

MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED AND ITS SUBSIDIARY

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX – MONTH PERIOD ENDED 30 SEPTEMBER 2018**

Currency – Myanmar Kyat (In Thousands)

MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED AND ITS SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX – MONTH PERIOD ENDED 30 SEPTEMBER 2018

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED

It is the responsibility of the management to prepare the interim consolidated statements of financial position of **Myanmar Thilawa SEZ Holdings Public Limited and its subsidiary (the Group)** and interim statement of financial position of **Myanmar Thilawa SEZ Holdings Public Limited (the Company)** as at 30 September 2018, the interim consolidated statement of comprehensive income of the Group and interim statement of comprehensive income of the Company, interim consolidated statement of changes in equity of the Group and interim statement of changes in equity of the Company, and interim consolidated statement of cash flows of the Group and interim statement of cash flows of the Company for the period then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these interim consolidated financial statements, the management is required to:

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

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

On behalf of Management



WIN AUNG
Chairman

Myanmar Thilawa SEZ Holdings Public Limited.

Myanmar Thilawa SEZ Holdings Public Limited

15 December 2018



ဝင်းသင်နှင့်အဖွဲ့၊ တရားစစ်များ။

WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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Ref: 1339/ M-255/ September 2018

Report on Review of Interim Financial Information

To the Members of the Group of Myanmar Thilawa SEZ Holdings Public Limited

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of **Myanmar Thilawa SEZ Holdings Public Limited (the "Company")** and its subsidiaries (the "Group") as of 30 September 2018 and the related interim consolidated statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with Myanmar Accounting Standard (MAS) 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Myanmar Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Myanmar Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with Myanmar Accounting Standard (MAS) 34 Interim Financial Reporting.

Saw Nelson (PA-400)
Engagement Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
15 December 2018



MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED AND ITS SUBSIDIARY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

Currency – Myanmar Kyat (In Thousands)

	Note	30 September 2018 (Unaudited)	31 March 2018 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	2,307,541	956,973
Intangible asset -software	7	7,344	5,435
Investment in associate	8	25,932,655	20,608,500
Other investment	10	10,000	10,000
Investment property	11	4,504,304	4,035,854
Deferred tax assets	12	8,179	8,179
		32,770,023	25,624,941
Current assets			
Cash and cash equivalents	13	38,314,759	32,126,840
Trade and other receivables	14	2,683,039	4,867,485
Inventories	15	27,832,941	29,519,340
Construction contract work in progress	16	37,797	185,007
		68,868,536	66,698,672
		101,638,559	92,323,613
Equity and liabilities			
Equity			
Share capital – value per share kyat 1,000/-			
Authorized share capital– 500,000,000 shares			
Issued and paid-up share capital	17	38,929,150	38,929,150
Retained profits		39,832,723	39,229,901
		78,761,873	78,159,051
Non-controlling interest		7,783,292	7,542,923
		86,545,165	85,701,974
Non-current liabilities			
Advance from customers		2,349,361	2,509,402
		2,349,361	2,509,402
Current liabilities			
Trade and other payables	18	11,926,960	4,066,518
Current tax liability		817,073	45,719
		12,744,033	4,112,237
		101,638,559	92,323,613

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

Authenticated by Directors:



WIN AUNG
Chairman

Myanmar Thilawa SEZ Holdings Public Limited.

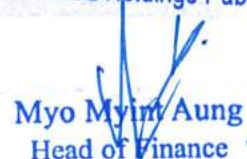


Aung Soe Tha
Managing Director

Myanmar Thilawa SEZ Holdings Public Limited.



Tun Lwin
Director
Myanmar Thilawa SEZ Holdings Public Limited.



Myo Myint Aung
Head of Finance
Myanmar Thilawa SEZ Holdings Public Limited.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED
INTERIM STATEMENT OF FINANCIAL POSITION – COMPANY
AS AT 30 SEPTEMBER 2018
 Currency – Myanmar Kyat (In Thousands)

	Note	30 September 2018 (Unaudited)	31 March 2018 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	267,903	324,818
Intangible asset	7	3,292	3,268
Investment in associate	8	26,299,279	20,947,605
Investment in subsidiary	9	24,000,000	24,000,000
Other investment	10	10,000	10,000
Deferred tax assets	12	8,179	8,179
		50,588,653	45,293,870
Current assets			
Cash and cash equivalents	13	35,182,305	30,545,771
Trade and other receivables	14	379,360	584,826
		35,561,665	31,130,597
		86,150,318	76,424,467
Equity and liabilities			
Equity			
Share capital – value per share kyat 1,000/-			
Authorized share capital– 500,000,000 shares			
Issued and paid-up share capital	17	38,929,150	38,929,150
Retained profits		36,142,942	36,491,020
		75,072,092	75,420,170
Current liabilities			
Trade and other payables	18	10,261,153	958,578
Current tax liability		817,073	45,719
		11,078,226	1,004,297
		86,150,318	76,424,467

The notes on pages 11 to 32 are an integral part of these financial statements.

Authenticated by Directors:



WIN AUNG
Chairman

Myanmar Thilawa SEZ Holdings Public Limited.



Aung See Tha
Managing Director

Myanmar Thilawa SEZ Holdings Public Limited.



Tun Lwin
Director
Myanmar Thilawa SEZ Holdings Public Limited.



Myo Myint Aung
Head of Finance

Myanmar Thilawa SEZ Holdings Public Limited.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED AND ITS SUBSIDIARY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2018
 Currency – Myanmar Kyat (In Thousands)

	Note	30 September 2018 (Unaudited)	30 September 2017 (Unaudited) Restated*
Revenue	19	4,618,018	6,667,959
Cost of sales	22	(1,802,207)	(2,834,971)
Gross Profit		2,815,811	3,832,988
Other income	20	796,875	97,973
Other gains/(losses)	21	3,402,280	1,325,437
Selling and marketing expenses	22	(425,952)	(40,246)
Administrative expenses	22	(1,312,378)	(1,210,069)
Profit for the period		5,276,636	4,006,083
Share of profit of associate		5,351,674	2,373,243
Profit before tax		10,628,310	6,379,326
Income tax expense	23	(831,414)	(193,420)
Net Profit for the period		9,796,896	6,185,906
Other comprehensive income for the period		-	-
Total comprehensive income for the period		9,796,896	6,185,906
Profit attributable to:			
Equity holders of the Company		9,556,527	5,557,915
Non-controlling interests		240,369	627,991
Total comprehensive income attributable to:			
Equity holders of the Company		9,556,527	5,557,915
Non-controlling interests		240,369	627,991
Earnings per share (K per share)			
Basic earnings per share		245	143

*See note 28

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED
INTERIM STATEMENT OF COMPREHENSIVE INCOME - COMPANY
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2018
 Currency – Myanmar Kyat (In Thousands)

	Note	30 September 2018 (Unaudited)	30 September 2017 (Unaudited)
Revenue	19	1,757,387	478,973
Cost of sales		-	-
Gross Profit		1,757,387	478,973
Other income	20	731,394	43,725
Other gains/ (losses)	21	2,907,290	1,301,907
Selling and marketing expenses	22	(424,760)	(585)
Administrative expenses	22	(885,944)	(856,922)
Profit for the period		4,085,367	967,098
Share of profit/(loss) of associate		5,351,674	2,373,243
Profit before tax		9,437,041	3,340,341
Income tax expense	23	(831,414)	(193,420)
Net profit for the period		8,605,627	3,146,921
Other comprehensive income for the period		-	-
Total comprehensive income for the period		8,605,627	3,146,921
Earnings per share (K per share)			
Basic earnings per share		221	81

The notes on pages 11 to 32 are an integral part of these financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED AND ITS SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2018

Currency – Myanmar Kyat (In Thousands)

	Issued and paid-up share capital	Retained profits	Non-controlling interest	Total equity
Balance at 1 April 2018	38,929,150	39,229,901	7,542,923	85,701,974
Comprehensive income				
Profit for the period	-	9,556,527	240,369	9,796,896
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	9,556,527	240,369	9,796,896
Contributions from and distributions to owners				
Issue of share capital	-	-	-	-
Dividend	-	(8,953,705)	-	(8,953,705)
Total contributions from and distributions to owners	-	(8,953,705)	-	(8,953,705)
Balance at 30 September 2018 (Unaudited)	38,929,150	39,832,723	7,783,292	86,545,165
Balance at 1 April 2017	38,929,150	37,197,834	6,775,622	82,902,606
Comprehensive income				
Profit for the period (Restated*)	-	5,557,915	627,991	6,185,906
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	5,557,915	627,991	6,185,906
Contributions from and distributions to owners				
Issue of share capital	-	-	-	-
Dividend	-	(10,121,579)	-	(10,121,579)
Total contributions from and distributions to owners	-	(10,121,579)	-	(10,121,579)
Balance at 30 September 2017 (Unaudited)	38,929,150	32,634,170	7,403,613	78,966,933

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED
INTERIM STATEMENT OF CHANGES IN EQUITY - COMPANY
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2018
 Currency – Myanmar Kyat (In Thousands)

	Issued and paid-up share capital	Retained profits	Total equity
Balance at 1 April 2018	38,929,150	36,491,020	75,420,170
Comprehensive income			
Profit for the period	-	8,605,627	8,605,627
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	8,605,627	8,605,627
Contributions from and distributions to owners			
Issue of share capital	-	-	-
Dividend	-	(8,953,705)	(8,953,705)
Total contributions from and distributions to owners	-	(8,953,705)	(8,953,705)
Balance at 30 September 2018 (Unaudited)	38,929,150	36,142,942	75,072,092
Balance at 1 April 2017	38,929,150	37,355,975	76,285,125
Comprehensive income			
Profit for the period	-	3,146,921	3,146,921
Other comprehensive income for the period	-	-	-
Total contributions from and distributions to owners	-	3,146,921	3,146,921
Contributions from and distributions to owners			
Issue of share capital	-	-	-
Dividend	-	(10,121,579)	(10,121,579)
Total contributions from and distributions to owners	-	(10,121,579)	(10,121,579)
Balance at 30 September 2017 (Unaudited)	38,929,150	30,381,317	69,310,467

The notes on pages 11 to 32 are an integral part of these financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED AND ITS SUBSIDIARY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH ENDED 30 SEPTEMBER 2018
 Currency – Myanmar Kyat (In Thousands)

	Note	30 September 2018 (Unaudited)	30 September 2017 (Unaudited) Restated*
Cash flows from operating activities			
Profit before tax		10,628,310	6,379,326
Adjustment for non-cash items:			
Depreciation		166,261	155,094
Amortisation		969	641
Write-off		-	265
Unrealised profit adjustment		10,579	100,973
Share of profit of associate		(5,351,674)	(2,373,243)
Operating profit before working capital changes		5,454,445	4,263,056
Changes in working capital			
Trade and other receivables		2,128,896	(502,163)
Inventories		(264,069)	(3,992,818)
Construction contract work in progress		147,210	1,035
Trade and other payables		(1,093,260)	(1,220,626)
Current tax liability		-	(506,434)
Advance from customers		(160,041)	(1,541,139)
Income tax paid		6,213,181	(3,499,089)
Net cash provided by/ (used in) operating activities		6,208,671	(3,516,672)
Cash flows from investing activities			
Purchase of property, plant and equipment		(17,874)	(79,510)
Purchase of intangible asset		(2,878)	-
Dividend received from associate		-	15,033,060
Net cash provided by/ (used in) investing activities		(20,752)	14,953,550
Cash flows from financing activities			
Dividend paid to shareholders		-	(10,121,579)
Net cash used in financing activities		-	(10,121,579)
Net increase/ (decrease) in cash and cash equivalents		6,187,919	1,315,299
Cash and cash equivalents at beginning of period		32,126,840	26,366,578
Cash and cash equivalents at end of period	13	38,314,759	27,681,877

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED
INTERIM STATEMENT OF CASH FLOWS - COMPANY
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2018
 Currency – Myanmar Kyat (In Thousands)

	Note	30 September 2018 (Unaudited)	30 September 2017 (Unaudited)
Cash flows from operating activities			
Profit before tax		9,437,041	3,340,341
Adjustments for non-cash items:			
Depreciation		59,328	62,549
Amortisation		676	641
Write-off		-	265
Share of profit of associate		(5,351,674)	(2,373,243)
Operating profit before working capital changes		4,145,371	1,030,553
Changes in working capital			
Trade and other receivable		149,850	(180,461)
Trade and other payable		348,869	(276,924)
Current tax liability		-	(506,434)
		4,644,090	66,734
Income tax paid		(4,444)	(17,583)
Net cash provided by/ (used in) operating activities		4,639,646	49,151
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,412)	(3,080)
Purchase of intangible assets		(700)	-
Dividend received from associate		-	15,033,060
Net cash provided by/ (used in) investing activities		(3,112)	15,029,980
Cash flows from financing activities			
Dividend paid to shareholders		-	(10,121,579)
Net cash used in financing activities		-	(10,121,579)
Net increase/ (decrease) in cash and cash equivalents		4,636,534	4,957,552
Cash and cash equivalents at beginning of period		30,545,771	19,594,871
Cash and cash equivalents at end of period	13	35,182,305	24,552,423

The notes on pages 11 to 32 are an integral part of these financial statements.

**MYANMAR THILAWA SEZ HOLDINGS PUBLIC LIMITED AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

1. General information

Myanmar Thilawa SEZ Holdings Public Limited (the Company) was incorporated in the Republic of the Union of Myanmar on 3 May 2013 under The Myanmar Companies Act.

On 26 May 2013, pursuant to the Cooperation Memorandum, the Company signed a Memorandum of Understanding with MMST LLP (MMS Thilawa Limited Liability Partnership) for the purpose of establishing the Joint Venture Company for the development, marketing, sales and operation of the Class A Project.

On 29 October 2013, pursuant to the Memorandum of Understanding mentioned above, the Company, the Thilawa SMC (Thilawa SEZ Management Committee) and MMSTD (MMS Thilawa Development Co., Ltd) entered into the Joint Venture Agreement in connection with the establishment of the JV Company to undertake the development, construction, marketing, sales and operation of the Class A project. The Joint Venture Company was established as Myanmar Japan Thilawa Development Ltd. (MJTD).

Under the Joint Venture Agreement, subject to the satisfaction of certain prescribed conditions precedent, the Company will collectively subscribe for JV Company Shares of an initial aggregate amount of US\$50,000,000 in the proportions of 41%.

The principle business activities of the Company are to:

- invest in and participate in the management of the JV Company, which will engage in the development, construction, marketing, sales and operation of the Class A Project;
- market and sell the Class A Properties to Myanmar Related Entities as exclusive agent, and market and sell the Class A Properties to parties which are not Myanmar Related Entities or Japanese Related Entities jointly with the Japanese consortium members; and
- engage in the development of Thilawa SEZ (other than the Class A Area) or any part thereof as may be determined by our Directors in their discretion.

For additional information about the Company, please refer to the Company's Prospectus dated 27 February 2014.

The registered office of the Company is No. (29), Min Ye Kyaw Swar Road (UMFCCI Tower), Lanmadaw Township, Yangon Region, the Republic of the Union of Myanmar.

The validity of the Certificate of Incorporation issued to the Company is five years expiring on 3 May 2023.

The Company is listed in Yangon Stock Exchange on 20 May 2016.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying financial statements of the Company have been prepared in accordance with Myanmar Financial Reporting Standards (MFRS) and have been based on historical cost convention.

In preparing these financial statements, certain reclassifications and rearrangements have been made in 2017 financial statements to conform to the classification used in 2018.

2.2 Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in Myanmar Kyat, which is the presentation currency as well as functional currency of the Company. All amounts have been rounded to the nearest thousands, unless otherwise indicated.

(2) Transactions and balances

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

2.3 Group Accounting

(a) Subsidiaries

Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and recognized gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

(c) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognized in profit or loss and its share of post-acquisition other comprehensive income is recognized in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognize further losses, unless it has obligations to make or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2.4 Investment in associate

Investment in associate is initially recognized at the transaction price (including transaction costs) under the equity method of accounting and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

2.5 Investment properties

Investment properties are properties held to earn rental and/or capital appreciation (or both). Investment properties are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of fifty years or the balance of land use right.

The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are included in profit or loss when the changes arise.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when 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

the replaced part is de-recognized. All other repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation on assets under construction commences when the assets are ready items of property, plant and equipment less their estimated residuals values using the straight-line method over their estimated useful life. The estimated useful rates are as follows:

Leasehold land	2.19%
Plant	5%
Transformers	2.17%
Machinery and equipment	20%
Motor vehicle	20%
Computer and equipment	20%
Furniture and equipment	10% - 40%
Office renovation	20%

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of the reporting period. The effects of any revision are recognized in profit or loss when the changes arise.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other gains/(losses) – net' in the statement of comprehensive income.

2.7 Intangible assets

Accounting software

Accounting software license is initially capitalized at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures are added to the original cost of the software. Costs associated with maintaining the accounting software license are expensed off when incurred.

Computer software license is subsequently carried at cost less accumulated amortization and accumulated impairment losses. These costs are amortized to profit or loss using the straight-line method over their estimated useful lives of five years equivalent to 20%.

The amortization period and amortization method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognized in profit or loss when the changes arise.

2.8 Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the statement of financial position date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an

advanced stage such that it is probable that the customer will accept the claim and they are capable of being reliably measured.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognized as an expense immediately.

At the statement of financial position date, the cumulative costs incurred plus recognized profits (less recognized losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognized profits (less recognized losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognized profits (less recognized losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

2.9 Inventories

Inventories are carried at the lower of cost and net realizable value. The cost comprises cost of land scraping cost, infrastructure development cost, direct labour and other direct cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.10 Cash and cash equivalents

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

2.11 Trade and other receivables

Trade and other receivables are initially measured at fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade and other receivables are reduced by appropriate allowance for estimated irrecoverable amount.

2.12 Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortized cost using the effective interest method.

2.13 Issued and paid-up share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

2.14 Dividends

Dividends to the Company's shareholders are recognized when the dividends are approved for payment.

2.15 Employee Benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. Employee benefits are recognized as payable in the period in which the benefits is earned by employee. Past-service costs are recognized immediately in profit or loss.

2.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is a probable that an outflow of resources will be required to settle the obligations; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

2.17 Revenue

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is shown net of sales (after deducting commercial tax)

- (a) Rendering of services – Management fees and commission fees
Fees and commission are generally recognized on an accrual basis when the service has been provided.
- (b) Sale of goods – Land
Revenue from sales of goods is recognized when the goods are delivered and title has passed to the customer.
- (c) Interest income
Interest income arising from deposit at financial institution is recognized when the effective interest method.
- (d) Dividend income
Dividend income is recognized when the right to receive payment is established.
- (e) Revenue from construction contracts
Please refer to the paragraph “construction contracts” for the accounting policy for the revenue from construction contracts.
- (f) Rental income
Rental income is recognised when earned on a straight-line basis over the lease term.
- (g) Maintenance income
Maintenance income is recognised when the service is rendered.

2.18 Income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The current income tax is calculated on the basis of the tax rate and tax law enacted or substantially enacted at the end of the reporting period. Current income tax is recognized in profit or loss.

2.19 Commercial tax

Revenues expenses and assets are recognized net of the amount of commercial tax except:

- where the commercial tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the commercial tax is recognized as part of the cost of acquisition of the asset or as part of the expenses item as applicable; and
- receivables and payables that are stated with the amount of commercial tax included.

The net amount of commercial tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.20 Comparative

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements in conformity with MFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates.

Estimate and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Infrastructure development costs

Infrastructure development costs of land are recorded as inventories during the construction stage and an apportionment of these costs will be recognized in the statement of comprehensive income upon the recognition of the revenue of the land under development.

These infrastructure costs comprise of awarded contracts and an estimation of future ones. The total costs were estimated by a third-party professional Quantity Surveyor and periodically re-validated internally.

Before the final settlement of the development costs and other costs relating to the land under development, these costs are based on management's best estimate. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

4. Financial risk management

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. In addition to the risk factors as stated in the Company's Prospectus dated 27 February 2014, the main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

Foreign exchange risk

The Group has exposure to foreign exchange risk due to assets and liabilities denominated in foreign currencies. However, the Group does not hedge its exposures to foreign exchange risk as the risk is not expected to be significant.

Credit risk

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

Market risk

The Group is not exposed to any market risk.

Liquidity and cash flow risks

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

5. Capital management

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

6. Property, plant and equipment Group

	Leasehold land	Plant	Transformers	Machinery and equipment	Motor vehicle	Computer equipment	Furniture and equipment	Office renovation	Total
Myanmar Kyat (In Thousands)									
Cost									
Balance at 1 April 2018	-	387,800	-	75,177	321,428	67,896	316,524	269,443	1,438,268
Addition	-	-	-	2,106	3,370	6,256	6,142	-	17,874
Transferred from inventories	357,508	932,712	163,750	-	-	-	-	-	1,453,970
Write off	-	-	-	-	-	-	-	-	-
Balance at 30 September 2018	357,508	1,320,512	163,750	77,283	324,798	74,152	322,666	269,443	2,910,112
Accumulated depreciation and impairment losses									
Balance at 1 April 2018	-	(34,910)	-	(22,248)	(166,428)	(30,038)	(115,400)	(112,271)	(481,295)
Depreciation	(651)	(13,581)	(1,773)	(5,784)	(34,769)	(7,298)	(30,464)	(26,956)	(121,276)
Impairment loss	-	-	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-	-	-
Balance at 30 September 2018	(651)	(48,491)	(1,773)	(28,032)	(201,197)	(37,336)	(145,864)	(139,227)	(602,571)
Net book value									
At 30 September 2018	356,857	1,272,021	161,977	49,251	123,601	36,816	176,802	130,216	2,307,541
Cost									
Balance at 1 April 2017	-	387,800	-	75,177	321,428	52,451	233,098	269,443	1,339,397
Addition	-	-	-	-	-	16,411	84,381	-	100,792
Write off	-	-	-	-	-	(966)	(955)	-	(1,921)
Balance at 31 March 2018	-	387,800	-	75,177	321,428	67,896	316,524	269,443	1,438,268
Accumulated depreciation and impairment losses									
Balance at 1 April 2017	-	(15,520)	-	(10,876)	(97,339)	(18,416)	(58,297)	(58,360)	(258,808)
Depreciation	-	(19,390)	-	(11,372)	(69,089)	(12,268)	(57,890)	(53,911)	(223,920)
Impairment loss	-	-	-	-	-	-	-	-	-
Write off	-	-	-	-	-	646	787	-	1,433
Balance at 31 March 2018	-	(34,910)	-	(22,248)	(166,428)	(30,038)	(115,400)	(112,271)	(481,295)
Net book value									
At 31 March 2018	-	352,890	-	52,929	155,000	37,858	201,124	157,172	956,973

Company						
Myanmar Kyat (In Thousands)		Motor vehicle	Computer equipment	Furniture and equipment	Office renovation	Total
Cost						
Balance at 1 April 2018		160,975	48,119	146,144	268,813	624,051
Addition		-	1,346	1,066	-	2,412
Write off		-	-	-	-	-
Balance at 30 September 2018		160,975	49,465	147,210	268,813	626,463
Accumulated depreciation and impairment losses						
Balance at 1 April 2018		(95,053)	(24,643)	(67,564)	(111,973)	(299,233)
Depreciation		(16,098)	(4,834)	(11,514)	(26,881)	(59,327)
Impairment loss		-	-	-	-	-
Write off		-	-	-	-	-
Balance at 30 September 2018		(111,151)	(29,477)	(79,078)	(138,854)	(358,560)
Net book value						
At 30 September 2018		49,824	19,988	68,132	129,959	267,903
Cost						
Balance at 1 April 2017		160,975	41,973	144,317	268,813	616,078
Addition		-	7,113	2,782	-	9,895
Write off		-	(967)	(955)	-	(1,922)
Balance at 31 March 2018		160,975	48,119	146,144	268,813	624,051
Accumulated depreciation and impairment losses						
Balance at 1 April 2017		(62,858)	(16,430)	(43,640)	(58,211)	(181,139)
Depreciation		(32,195)	(8,859)	(24,711)	(53,762)	(119,527)
Impairment loss		-	-	-	-	-
Write off		-	646	787	-	1,433
Balance at 31 March 2018		(95,053)	(24,643)	(67,564)	(111,973)	(299,233)
Net book value						
At 31 March 2018		65,922	23,476	78,580	156,840	324,818

7. **Intangible asset
Group**

Myanmar Kyat (In Thousands)	Software
Cost	
Balance at 1 April 2018	8,617
Addition	2,878
Write off	-
Balance at 30 September 2018	11,495
Accumulated amortization and impairment losses	
Balance at 1 April 2018	(3,182)
Amortisation	(969)
Impairment loss	-
Write off	-
Balance as at 30 September 2018	(4,151)
Net book value	
At 30 September 2018	7,344
Cost	
Balance at 1 April 2017	6,413
Addition	2,204
Write off	-
Balance at 31 March 2018	8,617
Accumulated amortization and impairment losses	
Balance at 1 April 2017	(1,862)
Amortisation	(1,320)
Impairment loss	-
Write off	-
Balance as at 31 March 2018	(3,182)
Net book value	
At 31 March 2018	5,435

Company	
Myanmar Kyat (In Thousands)	Software
Cost	
Balance at 1 April 2018	6,413
Addition	700
Write off	-
Balance at 30 September 2018	7,113
Accumulated amortization and impairment losses	
Balance at 1 April 2018	(3,145)
Amortisation	(676)
Impairment loss	-
Write off	-
Balance as at 30 September 2018	(3,821)
Net book value	
At 30 September 2018	3,292
Cost	
Balance at 1 April 2017	6,413
Addition	-
Write off	-
Balance at 31 March 2018	6,413
Accumulated amortization and impairment losses	
Balance at 1 April 2017	(1,862)
Amortisation	(1,283)
Impairment loss	-
Write off	-
Balance as at 31 March 2018	(3,145)
Net book value	
At 31 March 2018	3,268

8. Investment in associate

Myanmar Kyat (In Thousands)	Group		Company	
	30 September 2018	31 March 2018	30 September 2018	31 March 2018
Opening balance	20,608,500	18,460,621	20,947,605	18,565,913
Proportionate net profit for the period /year	5,351,674	9,082,732	5,351,674	9,082,732
Dividend received	-	(6,701,040)	-	(6,701,040)
Unrealised profit adjustment	(27,519)	(233,813)	-	-
Carrying value as at 30 September 2018	25,932,655	20,608,500	26,299,279	20,947,605

The Company's share of profit in its equity-accounted investee (i.e, Myanmar Japan Thilawa Development Limited) for the period was Kyat 5,351,674,411 (USD 3,430,560.52@ Kyat1560) (2018: Profit Kyat 9,082,731,587 (USD 6,803,544.26 @ Kyat 1,335). The equity accounted investee is not publicly listed entity and consequentially does not have published price quotations.

The following amounts represent the assets and the liabilities and income and expenses of the associate.

USD (In Thousands)	30 September 2018	31 March 2018
Owner-ship	41%	41%
Current assets	80,617	57,423
Non-current assets	12,234	12,598
Total assets	92,851	70,021
Current liabilities	39,362	25,282
Non-current liabilities	1,215	833
Total liabilities	40,577	26,115
Net assets	52,274	43,906
Income	22,838	44,226
Expenses	(14,471)	(27,632)
Profit	8,367	16,594
Share of profit	3,431	6,804

9. Investment in subsidiary

The subsidiary of the Company is Thilawa Property Development Limited and was incorporated as a private company in the Republic of the Union of Myanmar under The Myanmar Companies Act on 19 March 2015. Currently, the Company has a 80% equity interest in its subsidiary and remaining 20% equity interest is owned by Thilawa Special Economic Zone Management Committee (TSEZMC).

The principal business activities of the Company are:

- To invest in the development Residential and Commercial Area within the Thilawa Special Economic Zone carried out by constructing, selling and leasing of commercial center, residences, office towers and other related development
- To carry out preliminary engineering works
- To engage in importing, purchasing, leasing and the activities that are required for the development of said construction work
- To enter into partnership or into any arrangement of sharing profits
- To purchase or otherwise acquire for other means ownerships, rights, franchises, licenses, grants, trademarks, patent rights including land and buildings and to utilize beneficially those properties and right for development thereof.

The subsidiary is not publicly listed entity and consequentially does not have published price quotations.

Myanmar Kyat (In Thousands)	Company	
	30 September 2018	31 March 2018
Beginning of financial year	24,000,000	24,000,000
Additional investment	-	-
Carrying value as at 30 September 2018	24,000,000	24,000,000

10. Other investment (MMK 10,000,000)

The above amount represents investment in Myanmar Kyauk Phyu SEZ Holding Consortium Public Co., Ltd by the Company.

11. Investment property Group

Myanmar Kyat (In Thousands)	Land and Building
Cost	
Balance at 1 April 2018	4,202,380
Transferred from inventories	541,773
Balance at 30 September 2018	4,744,153
Accumulated depreciation and impairment losses	
Balance at 1 April 2018	(105,059)
Depreciation	(44,985)
Impairment loss	-
Balance at 30 September 2018	(150,044)
Unrealised profit adjustment	(89,805)
Net book value	
At 30 September 2018	4,504,304
Cost	
Balance at 1 April 2017	4,213,299
Transferred from inventories	-
Commercial tax	(10,919)
Balance at 31 March 2018	4,202,380
Accumulated depreciation and impairment losses	
Balance at 1 April 2017	(21,066)
Depreciation	(83,993)
Impairment loss	-
Balance at 31 March 2018	(105,059)
Unrealised profit adjustment	(61,467)
Net book value	
At 31 March 2018	4,035,854

The company investment property at 31 March 2018 include three buildings of workers accommodation at recreational and commercial area of Thilawa SEZ. The Directors are of the view that a fair value of the property cannot be ascertained at 31 March 2018. The opinion is based on the following facts:

1. There is no such asset of this specification in Thilawa;
2. There is no history of such similar property transacted in Thilawa; and
3. No sales of any asset type have been recorded in the Thilawa SEZ.

As such, it is not possible for a valuation to be done on a willing-buyer / willing-seller basis. As such, the market comparable approach cannot be adopted. To value the property using the income capitalization approach, the property has to be given sufficient time for leasing, and stabilization of that yield, for the capitalization rate to be applied. Since occupation permit was only quite recently obtained, the rental process is only in the beginning stage. Hence, the income capitalization approach cannot be adopted.

Given that the first two valuation methods cannot be applied, the third would be the cost approach. This assumes that a reasonable buyer would have to pay equal or more than the cost of constructing a comparable building. The Cost Approach is probably the most prudent in estimating the book / reinstatement value of such an asset at 31 March 2018.

During the period from 1 April 2018 to 30 September 2018, two units of shop houses have been transferred from inventory to investment property at their cost. As of 30 September 2018, the company investment property includes:

1. Three buildings of workers accommodation
2. One unit of type A shop house facing main road
3. One unit of type A shop house facing internal road

Details of the group's investment properties and information about the fair value hierarchy as at 30 September 2018 are as follows:

	Level 1	Level 2	Level 3	Fair Value as at 30 September 2018
Investment property				
Workers accommodation	-	-	8,558,060	8,558,060
Unit A – Main road	-	433,785	-	433,785
Unit B – Internal road	<u>363,605</u>	<u>-</u>	<u>-</u>	<u>363,605</u>

For unit A – Main road, the fair value was derived using the market comparable approach based on recent market price of similar property with adjustment made for frontage.

For unit B – internal road, the fair value was derived using the market comparable approach based on recent market prices of similar property without any significant adjustments being made.

For investment properties categorized into Level 3 of the fair value hierarchy, the following information is relevant:

Investment Property	Valuation Technique	Significant unobservable input(s)	Sensitivity
Workers accommodation	Income capitalization approach	Capitalization rate	Increase in the capitalization rate used would result decrease in fair value, and vice versa.
		Occupancy rate	Decrease in the occupancy rate used would result decrease in fair value, and vice versa.
		Monthly rental	Decrease in the monthly rental used would result decrease in fair value, and vice versa.

There were no transfers between Levels 1 and 2 and into or out of Level 3 during the period.

The fair value of investment properties is not based on valuation by an independent valuer.

The property rental income from the group's investment properties all of which are leased out under operating leases, amounted to MMK 63,267 (thousand). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to MMK 37,191 (thousand).

12. Deferred tax asset

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the financial position as follows:

Myanmar Kyat (In Thousands)	Company	
	30 September 2018	31 March 2018
Deferred tax assets		
To be recovered within one year	-	-
To be recovered after one year	8,179	8,179
	8,179	8,179

13. Cash and cash equivalents

Myanmar Kyat (In Thousands)	Group		Company	
	30 September 2018	31 March 2018	30 September 2018	31 March 2018
Cash in hand	24,445	20,342	14,707	12,048
Cash at bank – current	35,698,879	30,352,812	34,016,260	29,553,529
Cash at bank – saving	2,568,428	1,465,809	1,128,331	692,317
Cash at bank – call	23,007	287,877	23,007	287,877
	38,314,759	32,126,840	35,182,305	30,545,771

14. Trade and other receivables

Myanmar Kyat (In Thousands)	Group		Company	
	30 September 2018	31 March 2018	30 September 2018	31 March 2018
Trade receivables from				
- Related parties*	268,632	229,887	268,632	229,887
- Non-related parties	52,786	12,490	-	-
Other receivable from				
- Affiliates & related parties**	-	90	34,871	149,095
- Non-related parties	25,923	-	-	-
Construction contract				
- Due from related parties	197,972	2,761,793	-	-
Accrued income				
Related parties	1,139,385	590,049	-	-
Non-related parties	1,087	-	-	-
Deposit	22,021	22,021	210	210
Prepayments & advance	26,521	119,391	23,783	98,157
Advance income tax	51,923	107,473	51,857	107,473
Advance commercial tax	896,789	1,024,291	7	4
	2,683,039	4,867,485	379,360	584,826

* It comprises management services fees, commission fees receivable from Myanmar Japan Thilawa Development Limited (MJTD) for the successful contracts between MJTD and its customers whom introduced by the Company.

** It comprises expenses incurred by the Company on behalf of affiliates & related parties.

15. Inventories (MMK 27,832,941,000)

Inventories include cost of leasehold land acquired from Myanmar Japan Thilawa Development Limited (MJTD) for the development of residential and commercial area of Thilawa Special Economic Zone. It also includes cost of land scraping, infrastructure development shop houses construction during the period.

16. Construction contract

Myanmar Kyat (In Thousands)	30 September 2018	31 March 2018
Construction contract work in progress		
Beginning of financial period/year	185,007	9,196
Contract costs incurred	1,349,236	4,154,843
Contract expenses recognised in profit or loss	(1,496,446)	(3,979,032)
End of financial period/year	37,797	185,007
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	2,158,606	5,950,661
Less: Progress billing	(1,354,145)	(5,360,612)
Unbilled to customers current financial period/year	804,461	590,049
Due from related party on construction contracts (Note 14)		
Billed to customers	197,972	2,761,793
Unbilled to customers- current financial period/year	804,461	590,049
Unbilled to customers- previous financial year	334,924	-
End of financial period/year	1,337,357	3,351,842

17. Issued and paid-up share capital

Myanmar Kyat (In Thousands)	No. of ordinary shares issued		Issued and fully paid-up share capital	
	30 September 2018	31 March 2018	30 September 2018	31 March 2018
Beginning of financial period/year	38,929,150	38,929,150	38,929,150	38,929,150
Issued for cash	-	-	-	-
End of financial period/year	38,929,150	38,929,150	38,929,150	38,929,150

18. Trade and other payables

Myanmar Kyat (In Thousands)	Group		Company	
	30 September 2018	31 March 2018	30 September 2018	31 March 2018
Trade payables to non-related parties	198,442	2,053,769	-	-
Construction contract-due to supplier	1,030,428	36,267	-	-
Other payables to				
- Related parties	93,314	93,314	93,314	93,314
- Non-related parties	102,852	32,245	74,407	27,245
Deposit from suppliers	380,273	408,856	-	-
Accrued expenses	446,690	77,001	438,508	40,746
Unpaid dividend	9,650,207	797,273	9,650,207	797,273
Deferred rental income	20,037	474,658	-	-
Commercial tax	4,717	93,135	4,717	-
	11,926,960	4,066,518	10,261,153	958,578

19. Revenue

Myanmar Kyat (In Thousands)	Group		Company	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Management fees	509,367	468,728	509,367	468,728
Sales commission	1,335,889	34,194	1,335,889	34,194
Construction revenue	2,158,606	2,888,893	-	-
Sale of land	738,720	3,574,358	-	-
Rental income	66,337	17,308	-	-
Maintenance income	882	-	-	-
	4,809,801	6,983,481	1,845,256	502,922
Less commercial tax*	(191,783)	(315,522)	(87,869)	(23,949)
	4,618,018	6,667,959	1,757,387	478,973

* The above represents 5% commercial tax on the invoices issued to the customers.

Management fees

Management fees are received from Myanmar Japan Thilawa Development Limited (MJTD) in consideration of management services provided by the Company for the following personnel;

- (1) Chairman
- (2) Vice President (Myanmar Desk)
- (3) Head of Finance & Accounting
- (4) Head of Administration & Human Resources

Sales commission

The above comprises commission fees income from MJTD for the successful contracts between MJTD and its customers whom introduced by the Company.

Construction revenue

The above mainly comprises of a road construction contract and construction of rental factory B extension from MJTD.

Sale of land

The above comprise of sale of land to Myanmar Apex Bank Limited.

Rental income

The above comprises of rental of rooms in dormitory and shop house.

Maintenance Income

The above comprises of maintenance fees collected from G & G Convenience Store, and from the shop-houses which are occupied.

20. Other income

Myanmar Kyat (In Thousands)	Group		Company	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Tender income	800	377	-	-
Interest income	776,819	97,596	731,394	43,725
Utilities income	4,067	-	-	-
Miscellaneous income	15,189	-	-	-
	796,875	97,973	731,394	43,725

21. Other gains/ (losses)

Myanmar Kyat (In Thousands)	Group		Company	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Currency Gain/(Loss)	3,402,280	1,325,437	2,907,290	1,301,907
	3,402,280	1,325,437	2,907,290	1,301,907

22. Expenses by nature

Myanmar Kyat (In Thousands)	Group		Company	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Land cost	246,636	842,735	-	-
Construction contract cost	1,496,446	1,872,595	-	-
Cost of rental and utilities	47,790	18,039	-	-
Write off - property, plant and equipment	-	265	-	265
Depreciation of property, plant and equipment	121,276	112,961	59,327	62,549
Depreciation of investment property	44,985	42,133	-	-
Amortization charge of intangible asset	969	641	676	641
Employee benefit expenses (Note 24)	274,797	234,914	134,518	122,378
Key management personnel and director compensations (Note 26-b)	404,807	474,715	304,259	372,479
Advertising and agency fees expense	425,952	40,246	424,760	585
Rental expense	82,144	77,358	82,114	77,358
Transportation expense	23,111	16,873	13,954	9,859
Listing expense	559	8,675	559	8,675
Other expenses	360,486	242,163	290,537	202,718
Unrealised profit adjustment	10,579	100,973	-	-
	3,540,537	4,085,286	1,310,704	857,507

23. Income tax expense

Myanmar Kyat (In Thousands)	Group		Company	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Current tax expenses				
Current year	817,073	193,420	817,073	193,420
Changes in estimates related to prior years	14,341	-	14,341	-
	831,414	193,420	831,414	193,420

24. Employee benefit expenses

Myanmar Kyat (In Thousands)	Group		Company	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Wages and salaries	235,589	200,055	116,362	107,388
Other benefits	39,208	34,859	18,156	14,990
	274,797	234,914	134,518	122,378

25. Earnings per share**Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	Group		Company	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Net profit/(loss) attributable to equity holders of the Company (Myanmar Kyat in thousands)	9,556,527	5,557,915	8,605,627	3,146,921
Weighted average number of ordinary shares outstanding for basic Earnings per share (shares in thousands)	38,929	38,929	38,929	38,929
Basic earnings per share	245	143	221	81
Par value of shares (Myanmar Kyat)	1,000	1,000	1,000	1,000

26. Related party transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the holding company and the related parties at terms agreed between the parties:

(a) Sales and purchase of goods and services

Myanmar Kyat (In Thousands)	30 September 2018	30 September 2017
Management fees from MJTD	485,112	446,408
Sales commission fees from MJTD	1,272,275	32,566
Construction revenue from MJTD	2,092,981	2,768,351
Other related parties *	-	133,731
Payments made on behalf of subsidiary	-	66,308
	3,850,368	3,447,364

*Other related parties comprise mainly companies which are controlled or significantly influenced by the holding company's key management personnel which are as follows:

No.	Company Name	Related	Position Executives	30 September 2018	30 September 2017
1	Union of Myanmar Federation of Chamber of Commerce & Industry (Rent of Head office)	U Thein Han	Director	82,114	77,358
2	Sinma Construction Group Ltd (New office renovation)	U Kyaw Kyaw Win	Alternative Director	-	1,730
3	Star City	U Theim Wai	Vice Chairman	-	37,143
4	CB Securities	U Khin Maung Aye	Vice Chairman	-	2,500
5	KFC	U Theim Wai	Vice Chairman	-	15,000
6	Information Matrix	U Thaug Su Nyein	Alternative Director	24,882	-
7	IM Ringer Co.,Ltd	U Thaug Su Nyein	Alternative Director	118,611	-

Outstanding balances of related parties as at 30 September 2018 are disclosed in Notes 14 and 18 respectively.

(b) Key management personnel and director compensation

Myanmar Kyat (In Thousands)	Group		Company	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
Director remuneration	147,314	206,565	147,314	175,961
Key management personnel remuneration	229,413	268,150	138,225	196,518
Key management personnel bonus	28,080	-	18,720	-
	404,807	474,715	304,259	372,479

(c) Significant agreements with related parties

Management fees

The Company entered into management memorandums with MJTD for which to provide management services. Under the term of these memorandums, the Company is entitled to receive management fees as stipulated in the memorandum and will expire in December, 2022.

Commission fees

The Company entered into marketing agreements with MJTD for which to provide with information in respect to potential locators and coordination services. Under the term of the agreements, the Company is entitled to receive commission fees at 6% of the contract price. The term of the agreements is for five years and shall be extended for further period by notify in writing at least 30 days prior to expiration of this agreement.

27. Events occurring after the reporting date

The Company entered into reservation agreement for sublease of shop-house with JFE MARENTI Myanmar Co., Ltd (Contract Amount – MMK 420,000,000) in November 2018.

28. Correction of errors

During 2017-18, the Group discovered that unrealized profit was not adjusted in preparing consolidated financial statements. As a consequence, carrying values of investment in associates, investment property, inventory and retained earnings, stated in consolidated financial statements, were overstated. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The adjustment only effects the consolidated financial statements. There is no impact on separate financial statements of individual entity and accounting treatments in individual entity are in order. The following tables summarize the impacts on the Group's consolidated financial statements.

i. Consolidated statement of profit or loss and OCI	September 2017		
	As previously reported	Adjustments	As restated
Myanmar Kyat (In Thousands)			
Cost of sales	2,733,368	101,603	2,834,971
Administrative expenses	1,210,699	(630)	1,210,069
Total	3,944,067	100,973	4,045,040

29. Authorization of financial statements

The financial statements of the Company for the period ended 30 September 2018 were authorized for issue on 15 December 2018.