AUDITED FINANCIAL STATEMENTS, ANNUAL REPORT AND MANAGEMENT DISCUSSION & 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 2018.

The Company's management is pleased to provide a discussion and analysis of the year-end results below:

KEY HIGHLIGHTS

Summary Group Statement of Comprehensive Income

	FY 2018	FY 2017 *(Restated)**	% Change
	(Ks. '000s)	*(Ks. '000s)*	
Revenue	**205,619,926**	161,349,879	27.4%
Cost of Sales	**(132,854,017)**	(108,846,220)	22.1%
Gross Profit	**72,765,909**	52,503,659	38.6%
Gross Margin	**35.4%**	32.5%	2.9%
Expenses	**(69,949,015)**	(47,780,665)	46.4%
Other gains or losses	**13,340,197**	5,479,557	143.5%
Profit from associates and joint venture	**11,765,504**	7,675,647	53.3%
Total profit before income tax	**27,922,595**	17,878,198	56.2%
Income tax expense	**(3,145,142)**	(2,977,672)	5.6%
Net profit for the year	**24,777,453**	14,900,526	66.3%
Fair value adjustment of investments	**2,192,103**	2,129,142	3.0%
Total comprehensive income for the year	**26,969,556**	17,029,668	58.4%
Earnings per share	**746**	518	44.0%

Group revenue of Ks. 205.6 billion for the financial year ended 31 March 2018 ("FY2018"), was 27.4% higher than the Ks. 161.3 billion recorded in the previous financial year ended 31 March 2017 ("FY2017").

***** *Certain restatements have been made to prior year's financials to enhance comparability with the current year's financial statements.*

The main driver of the Group's revenue increase was a 27.5% increase in financial services from Ks. 146.4 billion to Ks. 186.6 billion as well as a 28.2% increase in healthcare services from Ks. 14.7 billion to Ks. 18.8 billion in FY2017 and FY2018 respectively.

The increased revenue in financial services was due to an increase in interest income from loans, overdrafts and hire-purchase products, which were mainly driven by its growing loan book, and a gradual improvement in fee income from its agriculture financing program and hire-purchase products. Similarly, healthcare sector's revenue growth was mainly due to an increase in patient volumes which demonstrated that the hospital's services are well in-demand and its ability to attract local patients.

A breakdown of FY 2018 Group revenues is set forth below.

	FY 2018	FY 2017	% Change
	(Ks. '000s)	*(Ks. '000s)*	
Financial Services	186,586,355	146,379,770	27.5%
Healthcare Services	18,801,784	14,670,459	28.2%
Dividend Income	174,090	245,650	-29.1%
Rental	57,697	54,000	6.8%
Total	**205,619,926**	**161,349,879**	**27.4%**

Gross profit margin raised slightly by 2.9% to 35.4% in FY2018, compared to 32.5% in FY2017. This was mainly due to Yoma Bank having an improvement in gross margin contributed by relatively lesser interest expenses compared to revenue growth, while Pun Hlaing Siloam Hospitals ("PHSH") maintained its margin constant.

Total Group expenses increased by 46.4% from Ks. 47.7 billion in FY2017 to Ks. 69.9 billion in FY2018. This was mainly due to higher costs incurred for employee compensation, professional fees, rental charges, finance expenses, IT and communication cost, specific provision on non-performing loans from bank subsidiary and depreciation expenses. Higher employee compensation is due to the Group's continuous strategy to hire qualified professionals to accommodate its expanding businesses. Yoma Bank's expansion and its launch of 'SMART' banking services and the Fusion Banking Essence were the main contributors in increasing professional fees and IT and communication costs. The increase in finance expenses from Ks. 1.8 billion in FY2017 to Ks. 3.4 billion in FY2018 was mainly due to FMI's loan facility from Bangkok Bank, which mainly attributed to the increase. Compared to Ks. 5.4 billion recorded in FY2017, other gains or losses during the year increased by 143.5% to 13.3 billion.

A full breakdown of other gains or losses during the financial year can be seen below:

	(Ks. '000s)
Gain on disposal of available-for-sale investments	11,858,921
Gain on disposal of property, plant and equipment	17,774
Property, plant and equipment written off	(145,668)
Gain on foreign currency exchange, net	1,394,343
Write off unsuccessful business development	(18,659)
Write off of investment in subsidiaries	255
Fair value gain on investment properties	1,413,004
Capital gains tax	(1,179,773)
Total	**13,340,197**

The gain on disposal of available-for-sale investment relates to the sale of Digital Money Myanmar ("DMM") shares and the market value adjustment on the remaining equity stake.

The Ks. 17.8 million profit from disposal of property, plant and equipment mainly gained from PHSH and Ks. 145.7 million losses from writing off tangible assets mainly came from Yoma Bank.

The Group gained Ks. 1.4 billion in profit from foreign currency translation during FY 2018, as compared to Ks. 0.9 billion loss in FY 2017. This reflected an improvement in overall management of foreign currency by the Group's entities, mainly by Yoma Bank and FMI, as well as a relatively stable USD/MMK exchange rate.

The written off unsuccessful business development relates to the Company's Phima project cost which was not viable to pursue further business development and Yoma Thitsar Commercial Co.,Ltd's write-off cost due to liquidation.

The Ks. 1.4 billion of fair value gain relates to the Group's investment properties revaluation due to the change in Group accounting policy which will require a mark-to-market annually starting from FY2018, in accordance with accounting standards.

Capital gain tax (10%) on sale of available-for-sale investments relates to sale of Digital Money Myanmar shares and other assets during the year.

Our share of profit of associates and joint ventures increased by 53.3% from Ks. 7.6 billion to 11.7 billion during the year. This increase was primarily driven by profit increase from Thanlyin Estate Development and one-time profit gained from Chindwin Holdings from the sale of Chindwin Investment Limited and Shwe Lay Ta Gun Travels & Tours Co. Ltd to Memories Group. Meeyahta International Hotel's profits diminished during the year due to discontinued rental operations at FMI Centre, which was demolished for Yoma Central Project in downtown Yangon and its current profit was partly contributed by one-time recharge of its project costs to Meeyahta Development Ltd and Peninsula Yangon Holdings Pte Ltd.

A breakdown of our share of profit of associates & joint venture in FY 2018 is set forth below:

Associates & Joint Venture	Stake	Group Share of profit/(loss) *(Ks. '000s)*
Chindwin Holdings Pte Ltd	30.0%	3,475,257
Thanlyin Estate Development Co., Ltd.	30.0%	7,900,909
Meeyahta International Hotel Ltd.	20.0%	637,638
LSC-FMI Co., Ltd.	50.0%	(6,973)
Pun Hlaing Link Services Co., Ltd	30.0%	(89,663)
FMI Garden Development Co., Ltd.	47.5%	(133,062)
FMIDecaux Co.,Ltd	40.0%	(18,602)
Total		**11,765,504**

On account of relatively strong profit before income tax higher by 56.2%, total Group net profit increased by 66.3% to Ks. 24.7 billion in FY 2018 in comparison to Ks. 14.9 billion in FY 2017.

Fair value adjustment of available-for-sale investments is due to retrospective application of Group accounting policy to available-for-sale investments which requires mark-to-market assessment annually starting from FY2018. It is slightly increased by 3% due to the unrealized gain of the recent sale transaction of DMM shares which is partially offset by the fair value adjustment of the Company's share investments in Myanmar Thilawa SEZ Holdings Public Ltd ("MTSH") and Memories Group. Due to the fair value adjustment, total comprehensive income for the year increased by 58.4% to Ks.26.9 billion in FY2018, up from Ks.17 billion in FY2017.

Earnings per share increased by 44% from Ks. 518 in FY 2017 to Ks. 746 in FY 2018. The increase in earnings per share was lower than the increase in net profit due to higher average number of shares outstanding in FY2018 which was caused by the issue of bonus shares 2.3 million during the year, as well as higher non-controlling interest.

Summary Group Balance Sheet

	FY 2018	FY 2017	% Change
ASSETS	*(Ks. '000s)*	*(Ks. '000s)*	
Total current assets	**1,734,498,732**	1,366,856,616	26.9%
Total non-current assets	**558,315,502**	470,122,255	18.8%
Total assets	**2,292,814,234**	1,836,978,871	24.8%
Liabilities			
Total current liabilities	**1,952,768,391**	1,517,093,870	28.7%
Total non-current liabilities	**32,321,163**	36,626,481	-11.8%
Total liabilities	**1,985,089,554**	1,553,720,351	27.8%
Equity			
Total equity	**307,724,680**	283,258,520	8.6%
Total equity and liabilities	**2,292,814,234**	1,836,978,871	24.8%

Total current assets have risen by 26.9% in FY 2018, driven primarily by increase in loans at Yoma Bank.

The increase of 18.8% in non-current assets was primarily due to the purchase of additional Myanmar treasury bonds by Yoma Bank and additional investment in available-for-sales by FMI.

The 28.7% rise in the Group's current liabilities was due to moderate growth in deposits at Yoma Bank.

The decrease of 11.8% in non-current liabilities from 36.6 billion in FY2017 to 32.3 billion in FY2018 was mainly due to the reclassification of the Company's loan from Bangkok bank to current liabilities in FY2018 whereas there is none in FY2017.

Group equity grew at a modest rate of 8.6%, which is attributable to increased retained earnings from Yoma Bank and the Company, as well as the increase in Yoma Bank's reserve which are mandated by the Central Bank during the year.

Summary Group Cash Flow Statement

	FY 2018	FY 2017
	(Ks. '000s)	*(Ks. '000s)*
Cash provided by (used in) operating activities	**159,811,380**	(18,330,215)
Cash provided by (used in) investing activities	**(69,513,661)**	(2,497,871)
Cash provided by (used in) financing activities	**(6,585,997)**	36,430,127
Net increase in cash and cash equivalents	**83,711,722**	15,602,041
Cash and cash equivalents at beginning of financial year	**203,244,224**	187,642,183
Cash and cash equivalents at end of financial year	**286,955,946**	203,244,224

Group cash and cash equivalents totaled to Ks. 286.9 billion as at 31 March 2018, as compared to Ks. 203.2 billion as at 31 March 2017. Yoma Bank represents the majority of cash reported on the Group cashflow statement and its deposits from customers increased faster than its loans and the decrease in receivables, resulting in majority of positive cash flow from operations. The Ks. 69.5 billion of cash used in investing activities in FY2018 was primarily due to investment made in available-for-sales financial assets by the Company and purchase of government securities by Yoma Bank, partially offset by sales proceeds of the Company's DMM shares and MTSH shares. The cash used in financing activities of Ks. 6.5 billion mainly relates to the Company's FY2017 dividend paid and interest paid for the Company's loan and PHSH's loan.

Forward Outlook

We continue to focus on our strategy of investing in core businesses namely the financial services, real estate and healthcare sectors. We expect financial services sector will continue to deliver a remarkable performance while healthcare and real estate will make contributions to the Group in the long term.

In financial services, we expect to see sustained growth from Yoma Bank as it continues to focus on the growth of small loans lending to SME by having funding agreements with local or oversea finance institutions to provide funding to small-scale entrepreneurs and customer focused digital banking which can help to grow its overall performance in the long run.

For the real estate sector, we remain optimistic that demand will increase with improvement of the economy. Thanlyin Estate Development, one of our associate companies experienced increase in sales during the year. In March 2018, the Group has launched the sales of Peninsula Residence Yangon, a part of Yoma Central Development, and has attracted strong interests, which we believe it will contribute long term returns to our shareholders.

Pun Hlaing Siloam Hospital continues to expand its network, which will support the development of specialist centers through referrals and also establish the 'Hub and Spoke' service delivery model. The Hospital has been working on Myanmar's first EMR-ERP system with a fully automated paperless global best practice technology platform that is set up to achieve HIMSS (USA) level 6 accreditation (Global Gold Standard for Healthcare Delivery Systems) within the next 3 years. We expect this initiative to not only provide significantly better service experience and medical outcome for the patient community, but to also be an efficient and cost effective resourcing model for our shareholders.

Aiming to set a new benchmark for bus shelters in Yangon, the Company has entered new business venture ('FMIDecaux') with JCDecaux Asia (S) Pte Ltd, the number one outdoor advertising company worldwide, with the shareholding of 40%. FMIDecaux won an exclusive 20-year contract with Yangon City Development Committee ('YCDC') for design, fabrication, installation, maintenance and operation of street furniture items and advertisements. We believe this venture will provide reasonable return to the Group in the long term.

Our portfolio investments in Tourism, which will potentially become our fourth pillar, has progressed well. Memories Group is the first Myanmar tourism-centric company listed on Singapore Stock Exchange on 5 January 2018 acting as the tourism arm of FMI group in Myanmar with the share interest of 11.9%. It has newly acquired Burma Boating and Kayar Resort (renamed as Keinnara Loikaw Hotel) to expand its existing successful business portfolios – Balloon Over Bagan and Balloons over Inle, and been developing new exciting hotels, resorts and lodges such as Awei Metta hotel in Yangon Region, Awei Pila hotel in Mergui Archipelago, Taninthari Region, Keinnara Hpa-an hotel in Karen State and Suggati Mawlamyaing hotel in Mon State. With our tourism investments progressing well and Myanmar quickly becoming a premier tourist destination, we are in the right direction to capitalize on this industry growth.

With the growth of Myanmar economy, we will continue to pursue joint ventures with qualified international and local partners should the right opportunity presents itself.

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