



MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED.

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AUDITED FINANCIAL STATEMENTS AND MANAGEMENT DISCUSSION & ANALYSIS

The Board of Directors of Myanmar Agro Exchange Public Company Limited (“MAEX”) wishes to announce the release of the Company’s audited financial statements and Management Disclosure and Analysis (“MD&A”) for the year ended 30th September 2020 (“FY2019-2020”). All currency amounts in the MD&A are express in Myanmar Kyats unless otherwise specified.

The company had changed the financial year start from April to October and end from March to September, in accordance with the legislation enacted by the parliament. The reported financial year (“FY2019-2020”) covered the period from 1st October 2019 to 30th September 2020. The preceding year (“FY 2019”) covered the six month period from 1st April 2019 to 30th September 2019. As a result, the amounts presented in financial statements are not entirely comparable.

The financial statements are prepared in accordance with Myanmar Financial Reporting Standards (MFRS) and audited by the Independent Auditor, Win Thin and Associates.

Board of Directors approved this document on 31st December 2020. The discussion and analysis are provided below:

KEY HIGHLIGHTS

Summary of the Statements of Comprehensive Income

	2020 (12 months)	2019 (6 months)
	MMK’000	MMK’000
Revenue - net	2,535,757	1,508,550
Cost of sales	(411,157)	(588,355)

Gross profit	2,124,600	920,195
Gross margin	84%	61%
Other income	76,735	25,505
- General and administrative	(1,664,335)	(844,799)
- Marketing	(15,614)	–
- Finance charges	(10,336)	(84)
Profit before Share of profit to YCDC	511,050	100,817
Share of profit to YCDC	(130,063)	(25,204)
Profit before tax	380,987	75,613
Income tax expense	(3,572)	–
Comprehensive income for the year/period	377,415	75,613
Earnings per share (Kyat per share)	17	3
Basic earnings per share	17	3

The revenue for FY 2019-20 is MMK 25,357.57 lakh, which is 68% higher than that of FY 2019.

The main driver of increase in revenue for the reporting year is market operation income.

Monthly average market operation income for the reporting year is increase by 56.5% from MMK 1227.84 lakh in FY 2019. The increase is mainly rental income from market buildings, and cars, trucks and motor cycles entrance income.

A breakdown of FY 2019-20 monthly average revenues of market operation is set forth below.

Market Operation Income	Monthly average income		%
	FY 2019-20	FY 2019	Changes
Rental Income from Market Buildings	1,307.89	889.96	47.0%
Cars, Trucks & Cycles Entrance	383.52	188.01	104.0%
Income From Toilets	175.54	131.01	34.0%
Motorcycle Stand Fees	14.54	-	0.0%
Place Rental Income	40.10	18.87	112.6%
Total	1,921.59	1,227.84	56.5%

The gross profit has improved by 23% FY 2019-20. It is mainly due to improvement in gross profit margin contributed by market building (3) and starts the income from market building (4). There is more seasonal fresh vegetable sellers move to our market at the second wave of COVID 19, due to better management for COVID 19 for preventive measures in our market. So, we arrange in market building (4) for those sellers. The more buyers also come to our market for proper area, car parking space and better management of COVID 19 protection. The finance charges increase by MMK 0.84 lakh in FY 2019 to MMK 103.36 lakh in FY 2019-20. The increase is due to cost incurred the bank guarantee renewal service charges and bank charges. The marketing expenses also increase by MMK156.14 lakh due to spend the advertising in social media web site and cost of ferry for buyers.

Profit before income tax percent on revenue is increase to 15% during the reporting period from 5% on FY 2019. The increase is primarily due to the increase in gross profit percentage on revenue. It is increased to 83.8% from 61.0% on FY 2019. The detail gross profit margin is provided below:

	FY 2019-20 (12 months)	% on Revenue	FY 2019-20 (6 months)	% on Revenue
Sales of Shop House (Net)	1,553.40		7,718.45	
Cost of sales for Shop House	871.24	56.1%	4,974.4	64.4%
Gross Profit for Shop House	682.16		2,744.05	
Market operation income (Net)	23,059.09		7,367.05	
Direct cost for market operation	2,580.02	11.2%	909.15	12.3%
Gross Profit for market operation	20,479.07		6,457.90	
E-Commerce	745.08			
Cost of sales for E-Commerce	660.31	88.6%		
Gross Profit for e-commerce	84.77			
Total Gross Profit	21,246.00	83.8%	9,201.95	61.0%

Summarized Statement of Financial Position as at 30th September 2020

	2020 MMK'000	2019 MMK'000
ASSETS		
Non-current assets		
Investment properties	9,168,188	9,403,568
Property, plant and equipment	9,000,194	6,065,984
Intangible asset	68,092	59,571
Total non-current assets	18,236,474	15,529,123
Current assets		
Cash and cash equivalents	803,292	765,659
Trade and other receivables	759,325	1,298,493

Advances and prepayments	60,225	137,676
Inventories	3,540	296,113
Work-in-progress	6,125,764	7,133,203
Total current assets	7,752,146	9,631,144
	25,988,620	25,160,267
EQUITY AND LIABILITIES		
Equity		
Share capital	21,753,001	21,753,001
Retained earnings	1,299,475	922,060
	23,052,476	22,675,061
Non-current liabilities		
Bank loan	1,600,000	1,800,000
	1,600,000	1,800,000
Current liabilities		
Trade and other payables	1,206,081	403,480
Provisions	130,063	281,726
Total current liabilities	1,336,144	685,206
	25,988,620	25,160,267

Total current assets have reduced by 19.5% in FY 2019-20, driven primarily by decrease in Trade and other receivables and Work-in-progress. Trade and other receivables have declined

to MMK 7,593.25 lakh from MMK 12,984.93 for received the balance of Shop Houses sales during the reporting period. Work-in-progress is cost of Shop Houses which are transferred to YCDC during the financial year.

The increase of 17.4% in total non-current assets is primarily due to increase in developing property and acquisition of furniture and equipment during the year.

The 83.9% increase in total liabilities is due to raise the payable construction cost and other payable expenses which are current liabilities. Non-current liability is decreased by 11.1%. The company settled the principle of loan, MMK 2,000 lakh, during the period.

Company's equity grew at a rate of 1.7%, which is net profit during the period add into retained earnings.

Summary Cash Flow Statement for the year ended 30th September 2020

	2020	2019
	(12 months)	(6 months)
	MMK'000	MMK'000
Cash flows from operating activities		
Profit before tax	377,415	75,613
<i>Adjustments for:</i>	-	-
- Depreciation and amortization	512,860	240,473
- Interest income	(40,501)	(21,254)
- Income tax adjustment	3,572	-
Operating profit before working capital changes	853,346	294,832
Changes in working capital	-	-
- Trade and other receivables	596,884	15,522
- Advances and prepayments	7,452	(16,441)
- Inventories	292,573	163
- Work in progress	1,007,438	87,179
- Trade and other payables	802,601	(176,409)
- Provisions	(41,972)	(121,468)

Cash generated from operation	3,518,322	83,378
Interest received	40,501	21,254
Income tax paid	(43,263)	-
Net cash provided by operating activities	3,515,560	104,632
Cash flows from investing activities	-	-
Additions to investment properties	(14,528)	(29,239)
Additions to property, plant and equipment	(3,239,023)	(41,875)
Additions to intangible assets	(24,376)	(21,701)
Net cash used in investing activities	(3,277,927)	(92,815)
Cash flows from financing activities	-	-
Repayment of bank loan	(200,000)	-
Net cash used in financing activities	(200,000)	-
Net increase in cash and cash equivalents	37,633	11,817
Cash and cash equivalents at beginning of year/period	765,659	753,842
Cash and cash equivalents at end of year/period	803,292	765,659

Company cash and cash equivalents totaled to MMK 8,032.92 lakh as at 30 September 2020, as compared to MMK 7,656.59 lakh as at 30th September 2019. The MMK 32,779.27 lakh of cash used in investing in FY 2019-20 is due to implementation of construction developments and MMK 958.48 lakh for acquisition of furniture and equipment. The cash used in financing activities of MMK 2,000 lakh is principle repayment of loan.

Forward Outlook

Myanmar has been experiencing its second wave of COVID-19 transmission since September 2020, which has led to Yangon seeing an increase in the number of positive cases. In response, the Government implemented stricter COVID-19 response measures, including restricting movements between townships, stay home orders, and prohibitions on dine-in for restaurants. Authorities are now easing some of the measures, and economic activities are gradually recovering. Furthermore, the impact of the COVID-19 response is expected to provide the

catalyst for a more rapid pace of economic transformation, which bodes well for the company's businesses and most of the company's businesses are witnessing stronger than before. Overall, the effects of Covid-19 still pose uncertainties going forward.

There was no significant impact of COVID 19 during the reporting period. Market operation is function regularly during the period. Shops in markets are also selling better. Market operation income increased after reporting period for proper management and supervision of the company's management team and appropriate area for sellers and buyers.

MAEX will continue to invest in project development construction, such as shop houses, cold store and infrastructure works. The company plan to install the cold rooms in market building (1) to attract more fruit sellers with affordable investment. And operation team of the company prepares the more rentable area in market building (4). Guided by the chairman and management committee of the company for the company to achieve more income from market building (1) and (4), new attractions and categories are being introduced. Furthermore, management of the company starts to construct more parking for transporters and heavy duty trucks. It can be also income generation activity.

The Board of Directors of the company decided to issue the dividend, MMK 30 per share from this fiscal year results.

The Company believes that the right direction and expects the business to achieve sustainable results in the long run. The Company will continue to support the strategic development of our market investment.