



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 2021 (“FY2020-2021”). All currency amounts in the MD&A are express in Myanmar Kyats (MMK) unless otherwise specified.

The reported financial year (“FY2020-2021”) covered the period from 1st October 2020 to 30th September 2021. The preceding year (“FY2019-2020”) covered the period from 1st October 2019 to 30th September 2020.

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 29th December 2021. The discussion and analysis are provided below:

KEY HIGHLIGHTS

Summary of the Statements of Comprehensive Income

	FY2020-2021	FY2019-2020	% Change
	MMK’000	MMK’000	
Revenue - net	8,345,479	2,535,757	▲ 229%
Cost of sales	-3,495,577	-411,157	▲ 750%
Gross profit	4,849,902	2,124,600	▲ 128%
Other income	70,117	76,735	▼ -9%
- General and administrative	-1,887,760	-1,664,335	▲ 13%
- Marketing	-298	-15,614	▼ -98%
- Finance charges	-693	-10,336	▼ -93%
Profit before Share of profit to YCDC	3,031,268	511,050	▲ 493%
Share of profit to YCDC	-766,141	-130,063	▲ 489%
Profit before tax	2,265,127	380,987	▲ 495%

Income tax expense #	-58,088	-3,572	▲ 1526%
Comprehensive income for the period	2,207,039	377,415	▲ 485%
Earnings per share (Kyat per share)	102	17	▲ 500%
Basic earnings per share	102	17	▲ 500%

We are exempt from income tax until June 2021. Most of the income tax expense is due to income tax from the profit received from July 2021 till September 2021.

Despite the negative impact of COVID-19, the Company's total revenue in FY2020-2021 increased by 229% to Kyats 8.3 billion as compared to Kyats 2.5 billion in FY2019-2020.

A breakdown income is set forth below:

	FY2020- 2021	FY2019- 2020	%
	MMK'000	MMK'000	Change
Revenues	-	-	
Income From Sales Of Shop House	5,073,816	155,340	▲ 3166%
Market Operation Income		-	
Rental Income from Market Buildings	2,206,235	1,544,020	▲ 43%
Cars, Trucks & Cycles Entrance	658,800	476,133	▲ 38%
Other Operation Income	287,278	285,757	▲ 1%
Total Market Operation Income	3,152,314	2,305,909	▲ 37%
Revenue from E Commerce	119,349	74,508	▲ 60%
Total Revenues	8,345,479	2,535,757	▲ 229%

The Sales of Shop House was the main driver of the higher company revenue in the reporting period. Revenue generated from the Sales of Shop House was 61% on total revenue and we sold out 7 Shop House on this year compare to only one unit on last year. The current economic situation due to high inflation, led to the growth of the real estate market and shop house sales.

Total market operation income was higher by 37% to Kyat 2.3 billion in FY2019-2020 as compare to Kyat 3.2 billion in FY2020-2021. There is more seasonal fresh vegetable sellers move to our market at the third wave of COVID 19, due to better management for COVID 19 preventive measures in our market. More buyers also came to our market due to spacious market area, car parking space and better management of COVID 19 prevention. We manage to arrange additional market building (4) for sellers and the increase buyers. More sellers attracted more buyers coming to market resulting in increased vehicles entrance income.

The gross profit has improved by 128% to Kyats 4.85 billion in the reporting year, as compared to Kyats 2.12 billion in the last year. The increase was mainly due to the improvement in gross profit margin contributed by the rental income from market building (3) and (4). Average monthly market operation income for the last year was Kyats 192.16 million and this year average was Kyats 262.69 million.

A breakdown income percentage on total revenue and gross profit margin are shown below:

	% on Total Revenue	
	FY2020-2021	FY2019-2020
Revenues		
Shop House Sales	61%	6%
Market Operation Income		
Rental Income from Market Buildings	26%	61%
Cars, Trucks & Cycles Entrance	8%	19%
Other Operation Income	3%	11%
Total Market Operation Income	38%	91%
Revenue from E Commerce	1%	3%
Less: Cost of Sales	42%	16%
Gross Profit	58%	84%

Administrative expenses increased from Kyats 1.66 billion in FY2019-2020 to Kyats 1.89 billion in FY2020-2021. Higher administrative expenses are incurred for electricity cost, depreciation and amortization, and salaries. These expenses are increased for Market Building (4) that finished and start the operation, and appointed more staff for it.

Finance expenses decreased by 93% from Kyats 10.34 million in FY2019-2020 to Kyats 0.69 million in FY2020-2021. This year, we have paid back all outstanding loan from AYA Bank, resulting no further interest payment since August 2021.

Income tax is increased by Kyat 54.52 million during the reporting period. The increase is primarily due to the end of tax incentive period.

Summarized Statement of Financial Position as at 30th September 2021

	30-Sep-21	30-Sep-20	%
	MMK'000	MMK'000	Change
Assets	-	-	-
Current assets	10,368,033	7,752,146	▲ 34.00%
Non-current assets	20,329,577	18,236,474	▲ 11.00%
Total assets	30,697,610	25,988,620	▲ 18.00%
Liabilities	-	-	-
Current liabilities	6,736,547	1,336,144	▲ 404.00%
Non-current liabilities	-	1,600,000	N/A
Total liabilities	6,736,547	2,936,144	▲ 129.00%
Net Assets	23,961,063	23,052,476	▲ 4.00%
Equity	-	-	-
Issued Share Capital	21,753,001	21,753,001	
Retained Earnings	2,208,062	1,299,475	▲ 70.00%
Total Equity	23,961,063	23,052,476	▲ 4.00%

Total current assets increased from Kyat 7.75 billion as of 30 September 2020 to Kyat 10.37 billion as of 30 September 2021. The increase was mainly due to cash and cash equivalents, Trade and other receivables. Trade receivables are balance of Shop Houses sales during the reporting period.

The increase of 11% in total non-current assets is primarily due to increase in investment property during the year. Investment property is Market Building (4) that finishes during this year.

Total current liabilities increased to Kyat 6.74 billion as of 30 September 2021 as compared to Kyat 1.34 billion as of September 2020 and the growth continues to be driven by an increase in trade and other payables. Trade and other payables is advance received from customer for shop house sales and construction cost payable to constructor. Non-current liability is decreased by Kyat 1.6 billion which is loan from AYA Bank. The company settled the entire loan during the period.

Company's equity grew at a rate of 4%, which was net profit during the period add into retained earnings.

Summary Cash Flow Statement for the year ended 30th September 2021

	FY 2020-2021	FY 2019-2020
	Oct'20-Sep'21	Oct'19-Sep'20
	MMK'000	MMK'000
Cash flows from operating activities		
Profit before tax	2,265,127	377,415
<i>Adjustments for:</i>		
- Depreciation and amortization	572,289	512,860
- Interest income	-49,620	-40,501
- income tax adjustment	-	3,572
Operating profit before working capital changes	2,787,796	853,346
Changes in working capital		
- Trade and other receivables	-2,426,901	596,884
- Advances and prepayments	-344,299	7,452
- Utilities stock	-2,141	292,573
- Work in progress	2,635,449	1,007,438
- Trade and other payables	4,619,433	802,601
- Provisions	722,881	-41,972
Cash generated from operation	7,992,218	3,518,322
Interest received	49,620	40,501
Income tax paid	-56,000	-43,263
Net cash provided by operating activities	7,985,838	3,515,560
Cash flows from investing activities		
Additions to investment properties	-1,926,004	-14,528
Additions to property, plant and equipment	-737,640	-3,239,023

Additions to intangible assets	-1,748	-24,376
Net cash used in investing activities	-2,665,392	-3,277,927
Cash flows from financing activities		
Repayment of bank loan	-1,600,000	-200,000
Dividend paid to shareholders	-1,298,452	-
Net cash used in financing activities	-2,898,452	-200,000
Net decrease in cash and cash equivalents	2,421,994	37,633
Cash and cash equivalents at beginning of period	803,292	765,659
Cash and cash equivalents at end of period	3,225,286	803,292

Company cash and cash equivalents increased by 302% to Kyat 3.23 billion as of 30th September 2021 as compared to Kyat 803.3 million as of 30th September 2020. The cash used for Kyat 2.67 billion of cash generated from investing activities was market building (4), fitting sunshade at market building (3), stainless steel tables provided to meat and fish sellers, rubbish bins, equipment and infrastructure cost. Company cash used in financing activities for the year ended 30 September 2021 amounted to Kyat 2.9 billion was fully repayment of loan Kyat 1.6 billion and dividend paid to shareholders Kyat 1.3 billion during the reporting period.

Forward Outlook

Myanmar has been experiencing its second and third 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 which bodes well for the company's businesses and most of the company's businesses are witnessing stronger than before.

The second and third waves of COVID-19 were strong, but the products sold at Danyingon Market, operate by MAEX continue to grow as they are basic commodities such as vegetables and fruits. In addition, neat and tidiness of the market has attracted increase number of customers.

Markets in Yangon are in the process of being reorganized, attracting more and more sellers and buyers. It is expected to continue to increase in future too.

Shop house sales are expected to increase next year. Due to traffic congestion at Bayintnaung Market, some vendors from Bayintnaung have opened shops at our market for their customers.

In addition, the real estate market is now in high demand. Demand for shop house has increased as people have made more investment into real estate sector due to rising inflation. Then there is the emergence of marketers who are buying and investing in shop house in the market, and more and more people are buying and renting shop houses as there is an opportunity for re-leasing them through wholesales shops and shop owners.

To date, 151 company employees have received two doses of COVID-19 vaccine. Overall, the effects of Covid-19 still pose uncertainties going forward.

MAEX shall continue to manage not only its existing business operation but also try to improve in the sustainability process. Business expansion is carefully planned with the assessment of risk management factors such as reputational risk, financial risk, and to overcome the pandemic. Management of the MAEX is closely monitoring developments and has been dynamically adjusting its approach to ensure commercial survival, business resilience, and sustainability for company and its shareholders.