

AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

REGISTRATION No. 100456125

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

**KHIN SU HTAY & ASSOCIATES LIMITED
CERTIFIED PUBLIC ACCOUNTANTS**

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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STATEMENT BY DIRECTORS

OF

AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Group's directors are responsible for the preparation and fair presentation of the consolidated financial statements, comprising the consolidated statement of financial position as at 30 September 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and the provisions of Myanmar Companies Law 2017 ("the Law") and for such internal controls as the directors determine are necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Under the Myanmar Companies Law 2017 ("the Law"), the directors are required to prepare the consolidated financial statements for each year that give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the operating results of the Group for that year. It also requires the directors to ensure the Group keeps proper accounting records according to Section 258 and 261 of Myanmar Companies Law 2017 ("the Law") that disclose with reasonable accuracy of the consolidated financial position of the Group. The directors are also responsible for safeguarding the assets of the Group and to prevent and detect fraud and other irregularities.

The directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the Group will not be a going concern for the next twelve months from the date of this Statement.

The Board of Directors has, on the date of this Statement, authorised these financial statements for issue.

On behalf of the Board of Directors,



U Win Aung
Managing Director
Amata Holding Public Company Limited
Date: 17-12-2021

Daw Nay Myat Thu Aung
Director
Amata Holding Public Company Limited
Date: 17-12-2021



KHIN SU HTAY & ASSOCIATES LIMITED

Certified Public Accountants

(Company Registration Number: 100124548)

C-1 / 005, Ground Floor, Hninnsi Street, Yuzana Highway Complex,
Narnat Taw Road, Kamayut Township, Yangon, Myanmar

Email: thantint@kshal.com

Tel: (95-09) 422953862, 422953863

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

OF

AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Opinion

We have audited the consolidated financial statements of **Amata Holding Public Company Limited** (“the Company”) and its **Subsidiaries** (“the Group”), which comprise the consolidated statement of financial position of the Group as at 30 September 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 our opinion, the consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards (IFRS) and the provisions of Myanmar Companies Law 2017 (“the Law”), so as to give a true and fair view of the state of affairs of the Group as at 30 September 2021 and of the results, changes in equity and cash flows of the Group for the year then ended.

Basis for Opinion

Based on our audit, we conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Myanmar, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the provisions of Myanmar Companies Law 2017 (“the Law”) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



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Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control.



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Certified Public Accountants

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Further to our opinion we report as follows:

- (a) The proper books of account have been kept by the Group in accordance with the provisions of the Section 258 of the Law.
- (b) In accordance with the provisions of Section 280 (b) (i) and (ii) the Law:
 - we have obtained all the information and explanations we have required; and
 - the financial statements are drawn up in conformity with the provisions of the Law.



U Than Tint
CPA (PA-103)
Managing Director
Khin Su Htay & Associates Limited
Certified Public Accountants

Yangon,

Date: 17 December 2021

AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

		30-Sep-21 MMK	30-Sep-20 MMK
Assets			
Non-current assets	Notes		
Property, plant and equipment	4	48,564,364,534	50,607,996,157
Intangible assets	5	75,317,212	132,135,319
Right of used assets	6	641,271,157	653,166,580
		49,280,952,903	51,393,298,056
Current assets			
Inventories	7	130,618,421	165,739,903
Accounts receivable	8	62,583,017	43,324,800
Prepayments and advance	9	111,341,284	190,892,482
Amount due from related parties	10	2,256,530,153	2,673,850,617
Advance tax	11	200,981,732	358,877,474
Cash and cash equivalents	12	835,014,663	590,075,270
		3,597,069,270	4,022,760,546
Total assets		52,878,022,173	55,416,058,602
Equity and liabilities			
Share capital	13	3,487,990,000	3,487,990,000
Retained earnings		19,052,382,310	28,993,745,480
Non controlling interest		538,231,518	620,879,170
		23,078,603,828	33,102,614,650
Current liabilities			
Accounts payable	14	3,846,898,774	1,308,397,101
Tax payable	15	600,671,573	638,530,264
Accrued expenses	16	807,986,646	436,119,064
Deposit received	17	602,781,722	428,371,127
Other liabilities	18	677,414,488	667,856,208
Amount due to related parties	19	56,903,163	32,996,913
Dividend payable	20	948,642,397	948,937,347
Cash and cash equivalent	12	884,519,631	834,494,130
Long-term borrowings	21	3,638,176,000	1,030,968,000
Finance lease obligation	22	53,202,341	35,351,167
		12,117,196,735	6,362,021,321
Non - current liabilities			
Long-term borrowings	21	16,980,724,000	13,221,432,000
Finance lease obligation	22	701,497,610	729,990,631
Other non-current liabilities	23	-	2,000,000,000
		17,682,221,610	15,951,422,631
Total equity and liabilities		52,878,022,173	55,416,058,602

Authenticated by:



U Win Aung
 Managing Director
 Amata Holding Public Company Limited
 Date : 17-12-2021




Daw Nay Myat Thu Aung
 Director
 Amata Holding Public Company Limited
 Date : 17-12-2021

AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

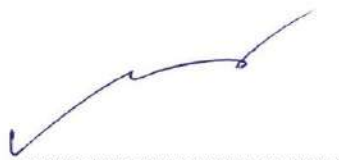
	Notes	30-Sep-21 MMK	30-Sep-20 MMK Restated*
Revenue			
Room / ballooning	24	311,018,290	7,123,491,937
Food and beverage	25	109,930,406	1,475,149,708
Guest laundry and spa	26	1,633,849	137,218,836
Other operating	27	24,898,117	495,938,749
		447,480,662	9,231,799,230
Cost of sales			
Room / ballooning	28	166,826,976	2,556,922,650
Food and beverage	29	127,042,288	1,070,987,402
Guest laundry and spa	30	1,524,466	71,329,650
Other operating	31	5,693,802	3,455,184
		301,087,532	3,702,694,886
Gross profit		146,393,130	5,529,104,344
Add : Other Income	32	2,000,439,778	1,230,197,624
Less : Other expenses			
Sales and marketing	33	33,458,201	242,396,574
Administration and general	34	837,770,417	1,932,163,737
Property operating and maintenance	35	86,543,553	397,611,072
Utility cost	36	76,606,808	333,278,120
Property tax		-	4,012,000
Lease rental		22,575,000	118,375,072
Write-off		5,518,064	104,374
Exchange rate differential	37	7,414,958,053	(1,862,232,121)
		8,477,430,096	1,165,708,828
EBITDA		(6,330,597,188)	5,593,593,140
Depreciation	4, 6	2,051,376,417	2,291,679,268
Amortization	5	56,818,107	62,090,954
EBIT		(8,438,791,712)	3,239,822,918
Interest expense		1,611,671,310	1,533,485,255
(Loss) / profit before tax		(10,050,463,022)	1,706,337,663
Income tax expenses	38	-	(181,485,518)
Gain on disposal		29,298,000	-
Capital gain tax		(2,929,800)	-
(Loss) / profit for the year		(10,024,094,822)	1,524,852,145
Other comprehensive income		-	-
Total comprehensive income for the year		(10,024,094,822)	1,524,852,145

*See note 40

AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	30-Sep-21	30-Sep-20
	MMK	MMK
(Loss) / Profit Attributable to :		
Equity holder of the Company	(9,941,406,010)	1,403,501,560
Non-controlling interest	(82,688,812)	121,350,585
	(10,024,094,822)	1,524,852,145
Total Comprehensive Income Attributable to :		
Equity holder of the Company	(9,941,406,010)	1,403,501,560
Non-controlling interest	(82,688,812)	121,350,585
	(10,024,094,822)	1,524,852,145
Negative earning per share (loss per share) / earning per share		
Basic (MMK)	(947)	134

Authenticated by:



U Win Aung
 Managing Director
 Amata Holding Public Company Limited
 Date : 17 - 12 -2021




Daw Nay Myat Thu Aung
 Director
 Amata Holding Public Company Limited
 Date : 17-12-2021

AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	SHARE CAPITAL		RETAINED EARNINGS		Total		NCI		TOTAL EQUITY	
	MMK		MMK		MMK		MMK		MMK	
As at 01 October 2019	3,487,990,000		28,114,847,137		31,602,837,137		500,145,366		32,102,982,503	
Profit for the year	-		1,403,501,560		1,403,501,560		121,350,585		1,524,852,145	
Proposed dividend	-		(524,879,900)		(524,879,900)		-		(524,879,900)	
Prior year adjustments	-		276,683		276,683		(616,781)		(340,098)	
As at 30 September 2020	3,487,990,000		28,993,745,480		32,481,735,480		620,879,170		33,102,614,650	
As at 01 October 2020	3,487,990,000		28,993,745,480		32,481,735,480		620,879,170		33,102,614,650	
Loss for the year	-		(9,941,406,010)		(9,941,406,010)		(82,688,812)		(10,024,094,822)	
Prior year adjustments	-		42,840		42,840		41,160		84,000	
As at 30 September 2021	3,487,990,000		19,052,382,310		22,540,372,310		538,231,518		23,078,603,828	

The annexed accounting policies and explanatory notes form an integral part of the financial statements

AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	30-Sep-21	30-Sep-20
	MMK	MMK
Cash flows from operating activities		
(Loss) / profit before taxation and extraordinary items	(10,050,463,022)	1,706,337,663
Adjustments for:		
Depreciation	2,051,376,417	2,291,679,268
Transfer of property, plant and equipment	-	44,036,681
Adjustments of property, plant and equipment	2,270,150	-
Amortization	56,818,107	62,090,954
Adjustments	84,000	(340,098)
Interest expense	1,611,671,310	1,533,485,255
Write-off	5,518,064	104,374
Operating (loss) / profit before changes in working capital	(6,322,724,974)	5,637,394,097
Changes in working capital:		
Decrease in inventory	35,121,482	3,197,413
Decrease in trade and other receivables	218,188,723	344,809,354
Decrease in amount due from related parties	417,320,464	1,898,923,604
Increase / (decrease) in trade and other payables	1,053,549,639	(485,003,011)
Increase / (decrease) in amount due to related parties	23,906,250	(1,431,117,363)
Cash (used in) / flow from operating activities	(4,574,638,416)	5,968,204,094
Interest paid	(1,512,889,953)	(1,432,989,745)
Tax paid	-	(104,932,236)
Net cash (used in) / flow from operating activities	(6,087,528,369)	4,430,282,113
	A	
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,639,585)	(2,440,570,630)
Purchase of intangible assets	-	(16,535,000)
Proceeds from sale of property, plant and equipment	29,300,000	-
Net cash provided by / (used in) investing activities	25,660,415	(2,457,105,630)
	B	
Cash flows from financing activity		
Dividend paid	(294,950)	(276,014,650)
Exchange translation of long-term borrowing	6,366,500,000	(2,033,000,000)
Finance lease obligation	(109,423,204)	(127,438,213)
Net cash provided by / (used in) financing activity	6,256,781,846	(2,436,452,863)
	C	
Net increase / (decrease) in cash and cash equivalents	194,913,892	(463,276,380)
	A+B+C	
Cash and cash equivalents at the beginning of the year	(244,418,860)	218,857,520
Cash and cash equivalents at the end of the year	(49,504,968)	(244,418,860)

The annexed accounting policies and explanatory notes form an integral part of the financial statements

AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REGISTRATION No. 100456125
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. General Information

Amata Holding Public Company Limited is domiciled and incorporated in the Republic of the Union of Myanmar with its registered office at No.10, Inya Yeik Thar Street, Mayangone Township Yangon, Myanmar under Company Registration No. 100456125 (former Registration No.1563/2017-2018) dated 27 June 2017.

The Company is listed in the Yangon Stock Exchange Joint Venture Company Limited on 03 June 2021.

The principal activities of the Company are Hospitality, Restaurants and Ballooning Services.

The Company acquired 99.99% share of United International Group Limited (UIG) and 51% share of Myanmar Ballooning Company Limited (MB) on 01 August 2018.

Incorporated in 1993, United International Group Limited mainly involves in resorts and restaurant management under UIG (Amata Brand) which operates value segments of the hospitality market through the following;

- (i) Amata Resort and Spa – Ngapali
- (ii) Amata Garden Resort - Inle
- (iii) Amata Garden Resort – Bagan
- (iv) My Bagan Residence by Amata
- (v) My Hpa-An Residence by Amata

Incorporated in 2013, Myanmar Ballooning Company Limited mainly operates in hot air ballooning and operates under Oriental Ballooning brand. Oriental Ballooning brand flights over the Bagan, the city of Mandalay, stunning Inle Lake and Ngapali Beach in Myanmar (Burma).

2. Basis of Preparation of the Financial Statements

(a) Statement of Compliance

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (“IFRS”) and the provision of Myanmar Companies Law 2017 (“the Law”).

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis.

(c) Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no accounting estimates and judgement made by the management that has significant effect on the consolidated financial statements.

(d) Basis of Consolidation

(a) Subsidiaries

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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are 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. 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 the 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.

(d) Investment in associate

Investment in associated is initially recognized at the transaction price (including transaction costs) under the equity method of accounting and 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 and investee reduces the carrying amount of the investment.

(e) Going Concern

As at 30 September 2021, the Group's total current liabilities exceeded its total current assets by Kyats 8,520,127,465. The consolidated financial statements are prepared on the going concern basis on the assumption that the management will continue to provide the necessary financial support to enable it to continue its operation as a going concern.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

(a) Foreign Currency Translation

The Company maintains its accounting records in Myanmar Kyats. The financial statements are presented in Myanmar Kyats (MMK), which is functional and presentation currency of the Company.

Transactions in foreign currencies other than MMK are translated to the functional currency at the monthly group exchange rate.

All monetary assets and liabilities denominated in foreign currencies other than Myanmar Kyats outstanding at the reporting date are translated to the functional currency at the exchange rate of MMK 1,927 per US\$ 1.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the reporting date are recognised in the statement of profit or loss and other comprehensive income.

(b) Cash and Cash Equivalents

Cash and cash equivalents in the statements of financial position comprise cash in hand and cash at bank balances.

(c) Trade and Other Accounts Receivables

Trade and other accounts receivables are stated at the invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment historical and future expectations of customer payments. Bad debts are written off when incurred.

(d) Inventory

Inventory is measured at the lower of cost and net realised value.

Cost is calculated using the first in first out principle, and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realised value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(e) Property, Plant and Equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses expect for building that are presented at revalued value.

Costs include expenditure that is directly attributable to the acquisition of the assets. The cost of self- constructed assets include the cost of materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs, purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net in profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognized in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognized in profit or loss in respect of the same asset. A decrease in value is recognized in profit or loss to the extent it exceeds an increase previously recognized in other comprehensive income for the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day –to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

AMATA HOLDING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

REGISTRATION No. 100456125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost.

Depreciation is charged to profit of loss on a straight – line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

	Useful Lives
-Building	60, 58, 56, 49,20 years
-Balloon (15 units)	7 years
-Plant and machinery	5 years
-Furniture and fixtures	5 years
-Office equipment	3 years
-Vehicle	5 years
-Operating equipment	3 years

Depreciation method, useful lives and residual values are reviewed at each financial year- end and adjusted if appropriate. Useful life of building depends on the land lease agreement.

(f) Intangible Assets

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight –line basis from the date the asset is available for use and over its estimated useful lives of 3 years.

(g) Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

(h) Leases

An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Finance lease: A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Operating lease: A lease other than a finance lease.

As a lessee

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest

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on the remaining balance of the liability. Finance charges are recognized in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in profit or loss on a straight-line basis over the lease term.

(i) Trade and Other Payables

Trade and other accounts payable are stated at cost.

(j) Share Capital

Ordinary shares

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

(k) Revenue

Revenue excludes commercial taxes and is arrived at after deduction of trade discounts.

Revenue from hotel operations

Hotel revenue from room, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered.

Revenue from Ballooning operations

Rental and related services income are recognized in profit or loss as the services are provided.

(l) Lease Payments

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and

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those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Company's incremental borrowing rate.

(m) Income Tax

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognized in the statement of income except to the extent that they relate to a business combination, or items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis on their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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(n) Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or the Group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (“a loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the Group of financial assets that can be reliably estimated.

(o) Related Parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of individuals	Nature of relationship
United International Group Limited	Subsidiary
Myanmar Ballooning Company Limited	Subsidiary
Amata International Company Limited	Related of Subsidiary
Awinka Holding Company Limited	Related of Subsidiary
U Win Aung	Managing Director
U Khin Zaw	Director of Subsidiary

The pricing policies for particular types of transactions are explained future below:

Transaction	Pricing policies
Land lease	Contractually agreed prices

Significant transactions for the year ended 30 September 2021 with related parties were as follows;

	30-Sep-21	30-Sep-20
	MMK	MMK
Receivable from related party	2,256,530,153	2,673,850,617
Payable to related party	(56,903,163)	(2,032,996,913)

Significant agreement with related party

The Group entered into lease agreements with a related party to lease land for the following terms:

Land Lease – Amata Resort & Spa- Ngapali	15 years
Land Lease – Amata Garden Resort – Bagan	15 years
Land Lease – My Bagan Residence by Amata	15 years
Land Lease – Amata Garden Resort Inle Lake	50 years

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4. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Details are shown as below:

	Building	Office Equipment	Plant & Machinery	Furniture & Fixture	Data Processing Equipment	Motor Vehicles	Balloon (15 units)	Boat & Bicycle	Others	Operation Equipment	Construction in Progress	MMK Total
Costs												
At 01 Oct 2020	51,488,042,106	317,015,752	1,283,200,672	2,013,433,876	292,300,961	776,136,010	2,351,003,532	117,176,906	110,415,678	1,143,945,680	39,334,380	59,932,005,553
Additions	-	-	-	438,385	-	-	-	-	-	-	3,201,200	3,639,585
Write-off	-	(1,004,704)	-	-	(627,500)	-	-	-	(5,956,000)	-	-	(7,588,204)
Disposal	-	-	-	-	-	(28,207,000)	-	-	-	-	-	(28,207,000)
Transfer to hotel	18,058,530	-	-	(1,751,496)	-	-	-	-	16,753,776	(206,904)	(35,258,530)	(2,404,624)
Adjustment	-	-	-	-	-	-	-	-	-	-	(2,270,150)	(2,270,150)
At 30 Sept 2021	51,506,100,636	316,011,048	1,283,200,672	2,012,120,765	291,673,461	747,929,010	2,351,003,532	117,176,906	121,213,454	1,143,738,776	5,006,900	59,895,175,160
Accumulated Dep:												
At 01 Oct 2020	3,496,387,497	266,782,575	875,654,091	1,226,001,661	227,886,260	618,573,851	1,499,444,632	106,076,630	90,699,456	916,502,743	-	9,324,009,396
Additions	941,256,241	39,799,528	151,956,010	319,873,608	51,209,059	69,905,730	268,442,924	8,969,705	16,964,667	171,103,522	-	2,039,480,994
Write-off	-	(1,002,704)	-	-	(626,200)	-	-	-	(441,236)	-	-	(2,070,140)
Disposal	-	-	-	-	-	(28,205,000)	-	-	-	-	-	(28,205,000)
Transfer to hotel	-	-	-	(1,751,496)	-	-	-	-	(446,224)	(206,904)	-	(2,404,624)
At 30 Sept 2021	4,437,643,738	305,579,399	1,027,610,101	1,544,123,773	278,469,119	660,274,581	1,767,887,556	115,046,335	106,776,663	1,087,399,361	-	11,330,810,626
Net Book Value												
At 30 Sept 2021	47,068,456,898	10,431,649	255,590,571	467,996,992	13,204,342	87,654,429	583,115,976	2,130,571	14,436,791	56,339,415	5,006,900	48,564,364,534
At 30 Sept 2020	47,991,654,609	50,233,177	407,546,581	787,432,215	64,414,701	157,562,159	851,558,900	11,100,276	19,716,222	227,442,937	39,334,380	50,607,996,157

The Group did not performed physically count all of property, plant and equipment at the end of the financial year.

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5. Intangible Assets

Intangible assets are stated at cost less accumulated amortisation. Details are shown as below:

	30-Sep-21
	MMK
<i>Cost</i>	
At 01 October 2020	359,260,824
Addition	-
At 30 September 2021	<u>359,260,824</u>
<i>Accumulated Amortization</i>	
At 01 October 2020	227,125,505
Addition	56,818,107
At 30 September 2021	<u>283,943,612</u>
<i>Net Book Value</i>	
At 30 September 2021	<u>75,317,212</u>
At 30 September 2020	<u>132,135,319</u>

6. Right of Used Assets

Details are shown as below:

	30-Sep-21
	MMK
<i>Cost</i>	
At 01 October 2020	682,465,300
Addition	-
At 30 September 2021	<u>682,465,300</u>
<i>Accumulated Depreciation</i>	
At 01 October 2020	29,298,720
Addition	11,895,423
At 30 September 2021	<u>41,194,143</u>
<i>Net Book Value</i>	
At 30 September 2021	<u>641,271,157</u>
At 30 September 2020	<u>653,166,580</u>

The useful life of right of used assets and building was not agreed with lease contract. Details are shown as below:

	Lease period as per contract	Useful life
Land Lease – Amata Resort & Spa- Ngapali	15 years	58 Years
Land Lease – Amata Garden Resort – Bagan	15 years	60 Years
Land Lease – My Bagan Residence by Amata	15 years	49 Years
Land Lease – Amata Garden Resort Inle Lake	50 years	56 Years

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Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Food	4,888,663	26,056,976
Beverage	17,412,890	21,737,544
Cleaning supplies	1,309,483	1,643,923
Guest supplies	5,348,729	9,398,166
Massage oil	333,170	336,842
Souvenir stock	12,209,368	12,248,568
Printing supplies	8,484,063	8,987,951
Engineering supplies	42,761,453	42,761,453
Diesel	1,529,928	4,176,860
Gas	10,815,200	10,744,150
H.K guest supplies	5,541,725	5,649,756
Operation utensil	-	193,600
Chemical	2,293,714	2,681,880
Stationery	136,202	136,202
Head office – store	17,061,183	18,493,382
Staff uniform	492,650	492,650
	<u>130,618,421</u>	<u>165,739,903</u>

8. Accounts Receivable

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Guest ledger	2,055,674	-
City ledger	60,527,343	43,324,800
	<u>62,583,017</u>	<u>43,324,800</u>

9. Prepayments and Advance

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Prepayment – Insurance	15,141,743	15,815,920
– Others	970,954	66,285,375
– Advertising	-	1,782,633
– Rental	-	8,075,000
Deposit paid	83,061,891	39,854,904
Advance others	2,398,850	11,370,802
Pre-opening expenses	9,767,846	47,707,848
	<u>111,341,284</u>	<u>190,892,482</u>

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10. Amount due from Related Parties

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Amount due from Director	2,087,896,587	2,540,220,072
Current AC – Awinka	168,633,566	133,630,545
	<u>2,256,530,153</u>	<u>2,673,850,617</u>

11. Advance Tax

It comprises the followings:

	30-Sep-21	30-Sep-20
	MMK	MMK
Corporate income tax	9,837,300	9,837,300
Commercial tax	191,144,432	349,040,174
	<u>200,981,732</u>	<u>358,877,474</u>

(i) Corporate Income Tax

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Opening balance	9,837,300	3,502,505
Cash paid during the year	-	8,771,556
Adjustment	-	(2,436,761)
Closing balance as at	<u>9,837,300</u>	<u>9,837,300</u>

(ii) Commercial Tax

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Opening balance	349,040,174	33,483,715
Advance payment during the year	81,662	377,819,432
Commercial tax payable	(156,230,795)	(62,262,973)
Adjustment	(1,746,609)	-
Closing balance as at	<u>191,144,432</u>	<u>349,040,174</u>

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Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Cash in hand	791,773,378	555,153,506
Cash at bank	43,241,285	34,921,764
	835,014,663	590,075,270
Bank overdraft	(884,519,631)	(834,494,130)
	(49,504,968)	(244,418,860)

13. Share Capital

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
<i>Issued, Subscribed and Fully paid up Capital</i>		
10,000,000 shares of Ks 100 each	1,000,000,000	1,000,000,000
497,598 shares of Ks 5,000 each	2,487,990,000	2,487,990,000
	3,487,990,000	3,487,990,000

14. Accounts Payable

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Trade payable	238,532,024	176,674,466
Souvenir	1,564,840	1,081,664
Other	83,397,012	56,582,970
Interest payable	3,523,404,898	1,074,058,001
	3,846,898,774	1,308,397,101

15. Tax Payable

It comprises the followings:

	30-Sep-21	30-Sep-20
	MMK	MMK
Corporate income tax	181,428,236	181,428,236
Capital gain tax	2,929,800	-
Commercial tax	416,313,537	457,102,028
	600,671,573	638,530,264

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Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Opening balance	181,428,236	104,874,953
Provision for the year	-	181,428,236
Under provision	-	57,283
Tax paid during the year	-	(104,932,236)
Closing balance as at	181,428,236	181,428,236

(ii) Capital Gain Tax

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Provision for the year	2,929,800	-
Closing balance as at	2,929,800	-

(iii) Commercial Tax

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Opening balance	457,102,028	93,648,394
Provision for the year	22,305,871	478,590,806
Under provision	14,149,451	8,068,049
Tax paid during the year	(156,230,795)	(104,272,488)
Exchange rate differential	78,986,982	(18,932,733)
Closing balance as at	416,313,537	457,102,028

16. Accrued Expenses

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Social security	1,571,793	10,297,413
Electricity	49,814,696	12,102,875
Telephone and internet	5,767,055	2,564,611
Diesel	1,160,445	1,802,200
Others	126,173,537	31,897,694
Employee income tax	4,430,913	3,113,871
Audit fee	47,288,580	31,282,020
DCA flight movement charges	11,629,800	11,629,800
Royalty fees	346,536,230	285,983,080
NCDC	36,450,000	36,450,000
Advisory fees	177,163,597	8,995,500
	807,986,646	436,119,064

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Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Deposit received – Guest	406,509,073	281,756,818
– Others	31,318,264	30,715,033
– Agents (float)	164,954,385	115,899,276
	<u>602,781,722</u>	<u>428,371,127</u>

18. Other Liabilities

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Commission	3,733,418	2,662,199
Service money	193,131,436	184,644,375
Short-term loan	480,000,000	480,000,000
Staff fund	549,634	549,634
	<u>677,414,488</u>	<u>667,856,208</u>

Short-term loan

On 29 July 2020, the subsidiary – United International Group Limited borrowed a Covid – 19 Loan from Government for principal amount of MMK 480,000,000 with interest rate 1% and is repayable on 28 July 2021. According to Notification no. 2/2021 of UMFCCI dated 11 September 2021, the Covid-19 Loan is repayable on 28 July 2022.

19. Amount Due to Related Parties

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Amata International Co., Ltd.	47,959,413	32,996,913
Amount due to Director	8,943,750	-
	<u>56,903,163</u>	<u>32,996,913</u>

20. Dividend Payable

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Opening balance	948,937,347	700,072,097
Proposed dividend	-	524,879,900
Dividend paid	(294,950)	(276,014,650)
Closing balance	<u>948,642,397</u>	<u>948,937,347</u>

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Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
<u>Long-term borrowings (USD 10.7 million)</u>		
Current portion	3,638,176,000	1,030,968,000
Non-current portion	16,980,724,000	13,221,432,000
	<u>20,618,900,000</u>	<u>14,252,400,000</u>

On 22 October 2016, its subsidiary – United International Group Limited entered into a loan facilities agreement with International Finance Corporation (IFC) for principal amount of USD 10.7 million with interest rate (Variable Interest Rate – sum of the Relevant Spread and LIBOR) and is repayable as per agreement.

22. Finance Lease Obligation

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Current liabilities	53,202,341	35,351,167
Non-current liabilities	701,497,610	729,990,631
	<u>754,699,951</u>	<u>765,341,798</u>

The future minimum lease payments are as follows;

	30-Sep-21	30-Sep-20
	MMK	MMK
Within one year	143,262,866	125,880,754
Later than one year but within five years	436,612,012	480,189,855
Later than five years	4,134,000,000	4,134,000,000
	<u>4,713,874,878</u>	<u>4,740,070,609</u>

Lease period and interest rate for finance lease obligation are as follows;

Description	Lessor	Lease Period	Interest Rate
Amata Resort & Spa- Ngapali	U Win Aung Amata International Co., Ltd.	58 Years	13%
Amata Garden Resort – Bagan	U Win Aung	60 years	13%
My Bagan Residence by Amata	U Win Aung	49 years	13%
Amata Garden Resort Inle Lake	Ministry of Environmental Conservation and Forestry	50 years	13%

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Lease period in the calculation statement of finance lease obligation was not agreed with lease contract. Details are shown as below:

Description	Lease Period as per contract	Lease Period as per Calculation Statement
Land Lease – Amata Resort & Spa- Ngapali	15 years	58 Years
Land Lease – Amata Garden Resort – Bagan	15 years	60 Years
Land Lease – My Bagan Residence by Amata	15 years	49 Years
Land Lease – Amata Garden Resort Inle Lake	50 years	56 Years

23. Other Non-current Liabilities

Details are shown as below:

	30-Sep-21 MMK	30-Sep-20 MMK
Payable to Amata International Company (AIC)	-	2,000,000,000
	<u>-</u>	<u>2,000,000,000</u>

It represents payable to AIC due to acquisition of Amata Garden Resort - Inle operated under Amata International Co., Ltd (AIC) with its book value (carrying value) MMK 3,000,000,000 on 01 April 2018. Amata International Co., Ltd (AIC) waived the remaining receivable amounting MMK 2,000,000,000 on 07 September 2021.

24. Operating Income – Room/Ballooning

Details are shown as below:

	30-Sep-21 MMK	30-Sep-20 MMK
Room sales	311,018,290	3,353,840,272
Passenger income	-	3,769,651,665
Total	<u>311,018,290</u>	<u>7,123,491,937</u>

25. Operating Income – Food and Beverage

Details are shown as below:

	30-Sep-21 MMK	30-Sep-20 MMK
Food sales	79,097,161	1,018,320,833
Beverage sales	30,492,014	410,436,783
Others	341,231	46,392,092
Total	<u>109,930,406</u>	<u>1,475,149,708</u>

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Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Guest laundry	1,424,849	14,828,762
SPA and souvenir	209,000	122,390,074
Total	1,633,849	137,218,836

27. Operating Income – Other Operating

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Revenue – Others	438,059	6,588,325
- Boat	375,149	4,858,022
- Mini bar	177,000	6,056,339
- Bicycle	-	129,770
Others operating income	23,907,909	478,306,293
Total	24,898,117	495,938,749

28. Operating Expenditure – Room/Ballooning

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
<u>Payroll and related expenses</u>		
Salaries and wages	89,462,792	1,247,025,443
Employee benefits	13,374,537	70,464,888
	102,837,329	1,317,490,331
<u>Other expenses</u>		
Cost of sales - balloon gas	-	179,522,000
Cost of sales – other	-	1,747,898
Pilot team expenses	220,000	157,340,950
Compensation fees	-	1,674,000
Catering charges	-	93,879,075
Bank charges	2,385	884,877
Insurance	-	88,335,947
Present and donation	44,000	1,127,720
Maint general	214,500	17,441,876
Test flying charges	-	8,152,400
Medical expense	-	4,800
China, glass and silverware	7,200	211,500
Cleaning supplies	2,385,990	15,226,850
Guest supplies	8,513,101	73,013,876
Data processing expenses	852,020	1,703,995

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Printing and stationery	496,845	13,992,454
Laundry	1,626,665	14,151,813
Linen	-	2,608,687
Uniform	1,393,408	14,038,396
Flowers and decoration	550,300	7,010,081
Postage, telephone, e-mail	10,066,757	41,100,936
Motor vehicle expenses	9,669,665	20,953,611
Travelling	906,558	6,084,893
Pest control	5,185,000	14,951,513
License and tax	8,327,664	12,992,657
Complimentary / entertainment	1,981,833	25,467,060
Commission	204,995	117,083,108
Transportation and labor	1,314,784	12,773,983
Operation utensils	804,350	15,938,743
Music and royalties	-	343,800
Miscellaneous	231,300	531,026
Service money	8,990,327	246,338,654
Legal and professional	-	32,803,140
	63,989,647	1,239,432,319
Total	166,826,976	2,556,922,650

29. Operating Expenditure – Food and Beverage

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
<u>Cost of sales</u>		
Food cost	33,829,785	395,651,411
Beverage cost	7,174,409	96,906,006
	41,004,194	492,557,417
<u>Payroll and related expenses</u>		
Salaries and wages	41,838,795	289,152,510
Employee benefits	3,803,574	37,660,613
	45,642,369	326,813,123
<u>Other expenses</u>		
China, glass and silverware	-	958,010
Cleaning supplies	716,500	12,046,959
Guest supplies	924,025	9,494,999
Data processing expenses.	249,900	477,000
Printing and stationery	212,910	4,063,613
Laundry	-	2,535,078
Linen	78,000	251,350
Uniform	1,203,376	9,297,452
Flowers and decoration	97,850	4,093,227

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Postage, telephone, e-mail	11,500	746,500
Transportation and labor	2,118,632	12,511,979
Travelling for F&B Dept	330,000	2,338,323
License and tax	2,722,500	3,362,784
Complimentary / entertainment	1,549,437	7,835,243
Operation utensils	1,026,950	11,389,632
Kitchen utensils	47,000	5,065,038
Spoilage and loss	21,959,537	5,008,505
Music and royalties	-	24,580,375
Kitchen fuel	2,818,350	26,739,545
Miscellaneous	152,500	1,850,433
Service money	4,176,758	106,970,817
	40,395,725	251,616,862
Total	127,042,288	1,070,987,402

30. Operating Expenditure – Guest Laundry and Spa

Details are shown as below:

	30-Sep-21 MMK	30-Sep-20 MMK
<u>Payroll and Related Expenses</u>		
Guest laundry	-	22,516
SPA and souvenir cost	1,287,863	39,652,883
	1,287,863	39,675,399
<u>Other expenses</u>		
Guest laundry	5,000	256,917
SPA and souvenir cost	231,603	31,397,334
	236,603	31,654,251
Total	1,524,466	71,329,650

31. Operating Expenditure – Other Operating

Details are shown as below:

	30-Sep-21 MMK	30-Sep-20 MMK
Mini bar	39,485	1,743,078
Boat expenses	-	105,600
Bicycle expense	-	92,800
Staff related	-	1,513,706
Others	5,654,317	-
Total	5,693,802	3,455,184

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32. Other Income

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Interest Income	404,162	651,738
Other Income	2,000,035,616	1,229,545,886
Total	<u>2,000,439,778</u>	<u>1,230,197,624</u>

MMK 2,000,000,000 waived by Amata International Company Limited was included under other income - MMK 2,000,439,778.

33. Sales and Marketing

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
<u>Payroll and related expenses</u>		
Salaries and wages	31,071,692	155,474,397
Employee benefits	-	2,496,761
	<u>31,071,692</u>	<u>157,971,158</u>
<u>Other expenses</u>		
Printing and stationery	-	1,083,621
Data processing	-	37,500
Uniform	-	30,000
Postage , telephone ,e-mail	207,000	1,608,700
Marketing promotion	-	35,377,613
Advertising	2,179,509	36,097,799
Entertainment	-	4,711,355
Travelling	-	5,405,428
Miscellaneous	-	73,400
	<u>2,386,509</u>	<u>84,425,416</u>
Total	<u>33,458,201</u>	<u>242,396,574</u>

34. Administration and General

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
<u>Payroll and related expenses</u>		
Salaries and wages	121,668,314	436,046,838
Employee benefits	15,557,788	46,942,320
	<u>137,226,102</u>	<u>482,989,158</u>
<u>Other expenses</u>		
DCA flight movement charges	-	9,267,300
NYDC 5% tax	-	87,041,000
HT royalty fee	-	135,557,640

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Data processing expenses	851,348	3,143,144
Printing supplies	12,500	51,000
Printing and stationery	602,132	5,294,533
Laundry	-	33,900
Uniform	633,012	5,923,449
Postage, telephone, e-mail	3,850,226	3,589,366
Transportation and labour	802,017	4,710,250
Motor vehicle expenses	1,374,865	7,827,417
Cleaning and garbage expenses	1,280,700	6,784,785
Audit fees	10,863,900	16,030,225
Legal and consultant fees	168,275,846	207,185,779
Bank charges	1,947,825	18,986,980
Cash (overage)/shortage	(191,698)	298,846
Entertainment	634,550	4,321,598
Travelling	2,866,435	38,758,355
Licenses and tax	26,039,589	43,240,399
Insurance	38,673,781	30,483,763
Present and donation	184,500	6,738,070
Yangon expenses allocation	341,124,101	605,790,840
Medical expenses	102,200	570,250
Miscellaneous	2,325,341	8,238,177
Launching event expenses	3,985,043	8,876,460
Pre-opening Expenses	37,940,002	91,291,906
Service money	5,789,600	73,497,852
Test flying charges	-	1,464,995
Maintenance general	-	66,300
Office rental	24,000,000	24,000,000
DICA charges	300,000	110,000
Listing expenses	26,276,500	-
	700,544,315	1,449,174,579
Total	837,770,417	1,932,163,737

35. Property Operating and Maintenance

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
<u>Payroll and related expenses</u>		
Salaries and wages	36,125,453	139,158,004
Employee benefits	5,098,665	17,836,585
	41,224,118	156,994,589
<u>Other expenses</u>		
Engineering supplies	756,700	7,759,118
Printing and stationery	24,310	276,269
Uniform	364,236	3,020,472

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Postage, telephone, e-mail	156,000	744,800
Transportation and labour	1,466,000	7,026,451
Maintenance	25,989,170	86,868,047
Travelling	130,000	482,700
Painting and renovation	3,176,999	38,436,924
Kitchen equipment	-	850,298
Land scarping	5,365,857	19,581,600
Swimming pool	4,126,686	11,767,504
Light bulb	767,950	17,290,247
Sound system	-	425,000
Plumbing and heating	-	467,300
Sewage and rubbish removal	419,800	7,599,500
Service money	2,252,827	37,242,653
Miscellaneous	322,900	777,600
	45,319,435	240,616,483
Total	86,543,553	397,611,072

36. Utility Cost

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Water	659,650	4,738,750
Diesel, petrol	8,938,212	53,303,346
Electricity	67,008,946	275,236,024
Total	76,606,808	333,278,120

37. Exchange Rate Differential

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Exchange rate differential – realized	(4,465)	(38,763,736)
Exchange rate differential – unrealized	7,414,962,518	(1,823,468,385)
Total	7,414,958,053	(1,862,232,121)

38. Income Tax Expenses

Details are shown as below:

	30-Sep-21	30-Sep-20
	MMK	MMK
Income tax expenses	-	181,428,235
Corporate income tax under provision	-	57,283
Total	-	181,485,518

39. Financial Risk Management

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follow:

Foreign exchange risk

The Group may have foreign exchange loss for the translation of foreign exchange transactions, assets or liabilities which are denominated in foreign currencies.

Interest rate risk

The Group does not have any interest bearing assets or liabilities. Hence, the Group does not have any exposure to interest rate 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.

Operational risk

Operational risk, which is inherent in all business activities, is the potential for financial loss, and business instability arising from failures in internal controls, operational process or the systems that support them.

The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Group and to be consistent with the prudent management required of an organization.

It is recognized that such risks can never be entirely eliminated and that the cost of controls in minimizing these risks may outweigh the potential benefits. Accordingly, the Group continues to invest in risk management and mitigation such as business continuity management and incident management. In reinforcement of the implementation of the Company's risk strategy, independent checks on risk issues are undertaken by the internal audit function.

Legal risk

Legal risk is the risk that the business activities of the Group have with unintended or unexpected legal consequences. It includes risk arising from:

- Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- Actual or potential violations of law or regulation which may attract a civil or criminal fine or penalty;
- Failure to protect the Company's property; and
- The possibility of civil claims (including acts or other events, which may lead to litigation or other disputes).

The Company identifies and manages legal risk through effective use of its internal and external legal advisers.

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Tax risk

Tax risk is the risk of loss or increased charges associated with changes in, or errors in the interpretation of, taxation rates or law.

40. Reclassification of Expenditure

Reclassification of commercial tax adjustment and service money expenses (based on the number of staff of each department) have been made to the prior year's financial statements to enhance comparability with the current year financial statements. As a result, certain line items for the comparative figures have been amended in the consolidated statement of profit or loss and other comprehensive income and related notes to the financial statements. This reclassification was also made in the separate financial statements of individual entity.

The items were reclassified as follow:

	30-Sep-21	30-Sep-20	
		Previously reported	Restated
<i>Service Money Expenses</i>			
Cost of sales - Room	166,826,976	2,412,353,996	2,556,922,650
- Food and Beverage	127,042,288	964,016,585	1,070,987,402
Administration and General	837,770,417	2,212,877,812	1,932,163,737
Property Operating and Maintenance	86,543,553	360,368,419	397,611,072
<i>Commercial tax adjustment</i>	-	8,068,049	-
	1,218,183,234	5,957,684,861	5,957,684,861

41. Comparative Information

Certain Figures of the year ended 30 September 2020 were reclassified and shown in the financial statements to facilitate comparison.

42. Authorisation of Financial Statements

The consolidated financial statements for the year ended 30 September 2021 were authorized by the Board of Directors for issue.