

ရက်စွဲ။ ၂၀၂၁ ခုနှစ်၊ ဇွန်လ ၃၀ ရက်

၂၀၂၀-၂၀၂၁ ဘဏ္ဍာရေးနှစ်ဝက်ကာလအတွက် ဘဏ္ဍာရေးရှင်းတမ်းများအား အသိပေးကြေညာခြင်း

မြန်မာသီလဝါ အက်(စ်)အီးဇက်ဟိုးဒင်း ပတ်ဘလစ် အများနှင့်သက်ဆိုင်သော ကုမ္ပဏီလီမိတက်မှ ၂၀၂၁ ခုနှစ်၊ မတ်လ (၃၁) ရက်နေ့တွင် ကုန်ဆုံးသည့်ဘဏ္ဍာရေးနှစ်ဝက်ကာလအတွက် မြန်မာနိုင်ငံဘဏ္ဍာရေး အစီရင်ခံခြင်းဆိုင်ရာစံများ (Myanmar Financial Reporting Standard)နှင့်အညီ ပြုစုထားသော ဘဏ္ဍာရေးရှင်းတမ်းပေါင်းချုပ်များကို ပြင်ပ စာရင်းစစ်အဖွဲ့မှ သုံးသပ်မှုပြီးစီးပြီဖြစ်ပါသဖြင့် အစုရှယ်ယာရှင်များ သိရှိနိုင်ပါရန်အတွက် ဤထုတ်ပြန်ချက်ဖြင့် အသိပေးကြေညာအပ်ပါသည်။

ဤဘဏ္ဍာရေးရှင်းတမ်းပေါင်းချုပ်နှင့်အတူ နောက်ဆက်တွဲ ရှင်းလင်းချက်အပြည့်အစုံကို ၂၀၂၁ ခုနှစ်၊ ဇွန်လ (၂၉) ရက်နေ့တွင် ကျင်းပပြုလုပ်သည့် ဒါရိုက်တာအဖွဲ့အစည်းအဝေးမှ အတည်ပြုထားရှိပြီးဖြစ်ပါကြောင်း ဖော်ပြအပ်ပါသည်။



ထွန်းလွင်

Board Secretary

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2021**

Currency – Myanmar Kyat (In Thousands)

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2021

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

It is the responsibility of the management to prepare the interim consolidated statements of financial position of **Myanmar Thilawa SEZ Holdings Public Company Limited (the Company) and its subsidiary (the Group)** as at 31 March 2021, the interim consolidated statement of comprehensive income of the Group, interim consolidated statement of changes in equity of the Group, interim consolidated statement of cash flows of the Group 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. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

On behalf of Management



WIN AUNG
Chairman

MYANMAR THILAWA SEZ HOLDINGS PUBLIC CO., LTD.



29 June 2021



ဝင်းသင်နှင့်အဖွဲ့၊ စာရင်းစစ်များ။

WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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Ref: 377/ M-255/ March 2021

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Myanmar Thilawa SEZ Holdings Public Company Limited (the "Company") and its subsidiary (the "Group") as of 31 March 2021 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 fair 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 (PAPP-400)
Engagement Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

29 June 2021





MYANMARTHILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

Currency – Myanmar Kyat (In Thousands)

	Note	31 March 2021	30 September 2020
Assets			
Non-current assets			
Property, plant and equipment	6	3,455,118	3,527,238
Intangible asset	7	2,421	3,096
Investment in associate	8	39,556,901	37,941,370
Other investment	9	10,000	10,000
Investment property	10	4,652,960	4,958,478
Deferred tax assets	11	11,453	11,453
Net receivable under installment sales	12	208,677	281,938
Other assets	13	246,771	198,911
		48,144,301	46,932,484
Current assets			
Cash and cash equivalents	14	12,019,084	16,882,587
Trade and other receivables	15	1,546,814	1,515,209
Inventories	16	26,064,578	26,173,781
Construction contract work in progress	17	–	–
		39,630,476	44,571,577
		87,774,777	91,504,061
Equity and liabilities			
Equity			
Issued and paid-up share capital	18	38,929,150	38,929,150
Retained profits		37,709,530	40,905,027
		76,638,680	79,834,177
Non-controlling interest		7,745,571	7,534,109
		84,384,251	87,368,286
Non-current liabilities			
Advance from customers		1,241,657	2,285,705
		1,241,657	2,285,705
Current liabilities			
Trade and other payables	19	2,148,869	1,850,070
		2,148,869	1,850,070
		87,774,777	91,504,061

The notes on pages 7 to 26 are an integral part of these consolidated financial statements.

Authenticated by:

WIN AUNG
Chairman

Tun Lwin
Director

MYANMAR THILAWA SEZ HOLDINGS PUBLIC CO., LTD.

MYINT ZAW

Managing Director

Myanmar Thilawa SEZ Holdings Public Co., Ltd.

Yu War Tun
Head Of Finance

MYANMAR THILAWA SEZ HOLDINGS PUBLIC CO., LTD.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC CO., LTD.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2021
 Currency – Myanmar Kyat (In Thousands)

	Note	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Revenue	20	2,094,715	1,755,528
Cost of sales	23	(674,729)	(1,002,737)
Gross Profit		1,419,986	752,791
Other income	21	54,164	445,257
Realised exchange gains/ (losses)		123,471	(10,846)
Unrealised exchange gains/ (losses)	22	1,692,076	(2,487,240)
Selling and marketing expenses	23	(28,484)	(19,209)
Administrative expenses	23	(832,797)	(1,173,763)
Profit/ (loss) for the period		2,428,416	(2,493,010)
Share of profit of associate	8	1,594,796	5,414,201
Profit before tax		4,023,212	2,921,191
Income tax expense	24	–	(5,201)
Net profit for the period		4,023,212	2,915,990
Other comprehensive income for the period		–	–
Total comprehensive income for the period		4,023,212	2,915,990
Profit attributable to:			
Equity holders of the Company		3,811,750	2,980,273
Non-controlling interests		211,462	(64,283)
Total comprehensive income attributable to:			
Equity holders of the Company		3,811,750	2,980,273
Non-controlling interests		211,462	(64,283)
Earnings per share (K per share)			
Basic earnings per share	25	98	77

The notes on pages 7 to 26 are an integral part of these consolidated financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2021

Currency – Myanmar Kyat (In Thousands)

	Issued and paid-up share capital	Retained profits	Non-controlling interest	Total equity
Balance at 1 October 2020	38,929,150	40,905,027	7,534,109	87,368,286
Comprehensive income				
Profit for the period	–	3,811,750	211,462	4,023,212
Other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	–	3,811,750	211,462	4,023,212
Contributions from and distributions to owners				
Issue of share capital	–	–	–	–
Dividend	–	(7,007,247)	–	(7,007,247)
Total contributions from and distributions to owners	–	(7,007,247)	–	(7,007,247)
Balance at 31 March 2021	38,929,150	37,709,530	7,745,571	84,384,251
Balance at 1 October 2019	38,929,150	43,986,848	7,661,174	90,577,172
Comprehensive income				
Profit for the period	–	2,980,273	(64,283)	2,915,990
Other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	–	2,980,273	(64,283)	2,915,990
Contributions from and distributions to owners				
Issue of share capital	–	–	–	–
Dividend	–	–	–	–
Total contributions from and distributions to owners	–	–	–	–
Balance at 31 March 2020	38,929,150	46,967,121	7,596,891	93,493,162

The notes on pages 7 to 26 are an integral part of these consolidated financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2021
 Currency – Myanmar Kyat (In Thousands)

	Note	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Cash flows from operating activities			
Profit before tax		4,023,212	2,921,191
Adjustment for non-cash items:			
Depreciation		209,635	232,121
Amortisation		675	988
Write-off		701	28,764
Unrealised profit adjustment		(56,899)	(31,484)
Share of profit of associate		(1,594,796)	(5,414,201)
Operating profit/ (loss) before working capital changes		2,582,528	(2,262,621)
Changes in working capital			
Trade and other receivables		(31,605)	254,871
Inventories		385,297	438,148
Construction contract work in progress		–	16,270
Trade and other payables		298,799	(325,335)
Advance from customers		(1,044,048)	(251,128)
		2,190,971	(2,129,795)
Income tax paid		–	(1,504)
Net cash provided by/ (used in) operating activities		2,190,971	(2,131,299)
Cash flows from investing activities			
Purchase of property, plant and equipment		(73,027)	(127,478)
Proceeds from sale of property, plant and equipment		399	2,913
Other assets		(47,860)	(1,209)
Net receivable under installment sales		73,261	(197,435)
Net cash used in investing activities		(47,227)	(323,209)
Cash flows from financing activities			
Dividend paid to shareholders		(7,007,247)	–
Net cash used in financing activities		(7,007,247)	–
Net decrease in cash and cash equivalents		(4,863,503)	(2,454,508)
Cash and cash equivalents at beginning of period		16,882,587	28,217,748
Cash and cash equivalents at end of period	14	12,019,084	25,763,240

The notes on pages 7 to 26 are an integral part of these consolidated financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
INTERIM NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2021

1. General information

Myanmar Thilawa SEZ Holdings Public Company Limited (the Company) was incorporated in the Republic of the Union of Myanmar on 3 May 2013 under the Myanmar Companies Act. The Act has been replaced by the Myanmar Companies Law 2017. As such, the Company has been re-registered and issued Company Registration No. 151830293 according to the new Law.

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 Shwe Zabu River View Complex 23G-1, No. 3B, Tower (A), Penthouse - 01 & 02, Strand Road, Ahlone Township, Yangon Region, Myanmar.

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 periods 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 comparative financial statements to conform to the classification used in current financial statement.

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%
Building	2%-2.17%
Waste storage house	5%
Machinery and equipment	20%
Motor vehicle	20%
Computer equipment	20%
Furniture and equipment	10% - 40%
Office renovation	5% - 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 statement of financial position 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 period 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 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

Revenue for rendering services is recognized over time as the services are provided. The related costs are recognized in statement of profit or loss and comprehensive income when they are incurred.

(b) Sale of goods – Land and building

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.

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.

Deferred tax is recognised on the 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

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. 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

	Leasehold land	Plant	Transformers	Building	Waste storage house	Machinery and equipment	Motor vehicle	Computer equipment	Furniture and equipment	Office renovation	Asset in construction	Total
Myanmar Kyat (In Thousands)												
Cost												
Balance at 1 October 2020	404,367	1,320,512	270,557	1,143,940	4,342	81,499	423,523	108,599	425,660	191,691	276,943	4,651,633
Addition	—	—	—	—	—	820	—	—	4,231	—	67,976	73,027
Reclassification	—	—	—	—	—	—	—	—	51,228	149,787	(201,015)	—
Disposal	—	—	—	—	—	(15,701)	—	(2,113)	—	—	—	(17,814)
Write off	—	—	—	—	—	—	—	(2,495)	(235)	(1,781)	—	(4,511)
Balance at 31 March 2021	404,367	1,320,512	270,557	1,143,940	4,342	66,618	423,523	103,991	480,884	339,697	143,904	4,702,335
Accumulated depreciation and impairment losses												
Balance at 1 October 2020	(18,414)	(180,543)	(14,650)	(33,438)	(398)	(50,355)	(321,343)	(65,626)	(282,229)	(157,399)	—	(1,124,395)
Depreciation	(4,419)	(33,013)	(2,930)	(11,621)	(109)	(3,821)	(20,643)	(7,781)	(40,217)	(19,493)	—	(144,047)
Impairment loss	—	—	—	—	—	—	—	—	—	—	—	—
Disposal	—	—	—	—	—	15,302	—	2,113	—	—	—	17,415
Write off	—	—	—	—	—	—	—	1,843	194	1,773	—	3,810
Balance at 31 March 2021	(22,833)	(213,556)	(17,580)	(45,059)	(507)	(38,874)	(341,986)	(69,451)	(322,252)	(175,119)	—	(1,247,217)
Net book value												
At 31 March 2021	381,534	1,106,956	252,977	1,098,881	3,835	27,744	81,537	34,540	158,632	164,578	143,904	3,455,118
Cost												
Balance at 1 October 2019	404,367	1,320,512	270,557	1,143,940	4,342	80,581	324,898	92,495	430,067	290,056	—	4,361,815
Addition	—	—	—	—	—	1,368	98,625	19,897	16,679	6,176	276,943	419,688
Disposal	—	—	—	—	—	—	—	(3,231)	(7,811)	(1,297)	—	(12,339)
Write off	—	—	—	—	—	(450)	—	(562)	(13,275)	(103,244)	—	(117,531)
Balance at 30 September 2020	404,367	1,320,512	270,557	1,143,940	4,342	81,499	423,523	108,599	425,660	191,691	276,943	4,651,633
Accumulated depreciation and impairment losses												
Balance at 1 October 2019	(9,575)	(114,517)	(8,790)	(10,196)	(181)	(40,127)	(265,925)	(52,533)	(213,773)	(194,761)	—	(910,378)
Depreciation	(8,839)	(66,026)	(5,860)	(23,242)	(217)	(10,411)	(55,418)	(15,610)	(78,389)	(46,767)	—	(310,779)
Impairment loss	—	—	—	—	—	—	—	—	—	—	—	—
Disposal	—	—	—	—	—	—	—	2,067	5,287	908	—	8,262
Write off	—	—	—	—	—	183	—	450	4,646	83,221	—	88,500
Balance at 30 September 2020	(18,414)	(180,543)	(14,650)	(33,438)	(398)	(50,355)	(321,343)	(65,626)	(282,229)	(157,399)	—	(1,124,395)
Net book value												
At 30 September 2020	385,953	1,139,969	255,907	1,110,502	3,944	31,144	102,180	42,973	143,431	34,292	276,943	3,527,238

7. Intangible asset

Myanmar Kyat (In Thousands)	Software
Cost	
Balance at 1 October 2020	11,495
Addition	—
Balance at 31 March 2021	11,495
Accumulated amortization and impairment losses	
Balance at 1 October 2020	(8,399)
Amortisation	(675)
Impairment loss	—
Balance at 31 March 2021	(9,074)
Net book value	
At 31 March 2021	2,421
Cost	
Balance at 1 October 2019	11,495
Addition	—
Balance at 30 September 2020	11,495
Accumulated amortization and impairment losses	
Balance at 1 October 2019	(6,423)
Amortisation	(1,976)
Impairment loss	—
Balance at 30 September 2020	(8,399)
Net book value	
At 30 September 2020	3,096

8. Investment in associate

Myanmar Kyat (In Thousands)	31 March 2021	30 September 2020
Opening balance	37,941,370	29,268,858
Proportionate net profit for the period/year	1,594,796	8,628,280
Unrealised profit adjustment	20,735	44,232
Carrying value	39,556,901	37,941,370

The Company's share of profit in its equity-accounted investee (i.e, Myanmar Japan Thilawa Development Limited) for the period was Kyats 1,594,795,543.04 (USD 1,085,411.79@ Kyats 1469.3) (2020: Profit Kyats 8,628,280,273.15 (USD 6,594,023.9@ Kyats 1308.5). 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)	31 March 2021	30 September 2020
Owner-ship	41%	41%
Current assets	70,640	67,610
Non-current assets	19,566	19,727
Total assets	90,206	87,337
Current liabilities	11,781	11,734
Non-current liabilities	2,221	2,047
Total liabilities	14,002	13,781
Net assets	76,204	73,556
Income	8,525	38,988
Expenses	(5,877)	(22,904)
Profit	2,648	16,084
Share of profit	1,085	6,594

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

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

10. Investment property

Myanmar Kyat (In Thousands)	Land and building
Cost	
Balance at 1 October 2020	5,487,548
Transferred to inventories	(249,522)
Balance at 31 March 2021	5,238,026
Accumulated depreciation and impairment losses	
Balance at 1 October 2020	(400,232)
Depreciation	(65,588)
Transferred to inventories	5,586
Impairment loss	—
Balance at 31 March 2021	(460,234)
Unrealised profit adjustment	(124,832)
Net book value	
At 31 March 2021	4,652,960
Cost	
Balance at 1 October 2019	4,989,582
Transferred from inventories	497,966
Balance at 30 September 2020	5,487,548
Accumulated depreciation and impairment losses	
Balance at 1 October 2019	(264,891)
Depreciation	(135,341)
Impairment loss	—
Balance at 30 September 2020	(400,232)
Unrealised profit adjustment	(128,838)
Net book value	
At 30 September 2020	4,958,478

The Company's investment property at 31 March 2021 includes 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 2021. 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 2021.

During the period from 1 October 2020 to 31 March 2021, one unit of shop house has been transferred back from investment property to inventory with its net book value. The property held for rent in the ordinary course of business.

As of 31 March 2021, the Company's investment property includes:

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

Details of the group's investment properties and information about the fair value hierarchy as at 31 March 2021 are as follows:

	Level 1	Level 2	Level 3	Fair value as at 31 March 2021
Investment property				
Workers accommodation	–	–	8,620,895	8,620,895
Unit A – Main road	918,750		–	918,750
Unit B – Internal road	370,551	–	–	370,551

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.

One unit of type A facing main road was transferred from Level 2 to Level 1 and there were no other transfer 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 lease amounted to MMK 123,376 (thousand). Direct operating expenses (including repairs and maintenance) arising from the rental –generating investment properties amounted to MMK 90,974 (thousand).

11. Deferred tax assets

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)	31 March 2021	30 September 2020
Deferred tax assets		
To be recovered within one year	–	–
To be recovered after one year	11,453	11,453
	11,453	11,453

12. Net receivable under installment sales

The Company sells its shop houses under installment plan during the period ended 31 March 2021. Net present value of installment payments to be received are recognised as revenue and receivable. The Company use interest rate implicit in the contract as discount rate to measure the net present value. These properties are de-recognised from the inventory and carrying amount is recognised under cost of sales. The selling profit is the difference between revenue and cost of sales.

The Company recognize the finance income and allocate over the installment term.

(a) Selling profit from installment sales

Myanmar Kyat (In Thousands)	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Selling profit	–	192,596

(b) Receivable under installment sales

Myanmar Kyat (In Thousands)	31 March 2021	30 September 2020
Gross receivable under installment sales	400,326	486,495
Less: Unearned finance income	(48,815)	(68,910)
	351,511	417,585
Less: current portion (Note 15)	(142,834)	(135,647)
	208,677	281,938

(c) Undiscounted installment payments to be received

Myanmar Kyat (In Thousands)	31 March 2021	30 September 2020
Within one year	172,337	172,337
Second to fourth years	227,989	314,158
	400,326	486,495

13. Other assets

Myanmar Kyat (In Thousands)	31 March 2021	30 September 2020
Logistics Dependent Industrial Area	86,706	86,706
Myit Kyi Nar Economic Development Zone	7,005	7,005
Gyo Gone Redevelopment Project	153,060	105,200
	246,771	198,911

14. Cash and cash equivalents

Myanmar Kyat (In Thousands)	31 March 2021	30 September 2020
Cash in hand	124,534	21,742
Cash at bank – current	10,529,097	16,079,303
Cash at bank – saving	1,363,644	772,146
Cash at bank – call	1,809	9,396
	12,019,084	16,882,587

15. Trade and other receivables

Myanmar Kyat (In Thousands)	31 March 2021	30 September 2020
Trade receivables from		
- Related parties*	253,013	225,324
- Non-related parties	164,388	53,883
Other receivable from non-related parties	7,431	20,944
Net receivable under installment sales (Note 12)	142,834	135,647
Construction contract - Due from related parties	–	24,315
Accrued income		
- Related parties	–	30,317
- Non-related parties	18,160	16,260
Deposit	218,090	218,390
Prepayments and advance	57,472	29,012
Advance income tax	30,207	30,207
Advance commercial tax	655,219	730,910
	1,546,814	1,515,209

* It comprises management services fees receivable from Myanmar Japan Thilawa Development Limited (MJTD).

16. Inventories

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 the cost of land scraping, infrastructure development, shop houses construction and fencing the water treatment plant during the period/year.

17. Construction contract

Myanmar Kyat (In Thousands)	31 March 2021	30 September 2020
Construction contract work in progress		
Beginning of financial period/year	–	16,270
Contract costs incurred	–	136,454
Contract expenses recognised in profit or loss	–	(152,724)
End of financial period/year	–	–
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	–	263,458
Less: Progress billing	–	(233,141)
Unbilled to customers current financial period/year	–	30,317
Due from related party on construction contracts (Note 15)		
Billed to customer	–	24,315
Unbilled to customers – current financial period/year	–	30,317
Unbilled to customers – previous financial period/year	–	–
End of financial period/year	–	54,632

18. Issued and paid-up share capital

Myanmar Kyat (In Thousands)	No. of ordinary shares issued		Issued and fully paid-up share capital	
	31 March 2021	30 September 2020	31 March 2021	30 September 2020
Beginning of financial period/year	38,929,150	38,929,150	38,929,150	38,929,150
Issued of shares	—	—	—	—
End of financial period/year	38,929,150	38,929,150	38,929,150	38,929,150

19. Trade and other payables

Myanmar Kyat (In Thousands)	31 March 2021	30 September 2020
Trade payables to non-related parties	42,211	29,763
Construction contract-due to supplier	198,699	283,542
Other payables to		
- Related parties	52,120	52,120
- Non-related parties	146,029	116,408
Deposit from suppliers	17,822	23,156
Accrued expenses	88,822	92,947
Unpaid dividend	1,548,694	1,191,883
Deferred rental income		
- Related parties	—	795
- Non-related parties	46,710	54,076
Commercial tax	7,762	5,368
Advance receipt	—	12
	2,148,869	1,850,070

20. Revenue

Myanmar Kyat (In Thousands)	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Management fees	456,199	473,107
Construction revenue	—	230,067
Rental income	123,376	210,568
Sale of land	1,370,200	—
Sale of building	—	687,951
Telecommunication	15,799	16,535
Utilities income	129,141	137,300
	2,094,715	1,755,528

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

Construction revenue

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

Rental income

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

Sale of land

The above comprises of sale of land to Max Energy Company Limited.

Sale of building

The above comprises of sale of shop houses to U Maung Maung Gyi.

Telecommunication

The above comprises of fixed element and revenue sharing variable element for granting access of fiber optic cable to telecommunication service provider.

Utilities income

The above comprises of water, electricity and common area maintenance fees from the banks, shop house, rented shops and food court.

21. Other income

Myanmar Kyat (In Thousands)	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Interest income	29,408	429,772
Miscellaneous income	4,661	1,202
Finance income under lease	20,095	14,283
	54,164	445,257

22. Unrealised exchange gains/ (losses)

The above mainly include the foreign exchange gains/ (losses) arising from revaluation of US Dollar cash balances at the end of reporting periods.

23. Expenses by nature

Myanmar Kyat (In Thousands)	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Land cost	413,943	–
Construction contract cost	–	170,782
Cost of rental and dormitory	90,974	117,594
Building cost - shop house	–	502,898
Utilities cost	94,430	107,833
Write off - property, plant and equipment	701	28,764
Depreciation of property, plant and equipment	144,047	165,162
Depreciation of investment property	65,588	66,959
Amortisation of intangible asset	675	988
Employee benefit expenses (Note 23-a)	285,968	413,776
Key management personnel and director compensations (Note 26-b)	218,003	393,008
Advertising and agency fees expense	28,484	19,209
Rental expense	13,010	17,217
Transportation expense	4,855	19,479
Listing expense	2,626	176
Other expense	229,605	203,348
Unrealised profit adjustment	(56,899)	(31,484)
	1,536,010	2,195,709

23-a. Employee benefit expenses

Myanmar Kyat (In Thousands)	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Wages and salaries	240,876	290,043
Other benefits	45,092	123,733
	285,968	413,776

24. Income tax expense

Myanmar Kyat (In Thousands)	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Current tax expenses		
Current period	–	5,201
Deferred income tax	–	–
	–	5,201

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 periods.

Myanmar Kyat (In Thousands)	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Net profit attributable to equity holders of the Company (Myanmar Kyat in thousands)	3,811,750	2,980,273
Weighted average number of ordinary shares outstanding for basic earnings per share (shares in thousands)	38,929	38,929
Basic earnings per share	98	77
Per value of shares (Myanmar Kyat)	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)	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Management fees from MJTD	456,199	473,107
Construction revenue from MJTD	–	230,067

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	1 October 2020 to 31 March 2021 Kyats '000	1 October 2019 to 31 March 2020 Kyats '000
1	Shwe Me	U Tun Lwin	Director	13,052	–
2	CB Securities	U Khin Maung Aye	Vice Chairman	2,500	–
3	Dagon International Limited	U Win Aung	Chairman	9,309	–

Outstanding balances of related parties are disclosed in Notes 15 and 19 respectively.

(b) Key management personnel and director compensation

Myanmar Kyat (In Thousands)	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Director remuneration	34,000	36,000
Key management personnel remuneration	184,003	324,368
Key management bonus	–	32,640
	218,003	393,008

(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 January 2022.

27. Authorization of financial statements

The financial statements of the Company for the period ended 31 March 2021 were authorized for issue on 29 June 2021.