

TMH Telecom Public Company Limited

Financial Statements

As at and for the six-months period ended March 31, 2022

Contents:

Statement of Management's Responsibility

Statement of Auditor's report

Financial Statements:

- 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 Director of the "TMH Telecom Public Co., Ltd" do hereby state that, in the opinion of the Directors, the accompanying Accounts made up to March 31, 2022 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 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.

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

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



Building (6), Room (323), Kyaikkasan Housing, Marlarnwe Street, Tamwe Gyi (B) Ward, Tamwe Township, Yangon, Myanmar.
Tel : 01-8400164, 01-8603760, 09-780981220, 09-770867554 Email : topswconltd@gmail.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

TMH Telecom Public Company Limited

We have audited the financial statements of TMH Telecom Public Company Limited, which comprise the Statement of financial position as at 31th March 2022, 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.

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 responsibility 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, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 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 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. And audit also include 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 are also required to report, in accordance with 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.

Basis For Qualified Opinion

Myanmar GT Broadband Company Limited is an associated company of TMH Telecom Public Company Limited under MAS-28 Investment In Associates and Joint Venture. The share of profit or loss from associated company is not recognized in the financial statement of TMH Telecom Public Company Limited for the year ended 31st March 2022 according to MAS-28 Investment in associates and Joint Venture. As a result of that matter we were unable to determine correctness and accuracy of the Statement of Comprehensive Income. We are unable to verify and determine whether any adjustments were necessary.

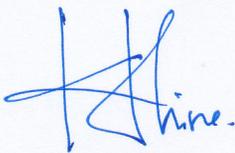
Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements are properly drawn up in accordance with MFRS so as to give a true and fair view of the financial position of TMH Telecom Public Company Limited as of 31st March 2022, and of its financial performance and its cash flow for the year then ended on that date.

Report on other legal and regulatory requirement

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 Section 258 and 264 of the Myanmar Companies Law.



Daw Kay Khine Khine Linn

PPA-937

Certified Public Accountant

Date: 28.6.2022



TMH Telecom Public Co.,Ltd
Statement of Financial Position as at March 31,2022

	Notes	March 31, 2022	March 31,2021
		MMK	MMK
Assets			
Non-Current Assets			
Property, Plant & Equipment	3	500,072,745	606,802,748
Other Investments	4	193,555,000	207,415,000
Investment in Associates	5	1,996,742,679	2,639,200,000
Investment in Project	6	344,336,367	344,336,367
		3,034,706,791	3,797,754,115
Current Assets			
Inventory - Prepaid Card	7	1,854,983,577	1,401,119,817
Inventory - Project		1,007,873,716	1,307,873,716
Work-in-Process (Project)	8	1,375,441,209	966,562,309
Prepaid Expense	9	241,773,034	257,881,414
Tender & Bank Guarantee Deposit		438,203,096	56,800,000
Prepaid - Income and Commercial Tax		337,095,168	442,264,606
Trade & Receivable	10	3,418,426,355	4,139,888,979
Cash and Cash Equivalents	11	4,500,747,077	4,020,535,881
		13,174,543,232	12,592,926,722
Total Assets		16,209,250,023	16,390,680,837
Equity & Liabilities			
Equity			
Paid Up Capital		14,559,798,000	14,559,798,000
Other Reserves		52,139,809	(64,316,500)
Retained Earnings		(491,427,766)	853,515,146
Net Profit/ (Loss) for The Year		(103,028,282)	(83,101,305)
		14,017,481,761	15,265,895,341
Current Liabilities			
Trade & Other Payable	12	1,903,288,365	626,332,710
Provision - Income tax			134,812,817
Provision - Commercial Tax	12	288,479,897	363,639,969
		2,191,768,262	1,124,785,496
Total Equity & Liabilities		16,209,250,023	16,390,680,837



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 six-months period ended March 31, 2022

	Notes	For the six-months period ended March 31, 2022	For the six-months period ended March 31, 2021
		MMK	MMK
Revenue	13	2,698,002,662	1,570,587,952
Cost of Goods Sold	14	(1,755,514,688)	(903,276,407)
Gross Profit		942,487,974	667,311,545
Other Income		214,354,752	87,647,353
<u>Expenses</u>			
Selling & Distribution Expense		(46,238,272)	(42,461,265)
Administration Expenses	15	(1,213,632,736)	(795,598,938)
Profit/ (Loss) before Tax		(103,028,282)	(83,101,305)
Income Tax Expenses			
Net Profit/ (Loss) after Tax		(103,028,282)	(83,101,305)
Other Comprehensive Income for the Year			
Fair value adjustment of Investments		(8,085,000)	(8,085,000)
Total Comprehensive Income for the Year		(111,113,282)	(91,186,305)

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 six-months period ended March 31, 2022

	Share Capital		Reserves	Retained Earnings	Total
	No of shares	MMK	MMK	MMK	MMK
Balance as at March 31,2022	12,823,224	14,559,798,000	60,224,809	187,467,299	14,807,490,108
Prior year adjustment				(678,895,065)	(678,895,065)
Restated profit	12,823,224	14,559,798,000	60,224,809	(491,427,766)	14,128,595,043
Net Profit / (Loss) for the year				(103,028,282)	(103,028,282)
Other Comprehensive Income			(8,085,000)		(8,085,000)
Balance as at March 31, 2022	12,823,224	14,559,798,000	52,139,809	(594,456,048)	14,017,481,761

TMH Telecom Public Co.,Ltd

Statement of Cash Flows for the six-months period ended March 31, 2022

	For the six-months period ended March 31,2022	For the six-months period ended March 31,2021
	MMK	MMK
Cash Flow from Operating activities		
Profit / (Loss) before Tax	(103,028,282)	(83,101,305)
Adjustments for non-cash items	-	-
Prior year adjustment	93,878,566	(5,373,648)
Depreciation for the year	54,214,045	56,682,399
Disposal Loss	-	567,091
Interest income	(63,411,754)	(53,663,358)
Operating profit/(loss) before working capital changes	(18,347,425)	(84,888,821)
Changes in working capital	-	-
Inventories	(596,455,446)	1,403,368,598
Receivable from Project & Customer	35,625,410	(152,553,437)
Prepaid expenses	(339,556,490)	(329,961,269)
Bank Guarantee Deposit	(238,039,411)	8,200,000
Trade & other payable	1,191,163,110	(53,588,488)
Cash Flow from Operating activities	34,389,748	790,576,583
Prepaid Income & Commercial Tax	(172,863,893)	(243,609,384)
Provision - Income & Commercial Tax	137,759,197	78,687,686
Net cash provided by / (used in) Operating activities	(714,948)	625,654,885
Cash Flow from Investing activities	-	-
Purchase of Property, plant & equipment	(2,364,150)	(870,100)
Proceeds from Property, plant & equipment	-	100,000
Interest Income	63,411,754	53,663,358
Net cash provided by / (used in) Investing activities	61,047,604	52,893,258
Cash Flow from Financing activities	-	-
Dividend paid	-	(897,625,680)
Net cash provided by / (used in) Financing activities	-	(897,625,680)
Net Increase / (decrease) in cash & cash equivalents	60,332,656	(219,077,537)
Cash & Cash equivalents at the beginning of the year	4,440,414,421	4,239,613,418
Cash & Cash equivalents at the end of the year	4,500,747,077	4,020,535,881

TMH Telecom Public Company Limited

Notes to the Financial Statements For the six-months period ended March 31, 2022

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. (54), Eastern Business Center, Level (5), Laydaungkan Road, Thingangyun Township, Yangon, Myanmar 11071.

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. TMH Telecom Company Limited has been transformed from private company limited to public company limited, dated on 20.5.2016 and listed in the Yangon Stock Exchange (YSX) on 26.01.2018.

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
- ICT 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

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 conformity with MFRS requirements 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 4.53% 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. Key management personnel and director compensation

Directors are considered as key management personnel and director remuneration amounting to Ks 26,880,000 was paid during the financial year.

F. Property, Plant & Equipment

Property, plant & equipment are recognized at cost less accumulated depreciation. Subsequent expenditure is not capitalized unless it increases the expected future economic benefits of the asset. 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%

G. 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.

H. 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.

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. 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.

K. 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.

L. 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.

M. Provisions

Provisions are recognized when the company has a present legal or contractive obligation as result of past events, the outflow of resources is probable and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for the future operating loss.

N. 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.

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 rate 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
	MMK	MMK	MMK	MMK	MMK	MMK	MMK	MMK	MMK	MMK
Cost										
At Oct 2021	63,000,000	18,000,000	540,655,750	296,106,980	8,794,450	83,790,386	48,211,700	27,638,775	30,956,200	1,117,154,241
Addition						1,851,900	57,000	455,250		2,364,150
At March 31, 2022	63,000,000	18,000,000	540,655,750	296,106,980	8,794,450	85,642,286	48,268,700	28,094,025	30,956,200	1,119,518,391
Accumulated Depreciation										
At Oct 2021		17,100,000	250,677,775	162,720,049	4,151,641	74,621,196	24,959,691	21,489,629	9,511,620	565,231,601
Addition	-	900,000	27,033,000	14,806,200	392,400	5,089,944	2,353,100	2,091,401	1,548,000	54,214,045
Disposal										
At March 31, 2022	-	18,000,000	277,710,775	177,526,249	4,544,041	79,711,140	27,312,791	23,581,030	11,059,620	619,445,646
Net Book Value										
At March 31, 2022	63,000,000	-	262,944,975	118,580,731	4,250,409	5,931,146	20,955,909	4,512,995	19,896,580	500,072,745

4. Other Investments	March 31,2022	March 31,2021
	MMK	MMK
FMI Share (11,550 share *8,100 ks)	93,555,000	107,415,000
Mineral Development Bank	100,000,000	100,000,000
	193,555,000	207,415,000

5. Investment in Joint Venture	March 31,2022	March 31,2021
	MMK	MMK
Beginning of financial year	2,769,516,309	2,639,200,000
Additional investment during the year	-	-
Share of profit of associates and JVs	(772,773,630)	
	1,996,742,679	2,639,200,000

6. Investment in Project	March 31,2022	March 31,2021
	MMK	MMK
CCTV Project	283,836,367	283,836,367
Video Production	60,500,000	60,500,000
	344,336,367	344,336,367

7. Inventory - Prepaid Card	March 31,2022	March 31,2021
	MMK	MMK
Item Name		
Prepaid Card	1,645,006,600	1,199,858,924
Handset	27,000	27,000
E-Top Up	174,861,677	194,951,593
Sim Card (300 ks per 1 card)	35,088,300	6,282,300
.	1,854,983,577	1,401,119,817

8. Work-in-Process (Project)	March 31,2022	March 31,2021
	MMK	MMK
_IFM Project	78,078,228	76,638,811
_Fiber Project	420,075,040	
_Other Project	877,287,941	889,923,498
	<u>1,375,441,209</u>	<u>966,562,309</u>

9. Prepaid Expense	March 31,2022	March 31,2021
	MMK	MMK
Deposit to MPT- Mobile Money project	58,763,096	51,231,867
Advance for Office Use	41,315,800	64,867,358
Prepaid Expenses - Office Rental	53,261,250	47,936,235
Prepaid Expenses - Other	88,432,888	93,845,954
	<u>241,773,034</u>	<u>257,881,414</u>

10. Trade & Receivable	March 31,2022	March 31,2021
	MMK	MMK
Receivable from Project		
- IFM Project	1,621,612,750	2,221,472,940
- Fiber Project	70,186,913	52,266,850
- Mobile Project	314,249,388	544,069,770
- Other Project	77,696,806	342,487,850
Receivable From MPT	1,258,790,963	821,600,140
Receivable from Others	75,889,535	157,991,429
	<u>3,418,426,355</u>	<u>4,139,888,979</u>

11. Cash and Cash Equivalentents	March 31,2022	
	MMK	USD
	Ex Rate - 1 USD = 1778 Ks	
Cash in Hand - Ks	135,510,019	
Cash in Hand - \$		4
Cash at bank - Ks	4,222,911,269	
Cash at bank - \$		80,044
	<u>4,358,421,288</u>	<u>80,048</u>

12. Trade & Other payable	March 31,2022	March 31,2021
	MMK	MMK
Accrued Expenses	178,033,080	46,914,440
Deferred Project Income	1,008,812,091	104,244,516
Payable to Sub-Contractor	666,493,665	382,250,680
Payable for Staff Salary, Salary Income Tax	49,949,529	92,923,074
Tax Payable	288,479,897	498,452,786
	<u>2,191,768,262</u>	<u>1,124,785,496</u>

13. Revenue	For the six-months period ended	For the six-months period ended
	March 31,2022	March 31,2021
	MMK	MMK
- IFM Project	944,419,238	948,871,739
- Fiber Project	18,734,779	
- Mobile Project	336,067,262	305,817,595
- Other Project	1,398,781,383	315,898,618
	<u>2,698,002,662</u>	<u>1,570,587,952</u>

14. Cost of Goods Sold	For the six-months period ended	For the six-months period ended
	March 31,2022	March 31,2021
	MMK	MMK
Project - Expense	1,734,135,657	856,627,681
Production Cost	21,379,031	46,648,726
	<u>1,755,514,688</u>	<u>903,276,407</u>

15. Administration Expense	For the six-months period ended	For the six-months period ended
	March 31,2022	March 31,2021
	MMK	MMK
Travelling and related costs	14,190,118	11,222,942
Marketing Expenses	47,481,486	528,100
Employee Benefit Expenses	610,852,333	285,381,831
Director's remuneration	26,880,000	33,600,000
Utilities	134,320,190	115,233,797
Vehicle Rental & Convenience Expense	120,154,934	114,315,518
Professional fees	24,967,590	33,325,675
Donation Charges	1,966,095	8,368,740
Depreciation of property, plant and equipment	54,214,045	57,249,490
Other Expense	68,118,700	33,333,187
Office Rental	95,857,907	95,741,733
Renovation and maintenance expenses	14,629,338	7,297,925
	1,213,632,736	795,598,938