YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

MASTER OF BANKING AND FINANCE PROGRAMME

FINANCIAL PERFORMANCE ANALYSIS OF ASIA STRATEGIC HOLDINGS LIMITED

CHAM KO KO
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A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF ASIA STRATEGIC HOLDINGS LIMITED

A thesis submitted as a partial fulfillment of the requirements for the degree of Master of Banking and Finance (MBF)

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ABSTRACT

This study examines the financial performance of Asia Strategic Holdings Limited, one of the foreign direct investment companies which operates its portfolio investment in three sectors. For this study, secondary data were collected from ASIA Strategic Holdings Limited. The study period is examined for five financial years. To find out the financial performance of Asia Strategic Holdings Limited by analyzing data and figures from the audited annual reports including statement of comprehensive income and statement of financial position. This study provides the valuable results and answers to find out the financial performance. The study of five years analysis includes income statement analysis and statement of financial position analysis with comparative method and three main ratios and finally, trend analysis. As a result of analysis in comparative statement, in comprehensive income statements, they show loss in five consecutive year and suggestion is to review the budgetary control system and policies of depreciation and amortization on assets. For statements of financial position analysis, assets, equities and liabilities are growing every year and Asia Strategic should find more capital injection from raising shares or more investors rather than loan and bonds to reduce burden on finance cost. Ratios analysis are not meet its standard ratios and unfavourable in solvency and profitability except liquidity. The suggestion is to focus on loans taken from third parties and bonds sold outside which are larger than total assets and total equity. In the trend analysis, Asia Strategic will continue its loss for next three years and it should be considered as first priority to handle before loss are getting stronger.

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LIST OF ABBREVIATION

Asia Strategic	Asia Strategic Holdings Limited
FY	Financial Year
IFRS	International Financial Reporting Standards
LSE	London Stock Exchange
BOD	Board of Directors
USD	United States Dollar
FDI	Foreign Direct Investment
ERP	Enterprise resource planning

CHAPTER 1
INTRODUCTION

The Foreign Direct Investments play a vital role in the progressive economy of every developing country as they can facilitate job creations, boost a nation's economic growth and development and provide tax incentives. From 1989-2011, the major trends of FDI in Myanmar is heavily concentrated in the extractive of mineral resources and power sectors, while investment in manufacturing, services and other secondary and tertiary sectors have been almost non-existent.

Over the last decade, there were dramatic changes in the structure of the country, the systems of the foreign affairs, the shape of the economic policies and efforts to modernise the legal and regulatory framework. With the recent decisions to open the financial sector to greater foreign competition, ease trade restrictions and begin mega infrastructure projects note a decisive and anticipated uptick in reform momentum, according to Myanmar Economic Monitor report by the World Bank Group.

According to unlock, transparent and effective policy transforming including numerous mitigations of regulations, the states of affairs have been fascinating to many investors into the country to gain exposure of the market of developing country. In the Doing Business 2020 report by World Bank, Myanmar has been mentioned as the top 20 reformers for the year and has climbed up by 6 positions compared to previous year at 165th place in ease of doing business. Since 2011, Myanmar's economy has grown steadily by an average of 7.2% per year. In 2016, growth slowed to 6.4% as the transition to a new government

Among the increasing numbers in investments from foreign countries, service sector (such as education, hospitability, transportation, finance and insurance) is playing as an essential part in today's market dynamic.

In a large number of countries investing in Myanmar, Singapore is one of three largest volume investors beyond China and Japan generally. According to the list of Foreign Investment of Permitted Projects as of Oct 2022 by country, it took the first place at the top with USD 25,831 million as 27.95% of total Foreign Director Investors. (DICA 2022 Oct FDI by Country)

Wherefore this study focuses on the one of the fast-growing portfolio businesses came from Singapore, named ASIA Strategic Holdings Limited (the Group) operating its business across three principal sectors: education, hospitality and business services in Vietnam and Myanmar (by sector, 60% in education, 20% in hospitality, 20% in risk management service and by country, five businesses in Myanmar, one business in Vietnam).

ASIA Strategic has started their business units with the following brand names; Wall Street English Myanmar, Wall Street English Vietnam, Auston University, Yangon American International School, Ostello Bello Myanmar and Exera Myanmar by collaborating with popular brand names from United States, Singapore, Italy and Asia. It is also open to other industries with potential for growth such as healthcare, retail services and renewable energy. It is also a London-listed investment company (ASIA LN). (Source: https://ms-holdings.com)

As 71% of business units are based, currently operating and turning to expend on capital in Myanmar, all subject matters in this country will be a push-button to inevitable consequences to the entire group.

Nowadays, the rapid development of foreign business and the gradual growing of local companies focused on service sector have created enormous competitive pressure of the companies in the same industry. On the other hand, the economic situation after Covid Pandemic and political instabilities have brought tremendous changes in business practices as additional challenges and obstacles, particularly the need and direction of organizations in the same industry. And other symbolic issues are that the management board is often considering about the business to expand in Myanmar in existing and new sectors. Therefore, all of the fina

1.1 Rationale of the Study

Foreign Direct Investment (FDI) can perform one of the major roles in the development of the country, that is why a succession of governments has been encouraging this sector by tax mitigation, offering many supports and release from some restrictions by law enforcement. Approaching and designating FDIs can bring more foreign cash flow from abroad, create new jobs and introduce more opportunities as investors build new business in this country.

As ASIA Strategic Holdings Limited (the Group), mainly investing in service sector of both high competition and high profitability, it is interesting how financial performance are maintained aligned with corporate strategies. In order to access whether the determined strategies work in line with organizational goals. In order to access whether the determined strategies work in line with organizational goals, the group shall have insights into its performance overtime. Therefore, performance must be measured in several ways that are easily understood by all users, internal and external.

In addition, measure should also provide with timely manner, relevant and accurate feedback and will be a part of management decisions. Financial performance measurement are helped as well as the types of results for both of short term and long term. This study will examine the effectiveness by analyzing financial statements and calculating ratios which can reveal week points, strong points and factors of achievement performance. And then analyze how the business can maintain the achievement, manage or restructure the result of performance measurement to improve strategy and profit maximization and market share. This study will also help and benefit share men, investors, market analysts and management board to understand the deep-look of the business.

1.2 Objectives of the study

The main purposes of this study are

1. To analyze the financial statements of ASIA Strategic.
2. To examine the financial performance of ASIA Strategic.

1.3 Scope and Method of the Study

This study focuses on the analysis of financial performance of ASIA Strategic Holdings Limited which is both a portfolio investment and one of the foreign direct investments.

To implement the objectives of this study, secondary data are used. Relevant data are collected from the annual reports of ASIA Strategic and other additional information were retrieved from previous research, public sources, textbooks, articles and annual audited reports. As additional, in-person interviews were conducted with two Financial Planning & Analysis Managers and one financial director to get some supporting information. The time series of the study is about five years and will be started from FY ending at 2017 to 2021.

As an operator and developer of a fast-growing portfolio of businesses year by year and business by business, among five methods for financial statement analysis, Comparative statement, Ratio Analysis and Trend methods have been applied.

1.4 Organization of the Study

This study is composed of five different chapters. Chapter one presents the introduction of the study including rationale, objectives, scope and methods and organization of the study. Chapter two consists of theoretical background. Chapter three presents the profile of ASIA Strategic Holdings Limited. Chapter four submits data, analysis and discussion of finding from secondary data. And as final, Chapter five captures summary, conclusion, recommendations arising out from the study and the need for future study.

CHAPTER 2

THEORETICAL BACKGOUND OF THE STUDY

This chapter discusses about theoretical background of the study including users of financial information of business, financial statements analysis and types of analysis, about comparative statements analysis, trend analysis and ratios analysis.

Analyzing financial statements and measuring financial performance are significant important because it helps all users to ensure that the business complies with relevant regulations, the current financial health and to discover the highlighted strengths and weakness of the business.

2.1 Financial Performance Analysis

Finance is defined as the management of money, includes activities such as investing, borrowing, lending, budgeting, saving and forecasting. It is also a broad and diverse topic that deals with securing that the business owns the mandatory economic resources to successfully operate in short-term profits and long-term benefits. To stay profitable in the long run, it is important to focus on financial management, as well as the general economic environment to be able to maintain a well-managed and efficient operation.

Financial performance can be referred to the overall financial health of the business as all businesses take financial assets, which come in many forms, and use them to support business activity, which generates revenue and ultimately, profits. And it is also defined as the efficiency with which a business generates profits, but it also refers to much more. It reflects all of the elements that contribute to profitability, both individually as line items and collectively as a collective dynamic.

The analyzing of financial performance of a business is a comprehensive assessment of a company's financial performance. It is the process of determining a company's financial health. It entails evaluating a company's assets, liabilities, equity, revenue, and profitability. This analysis also includes comparing a company's current fiscal year performance to previous years and competitors to determine its trajectory.
This analysis includes policies and business operations. Internal financial analysts do this to assess an organization's health and standing. External analysts, on the other hand,

do it to assess potential investment opportunities and determine whether an organization is profitable enough to invest in.

2.2 Measurable indicators of Financial Performance

When the Management board needs to make operational and strategic management decisions based on business performance indicators for growth, profitability, liquidity, capital efficiency, and capital management. The most important financial performance indicators are explained as below:

Growth : In line with the growth strategy of the business, sales growth (in constant currency) of the business and, in all of business segments, organic sales growth in particular are of central importance.

Profitability : It is calculated with earnings before interest and taxes (EBIT) and EBIT growth (in constant currency) to measure the profitability of the business segments. To facilitate comparison of operating performance across several periods, the business can adjust the earnings figures for special items where appropriate.

Liquidity : It shows the amount of receivables and inventories in relation to the sales and costs of the services rendered during the past reporting period

Capital efficiency : It works as profitably and efficiently as possible with the capital provided to us by shareholders and lenders. In order to manage this, it is primarily calculated the return on capital (ROI) and the return on assets (ROA).

Capital management : The ratio such as net debt and EBITDA as the key parameter for managing the capital structure is used to calculate capital management of the business.

2.3 Financial Statement Analysis

The importance of measuring performance in terms of financial are financial statements analysis. Financial performance analysis is a subject measure of how well a business can use assets from its primary mode of business and can generate revenue. This term is also used as a general measure of overall financial health over a given period of time and can be used to compare similar business across the same industry or to compare industries or sectors in aggregation. It will make the business possible to compare how the operations perform or to help to identify what inconsistencies or inefficiencies imped it from reaching its full potential.

Financial statement analysis (or financial analysis) is the process of reviewing and analyzing a business's financial statements to make better economic decisions to earn income in future, involving specific techniques for evaluating risks, performance, financial health, and future prospects of an organization. (White, Gerald I.; Sondhi, Ashwinpaul; Fried, Dov (1998))

Financial Statement Analysis draws the raw financial data from the financial statements and develop them into usable information the can be used to make decisions. Data for the financial analysis process is derived from a range of sources internally generate by the business's finance team. Acting as a business's financial health 'report card', it comprises the review of three significant financial statements that every business must maintain: the balance sheet, income statement and cash flow statement.

Balance sheet: summary of the assets, liabilities (debt) and equity of a business at the end of an accounting period and a report of the business's financial worth in terms of book value. The terms are arranged in the format of an equation. Specifically, it reads as equity = assets – liability. The balance sheet provides a snapshot of the company's value or worth for the point in time at which it is produced. Generally, that is either monthly, quarterly, or annually.

Income statement: a detailed account of a business's revenue earning (also known as the profit and loss statement). It also focuses on how much revenue was earned by the business for a particular point in time. In simple terms, it shows the total amount of sales revenue generated by the business for the period. From this total, the statement will subtract the costs associated with those earnings to arrive at the gross profit. From the gross profit, the income statement will then subtract operating costs, such as rent, equipment, marketing and supplies. It will also subtract other expenses, such as taxes and interest, to arrive at the net profit

Cash flow statement: focuses on the exchange of money between the company, its customers, and its vendors. The statement excludes assets and liabilities as well as profit and loss. It only looks at the company's ability to generate cash. Cash flow is an important consideration because every business requires cash to function. Bills, payroll, vendors, and other expenses are paid with cash. The ability of a company to generate cash reflects its overall health and viability. It is one of several indicators of the company's financial performance. Accounts receivable, accounts payable, inventory, unearned revenue, and net income are all examples of financial activities that have an impact on cash flow statements.

All of these statements can be produced in the periodically manner, mostly annually, but also be prepared semi-annual or quarterly periods. The most fundamental financial documents which are available to the public are the annual reports. The annual reports include statement of comprehensive income, statement of financial position, cash flow statement and statement of changes in equity. Most countries, these financial statement reports are prepared by the International Financial Reporting Standards (IFRS) and also notes for explanation of the figures are attached.

2.4 Types of Analysis

There are several different methods to measure financial performance, but all measures should be done in aggregation manner. Items such as revenue from income statement or cash flow from operating can be used, as well as total unit sales. Likewise, the analyst or investor may wish to look deeper into financial statements and find out margin growth rates or any declining debt. Analysis provides factors for the statistics from top-level manager, as well as trends and risks the business faces.

Among several different methods, major analysis methods are

a. Comparative Statements – These statements are used to compare a particular financial statement with prior period statements. It usually applies to the two important financial statements, namely income statement and statement of financial position. Previous financials are presented alongside the latest figures in side-by-side columns, enabling analysts to identify trends, track a business's progress and compare it with industry rivals. The financial fissures will be comparative only when same accounting principles are used in preparing these basic statements. This analysis type is also known as "horizontal analysis".

b. Common-size Statements – The Statements which indicate the relationship of different items of a financial statement with some common item expressing each items as a percentage of the common item. The technique can be used to analyze the three primary financial statements, i.e., statement of financial position, income statement, and statement of cash flow. In the statement of financial position, the common base item to which other line items are expressed is total assets, while in the income statement, it is total revenue. This analysis method is also called “Vertical Analysis”.

b. Trend Analysis – It is an analysis of a business’s trend by comparing its financial statements to analyze the trend of the market or analysis of the future based on past performance results. It allows to compare data points over a given period of time and identify uptrends, downtrends, and stagnation. If a trend is stable and steady over a period of time, it indicates consistency and invokes more certainty than a trend that is drastically changing positions. However, inconsistent trends might be more attractive to some investors who analyze certain external factors contributing to the radical trend changes. High risk usually involves chances of high rewards.

c. Ratios Analysis – Financial ratio analysis is the technique of comparing the relationship (or ratio) between two or more items of financial data. The items using in ratios calculations are basically contingent on the user’s purpose. For example, creditors are interested in the business’s short-run performance and liquidity rather than the long-term liabilities. In this study, profitability ratios, liquidity ratios and solvency ratios are calculated.

Profitability ratios are a type of financial metric that is used to evaluate a company's ability to generate earnings relative to its revenue, operating costs, balance sheet assets, or shareholders' equity over time, using data from a single point in time.

Liquidity ratios are a type of financial metric that assesses a debtor's ability to repay current debt obligations without raising external capital. Liquidity ratios calculate metrics to determine a company's ability to pay debt obligations and margin of safety.

Solvency ratios are the key metrics used to measure an enterprise's ability to meet its long-term debt obligations and is used often by prospective business lenders. A solvency ratio indicates whether a company's cash flow is sufficient to meet its long-term liabilities and thus is a measure of its financial health.

d. Cash Flow Analysis – A cash flow analysis determines a business’s working capital — the amount of money available to run business operations and complete transactions. That is calculated as current assets minus current liabilities. Cash flow analysis first requires that a business generate cash statements about operating cash flow, investing cash flow and financing cash flow. A good analysis will examine the statement of cash flows in detail and look for the reasons behind the movement, commenting on how the business operation has performed.

2.5 Users of Financial Information

There are three primary types of users of financial information: internal users, external users and the government, by direct or indirect way.

(1) Internal users : those within an organization who directly involved in day-to-day transactions.

(2) External users : those indirectly involved in the business and only have information provided by the business.

(3) Government : those dealing with the industry in which the business is engaged.

2.1.1 Internal users

Shareholders/Owner – they use financial results to assess if resources are being utilized effectively by management as well as sufficient returns on their investment.

Managers/Employees – they are some of the primary users because they need the information for frontline decision making whether to add debt or how to maintain cash flow.

2.1.2 External Users

Investors or Potential Investors – Investors are interested in the financial position and related information to make a decision for investing or buying/selling some shares as traders.

Lenders and Creditors - If a business wants money from the bank or building relationship with creditors, they're going to want to see the business's financial data first.

Merger and Analysts – They need financial analysis to compare compatibility of potential merger with to their finances and operations.

Customers/Suppliers – They are interested in data whether a long-term relationship can be built up between the business and them due to understanding on the stability of the business.

Auditors – As a third party, they also need as audit process focused on proving the accuracy and veracity of financial data.

Brokers and Other intermediaries – They need the information gathered to support advice to clients about their investment opportunities, announcing of annual reports and other financial statements tend to affect trading of stocks.

2.1.3 Government

Regulators – The government are decision makers and their forward economic plans are influenced by the performance of all businesses within various sectors in the economy and also for the purposes of taxation – taxation and VAT.

CHAPTER 3

PROFILE AND FINANCIAL PRACTICES OF ASIA STRATEGIC HOLDINGS LIMITED

This chapter presents the background history of ASIA Strategic Holdings Limited which is based in Singapore and its financial practices. It includes the background organization of ASIA Strategic, Profile of ASIA Strategic, Organization Structure of ASIA Strategic and Financial Standards and Practices of ASIA Strategic.

3.1 Background History of ASIA Strategic

ASIA Strategic is an operator and developer of a fast-growing portfolio of businesses aimed at creating opportunities for investors to gain exposure to one of the world's final frontier markets: Myanmar and Vietnam, with headquarters in Singapore, Ho Chi Minh City and Yangon, and also listed in the London Stock Exchange as ASIA. Geographically, it derives a majority of revenue from Myanmar.

Operating in Myanmar since its economy re-opened in 2013, ASIA Strategic is one of the first professional players with an established investment track record as well as a fully operational team on the ground. Its contrarian investment philosophy, hands-on approach and deep local knowledge set us apart from other players in the market.

ASIA Strategic employs over 2,500 people operating across three principal sectors that it has focused on thus far: education, hospitality, and business services. Although its initial areas of focus are in the Hospitality, Education, and Services sectors, there are a number of other industry sectors which demonstrate attractive growth opportunities. The following are among the interesting new business development industries Asia Strategic is exploring: Retail Services, Telecommunications, Healthcare, Agriculture, Renewable Energy.

(a) Education – Provision of Engineering college, English language training, kindergarten to primary school education (K−12 education), consultancy, advisory and project management services in the education sector in Myanmar and in Vietnam;

(b) Services – Provision of consultancy, advisory and project management services in the service sector in Myanmar, focusing initially on security services;

(c) Hospitality – Provision of consultancy, advisory and project management services in the leisure and hospitality sectors in Myanmar;

3.2 Profile of ASIA Strategic

ASIA Strategic Holdings Limited is founded in 2013 and playing as a leading developer and operator of a portfolio of consumer-focused businesses that offers investors exposure to emerging Asia, mainly Vietnam and Myanmar. In 2016, Asia Strategic first invested in the education sector by securing exclusive rights to operate the Wall Street English language brand in Myanmar. Up to the end of 2021, Asia Strategic has opened and operates four Wall Street English centers in the cities of Yangon and Mandalay, as well as seven additional Wall Street English centers that it took over in Vietnam.

In 2017, Asia Strategic signed a joint venture agreement with Auston Institute of Management, a leading private engineering institution in Singapore, to bring the brand to Myanmar. Auston College in Myanmar was soon launched, with foundation and diploma programs offered at a new state-of-the-art campus. Since then, the school has grown; in 2020, it partnered with UK's Liverpool John Moores University to add internationally recognized degrees to its offerings.

In 2018, Asia Strategic identified an opportunity to open a top-tier international K-12 school in Yangon at a moderate price. After over a year of careful planning and fitting out of a world class new four-story campus, Yangon American International School welcomed its first students in August 2019. The school continues to grow and will be the first to offer the International Baccalaureate Primary Years Program when it is certified in 2021.

In 2018, Asia Strategic entered into the security risk management market by acquiring Exera, a leading security company in Myanmar, with over 1,200 professionals serving 50 companies. Exera provides risk management, consultancy, integrated security, security logistics, facilities management, and cash solution services.

As of 2020, the hospitality division operates nearly 500 beds across four locations under the boutique brand 'Ostello Bello'. The group is continually sourcing for more locations to add to its portfolio.

Vision: To become a leading operator and developer of consumer businesses in Asia

Mission and Strategy: Asia Strategic's mission is to "grow sustainable businesses in emerging Asia through patient and committed capital" in line with our purpose of "empowering communities in emerging Asia." The strategy is to identify, seed, acquire and grow tech-enabled consumer businesses in emerging Asia,that address core needs and have the potential to grow into regional and global champions.

Objective: Asia Strategic exists to become one of the leading private operators of educational institutions in emerging Asia through the identification of opportunities and expansion in the sector. As a long-term investor in Myanmar, Asia Strategic has targeted sectors that positively contribute to the overall development of the countries in which we operate, creating jobs and alleviating poverty. Within these sectors Asia Strategic aims to build businesses that embody the best terms of business, environmental, social and governance practices.

3.3 Business Units of Asia Strategic

As operating in three business sectors, the following table is the detail information about every business under the management of Asia Strategic Holdings in both of Myanmar and Vietnam.

Table 3.1 Business Units of Asia Strategic

Sector	Brand Names & Business Nature	Branches	Locations
Education	Wall Street English Myanmar (Language Training Center)	1. Junction Square 2. Myanmar Plaza Center 3. City Mall Center 4. Mingalar Mandalay	Yangon Yangon Yangon Mandalay
	Wall Street English Vietnam (Language Training Center)	1. Le Quy Don 2. Pico Plaza 3. Hung Vuong Plaza 4. VivoCity 5. Vincom Thao Dien 6. Vincom Go Vap 7. Binh Duong	Ho Chi Minh Ho Chi Minh Ho Chi Minh Ho Chi Minh Ho Chi Minh Ho Chi Minh Binh Duong
	Yangon American International School (International School for Kids)	1. School	Yangon

	Auston College Myanmar (Engineering and Technology University)	1. Junction Square Center	Yangon
Service	Exera Myanmar Limited (Risk Management Service)	1. Office	Yangon
Hospitality	Ostello Bello Myanmar (Three stars hostels)	1. Ostello Bello Bagan 2. Ostello Bello Pool 3. Ostello Bello MDY 4. Ostello Bello NS	Bagan Bagan Mandalay Nyaung Shwe

Source: Asia Strategic Holdings Limited, 2021

Table 3.2 Opening Dates of Business Units of Asia Strategic

Sector	Brand Names	Business Nature	Date
Education	Wall Street English Myanmar	1. Junction Square 2. Myanmar Plaza Center 3. City Mall Center 4. Mingalar Mandalay	February 2017 July 2018 December 2017 February 2020
	Wall Street English Vietnam	1. Le Quy Don 2. Pico Plaza 3. Hung Vuong Plaza 4. VivoCity 5. Vincom Thao Dien 6. Vincom Go Vap 7. Binh Duong	May 2013 March 2014 May 2014 June 2015 May 2016 September2016 March 2019
	Yangon American International School	1. School	August 2019
	Auston College Myanmar	1. Junction Square Center	May 2018

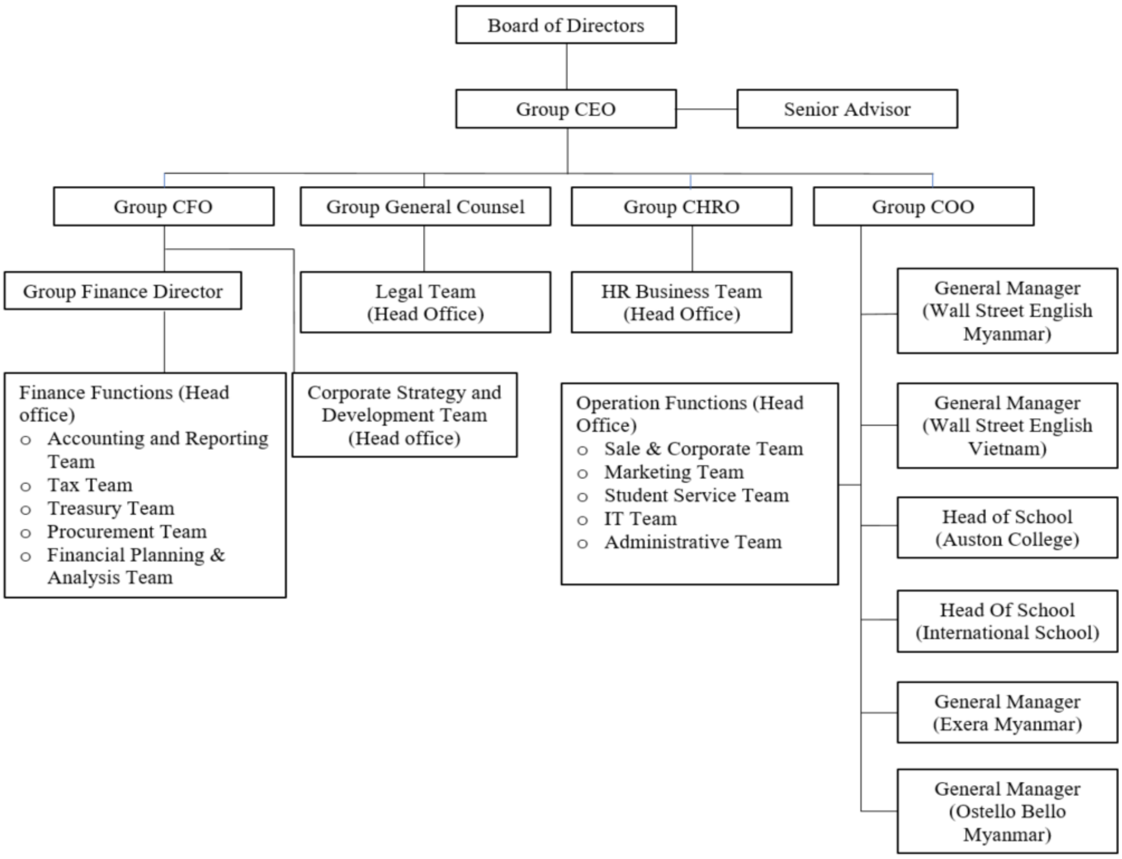
Service	Exera Myanmar Limited	1. Office	May 2018
Hospitality	Ostello Bello Myanmar	1. Ostello Bello Bagan 2. Ostello Bello Pool 3. Ostello Bello MDY 4. Ostello Bello NS	August 2014 May 2017 September2015 April 2016

Source: Asia Strategic Holdings Limited, 2021

3.4 Organization Structure of Asia Strategic

The board of directors and management team of Asia Strategic Holdings Limited consists of executives who have extensive experience in investment management, advisory and deal making. The structure of BOD includes Chairman (Non-executive Director), two Independent Non-executive Director and two Executive Directors. The management team has six main person managing for all business area, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Human Resources Officer (CHRO), General Counsel and Senior Advisor.

Figure 3.1 Organization Structure of Asia Strategic



Source: Asia Strategic Holdings Limited, 2021

Finance functions has five major teams working under the management of Group Finance Director who is reporting to Group CFO. Finance Functions are centralization designed in organization structure of Asia Strategic to participate in and connect to every business units by supporting finance process. Group Finance Director is responsible for all teams related to financial matters. Accounting and Reporting team consists of two financial controllers and thirteen accountants and this team is handling all accounting jobs including Account Receivable, Account Payable, Data Entry, Reconciliation and closing of accounts. A tax manager and a tax officer who are responsible for all tax matters includes in Tax team. Treasury team consists of six people and handles fund management, liquidity management, all of banking processes for payments and collections and foreign currency exposure. They are mostly related with cash and monetary. Procurement team has three employees for supply chain management and purchasing tasks and dealing with suppliers for better price and longer credit term. FP&A team exists for planning and budgeting, integrated financial planning, management and performance reporting, and forecasting and modeling for every business units.

3.5 List of Substantial Shareholdings

To the best of the knowledge of the Company, above 3% of shareholding, the notifiable positions of ordinary shares and holdings of Directors of the Company as at 30 September 2021 were as follows:

Table 3.3 Shareholders List Key Shareholders (as at 13 December 2021 which hold more than 3% in the Company)

As at 30 September 2021	Number of Ordinary Shares	Percentage of Ordinary Shares
Macan Pte. Ltd	960,000	33.7%
Oneiros Investments S.A	224,121	7.9%
A-Star-Education Holdings Pte. Ltd	200,000	7.0%
Jonathan Geoffery Kolb	166,500	5.9%
SOAI Ltd.	156,945	5.5%
BF&F s.r.l	117,500	4.1%
NDC Advisors Limited	101,019	3.5%
SEVIAN s.r.l	100,000	3.5%

Source : Directors' Statement of 2021

3.6 Financial Standard and Practices of Asia Strategic

As a publicly listed business, Asia Strategic is subject to strict requirements concerning financial reporting with respect to compliance with IFRS and good accounting practices. Consistent, reliable, transparent and timely reporting of financial performance enhances the confidence of investors and shareholders in Asia Strategic and provide equal opportunities to act on such information. The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group.

Asia Strategic has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union. The compilation of two times reports shall be in accordance with IFRS. The Company reports to shareholders half yearly and annually, as required by the LSE Rules. The Chairman states to the Board that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Accounting process of Asia Strategic shall be ensure that all transactions are correctly registered in accordance with Singapore Law and good accounting practices. The annual financial statements and interim financial statements shall be aligned with the law, IFRS and good accounting practices. For all finance sections of head office, receivables and payables for other business units, Asia Strategic uses Acumatica software in cloud ERP system for accounting, cost-controlling and reporting purpose. Acumatica in cloud ERP is a type of software that businesses use to manage day-to-day business activities such as accounting, procurement, project management, human resource, manufacturing, risk management, compliance, and supply chain operations.

Business Reviews and Financial Reviews are conducted at the middle of every financial year and in the end of financial year. Business reviews are run within each of business sector of the entire group, including Myanmar and Vietnam with the purpose to provide an analysis of the economics and financial situations and quality assurance for the financial reporting.

As per annual report, the management reviews the stress test severe but plausible case analysis prepared by the BOD to check against cash and credit facilities. This included checking the reduction of revenue and related expenditure against post-year end results and checking sensitivity by a further reduction to revenue in a number of key businesses, and management's option to reduce certain discretionary cash outflow in that scenario.

Chapter 4

Analysis on Financial Performance of ASIA Strategic

This chapter represents the data analysis of the study. The financial performance evaluation derived by thoroughly analyzing the ASIA Strategic's financial statements. Each financial indicator is presented in the table. The analysis is presented in the following orders; the revenue analysis, the comparative statement analysis, ratios and trend analysis for ratios.

In this chapter, all data are secondary data derived from annual reports and financial statements of ASIA Strategic. And also this study focuses on the performance analysis on five years financial statements ended as at 31 March 2017, 31 March 2018, 31 March 2019, 31 March 2020 and 30 March 2021. All of the annual reports and financial statements of Asia Strategic are fully audited at the end of every year and announced to public and on the London Stock Exchange transparently for investment purpose, share price comparison, market researchers and analysts.

4.1. Analysis of Sector Contribution to the Group Revenue

The analysis of sector contribution to the Group revenue will include the comparing of each sector contributing to the group revenue year by year which can reveal which revenue is better or which area needs improvement or which sector needs to focus. They also help the business tracks its progress by comparing recent revenue analyses to quarters or years prior.

The following table shows all revenue of the financial years for each sectors of the entire group and the annual nominal growth rate of revenue or annual changes in group revenue since revenue is the highest important category for a business. The analysis starts from FY 2017 to FY 2022 for six year with three sector; education, risk management and hospitality sector which are Asia Strategic operates its portfolio investments in.

Table 4.1 Sectors Contribution to the Group Revenue (in USD)

Sector	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Group Revenue	330,074	791,870	4,424,892	5,353,468	7,647,891	8,313,480
From Education	93,074	609,740	884,978	2,194,922	4,741,692	5,653,166
From Risk Management Service	-	-	3,451,416	3,105,011	2,906,199	2,660,314
From Hospitality	237,000	182,130	88,498	53,535	-	-

Source : Survey Data from financial statements of ASIA Strategic (FY 2017 – FY 2022)

Revenue for each year are significantly raising from year on year which shows the progress development in the all of business units. In the 2017, major revenue of the group is come from the hospitality sector and it contributes up to 72% of the group revenue. And then education is playing as a secondary role, up to 28% of the group revenue. No risk service sector was established in the group. During the financial year 2017, in the education sector in Myanmar and in Vietnam, there was two brand names called Wall Street English Myanmar and Wall Street English Vietnam. As the hospitality sector, all Ostello Bello Hotels are running their business under the hospitality sector.

The increase in the FY 2018 Group's revenue is due to the consolidation, acquisition of new business and the growth of the existing business under the management of Asia Strategic. When it is comparing to FY 2017, the group revenue is increasing 240% from 0.33 mil to 0.79 mil amount in US$. In FY 2018, the education sector generates up to 77% of the total group revenue and hospitality sector reduce to 23%., from .23 mil in US$ to 0.18 mil in US$. In addition, the management board started the major system changing in using customer management software called Hubspot which stands for customer relationship management software that helps businesses organize and manage their customer relationships on a centralized and easy-to-use platform for all Wall Street English Centers and then appointed one group marketing manager and five corporate marketing teams in both of Myanmar and Vietnam. The

Chief Operating Officer launches the yearly analysis programme to measure the performance of all operation teams by monthly KPI incorporated with human resource team. Another digital online marketing team was built to engage away customers and sell education contracts by online. These modification tasks work effectively to attract customers, therefore, revenue from each business is climbing unquestionably.

In FY 2019, total group revenue increases from 4.4 mil in US$ to 5.3 mil in US$ by 20%. FY 2019 is the biggest changes in the group revenue among the studying six years. The beginning of Covid Pandemic takes effect on the hospitality sector which revenue is sharply reducing US$ 18mil to US$ 0.8 mil by 52% decreasing when comparing to FY 2018. But that drop makes a slight change only as group revenue because there are many progressive development in education and risk service sector. Since the end of year 2018, Asia Strategic created a risk management service division following the successful acquisition of EXERA, one of Myanmar's leading providers of integrated security and risk management services, for US$2.2 million. Group revenues arising from rendering of risk management services from the date of acquisition to the reporting date reports US$3.4 mil. In the education sector, the private college and international school for kids are opened in FY 2019 as they add some portions to the group revenue. 20%, 78% and 2% from education, risk management and hospitality sector are played the parts into the Group revenue respectively in FY 2019.

In FY 2020, total group revenue increases by 21% only from FY 2019. The revenue from education sector enlarge US$ 0.8 mil to US$ 2.19 mil by 248% which is major cause of the increasing of total revenue. The reasons of increasing revenue are the growth of education centers in Myanmar from Wall Street English, Auston College and Yangon American International School even though the 2020 global pandemic has presented and continues to present significant challenges to the Group. The substandard point of financial highlight in FY 2020 is that the strategic goal of the management board on the group revenue is expected to growth 60% at least, but the Covid-19 restrictions are the top challenges to fulfill their purpose. As the Group's main focus is to maintain a strong operating performance and generate operational synergies to offset the current challenge in operating environment in the Myanmar, the schools continue to deliver their education services online and offline while its security services company will remain key to safeguarding embassies, NGOs and national infrastructure. The Group's Ostello

Bello boutique hostels remain closed. The Group revenue consists of 41% from education, 58% from risk management service and 1% from hospitality.

At the beginning of 2021, the state of emergency was announced and the political outcome is evolving daily for two months. During these months, for potential safety risk to students and employees, most business units are temporary closures and the consequence reflects on very low income. At the beginning of the FY 2021, the management estimates the economic growth of the group will be 60% if compared to FY 2020. But at the end of financial year, the net growth of the group revenue is just 43% due to unexpected situations in Myanmar. At that time, Wall Street English Vietnam writes a victory with over 200% revenue hike and it contributes up to 17% of the total revenue. After July 2021, the management decides to raise up the selling price of the businesses which are charged to their customers with USD instead of MMK due to high fluctuation of transportation charge and other operating costs by 30%. This becomes an affect to large some portion into the Group revenue. The Group revenue comprises with 62% portion from education, 38% from risk management service sector.

In the FY 2022, the investment, current assets and equity parts of Asia Strategic suffers the restrictions on foreign currencies by the central bank of Myanmar in the month of April. The limitations on foreign currencies transfers, balance holding in bank accounts and double rise in USD exchange rate are becoming the disastrous impacts on all of the foreign direct investment companies in Myanmar. It affects the business units which are accepting MMK prices from their customers. Without changing prices in MMK, but converting revenue into USD, it devaluates down to half net worth. On the other hand, Covid-19 cases in Vietnam peaked towards the end of 2021 and subsided in February 2022. This resulted in an uneven recovery within the Group's operations wherein the Education division in Myanmar recovered to pre Covid-19 levels by December 2021 whilst Vietnam student numbers remain depressed, albeit they are now improving. As a group revenue in FY 2021, only 43% increase in total sharing out 62% from education, 38% from risk management service and nil from hospitality. As summary for FY 2022, education sector is still in the leading way and risk management service is ongoing as a second role in the Group revenue.

4.2 Analysis of Business Units Contribution to the Group Revenue

As Asia Strategic, there are six business names in three sectors which are generating revenue and contributing into total group revenue, by four brand names in education sector, one brand name in hospitality and one brand name in service sector. By country, five brand names in Myanmar and one brand name in Vietnam are operating their business accordingly.

A brand name from Vietnam, Wall Street English Vietnam and another brand name in Myanmar, Ostello Bello Myanmar, are included in the table 4.2. But Vietnam data will be removed from analysis list because this study focuses on the bigger portion of the Group, the portion from Myanmar. Ostello Bello Myanmar will be also cut off due to their lesser operations in the recent financial years.

Table 4.2 Business names Contribution to the Group Revenue

Business Name	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
a. Wall Street English Myanmar	60,067	380,098	575,236	1,177,763	1,759,015	2,478,372
b. Wall Street English Vietnam	33,007	229,642	176,996	428,277	1,300,141	965,076
c. Auston College Myanmar	-	-	132,747	481,812	1,376,620	1,894,044
d. Yangon American International School	-	-	-	107,069	305,916	315,674
e. EXERA Myanmar	-	-	3,451,416	3,105,011	2,906,199	2,660,314
f. Ostello Bello Myanmar	237,000	182,130	88,498	53,535	-	-

Source : Survey Data from financial statements of ASIA Strategic (FY 2017 – FY 2022)

As per table 4.2, FY 2017, the major part of the Group revenue is derived from Wall Street English Myanmar as the all-time leading brand name in the portfolio investments of Asia Strategic operating in Myanmar according to FY 2017. With only two learning centers, they could generate their revenue over US$ 33,000 in a year when the operations are starting.

In FY 2018, there are one more English learning center was opened in Mandalay, Myanmar and it plays a reasonable role into the revenue of education sector. Total revenue from Wall Street English Myanmar is over US$ 0.38 mil in FY 2018. The improvement is over 600% if compared to the previous year by moving from US$ 60,067 to US$ 380,089 in a year. The reasons are another learning center was opened and all operations in addition to student services are settled down more than before. More customer engagement are accepted by sale and marketing department. In this year, advertising and media expenses are about US$ 70,000 spending in road events, media commercials and promotions. At the end of year 2018, one more business name, Auston College, is incorporated with the respective educational body and another brand name, Exera Myanmar Risk Management Service, has being started to be obtained by Asia Strategic under the decision of management board.

In FY 2019, Auston College starts its operations by accepting the students and it begins revenue inflow into the Group. The risk management service sector starts coming into the ASIA Strategic by operating portfolio in Exera Myanmar Limited, with acquisition date May 2018. It contributes its revenue as a major inflow of the group like education, US$ 3.45 mil as it is already being popular brand among other companies and organizations such as UN and embassies. In this year, Wall Street Myanmar make a step-back to secondary role in the Group revenue by revenue worth US$ 0.57 mil. As separated figure, Wall Street English, Auston College and Exera Myanmar generate their revenue US$ 0.57 mil, 0.13 mil and 3.45 mil respectively into the Group revenue in FY 2019. After receiving much income from Wall Street Myanmar, the management announces that the Group will continue to seek opportunities to expand the franchise as it holds the exclusive rights to develop a further seven centers, up to a total of ten, over the next eight years.

In FY 2020, an international school was successfully opened in Yangon as another portfolio investment by the Group. In contrast, Covid Pandemic is becoming a huge challenge with restrictions and limitations for Asia Strategic which is offering services to individuals and businesses in person. But Management maintains a positive outlook on the long-term prospects of the Myanmar education and is pursuing expansion opportunities in all of established sectors. Therefore, the management board decides to transform the service plan offering from education sector from in person to online and offline methods. It really works after the pilot project two month, most existing students extend their contract with Wall Street English for further studies and new students accept the offline and online method by learning with internet and learning materials brought to their homes rather than in class attending. That are the reasons why the education sector continues its operating revenue from their business during the pandemic period. US$ 1.1 mil from Wall Street English, 0.4 mil from Auston College and 0.1 mil from international school are generated as revenue in FY 2020. But risk management service achieve its revenue by US$ 3.1 by reducing 10% of the previous year. So most business are going well

As FY 2021, the restrictions are released in 2021 in some business areas and most operations are started running back to the ordinary situation. In-person service in education is rolling back from away methods to in-class by attracting more students and customers. At the beginning of 2021, a huge political change occurs and it takes some affects to behaviour changing of the students on their education decisions. As consequence, numerous students are interesting to join private schools and college rather than government's education service. That is why Auston College starts its successful era among other business names of Asia Strategic. Despite intermittent closures of centres due to Covid-19 restrictions and the State of Emergency in Myanmar, Wall Street English Myanmar was able to maintain the student numbers by quickly adapting and developing online teaching capabilities and increase in marketing and promotional activities. Its revenue comes over 300% of the previous year performance. In addition, international school accepts plenty of students as a consequence of the changes since it generates about 300% revenue if compared to previous year. In FY 2021, Wall Street English is still a leading name with revenue US$ 1.7 mil and as secondary, risk management service takes US$ 2.9 mil with slightly decreasing, Auston College US$ 1.3 mil and international school US$ 0.3 mil. All business names are still winning their achievement by their revenue improvement into the Group revenue.

In FY 2022, it is worth noting the strong increase in the number of students in Myanmar across all divisions and in particular Wall Street English and Auston College. Notwithstanding the complex political and security environment, the Wall Street English and Auston businesses appear to have fully recovered and even exceed their pre Covid-19 performance. Therefore, the revenue performance of Wall Street English and Auston College are increasing 41% and 38% accordingly when compared to FY 2021. Due to the slightly higher price when comparing to other international schools in Yangon, Yangon American International School's revenue can show 3% improvement only in FY 2022. Furthermore, risk management service, Exera Myanmar suffers 8% reducing in collection due to leaving of many international companies from Myanmar in 2021 and 2022. And then FY 2022 is the third consecutive year on revenue reducing for Exera Myanmar.

As summary review for the analysis of each business unit contribution to the Group revenue with table 4.2, for the education sector, Wall Street English Myanmar shows the greatest performance during six years by accessible increasing its revenue yearly and expanding a number of learning centers. Auston College takes third place in the comparison of the Group's revenue with evident revenue along studying six years. And international school has positive signs on its revenue by increasing gently. For risk management service business, Exera Myanmar is the second largest contributor to the Group revenue with higher revenue annually.

4.3 Analysis of Comparative Income Statement of Asia Strategic

In this study, the analysis was made with horizontal comparative method of comprehensive income statement, compared from FY 2017 to FY 2022 for six years.

The data from the annual reports and financial statements of Asia Strategic are fully audited at the end of every year.

Data from previous year are nominated as a base year to compare with next financial years due to the instabilities figures in this studying six years. Because the wide fluctuation of foreign currency exchange rate, the disruption of the global and local supply chain, resulting in double digit inflation and volatility changes in all of business prices can lead to misunderstanding and making wrong conclusion of analysis results.

The following table only describes the growth rate of each item from the income statement as percentage data compared to previous year.

Table 4.3 Comparative Income Statements

Financial Year	2017	2017 & 2018	2018 & 2019	2019 & 2020	2020 & 2021	2021 & 2022
Revenue	0%	143%	450%	21%	42%	10%
Total Expense	0%	1%	152%	11%	12%	20%
Non-cash Expense	0%	203%	474%	304%	121%	-83%
Finance Cost	0%	346%	-100%	100%	29%	1%
Loss before income tax	0%	-13%	24%	29%	-10%	-15%
Loss after income tax	0%	-13%	23%	29%	-10%	-12%
Lost per share	0%	-26%	8%	27%	-21%	-15%

Source : Survey Data from financial statements of ASIA Strategic (FY 2017 – FY 2022)

According to the table 4.4, as on the column of 2017 & 2018, the group revenue increase in FY 2018 by net 143% because the sale volume of Wall Street brand in Myanmar has increase six times when comparing to sale volume of 2017 after many changes in reforming of internal marketing team and organization structure of Vietnam office under the supervision of Chief Financial Officer. Even non-cash expense and finance cost become larger twice in 2018, loss before income tax and loss after income tax become lesser 13% than 2017 for the reason that total expense including employee benefits and other expenses remain unchanged. Finance cost become twice because the interest of the convertible bonds FY 2017(under current liabilities of statement of financial position) was paid in FY 2018. Loss per share decrease 26% when compared to 2017.

For the comparison column of FY 2018 & 2019, group revenues increased 450% year on year to US$4.4 million in FY 2019, of which 78% derived from Services and 20% from Education. As expanding the existing business; Wall Street English Center in Myanmar and stating new businesses; Auston College and an international school, cause a lot of expense in 2019, including employee benefits expense, operating expense, marketing expense and one-off expenses, and it terribly increases by 152% in FY 2019. But one favourable issue to tolerate the obviously increasing expenses, there is no finance cost interest due to lack of convertible bonds in FY 2018.

For the column of FY 2019 & 2020, the Covid-19 pandemic has significantly affected the Group resulting in (i) the temporary closure of in-person operations across both its education and hospitality divisions and (ii) higher operating costs in its services division. The global Covid-19 situation remains very fluid and the Group cannot reasonably project the full extent of the Covid-19 impact going forward. All businesses of ASIA Strategic are based on providing service to both of individuals and organizations. Therefore revenue cannot grow up as the management targeted and cannot fulfilled to the expenses which are unexpectedly growing up in FY 2020. Growing expenses include annual lease payments for a number of properties as a major expense, as at 30 September 2020, the Group has approximately US$ 418,000 of aggregate undiscounted commitments for short-term leases. Total expense increases by 11% only and another leading expense is finance cost which occurs due to loan from former holding company, it is worth as US$ 0.34 mil. Finally. Finally loss for the year 2020 goes up 29% to previous year. It is a recorded loss at highest for the year in this study of six financial years.

As per the column of FY 2020 & 2021, group revenue increase 42% above FY 2021 of which 62% are derived from education and 38% from services. Disadvantages are non-cash expense and finance cost which are respectively adding 121% and 29% to FY 2020 respectively. In 2021, the management set a priority to maintain financial flexibility, stability and liquidity through mitigating actions under the Group’s control because of instabilities situation in political background and policies changes come out from the Central Bank of Myanmar. Total expense of the Group is wider 12% only to the previous financial year. Due to that affect, it impacts on the loss before and loss after income are noticeable low with 10% reducing on FY 2020. And also lost per share is narrowing down to 21%.

During the comparing time of 2021 & 2022, the Group revenues for FY 2022 increased 10% vs. FYE 2021 to US$8.3 mil, of which 68% derived from Education and 32% derived from Services. In 2021, many political and policies changes affect all financial data of the Group including revenue and expenses from income statement. Even revenue increase 10%, expense take over by 20% wider than FY 2021 due to weakening of the MMK and sharp rise in the prices of imported goods, prices of fuel with corresponding increase in transportation cost and other basic items. Non-cash expenses are incredibly low due to changes over the estimated life useful lives of the Group’s tangible assets in FY 2021 by narrowing down up to 83% of the FY 2021. With a small change in convertible notes sold to shareholders, finance cost stays unchanged by 1% increasing. Convertible Notes with conversion option are accounted for as financial liabilities with an embedded equity conversion derivative based on the terms of the contract. As the result, loss before income tax are changed again by reducing 15% to the previous year, FY 2021. FY 2022 is a recorded year with lowest loss for the year and lost per share for shareholders.

As per analysis result stated above, it can be seen how the items are moving during examined six years with comparative method. As it may be expected, revenue grows up continuously every year and business expenses are following together. Total expenses are increasing from period to period dramatically and loss for the years are running between US$ 2 mil and US$ 3 mil every year. No disadvantages were found when trying to pull up revenue and but when accessing to operating expenses, it needs to find the proper solutions to monitor each expenses as 1%, 152%, 11% 12% and 20% are increasing under total expense in FY 2018, 2019, 2020, 2021 and 2022 categorically. Another main issue is existed at finance cost for convertible bonds interests and depreciation/amortization costs. Finance costs are up to 10% and 17% of group revenue in FY 2017 and FY 2018. Generally speaking, creditors and investors will look for the positive accounting figures for their worthiness and highest return and secured investment. Unfortunately, only comprehensive loss are shown in income statements for six consecutive years from FY 2017 to FY 2022.

4.4 Analysis of Comparative Statements of Financial Position of Asia Strategic

In this study, the analysis were made with horizontal comparative method of statement of financial position which are compared from FY 2017 to FY 2021 for five years. Data from previous year are nominated as a base year to compare with next financial years due to the instabilities figures in this studying six years

Table 4.4 Comparative Statements of Financial Position

Financial Year	2,017	2017 & 2018	2018 & 2,019	2019 & 2,020	2020 & 2,021	2021 & 2,022
Total Current Assets	0%	-1%	-5%	6%	-2%	-25%
Total Non-Current Assets	0%	-12%	1129%	159%	288%	-2%
Total Assets	0%	-2%	26%	47%	135%	-7%
Total Current Liabilities	0%	-91%	175%	67%	437%	32%
Total Long-term Liabilities	0%	0%	100%	5688%	162%	2%
Total Equity	0%	163%	15%	-47%	-59%	-343%
Total Liabilities & Equity	0%	-2%	26%	47%	135%	-7%

Source : Survey Data from financial statements of ASIA Strategic (FY 2017 – FY 2022)

According to the table 4.8, for the comparing years FY 2017 & 2018, each non-current asset item is falling when comparing to the base year as current assets decrease 1%, non-current assets decrease 12%. Total Asset decreases by 1% dropping on the base year, FY 2017. In the equity and liabilities side, current liabilities are falling 91% because all of the convertible bonds issued in 2017 are converted into ordinary shares at US$10 per share. Total equity increases by 163% by raising US$1.0 million (50,000 new shares at a price of US$20 per share) as part of its share issuance programme announced on 19 March 2018. So both total assets and total liabilities & equity are 2% smaller than the base year.

For the comparing years FY 2018 & 2019, this changes are coming from more investments in subsidiaries in Singapore and financial asset at fair value through other comprehensive income (FVOCI). But with the result of shrinkage in cash & cash equivalent by 77% and 74% growth in trade receivables, total assets growth rate in just 26% on the base year, FY 2018. The other major changes in assets is non-current asset increased in Myanmar by 1129%. From the equity and liabilities side, all items of liabilities and equity are increasing 204% and 15% respectively due to amount increasing in deferred revenue and trade payables. Therefore total figures are becoming 26% greater in size.

Total non-current assets are increasing continuously in FY 2020 by 159% on FY 2019. Total assets change the number by expanding 47%. The reasons are expanding in plant and equipment, acquisition of subsidiaries and right of use assets and financial assets at FVOCI in FY 2020. From the bottom side of table, except equity, all remaining units are increasing with a large amount in long-term liabilities because loan facility US$3 mil from former immediate holding company was taken in July 2019 and is repayable not later than in June 2022 with semi-annual interest at 6% per annual. As at reporting date, the loan has been fully drawn down by the Group and noted as non-current liabilities. In addition, there are lease liabilities for building rental, office premises and language centers and contract liabilities. So total liabilities amount is shoot up to 47% on the FY 2019.

For the comparing of FY 2020 & 2021, there are a few changes in current assets and many changes in non-current assets due to high volume in trade receivables. Most business are stuck between new policies and bank-run after February 2021. Total assets increase by 135% when compared to FY 2020. Even though trade receivables are going down, trade payables are going up due to inflation and price changes from suppliers on higher costs such as education materials and fuel for transportation. There is no deferred tax in FY 2021. Final percentage for total equity and liabilities are improved by 8% when comparing to base year FY 2020. Another reason of increasing long term liabilities is Asia Strategic maintained loan facilities of up to US$7.0 million with Macan, the largest shareholder of he Company, with US$5.5 million drawn-down as at 30 September 2021.

For the last comparing years 2021 & 2022, both of current assets and non-current assets decline 25% and 2% respectively if compared to FY 2021. In the liabilities and equity side, current liabilities and long-term liabilities increase 32% and 2%

respectively. But total equity is dropping down by 343% due to the accumulated loss is bigger than the previous year.

4.5 Analysis of Financial Ratios of Asia Strtegic

Analysis of ASIA Strategic includes the analysis of liquidity ratios, profitability ratios and capital structure analysis ratios. For each ratio, data are derived from the financial statements of Asia Strategic for nine years starting from FY 2017 to FY 2022.

4.4.1 Liquidity Ratios analysis

In the liquidity ratios, data are derived from the statements of financial position from FY 2017 to FY 2022 for six years. It includes current ratio, quick ratio and cash ratio to access the liquidity position of Asia Strategic for short-term liabilities.

Table 4.5 Liquidity Ratio

Financial Year	2017	2018	2019	2020	2021	2022
Current Ratio	1.50	16.55	5.16	3.19	0.66	0.38
Quick Ratio	1.50	16.55	5.16	3.19	0.65	0.37
Cash Ratio	1.14	9.66	0.81	0.15	0.29	0.23

Source : Survey Data from financial statements of ASIA Strategic (FY 2017 – FY 2022)

According to Table 4.5, all liquidity ratios are going up from the first year 2017 to 2018, 2019 and 2020. In contrast, in 2021 and 2022 all ratios are going down below than 1, due to the economics slowdown in Covid Pandemic and political changes. Especially, cash ratio after 2020, according to pandemic plus liquid crisis in banking sector, it effects the cash-in-hand amount of group directly. Acceptable proper liquidity ratios are vary from industry to industry. Commonly, 2:1 for current ratio and 1:1 for quick and cash ratio are considered to be tolerable for every business. In this three periods, ASIA Strategic may have problems paying its bills on times and current obligations. It may lead to employ an aggressive strategy to monitor the liquidity situation of the business. In summary, all ratios are not good but not too bad to manage all payments and payables within one year. And the management try minimize liquidity risk by maintaining sufficient level of cash to meet its working capital requirements by undertaking a controlled expansion of its existing and future businesses, maintaining financial liquidity discipline, and accessing the unutilized credit facilities.

4.4.2 Profitability Ratios analysis

In the profitability ratios, data are derived from the statements of financial position from FY 2017 to FY 2022 for six years. It includes return on assets, operating proft margin and net profit margin.

Table 4.6 Profitability Ratio

Financial Year	2017	2018	2019	2020	2021	2022
Return on Assets	-0.40	-0.35	-0.34	-0.15	-0.11	-0.11
Operating Profit Margin	-7.22	-2.61	-0.58	-0.58	-0.39	-0.30
Net Profit/Loss Margin	-7.22	-2.61	-0.57	-0.57	-0.39	-0.32

Source : Survey Data from financial statements of ASIA Strategic (FY 2021 – FY 2022)

According to the Table 4.6, for ROA, FY 2021 and FY 2022 are the lowest year which means that Asia Strategic generates the narrow gap between the cash inflow and outflow in this year. For operating profit margin ratio, FY 2022 is the best period for the return on the investments. For net loss margin ratio, figure in FY 2022 is a relieved expression among six years analysis. So, as overall situation, FY 2022 is the best condition for the group and shareholders for their investments.

In summary, all figures are much unacceptable for the investors and the management board. all profitability ratios are showing negative sign which mean the business is not obtaining the expected benefits, or that it is generating losses by acquiring or utilizing its assets and equity sufficiently enough to generate a profitable return. For the reasons, the total expenses used to generate revenue are obviously higher than the revenue every year. In addition, Asia Strategic launches new business name or do acquisition of the existing business every year and these business have own break even years. Therefore, Asia Strategic may need some time to settle down all businesses and to reach break-even point for every brand names operating in their portfolio investment.

4.4.3 Solvency Ratios analysis

In the profitability ratios, data are derived from the statements of financial position from FY 2017 to FY 2022 for six years. It includes Debt to Asset Ratio, Debt to Equity Ratio, Interest Coverage Ratio.

Table 4.7 Solvency Ratio

Financial Year	2017	2018	2019	2020	2021	2022
Debt to Asset Ratio%	0.65	0.06	0.14	0.69	0.95	1.14
Debt to Equity Ratio (Times)	1.84	0.07	0.17	2.25	17.48	8.05
Interest Coverage Ratio (Times)	-75.65	-14.69	0.00	-7.25	-6.59	-5.55

Source : Survey Data from financial statements of ASIA Strategic (FY 2017 – FY 2018)

According to the Table 4.7, debt to asset ratios show 0.69, 0.95 and 1.06 in FY 2020, 2021 and 2022 as it means that loans and liabilities are higher than the assets of business. It can be nominated that Asia Strategic is running its business with loans and long-terms liabilities rather the shares paid by the shareholders in these financial years. Only FY 2018 and 2019, the total assets stay above the amount of total payables.

Debt to equity ratios are showing that Asia Strategic's equities are lower than total debts in FY 2017, 2020, 2021 and 2022. During this years, Asia Strategic could have difficulty paying off its debt. The higher ratio, the risker Asia Strategic can faces. The remaining years are under coverage of the total equity. FY 2021 is the highest negative ratio on total liabilities which is seventeen times higher than total equity. Liability growth is much bigger than total assets and equity of the ASIA Strategic due to the loans taken from Mecan Ltd and the convertible bonds sold to shareholders. The management thinks every possible ways to raise up the capital by corporate financing, loans and bonds with interest are the fevourite methods rather than issuing shares.

Interest coverage ratios are quiet poor to pay finance costs every year because there are counted as loss for the year in the studying six years. FY 2017 and 2018 are the highest risk year among six years.

In summary, solvency indicators are rather unsatisfactory for investors and the management board. The reason is the management relies on loans and bonds too much and it turns into burden as finance costs in income statement.

CHAPTER 5
CONCLUSIONS

In this chapter, the actual performance of the ASIA Strategic has evaluated with conclusions, findings, forecasting on coming three years, suggestions and further study based on the various analysis of the previous chapter.

5.1 Findings

This study is the analysis on financial performance of ASIA Strategic Holdings Limited based in Singapore, operating its business in Myanmar and Vietnam. ASIA Strategic is a Foreign Direct Investment business which focus on education, service and hospitality sector, and a fast-growing business in portfolio investment by creating opportunities for investors to gain exposure to the world's final frontier markets. The analyzed period was the financial years starting from 2017 to 2021 for five years using audited financial statements and annual reports from the management board to make recommendations which is based on results of the previous chapter. The recommendations would seek to improve the financial performance and investment orientation of the business as soon as possible and also in the future.

As summary of comparative analysis of income statements, group revenue are acceptable and favourable with yearly incremental by each sector and every brand name of the ASIA Strategic. But expense used to generate the revenue are quite high due to non-cash expenses on depreciation and amortization and finance costs to convertible loans. Occurring loss for every year in income statements and going up and down with inconsistent figures are the weaknesses to attract to more investors and challenges for the shareholders when considering to expand business. Because investors usually focus on the appropriate returns for their investments. Overall performance review on income statement is slightly not agreeable for the investors and stakeholders.

As summary of comparative analysis of financial position statement, total assets are growing year on year with increasing of trade receivables and intangible and tangible fixed-assets. In the same way, total liabilities are showing improvement in convertible bonds, trade payables and long-term liabilities. General performance for statements of financial position is quite interesting to appeal new investors as the whole group is enlarging its business across their portfolio investments.

As ratio analysis, liquidity ratios are fairly acceptable but exemption is in the last two years. Profitability ratios are not as good as liquidity ratios when there are negative figures in every financial years. For solvency ratios, all assets managed by the ASIA Strategic and entities owned by shareholders are quiet unsatisfactory for all of the analysis data users. All figures from solvency ratios are showing the group is running their business with loans and bonds in some years. In 2021, total debt is over the total assets owned by the group in both of debt to asset ratio and debt to equity ratio. As general performance review of the ratio analysis is negative interesting for the investors and some stakeholders.

Findings from the result of trend analysis for coming three years, revenue will be increasing over time and expense will be following up with the uptrend of revenue and comprehensive loss will be showed in the end of income statement in FY 2022, 2023 and 2024. The non-current assets, long-term liabilities, current liabilities will be going uptrend while the management board is considering to expand their investments in both of existing business units and new business in coming years. If using loans or bonds on expanding the businesses, the long-term liabilities will be shaper than before the end of FY 2021. Overall review is that they show an interesting situation and may be confusing to foresee the actual direction for their investments.

5.2 Suggestions

This analysis begin with the comparative financial statement analysis which deal with items of ASIA Strategic’s income statements. This study is based on five main research areas.

First it starts with revenue analysis by comparative horizontal analysis method which shows good condition for ASIA Strategic. Group revenue is found that there are yearly improvement with significant percentage year on year. So ASIA Strategic has its best condition and it can be suggested to keep control that revenue level for a long time by developing new further service lines within existing business areas.

Second, the income statement analysis is conducted to measure the level of expense and profitability of the business. Even though ASIA Strategic meets its revenue standard every year, the business expenses are uncontrollably increasing together with revenue. That is the most weakness point of the income statement analysis. It can be suggested to control the expense, by analyzing interest cost and depreciation and amortization expense more effectively and to appoint a cost analyst for every business units. In addition, it should be considered to monitor the budgetary control system or policies to perform better in coming year.

Thirdly, financial position of the studying five years are stronger on both assets and liabilities sides. It would be great to expand the businesses by capital injection or finding new investment to be balanced on assets and equity margin. In some years, debts and loans are larger than total assets or equity.

Fourthly, ratio analysis is measured all figures about the liquidity, profitability and solvency abilities of the ASIA Strategic. Liquidity level of ASIA Strategic is acceptable but it would be better to review the account receivable system and account payable system with more effective methods or policy changing as required. In contrast, profitability ratios and solvency ratios are not meet the general standard ratios. Last figures in income statements of every year show loss and no profit in five consecutive years. And as debt management ratios which are used to determine the value of capital invested in relation to debt.

More than half of the asset and equity are leveraged by debt. These ratios show that debts are greater than equity and asset in some of investigated years. The poorest figures is shown in last year due to some big changes in share capital and business plan changes. Suggestion on these ratios is that of increasing sales revenue, reducing expense and hopefully profit in coming year. And try to pay down any loans taken from external source which can also lesser burden on finance cost.

Finally trend analysis, it measures major categories of income statement and financial position. Revenue and business expenses are going ramp up in coming three years. And there are certain potentials that liabilities are becoming enlargement on the trend. One thing considerable is some of business units are starting in a past few year and they may need some time to recover their cost and begin the profit era when all operations are settled down. And for coming business expanding in next years, suggestion is to find more investment instead of loan and bond to raise capital up. It will be effective on finance cost and liabilities for the advantages of the Asia Strategic.

5.3 Need for Further Study

To continue with this research study, further statistical analysis on an expanded period which is year by year will be more meaningful. The extended period is about to provide evidences highlighting the significance of applying the financial ratio analysis. Also the comparison with other portfolio investment business are able to see the financial performance analysis to enhance organizational capabilities and competitor analysis.

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