
INTERIM RESULTS – MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (“MD&A”) is based on Myanmar Thilawa SEZ Holdings Public Limited Consolidated Financial Statements for the half year ended 30th September 2016 and should be read in conjunction with those financial statements. All currency amounts in the MD&A are expressed in Myanmar Kyats unless otherwise specified.

Results Summary

Summary Group Income Statement		
all amounts in Ks'M		
	for the 6 months ended	
	30-Sep-16	30-Sep-15
Revenue	5,961.38	1,655.20
Cost of Sales	3,046.96	-
Gross Profit	2,914.42	1,655.20
Expenses	975.76	248.27
Profit from Associates	9,350.40	6,722.76
Profit before Tax	11,289.06	8,129.69
Income Tax Expense	222.80	357.97
Profit after Tax	11,066.26	7,771.72
Earnings per share	284.27	199.64

The Group’s operating profit after tax for the 6 months ended 30th September 2016 increased by 42% to Ks11.07 Billion over the same previous comparative period.

The Group’s gross margin is 48.8%. Total group expenses increased due to filling up the vacancies in the organizational structure needed to operate the business. Net margin after taking into account the expenses stands at 32.5%.

Thilawa Property Development Limited (“TPD”)

TPD was formed to undertake the development, construction, marketing, leasing and operation of the Residential and Commercial Component of the Zone A project in Thilawa SEZ. TPD is a joint venture with Thilawa Special Economic Zone Management Committee (“TSMC”) in which TSMC owns 20%.

TPD secured a contract for road works which has contributed to the revenue for this 6 months. The company has also finished constructing 3 buildings for workers’ accommodation. The accommodations are awaiting final approvals for occupation. In

addition, TPD is constructing twelve 4-storey shop houses slated for construction completion in the second quarter of 2017.

TPD is currently in the process of leasing out land for a hotel and/or serviced apartments as well as petrol stations to be built on the site. Bids have been received and under contractual negotiation and finalization.

In the first 6 months of operation of the current financial year, TPD has managed to achieve an operating profit of Ks1.12 Billion.

Myanmar Japan Thilawa Development Limited (“MJTD”)

MJTD shareholdings are as follows:

Myanmar Thilawa SEZ Holdings Public Limited (“MTSH”)	41%
Thilawa SEZ Management Committee (“TSMC”)	10%
Japan International Corporation Agency (“JICA”)	10%
MMS Thilawa Development Co. Ltd (“MMSTD”)	39%

MMSTD comprises of Mitsubishi Corporation, Marubeni Corporation and Sumitomo Corporation.

MJTD was initially established to undertake the development, construction, marketing, sales and operation of Zone A in Thilawa SEZ. Zone A is about 400 hectares. Zone A has so far attracted 79 companies from 17 countries. Zone A employs between 3,000 to 5,000 workers. Zone A when fully completed and operational will create about 40,000 jobs (both working directly in the Zone or working indirectly as a result of Zone A activity).

On 21st October 2016, the above parties signed an amendment to the joint venture agreement enabling MJTD to development and operate another 100 hectares in Zone B Phase 1.

For the 6 months ended 30th September 2016, we see a 39% increase in profit contribution from the previous comparable period from Ks6.72 Billion to Ks9.35 Billion.

Summary Group Balance Sheet		
all amounts in Ks'M		
	as at 30 Sep 16	as at 31 Mar 16
Assets		
Current assets	67,630.82	55,351.26
Non-current assets	25,905.21	26,313.89
Total assets	93,536.03	81,665.15
Liabilities		
Current liabilities	3,472.41	2,626.71
Non-current liabilities	5,432.96	5,474.04
Total liabilities	8,905.37	8,100.75
NET ASSETS	84,630.66	73,564.40
Equity		
Issued and paid-up	38,929.15	38,929.15
Retained earnings	39,518.41	28,661.64
Non controlling interest	6,183.10	5,973.61
TOTAL EQUITY	84,630.66	73,564.40

The increase in current assets is primarily due to the work-in-progress at Thilawa property Development Limited.