

INTERIM RESULTS - 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 unaudited interim financial statements for the six months ended 30th Sep 2022 (“HY Sep-2022”).

For a meaningful comparison, the Company’s management uses its interim financial report covering the period from 1st April 2021 to 30th September 2021 (“HY Sep-2021”) was presented. The discussion and analysis are provided as below:

KEY HIGHLIGHTS

Summary of Group Statement of Comprehensive Income

(MMK'000)	HY Sep-2022 (Unaudited)	HY Sep-2021 (Unaudited)	% Change
Revenue	159,399,557	144,400,105	10.4%
Cost of revenue	(105,467,518)	(73,063,312)	(44.4%)
Gross profit	53,932,039	71,336,793	(24.4%)
<i>Gross Profit margin</i>	33.8%	49.4%	
Administrative expenses	(53,662,457)	(88,537,793)	39.4%
Finance expenses	(1,512,079)	(1,690,579)	10.6%
Other gains/(losses), net	3,321,418	(642,701)	616.8%
Share of (losses)/profits of associates and joint venture, net of tax	(834,961)	10,876,117	(107.7%)
Profit/(loss) before income tax	1,243,960	(8,658,163)	114.4%
Income tax (expense)/credit	(635,819)	4,113,990	(115.5%)
Profit/(Loss) for the period	608,141	(4,544,173)	113.4%
Fair value gains/(losses) of available-for-sale investments	1,271,899	(3,836,233)	133.2%
Share of other comprehensive income/(losses) of associates	2,044,883	(4,652,780)	143.9%
Total other comprehensive income/(losses) for the period, net of tax	3,316,782	(8,489,013)	139.1%
Total comprehensive income/(losses) for the period	3,924,923	(13,033,186)	130.1%
Profit/(Loss) attributable to:¹			
Owners of the Company	(1,306,444)	698,969	
Non-controlling interests	1,914,585	(5,243,142)	
	608,141	(4,544,173)	

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.

(Loss)/Earnings per share

Basic (MMK)	(39)	21	(285.7%)
Diluted (MMK)	(39)²	17	(329.4%)

The Group's businesses continue to recover amidst experiencing disrupted business operating environment and country's substantial recovery from the distress of Covid-19 surge. The Group's total revenue for the six months period ended HY Sep-2022 increased by 10.4% to MMK 159.4 billion as compared to MMK 144.4 billion in HY Sep-2021. The increase in revenue was mainly driven by Group's financial services segment ("Yoma Bank") and healthcare services segment ("Pun Hlaing Hospitals"). Below is the breakdown of revenue by business segments: -

(MMK'000)	HY Sep-2022 (Unaudited)	HY Sep-2021 (Unaudited)	% Change
Financial services	130,406,523	120,152,450	8.5%
Healthcare services	28,957,034	24,209,503	19.6%
Rental income	36,000	34,762	3.6%
Dividend income	-	3,390	(100.0%)
Total	159,399,557	144,400,105	10.4%

Revenue generated from Yoma Bank increased by 8.5% from MMK 120.2 billion in HY Sep-2021 to MMK 130.4 billion in HY Sep-2022 and the increase was mainly made up with higher revenue contribution from interest income, treasury income and non-funded income. Revenue from Pun Hlaing Hospitals was increased by 19.6% to MMK 29.0 billion in HY Sep-2022, as compared to MMK 24.2 billion in HY Sep-2021. The increase was predominantly driven by 94% from organic revenue of clinical functions and ancillary services, and 6% from Covid-19 related revenue.

The gross profit was decreased by 24.4% to MMK 53.9 billion in HY Sep-2022, as compared to MMK 71.3 billion in HY Sep-2021. The decrease was reported from lower gross profit margins from Yoma Bank as a result of interest expenses on higher customer deposit balance and higher mixed interest rate as compared to HY Sep-2021.

The Group's administrative expenses were decreased by 39.4% from MMK 88.5 billion in HY Sep-2021 to MMK 53.7 billion in HY Sep-2022. The decrease in administrative expenses was achieved mainly from reversing a portion of previous loan loss provision for non-performing loans ("NPLs") due to excellent recovery from the NPL customers at Yoma Bank.

The decrease in finance expenses in HY Sep-2022 as compared to HY Sep-2021 was mainly due to the decrease in interest expenses as a result of partial repayment of borrowing.

In HY Sep-2022, the Group recorded other gains of MMK 3.3 billion as compared to other losses of MMK 0.6 billion in HY Sep-2021. The increase was mostly from the gains in currency translation from the effects of changes in foreign exchange rate. Below is the detailed breakdown:

² The diluted loss per share computations have not taken into consideration the effects of quasi-equity loan as at September 30, 2022, as they were anti-dilutive pursuant to para 41 of MAS 33 Earnings per share.

(MMK'000)	HY Sep-2022 (Unaudited)	HY Sep-2021 (Unaudited)
Gain on disposal of investment properties	-	156,771
Gain (loss) on foreign currency exchange, net	3,589,761	(723,972)
Gain on disposal of property, plant and equipment	32,107	7,065
Gain on fair value of investment properties	268,450	-
Write-off other non-current assets and prepayments	-	(26,337)
Write-off of receivables	-	(18,611)
Write-off of property, plant and equipment and intangible assets	(112,381)	(37,617)
Write-off of vaccine	(450,021)	-
Capital gains tax	(6,498)	-
Total Other Gains/(Losses)	3,321,418	(642,701)

The Group recorded a share of (losses)/profits of associates and joint venture in HY Sep-2022. A detailed breakdown is as below:

(MMK'000)	Stake	Group Share of Profit/(Loss)	
		HY Sep-2022 (Unaudited)	HY Sep-2021 (Unaudited)
Thanlyin Estate Development Limited	30.0%	(782,829)	13,074,939
CLW Development Limited	25.0%	(773,509)	(1,728,395)
FMI Garden Development Limited	47.5%	-	(35,968)
Pun Hlaing Links Services Company Limited	30.0%	(27,578)	(1,536)
Kawthaung Hill Investment Limited	37.5%	(333)	(71)
LSC-FMI Company Limited	50.0%	(42)	(267)
FMIDecaux Company Limited	40.0%	103,511	(394,853)
Chindwin Holdings Pte. Ltd.	30.0%	-	(57,488)
Meeyahta International Hotel Limited	20.0%	645,819	19,756
Total Share of (Losses)/Profits		(834,961)	10,876,117

In HY Sep-2022, the Group recognized a share of losses of associated companies and joint venture of MMK 0.8 billion as compared to the share of profits of MMK 10.9 billion in HY Sep-2021. This share of losses was mainly due to MMK 0.78 billion losses at Thanlyin Estate Development Limited in respect to impairment loss of its investment properties compared to MMK 13.1 billion fair value gains from its investment properties in HY Sep-2021. In addition, CLW Development Limited recorded share of loss of MMK 0.77 billion as compared to MMK 1.7 billion in HY Sep-2021 arise from currency translation losses on its shareholders' loan whereas currency translation gain of MMK 0.65 billion was disclosed from Meeyahta International Hotel Limited. FMIDecaux Company Limited recorded share of profit of MMK 0.1 billion in HY Sep-2022 received from business recommencement after decline of Covid-19 outbreak as compared to MMK 0.4 billion loss in HY Sep-2021.

As a result of the above, the Group recorded a net profit after tax of MMK 0.61 billion for six months ended 30 September 2022 as compared to net loss after tax of MMK 4.5 billion for six months ended 30 September 2021.

In HY Sep-2022, the Group recognized fair value gains of MMK 1.3 billion from its available-for-sale investments as compared to the losses of MMK 3.8 billion in HY Sep-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	1,769,633	546,978	2,316,611
Memories Group	1,046,703	1,780,521	2,827,224
5% shareholding in Wave Money by Yoma Bank Limited	9,245,600	(1,055,600)	8,190,000
Total	12,061,936	1,271,899	13,333,835

The gain was due to the fair value gains 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. It was partially offset by the fair value loss emerged from recent market valuation of 5% shareholding in Wave Money held by Yoma Bank.

In HY Sep-2022, the Group's share of other comprehensive income from its associates was increased from losses of MMK 4.7 billion in HY Sep-2021 to profit of MMK 2.0 billion. The increase was largely due to the foreign currency translation reserve of the Group's dormant entity of Meeyahta International Hotel Limited.

For the above-mentioned reasons, the Group recorded a net loss attributable to equity holders of the Company of MMK 1.3 billion in HY Sep-2022 as compared to a profit of MMK 0.7 billion in HY Sep-2021.

Thus, the Group obtains the basic loss per share ("EPS") of MMK 39, and the diluted EPS of MMK 39 in HY Sep-2022, decreased by 285.7% and 329.4% 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 30 September 2022.

The Group is recognizing attractive growth opportunities from the resurgence of businesses after decline of Covid-19 outbreak. At the same time, the Group will continue to prudently manage and maintain its liquidity position, cost control measures, balance sheet strength and flexibility to equip positioning for more complex challenges. 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, 31st March 2022 is shown below.

Summary of Group Balance Sheet

(MMK'000)	As at 30-Sep-2022 (Unaudited)	As at 31-Mar-2022 (Audited)	% Change
ASSETS			
Total current assets	3,026,705,609	2,871,155,456	5.4%
Total non-current assets	701,474,283	548,818,501	27.8%
Total assets	3,728,179,892	3,419,973,957	9.0%

LIABILITIES			
Total current liabilities	3,190,531,012	2,904,006,944	(9.9%)
Total non-current liabilities	29,389,853	11,843,133	(148.2%)
Total liabilities	3,219,920,865	2,915,850,077	(10.4%)
NET ASSETS			
	508,259,027	504,123,880	0.8%
EQUITY			
Equity attributable to owners of the Company	400,350,231	397,938,660	
Non-controlling interests	107,908,796	106,185,220	
TOTAL EQUITY	508,259,027	504,123,880	0.8%

Total current assets increased from MMK 2,871.2 billion as at 31 March 2022 to MMK 3,026.7 billion as at 30 September 2022. The increase was principally from additional investment in Bank's treasury portfolios.

Total non-current assets increased from MMK 548.8 billion as at 31 March 2022 to MMK 701.5 billion as at 30 September 2022 which was mainly accounted by additional investment in Bank's treasury portfolios.

Total current liabilities increased to MMK 3,190.5 billion as at 30 September 2022 as compared to MMK 2,904.0 billion as at 31 March 2022 which was primarily 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 Accounts.

Total non-current liabilities increased from MMK 11.8 billion as at 31 March 2022 to MMK 29.4 billion as at 30 September 2022 which was due to bank loan with tenure more than one year.

The Group's equity grew at a rate of 0.8% which was attributable to the increase in equity reserve and non-controlling interests.

As of 30 September 2022, the Group's cash and cash equivalents amounted to approximately MMK 525.7 billion. A summary of the Group Statement of Cash Flows is as follows: -

Summary of Group Cash Flow Statement

(MMK'000)	HY Sep-2022 (Unaudited)	HY Sep-2021 (Unaudited)	% Change
Net cash provided by/(used in) operating activities	165,328,745	(263,342,886)	162.8%
Net cash (used in)/provided by investing activities	(386,037,795)	231,028,783	(267.1%)
Net cash used in financing activities	(1,356,509)	(4,471,959)	69.7%
Net decrease in cash and cash equivalents	(222,065,559)	(36,786,062)	(503.7%)
Cash and cash equivalents at beginning of the period	747,754,535	547,887,638	36.5%
Cash and cash equivalents at the end of the period	525,688,976	511,101,576	2.9%

The Group cash and cash equivalents increased by 2.9% to MMK 525.7 billion as at 30 September 2022 as compared to MMK 511.1 billion as at 30 September 2021. The majority of cash reported on the Group's cash flow statement represented the cash and bank balances of Yoma Bank. As at 30 September 2022, the Group's net cash provided by operating activities amounted to MMK 165.3 billion which mainly comprised the increase in customers' deposits by Yoma Bank. Net cash flow used in investing activities for MMK 386.0 billion mainly arose from the additional investment in government securities by Yoma Bank. The Group's net cash used in financing activities for the six months ended 30 September 2022 amounted to MMK 1.4 billion due to the settlement of interest for the Company and Pun Hlaing Hospitals.

Business Outlook

The Country has lifted travel restrictions both on internationally and domestically since recovery from the surge Covid-19 with substantially fewer cases being surfaced. The business activities are as well resuming back to normal operation ranges although some impact of the covid pandemic together with challenges in foreign exchange market, as well as disruptions to key services including electricity, logistics and digital connectivity. The Group continues to keep its focus mainly on operational improvements, capturing business opportunities and business sustainability.

The Group's Financial Service business, Yoma Bank ("YB") proved momentous recovery from the disruptions of 2021 and concurrently building up a stronger balance sheet, increased cash position and expanding customer base. By coping with the ongoing challenging environment with resilience, YB team has attained tremendous achievements in gaining customers trust in the new Flexi products which resulted upward trends on the growth every month. As of September 2022, Flexi cash deposit reflect 69% of the total Yoma Bank's deposit portfolio value to MMK 3.09 trillion. The successful integration of the Yoma POS system and Wave Money Payment system also provides a seamless digital payment solution to both its customers and merchants. YB commenced focused payroll activities to onboard business for payroll solutions from May 2022 onwards. To date, 134 businesses are onboarded for payroll services to 38,800 employees which will improve stickiness with YB and deepen transaction banking relationship.

The Group's Healthcare business, Pun Hlaing Hospitals ("PHHs"), continues to see healthy growth in its organic hospital operations as well as in its emerging healthcare segment. The launch of PHHs community clinics program named "Heal @ Pun Hlaing" continues in which three clinics at the location of San Chaung, Star City and Thingangyun have so far been opened in 2022 and target to open 4th clinic before end of March 2023. PHHs emerging healthcare segment aims to execute focus on continued promotion of the HEAL clinics and official launch of HEAL app to corporate users, and promotion and sales initiative for new managed care program targeted at garment factory workers in Yangon. The Group recognizes the resilience and effort made by PHHs team throughout the difficult periods and will continue to support PHHs in pursuing its healthcare strategy to provide 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. 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, StarCity has recently launched the new landed residential properties project named "City Villas" comprises with 130 residential units in which most of the units have been sold out since the first launch date due to high popularity of product among upper mid-range income customer group. Following The Group's plan to transform StarCity into a commercial and activity hub, StarCity Sports Club ("SCSC") was opened in October 2022, labelled as Myanmar's First indoor and outdoor multi-sports complex which includes more than 10 indoor and outdoor sporting arenas.

The Group's investment in the Tourism business, Memories Group, continues to face challenges that remain in the industry. Currently Memories Group is expanding domestic tourism market as the Covid-19 travel restrictions lessen. The Company will continue to support the strategic development of this investment.

By Order of the Board

Tun Tun
Executive Director
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First Myanmar Investment Public Co., Ltd.
YSX Code 00001
The Campus
1 Office Park, Rain Tree Drive
Pun Hlaing Estate, Hlaing Thayar Township,
Yangon 11401, Myanmar
Tel: (01) 3687766