

Management Discussion and Analysis of TMH Telecom Public Company Limited (TMH) for Interim Results

The management of the **TMH Telecom Public Company Limited (TMH)** announces the following Management Discussion and Analysis (“MD&A”) is based on the financial statements for the half year results ended 30th September 2018 (HY 2018-2019) that was started from 1st April to 30th September 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 Income Statement

(Kyat in thousand)

	HY (2018-2019)	HY (2017-2018)	% Change
Revenue	5,437,437	4,029,040	35.0%
Costs of Good Sold	(3,753,253)	(1,582,796)	137.1%
Gross Profit	1,684,184	2,446,244	-31.4%
Other Income	62,087	24,640	152.0%
Expense	(1,046,553)	(1,612,076)	-35.1%
Profit Before Tax	699,717	858,808	-18.5%
Tax Expense	(346,935)	(171,762)	101%
Net Profit After Tax	352,782	687,046	-48.5%
Other Comprehensive Income	-	-	-
Total Comprehensive Income	352,782	687,046	

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The Revenue for the 6 months ended 30th September, 2018 has sharply increased by 35% from Ks 4 Billion to Ks 5.4 Billion over the same previous comparative period. Despite the telecom industry is still strong in competition but those increasing was mainly due to the good performance of the company.

However, although the total revenue of the company was increased by 35%, operating profit after tax for the 6 months ended 30th September 2018 decreased by 48.5% to Ks. 0.35 Billion over the same previous comparative period. This is mainly because the production expenses to purchase quality raw materials for the implementation of projects were greater than comparative period by 137.1% and foreign currency effect for that.

A breakdown of revenues for half year (HY 2018-19) is set forth below;

Statement in segments
(Kyat in thousand)

	HY 2018-19	HY 2017-18	% Change
Project Income	4,601,731	3,065,244	50%
Prepaid Card Commission Income	94,860	239,608	-60%
Production / KDDI Bonus Commission Income	740,846	724,188	2%
Total	5,437,437	4,029,040	35%

Summary Balance Sheet

	(Kyat in thousand)	
	HY 2018-19	HY 2017-18
Assets		
Total Non-Current Assets	4,912,036	4,946,113
Total Current Assets	13,220,766	14,892,800
Total Assets	18,132,802	19,838,913
Equity		
Total Equity	16,034,341	18,049,821
Total current Liabilities	2,098,460	1,789,092
Total Equity & Liabilities	18,132,802	19,838,913

The decrease of 11% in current assets from Ks 14 Billion in FY2017-18 to Ks 13 Billion in the period was mainly due to the prepaid expenses by subcontractor. Non-current assets had been stable as they were only depreciation and some additional items have been added.

Total current liabilities have been risen by 6.7% since 31 March 2018 and it was due to the significant growth in customers deposits.

Review and Going Forward

The management of the company (TMH) would like to report that the financial performance for first half six months of FY 2018-19 has been lower than that of the comparative period of FY 2017-18. This is mainly due to the fact that purchasing and service charges are getting higher than that of the comparative period. Thus, Management has planned to apply the cost reduction strategy and implementing of more new profitable projects in the second half of the fiscal year. Moreover, long term investments for new projects are under implementation and management is in confidence that the overall profitability will be improved in the future.

In addition, together with the country's potential for economic developments, we, as a transparent listed company operating in telecom industry will continue to implement better businesses with the local/ foreign business partners.

By order of the Board

Thiha Lwin
Managing Director
28th December ,2018