

## TMH 2017-2018 FINANCIAL STATEMENTS, MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with our audited consolidated financial statements as at and for the years ended 31 March 2017 and 2018 and related notes thereto in "Index to Audited Financial Statements" beginning on page [58] in the Annual Report (2017-2018 FY).

### Financial Performance

TMH was established as a private company in 2007 and converted to a public company in 2016. Our profit has increased since establishment, however our return on equity ratio slowed down in FY2017-2018 because of a capital increase. We are hoping to improve this ratio in the coming years.

### Profitability

(Millions of Kyat)	FY2017-2018	FY2016-2017
Net profit (before tax)	2,376.02	1,837.99
Net profit (after tax)	1,680.11	1,378.49
Return on equity	9.31%	11.55%

### Explanation of Performance for FY 2017-2018

Overall, our profit (before tax) increased to Ks 2,376.02 million in FY2017-2018 from Ks 1,837.99 million in FY2016-2017, which is a 29% increase. Profit after tax also increased from Ks 1,378.49 million in FY2016-2017 to Ks 1,680.11 million in FY2017-2018, which is also a 22% increase. As a result, the return on equity ratio decreased to 9.31% in FY2017-2018 due to the capital increase. Total revenue also increased to Ks 9,940.42 million in FY2017-2018 from Ks 9,466.08 million in FY2016-2017, which is a 5% increase.

### Liquidity and Capital Resources

Our Capital was Ks 9,347.8 million in FY2016-2017. However, our capital increased to Ks 12,212.91 million in FY2017-2018. Our return on equity ratio decreased due to this capital increase. But we are hoping to improve profitability and the ratio in coming years.

The following table sets out our capitalization for the financial year ended March 31, 2017 and 2018.

<b>(Millions of Kyat)</b>	<b>FY2017-2018</b>	<b>FY2016-2017</b>
Paid up capital	12,212.91	9,347.80
Share premium	2,346.89	143.90
Retained Profit	3,490.02	2,443.24

**Key Ratio**

	<b>FY2017-2018</b>	<b>FY2016-2017</b>
Liquidity ratio	832.42%	318.61%
Cost to income ratio	43.85%	64.36%
Solvency ratio	97.60%	25.14%

The Company's financial liquidity is increased a condition with the Current Assets being Ks.14,892 million and Ks.14,804million respectively in FY2017-2018 and FY2016-2017, to the Current Liabilities Ks. 4,646 million and Ks.1,789 million respectively in FY2016-2017 and FY2017-2018.

Cost to income ratio decreased from 64.36% in FY2016-2017 to 43.85% in FY2017-2018, which is also a 20.51% decrease due to cost control management.

**Payment of Taxes (Millions of Kyat)**

<b>Year</b>	<b>Tax</b>
FY2016-2017	459.50
FY2017-2018	475.20
<b>Total</b>	<b>934.70</b>

**Profit and Income Tax (Financial Year)**

(Millions of Kyat)	FY2017-2018	FY2016-2017
Profit	1,680.11	1,378.49
Income Tax	475.20	459.50

**Income and Expenditure**

(Millions of Kyat)	FY2017-2018	FY2016-2017
Income	10,051.49	10,379.09
Expenditure	7,675.47	8,541.10
Profit before Tax	2,376.02	1,837.99

**Conclusion**

In the past financial year, our Company had experienced stable performance in our information and communication technology (“ICT”) business and we had also successfully listed on the YSX. According to financial report, both the Company’s profit and revenue had increased. This increase is attributable to an expansion of our MPT prepaid cards operations as well as engagement with new clients such as Mytel, China Unicom and increasing of production for mobile top-up-cards at our factories.

**Future Prospects**

Moving forward, we hope to continue improving the quality of our services. We also plan to cooperate with our foreign partners to leverage their technological expertise in expanding our operational capabilities and service selection.

**By Order of the Board****Thiha Lwin****Managing Director****6 July,2018**