



Message from the Chairman

Dear Esteemed Stakeholders and Members

The contribution of Myanmar Banking Sector to the economy such as banking-assets-to GDP Ratio 2015 is 49% and asset growth rate is 18% indicating that Myanmar Banking Sector is one of the fastest growing in the ASEAN Region. There remain certain challenges in the Banking Sector including payment services as Myanmar is still a predominantly cash-based economy with a low banking penetration rate and with almost large percentage of cash currency in circulation.

In early 2003, there was a banking crisis which severely affected public confidence in banking sector. In order for Myanmar banking sector development, authorities tightened the banking rules, regulations and at the same time initiated to issue payment cards. After first ever democratic reform in March 2011, the authorities tried to restore the public confidence in banking sector. Under the guidance of the Central Bank of Myanmar, Myanmar Payment Union (MPU) was established by state owned and private banks. MPU electronic payment cards were issued in October 2012. As a result, all bank card holders can withdrawal and check their balance and remittance their fund at any ATM among the banks. We, MPU, have been committed to serve as a national payment system and proactively servicing products and services to the consumers with innovation.

We realize that the global payment trends are changing faster from cash to card and electronic payments. The payment industry is playing an increasingly important role to drive the country's economy by shifting from cash to cashless. Myanmar payment card industry has developed remarkably as, the Central Bank of Myanmar (CBM) issued the Electronic Payment Card Regulation in 2012 and supporting for the development of payment industry. I would like to thank CBM for guidance and continuous support to MPU in its efforts to introduce a cashless payment system in Myanmar.

I also would like to extend my appreciation to member banks and all stakeholders for their participation with commitments and hard work for the realization of a modern payment system. We, MPU, strongly believe that there will be high growth of demand for MPU payment products which will give great opportunities along with great challenges for us.

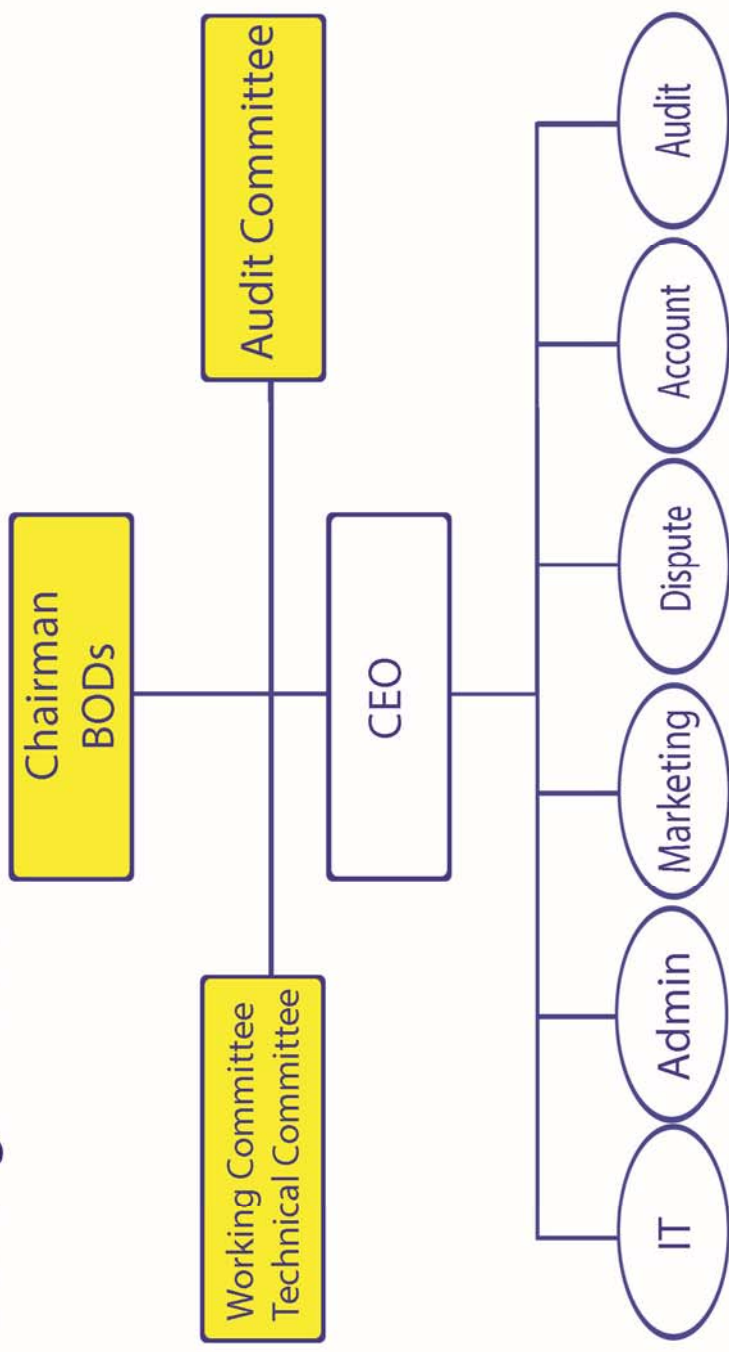
We are looking forward to working closely with all stakeholders and our partners. Let's grow together.



Zaw Win Mr.

Chairman

Our Organization



Chairman



U Mg Mg Win
(2011-2013)



U Mya Than
(2014-2016)



U Zaw Win
(2016-present)

CEO

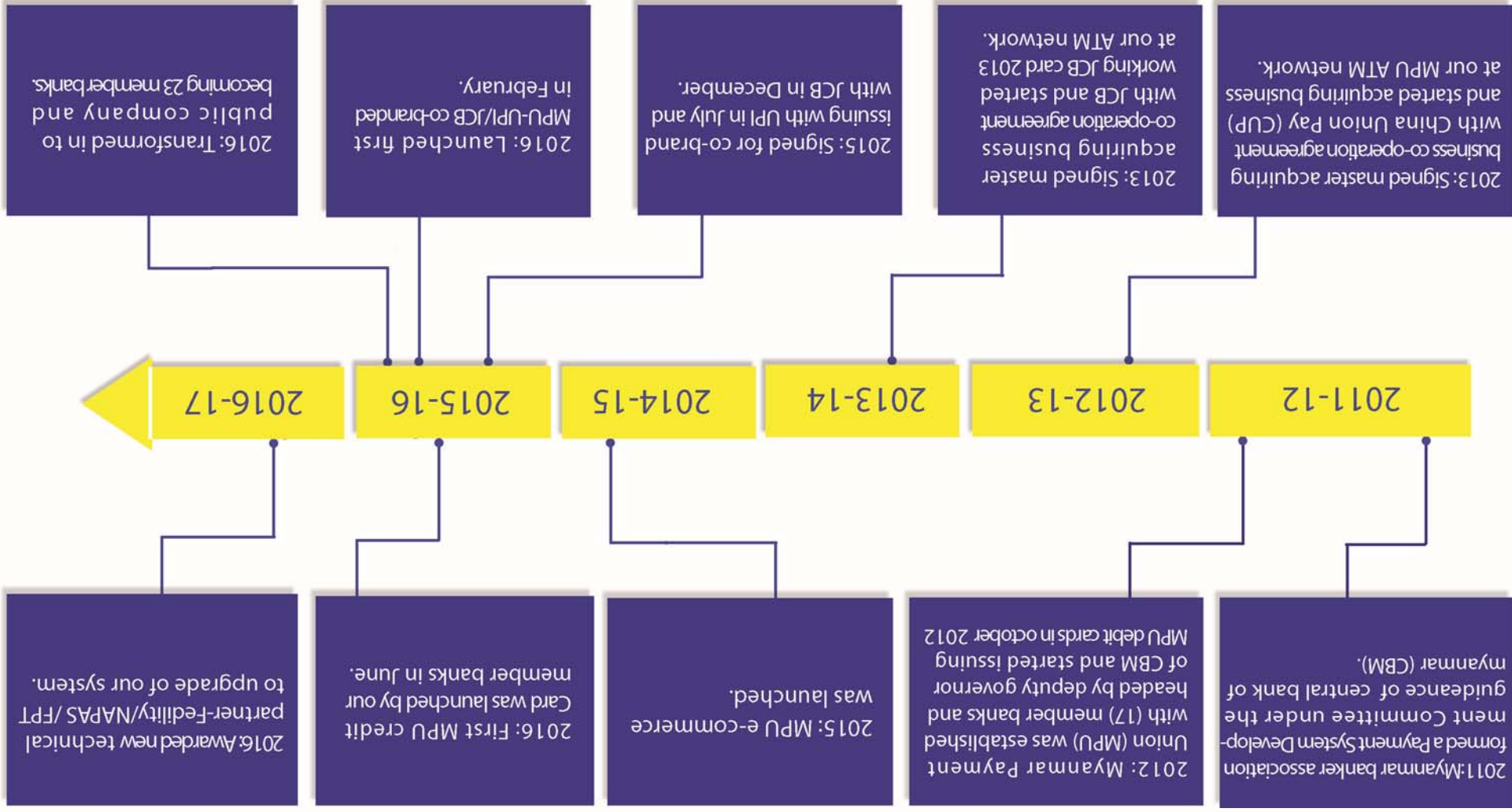


U Zaw Linn Htut
(2012-present)

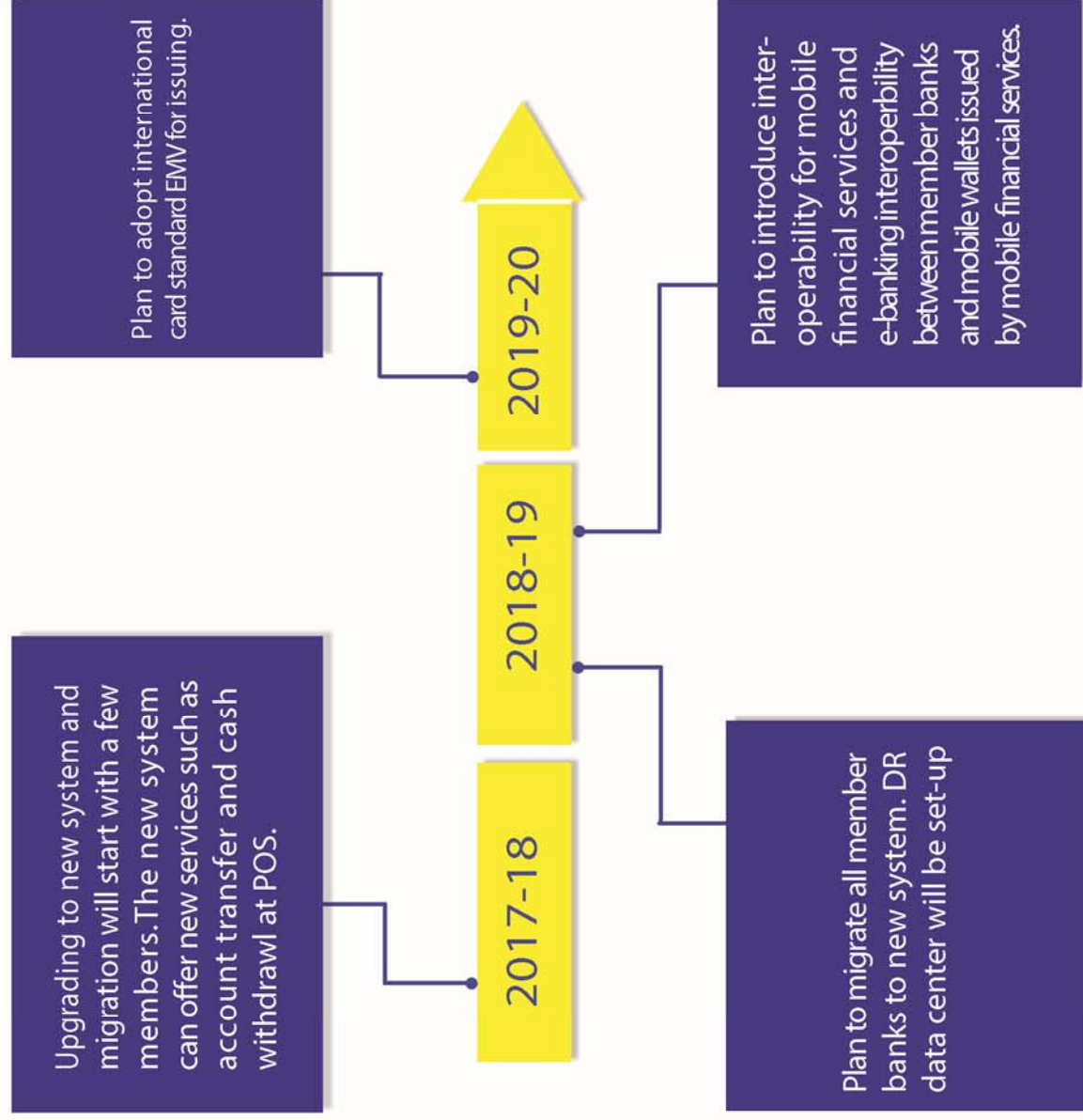
Team MPU



Our Journey



Our Roadmap



Our Vision

Creating a successful and well developed digital payment system in Myanmar.

Our Mission

Establishing a reliable national payment network in the country. Building the cashless payment culture by transforming the consumer's behavior. Introducing innovative and value added payment products to consumers through optimizing resources among our members.



Cards Issued By Member Banks



Technology

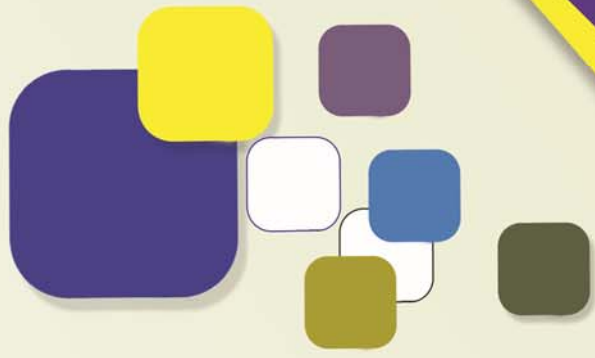
In 2012, we had to use mostly IP star (C-band) to connect ATM & POS to our switching system and communication, at that time was not stable and lost connection often.

The telecom infrastructure improved in 2013, and at the same time the connectivity technology also improved and 3G & GPRS wireless systems reinforced our network. However we are still facing communication problems in some regions, and frequent power cut-off is another issue for smooth functioning of MPU transactions.

To enhance our products and better services to customers, we are going to upgrade the switching technology. FIS (Fidelity) from U.S is going to be acquired to replace the current switching system and it is expected to be able to go live in late 2017.

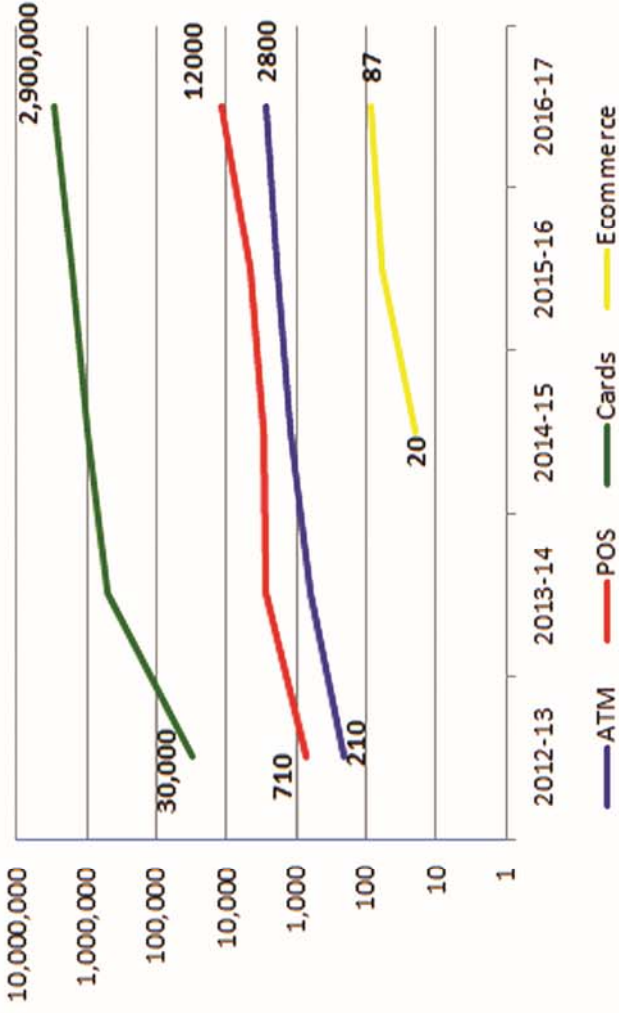


Tranning & Development



Our Progress

Nos. of ATM, POS, Cards, Ecommerce



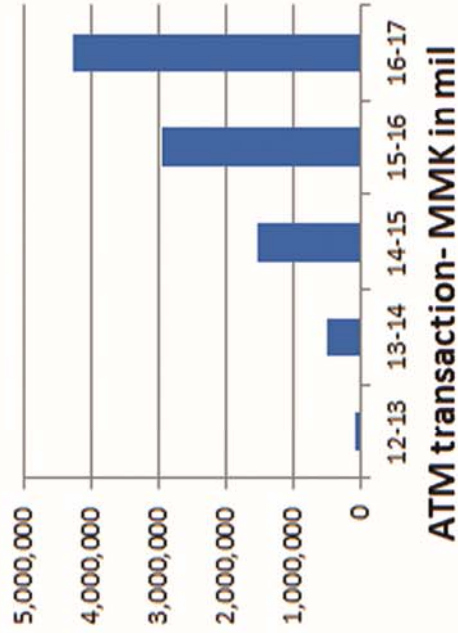
Avg. no. of Transactions at ATM: ~ 0.5M/month

Avg. Vol. of Transactions at ATM: ~ MMK 35B/month

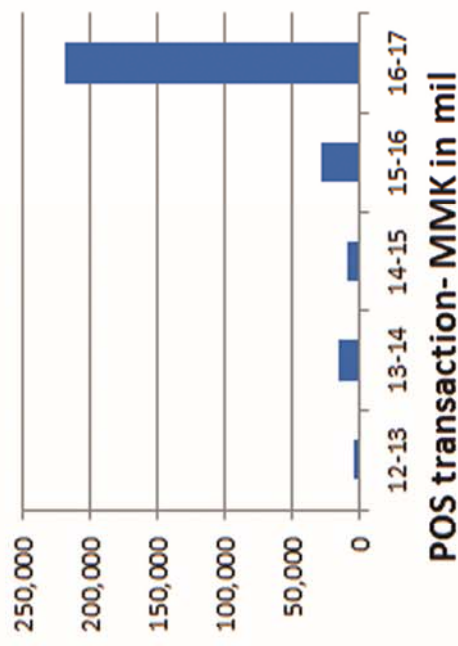
Avg. no. of Transactions at POS: ~ 50,000/month

Avg. Vol. of Transactions at POS: ~ MMK 1.7B/month

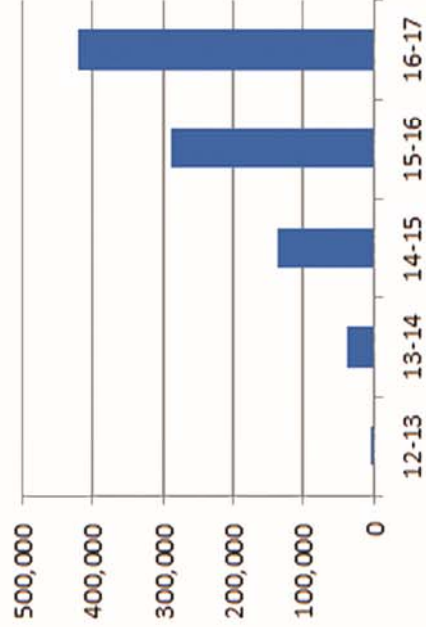
ATM nos. of transaction



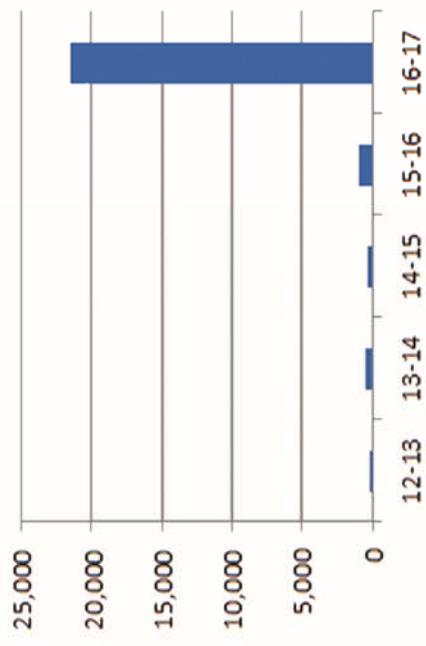
POS nos. of transaction



ATM transaction- MMK in mil



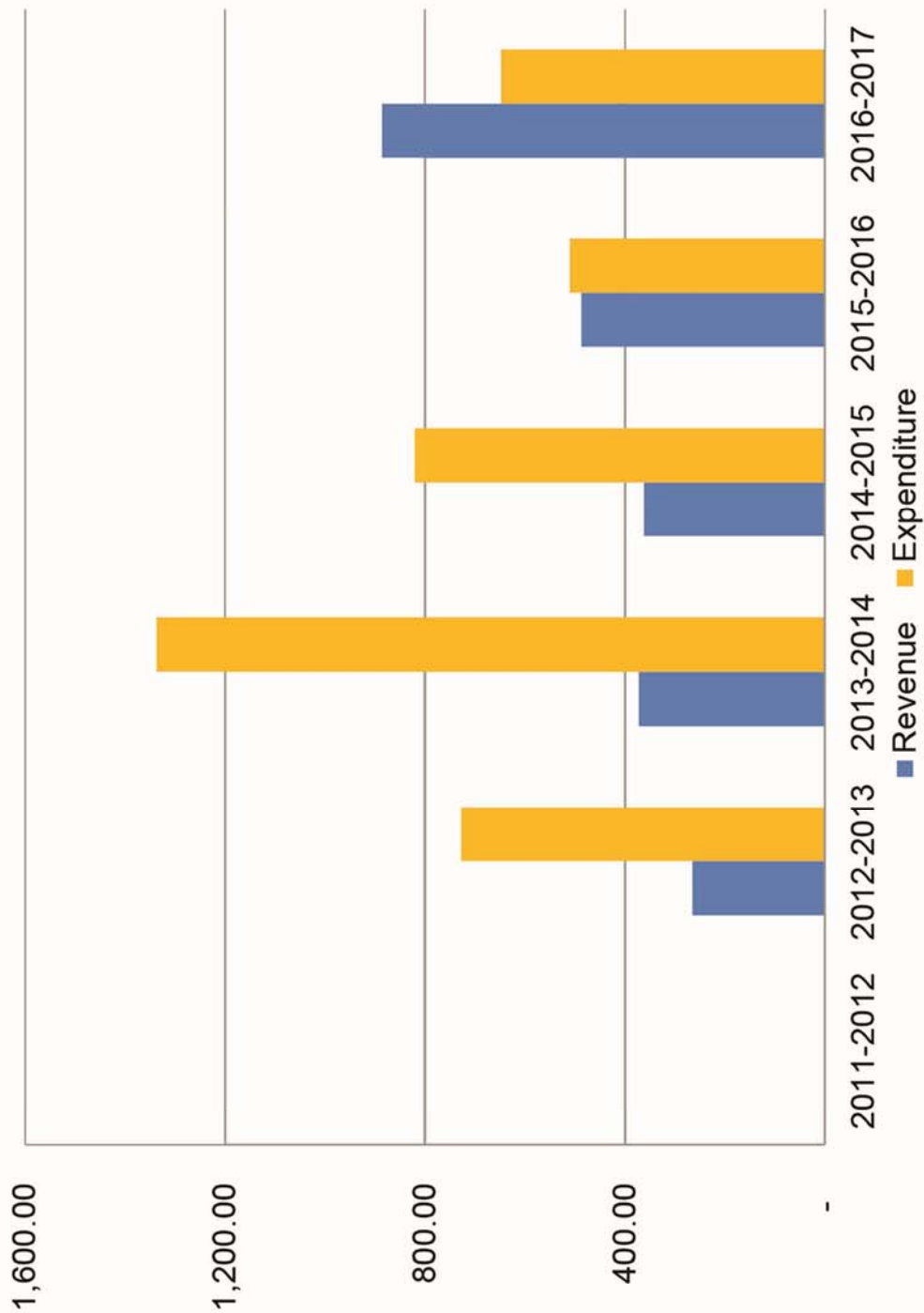
POS transaction- MMK in mil



- Transaction are increasing due to better communication infrastructure after 2016 and more awareness of electronic payment cards.
- MPU collects minimum transaction charges compare with other international card schemes.
- Local scheme is benefit for our people (no need to pay high interchange fee) & good for Nation (getting taxes)



Income and Expenditure analysis



Myanmar Payment Union Public Co;Ltd.(Income Tax)

Year	Description	Amt (KS)
2015~2016	MPU Public Co.,Ltd. FY (2015-2016) Tax Paid	2,618,994.00
2016~2017	MPU Public Co.,Ltd. FY (2016-2017) Tax Prepaid	80,000,000.00



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Myanmar Payment Union Public Company Limited (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 25.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Myanmar Companies Act (the "Act") and Myanmar Financial Reporting Standards ("MFRSs") so as to give a true and fair view of the financial position of the Company as at March 31, 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Myanmar Standards on Auditing ("MSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company together with the ethical requirements that are relevant to our audit of the financial statements in Myanmar, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Report of the Directors set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and MFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with MSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with MSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


Cho Cho Aung Tin
Certified Public Accountant and
Financial Consultant
Yangon, Myanmar



Date: October 27, 2017

MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
March 31, 2017

	Note	2017 MMK	2016 MMK
ASSETS			
Current assets			
Cash and cash equivalents	7	2,766,308,646	2,419,925,013
Other receivables and prepayments	8	156,314,947	28,035,404
Other assets	9	24,127,864	13,762,894
Total current assets		2,946,751,457	2,461,723,311
Non-current assets			
Plant and equipment	10	143,490,176	166,711,099
Intangible assets	11	19,833,659	165,211,439
Total non-current assets		163,323,835	331,922,538
Total assets		3,110,075,292	2,793,645,849
LIABILITIES AND EQUITY			
Current liabilities			
Other payables	12	100,828,428	99,830,099
Income tax payable		79,471,662	2,455,534
Total current liabilities		180,300,090	102,285,633
Capital and accumulated losses			
Share capital	13	4,200,000,000	4,200,000,000
Advance capital	14	400,000,000	400,000,000
Accumulated losses		(1,670,224,798)	(1,908,639,784)
Total equity		2,929,775,202	2,691,360,216
Total liabilities and equity		3,110,075,292	2,793,645,849



[Signature]

Zaw Win
Director

Date: October 27, 2017

[Signature]

Khin Aye Maw
Director

See accompanying notes to financial statements

MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended March 31, 2017

	Note	2017 MMK	July 16, 2015 (date of incorporation) to March 31, 2016 MMK
Revenue			
Service revenues	15	32,024,000	21,514,000
Data processing revenues	16	606,018,849	233,136,567
Total revenues		638,042,849	254,650,567
Other incomes	17	248,248,687	115,607,811
Total revenues before operating expenses		886,291,536	370,258,378
Staff related expenses	18	(155,884,662)	(79,495,558)
Network and processing expenses	19	(122,638,537)	(92,508,773)
Depreciation and amortization		(198,829,660)	(141,886,122)
General and administrative expenses	20	(89,316,714)	(39,865,667)
Other expenses	21	(1,735,315)	(7,573,043)
Net Income		317,886,648	8,929,215
Day (1) loss		-	(1,915,113,465)
Profit/(Loss) before tax		317,886,648	(1,906,184,250)
Income tax expense	22	(79,471,662)	(2,455,534)
Profit/(Loss) for the year/period, representing total comprehensive income/(loss) for the year/period	23	238,414,986	(1,908,639,784)



Zaw Win
Director




Khin Aye Maw
Director

Date: October 27, 2017

See accompanying notes to financial statements

MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS
Year ended March 31, 2017 2017

	2017 MMK	July 16, 2015 (date of incorporation) to March 31, 2016 MMK
Operating activities		
Profit before income tax	317,886,648	8,929,215
Adjustments for:		
Interest income		
Depreciation of plant and equipment	(226,608,701)	(115,176,253)
Amortisation of intangible assets	53,451,880	34,660,194
Plant and equipment- written off	145,377,780	107,225,928
Intangible assets-written off	19,574	252,314
Operating cash flows before movement in working capital	290,127,181	654,091
Other receivables and prepayments		
Other assets	(98,393,305)	54,407,680
Other payables	(10,364,970)	-
Cash generated from operations	998,329	77,915,310
	182,367,235	168,868,479
Interest received		
Income tax paid	196,722,463	89,039,267
Net cash from operating activities	(2,455,534)	-
	376,634,164	257,907,746
Investing activities		
Purchase of plant and equipment	(30,250,531)	(16,032,523)
Purchase of intangible assets	-	(349,650)
Net cash used in investing activities	(30,250,531)	(16,382,173)
Financing activities		
Proceeds on issue of shares, representing net cash from financing activities	-	400,000,000
Net increase in cash and cash equivalents	346,383,633	641,525,573
Cash and cash equivalents at beginning of year/period	2,419,925,013	1,778,399,440
Cash and cash equivalents at end of the year/period	2,766,308,646	2,419,925,013

As per "Business Transfer Agreement", share capital contribution, the amount of MMK 4,200,000,000 is carried from the predecessor Company (Myanmar Payment Union (MPU) Organisation) and recognised as the issued share capital in the statement of changes in equity.

See accompanying notes to financial statements

