

ရက်စွဲ။ ၂၀၁၉ ခုနှစ်၊ ဇွန်လ ၂၈ ရက်

၂၀၁၈-၂၀၁၉ ဘဏ္ဍာနှစ်အတွက် ဘဏ္ဍာရေးရှင်းတမ်းများအား အသိပေးကြေညာခြင်း

မြန်မာသီလဝါ အက်(စ်)အီးဇက်ဟိုးဒင်း ပတ်ဘလစ် အများနှင့်သက်ဆိုင်သော ကုမ္ပဏီလီမိတက်မှ ၂၀၁၉ ခုနှစ်၊ မတ်လ (၃၁) ရက်နေ့တွင် ကုန်ဆုံးသည့်ဘဏ္ဍာရေးနှစ်အတွက်၊ မြန်မာနိုင်ငံဘဏ္ဍာရေး အစီရင်ခံခြင်းဆိုင်ရာစံများ (Myanmar Financial Reporting Standard)နှင့်အညီ ပြုစုထားသော ဘဏ္ဍာရေးရှင်းတမ်းပေါင်းချုပ်များကို ပြင်ပစာရင်းစစ်အဖွဲ့မှ စစ်ဆေးပြီးစီးပြီဖြစ်ပါ သဖြင့် အစုရှယ်ယာရှင်များ သိရှိနိုင်ပါရန်အတွက် ဤထုတ်ပြန်ချက်ဖြင့် အသိပေးကြေညာအပ်ပါသည်။

ဤဘဏ္ဍာရေးရှင်းတမ်းပေါင်းချုပ်နှင့်အတူ နောက်ဆက်တွဲ ရှင်းလင်းချက်အပြည့်အစုံကို ၂၀၁၉ ခုနှစ်၊ ဇွန်လ (၁၉) ရက်နေ့တွင် ကျင်းပပြုလုပ်သည့် ဒါရိုက်တာအဖွဲ့အစည်းအဝေးမှ အတည်ပြုထားရှိပြီးဖြစ်ပါကြောင်းဖော်ပြအပ်ပါသည်။



ထွန်းလွင်
Board Secretary

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Currency – Myanmar Kyat (In Thousands)

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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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 consolidated statements of financial position of **Myanmar Thilawa SEZ Holdings Public Company Limited (the Company) and its subsidiary (the Group)** as at 31 March 2019, the consolidated statement of comprehensive income of the Group, consolidated statement of changes in equity of the Group, consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these 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, as management committee, 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.



19 June 2019



ဝင်းသင်နှင့်အဖွဲ့၊ စာရင်းစစ်များ။

WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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Ref: 1690/ M-255/ March 2019

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Myanmar Thilawa SEZ Holdings Public Company Limited ("the Company")** and its subsidiary ("**the Group**") set out on pages 4 to 27 which comprise the consolidated statement of financial position of the Group as at 31 March 2019, the consolidated statement of comprehensive income of the Group, the consolidated statement of changes in equity of the Group, consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards and the provisions of the Myanmar Companies Law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Myanmar Financial Reporting Standards and the provision of the Myanmar Companies Law.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Myanmar Companies Law, we also report that:

- (i) we have obtained all the information and explanations we have required; and
- (ii) books of account have been maintained by the Company and by its subsidiary as required by Section 258 of the Law.



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

19 June 2019



MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

Currency – Myanmar Kyat (In Thousands)

	Note	2019	2018 Restated*
Assets			
Non-current assets			
Property, plant and equipment	6	2,575,168	956,973
Intangible asset	7	6,194	5,435
Investment in associate	8	27,687,506	20,608,500
Other investment	9	10,000	10,000
Investment property	10	4,535,391	4,035,854
Deferred tax assets	11	12,060	8,179
Other assets		85,497	-
		34,911,816	25,624,941
Current assets			
Cash and cash equivalents	12	32,343,081	32,126,840
Trade and other receivables	13	2,886,191	4,867,485
Inventories	14	27,378,947	29,209,529
Construction contract work in progress	15	44,911	185,007
		62,653,130	66,388,861
		97,564,946	92,013,802
Equity and liabilities			
Equity			
Issued and paid-up share capital	16	38,929,150	38,929,150
Retained profits		45,515,833	38,982,052
		84,444,983	77,911,202
Non-controlling interest		7,603,866	7,480,961
		92,048,849	85,392,163
Non-current liabilities			
Advance from customers		2,761,465	2,509,402
		2,761,465	2,509,402
Current liabilities			
Trade and other payables	17	2,460,639	4,066,518
Current tax liability		293,993	45,719
		2,754,632	4,112,237
		97,564,946	92,013,802

*See note 27

The notes on pages 8 to 26 are an integral part of these consolidated financial statements.

Authenticated by Directors:


WIN AUNG
Chairman


Kyaw Zaw Wai
Chief Executive Officer
MYANMAR THILAWA SEZ HOLDINGS PUBLIC CO., LTD.


Tun Lwin
Director
MYANMAR THILAWA SEZ HOLDINGS PUBLIC CO., LTD.


Myo Myint Aung
Head Of Finance
MYANMAR THILAWA SEZ HOLDINGS PUBLIC CO., LTD.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019
Currency – Myanmar Kyat (In Thousands)

	Note	2019	2018 Restated*
Revenue	18	5,382,179	11,000,824
Cost of sales	21	(2,133,698)	(5,770,569)
Gross Profit		3,248,481	5,230,255
Other income	19	1,412,902	344,098
Other gains/(losses)	20	2,683,506	726,114
Selling and marketing expenses	21	(206,606)	(53,221)
Administrative expenses	21	(2,618,492)	(2,481,408)
Profit for the year		4,519,791	3,765,838
Share of profit of associate	8	11,395,054	9,082,732
Profit before tax		15,914,845	12,848,570
Income tax expense	22	(304,454)	(43,474)
Net Profit for the year		15,610,391	12,805,096
Other comprehensive income for the year		-	-
Total comprehensive income for the year		15,610,391	12,805,096
Profit attributable to:			
Equity holders of the Company		15,487,486	12,060,965
Non-controlling interests		122,905	744,131
Total comprehensive income attributable to:			
Equity holders of the Company		15,487,486	12,060,965
Non-controlling interests		122,905	744,131
Earnings per share (K per share)			
Basic earnings per share	24	398	310

*See note 27

The notes on pages 8 to 27 are an integral part of these consolidated financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

Currency – Myanmar Kyat (In Thousands)

	Issued and paid-up share capital	Retained profits	Non-controlling interest	Total equity
Restated balance at 1 April 2018	38,929,150	38,982,052	7,480,961	85,392,163
Comprehensive income				
Profit for the year	-	15,487,486	122,905	15,610,391
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	15,487,486	122,905	15,610,391
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 31 March 2019	38,929,150	45,515,833	7,603,866	92,048,849
Balance at 1 April 2017	38,929,150	37,197,834	6,775,622	82,902,606
Impact on correction of error *		(155,168)	(38,792)	(193,960)
Restated balance at 1 April 2017	38,929,150	37,042,666	6,736,830	82,708,646
Comprehensive income				
Restated profit for the year	-	12,060,965	744,131	12,805,096
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year (restated)	-	12,060,965	744,131	12,805,096
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)
Restated balance at 31 March 2018*	38,929,150	38,982,052	7,480,961	85,392,163

*See note 27

The notes on pages 8 to 27 are an integral part of these consolidated financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019
Currency – Myanmar Kyat (In Thousands)

	Note	2019	2018
Cash flows from operating activities			
Profit before tax		15,914,845	12,848,570
Adjustment for non-cash items:			
Depreciation		380,565	307,913
Amortisation		2,119	1,320
Write-off		696	489
Reclassification		-	10,919
Unrealised profit adjustment		(122,573)	172,182
Share of profit of associate		(11,395,054)	(9,082,732)
Operating profit before working capital changes		4,780,598	4,258,661
Changes in working capital			
Trade and other receivables		2,210,743	(3,084,273)
Deposit from suppliers		-	3,053
Inventories		(515,322)	(4,696,647)
Construction contract work in progress		140,096	(175,811)
Trade and other payables		(1,605,879)	761,193
Current tax liability		-	(497,536)
Advance from customers		252,063	(2,274,394)
Cash generated from operations		5,262,299	(5,705,754)
Income tax paid		(289,510)	(33,509)
Net cash provided by operating activities		4,972,789	(5,739,263)
Cash flows from investing activities			
Purchase of property, plant and equipment		(62,231)	(100,792)
Purchase of intangible asset		(2,878)	(2,204)
Dividend received from associate		4,347,763	21,734,100
Other asset		(85,497)	-
Purchase of shares from other investment		-	(10,000)
Net cash (used in) investing activities		4,197,157	21,621,104
Cash flows from financing activities			
Dividend paid to shareholders		(8,953,705)	(10,121,579)
Net cash used in financing activities		(8,953,705)	(10,121,579)
Net increase/ (decrease) in cash and cash equivalents		216,241	5,760,262
Cash and cash equivalents at beginning of year		32,126,840	26,366,578
Cash and cash equivalents at end of year	13	32,343,081	32,126,840

The notes on pages 8 to 27 are an integral part of these consolidated financial statements.

**MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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 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 No. (29), Min Ye Kyaw Swar Road (UMFCCI Tower), Lanmadaw Township, Yangon Region, the Republic of the Union of 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 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 2018 financial statements to conform to the classification used in 2019.

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 year-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	2.17%
Wage storage house	5%
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 Deferred tax

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).

2.11 Cash and cash equivalents

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

2.12 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.

2.13 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.

2.14 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.

2.15 Dividends

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

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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

	Leasehold land	Plant	Transformers	Building	Waste storage house	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	-	-	-	-	-	2,946	4,560	9,754	44,971	-	62,231
Transferred from inventories	404,367	932,712	270,557	218,940	4,342	-	-	-	-	-	1,830,918
Write off	-	-	-	-	-	-	-	(120)	(2,774)	-	(2,894)
Balance at 31 March 2019	404,367	1,320,512	270,557	218,940	4,342	78,123	325,988	77,530	358,721	269,443	3,328,523
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	(5,156)	(46,594)	(5,860)	(4,742)	(72)	(11,729)	(68,063)	(14,929)	(63,202)	(53,911)	(274,258)
Impairment loss	-	-	-	-	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-	18	2,180	-	2,198
Balance at 31 March 2019	(5,156)	(81,504)	(5,860)	(4,742)	(72)	(33,977)	(234,491)	(44,949)	(176,422)	(166,182)	(753,355)
Net book value											
At 31 March 2019	399,211	1,239,008	264,697	214,198	4,270	44,146	91,497	32,581	182,299	103,261	2,575,168
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

7. Intangible asset

Myanmar Kyat (In Thousands)	Software
Cost	
Balance at 1 April 2018	8,617
Addition	2,878
Write off	-
Balance at 31 March 2019	11,495
Accumulated amortization and impairment losses	
Balance at 1 April 2018	(3,182)
Amortisation	(2,119)
Impairment loss	-
Write off	-
Balance as at 31 March 2019	(5,301)
Net book value	
At 31 March 2019	6,194
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 at 31 March 2018	(3,182)
Net book value	
At 31 March 2018	5,435

8. Investment in associate

Myanmar Kyat (In Thousands)	2019	2018
Opening balance	20,608,500	18,460,621
Proportionate net profit for the year	11,395,054	9,082,732
Dividend received	(4,347,763)	(6,701,040)
Unrealised profit adjustment	31,715	(233,813)
Carrying value as at 31 March 2019	27,687,506	20,608,500

The Company's share of profit in its equity-accounted investee (i.e, Myanmar Japan Thilawa Development Limited) for the year was Kyats 11,395,053,319.22 (USD 7,521,983.84 @ Kyats 1514.9) (2018: Profit Kyats 9,082,731,587 (USD 6,803,544.26 @ Kyats 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)	2019	2018
Owner-ship	41%	41%
Current assets	63,773	57,423
Non-current assets	12,047	12,598
Total assets	75,820	70,021
Current liabilities	18,936	25,282
Non-current liabilities	1,632	833
Total liabilities	20,568	26,115
Net assets	55,252	43,906
Income	42,966	44,226
Expenses	(24,620)	(27,632)
Profit	18,346	16,594
Share of profit	7,522	6,804

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 April 2018	4,202,380
Transferred from inventories	674,842
Balance at 31 March 2019	4,877,222
Accumulated depreciation and impairment losses	
Balance at 1 April 2018	(105,059)
Depreciation	(106,307)
Impairment loss	-
Balance at 31 March 2019	(211,366)
Unrealised profit adjustment	(130,465)
Net book value	
At 31 March 2019	4,535,391
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 2019 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 2019. 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 2019.

During the period from 1 April 2018 to 31 March 2019, two units of shop houses have been transferred from inventory to investment property at their cost. As of 31 March 2019, 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 31 March 2019 are as follows:

	Level 1	Level 2	Level 3	Fair Value as at 31 March 2019
Investment property				
- Workers accommodation	-	-	8,548,688	8,548,688
- Unit A – Main road	-	433,785	-	433,785
- Unit B – Internal road	363,605	-	-	363,605

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 lease, amounted to MMK 185,257 (thousand). Direct operating expenses (including repairs and maintenance) arising from the rental –generating investment properties amounted to MMK 131,726 (thousand).

11. 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)	2019	2018
Deferred tax assets		
To be recovered within one year	-	-
To be recovered after one year	12,060	8,179
	12,060	8,179

12. Cash and cash equivalents

Myanmar Kyat (In Thousands)	2019	2018
Cash in hand	20,213	20,342
Cash at bank – current	30,951,037	30,352,812
Cash at bank – saving	1,358,119	1,465,809
Cash at bank – call	13,712	287,877
	32,343,081	32,126,840

13. Trade and other receivables

Myanmar Kyat (In Thousands)	2019	2018
Trade receivables from		
- Related parties*	260,866	229,887
- Non-related parties	399,106	12,490
Other receivable from		
- Affiliates & related parties**	-	90
- Non-related parties	9,559	-
Construction contract		
- Due from related parties	325,196	2,761,793
Accrued income		
- Related parties	588,936	590,049
- Non-related parties	12,198	-
Deposit	17,040	22,021
Prepayments & advance	56,274	119,391
Advance income tax	336,923	107,473
Advance commercial tax	880,093	1,024,291
	2,886,191	4,867,485

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

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

14. Inventories (MMK 27,378,947,000)

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, food court development and fencing the water treatment plant during the period.

15. Construction contract

Myanmar Kyat (In Thousands)	2019	2018
Construction contract work in progress		
Beginning of financial year	185,007	9,196
Contract costs incurred	1,565,921	4,154,843
Contract expenses recognised in profit or loss	(1,706,017)	(3,979,032)
End of financial year	44,911	185,007
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	2,329,222	5,950,661
Less: Progress billing	(1,904,527)	(5,360,612)
Unbilled to customers current financial year	424,695	590,049
Due from related party on construction contracts (Note 14)		
Billed to customer	325,196	2,761,793
Unbilled to customers – current financial year	424,695	590,049
Unbilled to customers – previous financial year	164,241	-
End of financial year	914,132	3,351,842

16. Issued and paid-up share capital

Myanmar Kyat (In Thousands)	No. of ordinary shares issued		Issued and fully paid-up share capital	
	2019	2018	2019	2018
Beginning of financial year	38,929,150	38,929,150	38,929,150	38,929,150
Issued of shares	-	-	-	-
End of financial year	38,929,150	38,929,150	38,929,150	38,929,150

17. Trade and other payables

Myanmar Kyat (In Thousands)	2019	2018
Trade payables to non-related parties	8,442	2,053,769
Construction contract-due to supplier	634,866	36,267
Other payables to		
- Related parties	149,932	93,314
- Non-related parties	145,478	105,086
Deposit from suppliers	380,547	408,856
Accrued expenses	136,515	4,160
Unpaid dividend	869,533	797,273
Deferred rental income		
- Related parties	55,106	464,637
- Non-related parties	72,352	10,021
Commercial tax	7,868	93,135
	2,460,639	4,066,518

18. Revenue

Myanmar Kyat (In Thousands)	2019	2018
Management fees	1,040,846	915,507
Sales commission	1,335,889	203,687
Construction revenue	2,329,222	5,950,662
Sale of land	738,720	3,574,358
Sale of building	-	797,390
Rental income	185,257	79,759
	5,629,934	11,521,363
Less commercial tax*	(247,755)	(520,539)
	5,382,179	11,000,824

* 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.

19. Other income

Myanmar Kyat (In Thousands)	2019	2018
Interest income	1,337,809	336,537
Tender income	800	-
Utilities income	57,280	4,201
Miscellaneous income	17,013	-
Sale proceed – written off fixed asset	-	3,360
	1,412,902	344,098

20. Other gains/(losses)

Myanmar Kyat (In Thousands)	2019	2018
Currency exchange gains	2,683,506	726,114
	2,683,506	726,114

21. Expenses by nature

Myanmar Kyat (In Thousands)	2019	2018
Land Cost	278,963	958,586
Construction contract cost	1,706,017	3,979,032
Cost of rental and utilities	131,726	546,172
Write off - property, plant and equipment	696	489
Depreciation of property, plant and equipment	274,258	223,920
Depreciation of investment property	106,307	83,993
Amortisation charge of intangible asset	2,119	1,320
Employee benefit expenses (Note 23)	679,747	611,978
Key management personal and director compensations (Note 25-b)	861,786	925,408
Advertising and agency fees expense	206,606	53,221
Rental expense	181,917	158,680
Transportation expense	83,327	31,515
Listing expense	6,393	14,747
Other expense	561,507	543,955
Unrealised profit adjustment	(122,573)	172,182
	4,958,796	8,305,198

22. Income tax expense

Myanmar Kyat (In Thousands)	2019	2018
Current tax expenses		
Current year	293,993	45,719
Deferred income tax	(3,881)	(8,179)
Changes in estimates related to prior years	14,342	5,934
	304,454	43,474

23. Employee benefit expenses

Myanmar Kyat (In Thousands)	2019	2018
Wages and salaries	475,245	393,918
Other benefits	204,502	218,060
	679,747	611,978

24. 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 year.

Myanmar Kyat (In Thousands)	2019	2018
Net profit/(loss) attributable to equity holders of the Company (Myanmar Kyat in thousands)	15,487,486	12,060,965
Weighted average number of ordinary shares outstanding for basic Earnings per share (shares in thousands)	38,929	38,929
Basic earnings per share	398	310
Per value of shares (Myanmar Kyat)	1,000	1,000

25. 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)	2019	2018
Management fees from MJTD	991,282	871,912
Sales commission fees from MJTD	1,272,275	193,987
Construction revenue from MJTD	2,238,089	5,695,395

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	2019 Kyats '000	2018 Kyats '000
1	Union of Myanmar Federation of Chamber of Commerce & Industry (Rent of Head office)	U Thein Han	Director	181,887	164,228
2	Sinma Construction Group Ltd (New office renovation)	U KyawKyaw Win	Alternative Director	2,177	2,614
3	Star City	U TheimWai	Vice Chairman	-	28,894
4	CB Securities	U KhinMaung Aye	Vice Chairman	2,500	2,500
5	KFC	U TheimWai	Vice Chairman	-	15,000
6	Information Matrix	U Thaung Su Nyein	Alternative Director	26,378	29,596
7	IM Ringer Co.,Ltd	U Thaung Su Nyein	Alternative Director	131,413	-

Outstanding balances of related parties as at 31 March 2019 are disclosed in Notes 13 and 17 respectively.

(b) Key management personnel and director compensation

Myanmar Kyat (In Thousands)	2019	2018
Director remuneration	72,000	72,000
Director bonus*	149,932	93,313
Key management personnel remuneration	576,203	744,175
Key management bonus	63,651	15,920
	861,786	925,408

*The Company provided Ks 149,932,327 as bonus to the Board Members in relating to the performance of the Company for the year 2018/19.

(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.

26. Events occurring after the reporting date

Board of Directors of the Company has resolved on 19 June 2019 to propose a dividend of Ks.250 per share for the year ended 31 March 2019.

27. Correction of errors

During 2018-2019, the management discovered that land cost per square foot that charges to cost of sales for land lease and sublease of shop house is understated due to basis of valuation on gross land area. The errors have been corrected by restating each of the affected financial statement line items for prior period.

i. Statement of financial position

Myanmar Kyats (In Thousands)	2018	Increase/ (Decrease) 1-4-2017	Increase/ (Decrease) 2018	2018 (Restated)
Inventories	29,519,340	(193,960)	(115,851)	29,209,529
Opening retained earning	39,229,901	(155,168)	(92,681)	38,982,052
Non-controlling interest	7,542,923	(38,792)	(23,170)	7,480,961
		(193,960)	(115,851)	

ii. Statement of profit or loss

Myanmar Kyats (In Thousands)	2018	Increase/ (Decrease) 2018	2018 (Restated)
Land Cost	842,735	115,851	958,586

28. Authorization of financial statements

The financial statements of the Company for the year ended 31 March 2019 were authorized for issue on 19 June 2019.

Date: June 28, 2019

Notice of Financial Results for Financial Year 2018-2019

Myanmar Thilawa SEZ Holdings Public Company Limited (“MTSH”) hereby releases its consolidated financial statements for the financial year ended March 31, 2019 which is prepared in accordance with the Myanmar Financial Reporting Standards (MFRS) and audited by the Independent Auditors.

Such financial statements and its notes have been approved by the Board of Directors at the meeting held on June 19, 2019.



Tun Lwin

Board Secretary

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Currency – Myanmar Kyat (In Thousands)

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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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 consolidated statements of financial position of **Myanmar Thilawa SEZ Holdings Public Company Limited (the Company) and its subsidiary (the Group)** as at 31 March 2019, the consolidated statement of comprehensive income of the Group, consolidated statement of changes in equity of the Group, consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these 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, as management committee, 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.



19 June 2019



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WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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Ref: 1690/ M-255/ March 2019

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Myanmar Thilawa SEZ Holdings Public Company Limited ("the Company") and its subsidiary ("the Group") set out on pages 4 to 27 which comprise the consolidated statement of financial position of the Group as at 31 March 2019, the consolidated statement of comprehensive income of the Group, the consolidated statement of changes in equity of the Group, consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards and the provisions of the Myanmar Companies Law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Myanmar Financial Reporting Standards and the provision of the Myanmar Companies Law.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Myanmar Companies Law, we also report that:

- (i) we have obtained all the information and explanations we have required; and
- (ii) books of account have been maintained by the Company and by its subsidiary as required by Section 258 of the Law.



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

19 June 2019



MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

Currency – Myanmar Kyat (In Thousands)

	Note	2019	2018 Restated*
Assets			
Non-current assets			
Property, plant and equipment	6	2,575,168	956,973
Intangible asset	7	6,194	5,435
Investment in associate	8	27,687,506	20,608,500
Other investment	9	10,000	10,000
Investment property	10	4,535,391	4,035,854
Deferred tax assets	11	12,060	8,179
Other assets		85,497	-
		34,911,816	25,624,941
Current assets			
Cash and cash equivalents	12	32,343,081	32,126,840
Trade and other receivables	13	2,886,191	4,867,485
Inventories	14	27,378,947	29,209,529
Construction contract work in progress	15	44,911	185,007
		62,653,130	66,388,861
		97,564,946	92,013,802
Equity and liabilities			
Equity			
Issued and paid-up share capital	16	38,929,150	38,929,150
Retained profits		45,515,833	38,982,052
		84,444,983	77,911,202
Non-controlling interest		7,603,866	7,480,961
		92,048,849	85,392,163
Non-current liabilities			
Advance from customers		2,761,465	2,509,402
		2,761,465	2,509,402
Current liabilities			
Trade and other payables	17	2,460,639	4,066,518
Current tax liability		293,993	45,719
		2,754,632	4,112,237
		97,564,946	92,013,802

*See note 27

The notes on pages 8 to 26 are an integral part of these consolidated financial statements.

Authenticated by Directors:


WIN AUNG
Chairman


Kyaw Zaw Wai
Chief Executive Officer
MYANMAR THILAWA SEZ HOLDINGS PUBLIC CO., LTD.


Tun Lwin
Director
MYANMAR THILAWA SEZ HOLDINGS PUBLIC CO., LTD.


Myo Myint Aung
Head Of Finance
MYANMAR THILAWA SEZ HOLDINGS PUBLIC CO., LTD.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019
 Currency – Myanmar Kyat (In Thousands)

	Note	2019	2018 Restated*
Revenue	18	5,382,179	11,000,824
Cost of sales	21	(2,133,698)	(5,770,569)
Gross Profit		3,248,481	5,230,255
Other income	19	1,412,902	344,098
Other gains/(losses)	20	2,683,506	726,114
Selling and marketing expenses	21	(206,606)	(53,221)
Administrative expenses	21	(2,618,492)	(2,481,408)
Profit for the year		4,519,791	3,765,838
Share of profit of associate	8	11,395,054	9,082,732
Profit before tax		15,914,845	12,848,570
Income tax expense	22	(304,454)	(43,474)
Net Profit for the year		15,610,391	12,805,096
Other comprehensive income for the year		-	-
Total comprehensive income for the year		15,610,391	12,805,096
Profit attributable to:			
Equity holders of the Company		15,487,486	12,060,965
Non-controlling interests		122,905	744,131
Total comprehensive income attributable to:			
Equity holders of the Company		15,487,486	12,060,965
Non-controlling interests		122,905	744,131
Earnings per share (K per share)			
Basic earnings per share	24	398	310

*See note 27

The notes on pages 8 to 27 are an integral part of these consolidated financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

Currency – Myanmar Kyat (In Thousands)

	Issued and paid-up share capital	Retained profits	Non-controlling interest	Total equity
Restated balance at 1 April 2018	38,929,150	38,982,052	7,480,961	85,392,163
Comprehensive income				
Profit for the year	-	15,487,486	122,905	15,610,391
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	15,487,486	122,905	15,610,391
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 31 March 2019	38,929,150	45,515,833	7,603,866	92,048,849
Balance at 1 April 2017	38,929,150	37,197,834	6,775,622	82,902,606
Impact on correction of error *		(155,168)	(38,792)	(193,960)
Restated balance at 1 April 2017	38,929,150	37,042,666	6,736,830	82,708,646
Comprehensive income				
Restated profit for the year	-	12,060,965	744,131	12,805,096
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year (restated)	-	12,060,965	744,131	12,805,096
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)
Restated balance at 31 March 2018*	38,929,150	38,982,052	7,480,961	85,392,163

*See note 27

The notes on pages 8 to 27 are an integral part of these consolidated financial statements.

MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019
Currency – Myanmar Kyat (In Thousands)

	Note	2019	2018
Cash flows from operating activities			
Profit before tax		15,914,845	12,848,570
Adjustment for non-cash items:			
Depreciation		380,565	307,913
Amortisation		2,119	1,320
Write-off		696	489
Reclassification		-	10,919
Unrealised profit adjustment		(122,573)	172,182
Share of profit of associate		(11,395,054)	(9,082,732)
Operating profit before working capital changes		4,780,598	4,258,661
Changes in working capital			
Trade and other receivables		2,210,743	(3,084,273)
Deposit from suppliers		-	3,053
Inventories		(515,322)	(4,696,647)
Construction contract work in progress		140,096	(175,811)
Trade and other payables		(1,605,879)	761,193
Current tax liability		-	(497,536)
Advance from customers		252,063	(2,274,394)
Cash generated from operations		5,262,299	(5,705,754)
Income tax paid		(289,510)	(33,509)
Net cash provided by operating activities		4,972,789	(5,739,263)
Cash flows from investing activities			
Purchase of property, plant and equipment		(62,231)	(100,792)
Purchase of intangible asset		(2,878)	(2,204)
Dividend received from associate		4,347,763	21,734,100
Other asset		(85,497)	-
Purchase of shares from other investment		-	(10,000)
Net cash (used in) investing activities		4,197,157	21,621,104
Cash flows from financing activities			
Dividend paid to shareholders		(8,953,705)	(10,121,579)
Net cash used in financing activities		(8,953,705)	(10,121,579)
Net increase/ (decrease) in cash and cash equivalents		216,241	5,760,262
Cash and cash equivalents at beginning of year		32,126,840	26,366,578
Cash and cash equivalents at end of year	13	32,343,081	32,126,840

The notes on pages 8 to 27 are an integral part of these consolidated financial statements.

**MYANMAR THILAWA SEZ HOLDINGS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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 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 No. (29), Min Ye Kyaw Swar Road (UMFCCI Tower), Lanmadaw Township, Yangon Region, the Republic of the Union of 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 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 2018 financial statements to conform to the classification used in 2019.

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 year-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	2.17%
Wage storage house	5%
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 Deferred tax

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).

2.11 Cash and cash equivalents

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

2.12 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.

2.13 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.

2.14 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.

2.15 Dividends

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

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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

	Leasehold land	Plant	Transformers	Building	Waste storage house	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	-	-	-	-	-	2,946	4,560	9,754	44,971	-	62,231
Transferred from inventories	404,367	932,712	270,557	218,940	4,342	-	-	-	-	-	1,830,918
Write off	-	-	-	-	-	-	-	(120)	(2,774)	-	(2,894)
Balance at 31 March 2019	404,367	1,320,512	270,557	218,940	4,342	78,123	325,988	77,530	358,721	269,443	3,328,523
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	(5,156)	(46,594)	(5,860)	(4,742)	(72)	(11,729)	(68,063)	(14,929)	(63,202)	(53,911)	(274,258)
Impairment loss	-	-	-	-	-	-	-	-	-	-	-
Write off	-	-	-	-	-	-	-	18	2,180	-	2,198
Balance at 31 March 2019	(5,156)	(81,504)	(5,860)	(4,742)	(72)	(33,977)	(234,491)	(44,949)	(176,422)	(166,182)	(753,355)
Net book value											
At 31 March 2019	399,211	1,239,008	264,697	214,198	4,270	44,146	91,497	32,581	182,299	103,261	2,575,168
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

7. Intangible asset

Myanmar Kyat (In Thousands)	Software
Cost	
Balance at 1 April 2018	8,617
Addition	2,878
Write off	-
Balance at 31 March 2019	11,495
Accumulated amortization and impairment losses	
Balance at 1 April 2018	(3,182)
Amortisation	(2,119)
Impairment loss	-
Write off	-
Balance as at 31 March 2019	(5,301)
Net book value	
At 31 March 2019	6,194
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 at 31 March 2018	(3,182)
Net book value	
At 31 March 2018	5,435

8. Investment in associate

Myanmar Kyat (In Thousands)	2019	2018
Opening balance	20,608,500	18,460,621
Proportionate net profit for the year	11,395,054	9,082,732
Dividend received	(4,347,763)	(6,701,040)
Unrealised profit adjustment	31,715	(233,813)
Carrying value as at 31 March 2019	27,687,506	20,608,500

The Company's share of profit in its equity-accounted investee (i.e, Myanmar Japan Thilawa Development Limited) for the year was Kyats 11,395,053,319.22 (USD 7,521,983.84 @ Kyats 1514.9) (2018: Profit Kyats 9,082,731,587 (USD 6,803,544.26 @ Kyats 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)	2019	2018
Owner-ship	41%	41%
Current assets	63,773	57,423
Non-current assets	12,047	12,598
Total assets	75,820	70,021
Current liabilities	18,936	25,282
Non-current liabilities	1,632	833
Total liabilities	20,568	26,115
Net assets	55,252	43,906
Income	42,966	44,226
Expenses	(24,620)	(27,632)
Profit	18,346	16,594
Share of profit	7,522	6,804

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 April 2018	4,202,380
Transferred from inventories	674,842
Balance at 31 March 2019	4,877,222
Accumulated depreciation and impairment losses	
Balance at 1 April 2018	(105,059)
Depreciation	(106,307)
Impairment loss	-
Balance at 31 March 2019	(211,366)
Unrealised profit adjustment	(130,465)
Net book value	
At 31 March 2019	4,535,391
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 2019 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 2019. 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 2019.

During the period from 1 April 2018 to 31 March 2019, two units of shop houses have been transferred from inventory to investment property at their cost. As of 31 March 2019, 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 31 March 2019 are as follows:

	Level 1	Level 2	Level 3	Fair Value as at 31 March 2019
Investment property				
- Workers accommodation	-	-	8,548,688	8,548,688
- Unit A – Main road	-	433,785	-	433,785
- Unit B – Internal road	363,605	-	-	363,605

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 lease, amounted to MMK 185,257 (thousand). Direct operating expenses (including repairs and maintenance) arising from the rental –generating investment properties amounted to MMK 131,726 (thousand).

11. 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)	2019	2018
Deferred tax assets		
To be recovered within one year	-	-
To be recovered after one year	12,060	8,179
	12,060	8,179

12. Cash and cash equivalents

Myanmar Kyat (In Thousands)	2019	2018
Cash in hand	20,213	20,342
Cash at bank – current	30,951,037	30,352,812
Cash at bank – saving	1,358,119	1,465,809
Cash at bank – call	13,712	287,877
	32,343,081	32,126,840

13. Trade and other receivables

Myanmar Kyat (In Thousands)	2019	2018
Trade receivables from		
- Related parties*	260,866	229,887
- Non-related parties	399,106	12,490
Other receivable from		
- Affiliates & related parties**	-	90
- Non-related parties	9,559	-
Construction contract		
- Due from related parties	325,196	2,761,793
Accrued income		
- Related parties	588,936	590,049
- Non-related parties	12,198	-
Deposit	17,040	22,021
Prepayments & advance	56,274	119,391
Advance income tax	336,923	107,473
Advance commercial tax	880,093	1,024,291
	2,886,191	4,867,485

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

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

14. Inventories (MMK 27,378,947,000)

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, food court development and fencing the water treatment plant during the period.

15. Construction contract

Myanmar Kyat (In Thousands)	2019	2018
Construction contract work in progress		
Beginning of financial year	185,007	9,196
Contract costs incurred	1,565,921	4,154,843
Contract expenses recognised in profit or loss	(1,706,017)	(3,979,032)
End of financial year	44,911	185,007
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	2,329,222	5,950,661
Less: Progress billing	(1,904,527)	(5,360,612)
Unbilled to customers current financial year	424,695	590,049
Due from related party on construction contracts (Note 14)		
Billed to customer	325,196	2,761,793
Unbilled to customers – current financial year	424,695	590,049
Unbilled to customers – previous financial year	164,241	-
End of financial year	914,132	3,351,842

16. Issued and paid-up share capital

Myanmar Kyat (In Thousands)	No. of ordinary shares issued		Issued and fully paid-up share capital	
	2019	2018	2019	2018
Beginning of financial year	38,929,150	38,929,150	38,929,150	38,929,150
Issued of shares	-	-	-	-
End of financial year	38,929,150	38,929,150	38,929,150	38,929,150

17. Trade and other payables

Myanmar Kyat (In Thousands)	2019	2018
Trade payables to non-related parties	8,442	2,053,769
Construction contract-due to supplier	634,866	36,267
Other payables to		
- Related parties	149,932	93,314
- Non-related parties	145,478	105,086
Deposit from suppliers	380,547	408,856
Accrued expenses	136,515	4,160
Unpaid dividend	869,533	797,273
Deferred rental income		
- Related parties	55,106	464,637
- Non-related parties	72,352	10,021
Commercial tax	7,868	93,135
	2,460,639	4,066,518

18. Revenue

Myanmar Kyat (In Thousands)	2019	2018
Management fees	1,040,846	915,507
Sales commission	1,335,889	203,687
Construction revenue	2,329,222	5,950,662
Sale of land	738,720	3,574,358
Sale of building	-	797,390
Rental income	185,257	79,759
	5,629,934	11,521,363
Less commercial tax*	(247,755)	(520,539)
	5,382,179	11,000,824

* 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.

19. Other income

Myanmar Kyat (In Thousands)	2019	2018
Interest income	1,337,809	336,537
Tender income	800	-
Utilities income	57,280	4,201
Miscellaneous income	17,013	-
Sale proceed – written off fixed asset	-	3,360
	1,412,902	344,098

20. Other gains/(losses)

Myanmar Kyat (In Thousands)	2019	2018
Currency exchange gains	2,683,506	726,114
	2,683,506	726,114

21. Expenses by nature

Myanmar Kyat (In Thousands)	2019	2018
Land Cost	278,963	958,586
Construction contract cost	1,706,017	3,979,032
Cost of rental and utilities	131,726	546,172
Write off - property, plant and equipment	696	489
Depreciation of property, plant and equipment	274,258	223,920
Depreciation of investment property	106,307	83,993
Amortisation charge of intangible asset	2,119	1,320
Employee benefit expenses (Note 23)	679,747	611,978
Key management personal and director compensations (Note 25-b)	861,786	925,408
Advertising and agency fees expense	206,606	53,221
Rental expense	181,917	158,680
Transportation expense	83,327	31,515
Listing expense	6,393	14,747
Other expense	561,507	543,955
Unrealised profit adjustment	(122,573)	172,182
	4,958,796	8,305,198

22. Income tax expense

Myanmar Kyat (In Thousands)	2019	2018
Current tax expenses		
Current year	293,993	45,719
Deferred income tax	(3,881)	(8,179)
Changes in estimates related to prior years	14,342	5,934
	304,454	43,474

23. Employee benefit expenses

Myanmar Kyat (In Thousands)	2019	2018
Wages and salaries	475,245	393,918
Other benefits	204,502	218,060
	679,747	611,978

24. 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 year.

Myanmar Kyat (In Thousands)	2019	2018
Net profit/(loss) attributable to equity holders of the Company (Myanmar Kyat in thousands)	15,487,486	12,060,965
Weighted average number of ordinary shares outstanding for basic Earnings per share (shares in thousands)	38,929	38,929
Basic earnings per share	398	310
Per value of shares (Myanmar Kyat)	1,000	1,000

25. 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)	2019	2018
Management fees from MJTD	991,282	871,912
Sales commission fees from MJTD	1,272,275	193,987
Construction revenue from MJTD	2,238,089	5,695,395

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	2019 Kyats '000	2018 Kyats '000
1	Union of Myanmar Federation of Chamber of Commerce & Industry (Rent of Head office)	U Thein Han	Director	181,887	164,228
2	Sinma Construction Group Ltd (New office renovation)	U KyawKyaw Win	Alternative Director	2,177	2,614
3	Star City	U TheimWai	Vice Chairman	-	28,894
4	CB Securities	U KhinMaung Aye	Vice Chairman	2,500	2,500
5	KFC	U TheimWai	Vice Chairman	-	15,000
6	Information Matrix	U Thaung Su Nyein	Alternative Director	26,378	29,596
7	IM Ringer Co.,Ltd	U Thaung Su Nyein	Alternative Director	131,413	-

Outstanding balances of related parties as at 31 March 2019 are disclosed in Notes 13 and 17 respectively.

(b) Key management personnel and director compensation

Myanmar Kyat (In Thousands)	2019	2018
Director remuneration	72,000	72,000
Director bonus*	149,932	93,313
Key management personnel remuneration	576,203	744,175
Key management bonus	63,651	15,920
	861,786	925,408

*The Company provided Ks 149,932,327 as bonus to the Board Members in relating to the performance of the Company for the year 2018/19.

(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.

26. Events occurring after the reporting date

Board of Directors of the Company has resolved on 19 June 2019 to propose a dividend of Ks.250 per share for the year ended 31 March 2019.

27. Correction of errors

During 2018-2019, the management discovered that land cost per square foot that charges to cost of sales for land lease and sublease of shop house is understated due to basis of valuation on gross land area. The errors have been corrected by restating each of the affected financial statement line items for prior period.

i. Statement of financial position

Myanmar Kyats (In Thousands)	2018	Increase/ (Decrease) 1-4-2017	Increase/ (Decrease) 2018	2018 (Restated)
Inventories	29,519,340	(193,960)	(115,851)	29,209,529
Opening retained earning	39,229,901	(155,168)	(92,681)	38,982,052
Non-controlling interest	7,542,923	(38,792)	(23,170)	7,480,961
		(193,960)	(115,851)	

ii. Statement of profit or loss

Myanmar Kyats (In Thousands)	2018	Increase/ (Decrease) 2018	2018 (Restated)
Land Cost	842,735	115,851	958,586

28. Authorization of financial statements

The financial statements of the Company for the year ended 31 March 2019 were authorized for issue on 19 June 2019.