

INTERIM RESULTS – 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 half year ended 30th September 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 Amount in Ks' M**

	for the 6 months ended		Percentage changed
	30-Sep-2017	30-Sep-2016	
Revenue	8,091	5,961	36%
Cost of Sales	(2,733)	(3,047)	-10%
Gross profit	5,358	2,914	84%
Expenses	(1,251)	(975)	28%
Profit from Associate	2,373	9,350	-75%
Profit before Tax	6,480	11,289	-43%
Income Tax Expense	(193)	(223)	-13%
Profit after Tax	6,287	11,066	-43%
Gross Profit Margin	66%	49%	
Earning per share	145	279	

The gross profit for the 6 months ended 30th September, 2017 has sharply increased by 84 % from Ks 2.9 Billion to Ks 5.3 Billion over the same previous comparative period. These are mainly due to increase in revenue earned from business activities of directly controlled subsidiary, TPD.

However, the Group’s operating profit after tax for the 6 months ended 30th September 2017 decreased by 43% to Ks. 6.2 Billion over the same previous comparative period. This is mainly due to 75% lower share of profit from our investment in associate than previous comparative period and the increment of total group expenses due to filling up the key positions needed to strength the day to day management in the organizational structure.

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 a contract for road works which has contributed to the revenue for this 6-month. The company has also finished constructing 3 buildings for workers' accommodation. TPD has currently started leasing out the rooms of these 3 worker accommodation to resident companies in the Thilawa industrial zone. And the proceed from those leasing activities has contributed to the revenue of the group of companies. In addition, TPD has also successfully finished two buildings of 4-storey shop houses. Some units were sold and occupied by lessees.

TPD is currently in the process of leasing out serviced apartments. Bids have been received under contractual negotiation and finalization.

TPD is recently undertaking a contract work to extend a project on rental factory in Thilawa Special economic zone which is expected to finish on the first quarter of 2018. This project is expected to earn a significant portion of construction revenue before this financial year ends.

In the first 6 months of operation of the current six month ended financial period, TPD has achieved an operating profit of Ks 3 Billion which is distinctly 36% higher than that of the first half year of the previous year.

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. 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.

Summary Group Balance Sheet		
All Amount in Ks'M		
	As at 30 September 2017	As at 31 March 2017
Asset		
Current assets	68,341	70,864
Non current assets	19,439	23,843
Total Assets	87,780	94,707
Liabilities		
Current liabilities	2,214	3,765
Non current liabilities	3,243	4,784
Total Liabilities	5,456	8,549
NET ASSETS	82,324	86,158
Equity		
Issued and paid up	38,929	38,929
Retained earnings	35,992	40,454
non controlling interest	7,403	6,775
TOTAL EQUITY	82,324	86,158

As MJTD has not declared and paid out dividend to its investors in the first half year, there is a shrink in current asset of MTSH. Non-current asset has been stable as they were only depreciating and no additional items have been added.

Going Forward

The management would like to report that the financial performance of the Company's major investment, MJTD, for first half of FY2017-18 has been lower than the comparative period of FY2016-17. This is mainly due to the delay in revenue recognition in compliance with accounting standard and such recognition which shall fall due in second half the year. The management is in confidence that overall financial performance will meet the forecasted result because of the actual sales and reservation of industrial plots in Thilawa SEZ has been strong and promising as to previous years. With the development of Zone B – Phase 2 in MJTD, the management is confident that financial performance of the Company will remain strong due to the anticipation of strong demand to those developments. Overall, the management is optimistic to the financial performance all year round.