

**MYANMAR PAYMENT UNION
PUBLIC COMPANY LIMITED**

(Incorporated in the Republic of the Union of Myanmar)

**FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Currency - Myanmar Kyat

**U HLA TUN & ASSOCIATES LIMITED
CERTIFIED PUBLIC ACCOUNTANTS**

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MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED
(Incorporated in the Republic of the Union of Myanmar)
FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

DIRECTORS

Daw Kyi Kyi Than	Chairman
Daw Moe Moe	Director
Daw Kay Thi	Director
U Aung Kyaw Myo	Director
Daw Moe San Oo	Director
U Min Wint Oo	Director
U Kyaw Soe Lin	Director
U Zay Yar Aung	Director
Daw Cho Cho Aye	Director
Daw Ei Lay Phyu	Director
U Kyaw Hlaing Win	Director
Sai Lin Naung	Director
Dr Aung Min	Director
U Myo Thet Naing	Director
U Tin Moe Thein	Director
U Zaw Win Naing	Director
Daw Khin Aye Maw	Director
U Khin Mg Cho	Director
U Kyaw Thet Oo	Director
Daw Mya Hnin Aye	Director
Daw Moe Mar Lar	Director
Daw Mi Mi Hlaing	Director
Sai Aung Min Latt	Director
U Ye Htun Oo	Director
Daw Theingi Lin	Director
Daw Mya Mya Aye	Director
Daw Yin Min Aye	Director
U Moe Kyaw	Director
Daw Swe Zin Htut	Director

REGISTERED OFFICE

Sebin Lan Thit, No.2,
Yankin Township,
Yangon, Myanmar (11081)

AUDITOR

U Hla Tun & Associates Limited
Certified Public Accountants

MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED
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FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

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MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED

STATEMENT OF THE DIRECTORS for the year ended 30 September 2021.

The directors are pleased to present their statement to the members together with the audited financial statements of Myanmar Payment Union Public Company Limited (“the Company”) for the year ended 30 September 2021.

In our opinion:

- (a) the financial statements set out on pages FS 1 to FS 17 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 September 2021 and the financial performance, changes in equity and cash flows of the Company for year ended on that date.
- (b) the books of accounts have been maintained in accordance with the Section 258 of Myanmar Companies Law 2017.
- (c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of Directors has, on the date of this statement, authorized these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

- 1. Daw Kyi Kyi Than
- 2. Daw Moe Moe
- 3. Daw Kay Thi
- 4. U Aung Kyaw Myo
- 5. Daw Moe San Oo
- 6. U Min Wint Oo
- 7. U Kyaw Soe Lin
- 8. U Zay Yar Aung
- 9. Daw Cho Cho Aye
- 10. Daw Ei Lay Phyu
- 11. U Kyaw Hlaing Wln

12. Sai Lin Naung
13. Dr Aung Min
14. U Myo Thet Naing
15. U Tin Moe Thein
16. U Zaw Win Naing
17. Daw Khin Aye Maw
18. U Khin Mg Cho
19. U Kyaw Thet Oo
20. Daw Mya Hinin Aye
21. Daw Moe Mar Lar
22. Daw Mi Mi Hlaing
23. Sai Aung Min Latt
24. U Ye Htun Oo
25. Daw Theingi Lin
26. Daw Mya Mya Aye
27. Daw Yin Min Aye
28. U Moe Kyaw
29. Daw Swe Zin Htut

Directors and their interests

There are no shares owned by directors in the Company at the date of this statement.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Continuing Operations

None of the activities of the Company were discontinued or acquired during the year.

Result of the Financial Year

In the opinion of the directors, the results of the operations of the Company during the financial year have not been affected by any item, transaction or event of a material and unusual nature other than the exceptional items and extraordinary items disclosed in the report.

The Company has no recognized gains or losses during the financial year other than the profit or loss stated in the report.

Dividends

During the year, no dividend was paid by the Company.

Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Charges and Contingent Liabilities

Since the end of the financial year no charge on the assets of the Company has arisen which secures the liabilities of any other person. Since the end of the financial year no contingent liability of the Company has arisen. No contingent or other liability of the Company has become enforceable or is likely to become enforceable within a period of twelve months after the end of the financial year which, in the opinion of the director, will or may substantially affect the ability of the Company to meet their obligations as and when they fall due.

Auditors

The auditors, U Hla Tun & Associates Limited have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



.....
Daw Khin Aye Maw
Director



.....
Daw Moe Mar Lar
Director

Date: March 4, 2022.

Independent Auditors' Report

To the members of Myanmar Payment Union Public Company Limited.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Myanmar Payment Union Public Company Limited** ("the Company"), which comprise the statement of financial position as at 30 September 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS 17.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Myanmar Companies 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 30 September 2021 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 '***Auditors' responsibilities for the audit of the financial statements***' section of our report. We are independent of the Company in accordance 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.

Other information

Management is responsible for the other information. The other information comprises the Directors' statement, but does not include the financial statements and the auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 Myanmar Companies 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 unauthorized use or disposition; and transactions are properly authorized 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with MSAs will always detect a material misstatement when it exists. Misstatement 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 decision of users taken on the basis of these financial statements.

As part of an audit in accordance with MSAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

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 controls that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with the Myanmar Companies Law (2017), we report that;

- (i) we have obtained all the information and explanations we have required and
- (ii) the books and records have been maintained by the Company as required by Section 258 of the Myanmar Companies Law.



(Maung Maung Aung)
Certified Public Accountant
PAPP No. (197)
U Hla Tun & Associates Limited
Shwegon Plaza, 64(B), 1st Floor,
Komin Kochin Road, Bahan Township,
Yangon Region.

04 MAR 2022

Dated: March , 2022.

MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2021

ASSETS	NOTE	30 Sept 2021	30 Sept 2020
		MMK	MMK
Cash and Cash Equivalents	6	7,069,711,248	6,321,231,444
Accounts Receivable	7	4,743,939	5,988,590
Other receivable and Prepayment	8	533,697,760	743,138,594
Property, Plant and Equipment	9	225,827,472	258,200,529
Intangible Assets	10	48,708,031	66,626,400
TOTAL ASSETS		7,882,688,450	7,395,185,557
LIABILITIES			
Accounts Payable	11	81,993,626	101,148,363
Other Payable	12	72,518,773	32,023,213
Income Tax Payable	13	468,846,420	584,993,082
TOTAL LIABILITIES		623,358,819	718,164,658
EQUITY			
Share Capital	14	5,800,000,000	5,800,000,000
Retained Earnings		1,459,329,631	877,020,899
TOTAL EQUITY		7,259,329,631	6,677,020,899
TOTAL EQUITY & LIABILITIES		7,882,688,450	7,395,185,557

See accompanying Notes to the Financial Statements.

Authenticated by Directors::

(Daw Khin Aye Maw)
Director

(Daw Moe Mar Lar)
Director

MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2021

		Year ended 30 Sept 2021	Year ended 30 Sept 2020
	Note	MMK	MMK
Data Processing Revenue	15	805,050,556	1,257,308,277
Service Income	16	<u>35,756,700</u>	<u>60,099,700</u>
		840,807,256	1,317,407,977
Bank Interest Income	17	541,530,389	556,402,383
Other income	18	<u>10,450,001</u>	<u>45,642,500</u>
Total Income		<u>1,392,787,646</u>	<u>1,919,452,860</u>
Staff related expenses	19	(401,643,817)	(452,036,215)
Network and processing expenses	20	(19,863,344)	(52,093,875)
Depreciation & Amortization	21	(72,282,109)	(78,001,502)
Postage and communication		(63,108,389)	(71,173,581)
General and Administrative expenses	22	<u>(60,673,077)</u>	<u>(167,365,915)</u>
Total Administration, etc		<u>(617,570,736)</u>	<u>(820,671,088)</u>
Net Profit before tax		775,216,910	1,098,781,772
Income Tax Expenses	23	(194,295,178)	(279,757,943)
Capital Gain on Disposal		1,387,000	-
Net Profit for year after tax		582,308,732	819,023,829
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>582,308,732</u>	<u>819,023,829</u>

See accompanying Notes to the Financial Statements.

Authenticated by Directors;



(Daw Khin Aye Maw)
Director



(Daw Moe Mar Lar)
Director

MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Share Capital	Subscription In Advance	Retained Earning/(loss)	MMK Total
Balance at 1 October 2019	5,200,000,000	400,000,000	57,997,070	5,657,997,070
<u>Changes during the year</u>				
Issued Shares	600,000,000	(600,000,000)	-	-
Receipt of advance share capital	-	200,000,000	-	200,000,000
Total comprehensive income for the year	-	-	819,023,829	819,023,829
Balance at 30 September 2020	5,800,000,000	-	877,020,899	6,677,020,899
Balance at 1 October 2020	5,800,000,000	-	877,020,899	6,677,020,899
<u>Changes during the year</u>				
Issued Shares	-	-	-	-
Total comprehensive income for the year	-	-	582,308,732	582,308,732
Balance at 30 September 2021	5,800,000,000	-	1,459,329,631	7,259,329,631

See accompanying Notes to the Financial Statements.

MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Year ended 30 Sept 2021 MMK	Year ended 30 Sept 2020 MMK
(A) Cash flows from operating activities		
Profit before income tax	775,216,910	1,098,781,772
<u>Adjustment for non-cash items</u>		
Interest Income	(541,530,389)	(556,402,383)
Depreciation	54,363,740	56,777,521
Intangible assets amortized	17,918,369	21,223,981
Disposal Profit /Write-off Assets	1,045,045	239,705
Operating profit/ (loss) before working capital changes	307,013,675	620,620,596
Changes in Operating Assets and Liabilities		
Accounts Receivable	1,244,651	3,581,740
Other receivable and Prepayment	5,710,888	30,981,696
Other Assets	-	10,364,970
Accounts Payable	(19,154,737)	(43,275,903)
Other Payables	40,495,561	(2,618,827)
Cash generated from operations	335,310,038	619,654,272
Interest received	652,457,195	481,062,143
Income taxes paid	(217,638,700)	(4,500,000)
Net cash provided by/(used in) operating activities	(A) <u>770,128,533</u>	<u>1,096,216,415</u>
(B) Cash flows from investing activities		
Purchase of property, plant and equipment	(39,748,729)	(5,531,394)
Purchase of Intangible assets	-	(65,017,557)
Sales proceed of property and equipments	(B) <u>18,100,000</u>	<u>-</u>
Net cash provided by/(used in) investing activities	<u>(21,648,729)</u>	<u>(70,548,951)</u>
(C) Cash flows from financing activities		
Proceeds on received of advances, representing	-	200,000,000
Proceeds from Short Term loans	(C) <u>-</u>	<u>-</u>
Net cash provided by/(used in) financing activities	<u>-</u>	<u>200,000,000</u>
Net Increase/(Decrease) in cash and cash equivalents(A)+(B)+(C)	748,479,804	1,225,667,464
Cash and cash equivalents at beginning of the year	<u>6,321,231,444</u>	<u>5,095,563,980</u>
Cash and cash equivalents at end of the year	<u>7,069,711,248</u>	<u>6,321,231,444</u>
See accompanying Notes to the Financial Statements.		

MYANMAR PAYMENT UNION PUBLIC COMPANY LIMITED
(Incorporated in the Republic of Union of Myanmar)

Notes to the financial statements for the year ended 30 September 2021

These notes form an integral part of the financial statements.

1 General

Myanmar Payment Union Public Company Limited (the Company) was registered as a public company limited by shares on July 16, 2015 as certified by DICA new Registration No.111767130 under the Myanmar Companies Law (2017) in place of former registration No.1205/2015-2016(YGN). The Company was entitled to commence business as per certificate No.15/2015-16 dated on July 16, 2015.

The registered office of the Company is Sebin Lan Thit, No.2, Yankin Township, Yangon Region, Republic of the Union of 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 Planning, Finance and Industry 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, 2021 were authorized for issue by the Board of Directors on March 4, 2022.

2. Basis of preparation

The financial statements have been prepared under the historical cost basis and in accordance with the Myanmar Financial Reporting Standards ("MFRS").

The accounting policies adopted by the Company is consistent with those adopted in the previous years.

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 realizable value in MAS 2 Inventories or value in use in MAS 36 Impairment of Assets.

3. Summary of significant accounting policies

3.1 Foreign currency transactions

The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the Company operates (its functional currency). The functional currency of the Company is assessed to be the Myanmar Kyat.

In preparing the financial statements for the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 item and on the retranslation of monetary items are recognized in profit or loss for the period.

3.2 **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 recognized 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.

3.3 **Income tax**

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit equates to 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because there are minimal items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.4 **Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of instruments.

3.4.1 **Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investment, 'available-for-sale' ("AFS") financial assets and 'loan and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) **Financial Instruments at Fair Value through Profit or Loss**

Financial instruments classified in this category consist of financial assets held-for-trading. Financial assets are classified as held-for trading if they are acquired principally for the purposes of selling or repurchasing it in the near term.

Financial instruments included in this category are recognized initially at fair value and transaction costs are taken directly to profit or loss. Gains and losses from changes in fair value and dividend income are included directly in "Net gains and losses on financial instruments" in the statement of comprehensive income. Interest income is recognized as "interest income" in the statement of comprehensive income. Regular purchases and sales of financial assets held-for-trading are recognized at settlement date.

(ii) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and cash equivalents and placement with other financial institutions) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(iii) **Held-to-maturity**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company is to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets. These financial assets are initially recognized at fair value including direct and incremental transactions costs, and subsequently measured at amortized cost using the effective interest method. Interest on investment held-to-maturity is included in the statement of income and is reported as "Interest income". Impairment losses, if any, are recognized in the statement of income as "Impairment on other assets".

(iv) **Available-for-sale**

Available-for-sale financial assets are financial assets that are designated as such or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognized in other comprehensive income, except that impairment losses, foreign exchange gains and losses on

monetary instruments and interest calculated using the effective interest method are recognized in profit or loss. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognized. Interest income calculated using the effective interest method is recognized in profit or loss. Dividends on an available-for-sales equity instrument are recognized in profit or loss when the Company's right to receive payment is established.

The Company's available-for-sale financial assets comprise investment in unquoted shares. Investments in unquoted share whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets which are not expected to be realized within 12 months after the financial period end are classified as non-current assets.

3.4.2 Financial liabilities

Other non-derivative Financial Liabilities

Other non-derivative financial liabilities are initially recognized at the fair value of consideration received less directly attributable costs. Subsequent to initial recognition, non-derivative financial liabilities are measured at amortized cost. The Company does not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities measured at amortized cost included deposits from customers, deposits from Company, and other borrowed funds.

3.4.3 Recognition and Derecognition

The Company initially recognized all financial assets and financial liabilities on the date that they are originated and measured initially at fair value.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset are expired or the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when the contractual obligations are discharged, cancelled or expired.

3.5 Impairment of financial assets

Financial assets, other than those at FVTPL, 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 assets, the estimated future cash flows of the investment have been affected, and an impairment loss recognized.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payment ; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or the disappearance of an active market for that financial assets because of financial difficulties.

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

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For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and advances, where the carrying amount is reduced through the use of an allowance account. When a loan and advance is considered 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 recognized in profit or loss.

3.6 Impairment of non-financial assets

Non-financial assets, such as property and equipment, investment properties and foreclosed properties, are reviewed for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where such indications exist, the carrying amount of the assets is written down to its recoverable amount, which is the higher of the fair value less costs to sell and the value-in-use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, fixed deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.8 Property and equipment and depreciation

All items of property and equipment are initially recorded at cost. The cost of an item of property and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of replaced parts are derecognized. All other repairs and maintenance are charged to profit or loss when they are incurred.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent to initial recognition, property and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis calculated to write off the cost of each asset to its residual value over the term of its estimated useful lives of the assets at the following principal annual rates:

Computer & Electronic Equipment	20% per annum
Motor Vehicle	12.5% per annum
General Equipment	6.25% per annum
Machinery & Equipment	6.25% per annum
Furniture & Fitting	5% per annum

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6.

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The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognized.

3.9 Share capital

Ordinary shares are classified as equity when there is not contractual obligation to transfer cash or other financial assets.

3.10 Other liabilities

Other payables represent liabilities for services provided to the Company prior to the end of financial period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognized at fair value, and subsequently carried at cost.

3.11 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events. It is probable that the Company will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each financial year end adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.12 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognized in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities and assets are not recognized in the statements of financial position of the Bank in the current and previous financial period ends.

3.13 Fair Value Measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial period end.

3.14 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company
- (b) An entity is related to the Company if any of the following conditions :
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment defined benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from 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 recognized 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.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the financial statements.

Key sources of estimation uncertainty

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

Amortization and useful lives of intangible assets

Intangible assets are amortized on a straight-line basis over the useful lives. 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.

Depreciation and useful life of property, plant and equipment

Property, plant and equipment are depreciated over their useful lives, using the straight-line method. Management estimates the useful lives of property, plant and equipment, based on expected usage and industry norms. Changes in the expected level of maintenance, usage and technological developments could impact the useful lives and residual values of these assets, therefore future depreciation charges could be revised.

5. **Financial Instruments, Financial Risk and Capital Management**

(a) **Categories of financial instruments**

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

	30 September 2021	30 September 2020
	(MMK)	(MMK)
Financial assets		
Loans and receivables at amortized cost:		
Cash & Cash equivalents	7,069,711,248	6,321,231,444
Accounts Receivable	4,743,939	5,988,590
Other Receivable	241,182,831	352,109,637
	<u>7,315,638,018</u>	<u>6,679,329,671</u>
Financial liabilities		
At amortized cost:		
Accounts and Other payable	<u>141,713,141</u>	<u>133,171,576</u>

(b) **Financial risk management policies and objectives**

The Company's overall risk management programme seeks to minimize 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.

(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.

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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.

(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 fluctuation 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 2020 September and 2021 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 profit.

6. Cash & Cash equivalents

	30 September 2021 (MMK)	30 September 2020 (MMK)
Cash and balances with Central Bank	124,870,583	20,678,937
Cash and balances with banks	418,375,725	181,808,619
Fixed Deposits	6,506,253,000	6,117,730,000
Cash in hand	20,211,940	1,013,888
	7,069,711,248	6,321,231,444

7. Accounts Receivable

	30 September 2021 (MMK)	30 September 2020 (MMK)
Settlement Income for MPU Card	4,692,448	5,884,666
Settlement Income for UPI Card	51,357	82,854
Settlement Income for JCB Card	134	21,070
	4,743,939	5,988,590

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8. **Other receivable and prepayments**

	30 September 2021 (MMK)	30 September 2020 (MMK)
Interest Receivable		
Amount due from Related Parties		
MOB Bank - Fixed Deposit Interest	197,033,397	350,145,995
AYA Bank- Fixed Deposit Interest	44,149,434	1,963,642
Prepayments And Advances	9,309,275	15,020,163
Advance Tax - Corporate Income Tax	283,205,654	376,008,794
	<u>533,697,760</u>	<u>743,138,594</u>

9. **Property, Plant and equipment**

	Land	Computer & Electronic Equip:	Motor Vehicle	General Equip:	Machinery	Furniture	Total
Cost							
At 1 st October 2020	82,204,482	1,066,472,739	47,456,000	21,173,810	30,060,000	14,056,500	1,261,423,531
Additions	-	7,086,729	28,920,000	3,742,000	-	-	39,748,730
Adjustment-write-off/Disposal	-	(448,790)	(23,728,000)	(3,424,763)	-	(26,000)	(27,627,552)
At 30 September 2021	<u>82,204,482</u>	<u>1,073,110,678</u>	<u>52,648,000</u>	<u>21,491,047</u>	<u>30,060,000</u>	<u>14,030,500</u>	<u>1,273,544,709</u>
Accumulate Depreciation							
At 1 st October 2020	-	957,641,341	14,830,000	10,931,574	15,577,730	4,242,357	1,003,223,002
Depreciation for the year	-	44,163,288	6,581,000	1,223,816	1,712,949	682,687	54,363,742
Adjustment-Write off/Disposal	-	(400,891)	(7,415,000)	(2,041,685)	-	(11,931)	(9,869,507)
At 30 September 2021	<u>-</u>	<u>1,001,403,738</u>	<u>13,996,000</u>	<u>10,113,705</u>	<u>17,290,679</u>	<u>4,913,113</u>	<u>1,047,717,237</u>
Net Book Value at 30 Sept 2021	<u>82,204,482</u>	<u>71,706,940</u>	<u>38,652,000</u>	<u>11,377,342</u>	<u>12,769,321</u>	<u>9,117,387</u>	<u>225,827,472</u>
Net Book Value at 30 Sept 2020	<u>82,204,482</u>	<u>108,831,398</u>	<u>32,626,000</u>	<u>10,242,236</u>	<u>14,482,270</u>	<u>9,814,143</u>	<u>258,200,529</u>

10. **Intangible Assets**

	Software MMK	Data Centre renovation costs MMK	Installation and engineering service charges MMK	Total MMK
Cost:				
At 1 st October 2020	636,223,945	221,752,800	7,456,609	865,433,354
Additions	-	-	-	-
At 30 September 2021	<u>636,223,945</u>	<u>221,752,800</u>	<u>7,456,609</u>	<u>865,433,354</u>
Accumulated Amortization:				
At 1 st October 2020	569,597,545	221,752,800	7,456,609	798,806,954
Amortization for the year	17,918,369	-	-	17,918,369
At 30 September 2021	<u>587,515,914</u>	<u>221,752,800</u>	<u>7,456,609</u>	<u>816,725,323</u>
Carrying Amount:				
At 30 September 2021	<u>48,708,031</u>	<u>-</u>	<u>-</u>	<u>48,708,031</u>
At 30 September 2020	<u>66,626,400</u>	<u>-</u>	<u>-</u>	<u>66,626,400</u>

11.	<u>Accounts Payable</u>		30 September 2021 (MMK)	30 September 2020 (MMK)
	2C2P Co, Ltd		10,882,592	3,461,249
	FPT Myanmar Co., Ltd		71,111,034	97,687,114
			-----	-----
			81,993,626	101,148,363
			=====	=====
12.	<u>Other Payable</u>		30 September 2021 (MMK)	30 September 2020 (MMK)
	Accrued Expenses		59,119,515	30,373,213
	Deferred Income		600,000	1,650,000
	Provident Fund		12,799,258	-
			-----	-----
			72,518,773	32,023,213
			=====	=====
13.	<u>Income Tax Payable</u>		30 September 2021 (MMK)	30 September 2020 (MMK)
	Corporate Income Tax		468,846,420	584,993,082
			-----	-----
14.	<u>Share Capital</u>			
		<u>Number of Ordinary Share</u>	<u>Amount - MMK</u>	
		<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
		<u>2021</u>	<u>2020</u>	<u>2021</u>
	At the beginning of the year	580,000	520,000	5,800,000,000
	Advance share capital	-	-	-
	Issuance of share capital	-	60,000	600,000,000
		-----	-----	-----
	At the end of the year	580,000	580,000	5,800,000,000
		=====	=====	=====
15.	<u>Data Processing Revenue</u>		Year ended 30 September 2021 (MMK)	Year ended 30 September 2020 (MMK)
	Settlement Income- Myanmar Payment Union (MPU) Card		786,302,434	1,034,628,697
	Settlement Income- Union Pay International (UPI) Card		15,709,520	204,506,066
	Settlement Income- Japan Credit Bureau (JCB) Card		3,038,602	18,173,514
			-----	-----
			805,050,556	1,257,308,277
			=====	=====
16.	<u>Service Income</u>		30 September 2021 (MMK)	30 September 2020 (MMK)
	E-Commerce Merchant Portal Fee		2,524,500	2,689,500
	POS Certification Fee		26,365,200	48,842,400
	Card Certification Fee		6,867,000	8,567,800
			-----	-----
			35,756,700	60,099,700
			=====	=====

17. <u>Bank Interest Income</u>	Year ended 30 September 2021 (MMK)	Year ended 30 September 2020 (MMK)
Fixed Deposit Account and Saving Account	541,530,389	556,402,383
18. <u>Other income</u>		
Switch Certification Fee	10,000,000	45,000,000
Other	450,001	642,500
	10,450,001	45,642,500
19. <u>Staff Related expense</u>		
Salaries	342,617,116	375,447,567
Bonus	45,000,000	58,000,000
Meal Allowance	994,500	4,268,125
Uniform Allowance	5,538,350	8,175,423
Staff Costs	1,017,222	6,145,100
Charge contribute to provident fund	6,476,629	-
	401,643,817	452,036,215
20. <u>Network & Processing Expenses</u>		
National Payment Switch Annual Fees	-	11,400,000
License Fee Charges	13,372,091	9,431,129
E-Commerce Communication Charges	153,800	17,850
Data Transfer Fees	2,581	651,524
Myanmar Payment Union Testing Charges	-	10,364,970
Network Security Assessment	-	18,218,125
E-commerce SMS charges	6,334,872	2,010,277
	19,863,344	52,093,875
21. <u>Depreciation and Amortisation</u>		
Depreciation	54,363,740	56,777,521
Amortization	17,918,369	21,223,981
	72,282,109	78,001,502

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22. **General & Administrative Expenses**

	Year ended 30 September 2021 (MMK)	Year ended 30 September 2020 (MMK)
Transportation & Handling Cost	12,000	3,556,100
Electricity Charges	24,600,840	28,838,840
Auditing Fees	8,480,646	13,479,583
Repair & Maintenance	1,763,993	9,397,590
Printing & Stationery	1,071,300	2,801,300
Entertainment	719,950	1,639,400
Petrol & Diesel	1,628,000	2,421,900
Loss from Write-off Property & Equipment	1,045,045	239,705
Insurance	866,034	2,600
Bank Service Charges	16,988,269	18,665,044
Company Related Expenses	70,000	14,708,000
Donation	1,500,000	1,828,600
Travelling	-	11,061,240
Others	1,294,650	2,619,200
Promotion & Outreach	20,872,585	13,363,689
Exchange (Profit)/Loss	(43,443,200)	15,258,922
Covid-19 Expenses	8,302,300	12,812,750
ASEAN Payment Network fee	14,900,665	14,671,452
	60,673,277	167,365,915
	60,673,277	167,365,915

23. **Income tax expense**

	30 September 2021 (MMK)	30 September 2020 (MMK)
Current year tax	194,295,178	279,757,943

Domestic income tax is calculated at 25% (2020: 25%) of the estimated net assessable income for the year.

24. **Related Company and Ownership Structure**

The Company is owned by 29 corporate shareholders (2020 : 29 corporate shareholders), which are incorporated in Myanmar and each are holding 3.45% (2020 : 3.45%) interest in the Company.

25. **Other Related Party Transactions**

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

	30 September 2021 (MMK)	30 September 2020 (MMK)
Short-term benefits	15,000,000	23,550,000
	15,000,000	23,550,000

26. **IMPACT OF COVID-19 PANDEMIC**

The COVID-19 pandemic has significantly impacted global economics, resulting in workforce and travel restrictions, supply chain and production disruptions and spending across many sectors.

These factors began having an adverse impact on the company's operations. Such effects and required mitigating actions will continue to be monitored and evaluated by the management during the FY 2021-2022.

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