

TMH Telecom Public Company Limited

Financial Statements

September, 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 30th Sep: 2019

Statement of Financial Position

Statement of Profit or Loss and Other Comprehensive Income

Statement of Changes In Equity

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Tin Latt And Associates

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Independent Auditor's Report of the Members of

TMH Telecom Public Company Limited

Opinion

We have audited the financial statements of TMH Telecom Public Company Limited, which comprise the statement of financial position as at 30th September 2019, and the statement of profit or loss, statement of changes in equity and cash flow statement for the year ended, and summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TMH Telecom Public Company Limited as at 30th September 2019 and of its financial performance and its cash flows for the year then ended in accordance with Myanmar Financial Reporting Standards (MFRS) and the provision of Myanmar Companies Law.

Basis for opinion

We conducted our audit in accordance with Myanmar Standards on Auditing (MSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Myanmar, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Myanmar Financial Reporting Standards (MFRS). 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 Standards on Auditing. Those standards require that we comply with ethical requirements 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are inappropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We are also required to report, in accordance with the Myanmar Companies Law, to the members of the Company, on the account examined by us. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on other legal and regulatory requirements

In accordance with the Section 280 (a) and (b) of 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 Section 258 and 264 of the Myanmar Companies Law.

U Tin Latt

Certified Public Accountant

Date : 23 . 12 . 2019


U TIN LATT
B.Com(A.A), R.A, H.G.P, R.L, D.B.I
CERTIFIED PUBLIC ACCOUNTANT
P. N 832



STATEMENT OF THE DIRECTORS

Being Director of the "TMH Telecom Public Co., Ltd" do hereby state that, in the opinion of the Directors, the accompanying Accounts made up to 30th September 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 and 264 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.



A handwritten signature in blue ink, appearing to read "Nang Lai Yi Soe".

Nang Lai Yi Soe
Executive Director
TMH Telecom Public Co., Ltd.



A handwritten signature in blue ink, appearing to read "Thiha Lwin".

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

TMH Telecom Public Co.,Ltd
Statement of Financial Position As at 30 September 2019

	<u>Note</u>	<u>2019</u> MMK	<u>2018-19</u> MMK
Assets			
Non Current Assets			
Property, Plant & Equipment	3	748,093,773	804,108,675
Other Investments	4	232,825,000	200,485,000
Investment in Joint Venture	5	2,639,200,000	2,639,200,000
Investment in Project	6	283,836,367	1,529,710,752
		3,903,955,140	5,173,504,427
Current Asset			
Inventory - Prepaid Card	7	2,836,161,058	2,701,865,186
Inventory - Project		1,307,873,716	1,307,873,716
Work-in-Process (Project)	8	702,695,045	556,546,211
Prepaid Expense	9	214,076,726	203,233,500
Tender & Bank Guarantee Deposit		167,560,000	19,650,203
Prepaid - Income and Commercial Tax		88,282,385	55,518,657
Trade & Receivable	10	5,293,413,276	6,300,522,569
Cash_and_Cash_Equivalents	11	2,786,097,029	1,101,675,362
Total Current Assets		13,396,159,235	12,246,885,404
Total Assets		17,300,114,375	17,420,389,831

Equity & Liabilities

Authorized Share Capital		500,000,000,000	500,000,000,000
Paid Up Capital		14,559,798,000	14,559,798,000
Other Reserve		(38,906,500)	(71,246,500)
Retained Earnings		989,790,268	952,013,740
Net Profit for The Year		316,679,892	633,900,923
Total Equity		15,827,361,660	16,074,466,163
Current Liability			
Trade & Other Payable	12	728,166,944	680,507,869
Provision - Income tax		297,592,214	218,422,241
Provision - Commercial Tax		446,993,558	446,993,558
Total Liability		1,472,752,715	1,345,923,668
Equity & Liabilities		17,300,114,375	17,420,389,831

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

Nang Lai Yi Soe
Executive Director
TMH Telecom Public Co., Ltd.

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 30 September 2019

		<u>2019</u>	<u>2018-19</u>
	<u>Note</u>	MMK	MMK
Revenue	13	2,968,195,900	8,939,871,162
Cost of Goods Sold	14	(1,501,063,605)	(4,869,957,058)
Gross Profit		1,467,132,295	4,069,914,104
Other Income		288,571,962	84,699,174
<u>Expense</u>			
Selling & Distribution Expense		(204,327,896)	(413,423,601)
Administration Expense	15	(1,155,526,496)	(2,649,078,471)
Profit before Tax		395,849,865	1,092,111,206
Tax Expense		(79,169,973)	(458,210,283)
Net Profit after Tax		316,679,892	633,900,923
Other Comprehensive Income For the Year			
Fair value adjustment of Investments		32,340,000	(71,246,500)
Total Comprehensive Income For the Year		349,019,892	562,654,423
<u>Earning Per Share</u>			
Basic EPS (MMK)	16	25	52

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


Nang Lai Yi Soe
 Executive Director
 TMH Telecom Public Co., Ltd.


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

TMH Telecom Public Co.,Ltd
Statement of Changes in Equity
for the Year ended 30 September 2019

	Share Capital		Reserves	Retained Earning	Total
	No of Ordinary shares	MMK	MMK	MMK	MMK
FY (2019)					
Beginning of financial year	12,212,906	14,559,798,000	(71,246,500)	1,585,914,663	16,074,466,163
Prior year adjustment	-	-		14,520,905	14,520,905
Restated profit	12,212,906	14,559,798,000	(71,246,500)	1,600,435,568	16,088,987,068
Issue Bonus share	610,318				-
Dividend paid (12,212,906 Sh- Qty * 50Ks)				(610,645,300)	(610,645,300)
Net Profit / (Loss) for the year				316,679,892	316,679,892
Other Comprehensive Income			32,340,000		32,340,000
End of financial year	12,823,224	14,559,798,000	(38,906,500)	1,306,470,160	15,827,361,660

	Share Capital		Reserves	Retained Earning	Total
	No of Ordinary shares	MMK	MMK	MMK	MMK
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
Dividend paid (12,212,906 Sh- 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

TMH Telecom Public Co.,Ltd

Statement of Cash Flow for the Year ended 30 September 2019

	<u>Sep-19</u>	<u>Mar-19</u>
	MMK	MMK
Cash Flow from Operating activities		
Profit / (Loss) before Tax	395,849,865	1,092,111,206
<i>Adjustments for;</i>		
Prior year adjustment	14,520,905	(95,428,090)
Depreciation for the year	56,681,501	87,374,680
Interest income	(34,466,201)	(83,599,174)
Investment Income	(152,143,898)	(1,100,000)
Tax Expense		(458,210,283)
Operating profit before working capital changes	280,442,172	541,148,339
<i>(Increase) / decrease in Current Assets :</i>		
Inventories	(134,295,872)	(1,723,636,644)
Receivable From Project & Customer	828,196,731	(233,815,274)
Prepaid expenses	(10,843,226)	1,104,220,944
Bank Guarantee Deposit	(147,909,797)	18,721,813
<i>Increase / (decrease) in Current liabilities :</i>		
Trade & other payable	47,659,075	(136,359,959)
Cash Flow from Operating activities	863,249,083	(429,720,781)
Prepaid Income & Commercial Tax		344,479,622
Tax Paid		(306,809,211)
Net cash used in Operating activities	863,249,083	(392,050,371)

Cash Flow from Investing activities

Purchase of Property, plant & equipment	(666,600)	(386,012,306)
Proceeds From Investment Securities	1,245,874,385	
Interest Income	34,466,201	83,599,174
Investment Income	152,143,898	1,100,000
Net cash used in Investing activities	1,431,817,884	(301,313,132)

Cash Flow from Financing activities

Dividend paid	(610,645,300)	(2,442,581,200)
Net cash used in Financing activities	(610,645,300)	(2,442,581,200)
Net Increase / (decrease) in cash & cash equivalents	1,684,421,667	(3,135,944,702)
Cash & Cash equivalents at the beginning of the year	1,101,675,362	4,237,620,064
Cash & Cash equivalents at the end of the year	2,786,097,029	1,101,675,362

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 2019 to 31, September 2019.

The name of Company was changed from Tah Moe Hnye Chan Thar Tun 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. Key management personnel and director compensation

Directors are considered as key management personnel and director compensation amounting to Ks 33,600,000 was paid during the financial year.

G. 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.

H. 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%

I. 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.

J. 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.

K. 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.

L. Provisions

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

M. 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.

N. 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.

O. 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.

P. 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.

Q. 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
	MMK	MMK	MMK	MMK	MMK	MMK	MMK	MMK	MMK	MMK
Cost										
At April 2019	63,000,000	18,000,000	540,655,750	287,024,980	7,361,855	83,433,886	47,644,700	25,152,277	15,356,200	1,087,629,648
Addition					386,600			280,000		666,600
Disposal										-
At September 2019	63,000,000	18,000,000	540,655,750	287,024,980	7,748,455	83,433,886	47,644,700	25,432,277	15,356,200	1,088,296,248
Accumulated Depreciation										-
At April 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
Addition	-	900,000	27,033,000	14,352,000	371,600	8,349,550	2,385,000	2,522,351	768,000	56,681,501
Disposal										-
At September 2019		13,500,000	142,545,775	104,363,926	2,586,642	45,088,310	15,321,692	12,956,511	3,839,620	340,202,475
Net Book Value										
At 30 September 2019	63,000,000	4,500,000	398,109,975	182,661,054	5,161,813	38,345,576	32,323,008	12,475,766	11,516,580	748,093,773

4.Other Investments

	MMK
FMI Share	132,825,000
Mineral Development Bank	100,000,000
Total	232,825,000

5.Investment in Joint Venture

	MMK
Myanmar GT	2,639,200,000
Total	2,639,200,000

6.Investment in Project

	MMK
CCTV Project	283,836,367
Total	283,836,367

7.Inventory - Prepaid Card

Item Name	Qty					Amount (MMK)
	1000ks	3000ks	5000ks	10000ks		
Prepaid	1,144,010	144,879	70,463	8,833		1,908,230,940
Hanset					1	27,000
E-Top Up						903,576,118
Sim Card (500 ks per 1 card)					48,654	24,327,000
Total						2,836,161,058

8.Work-in-Process (Project)

Project	MMK
GT Project (Monywa)	153,642,100
Thi P P Lar Application Project	34,490,966
MEC- Colocation Project	14,873,550
Century Project	5,657,050
Kanbae Tower Project	82,721,150
Hydro Power Project	14,208,912
Mytel Project	380,361,517
China Unicom Project	15,625,000
Developing Bank Project	1,114,800
Total	702,695,045

9.Prepaid Expense

	MMK
Advance for Office Use	59,353,189
Deposit to MPT (Mobile Money)	10,000,000
Prepaid Expenses - Office Rental	67,201,255
Prepaid Expenses - Other	77,522,282
Total	214,076,726

10.Trade & Receivable

	MMK
Receivable From Project	
_BTS Project	2,120,995,578
_Fiber Project	634,864,526
_Mobile Project	670,414,064
_Other Project	283,478,911
Receivable From MPT	439,712,230
Receivable From Customer	890,620,990
Receivable From Others	253,326,977
Total	5,293,413,276

11.Cash_and_Cash_Equivalents

	MMK	USD
	Ex Rate - 1 USD = 1532.8 Ks	
Cash In Hand - Ks	98,768,700	
Cash In Hand - \$	1,089,821	\$ 711
Cash In bank - Ks	2,459,711,836	
Cash In bank - \$	226,526,672	\$ 147,786
Total	2,786,097,029	\$ 148,497

12.Trade & Other payable

	MMK
Accrued Expenses	25,361,400
Deferred Project Income	164,838,139
Payable to Sub-Contractor	268,866,900
Payable for Staff Salary, Salary Income Tax	120,690,710
Commercial Tax Payable	148,409,795
Total	728,166,944

13.Revenue

	<u>2019</u>	<u>2018-19</u>
	MMK	MMK
- BTS Project	1,490,603,330	6,069,869,172
- Fiber Project	-	961,191,957
- Mobile Project	726,062,157	1,694,854,032
- Other Project	751,530,413	213,956,002
Total	2,968,195,900	8,939,871,162

14.Cost of Goods Sold

	<u>2019</u>	<u>2018-19</u>
	MMK	MMK
Project - Expense	1,327,397,550	4,688,585,509
Production Cost	173,666,055	181,371,549
Total	1,501,063,605	4,869,957,058

15. Administration Expense

	MMK
Renovation and maintenance expenses	23,292,790
Donation Charges	2,120,000
Listing Expense	1,911,400
Meeting & Conference	6,408,975
Marketing Penetrating Expenses	41,442,865
Professional fees	41,017,280
Utilities	64,622,130
Car Rental & Convenience Expense	55,731,310
Travelling and related costs	27,832,572
Office Rental	79,635,939
Other Expense	13,105,100
Depreciation of property, plant and equipment	56,681,501
Director's remuneration	33,600,000
Employee Benefit Expenses	708,124,634
Total	<u><u>1,155,526,496</u></u>

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>2018-19</u>
Net Profit/ (Loss) attributable to equity	316,679,892	633,900,923
Weighted average number of shares of common stock outstanding	12,823,224	12,212,906
Basic earnings per share (MMK per share)	<u><u>25</u></u>	<u><u>52</u></u>