
MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (“MD&A”) is based on Myanmar Thilawa SEZ Holdings Public Limited Consolidated Financial Statements for the full year ended 31st March 2017 and should be read in conjunction with those financial statements. All currency amounts in the MD&A are expressed in Myanmar Kyats unless otherwise specified.

Results Summary

Summary Group Income Statement		
all amounts in Ks'M		
	for the Financial Year ended	
	31-Mar-17	31-Mar-16
Revenue	10,208.75	2,715.68
Cost of Sales	(4,620.45)	-
Gross Profit	5,588.30	2,715.68
Other Income	416.76	1,019.98
Exchange Gain/(Loss)	3,289.53	6,082.59
Expenses	(3,188.49)	(2,000.47)
Profit from Associates	16,744.11	14,757.44
Profit before Tax	22,850.21	22,575.22
Income Tax Expense	(524.02)	(1,902.05)
Profit after Tax	22,326.19	20,673.17
Non-controlling Interest	802.01	(26.39)
Earnings per Share	553	532

The Group’s operating profit after tax for the year ended 31st March 2017 increased by 8% to Ks22.3 Billion over the previous year.

The Group’s gross margin is 54.7%. Total group expenses increased due to filling up of vacancies in the organizational structure needed to operate the business. Net margin after taking into account the expenses (excluding exchange gains) stands at 27.6%.

Thilawa Property Development Limited (“TPD”)

TPD was formed to undertake the development, construction, marketing, leasing and operation of the Residential and Commercial Component of the Zone A project in Thilawa SEZ. TPD is a joint venture with Thilawa Special Economic Zone Management Committee (“TSMC”) in which TSMC owns 20%.

TPD secured contracts for road works which has contributed to the revenue. The company has also finished constructing 3 buildings for workers’ accommodation. Leasing activities have commenced. In addition, TPD is constructing twelve 4-storey shop houses slated for construction completion in the second half of 2017.

TPD has successfully leased out land for a hotel plot as well as land for 2 petrol stations to be built on the site.

For the financial year ended 31st March 2017, TPD managed to achieve a profit after tax of Ks4.0 Billion.

Myanmar Japan Thilawa Development Limited (“MJTD”)

MJTD shareholdings are as follows:

Myanmar Thilawa SEZ Holdings Public Limited (“MTSH”)	41%
Thilawa SEZ Management Committee (“TSMC”)	10%
Japan International Corporation Agency (“JICA”)	10%
MMS Thilawa Development Co. Ltd (“MMSTD”)	39%
MMSTD comprises of Mitsubishi Corporation, Marubeni Corporation and Sumitomo Corporation.	

MJTD was initially established to undertake the development, construction, marketing, sales and operation of Zone A in Thilawa SEZ. Zone A is about 400 hectares. Zone A has so far attracted more than 79 companies from over 17 countries. Zone A employs between 3,000 to 5,000 workers. Zone A when fully completed and operational will create about 40,000 jobs (both working directly in the Zone or working indirectly as a result of Zone A activity).

On 21st October 2016, the above parties signed an amendment to the joint venture agreement enabling MJTD to development and operate another 100 hectares in Zone B Phase 1.

For the 12 months ended 31st March 2017, MJTD achieved a healthy profit of almost \$30 Million.

Summary Group Balance Sheet		
all amounts in Ks'M		
	as at 31-Mar-17	as at 31-Mar-16
Assets		
Current Assets	70,863.83	55,351.26
Non-current Assets	23,843.29	26,313.89
Total Assets	94,707.12	81,665.15
Liabilities		
Current Liabilities	3,765.01	2,626.71
Non-current Liabilities	4,783.80	5,474.04
Total Liabilities	8,548.81	8,100.75
NET ASSETS	86,158.31	73,564.40
Equity		
Issued and Paid-up	38,929.15	38,929.15
Retained Earnings	40,453.54	28,661.64
Non-controlling Interest	6,775.62	5,973.61
TOTAL EQUITY	86,158.31	73,564.40

The increase in current assets is primarily due to a declared dividend receivable from MJTD amounting to \$11 Million. The amount has since been received.