

AUDITED FINANCIAL STATEMENTS AND MANAGEMENT DISCUSSION & ANALYSIS

The Board of Directors of First Myanmar Investment Public Co., Ltd (“the Company”, and with its subsidiaries “the Group”), wishes to announce the release of the Company’s audited financial statements for the year ended 30th Sep 2021 (“FY 2021”). The Company’s management is pleased to provide a discussion and analysis of the year-end results below.

The annual report containing the audited financial statements can be accessed via the YSX website and is also available at: <https://fmi.com.mm/investors/annual-reports/>

KEY HIGHLIGHTS

Summary of Group Statement of Comprehensive Income

(MMK'000)	FY 2021	FY 2020 (Restated)*	% Change
Revenue	308,465,153	339,952,008	(9.3%)
Cost of revenue	(159,476,271)	(193,916,891)	17.8%
Gross profit	148,988,882	146,035,117	2.0%
<i>Gross Profit margin</i>	48.3%	43.0%	
Administrative expenses	(141,495,411)	(123,837,967)	(14.3%)
Finance expenses	(3,448,972)	(7,272,908)	52.6%
Other (losses)/gains, net	(144,160)	7,044,203	(102.0%)
Share of profits/(losses) of associates and joint ventures, net of tax	10,297,097	(4,924,437)	309.1%
Profit before income tax	14,197,436	17,044,008	(16.7%)
Income tax expense	(2,549,217)	(6,358,651)	59.9%
Profit for the year	11,648,219	10,685,357	9.0%
Fair value (losses)/gains of available-for-sale investments	(4,468,034)	5,737,520	(177.9%)
Share of other comprehensive (losses)/ income of associates	(9,722,972)	5,375,946	(280.9%)
Other comprehensive (losses)/income for the year, net of tax	(14,191,006)	11,113,466	(227.7%)
Total comprehensive (losses)/income for the year	(2,542,787)	21,798,823	(111.7%)
Profit (Loss) attributable to:¹			
Owners of the Company	9,465,698	(3,428,747)	
Non-controlling interests	2,182,521	14,114,104	
	11,648,219	10,685,357	
Earnings (Loss) per share			
Basic (MMK)	291	(126)	331.0%
Diluted (MMK)	232	(88)	363.6%

¹ Net profit attributable to equity holders of the Company used for the computation of basic/diluted EPS has been adjusted for the distribution to the holders of perpetual securities.

*The comparative information has been restated as a result of prior period error.

The third wave of COVID-19 pandemic hits Myanmar during July and August 2021 which caused significant fatalities. Most households were affected by COVID-19 and it was severely impacted Myanmar along with continued uncertainty in the operating environment. However, the Group's businesses, in particular, Financial Services ("Yoma Bank"), Healthcare Businesses ("Pun Hlaing Hospitals"), and Real Estate have begun to recover. The Group's total revenue for the year ended FY 2021 decreased by 9.3% to MMK 308.5 billion as compared to MMK 340.0 billion in FY 2020. The decrease in the Group's total revenue was mainly due to the decrease in revenue in the financial services segment, especially after the disruptive effects of the domestic political events and the third wave of Covid-19 which were offset partially by the increase in the revenue generated by the healthcare segment.

Below is the breakdown of revenue by business segment: -

(MMK'000)	FY 2021	FY 2020	% Change
Financial services	266,905,261	307,420,678	(13.2%)
Healthcare services	41,387,909	32,348,630	27.9%
Rental income	52,762	54,000	(2.3%)
Dividend income	119,221	128,700	(7.4%)
Total	308,465,153	339,952,008	(9.3%)

Revenue generated from the financial services segment decreased by 13.2% from MMK 307.4 billion in FY 2020 to MMK 266.9 billion in FY 2021 and the decrease mainly relates to the shrunk of banks' loan portfolios resulting from reduced loan disbursement volumes. Revenue from the healthcare segment was increased by 27.9% to MMK 41.4 billion in FY 2021, as compared to MMK 32.3 billion in FY 2020. This increase was mainly driven by the revenue from Covid-19 vaccination centres, Covid-19 testing services, and covid special treatment in addition to increased revenue contribution from the clinical and ancillary services of the In-patient Department.

The gross profit was slightly increased by 2% to MMK 149.0 billion in FY 2021, as compared to MMK 146.0 billion in FY 2020. The increase was mainly due to the higher gross profit margins recorded by the Yoma Bank due to the decrease in interest expense on customers' deposits as well as the decrease in deposits from customers as a result of the premature withdrawal by the depositors. In addition, not only the reduction of the full-time doctors' fees as well as overseas doctors' consultations fees but also the higher contribution from Covid-19 vaccination services bump up the gross profit margins by healthcare segment.

Furthermore, the Group's administrative expenses were increased from MMK 123.8 billion in FY 2020 to MMK 141.5 billion in FY 2021. The higher administrative expenses were substantially comprised by Yoma Bank for specific provisions on non-performing loans (NPLs) for the reporting period as the Bank has applied a suitable adaptive option for recognition of future losses, considering an ongoing global pandemic and a challenging operating environment in Myanmar that started in February 2021. This significant increase in administrative expenses was partially offset by the decrease in other administrative expenses, including salary reductions, lower overheads, reduced professional fees incurred, revising employee bonuses, reduced media spending, and travel-related expenses as a result of continued cost control measures imposed during FY 2021.

Interest expenses on borrowings decreased by 52.6% from MMK 7.3 billion in FY 2020 to MMK 3.4 billion in FY 2021 which was mainly due to the repayment of certain facilities by the Company and the healthcare segment during FY 2020 and FY 2021 as well as the reduced interest rates on MMK borrowings in that period.

In FY 2021, the Group recorded other losses of MMK 0.1 billion as compared to other gains of MMK 7.0 billion in FY 2020. The decrease in FY 2021 was mainly due to the absence of one-time disposal gain recorded in relation to the sale of 10% interest in Wave Money in FY 2020, and losses on currency translation due to the effects of changes in foreign exchange rates. In FY 2021, the Group recorded a fair value gain of MMK 113.9 million from the investment properties.

Below is the detailed breakdown:

(MMK'000)	FY 2021	FY 2020
Gain on disposal of investment property	156,771	-
Gain on disposal of available-for-sale investments	-	5,855,162
(Loss)/Gain on foreign currency exchange, net	(324,635)	2,909,633
Gain on disposal of property and equipment	7,051	29,360
Write-off of unclaimed dividends	-	3,164
Write-off of other non-current assets and prepayments	(26,337)	(101,730)
Gain/(Loss) on revaluation of investment properties	113,880	(1,014,556)
Write-off of receivables	(18,611)	-
Write-off of payables	287	-
Capital gains tax	-	(239,231)
Write-off of investment in associates	-	(187,363)
Write-off of property and equipment and intangible assets	(52,566)	(210,236)
Total Other (Losses)/Gains	(144,160)	7,044,203

The Group recorded a share of profit of associates and joint ventures in FY 2021. A detailed breakdown is as below:

(MMK'000)	Stake	Group Share of Profit/(Loss)	
		FY 2021	FY 2020 (Restated)
Chindwin Holdings Pte. Ltd.	30.0%	47,288	(445,667)
Meeyahta International Hotel Limited	20.0%	135,744	(464,948)
FMIDecaux Company Limited	40.0%	(751,834)	181,547
CLW Development Limited	25.0%	(2,040,865)	-
Thanlyin Estate Development Limited	30.0%	12,949,261	(3,907,976)
FMI Garden Development Limited	47.5%	(41,497)	(288,152)
Pun Hlaing Links Services Company Limited	30.0%	(94)	1,271
Kawthaung Hill Investment Limited	37.5%	(463)	-
LSC-FMI Company Limited	50.0%	(443)	(512)
Total Share of Profit/(Losses)		10,297,097	(4,924,437)

In FY 2021, the Group recognized a higher share of profit of associated companies and joint ventures of MMK 10.3 billion in FY 2021 as compared to the share of losses of MMK 4.9 billion in FY 2020. This increase was mainly related to the higher share of profit of MMK 12.9 billion by Thanlyin Estate Development Limited as a result of fair value gains from its investment properties and it was partially

offset by a lower share of losses of MMK 751.8 million from FMIDecaux in FY 2021 as compared to the share of profit of MMK 181.5 million in FY 2020 (as FMIDecaux's business has been affected by the current environment in Myanmar, in particular, the disruption of outdoor advertising in Yangon) and a share of losses of MMK 2.0 billion in the Group's new real estate joint venture for City Loft West which recorded currency translation losses on its shareholders' loan.

As a result of the above, the Group recorded a net profit after tax of MMK 11.6 billion for the year ended 30 September 2021 as compared to MMK 10.7 billion for the year ended 30 September 2020.

In FY 2021, the Group recognized fair value losses of MMK 4.5 billion from its available-for-sale investments as compared to the gains of MMK 5.7 billion in FY 2020. Shown below are the details of the Group's fair value adjustment for those investments.

Investments (MMK'000)	Carrying Value Before Adjustment	Fair Value Adjustment	Carrying Value after Adjustment
MTSH	2,380,961	(321,752)	2,059,209
Memories Group	1,602,560	(177,219)	1,425,341
5% shareholding in Wave Money by Yoma Bank Limited	11,484,753	(3,969,063)	7,515,690
Total	15,468,274	(4,468,034)	11,000,240

The losses were primarily due to the adjustment of fair market value on 5% shareholding of Wave Money which was held by Yoma Bank Limited as well as the fair value losses of the Company's investment in Myanmar Thilawa SEZ Holdings Public Co., Ltd ("MTSH") and Memories Group Limited ("Memories Group"), both of which are companies listed on YSX and SGX respectively.

In FY 2021, the Group recorded a share of other comprehensive losses from its associates for MMK 9.7 billion due to the significant effects of changes in foreign exchange rates which were mainly related to the adjustments for currency translation reserve of MMK 6.0 billion for deemed shareholders' loans (quasi-equity loan) of dormant entity of Meeyahta International Hotel Limited and the currency translation losses of MMK 3.6 billion from Thanlyin Estate Development Limited considering the effects of current and prior years. As a result, the Group's total comprehensive income decreased by 111.7% to total comprehensive losses of MMK 2.5 billion in FY 2021 as compared to gains of MMK 21.8 billion in FY 2020.

As the above-mentioned reasons, the Group recorded a net profit attributable to equity holders of the Company of MMK 9.5 billion in FY 2021 as compared to a net loss of MMK 3.4 billion in FY 2020.

As a result, the Group obtains the basic earnings per share ("EPS") of MMK 291 and the diluted EPS of MMK 232 in FY 2021, increased by 331.0% and 363.6% respectively. For the purpose of calculating diluted earnings per share, the weighted average number of shares issued has been adjusted assuming that any dilutive convertible securities were duly exercised as of 30 September 2021.

Stringent financial management measures, including the strict controls on fixed overheads, remain in place. The Group continues to work with its counterparties to maintain balance sheet flexibility and a stable liquidity position. A summary statement of the financial position of the Group, together with a comparative statement as at the end of the immediately preceding financial year, 30th September 2021 as shown below.

Summary of Group Balance Sheet

(MMK'000)	As at 30-Sep-2021	As at 30-Sep-2020 (Restated)	% Change
ASSETS			
Total current assets	2,554,816,555	3,059,673,392	(16.5%)
Total non-current assets	559,058,755	551,454,267	1.4%
Total assets	3,113,875,310	3,611,127,659	(13.8%)
LIABILITIES			
Total current liabilities	2,603,203,827	3,101,233,435	16.1%
Total non-current liabilities	8,305,211	5,168,789	(60.7%)
Total liabilities	2,611,509,038	3,106,402,224	15.9%
NET ASSETS	502,366,272	504,725,435	(0.5%)
EQUITY			
Equity attributable to the equity owners of the Company	398,862,786	401,852,196	
Non-controlling interest	103,503,486	102,873,239	
Total equity	502,366,272	504,725,435	(0.5%)

Total current assets decreased from MMK 3,059.7 billion as at 30 September 2020 to MMK 2,554.8 billion as at 30 September 2021. The decrease was mainly due to the lower additional investment in the bank's treasury portfolios and a reduction in loan portfolios under the challenging operating environment.

Total non-current assets increased slightly from MMK 551.5 billion as at 30 September 2020 to MMK 559.1 billion as at 30 September 2021. The increase was primarily due to the investment in government securities in relation to the Treasury bills and Treasury bonds from the bank's existing portfolios and an increase in trade receivables by Yoma Bank as well as an additional investment in Yoma Central project in the first half of a financial year.

Total current liabilities decreased to MMK 2,603.2 billion as at 30 September 2021 as compared to MMK 3,101.2 billion as at 30 September 2020 which was mainly due to a decrease in deposits contribution from customers and a higher withdrawal of premature deposits by existing customers.

Total non-current liabilities increased from MMK 5.2 billion as at 30 September 2020 as compared to MMK 8.3 billion as at 30 September 2021 mainly due to the increase in bank borrowings by the healthcare segment.

The Group's equity declined slightly at a rate of 0.5% mainly due to currency translation adjustments in other comprehensive income arising from its associates.

As of 30 September 2021, the Group's cash and cash equivalents amounted to approximately MMK 511.1 billion. A summary of the Group Statement of Cash Flows is as follows: -

Summary of Group Cash Flow Statement

(MMK'000)	FY 2021	FY 2020 (Restated)	% change
Net cash (used in) provided by operating activities	(135,411,325)	263,017,670	(151.5%)
Net cash provided by (used in) investing activities	280,804,745	(307,760,421)	191.2%
Net cash (used in) provided by financing activities	(640,147)	108,962,316	(100.6%)
Net increase in cash and cash equivalents	144,753,273	64,219,565	125.4%
Cash and cash equivalents at beginning of the year	366,348,303	302,128,738	21.3%
Cash and cash equivalents at the end of the year	511,101,576	366,348,303	39.5%

The Group cash and cash equivalents increased by 39.5% to MMK 511.1 billion as at 30 September 2021 as compared to MMK 366.3 billion as at 30 September 2020. The majority of cash reported on the Group's cash flow statement represented the cash and bank balances of Yoma Bank. As at 30 September 2021, the Group's net cash used in operating activities amounted to MMK 135.4 billion which comprised the decrease in customers' deposits by the Yoma bank. Net cash flow provided by investing activities MMK 280.8 billion in FY 2021 was mostly related to the proceeds of government bonds and other securities by Yoma Bank. The Group's net cash used by financing activities for the year ended 30 September 2021 amounted to MMK 0.6 billion due to the absence of the placement proceeds from Ayala Corporation which were received in FY 2020.

Outlook

Following a severe third wave of COVID-19 in July and August 2021, based on publicly available data, the number of cases has substantially subsided in Myanmar. Business activities in the country have since resumed. The growing pace of COVID-19 vaccinations and the communities' general readiness for the pandemic is expected to dampen the impact of any future COVID-19 spikes in Myanmar. In August 2021, the Group commenced its own vaccination programme for employees and their families. Today, almost all employees of the Group have been vaccinated. As a result, all the Group's operations have resumed and offices have reopened with safety measures in place.

The Group's Financial Service business, Yoma Bank, perform well for the year despite the challenges in the business environment. Yoma Bank maintained profitability, raised prudent levels of provision and maintain a strong capital base, and are well-positioned for prevailing risk and market environment. The Bank has applied specific provisions in accordance with CBM regulations and additional provisions for the loans and advances under the short-term relief program. The Bank's provision coverage was 900 base points above the minimum provision requirement as of September 30, 2021. The new Flexi-Cash account introduced in May 2021 has also been received well by the customers. In a further effort to serve the needs of its customers, Yoma Bank has upgraded its mobile and online banking by expanding the service to business customers.

Yoma Bank is closely monitoring the local and global situation and is actively taking steps to mitigate the impact of COVID-19 on its business operations. Yoma Bank also takes seriously its role in supporting its customers and the communities that it serves in this time of need and climate of uncertainty, and consistently demonstrates by its actions and initiatives that these stakeholders and the employees are its utmost priority, now and always.

The Group's Healthcare business, Pun Hlaing Hospitals (PHH), also shows a strong performance during the year. Despite the significant constraints posted by the COVID-19 situation, PHH Hlaing Thayar Hospital has achieved another milestone of JCI re-accreditation in July 2021. In addition to COVID-19 treatment, PHH becomes the first private hospital to import the COVID-19 vaccine officially. PHH will continue to operate four vaccination centres across Myanmar, two in Yangon, one each in Mandalay and Taunggyi, with a capacity to inoculate up to 10,000 people daily. In pursuing its healthcare strategy, PHH will continue to expand the breadth and depth of its services in the coming year.

The Group's Real Estate businesses continue to see positive momentum and strong performance. As construction activities at StarCity continued over the past 3 months despite the COVID-19 third wave, most of the residual revenue recognition from the City Loft @ StarCity units and Star Villas previously sold will be recognized in the coming two quarters as construction progresses. StarCity has also recently launched the next 2 buildings of City Loft @ StarCity and plans to market additional Star Villas which will generate incremental revenue over the next 24 months.

The Group's investment in the Tourism business, Memories Group, however, faces the most acute challenges that exist in the industry. The disruptive effects of international travel restrictions and domestic political events persist to impact the tourism and hospitality industry considerably and are expected to continue for at least the near term. Although day-to-day life in the urban center of Yangon has gradually resumed from the disruptions, the appetite for domestic travel and recreation remains depressed. Despite the unfavorable market conditions, the management of Memories Group has been able to resume the operations gradually and branches into related operations such as food & beverage outlets to generate additional income streams. As the investment in this business is of a long-term nature, the Company will continue to support this business in pursuing its strategy. With the resumption of the Group's business activities, the Group's Executive Chairman and COO salaries, which had been voluntarily waived over the past 6 months, have been partially reinstated from October 2021.

Strategic Updates

The economic and business environment in Myanmar continues to evolve. The Group is closely monitoring developments and has been dynamically adjusting its approach to ensure commercial survival, business resilience, and sustainability for each of its business units. The Group also remains in close dialogue with its international partners and lenders, who remain supportive of the Group, as well as the broader business community in Myanmar. The Company will provide updates on any changes that will materially impact its businesses.

By Order of the Board

Tun Tun
Executive Director
30 December 2021

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