



**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, 2021

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

STATEMENT OF THE DIRECTORS AND INTERIM CONSOLIDATED FINANCIAL STATEMENTS

C O N T E N T S

	<u>Page</u>
Statement of the directors	1
Report on review of interim financial information	2-3
Consolidated statement of financial position	4-5
Consolidated statement of profit or loss and other comprehensive income	6-7
Consolidated statement of changes in equity	8-9
Consolidated statement of cash flows	10-11
Notes to interim consolidated financial statements	12-39

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

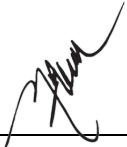
STATEMENT OF THE DIRECTORS

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, 2021 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 30, 2021

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. (the "Company") and its subsidiaries (the "Group") as at March 31, 2021, 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"), including the modification of the requirements of Myanmar Accounting Standard 39, *Financial Instruments: Recognition and Measurement* ("MAS 39") in respect of loan loss provisioning by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, *Asset Classification and Provisioning Regulations*. 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 Engagement 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 Standard 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

1. In the prior year, the Group issued a convertible loan denominated in US dollars with a total face value of \$82.5 million (equivalent to MMK 121.0 billion) which can be converted into share capital at the option of the holder if they meet certain terms and conditions. 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 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, 2021, the Group has recognised and classified this convertible loan as an equity, which is not in accordance with MASs 32 and 39. Such classification have 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.
2. As discussed in Note 6, the Group sold to a related party and derecognised its 10% equity stake in Digital Money Myanmar Ltd. classified as available-for-sale investments for US\$7.8 million (equivalent to MMK 10.6 billion) with a carrying amount of MMK 10.5 billion before the end of the financial year ended September 30, 2020. However, the transaction was only completed upon receiving the approval from CBM on October 8, 2020 and the subsequent transfer of shares on October 13, 2020. Thus the risk and rewards were only transferred during the six-month period ended March 31, 2021 in accordance with MAS 39. Had the Group derecognised the available-for-sale investments in the current period, the Group's opening retained profits would have decreased by MMK 5.2 billion and other gains, net would have been increased by MMK 5.2 billion.

We previously expressed a qualified audit opinion on the consolidated financial statements of the Group for the year ended September 30, 2020 in our report dated December 30, 2020 on the above matters. Therefore, our review conclusion on the accompanying interim financial information of the Group for the six-month period ended March 31, 2021 is also qualified in respect of the effects of the above matters on the comparability of the current period figures to their relevant corresponding figures

Qualified Conclusion

Based on our review, except for the effect of the matters described in the basis of qualified conclusion paragraphs, 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, 2021, 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, including the modification of the requirements of MAS 39 in respect of loan loss provisioning by the CBM Notification No. 17/2017, *Asset Classification and Provisioning Regulations*.



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

Date: June 30, 2021

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021**

	Notes	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents		599,232,638	449,486,803
Trade and other receivables	4	91,194,887	62,955,213
Loans and advances to customers, by the bank subsidiary	5	2,009,259,391	1,980,479,875
Government and other securities, by the bank subsidiary	8	472,466,076	544,158,137
Inventories		2,165,411	2,123,539
Advances and prepayments		15,956,242	17,969,825
Land held for sale	9	2,500,000	2,500,000
Total current assets		<u>3,192,774,645</u>	<u>3,059,673,392</u>
Non-current assets			
Other receivable	4	4,995,620	-
Other non-current assets		3,371,866	4,005,056
Available-for-sale investments	6	51,894,993	46,294,691
Investment in joint venture		3,355,603	3,355,778
Investment in associates	7	71,826,073	74,054,290
Government and other securities, by the bank subsidiary	8	264,671,904	247,283,805
Investment properties	9	3,091,365	5,477,485
Property and equipment		109,452,483	109,687,572
Goodwill		57,479,365	57,479,365
Intangible assets		5,363,787	5,073,350
Total non-current assets		<u>575,503,059</u>	<u>552,711,392</u>
Total assets		<u><u>3,768,277,704</u></u>	<u><u>3,612,384,784</u></u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade and other payables	10	99,415,732	77,458,005
Deposits and balances from customers by the bank subsidiary		2,847,757,402	2,991,409,251
Fund restricted for LIFT-AFP, by the bank subsidiary		934,894	996,303
Income tax payable		13,094,976	6,458,722
Interbank borrowings, by the bank subsidiary	11	20,570,200	-
Securities sold with agreement to repurchase, by the bank subsidiary	12	235,000,000	-
Borrowings	13	29,848,257	24,911,154
Total current liabilities		<u>3,246,621,461</u>	<u>3,101,233,435</u>
Non-current liabilities			
Borrowings	13	5,355,662	5,041,851
Deferred tax liability		120,117	126,938
Total non-current liabilities		<u>5,475,779</u>	<u>5,168,789</u>
Total liabilities		<u><u>3,252,097,240</u></u>	<u><u>3,106,402,224</u></u>

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

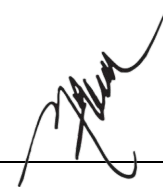
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021**

	Notes	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Capital and reserves			
Share capital	14	182,516,870	93,762,054
Advance capital		-	88,754,816
Quasi-equity loan		120,953,579	120,953,579
Reserves	15	25,193,926	30,895,920
Retained profits		77,337,142	68,742,952
Equity attributable to owners of the Company		406,001,517	403,109,321
Non-controlling interests		110,178,947	102,873,239
Total equity		516,180,464	505,982,560
Total liabilities and equity		3,768,277,704	3,612,384,784

ON BEHALF OF THE DIRECTORS



U Theim Wai @ Serge Pun
Executive Chairman



U Tun Tun
Executive Director

Date: June 30, 2021

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, 2021**

	Notes	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Revenues	16	164,065,048	177,108,555
Cost of revenues		<u>(86,412,959)</u>	<u>(102,621,964)</u>
Gross profit		77,652,089	74,486,591
Administrative expenses	17	(53,266,875)	(51,698,601)
Finance expenses	18	(1,758,393)	(5,143,037)
Other gains, net	19	498,541	1,564,119
Share in losses of associates and joint venture, net of tax		<u>(579,020)</u>	<u>(68,379)</u>
Profit before income tax		22,546,342	19,140,693
Income tax expense	20	<u>(6,632,282)</u>	<u>(6,418,747)</u>
Profit for the period		<u>15,914,060</u>	<u>12,721,946</u>
Other comprehensive (loss) income			
Fair value loss on available-for-sale investments	15	(631,802)	(64,175)
Share of other comprehensive (loss) income of associates	7,15	<u>(5,070,192)</u>	<u>5,675,942</u>
Total other comprehensive (loss) income for the period, net of tax		<u>(5,701,994)</u>	<u>5,611,767</u>
Total comprehensive income for the period		<u>10,212,066</u>	<u>18,333,713</u>

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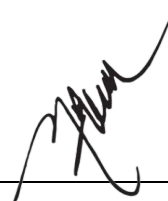
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Profit attributable to:		
Owners of the Company	8,594,190	2,996,463
Non-controlling interests	7,319,870	9,725,483
	15,914,060	12,721,946
Total comprehensive income attributable to:		
Owners of the Company	2,892,196	8,608,230
Non-controlling interests	7,319,870	9,725,483
	10,212,066	18,333,713
Earnings per share		
Basic (MMK)	21	111
Diluted (MMK)	21	83

ON BEHALF OF THE DIRECTORS



U Theim Wai @ Serge Pun
Executive Chairman



U Tun Tun
Executive Director

Date: June 30, 2021

See accompanying notes to interim consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

Note	← Attributable to owners of the Company →						Non-controlling interests	Total equity
	Share capital	Advance capital	Quasi-equity loan	Reserves	Retained profits	Total		
	MMK'000	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
Total	-	-	-	5,611,767	2,996,463	8,608,230	9,725,483	18,333,713
Quasi-equity loan classified as equity <i>Transactions with owners, recognised directly in equity</i>	-	-	120,953,579	-	-	120,953,579	-	120,953,579
Dividends distributed by subsidiary to non-controlling interest	-	-	-	-	-	-	(136,777)	(136,777)
Balance at March 31, 2020 (unaudited)	93,762,054	-	120,953,579	45,131,274	84,431,042	344,277,949	118,560,692	462,838,641

See accompanying notes to interim consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

Note	← Attributable to owners of the Company →						Non- controlling interests	Total equity
	Share capital	Advance capital	Quasi- equity loan	Reserves	Retained profits	Total		
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
Balance as at October 1, 2020	93,762,054	88,754,816	120,953,579	30,895,920	68,742,952	403,109,321	102,873,239	505,982,560
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	-	-	8,594,190	8,594,190	7,319,870	15,914,060
Other comprehensive loss	-	-	-	(5,701,994)	-	(5,701,994)	-	(5,701,994)
<i>Total</i>	-	-	-	(5,701,994)	8,594,190	2,892,196	7,319,870	10,212,066
Increase in share capital arising from share swap	14	88,754,816	(88,754,816)	-	-	-	-	-
Additional capital contribution from NCI		-	-	-	-	-	126,064	126,064
<i>Transactions with owners, recognised directly in equity</i>								
Dividends distributed by subsidiary to non-controlling interest		-	-	-	-	-	(140,226)	(140,226)
Balance at March 31, 2021 (unaudited)		182,516,870	-	120,953,579	25,193,926	77,337,142	406,001,517	110,178,947
								516,180,464

See accompanying notes to interim consolidated financial statements

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Cash flows from operating activities		
Profit before income tax	22,546,342	19,140,693
Adjustments for:		
Specific provision on loans and advances and repossessed properties	8,730,664	6,343,369
Depreciation of property and equipment	3,737,784	3,494,997
Finance expense	1,733,623	5,069,017
Unrealised forex (gain) loss, net	1,372,621	(1,538,005)
Amortisation of intangible assets	911,441	746,252
Inventories written off	23,915	13,857
Write-off of property and equipment	14,949	58,734
Write-off of other non-current assets	377	-
Write-off of payable	(287)	-
Loss (gain) on disposal of property and equipment	14	(22,200)
Fair value gain on investment properties	(113,880)	-
Share in losses of associates and joint venture, net of tax	579,020	68,379
Write-off of investment in associate	-	187,363
Loss (gain) on write-off of unclaimed dividends	-	(3,164)
Operating cash flows before movements in working capital	39,536,583	33,559,292
Movements in working capital:		
Trade and other receivables	(36,804,261)	(23,413,936)
Loans and advances to customers, by the bank subsidiary	(38,062,615)	(122,676,873)
Inventories	(65,787)	(279,705)
Advances and prepayments	6,054,310	(8,443,625)
Trade and other payables	17,370,654	56,679,625
Deposits and balances from customers, by the bank subsidiary	(143,651,849)	53,034,523
Funds restricted for LIFT-AFP, by the bank subsidiary	(61,409)	(1,691,211)
Interbank borrowings, by the bank subsidiary	20,570,200	-
Securities sold with agreement to repurchase, by the bank subsidiary	235,000,000	-
Cash generated from (used in) operations	99,885,826	(13,231,910)
Income tax paid	(3,563,027)	(4,832,102)
Net cash provided by (used in) operating activities	96,322,799	(18,064,012)

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Cash flows from investing activities		
Investment in government and other securities	(223,374,693)	(3,581,503)
Proceeds from disposal of government and other securities	277,179,351	-
Proceeds from disposal of land held for sale	1,800,000	-
Proceeds from settlement of government and other securities	500,000	35,000,000
Proceeds from disposal of property and equipment	1,455	22,200
Additions to intangible assets	(1,201,879)	(820,311)
Investment in available-for-sale investments	(1,608,953)	(2,421,789)
Additions to property and equipment	(3,519,321)	(2,600,002)
Additions to other non-current assets	-	(3,746)
Net cash provided by investing activities	49,775,960	25,594,849
Cash flows from financing activities		
Proceeds from borrowings and bank overdraft	5,000,000	17,999,050
Proceeds from additional capital contribution from non-controlling interest	126,064	-
Repayment of borrowings and bank overdraft	(74,114)	(50,222,916)
Dividends paid	(140,246)	(86,447)
Interest paid	(1,264,628)	(4,249,622)
Proceeds from quasi-equity loan	-	120,953,579
Proceeds from advances for share subscription	-	52,174,690
Net cash provided by financing activities	3,647,076	136,568,334
Net increase in cash and cash equivalents	149,745,835	144,099,171
Cash and cash equivalents at beginning of the period	449,486,803	384,154,922
Cash and cash equivalents at end of the period	599,232,638	528,254,093

See accompanying notes to interim consolidated financial statements

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

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, 2021 were authorised for issue by the Board of Directors on June 30, 2021.

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"), including the modification of the requirements of Myanmar Accounting Standards 39, *Financial Instruments: Recognition and Measurement* ("MAS 39") in respect of loan loss provisioning by the Central Bank of Myanmar ("CBM") Notification No. 17/2017, *Asset Classification and Provisioning Regulations*.

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 year ended September 30, 2020. 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 year ended September 30, 2020.

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 consolidated financial statements for the year ended September 30, 2020, except as described below.

PROPERTY AND EQUIPMENT – estimated useful life of certain machinery and equipment changed from 5 to 10 years to 5 to 12 years. This is considered as a change in accounting estimate which is accounted for on a prospective basis.

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

During the period, management determined that the useful life of certain medical equipment of the healthcare subsidiary should be increased from 8 years to 12 years to align with the healthcare industry's useful life for similar medical equipment.

IMPAIRMENT OF FINANCIAL ASSETS

Specific provision for material deterioration in external environment and economic outlook

The bank subsidiary has applied management overlays to determine additional provision required due to the uncertainty brought about by the current political situation in Myanmar. Management has evaluated a range of possible outcomes for financial assets under Payment Suspension Programme ("PSP"), taking into account current conditions/trends and economic outlooks.

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.

a) Assessment of investment in associate

As disclosed in Note 7, since management has made concrete plans for the development of the Kawthaung Hill Project in Kawthaung City, management assessed that the project will materialise. As a result, the Group reclassified its investment in Kawthaung Hill Investment Limited ("KHIL") from other non-current assets to investment in associate.

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

(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.

b) Allowance for doubtful debts

The policy for allowance for doubtful trade and other 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 counterparty 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.

c) 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").

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 20.

d) 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 57.5 billion (September 30, 2020: MMK 57.5 billion).

No impairment of goodwill is recognised for the six-month period ended March 31, 2021.

e) Impairment of loans and advances, available-for-sale and held-to-maturity investments

The bank subsidiary reviews its loans and advances to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in profit or loss, management exercises judgment whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan before the decrease can be identified within an individual loan. The Bank recognises an impairment loss equivalent to the security shortfall of each individual loan, in accordance with the requirement under the CBM Notification No. 17/2017 including its annexure on the criteria for the valuation of security and collateral.

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

The carrying amounts of loans and advances, available-for-sale and held-to-maturity investments as at March 31, 2021 are disclosed in Notes 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 loans and advances is also disclosed in Note 24 (b).

f) Specific provision for material deterioration in external environment and economic outlook

In view of the current political situation in Myanmar where banking operations and repayment channels are disrupted, the bank subsidiary has launched the PSP for all performing loans not more than 89 days overdue effective February 1, 2021. Borrowers under this programme are allowed to defer principal and interest repayments during the 3 months period from February 1, 2021 to April 30, 2021. The programme has since been extended to May 31, 2021. The bank subsidiary evaluated the possible losses for financial assets under the PSP, by taking into account current conditions/trends and economic outlooks. Borrowers under the PSP are deemed to be at higher risks of default as a result of the uncertainty surrounding the economic outlook.

The carrying amount of loans and advances as at March 31, 2021 is disclosed in Note 5.

g) Fair value of investment properties

In estimating the fair value of investment properties, the Group uses tax valuation published by the Inland Revenue Office for similar property in the same location.

The carrying amount of investment properties as at March 31, 2021 is disclosed in Note 9.

h) Impairment of other non-current assets

Management assesses its other non-current assets for impairment at each reporting period by estimating the recoverable amount of the underlying land attached to the projects based on the fair value of the land using the tax valuation published by the Inland Revenue Office for similar property in the same location.

i) Impairment of investment in associates and joint venture

Determining whether the investment in associate and joint venture is impaired requires an estimation of the value in use of the investment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the investment and a suitable discount rate in order to calculate present value. In the event that a discounted cash flow calculation is not available, management assesses its investment in associates and joint venture for impairment at each reporting period by estimating the recoverable amount of the underlying land of the investee based on the fair value of the land using the tax valuation published by the Inland Revenue Office for similar property in the same location.

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

4 TRADE AND OTHER RECEIVABLES

	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Current		
Trade receivables		
External parties	31,796,729	27,019,696
Non-trade receivables		
Related companies ⁽¹⁾	37,210,341	33,377,621
External parties	617,106	549,570
Associates and joint venture	1,820	1,320
	<u>37,829,267</u>	<u>33,928,511</u>
Deposits	14,003,563	647,932
Other receivables	7,565,328	1,359,074
Total	<u>91,194,887</u>	<u>62,955,213</u>
Non-current		
Non-trade receivables		
Associate ⁽²⁾	4,995,620	-

(1) This account includes a loan receivable of FMI Industrial Investment Company Limited ("FMII"), a subsidiary, from Yoma Nominee Limited amounting to MMK 5.0 billion which carries an interest of CBM reference rate plus 2.5% per annum. The loan has a term of 1 year.

(2) Pursuant to the Joint Venture Agreement dated December 15, 2020, the Company advanced a total of US\$ 3.4 million to CLW Development Limited ("CLWDL"), an associate, in a form of a shareholder loan. The loan bears an interest of 8% per annum with a term of 5 years.

The average credit period from rendering of services is 30 days (September 30, 2020: 30 days). No interest is charged on the outstanding balance.

Non-trade receivables from related companies, associates, and joint venture are unsecured, interest free and repayable on demand except as disclosed in the interim consolidated financial statements.

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

	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Neither past due nor impaired	31,632,300	26,829,792
Past due but not impaired ⁽ⁱ⁾	164,429	189,904
	<u>31,796,729</u>	<u>27,019,696</u>

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

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

	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Past due 0 to 3 months	42,273	55,129
Past due 3 to 6 months	55,607	35,428
Past due over 6 months	66,549	99,347
	<u>164,429</u>	<u>189,904</u>

5 LOANS AND ADVANCES TO CUSTOMERS, BY THE BANK SUBSIDIARY

	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Loans and advances	1,988,855,747	1,976,724,794
Trade financing	62,758,403	43,595,064
	<u>2,051,614,150</u>	<u>2,020,319,858</u>
Less: Specific allowance	(42,354,759)	(39,839,983)
	<u>2,009,259,391</u>	<u>1,980,479,875</u>

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

	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Balance at beginning of period/year	39,839,983	19,538,259
Provision for the period/year ⁽¹⁾	9,208,363	28,401,528
Adjustment for restructured loans	(500,000)	137,039
Write-off during the period/year	(6,268,323)	(8,086,348)
Adjustment for foreign exchange differences	74,736	(103,692)
Total allowance for impairment losses by collectability	<u>42,354,759</u>	<u>39,886,786</u>
Transferred to LIFT-AFP ⁽²⁾	-	(46,803)
Balance at end of period/year	<u>42,354,759</u>	<u>39,839,983</u>

(1) During the period, the bank subsidiary recognised additional specific provision for material deterioration in external environment and economic outlook of MMK 2.4 billion as a result of the current political situation in Myanmar. For the year ended September 30, 2020, the bank subsidiary recognised additional specific provision for future losses on loans and advances of MMK 16.0 billion as a result of COVID-19. These additional provisions are on top of the provision under CBM requirements.

(2) During the period, the bank subsidiary neither used the provision for its HP AFP product nor transferred AFP fund as part of specific provision. For the year ended September 30, 2020, the bank subsidiary and the Fund has agreed to transfer AFP fund amounting to MMK 46.8 million as part of the specific provision.

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

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

	March 31, 2021 (Unaudited)	September 30, 2020
	MMK'000	MMK'000
Neither past due nor impaired	1,857,071,673	1,748,948,874
Past due but not impaired ⁽ⁱ⁾	152,187,718	231,531,001
	<u>2,009,259,391</u>	<u>1,980,479,875</u>

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

	March 31, 2021 (Unaudited)	September 30, 2020
	MMK'000	MMK'000
Past due 0 to 3 months	90,275,988	182,051,239
Past due 3 to 6 months	6,797,806	13,038,727
Past due over 6 months	55,113,924	36,441,035
	<u>152,187,718</u>	<u>231,531,001</u>

6 AVAILABLE-FOR-SALE INVESTMENTS

Details of the Group's available-for-sale investments as at March 31, 2021 and September 30, 2020 are as follows:

	March 31, 2021 (Unaudited)	September 30, 2020
	MMK'000	MMK'000
Quoted equity shares, at fair value	3,351,719	3,983,521
Unquoted equity shares, at cost	48,543,274	42,311,170
Total available-for-sale investments	<u>51,894,993</u>	<u>46,294,691</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.

During the period, the Company made an additional investment totalling MMK 6.2 billion 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, 2018.

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

On July 30, 2020, the Company entered into an agreement for transfer of shares with Yoma Strategic Investments Ltd., a wholly owned subsidiary of Yoma Strategic Holdings Ltd., to dispose its remaining 10% equity stake in Digital Money Myanmar Ltd. with a carrying amount of MMK 10.5 billion for a total consideration of US\$ 7.8 million (equivalent to MMK 10.6 billion). The transaction was completed upon receiving approval from the CBM on October 8, 2020 and the transfer of shares was subsequently made on October 13, 2020. For the year ended September 30, 2020, the Group recognised total gain on disposal of MMK 5.9 billion, which includes the related cumulative gain on revaluation of available-for-sale investments that have been recognised in reserves amounting to MMK 5.7 billion.

7 INVESTMENT IN ASSOCIATES

	March 31, 2021 (Unaudited)	September 30, 2020
	MMK'000	MMK'000
Beginning of the period/year	74,054,290	74,010,039
Additional investment ⁽¹⁾	2,798,880	-
Reclassification from other non-current assets ⁽²⁾	621,940	-
Repayment of advances by associates	-	(1,234,577)
Investment written off (Note 19)	-	(187,363)
Share of post-acquisition results	(578,845)	(3,909,755)
Share in other comprehensive (loss) income of associates	(5,070,192)	5,375,946
End of the period/year	<u>71,826,073</u>	<u>74,054,290</u>

⁽¹⁾ On December 15, 2020, the Company entered into a Joint Venture Agreement with Yoma Development Group Limited and Jebsen & Jessen Property Holdings Pte. Ltd. and incorporated CLW Development Limited ("CLWDL") whereby the Company holds 25% ownership interest. CLWDL was established to act as co-developer with FMI Riverside Development Limited ("FMIRDL") of the City Loft West Project pursuant to the Project Development Agreement dated December 21, 2020.

⁽²⁾ During the period, the Group reclassified its investment in Kawthaung Hill Investment Limited ("KHIL") from other non-current assets to investment in associate as management has already made concrete plans for the development of the Kawthaung Hill Project in Kawthaung City. KHIL was incorporated on December 27, 2017 whereby the Company holds 37.5% ownership interest.

As at March 31, 2021, there are no changes in ownership interest and voting power held.

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

8 GOVERNMENT AND OTHER SECURITIES, BY THE BANK SUBSIDIARY

	March 31, 2021 (Unaudited)	September 30, 2020
	MMK'000	MMK'000
Held-to-maturity investments, at amortised cost	-	500,000
Available-for-sale investments, at fair value	737,137,980	790,941,942
	<u>737,137,980</u>	<u>791,441,942</u>
Less: current portion	(472,466,076)	(544,158,137)
Non-current portion of government and other securities, by the bank subsidiary	<u>264,671,904</u>	<u>247,283,805</u>

No impairment losses were incurred for the six-month period ended March 31, 2021 and 2020.

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

9 INVESTMENT PROPERTIES

At fair value

	March 31, 2021 (Unaudited)	September 30, 2020
	MMK'000	MMK'000
Balance at beginning of period/year	5,477,485	8,975,541
Addition	-	16,500
Reclassified to land held for sale	(2,500,000)	(2,500,000)
Gain (loss) on revaluation during the period/year (Note 19)	113,880	(1,014,556)
Balance at end of period/ year	<u>3,091,365</u>	<u>5,477,485</u>

In December 2020, Pun Hlaing International Hospital Limited ("PHIH") has finalised the sale of 1 acre of land in Mawlamyine for MMK 2.5 billion which was initiated during the prior year.

During the period, the Board of Directors of PHIH, subsidiary, decided to sell the remaining 1 acre of the land in Mawlamyine with a carrying amount of MMK 2.5 billion. Since the land is available for immediate sale in its present condition and the sale is highly probable, the Group reclassified the said asset to land held for sale account under current assets (Note 28).

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

10 TRADE AND OTHER PAYABLES

	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Current		
Trade payables		
External parties	57,947,522	48,646,671
Non-trade payables		
Related companies	13,126,587	11,466,144
External parties	423,746	199,198
	<u>13,550,333</u>	<u>11,665,342</u>
Accrued operating expenses	8,122,442	6,343,109
Interest income received in advance	3,040,525	3,950,279
Loan from an external party	4,407,900	3,925,500
Other payables	11,828,522	2,746,335
Refundable deposits	423,988	150,769
Rental income received in advance	94,500	30,000
Total	<u>99,415,732</u>	<u>77,458,005</u>

The average credit period on purchase of goods of the healthcare subsidiary is 30 days (September 30, 2020: 30 days). No interest charged on the overdue trade payables.

Non-trade payables to related companies 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 USD 3 million. The loan carries an interest rate of 6% per annum and was repayable on June 21, 2021. Effective December 31, 2020, the repayment date was extended from December 31, 2020 to June 21, 2021 (Note 28).

11 INTERBANK BORROWINGS, BY THE BANK SUBSIDIARY

This account pertains to short-term borrowings totalling to USD 14.0 million (equivalent to MMK 20.6 billion) with various foreign banks with branch in Yangon. These borrowings bear interest ranging from 0.7% to 1.1% per annum with a term of 31 to 92 days.

12 SECURITIES SOLD WITH AGREEMENT TO REPURCHASE, BY THE BANK SUBSIDIARY

As of March 31, 2021, details of securities sold under agreement to repurchase with Central Bank of Myanmar are as follows:

Type of securities	Nominal amount MMK'000	Repurchase date	Term	Repurchase Value
Various treasury bonds	71,200,000			
Various treasury bills	190,000,000			
	<u>261,200,000</u>	April 5, 2021	33 days	<u>235,000,000</u>

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

13 BORROWINGS

	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Bank borrowings	32,848,257	27,922,370
Other borrowings	2,355,662	2,030,635
	<u>35,203,919</u>	<u>29,953,005</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(29,848,257)</u>	<u>(24,911,154)</u>
Amount due for settlement after 12 months	<u>5,355,662</u>	<u>5,041,851</u>

The Group has the following principal bank and other borrowings:

- a) a loan of MMK 17.9 billion (September 30, 2020: MMK 18.0 billion). The loan is secured by the Company's share in Yoma Siloam Pun Hlaing Hospital Ltd, a subsidiary, and the land of the Company's associate. The bank loan carries an interest rate of 10% and 14.5% per annum, respectively.
- b) a loan of MMK 7.4 billion (September 30, 2020: MMK 7.4 billion) raised by healthcare subsidiary. The bank loan is unsecured and carries an interest rate of 13% per annum with a term of 3 years.
- c) a loan of MMK 1.9 billion (September 30, 2020: MMK 1.9 billion) raised by the healthcare subsidiary on August 23, 2018. The bank loan carries an interest rate of 13% per annum with a term of 3 years. The loan is secured by its land and building.
- d) a loan of MMK 5.0 billion raised by the healthcare subsidiary on November 6, 2020. The bank loan is secured by its land and building located in Hlaing Thar Yar and carries an interest rate of 9% per annum with a term of 1 year.
- e) a loan of MMK 700.0 million (September 30, 2020: MMK 700.0 million) raised by the healthcare subsidiary on September 27, 2018. The loan is unsecured and carries an interest rate of 13% per annum with a term of 3 years.
- f) a loan of USD 2.0 million or equivalent to MMK 2.4 billion (September 30, 2020: USD 2.0 million or equivalent to MMK 2.0 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 69,963,699 (September 30, 2020: MMK 138,513,580). (Note 18).

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

14 SHARE CAPITAL

	March 31, 2021 (Unaudited)	September 30, 2020	March 31, 2021 (Unaudited)	September 30, 2020
	Number of ordinary shares		MMK'000	MMK'000
At the beginning of the period/year	27,112,747	27,112,747	93,762,054	93,762,054
Issuance of additional shares	5,996,947	-	88,754,816	-
At the end of the period/year	33,109,694	27,112,747	182,516,870	93,762,054

On November 5, 2020, the Company completed the administrative procedures for the allotment of 5,996,947 ordinary shares pursuant to the Amended Share Swap Agreement. Consequently, the Group reclassified advance capital of MMK 88.75 billion to share capital.

15 RESERVES

	March 31, 2021 (Unaudited)	September 30, 2020
	MMK'000	MMK'000
Reserves		
Capital reserve		
At the beginning of period/year	55,947,927	45,670,877
Add: Share of capital reserve for the period/year	-	10,277,050
At the end of period/year	55,947,927	55,947,927
Investment revaluation reserve		
At the beginning of period/year	(4,464,051)	(314,586)
Add: Revaluation gain (loss)	(631,802)	1,553,189
Less: Transferred to profit (loss)	-	(5,702,654)
At the end of period/year	(5,095,853)	(4,464,051)
Equity reserve		
At the beginning of period/year	(23,648,846)	(3,521,728)
Add: Effect of changes in ownership interest in the bank subsidiary during the period/year	-	(20,127,118)
At the end of the period/year	(23,648,846)	(23,648,846)
Share in other comprehensive (loss) income of associates		
At the beginning of period/year	3,060,890	(2,315,056)
Add: Share in other comprehensive income (loss) during the period/year	(5,070,192)	5,375,946
At the end of period/year	(2,009,302)	3,060,890
Total reserves	25,193,926	30,895,920

No statutory and general reserve have been appropriated by the bank subsidiary for the half year results as this will be appropriated in the annual financial statements.

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

16 REVENUES

	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Rendering of services:		
Financial services	146,752,811	159,201,128
Healthcare services	17,178,406	17,873,647
Dividend income	115,831	6,780
Rental income	18,000	27,000
	<u>164,065,048</u>	<u>177,108,555</u>

17 ADMINISTRATIVE EXPENSES

	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Employee benefit expenses	26,128,186	24,648,913
Specific provision on loans and advances and repossessed properties	8,730,664	6,343,369
Depreciation of property and equipment	3,737,784	3,494,997
Office rental expenses (Note 22)	3,344,903	2,894,002
Professional fees	2,893,237	3,688,402
IT and communication expenses	1,613,352	1,577,483
Marketing and promotion	1,175,284	1,621,874
Amortisation of intangible assets	911,441	746,252
Utilities	848,673	933,242
Renovation and maintenance expenses	775,461	971,279
Office supplies	730,628	900,427
Director's remuneration	364,513	496,684
Travelling and related costs	320,681	801,653
Listing fees	53,560	8,169
Annual general meeting expenses	36,793	99,960
Others	1,601,715	2,471,895
	<u>53,266,875</u>	<u>51,698,601</u>

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

18 FINANCE EXPENSES

	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Interest expenses	1,733,623	5,069,017
Bank charges	24,770	74,020
	<u>1,758,393</u>	<u>5,143,037</u>

19 OTHER GAINS, NET

	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Gain on foreign currency exchange, net	399,337	1,787,072
Fair value gain on investment properties	113,880	-
Write-off of payable	287	-
(Loss) gain on disposal of property and equipment	(14)	22,200
Write-off of property and equipment	(14,949)	(58,734)
Gain on write-off of unclaimed dividends	-	3,164
Capital gains tax	-	(2,220)
Write-off of investment in associate	-	(187,363)
	<u>498,541</u>	<u>1,564,119</u>

20 INCOME TAX EXPENSE

	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Current period tax expense	6,639,103	6,284,987
Deferred tax (income) expense	(6,821)	133,760
Total income tax expense	<u>6,632,282</u>	<u>6,418,747</u>

Domestic income tax is calculated at 25% (March 31, 2020: 25%) of the estimated assessable profit for the period.

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

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

	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Profit before income tax	22,546,342	19,140,693
Tax at Myanmar's statutory income tax rate of 25%	5,636,586	4,785,173
Effect of non-deductible expense, net	995,696	1,633,574
Total income tax expense	<u>6,632,282</u>	<u>6,418,747</u>

21 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, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Earnings		
Net profit, including non-operating income, attributable to equity holders of the Company (MMK'000)	8,594,190	2,996,463
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	31,950	27,113
Basic earnings per share (MMK per share)	<u>269</u>	<u>111</u>
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	40,227	36,202
Diluted earnings per share (MMK per share)	<u>214</u>	<u>83</u>

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

22 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, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Minimum lease payments under operating leases	3,344,903	2,894,002

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, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Within one year	1,283,139	312,038
In the second to fifth year	7,186,350	2,316,911
From the fifth year onwards	13,420,418	33,982
	<u>21,889,907</u>	<u>2,662,931</u>

The Group as a lessor

The Group leases commercial and investment property under non-cancellable operating lease agreement. The lease was renewed during the period and has a two-year term 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 18 million (March 31, 2020: MMK 27 million).

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

	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Within one year	66,000	27,000
In the second inclusive	72,000	-
	<u>138,000</u>	<u>27,000</u>

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

23 CONTINGENT LIABILITIES AND COMMITMENTS

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, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Letter of credit (foreign currency)	29,638,745	22,225,569
Performance guarantees	18,266,615	15,640,069
Performance guarantees (foreign currency)	19,600,924	8,392,264
	<u>67,506,284</u>	<u>46,257,902</u>

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

	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Undrawn overdraft	113,596,227	106,676,693
Undrawn trade credit facilities	49,831,601	53,440,349
	<u>163,427,828</u>	<u>160,117,042</u>

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

24 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, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Financial assets		
Loans and receivables:		
Cash and cash equivalents	599,232,638	449,486,803
Trade and other receivables	91,065,947	62,516,913
Loans and advances to customer, by the bank subsidiary	2,009,259,391	1,980,479,875
Held-to-maturity:		
Government and other securities, by the bank subsidiary	-	500,000
Available-for-sale:		
Available-for-sale investments	51,894,993	46,294,691
Government and other securities, by the bank subsidiary	737,137,980	790,941,942
At fair value through profit or loss:		
Trade and other receivables	128,940	438,300
	<u>3,488,719,889</u>	<u>3,330,658,524</u>
Financial liabilities		
At amortised cost:		
Trade and other payables	95,858,557	73,477,726
Deposits and balances from customers, by the bank subsidiary	2,847,757,402	2,991,409,251
Fund restricted for LIFT-AFP, by the bank subsidiary	934,894	996,303
Interbank borrowings, by the bank subsidiary	20,570,200	-
Securities sold with agreement to repurchase, by the bank subsidiary	235,000,000	-
Borrowings	35,203,919	29,953,005
At fair value through profit or loss:		
Trade and other payables	422,150	-
	<u>3,235,747,122</u>	<u>3,095,836,285</u>

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

(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 risks. 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.

The Group's interest-bearing financial assets pertain to short-term fixed deposits placed with reputable financial institutions in Myanmar, non-trade receivables from related parties, 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 one to five-year term of Myanmar government securities and non-trade receivables.

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.

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

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, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
USD impact	<u>751,133</u>	<u>74,760</u>

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.

(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 six-month period ended March 31, 2021 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 335.2 million (September 30, 2020: increase/decrease by MMK 398.4 million).

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

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

(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, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
By type of customers:		
External parties	31,796,729	27,019,696

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

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, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
By type of customers:		
Other companies	1,489,395,376	1,461,881,425
Individuals	519,864,015	518,598,450
	<u>2,009,259,391</u>	<u>1,980,479,875</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

(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 53.8 billion (September 30, 2020: MMK 41.6 billion). 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 252.9 billion (September 30, 2020: MMK 235.5 billion) into cash and cash equivalents with no significant changes in fair value.

(d) 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 amortised cost in the interim consolidated financial statements approximate their fair values, unless otherwise mentioned in the interim consolidated financial statements.

(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, 2021, the Group's strategies remain unchanged from September 30, 2020.

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, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Net debt	64,371,232	44,235,193
Total equity	381,594,361	372,213,400
Total capital	445,965,593	416,448,593
Gearing ratio	14%	11%

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

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, 2020: 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.

The bank subsidiary's CAR as at March 31, 2021 stands at 11.8% (September 30, 2020: 11.2%). During the current period, the bank subsidiary has complied with the CAR requirement as per CBM notification 16/2017 dated July 7, 2017.

25 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, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
<u>With associates:</u>		
Rental expenses	(36,488)	(34,650)
Other expenses	(4,234)	(5,136)
<hr/>		
<u>With entities related by common controlling shareholders:</u>		
Rental expenses	(472,671)	(126,758)
Other expenses ¹	(435,052)	(619,975)
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¹ Other expenses relate to net expenditures on inter-group operating activities.

During the period, the Company made advances from a related company amounting to MMK 2.8 billion to finance its initial investment in an associate (Note 7).

During the period, the Directors' remuneration amounted to MMK 364.5 million (six-month period ended March 31, 2020: MMK 496.7 million) 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, 2020 (Unaudited) MMK'000
Other allowance	30,000	30,000
Bonus	308,784	438,183
	<hr/>	<hr/>
	338,784	468,183
	<hr/>	<hr/>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

26 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.
- 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, 2021(Unaudited)					
Revenues	-	146,752,811	17,205,126	133,831	164,091,768
Elimination of inter-segment revenue	-		(26,720)		(26,720)
	-	146,752,811	17,178,406	133,831	164,065,048
Cost of revenues	-	(76,975,358)	(9,437,601)	-	(86,412,959)
Gross profit	-	69,777,453	7,740,805	133,831	77,652,089
Administrative expenses	-	(44,991,574)	(6,631,541)	(1,643,760)	(53,266,875)
Finance expenses	-	-	(731,620)	(1,026,773)	(1,758,393)
Other gains (losses), net	-	1,475,808	(898,560)	(78,707)	498,541
	-	(43,515,766)	(8,261,721)	(2,749,240)	(54,526,727)
Share of profit (loss) of associates and joint venture	(326,815)	-	-	(252,205)	(579,020)
Profit (loss) before income tax	(326,815)	26,261,687	(520,916)	(2,867,614)	22,546,342
Income tax expense	-	(6,565,422)	(66,860)	-	(6,632,282)
Net profit (loss)	(326,815)	19,696,265	(587,776)	(2,867,614)	15,914,060

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

	Real estate services	Financial services	Healthcare services	Investment holding	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
March 31, 2021 (Unaudited)					
Segment assets	-	3,442,213,281	39,270,258	286,794,165	3,768,277,704
Segment assets include:					
Additions to:					
Property and equipment	-	1,633,661	1,883,423	2,237	3,519,321
Intangible assets	-	1,201,879	-	-	1,201,879
Segment liabilities	-	3,179,759,166	30,452,657	41,885,417	3,252,097,240
March 31, 2020 (Unaudited)					
	Real estate services	Financial services	Healthcare services	Investment holding	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
Revenues	-	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 revenues	-	(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 (losses), 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
September 30, 2020					
Segment assets	-	3,299,020,513	38,481,222	274,883,049	3,612,384,784
Segment assets include:					
Additions to:					
Property and equipment	-	6,455,540	1,660,699	9,851	8,126,090
Intangible assets	-	1,601,914	-	-	1,601,914
Segment liabilities	-	3,051,962,319	23,772,916	30,666,989	3,106,402,224

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

(a) *Reconciliation*

(i) Segment profit before income tax

	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Segment gross profit	77,652,089	74,486,591
Administrative expenses	(53,266,875)	(51,698,601)
Finance expenses	(1,758,393)	(5,143,037)
Other gains, net	498,541	1,564,119
Share in losses of associates and joint venture, net of tax	(579,020)	(68,379)
	<u>22,546,342</u>	<u>19,140,693</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, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Segment assets for reportable segments	3,481,483,539	3,337,501,735
Investment holding segment assets	286,794,165	274,883,049
	<u>3,768,277,704</u>	<u>3,612,384,784</u>

(iii) Segment liabilities

	March 31, 2021 (Unaudited) MMK'000	September 30, 2020 MMK'000
Segment liabilities for reportable segments	3,210,211,823	3,075,735,235
Investment holding segment liabilities	41,885,417	30,666,989
	<u>3,252,097,240</u>	<u>3,106,402,224</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

(b) Revenues from major products and services

	For the six-month period ended March 31, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Financial services	146,752,811	159,207,908
Healthcare services	17,178,406	17,873,647
Investment holding	133,831	27,000
	<u>164,065,048</u>	<u>177,108,555</u>

27 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, 2021 (Unaudited) MMK'000	For the six-month period ended March 31, 2020 (Unaudited) MMK'000
Decrease in fair value of available-for-sale investments	(631,801)	(64,175)
Share in other comprehensive (loss) income of associates	(5,070,192)	5,675,942
Additions to available-for-sale through offsetting of receivable from related company	4,623,150	-
Additions to associate through payable to related company	2,798,880	-
Decrease in other non-current assets through offsetting of payable to related company	(5,517)	-
Decrease in other non-current asset through reclassification to receivable from related company	(5,356)	-
Reclassification of investment property to land held for sale	(2,500,000)	-
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)

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2021**

28 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group's operations were impacted by the continuing effects of COVID-19 and the uncertainty of the operating environment in Myanmar that started in February 2021. Nevertheless, the Group will continuously monitor the evolving situation of the pandemic and operating environment in and will adjust and react proactively with appropriate countermeasures to minimise the impact to the Group, including preserving cash, cost management measures, and the deferment of non-essential operating and capital expenditures.

The Group's financial services segment performance has been severely impacted due to disruption of banking operations as a result of limitations on communication networks, civil protests and boycotts from bank and government employees. In order to overcome this unprecedented situation in Myanmar, the bank subsidiary has continued to adapt to the evolving macroeconomic situation by prioritising the following:

1. Supporting its customers and people by initiating a Payment Suspension Programme from February 1 to April 30, 2021 which was further extended until May 31, 2021 and setting up a Customer Assistance Programme to evaluate and provide appropriate reliefs to the customers.
2. Protecting the Bank by managing risks through monitoring its balance sheet, launching new flexi accounts to attract customer deposits, and proactively reducing its lending exposures to adapt to the evolving macroeconomic situation.
3. Keeping the strategic foundations intact for when recovery occurs by ensuring that the investments in strategic agendas are protected.
4. Generating revenue and short-term profit by maintaining adequate liquidity and operating cash flows to meet the immediate needs.

The Group's healthcare services segment charted a path to navigate through COVID-19 and has upheld our pledge to survive, protect (jobs, staff and patients) and contribute (drive purpose, deliver care for the needy and fight COVID-19). Pun Hlaing Hospitals ("PHH") will continue to create new business opportunities spearheaded by both its Emerging Healthcare arm and Hospital provider arm by prioritising the following outlook and focus areas:

1. Workforce agility, adaptability and resilience
2. COVID-19 resurgence
3. FOREX turmoil
4. Digital transformation

On June 3, 2021, PHIH entered into a Deposit Agreement with a third party to sell the remaining 1 acre of Mawlamyine land for a total consideration of MMK 2.7 billion. Based on this agreement, the sale and purchase agreement will be signed by both parties and the land ownership will be transferred upon receipt of the last payment (Note 9).

On June 21, 2021, the maturity date of the Company's loan from Next Lead Holdings Limited was extended for another six months until December 21, 2021 (Note 10).