

TMH Telecom Public Company Limited

Financial Statements

March, 2019.

Currency – Myanmar kyats

TMH Telecom Company Limited

Statement of Management's Responsibility

Statement of Auditor's Report

Financial Statements As at and for the year ended 31st March: 2019

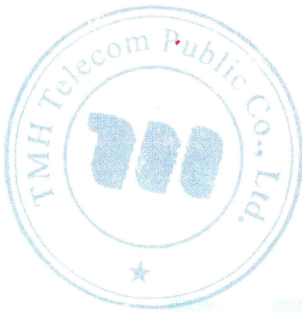
Statement of Financial Position

Statement of Profit or Loss and Other Comprehensive Income

Statement of Changes In Equity

Statement of Cash Flows

Notes to the Financial Statements



STATEMENT OF THE DIRECTORS

Being Directors of the "TMH Telecom Public Company Limited" do hereby state that, in the opinion of the Directors, the accompanying Accounts made up to 31st March 2019 Schedules and Notes to the Accounts are drawn up so as to give a true and fair view of the state of affairs of the Company, and of the results of the Company for the period ended on the date of this statement according to the Section 258 of the Myanmar Companies Law.

We believe that the Company will be able to pay its debts as and when they fall due and all account receivables are good and recoverable.


Thiha Lwin
Managing Director
TMH Telecom Public Co., Ltd.

TIN LATT

Auditing, Accounting and Consultancy Services

Ph: 09250290764, 095092740, 0973241900, 01-580092

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

TMH TELECOM PUBLIC COMPANY LIMITED

We have audited the accompanying financial statements of TMH TELECOM PUBLIC Co., Ltd, (the "Company") which comprise the Statement of Financial Position as at 31st March 2019, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the group for the year ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibilities for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Myanmar Financial Reporting Standards (MFRS) and the provisions of the Myanmar Companies Law. This responsibilities include; 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, selection and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standard on Auditing. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers 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 include evaluating the appropriateness of the 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.

TIN LATT

Auditing, Accounting and Consultancy Services

Ph: 09250290764, 095092740, 0973241900, 01-580092

Unqualified Opinion

In our opinion, the consolidated financial statement of the Company are properly drawn up in accordance with the Myanmar Financial Reporting Standards and the provisions of the Myanmar Companies Law so as to give true and fair view of the state of affairs of the Company as at 31st March 2019 and of the results, changes equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

- (a) We have obtained all the information and explanations we have required and
- (b) Books of account have been maintained by the Company as required by the Myanmar Companies Law 2017.

For U Tin Latt

Certified Public Accountant

Date : . . 2019


U TIN LATT
B.Com(A.A), R.A., H.G.P., R.L., D.B.L.
CERTIFIED PUBLIC ACCOUNTANT

TMH Telecom Public Co.,Ltd
Statement of Financial Position As at 31st March 2019

		<u>2019</u>	<u>2018</u>
	<u>Note</u>	MMK	MMK
Assets			
Non Current Assets			
Property, Plant & Equipment	3	804,108,675	505,471,049
Other Investments	4	200,485,000	
Investment in Joint Venture	5	2,639,200,000	
Investment in Project	6	1,529,710,752	4,440,642,252
Total Non Current Assets		5,173,504,427	4,946,113,301
Current Asset			
Inventory - Prepaid Card	7	2,701,865,186	2,286,102,258
Inventory - Project		1,307,873,716	
Trade & Receivable	8	6,300,522,569	6,066,707,295
Cash_and_Cash_Equivalent	9	1,101,675,362	4,237,620,064
Tender & Bank Guarantee Deposit		19,650,203	38,372,016
Deferred Expense - Project	10	556,546,211	
Prepaid Expense	11	203,233,500	1,864,000,655
Prepaid - Income and Commercial Tax		55,518,657	399,998,279
Total Current Assets		12,246,885,404	14,892,800,567
Total Assets		17,420,389,831	19,838,913,868

Equity & Liabilities

Authorized Share Capital	500,000,000,000	500,000,000,000
Paid Up Capital	14,559,798,000	14,559,798,000
Reserves	(71,246,500)	
Retained Earnings	952,013,740	1,809,910,017
Net Profit for The Year	633,900,923	1,680,113,013
Total Equity	16,074,466,163	18,049,821,030
Current Liability		
Trade & Other Payable	12 680,507,869	816,867,828
Provision - Income tax	218,422,241	475,203,762
Provision - Commercial Tax	446,993,558	497,021,248
Total Liability	1,345,923,668	1,789,092,838
Equity & Liabilities	17,420,389,831	19,838,913,868

The notes on Page - are an integral part of the Financial Statements Authenticated by Directors


Thiha Lwin
Managing Director
TMH Telecom Public Co., Ltd.

TMH Telecom Public Co.,Ltd

Statement of Profit or Loss and other Comprehensive Income
for the Year Ended 31st March 2019

		<u>2019</u>	<u>2018</u>
	<u>Note</u>	MMK	MMK
Revenue	13	8,939,871,162	9,940,424,952
Cost of Goods Sold	14	(4,869,957,058)	(4,358,820,344)
Gross Profit		4,069,914,104	5,581,604,608
Other Income		84,699,174	111,061,506
Expense			
Selling & Distribution Expense		(413,423,601)	(124,313,048)
Administration Expense	15	(2,649,078,471)	(3,092,334,254)
Finance Cost			(100,000,000)
Profit before Tax		1,092,111,206	2,376,018,812
Tax Expense		(458,210,283)	(695,905,799)
Net Profit after Tax		633,900,923	1,680,113,013
Other Comprehensive Income For the Year			
Fair value adjustment of Investments		(71,246,500)	
Total Comprehensive Income For the Year		562,654,423	1,680,113,013
Earning Per Share			
Basic EPS (MMK)	16	52	138

The notes on Page - are an integral part of the Financial Statements Authenticated by Directors


Thina Lwin
Managing Director
TMH Telecom Public Co., Ltd.

TMH Telecom Public Co.,Ltd
Statement of Changes in Equity
for the Year Ended 31st March 2019

	Share Capital		Reserves	Retained Earning	Total
	No of Ordinary shares	Kyats	Kyats	Kyats	Kyats
FY (2018~19)					
Beginning of financial year	12,212,906	14,559,798,000		3,490,023,030	18,049,821,030
Prior year adjustment	-	-		(95,428,090)	(95,428,090)
Restated profit	12,212,906	14,559,798,000	-	3,394,594,940	17,954,392,940
Issue Share					-
Dividend paid (12,212,906 S- Qty *200Ks)				(2,442,581,200)	(2,442,581,200)
Net Profit / (Loss)for the year				633,900,923	633,900,923
Other Comprehensive Income			(71,246,500)		(71,246,500)
End of financial year	12,212,906	14,559,798,000	(71,246,500)	1,585,914,663	16,074,466,163
	No of Ordinary shares	Kyats	Kyats	Kyats	Kyats
FY (2017~18)					
Beginning of financial year	9,347,800	9,491,700,000		2,443,243,514	11,934,943,514
Prior year adjustment	-	-		(356,677,497)	(356,677,497)
Restated profit	9,347,800	9,491,700,000		2,086,566,017	11,578,266,017
Issue Share	2,865,106	5,068,098,000			5,068,098,000
Dividend paid (11,066,240 S- Qty *25 Ks)				(276,656,000)	(276,656,000)
Net Profit / (Loss)for the year				1,680,113,013	1,680,113,013
End of financial year	12,212,906	14,559,798,000		3,490,023,030	18,049,821,030

TMH Telecom Public Co.,Ltd
Statement of Cash Flow for the year ended 31st March 2019

	<u>2019</u>	<u>2018</u>
	MMK	MMK
Cash Flow from Operating activities		
Profit / (Loss) before Tax	1,092,111,206	2,155,316,775
<i>Adjustments for;</i>		
Prior year adjustment	(95,428,090)	(356,677,498)
Depreciation for the year	87,374,680	65,954,326
Disposal Loss		706,667
Interest income	(83,599,174)	(43,000,831)
Investment Income	(1,100,000)	(63,910,016)
Interest Paid		100,000,000
Tax Expense	(458,210,283)	(475,203,762)
Operating profit before working capital changes	541,148,339	1,383,185,661
<i>(Increase) / decrease in Current Assets :</i>		
Inventories	(1,723,636,644)	(546,880,834)
Receivable From Project & Customer	(233,815,274)	1,295,838,247
Prepaid expenses	1,104,220,944	1,708,597,694
Bank Guarantee Deposit	18,721,813	11,000,000
<i>Increase / (decrease) in Current liabilities :</i>		
Trade & other payable	(136,359,959)	(2,896,968,416)
Cash Flow from Operating activities	(429,720,781)	954,772,352
Interest Paid		(100,000,000)
Prepaid Income & Commercial Tax	344,479,622	(230,406,036)
Tax Paid	(306,809,211)	39,424,204
Net cash used in Operating activities	(392,050,371)	663,790,520
Cash Flow from Investing activities		
Purchase of Property, plant & equipment	(386,012,306)	(141,698,755)
Proceeds From Property, plant & equipment		430,000
Purchase of Investment Securities		(2,094,400,000)
Proceeds From Investment Securities		63,910,016
Interest Income	83,599,174	43,000,831
Investment Income	1,100,000	
Net cash used in Investing activities	(301,313,132)	(2,128,757,908)

Cash Flow from Financing activities

Proceeds From Share		5,068,098,000
Dividend paid	(2,442,581,200)	(276,656,000)
Cash Paid for Loan		(1,000,000,000)
Net cash used in Financing activities	(2,442,581,200)	3,791,442,000
Net Increase / (decrease) in cash & cash equipment	(3,135,944,702)	2,326,474,612
Cash & Cash equivalent at the beginning of the year	4,237,620,064	1,911,145,452
Cash & Cash equivalent at the end of the year	1,101,675,362	4,237,620,064

TMH Telecom Company Limited
Notes to the Financial Statements
Currency – Myanmar Kyat

1. General Information

TMH Telecom Company Limited was incorporated as a private company in the Union of Myanmar under the Myanmar Companies Act on August 21, 2007.

The registered office of the company is No.(18/A), Koh Min Koh Chin Road, Bahan Township, Yangon Division.

The Financial Statements are expressed in Myanmar Kyat and relate to the year from 1, April 2018 to 31, Mar 2019.

The name of Company was changed from Tah Moe Hnye Chan TharTun Wai Thar Company Limited to TMH Telecom Company Limited, dated on 12.1.2016.

The TMH Telecom Company Limited has been transformed from private company limited to public company limited, dated on 25.5.2016.

The principle business activities of the company are

- Production of Top Up Cards
- Distribution of mobile Sim cards and prepaid Top Up cards
- Auto Telecom Exchange Installation & Maintenance Services
- BTS Tower Construction & Maintenance Services
- Site Acquisition & Technical Installation Services
- Fiber Cable Construction & Maintenance Services
- Power System Installation & Maintenance Services
- Telecom Equipment Installation & Maintenance Services
- Wiring & Cabling Services

2. Preparation of Accounting Policies

A. Basis of Preparation

The financial statements have been prepared in accordance with Myanmar Accounting Standards (MAS) under the historical cost convention.

Certain prior period amounts in the financial statements have been reclassified to conform to the current period's presentation.

B. Foreign Currency Translation

(1) Functional and presentation currency

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

(2) Transactions and balance

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

C. Use of estimates and judgments

The preparation of the financial statements in uniformity with MFRS requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual result may differ from these estimates. Estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

D. Revenue Recognition

- The company was received prepaid card profit at 6% of MPT prepaid cards sold.
- Printing incomes are recognized when the printing income is certain to be received.
- Project incomes are recognized when the company satisfies the performance obligation by transferring control of a promised goods or services to the customers.

E. Dividend income

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

F. Inventories

Inventories are stated at the lower of cost, computed using the first-in, first-out method, and net realizable value. Any adjustments to reduce the cost of inventories to their net realizable value are recognized in earnings in the current period.

G. Property , Plant & Equipment

Property, plant & equipment are recognized at cost less accumulated depreciation or accumulated amortization.

Depreciation is calculated using the straight line method over the estimated useful lives of these assets. The depreciation rates of these assets are as follows,

Factory building	10%
Machinery & Accessories	10%
Tools & Project Accessories	10%
Motor Vehicles	10%
Office equipment	10%
Furniture & Fixture	10%
Computer & Printer	20%
Electrical Equipment	20%

H. Fair Value Measurements

The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market based risk measurements or assumptions that market participants would use to price the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement.

I. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits in various local banks. The Company believes its existing balances of cash, cash equivalents will be sufficient to satisfy its working capital needs, capital asset purchases, outstanding commitments and other liquidity requirements associated with its existing operations over the next 12 months.

J. Ordinary Shares

Only Ordinary Shares are classified as equity. Costs directly attributable to the issuance of new ordinary shares are recognized in profit or loss in the year of issuance of new ordinary shares.

K. Provisions

Provisions are recognized when the company has a present legal or contractive obligation as result of past events.

L. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the company to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

M. Other Investment

These Financial instruments are measured at fair value through other comprehensive income and are valued at fair value including directly attributable transaction costs. Changes in fair value are recognized in equity and dividends receivable from equity assets are recognized in the income statement.

N. Prepaid Expense

Prepaid expenses are initially recorded as assets that have future economic benefits, and are expensed at the time when the benefits are realized.

O. Income Tax

All tax expenses are current taxes and recognized in the income statement. Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date

P. Earnings Per Share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the period .

3.Property, Plant & Equipment

	Land	Factory Building	Machinery & Accessories	Vehicle	Office Equipment	Computer & Printer	Furniture & Fixture	Electrical Equipment	Tools & Project Accessories	Total
Cost										
Balance at April 2018	63,000,000	18,000,000	161,155,750	286,304,980	6,250,900	81,613,886	47,644,700	22,290,926	15,356,200	701,617,342
Addition	-	-	379,500,000	720,000	1,110,956	1,820,000	-	2,861,350	-	386,012,306
Disposal										-
Balance at Mar 2019	63,000,000	18,000,000	540,655,750	287,024,980	7,361,856	83,433,886	47,644,700	25,152,276	15,356,200	1,087,629,648
Accumulated Depreciation										
Balance at April 2018		10,800,000	86,746,775	61,343,926	1,527,642	20,198,060	8,166,692	5,827,579	1,535,620	196,146,293
Addition	-	1,800,000	28,766,000	28,668,000	687,400	16,540,700	4,770,000	4,606,580	1,536,000	87,374,680
Disposal										-
Balance at Mar 2019		12,600,000	115,512,775	90,011,926	2,215,042	36,738,760	12,936,692	10,434,159	3,071,620	283,520,973
Balance at Mar 2019	63,000,000	5,400,000	425,142,975	197,013,054	5,146,814	46,695,126	34,708,008	14,718,117	12,284,580	804,108,675

4.Other Investments

FMI Share	100,485,000
Mineral Development Bank	100,000,000
Total	<u>200,485,000</u>

5.Investment in Joint Venture

Myanmar GT	2,639,200,000
Total	<u>2,639,200,000</u>

6.Investment in Project

Tower Project	663,920,008
CCTV Project	283,836,367
Fiber Project	581,954,377
Total	<u>1,529,710,752</u>

7.Inventory - Prepaid Card

Item Name	Qty					Amount (Ks)
	1000ks	3000ks	5000ks	10000ks		
Prepaid	462,407	140,069	130,480	10,034		1,537,232,760
Hanset					1	27,000
E-Top Up						1,103,455,926
Sim Card (500 ks per 1 card)					122,299	61,149,500
Total						2,701,865,186

8.Trade & Receivable

Receivable From Project

- BTS Project	2,582,809,859
- Fiber Project	741,707,578
- Mobile Project	577,032,074
- Other Project	83,112,724

Receivable From MPT (Fuel & Meter Bill) 521,611,436

Receivable From Customer 1,772,365,283

Receivable From Other 21,883,616

Total **6,300,522,569**

9.Cash_and_Cash_Equivalent

Kyats

USD

Ex Rate 1 USD = 1515 Ks

Cash in hand _ Ks	404,466,416		
Cash in hand _ \$	808,957	\$	534
Cash at bank _ Ks	574,240,257		
Cash at bank _ \$	122,159,733	\$	80,639
Total	1,101,675,362		81,173

10.Deferred Expense - Project

Pun Hlaing Project	2,557,125
MOHA Project	11,117,100
Thi P P Lar Application Project	24,181,580
Fortune Shop House Project	28,516,589
GT Project (Monywa)	146,608,200
Mytel Project	343,565,617
Total	556,546,211

11.Prepaid Expense

Advance for Office Use	80,236,704
Deposit to MPT (Mobile Money & Security)	20,000,000
Prepaid Expenses - Office Rental	41,576,133
Prepaid Expenses - Other	61,420,662
Total	203,233,500

12.Trade & Other payable

Accrued Expenses	39,744,543
Deferred Project Income	61,058,213
Payable To Sub-Contractor	142,892,559
Payable To Staff Salary, SSB Fee & Salary Income Tax	199,312,553
Payable To MPT (for inventory purchase)	237,500,000
Total	680,507,869

13.Revenue

	<u>2019</u>	<u>2018</u>
BTS Project	6,069,869,172	6,554,627,129
Fiber Project	961,191,957	1,261,221,796
Mobile Project	1,694,854,032	2,124,576,026
Other Project	213,956,002	
Total	8,939,871,162	9,940,424,951

14.Cost of Goods Sold

	<u>2019</u>	<u>2018</u>
Project - Expense	4,688,585,509	3,930,350,889
Production Cost	181,371,549	428,469,445
Total	4,869,957,058	4,358,820,334

15.Administration Expense

Renovation and maintenance expenses	37,424,350
ISO Payment	10,003,000
Donation Charges	13,160,850
Listing Expense	18,313,602
Meeting & Conference	20,913,510
Marketing Penetrating Expenses	68,506,588
Professional fees	90,043,000
Utilities	119,155,205
Car Rental & Convenience Expense	120,816,700
Travelling and related costs	161,221,820
Office Rental	275,372,914
Other Expense	122,395,476
Depreciation of property, plant and equipment	87,374,680
Director's remuneration	67,200,000
Employee Benefit Expenses	1,437,176,775
	<hr/>
Total	2,649,078,471
	<hr/> <hr/>

16. Earnings Per Share

The calculation of the basic earnings per share attributable to the ordinary owners of the Company is based on the Following data :

	<u>2019</u>	<u>2018</u>
Net Profit/ (Loss) attributable to equity	633,900,923	1,680,113,013
Weighted average number of shares of common stock outstanding	12,212,906	12,212,906
	<hr/>	<hr/>
Basic earnings per share (MMK per share)	52	138
	<hr/> <hr/>	<hr/> <hr/>