

MYANMAR AGRO EXCHANGE PUBLIC LIMITED

**FINANCIAL STATEMENTS
MARCH 31, 2017**

Currency – Myanmar Kyat (In thousand)

**WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

MYANMAR AGRO EXCHANGE PUBLIC LIMITED

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**STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR MYANMAR AGRO EXCHANGE PUBLIC LIMITED**

It is the responsibility of the management to prepare the financial statements which give a true and fair view of the financial position of **Myanmar Agro Exchange Public Limited** (the Company) as of 31 March 2017 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these financial statements, the management is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of Management

U Win Aung
Chairman
MYANMAR AGRO EXCHANGE PUBLIC LIMITED

July 18, 2017

Ref: 314 /M-283/July 2017

INDEPENDENT AUDITOR'S REPORT

To the members of the Company of MYANMAR AGRO EXCHANGE PUBLIC LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Myanmar Agro Exchange Public Limited** which comprise the statement of financial position as at March 31, 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standard (MFRS) and the provisions of the Myanmar Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Myanmar Agro Exchange Public Limited** as of March 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with MFRS and the provision of the Myanmar Companies Act.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Myanmar Companies Act, we also report that:

- (i) we have obtained all the information and explanations we have required; and
- (ii) books of account required by the Act to be kept by the Company have been properly kept in accordance with the provisions of Section 130 of the Act.

Saw Nelson (PA-400)
Engagement Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

July 18, 2017

MYANMAR AGRO EXCHANGE PUBLIC LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT MARCH 31, 2017**

Currency – Myanmar Kyat (In thousand)

	Note	2017	2016
Assets			
Non-current assets			
Property and equipment	5	31,037	1,676
		31,037	1,676
Current assets			
Cash and bank	6	1,513,097	171,412
Work in progress		22,042,608	6,208,638
Trade and other receivables	7	457,312	95,525
		24,013,017	6,475,575
		24,044,054	6,477,251
Equity and liabilities			
Equity			
Capital – value per share kyat 10,000/-			
Authorized– 2,500,000 shares		25,000,000	25,000,000
Issued and paid-up capital	8	21,640,860	5,000,000
Advance capital		-	1,450,000
Share premium		112,141	-
Retained profit		75,941	1,047
		21,828,942	6,451,047
Current liabilities			
Trade and other payables	9	657,418	26,204
Provisions	10	57,694	-
		715,112	26,204
Non-current liability			
Bank loan	11	1,500,000	-
		1,500,000	-
		24,044,054	6,477,251

*The notes on pages 9 to 14 are an integral part of the Financial Statements.***Authenticated by Directors:**

(1)

(2)

(3)

(4)

MYANMAR AGRO EXCHANGE PUBLIC LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED MARCH 31, 2017**

Currency – Myanmar Kyat (In thousand)

	Note	2017	Period from 14 September 2015 to 31 March 2016
Revenue		562,721	-
Cost of sale		(325,589)	-
Gross profit		237,132	-
Other income	12	74,887	26,689
(Less) Expenses			
General and administrative expenses	13	169,417	25,640
Finance expenses	14	10,014	2
Total expenses		(179,431)	(25,642)
		132,588	1,047
(Less) Amount of Provision for YCDC	10	(33,147)	-
Net profit before tax		99,441	1,047
Income tax expense		(24,547)	-
Net profit after tax		74,894	1,047
Other comprehensive income		-	-
Total comprehensive income		74,894	1,047

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MYANMAR AGRO EXCHANGE PUBLIC LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED MARCH 31, 2017****Currency – Myanmar Kyat (In thousand)**

	Share capital		Share premium	Retained Earning	Total equity
	Shares	Kyat	Kyat	Kyat	Kyat
As at April 1, 2016	645,000	6,450,000	-	1,047	6,451,047
Total comprehensive income for the year	-	-	-	74,894	74,894
Contribution of capital	1,519,086	15,190,860	-	-	15,190,860
Share premium	-	-	112,141	-	112,141
As at March 31, 2017	2,164,086	21,640,860	112,141	75,941	21,828,942
As at April 1, 2015					
Total comprehensive income for the period	-	-	-	1,047	1,047
Contribution of capital	500,000	5,000,000	-	-	5,000,000
Advance contribution for right issue	145,000	1,450,000	-	-	1,450,000
As at March 31, 2016	645,000	6,450,000	-	1,047	6,451,047

*The notes on pages 9 to 14 are an integral part of the Financial Statements.***Authenticated by Directors:**

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MYANMAR AGRO EXCHANGE PUBLIC LIMITED**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2017
Currency– Myanmar Kyat (In thousand)**

		For the period from 2017 14 September 2015 to 31 March 2016
	Note	
Cash flows from operating activities		
Profit before tax		99,441 1,047
<i>Adjustments for:</i>		
Depreciation		2,042 48
Interest income		(73,631) (26,689)
Operating profit before working capital changes		27,852 (25,594)
<i>Changes in</i>		
Work in progress		(15,833,970) (6,208,638)
Trade and other receivables		(361,787) (95,525)
Trade and other payable		631,214 26,204
Provisions		33,147 -
Cash outflow from operations		(15,503,544) (6,303,553)
Interest received		73,631 26,689
Income tax paid		- -
Net cash provided in operating activities		(15,429,913) (6,276,864)
Cash flows from investing activities		
Purchase of fixed assets		(31,403) (1,724)
Net cash used in investing activities		(31,403) (1,724)
Cash flows from financing activities		
Proceeds from capital contribution		15,303,001 6,450,000
Proceeds from bank loan		3,500,000 -
Bank loans repayment		(2,000,000) -
Net cash provided by financing activities		16,803,001 6,450,000
Net increase in cash and cash equivalents		1,341,685 171,412
Cash and cash equivalents at beginning of year		171,412 -
Cash and cash equivalents at end of year	6	1,513,097 171,412

The notes on pages 9 to 14 are an integral part of the Financial Statements.

Authenticated by Directors:

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(3)

(4)

MYANMAR AGRO EXCHANGE PUBLIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (In thousand)

1. General information

MYANMAR AGRO EXCHANGE PUBLIC LIMITED was incorporated as a public company in the Union of Myanmar under The Myanmar Companies Act on September 14, 2015.

The company registration certificate issued by the Ministry of Natural Planning and Economic Development was dated 14.9.2015 No.1789/2015-2016 (yaka).

The Company was established by eleven (11) Promoters for the purpose of developing and managing Danyingone Wholesale Market and a copy of its constitutions (MOA & AOA) is attached herewith. Danyingone wholesale market is located at the Corner of Shwe Pyi Thar Bridge Road and Palae Road in Insein Township. In early 2015, Dagon International Limited (DIL) participates in submitting the tender for construction and management of Danyingone Wholesale Market along with other bidders. DIL was awarded the tender on 31 March 2015 by Yangon Regional Government and Yangon City Development Committee. One of the tender conditions and commitments given by Dagon International Limited was that the project will be carried out through a project company which is a Public company in nature and will hold 45% interest in such Public company as a promoter/founder, hence the creation of Myanmar Agro Exchange Public Limited. After incorporation, DIL was appointed as the main construction contractor for the Danyingone Wholesale Market construction to meet the tender condition clause 5(a), 16 of Yangon Regional Government.

The company has leased a plot of land of 82.78 acres from Yangon Region Government, Yangon City Development Committee, for 50 years initially with an extended period of 20 years for constructing of Danyingone wholesale Bazaar. After the completion of the main market building, the wholesale market shall be opened and the company will manage the overall administration of the market according to the terms of the land lease agreement.

The financial statements are expressed in Myanmar kyat and relate to the year ended 31 March 2017.

The registered office of the Company is No262-264, Pyay Road, Dagon Centre, Block (A), 7th floor, Myaynigone, Sanchaung Township, Yangon Region, Myanmar.

The validity of the Certificate of incorporation issued to the Company is five years expiring on September 13, 2020.

2. Summary of significant accounting policies

A Basis of preparation

The accompanying financial statements have been prepared in accordance with Myanmar Financial Reporting Standards (MFRS) and are based on historical cost convention.

B Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Myanmar kyat, which is also the functional currency of the Company.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

C Use of estimates and judgments

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

D Property and equipment

Property and equipment are stated at cost less accumulated depreciation.

Depreciation are computed under the straight-line method over the estimated useful lives of these assets.

	Years
Furniture and fittings	3
Office equipment	3
Motor Vehicle	5

E Cash and cash equivalents

Cash and cash equivalents include cash at bank.

F Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

G Ordinary Shares

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

H Revenue

Revenue is recognized only when it is probable that economic benefits associated with the transaction will flow to the Company.

I Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

J Related party

A party is related to an entity if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the entity that gives it significant influence over the entity; or
 - (iii) has joint control over the entity;
- (b) the party is an associate of the entity;
- (c) the party is a joint venture in which the entity is a venture;

- (d) the party is a member of key management personnel of the entity or its parents;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

2. Financial risk management

(a) Foreign exchange risk

Foreign exchange risk arises from purchase of equipment and raw material purchased and loan payable in foreign currency.

(b) Credit Risk

The carrying amount of bank deposits, other receivables, prepayment and deposits included in the financial statements of the company. However the Company had made arrangement by laying down policy so that risk is at a minimum.

(c) Market risk

The Company is operating in Yangon where there is competition in foreign market risk.

(d) Liquidity and cash flow risks

The Company monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cash flow.

4. Fund management

The Company's objectives, when managing its funds, are to safeguard and maintain adequate working capital to continue as a going concern.

5. Property and equipment

	2017	2016
Original Cost		
Opening balance	1,724	-
Additions		
Furniture and fitting	1,457	1,724
Office equipment	4,601	-
Motor Vehicle	25,345	-
Total	33,127	1,724
Depreciation		
Opening balance	48	-
During the year		
Furniture and fitting	665	48
Office equipment	532	-
Motor Vehicle	845	-
Accumulated depreciation	(2,090)	(48)
Balance as at 31st March, 2017	31,037	1,676

6. Cash and bank	2017	2016
Cash in hand	11,288	-
Cash at bank *	1,501,809	171,412
	1,513,097	171,412

* Cash at bank includes bank guarantee amounting to kyat 500,000,000 at Ayeyawaddy Bank.

7. Trade and other receivables	2017	2016
Trade receivable	378,446	-
Advance expenses	17,005	25,655
Other receivables	61,861	69,870
	457,312	95,525

8. Issued and paid-up capital

	Issued shares	Issued share capital
2017		
Opening balance	500,000	5,000,000
Contribution of capital		
Right issue from advance capital	1,072,000	10,720,000
Public share	592,086	5,920,860
Closing balance	2,164,086	21,640,860
2016		
Opening balance	-	-
Contribution of capital	500,000	5,000,000
Closing balance	500,000	5,000,000

All issued ordinary shares were fully subscribed. Par value of an ordinary share is Kyat 10,000. One fully paid-up share has a voting right for each and has the same right when the Company declares dividend.

During the financial year 2016-2017, the Company issued right shares totaling 1,072,000. The company also issued 500,000 shares to the public, and allotted a total of 92,086 shares as private placement shares being surplus from public offerings. Therefore, the Company had already allotted 2,164,086 shares amounting to kyat 21,640,860,000 to the public at the reporting date.

Price of issued shares during the financial year 2016-2017 is 10,500 kyats per share which included 10,000 kyats of nominal value and 500 kyats of premium.

9. Trade and other payables	2017	2016
Other payable	39,996	9,450
Advance received	617,422	16,754
	657,418	26,204

10. Provisions

	2017	2016
Provision for YCDC *	33,147	-
Provision for income tax	24,547	-
	57,694	-

* Provision is made in accordance with the agreement between the Company and YCDC which describes that YCDC is entitled to 25% of net profit before tax resulting from sale of large shop houses.

11. Bank Loan

The Company acquired a loan of kyat 3,500 million from Ayeyawaddy Bank during the financial year 2016-2017. Moreover, the Company paid back kyat 2,000 million and redeemed a pledge of 14 shop houses which are property of the Company during the year.

12. Other income

	2017	2016
Interest income	73,632	26,689
Exchange gain	1,255	-
	74,887	26,689

13. General and administrative expenses

General and administrative expenses include the following significant expenses;

	2017	2016
Salaries	66,820	3,600
Advertising	5,969	108
Depreciation	2,042	48
Rental expenses	12,300	-
Stationery & printing	2,893	40

14. Finance expenses

	2017	2016
Bank charges	14	2
Bank service fees	10,000	-
	10,014	2

15. Significant Commitments and Obligations

The company has appointed Dagon international Limited as its main construction- contractor in order that the terms and conditions of tender para 5(A) 16 could be fulfilled. The Company has signed a contract of land lease on March 22, 2016 to pay the following benefits.

1. Contract with the Yangon City Development Committee

The company has executed land lease agreement with the following rights

- To give to YCDC 20% of 200 shop house to which 40 (shop house including large broker house, living quarters, offices)
- To pay an amount equivalent to 25% of profit before tax, resulting from rents or sales of the remaining 80% of shop houses, and 25% of that of medium-sized shop houses and gasoline shops

- After the business has started, to pay an amount equal to 25% of profit before tax
2. Contract with Dagon International Ltd
 - (a) The company has contracted Dagon International Ltd to construct of Danyingone whole sale market in order to fulfill the terms and conditions of tender para 5(A) 16
 - (b) The Company has signed agreements with Dagon International Limited to set off its contributions, 45% of second right issue 450,000 shares and 35,000 of public offering 500,000 shares, against cost of Danyingone Wholesale Market construction on 31.10.2016 and 30.3.2017 respectively.
 3. Other auxiliary contracts
 - (a) Contract to buy steel from Zamil Steel (Vietnam)
 - (b) Design for Drain to be draw by B4 (France) Consultant

16. Related party transactions

In addition to the information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Company and the related parties at terms agreed between the parties;

(a) Sales and Purchase of Goods and Service

	During the year	Closing balance	Nature of transaction
2017			
Dagon International Limited	9,286,152	14,290,167	Construction contract
2016			
Dagon International Limited	6,208,638	6,208,638	Construction contract

(b) Key management personnel and director compensation

There is no management personnel and director compensation during the year.

(c) Agreement between related parties

Dagon International Limited was selected as the major contractor as it was awarded the winner by Tender Selection Committee of Yangon Regional Government among other tender bidders participants to develop and manage Danyingone project.

17. Authorization of financial statements

These financial statements were authorized for issue in accordance with the resolution of the Board of Directors of **Myanmar Agro Exchange Public Limited** on July 18, 2017.
