

MySQUAR Limited (“MySQUAR” or the “Company”)

Unaudited Interim Results Ending 31 December 2016

MySQUAR, the Myanmar-language social media, entertainment and payments platform whose principal activity is to design, develop and commercialise Myanmar-focussed internet-based mobile applications, announces its unaudited interim results for the six months ended 31 December 2016.

Highlights

- Revenue for the six months ended 31 December 2016 of USD 340,716 from gaming, advertising and mobile application development services.
- Total expenses (including cost of sales and operating expenses) in the same period were USD 1,926,926.
- Launched various mobile games including MyFish, Hawk Hero and Chakra Ninja.
- Launched the location-based consumer-to-consumer mobile marketplace application Fastsell.
- Launched the VoIP application CallHome (closed beta version).
- Issued 13,571,429 shares to raise GBP 475,000 in August 2016.
- Entered into two Convertible Loan Notes (“CLN”) with Sandabel Capital LP with a total of USD 3 million in principal value.
- Continued to progress on integration of MYPAY payment application with MyChat
- Signed a Master Service Agreement with Fastacash Pte Ltd (“fastacash”) for MySQUAR to provide payment application development services to fastacash.

Post-period end highlights

- User accounts across all applications and games were approximately 7.5 million by 12 January 2017.
- Launched the casual game platform Lucky Wingabar (closed beta in January and fully launched in March 2017) and MyCombo in February 2017.
- Successfully opened a value-added-service provider account and integrated with Telenor Myanmar (“Telenor”) for direct carrier billing services in Myanmar, under which users of MySQUAR’s applications and games can make payment via the carrier billing service of Telenor.
- By end of February 2017, the Group had drawn down a total of USD 2.1 million in principal value from the two CLNs from Sandabel, of which USD 1.65 million has been converted into shares.
- Fully launched the VoIP application CallHome by end of March 2017.

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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Chief Executive Officer's Commentary

Dear Shareholders,

We have had a busy and productive start to the financial year with several positive developments in the business over the last few months. During the nine months from June 2016 to March 2017, the Group has launched five mobile games and a gaming platform, a mobile marketplace platform, a VoIP application, the upgraded version 2.0 of MyChat and provided payment application development services to MYPAY and fastacash. All these developments are consistent with the Company's strategy: to become a key leading mobile-based value added service provider in Myanmar. As a result of these developments, not only is the market position of the Group solidified, but also revenue is increasingly stable and diversifying across the businesses.

We are very pleased to work with Telenor Myanmar, as of March 2017, utilising its carrier billing service in the Myanmar market. As Telenor has a large base of about 18 million subscribers (as of year-end 2016), its carrier billing service will add a convenient payment option for users of MySQUAR's applications and games. For example, users of MyChat that are also Telenor Myanmar subscribers, can purchase stickers in MyChat by deducting from their phone balance. The same mechanism is applied for game users who would like to purchase in-game assets. We anticipate that the relationship with Telenor will help drive MySQUAR's revenue in the near future. Utilising localised payment solutions also differentiates MySQUAR's applications and games versus international alternatives that don't offer the same convenience.

Over the next 12 months, increasing the Company's revenue will largely rely on the following:

MyChat and In-App Purchases

The Group has been focused on developing MyChat into a dynamic chat and messaging application that works well in Myanmar. It now possesses a stable user base that the Group can monetise through various channels. In addition to advertising, the Group is now adding premium content that users will have to pay to access, such as paid stickers (will be launched in April 2017), dating features, horoscope (will be launched in May-June 2017), gifting, and other features that will be added over time. The paid content will not only help generate revenue but we believe it will also increase stickiness (user engagement) to MyChat.

Mobile Gaming

MySQUAR is the leading publisher of mobile games in Myanmar with the largest portfolio of games and a large user base across the games. Some of the games that have been released, such as MyFish and Hawk Hero, are extremely popular in Myanmar. As a market leader, the Group will continue to expand its game portfolio by introducing new and different types of games to the market – such as the casual gaming platform released in late March, and by early April 2017 we will release a new MMO (massively multiplayer online) game that is unique to the Myanmar market. The gaming business has generated significant revenue for the Group over the past few months and is expected to substantially grow in the near term, due to not only the ongoing expansion of the game portfolio and user base, but also the integration with major carrier billing providers (such as Telenor) for streamlined payment options for users.

Fastsell

Our location-based marketplace application has been progressing well since it launched. It has gained momentum amongst both sellers and buyers as it openly facilitates transactions. A research focus group conducted by the marketing team of Fastsell concluded that sellers are willing to pay for premium accounts with Fastsell so they can more easily market their products to buyers. Fastsell's monetisation strategy focuses on advertising sales and generating revenue through fees charged to premium seller accounts (subscription fee and fee per each item posted), fees charged to sellers who participate in promotion/discount programs and transaction handling fees. The advertising sales and premium accounts will be available to users in April 2017 and shortly thereafter, marketing activities to promote the application will be carried out extensively.

VoIP Service

The full launch of the VoIP services (known as CallHome) which was soft launched in December has been delayed longer than expected due to customisation work conducted by our technology partner, however it will be fully launched by end of March 2017. As previously announced, the services target the Myanmar market and also South East Asian countries, such as Thailand, Malaysia, Singapore and the UAE where many Myanmar diaspora live. The services offer users bundled packages (for example, 30 minutes or 60 minutes) with competitive pricing compared to other VoIP service providers in the market (such as Viber). In order to target users around the region and receive payment, the VoIP services will integrate the in-app purchase functionality of Google Play, which connects with most of the local mobile operators in the region, allowing users to pay for the VoIP services via their local carrier billing or via credit card. For the domestic Myanmar market, the VoIP services will leverage the payment platform that MySQUAR currently deploys with MECTel, Red Dot, and Telenor Myanmar.

Payment Application Development Services

Since we entered into a Master Service Agreement with fastacash in November 2016, the Group has been engaged in a number of mobile application development projects with fastacash, including a mobile payment application for a local Vietnamese commercial bank, a mobile application for a money transfer group in the Middle East and other supporting services for clients of fastacash.

Besides fastacash, we will seek other clients in the fintech sector as we see the growing demand for quality technical development services that have become expensive in other countries. As a technical developer for fintech clients, MySQUAR will not only have opportunities to generate revenue, but also enrich its development knowledge in the innovative fintech industry space, which can also be applied to other businesses of MySQUAR.

In addition to the businesses discussed above, MySQUAR has been working closely with MYPAY for the launch of MYPAY's mobile payment services in Myanmar. The launch has been delayed longer than expected due to regulatory issues, however we expect MYPAY to commence its services in the near term. Once MYPAY's payment application goes live, it is anticipated to provide an additional payment channel for MySQUAR's applications and games, in addition to revenue share in accordance with the Service Agreement between the two companies.

Financial Review

Revenue for the six months ending 31 December 2016 was USD 340,716. Total expenses (including cost of sales and operating expenses) in the same period were USD 1,926,926. The Group's loss before tax was USD 1,581,698 for the six months ending 31 December 2016.

Cash balance at the end of the period was USD 59,836. During and post-period, the Group's operations have been financed by cash collections from revenue and drawdowns from Sandabel's CLNs.

As we work towards achieving our breakeven target, the Group has also implemented a cost savings program that is focused on the following cost centers:

- Payroll was kept steady, if not slightly reduced, despite the Group's headcount increasing from 85 to 110 from end of July 2016 to end of February 2017.
- Third party services (for example, hosting and domain services) were consistently reduced on a monthly basis over the past nine months as a result of infrastructure optimisation and technical improvements.

During the six months ending 31 December 2016, the Group raised funds as follows:

- GBP 475,000 gross proceeds from the placement of 13,571,429 shares.
- Two Convertible Loan Notes from Sandabel with total USD 3 million in principal value, of which USD 2.1 million in principal value has been drawn down as of the date of this report.

Finance Facilities

- Under the terms of the Sandabel loan note the Company is able to request the drawdown of further funds if at the date of such request it has been generating a minimum of USD 5,500 per day in respect of the remaining USD 900,000 of headroom under the second Sandabel CLN.
- As at the date of this report, the Company has available headroom of USD 280,000 under the USD 1 million credit facility provided by Rising Dragon Singapore Pte. Ltd (“Rising Dragon”).

Regarding future cash flow, the Group expects to continue to generate revenue from the gaming business, payment application development services, advertising and from new products such as the paid content in MyChat, transaction fees from the mobile marketplace FastSell and the CallHome VoIP services that are expected to begin to monetise in April 2017 in conjunction with the integration with larger payment service providers (such as Telenor). We therefore forecast our operating cash flow will improve over time as our revenue stream increases across the businesses.

Outlook

In the next 12 months, the Group will concentrate its resources on developing the existing products and businesses as outlined above to be the market leader of mobile based value-added services and products in Myanmar.

In parallel to product development, we will continue to pursue relationships with other major telcos such as MPT and Ooredoo, along with enhancing our existing relationships with MECTel and Telenor, to diversify our payment options for users. This is critical to the monetisation capability of our products.

We anticipate that revenues in the second half of the 2017 financial year and thereafter will grow substantially as a result of the additional monetisation streams as described in the Financial Review above. The Group looks forward to providing further updates on the performance of its operations as it continues to grow its various businesses and monetisation opportunities.

The Group remains focused on progressing the business to a point of operating on a cash flow breakeven basis.

Lastly, I would like to thank all of my colleagues throughout the business for their hard work and commitment to the Company’s objectives.

Eric Alfred Schaer
Chief Executive Officer

30 March 2017

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2016

Set out below are the unaudited results of the Operating Group for the six months ended 31 December 2016, together with the unaudited results of the comparative period (for the six months ended 31 December 2015):

| | Notes | Six months ended 31 December 2016 <u>USD</u> | Six months ended 31 December 2015 <u>USD</u> |
|---|-------|---|---|
| Continuing Operations | | Unaudited | Unaudited |
| Revenue | | 340,716 | 350,000 |
| Cost of sales | | (211,820) | (89,842) |
| Operating profit | | 128,896 | 260,158 |
| Finance income | | 4,489 | 43 |
| Finance costs | | (80,518) | (11,523) |
| Marketing and selling expenses | | (356,975) | (319,424) |
| Administration expenses | | (1,277,120) | (1,220,038) |
| Net operating loss | | (1,581,228) | (1,290,784) |
| Other income | | 23 | 305 |
| Other expenses | | (493) | (15,390) |
| Loss before taxation | | (1,581,698) | (1,305,869) |
| Income tax expense | 12 | - | - |
| Loss from continuing operations | | (1,581,698) | (1,305,869) |
| Other comprehensive income | | - | - |
| Items that may be subsequently reclassified to profit or loss | | - | - |
| Other comprehensive income, net of tax | | - | - |
| Total comprehensive income for the period attributable to owners of the parent | | (1,581,698) | (1,305,869) |
| Earnings per share (basic) | 4 | (0.0077) | (0.0070) |

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

The unaudited statements of consolidated financial position as at 31 December 2016 and 31 December 2015 are set out below:

| | Notes | 31 December 2016 | 31 December 2015 |
|--------------------------------------|-------|-------------------------|-------------------------|
| | | <u>USD</u> Unaudited | <u>USD</u> Unaudited |
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | | 11,024 | 15,395 |
| Prepayments and other assets | 5 | 697,353 | 799,959 |
| Total non-current assets | | 708,377 | 815,354 |
| <i>Current assets</i> | | | |
| Prepayments | 5 | 175,428 | 152,571 |
| Inventories | | 11,133 | - |
| Trade and other receivables | 6 | 129,857 | 132,938 |
| Cash | 7 | 59,836 | 50,044 |
| Total current assets | | 376,254 | 335,553 |
| TOTAL ASSETS | | 1,084,631 | 1,150,907 |
| EQUITY AND LIABILITIES | | | |
| <i>Capital and reserves</i> | | | |
| Share capital | 8 | 3,671,883 | 2,750,548 |
| Share option reserve | | 455,815 | 292,254 |
| Reconstruction reserve | | 1,783,075 | 1,783,075 |
| Accumulated losses | | (6,918,031) | (4,208,408) |
| Total equity | | (1,007,258) | 617,469 |
| <i>Non-current liabilities</i> | | | |
| Borrowings | 9 | 1,500,000 | 303,043 |
| Total non-current liabilities | | 1,500,000 | 303,043 |
| <i>Current liabilities</i> | | | |
| Trade and other payables | 10 | 591,889 | 230,395 |
| Total current liabilities | | 2,091,889 | 533,438 |
| TOTAL EQUITY AND LIABILITIES | | 1,084,631 | 1,150,907 |

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

The unaudited consolidated statement of changes in equity for the six months ended 31 December 2016 is set out below:

| | Share capital USD | Shares to be issued USD | Share option reserve USD | Reconstruction reserve USD | Retained loss USD | Total Equity USD |
|---|-------------------------|----------------------------------|--------------------------------|----------------------------------|-------------------------|------------------------|
| As at 30 June 2015 (Audited) | 522,256 | 200,000 | 73,267 | 1,783,075 | (2,902,539) | (323,941) |
| Loss for the period | - | - | - | - | (1,305,869) | (1,305,869) |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | (1,305,869) | (1,305,869) |
| Issue of shares | 2,588,776 | - | - | - | - | 2,588,776 |
| Share based payments | 200,000 | (200,000) | 218,987 | - | - | 218,987 |
| Share issuance costs | (560,484) | - | - | - | - | (560,484) |
| Total transactions with owners, recognised directly in equity | 2,228,292 | (200,000) | 218,987 | - | (1,305,869) | 941,410 |
| As at 31 December 2015 (Unaudited) | 2,750,548 | - | 292,254 | 1,783,075 | (4,208,408) | 617,469 |
| Loss for the period | - | - | - | - | (1,127,925) | (1,127,925) |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | (1,127,925) | (1,127,925) |
| Share based payments | - | - | 140,275 | - | - | 140,275 |
| Share issuance costs | (4,859) | - | - | - | - | (4,859) |
| Total transactions with owners, recognised directly in equity | (4,859) | - | 140,275 | - | (1,127,925) | (992,509) |
| As at 30 June 2016 (Audited) | 2,745,689 | - | 432,529 | 1,783,075 | (5,336,333) | (375,040) |
| Loss for the period | - | - | - | - | (1,581,698) | (1,581,698) |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | (1,581,698) | (1,581,698) |
| Issue of shares | 1,402,726 | - | - | - | - | 1,402,726 |
| Share based payments | - | - | 23,286 | - | - | 23,286 |
| Share issuance costs | (476,532) | - | - | - | - | (476,532) |
| Total transactions with owners, recognised directly in equity | 926,194 | - | 23,286 | - | (1,581,698) | (632,218) |
| As at 31 December 2016 (Unaudited) | 3,671,883 | - | 455,815 | 1,783,075 | (6,918,031) | (1,007,258) |

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2016

The unaudited consolidated statement of cash flows for the Operating Group are set out below;

| | Six months ended 31 December 2016 | Six months ended 31 December 2015 |
|---|--|--|
| | <u>USD</u> | <u>USD</u> |
| | Unaudited | Unaudited |
| CASH FLOWS USED IN OPERATING ACTIVITIES | | |
| Loss for the period | (1,581,698) | (1,305,869) |
| <i>Adjustments for:</i> | | |
| Interest expenses | 58,538 | 10,454 |
| Depreciation and amortisation | 14,831 | 7,620 |
| Charge for share based payments | 104,881 | 289,964 |
| | (1,403,448) | (997,831) |
| Operating cash flows before changes in working capital | | |
| Movements in working capital | | |
| Increase in trade and other receivables | (15,757) | (187,360) |
| Increase in work in progress | (7,962) | - |
| Decrease in trade and other payables | (25,140) | (184,404) |
| Net cash used in operating activities | (1,452,307) | (1,369,595) |
| CASH FLOWS USED IN INVESTING ACTIVITY | | |
| Purchase of property, plant and equipment | (8,200) | (15,670) |
| Net cash used in investing activity | (8,200) | (15,670) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares net of issuance costs | 926,194 | 2,028,293 |
| Proceeds from borrowings | 1,666,957 | 299,336 |
| Repayment of borrowings | (325,000) | (922,982) |
| Convertible loan notes | (750,000) | - |
| Net cash flows from financing activities | 1,518,151 | 1,404,647 |
| Net increase in cash | 57,644 | 19,382 |
| Cash at the beginning of the period | 2,192 | 30,662 |
| Effects of changes in foreign exchange rates | - | - |
| Cash at the end of the period | 59,836 | 50,044 |

1. GENERAL INFORMATION

The principal activities of the Group are to design, develop and commercialise Myanmar-focussed internet-based mobile applications, including social networks, mobile messaging applications, digital content, online games, online advertising, online news aggregation, mobile payment services, ecommerce, etc.

The directors do not propose the payment of an interim dividend (31 December 2015: nil).

2. BASIS OF PREPARATION

The interim accounts have been prepared on the basis of the accounting policies set out in the annual report and accounts for the period ended 30 June 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The same accounting policies, presentation and methods of computation have been followed in these unaudited interim financial statements, as those which were applied in the preparation of the Group's annual statements for the year ended 30 June 2016, upon which the auditors gave an unqualified opinion.

The interim accounts have been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ended 30 June 2017.

The comparative period is the six months ended 31 December 2015.

The consolidated interim financial statements have not been audited but have been reviewed by the Group's auditor.

The business is not subject to seasonal variations.

3. GOING CONCERN

The consolidated interim accounts have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group reported a net loss after tax of USD 1,581,698 for the six months ended 31 December 2016 (31 December 2015: net loss USD 1,305,869) and as of that date, the Group's total current liabilities exceeded its total current assets by USD 215,635. Management's assessment of the ability of the Group to continue as a going concern has considered cash flow forecasts, including assumptions regarding revenue growth, the timing of bringing new products to market and the Group's ability to settle its liabilities as they fall due. In respect of this, the Group's Board of Directors believes that the Group has appropriate business plans to generate sufficient cash flows, as well as the availability of the USD 2 million CLN provided from Sandabel (the CLN executed on 9 December 2016) and the remaining of the USD 1 million credit facility provided from Rising Dragon to sustain its business in the foreseeable future. As a result of consideration of these matters the Directors consider it appropriate to prepare the interim accounts using the going concern basis.

4. EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the loss attributable to equity holders of the Group after taxation by the weighted average number of shares in issue during the period.

| | Six months ended 31 December 2016 <u>USD</u> Unaudited | Six months ended 31 December 2015 <u>USD</u> Unaudited |
|--|--|--|
| Basic | | |
| Loss after taxation as per statement of comprehensive income | (1,581,698) | (1,305,869) |
| Weighted average number of shares | 205,138,259 | 187,784,668 |
| Earnings per share | (0.0077) | (0.0070) |

5. PREPAYMENTS AND OTHER ASSETS

| | 31 December 2016 <u>USD</u> Unaudited | 31 December 2015 <u>USD</u> Unaudited |
|---------------------------|---|---|
| <i>Non-current assets</i> | | |
| Prepayments | 557,840 | 773,293 |
| Deposits | 33,960 | 22,072 |
| Other assets | 105,553 | 4,594 |
| | <u>697,353</u> | <u>799,959</u> |
| <i>Current assets</i> | | |
| Prepayments | 175,428 | 152,571 |
| | <u>872,781</u> | <u>952,530</u> |

6. TRADE AND OTHER RECEIVABLES

| | 31 December 2016 <u>USD</u> Unaudited | 31 December 2015 <u>USD</u> Unaudited |
|-------------------|---|---|
| Trade receivables | 102,083 | 100,000 |
| Other receivables | 27,774 | 32,938 |
| | <u>129,857</u> | <u>132,938</u> |

7. CASH

| | 31 December 2016 <u>USD</u> Unaudited | 31 December 2015 <u>USD</u> Unaudited |
|--------------|---|---|
| Cash on hand | 5,080 | 2,695 |
| Cash in bank | 54,756 | 47,349 |
| | <u>59,836</u> | <u>50,044</u> |

8. SHARE CAPITAL

| | 2016 | | 2015 | |
|--|---------------|------------------|-------------------------------|--------------------------|
| | No. of shares | USD | No. of shares | USD |
| Allotted and fully paid: | | | | |
| Ordinary shares | 222,565,621 | 3,671,883 | 187,784,668 | 2,750,548 |
| | | <u>3,671,883</u> | | <u>2,750,548</u> |
| Share Capital | | | | |
| | | | No. of Ordinary Shares | Share Capital USD |
| At 1 July 2016 | | | 187,784,668 | 2,745,689 |
| At 15 August 2016 for the equity placement of GBP 475,000 | | | 13,571,429 | 612,750 |
| At 3 October 2016, Sandabel Capital LP converted USD 300,000 of Convertible Loan into shares | | | 7,210,280 | 300,000 |
| At 6 October 2016, sold 650,000 shares at 3.5 pence per warrant share (GBP 22,750) | | | 650,000 | 27,778 |
| At 14 October 2016, issue for termination fee of broker agreement | | | 268,908 | 12,198 |
| At 10 November 2016, Sandabel Capital LP converted USD 250,000 of Convertible Loan into shares | | | 6,339,985 | 250,000 |
| At 28 November 2016, Sandabel Capital LP converted USD 200,000 of Convertible Loan into shares | | | 6,740,351 | 200,000 |
| Share issuance costs | | | - | (476,532) |
| At 31 December 2016 | | | 222,565,621 | 3,671,883 |

9. BORROWINGS

| | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| | USD | USD |
| | Unaudited | Unaudited |
| Rising Dragon Singapore Pte. Ltd., dated 13 May 2015 (*) | 750,000 | 303,043 |
| Sandabel Capital LP, dated 30 September 2016 (**) | 250,000 | - |
| Sandabel Capital LP, dated 9 December 2016 (***) | 500,000 | - |
| | <u>1,500,000</u> | <u>303,043</u> |

(*) On 13 May 2015 and as varied pursuant to a deed of variation dated 25 May 2015, the Group and Rising Dragon, entered into a term facility agreement under which Rising Dragon agreed to make available, subject to the terms therein, a credit facility for a sum of up to USD one million (the "Facility Agreement") in consideration for an arrangement fee satisfied by the allotment and issue of 18,751,535 Shares to Rising Dragon. The facility under this agreement is repayable on the date being the earlier of 30 June 2020 and the completion of a fund raise in the sum of USD one million or more by the Group subject to the unanimous approval of the Board. The interest rate payable under this agreement is 12% per annum, payable monthly in advance. As of 31 December 2016, the outstanding borrowing amount of the Loan was USD750,000.

(**) On 30 September 2016, the Group and Sandabel Capital LP entered into a term CLN (the "first CLN") for an amount of USD 1 million. During the two-year term, the first CLN will be convertible into new ordinary shares ("Conversion Shares") in the Group at the Noteholder's discretion. As of 31 December 2016, the outstanding borrowing amount of the first CLN was USD 250,000.

(***) On 9 December 2016, the Group and Sandabel Capital LP entered into a second term CLN (the "second CLN") for an amount of USD 2 million. During the two-year term of the second CLN, any

amounts drawn down under the second CLN agreement will be convertible into Conversion Shares in the Group at the Noteholder's discretion. As of 31 December 2016, the outstanding borrowing amount of the second CLN was USD 500,000.

10. TRADE AND OTHER PAYABLES

| | 31 December 2016 | 31 December 2015 |
|------------------|-------------------------|-------------------------|
| | <u>USD</u> | <u>USD</u> |
| | Unaudited | Unaudited |
| Trade payables | 184,837 | 154,441 |
| Accrual payables | 148,015 | 53,708 |
| Other payables | 259,037 | 22,246 |
| | <u>591,889</u> | <u>230,395</u> |

11. OPERATING LEASE COMMITMENTS

The Group had outstanding commitments for future minimum lease payments on its office premises under non-cancelable operating leases which fall due as follows:

| | 31 December 2016 | 31 December 2015 |
|---|-------------------------|-------------------------|
| | <u>USD</u> | <u>USD</u> |
| | Unaudited | Unaudited |
| Minimum lease payments under operating leases recognised in profit or loss for the period | <u>79,278</u> | <u>31,537</u> |

At the reporting date, the Group had outstanding commitments under non-cancelable operating leases, which fall due as follows:

| | 31 December 2016 | 31 December 2015 |
|------------------------------|-------------------------|-------------------------|
| | <u>USD</u> | <u>USD</u> |
| | Unaudited | Unaudited |
| Within one year | 142,308 | 25,483 |
| In the second year inclusive | 69,973 | - |
| | <u>212,281</u> | <u>25,483</u> |

The operating lease commitments represent:

Total rentals payable by the Group for renting the Vietnam office at No. 246 Cong Quynh Street, Pham Ngu Lao Ward, District 1, Ho Chi Minh City, Vietnam at the annual rental charge of USD 52,480. The lease agreement was signed for a period of 3 years from 1 May 2016 to 30 April 2019.

Total rentals payable by the Group for renting the property at Suite No: 07-03, 7th Floor, Union Financial Centre (UFC), Conner of Mahabadoola Road & Thein Phyu Road & 45th Street, Botataung Township, Yangon, Myanmar at the annual rental charge of USD 114,523.50. The lease agreement was signed for a period of 1 year from 16 October 2016 to 15 September 2017.

12. TAXATION

Taxation has been calculated at the rates of tax prevailing in the countries in which the operating group operates, based on existing legislation, interpretation and practices in respect thereof. No deferred tax has been recognised due to uncertainty as to when the Operating Group will become profit generating.

No income tax or deferred tax movement has been recognised in the period and as such the total tax charge for the period is nil (for the six months ended 31 December 2015: nil).

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group are as follows:

| | Six months ended 31 December 2016 | Six months ended 31 December 2015 |
|---|--|--------------------------------------|
| | USD | USD |
| Group loss before tax | (1,581,698) | (1,305,869) |
| Tax at the effective tax rate of 17% | (268,889) | (221,998) |
| Effect of: | | |
| Expenses not deductible in determining taxable profit | 10,937 | 1,493 |
| Effect of different corporate tax rates | 47,451 | 65,293 |
| Tax losses for the period for which no deferred tax asset has been recognised | 210,501 | 155,212 |
| | - | - |

13. POST BALANCE SHEET EVENTS

On 4 January 2017, Sandabel Capital LP converted USD 250,000 in principal value of the first CLN into 17,117,958 ordinary shares. Following this conversion, the first CLN issued to Sandabel has been fully converted.

On 31 January 2017, the Group drew down an additional USD 350,000 from the second CLN of Sandabel Capital LP.

On 1 February 2017, Sandabel Capital LP converted USD 350,000 in principal value of loan notes into 20,066,127 ordinary shares.

On 6 February 2017, established an ESOP with options over a pool of up to 7,137,819 ordinary share of no par value for the benefit of key employees and directors based on their performance in 2016.

On 28 February 2017, the Group drew down an additional USD 250,000 from the second CLN of Sandabel Capital LP. Following this drawdown, the Group has drawn down USD 1.1 million in total from the second CLN.

On 2 March 2017, Sandabel Capital LP converted USD 300,000 in principal value of loan notes into 24,060,149 ordinary shares. Following this conversion, Sandabel Capital LP has converted in total USD 650,000 in principal value into ordinary shares, leaving USD 450,000 outstanding from Sandabel Capital LP as of the date of this report.