



MANAGEMENT DISCUSSION AND ANALYSIS

Ever Flow River Group Public Company Limited would like to release the Management Discussion and Analysis (“MD&A”) for the year period ended 30th September, 2020 (“FY September 2020”) in comparison with last year ended 30th September, 2019 which is combination of last year half of 2018-19 and mini budget 2019. All currency amounts are expressed in Myanmar Kyats unless otherwise specified.

On 19 May 2019, the Internal Revenue Department (IRD), under the Ministry of Planning, Finance and Industry, passed the 2019 Union Taxation Law which provides the change of financial year to coincide with the fiscal year of 30 September year end for all entity for the purpose of tax computation. Thus, the Company had changed its financial reporting date from 31 March to 30 September to align with the new provision.

In the Audited report the financial statements for 30 September 2020 covered twelve months ended 30 September 2020. The financial statements for 30 September 2019 covered the period from 1 April 2019 to 30 September 2019. Hence, the two financial statements are not entirely comparable.

In this discussion, the comparison of financial information of the subsidiaries of the Group reflected in the consolidated financial statements for 30 September 2020 (covered twelve months ended 30 September 2020) and the financial information the consolidated financial statements for 30 September 2019 (covered half of audited report 2018-19 and minibudget of 2019).

SUMMARY OF GROUP STATEMENT OF COMPREHENSIVE INCOME

DESCRIPTION	FY March 2019	HY September	FY September 2019	FY September 2020	% CHANGE
	(Apr18-Mar19)	(Apr19-Sep19)	(Oct2018-Sep2019) (HY2018-19 + Mini 2019) Audited	(Oct2019-Sep2020) (Audited)	
Revenue	10,147,620,490	5,604,026,271	10,677,836,516	12,832,503,596	20%
Cost of goods sold	(7,520,984,759)	(4,341,874,252)	(8,102,366,632)	(10,692,069,949)	32%
Gross profit	2,626,635,731	1,262,152,019	2,575,469,885	2,140,433,647	-17%
Gross profit Margin	25.88%	22.52%	24.12%	16.68%	-31%
Administration expenses	(2,417,610,227)	(1,427,479,985)	(2,636,285,098)	(2,707,995,313)	3%
Profit before interest and tax	209,025,505	(165,327,966)	(60,815,214)	(567,561,666)	833%
Other income	1,781,117,214	80,998,659	971,557,266	351,479,430	-64%
Finance cost	(81,927)	-	(40,963)	(15,900,000)	-387 times
Profit before tax	1,990,060,793	(84,329,307)	910,701,089	(231,982,236)	-125%
Income tax expenses	(181,089,864)	(97,684,206)	(188,229,138)	(60,101,870)	-68%
Profit after tax	1,808,970,928	(182,013,513)	722,471,951	(292,084,106)	-140%
Share of associates profit	(237,267,418)	(174,790,664)	(293,424,373)	(326,392,080)	11%
Profit for the year	1,571,703,510	(356,804,177)	429,047,578	(618,476,183)	-244%
Other comprehensive income for the year	436,794,941	15,485,574	233,883,044	(114,479,353)	-149%
Total comprehensive income for the year	2,008,498,451	(341,318,603)	662,930,623	(732,955,536)	-211%
Profit attributable to:					
Owners of the Parent	1,584,634,053	(350,597,531)	441,719,495	(616,529,303)	-240%
Non-Controlling Interest (NCI)	(12,930,543)	(6,206,645)	(12,671,917)	(1,946,880)	-85%
Total profit of the year	1,571,703,510	(356,804,177)	429,047,578	(618,476,183)	-244%
Total comprehensive income attributable to:					
Owners of the Parent	2,021,428,994	(335,111,957)	675,602,539	(731,008,656)	-208%
Non-Controlling Interest (NCI)	(12,930,543)	(6,206,645)	(12,671,917)	(1,946,880)	-85%
Total Comprehensive income for the year	2,008,498,451	(341,318,603)	662,930,623	(732,955,536)	-211%
Weighted no. of ordinary shares	10,910,900	9,988,612	13,177,481	19,977,223	52%
Earnings Per Share	145.23	(35.10)	40.48	(30.86)	-176%



BREAKDOWN OF GROUP REVENUE

DESCRIPTION	FY March 2019 (Apr18-Mar19) (Audited)	HY September (Apr19-Sep19) (Mini Budget Audited)	FY September 2019 (Oct2018-Sep2019) (HY2018-19 + Mini 2019) Audited	% OF TOTAL	FY September 2020 (Oct2019-Sep2020) (Audited)	% OF TOTAL	% CHANGE
EFR (Stand Alone)	396,065,000	189,000,000	387,032,500	3.5%	252,000,000	1.9%	-35%
MRTW Logistics	269,028,239	156,710,457	291,224,576	2.6%	1,027,630,914	7.9%	253%
MULTIPACK	348,294,641	-	174,147,321	1.6%	-	0.0%	-100%
UCS	204,484,898	117,978,002	220,220,452	2.0%	950,258,027	7.3%	332%
EFR GLE	1,684,961,834	738,752,478	1,581,233,395	14.4%	2,361,465,754	18.1%	49%
MRTW Manufacturing	1,330,743,548	555,853,533	1,221,225,307	11.1%	1,130,913,016	8.7%	-7%
Gold Shipping	1,176,217,826	568,232,652	1,156,341,565	10.5%	813,343,499	6.2%	-30%
EFR Trading	5,151,580,276	3,405,953,748	5,981,743,886	54.3%	6,358,618,834	48.8%	6%
LDC Mandalay	-	-	-	0.0%	-	0.0%	NM
A Logistics	-	-	-	0.0%	130,273,550	1.0%	NM
Total Revenue	10,561,376,262	5,732,480,870	11,013,169,001	100%	13,024,503,595	100%	18%
Intercompany transaction	(413,755,771)	(128,454,599)	(335,332,485)		(192,000,000)		
Total Revenue	10,147,620,490	5,604,026,271	10,677,836,516		12,832,503,595		20%

Our consolidated revenue for FY 2019-20 was MMK 12,832,503,595, which was an increase of 20%, from MMK 10,677,836,516 in FY 2018-19 (HY2018-19+Mini2019), mainly contributed by EFR Trading and Forwarding Business followed by EFR GLE.

Revenue of almost all businesses of EFR increased in FY 2019-20. EFR Trading has contributed 48.8% of revenue with slightly increase in growth of 6% (if comparing with FY 2018-19) and EFR GLE has contributed 18.1% of overall revenue with the growth rate of 49%.

Gross revenue of MRTW Logistics and UCS have been grown significantly in FY 2019-20, with 2 to 3 times increase in in total revenue respectively. Gold Shipping unit revenue has been decreased by 30% due to restricting of inbound and outbound Hyundai shipping line during COVID period (from April to September 2020).



BREAKDOWN OF GROSS PROFIT

DESCRIPTION	FY March 2019	HY September	FY September 2019	% OF TOTAL	FY September 2020	% OF TOTAL	% CHANGE
	(Apr18-Mar19)	(Apr19-Sep19)	(Oct2018-Sep2019)		(Oct2019-Sep2020)		
	(Audited)	(Mini Budget Audited)	(HY2018-19 + Mini 2019) Audited		(Audited)		
EFR (Stand Alone)	396,065,000	189,000,000	387,032,500	14%	252,000,000	11%	-35%
MRTW Logistics	196,609,525	127,135,378	225,440,140	8%	134,424,945	6%	-40%
MULTIPACK	76,403,759	0	38,201,879	1%	0	0%	
UCS	202,640,413	114,114,736	215,434,943	8%	165,721,049	7%	-23%
EFR GLE	870,295,662	432,444,276	867,592,107	30%	589,969,595	25%	-32%
MRTW Manufacturing	349,980,003	87,752,190	262,742,191	9%	440,866,713	19%	68%
Gold Shipping	520,192,375	250,389,906	510,486,094	18%	449,149,157	19%	-12%
EFR Trading	321,660,837	191,545,854	352,376,273	12%	294,337,998	13%	-16%
LDC Mandalay	0	0	0	0%	0	0%	
A Logistics	0	0	0		7,860,057	0%	NM
Total Gross Profit	2,933,847,574	1,392,382,340	2,859,306,127	100%	2,334,329,513	100%	-18%
Intercompany transaction	(307,211,842)	(130,230,321)	-283,836,242		(193,895,866)		
Total Gross Profit	2,626,635,731	1,262,152,019	2,575,469,885		2,140,433,647		-17%

GP Margin Changes

DESCRIPTION	Gross Profits Total	Revenue Total	(Oct2018-Sep2019) GP Margin	Gross Profits Total	Revenue Total	(Oct2019-Sep2020) GP Margin	% CHANGE
	FY September 2019	FY September 2019		FY September 2020	FY September 2020		
	(Oct2018-Sep2019)	(Oct2018-Sep2019)		(Oct2019-Sep2020)	(Oct2019-Sep2020)		
	(HY2018-19 + Mini 2019) Audited	(HY2018-19 + Mini 2019) Audited		(Audited)	(Audited)		
EFR (Stand Alone)	387,032,500	387,032,500	100%	252,000,000	252,000,000	100%	0%
MRTW Logistics	225,440,140	291,224,576	77%	134,424,945	1,027,630,914	13%	-83%
MULTIPACK	38,201,879	174,147,321	22%	-	-		
UCS	215,434,943	220,220,452	98%	165,721,049	950,258,027	17%	-82%
EFR GLE	867,592,107	1,581,233,395	55%	589,969,595	2,361,465,754	25%	-54%
MRTW Manufacturing	262,742,191	1,221,225,307	22%	440,866,713	1,130,913,016	39%	81%
Gold Shipping	510,486,094	1,156,341,565	44%	449,149,157	813,343,499	55%	25%
EFR Trading	352,376,273	5,981,743,886	6%	294,337,998	6,358,618,834	5%	-21%
LDC Mandalay	0	0		-	-		
A Logistics	0	0		7,860,057	130,273,550	6%	
Total Gross Profit	2,859,306,127	11,013,169,001	26%	2,334,329,513	13,024,503,595	18%	-31%
Intercompany transaction	(283,836,242)	(335,332,485)	85%	(193,895,866)	(192,000,000)		
Total Gross Profit	2,575,469,885	10,677,836,516	24%	2,140,433,647	12,832,503,595	17%	-31%



Our consolidated gross profit (“GP”) growth is decreased by 17% from MMK 2,575,469,885 in FY 2018-19 to MMK 2,140,433,647 in FY 2019-20. Though revenue growth was found in main business units, our group gross profit margin has declined from 24% to 17% due to the impact of COVID19 in all business, except MRTW Manufacturing and Gold Shipping. GP margin of MRTW Manufacturing has improved from 22% to 39% in FY 2018-19 to FY 2019-20 as the revenue increased and fixed labor costs remained constant. GP margin of Gold Shipping has improved from 44% to 55% in FY 2018-19 to FY 2019-20 as the some value added service can be performed apart from principle commission revenue.

BREAKDOWN OF ADMINISTRATIVE EXPENSES

DESCRIPTION	FY March 2019 (Apr18-Mar19) (Audited)	HY September (Apr19-Sep19) (Mini Budget Audited)	FY September 2019 (Oct2018- Sep2019) (HY2018-19 + Mini 2019) Audited	FY September 2020 (Oct2019- Sep2020) (Audited)	% CHANGE
EFR (Stand Alone)	(407,074,907)	(382,565,174)	(586,102,628)	(534,608,748)	-9%
MRTW Logistics	(214,871,526)	(111,605,842)	(219,041,605)	(271,177,506)	24%
Multipack	(83,911,684)	1,581,409	(40,374,433)	(37,117,260)	-8%
UCS	(201,552,631)	(119,565,048)	(220,341,363)	(183,143,705)	-17%
EFR GLE	(563,343,911)	(266,662,121)	(548,334,077)	(565,927,391)	3%
MRTW Manufacturing	(621,637,313)	(248,697,386)	(559,516,043)	(493,527,188)	-12%
Gold Shipping	(294,840,379)	(148,534,853)	(295,955,042)	(295,046,195)	0%
EFR Trading	(205,946,048)	(117,583,590)	(220,556,613)	(207,414,469)	-6%
LDC Mandalay	(209,359,650)	(146,077,289)	(250,757,113)	(288,579,152)	15%
A Logistics	-	-	-	(17,249,566)	NM
Total administration expenses	(2,802,538,048)	(1,539,709,895)	(2,940,978,919)	(2,893,791,180)	-2%
Intercompany transaction	384,845,895	112,229,910	304,652,857	169,895,867	
	(2,417,692,153)	(1,427,479,985)	(2,636,326,061)	(2,723,895,313)	3%

Our consolidated expenses before offsetting intercompany transaction has decreased by 2%, from MMK 2,940,978,919 in FY 2018-2019 to MMK 2,893,791,180 in FY 2019-20. Except MRTW Logistics and LDC Mandalay, the rest all business can reduce administration expenses. The administration cost of MRTW Logistics was increased by 24% in FY 2019-20 because of bad debt expenses which was MMK 39,837,731 and higher operating cost especially for staff related expenses. Bad debt in MRTW Logistics was decided to declared that two of customers from the unit declared bankruptcy which is the effect of Covid-19 on EFR financial statements. Administrative expenses of LDC Mandalay has increased by 15% due to higher operating cost especially for staff related expenses in the noncommercial business year arrangement.



BREAKDOWN OF NET PROFIT AND COMPREHENSIVE INCOME

DESCRIPTION	FY March 2019 (Apr18-Mar19) (Audited)	HY September (Apr19-Sep19) (Mini Budget Audited)	FY September 2019 (Oct2018-Sep2019) (HY2018-19 + Mini 2019) Audited	FY September 2020 (Oct2019-Sep2020) (Audited)	% CHANGE
EFR (Stand Alone)	1,329,796,037	64,538,409	729,436,428	93,563,111	-87%
MRTW Logistics	6,010,514	20,673,929	23,679,186	(125,184,391)	-629%
Multipack	1,658,251,796	1,729,590	830,855,488	(36,171,783)	-104%
UCS	8,242,425	(4,689,095)	(567,882)	(18,023,886)	3074%
EFR GLE	230,864,961	119,877,943	235,310,424	5,764,830	-98%
MRTW Manufacturing	(271,657,310)	(160,945,197)	(296,773,852)	(52,660,475)	-82%
Gold Shipping	171,567,648	76,900,620	162,684,444	118,947,667	-27%
EFR Trading	102,505,426	57,924,541	109,177,253	105,772,899	-3%
LDC Mandalay	(173,564,330)	(83,310,676)	(170,092,841)	22,668,397*	-113%
A Logistics	-	-	-	(9,089,196)	NM
Share of Profit from Associates	(237,267,418)	(174,790,664)	(293,424,373)	(326,392,080)	11%
Total net income for the year	2,824,749,749	(82,090,599)	1,330,284,276	(220,804,907)	
Intercompany transaction	(1,248,215,011)	(274,713,578)	(898,821,083)	(397,671,279)	
Total net income for the year	1,576,534,739	(356,804,177)	431,463,193	(618,476,183)	-243%
Foreign Currency Translation	431,963,712	15,485,574	231,467,430	(114,479,353)	
Total comprehensive income for the year	2,008,498,451	(341,318,603)	662,930,623	(732,955,536)	-211%

Our group net income after offsetting intercompany transaction declined from the profit of MMK 431,463,193 in FY 2018-19 to loss of 618,476,183 in FY 2019-20 which is 2.43 times less. Profit of 431,463,193 in FY 2018-19 includes Multipack Business selling income (ie., Extra ordinary other income) amounted MMK 1,658,251,796.

The profit after tax of UCS was dropped from small loss MMK 567,882 in FY 2018-19 to MMK 18,023,886 in FY 2019-20. It is because of COVID 19 which seriously affect UCS's core customers that cannot make revenue in this FY 2019-20, but UCS of administration cost was remain unchanged.

The profit after tax of MRTW Manufacturing could minimize the loss from MMK 296,773,852 to less loss of MMK 52,660,475 as the earnings and gross profit increased whereas there was a reduction in administrative expenses during COVID 19 time. The factory was operating government rules and regulation during the difficult time for controlling staffs.

Moreover, LDC Mandalay's loss of MMK 170,092,841 in FY 2018-2019 to the net profit *MMK 22,668,397 in FY 2019-20. The income from Mandalay LDC was recognized as other income category in income statement as the project is under development for phase one. In FY 2019-20, Mandalay LDC expenses were more than its income by MMK 22,668,397.



Taking into account of the unrealized currency translation gain MMK 231,467,430 for FY 2018-19 and loss MMK 114,479,353 for FY 2019-20, our group's total comprehensive income for FY2018-19 would be gain of MMK 662,930,623 and loss for FY 2019-20 is MMK 732,955,536.

It is highlighted that our operation income for all units before offsetting intercompany transition of MMK 397,670,898 is at a loss of MMK 220,804,907. And unrealized loss of multicurrency usage in all units is amounted at MMK 114,479,353. After consideration all, our group comprehensive income was a loss of MMK 732,955,536.

SHARE OF PROFIT FROM ASSOCIATES

SHARE OF PROFIT FROM ASSOCIATES	HY September 2019	HY September 2019 (Apr18-Mar19)	FY September 2019	FY September 2020	% CHANGE
KEFR (30%)	(84,536,474)	(53,993,918)	(138,530,392)	(129,370,949)	-6.6%
UTOC Multipack (40%)	(53,393,564)	(29,617,260)	(83,010,824)	(126,381,368)	52.3%
HITLC (49%)	(36,860,626)	(35,022,531)	(71,883,157)	(70,639,763)	-1.7%
Share of Profit from Associates	(174,790,664)	(118,633,709)	(293,424,373)	(326,392,080)	11%

KEFR JV's which is 30% owned by EFRGOCP, profit after tax contribution to our consolidated report for FY 2019-20 was minus MMK 129,370,949. The amount was reduced by 6.6% from minus MMK138,530,392 in FY 2018-19. The main reason of loss from KEFRJV is that all assets of KEFRJV were set for shorter life time for the depreciation.

40% of UTOC Multipack JV is owned by EFRGOCP, and the profit after tax of UTOC JV contribute to our consolidated report for FY 2019-20 was minus MMK 126,381,368. The loss was 52.3% more in FY 2019-20. In FY 2018-19, it was minus MMK 83,010,824. UTOC JV was not able to operate profitably throughout all JV operating years. EFRGOCP will take necessary action and assistance to UTOC JV with corrective actions.

HITLC (Hlaing) projects was still in under construction, thus it cannot contribute earnings to EFRGOCP until completion of at least phase one of the project.



FINANCIAL CONDITION (SUMMARY GROUP BALANCE SHEET)

DESCRIPTION	As of 30th September, 2019	As of 30th September, 2020	% CHANGE
	(Audited)	(Audited)	
ASSETS			
Total Non-Current Assets	5,648,264,764	5,464,943,694	-3.3%
Total Current Assets	13,291,391,650	12,862,913,705	-3.2%
Total Assets	18,939,656,414	18,327,857,399	-3.2%
LIABILITIES			
Total Non-Current Liabilities	Nil	Nil	
Total Current Liabilities	2,904,475,590	2,985,632,111	2.8%
Total Liabilities	2,904,475,590	2,985,632,111	2.8%
EQUITY			
Total Equity	16,035,180,824	15,342,225,288	-4.3%
Total Equity and Liabilities	18,939,656,414	18,327,857,399	-3.2%

Non-Current Assets

Our non-current assets consist of Properties, Plant and Equipment, Intangible Assets, Investments and Project Under development. Total non-current assets as of 30th September 2020 decreased by 3.3% from MMK 5,648,264,764 to MMK 5,464,943,694 that was mainly from changes in project under development.

Current Assets

Our current assets are composed of cash and cash equivalents, trade and other receivables, prepaid, advance tax and deposits. Our current assets declined by 3.2% from MMK 13,291,391,653 to MMK 12,862,913,705. The main reason was the decrease in trade receivables which was dropped from MMK 11,106,829,494 in FY September 2019 to MMK 9,734,288,603 in FY September 2020. Even though the decrease in account receivable was partly due to declaration of bad debt, we could also manage to collect trade debts within credit terms.

Current Liabilities

Our current liabilities consist mainly of trade and other payables, tax provisions, advanced received and accruals. There was a rise in total current liabilities by 2.8% from MMK 2,904,475,590 to MMK 2,985,632,112. The main reason for this increase is due to increase in the provision for Tax payable for FY 2018-19. Most of units Tax assessment is under the arrangement of IRD that make in group consolidated payable amount high.

Equity Attributable to Equity Holders

Our group equity has slightly declined by 4.3% from MMK 16,035,180,824 to MMK 15,342,225,288 as our retained earnings have declined from MMK 1,897,500,803 in FY September 2019 to MMK 1,280,971,503 in FY September 2020.



REVIEW AND FUTURE PROSPECT OF EFR

Ever Flow River Group Public Company Limited (“EFRGOCP”) was listed at Yangon Stock Exchange on 28th May, 2020. During two decades of operating in logistics industry, we have strategically expanded our businesses and service lines into a wide range business from domestic to international freight forwarding services, inner river port, container depot, customs-bonded warehouse and overall logistic engineering and are also providing total logistics solutions to our clients.

Looking back to a year, even though EFR has delivered good performance in terms of revenue growth and operational cost control in many of the subsidiaries, overall financial performance as a group was still effected by the COVID-19. Current global pandemic crisis and uncertainty have been significantly impacted many industries over the year, logistics industry are also impacted directly and indirectly.

As landscape of doing business including logistic business has been changing during pandemic and post pandemic periods to come, EFR management is tackling to mediate and mitigate this rapidly changing situation by simultaneously adapting current business model as well seeking for new opportunities.

It is highlighted that EFR Trading added and performed value added services for logistics through trading during the Covid-19 difficult time which contributed good earning in FY 2019-20. As a one-stop logistic company, some of our subsidiaries such as Gold Shipping and EFR LDC were performing well even during Covid-19 period and we anticipate that the impacts of the outbreak to be temporary and an upturn of businesses from January 2021 onwards.

EFR will continue to diversify our services strategically by expanding operations. Based on our long-term group vision, we will apply and diversify synergistic combination and formation of total logistics solution services and carefully design our services in consideration of the welfare of our client and promoting Myanmar businesses to the international market. Every member of EFR devotes ourselves for the organization to become one of the leading total logistics service providers locally and globally.

Not only current ongoing business are to generate profit, but also all developing projects under EFR are taken care closely to be finished on time as planned by both EFR Management team and all of staff in our company to their best so that dividend can be distributed in the near future year.

As logistics sector plays an essential role in making headway of all other industries, we believe that there is a good potential of our logistic businesses aftermath of Covid-19 pandemic.

By Order of the Board

Daw Khin Sone

Executive Director

29th December,2020

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ABBREVIATIONS

EFR	Ever Flow River Group Public Company Limited.
EFR GLE	EFR G-Link Express Services Co., Ltd.
EFR Trading	Ever Flow River Trading Co., Ltd.
Gold Shipping	Gold Shipping Agency Services Co., Ltd.
HITLC	Hlaing Inland Terminal and Logistics Co., Ltd.
KEFR	Kamigumi-EFR Logistics (Myanmar) Co., Ltd.
LDC Mandalay	Ever Flow River Logistics & Distribution Center (Mandalay) Co., Ltd.
MRTW Logistics	Myanmar Round the World Logistics Co., Ltd.
MRTW Manufacturing	MRTW Manufacturing & Inspection Co., Ltd.
Multipack	Multipack Engineering Services Co., Ltd.
UCS	Unison Choice Services Co., Ltd.
UTOC Multipack	UTOC Multipack Myanmar Co., Ltd.
A L	A Logistics Co., Ltd.