

Management Discussion and Analysis of TMH Telecom Public Company Limited
For the Year ended 31st March,2019

The following Management Discussion and Analysis (“MD&A”) is based on Financial Statements of **TMH Telecom Public Limited** for the year ended 31st March 2019 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.

All Amount in K’000
Results Summary
Summary Income Statement

	FY: 2018-19	FY: 2017-2	
	MMK	MMK	% Change
Revenue	8,939,871,162	9,940,424,952	-10.1%
Costs of Good Sold	(4,869,957,058)	(4,358,820,344)	11.7%
Gross Profit	4,069,914,104	5,581,604,608	-27.1%
Other Income	84,699,174	111,061,506	-23.7%
Expense	(3,062,502,072)	(3,316,647,302)	-7.7%
Profit before Tax	1,092,111,206	2,376,018,812	-54.0%
Tax Expense	(458,210,283)	(695,905,799)	-34.2%
Net Profit after Tax	633,900,923	1,680,113,013	-62.3%
Fair value adjustment of Investments	(71,246,500)		
Total Comprehensive Income	562,654,423	1,680,113,013	-66.5%
Basic EPS (MMK)	52	138	

Our revenues contracted last year to reach MMK 8.93 billion compared to MMK 9.94 billion for FY 17/18. The contraction is mostly due to a more challenging business environment, and the cancellation of various projects by our clients.

Operating profit after tax for the year ended has decreased by 62.3% to Ks. 0.63 Billion over the same previous comparative period. During this year TMH invested significantly to expand the footprint of its operations and to build new assets. The management team initiated a plan to improve the efficiency of our operations: as a result, workforce productivity grew by 7% compared to last year, while the satisfaction of our people reached 90%.

Fair value adjustment of available-for-sale investments during this Period was mainly due to the Company's share investments in First Myanmar Investment Co., Ltd which has quoted market price on reporting date. In compliance to Myanmar Financial Reporting Standards, the fair value approach in this context refers to the accounting measurement basis that the Company uses to value its assets periodically to reflect the fluctuations in share prices in established Securities Exchange.

Summary Balance Sheet

	<u>FY: 2018-19</u>	<u>FY: 2017-18</u>	<u>% Change</u>
Assets			
Total Non-Current Assets	5,173,504,427	4,946,113,301	4.6%
Total Current Assets	12,246,885,404	14,892,800,567	-17.8%
Total Assets	17,420,389,831	19,838,913,868	-12.2%
Equity & Liabilities			
Total Equity	16,074,466,163	18,049,821,030	-10.9%
Total Liabilities	1,345,923,668	1,789,092,838	-24.8%
Total Equity & Liabilities	17,420,389,831	19,838,913,868	-12.2%

The decrease of 17.8% in current assets from Ks14 Billion in FY2017-18 to Ks 12 Billion in the period was mainly due to prepaid expenses by subcontractor. Non-current asset has been changed as they were only depreciation and some additional items have been added.

Total current liabilities has sharply decreased by 24.8% since 31 March 2018, was due to the settlement of payable to project Agent.

Going Forward

TMH will continue to invest and to explore new business opportunities. We want to position TMH not only as a company installing, maintaining and operating communication infrastructure but as a company which can take full advantage of the digitalization of the Myanmar economy.

We will succeed because TMH has the right assets to seize this opportunity: the skills and talents of our people, the loyalty of our clients and suppliers, and the support of our shareholders.

By order of the Board

Thiha Lwin
Managing Director
28th June 2019