

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2023

Currency – Kyat (In Thousands)

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
FINANCIAL STATEMENTS**

CONTENTS	PAGE
Statement of management's responsibility	1
Independent auditor's report	2 - 4
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 25



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 2023 and the statements of comprehensive income, changes in equity and cash flows for the financial year then 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



27 June 2023

Ref: 178 / M-283 / March 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Myanmar Agro Exchange Public Company Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of **Myanmar Agro Exchange Public Company Limited** (“the Company”), which comprise the statement of financial position as at 31 March 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Myanmar Financial Reporting Standards (MFRSs) and the provisions of the Myanmar Companies Law (the “Law”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Myanmar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with MFRSs and the provisions of the Law, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

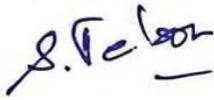
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Law, we also report that:

- (i) we have obtained all the information and explanations we have required and
- (ii) financial records have been maintained by the Company as required by Section 258 of the Law.



Saw Nelson (PAPP-400)
Engagement Partner
WIN THIN & ASSOCIATES LTD
CERTIFIED PUBLIC ACCOUNTANTS
Firm Registration No. ACC 008

27 June 2023

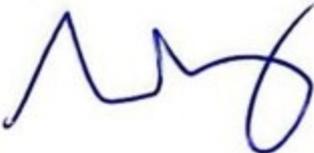
MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 MMK'000	2022 MMK'000
ASSETS			
Non-current assets			
Investment properties	6	11,819,141	10,961,636
Property, plant and equipment	7	12,171,085	10,587,370
Intangible asset	8	46,262	76,702
		<u>24,036,488</u>	<u>21,625,708</u>
Current assets			
Cash and cash equivalents	9	3,255,896	3,106,736
Trade and other receivables	10	1,823,568	1,870,025
Advances and prepayments	11	1,582,850	853,898
Inventories	12	2,052,349	419,951
Work-in-progress	13	3,796,269	4,004,762
Deferred tax assets	14 (b)	33,400	-
		<u>12,544,332</u>	<u>10,255,372</u>
		<u>36,580,820</u>	<u>31,881,080</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	21,753,001	21,753,001
Advance receive for right issue	16	1,559,002	-
Retained earnings		2,896,676	2,805,839
		<u>26,208,679</u>	<u>24,558,840</u>
Non-current liabilities			
Borrowing	17	2,500,000	-
Current liabilities			
Trade and other payables	18	1,821,156	6,801,003
Provisions	19	1,962,325	521,237
Accrued expenses	20	4,088,660	-
		<u>7,872,141</u>	<u>7,322,240</u>
		<u>36,580,820</u>	<u>31,881,080</u>

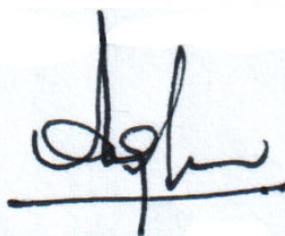
The accompanying notes form an integral part of the Financial Statements.

Authenticated by:

(1) 
 Win Aung
 Chairman
 Myanmar Agro Exchange Public Limited

(3) 
 Director
 Myanmar Agro Exchange Public Limited



(2) 
 Director
 Myanmar Agro Exchange Public Limited

(4) 
 Aung Gyi
 Chief Executive Officer
 Myanmar Agro Exchange Public Limited

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 (12 months) MMK'000	2022 (6 months) MMK'000
Revenue - net	21	17,960,424	3,191,265
Cost of sales	23	(11,684,317)	(1,462,745)
Gross profit		6,276,107	1,728,520
Other income	22	271,590	88,535
Expenses			
- General and administrative	23	(1,912,421)	(770,003)
- Marketing	23	(18,945)	(16,497)
- Finance charges	23	(10,709)	(303)
		4,605,622	1,030,252
Share of profit to YCDC	19	(1,159,801)	(263,872)
Profit before tax		3,445,821	766,380
Income tax expenses	14 (a)	(758,081)	(168,603)
Profit after tax		2,687,740	597,777
Other comprehensive income for the year/period		—	—
Total comprehensive income for the year/period		2,687,740	597,777
Earnings per share (Kyat per share)			
Basic earnings per share	26	124	28

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

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Advance receive for right issue	Retained earnings	Total
	MMK'000	MMK'000	MMK'000	MMK'000
At 1 April 2022	21,753,001	–	2,805,839	24,558,840
Advance receive for right issue	–	1,559,002	–	1,559,002
Profit for the year	–	–	2,687,740	2,687,740
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	21,753,001	1,559,002	5,493,579	28,805,582
Contribution from and distributions to owners				
Issue of share capital	–	–	–	–
Dividend (Note 24)	–	–	(2,596,903)	(2,596,903)
	–	–	(2,596,903)	(2,596,903)
At 31 March 2023	21,753,001	1,559,002	2,896,676	26,208,679
At 1 October 2021	21,753,001	–	2,208,062	23,961,063
Profit for the period	–	–	597,777	597,777
Other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	21,753,001	–	2,805,839	24,558,840
Contribution from and distributions to owners				
Issue of share capital	–	–	–	–
Dividend (Note 24)	–	–	–	–
	–	–	–	–
At 31 March 2022	21,753,001	–	2,805,839	24,558,840

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

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 (12 months) MMK'000	2022 (6 months) MMK'000
Cash flows from operating activities			
Profit before tax		3,445,821	766,380
<i>Adjustments for:</i>			
- Depreciation and amortization		758,286	330,270
- Interest income		(100,109)	(44,028)
- Write off - intangible assets		–	9,373
Operating profit before working capital changes		4,103,998	1,061,995
Changes in working capital			
- Trade and other receivables		46,457	1,315,580
- Advances and prepayments		(208,334)	(219,754)
- Inventories		(1,632,398)	(414,270)
- Work-in-progress		208,493	(514,446)
- Trade and other payables		(5,000,764)	748,797
- Provisions		649,607	(331,706)
- Accrued expenses		4,088,660	–
Cash generated from operation		2,255,719	1,646,196
Interest received		100,109	44,028
Income taxes paid		(520,617)	(173,000)
Net cash provided by operating activities		1,835,211	1,517,224
Cash flows from investing activities			
Additions to investment properties		(936,512)	(236,149)
Additions to property, plant and equipment		(2,232,554)	(1,349,367)
Additions to intangible assets		–	(50,258)
Net cash used in investing activities		(3,169,066)	(1,635,774)
Cash flows from financing activities			
Proceed from advance receive for right issue		1,559,002	–
Proceed from borrowing		2,500,000	–
Dividend paid to shareholders		(2,575,987)	–
Net cash provided by financing activities		1,483,015	–
Net increase/(decrease) in cash and cash equivalents		149,160	(118,550)
Cash and cash equivalents at beginning of year/period		3,106,736	3,225,286
Cash and cash equivalents at end of year/period	9	3,255,896	3,106,736

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

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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 and it was expired by June 2021.

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 (MFRSs) and have been prepared under the historical cost convention. In preparing these financial statements, certain reclassifications and rearrangements have been made on 31 March 2022 financial statements to conform to the classifications used on 31 March 2023.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (continued)

B Change in reporting period

During the former financial period ended 31 March 2022, the Company changed its financial year end from September to March. Accordingly, the financial statements presented are as at and for the twelve-months ended 31 March 2023 (i.e current financial year ended) and the six months ended 31 March 2022 (i.e former financial period ended). As a result, the comparative figures presented in statements of comprehensive income, changes in equity and cash flows and the related notes are not comparable.

The change in financial year was due to change of financial year enacted by the government.

C 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.

D 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.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (continued)

E 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.

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 (years)</u>
Furniture and fittings	3
Office equipment	2 - 3
Motor vehicle	5
MPT phone line	5
Office building	45.25
Car parking control system	3
Steel lamp & accessories	5
Modular House	3
Site equipment	3
Development cost	50

F 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>
Market operation system	3 years
E commerce system	3 years

G 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.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (continued)

H 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.

I 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.

J Deferred tax assets

Deferred tax is calculated by applying income tax on deductible temporary difference, arrived at upon deducting the currying value from tax base amount of property, plant and equipment and investment properties.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax rate to the same fiscal authority.

K 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.

L 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.

M 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.

N Dividends

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

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (continued)

O Income taxes

Current income tax for current and prior periods is recognized 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.

P 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.

Q Comparatives

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

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.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. Financial risk management (continued)

(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.

6. Investment properties

	2023	2022
	MMK'000	MMK'000
<i>Cost</i>		
Balance at beginning of the year/period	11,885,865	11,649,716
Additions	936,512	236,149
Reclassification	179,798	-
Balance at end of the year/period	13,002,175	11,885,865
<i>Accumulated depreciation and impairment losses</i>		
Balance at beginning of the year/period	924,229	795,244
Depreciation for the year/period	258,805	128,985
Balance at end of the year/period	1,183,034	924,229
<i>Net book value</i>	11,819,141	10,961,636

Investment properties are rented to non-related parties.

The following amounts are recognized in the income statement:

	2023	2022
	MMK'000	MMK'000
Rental income (Note 21)	4,783,277	2,048,958
Direct operating expense assigning from:		
- investment properties that generate rental income (Note 23)	347,049	165,777
- 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
FOR THE YEAR ENDED 31 MARCH 2023

7. Property, plant and equipment (MMK'000)

	Furniture and fittings MMK'000	Office equipment MMK'000	Motor vehicle MMK'000	MPT phone line MMK'000	Office building MMK'000	Car parking control system MMK'000	Steel lamp & accessories MMK'000	Modular house MMK'000	Site equipment MMK'000	Development cost* MMK'000	Total MMK'000
<i>Cost</i>											
At 1 April 2022	20,302	64,058	185,311	26,718	–	–	–	–	743,999	10,787,728	11,828,116
Additions	10,789	24,235	–	–	560,000	228,818	14,617	24,332	167,856	1,201,907	2,232,554
Reclassification	–	–	–	–	–	–	–	–	–	(179,798)	(179,798)
At 31 March 2023	31,091	88,293	185,311	26,718	560,000	228,818	14,617	24,332	911,855	11,809,837	13,880,872
<i>Accumulated depreciation and impairment losses</i>											
At 1 April 2022	14,823	46,867	33,344	24,047	–	–	–	–	484,497	637,168	1,240,746
Depreciation	4,619	12,691	31,993	2,671	6,189	22,394	543	2,119	156,503	229,319	469,041
At 31 March 2023	19,442	59,558	65,337	26,718	6,189	22,394	543	2,119	641,000	866,487	1,709,787
<i>Net book value</i>											
At 31 March 2023	11,649	28,735	119,974	–	553,811	206,424	14,074	22,213	270,855	10,943,350	12,171,085
<i>Cost</i>											
At 1 October 2021	15,424	52,621	25,345	26,718	–	–	–	–	699,521	9,659,120	10,478,749
Additions	4,878	11,437	159,966	–	–	–	–	–	44,478	1,128,608	1,349,367
At 31 March 2022	20,302	64,058	185,311	26,718	–	–	–	–	743,999	10,787,728	11,828,116
<i>Accumulated depreciation and impairment losses</i>											
At 1 October 2021	13,758	42,443	23,656	21,375	–	–	–	–	423,850	529,130	1,054,212
Depreciation	1,065	4,424	9,688	2,672	–	–	–	–	60,647	108,038	186,534
At 31 March 2022	14,823	46,867	33,344	24,047	–	–	–	–	484,497	637,168	1,240,746
<i>Net book value</i>											
At 31 March 2022	5,479	17,191	151,967	2,671	–	–	–	–	259,502	10,150,560	10,587,370

* Development cost included cost of shop house which was transferred to YCDC during 2019-2020 financial year.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

8. Intangible asset

	Market operation system MMK'000	E commerce system MMK'000	Total MMK'000
<i>Cost</i>			
At 1 April 2022	113,718	3,139	116,857
Additions	–	–	–
At 31 March 2023	113,718	3,139	116,857
<i>Accumulated amortization and impairment losses</i>			
At 1 April 2022	38,433	1,722	40,155
Amortization	29,393	1,047	30,440
At 31 March 2023	67,826	2,769	70,595
<i>Net book value</i>			
At 31 March 2023	45,892	370	46,262
<i>Cost</i>			
At 1 October 2021	90,241	3,139	93,380
Additions	50,258	–	50,258
Write off	(26,781)	–	(26,781)
At 31 March 2022	113,718	3,139	116,857
<i>Accumulated amortization and impairment losses</i>			
At 1 October 2021	41,613	1,199	42,812
Amortization	14,228	523	14,751
Write off	(17,408)	–	(17,408)
At 31 March 2022	38,433	1,722	40,155
<i>Net book value</i>			
At 31 March 2022	75,285	1,417	76,702

9. Cash and cash equivalents

	2023 MMK'000	2022 MMK'000
Cash in hand	176,966	576,062
Cash at banks*	3,078,930	2,530,674
	3,255,896	3,106,736

* Cash at banks include bank guarantee amounting to **MMK 150,000,000** at United Amara Bank (2022: MMK 500,000,000 at Ayeyarwady Bank).

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. Trade and other receivables

	2023 MMK'000	2022 MMK'000
Trade receivables		
– Related parties {Note 27 (a)}	91,337	193,237
– Non related parties	1,714,454	1,660,869
Accrued interest income	6,579	8,155
Other receivables		
– Related parties {Note 27 (b)}	2,908	2,546
– Non related parties	8,290	5,218
	<u>1,823,568</u>	<u>1,870,025</u>

11. Advances and prepayments

	2023 MMK'000	2022 MMK'000
Advance commercial tax	473,453	459,049
Advance income tax	525,013	229,000
Other advances & project cost	563,681	148,810
Prepayments	20,703	17,039
	<u>1,582,850</u>	<u>853,898</u>

12. Inventories

	2023 MMK'000	2022 MMK'000
Shop house	1,972,046	–
Consumable inventories	80,303	–
	<u>2,052,349</u>	<u>–</u>

13. Work-in-progress

	2023 MMK'000	2022 MMK'000
Infrastructure and others	1,062,485	1,115,086
Shop house	–	3,402
Construction contract {Note 27 (a)}	2,733,784	2,886,274
	<u>3,796,269</u>	<u>4,004,762</u>

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Tax

(a) Income tax expenses

	2023 (12 months) MMK'000	2022 (6 months) MMK'000
Current tax on profit for the year/period	791,481	168,603
Adjustments in respect of prior year/period	-	-
Deferred income tax {Note 14(b)}	(33,400)	-
	758,081	168,603

(b) Deferred income tax

Deferred tax assets, determined after appropriate offsetting, are shown on the financial position as follows:

	Investment properties MMK'000	Property, plant and equipment MMK'000	Total MMK'000
Balance at 1 April 2022	-	-	-
(Charge)/credit to profit or loss	-	33,400	33,400
Balance at 31 March 2023	-	33,400	33,400
Balance at 31 March 2022	-	-	-

15. Share capital

	Number of shares	MMK'000
At 1 April 2022	21,640,860	21,753,001
Additions	-	-
At 31 March 2023	21,640,860	21,753,001
At 1 October 2021	21,640,860	21,753,001
Additions	-	-
At 31 March 2022	21,640,860	21,753,001

16. Advance receive for right issue

During the financial year, the company announced a rights issue to raise additional capital. The details of the rights issue are as follows:

Date of the rights issue announcement	17.2.2023
Number of new shares offered	2,164,086 shares
Subscription price per share	1,500 kyats
Rights ratio	1 for 10 shares
Issue period	10.3.2023 to 31.5.2023

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Borrowing

	2023	2022
	MMK'000	MMK'000
Beginning of the financial year/period	–	–
Borrowing during the year/period	2,500,000	–
End of the financial year/period	2,500,000	–

In 20 January 2023, the Company acquired additional loan of MMK 2,500,000,000 from UAB Bank which is secured against market buildings and shop house that are included in investment property and inventories respectively (Note 6 and 12).

18. Trade and other payables

	2023	2022
	MMK'000	MMK'000
Advance from contract with customer	243,000	5,184,200
Dividend payables	185,203	164,287
Trade payables		
- Related parties {Note 27 (a)}	656,357	983,989
Other payables		
- Related parties {Note 27 (c)}	3,000	8,775
- Non-related parties	733,596	459,752
	1,821,156	6,801,003

19. Provisions / Share of profit to YCDC

	2023	2022
	MMK'000	MMK'000
Provision for commercial tax	11,043	32,723
Provision for income tax	791,481	226,691
Provision for YCDC *	1,159,801	261,823
	1,962,325	521,237

* 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.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. Provisions / Share of profit to YCDC (continued)

The details are as follows:

	2023 (12 months) MMK'000	2022 (6 months) MMK'000
Revenue-net		
Sale of shop house	8,956,252	1,183,495
Rental income	4,619,576	1,977,600
Right of self-construction SH	4,333,333	-
Cost of sales	<u>(11,634,557)</u>	<u>(1,435,073)</u>
Gross profit	6,274,604	1,726,022
Other income	271,590	88,530
Expenses		
- General and administrative	(1,878,551)	(743,114)
- Marketing	(17,730)	(15,665)
- Finance charges	<u>(10,709)</u>	<u>(283)</u>
Net profit before tax *	4,639,204	1,055,490
Share of YCDC (25%)	<u>1,159,801</u>	<u>263,872</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:

	2023 (12 months) MMK'000	2022 (6 months) MMK'000
Revenue-net		
Income from e-commerce (Note 21)	51,263	30,170
Cost of sales	<u>(49,760)</u>	<u>(27,673)</u>
Gross profit	1,503	2,497
Other income	-	5
Expenses		
- General and administrative	(33,869)	(26,888)
- Marketing	(1,215)	(832)
- Finance charges	<u>-</u>	<u>(20)</u>
Net loss	<u>(33,581)</u>	<u>(25,238)</u>

20. Accrued expenses

	2023 MMK'000	2022 MMK'000
Accrued construction cost	3,523,334	-
Accrued infrastructure cost	365,326	-
Accrued earth and sand filling	<u>200,000</u>	<u>-</u>
	<u>4,088,660</u>	<u>-</u>

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

21. Revenue - net

	2023 (12 months) MMK'000	2022 (6 months) MMK'000
<i>Revenue</i>		
Sale of shop house		
- Non related parties	9,224,940	1,025,763
- Related parties {Note 27 (a)}	–	193,237
	9,224,940	1,219,000
Less: Commercial tax (3%)	(268,687)	(35,505)
	8,956,253	1,183,495
Right of self-construction SH	4,550,000	–
Less: Commercial tax (5%)	(216,667)	–
	4,333,333	–
Rental income (Note 6)	4,783,277	2,048,958
Less: Commercial tax (5%)	(163,702)	(71,358)
	4,619,575	1,977,600
e-commerce (Note 19)	51,263	30,170
	51,263	30,170
	17,960,424	3,191,265

22. Other income

	2023 (12 months) MMK'000	2022 (6months) MMK'000
Interest income	100,109	44,028
Miscellaneous receipt from market	171,481	44,507
	271,590	88,535

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

23. Expenses by nature

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

	2023	2022
	(12 months)	(6 months)
	MMK'000	MMK'000
Construction cost	6,533,257	980,827
Cost of right of self-construction	4,088,660	–
Service charges for rental (Note 6)	347,049	165,777
e-commerce charges	49,760	27,673
Depreciation and amortization	758,286	330,270
Professional fees	41,000	18,000
Audit fees	32,193	12,815
Write off of intangible assets	11,000	9,373
Salary & benefit	733,459	338,767
Key management personnel and director remuneration {Note 27 (c)}	159,398	75,252
Honorarium fees {Note 27 (c)}	39,000	18,000
Director bonus {Note 27 (c)}	42,000	–
Securities service fee	163,976	78,296
Utilities	122,521	57,412
Insurance	57,287	25,395
Marketing & promotion	18,945	16,497
Listing cost	35,548	–
Exchange gain/(loss)	(21,561)	1,209
Finance expenses	10,709	303
Other taxes	22,201	–
Agent fees	2,973	–
Miscellaneous	378,731	93,682
	13,626,392	2,249,548

24. Dividend

	2023	2022
	MMK'000	MMK'000
Number of shares	21,640,860	–
Dividend per share	120	–
Total (MMK'000)	2,596,903	–

The (2/2021-2022) Board of Directors meeting approved allocating MMK 120 per 1,000 kyats' worth of shares to the shareholders as a dividend on the net profits earned for the 2020-2021 financial year and the 2021-2022 (6-month) financial year and it was announced this to the shareholders at the 6th Annual General Meeting.

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

25. 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

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.

26. 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.

	2023 (12 months)	2022 (6 months)
Net profit attributable to equity holders of the Company (MMK in thousands)	2,687,740	597,777
Weighted average number of ordinary shares outstanding for basic earnings per share (shares in thousands)	21,640	21,640
Basic earnings per share	124	28
Per value of share (MMK)	1,000	1,000

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

27. 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

	Transactions value for the year ended 31 March 2023 MMK'000	Balance outstanding as at 31 March 2023 MMK'000
Advance construction contract – DIL (Note 13)	1,047,990	1,838,284
Advance construction contract – DCL (Note 13)	895,500	895,500
Payable construction contract - DIL (Note 18)	327,632	656,357
Shop House sales to director and executive officer (Note 10)	–	91,337
	<hr/>	<hr/>
	Transactions value for the period ended 31 March 2022 MMK'000	Balance outstanding as at 31 March 2022 MMK'000
Advance construction contract - DIL (Note 13)	3,670,431	2,886,274
Payable construction contract - DIL (Note 18)	601,572	983,989
Shop House sales to director and executive officer (Note 10 & 21)	162,263	193,237
	<hr/>	<hr/>

(b) Other

	Transactions value for the year ended 31 March 2023 MMK'000	Balance outstanding as at 31 March 2023 MMK'000
Payments made by the Company on behalf of DIL (Note 10)	362	2,908
	<hr/>	<hr/>
	Transactions value for the period ended 31 March 2022 MMK'000	Balance outstanding as at 31 March 2022 MMK'000
Payments made by the Company on behalf of DIL (Note 10)	7,836	2,546
	<hr/>	<hr/>

MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

27. Related party transactions (continued)

(c) Key management personnel and director remuneration

	Transactions value for the year ended 31 March 2023 MMK'000	Balance outstanding as at 31 March 2023 MMK'000
Remuneration (Note 23)	159,398	–
Honorarium fees (Note 23 & 18)	39,000	3,000
Director bonus (Note 23)	42,000	–
	<hr/>	<hr/>
	Transactions value for the period ended 31 March 2022 MMK'000	Balance outstanding as at 31 March 2022 MMK'000
Remuneration (Note 23)	75,252	–
Honorarium fees (Note 23 & 18)	18,000	8,775
	<hr/>	<hr/>

(d) Agreement between related parties (Note 27.2)

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.

28. Significant event after balance sheet date

The Company was approved to be listed on the Yangon Stock Exchange (Main Board) on 12 June 2023. The listing date of the Company will be on 3 July 2023. After that, the Company needs to pay the corporate income tax 17% only.

29. Authorization of financial statements

The financial statements of the Company for the year ended 31 March 2023 were authorized for issue in accordance with a resolution of the Company's Board of Directors on 27 June 2023.