



**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
AND ITS SUBSIDIARIES
(Registration No. 121398001)**

**STATEMENT OF THE DIRECTORS AND
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

SIX-MONTH PERIOD ENDED MARCH 31, 2020

**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
AND ITS SUBSIDIARIES**

STATEMENT OF THE DIRECTORS AND INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
AND ITS SUBSIDIARIES**

STATEMENT OF THE DIRECTORS

We, U Theim Wai @ Serge Pun and U Tun Tun, being the Directors of the Company, do hereby confirm for and on behalf of the Board of Directors that, to the best of our knowledge, nothing has come to our attention which may render the financial results for the six-month period ended March 31, 2020 to be false or misleading in any material respect.

ON BEHALF OF THE DIRECTORS



U Theim Wai @ Serge Pun
Executive Chairman



U Tun Tun
Executive Director

Date: June 29, 2020

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors

Introduction

We have reviewed the accompanying consolidated statement of financial position of First Myanmar Investment Public Co., Ltd. and its subsidiaries (the "Group") as at March 31, 2020, and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes ("interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the provisions of the Myanmar Companies Law ("Law") and Myanmar Accounting Standard 34, *Interim Financial Reporting* ("MAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Myanmar Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Myanmar Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

As explained in Note 11, the Group issued a convertible loan denominated in US dollars with a total face value of \$82.5 million, which can be converted into share capital at the option of the holder if certain terms and conditions are met. Under Myanmar Accounting Standard 32, *Financial Instruments: Presentation* ("MAS 32"), the Group is required to properly assess and classify the transaction into debt or equity. Under Myanmar Accounting Standard 39, *Financial Instruments: Recognition and Measurement* ("MAS 39"), the Group is required to separate the convertible loan into a debt (liabilities or host contract) and conversion portion (equity or embedded derivative) or recognize it as a debt when the host contract and embedded derivative are closely related. As at March 31, 2020, the Group has recognised and classified this convertible loan as an equity, which is not in accordance with MASs 32 and 39. Such classification has been materially affected. In addition, had the Group's management determined whether the host contract and the embedded derivative are closely related or not, such classification and measurement would have been materially affected. The effects on the consolidated financial statements of the failure have not been determined.

Qualified Conclusion

Based on our review, except for the effect on the interim financial information of the matter described in the basis of qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Group as at March 31, 2020, and of its financial performance and its cash flows for the six-month period then ended in accordance with the provisions of the Law and MAS 34.

Other Matter

The accompanying consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and other explanatory notes for the six-month period ended March 31, 2019, were neither audited nor reviewed by us and accordingly, we do not express an opinion or any other form of assurance on those statements.



Cho Cho Aung
PA-54
Certified Public Accountant and
Financial Consultant
Yangon, Myanmar

Date: June 29, 2020

**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020**

	<u>Note</u>	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents		528,254,093	384,154,922
Trade and other receivables	4	82,291,422	60,498,880
Loans and advances to customers, by the bank subsidiary	5	1,962,167,205	1,845,294,222
Inventories		1,566,133	1,300,285
Advances and prepayments		28,168,555	15,420,059
Available-for-sale investments	6	10,484,352	10,484,352
Total current assets		<u>2,612,931,760</u>	<u>2,317,152,720</u>
Non-current assets			
Other non-current assets		2,960,900	2,957,154
Available-for-sale investments	6	41,418,521	43,776,795
Investment in joint venture		3,356,076	3,356,290
Investment in associates	7	79,430,452	74,010,039
Government and other securities, by the bank subsidiary	8	453,460,763	483,060,003
Investment properties		8,975,541	8,975,541
Property and equipment		108,030,114	108,995,169
Goodwill		57,479,365	57,479,365
Intangible assets		5,467,025	5,392,965
Total non-current assets		<u>760,578,757</u>	<u>788,003,321</u>
Total assets		<u>3,373,510,517</u>	<u>3,105,156,041</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade and other payables	9	187,507,931	117,029,647
Deposits and balances from customers, by the bank subsidiary		2,617,922,960	2,564,888,437
Funds restricted for LIFT-AFP, by the bank subsidiary		2,768,544	4,459,755
Income tax payable		15,147,221	8,774,080
Borrowings and bank overdraft	10	17,407,865	25,228,334
Advances for share subscription	21c	52,174,690	-
Total current liabilities		<u>2,892,929,211</u>	<u>2,720,380,253</u>
Non-current liabilities			
Borrowings	10	17,608,905	56,317,689
Other payables	9	133,760	4,769,973
Total non-current liabilities		<u>17,742,665</u>	<u>61,087,662</u>
Total liabilities		<u>2,910,671,876</u>	<u>2,781,467,915</u>

**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020**

	<u>Note</u>	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Capital and reserves			
Share capital		93,762,054	93,762,054
Quasi-equity loan	11	120,953,579	-
Reserves	12	45,131,274	39,519,507
Retained profits		84,294,265	81,434,579
Equity attributable to owners of the Company		344,141,172	214,716,140
Non-controlling interests		118,697,469	108,971,986
Total equity		462,838,641	323,688,126
Total liabilities and equity		3,373,510,517	3,105,156,041

ON BEHALF OF THE DIRECTORS



U Theim Wai @ Serge Pun
Executive Chairman



U Tun Tun
Executive Director

Date: June 29, 2020

See accompanying notes to interim consolidated financial statements.

**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2020**

	<u>Notes</u>	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Revenue	13	177,108,555	149,201,865
Cost of sales		<u>(102,621,964)</u>	<u>(89,581,120)</u>
Gross profit		74,486,591	59,620,745
Administrative expenses	14	(51,698,601)	(54,286,838)
Finance expenses	15	(5,143,037)	(4,226,148)
Other gains, net	16	1,564,119	453,654
Share in (loss) profits of associates and joint venture, net of tax	7	<u>(68,379)</u>	6,067,886
Profit before income tax		19,140,693	7,629,299
Income tax expense	17	<u>(6,418,747)</u>	<u>(2,999,663)</u>
Profit for the period		<u>12,721,946</u>	<u>4,629,636</u>
Other comprehensive income			
Fair value adjustment of available-for-sale investments	12	(64,175)	(3,517,881)
Share of other comprehensive income of associates	7	<u>5,675,942</u>	-
Other comprehensive income (loss) for the period, net of tax		<u>5,611,767</u>	<u>(3,517,881)</u>
Total comprehensive income for the period		<u>18,333,713</u>	<u>1,111,755</u>

**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2020**

	<u>Notes</u>	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Profit attributable to:			
Owners of the Company		2,996,463	2,457,535
Non-controlling interests		9,725,483	2,172,101
		12,721,946	4,629,636
Total comprehensive income attributable to:			
Owners of the Company		8,608,230	(1,060,346)
Non-controlling interests		9,725,483	2,172,101
		18,333,713	1,111,755
Earnings per share			
Basic (MMK)	18	111	91
Diluted (MMK)	18	83	91

ON BEHALF OF THE DIRECTORS



U Theim Wai @ Serge Pun
Executive Chairman



U Tun Tun
Executive Director

Date: June 29, 2020

**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2020**

<u>Note</u>	← Attributable to owners of the Company →					Non- controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained profits	Total		
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
Balance at October 1, 2018	27,112,747	66,649,307	34,338,924	90,926,191	219,027,169	89,608,602	308,635,771
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	2,457,535	2,457,535	2,172,101	4,629,636
Other comprehensive loss	-	-	(3,517,881)	-	(3,517,881)	-	(3,517,881)
<i>Total</i>	-	-	(3,517,881)	2,457,535	(1,060,346)	2,172,101	1,111,755
<i>Transactions with owners, recognised directly in equity</i>							
Additional capital contribution from NCI	-	-	-	-	-	154,570	154,570
Additional NCI from acquisition of subsidiaries	-	-	-	-	-	968,979	968,979
Share premium transferred	66,649,307	(66,649,307)	-	-	-	-	-
<i>Total</i>	66,649,307	(66,649,307)	-	-	-	1,123,549	1,123,549
Balance at March 31, 2019 (unaudited)	93,762,054	-	30,821,043	93,383,726	217,966,823	92,904,252	310,871,075

**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2020**

Note	← Attributable to owners of the Company →					Non-controlling interests	Total equity
	Share capital	Quasi-equity loan	Reserves	Retained profits	Total		
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
Balance as at October 1, 2019	93,762,054	-	39,519,507	81,434,579	214,716,140	108,971,986	323,688,126
<i>Total comprehensive income for the period</i>							
Profit for the period	-	-	-	2,996,463	2,996,463	9,725,483	12,721,946
Other comprehensive income	-	-	5,611,767	-	5,611,767	-	5,611,767
<i>Total</i>	-	-	5,611,767	2,996,463	8,608,230	9,725,483	18,333,713
Quasi-equity loan classified as equity	-	120,953,579	-	-	120,953,579	-	120,953,579
<i>Transactions with owners, recognised directly in equity</i>							
Dividends distributed by subsidiary to non-controlling interest	-	-	-	(136,777)	(136,777)	-	(136,777)
Balance at March 31, 2020 (unaudited)	93,762,054	120,953,579	45,131,274	84,294,265	344,141,172	118,697,469	462,838,641

See accompanying notes to interim consolidated financial statements.

**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2020**

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Cash flows from operating activities		
Profit before income tax	19,140,693	7,629,299
Adjustments for:		
Specific provision on loans and advances and repossessed properties	6,343,369	5,836,951
Finance expense	5,069,017	4,189,481
Depreciation of property and equipment	3,494,997	4,599,284
Amortisation of intangible assets	746,252	648,841
Write-off of investment in associate	187,363	-
Share of loss (profit) of associates and joint venture, net of tax	68,379	(6,067,886)
Write-off of property and equipment	58,734	63,952
Inventories written off	13,857	28,796
Gain on write-off of unclaimed dividends	(3,164)	-
Gain on disposal of property and equipment	(22,200)	(11,970)
Reversal of specific provision on repossessed properties and loans and advances	(942,601)	(224,499)
Unrealised forex gain, net	(1,538,005)	(2,281,765)
Provision for doubtful debts	-	34,510
Write-off of unsuccessful business development	-	1,769,086
Write-off of investment in available-for-sale	-	258,941
Depreciation of investment properties	-	15,625
Loss on disposal of available-for-sale investments	-	4,151
Operating cash flows before movements in working capital	32,616,691	16,492,797
Movements in working capital:		
Trade and other receivables	(23,413,936)	22,573,702
Loans and advances to customers, by the bank subsidiary	(122,676,873)	(123,144,556)
Inventories	(279,705)	55,505
Advances and prepayments	(7,501,024)	(11,759,859)
Trade and other payables	56,679,625	(4,637,857)
Deposits and balances from customers, by the bank subsidiary	53,034,523	176,681,215
Funds restricted for LIFT-AFP, by the bank subsidiary	(1,691,211)	(1,050,212)
Cash (used in) generated from operations	(13,231,910)	75,210,735
Income tax paid	(4,832,102)	(3,832,411)
Net cash (used in) provided by operating activities	(18,064,012)	71,378,324

**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2020**

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Cash flows from investing activities		
Investment in government and other securities	(3,581,503)	(1,942,809)
Proceeds from settlement of government and other securities	35,000,000	58,000,000
Additions to other non-current assets	(3,746)	(182,945)
Proceeds from disposal of property and equipment	22,200	16,541
Additions to intangible assets	(820,311)	(1,632,616)
Investment in available-for-sale investments	(2,421,789)	(278,058)
Additions to property and equipment	(2,600,002)	(3,962,503)
Investment in associate	-	(603,720)
Net cash provided by investing activities	<u>25,594,849</u>	<u>49,413,890</u>
Cash flows from financing activities		
Proceeds from quasi-equity loan	120,953,579	-
Proceeds from advances for share subscription	52,174,690	-
Proceeds from borrowings and bank overdraft	17,999,050	14,664,005
Dividends paid	(86,447)	(5,439)
Interest paid	(4,249,622)	(3,380,758)
Repayment of borrowings and bank overdraft	(50,222,916)	(3,745,558)
Proceeds from additional contribution from non-controlling interests	-	154,570
Net cash provided by financing activities	<u>136,568,334</u>	<u>7,686,820</u>
Net increase in cash and cash equivalents	144,099,171	128,479,034
Cash and cash equivalents at beginning of the period	384,154,922	222,155,112
Cash and cash equivalents at end of the period	<u><u>528,254,093</u></u>	<u><u>350,634,146</u></u>

See accompanying notes to interim consolidated financial statements.

**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2020**

1 GENERAL

First Myanmar Investment Public Co., Ltd. (the "Company") (Registration No. 121398001) is incorporated in Myanmar with its principal place of business and registered office located at The Campus 1, Office Park, Rain Tree Drive, Pun Hlaing Estate, Hlaing Thayar Township, Yangon, 11401, Myanmar.

The Company is listed on the Yangon Stock Exchange Joint Venture Company Limited on March 25, 2016.

The business operations of the Company and its subsidiaries (the "Group") are not materially affected by any seasonal or cyclical factors.

There have been no significant changes in the nature of the principal activities of the Group during the financial period.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing these interim consolidated financial statements.

The interim consolidated financial statements of the Group for the six-month period ended March 31, 2020 were authorised for issue by the Board of Directors on June 29, 2020.

2 BASIS OF PREPARATION

Basis of the preparation and presentation of the interim consolidated financial statements

The interim consolidated financial statements have been prepared in accordance with Myanmar Accounting Standard 34, *Interim Financial Reporting* ("MAS 34") issued by the Myanmar Accountancy Council ("MAC").

The interim consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period. The interim consolidated financial statements are presented in Myanmar Kyats ("MMK").

The interim consolidated financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited financial statements for the six-month period ended September 30, 2019. The explanatory notes attached to the interim consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the six-month period ended September 30, 2019.

Changes in accounting policies

The accounting policies and methods of computation adopted in the preparation of the interim consolidated financial statements are consistent with those adopted and disclosed in the Group's most recent financial statements for the six-month period ended September 30, 2019, except for the estimated useful lives of certain properties and equipment as follows:

Renovation, furniture and office equipment	3-30 years
Rehabilitation cost	8 years

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**NOTES TO FINANCIAL STATEMENTS
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Adoption of new and revised standards

There have been no new/revised MFRSs and Interpretations of MFRS adopted by the MAC during the period.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these interim consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Group's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the interim consolidated financial statements, except as described below.

a.) Control over Yoma Bank Limited ("Yoma Bank")

Yoma Bank is a subsidiary of the Group although the Group only owns a 48.39% ownership interest in Yoma Bank. Based on the contractual arrangement between the Group and the other investor, the Group has the power over more than half of the voting rights of Yoma Bank, and hence the Group has control over the financial and operating policies of Yoma Bank. Therefore, the directors of the Company concluded that Yoma Bank is controlled by the Group and is consolidated in these financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) Allowance for doubtful debts

The policy for allowance for doubtful receivables of the Group is based on the evaluation of collectability and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history and ongoing dealings. If the financial conditions of the customer were to deteriorate, resulting in an impairment of its ability to make payments, additional allowance may be required.

The carrying amounts of trade and other receivables are disclosed in Note 4.

b) Uncertain tax positions

The Group is subject to income taxes in Myanmar. In determining income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions").

**FIRST MYANMAR INVESTMENT PUBLIC CO., LTD.
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**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2020**

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the Group makes adjustment for such differences in the income tax of the period in which such determination is made.

Information about the income tax calculation is disclosed in Note 17.

c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was MMK 57,479 million (September 30, 2019: MMK 57,479 million).

No impairment of goodwill is recognised for the six-month period ended March 31, 2020.

d) Impairment of trade and other receivables, loans and advances, available-for-sale and held-to-maturity investments

Management reviews its trade and other receivables, loans and advances, available-for-sale and held-to-maturity investments for objective evidence of impairment at each reporting period. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In making this determination, management makes judgments as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant adverse changes in the market, economic or legal environment where the debtor maintains operations. In the case of equity investments classified as available-for-sale, objective evidence of impairment includes significant financial difficulty of the issuer and information about significant adverse changes that have occurred in the technological, market, economic or legal environment where the issuer maintains operations, indicating that the cost of the investment in the equity instrument may not be recoverable.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In making this determination, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The carrying amounts of trade and other receivables, loans and advances, available-for-sale and held-to-maturity investments as at March 31, 2020 are disclosed in Notes 4, 5, 6 and 8, respectively.

Management has assessed that there is no objective evidence or indication that the carrying amount of the Group's held-to-maturity and available-for-sale investments are not recoverable as at the end of the financial reporting period, and accordingly impairment is not required. The credit risk assessment on the Group's trade and other receivables and loans and advances is also disclosed in Note 21 (b).

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**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2020**

e) Fair value of investment properties

In estimating the fair value of investment properties, the Group uses current prices in an active market for similar property in the same location and condition and subject to similar lease and other contracts to the extent it is available.

4 TRADE AND OTHER RECEIVABLES

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Current		
Trade receivables		
External parties	24,764,795	23,804,224
Less: Allowance for doubtful debts	(3,031)	(3,031)
Trade receivables, net	<u>24,761,764</u>	<u>23,801,193</u>
Non-trade receivables		
External parties	585,858	643,776
Related companies (Note 22)	42,124,738	3,970,071
Associates (Note 7)	<u>12,410,004</u>	<u>13,635,410</u>
	55,120,600	18,249,257
Other receivables	1,836,174	5,789,524
Deposits	<u>572,884</u>	<u>12,658,906</u>
	<u>82,291,422</u>	<u>60,498,880</u>

The average credit period from rendering of services is 30 days (September 30, 2019: 30 days). No interest is charged on the outstanding balance.

Non-trade receivables from related companies and associates are unsecured, interest free and repayable on demand.

The table below is an analysis of trade receivables as at the end of the reporting period:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Neither past due nor impaired	24,483,904	23,318,439
Past due but not impaired ⁽ⁱ⁾	<u>277,860</u>	<u>482,754</u>
	<u>24,761,764</u>	<u>23,801,193</u>

⁽ⁱ⁾ Aging of receivables that are past due but not impaired:

Past due 0 to 3 months	52,026	58,884
Past due 3 to 6 months	30,249	56,389
Past due over 6 months	<u>195,585</u>	<u>367,481</u>
	<u>277,860</u>	<u>482,754</u>

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Movements in the allowance for doubtful debts are as follows:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Balance at beginning of period	3,031	48,070
Provision during the period	-	5,519
Written off during the period	-	(50,558)
Balance at end of period	<u>3,031</u>	<u>3,031</u>

5 LOANS AND ADVANCES TO CUSTOMERS, BY THE BANK SUBSIDIARY

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Loans and advances	1,949,120,528	1,834,726,250
Trade financing	38,533,953	30,106,231
Total	<u>1,987,654,481</u>	<u>1,864,832,481</u>
Less: Specific allowance	(25,487,276)	(19,538,259)
Net	<u>1,962,167,205</u>	<u>1,845,294,222</u>

A reconciliation of the specific allowance for impairment losses for the loans and advances, is as follows:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Balance at beginning of period	19,538,259	15,332,901
Provision for the period	5,867,424	3,122,290
Adjustment for restructured loans/write off	210,140	335,577
Adjustment for foreign exchange differences	(63,534)	4,167
Total allowance for impairment losses by collectability	<u>25,552,289</u>	<u>18,794,935</u>
Transferred from LIFT-AFP ⁽¹⁾	(65,013)	743,324
Balance at end of period	<u>25,487,276</u>	<u>19,538,259</u>

⁽¹⁾ For the six-month period ended September 30, 2019, the bank subsidiary and the Fund has agreed to transfer AFP fund amounting to MMK 743,324,094 as part of the specific provision. For the six-month period ended March 31, 2020, the bank subsidiary has used the provision amounting to MMK 65,012,928 for its HP AFP product.

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The table below is an analysis of loans and advances as at the end of the reporting period:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Neither past due nor impaired	1,751,187,367	1,735,340,841
Past due but not impaired ⁽ⁱ⁾	<u>210,979,838</u>	<u>109,953,381</u>
	<u>1,962,167,205</u>	<u>1,845,294,222</u>

⁽ⁱ⁾ Aging of loans and advances that are past due but not impaired:

Past due 0 to 3 months	148,110,025	61,720,271
Past due 3 to 6 months	16,550,686	15,982,698
Past due over 6 months	<u>46,319,127</u>	<u>32,250,412</u>
	<u>210,979,838</u>	<u>109,953,381</u>

6 AVAILABLE-FOR-SALE INVESTMENTS

Details of the Group's available-for-sale investments as at March 31, 2020 and September 30, 2019 are as follows:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Quoted equity shares, at fair value	3,810,876	5,694,820
Unquoted equity shares, at cost	<u>48,091,997</u>	<u>48,566,327</u>
Total available-for-sale investments	51,902,873	54,261,147
Less: current portion	<u>(10,484,352)</u>	<u>(10,484,352)</u>
Non-current portion of available-for-sale investments	<u>41,418,521</u>	<u>43,776,795</u>

The investments above include investments in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial period.

The investments in unquoted equity investments primarily represent investments in companies that are in the early stages of development and the recoverability of these investment is uncertain and dependent on the outcome of these activities, which cannot presently be determined.

In February 2020, the Company reversed its investment in Peninsula Yangon Holdings Pte. Ltd. amounting to MMK 2,896,119,240 after it was agreed with the other shareholders that the Company will do a catch-up in future capital calls.

In March 2020, the Company made an additional investment of MMK 2,421,788,660 to Meeyahta Development Ltd. ("MDL") in a form of interest free shareholder loan provided by the shareholders of MDL in proportion to their shareholdings and will be treated as investment pursuant to the Subscription Agreement dated February 9, 2019.

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7 INVESTMENT IN ASSOCIATES

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Beginning of the period	74,010,039	74,372,409
Investment written off	(187,363)	-
Share of post-acquisition results	(68,166)	1,952,686
Share in other comprehensive income (loss) of associates (Note 12)	5,675,942	(2,315,056)
At end of the period	<u>79,430,452</u>	<u>74,010,039</u>

As at March 31, 2020, there are no changes in ownership interest and voting power held.

8 GOVERNMENT AND OTHER SECURITIES, BY THE BANK SUBSIDIARY

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Held-to-maturity investments, at amortised cost	500,000	35,500,000
Available-for-sale investments, at cost	452,960,763	447,560,003
	<u>453,460,763</u>	<u>483,060,003</u>

During the period, the Group recognized fair value gain on Digital Money Myanmar Limited shares amounting to MMK 1,819,769,200.

No impairment losses were incurred for the six-month period ended March 31, 2020 and 2019.

Available-for-sale securities consists of government securities and unquoted equity investments.

The bank subsidiary has recognized dividend income from Myanmar ICT Development Corporation Limited amounting to MMK 6.78 million for the six-month period ended March 31, 2020 and 2019.

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9 TRADE AND OTHER PAYABLES

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Current		
Trade payables		
External parties	58,242,092	62,754,496
Non-trade payables		
External parties	436,149	505,386
Related companies (Note 22)	24,585,801	22,775,808
Associates (Note 7)	12,693,761	13,946,878
	<u>37,715,711</u>	<u>37,228,072</u>
Accrued operating expenses	5,882,800	5,431,171
Refundable deposits	727,882	313,267
Rental income received in advance	95,500	35,500
Interest income received in advance	5,158,698	5,414,241
Other payables	75,346,459	5,852,900
Loan from an external party	4,184,700	-
Interest payable	154,089	-
Total	<u>187,507,931</u>	<u>117,029,647</u>
Non-current		
Deferred tax liability	133,760	140,581
Loan from an external party	-	4,598,400
Interest payable	-	30,992
Total	<u>133,760</u>	<u>4,769,973</u>

The average credit period on purchase of goods of the healthcare subsidiary is 30 days (September 30, 2019: 30 days). No interest charged on the overdue trade payables.

Non-trade payables to related companies and associates are unsecured, interest-free and repayable on demand.

On August 20, 2019, the Company entered into a loan agreement with Next Lead Holdings Limited amounting to US\$ 3 million. The loan carries an interest rate of 6% per annum and is repayable on December 31, 2020.

As at March 31, 2020, other payables include funds amounting to MMK 73,875,034,985 received by the bank subsidiary on behalf of Yangon Land Ltd. ("Yangon Land") for the sale of the bank subsidiary's shares by Yangon Land to Greenwood Capital Private Limited. The amounts had to be routed through the bank subsidiary based on CBM instructions. These amounts have since been transferred to Yangon Land following CBM approval.

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10 BORROWINGS AND BANK OVERDRAFT

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Bank overdraft	4,999,050	8,991,382
Bank borrowings	27,922,370	70,325,927
Other borrowings	2,095,350	2,228,714
Less: Amount due for settlement within 12 months (shown under current liabilities)	(17,407,865)	(25,228,334)
Amount due for settlement after 12 months	<u>17,608,905</u>	<u>56,317,689</u>

The Group has the following principal bank and other borrowings:

- a) a loan of MMK 18 billion (September 30, 2019: MMK 18 billion). The loan is secured by the Company's share in Yoma Siloam Pun Hlaing Hospital Ltd and the land of the Company's associate. The bank loans, amounting to MMK 12 billion and MMK 6 billion with a term of 3 years each, carry an interest rate of 13% and 14.5% per annum, respectively.
- b) a loan of MMK 7.4 billion (September 30, 2019: MMK 7.5 billion) raised by healthcare subsidiary. The bank loan carries an interest rate of 13% per annum with a term of 3 years.
- c) a loan of MMK 2.5 billion (September 30, 2019: MMK 3.3 billion) raised by the healthcare subsidiary on August 23, 2018. The loan carries an interest rate of 13% per annum. The loan is secured by its land and building.
- d) a loan of USD\$ 2 million or equivalent to MMK 2.1 billion (September 30, 2019: USD\$ 2 million or equivalent to MMK 2.2 billion). The loan is unsecured and unguaranteed. The loan does not carry interest and is repayable on the 5th anniversary of the first disbursement. The fair value of the loan at the time of issuance amounted to MMK 2,198,120,449 and the difference between the proceeds and fair value amounting to MMK 841,879,551 is recorded as non-controlling interest in the consolidated statement of financial position. During the period, the Group recognised an amortisation of the discount which was recorded as finance expense, amounting to MMK 70,638,896 (Note 15).

During the period, bank loans totalling to MMK 40.4 billion was fully settled by the Company.

11 QUASI-EQUITY LOAN

On November 13, 2019, the Company entered into a Convertible Loan Agreement with Ayala Corporation ("Lender") for US\$ 82.5 million. The loan will mature 2 years from disbursement date and may be extended at the sole discretion of the Lender up to 3 years from the end of the original two-year period. The Lender is entitled to receive as interest an amount equal to the value of any dividends or other distributions that the Company may declare from disbursement date to re-payment or conversion date.

The convertible loan, together with any accrued interest and additional interest shall become due and demandable if any of the 3 circumstances as listed in the agreement occurs. The agreement also provides 4 circumstances wherein the loan re-payment will be accelerated.

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Subject to the terms of the agreement, the Company shall proceed with the conversion as follows:

- a. converting the convertible loan into such number of shares that represent 20% shares of the enlarged total issued share capital (after taking into account the issue of conversion shares on a fully diluted basis) of the Company at the time of conversion;
- b. converting any accrued interest shall be converted into such number of shares based on a conversion price equal to the aggregate value at the time of the non-cash dividend of distribution; and
- c. converting any additional interest into such number of shares based on a conversion price equal to the average price during the period from original maturity date to conversion date.

On January 23, 2020, the Company received the proceeds from the convertible loan amounting to MMK 120,953,578,125 (or equivalent to US\$ 82.5 million).

Typically in conjunction with a future financing round and other economic rationales along with the economic substance rather than the legal form of the agreement, the Company's management assessed that the convertible loan should be classified as equity in order to reflect the clear view of the fund's nature to Company's shareholders.

Under Myanmar Accounting Standard 32, *Financial Instruments: Presentation* ("MAS 32"), the Group is required to properly assess and classify the transaction into debt or equity. Under Myanmar Accounting Standard 39, *Financial Instruments: Recognition and Measurement* ("MAS 39"), the Group is required to separate the convertible loan into a debt (liabilities or host contract) and conversion portion (equity or embedded derivative) or recognize it as a debt when the host contract and embedded derivative are closely related. As at March 31, 2020, the Group has recognised and classified this convertible loan as an equity, which is not in accordance with MASs 32 and 39. Such classification has been materially affected. In addition, had the Group's management determined whether the host contract and the embedded derivative are closely related or not, such classification and measurement would have been materially affected. The effects on the consolidated financial statements of the failure have not been determined.

12 RESERVES

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Reserves		
Capital reserve		
At the beginning of period	45,670,877	33,468,553
Add: Share of capital reserve for the period	-	12,202,324
At the end of period	<u>45,670,877</u>	<u>45,670,877</u>
Investment revaluation reserve		
At the beginning of period	(314,586)	(2,647,510)
Add: Revaluation (loss) gain	(64,175)	2,332,924
At the end of period	<u>(378,761)</u>	<u>(314,586)</u>
Equity reserve	(3,521,728)	(3,521,728)
Share in other comprehensive income (loss) of associates (Note 7)	3,360,886	(2,315,056)
Total reserves	<u>45,131,274</u>	<u>39,519,507</u>

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13 REVENUE

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Rendering of services:		
Financial services	159,201,128	134,574,014
Healthcare services	17,873,647	14,594,071
Rental income	27,000	27,000
Dividend income (Note 8)	6,780	6,780
	<u>177,108,555</u>	<u>149,201,865</u>

14 ADMINISTRATIVE EXPENSES

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Employee benefit expenses	24,660,289	23,731,663
Specific provision on non-performing loans	6,343,369	5,836,951
Professional fees	3,703,844	5,468,434
Depreciation of property and equipment	3,494,997	4,599,284
Office rental expenses (Note 19)	2,878,559	3,541,343
Marketing and promotion	1,621,874	2,433,128
IT and communication expenses	1,577,483	1,412,651
Renovation and maintenance expenses	971,279	878,852
Utilities	933,242	669,438
Office supplies	900,427	879,393
Travelling and related costs	801,653	1,130,410
Amortisation of intangible assets	746,252	648,841
Director's remuneration	496,684	612,285
Annual general meeting expenses	99,960	82,878
Listing fees	8,134	18,666
Depreciation of investment properties	-	15,625
Others	2,460,555	2,326,996
	<u>51,698,601</u>	<u>54,286,838</u>

15 FINANCE EXPENSES

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Interest expenses	5,069,017	4,189,481
Bank charges	74,020	36,667
	<u>5,143,037</u>	<u>4,226,148</u>

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16 OTHER GAINS, NET

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Gain on foreign currency exchange, net	1,787,072	2,967,739
Gain on disposal of property and equipment	22,200	11,970
Gain on write-off of unclaimed dividends	3,164	-
Capital gains tax	(2,220)	(429,925)
Write-off of property and equipment	(58,734)	(63,952)
Write-off of investment in associate	(187,363)	-
Write-off of unsuccessful business development	-	(1,769,086)
Write-off of investment in available-for-sale	-	(258,941)
Loss on disposal of available-for-sale investments	-	(4,151)
	<u>1,564,119</u>	<u>453,654</u>

17 INCOME TAX EXPENSE

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Current period tax expense	6,284,987	2,859,082
Deferred tax expense	133,760	140,581
Total income tax expense	<u>6,418,747</u>	<u>2,999,663</u>

Domestic income tax is calculated at 25% (March 31, 2019: 25%) of the estimated assessable profit for the period.

The total charge for the period can be reconciled to accounting profit as follows:

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Profit before income tax	<u>19,140,693</u>	<u>7,629,299</u>
Tax at Myanmar's statutory income tax rate of 25%	4,785,173	1,907,325
Effect of non-deductible expense, net	1,633,574	1,092,338
Total income tax expense	<u>6,418,747</u>	<u>2,999,663</u>

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18 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	For the six-month period ended March 31, 2020 (Unaudited)	For the six-month period ended March 31, 2019 (Unaudited)
Earnings		
Net profit, including non-operating income, attributable to equity holders of the Company (MMK'000)	2,996,463	2,457,535
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	27,113	27,113
Basic earnings per share (MMK per share)	<u>111</u>	<u>91</u>
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	36,202	27,113
Diluted earnings per share (MMK per share)	<u>83</u>	<u>91</u>

19 OPERATING LEASE ARRANGEMENTS

At the end of the financial period, the Group has the following commitments:

The Group as lessee

Payments recognised as an expense during the period:

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Minimum lease payments under operating leases	<u>2,878,559</u>	<u>3,541,343</u>

Operating lease payments represents rentals payable by the Group for certain of its office premises. Leases are negotiated and rentals are fixed for an average term of 5 years.

At the end of the reporting period, the bank subsidiary has significant operating lease commitments under non-cancellable operating leases as follows:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Within one year	187,961	326,026
In the second to fifth year	9,857,027	10,129,338
From the fifth year onwards	<u>665,853</u>	<u>823,391</u>
	<u>10,710,841</u>	<u>11,278,755</u>

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The Group as a lessor

The Group leases commercial and investment properties under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights. The payment due are computed without the escalation clauses and renewal rights as the quantum has not been determined. Property rental income earned during the period was MMK 27,000,000 (March 31, 2019: MMK 27,000,000).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Within one year	54,000	54,000
In the second to fifth year inclusive	-	27,000
	54,000	81,000

20 CONTINGENT LIABILITIES AND COMMITMENTS

The Group has provided for tax expenses based on best efforts estimates, which may differ from actual tax assessments levied by the Myanmar tax authority. As a result, the Group may incur additional tax liabilities upon final assessment from tax authorities. Although commercial tax is imposed to customers, there may be liabilities on commercial tax from the real estate sector.

The following sets out the bank subsidiary's contingent liabilities as at the end of the reporting period, based on the maximum amount the bank subsidiary would have to pay if the obligations of the instruments issued are called upon:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Letter of credit (foreign currency)	39,950,718	30,491,752
Performance guarantees	11,662,257	4,739,223
Performance guarantees (foreign currency)	2,750,290	2,915,994
	54,363,265	38,146,969

At the end of the reporting period, the bank subsidiary has the following undrawn loan commitments:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Undrawn overdraft	111,845,940	95,911,733
Undrawn trade credit facilities	60,492,182	51,279,588
	172,338,122	147,191,321

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21 FINANCIAL INSTRUMENTS, FINANCIAL RISKS and CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Financial assets		
Loans and receivables:		
Cash and cash equivalents	528,254,093	384,154,922
Trade and other receivables	81,148,772	55,576,867
Loans and advances to customer, by the bank subsidiary	1,962,167,205	1,845,294,222
Held-to-maturity investments:		
Government and other securities, by the bank subsidiary	500,000	35,500,000
Available-for-sale investments	504,863,636	501,821,150
Fair value through profit or loss:		
Trade and other receivables	1,142,650	4,922,013
	<u>3,078,076,356</u>	<u>2,827,269,174</u>
Financial liabilities		
At amortised cost:		
Trade and other payables	181,683,433	111,371,485
Deposits and balances from customers, by the bank subsidiary	2,617,922,960	2,564,888,437
Fund restricted for LIFT-AFP, by the bank subsidiary	2,768,544	4,459,755
Borrowings and bank overdrafts	35,016,770	81,546,023
Advance for share subscription	52,174,690	-
Fair value through profit or loss:		
Trade and other payables	570,300	4,837,813
	<u>2,890,136,697</u>	<u>2,767,103,513</u>

(b) Financial risk management policies and objectives

The Group's activities expose it to market risk (including interest rate risk, foreign exchange risk and equity price risk), credit risk, liquidity risk, operational risk and legal and compliance risk. The Group's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group has adopted the policies for managing each of these risks and they are summarized below.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below:

(a) Market risk management

(i) Interest rate risk management

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has interest-bearing financial assets and financial liabilities, the Group's income and expense are dependent on changes in market interest rates.

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The Group's interest-bearing financial assets pertain to short-term fixed deposits placed with reputable financial institutions in Myanmar, held-to-maturity Myanmar government and other securities and loans and advances to customers, which all carry fixed interest rates. Management has assessed that any change in the interest rate would not have significant impact to the Group's interest income due to the short-term maturity of fixed deposits and loans and advances to customers and the three to five-year term of Myanmar government securities.

The Group's interest-bearing financial liabilities pertain to deposits from customers and certain borrowings which carry fixed interest rates. Management has assessed that any change in the interest rate would not have a significant impact on the Group's interest expenses as the Group aims to obtain the most favourable interest rates available in the market.

(ii) Foreign exchange risk management

The Group operates mainly in Myanmar. Entities in the Group regularly transact in various foreign currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises in the Group when transactions are denominated in foreign currencies such as Euro ("EUR"), Singapore Dollar ("SGD"), and United States Dollar ("USD").

These exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

Foreign currency sensitivity

The following analysis details the sensitivity to a 10% increase/decrease in the relevant foreign currencies against the functional currency of the Group. 10% is the sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency were to strengthen by 10% against the functional currency of the Group, profit for the period will decrease by:

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
USD impact	(74,760)	1,760,355

If the relevant foreign currency were to weaken by 10% against the functional currency, there will be equal but opposite impact on profit for the period.

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(iii) Equity price risk management

The Group is exposed to equity risks arising from equity instruments classified as available-for-sale. Available-for-sale equity instruments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of available-for-sale equity instruments, if the inputs to the valuation model had been 10% higher/lower while all other variable were held constant:

- The Group's profit for the period ended March 31, 2020 would have been unaffected as the equity investment are classified as available-for-sale and no investments were disposed of or impaired; and
- The Group's investment revaluation reserve would increase/decrease by MMK 381,087,584 (September 30, 2019: increase/decrease by MMK 569,481,955)

The Group's sensitivity to equity prices has not changed significantly from the prior period.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's major classes of financial assets are loans and advances from customers held by the bank subsidiary, Myanmar government securities held by the bank subsidiary, bank deposits and trade and other receivables. Cash and cash equivalents are placed with reputable financial institutions.

For trade receivables, the Group adopts the policy of dealing only with customers with appropriate credit histories, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with credit-worthy counterparties. The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the consolidated statement of financial position.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk for trade receivables based on the information provided to management is as follows:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
By type of customers:		
External parties	24,761,764	23,801,193

Further details of credit risks on trade receivables are disclosed in Note 4 to the consolidated financial statements.

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For loans and advances from customers held by the bank subsidiary, the Board of Directors of the bank subsidiary approves major policies and limits that govern credit risk. The Board of Directors delegates authority to the Credit Risk Management Committee for overseeing the credit risk of the bank subsidiary. The bank subsidiary structures the levels of credit risk it undertakes by placing limits on the amount of risk acceptable in relation to one borrower, groups of borrowers and industry segments. Such risks are monitored on a regular basis and are subject to annual or more frequent review. The maximum exposure to credit risk of loans and advances from customers held by the bank subsidiary on the consolidated statement of financial position is limited to the carrying amount on the consolidated statement of financial position, without taking into account the fair value of any collateral.

The credit risk for loans and advances by the bank subsidiary based on the information provided to management is as follows:

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
By type of customers:		
Other companies	1,487,703,646	1,468,736,887
Individuals	474,463,559	376,557,335
	<u>1,962,167,205</u>	<u>1,845,294,222</u>

(c) *Liquidity risk management*

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flow and cash balance forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by a gearing ratio. The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

At the end of the reporting period, the Group had net current liabilities of MMK 279,997,451,079 (September 30, 2019: MMK 403,227,533,870). The Directors are satisfied that there is no going concern issue as the Group can easily convert government and other securities held by the bank subsidiary of MMK 449,969,991,048 (September 30, 2019: MMK 481,388,999,789) into cash and cash equivalents with no significant changes in fair value.

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to interim consolidated financial statements. The management considers the carrying amount of financial assets and financial liabilities recorded at amortized cost in the interim consolidated financial statements approximate their fair values, unless otherwise mentioned in the interim consolidated financial statements.

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(c) Capital risk management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors the Group's capital, excluding the bank entity, based on a gearing ratio. During the six-month period ended March 31, 2020, the Group's strategies remain unchanged from September 30, 2019.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings (excluding loans from non-controlling interests) plus trade and other payables less cash and cash equivalents. Total capital is calculated as net assets attributable to equity holders of the Company ("total equity") plus net debt.

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Net debt	58,612,203	130,010,131
Total equity	<u>299,009,898</u>	<u>175,196,633</u>
Total capital	<u>357,622,101</u>	<u>305,206,764</u>
Gearing ratio	<u>16%</u>	<u>43%</u>

The Group's bank subsidiary is subject to the capital adequacy requirements set out by the Central Bank of Myanmar ("CBM") and the minimum regulatory Capital Adequacy Ratio ("CAR") set for the year is 8% (September 30, 2019: 8%). On July 7, 2017, the CBM issued an instruction on revised method of capital adequacy ratio calculation, which increased the composition of the risk weighted assets with majority of loans being subject to 100% risk weight. Total equity investment and related party lending are also no longer included in the capital calculation.

Additionally, the bank subsidiary has received total share subscription of MMK 52.17 billion (MMK 54 billion as of May 4, 2020) which will be used to increase its share capital by issuing new shares to the investor once CBM approval is received. On May 29, 2020, the bank subsidiary has obtained approval from CBM and has issued the relevant shares to the investor, effectively reducing the Company's shareholding in the bank subsidiary to 42.35%.

As of March 31, 2020, the bank subsidiary is compliant with the CAR requirement as per CBM notification 16/2017 dated July 7, 2017.

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22 RELATED COMPANY AND RELATED PARTY TRANSACTIONS

Related companies in these interim consolidated financial statements refer to members of the shareholder's group of companies.

Some of the Group's transactions are between members of the shareholders and the Group. The effect of these on the basis determined between the parties are reflected in these interim consolidated financial statements.

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
<u>With associates:</u>		
Rental expenses	(34,650)	(29,400)
Other expenses	(5,136)	(6,159)
<u>With entities related by common controlling shareholders:</u>		
Rental expense	(126,758)	(37,273)
Loss from sale of investment	-	(4,151)
Other expenses ¹	(619,975)	(713,873)

¹ Other expenses relate to net expenditures on inter-group operating activities.

During the period, the Directors' remuneration amounted to MMK 496,684,425 (six-month period ended March 31, 2019: MMK 612,285,294) which includes the Executive Chairman's remuneration as follows:

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Other allowance	30,000	30,000
Bonus	438,183	458,452
	<u>468,183</u>	<u>488,452</u>

23 SEGMENT INFORMATION

Management determines operating segments based on the reports reviewed by the key management team that are used to make strategic decisions. The key management team comprises of the Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and the heads of each business who directly report to the Executive Chairman on their respective entity's business.

The Group's reportable segments under MFRS 8 are as follows:

- i) The real estate services segment is in the business of property development, sale of development properties, providing project management, design and estate management services as well as property leasing.

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- ii) The financial services segment is in the business of carrying out banking business, including domestic remittance business and financial services.
- iii) The healthcare services segment is in the business of owning and operating hospitals, clinics and the provision of healthcare related services.
- iv) The investment holding segment is in the business of investing in associates and joint venture.

The Group's reportable segments operate in Myanmar.

The segment information provided to the key management team for the reportable segments are as follows:

	Real estate services MMK'000	Financial services MMK'000	Healthcare services MMK'000	Investment holding MMK'000	Total MMK'000
March 31, 2020 (Unaudited)					
Revenue	-	159,207,908	17,900,377	27,000	177,135,285
Elimination of inter-segment revenue	-	-	(26,730)	-	(26,730)
	-	159,207,908	17,873,647	27,000	177,108,555
Cost of sales	-	(91,968,120)	(10,653,844)	-	(102,621,964)
Gross profit	-	67,239,788	7,219,803	27,000	74,486,591
Administrative expenses	-	(42,161,321)	(7,326,062)	(2,211,218)	(51,698,601)
Finance expenses	-	-	(907,635)	(4,235,402)	(5,143,037)
Other gains, net	-	195,823	839,770	528,526	1,564,119
	-	(41,965,498)	(7,393,927)	(5,918,094)	(55,277,519)
Share of profit (loss) of associates and joint venture	132,664	-	-	(201,043)	(68,379)
Profit (loss) before income tax	132,664	25,274,290	(174,124)	(6,092,137)	19,140,693
Income tax expense	-	(6,311,882)	(106,865)	-	(6,418,747)
Net profit (loss)	132,664	18,962,408	(280,989)	(6,092,137)	12,721,946
March 31, 2020 (Unaudited)					
Segment assets	-	3,025,826,852	35,147,015	312,536,650	3,373,510,517
Segment assets include: Additions to:					
Property and equipment	-	2,018,008	576,287	5,707	2,600,002
Intangible assets	-	820,311	-	-	820,311
Segment liabilities	-	2,824,429,793	23,087,945	63,154,138	2,910,671,876

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	Real estate services MMK'000	Financial services MMK'000	Healthcare services MMK'000	Investment holding MMK'000	Total MMK'000
March 31, 2019 (Unaudited)					
Revenue	-	134,580,794	14,649,644	27,000	149,257,438
Elimination of inter-segment revenue	-	-	(55,573)	-	(55,573)
	-	134,580,794	14,594,071	27,000	149,201,865
Cost of sales	-	(80,984,544)	(8,596,576)	-	(89,581,120)
Gross profit	-	53,596,250	5,997,496	27,000	59,620,745
Administrative expenses	-	(41,700,771)	(8,935,907)	(3,650,160)	(54,286,838)
Finance expenses	-	-	(845,642)	(3,380,506)	(4,226,148)
Other gains, net	-	25,022	(1,621,281)	2,049,913	453,654
	-	(41,675,749)	(11,402,830)	(4,980,753)	(58,059,332)
Share of profit (loss) of associates and joint venture	6,104,927	-	-	(37,041)	6,067,886
Profit (loss) before income tax	6,104,927	11,920,501	(5,405,335)	(4,990,794)	7,629,299
Income tax expense	-	(2,971,283)	(28,380)	-	(2,999,663)
Net profit (loss)	6,104,927	8,949,218	(5,433,715)	(4,990,794)	4,629,636

	Real estate services MMK'000	Financial services MMK'000	Healthcare services MMK'000	Investment holding MMK'000	Total MMK'000
September 30, 2019					
Segment assets	-	2,797,198,357	35,930,373	272,027,311	3,105,156,041
Segment assets include: Additions to:					
Property and equipment	-	2,694,469	1,186,085	6,526	3,887,080
Intangible assets	-	534,652	34,673	-	569,325
Segment liabilities	-	2,648,886,551	23,150,182	109,431,182	2,781,467,915

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(a) *Reconciliation*

(i) Segment profit before income tax

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Segment gross profit	74,486,591	59,620,745
Administrative expenses	(51,698,601)	(54,286,838)
Finance expenses	(5,143,037)	(4,226,148)
Other gains, net	1,564,119	453,654
Share in (loss) profits of associates and joint venture, net of tax	(68,379)	6,067,886
	<u>19,140,693</u>	<u>7,629,299</u>

(ii) Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the interim consolidated financial statements.

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Segment assets for reportable segments	3,060,973,867	2,833,128,730
Investment holding segment assets	312,536,650	272,027,311
	<u>3,373,510,517</u>	<u>3,105,156,041</u>

(iii) Segment liabilities

	March 31, 2020 (Unaudited) MMK'000	September 30, 2019 MMK'000
Segment liabilities for reportable segments	2,847,517,738	2,672,036,733
Investment holding segment liabilities	63,154,138	109,431,182
	<u>2,910,671,876</u>	<u>2,781,467,915</u>

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(b) Revenue from major products and services

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000	For the six-month period ended March 31, 2019 (Unaudited) MMK'000
Financial services	159,207,908	134,580,794
Healthcare services	17,873,647	14,594,071
Investment holding	27,000	27,000
	<u>177,108,555</u>	<u>149,201,865</u>

24 NON-CASH TRANSACTIONS

During the period, the Group has the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Decrease in fair value of available-for-sale investments	(64,175)
Reversal of available-for-sale investments	(2,896,119)
Settlement of other payables through payable to related company	(13,000,000)
Adjustment to property and equipment	(11,325)
Share in other comprehensive loss of associates	5,675,942

25 RECLASSIFICATIONS

Certain reclassifications have been made to the prior period's consolidated financial statements to enhance comparability with the current period's interim consolidated financial statements due to the presentation of interest in suspense and partial loan payments as part of other liabilities instead of deducting them from the interest receivable and loans and advances accounts, respectively.

As a result, certain line items for the comparative figures have been amended in the consolidated statement of financial position and related notes to the interim consolidated financial statements.

	Before reclassification September 30, 2019 MMK'000	After reclassification September 30, 2019 MMK'000
Consolidated statement of financial position		
Loans and advances to customers, by the bank subsidiary	1,846,185,268	1,845,294,222
Trade and other receivables	80,742,458	60,498,880
Trade and other payables - current	138,164,271	117,029,647

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	Before reclassification March 31, 2019	After reclassification March 31, 2019
	MMK'000	MMK'000
Consolidated statement of financial position		
Loans and advances to customers, by the bank subsidiary	1,660,001,943	1,659,750,787
Trade and other receivables	64,056,772	50,384,757
Trade and other payables - current	148,449,066	134,525,895

26 EVENTS AFTER THE REPORTING PERIOD

Myanmar reported its first COVID-19 cases towards the end of March 31, 2020 and has seen a moderate domestic impact from the global COVID-19 outbreak. Specifically, after the end of the reporting period, Myanmar Government has implemented strict measures aimed at limiting the spread of COVID-19, including among others, shutting down of the international airport, limiting movements at the borders, mandatory stay at home orders, curfew in all states and regions since May 15, 2020, etc. As a result, business activities have slowed down with supply chain and trade flow disruptions. The impact from these measures remains uncertain and will vary in each of the businesses depending on the type of business and pace of recovery in each business.

Management has since implemented a Business Continuity Plan ("BCP") to monitor and assess the likely impact on the Group's business in the next 12 to 18 months.

Since the beginning of the COVID-19 crisis, the Group's priority remains with the health and well-being of its employees and customers and it has put in place a range of health and safety measures to mitigate risks. The cost of these measures to the Group will be reflected in the coming quarters. As the recovery from the COVID-19 pandemic remains uncertain, the Group has taken numerous steps to manage costs and preserve cash, including the suspension and deferral of non-essential operating and capital expenditures.

Furthermore, the Board and the Group's senior management will take voluntary reductions in directors' fees and salary of 25% starting May 1, 2020 and for the next six months. Middle management executives will also take a voluntary salary reduction reflective of each business unit's expected performance over the next three to six months.