



**ASIA STRATEGIC HOLDINGS LIMITED
AND ITS SUBSIDIARIES (THE "GROUP")**
Company Registration Number: 201302159D

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM
1 OCTOBER 2023 TO 31 MARCH 2024

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

For the financial period from 1 October 2023 to 31 March 2024

Financial Highlights

All dates for the reporting period refer to the six-month financial period that ended 31 March 2024 ("6M24") and the Group's financial year ended 30 September 2023 ("FY23"), unless otherwise stated. The comparative six-month financial period from 1 October 2022 to 31 March 2023 is referred to as "6M23".

The year-on-year ("YOY") growth or decline refers to any change that occurred between 6M24 and 6M23, or equivalent periods of one year, as applicable.

Unless otherwise specified, all figures are reported in United States dollar ("\$").

- Revenue increased 26% YOY to \$14.4 million for 6M24 (6M23: \$11.5 million), of which 76% derived from Education (6M23: 77%) and 24% from Services (6M23: 23%).
- Contributing factors to the strong double-digit revenue growth include (i) the further development of Myanmar's Education division with YOY revenue growth of 42% (6M23: 141%), (ii) the continued improvement of Vietnam's Education division delivering YOY revenue growth of 3% (6M23: 22%), and (iii) the return to growth of the Service division achieving YOY revenue growth of 33% due to improved commercial positioning coupled with the introduction of high value-added services.
- Group gross profit increased 27% YOY for 6M24 (6M23: 106%) to \$8.3 million, of which the Education division contributed 90% (6M23: 90%) and the Services division provided 10% (6M23: 10%). The robust growth in gross profit is attributable to (i) strong revenue growth coupled with (ii) margin expansion due to higher utilisation and operational efficiency of teaching personnel and facilities across all Education brands, a gradual shift to higher margin products, and prudent spending on other cost of services.
- Group Adjusted EBITDA was \$86k for 6M24 (6M23: \$24k loss), which was driven by strong improvement in the Education businesses across Myanmar.
- The Group recorded net losses of \$2.6 million for 6M24 (6M23: \$2.3 million loss). The key contributing factors were (i) a foreign exchange loss of \$0.6 million (6M23: \$0.4 million loss), (ii) an increase in marketing expenses to \$1.5 million (6M23: \$1.2 million) to build brands and acquire new customers for newly launched businesses (less than two years of operations) and (iii) a slower pace of recovery at Wall Street English Vietnam. If newly launched businesses are excluded, the net losses for the Group would be \$1.8 million.
- At 31 March 2024, the Group's current and non-current deferred revenue, representing cash received in advance of service performance, amounted to \$10.6 million and \$1.4 million, respectively (30 September 2023: \$11.0 million and \$1.1 million).
- The Group recorded a positive operating cash flow of \$0.7 million for 6M24 (6M23: \$1.6 million). However, after considering the repayment of lease liabilities (including principal and interest), the Group would have recorded a negative operating cash flow of \$0.7 million (6M23: positive \$0.2 million). The Group's slow commercial performance, cash collection, ongoing brand-building efforts, business expansion, and investments in capacity contributed to this result.

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- The Group invested \$1.0 million during 6M24 (6M23: \$0.8 million) primarily to establish nine new schools under its existing brands across two countries.
- The Group maintained a loan facility of \$4.5 million with MACAN (the “Loan Facility”), the Group’s largest corporate shareholder, and drew down \$1.3 million during 6M24. At the date of this report, the available amount under the Loan Facility is \$0.5 million.
- The diversification of Group operations across multiple countries continues to play an important role in mitigating single-country exposure. Management has determined that there are sufficient mitigating actions within the Group’s control to ensure liquidity for at least the next twelve months from the date of this report. These include undertaking a measured expansion of its existing and future businesses, maintaining financial liquidity discipline, accessing the unutilised Loan Facility and further diversifying the Group’s capital structure by accessing bank loans.

Operational Highlights

Education

- Revenue from owned Education businesses increased 24% YOY to \$10.9 million for 6M24 (6M23: \$8.8 million).
- At 31 March 2024, the current and non-current deferred revenue from Education businesses, representing cash received in advance of service performance, were \$9.8 million and \$1.4 million, compared to \$10.3 million and \$1.1 million at 30 September 2023.
- The Education division consists of the following operations:

Vietnam

- (i) Wall Street English – English language education for adults;
- (ii) Kids&Us – English language education for children and teens; and
- (iii) Logiscool – Coding education for children and teens.

Myanmar

- (i) Wall Street English – English language education for adults;
- (ii) Kids&Us – English language education for children and teens;
- (iii) Logiscool – Coding education for children and teens;
- (iv) Yangon American International School (“Yangon American”) – K-12 international school; and
- (v) Auston – Tertiary education.

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- The number of schools and students at the end of each reporting period was as follows:

	Number of Schools			Number of Students		
	31 Mar 2024	30 Sep 2023	31 Mar 2023	31 Mar 2024	30 Sep 2023	31 Mar 2023
Vietnam	15	11	11	4,218	4,039	3,812
- Wall Street English	8	7	7	3,638	3,681	3,584
- Kids&Us	5	4	4	569	358	228
- Logiscool	2	-	-	11	-	-
Myanmar	14	9	8	4,925	4,647	4,271
- Wall Street English	6	5	5	3,562	3,696	3,631
- Kids&Us	3	1	-	288	98	-
- Logiscool	1	-	-	72	-	-
- Yangon American	2	1	1	117	101	57
- Auston	2	2	2	886	752	583
Group	29¹	20	19	9,143	8,686	8,083

¹ As of June 2024, the number of schools has grown to 31 reflecting the opening of one Wall Street English and one Kids&Us in Vietnam.

- In Vietnam, the overall number of students increased by 4% compared to 30 September 2023, mainly driven by Kids&Us Vietnam while Wall Street English Vietnam remains flat due to a slow commercial performance.
- In Myanmar, the number of students increased by 6% compared to 30 September 2023, driven by growth across all brands except Wall Street English Myanmar. Contrary to its Vietnam counterpart, it was nearly at capacity and experienced a temporary decline due to attrition.

Services

- Revenue from owned Services businesses increased 32% YOY to \$3.5 million for 6M24 (6M23: \$2.6 million). The managed Services business contributed \$10k for 6M24 (6M23: nil), mainly from Ostello Bello.
- At 31 March 2024, the Group's current deferred revenue from Services businesses representing cash received in advance of service performance from EXERA's corporate customers was \$0.8 million compared to \$0.7 million at 30 September 2023. The increase is due to the growth in advance payments for the provision of integrated security projects.
- The Services division consists of the following operations:
 - (i) EXERA – Integrated risk management services; and
 - (ii) Ostello Bello – Boutique hostels
- EXERA employed approximately 1,600 security officers at 31 March 2024 (30 September 2023: 1,400) across 230 sites in Myanmar (30 September 2023: 200). This growth was driven by the acquisition of new customers and expansion of services offered to the UN and embassy client base.

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- Ostello Bello operates boutique hostels with ca. 136 beds and ca. 41 rooms across two locations in Bagan and Mandalay. There has been a slight increase in occupancy, mainly driven by locals, although the sector remains largely stagnant due to low inbound international mobility.

SIGNIFICANT AND SUBSEQUENT EVENTS

The Group did not experience any significant or subsequent events.

COUNTRY ECONOMIC UPDATES

The most recent forecast by the Asian Development Bank (“ADB”) is for developing Asia GDP growth of 4.9% in 2024 and 4.9% in 2025.

Inflation in developing Asia is expected to be 3.2% in 2024 and 3.0% in 2025, as supply disruptions persist driving food and fuel prices growth in the region.

Vietnam

According to the General Statistics Office of Vietnam (“GSO”), GDP growth for the first quarter of 2024 was 5.7% YOY, exhibiting strong economic fundamentals and a long-term positive outlook. According to GSO, full-year 2023 GDP growth in Vietnam was 5.1% with ADB forecasts 6.0% growth in 2024.

- Average CPI for the first quarter of 2024 increased by 3.8% compared to the same period last year while the core CPI recorded a 2.8% gain. Customer demand decreased after the Lunar New Year causing the price of essential goods and services on the market to decrease, especially food.
- The Vietnamese Dong has been under downward pressure since the beginning of 2024. The State Bank of Vietnam (“SBV”) took measures to stabilise the exchange rate by reactivating T-bill issuance for three consecutive weeks in March, withdrawing approximately \$6.9 billion from the economy and increasing bond yields. However, in early April 2024, the SBV injected around \$0.4 billion into circulation. SBV announced readiness to intervene and stabilise the exchange rate as needed, backed by foreign exchange reserves exceeding \$100.0 billion.
- Vietnam’s exports in the first quarter of 2024 are estimated to have grown by 17.0% YOY to \$93.1 billion, while imports were estimated to have increased by 13.9% YOY to \$85.0 billion. This led to a trade surplus of \$8.1 billion, according to the GSO.

Vietnam is increasingly attractive to global manufacturers as they look to diversify production away from China. S&P Global expects industrial production to continue expanding, bolstered by improving exports. GSO estimates that Vietnam’s Index of Industrial Production (“IIP”) for April 2024 increased 7.4% YOY.

- Foreign Direct Investment (“FDI”) attraction and disbursement have stood out as bright spots amidst the contraction in global trade and investment. The total registered FDI in the first quarter of 2024 reached \$6.2 billion, reflecting a 13.4% increase YOY. The FDI disbursement reached \$4.6 billion, up 7.1% YOY, representing the highest implementation level in the past five years and demonstrating Vietnam’s attractiveness to foreign investors.

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- Vietnam is also experiencing rapid demographic and social change as its population is forecasted to grow from 99.4 million today to 120.0 million by 2050. GSO estimates that 73.3% of the labor force is under 50 years old, with a life expectancy of 73.7 years in 2023 - the highest among countries in the region at similar income levels.
- According to the EF English Proficiency Index (“EF EPI”), Vietnam is classified as “moderate proficiency” and ranks 58th globally in 2023. In addition, the country falls within the “high” category of the Human Development Index, ranking fourth in ASEAN.

Myanmar

- Myanmar’s economy remains stagnant with the World Bank forecasting 1.0% GDP growth in 2024. Recent data and surveys suggest that the industrial and service sectors are expected to experience moderate growth at 1.5% and 2.5%, respectively.
- Myanmar experienced a 6.0% increase in imports in 2023, driven by improved local demand following economic challenges from the previous year's COVID-19 impact. At the same time, exports declined resulting in a trade deficit. An overall reduction in total trade volume is expected in 2024 influenced by constraints on cross-border financial transactions and disruptions in border trade due to armed conflicts in key regions.
- Despite attempts to stabilise the Myanmar Kyats (“MMK”) against the USD, it depreciated significantly in May 2024 and the trend is likely to persist due to escalating conflicts. Ongoing lack of FDI and depressed business trust results in a diminished export outlook.
- Rice and fuel prices have remained stable due to price ceilings being enforced by the Myanmar Rice Federation and the State Administrative Council’s restricted selling price ranges for retailers. Despite these efforts, IMF data showed that the inflation rate reached 20% at the end of 2023.
- According to the World Bank’s “State of Education in Myanmar” report, there has been a significant rise in the proportion of household budgets allocated to private tutoring in 2023 to support children's education.
- According to the International Labor Organization’s report on the Myanmar Labor market, the unemployment rate in Myanmar was about 45.5% in 2022, one of the highest in the region. Labor productivity, as measured by real GDP per worker, declined by 10.0% in the first half of 2022 as skilled workers struggled to find employment.

Myanmar faces fundamental infrastructure challenges exacerbated by the recent slowdown in FDI, lack of international assistance, and severe power cuts during dry season due to heavy reliance on hydropower for electricity. Moreover, approximately 80% of natural gas production is committed through long-term contracts to neighboring nations, resulting in a growing disparity between electricity supply and demand.

- Political instability, the introduction of a conscription law, and uncertainties have dampened optimism for Myanmar's economic outlook in 2024, resulting in subdued expectations for the future.

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OPERATIONS AND FINANCIAL REVIEW

For the financial period from 1 October 2023 to 31 March 2024

OPERATIONS REVIEW

EDUCATION

The Group's objective for its Education division is to become a leading operator and retailer of tech-enabled education services in Emerging Asia.

Revenue from owned Education businesses increased 24% YOY to \$10.9 million for 6M24 (6M23: \$8.8 million).

At 31 March 2024, the current and non-current deferred revenue from Education businesses, representing cash received in advance of service performance, were \$9.8 million and \$1.4 million, compared to \$10.3 million and \$1.1 million at 30 September 2023.

Within its Education division, the Group provides educational products for children, teens, and adults through five brands active across Vietnam and Myanmar.

Franchised brands

Wall Street English is a leading English language education provider for adults with over 120,000 students in 34 countries. The flexible and integrated blended learning solution is offered online or through a hybrid online/in-centre approach.

Kids&Us is a leading English language education provider for children starting at age one and operates in 9 countries with over 180,000 students across 500 schools. The unique teaching method focuses on natural language acquisition, personalised for each student's age and experiences.

Logiscool is an enrichment programme that teaches children coding and digital literacy. Logiscool operates in 30 countries through more than 210 locations with over 220,000 students. Logiscool's unique educational platform is developed so users can easily transition from visual coding to text-based programming languages.

Own brands

Auston is a private higher education school operator in Myanmar that offers internationally recognised engineering and IT diplomas and degrees through partnerships with Liverpool John Moores University in the UK and the Auston Institute of Management in Singapore.

Yangon American International School offers an international K-12 education, is an accredited International Baccalaureate ("IB") Primary Years Programme ("PYP") school and is a candidate to be accredited as an IB Middle Years Programme ("MYP") school.

While each brand has its own unique characteristics and customer base, economies of scope, experience and scale are achieved through common management. One example is the creation of learning centres where multiple brands occupy the same building or are in close proximity, reducing construction and operating costs, while creating one-stop educational experiences for families.

The Group generates student revenue from the businesses it owns and operates. The fees paid by students vary depending on the type and duration of the service as well as when the course begins. Historically, the Group also generated revenue through management fees from the operations it managed. In FY23, the Group completed service delivery to legacy students of a related party.

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Vietnam

Revenue from Education businesses in Vietnam increased 3% YOY to \$4.2 million for 6M24 (6M23: \$4.1 million).

At 31 March 2024, the current and non-current deferred revenue from Education businesses in Vietnam, representing cash received in advance of service performance, was \$3.9 million and \$80k compared to \$4.2 million and \$60k at 30 September 2023.

Wall Street English Vietnam is the largest revenue contributor in Vietnam and for the Group. Revenue from Kids&Us Vietnam is expected to increase as schools reach capacity and new ones open. Logiscool Vietnam will start contributing in FY24, following a similar growth pattern to Kids&Us Vietnam.

Wall Street English Vietnam

- Revenue from Wall Street English Vietnam declined 1% YOY to \$3.9 million for 6M24 (6M23: same).
- Wall Street English Vietnam saw the number of students decreased marginally by 1% compared to 30 September 2023 due to (i) a difficult macroeconomic environment and (ii) mixed commercial performance.
- Since the start of FY24, a key focus has been on developing and commercialising an online sales team selling an online product. This initiative targets the growing middle class providing accessibility to those not living near schools in Ho Chi Minh City as well as throughout the country.
- At 31 March 2024, Wall Street English Vietnam operated seven schools in Ho Chi Minh City and one school in Binh Duong.
- In October 2023 and June 2024, Wall Street English Vietnam opened its eighth and ninth schools in Ho Chi Minh City. The eighth school shares a location with Kids&Us and Logiscool and the ninth with Kids&Us. This creates learning hubs and reduces administrative expenses and rent.
- Total investment in facilities for 6M24 was \$0.2 million, reflecting the opening of one new school in Ho Chi Minh City.

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Kids&Us Vietnam

- Revenue from Kids&Us Vietnam increased to \$0.2 million for 6M24 (6M23: \$84k).
- Growth in the number of students was steady throughout the year, yielding 563 students at 31 March 2024. Additional school openings and stronger brand recognition contribute to increasing numbers of students, which is a leading growth driver.
- At 31 March 2024, Kids&Us Vietnam operated five schools in Ho Chi Minh City.
- In October 2024 and June 2024, Kids&Us Vietnam opened its fifth and sixth schools in Ho Chi Minh City. The fifth school shares a location with Wall Street English and Logiscool and the sixth with Wall Street English. This creates learning hubs and reduces administrative expenses and rent.
- Total investment in facilities for 6M24 was \$60k reflecting the opening of one new school in Ho Chi Minh City.

Logiscool Vietnam

- In June 2023, the Group entered into an exclusive franchising agreement with Logiscool to develop coding schools for children in Vietnam.
- At 31 March 2024, Logiscool Vietnam operated two schools one in Ho Chi Minh City and one in Binh Duong.
- Logiscool Vietnam opened its maiden school in Ho Chi Minh City in October 2023 and a second school in Binh Duong in December 2023. The first school shares a location with Wall Street English and Kids&Us, and the second with Wall Street English. This creates learning hubs and reduces administrative expenses and rent.
- Total investment in facilities for 6M24 was \$0.1 million reflecting the opening of two new schools in Ho Chi Minh City and Binh Duong.

Myanmar

Revenue from Education businesses in Myanmar increased 42% YOY to \$6.7 million for 6M24 (6M23: \$4.7 million).

At 31 March 2024, the current and long-term deferred revenue from Education businesses in Myanmar, representing cash received in advance of service performance, were \$5.9 million and \$1.3 million, compared to \$6.1 million and \$1.0 million at 30 September 2023.

Wall Street English Myanmar is the largest English language education provider and the top revenue contributor to the Group in Myanmar. Auston saw the fastest revenue growth among the Group's education businesses in Myanmar and is expected to remain a strong contributor due to its longer programme duration compared to Wall Street English Myanmar. Yangon American International School saw a marginal revenue increase, with student numbers surpassing previous highs. Kids&Us Myanmar, which began service in June 2023, has gained strong traction since its inception. Logiscool Myanmar recently commenced operations and is experiencing a similar growth trajectory to Kids&Us Myanmar.

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Wall Street English Myanmar

- Revenue from Wall Street English Myanmar increased 12% YOY to \$3.8 million for 6M24 (6M23: \$3.4 million) due to the continued robust demand for English language training in a market with few alternatives.
- In December 2023, Wall Street English Myanmar opened its second school in Mandalay (sixth in Myanmar) to meet growing demand from the city attributed to the recent influx of migrants from nearby third-tiered cities.
- Wall Street English Myanmar also introduced the “community centre,” a concept that leverages the Global Online Classroom provided by Wall Street English International, eliminating the need for Encounter Classrooms. This results in smaller unit sizes and fewer dedicated native English speakers, reducing investment costs, operating costs, and rent.
- At March 2024, Wall Street English Myanmar operated six schools with four in Yangon and two in Mandalay.
- In December 2023, Wall Street English Myanmar opened its sixth school in Mandalay.
- Total investment in facilities for 6M24 was \$53k, reflecting the initial fit out costs for the opening of the sixth school.

Kids&Us Myanmar

- Revenue from Kids&Us Myanmar was \$0.1 million for 6M24.
- The number of students reached 288 at 31 March 2024, confirming a strong product-market fit and indicating significant growth potential.
- At March 2024, Kids&Us Myanmar operated three schools in Yangon.
- In October 2023 and November 2023, Kids&Us Myanmar opened its second and third schools in prime areas near existing Wall Street English schools.
- Total investment in facilities for 6M24 was \$0.3 million, reflecting the opening of schools in Yangon during 6M24.

Logiscool Myanmar

- In August 2023, the Group entered into an exclusive franchising agreement with Logiscool, for the development of coding schools for children in Myanmar.
- At March 2024, Logiscool Myanmar operated one school in Yangon.
- Total investment in facilities for 6M24 was \$0.2 million, reflecting the opening of its maiden school in Yangon during 6M24.
- A second and third school for Logiscool Myanmar are already identified and expected to open alongside a Wall Street English Myanmar and Yangon American International School tentatively before the end of FY24.

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Auston

- Revenue from Auston increased 136% YOY to \$2.2 million for 6M24 (6M23: \$0.9 million).
- The robust revenue growth was driven by a strong commercial performance, limited competition, and clear differentiation in the market that allows students to pursue a career in the tech and engineering sectors.
- Additionally, the Auston programme design offers students access to higher diplomas and bachelor's degrees providing coursework for almost three years. This long customer lifetime also experiences price increases as students advance toward graduation.
- A dedicated campus in Mandalay and an expansion in Yangon will be opened in FY24 which will significantly increase capacity to serve the growing number of students and enable the school to launch more engineering subjects.
- Total investment in facilities for 6M24 was \$16k reflecting the extension of facilities in Yangon and Mandalay.

Yangon American International School

- Revenue from Yangon American International School increased 34% YOY to \$0.6 million for 6M24 (6M23: \$0.4 million).
- The number of students increased 16% to 117 at 31 March 2024 compared to 101 at 30 September 2023.
- Total investment in facilities for 6M24 was \$46k reflecting initial capital expenditures for the opening of the Early Years.
- A site adjacent to the existing facilities was secured during FY23 and refurbished to provide a standalone Early Years Village for students ages two to four and opened in April 2024. Subsequent renovations of the ground floor will improve the current offering, expand capacity, and integrate a Logischool school.

SERVICES

The Group's objective is to become one of the leading risk management partners for organisations operating across Emerging Asia.

Revenue from owned Services businesses increased 32% YOY to \$3.5 million for 6M24 (6M23: \$2.6 million). The managed Services business contributed \$10k for 6M24 (6M23: nil), mainly from Ostello Bello.

At 31 March 2024, the current deferred revenue from Services businesses, representing cash received in advance of service performance, was \$0.8 million, compared to \$0.7 million at 30 September 2023.

Within its Services division, the Group operates two businesses in Myanmar:

EXERA is the leading provider of risk management, consulting, integrated security, manned guarding, secure logistics, and cash-in-transit services to a wide range of international and local clients across Myanmar. EXERA's security officers are trained extensively in accordance with British Security Industry Association guidelines. EXERA has been awarded ISO 18788, ISO 9001, and OHSAS 18000 accreditations, and the ICoCA certification.

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Ostello Bello is a boutique hostel operator across the most popular tourist destinations in Italy and Myanmar. It is renowned for its vibrant, social atmosphere and exceptional hospitality. Originating in Italy, the brand expanded internationally offering travelers a unique and welcoming experience.

The Services division is active only in Myanmar; however, EXERA plans to commence operations in Vietnam in FY24.

EXERA

- Revenue from EXERA increased 32% YOY to \$3.5 million for 6M24 (6M23: \$2.6 million).
- The increase in revenue was primarily due to (i) signing new customer contracts, (ii) the acquisition of new customers and expansion of services offered to the UN and embassy client base, and (iii) the introduction and sales of high-value-added services such as CCTV installations.

Ostello Bello

- Ostello Bello, a managed business in the Services division, operates two boutique hostels in Mandalay and Bagan, Myanmar, with ca. 136 beds and ca. 41 rooms. Hotel-related services of \$10k were generated in 6M24 by Ostello Bello's managed operations.
- Currently, Ostello Bello Mandalay accommodates Group teachers and security personnel, providing a safe environment and a base from which the Group's Education and EXERA operations can expand in Mandalay.

FINANCIAL REVIEW

RESULTS OF OPERATIONS

Revenue from the owned and managed businesses grew by 26% YOY to \$14.4 million in 6M24 (6M23: \$11.4 million). The double-digit revenue growth was a result of strong improvement in Myanmar across the Education businesses (6M24: 42% YOY) and services businesses (6M24: 33% YOY). The revenue growth in Vietnam (6M24: 3% YOY) was mainly driven by the maturation of five Kids&Us schools.

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\$	Brand	6M24 <i>Unaudited</i>	6M23 <i>Unaudited</i>	6M22 <i>Unaudited</i>	FY23 <i>Audited</i>	FY22 <i>Audited</i>
<u>Owned businesses</u>						
Education – Vietnam		4,183,035	4,055,667	3,312,986	8,539,813	7,391,025
- English language learning	Wall Street English	3,929,484	3,971,580	3,312,986	8,254,131	7,391,025
- English language learning	Kids&Us	249,524	84,087	-	285,682	-
- Coding	Logiscool	4,027	-	-	-	-
Education – Myanmar		6,741,082	4,741,070	1,790,716	10,162,576	4,485,240
- English language learning	Wall Street English	3,767,997	3,356,148	1,248,184	6,860,636	3,204,937
- English language learning	Kids&Us	142,739	-	-	24,632	-
- Coding	Logiscool	15,922	-	-	-	-
- Tertiary education	Auston	2,213,533	937,730	144,872	2,390,112	475,907
- International school (K-12)	Yangon American	600,891	447,192	397,660	887,196	804,396
Education		10,924,117	8,796,737	5,103,702	18,702,389	11,876,265
Services	EXERA	3,496,937	2,642,785	3,025,078	5,327,189	5,794,603
Total owned businesses		14,421,054	11,439,522	8,128,780	24,029,578	17,670,868
<u>Managed businesses</u>						
Education (Legacy) – Myanmar		-	14,177	184,700	24,969	236,006
- English language learning	Wall Street English	-	14,177	184,000	-	-
- Tertiary education	Auston	-	-	700	-	-
Services	Ostello Bello	10,351	-	-	-	-
Total managed businesses		10,351	14,177	184,700	24,969	236,006
Total revenue		14,431,405	11,453,699	8,313,480	24,054,547	17,906,874

Group gross profit increased 27% YOY for 6M24 (6M23: 106%), of which the Education division provided 90% (6M23: same) and the Services division provided 10% (6M23: same). The robust growth in gross profit is attributable to (i) strong revenue growth coupled with (ii) margin expansion due to (a) higher utilisation and operational efficiency of teaching personnel and facilities across all Education brands, (b) a shift to higher margin products, and (c) prudent spending on other cost of service.

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\$	6M24 <i>Unaudited</i>	6M23 <i>Unaudited</i>	6M22 <i>Unaudited</i>	FY23 <i>Audited</i>	FY22 <i>Audited</i>
Revenue	14,431,405	11,453,699	8,313,480	24,054,547	17,906,874
Cost of services	(6,107,945)	(4,897,166)	(5,130,275)	(10,184,215)	(9,924,470)
Gross profit	8,323,460	6,556,533	3,183,205	13,870,332	7,982,404
<i>Gross profit margin</i>	<i>58%</i>	<i>57%</i>	<i>38%</i>	<i>58%</i>	<i>45%</i>
Other income	37,550	8,314	85,052	90,018	80,711
Foreign exchange loss	(584,505)	(386,886)	(121,198)	(1,134,441)	(972,259)
Administrative and other operating expenses	(9,722,868)	(7,988,551)	(5,227,357)	(17,098,388)	(12,146,613)
Loss from operations	(1,946,363)	(1,810,590)	(2,080,298)	(4,272,479)	(5,085,757)
Finance cost	(617,946)	(442,146)	(432,306)	(979,791)	(862,678)
Loss before income tax	(2,564,310)	(2,252,736)	(2,512,604)	(5,252,270)	(5,948,435)
Income tax (expense)/credit	-	-	(82,520)	(67,414)	(33,646)
Loss after income tax	(2,564,310)	(2,252,736)	(2,595,124)	(5,319,684)	(5,982,081)
Selected non-cash items:					
Total depreciation of plant and equipment	580,733	371,187	205,506	826,953	436,363
Total amortisation on of right-of-use asset	1,402,364	1,382,345	1,350,354	2,858,275	2,694,870
Total amortisation on of intangible assets	49,522	38,215	28,268	80,498	74,342
(Reversal of)/impairment on trade and other receivables	-	(6,187)	18,421	(9,514)	15,453
Reversal of impairment of intangible assets	-	-	-	-	(30,000)
Finance costs (excluding interest on lease liabilities)	94,550	44,887	65,342	105,748	115,890
Total interest on lease liabilities	523,396	398,454	372,105	875,405	754,370
	<u>2,650,565</u>	<u>2,228,901</u>	<u>2,039,996</u>	<u>4,737,365</u>	<u>4,061,288</u>
Adjusted EBITDA *	86,255	(23,835)	(472,608)	(514,905)	(1,887,147)
Adjusted EBITDA after impact of ROUs *	(1,839,505)	(1,804,634)	(2,195,067)	(4,248,585)	(5,336,387)

* Key performance indicators for the Group, based on earnings before interest, income tax, depreciation and amortisation ("EBITDA") are (i) Adjusted EBITDA (as presented above) and (ii) Adjusted EBITDA less right-of-use assets and interest on lease liabilities ("Adjusted EBITDA after impact of ROUs").

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

OPERATIONS AND FINANCIAL REVIEW

For the financial period from 1 October 2023 to 31 March 2024

Group adjusted EBITDA was \$86k for 6M24 (6M23: \$24k loss), driven by the strong performance in the Education businesses across Myanmar.

Full-time employees were ca. 2,480 as at 31 March 2024 (30 September 2023: ca. 2,200). The increment is directly linked to school portfolio expansion across both countries and the acquisition of additional sites under EXERA.

CASH FLOW EVOLUTION

At 31 March 2024, the Group's cash and cash equivalents position was \$0.8 million. The \$0.6 million decrease in net changes in cash and cash equivalents from 30 September 2023 resulted from the combination of (i) a \$0.7 million inflow from operating activities, (ii) a \$1.2 million outflow from investing activities, and (iii) a \$0.1 million outflow from financing activities.

The Group generated positive cash flows from operating activities of \$0.7 million for 6M24 (6M23: \$1.6 million). Operating cash flow before working capital changes for 6M24 is positive \$87k down \$89k compared to 6M23. The decrease is attributable to a negative change of \$1.1 million in receivables due to a shift in the payment mix after the introduction of the subscription model. If repayment of lease liabilities (\$1.4 million) were considered, adjusted cash inflow from operating activities would be negative \$0.7 million (6M23: positive \$0.2 million).

The Group incurred cash outflows from investing activities of \$1.2 million for 6M24 (6M23: \$0.8 million), mainly spent on leasehold improvements for the opening of (i) four schools in Vietnam (Wall Street English 1 / Kids&Us 1 and Logiscool 2), (ii) four schools in Myanmar (Wall Street English 1 / Kids&Us 2 / Logiscool 1), (iii) the opening of Early Years Village at the Yangon American. These expansions increased capacity and visibility and ensured the businesses protect and grow market share.

Cash flows from financing amounted to negative \$0.1 million for 6M24 (6M23: negative \$1.5 million), of which repayment of lease liabilities totaled \$1.4 million (6M23: \$1.4 million). Cash flows from financing, before repayment of lease liabilities, was positive \$1.3 million for 6M24 (6M23: negative \$0.1 million), which comprised of proceeds from shareholder's loan (\$1.3 million) utilised mainly to open new school for existing and new Education brands.

LIQUIDITY MANAGEMENT AND GOING CONCERN

The Board of Directors has reviewed in detail the Group cash flow forecast for the next 24 months. This forecast considered the time needed for new and non-performing businesses to turn profitable. The Group conducted extensive stress testing on various scenarios calibrating the duration it might take for these businesses to recover as well as other items impacting future performance, such as the general macroeconomic environment and initiatives within the management's control.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

OPERATIONS AND FINANCIAL REVIEW

For the financial period from 1 October 2023 to 31 March 2024

The Board of Directors determined management has control over sufficient mitigating actions to manage cash outflows, such as prioritising capital expenditures, reducing operational activities of non-performing business divisions and pausing discretionary spending. Other key considerations included:

- a) The Group meticulously plans its business expansion and continuously monitors how changes to the political and economic environment may potentially impact its business operations, particularly in Myanmar. Since FY23, Myanmar businesses have been self-sustainable and no financial support has been required;
- b) Negative Cash Conversion Cycle for many businesses as tuition fees and certain risk management services are generally collected up to twelve months in advance of service delivery. Refer to Note 4 for further details;
- c) Flexible discretionary capital spending as any capital expenditures in Myanmar would be funded through excess capital earned locally; and
- d) Access to unutilised Loan Facility as disclosed in Note 15.

Established businesses within the Education and Services divisions in Myanmar generate sufficient cash flows to support the existing operations and their expansion as well as the establishment of new brands in Myanmar. Management expects this trend to continue for the foreseeable future.

In Vietnam the macroeconomic outlook has improved in 2024 and we anticipate further growth from businesses as new schools continue to open and new brands gain traction.

Therefore, at the date of this report, the Directors have concluded that the Group has adequate financial resources to cover its working capital needs for the next twelve month.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 October 2023 to 31 March 2024

\$	Note	6M24	6M23
Revenue	4	14,431,405	11,453,699
Cost of services		<u>(6,107,945)</u>	<u>(4,897,166)</u>
Gross profit		8,323,460	6,556,533
Other income		37,549	8,314
Administrative and other operating expenses		<u>(10,307,373)</u>	<u>(8,375,437)</u>
Loss from operations		<u>(1,946,364)</u>	<u>(1,810,590)</u>
Finance cost	6	<u>(617,946)</u>	<u>(442,146)</u>
Loss before income tax	7	(2,564,310)	(2,252,736)
Income tax expense	8	-	-
Loss after income tax		<u>(2,564,310)</u>	<u>(2,252,736)</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference in translation of foreign operations		11,264	(19,959)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in fair value of equity instruments at FVOCI	12	(49,363)	(80,774)
Other comprehensive income for the period, net of tax		<u>(38,099)</u>	<u>(100,733)</u>
Total comprehensive income		<u>(2,602,409)</u>	<u>(2,353,469)</u>
Loss for the period attributable to:			
Owners of the Company		<u>(2,564,310)</u>	<u>(2,252,736)</u>
Total comprehensive income attributable to:		<u>(2,602,409)</u>	<u>(2,353,469)</u>
Owners of the Company		<u>(2,602,409)</u>	<u>(2,353,469)</u>
Loss per share attributable to the owners of the Company (\$)			
- Basic and diluted (\$)	19	<u>(0.86)</u>	<u>(0.77)</u>

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

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES
Company Registration No.: 201302159D
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

\$	Note	<u>31 Mar 2024</u>	<u>30 Sep 2023</u>
ASSETS			
Non-current assets			
Plant and equipment	9	3,246,572	2,846,539
Intangible assets	10	6,621,507	6,705,035
Right-of-use assets	11	11,768,970	11,383,340
Financial assets at FVOCI	12	–	49,363
Trade and other receivables	13	2,014,106	1,828,771
Total non-current assets		23,651,155	22,813,048
Current assets			
Inventories		293,296	222,395
Trade and other receivables	13	3,513,298	2,481,989
Cash and cash equivalents	14	848,471	1,489,812
Total current assets		4,655,065	4,194,196
Total assets		28,306,220	27,007,244
LIABILITIES AND EQUITY			
Liabilities			
Non-current liabilities			
Contract liabilities	4	1,404,248	1,096,763
Shareholder loan	15	3,928,365	2,577,181
Lease liabilities		10,391,602	9,869,397
Total non-current liabilities		15,724,215	13,543,341
Current liabilities			
Contract liabilities	4	10,648,355	10,996,568
Trade and other payables	16	7,375,063	5,840,468
Lease liabilities		2,411,834	2,251,819
Tax payables		3,906	7,368
Total current liabilities		20,439,158	19,096,223
Total liabilities		36,163,373	32,639,564
Equity			
Share capital	17	21,919,638	21,639,638
Convertible notes	18	5,730,000	5,730,000
Accumulated losses		(36,108,851)	(33,544,541)
Other reserves		602,060	542,583
Total equity		(7,857,153)	(5,632,320)
Total liabilities and equity		28,306,220	27,007,244

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

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 October 2023 to 31 March 2024

\$	Note	Share capital	Convertible notes	Accumulated losses	Equity reserve	Share option reserve	Fair value reserve	Foreign exchange reserve	Total other reserves	Total equity
Balance as at 1 October 2023		21,639,638	5,730,000	(33,544,541)	(212,271)	1,298,100	(713,391)	170,145	542,583	(5,632,320)
Total comprehensive income for the financial period:										
Loss for the financial period		-	-	(2,564,310)	-	-	-	-	-	(2,564,310)
Other comprehensive income		-	-	-	-	-	(49,363)	11,264	(38,099)	(38,099)
		-	-	(2,564,310)	-	-	(49,363)	11,264	(38,099)	(2,602,409)
Contribution by owners of the Company										
Issuance of shares in lieu of bonus	17	280,000	-	-	-	-	-	-	-	280,000
Recognition of share-based payments	5	-	-	-	-	97,576	-	-	97,576	97,576
		280,000	-	-	-	97,576	-	-	97,576	377,576
Balance as at 31 March 2024		21,919,638	5,730,000	(36,108,851)	(212,271)	1,395,676	(762,754)	181,409	602,060	(7,857,153)

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 October 2023 to 31 March 2024

\$	Note	Share capital	Convertible notes	Accumulated losses	Equity reserve	Share option reserve	Fair value reserve	Foreign exchange reserve	Total other reserves	Total equity
Balance as at 1 October 2022		21,439,638	5,730,000	(28,224,857)	(212,271)	968,819	(605,692)	28,858	179,714	(875,505)
Total comprehensive income for the financial year:										
Loss for the financial year		-	-	(5,319,684)	-	-	-	-	-	(5,319,684)
Other comprehensive income		-	-	-	-	(107,699)	141,287	-	33,588	33,588
		-	-	(5,319,684)	-	(107,699)	141,287	-	33,588	(5,286,096)
Contribution by owners of the Company										
Issuance of shares in lieu of bonus	17	200,000	-	-	-	-	-	-	-	200,000
Recognition of share-based payments		-	-	-	-	329,281	-	-	329,281	329,281
		200,000	-	-	-	329,281	-	-	329,281	529,281
Balance as at 30 September 2023		21,639,638	5,730,000	(33,544,541)	(212,271)	1,298,100	(713,391)	170,145	542,583	(5,632,320)

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

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 October 2023 to 31 March 2024

\$	Note	6M24	6M23
Operating activities			
Loss before income tax		(2,564,310)	(2,252,736)
<i>Adjustments for:</i>			
Interest income		(2,058)	(2,456)
Share-based compensation	5	97,576	169,220
Interest expense on lease liabilities	6, 7	523,396	398,454
Interest expense on loan from corporate shareholder	6	94,112	44,877
Interest expense on insurance financing		438	–
Amortisation of intangible assets	7	49,522	38,215
Depreciation of plant and equipment	7, 9	580,733	371,187
Amortisation of right-of-use assets	7, 11	1,402,364	1,382,345
Reversal of impairment loss on trade and other receivables		–	(6,187)
Lease concession		(13,562)	–
Unrealised exchange difference		(80,749)	33,695
Operating cash flows before working capital changes		87,462	176,614
<i>Working capital changes:</i>			
Trade and other receivables		(1,107,887)	(352,709)
Inventories		(70,901)	(18,618)
Contract liabilities		(40,728)	597,368
Trade and other payables		1,800,117	1,212,199
Cash flows provided from operations		668,063	1,614,854
Interest received		2,058	2,456
Income tax paid		(3,462)	(12,323)
Net cash provided from operating activities		666,659	1,604,987
Investing activities			
Purchase of plant and equipment	9	(1,024,566)	(758,528)
Advances to related parties		(108,757)	–
Purchase of intangible assets		(48,674)	–
Net cash flows used in investing activities		(1,181,997)	(758,528)

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 October 2023 to 31 March 2024

\$	Note	6M24	6M23
Financing activities			
Repayment of bank loan		–	(115,530)
Proceeds from shareholder loan	15	1,257,072	–
Proceeds from insurance financing, net		14,040	–
Principal payment for lease liabilities		(871,721)	(1,045,976)
Interest payment for lease liabilities		(523,396)	(332,664)
Net cash used in financing activities		<u>(124,005)</u>	<u>(1,494,170)</u>
Net changes in cash and cash equivalents		(639,343)	(647,711)
Effect of exchange rate changes on cash and cash equivalents		(1,998)	21,261
Cash and cash equivalents at beginning of financial period		1,489,812	1,980,232
Cash and cash equivalents at end of financial period	14	<u>848,471</u>	<u>1,353,782</u>

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

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2023 to 31 March 2024

1 CORPORATE INFORMATION

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

The condensed interim consolidated financial statements as at and for the six-month financial period ended 31 March 2024 comprise the Company and its subsidiaries (collectively, the “Group”).

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

- a) Education – Operation of education businesses ranging from early years to tertiary education and including vocational training, consultancy, advisory and project management services in the education sector in Myanmar and Vietnam;
- b) Services – Provision of integrated services, consultancy, advisory and project management services in the risk management and hospitality sectors in Myanmar. This reportable segment has been formed by aggregating the relevant operating entities, which are regarded by management to exhibit similar economic characteristics; and
- c) Corporate – Corporate services, management support and certain shared services to subsidiaries of the Group.

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

1.1 BASIS OF PREPARATION

The condensed interim consolidated statement of financial position as at 31 March 2024 and the related condensed interim consolidated statement of other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month financial period ended 31 March 2024 and the explanatory notes have not been audited or reviewed by the Group’s Independent Auditors.

The condensed interim consolidated financial statements for the financial period ended 31 March 2024 have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting as adopted by the European Union.

The condensed consolidated interim financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the annual report for the financial year ended 30 September 2023. However, selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group’s financial position and performance since the last annual financial statements for the financial year ended 30 September 2023, which can be found on the Company’s website at www.asia-strategic.com.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2023 to 31 March 2024

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

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union, except for the adoption of new and amended standards as set out below.

Changes in accounting policy

New or amended standards have become applicable for the current reporting period. The adoption of these new or amended standards did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or previous financial periods.

IFRSs issued but not yet effective

Certain new accounting standards and interpretations have been issued but are not yet effective for the current financial year ending 30 September 2024 and have not been adopted early by the Group. The Group expects that the adoption of these IFRSs, if applicable, will have no material impact on the financial statements in the period of initial application except for Amendments to IAS 21: Lack of Exchangeability as disclosed in the last annual financial statements for the financial year ended 30 September 2023.

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. These estimates are based on management’s best knowledge of current events and actions. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group’s accounting policies and the key sources for estimating uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 30 September 2023.

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

There have been no material revisions to the nature and estimates of amounts reported in prior periods.

3.1 SEASONAL OPERATIONS

The Group’s businesses were not affected significantly by seasonal or cyclical factors during the financial period ended 31 March 2024.

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2023 to 31 March 2024

4 REVENUE AND SEGMENT INFORMATION**Disaggregation of revenue**

Revenues are disaggregated below with the intention to depict how the nature, amount, and timing of revenue and cash flows are affected by economic factors.

\$	Education 6M24	6M23	Services 6M24	6M23	Total 6M24	6M23
Rendering of services	–	–	3,507,288	2,642,785	3,507,288	2,642,785
Tuition fees	10,924,117	8,810,914	–	–	10,924,117	8,810,914
	<u>10,924,117</u>	<u>8,810,914</u>	<u>3,507,288</u>	<u>2,642,785</u>	<u>14,431,405</u>	<u>11,453,699</u>
<i><u>Timing of transfer of services</u></i>						
Point in time	4,260	1,732	105,602	88,299	109,862	90,031
Over time	10,919,857	8,809,182	3,401,686	2,554,486	14,321,543	11,363,668
	<u>10,924,117</u>	<u>8,810,914</u>	<u>3,507,288</u>	<u>2,642,785</u>	<u>14,431,405</u>	<u>11,453,699</u>

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2023 to 31 March 2024

The timing of revenue recognition would affect the amount of revenue and deferred revenue recognised as at the reporting date in the condensed consolidated statement of financial position.

\$	31 Mar 2024	30 Sep 2023
<u>Contract liabilities</u>		
Deferred revenue	12,052,603	12,093,331
<u>Analysed as:</u>		
Current	10,648,355	10,996,568
Non-current	1,404,248	1,096,763
	12,052,603	12,093,331

Significant changes in contract liabilities are as detailed below:

\$	6M24	FY23
At beginning of financial period	12,093,331	9,966,048
Cash received in advance of performance and not recognised as revenue	11,426,369	21,141,695
Revenue recognised during the financial period/year:		
- On contract liabilities at beginning of financial period/year	(6,149,337)	(9,802,821)
- On cash received in advance during financial period/year	(5,249,921)	(9,069,965)
	(11,399,258)	(18,872,786)
Foreign exchange difference	(67,839)	(141,626)
At end of financial period/year	12,052,603	12,093,331

Remaining performance obligations

Deferred revenue pertains to cash received in advance of performance according to the following:

- (1) Tuition fees: collected 1 to 12 months (30 September 2023: same) and more than 12 months for certain students who prepaid in advance of course period. Deferred revenues from tuition fees are recognised over the duration of the respective course and the remaining contract period ranging from 1 to 4 years (30 September 2023: 1 to 6) years.
- (2) Fees relating to risk management services: generally collected 6 to 12 months (30 September 2023: same) in advance of risk management services to the customer. Deferred revenue is expected to be realised within 1 to 2 years (30 September 2023 1 year).

ASIA STRATEGIC HOLDINGS LIMITED AND ITS SUBSIDIARIES

Company Registration No.: 201302159D

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the financial period from 1 October 2023 to 31 March 2024

6M24

\$	Education	Services	Corporate	Total
Revenue	10,924,117	3,507,288	-	14,431,405
Cost of services	(3,444,038)	(2,663,907)	-	(6,107,945)
Gross profit	7,480,079	843,381	-	8,323,460
Other income	37,141	357	51	37,549
Foreign exchange loss, net	(552,464)	(16,903)	(15,138)	(584,505)
Administrative and other operating expenses	(7,726,802)	(676,172)	(1,319,894)	(9,722,868)
(Loss)/profit from operations	(762,046)	150,663	(1,334,981)	(1,946,364)
Finance cost	(511,796)	(11,600)	(94,550)	(617,946)
Segment (loss)/profit	(1,273,842)	139,063	(1,429,531)	(2,564,310)
Income tax expense	-	-	-	-
(Loss)/profit after income tax	(1,273,842)	139,063	(1,429,531)	(2,564,310)
Other non-cash items:				
Total depreciation of plant and equipment	537,724	42,818	191	580,733
Total amortisation of right-of-use asset	1,338,244	64,120	-	1,402,364
Total amortisation of intangible assets	49,522	-	-	49,522
Finance costs (excluding interest on lease liabilities)	-	-	94,550	94,550
Total interest on lease liabilities	511,796	11,600	-	523,396
	2,437,286	118,538	94,741	2,650,565
Adjusted EBITDA	1,163,444	257,601	(1,334,790)	86,255
Adjusted EBITDA after impact of ROU	(686,596)	181,881	(1,334,790)	(1,839,505)
Reportable segment assets as at 31 March 2024				
Total Group's assets	24,001,348	4,222,813	82,059	28,306,220
Included in the segment assets:				
Additions:				
Plant and equipment	1,003,531	21,035	-	1,024,566
Right-of-use assets	2,648,670	-	-	-
Reportable segment liabilities as at 31 March 2024	(29,708,408)	(1,934,365)	(4,520,600)	(36,163,373)

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6M23				
\$	Education <i>(Restated)</i>	Services <i>(Restated)</i>	Corporate <i>(Restated)</i>	Total <i>(Restated)</i>
Revenue	8,810,914	2,642,785	–	11,453,699
Cost of services	(2,937,114)	(1,960,052)	–	(4,897,166)
Gross profit	5,873,800	682,733	–	6,556,533
Other income	6,137	541	1,636	8,314
Foreign exchange loss, net	(308,308)	(42,782)	(35,796)	(386,886)
Administrative and other operating expenses*	(6,330,290)	(421,653)	(1,236,608)	(7,988,551)
(Loss)/profit from operations	(758,661)	218,839	(1,270,768)	(1,810,590)
Finance cost	(383,633)	(13,626)	(44,887)	(442,146)
Segment (loss)/profit	(1,142,294)	205,213	(1,315,655)	(2,252,736)
Income tax expense	–	–	–	–
(Loss)/profit after income tax	(1,142,294)	205,213	(1,315,655)	(2,252,736)
Other non-cash items:				
Total depreciation of plant and equipment	354,545	16,451	191	371,187
Total amortisation of right-of-use asset	1,277,702	104,643	–	1,382,345
Total amortisation of intangible assets	38,048	167	–	38,215
Reversal of impairment of trade and other receivables	–	(6,187)	–	(6,187)
Finance costs (excluding interest on lease liabilities)	–	–	44,887	44,887
Total interest on lease liabilities	383,633	14,821	–	398,454
	2,053,928	129,895	45,078	2,228,901
Adjusted EBITDA	911,634	335,108	(1,270,577)	(23,835)
Adjusted EBITDA after impact of ROU	(749,701)	215,644	(1,270,577)	(1,804,634)
Reportable segment assets as at 30 September 2023	23,463,580	3,417,508	76,793	26,957,881
Investment in FVOCI	–	–	49,363	49,363
Total Group's assets	23,463,580	3,417,508	126,156	27,007,244

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Included in the segment assets:				
Additions:				
Plant and equipment	1,430,823	295,018	–	1,725,841
Right-of-use assets	249,989	–	–	2,974,530
Reportable segment liabilities				
as at 30 September 2023	(27,978,838)	(1,448,661)	(3,212,065)	(32,639,564)

* During the financial period, the Group reorganised its administrative offices into shared service functions. Accordingly, the comparative segmental report relating to administrative and other operating expenses for 6M23 has been reflected in the revised cost structure of the respective business units.

Geographic information

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

\$	6M24	6M23
Revenue		
Vietnam	4,183,035	4,055,667
Myanmar	10,241,106	7,398,032
Singapore	7,264	–
	14,431,405	11,453,699

\$	31 Mar 2024	30 Sep 2023
Segment non-current assets		
Vietnam	12,700,608	12,176,631
Myanmar	8,916,679	8,736,631
Singapore	19,762	21,652
	21,637,049	20,934,914

Non-current assets consist of plant and equipment, intangible assets and right-of-use assets in the Group condensed consolidated statement of financial position.

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5 EMPLOYEE BENEFIT EXPENSES

\$	6M24	6M23
Wages, salaries and allowances*	7,749,795	6,547,802
Share-based compensation*	97,576	169,220
Staff insurance and medical expenses	209,568	145,412
Staff accommodation and welfare	153,259	162,910
Termination benefits	2,763	13,461
Others	140,090	110,613
	<u>8,353,051</u>	<u>7,149,418</u>
Total employee benefit expenses:		
- Cost of services	3,767,512	3,180,903
- Administrative and other operating expenses	4,585,539	3,968,515
	<u>8,353,051</u>	<u>7,149,418</u>

*Included in these expenses are Director fees and remuneration.

6 FINANCE COST

\$	6M24	6M23
Interest expenses:		
- Lease liabilities	523,396	397,259
- Insurance financing	438	-
- Shareholder Loan (Note 15)	94,112	44,887
	<u>617,946</u>	<u>442,146</u>

7 LOSS BEFORE INCOME TAX

Depreciation and amortisation expenses relating to plant and equipment, right-of-use assets and intangible assets directly attributable to provision of services and for operating activities are included in the “cost of services” and “administrative and other operating expenses”, respectively in the condensed consolidated statement of comprehensive income.

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

\$	6M24	6M23
<u>Cost of services</u>		
Academic expenses	940,140	812,060
Student enrolment and support fees	649,281	450,961
Expenses relating to student instalment plans	76,550	146,135
Depreciation expense	73,173	50,019
Security service expenses	491,694	116,050
Hotel related operating expenses	10,442	25,834
Amortisation of right-of-use assets	–	39,957
Amortisation of intangible assets	1,573	1,574
Interest on lease liabilities	–	1,195
 <u>Administrative and other operating expenses:</u>		
Amortisation of right-of-use assets	1,402,364	1,342,388
Amortisation of intangible assets	47,949	36,641
Selling and marketing expenses	1,528,849	1,217,905
Professional fees	401,616	243,715
Depreciation expense	507,560	321,168
Lease expenses on:		
- Short term lease expense	293,924	146,614
- Lease concession	(13,562)	(46,307)
Travelling and transportation expenses	177,830	222,138

8 INCOME TAX EXPENSE

The corporate income tax rate applicable to the Company and its subsidiaries in Singapore is 17% (6M23: 17%). The Group has significant operations in Myanmar and Vietnam, for which the applicable corporate income tax rates are 22% (6M23: 22%) and 20% (6M23: 20%), respectively.

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Certain subsidiaries of the Group have no chargeable income and/or unutilised tax losses to set-off.

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9 PLANT AND EQUIPMENT

The changes in the net carrying amount of plant and equipment are summarised below.

\$	6M24	6M23
Purchase of plant and equipment		
- Office equipment, computers and books	241,119	298,098
- Furniture and fittings	89,869	65,816
- Leasehold improvements	369,183	207,787
- Construction-in-progress	324,395	186,826
	1,024,566	758,527
Depreciation for the financial period	<u>(580,733)</u>	<u>(371,187)</u>

Construction-in-progress mainly relates to leasehold improvements / renovations for (i) one each, Kids&Us and Wall Street English school in Vietnam, and (ii) one Wall Street English school in Myanmar.

10 INTANGIBLE ASSETS

The carrying amounts of significant intangible assets allocated to the respective cash-generating units ("CGU") have been grouped to the following segments:

\$	Education				Services	
	Myanmar		Vietnam		Myanmar	
	31 Mar 2024	30 Sep 2023	31 Mar 2024	30 Sep 2023	31 Mar 2024	30 Sep 2023
Goodwill	-	-	4,525,062	4,600,695	1,438,990	1,438,990
Area development and opening fees	202,694	219,451	420,602	405,820	-	-

As of the reporting date, there are no new additions to intangible assets except for \$50,000 opening fee for a new school. Amortisation was \$49,522 for 6M24 vs. \$38,215 for 6M23.

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The changes in the net carrying amount of rights-of-use assets (“ROU”) are summarised below.

\$	6M24	6M23
Additions in ROU	2,648,670	318,554
Amortisation	(1,402,364)	(1,382,345)
Lease modification	(756,162)	(102,591)

As at 31 March 2024, the net carrying amounts of ROU and lease liabilities arising from lease of offices and schools from a related party (refer to entities where a Director of certain subsidiaries of the Group have beneficial interests) of the Group amounted to \$4,424,959 and \$4,367,061 (30 September 2023: \$3,543,472 and \$3,332,125), respectively. These related party transactions were at terms agreed between the respective parties.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”)

\$	6M24	FY23
At beginning of financial period/year	49,363	157,062
Fair value recognised in other comprehensive income	(49,363)	(107,699)
At end of financial period/year	<u>-</u>	<u>49,363</u>

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13 TRADE AND OTHER RECEIVABLES

\$	31 Mar 2024	30 Sep 2023
Current		
<u>Trade receivables</u>		
Third parties, gross	1,122,346	660,423
Less: Loss allowances	(5,939)	(5,939)
Third parties, net	1,116,407	654,484
Accrued receivables	539,051	14,990
Total trade receivables	1,655,458	669,474
<u>Other receivables</u>		
Rental deposits	115,509	179,924
Prepayments for enrolment expenses	601,876	641,498
Advances and other prepayments	1,048,144	958,507
Sales tax	92,311	32,586
Total other receivables	1,857,840	1,812,515
Total trade and other receivables (current)	3,513,298	2,481,989
Non-current		
Related party		
- trade	1,049,735	1,049,735
- non-trade	4,923,070	4,814,313
Less: Loss allowances	(4,400,124)	(4,400,124)
	1,572,681	1,463,924
Rental deposits	441,425	361,778
Prepayments for enrolment expenses	-	3,069
Total other receivables (non-current)	2,014,106	1,828,771
Total trade and other receivables	5,527,404	4,310,760
Less: Prepayments	(1,650,020)	(1,603,074)
Less: Sales tax	(92,311)	(32,586)
Add: Cash and cash equivalents (Note 14)	848,471	1,489,812
Financial assets at amortised cost	4,633,544	4,164,912

Trade and other receivables

Trade receivables are non-interest bearing and are generally on 15 to 60 (30 September 2023: same) days credit term. They are measured at their original invoice amounts which represent their fair value on initial recognition.

Non-current amounts due from related party are trade and non-trade in nature and are not expected to be repaid in the next 12 months. The non-trade balance is unsecured and interest free.

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Expected credit loss allowances

i) *Trade receivables – Third party*

In prior years, one-off loss allowance of \$5,939 was made for a third-party trade debtor determined to be credit-impaired in the previous year as the likelihood of recovery is remote.

ii) *Non-current receivables – Related party*

Related party refer to an entity where a director of the subsidiaries have beneficial interests.

Loss allowances of \$4,400,124 were made in prior years on the trade and non-trade amounts due from a related party in respect of payments made on behalf and advances for the operation of the managed operations of Wall Street English and Auston in Myanmar. The loss allowance was made based on the financial information of the related party and the expected repayment from the provision of property management services at cost plus mark-up to the Group.

The expected recovery of the amounts due from a related party falls more than 12 months after the end of the reporting period.

Expected credit loss assessment for trade and other receivables due from a related party

For the amount due from a related party, the Board of Directors has taken into account information that it has available internally about the related party's past, current and expected operating performance and cash flow position. The Board of Directors monitors and assesses at each reporting date any indicator of a significant increase in credit risk on the amount due from a related party, by considering their performance and any default in external debts.

The loss allowance was measured at an amount equal to lifetime expected credit losses.

Based on the Board of Director's review, no further loss allowance on the amount due from a related party is required.

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14 CASH AND CASH EQUIVALENTS

For the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting date:

\$	31 Mar 2024	30 Sep 2023
Cash at bank	597,208	1,105,897
Cash at financial institutions	8,770	18,717
Cash on hand	242,493	365,198
Cash and cash equivalents	848,471	1,489,812

Cash at bank earns interest at floating rates based on daily bank deposit rates. Cash and cash equivalents are denominated in the following currencies:

\$	31 Mar 2024	30 Sep 2023
United States Dollar	166,881	373,220
Myanmar Kyat	401,358	854,985
Vietnamese Dong	247,416	211,256
Singapore Dollar	29,121	48,950
Euro	3,695	1,401
	848,471	1,489,812

15 SHAREHOLDER LOAN (UNSECURED)

The changes in shareholder's loan balances (interest and principal) arising from financing activities as listed below:

\$	6M24	FY23
At beginning of financial period/year	2,577,181	1,500,000
Net proceeds for the financial period/year	1,351,184	1,077,181
Drawdown	1,257,072	1,325,000
Repayment of principal and interest	-	(353,567)
Interest expense	94,112	105,748
At end of financial period/year	3,928,365	2,577,181

On 1 July 2019, the Group entered into an unsecured loan facility of up to \$3,000,000 with its shareholder, Macan Pte. Ltd. ("MACAN") ("Loan facility"). On 1 September 2023, MACAN had granted an extension of the loan maturity to 31 December 2027.

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On 12 December 2023, the Group and MACAN agreed to increase the Loan Facility from \$3,000,000 to \$4,500,000 to accelerate the Group's expansion plan of the Education businesses. The loan facility matures no later than 31 December 2027 and continues to bear interest rate of 6% per annum. As at the date of approval of the financial statements, the Group has a remaining unutilised credit facility of \$0.5 million.

As at reporting date, MACAN has undertaken that it will not demand repayment within the next 12 months from the date of the audited financial statements of the Group for the financial year ended 30 September 2023.

16 TRADE AND OTHER PAYABLES

\$	31 Mar 2024	30 Sep 2023
<u>Trade payables</u>		
Third parties	875,228	907,038
Accrued enrolment expenses	515,893	–
Total trade payables	1,391,121	907,038
<u>Other payables</u>		
Third parties	1,106,185	583,316
Accruals – others	1,020,174	1,016,009
Accruals – wages and salaries	787,134	878,710
Deposits from customers	3,031,808	2,427,593
Sales tax	38,641	27,802
Total other payables	5,983,942	4,933,430
Total trade and other payables	7,375,063	5,840,468
Add: Lease liabilities	12,803,436	12,121,216
Add: Shareholder loan (Note 15)	3,928,365	2,577,181
Less: Sales tax	(38,641)	(27,802)
Financial liabilities carried at amortised cost	24,068,223	20,511,063

Trade amounts due to third parties are unsecured, non-interest bearing and are on 15 to 90 day credit terms (30 September 2023: 15 to 90).

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

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	6M24	FY23	6M24	FY23
	<i># of shares</i>	<i># of shares</i>	<i>\$</i>	<i>\$</i>
Issued and fully paid ordinary shares:				
At beginning of financial period/year	2,965,920	2,925,920	21,639,638	21,439,638
Shares issued during the financial period/year	56,000	40,000	280,000	200,000
At end of financial period/year	<u>3,021,920</u>	<u>2,965,920</u>	<u>21,919,638</u>	<u>21,639,638</u>

The Company issued 56,000 ordinary shares at \$5.00 per share (30 September 2023: 40,000 ordinary shares at \$5.00 per share) in lieu of payment for accrued employee bonus of \$280,000 (30 September 2023: \$200,000), in respect of employment services rendered for financial year to certain key management personnel.

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.

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.

The Company did not declare any dividends during 6M24 (6M23: Nil) nor the preceding financial year ended 30 September 2023.

18 CONVERTIBLE NOTES

In November 2022, the Group launched a Convertible Notes Programme to raise up to \$10 million for working capital and future investments. The convertible notes ("CN") holders have the option to subscribe to either (i) a 10% coupon option ("10% Coupon Convertible Notes") or (ii) a zero-coupon option ("Zero Coupon Convertible Notes"). The proceeds from the convertible notes were limited to 50% for activities in Myanmar and the rank is pari passu to all present and future unsecured obligations.

The CNs are mandatorily convertible into shares of the Company at the date falling on the earlier of the maturity date (30 October 2024) or when the Qualifying Event is satisfied ("Conversion Date"). On the Conversion Date, the CNs are converted based on the stipulated conversion price and are paid-up in full to the note holders entirely (interest and principal) through the issuance of ordinary shares of the Company.

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Both the Zero-Coupon and 10% Coupon Convertible Notes meet the established criteria and the entire amount is recognised within equity. The convertible notes are denominated in United States dollar.

19 LOSS PER SHARE

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

	6M24	6M23
<u>Numerator</u>		
Loss for the financial period attributable to the owners of the parent (\$)	<u>(2,564,310)</u>	<u>(2,252,736)</u>
<u>Denominator</u>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>2,973,305</u>	<u>2,939,035</u>
Loss per share (\$)		
Basic and diluted	<u>(0.86)</u>	<u>(0.77)</u>

Diluted loss per share and basic loss per share are the same as neither the exercise of the share option or the conversion of the mandatory convertible notes would result in an increase in the loss per share.

20 COMMITMENTS

As at the reporting date, commitments in respect of capital expenditures are as detailed below:

	31 Mar 2024	30 Sep 2023
\$		
Capital expenditures contracted but not provided for:		
- Plant and equipment	<u>90,611</u>	<u>353,000</u>

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21 FAIR VALUE MEASUREMENT

Financial instruments and measurements

Financial instruments not measured at fair value

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

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

The carrying amount of non-current receivables and non-current rental deposits approximates their fair value due to insignificant effects of discounting.

Financial instruments measured at fair value

The financial instruments, as disclosed in Note 12 to the financial statements included in Level 1 of the fair value hierarchy, are traded in active markets and their fair value is based on quoted market prices at the reporting date.

There were no transfers between levels during the financial period.

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial period.