

TMH Telecom Public Company Limited
Financial Statements
September 30, 2018
Currency – Myanmar kyats

TMH Telecom Public Company Limited

Statement of Management's Responsibility

Statement of Auditor's Report

Financial Statements As at and for the year ended 30th September 2018

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 two Directors of the "TMH TELECOM PUBLIC Co.,Ltd' do hereby state that, in the opinion of the Directors, the accompanying Accounts made up to September 30, 2018 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 year ended on the date of this statement according to the Section 133(1) and Section 133(2) of the Act.

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

On behalf of the Board,

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

Tin Latt And Associates

No.70, 44 Block, Bayintnaung Road, North Dagon Tsp, Yangon. Ph: 09-250-290-764

Independent Auditor's Report to the Members of

TMH Telecom Company Limited

We have audited the accompanying financial statements of TMH Telecom Company Limited (the "Company"), which comprise the statement of financial position of the Company as at September 30th 2018, 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 then 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 Act. These responsibilities include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statement 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 judgment, including the assessment of the risk of material misstatement of the financial statements, 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 includes evaluating the appropriateness 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements 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 a true and fair view of the state of affairs of the Company as at 30th September 2018 and of the results, changes in 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 the Myanmar Companies Law, we also report that:

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

TinTinHtike

Tin Tin Htike
B.Com, CPA (P-947)
Certified Public Accountant

For U Tin Latt

Certified Public Accountant

Date :

TMH Telecom Public Co.,Ltd
Statement of Financial Position
September 30, 2018

Currency - Myanmar Kyats

		<u>2019</u>	<u>2018</u>
		Kyats	Kyats
Assets	Notes		
Non-CurrentAssets			
Property, Plant&Equipment	3	471,393,798	505,471,049
OtherInvestments	4	4,440,642,252	4,440,642,252
Total Non-CurrentAssets		4,912,036,050	4,946,113,301
CurrentAsset			
Inventory - Prepaid Card	5	3,034,765,018	2,286,102,258
Inventory - (Project)		467,873,715	
Trade & Receivable	6	6,812,885,856	6,066,707,295
Cash_and_Cash_Equivalent	7	1,919,631,854	4,237,620,064
BankGuarantee Deposit		38,850,002	38,372,016
Prepaid Expense	8	891,303,684	1,864,000,655
Prepaid - Income Tax		17,456,523	250,749,895
Prepaid - Commercial Tax		38,000,000	149,248,384
Total Current Assets		13,220,766,652	14,892,800,567
TotalAssets		18,132,802,702	19,838,913,868
Equity & Liabilities			
Authorized ShareCapital		500,000,000	500,000,000
Equity			
Paid Up Capital		12,212,906,000	12,212,906,000
SharePremium		2,346,892,000	2,346,892,000
RetainedEarnings		1,047,441,830	1,809,910,017
Retained Earnings-Adj		74,319,967	
Net Profit/(Loss) For The Year		352,782,093	1,680,113,013
Total Equity		16,034,341,889	18,049,821,030
CurrentLiabilities			
Trade & Other payable	9	1,123,688,848	816,867,828
Provision - Income tax		475,203,762	475,203,762
Provision - Commercial Tax		499,568,203	497,021,248
Total currentLiabilities		2,098,460,813	1,789,092,838
Total Equity & Liabilities		18,132,802,702	19,838,913,868

TMH Telecom Public Co.,Ltd
Statement of Profit or Loss and other Comprehensive Income
for the Six Months ended September 30, 2018
Currency - Myanmar Kyats

	Note	HY2018-19 Kyats	HY2017-18 Kyats
Revenue	10	5,437,437,138	4,029,040,286
Costs of Good Sold	11	(3,753,253,636)	(1,582,796,993)
Gross Profit		1,684,183,501	2,446,243,293
Other Income		62,087,230	24,640,881
Expense			
Selling & Distribution Expense		(285,454,876)	(117,326,689)
Administration Expense	12	(761,098,579)	(1,394,750,168)
Finance Cost			(100,000,000)
Profit before Tax		699,717,276	858,807,317
Commercial Tax Expenses		(206,991,728)	
Income Tax Expenses		(139,943,455)	(171,761,463)
Net Profit after Tax		352,782,093	687,045,854
Other Comprehensive Income			
Total Comprehensive Income		352,782,093	687,045,854

TMH Telecom Public Co.,Ltd
Statement of Changes in Equity
for the Six Months ended September 30, 2018

	Share Capital	Share Premium	Retained Earning	Total
	No of Ordinary Shares	Kyats	Kyats	Kyats
FY (2018-19)				
Beginning of financial year	12,212,906	12,212,906,000	2,346,892,000	3,490,023,030
Prior year adjustment	-	-	-	74,319,967
Restated profit	12,212,906	12,212,906,000	2,346,892,000	3,564,342,997
Issue Share				-
Dividend paid (12,212,906 S- Qty *200Ks))			(2,442,581,200)	(2,442,581,200)
Net Profit / (Loss)for the year			352,782,093	352,782,093
End of financial year	12,212,906	12,212,906,000	2,346,892,000	1,474,543,889
	No of Ordinary shares	Kyats	Kyats	Kyats
FY (2017-18)				
Beginning of financial year	9,347,800	9,347,800,000	143,900,000	2,443,243,514
Prior year adjustment	-	-	-	(356,677,497)
Restated profit	9,347,800	9,347,800,000	143,900,000	2,086,566,017
Issue Share	2,865,106	2,865,106,000	2,202,992,000	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	12,212,906,000	2,346,892,000	3,490,023,030

TMH Telecom Public Co.,Ltd
Statement of Cash Flows
for the Six Months ended September 30, 2018

	HY 2018-19 Kyats	HY 2017-18 Kyats
Cash Flow from Operating activities		
Profit / (Loss) before Tax	699,717,276	858,807,317
Adjustments for;		
Prior year adjustment	74,319,967	(676,000)
Depreciation for the year	37,198,800	29,555,519
Disposal Loss		
Interest income	(37,816,171)	(20,093,068)
Dividend Received	(1,100,000)	
Tax Paid	(346,935,184)	
Operating profit before working capital changes	425,384,689	867,593,768
(Increase)/ decrease in Current Assets :		
Inventories	(1,216,536,476)	(409,180,589)
Trade & Receivable	(746,178,564)	1,225,823,520
Prepaid expenses	972,696,972	2,140,439,937
Bank Guarantee Deposit	(477,986)	2,750,000
Deferred Expense - Project		(80,297,770)
Increase/(decrease) in Current liabilities :		
Trade & other payable	306,821,020	(2,702,993,475)
Long-Term Payable		(1,000,000,000)
Cash Flow from Operating	(258,290,346)	44,135,391
Interest Paid		(20,000,000)
Prepaid Income & Commercial Tax	344,541,756	(90,283,153)
Provision - Income & Commercial Tax	2,546,955	147,643,658
Net cash used in operating activities	88,798,365	81,495,896
Cash Flow from Investing activities		
Purchase of Property, plant & equipment	(3,121,550)	(36,616,650)
Proceeds From Property, plant & equipment		
Purchase of Investment Securities		(2,094,400,000)
Interest income	37,816,171	20,093,068
Dividend Received	1,100,000	
Net cash used in Investing activities	35,794,621	(2,110,923,582)
Cash Flow from Financing activities		
Proceeds From Share		2,198,440,000
Proceeds From Share premium		869,660,000
Dividend paid	(2,442,581,200)	
Net cash used in Financing activities	(2,442,581,200)	3,068,100,000
Net Increase / (decrease) in cash & cash equipment	(2,317,988,214)	1,038,672,314
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	1,919,631,850	2,949,817,766

TMH Telecom Public Company Limited
Selected Notes to the Interim Financial Statements
For the Six Months Ended September 30, 2018

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 validity of Certificate of Incorporation issued to the company is five year expiring on July 29, 2019.

The Financial Statements are expressed in Myanmar Kyat and relate to the year from 1, April 2018 to 30, Sep 2018.

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.

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 carried at the lower of cost and net realizable value (NRV). Cost is determined on a First In First Out basis.

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. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits in various local banks.

I. 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.

J. Provisions

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

K. 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.

L. 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.

M. 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.

N. 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.

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	22,290,925	15,356,200	701,617,341
Addition				720,000	657,950	998,500		745,100		3,121,550
Disposal										-
Balance at Sep										
2018	63,000,000	18,000,000	161,155,750	287,024,980	6,908,850	82,612,386	47,644,700	23,036,025	15,356,200	704,738,891
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		900,000	8,058,000	14,316,000	333,800	8,208,650	2,385,000	2,229,350	768,000	37,198,800
Disposal										-
Balance at Sep 2018		11,700,000	94,804,775	75,659,926	1,861,442	28,406,710	10,551,692	8,056,929	2,303,620	233,345,093
Net Book Value as										
at 30 Sep 2018	63,000,000	6,300,000	66,350,975	211,365,054	5,047,408	54,205,676	37,093,008	14,979,096	13,052,580	471,393,798

4. Other Investments

	Kyats
CCTV project	283,836,367
Fiber Project	581,954,377
FMI Share	171,731,500
Miniral & Jewery Bank	100,000,000
Myanmar GT	2,639,200,000
Tower Project	663,920,008
	<hr/>
	4,440,642,252

5. Inventory - Prepaid Card

Item Name	Qty					Amount
	1000ks	3000ks	5000ks	10000ks		
Prepaid	1,227,952	222,439	135,730	24,008		2,645,159,060
Handset					1	27,000
E-Top Up						353,674,958
Sim Card					71808	35,904,000
Total						3,034,765,018

6. Trade & Receivable

	Kyats
EAGER Project-222 km	726,948,000
Ooredoo 20 Km	140,000,000
BTS Maintenance	2,286,895,598
MEC Maintenance	133,116,664
2-M MEC Maintenance	334,340,525
Mytel Project	301,175,656
China Unicom Project	120,029,600
ZTE PSTN Project (Ricky)	251,030,068
GT Income	<u>783,229,510</u>
	5,076,765,621
Receivable From Customer	949,351,750
Receivable From MPT & MEC	281,155,241
Receivable From Fuel & Meter Bill	482,088,144
Receivable From Others	<u>23,525,100</u>
	<u>1,736,120,235</u>
Total	<u><u>6,812,885,856</u></u>

<u>7.Cash_and_Cash_Equivalent</u>	Kyats	\$	Ex Rate 1 USD=1560 ks
AYA Current A/C (1275)	1,000		
AYA Current A/C (1493)	62,960		
AYA Current A/C (2924)	10,000		
AYA Dollar Current A/C - 277 931	145,150,528		
AYA New Special Saving (2612)	53,021,231		
AYA New Special Saving (3358)	14,162,831		
AYA New Special Saving (8433)	1,014		
AYA Visa Card A/C (7829)	76,958		
Cash In Hand (Ks) - HO	236,570,171		
Cash In Transits	2,420,000		
CB Bank A/C (\$) (4333)	780,000	\$	500.00
CB Bank A/C (6218)	170,117,968		
CB Current A/C (0833)	9,875		
KBZ Current A/C (4301)	398,694,292		
KBZ Current A/C (5001)	286,037		
KBZ Dollar A/C	236,309	\$	151.48
KBZ Saving A/C (8001)	13,277,626		
Lashio Branch	997,325		
Mandalay Branch	335,507		
MEB Bank A/C (4699)	10,000		
MFTB Bank A/C (\$)	38,843,953	\$	24,899.97
MICB Bank A/C (\$)	543,707	\$	348.53
Nay Pyi Taw Branch	31,687,654		
Pyay Branch	614,338		
TWD Dollar Current A/C	20,910,240	\$	13,404.00
AYA New Current 7248 (Sec:3)	94,095,269		
KBZ Current A/C (5002) Sec:3	597,743,840		
CB Bank A/C No.6234 - Sec:3	98,959,625		
KBZ Bank A/C(Saving)No.10130 - Sec:3	10,597		
KBZ Bank A/C(Current)No.10110 - Sec:3	1,000		
Total	1,919,631,854		

8. Prepaid Expense

	Kyats
Advance for Office Use	196,074,437
Deposit To MPT (Mobile Money)	20,000,000
Deferred Expense - Project	150,828,150
Prepaid Expenses - Office Rental	63,438,536
Deposit For Office Rental	59,107,782
Prepaid IT & CT	399,998,279
Prepaid Expense – Other	1,856,500
	<hr/>
	891,303,684
	<hr/>

9. Trade & Other payable

	Kyats
Alloy Trading Co., Ltd	70,224,200
Myanmar Alliance Paper Co., Ltd Sub-Contractor	32,633,400
Payable - SSB Fee for Sep'18 Payable	340,835,119
To Project Agent	2,863,300
Payable To Others	26,024,067
Payable To Staff	41,318,700
Salary Income Tax - Payable	195,007,927
	2,966,823
Income & Commercial Tax Payable	411,815,312
	<hr/>
	1,123,688,848

10. Project Income

Kyats

MPTBTSMaintenance	3,021,685,925
OoredooFiberProject	213,623,131
EagerProject	399,968,000
WeakCurrentProject	51,581,979
BTSMaintenance	20,963,494
China Unicom Project	295,854,046
GNIPProject	7,588,500
MECColocationProject	12,266,757
Mytel 183 Project	166,899,205
2MMECMaintenance	328,422,052
3MMECMaintenance	66,878,089
MECOptimizationProject	16,000,000
	<hr/>
	4,601,731,177
PrepaidCardCommissionIncome	94,860,027
Production & Merchandising Income	740,845,934
	<hr/>
	5,437,437,138

11. Costs of Good Sold

Kyats

Project - Expenses	3,642,374,136
Production - Expenses	110,879,500
	<hr/>
	3,753,253,636
	<hr/> <hr/>

12. Administration Expense

Kyats

Accommodation Charges	42,000
AgentFee	2,506,000
BankServiceCharges	2,000
Booking&PeriodicalsExpenses	130,500
CarRental	25,618,000
Company Registration Expense	26,000
Consulting Fees	50,290,000
Convenience Expense	3,077,200
DonationCharges	13,160,850
ElectricityCharges	12,256,332
Entertainment	4,589,200
Event&Activities	40,000
ExchangeLoss	516,000
FuelCharges	8,153,900
GeneralLabour Charges	124,500
Gift & Present	12,879,388
InsuranceFee	276,900
Internet & E Mail Expense	3,294,925
ISOPayment	10,003,000
Licenses&Permits	452,100
Listing Expense	18,313,602
MealAllowance	56,115,575
Medical Expense	16,500
Meeting&Conference	195,000
Miscellaneous expenses	2,930,873
OfficeRental	152,584,591
OfficeUtilities	3,477,220
Postage&Delivery	711,650
Penalties & fines	20,989,612

Printing&Stationery	4,357,700
R & M - Building & Showroom	2,795,000
R & M - Computer	382,700
R & M - Electrical equipment	473,300
R & M - Office Equipment	867,500
R & M - Vehicle	6,315,700
Remittance Expense	5,394,032
SSB Fee	15,676,700
Software Installation & Maintenance Charges	200,000
Staff Housing - Rental	29,400,000
Staff Housing- Expense	3,722,350
Staff Welfare	672,533
Stamp Duties	1,139,350
Telecommunications Expense	11,704,300
Training & Allowance	1,765,850
Transportation	50,650
Travelling Allowance	1,782,700
Trip Expense	7,230,970
Vehicle Insurance	564,555
Vehicle License	715,200
YCDC Tax	626,062
Salaries & Wages	225,289,209
Dep: - Computer & Printer	8,208,650
Dep: - Electrical Equipment	2,229,350
Dep: - Factory Building	900,000
Dep: - Furniture & Fixture	2,385,000
Dep: - Machinery & Accessories	8,058,000
Dep: - Motor Vehicle	14,316,000
Dep: - Office Equipment	333,800
Dep: - Tools & Project Accessories	768,000
	<hr/>
	761,098,579