MYANMAR STRATEGIC HOLDINGS LIMITED

(Formerly known as Myanmar Strategic Holdings Pte. Ltd.)

AND ITS SUBSIDIARIES

(Company Registration No. 201302159D)

Director's Statement and Financial Statements
for the financial year ended 31 March 2017

BDO

DIRECTORS' STATEMENT

The Directors of Myanmar Strategic Holdings Limited (formerly known as Myanmar Strategic Holdings Pte. Ltd.) (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2017 and the statement of the financial position of the Company as at 31 March 2017.

1. Opinion of the Directors

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Enrico Cesenni	
Christopher John David Clarke	(Appointed on 26 September 2016)
Richard Edgar Greer	(Appointed on 26 September 2016)
Dennis Yeo Ting Teck	(Appointed on 26 September 2016)

3. Arrangements to enable the Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures, of the Company or any other body corporate.

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

Name of Directors and companies in which interests are held	Shareholdings registered in name of Directors or nominee	
	At beginning of financial year or date of appointment, if later	At end of financial year
Company		
Richard Edgar Greer (Class A - Non-voting ordinary shares)	7,700	-
Richard Edgar Greer (Ordinary Shares)	-	7,700
Ultimate holding company, Macan Pte. Ltd.		
Enrico Cesenni (Class A - Non-voting ordinary shares)	234	234
Enrico Cesenni (Class B - Voting ordinary shares)	25	2,025
Subsidiary company, Orwell Consulting Partners Limited		
Enrico Cesenni (Ordinary shares)	1	1
Subsidiary company, L Partners Limited		
Enrico Cesenni (Ordinary shares)	1	1
Subsidiary company, Kipling Global Hospitality Group Limited		
Enrico Cesenni (Ordinary shares)	1	1
Subsidiary company, E Partners Limited		
Enrico Cesenni (Ordinary shares)	-	1

As at 31 March 2017, the class A - Non-voting ordinary shares of the Company have been consolidated into new Ordinary Shares as disclosed in Note 17 to the financial statements.

5. Share options

MSH Employee Share Option Scheme ("MSH ESOS")

The Company adopted a share option scheme known as MSH ESOS with effect from the date of conversion of the Company into a public company limited by shares on 6 December 2016. No share options have been granted or awarded pursuant to the ESOS during the financial year.

Statutory and other information regarding MSH ESOS are set out below:

(a) Consideration payable by each option holder for the grant is US$1.

(b) Exercise price is US$11.00 per ordinary share.

(c) Options can be exercised during the period commencing on the grant date and terminating on the tenth anniversary of the grant date for up to 200,000 ordinary shares with no par value in the capital of the Company ("Option Shares").

(d) Options granted will vest typically with effect as follows:

  (i) from the second anniversary in respect of 50 percent of the Option Shares.

  (ii) from the third anniversary in respect of a further 30 percent of the Option Shares.

  (iii) from the fourth anniversary in respect of a further 20 percent of the Option Shares.

(e) Options will only be exercisable in respect of Option Shares that have already vested.

(f) If the participants cease to be director or employee of the Company and its subsidiaries at any time, then the Option will only be exercisable in respect of the Option Shares that have vested prior to the date of termination.

Subsequent to year end, the Group had on 23 May 2017 entered into share option agreements with the employees and Directors of the Group to allot and issue 117,000 share options.

6. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Enrico Cesenni
Director

Dennis Yeo Ting Teck
Director

15 August 2017

BDO

Tel: +65 6828 9118
Fax: +65 6828 9111
info@bdo.com.sg
www.bdo.com.sg

BDO LLP
Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MYANMAR STRATEGIC HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Myanmar Strategic Holdings Limited (formerly known as Myanmar Strategic Holdings Pte. Ltd.) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the Companies Act, Chapter 50 (the "Act") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis of Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

BDO LLP (UEN: T10LL0001F) is an accounting Limited Liability Partnership registered in Singapore under Limited Liability Partnership Act (Chapter 163A). BDO LLP is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
15 August 2017

MYANMAR STRATEGIC HOLDINGS LIMITED
(formerly known as MYANMAR STRATEGIC HOLDINGS PTE. LTD.)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group 2017 US$	2016 US$
Revenue	4	330,074	66,000
Other income	5	15,392	34,705
Employee benefit expense	6	(504,379)	(248,678)
Depreciation expense	10	(7,295)	(3,236)
Amortisation expense	11	(3,611)	-
Other expenses		(2,183,623)	(361,578)
Finance cost	7	(31,522)	-
Loss before income tax	8	(2,384,964)	(512,787)
Income tax credit/(expense)	9	553	(10,500)
Loss for the year, representing total comprehensive income for the year		(2,384,411)	(523,287)
Loss and total comprehensive income attributable to:			
Owners of the parent		(2,372,969)	(479,990)
Non-controlling interests		(11,442)	(43,297)
		(2,384,411)	(523,287)
Loss per share			
- Basic and diluted (US$)	20	(1.34)	(0.36)

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

MYANMAR STRATEGIC HOLDINGS LIMITED
(formerly known as MYANMAR STRATEGIC HOLDINGS PTE. LTD.)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	Group		Company	
		2017	2016	2017	2016
		US$	US$	US$	US$
ASSETS					
Non-current assets					
Plant and equipment	10	17,255	11,544	1,926	3,167
Intangible assets	11	166,389	-	-	-
Investments in subsidiaries	12	-	-	253,250	287,250
Total non-current assets		183,644	11,544	255,176	290,417
Current assets					
Trade and other receivables	13	1,383,997	599,421	2,618,276	1,305,697
Cash and cash equivalents	14	4,462,642	2,289,247	3,880,260	1,775,779
Total current assets		5,846,639	2,888,668	6,498,536	3,081,476
Total assets		6,030,283	2,900,212	6,753,712	3,371,893
LIABILITIES AND EQUITY					
Liabilities					
Current liabilities					
Trade and other payables	15	162,704	97,943	74,118	30,882
Convertible bonds	16	3,742,922	-	3,742,922	-
Income tax payables		-	10,500	-	-
Total current liabilities		3,905,626	108,443	3,817,040	30,882
Equity					
Share capital	17	5,401,049	3,683,749	5,401,049	3,683,749
Equity reserves	18	(47,492)	(57,793)	-	-
Accumulated losses	18	(3,228,900)	(855,931)	(2,464,377)	(342,738)
Equity attributable to owners of the parent		2,124,657	2,770,025	2,936,672	3,341,011
Non-controlling interests		-	21,744	-	-
Total equity		2,124,657	2,791,769	2,936,672	3,341,011
Total liabilities and equity		6,030,283	2,900,212	6,753,712	3,371,893

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

MYANMAR STRATEGIC HOLDINGS LIMITED
(formerly known as MYANMAR STRATEGIC HOLDINGS PTE. LTD.)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Share capital	Equity reserves	Accumulated losses	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		US$	US$	US$	US$	US$	US$
Group							
2017							
Equity							
Balance at 1 April 2016		3,683,749	(57,793)	(855,931)	2,770,025	21,744	2,791,769
Loss for the financial year, representing total comprehensive income for the financial year		-	-	(2,372,969)	(2,372,969)	(11,442)	(2,384,411)
Change in ownership interest in a subsidiary							
Acquisition of non-controlling interest	12	-	10,301	-	10,301	(10,302)	(1)
Contribution by owners of the parent							
Issuance of shares	17	1,717,300	-	-	1,717,300	-	1,717,300
Balance at 31 March 2017		5,401,049	(47,492)	(3,228,900)	2,124,657	-	2,124,657

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

MYANMAR STRATEGIC HOLDINGS LIMITED
(formerly known as MYANMAR STRATEGIC HOLDINGS PTE. LTD.)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Share capital	Equity reserves	Accumulated losses	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		US$	US$	US$	US$	US$	US$
Group							
2016							
Equity							
Balance at 1 April 2015		770,000	-	(375,941)	394,059	4,498	398,557
Loss for the financial year, representing total comprehensive income for the financial year		-	-	(479,990)	(479,990)	(43,297)	(523,287)
Changes in ownership interest in subsidiaries							
Acquisition of non-controlling interest	12	-	(57,793)	-	(57,793)	35,543	(22,250)
Issuance of shares by subsidiary	12	-	-	-	-	25,000	25,000
Contribution by owners of the parent							
Issuance of shares	17	2,913,749	-	-	2,913,749	-	2,913,749
Balance at 31 March 2016		3,683,749	(57,793)	(855,931)	2,770,025	21,744	2,791,769

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

MYANMAR STRATEGIC HOLDINGS LIMITED
(formerly known as MYANMAR STRATEGIC HOLDINGS PTE. LTD.)
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group 2017 US$	2016 US$
Operating activities			
Loss before income tax		(2,384,964)	(512,787)
Adjustments for:			
Interest income	5	(1,255)	(519)
Share-based compensation	6	-	25,000
Interest expense	7	31,522	-
Allowance for impairment of other receivables	8	550,327	-
Bad debts written off	8	12,000	-
Depreciation of plant and equipment	10	7,295	3,236
Amortisation of intangible assets	11	3,611	-
Operating cash flows before working capital changes		(1,781,464)	(485,070)
Working capital changes:			
Trade and other receivables		(15,353)	(337,351)
Trade and other payables		64,761	1,447
Cash used in operations		(1,732,056)	(820,974)
Interest received	5	1,255	519
Income tax paid		(9,947)	-
Net cash used in operating activities		(1,740,748)	(820,455)
Investing activities			
Purchase of plant and equipment	10	(13,006)	(11,426)
Purchase of intangible assets	11	(170,000)	-
Advances to related parties		(1,065,681)	(109,798)
Advances to third parties		(265,869)	(65,267)
Net cash used in investing activities		(1,514,556)	(186,491)
Financing activities			
Acquisition of equity interest from non-controlling interest	12	(1)	(22,250)
Proceeds from issuance of convertible bonds	16	3,711,400	-
Proceeds from issuance of ordinary shares	17	1,717,300	2,913,749
Net cash generated from financing activities		5,428,699	2,891,499
Net changes in cash and cash equivalents		2,173,395	1,884,553
Cash and cash equivalents at beginning of year		2,289,247	404,694
Cash and cash equivalents at end of year	14	4,462,642	2,289,247

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

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

1. General

Myanmar Strategic Holdings Limited (formerly known as Myanmar Strategic Holdings Pte. Ltd.) (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 69B Boat Quay, #03-00, Singapore 049857.

The Company was converted from a private company limited by shares into a public company on 6 December 2016. With effect from 6 December 2016, the name of the Company changed from Myanmar Strategic Holdings Pte. Ltd. to Myanmar Strategic Holdings Limited.

The principal activities of the Company is investment and trading in Myanmar related investment projects. The principal activities of the subsidiaries are set out in Note 12 to the financial statements.

The Company's immediate and ultimate holding company is Macan Pte. Ltd., a company incorporated and domiciled in Singapore. Related companies in these financial statements refer to the members of the Macan Pte. Ltd. Group.

The statement of financial position of Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2017 were authorised for issue in accordance with a Directors' resolution dated 15 August 2017.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") which comprise standards and interpretations approved by IASB and International Financial Reporting Interpretations Committee ("IFRIC"), and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Approval has been granted to the Company for the relief of preparation of financial statements in accordance with Singapore Financial Reporting Standards by Accounting and Corporate Regulatory Authority ("ACRA") under section 202 of the Companies Act, Chapter 50.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in United States dollar ("US$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

The adoption of these new/revised IFRS did not result in changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior years.

IFRS issued but not yet effective

At the date of authorisation of these financial statements, the following IFRS and IFRIC of the IASB that may be relevant to the Group were issued but not yet effective and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
IAS 7 (Amendments)	: Disclosure initiative	1 January 2017
IFRS 2 (Amendments)	: Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 9	: Financial instruments	1 January 2018
IFRS 15	: Revenue from contracts with customers	1 January 2018
IFRS 15 (Amendments)	: Clarification to IFRS 15 Revenue from contracts with customers	1 January 2018
IFRS 16	: Leases	1 January 2019
IFRIC 22	: Foreign currency transactions and advance consideration	1 January 2018

Consequential amendments were also made to various standards as a result of these new or revised standards.

The management anticipates that, based on the Group's and the Company's current operations, the adoption of the above IFRS and IFRIC in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except as discussed below.

IFRS 9 Financial Instruments

IFRS 9 supersedes IAS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

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

2.1 **Basis of preparation** (Continued)

IFRS issued but not yet effective (Continued)

IFRS 9 Financial Instruments (Continued)

Classification and measurement

Under IFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for de-recognition of financial assets and financial liabilities.

The Group has completed its preliminary assessment of the classification and measurement of its financial assets and financial liabilities and does not expect any significant changes to the classification and measurement of its financial assets and liabilities currently measured at amortised cost.

Impairment

IFRS 9 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in IAS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. The Group will initially provide 12 months expected losses under the three-stage model. The Group is still in the process of determining how it will estimate expected credit losses and the sources of forward-looking data.

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

2.1 **Basis of preparation** (Continued)

IFRS issued but not yet effective (Continued)

IFRS 9 Financial Instruments (Continued)

Transition

The Group plans to adopt IFRS 9 in the financial year beginning on 1 April 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year and will include additional disclosures in its financial statements in the year when IFRS 9 is adopted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under IFRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard, the Group has preliminarily assessed that there will be no significant impact on the timing and pattern on the revenue recognition as disclosed in Note 2.3 to the financial statements.

The Group plans to adopt IFRS 15 in the financial year beginning 1 April 2018 with full or cumulative retrospective effect in accordance with transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. IFRS 16 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under IFRS 16. IFRS 16 also requires enhanced disclosures by both lessees and lessors.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

IFRS issued but not yet effective (Continued)

IFRS 16 Leases (Continued)

On initial adoption of this standard, there may be an insignificant impact on the accounting treatment for leases, particularly rented office premises, which the Group, as lessee, currently accounts for as operating leases. On adoption of IFRS 16, the Group will be required to capitalise its rented office premises and other operating facilities on the statement of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments. The Group plans to adopt the standard in the financial year beginning on 1 April 2019 using modified retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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

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

In the separate financial statements of the Company, investment in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

Management fees

Management fees earned from hotels, restaurants and language centre managed by the Group, usually under long-term contracts with the hotel, restaurant and language centre owners, are recognised when services are rendered with reference to the terms of the contracts. The fees are incentive fees, which are based on the hotels', restaurants' and language centre's profitability.

The Group may commit to provide annual or monthly advances to the owners of the managed hotels pursuant to each operation and management agreement. These advances are considered, together with all other relevant operating expenses, a deduction to the revenues of the underlying operations in the calculation of the management fee. If the Group is not entitled to any management fee, such advances are recognised as hotel related operating expense in the profit or loss.

Technical support service fees

Technical support service fees earned from hotels and language centre managed by the Group are recognised as and when services are rendered with reference to the terms of the contracts.

2. Summary of significant accounting policies (Continued)

2.3 Revenue recognition (Continued)

Royalty fee

Royalty fee income is determined based on the agreed royalty rate with reference to the operations of "Wall Street English" language centre in Myanmar based on the total gross revenue for the year.

2.4 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

2.5 Share-based payments

Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period with a corresponding credit to the share-based payment reserve, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At the end of each financial year, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period with a corresponding adjustment to the share-based payment reserve.

2.6 Taxes

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

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

2.6 Taxes (Continued)

Deferred tax (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Group operates by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.7 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. Summary of significant accounting policies (Continued)

2.7 Foreign currency transactions and translation (Continued)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign exchange reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

2.8 Plant and equipment

All items of plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Computers	3 years
Furniture and fittings	3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

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

2.8 Plant and equipment (Continued)

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

2.9 Intangible assets

Computer software licence

Acquired computer software licence is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licence is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 years.

Area development fees and centre fees

An area development fee is paid for the exclusive rights to develop and operate the "Wall Street English" language centre in Myanmar. The area development fee is capitalised and amortised over the period of 10 years from the date operation commences.

Centre fees are required to be paid in respect of the opening of a new "Wall Street English" language centre in Myanmar. The centre fees paid are capitalised and amortised over the period of 10 years from the date when the respective centre commences operations.

The area development fees and centre fees are initially capitalised at cost and subsequently measured at cost less any accumulated amortisation and any accumulated losses.

2.10 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2. Summary of significant accounting policies (Continued)

2.10 Impairment of non-financial assets (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

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

Financial assets

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

The Group classifies its financial assets as loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statements of financial position comprise trade and other receivables (excluding prepayments) and cash and cash equivalents.

2. Summary of significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Company classifies ordinary shares as equity instruments.

2. Summary of significant accounting policies (Continued)

2.11 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

The Group classified its financial liabilities as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Convertible bonds

Convertible bonds with conversion option are accounted for as financial liability with an embedded equity conversion derivative based on the terms of the contract. On issuance of convertible bonds, the embedded option is recognised at its fair value as derivative liability with subsequent changes in fair value recognised in profit or loss. The remainder of the proceeds is allocated to the liability component that is carried at amortised cost until the liability is extinguished on conversion or redemption. When an equity conversion option is exercised, the carrying amounts of the liability component and the equity conversion option are derecognised with a corresponding recognition of share capital.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash on hand, cash at bank and demand deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.13 Leases

Operating leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2. Summary of significant accounting policies (Continued)

2.14 Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

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

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

i) Evaluation of control over managed hotels, restaurants and language centre

Management has assessed if the management contracts with the hotels, restaurants and language centre's owners provide the Company control over the hotels, restaurants and language centre operations which would require the hotels, restaurants and language centre operations to be consolidated under IFRS 10. Whilst the management contracts have typically initial terms of up to 10 years and give the Group key decision making rights in operating the hotels, restaurants and language centre, management is of the view that the management fees, consisting of fixed fees and variable fees are in line with the industry practice and provide a market-based remuneration for the services provided. Consolidation under IFRS 10 is therefore not required.

3. Critical accounting judgments and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the entity's accounting policies (Continued)

ii) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there is objective evidence that the investments in subsidiaries are impaired. The management's assessment is based on the estimation of the value-in-use of the cash-generating unit by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i) Allowance for trade and other receivables

The management establishes allowance for trade and other receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its debtors' financial position. If the financial conditions of debtors were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The Group and Company's carrying amount of trade and other receivables as at 31 March 2017 are US$1,383,997 (2016: US$599,421) and US$2,618,276 (2016: US$1,305,697), respectively (Note 13).

ii) Impairment of intangible assets

The management determines whether intangible assets are impaired at least on an annual basis. Intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's intangible asset as at 31 March 2017 was US$166,389 (2016: US$Nil) (Note 11).

4. Revenue

	Group	
	2017	2016
	US$	US$
Management fees	101,037	-
Technical support service fees	210,000	66,000
Royalty fee	19,037	-
	330,074	66,000

5. Other income

	Group	
	2017	2016
	US$	US$
Foreign exchange gain	14,137	34,186
Interest income from bank deposits	1,255	519
	15,392	34,705

6. Employee benefits expense

	Group	
	2017	2016
	US$	US$
Salaries and bonus *	478,219	223,678
Contributions to defined contribution plans	26,160	-
Share-based compensation	-	25,000
	504,379	248,678

* Included in these expenses are Directors' fees and remuneration as disclosed in Note 21 to the financial statements.

7. Finance costs

Finance costs relates to interest charged on the convertible bonds (Note 16).

8. Loss before income tax

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

	Group	
	2017	2016
	US$	US$
Professional fees	482,415	187,288
Expenses pursuant to the listing application	428,476	-
Rental of office	126,917	76,012
Travelling expenses	93,272	64,252
Allowance for impairment of other receivables	550,327	-
Hotel related operating expenses	289,673	-
Bad debts written off	12,000	-
Foreign exchange loss	79,569	-
Royalty expense	19,037	-
Marketing expenses	11,344	-

9. Income tax (credit)/expense

	Group	
	2017	2016
	US$	US$
(Over)/under provision in prior financial year	(553)	10,500
Income tax (credit)/expense	(553)	10,500

Reconciliation of effective income tax rate

The statutory income tax in Myanmar is taxed at 25% (2016: 25%).

Domestic income tax is calculated at 17% (2016: 17%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2016: 17%) to loss before income tax as a result of the following differences:

	Group	
	2017	2016
	US$	US$
Loss before income tax	(2,384,964)	(512,787)
Income tax benefit at Singapore statutory tax rate	(405,444)	(87,174)
Effect of different income tax rates in other countries	(56,376)	(15,121)
Tax effect of non-allowable expenses	62,524	313
Income not subject to income tax	(1,250)	-
Deferred tax assets not recognised	400,546	101,982
(Over)/under provision in prior financial years	(553)	10,500
Income tax (credit)/expense for the year	(553)	10,500

As at the reporting date, subject to the agreement by the relevant tax authority, the Group has approximately unutilised tax losses of US$2,933,077 (2016: US$576,922), available for offset against its future taxable income. These losses may be carried indefinitely subject to the conditions imposed by law.

Deferred tax assets have not been recognised as it is uncertain that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements of the Group in accordance with the accounting policy in Note 2.6 to the financial statements.

10. Plant and equipment

	Computers US$	Furniture and fittings US$	Total US$
Group			
2017			
Cost			
At 1 April 2016	2,308	12,999	15,307
Additions	7,293	5,713	13,006
At 31 March 2017	9,601	18,712	28,313
Accumulated depreciation			
At 1 April 2016	230	3,533	3,763
Depreciation charge for the financial year	1,788	5,507	7,295
At 31 March 2017	2,018	9,040	11,058
Net carrying amount			
At 31 March 2017	7,583	9,672	17,255
2016			
Cost			
At 1 April 2015	-	3,881	3,881
Additions	2,308	9,118	11,426
At 31 March 2016	2,308	12,999	15,307
Accumulated depreciation			
At 1 April 2015	-	527	527
Depreciation charge for the financial year	230	3,006	3,236
At 31 March 2016	230	3,533	3,763
Net carrying amount			
At 31 March 2016	2,078	9,466	11,544

10. **Plant and equipment** (Continued)

	Computers US$	Furniture and fittings US$	Total US$
Company			
Cost			
At 1 April 2016	1,709	2,009	3,718
Additions	-	-	-
At 31 March 2017	1,709	2,009	3,718
Accumulated depreciation			
At 1 April 2016	47	504	551
Depreciation charge for the financial year	570	671	1,241
At 31 March 2017	617	1,175	1,792
Net carrying amount			
At 31 March 2017	1,092	834	1,926
2016			
Cost			
At 1 April 2015	-	-	-
Additions	1,709	2,009	3,718
At 31 March 2016	1,709	2,009	3,718
Accumulated depreciation			
At 1 April 2015	-	-	-
Depreciation charge for the financial year	47	504	551
At 31 March 2016	47	504	551
Net carrying amount			
At 31 March 2016	1,662	1,505	3,167

11. Intangible assets

	Area development fee	Computer software	Total
	US$	US$	US$
Group and Company			
Cost			
At 1 April 2015 and 31 March 2016/1 April 2016	-	-	-
Additions	150,000	20,000	170,000
At 31 March 2017	150,000	20,000	170,000
Accumulated amortisation			
At 1 April 2015 and 31 March 2016/1 April 2016	-	-	-
Amortisation charge for the financial year	2,500	1,111	3,611
At 31 March 2017	2,500	1,111	3,611
Net carrying amount			
At 31 March 2016	-	-	-
At 31 March 2017	147,500	18,889	166,389

During the financial year, the Group paid area development fee of US$150,000 for exclusive rights to develop and operate "Wall Street English" language centres in Myanmar.

12. Investments in subsidiaries

	Company	
	2017	2016
	US$	US$
Unquoted equity shares, at cost	741,750	287,250
Allowance for impairment loss	(488,500)	-
	253,250	287,250

Movement in unquoted equity shares, at cost are as follows:

	Company	
	2017	2016
	US$	US$
At beginning of financial year	287,250	265,000
Additions	454,500	22,250
At end of financial year	741,750	287,250

12. Investments in subsidiaries (Continued)

The particulars of the subsidiaries are as follows:

Held by the Company

Name of Company (Country of incorporation and principal place of business)	Principal activities	Legal interest held by Company		Effective interest held by Company		Proportion of ownership held by non-controlling interests	
		2017	2016	2017	2016	2017	2016
		%	%	%	%	%	%
Myanmar Strategic Energy Pte. Ltd. ("MSE") [1] (Singapore)	Investing and trading in Myanmar-related investment projects and providing consultancy services	100.00	100.00	100.00	100.00	-	-
Myanmar Strategic Leisure Pte. Ltd. ("MSL") [1] (Singapore)	Investing and trading in Myanmar-related investment projects and providing consultancy services	100.00	100.00	100.00	100.00	-	-
Orwell Consulting Partners Limited ("Orwell") [2][3] (Myanmar)	Providing consultancy and advisory service and project management for international and national companies and organisation in Myanmar	99.99	99.99	100.00	100.00	-	-
MS English Pte. Ltd. ("MS English") [1] (Singapore)	Investing and trading in Myanmar-related investment projects and providing consultancy services	100.00	-	100.00	-	-	-

Held through Myanmar Strategic Leisure Pte. Ltd. ("MSL")

Name of Company (Country of incorporation and principal place of business)	Principal activities	Legal interest held by Company		Effective interest held by Company		Proportion of ownership held by non-controlling interests	
		2017	2016	2017	2016	2017	2016
		%	%	%	%	%	%
L Partners Limited ("L Partners") [2][3] (Myanmar)	Providing consultancy, advisory and project management services in the leisure and hospitality sector in Myanmar	99.99	99.99	100.00	100.00	-	-

12. Investments in subsidiaries (Continued)

Held through Myanmar Strategic Leisure Pte. Ltd. ("MSL") (Continued)

Name of Company (Country of incorporation and principal place of business)	Principal activities	Legal interest held by Company		Effective interest held by Company		Proportion of ownership held by non-controlling interests	
		2017	2016	2017	2016	2017	2016
		%	%	%	%	%	%
Kipling Global Hospitality Group Limited ("Kipling") [2][3][4] (Myanmar)	Provision of consultancy and advisory services and project management for international and national companies and organisations in the food and beverage and leisure and hospitality sectors in Myanmar.	99.99	74.99	100.00	75.00	-	25.00

Held through MS English Pte. Ltd. ("MS English")

Name of Company (Country of incorporation and principal place of business)	Principal activities	Legal interest held by Company		Effective interest held by Company		Proportion of ownership held by non-controlling interests	
		2017	2016	2017	2016	2017	2016
		%	%	%	%	%	%
E Partners Limited ("E Partners") [2][3] (Myanmar)	Providing consultancy, advisory and project management services in the education sector in Myanmar	99.99	-	100.00	-	-	-

[1] Audited by BDO LLP, Singapore.
[2] Audited by BDO Consulting (Myanmar) Co. Ltd, for consolidation purposes and JF Group Certified Public Accountants and Auditors, Myanmar for statutory reporting in Myanmar.
[3] The Director of the Company held 1 ordinary share in trust, representing 0.01% equity interest, due to Myanmar legal requirement to have a minimum of 2 shareholders.
[4] In the previous financial year, a former Director of the subsidiary company held 25,000 ordinary shares, representing 25% equity interest.

a) Incorporation of subsidiaries

i) MS English Pte. Ltd.

On 23 August 2016, the Company incorporated a wholly-owned subsidiary in Singapore, MS English Pte. Ltd. The Company had subscribed 1 Class B - Voting ordinary shares for a total cash consideration of US$1. On 23 March 2017, the Company had further subscribed 100 Class A - Non-voting ordinary shares and 899 Class B - Voting ordinary shares for a total cash consideration of US$100 and US$899, respectively for working capital purposes.

12. Investments in subsidiaries (Continued)

a) Incorporation of subsidiaries (Continued)

ii) E Partners Limited

On 7 November 2016, MS English incorporated a subsidiary in Myanmar, E Partners Limited. MS English had subscribed 500,000 ordinary shares for a total consideration of US$500,000.

iii) Kipling Global Hospitality Group Limited

On 15 February 2016, MSL incorporated a subsidiary in Myanmar, Kipling Global Hospitality Group Limited. Out of the 100,000 ordinary shares issued at US$1.00 per share, the Company had subscribed 75,000 ordinary shares for a total consideration of US$100,000 and remaining 25,000 shares amounting to US$25,000 was transferred to a former Director of Kipling for no consideration and has been accounted for in accordance with IFRS 2 Share-based Payments.

b) Additional interests in subsidiaries

i) Orwell Consulting Partners Limited

On 1 June 2016, Orwell, the wholly-owned subsidiary of the Company increase its issued and paid-up share capital by way of allotment and issuance of 200,000 new ordinary shares to the Company at a consideration of US$200,000.

ii) Myanmar Strategic Energy Pte. Ltd.

On 15 March 2017, MSE increase its issued and paid-up share capital by way of allotment and issuance of 43,500 Class A - Non-voting ordinary shares to the Company for a consideration of US$43,500 for working capital purposes.

iii) Myanmar Strategic Leisure Pte. Ltd.

On 15 March 2017, MSL increase its issued and paid-up share capital by way of allotment and issuance of 210,000 Class B - Voting ordinary shares to the Company for a consideration of US$210,000 for working capital purposes.

iv) L Partners Limited

On 22 September 2015, L Partners increase its issued and paid-up share capital by way of allotment and issuance of 75,000 ordinary shares to MSL at a consideration of US$75,000 for working capital purposes.

On 15 March 2017, L Partners increase its issued and paid-up share capital by way of allotment and issuance of 700,000 ordinary shares to MSL at a consideration of US$250,000 and US$450,000 were offsetting against receivable amount due from L Partners for working capital purposes.

12. Investments in subsidiaries (Continued)

c) Acquisition of a non-controlling interests in subsidiaries

i) Kipling Global Hospitality Group Limited

MSL had on 31 March 2017, acquired 25,000 ordinary shares from the non-controlling interest for a cash consideration of US$1 and became a subsidiary company. The carrying value of the net assets of Kipling as at date of acquisition was US$41,210 and the carrying value of the additional equity interest of 25% acquired was US$10,302. The difference of US$10,301 between the consideration and the carrying value of additional interest acquired resulted in a gain on acquisition of non-controlling interests recognised directly in equity reserve.

ii) Myanmar Strategic Energy Pte. Ltd.

In the previous financial year, the Company had on 29 December 2015, acquired 16,500 Class A - Non-voting ordinary shares, equity interest of 37.50% from its non-controlling interest for a cash consideration of US$5,000 and became a wholly-owned subsidiary company. The carrying value of the net assets of MSE as at date of acquisition was US$24,542 and the carrying value of the additional equity interest of 29.20% acquired was US$7,167. The difference of US$2,167 between the consideration and the carrying value of the additional interest acquired resulted in a gain on acquisition of non-controlling interests recognised directly in equity reserve.

iii) Myanmar Strategic Leisure Pte. Ltd.

In the previous financial year, the Company had on 4 January 2016, acquired the 15,000 Class B - Voting ordinary shares from the non-controlling interest for a cash consideration of US$17,250 and became a wholly-owned subsidiary company. Accordingly, L Partners being a subsidiary company held through MSL effectively became a wholly-owned subsidiary company. The carrying value of the net liabilities of MSL and L Partners as at date of acquisition was US$113,893 and the carrying value of the net liabilities acquired was US$42,710. The difference of US$59,960 between the consideration and the carrying value of the net liabilities acquired has been recognised as a premium paid on acquisition of non-controlling interests recognised directly in equity reserve.

The following schedule shows the summary effect of changes in the Group's ownership interests for the current and prior financial year that did not result in loss of control, on the equity attributable to owners of the parent:

	Group	
	2017	2016
	US$	US$
Amount paid on changes in ownership interest in subsidiaries	1	22,250
Non-controlling interest comprising of (assets)/liabilities acquired	(10,302)	35,543
Total amount recognised in equity reserves (Note 18)	(10,301)	57,793

13. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Trade receivables				
Third party	-	12,000	-	12,000
Related party	93,074	-	-	-
Total trade receivables	93,074	12,000	-	12,000
Other receivables				
Related parties	1,175,479	109,798	236	-
Less: Allowance for impairment	(270,000)	-	-	-
	905,479	109,798	236	-
Third parties	331,136	65,267	-	-
Less: Allowance for impairment	(280,327)	-	-	-
	50,809	65,267	236	-
Subsidiaries	-	-	2,940,089	1,171,793
Less: Allowance for impairment	-	-	(365,826)	-
	-	-	2,574,263	1,171,793
Advances for hotel operations	219,538	287,596	-	-
Sundry receivables	68,174	-	-	-
Deposits	3,816	6,868	3,446	6,868
Prepayments	43,107	117,892	40,331	115,036
Total other receivables	1,290,923	587,421	2,618,276	1,293,697
Total trade and other receivables	1,383,997	599,421	2,618,276	1,305,697
Less: Prepayments	(43,107)	(117,892)	(40,331)	(115,036)
Add: Cash and cash equivalents (Note 14)	4,462,642	2,289,247	3,880,260	1,775,779
Total loans and receivables	5,803,532	2,770,776	6,458,205	2,966,440

Trade receivables are non-interest bearing and are generally on 15 (2016: 30) days credit term. They are measured at their original invoice amounts which represent their fair value on initial recognition.

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

Included in the amount due from related parties are US$1,175,479 (2016: US$76,721) arising from advances to a firm where a Director of the subsidiaries has significant influence in the related party and the remaining balance of US$Nil (2016: US$33,077) relates to advances given to a former Director of a subsidiary company for operational expenses.

Bad debts of US$12,000 (2016: US$Nil) written off during the year was charged directly to profit and loss as disclosed in Note 8 to the financial statements.

Allowance for impairment of receivable for a related party of US$270,000 (2016: US$Nil) is in respect of advances for the operations of the two managed restaurants. Since both the managed restaurants have ceased operations in March 2017, recoverability is in doubt.

13. Trade and other receivables (Continued)

Allowance for impairment of receivables for third parties are individually determined and amounted to US$280,327 (2016: US$Nil) are in respect of advances to the owners of the hotels under management. Since two of the hotels under management experienced losses during the financial year, recoverability is in doubt.

During the financial year, the Company provided allowance for impairment on the amounts due from subsidiaries of US$365,826 (2016: US$Nil) due to continuous losses incurred by the certain subsidiaries.

The Group's and the Company's trade and other receivables (excluding prepayments) balances are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
United States dollar	1,337,444	474,661	2,574,499	1,183,793
Singapore dollar	3,446	6,868	3,446	6,868
	1,340,890	481,529	2,577,945	1,190,661

14. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Cash at bank	4,455,744	2,275,397	3,874,951	1,770,470
Cash on hand	6,898	13,850	5,309	5,309
	4,462,642	2,289,247	3,880,260	1,775,779

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
United States dollar	4,090,286	1,004,126	3,539,129	530,022
Euro	323,418	1,167,955	323,418	1,167,955
Myanmar Kyats	20,532	39,364	-	-
Singapore dollar	28,406	77,802	17,713	77,802
	4,462,642	2,289,247	3,880,260	1,775,779

15. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
Trade payables				
Third party	11,141	-	-	-
Accrued royalty expenses	10,321	-	-	-
	21,462	-	-	-
Other payables				
Third parties	15,240	23,759	15,240	-
Immediate holding company	4,180	10,018	190	6,028
Related party	2,528	101	-	-
Accruals	119,294	64,065	58,688	24,854
Total trade and other payables	162,704	97,943	74,118	30,882
Add: Convertible bonds (Note 16)	3,742,922	-	-	-
Total financial liabilities carried at amortised cost	3,905,626	97,943	74,118	30,882

Trade payable amount due to third party is unsecured, non-interest bearing and is on 15 days credit term.

The non-trade amount due to third parties, related party and immediate holding company is non-trade in nature, unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	US$	US$	US$	US$
United States dollar	124,615	64,195	10,190	6,028
Singapore dollar	38,089	33,748	63,928	24,854
	162,704	97,943	74,118	30,882

16. Convertible bonds

The carrying amount of the convertible bonds at the end of reporting date is arrived as follows:

	Group and Company 2017 US$
Nominal value of convertible bonds	3,711,400
Amortisation of interest charged during the financial year	31,522
Liability component at the end of the financial year	3,742,922

During the financial year, the Company issued convertible bonds amounting to US$3,711,400, which were subscribed by existing shareholders and third parties. The interest charged for the financial year is calculated based on an effective interest rate of 10% per annum on the nominal value of the convertible bonds which are denominated in United States dollar.

The salient features of the convertible bonds are as follows.

Maturity Date	:	28th February 2018
Conversion Price	:	i) US$10 per share, if the Conversion Date falls on the Maturity Date; or ii) the subscription price per Share for the Initial Public Offering ("IPO"), if the Conversion Date falls on the IPO date.
Conversion Date	:	The date falling on the earlier of: (i) the Maturity Date; and (ii) the IPO Date.
Coupon	:	Interest at 10% per annum will accrue from the Issue Date until the Conversion Date and will be paid by way of issuance of Conversion Shares at the Conversion Price.
Conversion	:	The bond and the accrued interest at the Coupon rate shall be convertible into Shares at the Conversion Price on the Conversion date.

The carrying amount of the convertible bonds approximate its fair value due to short-term nature.

Subsequent to the financial year, on 15 July 2017, the Company issued additional convertible bonds amounting to US$40,000 to third parties on the same terms as detailed above.

17. Share capital

	Group and Company			
	2017	2016	2017	2016
	Number of shares		US$	US$
Issued and fully paid ordinary shares:				
Class A - Non-voting shares				
At beginning of financial year	548,269	100,000	3,563,749	650,000
Shares issued during the financial year	264,200	448,269	1,717,300	2,913,749
Reclassification	(812,469)	-	(5,281,049)	-
At end of the financial year	-	548,269	-	3,563,749
Class B - Voting shares				
At beginning of financial year	1,020,000	1,020,000	120,000	120,000
Reclassification	(1,020,000)	-	(120,000)	-
At end of the financial year	-	1,020,000	-	120,000
Ordinary shares				
At beginning of financial year	-	-	-	-
Reclassification	1,832,469	-	5,401,049	-
At end of the financial year	1,832,469	-	5,401,049	-
Total share capital	1,832,469	1,568,269	5,401,049	3,683,749

Pursuant to the Company's conversion into a public company as disclosed in Note 1 to the financial statements, 812,469 Class A - Non-voting ordinary shares and 1,020,000 Class B - Voting ordinary shares were reclassified into new ordinary shares of the Company.

Previous Class A shareholders are entitled to distribution of profits and dividends but do not possess voting rights.

Previous Class B shareholders are entitled to distribution of profits and dividends including the voting rights.

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 restriction.

18. Equity reserves and accumulated losses

i) The equity reserve represents the effects of changes in ownership interests in subsidiaries when there is no change in control (Note 12).

ii) Accumulated losses represents all other net gains and losses and transactions with owners not recognised elsewhere.

Movements of accumulated losses of the Company are as follows:

	Company	
	2017	2016
	US$	US$
Balance at beginning of financial year	(342,738)	(13,408)
Total comprehensive income for the financial year	(2,121,639)	(329,330)
Balance at end of financial year	(2,464,377)	(342,738)

19. Operating lease commitments

As at the end of the financial year, commitments in respect of non-cancellable operating leases in respect of office premises are as follows:

	Group	
	2017	2016
	US$	US$
Within one financial year	11,735	24,724

Leases are negotiated for a term of one year where certain leases have an option to renew.

20. Loss per share

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

	2017	2016
Loss for the financial year attributable to owners of the Company (US$)	(2,372,969)	(479,990)
Weighted average number of ordinary shares during the financial year applicable to basic loss per share	1,773,780	1,324,102
Loss per share		
Basic and diluted (US$)	(1.34)	(0.36)

Diluted loss per share is the same as the basic loss per share because no share options have been granted or awarded pursuant to the ESOS during the financial year.

21. Significant related party transactions

During the financial year, 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:

	Group	
	2017	2016
	US$	US$
With immediate holding company:		
- Repayments	-	60,000
- Payments on behalf	5,838	7,998
With related parties*:		
- Technical support service fees	30,000	-
- Management fee	54,037	-
- Royalty fee	19,037	-
- Advances to	1,065,681	76,721
With a Director of the subsidiaries:		
- Advances to	-	33,077
- Professional fees	79,500	78,000

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

Key management personnel remuneration

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company's key management personnel are the Directors of the Company and its subsidiaries.

The remuneration of Directors of the Company and its subsidiaries during the financial year are as follows:

	Group	
	2017	2016
	US$	US$
Directors of the Company		
- short-term benefits	183,759	90,000
- post-employment benefits	9,830	-
Directors of subsidiaries		
- short-term benefits	129,000	135,401
	322,589	225,401

22. Financial instruments, financial risks and capital management (Continued)

The Group's activities have exposure to credit risks, market risks (including foreign currency risks and interest rates risks) and liquidity risks arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which the risks are managed and measured.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

22.1 Credit risks

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

As at reporting date, the Group has significant credit exposure arising from a related party (2016: a third party) amounting to US$990,365 (2016: US$474,661). The Company has significant credit exposure arising from amount due from subsidiaries amounting to US$2,574,263 (2016: US$1,171,793).

All trade receivables are neither past due nor impaired as at 31 March 2017.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for impairment losses, represents the Group's and the Company's maximum exposure to credit risks.

The Group's and the Company's major classes of financial assets are trade and other receivables and cash and cash equivalents.

The Group's and the Company's cash and cash equivalents are mainly deposited with major and reputable banks located in Singapore with good external credit ratings.

22.2 Market risks

Foreign currency risks

The Group and the Company are exposed to changes in foreign exchange rates arising from foreign currency transactions and balances and changes in fair values. The Group's and the Company's overall financial risk management programme seeks to minimise potential adverse effects on the financial performance and position of the Group and the Company. The Group's and the Company's overall risk management are determined and carried out by the management. The Group and the Company do not hold or issue derivative financial instruments for speculative purposes.

22. Financial instruments, financial risks and capital management (Continued)

22.2 Market risks (Continued)

Foreign currency risks (Continued)

The Group and the Company are exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the Euro, Singapore dollar and Myanmar Kyat. The Group and the Company monitor the movement in foreign currency exchange rates closely to minimise the exposure.

The breakdown of the carrying amounts of financial assets and financial liabilities at the reporting date by currency are as follows:

	Group			
	Financial assets		Financial liabilities	
	2017	2016	2017	2016
	US$	US$	US$	US$
United States dollar	5,427,730	1,478,787	3,867,537	64,195
Euro	323,418	1,167,955	-	-
Singapore dollar	31,852	84,670	38,089	33,748
Myanmar Kyat	20,532	39,364	-	-
	5,803,532	2,770,776	3,905,626	97,943

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% (2016: 3%) change in Euro ("EUR") against United States dollar. The sensitivity analysis assumes an instantaneous 10% (2016: 3%) change in the foreign currency exchange rates from the end of the financial year, with all variables held constant.

	Group	
	Profit or loss/Equity	
	2017	2016
	US$	US$
EUR		
Strengthened against United States dollar	32,342	35,039
Weakened against United States dollar	(32,342)	(35,039)

Interest rate risks

Interest rate risk arises from the fluctuation of interest rates applicable to interest bearing financial assets and liabilities.

The interest rate sensitivity analysis is not presented as the Group does not have significant exposure to interest bearing financial assets and liabilities.

22. Financial instruments, financial risks and capital management (Continued)

22.3 Liquidity risks

Liquidity risks refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to ensure that all repayment needs are met. As part of its overall prudent liquidity management, the Group minimises liquidity risk by maintaining sufficient level of cash to meet its working capital requirements.

The financial liabilities are repayable on demand or due within one year from the end of the financial year.

23. Fair value of financial assets and financial liabilities

The Group's and Company's financial assets and financial liabilities include cash and cash equivalents, trade and other receivables (excluding prepayments), trade and other payables and convertible bonds.

The carrying amounts of these financial assets and liabilities are a reasonable approximation of their fair values due to their short-term maturity of these financial instruments.

24. Capital risk management policies and objectives

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

The capital structure of the Group consists of equity attributable to the equity holder of the Company comprising issued capital, equity reserves and accumulated losses.

The Group's management reviews the capital structure on an annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group's overall strategy remains unchanged from 31 March 2016.

The Group is not subject to externally imposed capital requirements for the financial years ended 31 March 2017 and 31 March 2016.

25. Subsequent event

Subsequent to year end, the Group had on 23 May 2017 entered into share option agreements with the employees and Directors of the Group to allot and issue 117,000 share options.