

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 auditor’s report on review of condensed interim financial statements for the six months ended 30th September 2024 (“HY Sep-2024”).

For a more meaningful comparison and better understanding of the financial result of the Group, the Company’s management uses its auditor’s report on review of condensed interim financial report covering the period 1st April 2023 to 30th September 2023 (“HY Sep-2023”) was presented. The discussion and analysis are provided as below:

KEY HIGHLIGHTS

Summary of Group Statement of Comprehensive Income (MMK'000)	HY Sep-2024	HY Sep-2023	% Change
Revenue	243,099,575	229,370,541	6.0%
Cost of revenue	(175,646,372)	(138,464,821)	(26.9%)
Gross profit	67,453,203	90,905,720	(25.8%)
<i>Gross Profit margin</i>	27.7%	39.6%	
Administrative expenses	(82,902,016)	(53,093,783)	(56.1%)
Finance expenses	(1,386,139)	(1,674,022)	17.2%
Other gains/ (losses), net	12,373,081	(27,439,163)	145.1%
Share of profit of associates and joint venture, net of tax	5,489,038	7,642,293	(28.2%)
Profit before income tax	1,027,167	16,341,045	(93.7%)
Income tax expense	(1,470,449)	(2,664,456)	44.8%
(Loss)/Profit for the period	(443,282)	13,676,589	(103.2%)
Fair value gains/ (losses) of available-for-sale investments	386,102	(32,175)	1,300.0%
Net change in fair value of previously held interest in available-for-sale investment reclassified to profit or loss	(1,608,758)	-	0.0%
Share of other comprehensive (loss)/ income of associates	(153,967)	2,623,122	(105.9%)
Other comprehensive (loss)/income for the period, net of tax	(1,376,623)	2,590,947	(153.1%)
Total comprehensive (loss)/income for the period	(1,819,905)	16,267,536	(111.2%)
(Loss)/Profit attributable to:¹			
Owners of the Company	895,686	9,186,136	
Non-controlling interests	(1,338,968)	4,490,453	
	(443,282)	13,676,589	
Earnings per share			
Basic (MMK)	27	277	(90.3%)
Diluted (MMK)	22	222	(90.1%)

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.

The main contributors of the Group's revenue are financial service segment ("Yoma Bank") and healthcare segment (Pun Hlaing Hospitals"), and the Group's total revenue for the six-month period, HY Sep-2024 increased by 6.0% to MMK 243.1 billion as compared to MMK 229.4 billion in HY Sep-2023.

Below is the breakdown of revenue by business segment:

(MMK'000)	HY Sep-2024	HY Sep-2023	% Change
Financial services	193,250,278	190,683,145	1.3%
Healthcare services	49,781,122	38,042,341	30.9%
Dividend income	32,175	609,055	(94.7%)
Rental income	36,000	36,000	0.0%
Total	243,099,575	229,370,541	6.0%

Revenue from Yoma Bank was slightly higher by 1.3% from MMK 190.7 billion in HY Sep-2023 to MMK 193.3 billion in HY Sep-2024. This was mainly due to the changes in interest rate policy and increase in interest income as a result of the expansion in its loan portfolio when comparing HY Sep-2023 and HY Sep-2024. Additionally, revenue from Pun Hlaing Hospitals improved steadily by 30.9% to MMK 49.8 billion in HY Sep-2024 as compared with MMK 38.0 billion in HY Sep-2023 which was primarily due to the growth in overall patient volume and upward price adjustment of doctors and clinical service fees.

The Group's gross profit was decreased by 25.8% to MMK 67.5 billion in HY Sep-2024, as compared to MMK 90.9 billion in HY Sep-2023. This decrease was mainly driven by lower gross profit margin at Yoma Bank, which was caused by the realized exchange loss arising from the lack of FX hedging mechanism, deferment of home loan interest income and interest rate policy changes that lead to higher interest expenses on growing super fixed deposits and Repo borrowing.

The Group's administrative expenses increased from MMK 53.1 billion in HY Sep-2023 to MMK 82.9 billion in HY Sep-2024. This increase substantially comprised of the increase in bank's provision on NPL loans, the cost of incentive scheme offered to customers on early settlement of home loans, and the higher operating expenses from the rental, utilities and personnel expenses across all segments.

The Group's finance expenses on borrowing were reduced by 17.2% from MMK 1.7 billion in HY Sep-2023 to MMK 1.4 billion in HY Sep-2024. This decrease was mainly achieved from interest cost saving in consequence of loan restructuring by the Company during the last financial year and the increase in interest income from foreign currency denominated loan to related parties by the Company.

The Group reported other gains of MMK 12.4 billion in HY Sep-2024 as compared to other losses of MMK 27.4 billion in HY Sep-2023. This enhancement was mainly caused by the unrealized currency revaluation gains in Yoma Bank and capital gain on disposal of the Company's investment in Myanmar Thilawa SEZ Holdings Public Co., Ltd ("MTSH") shares.

Below is the detailed breakdown of other gains/ (losses) of the Group:
(MMK'000)

	HY Sep-2024	HY Sep-2023
Gain/ (Loss) on foreign currency exchange, net	9,387,208	(28,955,666)
Gain on disposal of available-for-sale investment	1,567,702	-
Gain on fair value of investment properties	1,374,920	1,406,450
Gain/ (Loss) on disposal of property, plant and equipment	134,984	(4,343)
Recovery of write off expense	500	-
Write-back of payable	9,637	4,462
Adjustment for under-recognition of account receivable	-	66,296
Write-back of vaccine and medical supplies	-	149,705
Write-off of property, plant and equipment	(101,870)	(106,067)
Total Other Gains/ (Losses), net	12,373,081	(27,439,163)

The Group recorded share of profit of associates and joint venture in HY Sep-2024. A detailed breakdown is as below:

(MMK'000)	Stake	Group Share of Profit/(Loss)	
		HY Sep-2024	HY Sep-2023
Thanlyin Estate Development Limited	30.0%	4,055,114	4,264,317
FMI Garden Development Limited	47.5%	1,762,191	5,363,145
Meeyahta International Hotel Limited	20.0%	-	(673,809)
Kawthaung Hill Investment Limited	37.5%	(101)	(75)
LSC-FMI Company Limited	50.0%	(566)	(332)
Pun Hlaing Links Services Company Limited	30.0%	(25,581)	(27,027)
Memories (2022) Pte. Limited	16.66%	(95,379)	(1,304,928)
FMI Decaux Company Limited	40.0%	(206,640)	21,002
Total Share of Profit		5,489,038	7,642,293

The Group's share of profit from associates and joint venture decreased by 28.2% from MMK 7.6 billion in HY Sep-2023 to MMK 5.5 billion in HY Sep-2024. This decline was mainly due to the reduction in share of profit from FMI Garden Development Ltd because of the completion of Padauk Garden Project. Furthermore, the share of profit from FMI Decaux Company Limited decreased from MMK 21.0 million profit in HY Sep-2023 to MMK 206.6 million loss in HY Sep-2024 as a result of realized exchange loss on repayment of USD denominated loan in HY Sep-2024. These were partially offset by the decrease in share of loss in Memories (2022) Pte. Ltd which was associated with exchange gains on foreign currency translation.

With regard to the facts mentioned above, the Group recorded a net loss after tax of MMK 0.4 billion in HY Sep-2024 as compared to that of MMK 13.7 billion profit after tax in HY Sep-2023.

In HY Sep-2024, the Group recorded other comprehensive loss of MMK 1.4 billion as compared to MMK 2.6 billion gain in HY Sep-2023. This reduce was broadly due to the effect of MMK 1.6 billion upon reclassification of fair value gains from the Company's available for sale investment in MTSH to profit or loss at disposal and a loss of MMK 0.2 billion arising from currency translation adjustment at Thanlyin Estate Development Limited.

From the reasons stated above, the Group's net profit attributable to the equity holders of the Company was MMK 0.9 billion in HY Sep-2024 as compared to MMK 9.2 billion in HY Sep-2023.

Since net profit was generated and attributable to equity holders of the Company, the basic earnings per share ("EPS") of MMK 27 and the diluted EPS of MMK 22 in HY Sep-2024, which decreased by 90.3% and 90.1% respectively, as compared to that of MMK 277 and MMK 222 in HY Sep-2023. With the aim of calculating diluted earnings per share, the weighted average number of shares issued has been adjusted to include the exercise of any dilutive convertible securities at the commencement date of the reporting period.

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, 31 March 2024 is shown below.

Summary of Group Balance Sheet

(MMK'000)	As at 30-Sep-2024	As at 31-Mar-2024	% Change
ASSETS			
Total current assets	3,828,867,269	4,521,370,949	(15.3%)
Total non-current assets	922,010,407	952,791,760	(3.2%)
Total assets	4,750,877,676	5,474,162,709	(13.2%)
LIABILITIES			
Total current liabilities	4,131,302,146	4,853,490,957	14.9%
Total non-current liabilities	23,373,911	23,232,245	(0.6%)
Total liabilities	4,154,676,057	4,876,723,202	14.8%
NET ASSETS	596,201,619	597,439,507	(0.2%)
EQUITY			
Equity attributable to the equity owners of the Company	484,000,601	484,481,538	
Non-controlling interest	112,201,018	112,957,969	
TOTAL EQUITY	596,201,619	597,439,507	(0.2%)

Total current assets decreased from MMK 4,521.4 billion as at 31 March 2024 to MMK 3,828.9 billion as at 30 September 2024. This decrease was mainly due to lower level of loan disbursements and treasury investment at Yoma Bank.

Total non-current assets decreased slightly from MMK 952.8 billion as at 31 March 2024 to MMK 922.0 billion as at 30 September 2024 which was mostly due to the reduction of investment in the Bank's treasury portfolio.

Total current liabilities decreased to MMK 4,131.3 billion as at 30 September 2024 as compared to MMK 4,853.5 billion as at 31 March 2024. This decrease was predominantly due to the decline of customer deposit balance.

Total non-current liabilities slightly increased to MMK 23.4 billion as at 30 September 2024 as compared to MMK 23.2 billion as at 31 March 2024 which was mainly caused by the reclassification of loan from current to non-current position upon the extension of shareholder loan by Pun Hlaing Hospitals.

The Group's equity decreased slightly at a rate of 0.2% which is mainly due to the decrease in revaluation reserve and non-controlling interest.

As of 30 September 2024, the Group's cash and cash equivalents amounted to approximately MMK 641.9 billion. A summary of the Group Statement of Cash Flows is as follows: -

Summary of Group Cash Flow Statement

(MMK'000)	HY Sep-2024	HY Sep-2023	% Change
Net cash (used in)/ provided by operating activities	(229,589,866)	121,294,948	(289.3%)
Net cash provided by/ (used in) investing activities	179,926,171	(216,925,266)	182.9%
Net cash (used in) financing activities	(2,524,514)	(1,760,796)	(43.4%)
Net decrease in cash and cash equivalents	(52,188,209)	(97,391,114)	46.4%
Cash and cash equivalents at beginning of the period	694,108,023	617,328,125	12.4%
Cash and cash equivalents at the end of the period	641,919,814	519,937,011	23.5%

The Group cash and cash equivalents increased to MMK 641.9 billion as at 30 September 2024 as compared to MMK 519.9 billion as at 30 September 2023 in which significant portion of cash flow is derived from Yoma Bank. As at 30 September 2024, the Group's net cash used in operating activities amounted to MMK 229.6 billion which comprised the decrease in customers' deposits by Yoma Bank. Net cash flow provided by investing activities MMK 179.9 billion in HY Sep-2024 was mostly related to the redemption of principal upon maturity of government securities by the Bank. The Group's net cash used in financing activities for the six months ended 30 September 2024 amounted to MMK 2.5 billion due to the repayment of bank borrowing by Pun Hlaing Hospitals and bank loan interest payment made by the Company.

Outlook

The Group's businesses remain robust and operate cautiously amidst the uncertainties and challenges in the business operating environment. According to the World Bank's report², challenges such as input shortages, electricity shortages, inflation and labor market disruption as well as natural disasters are impacting on the overall country's economy and it is expected that gross domestic product (GDP) is expected to contract by 1 percent in the fiscal year ending March 2025, which was down from the earlier forecast of modest growth. Despite of its challenges and uncertainties, the Group is maintaining and strengthening its balance sheet and focusing on business stability and profitability of its investment in Financial Services, Healthcare Services and Real Estate Services.

Financial Services

The Group's financial services "Yoma Bank" is maintaining its balance sheet stability while fostering better and more convenient banking services across all branches. Despite the challenges and decreased customer deposits in July 2024, the upward trend has accelerated and returned to normal in November 2024. At the same time, most of the loan customers remain committed to the Bank while eagerly awaiting the bank's lending activity to resume. Regarding with banking products, the upgraded version of the classic Fixed Deposit product, "Super Fixed Deposit" was introduced in which customers can save their deposits start from 7-day to 365-day deposit terms with higher interest rates and upfront interest payout privileges. The "Next App" is also being upgraded in response to rising external fraud cases, as well as continuing to uplift the customer awareness on fraud. As the market stabilised, Yoma Bank is actively enhancing its core-banking activities and other services and looking towards better financial performance in second half of the year.

Healthcare Services

The Group's healthcare services continue enhancing its operational efficiencies while focusing on increasing revenue through organic growth, achieving performance well ahead of comparative years as well as its targets. Customers can easily book and enjoy the big promotion packages such as "cardiology" and "medical checkup" packages via "Heal App". Pun Hlaing Hospitals have also added dental services in collaboration with Grand Dental Clinic and first clinic is targeted to make available by early 2025. To improve operational efficiency and cost control, supply chain activities are closely monitored to secure favorable pricing from suppliers while keeping the proper inventory levels. Pun Hlaing Hospitals has also achieved third subsequent reaccreditation of "Joint Commission International (JCI) Award" accreditation in 2024. Going forward, the management of this segment take an optimistic view its performance and looking towards upholding its healthcare service quality.

Real Estate

The Group's real estate sector continues to perform well during the reporting period. At Star City, the ARA project, opened for sales in March 2024, has achieved 67% sales of its launched 634 units, with expected key handovers scheduled in December 2025. Meanwhile, the eco-friendly Estella Townhouses, launched in October 2023, have been almost completely sold out of its launched units, with first batch of handovers started in November 2024 followed by phase-by-phase handover. As the construction and delivery of those previously sold units progress on, the respective financial income will be reported duly in its reports.

Tourism

The Group's tourism sector continues to face challenges during the reporting period. Despite the challenges, Memories Group is utilising its expertise and effort to ensure its entities are operating in this new tourism

² <https://www.worldbank.org/en/news/press-release/2024/12/11/compounding-crises-hit-myanmar-s-economy-and-its-people>

season. With a long term view, the Group will continue to support Memories Group in pursuing its strategic direction.

By Order of the Board

Tun Tun
Chief Executive Officer
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