

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED  
(Registration No. 111767130)**

**REPORT OF THE DIRECTORS  
AND FINANCIAL STATEMENTS**

***YEAR ENDED SEPTEMBER 30, 2018***

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS**

**C O N T E N T S**

	Page
Report of the directors	1-2
Independent auditor's report	3-5
Statement of financial position	6
Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to financial statements	10-24

## MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED

### REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of Myanmar Payment Union Public Company Limited (the "Company") for the financial year ended September 30, 2018.

In the opinion of the directors, the financial statements as set out on pages 6 to 24 are drawn up so as to give a true and fair view of the financial position of the Company as at September 30, 2018 and the financial performance, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

#### 1 DIRECTORS

The directors of the Company at the date of this report are:

Daw Moe Mar Lar	
Daw Thet Thet Win	
U Than Sein	
U Aung Kyaw Myo	(Appointed on January 26, 2019)
Daw Kyi Kyi Than	
Daw Khin Aye Maw	
U Kyaw Hlaing Win	
U Toe Aung Myint	(Appointed on January 26, 2019)
U Zay Yar Aung	
U Min Wint Oo	
U Aung Thu Win	
Daw Ei Lay Phyu	(Appointed on January 26, 2019)
U Khin Mg Cho	
Daw Khin Cho Oo	
Daw Shin Moe	
Daw Kay Thi	
Dr Zay Yar Nyunt	
Daw Mi Mi Hlaing	
U Sai Lin Naung	(Appointed on January 26, 2019)
U Zaw Win Naing	
U Kyaw Thet Oo	
U Kyaw Soe Lin	
Dr Aung Min	
U Sai Aung Min Latt	(Appointed on January 26, 2019)

#### 2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**REPORT OF THE DIRECTORS**

**3 DIRECTORS' INTEREST IN SHARES OR DEBENTURES**

The directors holding office at the end of the financial year had no interests in the share capital of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company.

**4 AUDITORS**

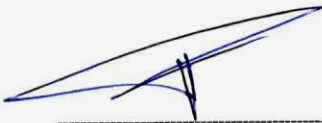
The financial statements have been audited by Cho Cho Aung Tin, Certified Public Accountant and Financial Consultant of Myanmar Vigour & Associates Limited.

ON BEHALF OF THE DIRECTORS



---

Moe Mar Lar  
Director



---

Than Sein  
Director

Date: August 27, 2019

**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 September 30, 2018, 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 24.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Myanmar Companies Law (the "Law") and Myanmar Financial Reporting Standards ("MFRSs") so as to give a true and fair view of the financial position of the Company as at September 30, 2018 and of the financial performance, changes in equity and cash flows of the Company for the period 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 Law 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 skepticism 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.

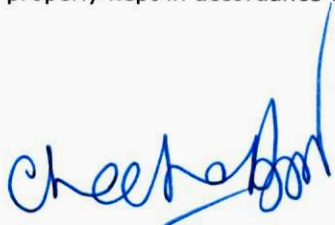
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

- (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 Law to be kept by the Company have been properly kept in accordance with the provisions of the Law.



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



Date: August 27, 2019

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION**  
**September 30, 2018**

	Note	September 30, 2018 MMK	March 31, 2018 MMK
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	3,626,699,347	3,163,090,215
Accounts receivable		7,956,000	10,212,750
Other receivables and prepayments	8	412,267,564	300,025,188
Other assets	9	24,127,864	24,127,864
<b>Total current assets</b>		<b>4,071,050,775</b>	<b>3,497,456,017</b>
<b>Non-current assets</b>			
Property and equipment	10	216,082,187	189,635,709
Intangible assets	11	11,106,793	13,222,440
<b>Total non-current assets</b>		<b>227,188,980</b>	<b>202,858,149</b>
<b>Total assets</b>		<b>4,298,239,755</b>	<b>3,700,314,166</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Other payables	12	108,467,753	115,688,955
Income tax payable		262,656,206	164,204,508
<b>Total current liabilities</b>		<b>371,123,959</b>	<b>279,893,463</b>
<b>Capital and accumulated losses</b>			
Share capital	13	4,600,000,000	4,600,000,000
Advance capital	13	200,000,000	-
Accumulated losses		(872,884,204)	(1,179,579,297)
<b>Total equity</b>		<b>3,927,115,796</b>	<b>3,420,420,703</b>
<b>Total liabilities and equity</b>		<b>4,298,239,755</b>	<b>3,700,314,166</b>

Moe Mar Lar  
 Director

Than Sein  
 Director

Date: August 27, 2019

See accompanying notes to financial statements



**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**Year ended September 30, 2018**

	Note	September 30,2018 MMK	March 31,2018 MMK
<b>Revenues</b>			
Data processing revenues	14	576,609,653	1,006,132,950
Service revenues	15	826,000	987,000
<b>Total revenues</b>		577,435,653	1,007,119,950
Other income	16	186,543,514	271,332,428
<b>Total revenues before operating expenses</b>		763,979,167	1,278,452,378
Staff-related expenses	17	(171,136,062)	(263,356,887)
Network and processing expenses	18	(62,450,289)	(125,489,456)
Depreciation and amortization	10,11	(31,350,315)	(68,254,595)
Postage and telecommunication		(36,458,497)	(51,911,864)
General and administrative expenses	19	(57,437,213)	(112,621,545)
<b>Profit before tax</b>		405,146,791	656,818,031
Income tax expense	20	(98,451,698)	(166,172,530)
<b>Profit for the year representing total comprehensive income for the year</b>	23	306,695,093	490,645,501

Moe Mar Lar  
Director

Than Sein  
Director

Date: August 27, 2019

See accompanying notes to financial statements

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**Year ended September 30, 2018**

	Share capital		Advance capital		Accumulated losses		Total
	MMK		MMK		MMK		MMK
Balance at April 1, 2017	4,200,000,000		400,000,000		(1,670,224,798)		2,929,775,202
Issuance of share capital	400,000,000		(400,000,000)		-		-
Profit for the year, representing total comprehensive income for the year	-		-		490,645,501		490,645,501
Balance at March 31, 2018	4,600,000,000		-		(1,179,579,297)		3,420,420,703
Receipt of advance capital	-		200,000,000		-		200,000,000
Profit for the year, representing total comprehensive income for the year	-		-		306,695,093		306,695,093
Balance at September 30, 2018	4,600,000,000		200,000,000		(872,884,204)		3,927,115,796

See accompanying notes to financial statements

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**STATEMENT OF CASH FLOWS**  
**Year ended September 30, 2018**

	September 30, 2018	March 31, 2018
	MMK	MMK
<b>Operating activities</b>		
Profit before income tax	405,146,791	656,818,031
Adjustments for:		
Interest income	(158,172,318)	(272,574,510)
Depreciation of property and equipment	27,912,487	61,643,376
Amortisation of intangible assets	3,437,828	6,611,219
Property and equipment - written off	793,511	1,054,001
Profit from disposal of property and equipment	(20,250,000)	-
Operating cash flows before movement in working capital	258,868,299	453,552,117
Account receivables	2,256,751	(6,739,650)
Other receivables and prepayments	4,222,053	(131,832,810)
Other assets	-	-
Other payables	(7,221,202)	14,860,527
Cash generated from operations	258,125,901	329,840,184
Interest received	44,207,888	257,223,979
Income tax paid	(2,500,000)	(81,439,684)
Net cash from operating activities	299,833,789	505,624,479
<b>Investing activities</b>		
Additions to property and equipment	(61,702,476)	(108,872,910)
Purchase of intangible assets	(1,322,181)	-
Proceed from disposal of property and equipment	26,800,000	30,000
Net cash used in investing activities	(36,224,657)	(108,842,910)
<b>Financing activities</b>		
Proceeds on received of advances , representing net cash financing activities	200,000,000	-
Net increase in cash and cash equivalents	463,609,132	396,781,569
Cash and cash equivalents at beginning of year	3,163,090,215	2,766,308,646
<b>Cash and cash equivalents at end of the year</b>	<b>3,626,699,347</b>	<b>3,163,090,215</b>

See accompanying notes to financial statements

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

1 GENERAL

The Company (Registration No. 111767130) is incorporated under the Myanmar Companies Law with its principal place of business and registered office at No.26(A), Settmu Road, Yankin Township, Yangon, Myanmar.

The principal activities of the Company are to provide the e-commerce services and ATM and POS switching services among the banks and making settlement process and to carry out finance related services as allowed occasionally by the Ministry of Finance from time to time, by notification, with the approval of the Union Government.

The financial statements of the Company for the year ended September 30, 2018 were authorised for issue by the Board of Directors on August 27, 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Myanmar Companies Law and Myanmar Financial Reporting Standards ("MFRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MAS 2 *Inventories* or value in use in MAS 36 *Impairment of Assets*.

**ADOPTION OF NEW AND REVISED STANDARDS** - There have been no new/revised MFRSs and Interpretations of MFRS adopted by the Myanmar Accountancy Council in the year.

**FINANCIAL INSTRUMENTS** - Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

## MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED

### NOTES TO FINANCIAL STATEMENTS

September 30, 2018

#### Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

#### Loans and receivables

Financial assets that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivable and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets carried at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED

### NOTES TO FINANCIAL STATEMENTS

September 30, 2018

#### Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### **Financial liabilities and equity instruments**

##### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

##### Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

##### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**PROPERTY AND EQUIPMENT** - Property and equipment are carried at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computer and electronic equipment	-	5 years
Motor vehicle	-	8 years
General equipment	-	16 years
Machinery and equipment	-	16 years
Furniture and fittings	-	20 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

## MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED

### NOTES TO FINANCIAL STATEMENTS

September 30, 2018

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

**INTANGIBLE ASSETS** - Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Such assets are tested for impairment in accordance with the policy below.

Amortization is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Data center construction cost (Initial cost)	5 years
Software (Initial cost)	5 years

**IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS** - At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**PROVISIONS** - Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services and data processing services

Revenue from rendering of services is recognised when the services are rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised as an expense or income in profit or loss.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The financial statements of the Company are measured and presented in Myanmar Kyats (MMK), which is the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash at bank that are readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value.



**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in Note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

*(i) Critical judgements in applying the Company's accounting policies*

The directors are of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements, except as described below.

*(ii) Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Depreciation and useful lives of property and equipment

Property and equipment are depreciated on a straight-line basis over their useful lives. As described in Note 2, the Company reviews the estimated useful lives of property and equipment at the end of each reporting period. The estimated useful lives reflect the management's estimate of the periods that the Company intends to derive future economic benefits from the use of the Company's property and equipment.

The carrying amounts of the Company's property and equipment are disclosed in Note 10.

Amortization and useful lives of intangible assets

Intangible assets are amortized on a straight-line basis over their useful lives. As described in Note 2, the Company reviews the estimated useful lives of intangible assets at the end of each reporting period. The estimated useful lives reflect the management's estimate of the periods that the Company intends to derive future economic benefits from the use of the Company's intangible assets.

The carrying amounts of the Company's intangible assets are disclosed in Note 11.

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED****NOTES TO FINANCIAL STATEMENTS****September 30, 2018****4 FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL MANAGEMENT***(a) Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	<u>September 30, 2018</u>	<u>March 31, 2018</u>
	MMK	MMK
<b>Financial assets</b>		
Loans and receivables at amortised cost:		
Cash and cash equivalents	3,626,699,347	3,163,090,215
Account receivables	7,956,000	10,212,750
Other receivables	185,338,186	71,373,756
	<u>3,819,993,533</u>	<u>3,244,676,721</u>
<b>Financial liabilities</b>		
At amortised cost:		
Other payables	<u>106,837,753</u>	<u>114,918,955</u>

*(b) Financial risk management policies and objectives*

The Company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates and liquidity risk.

The Company does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

*(i) Foreign exchange risk management*

The Company's foreign currency exposures arise mainly from the exchange rate movements of United States Dollar against the Myanmar Kyats.

Those exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

Exposures to foreign currency risk is monitored and on-going basis by the company to ensure that the net exposures is at an acceptable level, as the company analysis its transactional exposure by a policy of matching, as far as possible, receipts and payments in each individual currency.

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	September 2018	30, March 31, 2018	September 2018	30, March 31, 2018
	MMK	MMK	MMK	MMK
United States Dollars	44,467,129	97,163,196	21,203,747	18,960,055

*Foreign currency sensitivity*

The following analysis details the sensitivity to a 10% increase/decrease in the Myanmar Kyats against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the Myanmar Kyats were to strengthen by 10% against the relevant foreign currencies, profit for the year will decrease by:

	September 30, 2018	March 31, 2018
	MMK	MMK
United States Dollars impact	2,326,338	7,820,314

If the Myanmar Kyats were to weaken by 10% against the relevant foreign currencies, there will be equal but opposite impact on profit for the year.

(ii) Interest rate risk management

The Company does not hold interest bearing financial assets or financial liabilities and is not exposed to significant interest rate risk, hence no sensitivity analysis has been performed.

(iii) Credit risk management

Cash and cash equivalents are placed with reputable financial institutions.

The carrying amount of financial assets recorded in the financial statements, net any allowances for impairment losses, represents the Company's maximum exposure to credit risk.

Further details of credit risks on other receivables are disclosed in Note 8 to the financial statements.

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

(iv) Liquidity risk management

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The management manages liquidity risk by maintaining adequate reserves and actual cash flows and matching the maturity profiles of financial assets and liabilities.

*Liquidity risk analysis*

Liquidity risk is managed by matching the payment and receipt cycle. The Company's operations are financed mainly through equity and accumulated profits.

All financial assets and financial liabilities in 2018-March and 2018-September are due on demand or due within 1 year from the end of the reporting period.

(v) Fair values of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities on the statement of financial position approximate their respective fair values due to the relatively short-term maturity of these financial instruments, unless otherwise mentioned in the financial statements.

(c) *Capital management policies and objectives*

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern.

The capital structure of the Company comprises only of share capital, advance capital and accumulated losses.

The Company's overall strategy remains unchanged from 2018.

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

5 RELATED COMPANY AND OWNERSHIP STRUCTURE

The Company is owned by 24 corporate shareholders (2017: 23 corporate shareholders), which are incorporated in Myanmar and each are holding 4.17% (2017: 4.35%) interest in the Company.

6 OTHER RELATED PARTY TRANSACTIONS

*Compensation of key management personnel*

The remuneration of key management personnel during the year was as follows:

	<u>September 30, 2018</u>	<u>March 31, 2018</u>
	MMK	MMK
Short-term benefits	<u>38,650,000</u>	<u>79,950,000</u>

7 CASH AND CASH EQUIVALENTS

	<u>September 30, 2018</u>	<u>March 31, 2018</u>
	MMK	MMK
Cash on hand	82,680	1,481,850
Cash in bank	126,274,201	143,765,899
Fixed deposits	<u>3,500,342,466</u>	<u>3,017,842,466</u>
	<u>3,626,699,347</u>	<u>3,163,090,215</u>

Fixed deposits bears annual interest ranging from 8%-10% and can be readily available

8 OTHER RECEIVABLES AND PREPAYMENTS

	<u>September 30, 2018</u>	<u>March 31, 2018</u>
	MMK	MMK
Prepayments	226,604,378	228,651,432
Other receivables	<u>185,663,186</u>	<u>71,373,756</u>
	<u>412,267,564</u>	<u>300,025,188</u>

9 OTHER ASSETS

	<u>September 30, 2018</u>	<u>March 31, 2018</u>
	MMK	MMK
SAM (Secure Access Module) cards+POS devices	<u>24,127,864</u>	<u>24,127,864</u>

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**10 PROPERTY AND EQUIPMENT**

	Land MMK	Computers and electronic equipment			Motor vehicle MMK	General equipment MMK	Machinery and equipment MMK	Furniture and fittings MMK	Total MMK
		MMK	MMK	MMK					
Cost:									
At March 31, 2017	-	960,711,111	26,200,000	17,453,810	30,060,000	8,788,500	1,043,213,421		
Additions	58,166,082	47,241,828	-	-	-	3,465,000	108,872,910		
Write-off	-	(1,139,326)	-	-	-	-	(1,139,326)		
At March 31, 2018	58,166,082	1,006,813,613	26,200,000	17,453,810	30,060,000	12,253,500	1,150,947,005		
Additions	-	9,986,476	47,456,000	3,720,000	-	540,000	61,702,476		
Disposal	-	-	(26,200,000)	-	-	-	(26,200,000)		
Write-off	-	(947,424)	-	-	-	(54,000)	(1,001,424)		
At September 30, 2018	58,166,082	1,015,852,665	47,456,000	21,173,810	30,060,000	12,739,500	1,185,448,057		
Accumulated depreciation:									
At March 31, 2017	-	864,538,076	16,375,000	7,053,845	9,582,402	2,173,922	899,723,245		
Depreciation for the year	-	55,121,122	3,275,000	941,851	1,712,951	592,452	61,643,376		
Write-off	-	(55,325)	-	-	-	-	(55,325)		
At March 31, 2018	-	919,603,873	19,650,000	7,995,696	11,295,353	2,766,374	961,311,296		
Depreciation for the year	-	23,194,381	2,966,000	587,176	856,475	308,455	27,912,487		
Disposal	-	-	(19,650,000)	-	-	-	(19,650,000)		
Write-off	-	(189,485)	-	-	-	(18,428)	(207,913)		
At September 30, 2018	-	942,608,769	2,966,000	8,582,872	12,151,828	3,056,401	969,365,870		
Carrying amount:									
At September 30, 2018	58,166,082	73,243,896	44,490,000	12,590,938	17,908,172	9,683,099	216,082,187		
At March 31, 2018	58,166,082	87,209,740	6,550,000	9,458,114	18,764,647	9,487,126	189,635,709		

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

11 INTANGIBLE ASSETS

	Software MMK	Data center renovation costs MMK	Installation and engineering service charges MMK	Total MMK
Cost:				
At March 31, 2018	523,136,100	221,752,800	7,456,609	752,345,509
Additions	1,322,181	-	-	1,322,181
At September 30, 2018	524,458,281	221,752,800	7,456,609	753,667,690
Accumulated amortisation:				
At March 31, 2017	503,302,441	221,752,800	7,456,609	732,511,850
Amortisation for the period	6,611,219	-	-	6,611,219
At March 31, 2018	509,913,660	221,752,800	7,456,609	739,123,069
Amortisation for the year	3,437,828	-	-	3,437,828
At September 30, 2018	513,351,488	221,752,800	7,456,609	742,560,897
Carrying amount:				
At September 30, 2018	11,106,793	-	-	11,106,793
At March 31, 2018	13,222,440	-	-	13,222,440

12 OTHER PAYABLES

	September 30, 2018 MMK	March 31, 2018 MMK
Accrued expenses	71,618,986	98,216,011
Trade payable	35,218,767	16,702,944
Deferred income (E-commerce merchant portal fees)	1,630,000	770,000
	108,467,753	115,688,955

13 SHARE CAPITAL

	September 30, 2018	March 31, 2018	September 30, 2018	March 31, 2018
	Number of ordinary shares		MMK	MMK
Issued and fully paid:				
At the beginning of year	460,000	420,000	4,600,000,000	4,200,000,000
Issuance of share capital	-	40,000	-	400,000,000
Call in arrears	20,000	-	200,000,000	-
At end of year	480,000	460,000	4,800,000,000	4,600,000,000

The Company has one class of ordinary shares which has a value of MMK 10,000 per share and carry a right to dividends as and when declared by the Company.

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

14 DATA PROCESSING REVENUES

	<u>September 30, 2018</u>	<u>March 31, 2018</u>
	MMK	MMK
Settlement income – Myanmar Payment Union(MPU) cards	533,070,484	689,119,696
Settlement income – Union Pay International(UPI) cards	34,407,196	297,396,427
Settlement income – Japan Credit Bureau (JCB) cards	9,131,973	19,616,827
	<u>576,609,653</u>	<u>1,006,132,950</u>

15 SERVICE REVENUES

	<u>September 30, 2018</u>	<u>March 31, 2018</u>
	MMK	MMK
E-commerce merchant portal fees	<u>826,000</u>	<u>987,000</u>

16 OTHER INCOME

	<u>September 30, 2018</u>	<u>March 31, 2018</u>
	MMK	MMK
X Bank interest income	158,172,318	272,574,510
Gain on disposal	20,250,000	-
Foreign currency exchange (loss) gain, net	6,521,196	(3,670,365)
X Others	1,600,000	2,428,283
	<u>186,543,514</u>	<u>271,332,428</u>

17 STAFF-RELATED EXPENSES

	<u>September 30, 2018</u>	<u>March 31, 2018</u>
	MMK	MMK
X Salaries	116,302,805	188,275,817
X Bonus	21,578,900	31,720,000
X Meal allowance	12,781,600	17,615,130
X Uniform allowance	10,586,650	7,081,700
X Staff costs	9,886,107	18,664,240
	<u>171,136,062</u>	<u>263,356,887</u>



**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

18 NETWORK AND PROCESSING EXPENSES

	<u>September 30,2018</u>	<u>March 31,2018</u>
	MMK	MMK
X National Payment Switch annual fees	57,000,000	114,000,000
X License fee charges	4,845,485	10,502,001
X E-commerce communication cost	333,289	711,542
X Data transfer fees	171,515	275,913
X Myanmar Payment Union testing charges	100,000	-
	<u>62,450,289</u>	<u>125,489,456</u>

19 GENERAL AND ADMINISTRATIVE EXPENSES

	<u>September 30,2018</u>	<u>March 31,2018</u>
	MMK	MMK
X Advertising cost	15,906,150	17,434,950
X Transportation and handling charges	13,434,267	21,658,177
X Electricity charges	9,139,050	15,265,700
Auditing fees	5,135,983	7,178,692
X Repair and maintenance	4,312,663	5,056,235
X Printing and stationery	1,833,900	3,687,690
Entertainment	1,284,205	2,867,450
+ Petrol and diesel	1,197,350	1,705,000
X Promotion and outreach	1,124,100	17,033,405
X Loss from write-off property and equipments	793,511	1,054,001
X Insurance cost	430,260	-
Bank service charges	161,137	304,528
MPU website domain fees	78,750	33,163
Company registration and advisory fees	-	13,712,745
Rental fee charges	-	1,652,625
Research	-	80,000
Others	2,605,887	3,897,184
	<u>57,437,213</u>	<u>112,621,545</u>

20 INCOME TAX EXPENSE

	<u>September 30,2018</u>	<u>March 31,2018</u>
	MMK	MMK
Current year tax	<u>98,451,698</u>	<u>166,172,530</u>

Domestic income tax is calculated at 25% (2018 : 25%) of the estimated assessable income for the year.

**MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2018**

20 INCOME TAX EXPENSE (CONT'D)

The total charge for the year can be reconciled to the accounting profit as follows:

	<u>2018</u>	<u>2017</u>
	MMK	MMK
Profit/(loss) before income tax	405,146,791	656,818,031
Gain on disposal	<u>(20,250,000)</u>	-
	<u>384,896,791</u>	<u>656,818,031</u>
Income tax expense calculated at statutory rate	96,224,198	164,204,508
Capital gain tax	2,025,000	-
Fine on capital gain tax	<u>202,500</u>	<u>1,968,022</u>
	<u>98,451,698</u>	<u>166,172,530</u>