

AUDITED FINANCIAL STATEMENTS AND MANAGEMENT DISCUSSION & ANALYSIS

The Board of Directors of First Myanmar Investment Public Co., Ltd (“the Company”, and with its subsidiaries “the Group”), wishes to announce the release of the Company’s audited financial statements for the year ended 31st Mar 2022 (“FY 2022”).

The financial report is to comply with the new financial year ended 31st March, covering six months of the operating period from 1st October 2021 to 31st March 2022 (“FY Mar-2022”). For a meaningful comparison, the Company’s management uses its interim financial report covering from the period 1st October 2020 to 31st March 2021 (“HY Mar-2021”). The Company’s management is pleased to provide a discussion and analysis of the year-end results below.

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

KEY HIGHLIGHTS

Summary of Group Statement of Comprehensive Income

(MMK'000)	FY Mar-2022 (Audited)	HY Mar-2021	% Change
Revenue	138,693,464	164,065,048	(15.5%)
Cost of revenue	(83,634,074)	(86,412,959)	3.2%
Gross profit	55,059,390	77,652,089	(29.1%)
<i>Gross Profit margin</i>	<i>39.7%</i>	<i>47.3%</i>	
Administrative expenses	(45,127,471)	(53,576,132)	15.8%
Finance expenses	(1,671,447)	(1,758,393)	5.0%
Other (losses)/gains, net	(162,040)	498,541	(132.5%)
Share of losses of associates and joint ventures, net of tax	(1,735,612)	(579,020)	(199.8%)
Profit before income tax	6,362,820	22,237,085	(71.4%)
Income tax expense	(1,582,144)	(6,601,356)	76.0%
Profit for the year/period	4,780,676	15,635,729	(69.4%)
Fair value gains/(losses) of available-for-sale investments	1,061,695	(631,802)	268.1%
Share of other comprehensive losses of associates	(455,071)	(5,070,192)	91.0%
Other comprehensive income/(losses) for the year/period, net of tax	606,624	(5,701,994)	110.6%
Total comprehensive income for the year/period	5,387,300	9,933,735	(45.8%)
Profit attributable to:¹			
Owners of the Company	1,470,464	8,421,653	
Non-controlling interests	3,310,212	7,214,076	
	4,780,676	15,635,729	

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

Earnings per share

Basic (MMK)	44	264	(83.3%)
Diluted (MMK)	36	209	(82.8%)

The Group's businesses continue to recover amidst a difficult operating environment and the country has substantially recovered from the latest surge of the omicron variant of COVID-19. The Group's total revenue for the year ended FY Mar-2022 decreased by 15.5% to MMK 138.7 billion as compared to MMK 164.1 billion in HY Mar-2021 which was mainly due to the decline in revenue from the Group's financial services segment ("Yoma Bank"). This drop in revenue was partially mitigated by a revenue increase from the Group's healthcare segment ("Pun Hlaing Hospitals"). Below is the breakdown of revenue by business segment: -

(MMK'000)	FY Mar-2022 (Audited)	HY Mar-2021	% Change
Financial services	108,905,183	146,752,811	(25.8%)
Healthcare services	29,684,541	17,178,406	72.8%
Rental income	36,000	18,000	100.0%
Dividend income	67,740	115,831	(41.5%)
Total	138,693,464	164,065,048	(15.5%)

Revenue generated from Yoma Bank decreased by 25.8% from MMK 146.8 billion in HY Mar-2021 to MMK 108.9 billion in FY Mar-2022 and the decrease was mainly related to lower revenue contribution from interest income, non-interest income, and treasury income. Revenue from Pun Hlaing Hospitals was increased by 72.8% to MMK 29.7 billion in FY Mar-2022, as compared to MMK 17.2 billion in HY Mar-2021. This increase was mainly driven by 73% from organic revenue of clinical functions and ancillary services, and 27% from Covid-19-related revenue.

The gross profit was decreased by 29.1% to MMK 55.1 billion in FY Mar-2022, as compared to MMK 77.7 billion in HY Mar-2021. The decrease was mainly due to lower gross profit margins recorded by Yoma Bank not only the decrease in all sources of revenue but also the increase in interest expenses due to higher deposit balance and higher mixed interest rate as compared to HY Mar-2021.

The Group's administrative expenses were decreased from MMK 53.6 billion in HY Mar-2021 to MMK 45.1 billion in FY Mar-2022. The decrease in administrative expenses was mainly caused by reversing a portion of previous loan loss provisions for non-performing loans ("NPLs") with the support of excellent recovery from the NPL pool at Yoma Bank and as a result of the continued cost control measures achieved through salary reductions, reduced depreciation, and lower overheads during FY Mar-2022.

Interest expenses on borrowings decreased by 5.0% in FY Mar-2022 as compared to HY Mar-2021 mainly due to lower average borrowings during FY Mar-2022 by Pun Hlaing Hospitals and the Company.

In FY Mar-2022, the Group recorded other losses of MMK 0.2 billion as compared to other gains of MMK 0.5 billion in HY Mar-2021. The decrease was mainly due to the write-off of unused assets at Pun Hlaing Hospitals which was partially offset by the gains in currency translation due to the effects of changes in foreign exchange rates. Below is the detailed breakdown:

(MMK'000)	FY Mar-2022 (Audited)	HY Mar-2021
Gain on foreign currency exchange, net	1,077,391	399,337
Gain (loss) on disposal of property and equipment	35,674	(14)
Gain on revaluation of investment properties	-	113,880
Write-off of receivables	(1,218)	-
Write-off of payables	-	287
Write-off of property and equipment and intangible assets	(1,273,887)	(14,949)
Total Other (Losses) / Gains	(162,040)	498,541

The Group recorded a share of losses of associates and joint ventures in FY Mar-2022. A detailed breakdown is as below:

(MMK'000)	Stake	Group Share of Profit/(Loss)	
		FY Mar-2022 (Audited)	HY Mar-2021
Thanlyin Estate Development Limited	30.0%	(1,672,782)	(125,678)
CLW Development Limited	25.0%	15,495	(312,471)
FMI Garden Development Limited	47.5%	-	(5,529)
Pun Hlaing Links Services Company Limited	30.0%	(28,815)	1,443
Kawthaung Hill Investment Limited	37.5%	(163)	(392)
LSC-FMI Company Limited	50.0%	(351)	(175)
FMIDecaux Company Limited	40.0%	(57,308)	(356,982)
Chindwin Holdings Pte. Ltd.	30.0%	-	104,777
Meeyahta International Hotel Limited	20.0%	8,312	115,987
Total Share of Losses		(1,735,612)	(579,020)

In FY Mar-2022, the Group recognized a higher share of losses of associated companies and joint ventures of MMK 1.7 billion as compared to MMK 0.6 billion in HY Mar-2021. This decrease was mainly due to the higher losses at Thanlyin Estate Development Limited as a result of impairment loss of its investment properties and loss of foreign currency translation. However, FMIDecaux Company Limited recorded a lower share of loss of MMK 57.3 million in FY Mar-2022 as compared to MMK 357.0 million in HY Mar-2021 results where revenue was higher, and the operating costs were lower during the period. In addition, the share of profit from CLW Development Limited was mainly due to the foreign exchange gain on its shareholders' loan.

As a result of the above, the Group recorded a net profit after tax of MMK 4.8 billion for the year ended 31 March 2022 as compared to MMK 15.6 billion for the period ended 31 March 2021.

In FY Mar-2022, the Group recognized fair value gains of MMK 1.1 billion from its available-for-sale investments as compared to the losses of MMK 0.6 billion in HY Mar-2021. Shown below are the details of the Group's fair value adjustment for those investments.

Investments (MMK'000)	Carrying Value Before Adjustment	Fair Value Adjustment	Carrying Value after Adjustment
MTSH	2,059,209	(289,577)	1,769,632
Memories Group	1,425,341	(378,638)	1,046,703
5% shareholding in Wave Money by Yoma Bank Limited	7,515,690	1,729,910	9,245,600
Total	11,000,240	1,061,695	12,061,935

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

In FY Mar-2022, the Group's share of other comprehensive losses from its associates was reduced from MMK 5.1 billion in HY Mar-2021 to MMK 0.5 billion. The decrease was mainly due to the absence of one-time prior years adjustment recorded in HY Mar-2021 as a result of the foreign currency translation reserve of Thanlyin Estate Development Limited and the Group's dormant entity of Meeyahta International Hotel Limited.

For the above-mentioned reasons, the Group recorded a net profit attributable to equity holders of the Company of MMK 1.5 billion in FY Mar-2022 as compared to MMK 8.4 billion in HY Mar-2021.

As a result, the Group obtains the basic earnings per share ("EPS") of MMK 44, and the diluted EPS of MMK 36 in FY Mar-2022, decreased by 83.3% and 82.8% respectively. For the purpose of calculating diluted earnings per share, the weighted average number of shares issued has been adjusted assuming that any dilutive convertible securities were duly exercised as of 31 March 2022.

Whilst we are also seeing attractive growth opportunities, the Group will continue to prudently manage its liquidity position, control costs, and maintain balance sheet flexibility. A summary statement of the financial position of the Group, together with a comparative statement as of the end of the immediately preceding financial year, 30 September 2021 is shown below.

Summary of Group Balance Sheet

(MMK'000)	As at 31-Mar-2022 (Audited)	As at 30-Sep-2021 (Restated)	% Change
ASSETS			
Total current assets	2,871,155,456	2,554,816,555	12.4%
Total non-current assets	548,818,501	558,965,514	(1.8%)
Total assets	3,419,973,957	3,113,782,069	9.8%
LIABILITIES			
Total current liabilities	2,904,006,944	2,603,203,827	(11.6%)
Total non-current liabilities	11,843,133	11,992,699	1.2%
Total liabilities	2,915,850,077	2,615,196,526	(11.5%)
NET ASSETS	504,123,880	498,585,543	1.1%

EQUITY			
Equity attributable to the equity owners of the Company	397,938,660	396,519,111	
Non-controlling interest	106,185,220	102,066,432	
TOTAL EQUITY	504,123,880	498,585,543	1.1%

Total current assets increased from MMK 2,554.8 billion as at 30 September 2021 to MMK 2,871.2 billion as at 31 March 2022. The increase was mainly due to the increase in cash and cash equivalent and additional investment in Bank's treasury portfolios.

Total non-current assets decreased slightly from MMK 559.0 billion as at 30 September 2021 to MMK 548.8 billion as at 31 March 2022.

Total current liabilities increased to MMK 2,904.0 billion as at 31 March 2022 as compared to MMK 2,603.2 billion as at 30 September 2021 which was mainly due to the higher deposit balances by Bank's customers and the growth continues to be driven by an increase in deposits of Flexi Everyday Account.

Total non-current liabilities decreased slightly from MMK 12.0 billion as at 30 September 2021 as compared to MMK 11.8 billion as at 31 March 2022 mainly due to the partial repayment of borrowings by Pun Hlaing Hospitals and the Company.

The Group's equity grew at a rate of 1.1% which was attributable to the increase in equity reserve and non-controlling interest mainly coming from Yoma Bank.

As of 31 March 2022, the Group's cash and cash equivalents amounted to approximately MMK 747.8 billion. A summary of the Group Statement of Cash Flows is as follows: -

Summary of Group Cash Flow Statement

(MMK'000)	FY Mar-2022 (Audited)	FY Sep-2021 (Restated)	% Change
Net cash provided by (used in) operating activities	370,617,872	(135,411,325)	373.7%
Net cash (used in) provided by investing activities	(132,214,385)	280,804,745	(147.1%)
Net cash (used in) financing activities	(1,750,528)	(640,147)	(173.5%)
Net increase in cash and cash equivalents	236,652,959	144,753,273	63.5%
Cash and cash equivalents at beginning of the year	511,101,576	366,348,303	39.5%
Cash and cash equivalents at the end of the year	747,754,535	511,101,576	46.3%

The Group cash and cash equivalents increased by 46.3% to MMK 747.8 billion as at 31 March 2022 as compared to MMK 511.1 billion as at 30 September 2021. Yoma Bank represents the majority of cash reported on the Group cash flow statement and its deposits from customers increased faster than its loan portfolios, resulting in a majority of positive cash flow from operating activities amounted to MMK 370.6 billion. Net cash flow used in investing activities for MMK 132.2 billion was primarily due to the additional purchase of government securities by Yoma Bank. The Group's net cash used by financing activities for the year ended 31 March 2022 amounted to MMK 1.8 billion due to the partial repayment of borrowings.

Business Outlook

Myanmar has largely recovered from the latest surge of the omicron variant of COVID-19 with substantially fewer COVID-19 cases reported. The authorities recently reopened the country to international travel and announced the lifting of temporary measures to prevent the importation of COVID-19 through air travel (<https://tourism.gov.mm/covid-19/>) in a bid to bolster international tourism and engage international business communities. With over 99% of the Group's employees having been vaccinated, the operational disruptions to the Group's businesses from COVID-19 have subsided and the majority of infected staff have been able to return to work within a few days. While the Group will continue to take preventive measures and plan for future spikes of COVID-19 in Myanmar, the focus has firmly shifted towards operational improvements and capturing business opportunities.

The Group's Financing Service business, Yoma Bank ("YB"), continues its recovery from the disruptions of 2021 and performs well by closing its book for FY2022 with a stronger balance sheet and increased cash position. This is a tremendous achievement of the YB team by coping with the ongoing challenging environment with resilience. Yoma Bank's POS terminals also went live in December 2021 and secured 116 merchants over the first six months. The integration of the Yoma POS system and Wave Money Payment system is expected to be completed by mid-2022, which will provide a seamless digital payment solution to both its customers and merchants.

However, Yoma Bank will be facing a challenge in its foreign currency banking service. The Central Bank of Myanmar has issued a number of new foreign exchange notifications and directives over the past few months related to the conversion of foreign currency into MMK with certain exemptions. In view of the general shortage of USD in the market, Yoma Bank is proactively managing its customer relations and putting utmost effort to support its corporate clients in meeting their foreign exchange needs.

The Group is also assessing the impact of these directives and will continue to manage its currency exposure proactively. The Company will provide updates on any material impact on its businesses.

The Group's Healthcare business, Pun Hlaing Hospitals ("PHHs"), continues to see healthy growth in its organic income stream. PHHs has launched its community clinics program named "heal @ Pun Hlaing" with the first clinic opened in San Chaung township in January 2022 and followed by the Star City clinic in June 2022. A total of four clinics are scheduled to open before the end of FY2023. PHH's main flagship, 17 years old Pun Hlaing Hlaing Thayar Hospital, has also gone through a revamping program called "Bright Project". Bright Project is a comprehensive upgrade of PHHs Hlaing Thayar, which includes the upgrade of existing hospital infrastructure to meet modern healthcare standards and enhance Customers' journey and experience, among the others. A new Capex for Bright Project has been made from PHHs' internal resources. The Group recognizes the resilience and effort made by PHH team throughout the difficult periods and will continue to support PHH in pursuing its healthcare strategy to better healthcare services to its customers and Myanmar people.

The Group's flagship residential estate – StarCity continues to attract healthy demand for both sales and rentals. These activities benefit from the recognized level of service, amenities, and security provided by Star City, as well as the demand to invest and store wealth in hard assets. The Group will further recognize revenue in the coming quarters from units that have previously been sold at City Loft @ StarCity and Star Villas in FY2023. Furthermore, as part of a portfolio shift at StarCity and to ensure business sustainability, the Group has also elected to convert Star Residence @ StarCity, which were previously available for rental, into units for sale. It launched the first 50 units in March 2022 and has since booked and sold more than half of these units which reflects the demand for properties at StarCity.

In addition, the Group has also launched Padauk Garden Development which is the last remanent piece of FMI City Development in Hlaing Thayar Township, Yangon. Padauk Garden Development will comprise 156 units of bungalow-type houses called Padauk Villas, and 94 units of shophouses, called Padauk Shop houses. As the sales and developments move forward, the Group will start to recognize its income in FY2023.

The Group's investment in the Tourism business, Memories Group, continues to face challenges that exist in the industry. Barriers to international travel, security concerns in some parts of the country, and a Covid-19 outbreak have continued to dampen demand for hospitality in the preceding period. While some of these challenges will remain, in other aspects there are signs of improvement. Throughout April 2022, the authorities announced a series of rules revisions that dismantle almost all pandemic-related border restrictions. Particularly, this culminates in the resumption of international commercial flights and the elimination of quarantine requirements for visitors with vaccination records and negative test results for Covid-19. However, although regulatory barriers are removed, the frequency of flights from international airlines are expected to only increase gradually. Coupled with negative media reports on Myanmar's political situation, international tourism arrival is expected to remain low for the year although business-related travel may resume gradually first. As for the domestic market condition, day-to-day activities are gradually resumed which will be positive for some of Memories Group's business activities. Memories Group is expecting to see a revival of domestic tourism when the monsoon season is over in coming October this year for the new tourism season and expects to show better financial performance compared to last year.

By Order of the Board

Tun Tun
Executive Director
30 June 2022

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