

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED

**INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2021**

Currency – Kyat (In Thousands)

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2021

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MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED.

No. 262-264, Pyay Road, Dagon Centre (1), Block (A), 4th Floor, Sanchaung Township, Yangon, Myanmar.
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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR MYANMAR AGRO EXCHANGE PUBLIC COMPANY 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 Company Limited** ("the Company") as at 31 March 2021 and the statements of comprehensive income, changes in equity and cash flows for the period 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 Company Limited

30 June 2021



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WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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Ref:410/M-283/March 2021

Report on Review of Interim Financial Information

To the members of Myanmar Agro Exchange Public Company Limited

Introduction

We have reviewed the accompanying financial statements of **Myanmar Agro Exchange Public Company Limited** ("the Company"), which comprise the interim statement of financial position as at 31 March 2021, and the interim statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Myanmar Accounting Standard (MAS) 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Myanmar Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Myanmar Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with Myanmar Accounting Standard (MAS) 34 Interim Financial Reporting.

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



30 June 2021

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 MMK'000	2020 MMK'000
ASSETS			
Non-current assets			
Investment properties	6	11,802,749	9,168,188
Property, plant and equipment	7	9,083,520	9,000,194
Intangible asset	8	59,646	68,092
		<u>20,945,915</u>	<u>18,236,474</u>
Current assets			
Cash and cash equivalents	9	762,118	803,292
Trade and other receivables	10	764,967	759,325
Advances and prepayments	11	67,207	60,225
Utilities stock		3,540	3,540
Work-in-progress	12	2,853,406	6,125,764
		<u>4,451,238</u>	<u>7,752,146</u>
		<u>25,397,153</u>	<u>25,988,620</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	21,753,001	21,753,001
Retained earnings		1,195,355	1,299,475
		<u>22,948,356</u>	<u>23,052,476</u>
Non-current liabilities			
Bank loan	14	1,600,000	1,600,000
		<u>1,600,000</u>	<u>1,600,000</u>
Current liabilities			
Trade and other payables	15	661,922	1,206,081
Provisions	16	186,875	130,063
		<u>848,797</u>	<u>1,336,144</u>
		<u>25,397,153</u>	<u>25,988,620</u>

The accompanying notes form an integral part of the Financial Statements.

(1)

Win Aung
Chairman
Myanmar Agro Exchange Public Limited

(2)

Aung Gyi
Chief Executive Officer
Myanmar Agro Exchange Public Limited

(3)

Director
Myanmar Agro Exchange Public Limited



(4)

Director
Myanmar Agro Exchange Public Limited

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2021

	Note	2021 MMK'000	2020 MMK'000
Revenue - net	17	2,301,022	1,122,493
Cost of sales	19	(692,783)	(120,298)
Gross profit		1,608,239	1,002,195
Other income	18	41,273	37,819
Expenses			
- General and administrative	19	(917,137)	(855,466)
- Marketing	19	(148)	(904)
- Finance charges	19	(246)	(10,119)
		731,981	173,525
Share of profit to YCDC	16	(186,875)	(43,381)
Profit before tax		545,106	130,144
Income tax expense		—	—
Profit for the period		545,106	130,144
Other comprehensive income for the period		—	—
Total comprehensive income for the period		545,106	130,144
Earnings per share (Kyat per share)		25	6
Basic earnings per share	21	25	6

The accompanying notes form an integral part of the Financial Statements.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2021

	Share capital	Retained earnings	Total
	MMK'000	MMK'000	MMK'000
At 1 October 2020	21,753,001	1,299,475	23,052,476
Profit for the period	–	545,106	545,106
Other comprehensive income for the period	–	–	–
Total comprehensive income for the period	21,753,001	1,844,581	23,597,582
Dividend paid to shareholders	–	(649,226)	(649,226)
At 31 March 2021	21,753,001	1,195,355	22,948,356
At 1 October 2019	21,753,001	922,060	22,675,061
Profit for the period	–	130,144	130,144
Other comprehensive income for the period	–	–	–
At 31 March 2020	21,753,001	1,052,204	22,805,205

The accompanying notes form an integral part of the Financial Statements.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2021

	Note	2021 MMK'000	2020 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		819,166	356,701
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		3,548,325	45,586
Interest received		16,398	22,756
Net cash provided by operating activities		3,564,723	68,342
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		(2,999,899)	(52,930)
Cash flows from financing activities			
Repayment of bank loan		—	(200,000)
Dividend paid to shareholders		(605,998)	—
Net cash used in financing activities		(605,998)	(200,000)
Net decrease in cash and cash equivalents		(41,174)	(184,588)
Cash and cash equivalents at beginning of period		803,292	765,659
Cash and cash equivalents at end of period	9	762,118	581,071

The accompanying notes form an integral part of the Financial Statements.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Myanmar Agro Exchange Public Company Limited (“the Company”) was incorporated as a public company in the Republic of the Union of Myanmar under The Myanmar Companies Law on September 14, 2015. The Company’s registration certificate issued by the Ministry of National Planning and Economic Development was 1789/2015-2016 dated 14 September 2015. As per certificate of registration number 112387595, the Company has been re-registered with the new Myanmar Companies Law.

The Company was established by eleven promoters for the purpose of developing and managing Danyingone Wholesale Market. 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 (YCDC). One of the tender conditions and commitments given by DIL 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 Company 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, YCDC, for 50 years initially with an extended period of 20 years for constructing of Danyingone Wholesale Market. 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 registered office of the Company is No. 262 - 264, Pyay Road, Dagon Centre, Block (A), 4th Floor, Myaynigone, Sanchaung Township, Yangon Region, Myanmar.

The Company obtained permit from Myanmar Investment Commission on 25 June 2018 and accordingly entitled to receive income tax exemption starting by that date.

2. Summary of significant accounting policies

The Principal accounting policies which have been applied consistently throughout the financial years are summarized below:

A Basis of preparation

The accompanying financial statements of the Company have been prepared in accordance with Myanmar Financial Reporting Standards (MFRS) and have been prepared under the historical cost convention. In preparing these financial statements, certain reclassifications and rearrangements have been made on 30 September 2020 financial statements to conform to the classifications used on 31 March 2021.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

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 MMK, 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 rates 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 Investment properties

Investment properties are properties held to earn rental and/or capital appreciation (or both). Investment properties are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

The cost of major renovations and improvements is capitalized and the carrying amounts of the replaced components are recognized in profit or loss. The cost of maintenance, repair and minor improvements is recognized in profit or loss when incurred.

Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of fifty years.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognized in profit or loss.

D Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of property, plant and equipment. The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

MYANMAR AGRO EXCHANGE PUBLIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

D Property, plant and equipment (continued)

Depreciation on property, plant and equipment is calculated using the straight-line methods to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Furniture and fittings	3 years
Office equipment	2-3 years
Motor vehicle	5 years
MPT phone line	5 years
Site equipment	3 years
Development cost	50 years

E Intangible asset

An item of intangible asset is stated at cost less any amortization and allowance for value (if any) except for goodwill which is considered to have an indefinite life.

The amortization method is on the straight-line basis.

	<u>Estimated useful lives</u>
Software	3-5 years

F Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand and deposits with various local banks.

G Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) and borrowing costs. Cost also includes any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

H Trade and other receivables

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired.

MYANMAR AGRO EXCHANGE PUBLIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

I 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 recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

J Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made.

K Share capital

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.

L Dividends

Dividends to the Company's shareholders are recognized when they become legally payable.

M 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.

N Revenue

Revenue is recorded on accrual basis. Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities.

O Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses) assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

4. Financial risk management

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The main areas of financial risks faced by the Company and the policy in respect of these risks are set out as follows:

(a) Foreign exchange risk

There is no foreign exchange risk during the reporting period. The Company had minimized the foreign currency balance in bank to avoid from unexpected losses for the foreign exchange rate fluctuations.

(b) Credit risk

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

(c) Market risk

The Company is operating in Yangon and there is no impact of movement 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.

5. Capital management

The Company's capital management major objective is to ensure that it maintains a strong credit rating and working capital ratios to support its business developments and maximize shareholder value.

The Company manages its capital structures and ensures that it meets its financial obligations as they fall due.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

6. Investment properties

	Completed investment properties MMK'000	Investment property under construction MMK'000	Total MMK'000
<i>Cost</i>			
At 1 October 2020	9,723,712	—	9,723,712
Additions	2,750,535	2,750,535	5,501,070
Transfer to	—	(2,750,535)	(2,750,535)
At 31 March 2021	12,474,247	—	12,474,247
<i>Accumulated depreciation and impairment losses</i>			
At 1 October 2020	555,524	—	555,524
Depreciation	115,974	—	115,974
At 31 March 2021	671,498	—	671,498
<i>Net book value</i>			
At 31 March 2021	11,802,749	—	11,802,749
<i>Cost</i>			
At 1 October 2019	9,750,449	—	9,750,449
Additions	14,528	—	14,528
Cost adjustment	(41,265)	—	(41,265)
At 30 September 2020	9,723,712	—	9,723,712
<i>Accumulated depreciation and impairment losses</i>			
At 1 October 2019	346,881	—	346,881
Depreciation	208,643	—	208,643
At 30 September 2020	555,524	—	555,524
<i>Net book value</i>			
At 30 September 2020	9,168,188	—	9,168,188

Investment properties are rented to non-related parties. (Note 19)

The following amounts are recognized in the income statement:

	2021 MMK'000	2020 MMK'000
Rental income (Note 17)	1,607,475	1,161,758
Direct operating expense assigning from:		
- investment properties that generate rental income (Note 19)	(206,554)	(120,298)
- investment properties that do not generate rental income	—	—

The term of the contract between the Company and YCDC is fifty years, first extension period is ten years and second is ten years, and the buildings are to be transferred to YCDC at the expired date. Therefore, investment property is measured at cost less accumulated depreciation and amortization.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7. Property, plant and equipment

	Furniture and fittings MMK'000	Office equipment MMK'000	Motor vehicle MMK'000	MPT phone line MMK'000	Site equipment MMK'000	Development cost* MMK'000	Total MMK'000
<i>Cost</i>							
At 1 October 2020	14,317	47,095	25,345	26,718	501,136	9,126,498	9,741,109
Additions	1,019	3,590	—	—	45,748	197,879	248,236
Cost adjustment	—	—	—	—	—	—	—
At 31 March 2021	15,336	50,685	25,345	26,718	546,884	9,324,377	9,989,345
<i>Accumulated depreciation and impairment losses</i>							
At 1 October 2020	11,777	32,676	18,587	16,031	328,377	333,467	740,915
Depreciation	1,178	6,109	2,534	2,672	55,400	97,017	164,910
At 31 March 2021	12,955	38,785	21,121	18,703	383,777	430,484	905,825
<i>Net book value</i>							
At 31 March 2021	2,381	11,900	4,224	8,015	163,107	8,893,893	9,083,520
<i>Cost</i>							
At 1 October 2019	13,230	37,189	25,345	26,718	416,281	5,999,774	6,518,537
Additions	1,087	9,906	—	—	84,855	3,143,175	3,239,023
Cost adjustment	—	—	—	—	—	(16,451)	(16,451)
At 30 September 2020	14,317	47,095	25,345	26,718	501,136	9,126,498	9,741,109
<i>Accumulated depreciation and impairment losses</i>							
At 1 October 2019	8,254	19,954	13,518	10,687	193,614	206,526	452,553
Depreciation	3,523	12,722	5,069	5,344	134,763	126,941	288,362
At 30 September 2020	11,777	32,676	18,587	16,031	328,377	333,467	740,915
<i>Net book value</i>							
At 30 September 2020	2,540	14,419	6,758	10,687	172,759	8,793,031	9,000,194

*Development cost included cost of shop house which was transferred to YCDC during the year (2019 – 2020)

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

8. Intangible asset

	Market operation system MMK'000	E commerce system MMK'000	Total MMK'000
<i>Cost</i>			
At 1 October 2020	89,621	2,011	91,632
Additions	—	1,128	1,128
At 31 March 2021	89,621	3,139	92,760
<i>Accumulated amortization and impairment losses</i>			
At 1 October 2020	23,334	206	23,540
Amortization	9,105	469	9,574
At 31 March 2021	32,439	675	33,114
<i>Net book value</i>			
At 31 March 2021	57,182	2,464	59,646
<i>Cost</i>			
At 1 October 2019	67,256	—	67,256
Additions	22,365	2,011	24,376
At 30 September 2020	89,621	2,011	91,632
<i>Accumulated amortization and impairment losses</i>			
At 1 October 2019	7,685	—	7,685
Amortization	15,649	206	15,855
At 30 September 2020	23,334	206	23,540
<i>Net book value</i>			
At 30 September 2020	66,287	1,805	68,092

9. Cash and cash equivalents

	2021 MMK'000	2020 MMK'000
Cash in hand	193,460	7,050
Cash at banks*	568,658	796,242
	762,118	803,292

* Cash at banks include bank guarantee amounting to MMK 500,000,000 (September 2020: MMK 500,000,000) at Ayeyarwady Bank.

10. Trade and other receivables

	2021 MMK'000	2020 MMK'000
Trade receivables	674,526	635,846
Other receivables – related parties {Note 22 (b)}	12,355	—
Other receivables – non related parties	78,086	123,479
	764,967	759,325

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

11. Advances and prepayments

	2021 MMK'000	2020 MMK'000
Advance commercial tax	2,698	2,698
Other advances	56,620	29,196
Prepayments	7,889	28,331
	<u>67,207</u>	<u>60,225</u>

12. Work-in-progress

	2021 MMK'000	2020 MMK'000
Infrastructure and others	1,146,178	1,625,911
Construction contract {Note 22 (a)}	1,707,228	4,499,853
	<u>2,853,406</u>	<u>6,125,764</u>

13. Share capital

	Number of shares	MMK'000
At 1 October 2020	21,640,860	21,753,001
Additions	—	—
At 31 March 2021	<u>21,640,860</u>	<u>21,753,001</u>
At 1 October 2019	21,640,860	21,753,001
Additions	—	—
At 30 September 2020	<u>21,640,860</u>	<u>21,753,001</u>

14. Bank loan

The Company acquired no additional loan (30 September 2020: Nil) from Ayeyarwady Bank during the financial year. The details are as follows:

	2021 MMK'000	2020 MMK'000
Opening balance	1,600,000	1,800,000
Additions	—	—
	<u>1,600,000</u>	<u>1,800,000</u>
Payments made during the period	—	(200,000)
	<u>1,600,000</u>	<u>1,600,000</u>

The company has pledged some of its properties for loan taken from Ayeyarwady Bank.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

15. Trade and other payables

	2021 MMK'000	2020 MMK'000
Payable construction contract {Note 22 (a)}	116,618	868,192
Other payables_ non-related parties	434,576	327,889
Unpaid dividend	43,228	—
Contract liabilities	67,500	10,000
	<u>661,922</u>	<u>1,206,081</u>

16. Provisions / Share of profit YCDC

	2021 MMK'000	2020 MMK'000
Provision for YCDC*		
October 2019 to September 2020	—	130,063
October 2020 to March 2021	186,875	—
	<u>186,875</u>	<u>130,063</u>

* Provision is made in accordance with the agreement between the Company and YCDC which describes that YCDC is entitled to receive 25% of net profit before tax from rents and sales of the remaining 80% of shop houses after transferring 20% of 200 shop houses to YCDC, medium-sized wholesale shops and gasoline shops.

The details are as follows:

	2021 MMK'000	2020 MMK'000
Revenue-net		
Sale of shop house	662,621	155,340
Rental income	1,554,117	2,305,909
Cost of sales	(617,719)	(345,126)
Gross profit	1,599,019	2,116,123
Other income	41,271	76,734
Expenses		
- General and administrative	(892,545)	(1,646,967)
- Marketing	—	(15,304)
- Finance charges	(244)	(10,336)
Net profit before tax *	747,501	520,250
Share of YCDC (25%)	<u>186,875</u>	<u>130,063</u>

*Net profit before tax excludes revenue, cost of sales and related expenses from online sales of meat, fish and vegetables which are shown in details as follows;

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

16. Provisions (continued)

	2021 MMK'000	2020 MMK'000
Revenue-net		
Income from E commerce (Note 17)	84,284	74,508
Cost of sales	(75,063)	(66,031)
Gross profit	9,221	8,477
Other income	1	1
Expenses		
- General and administrative	(24,595)	(20,940)
- Marketing	(148)	(310)
- Finance charges	(2)	—
Net loss	(15,523)	(12,772)

17. Revenue - net

	2021 MMK'000	2020 MMK'000
<i>Revenue</i>		
Sale of shop house	682,500	—
(-) Commercial tax (3%)	(19,879)	—
	662,621	—
Rental income (Note 6)	1,607,475	1,161,758
(-) Commercial tax (5%)	(53,358)	(39,265)
	1,554,117	1,122,493
E commerce (Note 16)	84,284	—
	84,284	—
	2,301,022	1,122,493

18. Other income

	2021 MMK'000	2020 MMK'000
Interest income	16,399	22,756
Fees for overdue payments	24,874	15,063
	41,273	37,819

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NOTES TO THE FINANCIAL STATEMENTS

19. Expenses by nature

The total of cost of sales, general and administrative expenses and marketing expenses are as follows:

	2021 MMK'000	2020 MMK'000
Building cost	486,229	—
Service charges for rental (Note 6)	206,554	120,298
Depreciation and amortization	290,458	249,313
Professional fee	9,800	28,261
Stationery & printing	15,070	15,283
Rent	9,450	9,470
Repair & maintenance	14,377	12,547
Salary & benefit	267,798	233,763
Key management personnel and director remuneration {Note 22 (c)}	73,218	59,285
Securities service fee	84,643	92,169
Staff relative expenses	11,793	8,550
Meeting expenses	—	35
Fuel	5,995	3,510
Entertainment	511	1,578
Electricity	50,270	40,957
Travelling charges	768	1,612
Insurance	20,070	22,326
Miscellaneous	3,184	1,950
Advertising	4,320	23,489
Ceremony	11,908	18,399
Gift & donation	2,698	4,976
Marketing & promotion	148	904
Honorarium fees {Note 22 (c)}	24,000	24,000
Electrical accessories	—	380
Water meter	6,086	3,184
Bad debts *	9,000	—
Registration fees	110	—
AWT - e-commerce annual fees	524	—
Wages	531	—
YCDC expense	—	180
Exchange loss	555	249
Finance expenses	246	10,119
	1,610,314	986,787

* Sale contract for half of three-story shop house was void by the first buyer and then it was sold to the second buyer. The difference arising from the two selling prices amounting to kyat 9,000,000 was recorded as bad debt.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

20. Significant commitments and obligations

The Company has appointed DIL 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 22 March 2016 to pay the following benefits:

1. Contract with YCDC

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);
- After the business has started, to pay an amount equal to 25% of profit before tax from rents and sales of the remaining 80% of shop houses, shops, medium-sized wholesale shops and gasoline shops.

2. Contract with DIL

- (a) The Company has contracted DIL to construct of Danyingone Wholesale Market in order to fulfill the terms and conditions of tender para 5(A) 16;
- (b) The Company has signed agreements with DIL 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 October 2016 and 30 March 2017 respectively.

21. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2021	2020
Net profit attributable to equity holders of the Company	530,604,000	130,144,000
Weighted average number of ordinary shares outstanding for basic earnings per share	21,640,860	21,640,860
Basic earnings per share	<u>25</u>	<u>6</u>

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22. Related party transactions

In addition to the information disclosed elsewhere in the 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 services

	2021 MMK'000	2020 MMK'000
Advance construction contract - DIL (Note 12)	1,707,228	4,499,853
Payable construction contract - DIL (Note 15)	116,618	868,192

(b) Other

	2021 MMK'000	2020 MMK'000
Payment made by the Company on behalf of DIL (Note 10)	12,355	—

(c) Key management personnel and director remuneration (Note 19)

	2021 MMK'000	2020 MMK'000
Remuneration	73,218	59,285
Honorarium fees	24,000	24,000
	97,218	83,285

(d) Agreement between related parties (Note 22.2)

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

23. Events occurring after the reporting date

Board of directors of the Company has resolved at Annual General Meeting held on 8th June 2021 to propose a dividend of kyats 30 per share for the period ended 30 September 2020.

24. Authorization of financial statements

The financial statements of the Company for the period ended 31 March 2021 were authorized for issue on 30 June 2021.