

TMH Telecom Public Company Limited

Financial Statements

31st March, 2020.

Currency – Myanmar kyats

TMH Telecom Public Company Limited

Statement of Management's Responsibility

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### 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 31<sup>st</sup> March 2020 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 and good and recoverable.

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

**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

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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 31<sup>st</sup> March 2020 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 March 31<sup>st</sup> 2020 and of its financial performance and its cash flows for the period 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 statement

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 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 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 misstatement 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 inappropriate 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 section 280 (a) and (b) of 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 provision 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

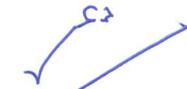
**U TIN LATT**  
**B.Com(A.A), R.A, H.G.P, R.L, D.B.I**  
**CERTIFIED PUBLIC ACCOUNTANT**

TMH Telecom Public Co., Ltd  
Statement of Financial Position As at 31st March 2020

	Note	31-Mar-20 MMK	30-Sep-19 MMK
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	3	717,061,798	748,093,773
Other Investments	4	215,500,000	232,825,000
Investment in Joint Venture	5	2,639,200,000	2,639,200,000
Investment in Project	6	344,336,367	283,836,367
		<b>3,916,098,165</b>	<b>3,903,955,140</b>
<b>Current Asset</b>			
Inventory - Prepaid Card	7	1,189,027,467	2,836,161,058
Inventory - Project		1,307,873,716	1,307,873,716
Work-in-Process ( Project )	8	761,302,014	702,695,045
Prepaid Expense	9	263,065,823	214,076,726
Tender & Bank Guarantee Deposit		13,900,000	167,560,000
Prepaid - Income and Commercial Tax		223,692,924	88,282,385
Trade & Receivable	10	4,911,254,144	5,293,413,276
Cash_and_Cash_Equivalents	11	4,300,468,911	2,786,097,029
Total Current Assets		<b>12,970,584,999</b>	<b>13,396,159,235</b>
<b>Total Assets</b>		<b><u>16,886,683,164</u></b>	<b><u>17,300,114,375</u></b>
<b>Equity &amp; Liabilities</b>			
Paid Up Capital		14,559,798,000	14,559,798,000
Other Reserve		(56,231,500)	(38,906,500)
Retained Earnings		1,226,325,350	989,790,268
Net Profit for The Year		352,026,300	316,679,892
<b>Total Equity</b>		<b>16,081,918,150</b>	<b>15,827,361,660</b>
<b>Current Liability</b>			
Trade & Other Payable	12	595,591,983	728,166,944
Provision - Income tax		88,006,575	297,592,214
Provision - Commercial Tax		121,166,456	446,993,558
<b>Total Liability</b>		<b>804,765,014</b>	<b>1,472,752,715</b>
<b>Equity &amp; Liabilities</b>		<b><u>16,886,683,164</u></b>	<b><u>17,300,114,375</u></b>

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.

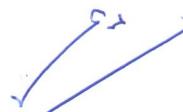
**TMH Telecom Public Co., Ltd**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the Year ended 31st March 2020**

		HY (2019-2020)	FY-2019
	Note	MMK	MMK
Revenue	13	2,984,114,417	2,968,195,900
Cost of Goods Sold	14	(1,551,267,545)	(1,501,063,605)
<b>Gross Profit</b>		<b>1,432,846,872</b>	<b>1,467,132,295</b>
Other Income		175,949,778	288,571,962
<b>Expense</b>			
Selling & Distribution Expense		(175,811,573)	(204,327,896)
Administration Expense	15	(992,952,202)	(1,155,526,496)
Profit before Tax		<b>440,032,875</b>	<b>395,849,865</b>
Tax Expense		(88,006,575)	(79,169,973)
<b>Net Profit after Tax</b>		<b>352,026,300</b>	<b>316,679,892</b>
<b>Other Comprehensive Income For the Year</b>			
Fair value adjustment of Investments		(17,325,000)	32,340,000
<b>Total Comprehensive Income For the Year</b>		<b>334,701,300</b>	<b>349,019,892</b>
Earnings Per Share			
<b>Basic EPS (MMK)</b>		<b>27</b>	<b>25</b>

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**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 31st March 2020

	Share Capital		Reserves	Retained Earning	Total
	No of Ordinary shares	MMK	MMK	MMK	MMK
<b>31-Mar-20</b>					
Beginning of financial year	12,823,224	14,559,798,000	(38,906,500)	1,306,470,160	15,827,361,660
Prior year adjustment	-	-		(80,144,810)	(80,144,810)
<b>Restated profit</b>	<b>12,823,224</b>	<b>14,559,798,000</b>	<b>(38,906,500)</b>	<b>1,226,325,350</b>	<b>15,747,216,850</b>
Net Profit / (Loss) for the year				352,026,300	352,026,300
Other Comprehensive Income			(17,325,000)		(17,325,000)
<b>End of financial year</b>	<b>12,823,224</b>	<b>14,559,798,000</b>	<b>(56,231,500)</b>	<b>1,578,351,650</b>	<b>16,081,918,150</b>

TMH Telecom Public Co., Ltd

Statement of Cash Flow for the Year ended 31st March 2020

	HY (2019-2020)	FY-2019
	MMK	MMK
<b>Cash Flow from operating activities</b>		
Profit / (Loss) before Tax	440,032,875	395,849,865
<i>Adjustments for;</i>		
Prior year adjustment	(80,144,810)	14,520,905
Depreciation for the year	56,804,608	56,681,501
Disposal Loss	87,667	
Interest income	(99,414,351)	(34,466,201)
Investment Income		(152,143,898)
Tax Expense		
<b>Operating profit before working capital changes</b>	<b>317,365,990</b>	<b>280,442,172</b>
<i>(Increase) / decrease in Current Assets :</i>		
Inventories	1,647,133,591	(134,295,872)
Receivable From Project & Customer	382,159,133	828,196,731
Prepaid expenses	(243,006,604)	(10,843,226)
Bank Guarantee Deposit	153,660,000	(147,909,797)
<i>Increase / (decrease) in Current liabilities :</i>		
Trade & other payable	(755,994,277)	47,659,075
<b>Cash Flow from Operating activities</b>	<b>1,501,317,832</b>	<b>863,249,083</b>
Prepaid Income & Commercial Tax		
Tax Paid		
<b>Net cash used in Operating activities</b>	<b>1,501,317,832</b>	<b>863,249,083</b>
<b>Cash Flow from Investing activities</b>		
Purchase of Property, plant & equipment	(25,860,300)	(666,600)
Purchase of Investment	(60,500,000)	
Proceeds From Investment Securities		1,245,874,385
Interest Income	99,414,351	34,466,201
Investment Income		152,143,898
<b>Net cash used in Investing activities</b>	<b>13,054,051</b>	<b>1,431,817,884</b>
<b>Cash Flow from Financing activities</b>		
Dividend paid		(610,645,300)
<b>Net cash used in Financing activities</b>	<b>-</b>	<b>(610,645,300)</b>
Net Increase / (decrease) in cash & cash equivalents	1,514,371,883	1,684,421,667
Cash & Cash equivalents at the beginning of the year	2,786,097,028	1,101,675,362
<b>Cash &amp; Cash equivalents at the end of the year</b>	<b>4,300,468,911</b>	<b>2,786,097,029</b>

TMH Telecom Public 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 law 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, Oct 2019 to 31, Mar 2020.

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 Financial Reporting Standard (MFRS) 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. Key management personnel and director compensation

Directors are considered as key management personnel and director's remuneration 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 Oct 2019	63,000,000	18,000,000	540,655,750	287,024,980	7,748,450	83,433,886	47,644,700	25,432,275	15,356,200	1,088,296,241
Addition				7,070,000	1,046,000	1,053,300	567,000	524,000	15,600,000	25,860,300
Disposal						(174,800)				(174,800)
At March 2020	63,000,000	18,000,000	540,655,750	294,094,980	8,794,450	84,312,386	48,211,700	25,956,275	30,956,200	1,113,981,741
Accumulated Depreciation										-
At Oct 2019		13,500,000	142,545,775	104,363,925	2,586,642	45,088,310	15,321,692	12,956,504	3,839,620	340,202,467
Addition	-	900,000	27,033,000	14,482,033	387,800	8,404,458	2,399,100	2,170,218	1,028,000	56,804,609
Disposal						(87,133)				(87,133)
At March 2020		14,400,000	169,578,775	118,845,958	2,974,442	53,405,635	17,720,792	15,126,722	4,867,620	396,919,943
Net Book Value										
At March 2020	63,000,000	3,600,000	371,076,975	175,249,022	5,820,008	30,906,751	30,490,908	10,829,553	26,088,580	717,061,798

#### 4.Other Investments

	MMK
FMI Share	115,500,000
Mineral Development Bank	100,000,000
Total	<u>215,500,000</u>

#### 5.Investment in Joint Venture

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

#### 6.Investment in Project

	MMK
CCTV Project	283,836,367
Video Production	60,500,000
Total	<u>344,336,367</u>

7.Inventory - Prepaid Card

Item Name	Qty							Amount ( MMK )
	100ks	200ks	1000ks	3000ks	5000ks	10000ks		
Prepaid	232,335	235,578	403,920	107,586	29,664	7,904		969,101,046
Handset							1	27,000
E-Top Up								179,568,421
Sim Card							80,662	40,331,000
Total								1,189,027,467

8. Work-in-Process (Project)

_IFM Project	102,708,800
_Fiber Project	58,484,800
_Other Project	600,108,414
	761,302,014

9. Prepaid Expense

Deposit to MPT ( Mobile Money )	25,000,000
Advance for Office Use	110,198,484
Prepaid Expenses - Office Rental	53,009,100
Prepaid Expenses - Other	74,858,239
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	263,065,823

10. Trade & Receivable

Receivable From Project	
_IFM Project	1,460,574,584
_Fiber Project	740,627,490
_Other Project	394,069,291
Receivable From MPT	1,202,316,473
Receivable From Customer	802,447,861
Receivable From Others	311,218,445
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	4,911,254,144

**11. Cash and Cash Equivalents**

	MMK	USD
	Ex Rate - 1 USD = 1395 Ks	
Cash In Hand - Ks	37,786,833	
Cash In Hand - \$	59,985	\$ 43
Cash In bank - Ks	3,824,626,298	
Cash In bank - \$	437,995,795	\$ 313,975
<b>Total</b>	<b>4,300,468,911</b>	<b>\$ 314,018</b>

**12. Trade & Other payable**

	MMK
Accrued Expenses	15,707,996
Deferred Project Income	51,344,784
Payable to Sub-Contractor	187,720,747
Payable for Staff Salary, Salary Income T	83,725,072
Tax Payable	257,093,384
<b>Total</b>	<b>595,591,983</b>

13.Revenue

	HY (2019-2020)	FY-2019
	MMK	MMK
- IFM Project	1,014,374,818	1,490,603,330
- Fiber Project	547,736,169	-
- Mobile Project	566,692,712	726,062,157
- Other Project	855,310,717	751,530,413
Total	<u>2,984,114,417</u>	<u>2,968,195,900</u>

14.Cost of Goods Sold

	HY (2019-2020)	FY-2019
	MMK	MMK
Project - Expense	1,446,148,095	1,327,397,550
Production Cost	105,119,450	173,666,055
Total	<u>1,551,267,545</u>	<u>1,501,063,605</u>

### 15. Administration Expense

Travelling and related costs	93,863,329
Other Expense	105,795,008
Vehicle Rental & Convenience Expense	97,443,650
Employee Benefit Expenses	344,561,497
Director's remuneration	33,600,000
Professional fees	23,535,500
Depreciation of property, plant and equipment	55,318,840
Utilities	118,300,352
Donation Charges	500,000
Marketing Expenses	20,719,600
Office Rental	83,849,902
Renovation and maintenance expenses	15,464,524
	<hr/>
	<b>992,952,202</b>

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### 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:

	<b>HY (2019-2020)</b>	<b>FY-2019</b>
Net Profit/ (Loss) attributable to equity	352,026,300	316,679,892
Weighted average number of shares of common stock outstanding	12,823,224	12,823,224
<b>Basic earnings per share ( MMK per share)</b>	<hr/> <b>27</b> <hr/>	<hr/> <b>25</b> <hr/>