

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

Unaudited Interim Results for the 6 months ended 31 December 2015

MySQUAR Ltd (AIM: MYSQ), the Myanmar-language social media and entertainment platform whose principal activity is to design, develop and commercialise Myanmar-focused internet-based mobile applications, today announces its unaudited interim results for the six months ended 31 December 2015.

Highlights

- Revenue for the 6 months ended 31 December 2015 of USD350,000 from ongoing implementation of MyPAY payment solution.
- Operating expenses for the period of USD1,629,304, including USD289,964 of share based payments.
- IPO on the AIM market of the London Stock Exchange on 1 July 2015 and gross fundraising of £1.67 million
- Joined cross-promotion partnership with Ooredoo Myanmar, the international telecommunications provider owned by Qatar Telecom.
- User accounts were approximately 2.0 million by 31 December 2015. Monthly active users were approximately 600,000 in the month of December 2015.

Post period end highlights

- Continuation of the integration of MyPAY’s payment services into MyCHAT. MySQUAR and MyPAY have also agreed to increase the software platform integration fee to be paid to MySQUAR from USD500,000 to USD750,000 reflecting additional implementation work required.
- The outstanding balance of the increased integration fee of USD400,000 has been received from MyPAY.
- Commercial relationships have been established with a number of advertisers in the sectors of consumer goods, recruitment services, online retail and media agencies among other sectors. Examples include MyJobs, Work.com.mm, Shop.com.mm (an ecommerce website in Myanmar owned by the Rocket Internet Group) and Sharp. These advertisers pay for using the advertising tools of MyCHAT such as Boosted Post, Direct Messaging, Brand Account, etc.
- Partnerships with leading local content providers, including Myanmar Times, LwinPyin and Irrawaddy, providing free content for posting in MyCHAT. The Company will continue to acquire more content (mostly via partnering) for MyCHAT.
- Invited to join Google’s SEA Discussion Panel in March 2016.
- Move to monetise user base through the publication of social online games the first of which is expected to be published at the end of March 2016.
- Total user accounts are in excess of 2.45 million as of today’s date.
- Monthly active users on average are about 25% - 30% of total user accounts.

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CEO's Commentary

I am pleased to report that we have made good progress with the strategic priorities outlined in our 2015 Annual Report. At the same time, Myanmar's General Election – the first openly contested election in a quarter of a century – went very smoothly. The transition from the prior Administration is proceeding well and the signs have been very positive to date.

The Company has continued to execute its user acquisition strategy successfully and organic growth in user accounts has remained strong. We are confident that we will meet our user acquisition target of 3.45 million user accounts prior to the end of the calendar year 2016. The large and growing user base the Company is acquiring – currently, at a rate of approximately 160,000 user accounts per month - is expected to continue to enhance our available monetisation capabilities.

We are delighted to see strong organic growth in user account numbers. From January 2016, we have spent significantly less marketing dollars per user acquisition compared to 2015, but new user accounts have continued to grow steadily indicating that the MyCHAT application continues to be well received by users.

While maintaining the Company's user growth focus, the Company is now moving to maximise available monetisation opportunities in order to build cash flow in the near and medium term.

At the time of the Company's IPO the Directors had identified the following key monetisation strategies:

- Advertising;
- Partnership and co-branding;
- Digital goods;
- User data; and
- Transaction based monetisation, affiliate sales and eCommerce

In addition to these areas the Company has also recently embarked upon a strategy to enter the social game publishing business and is also looking at opportunities for extending its messaging functionality into Voice over IP ("VoIP"). Each of these areas is discussed in more detail below:

Advertising, partnership and co-branding

Given its growing user base as well as the popularity of the brand MyCHAT as a social media platform, the Company is increasingly becoming an important service provider in the digital advertising sector in Myanmar, having established relationships with a large base of potential advertisers.

We are encouraged, in pursuing our advertising monetisation strategy, by the fact that our advertising offerings - for example, boosted post, direct messaging, brand accounts, geo-target capability and customised sticker sets - have received interest from advertisers and media agencies. New advertising tools to be added, such as videos and coupons, will also expand the Company's offerings. While digital advertising is quite new to the market and has not developed as quickly as our initial expectations, we believe that the transition from traditional advertising to digital will happen at a pace seen in other emerging markets. Advertisers, such as Myjobs, Sharp and shop.com.mm among others have already indicated willingness to pay for using our advertising tools. Whilst revenue from advertising is not significant yet, the Company is expecting to see stronger advertising revenue coming through towards the end of the calendar year 2016.

Digital goods (including expansion into mobile games)

Monetisation via sales of digital goods, including sticker sets and social games, remains an important strategy. We have been working on payment solutions for this business and now have multiple options available.

In the Board's view, Myanmar is currently experiencing a situation very similar to that of Vietnam a decade ago,

when social gaming became hugely popular amongst Vietnamese youths. In positioning MySQUAR as one of the first game publishers in Myanmar the Company is seeking to tap into this potentially lucrative market (in Vietnam, for instance, yearly Average Revenue Per User of games is approximately USD9.76 and the market size is estimated at approximately USD400 million per annum, according to Statista's report on the Vietnamese mobile gaming market overview in 2015). The Company plans largely to focus on mobile games which leverage the user base of MyCHAT, but will also publish other types of games including web games and PC games on a selected basis. The Company intends to build a game portfolio to include casual games, mid-core games and hard-core games that require an investment per game ranging from USD30,000 to a few hundred thousand USD depending on their complexity. Game monetisation will be based on both the "freemium"* and advertising models which have proved successful in both Western and Asian markets. The first mobile game is on track to be published during April and thereafter the Company aims to maintain a pipeline of at least one game every few months. Ultimately, the Company intends to operate a portfolio of some 35-40 games concurrently. The Company is reviewing options to accelerate growth through various forms of tie-ups with existing game publishers and studios (including licensing, acquisition and partnership models).

To execute the gaming business plan, the Company has put in place a dedicated team and has already been working with payment service providers for games while awaiting MyPAY's payment services to go live.

We expect the gaming business to make a significant contribution to the Company's revenues as the Company goes forward.

** basic services are provided free of charge while more advanced features must be paid for*

Transaction based monetisation, affiliate sales and eCommerce

The Company has reported revenue of USD350,000 for the 6 months ended 31 December 2015, and post the period end it has also recognised additional revenue from MySQUAR's payment service partner, MyPAY.

The implementation of MyPAY's payment solution has been progressing well with the Company incurring additional development spend during the period and post-period end as implementation work continues. Our partner MyPAY has been very active in executing the implementation by working closely with MySQUAR's team, as well as with the technology provider, fastacash.

Once the payment features go live which is anticipated to commence in Q3 of the calendar year 2016, MyCHAT will offer various additional services to its users. Additional services are expected to include cross-border money transfer (millions of Myanmar people who work overseas in Thailand, UAE, Malaysia, Singapore among other countries send millions of dollars every year to their families in Myanmar), domestic money transfer, payment services for digital products and games, payment services for voice calls, points of sales, and coupons for marketing and promotion purposes.

Once the MyPAY software integration is complete, MySQUAR will be principally responsible for both increasing MyCHAT's user base (including Myanmar people living overseas) and ensuring the payment features are integrated properly in MyCHAT, whilst MyPAY will be responsible for operational aspects including cash management, e-wallet, security and technology.

VOIP

MySQUAR is currently reviewing options to invest in VoIP functionality through partnerships with third party technology providers. VoIP services are planned to be integrated as a feature in MyCHAT from which users can make domestic and international voice calls to other MyCHAT users for free. The revenue model for this business will include charging for calls to mobile phones and landlines, data purchase, data gifting and advertising. The Company is currently developing the specific business plan for the VoIP business and negotiating the partnership agreements.

We believe that the solution we will offer will provide superior quality, at competitive rates. While the domestic market of Myanmar is very sizeable, we also see great opportunities from the 3 million Myanmar people working

in Thailand and large numbers in Malaysia, UAE and Singapore among other counties, a great many of whom keep in frequent contact with family and friends at home.

MyCHAT's product development review

The Company continues to prioritise improving its products and offerings to its users. Our product development goals are based around the key strategic pillars: (i) First class content, (ii) Superior chat experience, (iii) Expansion into Rich Media, and (iv) Full focus on improving the user experience and their ability to make friends.

Having delivered the original product development plan specified in the Company's Admission Document, the Company will spend even greater efforts developing the products' appeal. The Company has an aggressive product development plan for MyCHAT ahead. For example in Q1 of calendar 2016, we have been focusing on developing features which enhance content and chat user experience including single merged feed based on user preferences, channels to follow as part of user on-boarding, RSS news feeds, URL previews across the app (within both chat and the feed), local contact search, improved user profiles, SMS sign-up, automated notifications for new content and notifications that link to any screen within the application. Similarly aggressive plans for Q2, Q3, and Q4 of 2016 are also in place.

Financial review

The Company reported revenue of USD350,000 from implementation fees for the 6 months ended 31 December 2015.

Operating expenses were reported at USD1.62 million for the 6 months ended 31 December 2015, including a significant amount of non-cash expenses (USD289,964 of share based payment). The period's operating expenses were higher than the Company's original budget as a result of the MyPAY implementation and the preparation for the roll-out of the gaming business.

The cash balance at the end of the period was USD50,044. Regarding future cash flow, post the period end, the Company has received the remaining software integration fee of USD400,000 from MyPAY. It also expects revenue to be generated from the gaming business and advertising in the short term, the Credit Facility of USD1.0 million provided by Rising Dragon Singapore Pte Ltd of which USD303,043 is currently drawn also remains available.

Outlook

The Company is continuing to develop more products and partnerships on a monthly basis. Strategically, we believe the Company has adopted the best policy in seeking to partner on new business developments such as payment services, game licensing, and VoIP. This means the Company will not only save significant capital but also leverage the expertise of our partners. The Company expects to continue to follow this business model for future strategies.

Given the current execution pace of our plans for product development, monetisation, new lines of business, and user acquisition, we remain confident in meeting our target of user acquisition and revenue for the full year to 30 June 2016. More importantly, we believe that all the current developments being undertaken by the Company provide a solid foundation for the future growth of the business.

Eric Alfred Schaer
Chief Executive

30 March 2016

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2015

Set out below are the unaudited results of the Operating Group for the six months ended 31 December 2015, together with the unaudited results of the comparative period (for the six months ended 31 December 2014):

| | Notes | Six months ended 31 December 2015 | Six months ended 31 December 2014 |
|---|-------|--|--|
| | | <u>USD</u> | <u>USD</u> |
| Continuing Operations | | Unaudited | Unaudited |
| Revenue | | 350,000 | - |
| Operating expenses | | <u>(1,629,304)</u> | <u>(780,486)</u> |
| Loss on ordinary activities before interest | | (1,279,304) | (780,486) |
| Other income | | 348 | 258 |
| Other expenses | | (15,390) | (42,543) |
| Finance costs | | <u>(11,523)</u> | <u>-</u> |
| Loss on ordinary activities before income tax | | (1,305,869) | (822,771) |
| Income tax expense | 13 | <u>-</u> | <u>-</u> |
| Loss from continuing operations | | (1,305,869) | (822,771) |
| Other comprehensive income | | - | - |
| Items that may be subsequently reclassified to profit or loss | | - | - |
| Other comprehensive income, net of tax | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period attributable to owners of the parent | | (1,305,869) | (822,771) |
| Earnings per share (basic) | 4 | (0.0070) | (0.0058) |

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

The unaudited statements of consolidated financial position as at 31 December 2015 and 31 December 2014 are set out below:

| | Notes | 31 December 2015 | 31 December 2014 |
|-------------------------------------|-------|------------------|------------------|
| | | <u>USD</u> | <u>USD</u> |
| | | Unaudited | Unaudited |
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | | 15,395 | 6,395 |
| Prepayments and other assets | 5 | 952,530 | 4,865 |
| Total non-current assets | | 967,925 | 11,260 |
| <i>Current assets</i> | | | |
| Trade and other receivables | 6 | 132,938 | 24,105 |
| Cash | 7 | 50,044 | 144,362 |
| Total current assets | | 182,982 | 168,467 |
| TOTAL ASSETS | | 1,150,907 | 179,727 |
| EQUITY AND LIABILITIES | | | |
| <i>Capital and reserves</i> | | | |
| Share capital | 8 | 2,750,548 | 1,672,375 |
| Share option reserve | | 292,254 | - |
| Reconstruction reserve | | 1,783,075 | - |
| Accumulated losses | | (4,208,408) | (1,693,324) |
| Total equity | | 617,469 | (20,949) |
| <i>Current liabilities</i> | | | |
| Borrowings | 9 | 303,043 | 119,200 |
| Trade and other payables | 10 | 230,395 | 81,476 |
| Total current liabilities | | 533,438 | 200,676 |
| TOTAL EQUITY AND LIABILITIES | | 1,150,907 | 179,727 |

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015

The unaudited consolidated statement of changes in equity for the six months ended 31 December 2015 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 2014 (audited) | 502,425 | 94,975 | - | - | (870,553) | (273,153) |
| Loss for the financial year | - | - | - | - | (822,771) | (822,771) |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | (822,771) | (822,771) |
| Increase in share capital | 1,074,975 | - | - | - | - | 1,074,975 |
| Total transactions with owners, recognised directly in equity | 1,074,975 | - | - | - | (822,771) | 252,204 |
| As at 31 December 2014 (Unaudited) | 1,577,400 | 94,975 | - | - | (1,693,324) | (20,949) |
| Loss for the period | - | - | - | - | (1,397,485) | (1,397,485) |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | (1,397,485) | (1,397,485) |
| Return of equity | - | (25,000) | - | - | - | (25,000) |
| Issue of shares | 205,675 | (69,975) | - | - | - | 135,700 |
| Capital reconstruction adjustments | (1,783,075) | - | - | 1,783,075 | - | - |
| Share based payments | 1,384,681 | 200,000 | 261,537 | - | - | 1,846,218 |
| Transfer of share based payments reserve charge on exercise of options | - | - | (188,270) | - | 188,270 | - |
| Share issuance costs | (862,464) | - | - | - | - | (862,464) |
| Exercise of share options | 39 | - | - | - | - | 39 |
| Total transactions with owners, recognised directly in equity | (1,055,144) | 105,025 | 73,267 | 1,783,075 | (1,209,215) | (302,992) |
| 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 |

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

The consolidated statement of cashflows for the Operating Group are set out below;

| | Six months ended 31 December 2015 | Six months ended 31 December 2014 |
|---|--|--|
| | <u>USD</u> | <u>USD</u> |
| | Unaudited | Unaudited |
| CASH FLOWS USE IN OPERATING ACTIVITIES | | |
| Loss for the period | (1,305,869) | (822,771) |
| <i>Adjustments for:</i> | | |
| Interest expenses | 10,454 | 9,583 |
| Depreciation and amortisation | 7,620 | 9,250 |
| Unrealised foreign exchange difference | - | 439 |
| Charge for share based payments | 289,964 | - |
| | - | - |
| Operating cash flows before changes in working capital | (997,831) | (803,499) |
| Movements in working capital | | |
| Increase in trade and other receivables | (134,003) | (10,188) |
| Decrease in trade and other payables | (184,404) | (64,313) |
| Increase in prepaid expenses | (53,357) | - |
| Interest paid | - | (9,583) |
| Net cash used in operating activities | (1,369,595) | (887,583) |
| CASH FLOWS USED IN INVESTING ACTIVITY | | |
| Purchase of property, plant and equipment | (15,670) | (1,667) |
| Net cash used in investing activity | (15,670) | (1,667) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares net of issue costs | 2,028,293 | 1,074,975 |
| Proceeds from borrowings | 299,336 | 119,200 |
| Repayment of borrowings | (922,982) | (175,636) |
| Net cash flows from financing activities | 1,404,647 | 1,018,539 |
| Net increase in cash | 19,382 | 129,289 |
| Cash at the beginning of the period | 30,662 | 13,407 |
| Effects of changes in foreign exchange rates | - | 1,666 |
| Cash at the end of the period | 50,044 | 144,362 |

1. GENERAL INFORMATION

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

The directors do not propose the payment of an interim dividend (2014: nil)

2. BASIC 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 2015, 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 2015, 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 2016.

The comparative period is 31 December 2014.

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 USD1,305,869 for the six months ended 31 December 2015 (31 December 2014: USD822,771) and as of that date, the Group's total current liabilities (excluding Borrowing) exceeded its total current assets by USD47,413. In view thereof, the Group's ability to continue its operations is dependent on its ability to generate sufficient cash flows and the continuing support from its owners. 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 USD1 million credit facility provided from Rising Dragon Singapore Pte. Ltd, to sustain its business in the foreseeable future. As a result of consideration of these matters the Director's 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 company after taxation by the weighted average number of shares in issue during the period.

| | Six months ended 31 December 2015 <u>USD</u> Unaudited | Six months ended 31 December 2014 <u>USD</u> Unaudited |
|--|--|--|
| Basic | | |
| Loss after taxation as per statement of comprehensive income | (1,305,869) | (822,771) |
| Weighted average number of shares | 187,784,668 | 140,912,962 |
| Earnings per share | (0.0070) | (0.0058) |

5. PREPAYMENTS AND OTHER ASSETS

| | 31 December 2015 <u>USD</u> Unaudited | 31 December 2014 <u>USD</u> Unaudited |
|------------------|---|---|
| Prepayments | 925,864 | - |
| Pledged deposits | 22,072 | 4,865 |
| Other assets | 4,594 | - |
| | <u>952,530</u> | <u>4,865</u> |

6. TRADE AND OTHER RECEIVABLES

| | 31 December 2015 <u>USD</u> Unaudited | 31 December 2014 <u>USD</u> Unaudited |
|-------------------|---|---|
| Trade receivables | 100,000 | - |
| Other receivables | 32,938 | 24,105 |
| | <u>132,938</u> | <u>24,105</u> |

7. CASH

| | 31 December 2015 <u>USD</u> Unaudited | 31 December 2014 <u>USD</u> Unaudited |
|--------------|---|---|
| Cash on hand | 2,695 | 7,414 |
| Cash in bank | 47,349 | 136,948 |
| | <u>50,044</u> | <u>144,362</u> |

8. SHARE CAPITAL

| | 2015 | | 2014 | |
|--|---------------|------------------|-------------------------------|--------------------------|
| | No. of shares | USD | No. of shares | USD |
| Allotted and fully paid: | | | | |
| Ordinary shares | 187,784,668 | 2,750,548 | 91,913 | 1,672,375 |
| | | <u>2,750,548</u> | | <u>1,672,375</u> |
| Share Capital | | | | |
| | | | No. of Ordinary Shares | Share Capital USD |
| At 1 July 2015 | | | 165,670,615 | 522,256 |
| Share based payments issued in the period | | | 5,337,373 | 200,000 |
| At 1 July 2015 for the proceed of Placing (AIM List) | | | 16,776,680 | 2,588,776 |
| Share issuance costs | | | - | (560,484) |
| At 31 December 2015 | | | 187,784,668 | 2,750,548 |

9. BORROWINGS

| | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| | USD | USD |
| | Unaudited | Unaudited |
| Rising Dragon Singapore Pte. Ltd., dated 13 May 2015 | 303,043 | - |
| Rising Dragon Holdings Pte. Ltd., dated 28 May 2014 | - | 119,200 |
| | <u>303,043</u> | <u>119,200</u> |

On 13 May 2015 and as varied pursuant to a deed of variation dated 25 May 2015, the Group and Rising Dragon Singapore Pte Ltd, entered into a term facility agreement under which Rising Dragon Singapore Pte Ltd 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 Singapore Pte Ltd. The fair value of this is USD 975,065 of which USD70,977 has been released to the profit and loss. 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 USD1 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.

10. TRADE AND OTHER PAYABLES

| | 31 December 2015 | 31 December 2014 |
|-----------------------|-------------------------|-------------------------|
| | <u>USD</u> | <u>USD</u> |
| | Unaudited | Unaudited |
| Trade payables | 154,441 | 73,251 |
| Accrual payables | 53,708 | 5,725 |
| Other payables | 10,226 | - |
| Statutory obligations | 12,020 | - |
| Payables to employees | - | 2,500 |
| | <u>230,395</u> | <u>81,476</u> |

11. CONTINGENT LIABILITIES

The Board does not consider that the Group has any material contingent liabilities.

12. 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 2015 | 31 December 2014 |
|---|-------------------------|-------------------------|
| | <u>USD</u> | <u>USD</u> |
| | Unaudited | Unaudited |
| Minimum lease payments under operating leases recognized in profit or loss for the period | <u>31,537</u> | <u>30,998</u> |

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

| | 31 December 2015 | 31 December 2014 |
|------------------------------|-------------------------|-------------------------|
| | <u>USD</u> | <u>USD</u> |
| | Unaudited | Unaudited |
| Within one year | 25,483 | 37,521 |
| In the second year inclusive | - | 1,127 |
| | <u>25,483</u> | <u>38,648</u> |

The operating lease commitments represent:

Total rentals payable by the Company for renting the Vietnam office at No. 39 Vo Van Kiet Street, Co Giang Ward, District 1, Ho Chi Minh City, Vietnam at the rental charge of USD13,315. The lease agreement was signed for a period of 2 years from 20 February 2014 to 19 February 2016, with an extension of two months.

Total rentals payable by the Company for renting the property at Suite No: 07-03, 7th Floor, Union Financial Centre (UFC), Conner of Mahabadoola Road &TheinPhyu Road & 45th Street, Botataung Township, Yangon, Myanmar at the annual rental charge of USD114,523.50. The lease agreement was signed for a period of 1 year from 16 October 2015 to 15 September 2016.

13. 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 recognized 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 2014: 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 2015 USD | Six months ended 31 December 2014 USD |
|---|--|---|
| Group loss before tax | (1,305,869) | (822,771) |
| Tax at the effective tax rate of 17% | (221,998) | (139,871) |
| Effect of: | | |
| Expenses not deductible in determining taxable profit | 1,493 | 4,871 |
| Effect of different corporate tax rates | 65,293 | 41,139 |
| Tax losses for the period for which no deferred tax asset has been recognized | 155,212 | 93,861 |
| | - | - |

No deferred tax assets have been recognized.

14. POST BALANCE SHEET EVENTS

There have been no significant events occurring after the balance sheet date which would require adjustments to or disclosures to be made in the consolidated financial statements for six months.