revenues arising from the rendering of services for the six-month financial period ended 31 March 2021 were US\$2.7 million (6M'20: US\$2.0 million). Revenue growth was attributable to (i) the successful renegotiation of certain key contracts and (ii) the renewed demand for high quality integrated security and risk management services, particularly following the State of Emergency in Myanmar. The ability to secure new customers is mainly due to EXERA's competitive advantage as the only company in Myanmar with ISO 18788 Management System for Private Security Operations, ISO 9001, OHSAS 18000, and ANSI/ASIS PSC 1 accreditation.

#### Hospitality

- Under the Hospitality division, the Group manages four boutique hostels with 474 beds and 108 rooms in four locations across Bagan, Mandalay and Nyaung Shwe, the most popular tourist destinations in Myanmar.
- Management and technical assistance fees contributed to the Group for the six-month financial period ended 31 March 2021 were US\$6,800 (6M'20: US\$45,000), a significant decrease due to the continued COVID-19 restrictions where domestic and international travel in Myanmar remains limited.
- To address the continued underperformance of Myanmar's tourism and to offset the currently challenging operating environment in Myanmar, the Group's remains focused on reducing operating costs and generating operational synergies. It is worth noting that through its boutique hostels the Group provides livelihood for hundreds of individuals in developing communities in Bagan and Inle Lake. Management takes great pride and acknowledges its role as a responsible long-term investor in these communities.

#### New Business Development

- MSH continues to develop its business network and expand its pipeline within the Group's existing sectors (e.g. Services, Education and Hospitality) and new sectors (e.g. Technology). As the Group gradually builds a stronger presence on-the-ground in Vietnam, the Group intends to seek new opportunities throughout Asia to diversify the Group's geographical exposure.
- Management also routinely conducts in-depth studies of new sectors (e.g. Healthcare, Retail and Financial Services) to determine whether to allocate additional human and financial resources to selected initiatives.

The Group's minority investments include, among others:

- Myanmar Investments International Limited ("MIL"): in September 2020, MSH purchased a minority stake of 897,500 shares in MIL at an average price of US\$0.68 per MIL ordinary shares for a total consideration of US\$0.61 million, of which US\$0.46 million was satisfied in cash and US\$0.15 million through the issuance of 7,629 new MSH shares. MIL is a Myanmar-focused investment company listed on the AIM market of the London Stock Exchange with investments in the telecommunications and financial sectors. As at 31 March 2021, the quoted share price was US\$0.61 per share and the unaudited net asset value reported by MIL was US\$0.74 per share.

## MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the financial period from 1 October 2020 to 31 March 2021

---

#### Myanmar Macro-Economic Highlights

- According to the World Bank, Myanmar's economy is estimated to have grown by 1.7% in 2020, a significant decrease from the growth rate of 6.8% achieved the previous year.<sup>1</sup>
- In 2021, COVID-19 and the State of Emergency have resulted in a material shock to GDP growth; long-term effects of which are yet to be ascertained. In March 2021, the World Bank revised its forecast for Myanmar's GDP to contract 10% in 2021 - a sharp reversal from the World Bank's previous economic update in October 2020 when it predicted Myanmar's economy would grow by 5.9%.<sup>1</sup>
- The Myanmar kyat has depreciated against the US dollar which resulted in an increase in prices of fuel and some other basic items. The economic outlook is highly uncertain, with a wide range of possible scenarios. Any future recovery in domestic activity will likely be contingent on a rebound in mobility and the restoration of key services, including financial services. The trade and foreign investment outlook will depend on the reactions of international investors and governments. Furthermore, the extent of the recovery will also be dependent on the efforts to control and tackle the pandemic by increasing the speed of its vaccination programme.

#### Vietnam Macro-Economic highlights

- Vietnam is experiencing rapid demographic and social change. Its population currently at 98 million is expected to expand to 120 million by 2050. Based on the 2019 Population Census Report, 55.5% of the population is under 35 years of age, with a life expectancy of 76 years, the highest among countries in the region at similar income levels. Vietnam's emerging middle class is approximately 13% of the population and is expected to reach 26% by 2026.<sup>2</sup>
- Vietnam's human capital index ("HCI") is at 0.69, representing that a child born in Vietnam today will be 69% as productive when fully grown.<sup>2</sup> This figure is higher than the average for East Asia and the Pacific region and lower middle-income countries. There is also a need to upgrade the skills of the workforce to create productive jobs at a large scale in the future, as Vietnam positions itself as an alternative manufacturing hub to China.
- When COVID-19 hit Vietnam in early 2020, the World Bank worked with Vietnam in its national response strategy from health crisis management to fostering a resilient recovery. The World Bank Group also provided a grant to Vietnam which enables the country to increase its COVID-19 testing capacity to 84 laboratories nationwide reducing the turnaround time for COVID-19 test from 24-48 hours to 4-6 hours. This contributed to Vietnam's successful containment of the COVID-19 outbreak at the end of 2020. For a country of 98 million people, it only registered 1,465 infected cases with 35 deaths while managing to post a positive GDP growth.<sup>2</sup> A surge in cases has been recorded in June and July 2021, leading to lockdowns in Hanoi and Ho Chi Minh, among other cities.
- The Asian Development Bank forecasts 6.7% GDP growth in 2021 and 7.0% in 2022, one of the fastest growth rates across ASEAN. Inflation is forecasted at 3.8% and 4.0% respectively.

---

<sup>1</sup> <https://pubdocs.worldbank.org/en/537621563917606875/mpc-mm.pdf>

<sup>2</sup> <https://www.worldbank.org/en/country/vietnam/overview>

## MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the financial period from 1 October 2020 to 31 March 2021

---

Enrico Cesenni, Chief Executive Officer of Myanmar Strategic Holdings, said:

*"I am very pleased to report that over the six-month financial period ended 31 March 2021, Myanmar Strategic Holdings has continued to grow, notwithstanding the complex social, economic and political environment in both Myanmar and Vietnam."*

*"Since its inception MSH has targeted sectors that positively contribute to the overall development of the countries in which we operate, creating jobs and alleviating poverty. Within these sectors we aim to build businesses that embody the best terms of business, environmental, social and governance practices."*

*"The recent political upheaval has once again brought to light the importance of responsible business dealings. Since its inception, the Group has not worked with sanctioned individuals or companies. Before engaging with any customer, the Group conducts extensive diligence checks on the counterpart's activities, ownership and business associates. Group-wide know-your-client ("KYC") and anti-bribery trainings are conducted routinely and for all employees."*

*"Throughout the COVID-19 pandemic and most recently the military takeover in Myanmar, our team remained on the ground and implemented several initiatives aimed at containing any potential pandemic spread and ensuring continued services across more than 200 sites."*

*"Our employees have shown incredible resilience and ingenuity through a series of disruptions which included, among others, movement restrictions, the imposition of martial laws and the temporary suspension of internet and mobile services. Most employees have agreed to voluntary material reductions in salaries to support the Group's businesses and protect the surrounding communities, hence the disruption to our employees' livelihood was limited."*

*"MSH's core portfolio of operating businesses in multiple industries in Myanmar and Vietnam has enabled the Group to diversify and protect itself from several external shocks. While our operating loss for the period has widened due to the temporary closure of our education businesses in Myanmar in February and March 2021, all businesses were fully operational from the end of April 2021 and were experiencing the positive effect of pent-up demand in June and July 2021."*

*"Myanmar's continued State of Emergency is of great concern to Management and shareholders. We remain very concerned about the use of violence against any individual and condemn, to the greatest extent, the use of lethal force against the people of Myanmar."*

*"While we are acutely aware of the complex political and social environments that MSH operates in, we continue to maintain an optimistic stance on Southeast Asia's economic prospects, and we are confident of our ability to drive sustainable and responsible investments in the region. As economic development continues, Management will increasingly focus on businesses targeting the population's primary needs such as education, security and healthcare."*

*"At its core, MSH has always focused on the delivery of services that can improve the livelihoods of the populations it serves and acting as a responsible sustainable operator and investor in the markets in which it works. We believe that our responsible engagement with local communities and the relevant stakeholders is more important now than ever before."*

*"Our permanent capital structure backed by truly patient capital positions MSH as a trusted long-term partner in emerging economies."*

*"We would like to take this opportunity to thank shareholders for their continued support and all members of staff across the Group for their hard work and sacrifices through these challenging, uncertain and upsetting times."*

*"We look forward to updating shareholders on our progress in due course."*

**For more information please visit [www.ms-holdings.com](http://www.ms-holdings.com) or contact:**

**Myanmar Strategic Holdings Ltd.**

Richard Greer, Independent Non-Executive Chairman  
Enrico Cesenni, Founder and CEO

[richardgreer@me.com](mailto:richardgreer@me.com)  
[enrico@ms-holdings.com](mailto:enrico@ms-holdings.com)

**Allenby Capital Limited (Broker)**

Nick Athanas  
Nick Naylor

+44 (0)20 3328 5656

**Yellow Jersey PR (Financial PR)**

Henry Wilkinson  
Matthew McHale

+44 (0)20 3004 9512

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**FINANCIAL AND OPERATIONAL HIGHLIGHTS**

For the financial period from 1 October 2020 to 31 March 2021

	<b>Unaudited 6 months ended 31 March 2021 US\$</b>	<b>Unaudited 6 months ended 31 March 2020 US\$</b>
Revenue	7,647,891	2,781,116
Other income	6,766	93
Employee benefits expense	(6,202,746)	(2,557,346)
Other expenses	(2,170,454)	(1,123,492)
<b>Adjusted EBITDA</b>	<b>(718,543)</b>	<b>(899,629)</b>
Amortisation expense on right-of-use assets	(1,331,375)	(187,240)
Interest expense on lease liabilities	(355,685)	(142,654)
<b>Adjusted EBITDA after Impact of Right-of-Use Assets</b>	<b>(2,405,603)</b>	<b>(1,229,523)</b>
One-off expenses pursuant to deal-related expenses and loss on write-off	-	(68,577)
Depreciation expense	(246,594)	(161,798)
Finance cost	(93,945)	(78,124)
Impairment of trade and other receivables	(103,207)	-
Amortisation expense	(113,270)	(62,550)
<b>Loss before income tax</b>	<b>(2,962,619)</b>	<b>(1,600,572)</b>
Income tax	17,611	10,383
<b>Loss for the financial period</b>	<b>(2,945,008)</b>	<b>(1,590,189)</b>
<b>Loss for the period attributable to:</b>		
Owners of the Company	(2,885,464)	(1,587,660)
Non-controlling interests	(59,544)	(2,529)
	<b>(2,945,008)</b>	<b>(1,590,189)</b>
<b>Loss per share attributable to owners of the Company (US\$)</b>		
- Basic and diluted (US\$)	(1.03)	(1.28)

**FINANCIAL REVIEW**

- The underlying revenues generated by the Group in relation to the owned and managed businesses grew to US\$8.2 million for the six-month period ended 31 March 2020 (6M'20: US\$4.8 million), an increase of ca. 71% YOY.
- This was driven primarily by the increase in the student fees arising from the Owned Business for Wall Street Myanmar and the consolidation of Wall Street Vietnam's results. The increase in revenue was partially mitigated by a significant decline in technical support service fees in the Hospitality division due to the COVID-19-related domestic and international travel restrictions.

## MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the financial period from 1 October 2020 to 31 March 2021

#### RESULTS OF OPERATIONS

- The Group registered revenue growth of 175% against the previous period and correspondingly, employee benefits expenses and other expenses grew respectively at 143% and 93% YOY.
- The Group's Adjusted EBITDA loss shows a clearer picture of the performance of the operations, reduced to US\$0.7 million for the six-month financial period ended 31 March 2021 (6M'20: US\$0.9 million).
- Including the amortisation of right-of-use assets and the interest expense on lease liabilities, the Group's Adjusted EBITDA loss amounted to US\$2.4 million for the six-month financial period (6M'20: US\$1.2 million). The significant increase is mainly due to the four new retail WSE Myanmar leases entered with related party (TED Limited) for the operations of the WSE Myanmar Owned Business and the consolidation of the WSE Vietnam language centres.
- Direct and indirect Full Time Employees ("FTEs") increased to over 2,200 (ca. 1,700 as at 31 March 2020), of which ca. 60 FTEs (Mar'20: 400) were employed within the operations under management and ca. 2,140 FTEs (Mar'20: 1,300) were employed in the owned operations. The growth was mainly due to the expansion of EXERA's operations, consolidation of WSE Vietnam and the Owned Business for WSE Myanmar.

	Unaudited 6 months ended <u>31 March 2021</u> US\$	Unaudited 6 months ended <u>31 March 2020</u> US\$
<b>Underlying revenues</b>		
<u>Managed businesses</u>		
Hospitality (Ostello Bello)	18,595	617,633
Education (Legacy: WSE, Auston)	951,302	1,962,072
<b>Total managed businesses</b>	<b>969,897</b>	<b>2,579,705</b>
<u>Owned Businesses</u>		
Services (EXERA)	2,707,920	1,957,985
Education (WSE, Auston, Yangon American)	4,567,955	284,165
<b>Total owned businesses</b>	<b>7,275,875</b>	<b>2,242,150</b>
<b>Total underlying revenues</b>	<b>8,245,772</b>	<b>4,821,855</b>

#### UNDERLYING REVENUES

- The Underlying Revenues are an indicator of the total volume of business generated in each division. The operating businesses managed and owned by the Group generated revenues ("Underlying Revenues") of US\$8.2 million for the six-month period ended 31 March 2021 (6M'20: US\$4.8 million), an increase of ca. 71% YOY. The significant revenue growth is mainly due to (i) the re-negotiation of the operating and management agreements with its related party (TED Limited) which resulted in a significant contribution in the owned business for Wall Street Myanmar and a concurrent decrease in the WSE managed business and (ii) the half-year effects arising from the consolidation of Wall Street Vietnam's results.

Additionally, the State of Emergency declared in Myanmar led to an increase in demand for high-quality integrated security and risk management services, which contributed to the 39% revenue growth rate from the Services division.

## **MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

*Company Registration No.: 201302159D*

### **FINANCIAL AND OPERATIONAL HIGHLIGHTS**

*For the financial period from 1 October 2020 to 31 March 2021*

---

#### **LIQUIDITY AND CAPITAL RESOURCES**

As at 31 March 2021, the Group's cash and cash equivalents amounted to US\$2.5 million, compared to US\$0.2 million as at 31 March 2020, an increase of US\$2.3 million.

Net cash used in operating activities amounted to US\$1.1 million (6M'20: US\$0.9 million) increased marginally, considering the Group is significantly larger than the previous financial period following the consolidation of WSE Vietnam and the WSE Myanmar Owned business.

The Group advanced US\$0.3 million to the owners of the relevant managed operations to fund refurbishment expenses, improvements and general working capital mainly for the Managed Hospitality business. Such advances are unsecured and interest free and there is a risk that the Group may not be repaid some or all of these monies.

Financing activities recorded a net cash outflow mainly due to repayments of lease liabilities, which increased due to the four new WSE Myanmar language centres leased from a related party and lease payments for the language centres leased for WSE Vietnam. The increase in outflow was mitigated by an additional loan from Macan Pte. Ltd., a corporate shareholder, of US\$1.5 million.

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial period from 1 October 2020 to 31 March 2021

	Note	Unaudited 6 months ended <u>31 March 2021</u> US\$	Unaudited 6 months ended <u>31 March 2020</u> US\$
Revenue	4	7,647,891	2,781,116
Other income		6,766	93
Employee benefits expense	5	(6,202,746)	(2,557,346)
Depreciation expense	9	(246,594)	(161,798)
Amortisation expense	10, 11	(1,444,645)	(249,790)
Other expenses		(2,170,454)	(1,192,069)
Loss allowance on trade and other receivables		(103,207)	-
Finance cost	6	(449,630)	(220,778)
Loss before income tax	7	(2,962,619)	(1,600,572)
Income tax credit	8	17,611	10,383
<b>Loss for the period</b>		<b>(2,945,008)</b>	<b>(1,590,189)</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange difference in translation of foreign operations		(37,259)	-
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Changes in fair value of equity instruments at FVOCI	12	(123,611)	-
Other comprehensive income for the period, net of tax		(160,870)	-
<b>Total comprehensive income</b>		<b>(3,105,878)</b>	<b>(1,590,189)</b>
<b>Loss for the period attributable to:</b>			
Owners of the Company		(2,885,464)	(1,587,660)
Non-controlling interests		(59,544)	(2,529)
		<b>(2,945,008)</b>	<b>(1,590,189)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(3,046,334)	(1,587,660)
Non-controlling interests		(59,544)	(2,529)
		<b>(3,105,878)</b>	<b>(1,590,189)</b>
<b>Loss per share attributable to the owners of the Company (US\$)</b>			
- Basic and diluted (US\$)	17	(1.03)	(1.28)

The above condensed interim consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2021

	Note	Unaudited As at <u>31 March 2021</u> US\$	Audited As at <u>30 September 2020</u> US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	9	933,885	1,157,024
Intangible assets	10	6,648,272	6,733,180
Right-of-use assets	11	11,356,582	9,310,027
Financial assets at FVOCI	12	551,963	675,574
Other receivables	13	521,220	520,892
<b>Total non-current assets</b>		<u>20,011,922</u>	<u>18,396,697</u>
<b>Current assets</b>			
Inventories		109,647	33,498
Trade and other receivables	13	3,089,240	2,393,068
Cash and cash equivalents		2,501,552	3,941,413
<b>Total current assets</b>		<u>5,700,439</u>	<u>6,367,979</u>
<b>Total assets</b>		<u>25,712,361</u>	<u>24,764,676</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Contract liabilities	4	386,475	282,650
Shareholder's loan	14	4,812,152	3,218,207
Lease liabilities		10,295,300	7,384,391
Deferred tax liabilities		217,923	245,731
<b>Total non-current liabilities</b>		<u>15,711,850</u>	<u>11,130,979</u>
<b>Current liabilities</b>			
Trade and other payables	15	2,257,365	2,363,108
Contract liabilities	4	5,167,107	4,898,069
Lease liabilities		1,144,929	1,960,731
Income tax payables		32,759	-
<b>Total current liabilities</b>		<u>8,602,160</u>	<u>9,221,908</u>
<b>Total liabilities</b>		<u>24,314,010</u>	<u>20,352,887</u>
<b>Equity</b>			
Share capital	16	20,553,638	20,553,638
Accumulated losses		(19,392,383)	(16,517,220)
Other reserves		268,051	346,782
<b>Equity attributable to owners of the Company</b>		<u>1,429,306</u>	<u>4,383,200</u>
Non-controlling interests		(30,955)	28,589
<b>Total equity</b>		<u>1,398,351</u>	<u>4,411,789</u>
<b>Total liabilities and equity</b>		<u>25,712,361</u>	<u>24,764,676</u>

The above condensed interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the financial period from 1 October 2020 to 31 March 2021

**Unaudited**

6 months ended 31 March 2021

		<u>Share capital</u>	<u>Equity reserves</u>	<u>Share option reserve</u>	<u>Fair value reserve</u>	<u>Foreign Exchange reserve</u>	<u>Accumulated losses</u>	<u>Equity attributable to owners of the Company</u>	<u>Non-controlling interest</u>	<u>Total Equity</u>
	Note	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Equity</b>										
Balance as at 1 October 2020		20,553,638	(118,061)	610,737	(87,180)	(58,714)	(16,517,220)	4,383,200	28,589	4,411,789
<b>Total comprehensive income for the financial period:</b>										
Loss for the financial period		-	-	-	-	-	(2,885,464)	(2,885,464)	(59,544)	(2,945,008)
Other comprehensive income		-	-	-	(123,611)	(37,259)	-	(160,870)	-	(160,870)
		-	-	-	(123,611)	(37,259)	(2,885,464)	(3,046,334)	(59,544)	(3,105,878)
Liquidation of a subsidiary		-	(10,301)	-	-	-	10,301	-	-	-
<b>Contribution by owners of the Company</b>										
Recognition of share-based payments	5	-	-	92,440	-	-	-	92,440	-	92,440
<b>Balance as at 31 March 2021</b>		<b>20,553,638</b>	<b>(128,362)</b>	<b>703,177</b>	<b>(210,791)</b>	<b>(95,973)</b>	<b>(19,392,383)</b>	<b>1,429,306</b>	<b>(30,955)</b>	<b>1,398,351</b>

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the financial period from 1 October 2020 to 31 March 2021

**Unaudited**

6 months ended 31 March 2020

	Note	Share capital US\$	Equity reserves US\$	Share option reserve US\$	Accumulated losses US\$	Equity attributable to owners of the Company US\$	Non-controlling interest US\$	Total Equity US\$
<b>Equity</b>								
Balance as at 1 October 2019		14,016,058	(118,061)	438,022	(9,546,392)	4,789,627	48,748	4,838,375
Effect of adoption of IFRS 16		-	-	-	26,380	26,380	-	26,380
Balance as at 1 October 2019, as restated		14,016,058	(118,061)	438,022	(9,520,012)	4,816,007	48,748	4,864,755
Loss for the financial period, representing total comprehensive income for the financial period		-	-	-	(1,587,660)	(1,587,660)	(2,529)	(1,590,189)
<b>Contribution by owners of the Company</b>								
Recognition of share-based payments	5	-	-	96,041	-	96,041	-	96,041
<b>Balance as at 31 March 2020</b>		<b>14,016,058</b>	<b>(118,061)</b>	<b>534,063</b>	<b>(11,107,672)</b>	<b>3,324,388</b>	<b>46,219</b>	<b>3,370,607</b>

The above condensed interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the financial period from 1 October 2020 to 31 March 2021

	Note	Unaudited 6 months ended 31 March 2021 US\$	Unaudited 6 months ended 31 March 2020 US\$
<b>Operating activities</b>			
Loss before income tax		(2,962,619)	(1,600,572)
Adjustments for:			
Interest income		(5,772)	(93)
Lease concession	7	(200,000)	-
Share-based compensation	5	92,440	96,041
Interest expense on lease liabilities	6	355,685	142,654
Interest expense on loan due from corporate shareholder	6	93,945	78,124
Impairment loss on trade and other receivables	13	103,207	-
Plant and equipment written off	7	-	39,396
Depreciation of plant and equipment	9	246,594	161,798
Amortisation of right-of-use assets	11	1,331,375	187,240
Amortisation of intangible assets	10	113,270	62,550
Unrealised exchange difference		89,534	-
Operating cash flows before working capital changes		(742,341)	(832,862)
Working capital changes:			
Trade and other receivables		(496,363)	(286,762)
Inventories		(76,149)	-
Contract liabilities		344,728	90,351
Trade and other payables		(120,053)	144,830
Cash used in operations		(1,090,178)	(884,443)
Interest received		5,772	93
Income tax refund/(paid)		22,562	(52)
Net cash flows used in operating activities		(1,061,844)	(884,402)
<b>Investing activities</b>			
Purchase of plant and equipment	9	(33,663)	(42,016)
Advances to related parties		(308,269)	(382,997)
Advances to third parties		-	(32,743)
Net cash flows used in investing activities		(341,932)	(457,756)

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES***Company Registration No.: 201302159D***CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS***For the financial period from 1 October 2020 to 31 March 2021*

---

		<b>Unaudited 6 months ended <u>31 March 2021</u> US\$</b>	<b>Unaudited 6 months ended <u>31 March 2020</u> US\$</b>
	<b>Note</b>		
<b>Financing activities</b>			
Drawdown of shareholder's loan	14	1,500,000	1,000,000
Principal payment for lease liabilities		(1,146,456)	(337,346)
Interest payment for lease liabilities		(355,685)	(142,654)
Net cash (used in)/generated from financing activities		<u>(2,141)</u>	<u>520,000</u>
Net changes in cash and cash equivalents		(1,405,917)	(822,158)
Effect of exchange rate changes on cash and cash equivalents		(33,944)	-
Cash and cash equivalents at beginning of financial year/period		3,941,413	1,060,485
Cash and cash equivalents at end of financial period		<u><u>2,501,552</u></u>	<u><u>238,327</u></u>

*The above condensed interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2020 to 31 March 2021

---

#### 1 CORPORATE INFORMATION

Myanmar Strategic Holdings Limited (the “Company”) (Registration Number 201302159D) is a public company limited by shares incorporated and domiciled in Singapore with its principal place of business and registered office at 80 Raffles Place #32-01, UOB Plaza, Singapore 048624. The Company’s ordinary shares are traded on the Main Market of the London Stock Exchange under the ticker symbol SHWE.

The condensed interim consolidated financial statements as at and for the six-month financial period ended 31 March 2021 comprise the Company and its subsidiaries (collectively, the “Group”). The primary activities of the Company are investments and trading in Myanmar and Vietnam related projects.

For Management purposes, the Group is organised into business units based on its services, and has four reportable operating segments as follows:

- a) Hospitality – Provision of consultancy, advisory and project management services in the leisure and hospitality sectors in Myanmar;
- b) Education – Provision of English language training, kindergarten to primary school education (K-12 education), consultancy, advisory and project management services in the education sector in Myanmar and in Vietnam;
- c) Services – Provision of integrated security services, consultancy, advisory and project management services in the service sector in Myanmar; and
- d) Others – Corporate services to provide management and marketing support to respective entities of the Group.

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing the performance of the operating segments.

#### 1.1 BASIS OF PREPARATION

The condensed interim consolidated financial statements as at and for the six months financial period ended 31 March 2021 have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting as adopted by the European Union.

The condensed consolidated interim financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the annual report for the financial period from 1 April 2019 to 30 September 2020 (“financial period ended 2020”) which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial period from 1 April 2019 to 30 September 2020 which can be found on the Company’s website at [www.ms-holdings.com](http://www.ms-holdings.com).

The consolidated financial statements of the Group are presented in United States dollar (“US\$”) which is the functional currency and the presentation currency for the consolidated financial statements.

## MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2020 to 31 March 2021

---

## 2 SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared under historical cost convention, except as disclosed in the accounting policies in the Group financial statements for the financial period ended 2020.

### *Changes in accounting policy*

A number of new or amended standards became applicable for the current reporting period. The adoption of these new or amended standards did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reporting for the current or previous financial period.

### *IFRSs issued but not yet effective*

Certain new accounting standards and interpretations have been issued but not yet effective for the current financial year ended 30 September 2021 and have not been early adopted by the Group. The Group expect that the adoption of these IFRSs, if applicable, will have no material impact on the financial statements in the period of initial application.

## 3 USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial period from 1 April 2019 to 30 September 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods, except those necessitated by the changing circumstances of the COVID-19 pandemic and Myanmar's State of Emergency.

### 3.1 SEASONAL OPERATIONS

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial period.

### 3.2 SIGNIFICANT EVENTS AND TRANSACTIONS

#### a) Renegotiation of commercial terms with a related party

As a result of the COVID-19 outbreak and the worsening of the overall trading conditions in the education sector, the Group renegotiated the key terms of its operating and management agreement with a related party, TED Limited.

Effective 1 October 2020, E Partners, a wholly-owned subsidiary of the Group, leased four language centres from TED to operate and manage its own Wall Street English language learning centres and Auston College in Myanmar. This resulted in additions to the rights-of-use assets (Note 11) and leases liabilities of US\$3,442,698 as at 1 October 2020.

E Partners will continue to provide operating, management and technical support services for TED's existing student contracts for a fee over the next 24 months.

## MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2020 to 31 March 2021

---

#### 3.2 SIGNIFICANT EVENTS AND TRANSACTIONS (CONTINUED)

##### b) Myanmar's State of Emergency Impact and Coronavirus ("COVID-19")

On 1 February 2021, the Myanmar military announced, via the military-owned news channel Myawaddy News, that it had declared a state of emergency for a period of up to one year.

In the short aftermath of the military takeover, the Group's businesses were disrupted intermittently due to (i) outages in telecommunication, (ii) imposition of martial law in certain townships, (iii) widespread demonstrations and, subsequently, (iv) increased security risks. The political situation is evolving daily and the outcome and long-term effects remain unclear at this stage. There is also the potential negative effect of a third COVID-19 wave in Myanmar to consider.

During February and March 2021, the Group's schools in Myanmar experienced temporary closures and staff worked from home to reduce any potential risk to our students and our employees. In April 2021, physical operations resumed across all businesses.

Throughout the period, the Group continued to deliver its essential integrated security services to embassies, NGOs and national infrastructure. EXERA further invested in its risk management function to remain the leading source of security-related insights in Myanmar.

While the political outlook remains uncertain, economic activity has slowly resumed. Management is monitoring several risk factors:

- The rise of an insurgence campaign resulting in daily explosions across the country;
- The disruption of the global and local supply chain, potentially resulting in hyperinflation;
- The weakening of the banking financial system and limited access to cash; and
- Exchange rate volatility.

As vaccination rates across ASEAN remain low, governments are likely to routinely impose movement and opening restrictions to reduce any pandemic spread. For example, new waves of COVID-19 are affecting both Myanmar and Vietnam in June and July 2021. While this may continue to negatively impact sales, the Group has developed best-in-class online teaching capabilities and is now able to switch to fully online and / or remote operations within hours.

Currently, the Group's main priority is to maintain financial flexibility, stability and liquidity through mitigating actions within the Group's control which are not limited to the following:

- (i) Delay of planned expansion of language centres and capital expenditures in Myanmar;
- (ii) Renegotiation of lease agreements to secure lease concession, lease reductions and deferment of payments;
- (iii) Reduction in staff costs for divisions significantly affected, in particular the Hospitality division and through rationalisation of its corporate functions; and
- (iv) Reallocation of the Group's resources to ensure diversification by industry and geography.

The Group will maintain financial discipline to conserve cash and maintain liquidity. The diversification of the Group's operations between Myanmar and Vietnam should help mitigate the overall COVID-19 and geographical risk exposure to the Group.

As Myanmar's State of Emergency remains in place as at the date of issuance of the condensed interim consolidated financial statements, the Group cannot reasonably ascertain the full extent of the probable impact of the disruptions on its operating and financial performance for the financial year ending 30 September 2021.

The Group will closely monitor the developments in Myanmar and provide regular updates to its shareholders who remain supportive of the Group's efforts and initiatives.

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2020 to 31 March 2021

**4 REVENUE AND SEGMENT INFORMATION**

**Disaggregation of revenue**

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors; and
- enable users to understand the relationship with revenue segment information provided.

	Hospitality		Education		Services		Total	
	Unaudited 6 months ended 31 March 2021 US\$	Unaudited 6 months ended 31 March 2020 US\$	Unaudited 6 months ended 31 March 2021 US\$	Unaudited 6 months ended 31 March 2020 US\$	Unaudited 6 months ended 31 March 2021 US\$	Unaudited 6 months ended 31 March 2020 US\$	Unaudited 6 months ended 31 March 2021 US\$	Unaudited 6 months ended 31 March 2020 US\$
Rendering of services	-	-	-	-	2,707,920	1,957,985	2,707,920	1,957,985
Technical support service fees	6,857	45,000	-	172,056	-	-	6,857	217,056
Management fees	-	-	361,409	193,679	-	-	361,409	193,679
Royalty income	-	-	-	124,481	-	-	-	124,481
New centre fee	-	-	3,750	3,750	-	-	3,750	3,750
Student fees	-	-	4,567,955	284,165	-	-	4,567,955	284,165
	6,857	45,000	4,933,114	778,131	2,707,920	1,957,985	7,647,891	2,781,116
<i>Timing of transfer of services</i>								
Point in time	-	-	-	-	144,446	179,836	144,446	179,836
Over time	6,857	45,000	4,933,114	778,131	2,563,474	1,778,149	7,503,445	2,601,280
	6,857	45,000	4,933,114	778,131	2,707,920	1,957,985	7,647,891	2,781,116

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2020 to 31 March 2021

**4 REVENUE AND SEGMENT INFORMATION (CONTINUED)**

The timing of revenue recognition would affect the amount of revenue and deferred revenue (advances from customers) recognised as at the reporting date in the statement of financial position.

	<b>Unaudited 31 March 2021 US\$</b>	<b>Audited 30 September 2020 US\$</b>
<b><u>Contract liabilities</u></b>		
Deferred revenue	5,553,582	5,180,719

a) Significant changes in contract liabilities are as detailed below:

	<b>Unaudited 31 March 2021 US\$</b>	<b>Audited 30 September 2020 US\$</b>
Balance at beginning	5,180,719	230,983
Cash received in advance of performance and not recognised as revenue		
- Acquisition of subsidiary	-	4,538,077
- Additions	4,787,859	3,664,305
	4,787,859	8,202,382
Revenue recognised during the financial period	(4,414,996)	(3,252,646)
Balance at end	5,553,582	5,180,719

b) Remaining performance obligations

Non-current deferred revenues are in respect of cash received in advance of performance which will be recognised according to the following:

- (i) Deferred revenues for new centres will be recognised over the remaining exclusive rights to develop and operate ranging from 6 to 8 (30 September 2020: 6.5 to 8.5) years.
- (ii) Student fees for Wall Street English language training and primary school education are generally collected 1 to 12 months and 1 to 9.5 years (30 September 2020: 1 to 12 months and 1 to 10 years) respectively in advance of performance with reference to the individual terms of the student contracts. Deferred revenues from student fees are recognised over the duration of the respective courses and the remaining contract period ranging from 1 to 7.5 years (30 September 2020: 1 to 8).

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2020 to 31 March 2021

**4 REVENUE AND SEGMENT INFORMATION (CONTINUED)**

	Hospitality US\$	Education US\$	Services US\$	Others US\$	Total US\$
<b>1 October 2020 to 31 March 2021</b>					
Revenue	6,857	4,933,114	2,707,920	-	7,647,891
Cost of services and royalties	(152,611)	(3,067,365)*	(1,972,830)*	-	(5,192,806)
Other expenses	(166,191)	(3,735,244)	(740,596)	(781,447)**	(5,423,478)
Interest income	-	5,772	-	2	5,774
Segment loss	(311,945)	(1,863,723)	(5,506)	(781,445)	(2,962,619)
Income tax benefit	-	7,176	10,435	-	17,611
Loss for the year	(311,945)	(1,856,547)	4,929	(781,445)	(2,945,008)
Other non-cash items:					
Depreciation of plant and equipment	(7,582)	(230,457)	(8,152)	(403)	(246,594)
Amortisation of right-of-use asset	-	(1,250,985)	(80,390)	-	(1,331,375)
Amortisation of intangible assets	-	-	(70,160)	(43,110)	(113,270)
Impairment of trade and other receivables	-	(103,207)	-	-	(103,207)
<b>Reportable segment assets as at 31 March 2021</b>					
Investment in FVOCI	90,995	20,146,346	3,865,118	1,057,939	25,160,398
Total Group's assets	-	-	-	551,963	551,963
<b>Total Group's assets</b>					
<b>25,712,361</b>					
Included in the segment assets:					
Additions:					
Right-of-use assets	-	3,088,394	354,304	-	3,442,698
<b>Reportable segment liabilities as at 31 March 2021</b>					
Deferred tax liabilities	(29,082)	(17,432,877)	(1,309,455)	(5,324,673)	(24,096,087)
Total Group's liabilities	-	(214,445)	(3,478)	-	(217,923)
<b>Total Group's liabilities</b>					
<b>(24,314,010)</b>					

\* Cost of services and royalties from "Education" and "Services" segments comprise mainly employee benefits expenses amounting to US\$2,294,150 and US\$1,797,508, respectively for the financial period ended 31 March 2021.

\*\* Other expenses from the "Others" segment comprise mainly employee benefit expenses of US\$447,475 for the financial period ended 31 March 2021.

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2020 to 31 March 2021

**4 REVENUE AND SEGMENT INFORMATION (CONTINUED)**

	Hospitality US\$	Education US\$	Services US\$	Others US\$	Total US\$
<b>1 October 2019 to 31 March 2020</b>					
Revenue	45,000	778,131	1,957,985	-	2,781,116
Cost of services and royalties	-	(181,625)	(1,476,618)*	-	(1,658,243)
Other expenses	(213,398)	(1,458,979)#	(536,175)	(514,986)	(2,723,538)
Interest income	8	20	5	60	93
Segment loss	(168,390)	(862,453)^	(54,803)	(514,926)	(1,600,572)
Income tax benefit	10,383	-	-	-	10,383
Loss for the year	(158,007)	(862,453)	(54,803)	(514,926)	(1,590,189)
Other non-cash items:					
Depreciation of plant and equipment	(11,646)	(133,591)	(16,270)	(291)	(161,798)
Amortisation of right-of-use asset	-	(187,240)	-	-	(187,240)
Amortisation of intangible assets	-	(17,507)	(45,043)	-	(62,550)
<b>Reportable segment assets as at 30 September 2020</b>					
Investment in FVOCI	-	-	-	675,574	675,574
Total Group's assets	128,389	19,274,966	2,615,444	2,070,303	24,089,102
Included in the segment assets:					
Additions:					
Plant and equipment	1,168	34,000	6,848	-	42,016
<b>Reportable segment liabilities as at 30 September 2020</b>					
Deferred tax liabilities	(383,503)	(15,496,729)	(585,959)	(3,640,965)	(20,107,156)
Total Group's liabilities	-	(231,818)	(13,913)	-	(245,731)
					(20,352,887)

\* Cost of services and royalties from "Education" and "Services" segments comprise mainly employee benefit expenses amounting to US\$140,109 and US\$1,459,693 for the financial period ended 31 March 2020.

# Other expenses from the "Education" segment comprise mainly employee benefit expenses amounting to US\$678,395, respectively for the financial period ended 31 March 2020.

^ The loss from the "Education" segment includes the loss from Yangon American International School amounting to US\$771,420 for the financial period ended 31 March 2020.

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES***Company Registration No.: 201302159D***NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS***For the financial period from 1 October 2020 to 31 March 2021***4 REVENUE AND SEGMENT INFORMATION (CONTINUED)****Geographical information**

The Group's business segments operate in three main geographical areas. Revenue is based on the country in which the customers are located. Segmental non-current assets consist primarily of non-current assets other than financial instruments and deferred tax assets. Segment non-current assets are shown by geographical area in which the assets are located.

	<b>Unaudited 6 months ended 31 March 2021 US\$</b>	<b>Unaudited 6 months ended 31 March 2020 US\$</b>
<b>Revenue</b>		
Myanmar	3,633,617	2,781,116
Vietnam	4,014,274	-
	<u>7,647,891</u>	<u>2,781,116</u>
	<b>Unaudited 31 March 2021 US\$</b>	<b>Audited 30 September 2020 US\$</b>
<b>Segment non-current assets</b>		
Singapore	125,129	178,051
Myanmar	8,536,561	5,804,293
Vietnam	10,277,049	11,217,887
	<u>18,938,739</u>	<u>17,200,231</u>

Non-current assets consist of plant and equipment, intangible assets and right-of-use assets (30 September 2020: same) in the statement of financial position of the Group.

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2020 to 31 March 2021

**5 EMPLOYEE BENEFITS EXPENSE**

	Unaudited 6 months ended 31 March 2021 US\$	Unaudited 6 months ended 31 March 2020 US\$
Salaries and bonuses*	6,110,117	2,433,931
Contributions to defined contribution plans	189	27,374
Share-based compensation	92,440	96,041
	<u>6,202,746</u>	<u>2,557,346</u>

\*Included in these expenses are Director's fees and remuneration.

**6 FINANCE COST**

	Unaudited 6 months ended 31 March 2021 US\$	Unaudited 6 months ended 31 March 2020 US\$
Interest expenses on:		
- Lease liabilities	355,685	142,654
- Loan from a shareholder	93,945	78,124
	<u>449,630</u>	<u>220,778</u>

**7 LOSS BEFORE INCOME TAX**

In addition to the charges and credits disclosed elsewhere in the financial statements, the loss before income tax includes the following charges:

	Unaudited 6 months ended 31 March 2021 US\$	Unaudited 6 months ended 31 March 2020 US\$
Lease concession granted <sup>(1)</sup>	(200,000)	-
Professional fees	331,167	230,035
Credit charges for education services	182,931	-
Hotel related operating expenses	152,611	-
Academic expenses	529,416	-
Short term lease expense	114,728	117,031
Royalty expenses	61,705	140,110
Expenses pursuant to the on-going listing	81,711	72,114
Travelling expenses	50,999	41,806
Marketing expenses	534,119	21,756
Plant and equipment written off	-	39,396
Software license and subscription fees	36,896	16,515

<sup>(1)</sup> The variable lease payments are related to additional rent concessions received from landlord due to the COVID-19 pandemic.

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES***Company Registration No.: 201302159D***NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS***For the financial period from 1 October 2020 to 31 March 2021***8 INCOME TAX EXPENSE**

The corporate income tax rate applicable to the Company and its subsidiaries in Singapore is at 17% (31 March 2020: 17%). The Group has significant operations in Myanmar and Vietnam, for which the corporate income tax rate applicable are 25% (31 March 2020: 25%) and 20% (31 March 2020: not applicable) respectively.

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings of the respective entities. The material components of the income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Unaudited 6 months ended 31 March 2021 US\$</b>	<b>Unaudited 6 months ended 31 March 2020 US\$</b>
Current income tax		
- (Under)/over provision in respect of prior financial periods	(10,197)	10,383
Deferred income tax		
- current financial period	27,808	-
Total income tax credit recognised in profit or loss	<u>17,611</u>	<u>10,383</u>

**9 PLANT AND EQUIPMENT**

During the six-month financial period ended 31 March 2021, the movements in the net carrying amount of plant and equipment are summarised below.

	<b>Unaudited 6 months ended 31 March 2021 US\$</b>	<b>Unaudited 6 months ended 31 March 2020 US\$</b>
Purchase of plant and equipment	33,663	42,016
Depreciation for the period	<u>(246,594)</u>	<u>(161,798)</u>

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2020 to 31 March 2021

**10 INTANGIBLE ASSETS**

	Area development and centre fees US\$	Set-up fee and brand licensing fees US\$	Computer software licence US\$	Customer- related assets US\$	Goodwill US\$	Total US\$
<b>31 March 2021</b>						
<b>Cost</b>						
Balance as at 1 October 2020	395,372	40,000	103,904	273,913	6,291,859	7,105,048
Write-off	-	(2,500)	-	-	-	(2,500)
Adjustment	-	-	22,167	-	-	22,167
Foreign exchange difference	3,646	-	515	-	27,142	31,303
Balance as at 31 March 2021	399,018	37,500	126,586	273,913	6,319,001	7,156,018
<b>Accumulated amortisation and impairment</b>						
Balance as at 1 October 2020	65,875	40,000	47,731	218,262	-	371,868
Amortisation	59,537	-	11,994	41,739	-	113,270
Write-off	-	(2,500)	-	-	-	(2,500)
Adjustment	-	-	22,167	-	-	22,167
Foreign exchange difference	2,545	-	396	-	-	2,941
Balance as at 31 March 2021	127,957	37,500	82,288	260,001	-	507,746
<b>Net carrying amount</b>						
Balance as at 31 March 2021	271,061	-	44,298	13,912	6,319,001	6,648,272

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES***Company Registration No.: 201302159D***NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS***For the financial period from 1 October 2020 to 31 March 2021***10 INTANGIBLE ASSETS (CONTINUED)**

	Area development and centre fees US\$	Set-up fee and brand licensing fees US\$	Computer software licence US\$	Customer- related assets US\$	Goodwill US\$	Total US\$
<b>30 September 2020</b>						
<b>Cost</b>						
Balance as at 1 April 2019	200,000	40,000	35,487	273,913	1,438,990	1,988,390
Acquisition of subsidiary	179,227	-	22,529	-	4,514,304	4,716,060
Additions	-	-	44,198	-	-	44,198
Foreign exchange difference	16,145	-	1,690	-	338,565	356,400
Balance as at 30 September 2020	395,372	40,000	103,904	273,913	6,291,859	7,105,048
<b>Accumulated amortisation and impairment</b>						
Balance as at 1 April 2019	35,833	4,000	19,819	89,130	-	148,782
Amortisation	30,042	6,000	27,912	129,132	-	193,086
Impairment loss	-	30,000	-	-	-	30,000
Balance as at 30 September 2020	65,875	40,000	47,731	218,262	-	371,868
<b>Net carrying amount</b>						
Balance as at 30 September 2020	329,497	-	56,173	55,651	6,291,859	6,733,180

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2020 to 31 March 2021

**10 INTANGIBLE ASSETS (CONTINUED)**

For presentation purposes, the carrying amounts of goodwill (excluding computer software/license) are allocated to the respective CGU have been group to the following segments:

	Education		Security services		Total	
	31 March 2021	30 September 2020	31 March 2021	30 September 2020	31 March 2021	30 September 2020
	US\$	US\$	US\$	US\$	US\$	US\$
Goodwill	4,880,011	4,852,869	1,438,990	1,438,990	6,319,001	6,291,859

**11 RIGHTS-OF-USE ASSETS**

During the six months financial period ended 31 March 2021, the movements in the net carrying amount of rights-of-use assets are summarised below.

	Unaudited As at 31 March 2021 US\$	Audited As at 30 September 2020 US\$
Additions	3,442,698	6,174,925
Amortisation for the period	(1,331,375)	(937,703)

**12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")**

	Unaudited As at 31 March 2021 US\$	Audited As at 30 September 2020 US\$
Balance at beginning	675,574	150,000
Additions	-	612,754
Fair value recognised in other comprehensive income	(123,611)	(87,180)
Balance at end	551,963	675,574

Details of the investments are as follows:

Quoted equity instrument		
- London Stock Exchange (AIM)	551,963	675,574

The Group designated investments in quoted equity security to be measured at fair value (Level 1) through other comprehensive income ("FVOCI") as at reporting dates. The Group intends to hold investments for long-term for appreciation in value as well as strategic investment purposes.

The FVOCI are denominated in United States dollar as at reporting date.

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2020 to 31 March 2021

**13 TRADE AND OTHER RECEIVABLES**

	Unaudited As at 31 March 2021 US\$	Audited As at 30 September 2020 US\$
<b>Current</b>		
<u>Trade receivables</u>		
Third parties	881,765	694,598
Related party	1,265,085	893,234
Total trade receivables	2,146,850	1,587,832
<u>Other receivables</u>		
Related party	3,918,366	3,506,890
Less: Loss allowances	(3,498,947)	(3,395,740)
	419,419	111,150
Third parties	280,327	280,327
Less: Loss allowances	(280,327)	(280,327)
	-	-
Advances	-	2,927
Sundry receivables	169,835	143,846
Deposits	52,489	51,644
Prepayments	300,647	495,669
Total other receivables	942,390	805,236
Total trade and other receivables (current)	3,089,240	2,393,068
<b>Non-current</b>		
Deposits	521,220	520,892
Total other receivables (non-current)	521,220	520,892
Total trade and other receivables	3,610,460	2,913,960
Add: Cash and cash equivalents	2,501,552	3,941,413
Less: Prepayments	(300,647)	(495,669)
Financial assets at amortised costs	5,811,365	6,359,704

Trade and other receivables

Trade receivables are non-interest bearing and are generally on a 15 to 60 (30 September 2020: 15 to 60) days credit term. They are measured at their original invoice amounts which represent their fair value on initial recognition.

The trade and non-trade amounts due from related parties of US\$1,265,085 (30 September 2020: US\$893,234) and US\$3,918,366 (30 September 2020: US\$3,506,890) are amounts due from a company where a Director of the subsidiaries has beneficial interests.

Amounts due from related parties are non-trade in nature, unsecured, interest-free and are repayable on demand.

## MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2020 to 31 March 2021

---

#### 13 TRADE AND OTHER RECEIVABLES (CONTINUED)

##### Expected credit loss allowances

##### *i) Amount due from a related party*

As at reporting date, loss allowances of US\$3,498,947 (30 September 2020: US\$3,395,740) was made for the non-trade amounts due from a related party in respect of payments made on behalf and advances for the operation of the managed language centres in Myanmar. Based on the financial information of the related party, continuous losses is expected and the likelihood of recovery is in doubt.

##### *ii) Amount due from third parties*

In prior years, allowance for impairment of receivables from third parties of US\$280,327 was made in respect of advances to the owners of the hostels under management as two of the hostels under management experienced continuous losses and recoverability is in doubt.

The Group may commit to provide annual or monthly advances to the owners of the managed hostels pursuant to each operation and management agreement. If the managed hostels do not meet the agreed performance measures, such advances are recognised as hostel related operating expenses in the profit or loss.

#### 14 SHAREHOLDER'S LOAN (UNSECURED)

On 1 July 2019, the Group secured a loan facility of up to US\$3,000,000 with its corporate shareholder. The loan facility is repayable no later than 30 June 2022 and may be repayable earlier at the Group's discretion and bears semi-annual interest at 6% per annum. As at reporting date, the loan has been fully drawn down by the Group.

On 23 March 2020, the corporate shareholder has granted the Group an additional loan facility of up to US\$4,000,000 based on similar interest rate and repayment terms as the initial loan facility. During the financial period, the Group has drawn down US\$1,500,000 within the additional loan facility (US\$2.0 million as at the date of this report).

As at 31 March 2021, the Group accrued interest due to shareholder amounted to US\$312,152 (30 September 2020: US\$218,207).

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2020 to 31 March 2021

**15 TRADE AND OTHER PAYABLES**

	Unaudited As at 31 March 2021 US\$	Audited As at 30 September 2020 US\$
<u>Trade payables</u>		
Third parties	468,007	687,020
<u>Other payables</u>		
Third parties	38,515	293,477
A corporate shareholder	3,222	4,180
Accruals	1,747,621	1,378,431
Total other payables	1,789,358	1,676,088
Total trade and other payables	2,257,365	2,363,108
Add:		
Lease liabilities	11,440,229	9,345,122
Shareholder's loans	4,812,152	3,218,207
Financial liabilities carried at amortised cost	18,509,746	14,926,437

Trade amounts due to third parties are unsecured, non-interest bearing and are on a 15 to 45 (30 September 2020: 15) days credit term.

The non-trade amounts due to third parties and a corporate shareholder are unsecured, interest-free and repayable on demand.

**16 SHARE CAPITAL**

	Unaudited As at 31 March 2021 Number of shares	Audited As at 30 September 2020	Unaudited As at 31 March 2021 US\$	Audited As at 30 September 2020 US\$
<b>Issued and fully paid ordinary shares:</b>				
<b>Ordinary shares</b>				
At beginning of financial period	2,804,920	2,478,041	20,553,638	14,016,058
Shares issued during the financial period	-	326,879	-	6,537,580
At end of financial period	2,804,920	2,804,920	20,553,638	20,553,638

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

The Company did not declare any dividend in respect of the financial period from 1 October 2020 to 31 March 2021 and financial period from 1 April 2019 to 30 September 2020.

**MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Company Registration No.: 201302159D

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the financial period from 1 October 2020 to 31 March 2021

**17 LOSS PER SHARE**

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>Unaudited 6 months ended 31 March 2021</b>	<b>Unaudited 6 months ended 31 March 2020</b>
<b><u>Numerator</u></b>		
Loss for the financial period attributable to the owners of the parent (US\$)	(2,885,464)	(1,587,660)
<b><u>Denominator</u></b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,804,920	1,242,415
<b>Loss per share (US\$)</b>		
Basic and diluted	(1.03)	(1.28)

In the current financial period and previous financial period, diluted loss per share is the same as the basic loss per share because the dilutive potential ordinary shares to be exercised are anti-dilutive as the effect of the shares conversion would be to decrease the loss per share.

**18 SIGNIFICANT RELATED PARTY TRANSACTIONS**

During the financial period, in addition to the information disclosed elsewhere in these financial statements, the Group entered into the following significant transactions with related parties at rates and terms agreed between the parties:

	<b>Unaudited 6 months ended 31 March 2021 US\$</b>	<b>Unaudited 6 months ended 31 March 2020 US\$</b>
<b>With related parties*:</b>		
- Technical support service fees	-	172,056
- Management fee	361,409	193,679
- Royalty fee	-	124,481
<b>With a Director of the subsidiaries:</b>		
- Professional fees	54,000	39,000

\*Related parties refer to entities where a Director of the subsidiaries have beneficial interests.

## MYANMAR STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2020 to 31 March 2021

---

#### 19 FAIR VALUE MEASUREMENT

##### Financial instruments and measurements

##### Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables (excluding prepayments) and trade and other payables. Due to their short-term nature, the carrying amount of these current financial assets and financial liabilities measured at amortised costs approximate their fair value.

The carrying amounts of the non-current loan due to a shareholder approximates its fair value as the fixed interest rate approximates market interest rates for such liabilities.

The quoted equity security is traded in an active market and its fair value is based on the last quoted market prices at the reporting date.

There were no transfers between levels during the period.

#### 20 SUBSEQUENT EVENTS

- a) On 18 May 2021, Mr Jonathan Kolb was appointed as an Executive Director on the Board of Directors of the Company in the role of Chief Financial Officer. Jonathan was appointed as the Company's Chief Financial Officer in July 2020 in a non-Board position and has been one of the Company's key executives since 2015.
- b) On 14 April 2021, in lieu of cash payments, annual bonuses payable to certain key management personnel and Directors of the Company relating to the financial period ended 30 September 2020 were satisfied through issuance of 41,000 new ordinary shares of the Company at a price of US\$6.00 per ordinary shares (being the Company's closing bid price as at 13 April 2021) with no par value and at a fair value of US\$246,000.
- c) As at the date of this report, Wall Street English, Auston and Yangon American, are experiencing temporary closures of in-person activities due to COVID-19 restrictions. Management reasonably expects such restrictions to be lifted by August 2021.