

**Myanmar Technologies and Investment Corporation
Public Company Limited**

Consolidated Financial Statements

30 September 2020

Currency – Myanmar Kyat

**WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

Myanmar Technologies and Investment Corporation Public Company Limited And Its Subsidiary

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**Statement of Management's Responsibility
For Myanmar Technologies and Investment Corporation Public Company Limited**

It is the responsibility of the management to prepare the consolidated statement of financial position of the Group (**Myanmar Technologies and Investment Corporation Public Company Limited and its subsidiary**) and statement of financial position of the Company (**Myanmar Technologies and Investment Corporation Public Company Limited**) as at 30 September 2020, the consolidated statement of comprehensive income of the Group and statement of comprehensive income of the Company, consolidated statement of changes in equity of the Group and statement of changes in equity of the Company and consolidated statement of cash flows of the Group and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these consolidated financial statements, the management is required to:

- Select suitable accounting policies and then apply them consistently; and
- Make judgments and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

On behalf of Management



U Htin Aung Khine
Chairman
Myanmar Technologies and Investment
Corporation Public Company Limited



U Min Oo
Board of Director
Myanmar Technologies and Investment
Corporation Public Company Limited

27 January 2021



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WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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MANDALAY BRANCH:- Room (9/10), East Wing of Bahtoo Stadium, 70th Street (Between 29th & 30th Street),
OFFICE Mandalay Region, Myanmar. Tel: 95-2-4034451, Fax: 95-2-4034498

Ref: 82/M - 236/September 2020

INDEPENDENT AUDITOR'S REPORT

To the members of the group of Myanmar Technologies and Investment Corporation Public Company Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Myanmar Technologies and Investment Corporation Public Company Limited ("the Company") and its subsidiary ("the Group") set out on pages 4 to 24 which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 30 September 2020, the consolidated statement of comprehensive income of the Group and statement of comprehensive income of the Company, consolidated statement of changes in equity of the Group, statement of changes in equity of the Company and consolidated statement of cash flows of the Group and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standard (MFRS) and the provisions of the Myanmar Companies Law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of **Myanmar Technologies an Investment Corporation Public Company Limited** (the “Company”) and its subsidiary (the “Group”) and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Myanmar Companies Law and Myanmar Financial Reporting Standards so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Myanmar Companies Law, we also report that:

- (i) we have obtained all the information and explanations we have required; and
- (ii) the financial records have been maintained by the Company and by its subsidiary as required by Section 258 of the Law.

Daw Nu War (PAPP - 599)
Engagement Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

27 January 2021

Myanmar Technologies and Investment Corporation Public Company Limited And its Subsidiary
Consolidated Statement of Financial Position
As at 30 September 2020
 Currency – Myanmar Kyat

	Note	30 September 2020	30 September 2019
Assets			
Non-current assets			
Property and equipment	6	19,900,629.61	18,330,815.82
Intangible assets	7	31,425,192.29	34,828,022.33
Investments	9	12,242,732,393.47	12,800,192,793.47
		12,294,058,215.37	12,853,351,631.62
Current assets			
Loan to related party	10	122,384,036.00	–
Other current assets	11	160,929,889.54	423,978,531.81
Cash and cash equivalents	12	48,712,111.91	12,380,229.14
		332,026,037.45	436,358,760.95
		12,626,084,252.82	13,289,710,392.57
Equity and liabilities			
Equity			
Share capital	13	5,852,924,000.00	5,634,974,000.00
Fair value reserve		4,298,672,700.00	4,935,513,100.00
Retained earnings		722,196,136.48	1,114,858,270.29
		10,873,792,836.48	11,685,345,370.29
Non-Current liabilities			
Convertible loan		–	200,000,000.00
		–	200,000,000.00
Current liabilities			
Short term loan	14	1,743,148,549.34	1,345,364,276.28
Other payables	15	9,142,867.00	59,000,746.00
		1,752,291,416.34	1,404,365,022.28
		12,626,084,252.82	13,289,710,392.57

See Accompanying Notes to Financial Statements.

Authenticated by Directors:


 (1)
 Board of Director
 MTI Corporation




 (2)
 Chairman
 MTI Corporation

Myanmar Technologies and Investment Corporation Public Company Limited

Statement of Financial Position-Company

As at 30 September 2020

Currency – Myanmar Kyat

	Note	30 September 2020	30 September 2019
Assets			
Non-current assets			
Property and equipment	6	16,394,772.94	18,330,815.82
Intangible assets	7	31,425,192.29	34,828,022.33
Investment in subsidiary	8	100,000,000.00	–
Investments	9	12,242,732,393.47	12,800,192,793.47
		12,390,552,358.70	12,853,351,631.62
Current assets			
Loan to related party	10	122,384,036.00	–
Other current assets	11	130,910,789.54	423,978,531.81
Cash and cash equivalents	12	16,655,752.53	12,380,229.14
		269,950,578.07	436,358,760.95
		12,660,502,936.77	13,289,710,392.57
Equity and liabilities			
Equity			
Share capital	13	5,852,924,000.00	5,634,974,000.00
Fair value reserve		4,298,672,700.00	4,935,513,100.00
Retained earnings		757,244,820.43	1,114,858,270.29
		10,908,841,520.43	11,685,345,370.29
Non-Current liabilities			
Convertible loan		–	200,000,000.00
		–	200,000,000.00
Current liabilities			
Short term loan	14	1,743,148,549.34	1,345,364,276.28
Other payables	15	8,512,867.00	59,000,746.00
		1,751,661,416.34	1,404,365,022.28
		12,660,502,936.77	13,289,710,392.57

See Accompanying Notes to Financial Statements.

Authenticated by Directors:


(1)
Board of Director
MTI Corporation




(2)
Chairman
MTI Corporation

Myanmar Technologies and Investment Corporation Public Company Limited And its Subsidiary**Consolidated Statement of Comprehensive Income****For the year ended 30 September 2020**

Currency – Myanmar Kyat

	Note	30 September 2020 (For twelve months)	30 September 2019 (For six months)
Revenue	16	6,150,000.00	3,500,000.00
Cost of revenue	17	(3,293,575.00)	(1,247,300.00)
Gross profit		2,856,425.00	2,252,700.00
Other operating income	18	9,312,770.70	2,820,154.90
Marketing and development expenses	19	(24,635,465.00)	(3,128,500.00)
Administrative expenses	20	(233,327,837.06)	(94,668,048.14)
Operating profit		(245,794,106.36)	(92,723,693.24)
Finance costs	21	(247,338,227.45)	(122,995,933.38)
Profit/(loss) before tax		(493,132,333.81)	(215,719,626.62)
Share of profit/(loss) result on associate		–	47,179,153.26
Dividend received from Myanmar Thilawa SEZ Holdings Public Company Limited		318,420,200.00	409,960,000.00
Gain/(loss) on investments		–	451,151,965.70
Profit/(loss) before tax		(174,712,133.81)	692,571,492.34
Income tax expense		–	–
Profit/(loss) after tax		(174,712,133.81)	692,571,492.34
Other Comprehensive Income (Unrealized Item)			
Profit/(loss) for the year		(174,712,133.81)	692,571,492.34
Fair value reserve	9	4,298,672,700.00	4,935,513,100.00
Total comprehensive income for the year		4,123,960,566.19	5,628,084,592.34

See Accompanying Notes to Financial Statements.

Myanmar Technologies and Investment Corporation Public Company Limited**Statement of Comprehensive Income-Company****For the year ended 30 September 2020**

Currency – Myanmar Kyat

	Note	30 September 2020 (For twelve months)	30 September 2019 (For six months)
Revenue	16	6,150,000.00	3,500,000.00
Cost of revenue	17	(3,293,575.00)	(1,247,300.00)
Gross profit		2,856,425.00	2,252,700.00
Other operating income	18	9,188,148.32	2,820,154.90
Marketing and development expenses	19	(2,505,625.00)	(3,128,500.00)
Administrative expenses	20	(220,284,370.73)	(94,668,048.14)
Operating profit		(210,745,422.41)	(92,723,693.24)
Finance costs	21	(247,338,227.45)	(122,995,933.38)
Profit/(loss) before tax		(458,083,649.86)	(215,719,626.62)
Share of profit/(loss) result on associate		–	47,179,153.26
Dividend received from Myanmar Thilawa SEZ Holdings Public Company Limited		318,420,200.00	409,960,000.00
Gain/(loss) on investments		–	451,151,965.70
Profit/(loss) before tax		(139,663,449.86)	692,571,492.34
Income tax expense		–	–
Profit/(loss) after tax		(139,663,449.86)	692,571,492.34
Other Comprehensive Income (Unrealized Item)			
Profit/(loss) for the year		(139,663,449.86)	692,571,492.34
Fair value reserve	9	4,298,672,700.00	4,935,513,100.00
Total comprehensive income for the year		4,159,009,250.14	5,628,084,592.34

See Accompanying Notes to Financial Statements.

Myanmar Technologies and Investment Corporation Public Company Limited And its Subsidiary

Consolidated Statement of Changes in Equity

For the year ended 30 September 2020

Currency – Myanmar Kyat

	Share capital	Bonus share	Fair value reserve	Retained earnings	Total
At 1 October 2019	5,435,874,000.00	199,100,000.00	4,935,513,100.00	1,114,858,270.29	11,685,345,370.29
Issued of bonus share	-	217,950,000.00	-	(217,950,000.00)	-
Other comprehensive income for the year	-	-	(636,840,400.00)	-	(636,840,400.00)
Profit/(Loss) for the year	-	-	-	(174,712,133.81)	(174,712,133.81)
At 30 September 2020	5,435,874,000.00	417,050,000.00	4,298,672,700.00	722,196,136.48	10,873,792,836.48
At 1 April 2019	5,038,862,000.00	-	3,346,650,000.00	621,386,777.95	9,006,898,777.95
Issued of bonus share	397,012,000.00	199,100,000.00	-	(199,100,000.00)	397,012,000.00
Other comprehensive income for the year	-	-	1,588,863,100.00	-	1,588,863,100.00
Profit/(Loss) for the year	-	-	-	692,571,492.34	692,571,492.34
At 30 September 2019	5,435,874,000.00	199,100,000.00	4,935,513,100.00	1,114,858,270.29	11,685,345,370.29

Myanmar Technologies and Investment Corporation Public Company Limited

Statement of Changes in Equity-Company

For the year ended 30 September 2020

Currency – Myanmar Kyat

	Share capital	Bonus share	Fair value reserve	Retained earnings	Total
At 1 October 2019	5,435,874,000.00	199,100,000.00	4,935,513,100.00	1,114,858,270.29	11,685,345,370.29
Issued of bonus share	-	217,950,000.00	-	(217,950,000.00)	-
Other comprehensive income for the year	-	-	(636,840,400.00)	-	(636,840,400.00)
Profit/(Loss) for the year	-	-	-	(139,663,449.86)	(139,663,449.86)
At 30 September 2020	5,435,874,000.00	417,050,000.00	4,298,672,700.00	757,244,820.43	10,908,841,520.43
At 1 April 2019	5,038,862,000.00	-	3,346,650,000.00	621,386,777.95	9,006,898,777.95
Issued of bonus share	397,012,000.00	199,100,000.00	-	(199,100,000.00)	397,012,000.00
Other comprehensive income for the year	-	-	1,588,863,100.00	-	1,588,863,100.00
Profit/(Loss) for the year	-	-	-	692,571,492.34	692,571,492.34
At 30 September 2019	5,435,874,000.00	199,100,000.00	4,935,513,100.00	1,114,858,270.29	11,685,345,370.29

Myanmar Technologies and Investment Corporation Public Company Limited And its Subsidiary
Consolidated Statement of Cash Flows
For the year ended 30 September 2020
Currency – Myanmar Kyat

	30 September 2020	30 September 2019
Cash flows from operating activities		
Profit before tax	(174,712,133.81)	692,571,492.34
<i>Adjustments for:</i>		
Depreciation and amortization	6,838,116.25	3,267,583.14
Operating profit before working capital changes	(167,874,017.56)	695,839,075.48
(Increase)/Decrease in current assets	140,664,606.27	(8,809,470.66)
Increase/(Decrease) in current liabilities	347,926,394.06	(50,040,900.00)
Sale of share with nominal value	–	216,899,000.00
	320,716,982.77	853,887,704.82
Tax paid	–	–
Net cash provided by operating activities	320,716,982.77	853,887,704.82
Cash flows from investing activities		
Purchase of property and equipment	(5,005,100.00)	(3,337,800.00)
Addition of investment	(279,380,000.00)	(611,737,000.00)
Share transfer	200,000,000.00	–
Share refund to MPSS	–	52,820,846.74
Net cash used in investing activities	(84,385,100.00)	(562,253,953.26)
Cash flows from financing activities		
Issue of share capital	–	397,012,000.00
Repayment of loan	(200,000,000.00)	(743,448,585.62)
Net cash used in financing activities	(200,000,000.00)	(346,436,585.62)
Net increase/ (decrease) in cash and cash equivalents	36,331,882.77	(54,802,834.06)
Cash and cash equivalents at beginning of year	12,380,229.14	67,183,063.20
Cash and cash equivalents at end of year	48,712,111.91	12,380,229.14

Myanmar Technologies and Investment Corporation Public Company Limited**Statement of Cash Flows-Company**
For the year ended 30 September 2020
Currency – Myanmar Kyat

	30 September 2020	30 September 2019
Cash flows from operating activities		
Profit before tax	(139,663,449.86)	692,571,492.34
<i>Adjustments for:</i>		
Depreciation and amortization	6,779,872.92	3,267,583.14
Operating profit before working capital changes	(132,883,576.94)	695,839,075.48
(Increase)/Decrease in current assets	170,683,706.27	(8,809,470.66)
Increase/(Decrease) in current liabilities	347,296,394.06	(50,040,900.00)
Sale of share with nominal value	–	216,899,000.00
	385,096,523.39	853,887,704.82
Tax paid	–	–
Net cash provided by operating activities	385,096,523.39	853,887,704.82
Cash flows from investing activities		
Purchase of property and equipment	(1,441,000.00)	(3,337,800.00)
Addition of investment	(379,380,000.00)	(611,737,000.00)
Share transfer	200,000,000.00	–
Share refund to MPSS	–	52,820,846.74
Net cash used in investing activities	(180,821,000.00)	(562,253,953.26)
Cash flows from financing activities		
Issue of share capital	–	397,012,000.00
Repayment of loan	(200,000,000.00)	(743,448,585.62)
Net cash used in financing activities	(200,000,000.00)	(346,436,585.62)
Net increase/ (decrease) in cash and cash equivalents	4,275,523.39	(54,802,834.06)
Cash and cash equivalents at beginning of year	12,380,229.14	67,183,063.20
Cash and cash equivalents at end of year	12 16,655,752.53	12,380,229.14

Myanmar Technologies And Investment Corporation Public Company Limited And Its Subsidiary

Notes to the Consolidated Financial Statements

Currency – Myanmar Kyat

1. General information

Myanmar Technologies and Investment Corporation Public Company Limited was incorporated as a Public Company Limited by Shares in the Union of Myanmar under The Myanmar Companies Law on 26 November 2012. The company has been re-registered according to new Myanmar Companies Law as per registration number 117380068.

The Company has subscribed 45% equivalent to Kyat 450,000,000 in Myanmar Payment Solution Services Company Limited (MPSS). According to the Board of Directors' meeting resolution dated 25 April 2017, the investment made in MPSS has been reduced from 45% to 20%.

The registered office of the Company is Room No.602, Building (16), MICT Park, Hlaing Township, Yangon Region.

The financial statements related to the period from 1 October 2019 to 30 September 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation

The accompanying financial statements of the Company have been prepared in accordance with Myanmar Financial Reporting Standards and have been prepared under the historical cost convention. In preparing these financial statements, certain reclassifications and rearrangements have been made 30 September 2020 to conform to the classifications used 30 September 2019.

2.2 Change in reporting period

During the period ended 30 September 2019, the Company changed its financial year end from March (i.e. former financial year end) to September (i.e. current financial year end). Accordingly, the financial statements presented are as at and for the twelve months ended 30 September 2020 and the six months ended 30 September 2019. As a result, the comparative figures presented in the statements of comprehensive income, changes in equity and cash flows are not comparable. The change in financial year was due to change of financial year enacted by the government.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost convention. The statement of cash flows is prepared using the indirect method. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous periods.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Myanmar Kyats, which is the presentation currency of the Company.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.5 Property and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the differences between net proceeds from disposal and the carrying amount of the property and equipment) is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives.

The estimated useful lives of property and equipment are as follows:

Furniture and fittings	10%
Office equipment	10%
Intangible assets- MYOB Software	10%
Intangible assets- License fee for Network Services and Network Facilities Services	14 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2.6 Intangible assets

Intangible assets are carried at cost less accumulated amortization and allowance for impairment loss (if any). Intangible assets with finite lives are amortized on a systemic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization and the amortization method of such intangible assets are reviewed at least at each financial year-end. The amortization expense is recognized in the income statement.

Intangible assets with finite useful lives include MYOB software which have an estimated useful life of 10 years, and Network licenses which would be amortized based on period of contractual rights.

2.7 Investments in subsidiary

Investments are made by purchasing shares 100% in Loyar Myanmar Company Limited, a subsidiary Company of the Company.

2.8 Available-for-sale financial assets

Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits with various local banks.

2.10 Dividends

Dividends are recognized when they become legally payable.

2.11 Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

2.12 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

2.13 Related party

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

4. Financial risk management

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The main areas of financial risks faced by the Group and the policy in respect of these risks are set out as follows:

Foreign exchange risk

The Group has no significant exposure to foreign exchange risk as financial assets and financial liabilities are mainly denominated in Myanmar Kyats. However, the Group does not hedge its exposures to foreign exchange risk as the risk is not expected to be significant.

Interest rate risk

The Group has no significant exposure to interest rate risk through the impact of rate changes on loan receivables which affect the interest income. The Group does not have a plan to hedge the interest rate risk.

Credit risk

The Group is exposed to credit risk arises from the failure of counter party to settle its financial and contractual obligations to the Company, as and when they fall due.

The maximum credit risk associated with recognized financial assets is the carrying amount shown in the balance sheet. However, policies had been established by the Group to minimize such risks.

Liquidity and cash flow risks

The Group monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cash flow.

5. Fund management

The Group's objectives, when managing its funds, are to safeguard and maintain adequate working capital to continue as a going concern.

6. Property and equipment

Details of property and equipment are as follows:

	Group			Company		
	Furniture and fittings	Office equipment	Total	Furniture and fittings	Office equipment	Total
<u>Cost</u>						
At 1 October 2019	10,197,792.00	22,794,470.00	32,992,262.00	10,197,792.00	22,794,470.00	32,992,262.00
Additions	194,000.00	4,811,100.00	5,005,100.00	194,000.00	1,247,000.00	1,441,000.00
At 30 September 2020	10,391,792.00	27,605,570.00	37,997,362.00	10,391,792.00	24,041,470.00	34,433,262.00
<u>Accumulated depreciation</u>						
At 1 October 2019	(4,748,422.77)	(9,913,023.41)	(14,661,446.18)	(4,748,422.77)	(9,913,023.41)	(14,661,446.18)
Charge for the financial year	(1,024,629.21)	(2,410,657.00)	(3,435,286.21)	(1,024,629.21)	(2,352,413.67)	(3,377,042.88)
At 30 September 2020	(5,773,051.98)	(12,323,680.41)	(18,096,732.39)	(5,773,051.98)	(12,265,437.08)	(18,038,489.06)
Net book value at 30 September 2020	4,618,740.02	15,281,889.59	19,900,629.61	4,618,740.02	11,776,032.92	16,394,772.94
<u>Cost</u>						
At 1 April 2019	10,197,792.00	19,456,670.00	29,654,462.00	10,197,792.00	19,456,670.00	29,654,462.00
Additions	—	3,337,800.00	3,337,800.00	—	3,337,800.00	3,337,800.00
At 30 September 2019	10,197,792.00	22,794,470.00	32,992,262.00	10,197,792.00	22,794,470.00	32,992,262.00
<u>Accumulated depreciation</u>						
At 1 April 2019	(4,238,533.17)	(8,856,744.89)	(13,095,278.06)	(4,238,533.17)	(8,856,744.89)	(13,095,278.06)
Charge for the financial year	(509,889.60)	(1,056,278.52)	(1,566,168.12)	(509,889.60)	(1,056,278.52)	(1,566,168.12)
At 30 September 2019	(4,748,422.77)	(9,913,023.41)	(14,661,446.18)	(4,748,422.77)	(9,913,023.41)	(14,661,446.18)
Net book value at 30 September 2019	5,449,369.23	12,881,446.59	18,330,815.82	5,449,369.23	12,881,446.59	18,330,815.82

7. Intangible assets

Details of intangible assets are as follows:

	MYOB software	License fee	Total
Cost			
At 1 October 2019	1,898,300.00	45,000,000.00	46,898,300.00
Addition	—	—	—
At 30 September 2020	1,898,300.00	45,000,000.00	46,898,300.00
Amortization			
At 1 October 2019	(806,777.67)	(11,263,500.00)	(12,070,277.67)
Charged during the year	(189,830.04)	(3,213,000.00)	(3,402,830.04)
At 30 September 2020	(996,607.71)	(14,476,500.00)	(15,473,107.71)
Net book value at 30 September 2020	901,692.29	30,523,500.00	31,425,192.29
Cost			
At 1 April 2019	1,898,300.00	45,000,000.00	46,898,300.00
Addition	—	—	—
At 30 September 2019	1,898,300.00	45,000,000.00	46,898,300.00
Amortization			
At 1 April 2019	(711,862.65)	(9,657,000.00)	(10,368,862.65)
Charged during the year	(94,915.02)	(1,606,500.00)	(1,701,415.02)
At 30 September 2019	(806,777.67)	(11,263,500.00)	(12,070,277.67)
Net book value at 30 September 2019	1,091,522.33	33,736,500.00	34,828,022.33

The above license fees were paid to Republic of the Union of Myanmar (Post and Telecommunications Department) for Network Services and Network Facilities services (Class). The validity of the licenses issued to the Company is fifteen years expiring on 24 January 2031 which would be amortized based on period of contractual right.

8. Investment in subsidiary (Kyat 100,000,000)

The subsidiary of the Company is Loyar Myanmar Company Limited and was incorporated as a private company limited in the Union of Myanmar under the Myanmar Companies Law on 7 February 2020. The Company has a 100% equity interest in its subsidiary. The subsidiary is not publicly listed entity and consequentially does not have published price quotations.

9. Investments

The details are as follows;

	30 September 2020	30 September 2019
Myanmar Thilawa SEZ Holdings Public Company Limited (MTSH)		
At 1 October 2019 (1,592,101 shares)	6,527,614,100.00	5,155,650,000.00
Addition	–	–
Disposal	–	(644,418,600.00)
Fair value / (Impairment loss) adjustment	(636,840,400.00)	2,016,382,700.00
At 30 September 2020 (1,592,101 shares)	5,890,773,700.00	6,527,614,100.00
Myanmar National Telecom Holdings Public Company Limited (MNTH)		
At 1 October 2019 (6,166,937 shares)	6,166,937,000.00	5,555,200,000.00
Addition (269,380 shares)	269,380,000.00	611,737,000.00
Transfer shares (200,000 shares)	(200,000,000.00)	–
At 30 September 2020 (6,236,317 shares)	6,236,317,000.00	6,166,937,000.00
Myanmar Payment Solution Services Company Limited (MPSS)		
At 1 October 2019 (200,000 shares)	105,641,693.47	158,462,540.21
Share refund	–	(52,820,846.74)
At 30 September 2020 (200,000 shares)	105,641,693.47	105,641,693.47
Myanmar Kyauk Phyu Special Economic Zone Holding Public Co., Ltd		
At 1 October 2019		
Addition (1,000 shares)	10,000,000.00	–
At 30 September 2020 (1,000 shares)	10,000,000.00	–
Total	12,242,732,393.47	12,800,192,793.47

Myanmar Thilawa SEZ Holding Public Company Limited (MTSH) classified as available-for-sale are carried at fair value, less impairment because the fair value can be reliably estimated using valuation techniques supported by observable market data determined.

Myanmar National Telecom Holdings Public Company Limited (MNTH), unquoted equity investments classified as available-for-sale are carried at cost, less impairment because the fair value cannot be reliably estimated using valuation techniques supported by observable market data determined.

Investment made in Myanmar Payment Solution Services Company Limited (MPSS) which the entity had subscribed to 30% of its capital was again reduced to 20% during the reporting period. Myanmar Kyauk Phyu Special Economic Zone Holding Public Company Limited, unquoted equity investments classified as available-for-sale are carried at cost, less impairment because the fair value cannot be reliably estimated using valuation techniques supported by observable market data determined.

10. Loan to related party (Kyat 122,384,036)

The Company provided a loan to Myanmar National Telecom Holdings Public Company Limited (MNTH) dated on 29 April 2020 and 23 September 2020 amounting to Kyat 11,344,774 and Kyat 111,039,262 respectively. The loans are short-term loans and repayable to the Company after twelve months from the date of loans provided and interests are charged at 11.5% and 13% per annum respectively.

11. Other current assets

Other current assets consist of:

	Group		Company	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Advances				
Rental fees	9,012,000.00	27,101,000.00	9,012,000.00	27,101,000.00
Deposits	2,360,000.00	2,360,000.00	2,360,000.00	2,360,000.00
Office expenses	500,000.00	500,000.00	500,000.00	500,000.00
Others	486,913.00	979,360.00	486,913.00	979,360.00
Capital gain tax	–	50,127,996.00	–	50,127,996.00
Commercial tax	1,357,650.00	–	1,357,650.00	–
Prepayment				
Myanmar National Telecom Holdings Public Co., Ltd	50,000,000.00	269,379,392.00	50,000,000.00	269,379,392.00
Myanmar Communication Infrastructure Development Co., Ltd	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00
Myanmar Kyauk Phyu Special Economic Zone Holding Public Co.,Ltd	–	10,000,000.00	–	10,000,000.00
Advent Soft ICT park -NPT	–	13,369,100.00	–	13,369,100.00
Other receivable - CB securities	1,000.00	1,000.00	1,000.00	1,000.00
- Amara securities	1,122.54	1,083.81	1,122.54	1,083.81
Receivable from Adventsoft Company Limited	30,019,100.00	–	–	–
Loan interests from MNTH	870,415.00	–	870,415.00	–
Total	160,929,889.54	423,978,531.81	130,910,789.54	423,978,531.81

The above represent prepayment by the Company for investments in Myanmar National Telecom Holdings Public Company Limited and Myanmar Communication Infrastructure Development Company Limited.

12. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group		Company	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Cash	2,835,933.00	3,663,639.00	1,579,582.00	3,663,639.00
Bank deposits				
Kanbawza bank	273,569.11	155,081.82	132,719.11	155,081.82
Myanmar Citizens bank	1,126,257.49	180,903.88	1,126,257.49	180,903.88
Yoma bank	626,846.82	615,441.62	626,846.82	615,441.62
Ayeyarwady bank	43,683,147.72	6,801,253.58	13,028,004.34	6,801,253.58
MMA super-agent and agent e money account	–	794,152.00	–	794,152.00
CB bank	41,594.97	73,182.80	39,579.97	73,182.80
Innwa bank	8,991.11	9,043.04	8,991.11	9,043.04
United Amara bank	103,771.69	87,531.40	103,771.69	87,531.40
MAB	10,000.00	–	10,000.00	–
AGD bank	2,000.00	–	–	–
Total	48,712,111.91	12,380,229.14	16,655,752.53	12,380,229.14

13. Share capital

Details are as follows:

	Company					
	No. of ordinary shares			Amount		
	Issued share capital	Bonus shares	Total	Issued share capital	Bonus shares	Total
At 1 October 2019	416,392	19,910	436,302	5,435,874,000	199,100,000	5,634,974,000
Issuance of share during the year	–	21,795	21,795	–	217,950,000	217,950,000
At 30 September 2020	416,392	41,705	458,097	5,435,874,000	417,050,000	5,852,924,000
At 1 April 2019	398,346	–	398,346	5,038,862,000	–	5,038,862,000
Issuance of share during the year	18,046	19,910	37,956	397,012,000	199,100,000	596,112,000
At 30 September 2019	416,392	19,910	436,302	5,435,874,000	199,100,000	5,634,974,000

The Director's resolution dated 3 September 2020 stated that the directors agreed to issue 21,795 shares at a rate of K 10,000 per share as bonus shares to the shareholders. The Company provide one bonus share for every 20 shares owned by the shareholders as at 30 July 2020.

14. Short term loan (Kyat 1,743,148,549.34)

The Company made credit facility agreement with United Amara Bank Limited on 24 April 2020 and acquired a mortgage loan bearing the interest rate of 11.5% per annum.

15. Other payables

Other payables consist of:

	Group		Company	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
SSB and personnel income tax	1,255,367.00	972,186.00	1,255,367.00	972,186.00
Payable to shareholders	5,000,000.00	5,500,000.00	5,000,000.00	5,500,000.00
Capital gain tax	–	50,127,996.00	–	50,127,996.00
Personal income tax	–	195,564.00	–	195,564.00
Professional fees	2,887,500.00	2,205,000.00	2,257,500.00	2,205,000.00
Total	9,142,867.00	59,000,746.00	8,512,867.00	59,000,746.00

16. Revenue (Kyat 6,150,000)

The Company derives revenue from the transfer of services at a point over time in website design and development and election voting services.

17. Cost of revenue (Kyat 3,293,575)

The above cost of revenue represents location indicator for development and data migration fees, computer rental fees and other charges.

18. Other operating income

Other operating incomes consist of:

	Group		Company	
	30 September 2020 (For twelve months)	30 September 2019 (For six months)	30 September 2020 (For twelve months)	30 September 2019 (For six months)
Bank interest	681,156.41	1,799,548.27	549,084.03	1,799,548.27
Income from 663 super-agent	709.00	1,622.00	709.00	1,622.00
Income from 663 agent	–	200.00	–	200.00
Unrealized exchange gain/(loss)	(58,112.71)	1,784.63	(50,662.71)	1,784.63
Commission fees income	2,407,178.00	407,000.00	2,407,178.00	407,000.00
Other incomes	6,281,840.00	610,000.00	6,281,840.00	610,000.00
Total	9,312,770.70	2,820,154.90	9,188,148.32	2,820,154.90

19. Marketing and development expenses

Marketing and development expenses consist of:

	Group		Company	
	30 September 2020 (For twelve months)	30 September 2019 (For six months)	30 September 2020 (For twelve months)	30 September 2019 (For six months)
Marketing expenses				
Advertising	14,770,340.00	477,500.00	–	477,500.00
Tender and project form expense	242,000.00	20,000.00	242,000.00	20,000.00
Design and creation fees	530,000.00	–	–	–
Sponsor fees expenses	50,000.00	–	–	–
Volunteer daily wages	891,000.00	–	–	–
Application service charges	4,998,000.00	–	–	–
Testing expenses	890,500.00	–	–	–
Project expenses				
Network Services License	2,263,625.00	2,631,000.00	2,263,625.00	2,631,000.00
Total	24,635,465.00	3,128,500.00	2,505,625.00	3,128,500.00

20. Administrative expenses

Administrative expenses consist of:

	Group		Company	
	30 September 2020 (For twelve months)	30 September 2019 (For six months)	30 September 2020 (For twelve months)	30 September 2019 (For six months)
Employment expenses	160,192,277.00	60,328,450.00	157,608,611.00	60,328,450.00
Office rental	39,385,000.00	20,166,000.00	39,385,000.00	20,166,000.00
Electricity charges	3,357,217.00	1,597,365.00	3,357,217.00	1,597,365.00
Meeting expenses	1,220,600.00	2,446,035.00	1,098,550.00	2,446,035.00
Repair and maintenance	2,542,696.00	1,367,150.00	1,681,400.00	1,367,150.00
Printing and stationery	4,561,400.00	363,050.00	726,350.00	363,050.00
Office general expenses	4,253,954.00	1,571,250.00	2,370,004.00	1,571,250.00
Communication charges	2,817,366.81	642,765.00	1,717,615.81	642,765.00
Transportation	1,453,210.00	583,400.00	854,750.00	583,400.00
Audit fee	5,775,000.00	2,205,000.00	4,515,000.00	2,205,000.00

Out of pocket expenses	50,000.00	50,000.00	50,000.00	50,000.00
Secretarial fees	881,000.00	80,000.00	140,000.00	80,000.00
Depreciation	3,435,286.21	1,566,168.12	3,377,042.88	1,566,168.12
Amortization	3,402,830.04	1,701,415.02	3,402,830.04	1,701,415.02
Total	233,327,837.06	94,668,048.14	220,284,370.73	94,668,048.14

21. Finance costs

Finance costs consist of:

	Company	
	30 September 2020 (For twelve months)	30 September 2019 (For six months)
Interest expenses		
UAB bank Limited	182,787,956.45	110,745,933.38
Myanmar National Telecom Holdings Public Co.,Ltd	48,980,271.00	–
Bank loan service fees – UAB bank	15,570,000.00	12,250,000.00
Total	247,338,227.45	122,995,933.38

22. Related party transactions

Significant related party transactions during the year are as follows:

Material Subsidiary

The Company has made investment in Loyar Myanmar Company Limited as follows:

Name of entity	Ownership interest held by the Company	Ownership interest held by the Non-controlling interest	Principal activities
Loyar Myanmar Company Limited	100%	–	Taxi application service between passengers and drivers

Loans to related parties

The Company has provided loans to Myanmar National Telecom Holdings Company Limited as follows:

	Kyat
Beginning of the year	–
Loans advanced	122,384,036
Interest charged	870,415
End of year	123,254,451

Other transactions with related parties

	Kyat
Dividend received from MTSH	318,420,200
Addition of investment in MNTH	269,380,000
*Transferred of shares in MNTH	(200,000,000)

*On 24 September 2020, the Company has transferred the ordinary shares of MNTH (200,000 shares amounting to Kyat 200,000,000) to Myanmar Technology Gateway Company Limited and that amount was equivalent to the amount of loan taken by the Company from U Zaw Min Oo on 12 January 2017.

23. Authorization of financial statements

The financial statements of the Group and the Company for the year ended 30 September 2020 were authorized for issue on 27 January 2021.