AUDITED FINANCIAL STATEMENTS, ANNUAL REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors of First Myanmar Investment Co., Ltd. (the "Company" and with its subsidiaries, the "Group") wishes to announce the release of the Company's audited financial statements and annual report for the financial year ended 31 March 2017.

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

KEY HIGHLIGHTS

Summary Group Statement of Comprehensive Income

	FY 2017	FY 2016	% Change
	(Ks.'000s)	*(Ks.'000s)*	
Revenue	**161,349,879**	110,024,282	46.6%
Cost of sales	**(108,846,220)**	(74,931,635)	45.3%
Gross profit	**52,503,659**	35,092,647	49.6%
Expenses	**(47,780,665)**	(36,454,158)	31.1%
Share of profit of associates	**7,675,647**	3,961,058	93.8%
Profit from operating activities	**12,398,641**	2,599,547	377.0%
Profit from non-operating activities	**6,016,308**	7,915,887	(24.0)%
Total profit before income tax	**18,414,949**	10,515,434	75.1%
Income tax expense	**(3,514,423)**	(1,599,388)	119.7%
Net profit	**14,900,526**	8,916,046	67.1%
Earnings per share	**518**	407	27.3%

Group revenue of Ks. 161.3 billion for the financial year ended 31 March 2017 ("FY2017"), was 46.6% higher than the Ks. 110.0 billion recorded in the previous financial year ended 31 March 2016 ("FY2016").

The main driver of the Group's revenue increase was a 53.6% increase in revenue at Yoma Bank Limited ("Yoma Bank"),with revenues at Pun Hlaing Siloam Hospitals ("PHSH") also increasing by 23.1%.

Yoma Bank's revenue increase was due to a strong increase in interest income from loans and overdrafts, a reflection of its growing loan book. The bank also saw increased fee income this year, largely driven by cash management services, remittances, and fee income from its agricultural financing program.

PHSH saw increased revenue from its laboratory, medical supply, radiology, and pharmacy departments, as well as a strong increase in doctors' fees, in line with the higher patient volumes at the hospital this year. A breakdown of FY 2017 Group revenues is set forth below:

	FY 2017 *(Ks.'000s)*	Revenue %
Financial services	146,385,420	90.7%
Healthcare services	14,670,459	9.1%
Dividend income	240,000	0.2%
Rental income	54,000	0.0%
Total	**161,349,879**	

Our cost of sales increased 45.3% to Ks. 108.8 billion this year. Cost of sales at Yoma Bank and PHSH increased in tandem with revenue growth, with costs at Yoma Bank increasing 55.9% while PHSH saw costs rise 22.1%. As a result of similar growth in revenue and costs, Group gross margin remained relatively constant at 32.5% this year, compared with 31.9% last year.

Total Group expenses increased from Ks. 36.4 billion to Ks. 47.7 billion this year, an increase of 31.1%. This was mainly due to higher employee compensation expenses and higher office rental charges, mostly from Yoma Bank's expansion and new head office. Higher depreciation expenses from Yoma Bank and Pun Hlaing Siloam Hospital also contributed to the increase. Financing expenses increased substantially from Ks. 437.9 million to Ks. 1.8 billion this year, as a result of interest payments on FMI's loan facility from Bangkok Bank.

Our share of profit of associates increased 93.8% to Ks. 7.6 billion this year. This increase was primarily driven by a solid performance from Thanlyin Estate Development, which saw profits increase 77.9%. Meeyahta International Hotel continued to record rental income from FMI Centre in FY 2017, however this is not expected to continue in FY 2018 as FMI Centre will be demolished to make way for the Yoma Central project. As FMI City approaches its final stage, it experienced nominal home sales this year, which resulted in a loss for FMI Garden Development. A breakdown of our share of profit of associates in FY 2017 is set forth below:

Associate	Stake	Group share of profit *(Ks.'000s)*
Thanlyin Estate Development Ltd.	30.0%	5,984,666
Meeyahta International Hotel Ltd.	20.0%	1,765,033
Chindwin Holdings Pte. Ltd.	30.0%	67,406
LSC-FMI Co.,Ltd (KrisPLAZA)	50.0%	(10,610)
FMI Garden Development Ltd.	47.5%	(130,848)
Total		**7,675,647**

With excellent revenue growth, higher gross profit and a solid increase in share of profit of associates, Group profit from operating activities increased 377.0% from Ks. 2.5 billion to Ks. 12.3 billion this year. Management uses profit from operating activities as a key metric for assessing Group performance, and this increase underscores the fundamental improvements in the Group's operations this year.

Profit from non-operating activities decreased 24.0% from Ks. 7.9 billion in FY 2016 to Ks. 6.0 billion in FY 2017. In FY 2016, the Group recognized a gain on the divestment and deconsolidation of FMI Air. No similar gain occurred in FY 2017. Profit from non-operating activities in FY 2017 was as follows:

	(Ks.'000s)
Gain on Disposal of Available-for-Sale Investments	5,286,134
Increase in Asset Capitalization	2,610,759
Gain on Disposal of Property, Plant and Equipment	80,083
Loss on Foreign Currency Exchange Difference	(899,729)
Writing Off Unsuccessful Business Development	(1,060,939)
Total	**6,016,308**

The gain on disposal of available-for-sale investments relates to the sale of an approximate 2.8% stake in Myanmar Thilawa SEZ Holdings Public Ltd., through ordinary market transactions.

The increase in asset capitalization relates to the transfer of 20.3 acres from Pun Hlaing Links Services Co., Ltd, the Group's 30%-owned associate, to Star City International School Company Limited, a subsidiary of the Group's 30%-owned associate Thanlyin Estate Development Ltd.. The 20.3 acre parcel is the site of Dulwich College Yangon's Star City campus.

The Group's foreign currency translation losses stem from a rising USD/Kyat exchange rate, which primarily affected the Company's loan from Bangkok Bank which is denominated in USD.

The writing off an unsuccessful business development relates to PHSH's proposed Express Hospital on Pyi Htaung Su Yeik Thar Road in Yangon. This facility did not come to fruition and therefore its related expenses were written off.

On the back of strong profit from operating activities, total Group net profit increased 67.1% from Ks. 8.9 billion in FY 2016 to Ks. 14.9 billion in FY 2017.

Earnings per share increased 27.1% from Ks. 407 in FY 2016 to Ks. 518 this year. The increase in earnings per share was lower than the increase in net profit because of a higher average number of shares outstanding in FY 2017, as well as higher non-controlling interest. The higher number of shares outstanding was due to the issuance of 1 million ordinary shares as part of the Company's employee share incentive scheme.

Summary Group Balance Sheet

	FY 2017	FY 2016	% Change
	(Ks.'000s)	*(Ks.'000s)*	
ASSETS			
Total current assets	**1,382,774,930**	943,208,405	46.6%
Total non-current assets	**452,074,799**	457,963,207	(1.3)%
Total assets	**1,834,849,729**	1,401,171,612	31.0%
LIABILITIES			
Total current liabilities	**1,517,093,870**	1,124,336,162	34.9%
Total non-current liabilities	**36,626,481**	26,667,043	37.3%
Total liabilities	**1,553,720,351**	1,151,003,205	35.0%
EQUITY			
Total equity	**281,129,378**	250,168,407	12.4%
Total liabilities and equity	**1,834,849,729**	1,401,171,612	31.0%

Current assets rose 46.6% in FY 2017 as a result of a strong increase in loans by Yoma Bank. Loans outstanding grew 49.0% from Ks. 722.5 billion to 1,076.9 billion during the year. The 1.3% decrease in non-current assets was primarily due to a smaller amount of Myanmar treasury bonds on Yoma Bank's balance sheet.

The Group's current liabilities rose substantially this year from Ks. 1,124 billion to 1,517 billion, an increase of 34.9%. This increase was mainly attributable to strong deposit growth at Yoma Bank, which grew deposits 31.0% from Ks. 1,094 billion to Ks. 1,434 billion this year. The rise in non-current liabilities from Ks. 26.6 billion in FY 2016 to Ks. 36.6 billion in FY 2017 was primarily attributable to an increase in borrowing, following the acceptance of a US $23.2 million long-term loan from Bangkok Bank. The increase in borrowing was partially offset by the reclassification of a Ks. 13.64 billion non-trade payable in relation to Thanlyin Estate Development Ltd. from non-current to current liabilities.

The increase in Group equity from Ks. 250.1 billion to Ks. 281.1 billion in FY 2017 was due to an increase in Yoma Bank's capital reserves, which are mandated by the Central Bank, an increase in retained earnings, and higher non-controlling interests due to the increase in equity at Yoma Bank and PHSH.

Summary Group Cashflow Statement

	FY 2017	FY 2016
	(Ks.'000s)	*(Ks.'000s)*
Cash provided by (used in) operating activities	**(17,549,465)**	93,136,157
Cash provided by (used in) investing activities	**(3,469,533)**	(59,612,457)
Cash provided by financing activities	**36,621,039**	25,104,163
Net increase in cash and cash equivalents	**15,602,041**	58,627,863
Cash and cash equivalents at beginning of financial year	**187,642,183**	129,014,320
Cash and cash equivalents at end of financial year	**203,244,224**	187,642,183

Group cash and cash equivalents stood at Ks. 203.2 billion as at March 31 2017, as compared to Ks. 187.6 billion as at 31 March 2016. Yoma Bank represents the majority of cash reported on the Group cashflow statement, and in FY 2017 its loans increased faster than its deposits, resulting in negative cash flow from operations. The Ks. 3.4 billion of cash used in investing activities in FY 2017 was primarily due to investments made in Digital Money Myanmar, which operates the Wave Money brand, and the renovation of additional Yoma Bank and PHSH facilities. These cash outflows were partially offset by proceeds from Myanmar treasury bonds at Yoma Bank. The cash provided by financing activities of Ks. 36.6 billion mainly relates to the Company's receipt of a loan from Bangkok Bank as well as capital contributions from non-controlling interests.

Forward Outlook

Our focus continues to be on our 'Three Pillar' strategy of investing in the financial services, real estate, and healthcare sectors. In the short to medium term, we expect the financial services segment to drive the majority of revenues, with healthcare and real estate making substantial contributions long-term.

In financial services, we expect to see sustained growth from Yoma Bank as it continues to emphasize prudent lending and the development of new products, while continuously improving its corporate governance and technology. This year a key focus will also be on driving efficiencies and profitability throughout the bank.

We remain cautiously optimistic about the real estate sector, and believe that regardless of the macroeconomic environment, our developments will continue to perform. Our StarCity development offers a truly unique environment in Yangon, and we believe it will continue to attract buyers in the coming years. We are excited for the Yoma Central project to get underway this year, and remain positive on the long-term returns of this development.

In healthcare we expect further expansion from Pun Hlaing Siloam Hospitals in the coming years. Apart from building new facilities, the hospital will continue to focus on operational excellence and attracting internationally-qualified doctors.

We will also continue to pursue investments in tourism and infrastructure - two sectors that we expect to play an increasingly important role in our portfolio. Myanmar is quickly rising as a premier tourism destination and the restructuring of our tourism investments this year will place us in an excellent position to capitalize on this growth. Myanmar's infrastructure needs are clear, and we hope to become a strong player in the infrastructure sector, especially in the areas of industrial estates and urban development. Apart from these two key sectors, we will continue to pursue joint ventures with qualified international and local partners should the right opportunity present itself.

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