

AUDITED FINANCIAL STATEMENTS AND MANAGEMENT DISCUSSION & ANALYSIS

The Board of Directors of First Myanmar Investment Public Co., Ltd (“Company”), and with its subsidiaries, (“Group”), wishes to announce the release of the Company’s audited financial statements for the six-month period ended 30th September 2019.

This financial reporting is to comply with the new financial year ended 30th September, covering six months of operating period from 1st April 2019 to 30th September 2019 (“FY Sep 2019”). For meaningful comparison, the Company’s management uses its interim financial report covering the period 1st April 2018 to 30th September 2018 (“HY Sep 2018”). The discussion and analysis are provided as below:

KEY HIGHLIGHTS

Summary of Group Statement of Comprehensive Income

(MMK’000)	FY Sep 2019 (Audited)	HY Sep 2018	% Change
Revenue	168,432,139	130,534,069	29.0%
Cost of sales	(99,285,554)	(79,425,965)	25.0%
Gross profit	69,146,585	51,108,104	35.3%
Gross margin	41.1%	39.2%	1.9%
Administrative expenses	(51,731,077)	(43,597,134)	18.7%
Finance expenses	(4,962,917)	(2,635,149)	88.3%
Other losses, net	(1,772,980)	(6,287,865)	(71.8%)
Share in profit of associates and joint venture, net of tax	1,951,715	14,508,782	(86.5%)
Profit before income tax	12,631,326	13,096,738	(3.6%)
Income tax expense	(5,530,725)	(3,282,985)	68.5%
Net profit for the period/ year	7,100,601	9,813,753	(27.6%)
Fair value adjustment of available-for-sale investments	2,332,924	(2,497,798)	(193.4%)
Share of other comprehensive loss of associate	(2,315,056)	-	NM
Total comprehensive income for the period/ year	7,118,469	7,315,955	(2.7%)
Earnings per share (MMK)	9	246	(96.3%)

NM – Not Meaningful

Group revenue for FY Sep 2019 is MMK 168.4 billion, which is 29.0% higher than that of HY Sep 2018.

The main driver of increase in Group's revenue is financial services. Financial services revenue increased by 25.5% from MMK 120 billion in HY Sep 2018 to MMK 150.6 billion in FY Sep 2019. The increase is mainly due to a surge interest income from portfolios such as digital credit, home loan, microfinance and loan overdraft.

In addition, the total revenue from healthcare services increased by 70.7 % from MMK 10.3 billion in HY Sep 2018 to MMK 17.6 billion in FY Sep 2019. The increase in revenue is due to direct hospital service, ancillary services and equipment rental.

A breakdown of FY Sep 2019 Group revenues is set forth below.

	FY Sep 2019	HY Sep 2018	% Change
(MMK'000)	(Audited)		
Financial Services	150,604,461	120,023,715	25.5%
Healthcare Services	17,639,802	10,335,348	70.7%
Dividend Income	160,876	148,006	8.7%
Rental	27,000	27,000	0%
Total	168,432,139	130,534,069	29.0%

The gross profit has improved by 35.3% to MMK 69.1 billion during FY Sep 2019, as compared to MMK 51.1 billion in HY Sep 2018 . It is mainly due to improvement in gross profit margin contributed by financial services via Yoma Bank Limited ("Yoma Bank"). For FY Sep 2019, Yoma Bank has lower interest expenses compared to revenue growth. The gross profit margin of healthcare services remains the same.

The Group administrative expenses increase by 18.7% from MMK 43.6 billion in HY Sep 2018 to MMK 51.7 billion in FY Sep 2019. The increase is due to high costs incurred for employee benefits and compensation, professional fees, marketing and promotion expenses, technology expenses, directors' remuneration and the depreciation of property, plant and equipment. Higher information technology ("IT") and communication is incurred for digital initiatives for the organization, which reflects with one of the core value of the Group. Finance expenses increase by 88.3% from MMK 2.6 billion in HY Sep 2018 to MMK 5.0 billion in FY Sep 2019 due to additional borrowings during the period.

For other losses, net of FY Sep 2019 shows losses of MMK 1.8 billion, which is 71.8% lower than that of HY Sep 2018. Below is the detail breakdown:

	FY Sep 2019	HY Sep 2018
(MMK'000)	(Audited)	
Gain on conversion of loan	150,000	-
Fair value loss on initial recognition of investment property	(872,173)	-
Gain on disposal of property and equipment	42,850	32,563
Loss on foreign currency exchange, net	(370,851)	(5,346,371)
Write off of unsuccessful business development	(216,982)	(755,053)
Capital gains tax	(3,590)	(121,244)
Written off property and equipment	(502,234)	(97,760)
Total Loss	(1,772,980)	(6,287,865)

The gain on conversion of loan, amounting to MMK 150 million, is due to the International Finance Corporation ("IFC") loan conversion. In addition, the gain on disposal of property and equipment of MMK 42.9 million is from financial services (via Yoma Bank) and healthcare services (via Yoma Siloam Hospital Pun Hlaing Limited).

Fair value loss of MMK 872.2 million on investment property due to fair value at initial recognition of Mawlamyaing land owned by Pun Hlaing International Hospital Limited. In addition, MMK 502.2 million loss is due to Yoma Bank's property and equipment write-off.

The write-off of unsuccessful business development of MMK 217.0 million relates to the feasibility study for investing in Manaung Island, which the board has decided not to pursue.

The loss on foreign currency exchange dropped by 93.1% to MMK 370.9 million in FY Sep 2019. The loss is due to unrealized foreign exchange losses on currency translation of Company's US dollar denominated loan.

The Group's share of profit from associates and joint venture decreased by 86.5% from MMK 14.5 billion in HY Sep 2018 to MMK 2.0 billion in FY Sep 2019. This is mainly due to a decrease in net earnings from the real estate sector. Detailed breakdown of the Group's share of profit of associates and joint ventures are as below:

Associates & Joint Venture (MMK'000)	Stake	Group Share of Profit/Loss	
		FY Sep 2019 (Audited)	HY Sep 2018
FMI Garden Development Co., Ltd	47.5%	(48,583)	(74,249)
Thanlyin Estate Development Ltd	30.0%	2,006,596	11,351,200
Pun Hlaing Link Services Co., Ltd	30.0%	611	3,243,198
Chindwin Holdings Pte Ltd	30.0%	(2,411)	(82,543)
LSC-FMI Co., Ltd	50.0%	(971)	(1,423)
Meeyahta International Hotel Ltd	20.0%	(2,641)	192,813
FMIDecaux Co., Ltd	40.0%	(885)	(120,214)
Total		1,951,715	14,508,782

Profit before income tax decrease by 3.6% in FY Sep 2019 to MMK 12.6 billion as compared to HY Sep 2018. The decrease is primarily due to the decrease in fair value gain on investment property from the real estate sector and the increase in expenses. The total Group net profit in FY Sep 2019 decrease by 27.6% to MMK 7.1 billion. The decline in net profit is due to a 68.5% increase in income tax mainly related to Yoma Bank and 86.5% drop in profit from associates and joint venture compared to that of HY Sep 2018.

Fair value adjustment of available-for-sale investments during FY Sep 2019 is MMK 2.3 billion while that of HY Sep 2018 is losses of MMK 2.5 billion. The gain in fair value adjustment is due to the Company's share investment in Myanmar Thilawa SEZ Holdings Public Co., Ltd ("MTSH") and Memories Group Limited ("Memories Group"), both of which have quoted market price, and Digital Money Myanmar Ltd. Shown below is the details of fair value adjustment of available for sale investment of MMK 2.3 billion:

Investment (MMK'000)	Carrying Value before Adjustment	Fair Value Adjustment	Carrying Value after Adjustment
MTSH	1,833,983	804,379	2,638,362
Memories Group	3,738,355	(681,898)	3,056,457
Digital Money Myanmar Ltd	8,273,909	2,210,443	10,484,352
Total	13,846,247	2,332,924	16,179,171

For the FY Sep 2019, there is a share of MMK 2.3 billion of other comprehensive loss of its associate. The loss is due to the foreign currency translation adjustment of Thanlyin Estate Development Ltd.

As a result of the above, the Group recorded a net profit attributable to equity holders of the Company of MMK 253 million in FY Sept 2019 as compared to MMK 6.6 billion in HY Sep 2018.

Earnings per share for HY Sep 2018 was MMK 246 while that of FY Sep 2019 is MMK 9, which is 93.9% decline in earnings per share. The decrease is due to lower net profit for the short six-month period and higher average number of shares outstanding in the period. In addition, the decrease is driven by decline in profit from the real estate sector.

A summary statement of financial position for the group, together with a comparative statement as at the end of the immediately preceding financial year, 31 March 2019.

Summary Group Balance Sheet

(MMK'000)	FY Sep 2019 (Audited)	FY Mar 2019 (Audited)	% Change
ASSETS			
Total current assets	2,338,287,344	2,105,186,757	11.1%
Total non-current assets	788,003,321	708,590,477	11.2%
Total assets	3,126,290,665	2,813,777,234	11.1%
LIABILITIES			
Total current liabilities	2,741,514,877	2,439,766,009	12.4%
Total non-current liabilities	61,087,662	63,140,150	(3.3%)
Total liabilities	2,802,602,539	2,502,906,159	12.0%
EQUITY			
Total equity	323,688,126	310,871,075	4.1%
Total equity and liabilities	3,126,290,665	2,813,777,234	11.1%

Total current assets have risen by 11.1% in FY Sep 2019, driven primarily by increase in loan portfolio at Yoma Bank. As of 30 September 2019, the bank's loan portfolio has grown to MMK 1,846.2 billion from MMK 1,660 billion as of March 2019.

The increase of 11.2% in total non-current assets is primarily due to the purchase of additional Myanmar treasury bonds by Yoma Bank as well as additional investment in associates due to fair value adjustment.

The 12.0% increase in Group's total liabilities is due to additional loan taken by the Company and Yoma Siloam Hospital Pun Hlaing Limited due to business expansion as well as retranslation of the Company's US dollars denominated loan because of volatility in exchange rate.

Group equity grew at a rate of 4.1%, which is attributable to the increase in reserves and non-controlling interest and came mainly from Yoma Bank.

Summary Group Cash Flow Statement

(MMK'000)	FY Sep 2019 (Audited)	FY Mar 2019 (Audited)
Net cash provided by operating activities	112,512,462	198,579,619
Net cash used in investing activities	(91,701,180)	(152,385,262)
Net cash provided by financing activities	12,709,494	17,483,843
Net increase/ (decrease) in cash and cash equivalents	33,520,776	63,678,200
Cash and cash equivalents at beginning of financial period	350,634,146	286,955,946
Cash and cash equivalents at the end of the financial period	384,154,922	350,634,146

Group cash and cash equivalents totaled to MMK 384.2 billion as at 30 September 2019, as compared to MMK 350.6 billion as at 31 March 2019. Yoma Bank represents the majority of cash reported on the Group cashflow statement; its deposits from customers increased faster than its loans, resulting in majority of positive cash flow from operation. The MMK 87.3 billion of cash used in investing in FY Sep 2019 is due to additional purchase of government and other securities by Yoma Bank and MMK4.5 billion for acquisition of property and equipment. The cash provided by financing activities of MMK 12.7 billion mainly related to the additional loan taken by the Company and healthcare services.

Forward Outlook

The Group will continue to invest in core businesses sectors namely the financial services, real estate, healthcare and tourism. The Company expects the financial services sector to continue growing at a remarkable rate with healthcare and real estate sectors to make contribution to the Group in the long term.

In the financial services sector, the Yoma Bank will continue to seek new opportunities for growth through practicing sustainable strategies, forming business partnerships and providing innovative financial solutions to Myanmar's small and medium-sized businesses and driving towards standardizing and simplifying the bank's organizational structure. With Mr. Dean Cleland's appointment as the new Chief Executive Officer of Yoma Bank, Yoma Bank will continue to evolve as a fully digitalized consumer and commercial bank, driving a seamless front- to- back customer experience and value proposition. In addition, Yoma Bank marks a significant milestone with IFC, being one of the first banks in Myanmar to receive foreign direct investment. IFC's investment and oversight reflects the credibility and commitment of Yoma Bank in line with global best practices and standards. Lastly, the Company has entered a Share Swap Agreement with Yangon Land Co., Ltd to increase its shareholding in Yoma Bank, which is currently under regulatory approval process.

In the real estate sector, the Yoma Land will persist on promoting the demand for the innovative development market, which will be beneficial to the economy. Yoma Land will continue to offer additional phases of City Loft @ Star City, a new division of modern urban housing that not only showcase competitive pricing but also offer long-term mortgage as long as 25 years. The Company believes that this significant new market will generate a meaningful profit stream for the future.

Going forward with the healthcare sector, Pun Hlaing Siloam Hospital ("PHSH") will continue to execute its strategic expansion plan to accelerate the economic returns and increase capability across PHSH's hospital and clinic network. The Management will focus on seizing a national network with over 10 hospitals across Myanmar by 2023 to provide a robust and sustainable international standard healthcare services.

Our portfolio investments in tourism sector is progressing in terms of its assets base. Memories Group plans to expand its hotel portfolios through acquisitions of well-located hotels and adding more hotel management contracts. Throughout the country's major tourist and business destinations, Memories Group will continue to execute its sales and marketing strategies targeting Western and Asian travellers.

Subsequent to FY Sep 2019, the Company has entered a Convertible Loan Agreement ("CLA") with Ayala Corporation ("Ayala") on 13th November 2019 for a convertible loan amount of USD 82.5 million, which is subject to satisfaction of the conditions to disbursement. After the conversion, the CLA will allow Ayala to take approximately a 20% equity stake in the Company. The proceeds from CLA will



be used for business growth, investment opportunities and working capital purpose. Through the landmark partnership between the Company and Ayala, the future outlook is to promote a long-term vision for the development of the Company and to strengthen our existing businesses as well as to explore potential opportunities together to build a better Myanmar for its people.

By Order of the Board

Tun Tun

Executive Director
30 December 2019

First Myanmar Investment Public Co., Ltd.

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