



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 31st March 2022 (“FY2021-2022”). All currency amounts in the MD&A are express in Myanmar Kyats (MMK) unless otherwise specified.

The fiscal year was previously set for September 30, but has now been changed to March 31, according to a notification of government. The current reported fiscal year 2021-2022 is the six-month period from 1st October 2021 to 31st March 2022 (“FY2021-2022”). The preceding year covered the twelve months period from 1st October 2020 to 30th September 2021 (“FY2020-2021”). 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 17th June 2022. The discussion and analysis are provided below:

KEY HIGHLIGHTS

Summary of the Statements of Comprehensive Income

	FY2021-2022* (6 months) MMK’000	FY2020-2021** (12 months) MMK’000
Revenue - net	3,191,265	8,345,479
Cost of sales	-1,462,745	-4,012,869
Gross profit	1,728,520	4,332,610
Other income	88,535	70,117
- General and administrative	-770,003	-1,370,468
- Marketing	-16,497	-298
- Finance charges	-303	-693
Profit before Share of profit to YCDC	1,030,252	3,031,268
Share of profit to YCDC	-263,872	-766,141

Profit before tax	766,380	2,265,127
Income tax expense #	-168,603	-58,088
Comprehensive income for the period	597,777	2,207,039
Earnings per share (Kyat per share)	28	102
Basic earnings per share	28	102

* October 2021 to March 2022

** October 2020 to September 2021

We are exempt from income tax until June 2021. Most of the income tax expense for FY 2020-2021 is due to income tax from the profit received from July 2021 till September 2021.

As the fiscal year ended March 31, 2022 (fiscal year 2021-2022) is 6 months (Mini Budget), the total revenue is only 3.19 billion kyats. This is a 62% decrease from the total revenue of 8.345 billion kyats in the previous year ("2020-2021 fiscal year") ended September 30, 2021.

A breakdown income is set forth below:

	FY2021-2022* (6 months) MMK'000	FY2020-2021** (12 months) MMK'000
Revenues	-	-
Income From Sales of Shop House	1,183,495	5,073,816
Market Operating Income		
Rental Income from Market Buildings	1,466,170	2,206,235
Cars, Trucks & Cycles Entrance	344,276	658,800
Other Operation Income	167,154	287,278
Total Market Operating Income	1,977,600	3,152,314
Revenue from E Commerce	30,170	119,349
Total Revenues	3,191,265	8,345,479

During the reporting period, sales revenue for one shop house and eight rooms was about 1.5 billion kyats, and although there are pre-sold shop houses, the sales revenue has not been added in accordance with the sales agreement contract. It will be included in the next financial year. Last full year, seven shop houses were sold with sales revenue of 5.1 billion kyats, Shop House sales have dropped by 77% this 6-months reporting period compare to last full year.

The main source of revenue during this reporting period was market rental income. Revenues from the market operating income were only 2.0 billion kyats due to the six-month period, but only 37% less than the previous year ("2020-2021 fiscal year"). However, it is 26% more than the same

period last financial year. Management Committee and Market Operation Team has improved the market operating management, the fair size of the market, parking space and discipline have also boosted shoppers, and with the increase in renting of shops and traffic revenue has increased.

Gross profit was only Kyats 1.7 billion in the reporting period due to the six-month period. It was 60% less than the previous year ("2020-2021 fiscal year"). However, it is 8% more than the same period last financial year. This increase is due to the increase in rental income from Market Building (3) and (4) and the resulted in increase the gross profit margin. Market operation income was an average of Kyat 262.7 million per month in last year to Kyat 329.6 million per month this year. It was increased 25% from last year.

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

	% On Total Revenue	
	FY2021-2022	FY2020-2021
Revenues		
Shop House Sales	37%	61%
Market Operation Income		
Rental Income from Market Buildings	46%	26%
Cars, Trucks & Cycles Entrance	11%	8%
Other Operation Income	5%	3%
Total Market Operation Income	62%	38%
Revenue from E Commerce	1%	1%
Cost of Sales percentage on Revenue	46%	48%
Gross Profit	54%	52%

In terms of expenditures, General Administrative Expenses were reduced from Kyat 1,370 million in the previous year (2020-2021 fiscal year) to Kyat 770 million in the current year (2021-2022 financial year), a decrease of 44%. Financial expenses were reduced from 6.9 lakh kyats in the fiscal year 2020-2021 to only 3.03 lakh kyats in the current fiscal year 2021-2022, a decrease of 56%.

During the reporting period, income tax was Ks 168.6 million, up from Ks 58.1 million in the previous year ("2020-2021 fiscal year"), an increase of 190%. The reason for this increase is that this year's income tax is for six months and last year's income tax was for three months after the end of the income tax exemption period.

The summary of financial position of the Company for the year ended 31 March 2022 and previous fiscal year ended 30 September 2021 are compare as follows:

Summarized Statement of Financial Position as at 31st March 2022

	31-Mar-22	30-Sep-21	%
	MMK'000	MMK'000	Change
Assets			
Current assets	10,255,372	10,368,033	▼ -1%
Non-current assets	21,625,708	20,329,577	▲ 6%
Total assets	31,881,080	30,697,610	▲ 4%
Less: Liabilities			
Current liabilities	7,322,240	6,736,547	▲ 9%
Non-current liabilities	-	-	N/A
Total liabilities	7,322,240	6,736,547	▲ 9%
Net Assets	24,558,840	23,961,063	▲ 2%
Equity			
Issued Share Capital	21,753,001	21,753,001	0%
Retained Earnings	2,805,839	2,208,062	▲ 27%
Total Equity	24,558,840	23,961,063	▲ 2%

Total current assets decreased from Kyat 10.37 billion as of 30 September 2021 to Kyat 10.26 billion as of 31 March 2022. The decrease was mainly due to Trade and other receivables. In March 2022, the receivable from the Shop House sale were collected from customers.

The 6% increase in total non-current assets is due to the completion of project-completed infrastructure, Drainage, Parking Platform, project deferred expenses, and office and operational used vehicle purchase costs.

Total current liabilities increased to Kyat 7.3 billion as of 31 March 2022 as compared to Kyat 6.7 billion as of 30 September 2021. It was increased in trade and other payables. Trade and other payables are advance received from customers for shop house sales.

Company's equity grew at a rate of 2%, which was net profit during the period add into retained earnings.

The summary of the Company's cash flow statement is as follows:

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

	FY 2021-2022	FY 2020-2021
	Oct 2021 - Mar 2022	Oct 2020 - Sep 2021
	MMK'000	MMK'000
Cash flows from operating activities		
Profit before tax	766,380	2,265,127
<i>Adjustments for:</i>		
- Depreciation and amortization	330,270	572,289
- Interest income	-44,028	-49,620
- Write off intangible assets	9,373	-
Operating profit before working capital changes	<u>1,061,995</u>	<u>2,787,796</u>
Changes in working capital		
- Trade and other receivables	1,315,580	-2,426,901
- Advances and prepayments	-219,754	-344,299
- Utilities stock	-414,270	-2,141
- Work in progress	-514,446	2,635,449
- Trade and other payables	748,797	4,619,433
- Provisions	-331,706	722,881
Cash generated from operation	<u>1,646,196</u>	<u>7,992,218</u>
Interest received	44,028	49,620
Income tax paid	-173,000	-56,000
Net cash provided by operating activities	<u>1,517,224</u>	<u>7,985,838</u>
Cash flows from investing activities		
Additions to investment properties	-236,149	-1,926,004
Additions to property, plant and equipment	-1,349,367	-737,640
Additions to intangible assets	-50,258	-1,748
Net cash used in investing activities	<u>-1,635,774</u>	<u>-2,665,392</u>
Cash flows from financing activities		
Repayment of bank loan	-	-1,600,000
Dividend paid to shareholders	-	-1,298,452
Net cash used in financing activities	<u>-</u>	<u>-2,898,452</u>
Net decrease in cash and cash equivalents	<u>-118,550</u>	<u>2,421,994</u>
Cash and cash equivalents at beginning of period	<u>3,225,286</u>	<u>803,292</u>

Cash and cash equivalents at end of period

3,106,736

3,225,286

Company cash and cash equivalents decreased from Kyat 3.2 billion as of 30 September 2021 to Kyat 3.1 billion as of 31 March 2022, a decrease of 3.7%. During the reporting period, about Kyat 1.52 billion was received from operational activities and about Kyat 1.64 billion was spent on investment activities, resulting in a net cash loss of Kyat 118.6 million. Expenditures on these investment activities include the cost of income generated toilets, completion as per project plan, such as road, drainage, parking platform cost, project feasibility study costs, and the cost of acquiring office and operational used vehicles.

Forward Outlook

Myanmar has largely recovered from the latest surge of the omicron, variant of COVID-19 epidemic, with response measures, government authorities have eased some restrictions and businesses have gradually reopened. Myanmar Agro Exchange Public Company Limited will continue to take preventive measures and plan for future spikes of COVID-19 in Myanmar. In addition, the impact of the COVID-19 response plan is expected to accelerate economic reforms and strengthen the company's business operations.

The company's business, the products sold at Danyingone Wholesale Market, continues to grow as it is a trading staple food, fresh vegetables, fruits and dry food. In addition, the better management and cleanliness of the market is attracting more and more customers.

Now, with rising inflation, people are investing more in real estate, and demand is high for shophouses being built and sold at the Danyingone wholesale market. Then, those who have bought and invested the shop houses in the Danyingone wholesale market will be able to re-lease for wholesale shops, financial institutions and shop owners.

The management of the company is planning to pay the Dividend to the shareholders from retained earnings. In addition to the current activities, the management of the company will continue to develop and implement further development plans for the long-term sustainability of the company.

We are developing business strategies and expanding the project activities, closely monitoring the Company's financial position and risks. In addition, business progress is being closely

monitored. We are working on a variety of approaches, emphasizing business sustainability, greater resilience and the long-term interests of the Company and its shareholders.