



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 interim financial statements and Management Disclosure and Analysis (“MD&A”) for the half year (six months period) ended 31st March 2021 (“HY 2020-2021”). All currency amounts in the MD&A are express in Myanmar Kyats unless otherwise specified.

The reported half financial year (“HY 2020-2021”) covered the period from 1st October 2020 to 31st March 2021. The preceding half year (“HY 2019-2020”) covered the six month period from 1st October 2019 to 31st March 2020.

The interim 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 30th June 2021. The discussion and analysis are provided below:

KEY HIGHLIGHTS

Summary of the Statements of Comprehensive Income

	HY 2020-2021	HY 2019-2020	% Change
	(6 months)	(6 months)	
	MMK’000	MMK’000	
Revenue - net	2,301,022	1,122,493	105%
Cost of sales	(692,783)	(120,298)	476%
Gross profit	1,608,239	1,002,195	60%
Gross margin	70%	89%	-21%
Other income	41,273	37,819	9%
- General and administrative	(917,137)	(855,466)	7%

- Marketing	(148)	(904)	-84%
- Finance charges	(246)	(10,119)	-98%
Profit before Share of profit to YCDC	731,981	173,525	322%
Share of profit to YCDC	(186,875)	(43,381)	331%
Profit before tax	545,106	130,144	319%
Income tax expense	-	-	
Comprehensive income for the period	545,106	130,144	319%
Earnings per share (Kyat per share)	25	6	317%
Basic earnings per share	25	6	317%

The revenue for HY 2020-2021 is MMK 23,010.2 lakh, which is 105% higher than that of HY 2019-2020. The main driver of increase in revenue for the reporting period is market operation income. Market operation income for the reporting period is increase by 38% from MMK 11,224.9 lakh in HY 2019-2020. The increase is mainly rental income from market buildings, and cars, trucks and cycles entrance income.

The comparison of breakdown revenue for HY 2020-2021 vs HY 2019-2020 is set forth below.

	HY 2020- 2021	HY 2019- 2020	% CHANGES
	MMK'000	MMK'000	
-	-	-	
-	-	-	
Revenues	-	-	
Income From Sales Of Shop House	662,621	-	N/A
Market Operation Income			-
Rental Income from Market Buildings	1,069,528	785,300	36%
Cars, Trucks & Cycles Entrance	335,561	220,518	52%
Other Operation Income	149,029	116,675	28%
Total Market Operation Income	1,554,118	1,122,492	38%
Revenue from E Commerce	84,284	-	N/A
Total Revenues	2,301,023	1,122,492	105%

The gross profit has decreased by 19% on HY 2020-2021. It is mainly due to include the 73% of Cost of Goods Sold from Sales of Shop House, but Revenue is increased 105% and total amount of Gross Profit is increased 61%. In addition, Gross Profit amount from Market Operation is Increase by 42%. 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 and better management of COVID 19 protection.

Profit before income tax is increase by 319% during the reporting period compare with HY 2019.2020. It is increased in Sales of Shop House for market inflation and market operation income, too. The comparison of detail gross profit margin is provided below:

	<u>(MMK '000)</u>			
	HY 2020- 2021	% on Revenue	HY 2019- 2020	% on Revenue
Income From Sales Of Shop House	662,621	-	-	-
Cost of Goods Sold (Shop House)	(486,229)	73%	-	N/A
Gross profit from Sales of Shop House	<u>176,392</u>	27%	<u>-</u>	-
Market Operation Income	1,554,118	-	1,122,492	-
Service Charges for Rental	(131,491)	8%	(120,298)	11%
Gross profit from Market Operation	<u>1,422,627</u>	92%	<u>1,002,194</u>	89%
Revenue from E Commerce	<u>84,284</u>		<u>-</u>	N/A
Cost of sales, E Commerce	(75,063)	89%	-	N/A
Gross profit from Market Operation	<u>9,221</u>	11%	<u>-</u>	N/A
Total Gross Profit	<u>1,608,239</u>	70%	<u>1,002,194</u>	89%

As per above comparison, Market Operation Income is increased not only the amount, but also Gross Profit Margin. It is increased by 3%.

Summarized Statement of Financial Position as at 31st March 2021

	31-Mar- 2021	30-Sep- 2020	Changes
	MMK'000	MMK'000	
-	-	-	-
-	-	-	-
Assets	-	-	-
Current assets	4,451,238	7,752,146	-43%
Non-current assets	20,945,915	18,236,474	15%
Total assets	25,397,153	25,988,620	-2%
Liabilities	-	-	-
Current liabilities	848,797	1,336,144	-36%
Non-current liabilities	1,600,000	1,600,000	0%
Total liabilities	2,448,797	2,936,144	-17%
Net Assets	22,948,356	23,052,476	0.5%
Equity	-	-	-
Issued Share Capital	21,753,001	21,753,001	0%
Retained Earnings	1,195,355	1,299,475	-8%
Total Equity	22,948,356	23,052,476	0.5%

Total current assets have reduced by 43% in HY 2020-21, driven primarily by decrease in Work-in-progress. Work-in-progress is construction cost of Infrastructure & others which are transferred to Development Cost during the period and cleared the Construction Contract Cost during the period.

The increase of 15% in total non-current assets is primarily due to the value Invested Property, Market Building (4), completed during the period.

The 36% decrease in total liabilities is due to clear the payable construction cost and other payable expenses during the period.

Shareholders' equity slightly reduced at a rate of 0.5%, which is Retained Earnings decreased 8% for issued the Dividend during the period.

Summary Cash Flow Statement for the period ended 31st March 2021

	HY 2020-2021 (6 months) MMK'000	HY 2019-2020 (6 months) MMK'000
Cash flows from operating activities	-	-
Profit before tax	545,106	130,144
<i>Adjustments for:</i>	-	-
- Depreciation and amortization	290,458	249,313
- Interest income	(16,398)	(22,756)
Operating profit before working capital changes	<u>819,166</u>	<u>356,701</u>
Changes in working capital	-	-
- Trade and other receivables	(5,642)	323,249
- Advances and prepayments	(6,982)	(17,299)
- Utilities stock	-	483
- Work in progress	3,272,358	(516,802)
- Trade and other payables	(587,388)	2,703
- Provisions	56,813	(103,449)
Cash generated from operation	<u>3,548,325</u>	<u>45,586</u>
Interest received	16,398	22,756
Net cash provided by operating activities	<u>3,564,723</u>	<u>68,342</u>
Cash flows from investing activities	-	-
Additions to investment properties	(2,750,535)	(14,528)
Additions to property, plant and equipment	(248,236)	(25,388)
Additions to intangible assets	(1,128)	(13,014)
Net cash used in investing activities	<u>(2,999,899)</u>	<u>(52,930)</u>
Cash flows from financing activities	-	-
Repayment of bank loan	-	(200,000)
Dividend paid to shareholders	(605,998)	-
Net cash used in financing activities	<u>(605,998)</u>	<u>(200,000)</u>
Net decrease in cash and cash equivalents	<u>(41,174)</u>	<u>(184,588)</u>
Cash and cash equivalents at beginning of period	<u>803,292</u>	<u>765,659</u>
Cash and cash equivalents at end of period	<u>762,118</u>	<u>581,071</u>

Company cash and cash equivalents totaled to MMK 7,621.18 lakh as at 31 March 2021, as compared to MMK 5,810.71 lakh as at 31 March 2020. The MMK 29,998.99 lakh of cash invested during the period. It is due to complete and develops the Investment Property and acquired the operational equipment. Investment Property included completion of Market

Building (4). The cash used in financing activities of MMK 6,060 lakh is issued the Dividend to Shareholders.

Future Prospects

Although Myanmar is facing many challenges with second wave of COVID-19 transmission since September 2020, third wave of COVID-19 and event following 1st February, 2021, Danyingone fruits, vegetable and flowers wholesale market operation income was increased for the 1st half of this financial year. During this Covid-19 pandemic, most of the people are changing their life style for hygiene and consuming more vegetables and fresh products. Our Danyingone Market which is mainly selling fresh produce and local food with convenience and service quality meet the market needs therefore continue to thrive with buyers, sellers and traders. We expect to increase our operation income for the next 6 months and it is also expected to exceed compare to previous year due to proper management and supervision of the company's Management and operation team.

During political turmoil, there was the effect of inflation and more and more people are interested to buy real estate for short-term gains and therefore we are expected to sell more shop-house during this financial year.

MAEX will continue to invest in further construction for project development, such as shop houses, cold storage, food court, fuel station, heavy truck overnight parking, motor cycle stand and infrastructure works. The Cold Stores and Food Court are planned to build next to the market building (3) and so we can get more income from these developed businesses.

For the mid-term plan of the Company, MAEX will continue to invest the strategic commercial buildings and also look for other suitable wholesales market to develop in the country in the near future. The Management of the Company believes that we are on right direction and expects the business is starting to achieve sustainable results.