

ANNUAL REPORT

2018-2019



Ever Flow River Group (Public) Co., Ltd

2018-2019 IN FIGURES



25.7 % *

25.7% increase in revenue compared to 2017-18



19,618 TEU

We shipped 19,618 twenty-foot equivalent unit containers during FY 2018-19



124,397 m²

We have 124,397 m² of strategically located logistics space across Myanmar.



632

632 dedicated and competent employees are our most important driving force.

* Percent revenue growth is calculated on pro-forma basis (see Appendix)

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Selected Key Financial Figures

		2019	2018	+/-%
Revenue	MMK '000	10,147,620	8,348,990	22%
Profit before tax	MMK '000	1,990,061	298,609	566%
Net Profit	MMK '000	2,008,498	(3,990)	
Profit from operating activities (EBIT)	MMK '000	209,026	235,615	-11%
Earnings per share (MMK per share)	MMK	145	152	-5%
Non-controlling interest	MMK '000	(12,931)	(5,241)	147%
Total Net Assets	MMK '000	8,193,350	6,242,223	31%

CHAIRMAN'S LETTER



“

OUR FOCUS IS UPON CUSTOMERS. When we put their needs at the centre of our thoughts and actions, we improve constantly - and in a results-oriented manner.

Over the past decade, we have methodically worked to expand our network, extend our domestic and international service offerings and enhance our logistic infrastructure, always with an eye towards profitable growth. We look back on our accomplishments with a great sense of our customers, operating partners, carriers, shareholders and hard-working employees that have come together to make EFR one of the fastest growing transportation and logistics companies in the country.

Today we enjoy one of the most robust platforms in our industry; providing domestic and international freight forwarding services, inner river port, container depot, customs-bonded warehouse and overall logistics engineering. As we continue to grow and scale the business, our multi-brand strategy has translated into a unique and differentiated platform from which to service our end customers with a team of professionals who have been in the logistics industry for more than 20 years, a best-in-class logistics and warehouse facilities and an extensive global network of service partners to support our customers around the world.

The heart of our growth strategy has been our ability to differentiate ourselves in the marketplace by bringing new value to the agent based forwarding community: leveraging our status as a public company to provide our strategic operating partners with an opportunity to work as shareholders and share in the value that they help create and providing a unique opportunity in terms of succession planning and liquidity for logistics entrepreneurs both internal and external to the EFR network.

In times like these, it's easy for companies to let the economy manage them. It's easy to swept up in putting out the next fire. It's easy to think short term.

SO WHAT DO WE SEE?

- A growing need for access, as the world's people and economies become more interconnected.
- An expectation, shared between EFR and our customers, that we we'll provide our services in responsible and resourceful ways.
- A demand for new level of understanding - not just information - about supply chains and everything in them.

These are three critical areas in which EFR continues to invest - access, efficiency, and understanding - to stay competitive in good times and bad.

A WIDER NET

Billions of people the world over need fast access to ideas, goods, and opportunities. We continue to strategically expand our networks to provide more access points to more customers. For example, in the past years, we started developing Hlaing Inland Terminal and Logistics project which involves a port, container storage yard, and total operation of logistics services on a 40-acre area of land in Yangon near the North-west Industrial Zone. It will help us better serve customers doing business in the region and the broader markets. In addition, EFR also continues to press access to open markets. As we live between almost one-third of the global consumers, our team decided to develop an inland intermodal terminal in Mandalay (EFRLDC) which is directly connected by road and rail as well as inland waterways to a seaport and especially operating as one of the transshipment hubs for international seaborne trade. In Myanmar, inland intermodal terminals are necessary for Myanmar to take full advantage of its strategic location linking China and India, as well as connecting the Southeast Asia region. By looking at the long term, we continue to expand our service portfolio - putting the right capabilities in the right places and right times as well as expanding access for our customers.

THE CORE

As we invest in the future, we continue to stay true to our core values and to our team members. Even in difficult times, we are focused on our talented team members. They are the face of EFR in the marketplace, and they're the ones who continually improve our customer experience. Through their extraordinary efforts, EFR has become one of the largest logistic companies in the county.

LOOKING LONG

By overseeing the future, we are building on our strengths to produce outstanding results when the time comes.

- We are rich in committed people. Our team members are the best in the industry, always ready to serve our customers and communities. In fact, we have continued to improve service levels during the tough economic conditions. Our leadership team is more focused and collaborative than at any time in our history.
- Our Board of Directors shares a firm commitment to the highest standards of corporate governance, and we welcome;

U Min Sein, former advocate of the supreme court of the Republic of the Union of Myanmar, who joined our board recently. He is an expert on international trade policy and will serve as a Chairman on our Audit and Legal Committee.

Dr. Hla Theingi, a financial advisor and executive coach for telecom, trading, agriculture, animal feed, and education companies in Myanmar and Thailand, has been associated with EFR as a Chairperson of Risk Management and Compliance Committee (Independent Director) since June, 2019. She worked as a deputy chairperson of department of international business management, Martin de Tour School of Management, Assumption University, Thailand from 1996 to 1998. She was also a member of research support committee, Assumption University, Thailand for 2012 to 2016. She has more than 20 years of running own container transportation business in Myanmar.

Prof. Daw Hla Myint who holds several crucial roles in various educational institutions not only in private but also in public universities tied to our Board of Director as a Chairperson of Nomination and Remuneration Committee in April 2019. Prof. Daw Hla Myint is currently an Emeritus Professor of the Department of Management Studies, Yangon University of Economics, Yangon.

- We have increased almost 5 billion Myanmar Kyats in revenue (FY 2017-18 - FY 2018-19), while investing in other logistic infrastructure projects to provide entire logistic and supply chain.

From the day this company was created, we have tried to envision, then build, what the commerce of the future will require. As a result, we've given several people new access to one another's products and ideas. We've changed what's possible for our customers and allowed them to improve their businesses. With global economies in uncertainties, we are not blind to reality. But we will not forget what has guided our company from the start: foresight. For more than 20 years we have been confident about a more prosperous future because we have been a big part of creating it.

In this respect, nothing has changed.

Sincerely,

Kyaw Lwin Oo
Chairman, Non-Executive Director
EFR Group Public Co., Ltd

MANAGEMENT REPORT

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MANAGEMENT REPORT

History and Background of the Company

Our Chairman U Kyaw Lwin Oo started the business as a Customs Clearance Agent in 1998. Due to his extensive knowledge of the customs clearance, shipping, domestic transportation, and logistics sectors, he has managed to build up a vast network of international freight forwarders, shipping agents, and logistics partners, developing the business into the group of companies that we are now known as. EFR has built a reputation as an effective and efficient international freight forwarder that provides total logistics solutions to not only domestic customers but also international customers.

Keeping in mind that the core business of EFR is in the logistics sector, our Chairman has diversified the business into total logistics, trading, and logistics infrastructure development. With the economic reform that is taking place in Myanmar, our Chairman aims to take the opportunity to further develop the logistics infrastructure of Myanmar on a national level and improve the transportation and logistics sectors to be on par with neighboring countries.

EFR was incorporated as a public company limited by shares on 10 April 2014 in accordance with the Myanmar Companies Act 1914 (“MCA”). EFR has completed re-registration under the MCL and obtained a certificate of incorporation issued by the Directorate of Investment and Company Administration (“DICA”).

Restructuring

EFR was set up as public company in 2014, while the group businesses were operated under different subsidiaries for several years. The restructuring of the subsidiaries - the business operations - to consolidate these businesses under EFR was only completed effectively on 15 August 2017.

EFR owns eight subsidiaries and two associate companies as per the table below:

NAME OF SUBSIDIARY	EFR SHAREHOLDING
Myanmar Round the World Logistics, Ltd	100%
Multipack Engineering Services, Ltd.	100%
Unison Choice Services, Ltd.	100%
2EFR G-Link Express Services, Ltd.	100%
MRTW Manufacturing & Inspection Co., Ltd.	100%
Gold Shipping Agency Services, Ltd.	100%
Ever Flow River Trading Co., Ltd.	100%
Ever Flow River Logistics & Distribution Center (Mandalay) Co., Ltd.	92.6%
NAME OF ASSOCIATE COMPANIES	EFR SHAREHOLDING
Hlaing Inland Terminal and Logistics Co., Ltd.	49%
Kamigumi-EFR Logistics (Myanmar) Co., Ltd.	30%

Our Vision

Our vision is to be the industry leader, whether locally or globally, and to be true citizens contributing to the development of our nation.

Our Mission

We aim to offer superior products and services to our valued customers by deploying state-of-the-art technology with young, energetic, and qualified professionals. We believe in fairness, justice, and reasonable satisfaction of all our stakeholders.

Company's Subsidiary and Affiliate Activity

Hlaing Inland Terminal and Logistics Co., Ltd. 49%

Hlaing Inland Terminal and Logistics Co., Ltd, is a JV company between EFR and Lann Pyi Marine Co., Ltd, of which EFR holds a 49% interest. The project involves the construction of a port, container-storage yard, and operation of logistics services on a 40-acre area of land in Yangon near

the North-west Industrial Zone. Lann Pyi holds an unlimited concession right over the Project Land. The JVA is for a period of 50 years.

EFR is responsible for operation of the main activities of the Hlaing Inland terminal project, which include providing an Inner River Port, Container Depot, Customs-bonded Warehouse, and Total Logistics Solutions. Hlaing Inland terminal project uses Barges for linking between the projects with the Thilawa Ports strategically. The port construction is subject to an agreement with the Myanmar Port Authority and will be on the Hlaing riverbank in connection with the Project Land. Management of the port by EFR will be subject to a port management agreement between the parties.

The value proposition of the project is to provide a one-stop logistics service with an overall competitive cost and convenience to customers whose warehouses and factories are located in the western part of Yangon major industrial zones such as Hlaing Thayar, Shwe Lin Pan, and Htantapin. Upon completion, customers could benefit from substantial cost savings in both import and export with the logistics supply chains under EFR. The following demonstrates how the project adds value:

Figure 1: Current Logistics Flow in Yangon

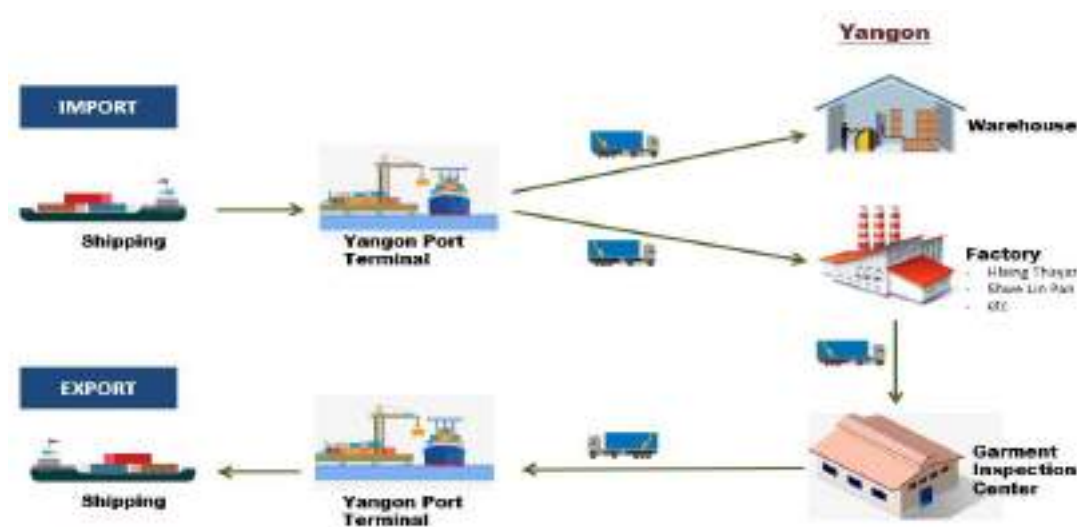


Figure 1 provides a simple demonstration on the logistics routes for both import and export in Yangon. For instance, when international ships are berthed at Yangon ports, import containers are initially unloaded for customs clearance and transported from the ports to the respective warehouse or factory via trucking, which is the most widely used mode of transport in current logistics planning. Despite its advantage in speed, trucking can only transport one container at a time. In addition to that, container trucks are regulated to only operate limited hours at night due to the heavy daytime traffic. As such, trucking is not the most cost-effective way despite providing certain advantages.

Similarly, when a customer plans for exporting goods overseas, empty containers are first transported to the warehouse or factory via trucking. After containers are packed, they are transported to Yangon ports for international shipment. It is also transported one container per truck each time.

Figure 2: Logistics Flow with Hlaing Inland

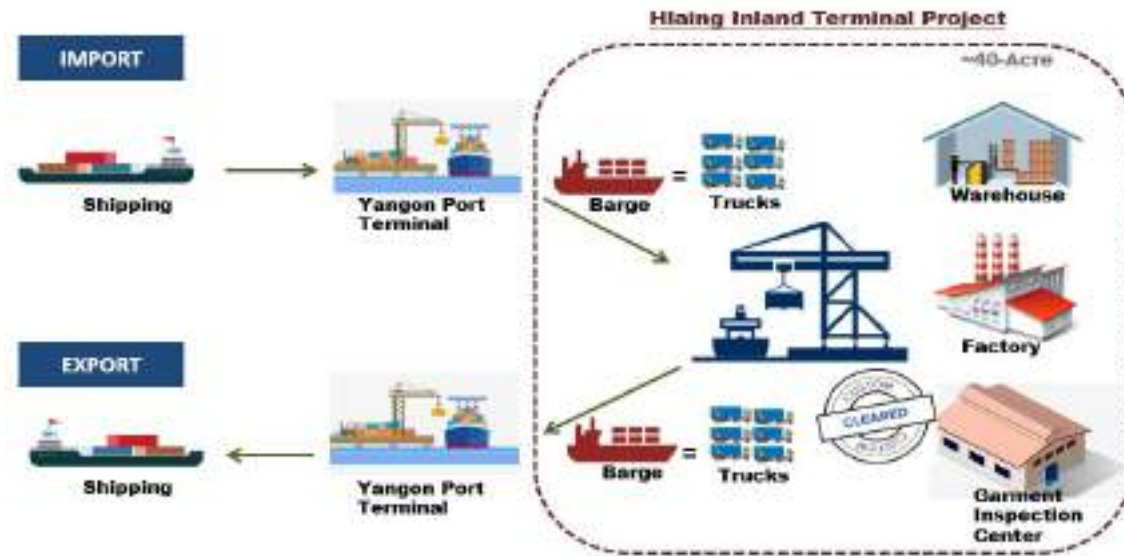


Figure 2 demonstrates the value proposition of the Hlaing Inland project. When international ships are berthed at Yangon ports, import containers are immediately transferred to barges, transporting multiple containers directly to Hlaing Inland via river route instead of trucking. Customs clearance can also be completed at the project terminal. With a 40-acre area of land, the project will provide warehouse services and even custom-built factories for major customers. Upon completion, customers will enjoy substantial cost savings. As major activities are completed within the terminal, customers will further benefit from the aspect of time and efficiency.

Estimated Development Schedule of Hlaing Inland:

Description	2019				2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec
Phase 1		completed														
Master Plan		completed														
Sand Filling Process		completed														
Compaction Process																
Jetty & Warehouse Construction																
Container Yard (Bounded)																
Deployment of Equipment																
Soft Launch																
Grand Opening																
Phase 2																
Structure Design																
Sand Filling Process																
Jetty & Warehouse Construction 2																
Operation																

For the Phase 1 development, master planning and sand filling process has been completed. It is expected to start the warehouse and jetty construction by the end of 2019 and complete the Phase 1 in the middle of 2021. Phase 2 is expected to start 6 to 9 months after the operation of Phase 1, which includes warehouse 2, empty container yard, administrative area, 8-storey main office and truck terminal. It is planning to complete Phase 2 at the end of 2025.

Ever Flow River Logistics and Distribution Center (Mandalay) Co., Ltd. 92.6%

An inland intermodal terminal is directly connected by road or rail to a seaport and operating as a center for the transshipment of sea cargo to inland destinations. In Myanmar, inland intermodal terminals are necessary for Myanmar to take full advantage of its strategic location linking China and India, as well as connecting the Southeast Asian region.

The Government of Myanmar has designated eight cities to host an inland intermodal terminal with the focus on contribution to national development through an increase in international trade as well as domestic transportation and logistics services. To this end, the government has engaged selected companies to develop inland intermodal terminals on a Build-Operate-Transfer (“BOT”) basis.

A Memorandum of Understanding (“MOU”) was entered into between EFR, as the concessionaire, and the Mandalay Regional Government, as the land owner, concerning a land concession for an inland intermodal terminal project in Mandalay Region on a BOT basis with a term of 70 years (i.e., an initial 50 years plus two renewable periods of 10 years each) from the commercial operation date. The inland intermodal terminal project involves the railway transportation of merchandise and goods between Yangon and Mandalay.

The BOT contract has been agreed and signed. The contract provides for the construction of the intermodal terminal to allow the transportation of merchandise and goods via the Yangon-Mandalay railway. The total area of the inland intermodal terminal Project Land is 14.05 acres, which is rented from the Mandalay Government.

The value proposition of the project is to set up a one-stop intermodal inland terminal in Mandalay, providing cost savings through railway routes instead of trucking.

Figure 3: Current Logistics Flow between Yangon and Mandalay



Figure 3 shows the current logistics flow between Yangon and Mandalay. After customs clearance is completed at the Yangon ports, imported containers are shipped to Mandalay. As most containers are transported via trucking, there is heavy traffic along the Yangon-Mandalay highway, often creating congestion on the road. Currently, EFR uses third-party terminals in Mandalay before further shipping to either middle and upper Myanmar or neighboring countries, such as China and India. Similarly, export containers are first transited at Mandalay and transported by way of trucks to Yangon ports for international trade.

Figure 4: Logistics Flow with EFR LDC



Figure 4 shows the movement of containers via railway freight instead of trucking. As the railway track is linked directly to the project site, building a logistics and distribution center has numerous advantages over other locations in Mandalay. Moreover, it is expected that the advantage of using railway freight could possibly be saving half the amount of costs for trucking. Most importantly, it solves the issue of traffic congestion on the Yangon-Mandalay highway. With more accuracy in estimating the transporting time on the railway route, it is more effective in terms of logistics planning for customers. The project will also provide container depot and warehouse services.

Estimated Development Schedule of EFR LDC:

Description	2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec
Phase 1	Completed: - Site Survey - Master Plan - MIC Approval	● completed										
	Warehouse Construction 1	● completed										
	Container Yard		▶									
	Outdoor Storage 1		▶									
	Deployment of Equipment			▶								
Grand Opening				● start of operation								
Phase 2	Warehouse Construction 2 & 3						▶					
	Outdoor Storage 2							▶				
	Outdoor Storage 3								▶			

Phase 1 is completed. It is expected to be fully operational by the end of 2019. Phase 1 includes warehouse 1, container yard as well as 1,000 square meter outdoor storage 1. Phase 2 is expected to start 6 to 9 months after the grand opening and complete in the middle of 2021. It includes warehouse 2 & 3 and outdoor storage 2 & 3.

Myanmar Round the World Logistics, Ltd. 100%

Myanmar Round the World Logistics, Ltd, is a wholly owned subsidiary of EFR, providing domestic transportation by both containerization as well as general cargo, international freight forwarding, and total logistics services. MRTW Logistics mainly focuses on the air freight market and is working with international airlines, such as Nippon Air and Etihad Air, as their appointed general sales agent/cargo sales agents. Its major customers are garment merchandizers from Japan.

Multipack Engineering Services, Ltd. 100%

Multipack Engineering Services, Ltd. a wholly owned subsidiary of EFR, is providing services such as logistics engineering, infrastructure, transport and installation, garment-on-hanger construction, telecom projects, general engineering services, civil engineering services, mechanical and electrical services, earthwork and road construction, project feasibility study and design development, project management and consultancy. Multipack aims to be able to provide turn-key project services. Multipack provides services to companies, including China's Huawei Technologies Co., Ltd., across Myanmar.

Multipack has entered into a JVA to establish and hold a 40% interest in UTOC Multipack Myanmar Co., Ltd. which is a JV company between Multipack and Asia UTOC Pte., Ltd. The main business activities of UTOC Multipack will be providing freight forwarding services, warehousing, machine installation and equipment work, and logistics services. Multipack's assets have been transferred to UTOC Multipack as part of the JVA and accompanying asset transfer agreement.

Unison Choice Services, Ltd. 100%

Unison Choice Services, Ltd. was incorporated in 2012 and is a wholly owned subsidiary of EFR, providing total logistics solutions to international garment and textile customers with container storage facilities at Ahlone International Port Terminal and Myanmar Industrial Port. The company became the authorized agent of Sinokor (Korean Shipping Line) since early 2016, focusing on short-haul shipping in Asia. Although UCS provides total logistics solutions, its strength lies in logistics services related to garment exportation.

EFR G-Link Express Services, Ltd. 100%

EFR G-Link Express Services, Ltd. is a wholly owned subsidiary of EFR, which was the first-ever established company of EFR and is a strategically important entity of EFR Group. G-Link provides 3PL/4PL using international networks and value-added software solutions. Since it is the first subsidiary of EFR, G-Link retains many old and loyal customers and is highly reputable in the industry. Among the services provided, G-Link is strong in customs clearance and import-related services.

MRTW Manufacturing & Inspection Co., Ltd. 100%

MRTW Manufacturing & Inspection Co., Ltd. is a wholly owned subsidiary of EFR, specializing in garment inspection services and other services, such as needle detection services, outdoor inspection services, packaging, tagging and assortment services, barcode scanning services, and warehousing services, among others. Since Cut-Make-Pack (“CMP”) gaining traction in Myanmar, there has been a huge demand for garment inspection services. The company was set up to opportunistically fill the gap in the garment industry.

Gold Shipping Agency Services, Ltd. 100%

Gold Shipping Agency Services, Ltd. was established in 2000 and is a wholly owned subsidiary of EFR. Its main business involves shipping agency services by working with internationally recognized carriers. The company has been an exclusive shipping agent of Hyundai Merchant Marine (“HMM”) for about 20 years. The majority of the company’s revenue comes from handling fees for HMM.

In general, the company has two types of customers: freight forwarders and direct customers. Freight forwarders include the likes of Unison Choice Services, EFR G-Link Express Services, and Myanmar Round the World Logistics. However, the company also provides services to external customers. Direct customers refer to big volume importers with in-house freight forwarding teams. They deal directly with the company instead of going through freight forwarders. The management maximizes the revenue by optimizing container spaces in the shipping line and by establishing long-term relationship with its customers to fill up the spaces.

Ever Flow River Trading Co., Ltd. 100%

Ever Flow River Trading Co., Ltd. is EFR's wholly owned trading subsidiary, focusing on trading services for import/export, trade financing and trade house facilities with support from international trade financiers and bankers. Occasionally, customers require not only end-to-end logistics services but also trading services. Depending on the credibility of customers, the management provides trade facilities via this vehicle.

Strengths

Established Track Record in the Sector

The company was founded in 1998, while the holding company, EFR, was newly set up to restructure all the businesses under one umbrella. Over the years, the company has garnered substantial goodwill in the industry for offering quality services to customers. Over the past 20 years, with slow and steady growth, the group has managed to capture more than 40% of the domestic market share of freight forwarding, representing the top-six containerized carriers in Yangon, and is handling over 35% of total container traffic volume of export and import trade in Myanmar.

Although the group originally started with shipping agency and freight forwarding businesses, it has quickly expanded into complementary and adjacent businesses, such as trucking, garment inspection, trading and engineering, as well as design and construction for the logistics sector. Employing a customer-focused philosophy, the group managed to drive the complementary businesses into a great success, and they now contribute more than half of the group revenue, strengthening our financial and market position substantially and cementing its leading position. All this has led to rapid growth, better performance track records, and a strong reputation in providing quality services to customers.

Experienced management and competent technical professionals

The combined industrial experience of the management team of EFR is close to 20 years - each member in the management team has an average experience of approximately 20 years. U Kyaw Lwin Oo, founder and chairman of the group, has more than 26 years of experience steering the group from a small company into a top total logistics service provider with substantial market share in Myanmar. The chairman has been instrumental in devising strategies to bring the group to a leading role in Myanmar logistics sector. He was able to execute the strategies successfully with support and advice from other members in the management team who have specialized knowledge and experience in related engineering and design businesses. One of the valuable assets of the group is the experience and networks of the management team which is the engine for accelerated growth in a rather competitive environment. In order to provide seamless services to the customers, the management team in turn has to rely heavily on middle management and ground staff. Not only has the management trained its employees well but also managed to retain experienced and competent staff to provide quality services that are above the industry standards in Myanmar. With constant training and empowerment via increased job responsibilities, the group has managed to groom some of the middle managers to hold senior management positions and even directorships.

Through cleverly designed and aligned incentive structures and job responsibilities, the group has formed a well-functioning management team supported by competent professionals who are some of the best among their peers in the industry.

Loyal customer base

One of the reasons for the group to secure a top spot in a domestic logistics service industry is the support and loyalty of a large customer base that the group has consistently built up through a customer-focused philosophy over the past 20 years. Steadily, the group has managed to gain the trust and loyalty of customers through offering quality and reliable services which are of the utmost importance for staying competitive among peers and maintaining a long-term relationship with customers. With the support and encouragement of customers, the group has successfully expanded into other complementary businesses by applying the same customer-focused philosophy. Furthermore, the group has grown in confidence and has ventured into related businesses, creating better values to customers. Having a large pool of satisfied and loyal customers allows the group to grow exponentially paired with the success of entering into new businesses. It is believed that the group will continue to enjoy long-term success by creating better value for customers by striving to achieve the best quality services for them, which will also maximize shareholders' value in the long run.

Full-service provider

For the group to become the de facto leading total logistics service provider competing at the international level, it is vital not only to seek technical collaboration with foreign partners but also manage the entire spectrum of the logistics supply chain. As such, venturing into the upstream business - port terminal operations - will place the group in a strategic position allowing to offering a seamless service to its customers. The chairman, together with the core management team, has made a long-term strategic decision by implementing key projects throughout Myanmar - including Hlaing Inland terminal and Ever Flow River Logistics and Distribution Center (Mandalay) projects - in the next five years.

Although the group has grown rapidly in the core businesses of shipping agents and freight forwarding - revenue has almost doubled from FY2015-16 to FY2016-17 - there are constraints in terms of terminal handling capacities handled by third-party port operators; therefore, the overall growth of the group has to a certain extent been affected. Eager to provide a better value proposition for the customers, the group has stepped into the upstream of supply chain by implementing inland terminal and logistics center projects so that the entire logistics supply chain is within the control of the group, which is essential in providing a smooth total logistics service experience for customers. Successful implementation of the projects will allow the group to become the leading total logistics service provider in Myanmar.

Strategic Projects

Hlaing Inland Projects

Although top clients of the group own warehouses and manufacturing facilities in the western part of Yangon where major industrial zones, such as Hlaing Thayar, Shwe Lin Pan, and Htantapin, are located, the containers are usually inspected, cleared, and then transported from Yangon ports to the industrial zones through trucking, which is costly and highly inefficient at the moment due to unpredictable traffic in Yangon. The Hlaing Inland terminal project, located in close proximity to the industrial zones, provides a better value proposition in terms of cost and time efficiency.

The Hlaing Inland Terminal Project, built on a 40-acre piece of land, will possess the handling capacity of approximately 35,000 to 70,000 containers per year. The terminal will not only accommodate most of the internal demand but also be able to render services to external clients. In a way, parts of the revenue for the port operations are secured with internal clients though the transactions will be on an arm's-length basis. Secondly, this project will bring about improved time efficiency, as the terminal will be designed to include facilities such as customs clearance, functionality of an ICD and customs-bonded facilities, as well as warehouse services within the same compound. As the clients are able to rent warehouse space and concurrently go through customs clearance in the same area without having to transport goods from external warehouses, there is a great deal of savings in terms of time and additional trucking costs.

Finally, the most significant value proposition of the project is the overall cost saving for clients. Normally, the containers are cleared at the terminals of Yangon Port after the container ships are berthed and transported via trucking to the warehouses or factories in industrial zones, but the containers are transported one at a time. By using a barge as an alternative mode of transport, the containers from international markets could be shifted directly onto a barge and transported to complete the customs clearance at the project site instead of passing through Yangon Port. As a barge can carry at least 50 containers per trip, the transportation charge is reduced to half compared to the conventional trucking shipment, providing a substantial saving on total transportation costs. Overall, the project brings a tremendous value in three areas: capacity constraints, time efficiency, and cost saving.

Ever Flow River Logistics and Distribution Center (Mandalay)

As per international logistics standards, goods are transported by only prime movers into regions less than 200 miles away for the obvious reasons of cost and energy efficiency. While the distance between Yangon and Mandalay is more than 350 miles, the majority of the containers are transported with prime movers and chassis trailers via highways. Not only is it not cost effective but also it creates highway traffic, which impedes trade within the country.

The Inland Intermodal Logistics Project facilitates the transportation of container goods by using railway network infrastructure between Yangon and Mandalay. As the terminal is strategically located along the railway track at Paleik in Mandalay, it is ideal to develop one-stop service facilities for a logistics and distribution center, including rail terminal, empty depot, customs-bonded facility, among others, within the compound. The Inland Intermodal Logistics Project is crucial for EFR, as Mandalay city is becoming an important logistics hub in facilitating trade flow due to its strategic location and infrastructure.

For instance, local products from middle and upper Myanmar flow through Mandalay to the Muse trade zone (on the border to China in the east) Tamu trade zone (on the border to India in the west), and Yangon Port in the south of Myanmar. From there, the goods are exported to international markets, and vice versa for the goods that are imported into the country. Implementing the Inland Intermodal Logistics Project in Mandalay will not only fulfill EFR's strategic vision but also bring in an additional source of income, creating long-term value for the shareholders.

Summary of Key Strengths

The key strength of our Company lies in the experience and network of professionals, a clear vision, and skills and expertise of management who can identify opportunities and strategically plan and execute those plans to turn opportunities into reality and positively impact the industry.

Another key factor contributing to our past success is the willingness of management and our employees to listen to our customers' needs, including their resourcefulness to create solutions to satisfy the ever-increasing needs of our customers.

Description of Businesses

Business Overview

Myanmar's Gross Domestic Product was US\$67.4 billion in 2016.¹ It is estimated to grow 7% per annum to 2030, which is relatively high compared to neighboring countries given the low starting base of the country. Since the economic liberalization in 2011, the trade volume has increased substantially and is expected to continue in an upward trend until 2030. However, there are significant needs in the infrastructure and logistics sectors to facilitate the efficient flow of domestic and international trade cargo.

The Ministry of Transport and Communication, with the assistance of the Japan International Cooperation Agency ("JICA"), is drawing up a National Logistics Master Plan to supplement a National Transport Master Plan. The purpose of creating such plans is to create an efficient and competitive logistics system that supports a multimodal transportation system in Myanmar. According to the National Transport Master Plan, cargo movement to and from Myanmar is estimated to increase to 312 million tonnages by 2030 compared to 169 million tonnages in 2015. The major transport link of the cargo movement will be the north-south axis, where Yangon and Mandalay are the two strategic cities for China, India, and the rest of the international market.

Due to the lack of proper infrastructure and facilities, logistics costs are substantially high compared to Vietnam and Thailand. One of the shortcomings is the low capacity of port facilities that cater for increasing trade volumes, especially Yangon Port which often encounters congestion in trade handling. For domestic cargo movement, the road is used as the main transportation mode compared to river and railway, which are fairly underutilized due to poor facilities. The logistics costs could be significantly improved if river and railway facilities could be upgraded for domestic cargoes.

Developing the Hlaing Inland terminal in Yangon and Ever Flow River Logistics and Distribution Center in Mandalay in line with the National Logistics Master Plan will not only facilitate the development and modernization of logistics sector in Myanmar but also create substantial value via cost savings to the customers. Since EFR is the leading logistics service provider with over 20 years of experience, the two projects will provide extensive synergies with existing businesses. Ultimately the implementation of the projects is aligned with the management vision of becoming the leading total logistics service provider with end-to-end solutions in Myanmar as well as ASEAN.

Outline of Each Business Segment

Logistics

As part of the supply chain management functions, logistics management deals with planning, managing, and executing the process of moving goods from point A to point B. The key aspects of the logistics management are the planning and implementation of the entire process in the most effective and efficient way possible. While the transportation is a crucial function in implementing the process, it cannot be defined as logistics without planning but simply a subset of logistics management.

Though EFR started as a freight forwarder, we understand that planning an effective and efficient process is essential to be successful in the logistics service industry. Only if we manage all the functions in the supply chain, would we achieve the quality that we benchmark ourselves in the industry and bring more value for our customers. Keeping that in mind, EFR has expanded the services vertically over the year.

With the collective efforts to provide quality total logistics solutions to our customers, EFR is now able to provide services in the entire logistics supply chain. Our main services are as follows:

- Shipping
- Air freight
- International freight forwarding
- Customs clearance
- Domestic transportation
- Warehousing
- Distribution
- Survey and inspection
- Logistics engineering
- Trade financing

Other services are as follows:

- Packaging
- Containerization
- Documentation
- Insurance
- Storage
- Importing and exporting regulations
- Freight damage claims
- Vendor management
- Risk management

Logistics infrastructure development

As a total logistics service provider, EFR strives to provide end-to-end services to customers - from the factory to the doorstep of end users - including ex-work transportation arrangements, customs clearance, insurance, sea/air freight arrangement, ship handling, stevedoring arrangement, local transportation via truck/ rail/ inland water, warehousing, and distribution. EFR is envisioned to be the leading player not only in logistics service solutions but also in logistics infrastructures, such as terminal handling, dry port, ICD, and bonded warehouses.

As the trades are growing along with the opening up of the Myanmar market, we see the opportunity in developing and operating logistics infrastructure projects. To become a de facto total supply chain logistics service provider in Myanmar, we have opted to develop projects in key cities in line with the National Infrastructure and Logistics Plan. In terms of priority, we will first implement Hlaing Inland Terminal and Logistics Center (Yangon) and Inland Intermodal Terminal (Mandalay).

Sales and Marketing

The majority of our transactions are through repeated customers with whom we have built long-term relationships. We market our services by targeting potential customers who are likely to seek total logistics solutions or one-stop-shop solutions. We have also built strong relationship with ship liners from whom we receive an enormous amount of business. Over the last 20 years, we have steadily built a strategic alliance with ship liners; subsequently, our day-to-day business is intricately linked to their business as well.

Our corporate leaders constantly participate in industry-wide summits and trade association meetings; through these avenues, we communicate our core values, a clear understanding of customers' needs and frustrations as well as a customer-centric approaches aimed at solving logistics inefficiency and overcoming barriers to win new customers' trust and existing customers' loyalty.

We let our service speaks for itself by striving to provide the best total logistics solutions that set the industry standard. Over the past 20 years, through word of mouth, we have expanded our customer base and have managed to capture 40% of the containerized cargo volume.

We train our employees to listen and truly understand our customers' needs and then cater the services to satisfy those specific needs. By truly understanding customers' needs, we can then come up with solutions to the entire logistics chain, from invoicing, arranging and managing shippers, to customs clearance and unloading goods, and taking care of end-to-end logistics.

We have instilled the core value in each of our employees that our customers' needs are our main priority. We thrive and excel in providing complete logistics solutions that would satisfy our customers' needs.

Competition

Our competition primarily lies in the domestic market from companies offering services similar to ours. In the logistics sector, there are a broad spectrum of services including freight forwarding, sea transportation, rail transportation, road transportation, air transportation, customs clearance, warehousing, as well as distribution and infrastructure such as ports. While our competitors offer similar services, most of them are specialized in only one or a few kinds of services and are capable of offering only a narrower spectrum of services. Our competitive advantage lies in our ability to offer total logistics services from start to end as well as upstream to downstream. Reinforcing this strength with our experienced management and competent technical professionals, we have built long-term relationships with our loyal customers and established a remarkable track record.

As we are planning to further expand our business through investment in logistics infrastructure, our competitors may also make additional investment and broaden their businesses and services. Our potential competitors may also arise from the entry of international logistics companies that offer similar services or also from major shipping lines or merchandizers who may possibly move

Material Contracts

Hlaing Inland

MOU between Lann Pyi and EFR

Lann Pyi and EFR have signed an MOU for the building of a container port and total logistics center, and to carry out related logistics and inland port services. The total intended investment is US\$47 million, which EFR will contribute 49% in cash and Lann Pyi will contribute 51% in kind by way of the 50-year lease of the land to be used. EFR is required to procure machinery and equipment required for the business. The MOU is valid for 12 months from signing on 8 July 2016.

JVA between Lann Pyi and EFR

A JVA was executed between EFR, represented by U Kyaw Lwin Oo, Chairman of EFR, and Lann Pyi, represented by General Khin Maung Than, Chairman of Lann Pyi, on 19 January 2017 in relation to co-operation in the construction of a port, construction of a container-storage yard, and operation of logistics services on 40 acres of land located between Aung Zaya Bridge and Shwe Pyi Thar Bridge, which is part of 150 acres of land addressed at Plot No. 1, Survey No. 15, Yaw Ah Twin Wun U Phoe Hlaing Road, Shwe Lin Pan Industrial Zone, Hlaing Thar Yar Township, Yangon Region. The term of the JVA is 50 years and it shall be effective from the date of obtaining all required licenses and permits from the relevant government authorities.

Share Subscription Agreement between Chang Yang Development Company Limited and EFR

A Share Subscription Agreement was executed between Chang Yang Development Company Limited and EFR dated 21 June 2019. The SSA contains the agreement between the parties for Chang Yang to subscribe to 1,720,000 ordinary shares of EFR for a subscription price of MMK4,300,000,000 (MMK2,500 per subscribed share). Chang Yang will subscribe the subscription shares and pay the subscription price on the Closing Date, which is 10 days after the satisfaction by EFR of the conditions precedent set out in the Share Subscription Agreement, including provision of evidence that EFR's total share capital is paid up to the satisfaction of Chang Yang. The conditions precedent must be fulfilled before the Long-Stop Date which is one year from the date of the Share Subscription Agreement. Upon closing, as defined in the Share Subscription Agreement, the parties will not be able to rescind the Share Subscription Agreement. Chang Yang is subject to a Lock-Up Period, which is a period post-listing in the YSX during which Chang Yang is restricted from selling or transferring its subscription shares or any other rights thereto for a certain duration to be defined by EFR or the YSX.

Port management agreement between Lann Pyi and Hlaing Inland

MOA has been signed between Lann Pyi and Hlaing Inland. Lann Pyi appointed Hlaing Inland exclusively for 50 years from August 2017 as its sales and marketing manager.

LDC Mandalay

BOT agreement between Mandalay Regional Government and LDC Mandalay

The BOT contract was executed on 25 February 2016 between the Mandalay Regional Government, as the owner, and LDC Mandalay. The BOT contract is in relation to the construction of an inland terminal project on the project land on a BOT basis and operation of the transportation of merchandise and goods via the Yangon-Mandalay railway. The total area of the project land is 14.05 acres. The concession period is up to 70 years (i.e., an initial 50 years plus two possible extension periods of 10 years each).

Gold Shipping

Agency agreement with principal

Gold Shipping is, jointly with GL Strategic Private Limited, agent for Trans Asian Shipping Services Private Limited as the principal for its business in Myanmar. The agreement was executed on 1 November 2015 for a term of three years. The agents are contracted to provide all customary and necessary services for transportation of cargo within Myanmar.

KEFR

JVA between EFR and Kamigumi Co., Ltd.

EFR is party to a JVA between EFR and Kamigumi Co., Ltd. The agreement was executed on 1 November 2014, and is for a term of five calendar years, renewable annually until either party gives six months' notice of its intent to terminate. Kamigumi EFR was formed with US\$1,548,927.51 of assets and cash capital of US\$200,000. The business of Kamigumi EFR is limited to providing in Myanmar any kind of logistics services, including international freight forwarding and customs clearance services. This JV company is not yet in operation, and negotiations between the parties are ongoing.

Multipack

JVA between Multipack and Asia UTOC Pte., Ltd.

EFR, through its subsidiary Multipack, has entered into a JVA to establish and hold a 40% interest in UTOC Multipack, which is a JV company between Multipack and Asia UTOC Pte., Ltd. The main business activities of UTOC Multipack will be providing freight forwarding services, warehousing, machine installation and equipment work, and logistics services. The JVA was executed between Multipack, represented by U Aung Min Han, Director of Multipack, and Asia UTOC, represented by Mr. Jun Okuno, Managing Director of Asia UTOC, on 5 April 2018.

Property, Plant and Equipment

As at 30th June 2019, our Company leases the following property:

NAME OF COMPANY (LESSEE)	ADDRESS	LEASE PERIOD	SIZE
MRTW Services (office)	No.1101, 11 th Floor, Mahabandoola Complex B, Corner of Mahabandoola Road and Tarwataintha Street, Pazundaung Township	5 years, from 1 Sep 2014, extendable on a yearly basis (lease from MPA)	1,600 sq. ft
G-Link (office)	62, Rm 1001 and Rm 1002, Mahabandoola Complex, Housing (B), Pazundaung Township, Yangon	1 year, from 1 Jun 2017 to 31 May 2018, extendable on a yearly basis	3,200 sq. ft
UCS (condominium lease)	803, 8 th floor, Tower B, AMPS 50 th St Condominium, Bodataung Township, Yangon	1 year, from 1 Nov 2016 to 31 Oct 2017, extendable on a yearly basis	1,500 sq. ft
Gold Shipping	1002, 10 th floor, 50 th St Condominium, Bodataung Township, Yangon	1 year, from 1 Apr 2017 to 31 Mar 2018, extendable on a yearly basis	1,800 sq. ft

Our Company does not hold any other material, tangible fixed assets.

Research and Development

The nature of our business does not require us to undertake any intensive research and development activity other than feasibility studies on design, construction, and development of the projects our Company is going to invest or develop. As at 30th June 2019, our Company has initiated the following feasibility studies:

No	NAME	DATE	PURPOSE
1	Hlaing Project	2015-2017	Market feasibility study to analyze and forecast market size, market potential, and competition among other things.
2	Mandalay Project	2015-2017	Market feasibility study to analyze and forecast market size, market potential, and competition among other things.
3	Hlaing Project	2014- present	Technical feasibility study to analyze technical and operational feasibility and develop conceptual and master plan.
4	Mandalay Project	2014 - till present	Technical feasibility study to analyze technical and operational feasibility and develop conceptual and master plan.
5	Hlaing Project	2014-2016	Financial and economic feasibility study to analyze the profitability and develop financial model among other things.
6	Mandalay Project	2014-2016	Financial and economic feasibility study to analyze the profitability and develop financial model among other things.

Remuneration Report

TOTAL OF REMUNERATION AND ALLOWANCES RECEIVED BY DIRECTORS AND EXECUTIVE OFFICERS			
	FY 2016-17 (ACTUAL) (MMK)	FY 2017-18 (ACTUAL) (MMK)	FY 2018-19 (ACTUAL)(MMK)
Directors	0	346,684,020	194,052,000
Executive officers	0	182,619,415	154,597,811
Total	0	529,303,435	348,649,811

For FY 2017-18 (from April to Mar), the above-mentioned amount was paid to all directors and executive officers.

For FY 2018-19 (from April to Mar), the above-mentioned amount was paid to all directors and executive as salary basic according to the performance.

Risk Criteria

The common risks involved in the process of international trade include credit risk, currency risk, transport risk, price risk and product liability risk. Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. Currency risk is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the company. Transport risk means the improper disposal cause cargo damage or loss in the process of transport. Price risk resulting from the possibility that the price of a security or physical commodity may decline. Product liability risk refers to the risk causing damage to a person or to other property. These risks can be summarized as three main criteria, namely *partnership risk, transportation operational risk and external information and financing risk.*

Opportunities and Risks Management

Identifying and swiftly capitalizing upon opportunities and counteracting risks are important objectives for our Group, we already account for the anticipated impact of potential events and developments in our business plan. Opportunities and risks are defined as potential deviations from projected earnings.

Uniform Reporting Standards for Opportunity and Risk Management

As a nation-wide operating logistic company, we are facing numerous changes. Our aim is to identify the resulting opportunities and risks at an early stage and take the necessary measures in the specific areas affected in due time to ensure that we achieve a sustained increase in enterprise value. Our Group-wide opportunity and risk management system facilitates this aim. Each quarter, managers estimate the impact of future scenarios, evaluate opportunities and risks in their departments and present planned measures as well as those already taken. Queries are made and approvals given on a hierarchical basis to ensure that different managerial levels are involved in the process. Opportunities and risks can also be reported at any time on an ad hoc basis.

The most important steps in our opportunity and risk management processes are;

1. Identify and assess: Managers in all divisions and regions eluate the opportunity and risk situation on a quarterly basis and document the action taken. They use scenarios to assess best, expected and worst cases. Each identified risk is assigned to one or more managers who assess and monitor the risk, specify possible procedures for going forwards and then file a report. The same applies to opportunities.
2. Aggregate and report: The controlling units collect the results, evaluate them and review them for plausibility. After being approved by the department head, all results are passed on to the next level in the hierarchy. The last step is complete when respective Head of Department reports to the Group Board of Directors on significant opportunities and risks as well as on the potential overall impact each division might experience. For this purpose, opportunities and risks are aggregated for key organizational levels.

3. Overall strategy: The Group Board of Directors decides on the methodology that will be used to analyze and report on opportunities and risks. The reports created by Head of Department provide an additional regular source of information to the Board of Directors for overall steering of the Group.
4. Operating measures: The measures to be used to take advantage of opportunities and manage risks are determined within the individual organizational units. They use cost-benefit analyses to assess whether risks can be avoided, mitigated or transferred to third parties.
5. Control: For key opportunities and risks, early warning indicators have been defined that are monitored constantly by those responsible. Corporate Internal Audit has the task of ensuring that the Board of Directors' specifications are adhered to. It also reviews the quality of the entire opportunity and risk management operation. The control units regularly analyze all parts of the process as well as the reports from Internal Audit and the external auditors, with the goal of identifying potential for improvement and making adjustments where necessary.

Internal Accounting Control and Risk Management System

EFR Group uses an internal control system (ICS) to ensure that Group accounting adheres to generally accepted accounting principles. The system is intended to make sure that statutory provisions are complied with and that both internal and external accounting provide a valid depiction of business process.

The ICS design comprises organizational and technical measures that extend to all companies in the Group. Centrally standardized accounting guidelines govern the reconciliation of single-entity financial statements and ensure that international financial reporting standards (IFRS) are applied in a uniform manner throughout the Group. All Group companies are required to use a standard chart of accounts. We immediately assess new developments in international accounting for relevance and announce their implementation in a timely manner, in many performance review meetings, for example. Often, accounting processes are pooled in a shared network in order to centralize and standardize them. The IFRS financial statements of the separate Group of companies are recorded in a standard, SAP based system and then processed at a central location where one-step consolidation is performed. Other ICS components include automatic plausibility reviews and system validations of the accounting data. In addition, regular manual checks are carried out decentrally by those responsible at the local level (a chief financial officer, for example) and centrally by Accounting and Finance Department.

Over and above ICS and risk management, Internal Audit is an essential component of the Group's control and monitoring system. Using risk-based auditing procedures, Internal Audit examines regularly the processes related to financial reporting and reports its results to the Board of Directors. The data reported are checked and analyzed chronologically, both upstream and downstream. If necessary, we call in outside experts. The Group standardized process for preparing financial statements using a centrally administered financial statements calendar guarantees a structured and efficient accounting process.

Reporting and Accessing Opportunities and Risks

In the following, we have reported mainly on those risks and opportunities which, from the current standpoint, could have a significant impact upon the Group during the forecast period beyond the impact already accounted for in the business plan. The risks and opportunities have been assessed in terms of their probability of occurrence and their impact. The assessment is used to classify the opportunities and risks into those of low, medium or high relevance. But our business activities could also be influenced by additional factors of which we are currently unaware or which we do not yet consider to be material.

Opportunities and risks are identified and assessed decentrally at EFR Group. Reporting on possible deviations from projections, including latent opportunities and risks, occurs primarily at the country or regional level. In view of the degree of detail provided in the internal reports, we have combined the decentrally reported opportunities and risks into the categories shown below for the purposes of this report. It should be noted that the underlying individual reports - with the exception of opportunities and risks associated with the domestic and global economy - usually exhibit a zero to minimal correlation. Beyond these it is unlikely that several major opportunities or risks would occur systematically at the same time in a single category or across categories.



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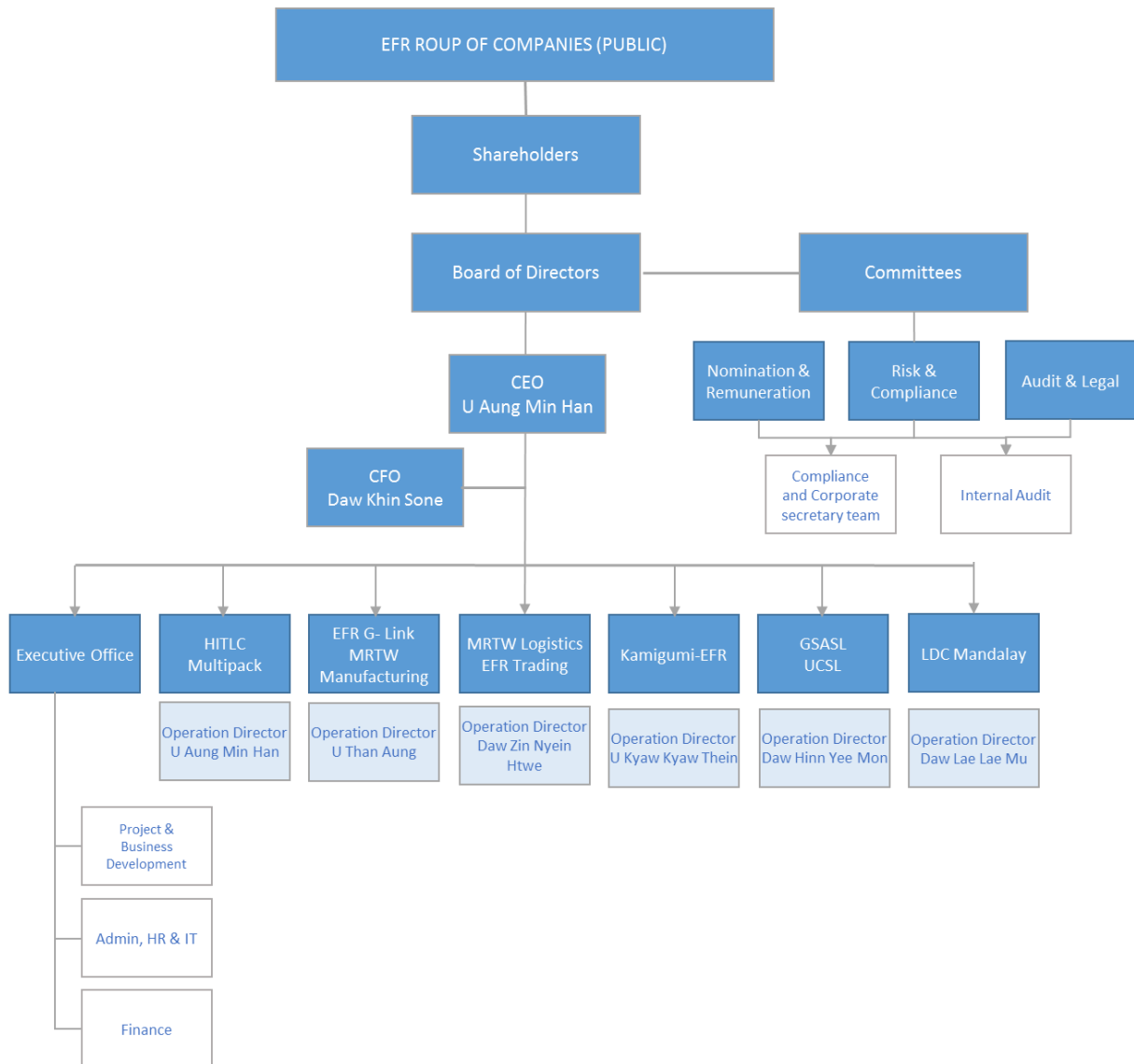
DIVERSITY

Diversity is important for the organization, including when it comes to appointing members of the Board of Directors. The company's success depends on a considerable extent upon the diversity of qualifications, personalities, skills and experience of the members of the Board of Directors. All Board of Directors members possess international expertise and experience. Long-term succession planning in all divisions aims to guarantee that there will be an adequate pipeline of qualified successors for appointments to the Board of Directors in the future. Particular attention is given to ensuring that women can advance within the company. They are supported when they join the company and candidates with potential are given opportunities for development.

Kyaw Lwin Oo
Chairman

CORPORATE GOVERNANCE REPORT

Our Directors recognize the importance of corporate governance and the maintenance of high standards of accountability to our Shareholders, as well as adopting corporate governance practices which are to the extent reasonably practicable consistent with prevailing international principles, taking into account local conditions in Myanmar.



Committees

▪ Audit & Legal Committee

- Overseeing financials and internal control effectiveness in the company. Operational control effectiveness should also be included.
- Overseeing Internal Auditor's plan and results, including follow-up action.
- Advice on legal and tax matters.

- Risk Management & Compliance Committee
 - Overseeing that the executive team has identified and assessed all the potential risks in the organization and has established a risk management infrastructure capable of addressing those risks.
 - Developing corporate governance policies and overseeing adherence to the policies.
 - Reviewing, at least annually, the corporate governance principles and recommending any updates as needed to the board.

- Nomination & Remuneration Committee
 - Providing guidance to the board in overseeing and determining executive nomination and remuneration policies and practices and disclose to shareholders - appointment, removal, and retirement of Directors, key managerial personnel and senior management; evaluation of their performance; and advising best practice for their remuneration.

- Compliance Officer & Team
 - Reporting directly to Audit & Legal Committee, Risk Management & Compliance Committee, and BOD.
 - Under the supervision of the Committees, advising management statutory duties under the law, corporate governance requirements and practices, and facilitating governance activities.
 - First line authorized person to oversee all the internal regulations and policies, such as Related-Party Transactions policy, Insider Trading Prevention policy, and responsible person for timely disclosure of information.
 - Supervision of Corporate Secretary's duties and responsibilities.

The Committees appoint, advise and oversee the Board of Directors. It has established rules of procedure for itself containing the principles for its internal organization, a catalogue of Board of Directors transactions requiring its approval and the rules governing the work of the Committees.

In fiscal year 2018-19, the Board of Directors held *5 plenary meetings*. At 100%, the attendance rate remained very high in the year under review, as the following breakdown shows.

Attendance at plenary BOD meetings

Board members	Attendance (%)
U Kyaw Lwin Oo	100
U Mg Mg Oo	100
U Min Sein (<i>Audit and Legal Committee Chair</i>)	100
Dr. Daw Hla Theingi (<i>Risk Management and Compliance Committee Chair</i>)	100
Prof. Daw Hla Myint (<i>Nomination and Remuneration Committee Chair</i>)	100
U Aung Min Han	100
Daw Khin Sone	100
Daw Zin Nyein Htwe@ Ju Ju	100
Daw Lae Lae Mu	100
Daw Hnin Yee Mon	100

Shareholders

Our 12 largest shareholders (“Principal Shareholders”) as of 30th June 2019 are as follows:

NAME	NRC OR PASSPORT NO. & NATIONALITY	ADDRESS	NUMBER OF SHARES	PERCENTAGE OF OUTSTANDING SHARES
U Kyaw Lwin Oo ¹	12 / Ka Ma Ya (Naing) 009222; Myanmar	Building 21, Room 201, Yuzana Street, 5 Ward, Hlaing Township, Yangon.	5,889,883	29.48%
Daw Saw Sandar ²	12 / Ka Ma Ya (Naing) 036809; Myanmar	Building 21, Room 201, Yuzana Street, 5 Ward, Hlaing Township, Yangon.	5,534,662	27.70%
Chang Yang Development Company Limited ³	Registration No. 120783084	Shwe Own Ping Housing (2), Building (34), Room (21), Yankin Township, Yangon	1,720, 000	8.61%
U Aung Min Han	12 / Ma Ga Ta (Naing) 074429; Myanmar	No. 5, Mya Marlar Street, 3 Ward, Kamayut Township, Yangon.	1,295,305	6.48%
Daw Khin Sone	12 / La Ma Na (Naing) 002027; Myanmar	No. 25 (B), West Htantapin Street, 3 Ward, Kamayut Township, Yangon.	1,295,305	6.48%
U Maung Maung Oo	12 / Ka Ma Ya (Naing) 026201; Myanmar	No. 23, West Htantapin Street, 3 Ward, Kamayut Township, Yangon.	1,282, 536	6.42%
Daw Wut Hmone	12 / Ba Ta Hta (Naing) 001541; Myanmar	No. 230, Kantaw Myaing 3 rd Street, 23 Ward, Thuwunna, Thingangyun Township, Yangon.	1,282,536	6.42%
Daw Zin Nyein Htwe	12 / Da Ga Ma (Naing) 014654; Myanmar	Building 3 (B), Room 104, Bayint Naung Road, 2 Ward, Hlaing Township, Yangon.	330, 522	1.65%
Daw Hnin Yee Mon	14 / Ma Ma Na (Naing) 157907; Myanmar	No. 28, 7 th Floor, Dhama Darna Street, Mahlwagone Htay Kywe (Ka) Ward, Tamwe Township, Yangon.	328, 980	1.65%
Daw Lae Lae Mu	12 / Ma Ga Ta (Naing) 070277; Myanmar	No. 13, 6 th Street, Pathein Nyunt Ward, Mingalar Taung Nyunt Township, Yangon.	326, 098	1.63%
U Than Aung	12 / Ou Ka Ma (Naing) 000208; Myanmar	No. 164, Ouzanar 6 th Street, Zakwe Ward, North Okkalapa Township, Yangon.	326, 098	1.63%
U Kyaw Kyaw Thein	12 / Ka Ma Ya (Naing) 034879; Myanmar	No. 602, Thazin Myaing Street, 49 Ward, Dagon (North) Township, Yangon.	326, 098	1.63%

Notes:

- 1) U Kyaw Lwin Oo, founder and chairman of EFR, owns 29.48% of EFR
- 2) Daw Saw Sandar, spouse of U Kyaw Lwin Oo, owns 27.70% of EFR and does not hold any executive role in EFR. Effectively, U Kyaw Lwin Oo and Daw Saw Sandar together owns 57.18% of EFR
- 3) Chang Yang Development Company Limited owns 8.61% of EFR via a recent private placement. The new share subscription agreement was signed on 21 June 2019. Please refer to “Material Contracts” for more information.

Board of Directors

DIRECTOR NAME	BOD POSITION	AUDIT & LEGAL COMMITTEE	RISK MANAGEMENT & COMPLIANCE COMMITTEE	NOMINATION & REMUNERATION COMMITTEE
U Kyaw Lwin Oo	Chairman, Non-Executive Director	Member		Member
U Mg Mg Oo	Vice-Chairman, Non-Executive Director		Member	
U Min Sein	Independent Director	Chairman	Member	
Dr. Daw Hla Theingi	Independent Director		Chairman	Member
Prof. Daw Hla Myint	Independent Director	Member		Chairman
U Aung Min Han	CEO, Executive Director			
Daw Khin Sone	CFO, Executive Director			
Daw Zin Nyein Htwe @ Ju Ju	Executive Director			
Daw Lae Lae Mu	Executive Director			
Daw Hnin Yee Mon	Executive Director			

Material Background Information

Board of Directors

NAME	DATE OF BIRTH NATIONALITY GENDER	POSITION	TERM OF OFFICE	SHARE OWNERSHIP
U Kyaw Lwin Oo	24/04/1966, Male, Myanmar	Chairman	Since 10/04/2014	5,889,883
U Maung Maung Oo	26/11/1964, Male, Myanmar	Vice-Chairman	Since 10/04/2014	1,282, 536
U Min Sein	01/05/1946, Male, Myanmar	Independent Director	01/04/2019	0
Dr. Hla Theingi	16/12/1970, Female, Myanmar	Independent Director	Since 20/06/2019	0
Prof. Daw Hla Myint	18/11/1938, Female, Myanmar	Independent Director	01/04/2019	0
U Aung Min Han	16/05/1976, Male, Myanmar	Director	Since 10/04/2014	1,295,305
Daw Khin Sone	12/06/1972, Female, Myanmar	Director	Since 10/04/2014	1,295,305
Daw Zin Nyein Htwe	24/07/1984, Female, Myanmar	Executive Director	Since 10/04/2014	330, 522
Daw Lae Lae Mu	28/12/1977, Female, Myanmar	Executive Director	Since 10/04/2014	326, 098
Daw Hnin Yee Mon	10/09/1984, Female, Myanmar	Executive Director	Since 10/04/2014	328, 980

Directors, Managers, and Managing Agents

Name	Date of Birth Nationality Gender	Position	Term of office	Share ownership
U Aung Min Han	16/05/1976, Male, Myanmar	Chief Executive Officer	Since 10/04/2014	1,295,305
Daw Khin Sone	12/06/1972, Female, Myanmar	Chief Financial Officer	Since 10/04/2014	1,295,305
Daw Zin Nyein Htwe	24/07/1984, Female, Myanmar	Executive Director Myanmar Round the World Logistics Co., Ltd. EFR Trading Co., Ltd. Hlaing Inland Terminal and Logistics Co.,Ltd	Since 10/04/2014	330, 522
Daw Lae Lae Mu	28/12/1977, Female, Myanmar	Executive Director Ever Flow River Logistics and Distribution Center (Mandalay) Co., Ltd.	Since 10/04/2014	326, 098
Daw Hnin Yee Mon	10/09/1984, Female, Myanmar	Executive Director Gold Shipping Agency Services, Ltd. Unison Choice Services Ltd	Since 10/04/2014	328, 980
U Than Aung	07/06/1974, Male, Myanmar	Operation Director EFR G Link Express Services, Ltd. MRTW Manufacturing & Inspection Co., Ltd.	Since 10/04/2014	326, 098
U Kyaw Kyaw Thein	26/09/1966, Male, Myanmar	Operation Director Kamigumi-EFR Logistics Myanmar Co., Ltd.	Since 10/04/2014	326, 098

Companies Owned by Board of Directors Outside of EFR

Board of Director	Company	Position	Business Nature	Shareholding
U Kyaw Lwin Oo ¹	K Efficient Logistics Consortium Co., Ltd	Director	Investment holding company	50%
	Ever Flow River Agro Venture Co., Ltd	Director	Plantation	99%
	E.F.R. Hotel Group Co., Ltd	Director	Hotel operation	48.5%
U Aung Min Han ²	A&H Development Co., Ltd	Director	Distribution of furniture and water purifier	50%
	SIM Co., Ltd	Director	Oil & gas offshore supply	20%
	Open Sesame Co., Ltd	Director	Online shopping	25%
Daw Khin Sone ³	Golden Host Travels & Tours Co., Ltd	Director	Travels & Tours	50%
	Win Wealth Trading Co., Ltd	Director	Trading of construction materials	50%
Daw Hnin Yee Mon ⁴	A&H Development Co., Ltd	Director	Distribution of furniture and water purifier	50%

Notes:

- 1) U Kyaw Lwin Oo, founder and chairman of EFR, owns 50% of K Efficient Logistics Consortium Co., Ltd, which is an investment holding company intending to invest logistics portfolio that is not competing directly with the businesses of EFR. K Efficient Logistics Consortium Co., Ltd has an equity interest in Thilawa Multipurpose International Terminal Co., Ltd., which is a new container terminal at the Port of Thilawa.
U Kyaw Lwin Oo also owns 99% of Ever Flow River Agro Venture Co., Ltd, which is a mango plantation business. Furthermore, he owns 48.5% of E.F.R Hotel Group Co., Ltd which operates 2-star EFR Seconda Casa Beach Resort in Ngwe Saung Beach
- 2) U Aung Min Han, CEO of EFR, owns businesses outside of logistics industry as listed above
- 3) Daw Khin Sone, CFO of EFR, owns businesses outside of logistics industry as listed above
- 4) Daw Hnin Yee Mon, Executive Director of EFR, owns businesses outside of logistics industry as listed above

Biography



U Kyaw Lwin Oo
Chairman

U Kyaw Lwin Oo is the Chairman of EFR Group of Companies. U Kyaw Lwin Oo started his career as Operations Manager for Myanmar Container Line, the first containerized feeder carrier in Myanmar plying the Myanmar Singapore route, from 1990 to 1995. Based upon this extensive shipping knowledge gained from Myanmar Container Line (“MCL”). U Kyaw Lwin Oo registered Ever Flow River Forwarding & General Services Co., Ltd. in 1998.

With his spirit of entrepreneurship and leadership, EFR has built up a vast network of shipping agencies representing world-class container carriers and international freight forwarders. U Kyaw Lwin Oo, with his strong belief in development of business through diversification, managed to diversify into other lines of businesses across the supply-chain logistics.

U Kyaw Lwin Oo is also the chairman of Myanmar Hoteliers Association (“MHA”), Ngwe Saung Hotel Zone, Adviser at Myanmar Mercantile Maritime Development Association (“MMMDA”), Vice-Chairman of the Board of Directors at Myanmar International Freight Forwarders Association (“MIFFA”), and Founder Member of Myanmar Customs Broker Association (“MCBA”).

His spirit of entrepreneurship has made him what he is today. Taking the opportunity upon economic reforms in Myanmar, he has planned to develop the logistics infrastructure of Myanmar on a national level after obtaining approval from the high authorities. This is a very promising arrangement, as it would place Myanmar on the same level as some neighboring countries with regard to the transportation and logistics sectors.



U Maung Maung Oo
Vice Chairman

U Maung Maung Oo, is the Vice Chairman of EFR Group of Companies. He holds a Bachelor of Science from University of Yangon, International Business Finance and Financial Management Course Certificate (2002), Diploma in Maritime Law from University of Yangon (2003), and a Certificate in Multimodal Transport from MIFFA and AFFA.

In 1996, U Maung Maung Oo joined EFR Freight Forwarding & General Services Co., Ltd. as a marketing manager. In 2001 April, U Maung Maung Oo was assigned to work with World Class Container Carrier and Shipping agency as General Manager up to October 2007. With his advanced knowledge and diversified management skills gained throughout his career, U Maung Maung Oo is currently a member of the board of directors and the Vice Chairman of EFR Group of Companies and also a member of the board of directors of the MIFFA.



U Min Sein
Independent Director

Min Sein is an independent director of EFR Group of Companies. He graduated with a Bachelor of Science in 1966 and became a registered accountant (R.A.) in 1971. He successfully passed the Higher-Grade Pleader (Law) Examination in 1969 and the Registered Lawyer's Examination in 1975. He started his practice in Law since 1972 and successfully became an advocate of the Supreme Court in 1998. He specializes in Business and Corporate Law, Civil Law, Trade/Commercial Law, International Contracts, Trademark, and Intellectual property, Personal Law (Succession Law).

U Min Sein is also an Independent Director of AYA Bank and Director of Myanmar M1 Investment Company Limited. He is also a Member of Australia Myanmar Chamber of Commerce and Management Committee Member of U Hla Tun Hospice.

He also has teaching experience, including teaching Commercial Law to Government Officers, Auditor General's Department and Training Department from 1986 to 2006 as well as to the CPA 24th batch.



Dr. Hla Theingi
Independent Director

Dr. Hla Theingi is the independent director of EFR Group of Companies. She graduated with a Bachelor of Business Administration and MBA from Assumption University Thailand and received her PhD from Asian Institute of Technology Thailand. She has also passed CFA Level 1.

As an academic professor, Dr. Hla Theingi has taught many subjects in the areas of economics, finance and accounting, international business, logistics, marketing and research for postgraduate, graduate and undergraduate students. She also published a book "Export Import Practices: ASEAN Focus" in 2013. She works as a mentor, guest speaker, reviewer, and editor for various institutions, conferences and journals. Her recent research, journal and book publications are in the area of SMEs, trade financing, remittance, sustainability, international business, ethical business, technology transfer and technology acceptance.

As a practitioner, she is currently a Chief Executive Officer of MADP Distributing Co., Ltd. and a financial advisor and executive coach for telecom, trading, agriculture, animal feed, and education companies in Myanmar and Thailand. She worked as a consultant for Myanmar Automobile Development Public Co., Ltd in 2015 and 2016. She has more than 20 years' experience of running her own container transportation business in Myanmar. She worked as a deputy chairperson of the Department of International Business Management, Martin de Tour School of Management, Assumption University, Thailand from 1996 to 1998. She was also a member of the Research Support Committee, Assumption University, Thailand for 2012 to 2016.



Prof. Daw Hla Hla Myint
Independent Director

Prof. Daw Hla Myint is an independent director of EFR Group of Companies. She graduated with a Bachelor of Commerce with Honors Degree and received a Master of Commerce. She has attended a UNDP/UNIDO workshop on Project Planning and Control from the Ministry of Industry (1), Myanmar-Korea Executive Management Program of Samsung, Tourism Marketing Course from the Directorate of Hotel & Tourism and Advill Consultancy. She has also attended Master of Arts Courses in Economics specializing in Development Economies (1961-62) from the University of Kansas City, Missouri, USA, MBA courses specializing in Management Information System, University of California, Los Angeles, and UNESCO Fellowship. She has attended a study tour focusing on Business Administration at the Kasetsart University, Bangkok, Thailand.

Prof. Daw Hla Myint is currently an Emeritus Professor of the Department of Management Studies, Yangon University of Economics, Yangon. She is also a faculty member and the principal Academic Advisor of the Myanmar Human Resources Co., Ltd. She is the adviser of the Myanmar Women Entrepreneurs Association, an NGO, and a consultant cum senior trainer of STI Education.

She served as a faculty member for 37 years as a tutor, lecturer, associate professor and professor in the following educational institutions.

1. Department of Commerce & Administrative Studies, University of Yangon
2. Department of Economics, Defense Services Academy, Pyin Oo Lwin
3. Department of Commerce, Institute of Economics, University of Yangon
4. Department of Economics, Institute of Education, University of Yangon
5. Department of Management Studies, Institute of Economics, University of Yangon



U Aung Min Han
Chief Executive Officer

U Aung Min Han is the Chief Executive Officer of EFR Group of Companies. He holds a Bachelor of Engineering (Civil) (2001), Certificate of Internal Auditor Training Course (2003), Diploma in International Freight Management Certificate in Multimodal Transport (2004), Certificate in Multimodal Transport (2004), and Master of Business Administration (2008).

In June 1997, U Aung Min Han joined EFR, first as a marketing executive at Ever Flow River Forwarding & General Services Co., Ltd. and then was promoted to marketing manager and gradually up to the post of General Manager in sub-business units of EFR Group of Companies. His excellent interpersonal skills, wide knowledge and in-depth experience in marketing as well as administration and interest in the work concerned have contributed to his high level of performance in top-level management positions. As a brilliant, talented, dedicated and energetic young professional, U Aung Min Han was selected the Chief Executive Officer of EFR Group in 2012 as well as one of the board directors of EFR Group of Companies.

He is also a member of MIFFA and of MMMDA.



Daw Khin Sone
Chief Financial Officer

Daw Khin Sone is the CFO of EFR Group of Companies. She received her B.Sc. (Mathematics) degree from the University of Yangon in 1995. She holds a diploma in Chinese from the University of Foreign Language and a diploma in Business Law from University of Yangon. Daw Khin Sone has also received a certificate from the Ministry of Foreign Affairs for a Basic Diplomatic Course and has also finished her LCCI (level I, II and III) in 2003. She also has a master's degree at the University of Economics in Banking and Finance.

Daw Khin Sone started her career after her graduation as executive to chief accountant in Eagle Group of Companies (1997 to 2000) and then joined EFR Group of Companies as marketing executive in one of the shipping lines. From 2000-2011, she was assigned at Gold Shipping Agency Services, Ltd., starting from executive post to being gradually promoted to deputy managing director after several years of her services with full commitment. From 2012 till to date, she has been assigned as group Chief Finance Officer.

She is a member of Myanmar Mercantile Maritime Development Association (MMMDA) and member of the Board of Directors of MIFFA.



Daw Zin Nyein Htwe
Executive Director

Daw Zin Nyein Htwe is one of the executive directors of EFR Group of companies who is in charge of Myanmar Round the World Logistic Co., Ltd. and EFR Trading Co., Ltd. She started her career with EFR in 2001 while she was in pursuit of her B.Sc. (Physics) Degree in University of Distance Education. She took on different responsibilities, has played different roles successfully within the organization from Receptionist, Sales & Marketing Coordinator, to Customer Service Executive as well as being in charge of Mitsui O.S.K Lines and obtaining experience in shipping and forwarding fields.

EFR has been grateful to have her support and teamwork in reference to International Trading business before she moved on to her new role in 2007. She has extensive knowledge in the commercial trading field.

She holds an MBA from the University of the Thailand Chamber of Commerce, a Bachelor of Science (Physics) from Yangon University, and Advanced Diploma in Supply Chain Management, Singapore Logistics Association.



Daw Hnin Yee Mon
Executive Director

Daw Hnin Yee Mon is one of the Executive Directors of EFR Group of Companies who is in charge of Gold Shipping Agency Services, Ltd. and Unison Choice Services, Ltd. She received her BA (Economic) degree in 2004 from Patheingyi University. In July 2004, Daw Hnin Yee Mon joined EFR, first as receptionist and personal assistant of the Chairman of EFR Group of Companies from 2004 to 2005.

As a brilliant and energetic talent, she has taken on many different assignments from EFR Group and has executed her duties and responsibilities in a reliable and satisfactory level. She took roles as Assistant of Mitsui O.S.K Lines which is one of the top-10 container carriers in the world and was promoted to Manager (Import Marketing) in charge of CMA-CGM Lines which is also one of the top10 carriers in the world and was in charge of EFR's Conventional Department from 2008 to 2010 and gradually up from basic level to General Manager in EFR Forwarding & General Services Co., Ltd.



Daw Lae Lae Mu
Executive Director

Daw Lae Lae Mu is one of the Executive Directors and is in charge of Ever Flow River Logistics and Distribution Center (Mandalay) Co., Ltd.

In 2001, she joined China Shipping Container Line as Senior Sales & Marketing Executive and served in this position until 2007. Daw Lae Lae Mu joined Myanmar Indo Orient Co., Ltd. (MIO was established to act as agent for CMACGM in Myanmar) with the position of Deputy General Manager. In 2011, she became a General Manager of MIO and of CMA CGM in 2014.

Daw Lae Lae Mu holds a Bachelor of Science (Physics) (Hon), Certificate of Attendance - Air Freight Forwarder's Basic Course conducted by Myanmar International Freight Forwarder's Association (MIFFA) and Singapore Air Cargo Agents Association (SAAA), Certificate of Attendance - Japan's Program for improving Efficiency of "Logistics and Distribution", of The East-West Economic Corridor" and "Southern Economic Corridor" conducted by MIFFA and Ministry of Transport.

Key Management Personal (Executive Directors)

U Aung Min Han is the Chief Executive Officer of EFR Group of Companies. He holds a Bachelor of Engineering (Civil) (2001), Certificate of Internal Auditor Training Course (2003), Diploma in International Freight Management Certificate in Multimodal Transport (2004), Certificate in Multimodal Transport (2004), and Master of Business Administration (2008).

In June 1997, U Aung Min Han joined EFR, first as a marketing executive at Ever Flow River Forwarding & General Services Co., Ltd. and then was promoted to marketing manager and gradually up to the post of General Manager in sub-business units of EFR Group of Companies. His excellent interpersonal skills, wide knowledge and in-depth experience in marketing as well as administration and interest in the work concerned have contributed to his high level of performance in top-level management positions. As a brilliant, talented, dedicated and energetic young professional, U Aung Min Han was selected the Chief Executive Officer of EFR Group in 2012 as well as one of the board directors of EFR Group of Companies.

He is also a member of MIFFA and of MMMDA.



U Aung Min Han
Chief Executive Officer

Daw Khin Sone is the CFO of EFR Group of Companies. She received her B.Sc. (Mathematics) degree from the University of Yangon in 1995. She holds a diploma in Chinese from the University of Foreign Language and a diploma in Business Law from University of Yangon. Daw Khin Sone has also received a certificate from the Ministry of Foreign Affairs for a Basic Diplomatic Course and has also finished her LCCI (level I, II and III) in 2003. She also has a master's degree at the University of Economics in Banking and Finance.

Daw Khin Sone started her career after her graduation as executive to chief accountant in Eagle Group of Companies (1997 to 2000) and then joined EFR Group of Companies as marketing executive in one of the shipping lines. From 2000-2011, she was assigned at Gold Shipping Agency Services, Ltd., starting from executive post to being gradually promoted to deputy managing director after several years of her services with full commitment. From 2012 till to date, she has been assigned as group Chief Finance Officer.

She is a member of Myanmar Mercantile Maritime Development Association (MMMDA) and member of the Board of Directors of MIFFA.



Daw Khin Sone
Chief Financial Officer

Daw Zin Nyein Htwe is one of the executive directors of EFR Group of companies who is in charge of Myanmar Round the World Logistic Co., Ltd. and EFR Trading Co., Ltd. She started her career with EFR in 2001 while she was in pursuit of her B.Sc. (Physics) Degree in University of Distance Education. She took on different responsibilities, has played different roles successfully within the organization from Receptionist, Sales & Marketing Coordinator, to Customer Service Executive as well as being in charge of Mitsui O.S.K Lines and obtaining experience in shipping and forwarding fields.

EFR has been grateful to have her support and teamwork in reference to International Trading business before she moved on to her new role in 2007. She has extensive knowledge in the commercial trading field.

She holds an MBA from the University of the Thailand Chamber of Commerce, a Bachelor of Science (Physics) from Yangon University, and Advanced Diploma in Supply Chain Management, Singapore Logistics Association.



Daw Zin Nyein Htwe
Executive Director

Daw Hnin Yee Mon is one of the Executive Directors of EFR Group of Companies who is in charge of Gold Shipping Agency Services, Ltd. and Unison Choice Services, Ltd. She received her BA (Economic) degree in 2004 from Patheingyi University. In July 2004, Daw Hnin Yee Mon joined EFR, first as receptionist and personal assistant of the Chairman of EFR Group of Companies from 2004 to 2005.

As a brilliant and energetic talent, she has taken on many different assignments from EFR Group and has executed her duties and responsibilities in a reliable and satisfactory level. She took roles as Assistant of Mitsui O.S.K Lines which is one of the top-10 container carriers in the world and was promoted to Manager (Import Marketing) in charge of CMA-CGM Lines which is also one of the top10 carriers in the world and was in charge of EFR's Conventional Department from 2008 to 2010 and gradually up from basic level to General Manager in EFR Forwarding & General Services Co., Ltd.



Daw Hnin Yee Mon
Executive Director

Daw Lae Lae Mu is one of the Executive Directors and is in charge of Ever Flow River Logistics and Distribution Center (Mandalay) Co., Ltd.

In 2001, she joined China Shipping Container Line as Senior Sales & Marketing Executive and served in this position until 2007. Daw Lae Lae Mu joined Myanmar Indo Orient Co., Ltd. (MIO was established to act as agent for CMA-CGM in Myanmar) with the position of Deputy General Manager. In 2011, she became a General Manager of MIO and of CMA-CGM in 2014.

Daw Lae Lae Mu holds a Bachelor of Science (Physics) (Hon), Certificate of Attendance - Air Freight Forwarder's Basic Course conducted by Myanmar International Freight Forwarder's Association (MIFFA) and Singapore Air Cargo Agents Association (SAAA), Certificate of Attendance - Japan's Program for improving Efficiency of "Logistics and Distribution", of The East-West Economic Corridor" and "Southern Economic Corridor" conducted by MIFFA and Ministry of Transport.



Daw Lae Lae Mu
Executive Director

U Than Aung is one of the Executive Directors in charge of EFR G-Link Express Services, Ltd. and MRTW Inspection and Logistics Co., Ltd.

He obtained a Bachelor of Science degree from Yangon University in 1997, specializing in Botany. He also received a Master's degree in Business Management from the University of the Thai Chamber and Commerce.

He joined EFR in 1998 as an Assistant Manager for documentation and was promoted along his career. He has attended courses and trainings for logistics and supply chain management and had shared his experience to this industry as a Trainer with MIFFA. He has contributed to Myanmar Customs Broker Association as an Executive Committee Member for 10 years and was also a member of International Federation of Customs Broker Association



U Thank Aung
Executive Director

U Kyaw Kyaw Thein is one of the Executive Directors in charge of Kamigumi-EFR Logistics (Myanmar) Co., Ltd.

He received his BA (History) degree from the University of Yangon in 1994. U Kyaw Kyaw Thein worked as Site Foreman for Ryobi-Kiso (S) Pte., Ltd., a Singapore Bored Piling Construction Company from 1994 to 2000. In Singapore U Kyaw Kyaw Thein also attended and completed course for Building Construction Safety Supervisors Course, Lifting Supervisor Safety Course and Heavy Machinery Crawler Crane Installation Course.

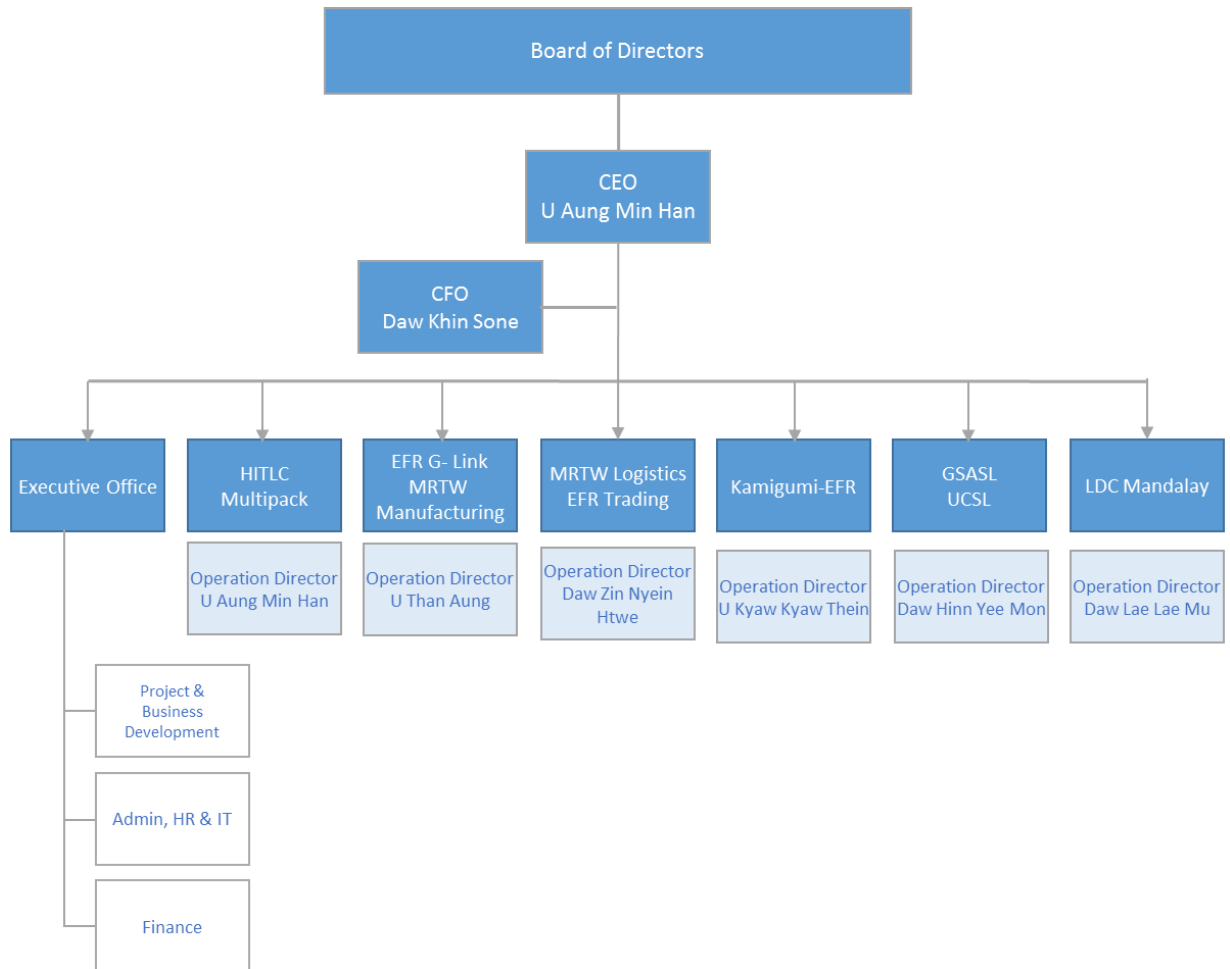
He joined EFR in 2001, as an HR Department Executive Officer and worked hard throughout his career and was assigned as a Member of the board of directors of Kamigumi-EFR Logistics (Myanmar) Co., Ltd.



U Kyaw Kyaw Thein
Executive Director

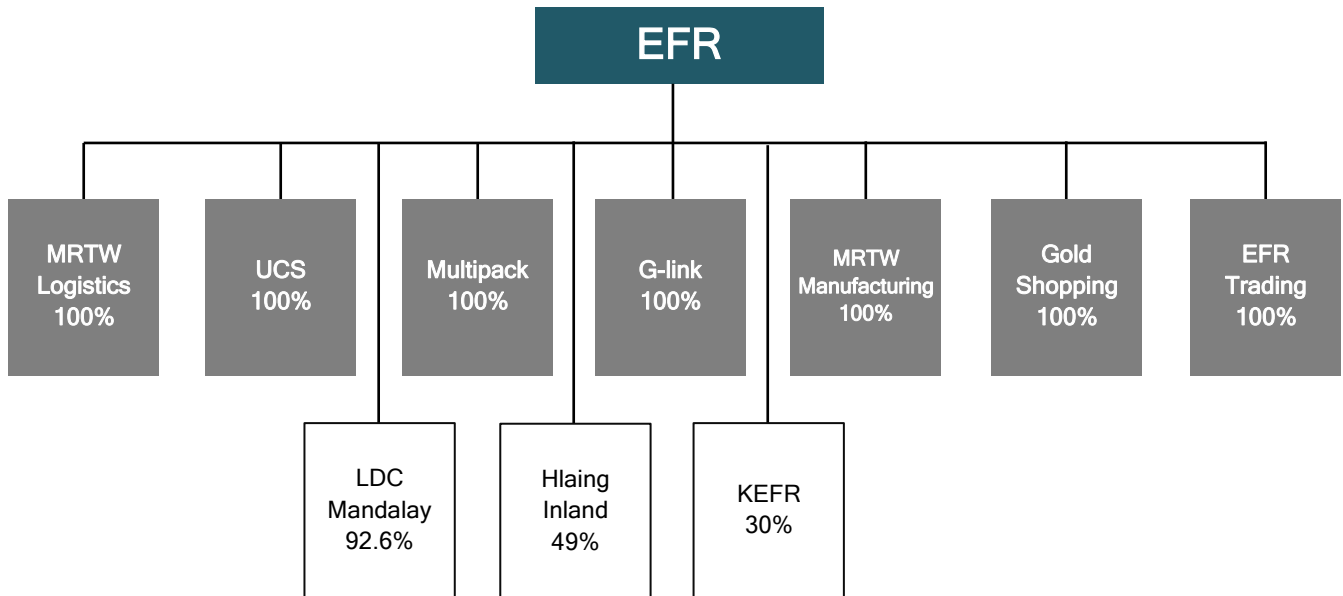
Management Reporting Structure

The management structure chart showing the reporting lines and the functional responsibilities of our Directors and Executive Officers as of 30th June 2019 is set out below:



Organizational Structure of the Company and its Group

EFR owns eight subsidiaries and two associate companies as per the table below:



Employees

As of 30th June 2019, apart from the CEO, CFO, and Operation Directors, our Company has a total of 690 employees, 29 of which are dedicated to the Company and 661 of which are employees of our subsidiaries and JV companies as detailed below.

EFR ALL STAFF LISTS SUMMARY								
SBU	MANAGEMENT AND PROFESSIONALS	SALES & MARKETING	ADMIN, HR & IT	FINANCE	OPERATION, PROJECT & BUSINESS DEVELOPMENT		TOTAL	
EFR	6	0	2	3		12	23	
Hlaing Inland	1	1	5	2		1	10	
LDC Mandalay	1	3	2	1		1	8	
KEFR	0	9	1	4		67	81	
G-Link	2	3	4	4		46	59	
MRTW Logistics	3	6	1	2		11	23	
EFR Trading	1	2	0	2		3	8	
Gold Shipping	3	7	3	2		8	23	
UCS	0	5	3	2		8	18	
Multipack	1	2	2	2		12	19	
MRTW Manufacturing	6	1	3	4		346	360	
Total	24	39	26	28		515	632	

Corporate Responsibility

Just like our customers, we take our responsibility seriously. Our comprehensive sustainability strategy goes beyond tick-box compliance, driving progress in our industry;

- **Increasing** employment engagement
- **Improving** risk management
- **Contributing** positively to local communities
- **Building** closer relationships with customers
- **Respecting** the environment

We conduct our business in accordance with applicable laws, ethical and ecological standards, and international guidelines. Through ongoing dialogue with our stakeholders, we ensure that their expectations as regards social and environmental issues are accounted for appropriately and that our business is aligned systematically with these interests.

We use our expertise as a freight-forwarding and logistics services group for the benefit of society and the environment, for example by providing logistical support following natural disasters, helping to improve educational opportunities to financially disadvantaged students and supporting our employees' local projects.



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Fiscal Year 2018-2019

Director's Report

For the financial year ended 31 March 2019

The directors present their report to the members together with the audited consolidated financial statements for the financial year ended 31 March 2019.

In the opinion of the directors,

- (a) the consolidated financial statements as set out on pages 6 to 52 are drawn up so as to give a true and fair view of the consolidated financial position of **Ever Flow River Group Public Company Limited** ("the Company") and its subsidiaries ("the Group") as at 31 March 2019 and the consolidated financial performance, changes in equity and cash flows for the financial year covered by the consolidated financial statements; and
- (b) at the date of this report, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Directors

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

- ✓ U Kyaw Lwin Oo, Managing Director
- ✓ U Aung Min Han @ U Ko Ko Aung, Director
- ✓ Daw Saw Sanda, Director
- ✓ U Maung Maung Oo, Director
- ✓ Daw Khin Sone, Director
- ✓ Daw Wut Hmone, Director
- ✓ U Than Aung @ Bemay Barua, Director
- ✓ U Kyaw Kyaw Thein, Director
- ✓ Daw Hnin Yee Mon, Director
- ✓ Daw Lae Lae Mu, Director
- ✓ Daw Zin Nyein Htwe, Director

Main activities

The Company was incorporated 2 November 2012 as a Private Company and converted existing private company into a public company on 10 April 2014 and have not been carrying on any business activities and have acquired its subsidiaries through which business activities are carried out.

Issue of shares

The Company did not issue any new shares during the financial year.

Dividends

There has been no distribution of dividends during the financial year.

Directors' contractual benefit

No director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest except the directors' remuneration.

Director's Report (Continued)

For the financial year ended 31 March 2019

Directors' interest in shares or debentures

The Directors of the Company holding office at the end of the financial year had interests in the shares and no interests in the debentures of the Company and / or the related corporations. The details of Directors' shareholding are as follows:

	Number of ordinary shares	
	2019	2018
U Kyaw Lwin Oo	3,554,020	177,701
Daw Saw Sanda	3,302,840	165,142
U Maung Maung Oo	765,360	38,268
U Aung Min Han @ U Ko Ko Aung	772,980	38,649
Daw Khin Sone	772,980	38,649
Daw Wut Hmone	765,360	38,268
U Than Aung @ Bemay Barua	194,600	9,730
U Kyaw Kyaw Thein	194,600	9,730
Daw Hnin Yee Mon	196,320	9,816
Daw Lae Lae Mu	194,600	9,730
Daw Zin Nyein Htwe	197,240	9,862

The Company has split its one issued and paid up share into twenty issued and paid up shares on 4 October 2018.

On behalf of the directors

U Kyaw Lwin Oo
Managing Director

Daw Khin Sone
Director

Statement of the Management's Responsibility

FOR EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

It is the responsibility of the Management to prepare the consolidated financial statements for each financial year which give a true and fair view of consolidated financial position as at 31 March 2019, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these financial statements, the Management is required to:

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


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

On behalf of Management

30 September 2019

Independent Auditor's Report

Ref: 721/E-37/March 2019

Win Thin & Associates 
 Certified Public Accountants

To the members of Ever Flow River Group Public Company Limited

Report on the Audit of the Financial Statements

We have audited the accompanying consolidated financial statements of **Ever Flow River Group Public Company Limited** (“the Company”) and its subsidiaries (“the Group”), which comprise consolidated financial position as at 31 March 2019, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows for the financial 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 (MFRSs) 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 about 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 our 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, we consider 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 financial statements give a true and fair view of the financial position of **Ever Flow River Group Public Company Limited** (“the Company”) and its subsidiaries (“the Group”), as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with MFRSs and the provisions of the Myanmar Companies Law.

Report on Other Legal and Regulatory Requirements

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

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

Saw Nelson (PA - 400)
Partner
Win Thin & Associates
Certified Public Accountants

30 September 2019

Consolidated Statement of Financial Position (As at 31 March 2019)

	Note	2019 (MMK)	2018 (MMK)
Assets			
Non-current assets			
Property, plant and equipment	5	477,586,454	467,313,410
Intangible assets	6	30,388,064	31,037,486
Investments accounted for using the equity method	8	2,386,749,158	1,683,664,025
Project under development	9	1,654,640,231	–
Total non-current assets		4,549,363,907	2,182,014,921
Current assets			
Inventories	10	157,374,451	178,528,999
Trade and other receivables	11	6,272,591,387	3,234,423,508
Cash and cash equivalents	12	1,300,158,452	2,466,988,536
Total current assets		7,730,124,290	5,879,941,043
Total assets		12,279,488,197	8,061,955,964
Liabilities			
Current liabilities			
Trade and other payables	13	4,086,137,770	1,993,373,852
Total liabilities		4,086,137,770	1,993,373,852
Net assets		8,193,350,427	6,068,582,112
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	14	5,455,450,000	5,455,450,000
Foreign currency translation reserve	15	386,462,770	(50,332,171)
Retained earnings		2,248,098,335	663,464,283
		8,090,011,105	6,068,582,112
Non-controlling interests		103,339,322	–
Total equity		8,193,350,427	6,068,582,112

Consolidated Statement of Comprehensive Income (As at 31 March 2019)

	Note	2019 (MMK)	2018 (MMK)
Revenue from contracts with customers	16	10,147,620,488	4,870,244,276
Other income	21	1,781,117,215	38,847,223
Total income		11,928,737,703	4,909,091,499
Operating expenses	23	(2,721,505,051)	(1,331,914,421)
Purchases	27	(4,814,071,517)	(1,752,395,809)
Changes in inventories		14,591,809	(33,242,558)
Staff costs	22	(1,425,978,200)	(718,574,099)
Present, donation & entertainment		(75,555,328)	(33,862,898)
Travelling expense		(212,565,162)	(102,931,423)
Utilities, electricity and communication		(108,092,413)	(54,752,094)
Rental on operating lease		(252,430,045)	(192,356,347)
Repair & maintenance expense		(87,987,571)	(55,634,948)
Depreciation and amortisation expenses	5,6	(96,966,910)	(44,638,280)
Professional fees		(68,876,651)	(90,653,084)
Management fees		(19,637,098)	(159,477,356)
Commercial tax expense		(2,847,914)	(47,259,099)
Others	28	(66,672,934)	666,215,593
Finance cost		(81,927)	–
Profit before interest and tax		1,990,060,791	957,614,676
Share of associates loss	8	(237,267,418)	(137,270,709)
Profit before tax		1,752,793,373	820,343,967
Income tax expense	29	(181,089,864)	(101,230,613)
Profit for the year		1,571,703,509	719,113,354
Other comprehensive income:			
Foreign currency translation	15	436,794,941	(50,332,171)
Total comprehensive income		2,008,498,450	668,781,183

Consolidated Statement of Comprehensive Income (As at 31 March 2019)

	Note	2019 (MMK)	2018 (MMK)	
Profit attributable to:				
Equity holders of the Company		1,584,634,052	719,113,354	
Non-controlling interests		(12,930,543)	–	
		<u>1,571,703,509</u>	<u>719,113,354</u>	
Total comprehensive income attributable to:				
Equity holders of the Company		2,021,428,993	668,781,183	
Non-controlling interests		(12,930,543)	–	
		<u>2,008,498,450</u>	<u>668,781,183</u>	
Earnings per share for profit attributable to the equity holders of the Company (MMK per share):				
			After splitting shares	Before splitting shares
Basic earnings per share	30 (a)	<u>145</u>	152	3,034
Diluted earnings per share	30 (b)	<u>145</u>	152	3,034

Consolidated Statement of Changes in Equity (As at 31 March 2019)

← Attributable to equity holders of the Company →

	Share capital (MMK)	Advanced capital (MMK)	Foreign currency translation reserve (MMK)	Retained earnings (MMK)	Total (MMK)	Non- controlling interest (MMK)	Total Equity (MMK)
2019							
Beginning of financial year	5,455,450,000	–	(50,332,171)	663,464,283	6,068,582,112	–	6,068,582,112
Profit / (loss) for the year	–	–	–	1,584,634,052	1,584,634,052	(12,930,543)	1,571,703,509
Other comprehensive income for the year	–	–	436,794,941	–	436,794,941	–	436,794,941
Total comprehensive income for the year	–	–	436,794,941	1,584,634,052	2,021,428,993	(12,930,543)	2,008,498,450
Acquisition of a subsidiary	–	–	–	–	–	230,023,626	230,023,626
Changes in equity interest	–	–	–	–	–	(113,753,761)	(113,753,761)
Total transactions with owners, recognised directly in equity	–	–	–	–	–	116,269,865	116,269,865
End of financial year	5,455,450,000	–	386,462,770	2,248,098,335	8,090,011,105	103,339,322	8,193,350,427

Consolidated Statement of Changes in Equity (As at 31 March 2019)

← Attributable to equity holders of the Company →

	Shares capital	Advanced capital	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total Equity
2018							
Beginning of financial year	500,000,000	100,000,000	–	(55,649,071)	544,350,929	–	544,350,929
Profit for the year	–	–	–	719,113,354	719,113,354	–	719,113,354
Other comprehensive income for the year	–	–	(50,332,171)	–	(50,332,171)	–	(50,332,171)
Total comprehensive income for the year	–	–	(50,332,171)	719,113,354	668,781,183	–	668,781,183
Issue of new shares	3,171,650,000	–	–	–	3,171,650,000	–	3,171,650,000
Advanced capital contributed	100,000,000	(100,000,000)	–	–	–	–	–
Acquisition of a subsidiary	1,683,800,000	–	–	–	1,683,800,000	–	1,683,800,000
Total transactions with owners, recognised directly in equity	4,955,450,000	(100,000,000)	(50,332,171)	719,113,354	5,524,231,183	–	5,524,231,183
End of financial year	5,455,450,000	–	(50,332,171)	663,464,283	6,068,582,112	–	6,068,582,112

Consolidated Statement of Cash Flows (As at 31 March 2019)

	Note	2019 (MMK)	2018 (MMK)
Cash flows from operating activities			
Profit for the year		1,571,703,510	719,113,354
<i>Adjustment for:</i>			
Income tax expense		181,089,864	101,230,613
Reclassification		–	4,380,800
Negative goodwill		–	(774,472,513)
Gain on changes in equity interest		(113,753,761)	–
Gain on disposal of business		(1,664,177,672)	–
Depreciation and amortisation expenses		96,966,910	44,638,280
Gain on disposal of property, plant and equipment		(5,778,297)	(234,208)
Write off property, plant and equipment		1,027,536	798,127
Share of associates loss after tax		237,267,418	137,270,709
Unrealised currency translation		274,382,107	(218,520,540)
		578,727,615	14,204,622
Change in working capital, net of effects from acquisition of subsidiaries:			
Inventories		21,154,548	30,725,895
Trade and other receivables		(2,289,813,519)	(646,333,880)
Trade and other payables		1,758,726,480	(420,831,066)
Cash generated from operations		68,795,124	(1,022,234,429)
Income tax paid		(139,009,536)	(131,177,080)
Net cash used in operating activities	35	(70,214,412)	(1,153,411,509)
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	12	(1,079,008,463)	1,122,113,211
Additions to property, plant and equipment		(104,554,470)	(41,173,120)
Proceeds from disposal of business		1,527,120,000	–
Proceeds from disposal of property, plant and equipment		20,282,910	1,800,000
Cash paid for project under development		(1,460,455,649)	–
Net cash (used in) / provided by investing activities		(1,096,615,672)	1,082,740,091
Cash flows from financing activities			
Proceeds from issuance of shares capital		–	2,431,860,000
Net cash provided by financing activities		–	2,431,860,000
Net increase / (decrease) in cash and cash equivalents		(1,166,830,084)	2,361,188,582
Cash and cash equivalents at beginning of financial year		2,466,988,536	105,799,954
Cash and cash equivalents at end of financial year	12	1,300,158,452	2,466,988,536

Notes to Consolidated Financial Statements (As at 31 March 2019)

1. General information

Ever Flow River Group Public Company Limited (the Company) was incorporated in the Republic of the Union of Myanmar under the Myanmar Companies Act 1914 on 10 April 2014 as a Public Company Limited by Shares as per Certificate of Incorporation No. 114922617.

The Company was formerly incorporated as a Private Company on 2 November 2012 under The Myanmar Companies Act 1914. The Company at its extra-ordinary General Meeting held on 20 March 2014 resolved to convert existing private company into a public company and accordingly the Company filed the said special resolution together with amended Memorandum and Article of Association and Form II (statement in lieu of prospectus). However, upon the insistence of the Directorate of Investment and Company Administration (DICA), other formation papers had to be filed as though a new public company was formed. The DICA issued a New Certificate of Incorporation No. 114922617.

The registered office of the Company is located at Room 6, 4th Floor, United Condo, Tower 1, 39 Ahlanpya Pagoda Road, Yangon Region, Republic of the Union of Myanmar.

The Company have not been carrying on any business activities itself and have acquired its subsidiaries through which the following business activities are carried out:

1. Business of international standard warehouse & distribution
2. Container wharf and port service
3. Business of inland water transport

2. Summary of significant accounting policies

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

C. Basis of preparation

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

D. Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of commercial tax, rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognized revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

- (a) Sale of goods – Electronic goods and rubber exported

Revenue from these sales is recognised when the Group has delivered the parts to locations specified by its customers and the customers have accepted the parts in accordance with the sales contract.

Notes to Consolidated Financial Statements (As at 31 March 2019)

3. Summary of significant accounting policies (continued)

B. Revenue recognition (continued)

(b) Rendering of service – Logistics services

Revenue from logistics services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

(c) Rendering of service – Engineering services

Revenue from engineering services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

(d) Rendering of services – inspection services

Revenue from inspection services is recognised when the goods inspected are delivered.

(e) Interest income

Interest income is recognized when the interest is deposited into the bank.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

E. Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that 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 balance sheet. 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.

Notes to Consolidated Financial Statements (As at 31 March 2019)

3. Summary of significant accounting policies (continued)

C. Group accounting (continued)

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) 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%.

Notes to Consolidated Financial Statements (As at 31 March 2019)

2. Summary of significant accounting policies (continued)

C. Group accounting (continued)

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisitions*

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of 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, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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 are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Notes to Consolidated Financial Statements (As at 31 March 2019)

2. Summary of significant accounting policies (continued)

D. Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase is recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost 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. Cost also includes borrowing costs and any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve.

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Office equipment	5 – 10 years
Furniture & fittings	5 – 10 years
Computer & accessories	5 – 10 years
Machineries	5 – 10 years
Motor vehicles	5 – 10 years
Leasehold property renovation	5 – 10 years

Notes to Consolidated Financial Statements (As at 31 March 2019)

2. Summary of significant accounting policies (continued)

D. Property, plant and equipment (continued)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

E. Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognized separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

(b) Acquired computer software licences

Acquired computer software licences are initially capitalised 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 including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 10 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Notes to Consolidated Financial Statements (As at 31 March 2019)

2. Summary of significant accounting policies (continued)

F. Investments in subsidiaries and associated companies

Investment in subsidiaries are accounted for at cost less accumulated impairment losses in the Company's statement of financial position.

Associates are all entities over which the investor has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

G. Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets, property, plant and equipment and investments in subsidiaries and associated companies

Intangible assets, property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

Notes to Consolidated Financial Statements (As at 31 March 2019)

2. Summary of significant accounting policies (continued)

G. Impairment of non-financial assets (continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognized in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognized as an expense, a reversal of that impairment is also recognized in profit or loss.

H. Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(j) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realized later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 11) and "cash and cash equivalents" (Note 12) on the statement of financial position.

Notes to Consolidated Financial Statements (As at 31 March 2019)

2. Summary of significant accounting policies (continued)

H. Financial assets (continued)

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

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the reporting date which are presented as current assets.

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognized until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Notes to Consolidated Financial Statements (As at 31 March 2019)

2. Summary of significant accounting policies (continued)

H. Financial assets (continued)

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes an allowance for impairment when such evidence exists.

(i) *Loans and receivables/Held-to-maturity financial assets*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note H (i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

Notes to Consolidated Financial Statements (As at 31 March 2019)

2. Summary of significant accounting policies (continued)

H. Financial assets (continued)

(f) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

I. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance (Note 11).

J. Trade and other payables

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

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

K. Leases

The Group leases office premises, factories, motor vehicles and warehouses under operating leases from related parties and / or non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

L. Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Notes to Consolidated Financial Statements (As at 31 March 2019)

2. Summary of significant accounting policies (continued)

L. Income taxes (continued)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

M. Provisions

Provisions for warranty, refunds and volume discounts, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

The Group recognizes the estimated liability to repair or replace products still under warranty, to refund and to provide volume discounts to customers at the reporting date. This provision is calculated based on historical experience.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

N. Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalized as an asset.

- (i) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Notes to Consolidated Financial Statements (As at 31 March 2019)

2. Summary of significant accounting policies (continued)

O. Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Myanmar Kyat, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognized in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within “finance cost”. All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within “other gains and losses”.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities’ financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Notes to Consolidated Financial Statements (As at 31 March 2019)

2. Summary of significant accounting policies (continued)

O. Currency translation (continued)

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

P. Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

Q. Inventories

Inventories comprise inventories for resale and supplies to be consumed in the rendering of services. Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

R. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

S. Dividends to the Company's shareholders

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

Notes to Consolidated Financial Statements (As at 31 March 2019)

4. Significant accounting judgments and estimates

The preparation of the Company's financial statements in conformity with Myanmar Financial Reporting Standards (MFRSs) requires Management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Judgements made in applying accounting policies

The following are the judgements made by Management in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Impairment of property, plant and equipment

The carrying values of property, plant and equipment are reviewed for impairment when there are indications of impairment. As at 31 March 2019, there is no indication of impairment and the carrying value of the Group's plant and equipment were MMK 477,586,454.

Impairment of goodwill

The carrying values of goodwill are reviewed for impairment when there are indications of impairment. As at 31 March 2019, there is no indication of impairment and the carrying value of the Group's goodwill was MMK 25,192,689.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

The cost of property, plant and equipment for the Company's and the Group's operations is depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 5 to 10 years. These are common life expectancies applied in the industry. Changes in the expected levels of usage could impact the economic useful lives and the residual value of these assets and accordingly, future depreciation charges could be revised. The carrying values of the Group's property, plant and equipment are as disclosed in Note 5.

Impairment of non-financial assets

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to Consolidated Financial Statements (As at 31 March 2019)

3. Significant accounting judgments and estimates (continued)

(b) Key sources of estimation uncertainty (continued)

Impairment of loans and receivables

The Group and the Company assess at each date of the statement of financial position whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the date of the statement of financial position are MMK 1,027,833,954.

Income taxes

Significant judgement and assumptions are involved in determining the Company's provision for income taxes. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amount of the Group's income tax payable at the date of the statement of financial position is MMK 304,589,578.

Notes to Consolidated Financial Statements (As at 31 March 2019)

4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

Management regularly manage the financial risks of individual entities in the Group. Because of the simplicity of the financial structure and the current operations of individual entities in the Group, no hedging activities are undertaken by Management.

(a) Market risk

- Currency risk

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollars ("US\$"). Any changes in the exchange rates of US\$ to MMK will impact the operating results of individual entities in the Group. Individual group entities currently does not undertake any foreign currencies hedging.

- Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

Except for bank deposits which carry interest at prevailing market interest rates, the Group has no other significant interest-bearing assets or liabilities. The related interest income is not significant, the Management consider that the Group's exposure to cash flow interest rate risk to be low and no sensitivity analysis is performed.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the respective management at entity level based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Board of Directors.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Notes to Consolidated Financial Statements (As at 31 March 2019)

5. Financial risk management

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit quality counterparties. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2019	2018
Past due < 3 months	561,717,677	1,052,139,371
Past due 3 to 6 months	300,103,693	61,995,420
Past due over 6 months	179,312,123	85,232,502
	<u>1,041,133,493</u>	<u>1,199,367,293</u>

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at a short notice. At the reporting date, assets held by the Group for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

Management monitors rolling forecasts of the liquidity position of the Group on the basis of expected cash flow. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies, considering the level of liquid assets necessary to meet these and monitoring liquidity ratios.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2019				
Trade and other payables	1,459,955,194	-	-	-
At 31 March 2018				
Trade and other payables	1,272,215,431	-	-	-

Notes to Consolidated Financial Statements (As at 31 March 2019)

4. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	2019	2018
Net debt	2,785,979,314	(473,614,684)
Total equity	8,193,350,430	6,068,582,111
Total capital	<u>10,979,329,744</u>	<u>5,594,967,427</u>
Gearing ratio	<u>25%</u>	<u>(8%)</u>

The gearing ratio of the Group was increased from (8%) to 25% in financial year (FY) 2018 – 2019. However, the gearing ratio of the Group does not exceed the threshold of the Group level. That's why, the Board have decided not to take any action to reduce gearing ratio.

(e) Fair value measurement

The carrying amounts of the Group's financial assets and liabilities are assumed to approximate their fair values due to their short maturities.

Notes to Consolidated Financial Statements (As at 31 March 2019)

5. Property, plant and equipment

	Office equipment	Furniture & fittings	Computer & accessori es	Motor vehicles	Machinerie s	Leasehol d property renovatio n	Total
2019							
<i>Cost</i>							
Beginning of financial year	74,434,091	29,171,786	51,192,807	215,841,522	91,664,083	48,619,730	510,924,019
Foreign currency translation differences	14,343,313	5,262,144	7,799,596	35,836,476	22,101,353	10,283,794	95,626,676
Acquisition of a subsidiary	2,599,933	2,251,342	5,819,013	–	–	–	10,670,288
Additions	24,581,208	6,751,571	23,895,736	30,275,593	19,050,362	–	104,554,470
Write off/Disposa l	(27,134,659)	(1,736,229)	(4,746,639)	(37,280,959)	–	–	(70,898,486)
End of financial year	88,823,886	41,700,614	83,960,513	244,672,632	132,815,798	58,903,524	650,876,967
<i>Accumulat ed depreciatio n</i>							
Beginning of financial year	6,982,829	2,683,824	3,631,290	13,987,971	11,666,620	4,658,075	43,610,609
Foreign currency translation differences	6,760,943	2,562,598	3,399,238	13,106,745	11,477,557	4,626,358	41,933,439
Depreciatio n charge	14,361,813	6,470,654	9,787,287	30,692,311	23,504,745	11,551,426	96,368,236
Write off/Disposa l	(2,697,312)	(272,549)	(692,405)	(4,959,505)	–	–	(8,621,771)
End of financial year	25,408,273	11,444,527	16,125,410	52,827,522	46,648,922	20,835,859	173,290,513
Net book value End of financial year	63,415,613	30,256,087	67,835,103	191,845,110	86,166,876	38,067,665	477,586,454

Notes to Consolidated Financial Statements (As at 31 March 2019)

5. Property, plant and equipment (continued)

	Office equipment	Furniture & fittings	Computer & accessorie s	Motor vehicles	Machineri es	Leasehol d property renovatio n	Total
2018							
Cost							
Beginning of financial year	–	–	–	–	–	–	–
Foreign currency translation differences	(1,238,472)	(851,160)	(618,188)	(2,886,601)	(1,715,266)	(936,045)	(8,245,732)
Acquisition of a subsidiary	75,611,574	29,244,704	48,790,224	183,893,165	93,379,349	49,555,775	480,474,791
Additions	1,694,917	973,993	3,669,252	34,834,958	–	–	41,173,120
Disposals	(1,633,928)	–	–	–	–	–	(1,633,928)
Write off	–	(195,751)	(648,481)	–	–	–	(844,232)
End of financial year	74,434,091	29,171,786	51,192,807	215,841,522	91,664,083	48,619,730	510,924,019
Accumulate d depreciatio n							
Beginning of financial year	–	–	–	–	–	–	–
Foreign currency translation differences	(96,222)	(33,950)	(39,994)	(123,115)	(172,182)	(69,137)	(534,600)
Depreciatio n charge	7,147,187	2,727,981	3,707,182	14,111,086	11,838,802	4,727,212	44,259,450
Disposals	(68,136)	–	–	–	–	–	(68,136)
Write off	–	(10,207)	(35,898)	–	–	–	(46,105)
End of financial year	6,982,829	2,683,824	3,631,290	13,987,971	11,666,620	4,658,075	43,610,609
Net book value End of financial year	67,451,262	26,487,962	47,561,517	201,853,551	79,997,463	43,961,655	467,313,410

Notes to Consolidated Financial Statements (As at 31 March 2019)

6. Intangible assets

	2019	2018
Composition:		
Goodwill	25,192,689	25,192,689
Computer software	5,195,375	5,844,797
	<u>30,388,064</u>	<u>31,037,486</u>

(a) Goodwill

	2019	2018
<i>Cost</i>		
Beginning of financial year	25,192,689	–
Currency translation differences	–	–
Acquisition of a subsidiary	–	25,192,689
Additions	–	–
End of financial year	<u>25,192,689</u>	<u>25,192,689</u>
<i>Accumulated impairment</i>		
Beginning of financial year	–	–
Impairment charge	–	–
End of financial year	<u>–</u>	<u>–</u>
Net book value	<u>25,192,689</u>	<u>25,192,689</u>

(b) Computer software

	2019	2018
<i>Cost</i>		
Beginning of financial year	6,223,627	–
Currency translation differences	270,592	–
Acquisition of a subsidiary	–	6,223,627
Additions	–	–
End of financial year	<u>6,494,219</u>	<u>6,223,627</u>
<i>Accumulated amortisation</i>		
Beginning of financial year	378,830	–
Currency translation differences	270,592	–
Amortisation charge	649,422	378,830
End of financial year	<u>1,298,844</u>	<u>378,830</u>
Net book value	<u>5,195,375</u>	<u>5,844,797</u>

Notes to Consolidated Financial Statements (As at 31 March 2019)

7. Investment in subsidiaries

	2019	2018
Unquoted equity shares, at cost		
Beginning of financial year	1,898,660,000	–
Acquisition of subsidiaries during the year	–	1,683,800,000
Transfer from investment in associates	115,693,943	–
Additional capital contributed into subsidiaries during the financial year	1,255,455,000	214,860,000
End of financial year	3,269,808,943	1,898,660,000

The Group had the following subsidiaries as at 31 March 2019 and 31 March 2018 respectively:

Name	Principal activities	Country of incorporation	Proportion of ordinary shares directly held by the parent		Proportion of ordinary shares held by the Group	
			2019	2018	2019	2018
Gold Shipping Agency Services Limited (GSA)	Acting as an agent for Hyundai Merchant Marine Shipping Line	Myanmar	100.00%	100.00%	100.00%	100.00%
E.F.R G Link Express Services Limited (G Link)	Providing freight forward services for total logistics package including inland, sea, air and warehouse service	Myanmar	100.00%	100.00%	100.00%	100.00%
Myanmar Round The World Logistics Limited (MRTW)	Providing freight forward services especially for air cargo	Myanmar	100.00%	100.00%	100.00%	100.00%
MRTW Manufacturing & Inspection Co., Ltd. (MRTW Inspection)	Providing garments, shoes and bags inspection services especially for Japanese Buyer's cargo	Myanmar	100.00%	100.00%	100.00%	100.00%
Multipack Engineering Services Limited (MES)	Providing engineering services for logistics sectors such as installation for garment on hanging in containers, handling turnkey project cargo, construction of container house, installation and construction of telecommunication tower	Myanmar	100.00%	100.00%	100.00%	100.00%

Notes to Consolidated Financial Statements (As at 31 March 2019)

7. Investment in subsidiaries (continued)

Name	Principal activities	Country of incorporation	Proportion of ordinary shares directly held by the parent		Proportion of ordinary shares held by the Group	
			2019	2018	2019	2018
Ever Flow River Trading Co., Ltd. (EFR Trading)	Selling electronic goods, Importation and distribution of rice roller and doing rubber trade	Myanmar	100.00%	100.00%	100.00%	100.00%
Unison Choice Services Limited (UC)	Providing freight forward service especially for handing sea Cargo and named account nomination cargo	Myanmar	100.00%	100.00%	100.00%	100.00%
Ever Flow River Logistics & Distribution Center (Mandalay) Company Limited (EFRLDC JV) (Myanmar)	Erecting a dry port and a container yard and running container-related services. Apart from empty container depot, container freight station, inland container depot and container transportation services, value-added services such as packaging/assembling services for re-transportation, customs bonded warehouse services that have connections with jetties/wharfs and broader container services.	Myanmar	92.55%	40.00%	92.55%	40.00%

Notes to Consolidated Financial Statements (As at 31 March 2019)

8. Investment in associated companies

	2019	2018
Beginning of financial year	1,683,664,025	1,162,489,085
Currency translation differences	124,146,494	174,486,664
Acquisition of a subsidiary	321,600,000	483,958,985
capital contributed into associated companies during the financial year	610,300,000	–
Transfer to investment in subsidiaries at cost	(115,693,943)	–
Share of loss	(237,267,418)	(137,270,709)
End of financial year	<u>2,386,749,158</u>	<u>1,683,664,025</u>

On 24 April 2018, MES, subsidiary of the Group, has contributed US\$ 400,000 into UTOC Multipack Myanmar Co., Ltd. (UTOC MES), Joint Venture Company to obtain 40% equity interest in UTOC MES. That's why, the Group held 40% equity interest in UTOC MES indirectly through MES.

Set out below are the associated companies of the Group as at 31 March 2019 and 31 March 2018 respectively. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly and indirectly by the Group. The Group held 14.19% equity interest in KEFR JV directly and 15.81% equity interest in KEFR JV indirectly through EFR Trading.

Name	Principal activities	Country of incorporation	% of ownership interest	
			2019	2018
Kamigumi-EFR Logistics Co., Ltd. (KEFR JV)	Providing trucking (domestics and cross border) service, inland container depots operation and relative logistics service, forwarding and custom clearance service, inspection, quarantine and inland water transportation service	Myanmar	30.00%	30.00%
UTOC Myanmar Company Limited (UTOC MES)	Providing repair and installation of machinery and equipment, construction of building, civil engineering, specialized construction activities, land transport and transport via pipelines, water transport, air transport, warehouse and support activities for transportation, rental and leasing activities	Myanmar	40.00%	–
Hlaing Inland Terminal and Logistics Company Limited (HITLC JV)	For good supply and transport, container services, marine container transport, inland terminal and logistics center, export value added services, bonded warehouses service, inland container depot services and cold chain services.	Myanmar	49.00%	49.00%

Notes to Consolidated Financial Statements (As at 31 March 2019)

8. Investment in associated companies (continued)

Set out below are the summarized financial information for associated companies:

	2019			2018		
	UTOC MES	HITLC JV	KEFR JV	HITLC JV	EFRLDC JV	KEFR JV
Assets	2,385,702,393	2,909,629,158	4,659,347,908	1,017,134,310	564,534,858	4,469,340,840
Liabilities	1,627,788,833	904,739,425	104,319,611	114,795,470	275,200,000	153,328,712
Revenue	797,543,957	–	4,160,132,643	–	–	3,180,863,361
Loss for the year	(148,086,298)	(142,949,107)	(358,967,955)	(79,505,557)	(70,829,136)	(298,905,857)

9. Project under development

	2019	2018
Beginning of financial year	–	–
Acquisition of a subsidiary	194,184,582	–
Additions:	1,460,455,649	–
Construction costs	1,304,212,029	–
Vehicles	66,770,000	–
Transformer and generator	71,331,700	–
Software	3,000,000	–
Others	15,141,920	–
End of financial year	1,654,640,231	–

The above project under development represents the construction cost of a dry port and a container yard on a 14.05 acre land plot near Paleik Railway Station, Sintkaing Township, Kyaukse District, Mandalay Region, Republic of the Union of Myanmar.

10. Inventories

	2019	2018
Inventories for resale:	157,374,451	171,966,259
Air conditioner	44,531,002	163,374,430
Rice roller	112,843,449	8,591,829
Consumable	–	6,562,740
	157,374,451	178,528,998

Notes to Consolidated Financial Statements (As at 31 March 2019)

11. Trade and other receivables

	2019	2018
Trade receivables	1,027,833,954	1,199,367,293
- Non related parties	1,027,833,954	1,199,367,293
Subscription receivables	216,180,000	256,180,000
Other receivables	1,722,166,445	868,588,442
- Associated companies	899,995,470	325,750,470
- Due from directors	210,558,510	97,561,894
- Non related parties	611,612,465	445,276,078
Deposit	353,387,401	308,712,748
Prepayments	211,893,784	131,012,200
Advance tax	480,258,084	187,816,552
- Withholding tax	29,953,232	26,077,848
- Commercial tax	233,286,056	79,185,268
- Corporate income tax	217,018,796	82,553,436
Advance	2,037,259,831	277,808,076
Other	223,611,888	4,938,197
	6,272,591,387	3,234,423,508

12. Cash and cash equivalents

	2019	2018
Cash on hand	871,032,943	1,810,522,449
Cash at bank	429,125,509	656,466,087
	1,300,158,452	2,466,988,536

Acquisition of subsidiaries

The equity interest held by the Group in EFRLDC JV has changed from 40.00% to 92.55% due to additional capital contribution into EFRLDC JV in financial year (FY) 2018 – 2019. The principal activity of EFRLDC JV which became a subsidiary of the Company in current financial year has been mentioned in investment in subsidiaries (Note 7).

Details of the additional consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group are as follows:

(a) Additional consideration

Cash:	
ERLDC	1,215,415,000

(b) Effect on cash flows of the Group

Cash paid:	
The Group	1,215,415,000
Less: Cash and cash equivalents in subsidiary acquired	(136,406,537)
Cash outflow on subsidiary acquired	(1,079,008,463)

Notes to Consolidated Financial Statements (As at 31 March 2019)

13. Trade and other payables

	2019	2018
Trade payables to:	960,587,587	736,256,342
- Non-related parties	960,587,587	736,256,342
Other payables:	499,367,608	536,237,672
- Due to directors	236,662,360	240,864,474
- Non-related parties	262,705,248	283,569,198
- Due to associated companies	-	11,804,000
Tax provision:	852,997,035	283,516,167
- Corporate income tax	322,598,445	141,024,076
- Commercial tax	382,216,072	142,492,091
- Capital gain tax	148,182,518	-
Advance received	1,587,172,414	297,111,959
Accruals	186,013,126	140,251,712
	4,086,137,770	1,993,373,852

14. Share capital

	No. of ordinary shares	Amount
2019		
Beginning of financial year	545,545	5,455,450,000
Shares split	10,365,355	-
End of financial year	10,910,900	5,455,450,000
2018		
Beginning of financial year	50,000	500,000,000
Shares issued	495,545	4,955,450,000
End of financial year	545,545	5,455,450,000

There is no par value for ordinary shares issued.

The Company has split its one issued and paid up share into twenty issued and paid up shares on 4 October 2018.

During financial year (FY) 2017 - 2018, the Company has allotted 280,545 shares at MMK 10,000 per share on 1 August 2017 and 215,000 shares at MMK 10,000 per share on 30 March 2018 respectively.

Out of which, MMK 256,180,000 which has been presented as subscription receivables under prepayment and other receivables have not been paid in FY 2017 - 2018. Out of MMK 256,180,000, the shareholders have contributed MMK 40,000,000 in FY 2018 - 2019.

Notes to Consolidated Financial Statements (As at 31 March 2019)

15. Foreign currency translation reserve

	2019	2018
Currency translation	<u>386,462,770</u>	<u>(50,332,171)</u>
(a) Movement		
	2019	2018
Beginning of financial year	(50,332,171)	–
Net currency translation differences of financial statements of subsidiaries and associated companies	<u>436,794,941</u>	<u>(50,332,171)</u>
End of financial year	<u>386,462,770</u>	<u>(50,332,171)</u>

16. Revenue from contracts with customers

	2019	2018
Sale of goods (Note 17)	5,151,580,275	2,020,454,580
Rendering of services – engineering services (Note 18)	348,294,641	602,225,958
Rendering of services – logistic services (Note 19)	3,317,002,025	1,352,233,069
Rendering of services – inspection services (Note 20)	<u>1,330,743,547</u>	<u>895,330,669</u>
Total sales	<u>10,147,620,488</u>	<u>4,870,244,276</u>

17. Sale of goods

Sales of goods from external customers are derived mainly from the sale of electronic and rubber exported. Breakdown of the sales of goods is as follows:

	2019	2018
Composition:		
Electronic goods	2,522,428,321	889,850,452
Rubber exported	<u>2,629,151,954</u>	<u>1,130,604,128</u>
	<u>5,151,580,275</u>	<u>2,020,454,580</u>

Notes to Consolidated Financial Statements (As at 31 March 2019)

18. Rendering of services – engineering services

Rendering of services – engineering services from external customers are derived mainly from the erection and construction of tower, general engineering services and installation of garment on hanger in container boxes. Breakdown of the rendering of services – engineering services is as follows:

	2019	2018
Composition:		
Civil and general engineering services	324,367,533	573,066,374
Installation of garment on hanger	23,927,108	29,159,584
	<u>348,294,641</u>	<u>602,225,958</u>

19. Rendering of services – logistic services

Rendering of services – logistic services from external customers are derived mainly from the freight forwarding and acting as an agent. Breakdown of the rendering of services – logistic services is as follows:

	2019	2018
Composition:		
Freight forwarding	161,858,599	120,381,951
Commission	300,941,320	192,047,740
Others	2,854,202,106	1,039,803,378
	<u>3,317,002,025</u>	<u>1,352,233,069</u>

20. Rendering of services – inspection services

Rendering of services – inspection services from external customers are derived mainly from the quality inspection of clothing. Breakdown of the rendering of services – inspection services is as follows:

	2019	2018
Composition:		
Inspection	1,279,778,326	843,887,210
Others	50,965,221	51,443,459
	<u>1,330,743,547</u>	<u>895,330,669</u>

Notes to Consolidated Financial Statements (As at 31 March 2019)

21. Other income

	2019	2018
Interest income		
- Bank deposits	29,325,544	17,902,476
Gain on business disposed	1,664,177,672	–
Service income		
- Custom clearance	818,131	–
- Trucking	18,447,000	–
Others	68,348,868	20,944,747
	<u>1,781,117,215</u>	<u>38,847,223</u>

MES, the subsidiary of the Group, has entered into asset purchase agreement with UTOC MES in which the Group indirectly own 40% equity interest on 26th July 2018. As per asset purchase agreement, MES sold its business at the consideration of US\$ 1,250,000 including plant and equipment amount of US\$ 31,833 and staff and transferred its business to UTOC MES on 1st August 2018. The gain arising from its business disposed presented under other income was gain after providing capital gain tax.

22. Staff costs

	2019	2018
Wages and salaries	1,280,561,504	480,187,019
Directors remuneration	–	151,844,000
Other short-term benefits	145,416,696	86,543,080
	<u>1,425,978,200</u>	<u>718,574,099</u>

23. Operating expenses

	2019	2018
Operating expenses – engineering services (Note 24)	262,408,062	377,915,200
Operating expenses – logistic services (Note 25)	1,484,182,121	423,590,250
Operating expenses – inspection services (Note 26)	974,914,868	530,408,971
	<u>2,721,505,051</u>	<u>1,331,914,421</u>

24. Operating expenses – engineering services

	2019	2018
Installation charges	262,408,062	377,508,700
Labour charges	–	406,500
	<u>262,408,062</u>	<u>377,915,200</u>

Notes to Consolidated Financial Statements (As at 31 March 2019)

25. Operating expenses – logistic services

	2019	2018
BL & RO fees	63,208,477	66,692,134
Repair and maintenance – container	(623,084)	(4,235,127)
Transportation charges	562,303,227	8,453,984
Detention charges	575,393,714	147,585,250
Deconsolidation fees	64,398,084	59,698,821
Warehouse charges	1,292,855	48,433,206
Conventional	15,523,875	1,752,100
Handling fees	6,075,929	26,176,774
Truck expenses	67,205,254	51,157,195
Project cost	52,448,000	–
Others	76,955,788	17,875,913
	<u>1,484,182,121</u>	<u>423,590,250</u>

26. Operating expenses – inspection services

	2019	2018
Inspection cost	119,386,336	23,613,806
Factory expenses	23,273,026	21,454,624
Consultant fees	82,960,055	43,496,977
Inspector salary	749,295,451	441,843,564
	<u>974,914,868</u>	<u>530,408,971</u>

27. Purchases

	2019	2018
Electronic goods	2,270,062,500	654,553,514
Rubber	2,544,009,017	1,097,842,295
	<u>4,814,071,517</u>	<u>1,752,395,809</u>

Notes to Consolidated Financial Statements (As at 31 March 2019)

28. Others

	2019	2018
Advertising	7,868,597	8,503,909
License & registration fee	30,446,231	11,542,546
Insurance premium	18,343,260	15,954,177
Office expense	24,263,782	13,755,920
Bad debt	29,834,849	17,397,403
Gain on disposal of property, plant and equipment	(5,778,297)	(234,208)
Write off property, plant and equipment	1,027,536	798,127
Negative goodwill	–	(774,472,513)
Gain on changes in equity interest (Note 33)	(113,753,761)	–
Foreign currency translation	7,419,835	9,635,666
Others	67,000,902	30,903,380
	<u>66,672,934</u>	<u>(666,215,593)</u>

Notes to Consolidated Financial Statements (As at 31 March 2019)

29. Income tax expenses

(a) Income tax expense

	2019	2018
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax	175,234,184	78,302,268
- Under provision in prior financial years:		
Current income tax	5,459,667	22,928,345
Tax penalty	396,013	–
	<u>181,089,864</u>	<u>101,230,613</u>

(b) Movement in current income tax liabilities

	2019	2018
Beginning of financial year	141,024,076	–
Currency translation differences	139,494,041	(1,320,989)
Acquisition of a subsidiary	–	142,352,498
Advance income tax offset	–	(50,614,411)
Income tax paid	(139,009,536)	(50,623,635)
Income tax expense	175,234,184	78,302,268
Under provision in prior financial years	5,459,667	22,928,345
Tax penalty	396,013	–
End of financial year	<u>322,598,445</u>	<u>141,024,076</u>

(c) The tax (charge)/credit relating to each component of other comprehensive income is as follows:

	Before tax	Tax charges	After tax
2019			
Currency translation differences arising from consolidation of subsidiary	436,794,941	–	436,794,941
Other comprehensive income	<u>436,794,941</u>	<u>–</u>	<u>436,794,941</u>
2018			
Currency translation differences arising from consolidation of subsidiary	(50,332,171)	–	(50,332,171)
Other comprehensive income	<u>(50,332,171)</u>	<u>–</u>	<u>(50,332,171)</u>

Notes to Consolidated Financial Statements (As at 31 March 2019)

30. Earnings per share

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2019	2018	
		After splitting shares	Before splitting shares
Profit attributable to equity holders of the Company (MMK)	1,584,634,052	719,113,354	719,113,354
Weighted average number of ordinary shares in issue (shares)	10,910,900	4,740,600	237,030
Basic earnings per share (MMK per share)	145	152	3,034

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options.

Convertible bonds are assumed to have been converted into ordinary shares at issuance and the profit for the year is adjusted to eliminate the interest expense less the tax effect.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the profit for the year.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	2019	2018	
		After splitting shares	Before splitting shares
Profit attributable to equity holders of the Company (MMK)	1,584,634,052	719,113,354	719,113,354
Interest expense on convertible bonds, net of tax	-	-	-
Profit used to determine diluted earnings per share	1,584,634,052	719,113,354	719,113,354
Weighted average number of ordinary shares outstanding for basic earnings per share (shares)	10,910,900	4,740,600	237,030
Adjustments for			
- Convertible bonds	-	-	-
- Share options	-	-	-
	10,910,900	4,740,600	237,030
Diluted earnings per share (MMK per share)	145	152	3,034

Notes to Consolidated Financial Statements (As at 31 March 2019)

31. Ultimate controlling party

The Company's Ultimate controlling parties are U Kyaw Lwin Oo and Daw Saw Sanda who are residents of Myanmar.

32. Related party transactions

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

(a) Sales and purchases of goods and services

	2019	2018
Sales of goods and/or services to		
- associated companies	1,516,058	48,322,464
- other related parties	-	-
	<u>1,516,058</u>	<u>48,322,464</u>
Purchases of goods and/or services from		
- associated companies	-	-
- other related parties	-	-
	<u>-</u>	<u>-</u>
Management fees paid to other related parties	<u>11,883,267</u>	<u>159,477,356</u>

Other related parties comprise key management personnel of the Group and the Companies which are controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 March 2019 and 31 March 2018, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 11 and 13 respectively.

(b) Key management personnel compensation

	2019	2018
Salaries and benefits	<u>194,052,000</u>	<u>151,844,000</u>

Notes to Consolidated Financial Statements (As at 31 March 2019)

33. Changes in equity interest

The equity interest held by the Group in EFRLDC JV has changed from 40.00% to 92.55% due to additional capital contribution into EFRLDC JV in financial year (FY) 2018 – 2019. The principal activity of EFRLDC JV which became a subsidiary of the Company in current financial year has been mentioned in investment in subsidiaries (Note 7).

Details of the additional consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group arising from the changes in equity interest in EFRLDC JV are as follows:

(a) Additional consideration

Cash:	
ERLDC JV	<u>1,215,415,000</u>

(b) Effect on cash flows of the Group

Cash paid:	
The Group	1,215,415,000
Less: Cash and cash equivalents in subsidiary acquired	<u>(136,406,537)</u>
Cash outflow on subsidiary acquired	<u>(1,079,008,463)</u>

Notes to Consolidated Financial Statements (As at 31 March 2019)

33. Changes in equity interest (continued)

(a) Gain on changes in equity interest

The assets acquired and liabilities assumed at the date of changes in equity interest i.e. 1 April 2018 and at the reporting date i.e. 31 March 2019 are as follows:

	31 March 2019	1 April 2018
Property, plant and equipment	34,257,719	10,670,288
Project under development	1,690,640,231	194,184,582
Prepayment and other receivables	495,741,589	223,354,000
Cash and cash equivalents	184,759,116	136,406,537
Other payables and accruals	(1,017,793,126)	(275,280,549)
Net assets	<u>1,387,605,529</u>	<u>289,334,858</u>
Loss for the financial year ended	<u>(173,564,330)</u>	<u>(70,829,138)</u>
Equity interest held by the Company	<u>92.55%</u>	<u>40.00%</u>
Share of net assets as at 1 April 2018		115,693,944
Additional consideration paid during the financial year		1,215,415,000
Share of loss for the financial year ended 31 March 2019		(160,633,788)
		<u>1,170,475,156</u>
Share of net assets as at 31 March 2019		<u>(1,284,228,917)</u>
Gain on changes in equity interest		<u>113,753,761</u>

The gain on changes in equity interest of MMK 113,753,761 has been arisen from the additional consideration paid by the Group into EFRLDC JV which will lead to change in equity interest in FY 2018 - 2019. Because of this event, the Group has right to entitle certain portion of share of net assets which were previously right to entitle by NCI in EFRLDC JV.

Notes to Consolidated Financial Statements (As at 31 March 2019)

34. Comparative figures – the subsidiaries of the Group

The financial information of the subsidiaries of the Group reflected in consolidated financial statements for financial year (FY) 2017 - 2018 cover seven months ended 31 March 2018. The financial information of the subsidiaries of the Group reflected in consolidated financial statements for FY 2018 - 2019 cover twelve months ended 31 March 2019.

Additional capital contributed by the Group into EFRLDC JV in FY 2018 - 2019 will lead to change the equity interest held by the Group in EFRLDC JV from 40.00% to 92.55% in FY 2018 - 2019. In preceding financial years, as per equity method of accounting, the financial performance of EFRLDC JV has been presented under share of associates' loss in consolidated statement of comprehensive income as the Group has significant influence over EFRLDC JV. From FY 2018 – 2019 and onwards, EFRLDC JV has been consolidated as the Group has obtained control in EFRLDC JV.

The comparative financial information of the subsidiaries of the Group is as follows:

	← 2019 →		← 2018 →	
	Revenue	Profit / (Loss) for the year	Revenue	Profit / (Loss) for the year
GSA	1,176,217,826	171,567,648	477,733,578	65,888,757
G Link	1,684,961,834	230,864,961	535,327,143	66,024,473
MRTW	269,028,238	6,010,514	223,410,970	1,674,704
MRTW Inspection	1,330,743,548	(271,657,310)	912,320,493	(53,674,616)
MES	348,294,641	1,599,017,276	615,206,247	28,313,419
EFR Trading	5,151,580,276	45,455,257	2,020,454,580	7,001,762
UC	204,484,898	8,242,425	117,209,992	16,108,550
EFRLDC JV	–	(173,564,330)	–	–
	10,165,311,261	1,755,451,591	4,901,663,003	70,660,672

MRTW Inspection is a loss-making subsidiary. That's why, the Management of MRTW Inspection has planned to restructure the team to cater the demand in market. The Management believes MRTW Inspection will make profit in foreseeable future.

MES, the subsidiary of the Group, has disposed its business and transferred its staff to UTOC MES which is the associated company of the Group on 1 August 2019. Management of MES does not have intention to invest and run any new business itself.

EFRLDC JV has not generated income yet as the income generated assets are still under construction.

Notes to Consolidated Financial Statements (As at 31 March 2019)

35. Continuing and discontinued operations

MES, the subsidiary of the Group, has disposed its business and transferred its staff to UTOC MES which is the associated company of the Group on 1 August 2019. Management of MES does not have intention to invest and run any new business itself. In foreseeable future, the survivability of MES will depend on the share of profit earned through UTOC MES.

The financial information of continuing and discontinued operations of the Group is as follows:

(a) Normal operating profit after tax for the year ended 31 March:

	← 2019 →		Total	2018 Continuing operations
	Continuing operations	Discontinued operations		
Total income	11,578,861,015	349,876,690	11,928,737,705	4,909,091,499
Total expense	(9,696,628,107)	(355,802,566)	(10,052,430,673)	(4,725,949,334)
Normal operating profit before tax	1,882,232,908	(5,925,876)	1,876,307,032	183,142,165
Income tax expenses	(181,089,864)	-	(181,089,864)	(101,230,613)
Normal operating profit after tax	1,701,143,044	(5,925,876)	1,695,217,168	81,911,552

(b) Net cash used in operating activities for the year ended 31 March:

	2019	2018
Cash generated from operations:	68,795,121	(1,022,234,426)
- Continuing operations	233,305,626	(1,022,234,426)
- Discontinued operations	(164,510,505)	-
Income tax paid:	(139,009,536)	(131,177,080)
- Continuing operations	(139,009,536)	(131,177,080)
- Discontinued operations	-	-
Net cash used in operating activities	(70,214,415)	(1,153,411,506)

Notes to Consolidated Financial Statements (As at 31 March 2019)

36. Commitments

As at 31 March 2019, the Group had the following outstanding commitment in respect of accrued expenses as follows:

Service agreement commitment

On 22 January 2019, HITLC JV, associated company of the Group, has entered into agreement with Marvelux Home Group Company Limited to construct container store station, container harbor on vacant land area forty acres between the bridges of Aung Zaya and Shwe Pyi Thar fully obtained right of management from Lann Pyi out of the Land area one hundred and fifty acres, Plot No.1, Land Survey No.(15), Shwe Lin Pan Industrial Zone, Yaw Atwin Wun U Phoe Hlaing Street, Hlaing Tharyar Township, Yangon Region, Republic of the Union of Myanmar belonging to Myanmar Economic Holding Limited. The amount payables under non-cancellable service agreement at the end of the reporting period are as follows;

	2019	2018
Within one year	1,000,000,000	–
Later than one year but not later than five years	6,000,000,000	–
	7,000,000,000	–

37. New or revised accounting standards and interpretations

The Company has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Company's accounting periods beginning on or after 1 April 2018. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Company in the period of their initial adoption.

38. Changes of the name

The name of the Company was changed from Ever Flow River Group Of Companies (Public) Limited to Ever Flow River Group Public Company Limited as per special resolution dated 10 January 2019.

39. Authorization of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Ever Flow River Group Public Company Limited on 30 September 2019.

APPENDIX

Pro-forma Consolidated Profit and Loss

	FY 16-17	FY 17-18	FY 18-19
Revenue	3,678,360,560	8,348,990,188	10,147,620,490
Cost of goods sold	(2,375,418,058)	(5,344,376,207)	(7,520,984,759)
Gross profit	1,302,942,502	3,004,613,981	2,626,635,731
Administration expenses	(1,119,250,944)	(2,768,998,737)	(2,417,610,227)
Selling and distribution expenses	-	-	-
Profit before interest and tax	183,691,558	235,615,245	209,025,505
Other income	24,130,051	62,994,038	1,781,117,214
Finance cost	-	-	(81,927)
Profit before tax	207,821,609	298,609,282	1,990,060,793
Income tax expenses	(66,685,413)	(173,969,414)	(181,089,864)
Profit after tax	141,136,196	124,639,868	1,808,970,928
Share of associates profit	(45,221,473)	(128,629,476)	(237,267,418)
Profit for the year	95,914,723	(3,989,608)	1,571,703,510
Other comprehensive income for the year	-	-	436,794,941
Total comprehensive income for the year	95,914,723	(3,989,608)	2,008,498,451

Profit attributable to:

Owners of the Parent	96,629,657	1,251,748	1,584,634,053
Non-Controlling Interest (NCI)	(714,934)	(5,241,356)	(12,930,543)
	95,914,723	(3,989,608)	1,571,703,510

Total comprehensive income attributable to:

Owners of the Parent	96,629,657	1,251,748	2,021,428,994
Non-Controlling Interest (NCI)	(714,934)	(5,241,356)	(12,930,543)
	95,914,723	(3,989,608)	2,008,498,451

An aerial view of a cargo ship's deck, showing a large stack of shipping containers in various colors (red, blue, green, yellow) arranged in neat rows. The ship is moving through the deep blue ocean, with white wake visible in the bottom left corner. The sky is a clear, bright blue with scattered white clouds. The text 'YOUR TRUSTED LOGISTICS PARTNER' is overlaid in white, bold, sans-serif font on the left side of the image, with a vertical yellow line to its left.

YOUR TRUSTED LOGISTICS PARTNER



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