

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

Financial Statements

30 September 2019

Currency – Myanmar Kyat

WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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

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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 financial statements which give a true and fair view of the financial position of Myanmar Technologies and Investment Corporation Public Company Limited (the Company) as of 30 September 2019, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these 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 Company 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

16 December 2019



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WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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Ref: 923/M - 236/September 2019

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Myanmar Technologies and Investment Corporation Public Company Limited** which comprise the statement of financial position as at 30 September, 2019, and the statements of comprehensive income, changes in equity and cash flows for the period 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 financial statements give a true and fair view of the financial position of **Myanmar Technologies and Investment Corporation Public Company Limited** as of 30 September 2019 and of its financial performance and its cash flows for the period then ended in accordance with MFRS and the provisions of the Myanmar Companies Law.

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 as required by Section 258 of the Law.



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

16 December 2019

Myanmar Technologies and Investment Corporation Public Company Limited

Statement of Financial Position

As at 30 September 2019

Currency – Myanmar Kyat

	Note	30 September 2019	31 March 2019
Assets			
Non-current assets			
Property and equipment	6	18,330,815.82	16,559,183.94
Intangible assets	7	34,828,022.33	36,529,437.35
Investments	8	12,800,192,793.47	10,869,312,540.21
		12,853,351,631.62	10,922,401,161.50
Current assets			
Advances and prepayment	9	423,978,531.81	415,169,061.15
Cash and bank deposits	10	12,380,229.14	67,183,063.20
		436,358,760.95	482,352,124.35
		13,289,710,392.57	11,404,753,285.85
Equity and liabilities			
Equity			
Share capital	11	5,634,974,000.00	5,038,862,000.00
Fair value reserve		4,935,513,100.00	3,346,650,000.00
Retained earnings		1,114,858,270.29	621,386,777.95
		11,685,345,370.29	9,006,898,777.95
Non-Current liabilities			
Convertible loan	12	200,000,000.00	200,000,000.00
		200,000,000.00	200,000,000.00
Current liabilities			
Short term loan	13	1,345,364,276.28	2,088,812,861.90
Other payables	14	59,000,746.00	109,041,646.00
		1,404,365,022.28	2,197,854,507.90
		13,289,710,392.57	11,404,753,285.85

See Accompanying Notes to Financial Statements.

Authenticated by Directors:


(1)
Chairman
MTI Corporation




(2)
Board of Director
MTI Corporation

Myanmar Technologies and Investment Corporation Public Company Limited

Statement of Comprehensive Income


For the period from 1 April 2019 to 30 September 2019

Currency – Myanmar Kyat

	Note	1 April 2019 to 30 September 2019	1 April 2018 to 31 March 2019
Revenue	15	3,500,000.00	-
Cost of revenue	16	(1,247,300.00)	-
Gross profit		2,252,700.00	-
Add: Other operating income	17	2,820,154.90	29,473,163.73
Less: Expenses			
Marketing and development expenses	18	(3,128,500.00)	(3,209,925.00)
Administrative expenses	19	(94,668,048.14)	(150,653,729.06)
Finance costs	20	(122,995,933.38)	(353,156,977.61)
Profit/(loss) before tax		(215,719,626.62)	(477,547,467.94)
Share of profit/(loss) result on associate		47,179,153.26	40,669,482.61
Dividend received from Myanmar Thilawa SEZ Holdings Public Company Limited		409,960,000.00	420,670,000.00
Gain/(loss) on investments	21	451,151,965.70	34,834,500.00
		692,571,492.34	18,626,514.67
Income tax expense		-	(302,400.00)
Profit/(loss) after tax		692,571,492.34	18,324,114.67
Other Comprehensive Income (Unrealized Item)			
Profit/(loss) for the year		692,571,492.34	18,324,114.67
Fair value reserve	8	4,935,513,100.00	3,346,650,000.00
Total comprehensive income for the year		5,628,084,592.34	3,364,974,114.67

See Accompanying Notes to Financial Statements.

Authenticated by Directors:


(1)
Chairman
MTI Corporation




(2)
Board of Director
MTI Corporation

Myanmar Technologies and Investment Corporation Public Company Limited

Statement of Changes in Equity for the period from 1 April 2019 to 30 September 2019

Currency – Myanmar Kyat

	Share capital	Bonus share	Fair value reserve	Retained earnings	Total
Balance at 31 March 2019	5,038,862,000.00	-	3,346,650,000.00	621,386,777.95	9,006,898,777.95
Issue of share capital	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
Balance 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
Balance at 31 March 2018	4,685,322,000.00	-	3,383,650,000.00	603,062,663.28	8,672,034,663.28
Issue of share capital	353,540,000.00	-	-	-	353,540,000.00
Other comprehensive income for the year	-	-	(37,000,000.00)	-	(37,000,000.00)
Share of income/(loss) in Associates	-	-	-	40,669,482.61	40,669,482.61
Profit/(Loss) for the year	-	-	-	(22,345,367.94)	(22,345,367.94)
Balance at 31 March 2019	5,038,862,000.00	-	3,346,650,000.00	621,386,777.95	9,006,898,777.95

Myanmar Technologies and Investment Corporation Public Company Limited**Statement of Cash flows****For the period from 1 April 2019 to 30 September 2019**

Currency – Myanmar Kyat

	1 April 2019 to 30 September 2019	1 April 2018 to 31 March 2019
Cash flows from operating activities		
Profit before tax	692,571,492.34	18,626,514.67
<i>Adjustments for:</i>		
Depreciation and amortization	3,267,583.14	6,243,583.06
Share of (profit)/loss on associates	–	(40,669,482.61)
Operating profit before working capital changes	695,839,075.48	(15,799,384.88)
(Increase)/Decrease in trade and other receivables	(8,809,470.66)	872,233,429.13
Increase/(Decrease) in trade and other payables	(50,040,900.00)	84,474,691.00
Sale of share with nominal value	216,899,000.00	20,000,000.00
	853,887,704.82	960,908,735.25
Tax paid	–	(302,400.00)
Net cash provided by operating activities	853,887,704.82	960,606,335.25
Cash flows from investing activities		
Purchase of property and equipment	(3,337,800.00)	(1,621,380.00)
Disposal proceeds of property and equipment	–	152,575.00
Addition of investment	(611,737,000.00)	(1,200,000,000.00)
Share refund to MPSS	52,820,846.74	–
Net cash used in investing activities	(562,253,953.26)	(1,201,468,805.00)
Cash flows from financing activities		
Issue of share capital	397,012,000.00	353,540,000.00
Repayment of loan	(743,448,585.62)	(711,187,138.10)
Net cash used in financing activities	(346,436,585.62)	(357,647,138.10)
Net increase/ (decrease) in cash and cash equivalents	(54,802,834.06)	(598,509,607.85)
Cash and cash equivalents at beginning of period	67,183,063.20	665,692,671.05
Cash and cash equivalents at end of period	10 12,380,229.14	67,183,063.20

Myanmar Technologies And Investment Corporation Public Company Limited

Note to the 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 November 26, 2012. The company has been re-registered according to new Myanmar Companies Law as per registered No.117380068.

The Company has subscribed proportions of 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 April 2019 to 30 September 2019.

2. Summary of significant accounting policies

The principal accounting policies which have all been applied consistently throughout the financial year are summarized below:

2.1 Basic 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 in 30 September 2019 financial statements to conform to the classifications used in 31 March 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 six months ended September 30, 2019 and the twelve months ended 31 March 2019. As a result, the comparative figures presented in statements of comprehensive income, changes in equity and cash flows and the related notes 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. 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, plant 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, plant 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, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives.

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

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

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 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.

2.8 Cash and cash equivalents

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

2.9 Dividends

Dividends are recognized when they become legally payable.

2.10 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.

2.11 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.

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

Foreign exchange risk

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

Interest rate risk

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

Credit risk

The Company 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 Company to minimize such risks.

Liquidity and cash flow risks

The Company 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 Company'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:

	Furniture and fittings	Office equipment	Total
<u>For the Financial Year April 2019 to September 2019</u>			
<u>Cost</u>			
At 31 March 2019	10,197,792.00	19,456,670.00	29,654,462.00
Additions	–	3,337,800.00	3,337,800.00
At 30 September 2019	10,197,792.00	22,794,470.00	32,992,262.00
<u>Accumulated depreciation</u>			
At 31 March 2019	(4,238,533.17)	(8,856,744.89)	(13,095,278.06)
Depreciation	(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)
Net book value	5,449,369.23	12,881,446.59	18,330,815.82
<u>For Financial Year April 2018 to March 2019</u>			
<u>Cost</u>			
At 31 March 2018	10,377,292.00	18,014,790.00	28,392,082.00
Additions	179,500.00	1,441,880.00	1,621,380.00
Disposal	(359,000.00)	–	(359,000.00)
At 31 March 2019	10,197,792.00	19,456,670.00	29,654,462.00
<u>Accumulated depreciation</u>			
At 31 March 2018	(3,417,699.82)	(7,043,250.22)	(10,460,950.04)
Depreciation charge-Addition	(1,027,258.35)	(1,813,494.67)	(2,840,753.02)
-Disposal	206,425.00	–	206,425.00
At 31 March 2019	(4,238,533.17)	(8,856,744.89)	(13,095,278.06)
Net book value	5,959,258.83	10,599,925.11	16,559,183.94

7. Intangible assets

Details of intangible assets are as follows:

	MYOB software	Licence fee	Total
For the Financial Year April 2019 to September 2019			
<u>Cost</u>			
At 31 March 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
<u>Accumulated depreciation</u>			
At 31 March 2019	(711,862.65)	(9,657,000.00)	(10,368,862.65)
Depreciation charge	(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	1,091,522.33	33,736,500.00	34,828,022.33
For the Financial Year April 2018 to March 2019			
<u>Cost</u>			
At 31 March 2018	1,898,300.00	45,000,000.00	46,898,300.00
Addition	–	–	–
At 31 March 2019	1,898,300.00	45,000,000.00	46,898,300.00
<u>Accumulated depreciation</u>			
At 31 March 2018	(522,032.61)	(6,444,000.00)	(6,966,032.61)
Depreciation charge	(189,830.04)	(3,213,000.00)	(3,402,830.04)
At 31 March 2019	(711,862.65)	(9,657,000.00)	(10,368,862.65)
Net book value	1,186,437.35	35,343,000.00	36,529,437.35

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. Investments

The details are as follows;

	30 September 2019	31 March 2019
Myanmar Thilawa SEZ Holdings Public Company Limited (MTSH)		
Opening (1,809,000 shares)	5,155,650,000.00	5,212,650,000.00
Addition	–	–
Disposal (216,899 shares)	(644,418,600.00)	(59,000,000.00)
Fair value adjustment	2,016,382,700.00	2,000,000.00
	6,527,614,100.00	5,155,650,000.00
Impairment loss	–	–
End of financial year (1,592,101 shares)	6,527,614,100.00	5,155,650,000.00
Myanmar National Telecom Holdings Public Company Limited (MNTH)		
Opening (5,555,200 shares)	5,555,200,000.00	4,355,200,000.00
Addition (611,737 shares)	611,737,000.00	1,200,000,000.00
End of financial year (6,166,937 shares)	6,166,937,000.00	5,555,200,000.00
Myanmar Payment Solution Services Company Limited (MPSS)		
Opening (300,000 shares)	158,462,540.21	117,793,057.60
Share refund (100,000 shares)	(52,820,846.74)	56,061,010.44
Proportionate net loss for the year	–	(15,391,527.83)
End of financial year (200,000 shares)	105,641,693.47	158,462,540.21
Total	12,800,192,793.47	10,869,312,540.21

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.

9. Advances and prepayment

Advances and prepayment consist of:

	30 September 2019	31 March 2019
Advances		
Rental fees	27,101,000.00	22,307,000.00
Deposits	2,360,000.00	2,360,000.00
Office expenses	500,000.00	500,000.00
Others	979,360.00	–
Capital gain tax	50,127,996.00	–
Prepayment		
Myanmar National Telecom Holdings Public Co., Ltd	269,379,392.00	330,000,000.00
Myanmar Communication Infrastructure Development Co., Ltd	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	13,369,100.00	–
ICT park -NPT	159,600.00	–
Other receivable - CB securities	1,000.00	1,000.00
- Amara securities	1,083.81	1,061.15
Total	423,978,531.81	415,169,061.15

The above represent prepayment by the Company for investment in Myanmar National Telecom Holdings Public Company Limited, Myanmar Communication Infrastructure Development Company Limited and Myanmar Kyauk Phyu Special Economic Zone Holding Public Company Limited.

10. Cash and bank deposits

Cash and bank deposits consist of:

	30 September 2019	31 March 2019
Cash	3,663,639.00	758,200.00
Bank deposits		
Kanbawza bank	155,081.82	153,297.19
Myanmar Citizens bank	180,903.88	174,078.27
Yoma bank	615,441.62	607,019.28
Ayeyarwady bank	6,801,253.58	64,588,609.22
MMA super-agent and agent e money account	794,152.00	732,330.00
Co-Operative bank	73,182.80	72,107.81
Innwa bank	9,043.04	8,990.03
United Amara bank	87,531.40	88,431.40
Total	12,380,229.14	67,183,063.20

11. Share capital

Details are as follows:

	30 September 2019	31 March 2019
Opening (398,346 shares)	5,038,862,000.00	3,822,760,000.00
For the year (18,046 shares)	397,012,000.00	1,216,102,000.00
End of year (416,392 shares)	5,435,874,000.00	5,038,862,000.00
Bonus share (19,910 shares)	199,100,000.00	–
Total (436,302 shares)	5,634,974,000.00	5,038,862,000.00

12. Convertible loan (Kyat 200,000,000)

The above convertible interest free loan represent loan taken by the Company from U Zaw Min Oo to purchase shares owned by Myanmar National Telecom Holdings Public Limited (MNTH) on January 12, 2017. The Company will transfer to U Zaw Min Oo the share equivalent to the amount of loan taken, when the transfer of shares is allowed by MNTH. Any dividend received from MNTH will be entitled by the Company before the date of share transfer.

13. Short term loan (Kyat 1,345,364,276.28)

The Company made credit facility agreement with United Amara Bank Limited on 11 April 2018 and acquired a mortgage loan bearing the interest rate of 13% per annum.

14. Other payables

Other payables consist of:

	30 September 2019	31 March 2019
SSB and personnel income tax	972,186.00	284,146.00
Payable to shareholders	5,500,000.00	6,500,000.00
Advance received from MPSS for share refund	–	100,000,000.00
Capital gain tax	50,127,996.00	–
Personal income tax	195,564.00	–
Professional fees	2,205,000.00	2,257,500.00
Total	59,000,746.00	109,041,646.00

15. Revenue (Kyat 3,500,000)

Revenue consists of cash received for software development (Android/IOS/ Web) and production costs and web portal design and development costs.

16. Cost of revenue (Kyat 1,247,300)

The above cost of revenue represents stamp duty fees paid for the contracts with customers and location indicator for development and data migration fees.

17. Other operating income

Other operating incomes consist of:

	1 April 2019 to 30 September 2019	1 April 2018 to 31 March 2019
Bank interest	1,799,548.27	27,534,852.20
Income from 663 super-agent	1,622.00	7,895.50
Income from 663 agent	200.00	1,200.00
Unrealized exchange gain/(loss)	1,784.63	17,936.03
Commission fees income	407,000.00	1,881,280.00
Other incomes	610,000.00	30,000.00
Total	2,820,154.90	29,473,163.73

18. Marketing and development expenses

Marketing and development expenses consist of:

	1 April 2019 to 30 September 2019	1 April 2018 to 31 March 2019
Marketing expenses		
Advertising	477,500.00	132,300.00
Sponsor fees		2,500,000.00
Tender and project form expense	20,000.00	-
Project expenses		
Network Services License	2,631,000.00	397,625.00
Agent Training expenses		
Printing and copy expenses	-	180,000.00
Total	3,128,500.00	3,209,925.00

19. Administrative expenses

Administrative expenses consist of:

	1 April 2019 to 30 September 2019	1 April 2018 to 31 March 2019
Employment expenses	60,328,450.00	86,502,421.00
Office rental	20,166,000.00	40,332,000.00
Electricity charges	1,597,365.00	2,064,630.00
Meeting expenses	2,446,035.00	3,750,900.00
Repair and maintenance	1,367,150.00	1,011,500.00
Printing and stationery	363,050.00	665,250.00
Office general expenses	1,571,250.00	1,698,645.00
Communication charges	642,765.00	2,069,400.00
Transportation	583,400.00	754,900.00
Audit fee	2,205,000.00	4,515,000.00
Professional fee		787,500.00
Out of pocket to auditor & consultant firm	50,000.00	50,000.00
Secretarial fees	80,000.00	40,000.00
Subscription fees	—	168,000.00
Depreciation	1,566,168.12	2,840,753.02
Amortization	1,701,415.02	3,402,830.04
Total	94,668,048.14	150,653,729.06

20. Finance costs

Finance costs consist of:

	1 April 2019 to 30 September 2019	1 April 2018 to 31 March 2019
Interest expenses		
UAB Bank Limited	110,745,933.38	320,868,097.27
Myanmar National Telecom Holdings Public Co.,Ltd	—	25,000,000.00
Bank loan service fees	12,250,000.00	7,000,000.00
Commit fees	—	288,880.34
Total	122,995,933.38	353,156,977.61

21. Gain/ (loss) on investments

Gain/ (loss) on investments consist of:

	1 April 2019 to 30 September 2019	1 April 2018 to 31 March 2019
Gain on disposal of MTSB shares	503,488,900.00	39,000,000.00
Commission and trade fees	(2,208,938.30)	(295,000.00)
Capital gain tax	(50,127,996.00)	(3,870,500.00)
Total	451,151,965.70	34,834,500.00

22. Related party transactions

Significant related party transactions during the year were as follows:

The Company has made investment in Myanmar Payment Solution Services Company Limited (MPSS), equal to 20% of the initial subscribed capital. At the date of reporting, the carrying value of the investment was Kyat 105,641,693.47.

The Company has taken convertible interest free loan amounting Kyat 200,000,000 from U Zaw Min Oo, one of the directors of the Company.

23. Authorization of financial statements

The financial statements of the Company for the period ended 30 September 2019 were authorized for issue on 16 December 2019.