



# ANNUAL AND CSR REPORT 2015-2016

MIXIMIZING STAKEHOLDER VALUE THROUGH CORPORATE SUSTAINABILITY

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# Letter from Chairman

Pursuing excellence, embracing changes, acting with integrity and laying strong foundation for the future success



## *Greeting from Max Myanmar.*

It gives me great pleasure to report that 2015-2016 financial year was another year of excellent progress and growth for Max Myanmar. From our company's inception in 1993, each subsidiary of Max Myanmar has been continuously delivering greater services to our stakeholders. We are always striving hard to increase our core values of the goodwill to the people in general and the local community in particular, pursuing excellence, embracing changes, acting with integrity and laying strong foundation for the future success of Myanmar. With an ambitious and a vibrant restructuring program, we have strived to transform ourselves into a Group of Companies with international practices.

It has been another strong year of record result for Max Myanmar Group as we continue to execute our strategy, with revenue from core operations in 2015-16 increasing to USD 210.67 million. This is an exceptional achievement contributing by the opening of Novotel Yangon Max Hotel in April 2015. Max Hotels Group has the highest gross profit among the Max Myanmar Group entities at c.64%, which is attributable to higher occupancy rate arising from the opening of Novotel Yangon Hotel and income from outlet space rental in Novotel. As a further testament to our performance, EBITDA from our core operations increased by 47.4% to USD 40.44 million and we achieved an increase in Net Profit, finishing the year at \$ 6.235 million. It can be said that an increase in EBITDA is mainly contributed by an increase in gross profit for Max Hotel, Max Energy and Max Highway.

I'd like to thank my management team and the rest of employees for their work and achievements this year. It may be challenging but I am optimistic about the future. These challenges can also bring many positive opportunities across Max Myanmar Group. We remain committed to all our stakeholders and to the communities we work in, for sustainable profitable growth with continual community engagement.

Thank you all for your continued support, which I gently appreciate and cherish.

A handwritten signature in blue ink, appearing to read 'U ZAW ZAW', written over a light blue diagonal line.

**U ZAW ZAW**  
Chairman

# OUR VISION MISSION AND VALUE



## Our Vision

To become a leading institution in Myanmar which exceeds global standards in caring for, and providing the greatest benefits to, all its stakeholders.

## Our Mission

We are change agents spearheading improvements in the lives of our people.

Our diverse portfolio of business gives us many oppprtunities to deliver satisfaction, success, safety, and prosperity, while remaining respectful of the environment and the world we live in.

## Our Values

In keeping with our leadership stance, we strive for excellence in all aspects, with our thinking and behavior driven by inspiration, innovation, efficiency, transparency and accountability.

## Max's Corporate Objectives

By thoroughly strengthening synergies across the Group, subsidiaries of Max Myanmar must strive to develop and expand their respective business operations, thereby enabling the entire Group to enjoy synergetic effects.

To acquire businesses that are complementary to the Group's existing operations, in areas where the Group's management has proven expertise and which offer prospective returns on capital in excess of the Group's weighted average cost of capital.

As we continue developing our business operations in various fields, it is our mission to proactively develop initiatives to respond to environmental issues.

As a socially responsible company, Max Myanmar will contribute to the development of local industries and economies through the expansion of their business operations.

EMPLOYEE WITH  
**4591**

EMPLOYEE ARE MEN  
**2557**

EMPLOYEE ARE WOMEN  
**1090**

CONTRACT BASED  
**944**

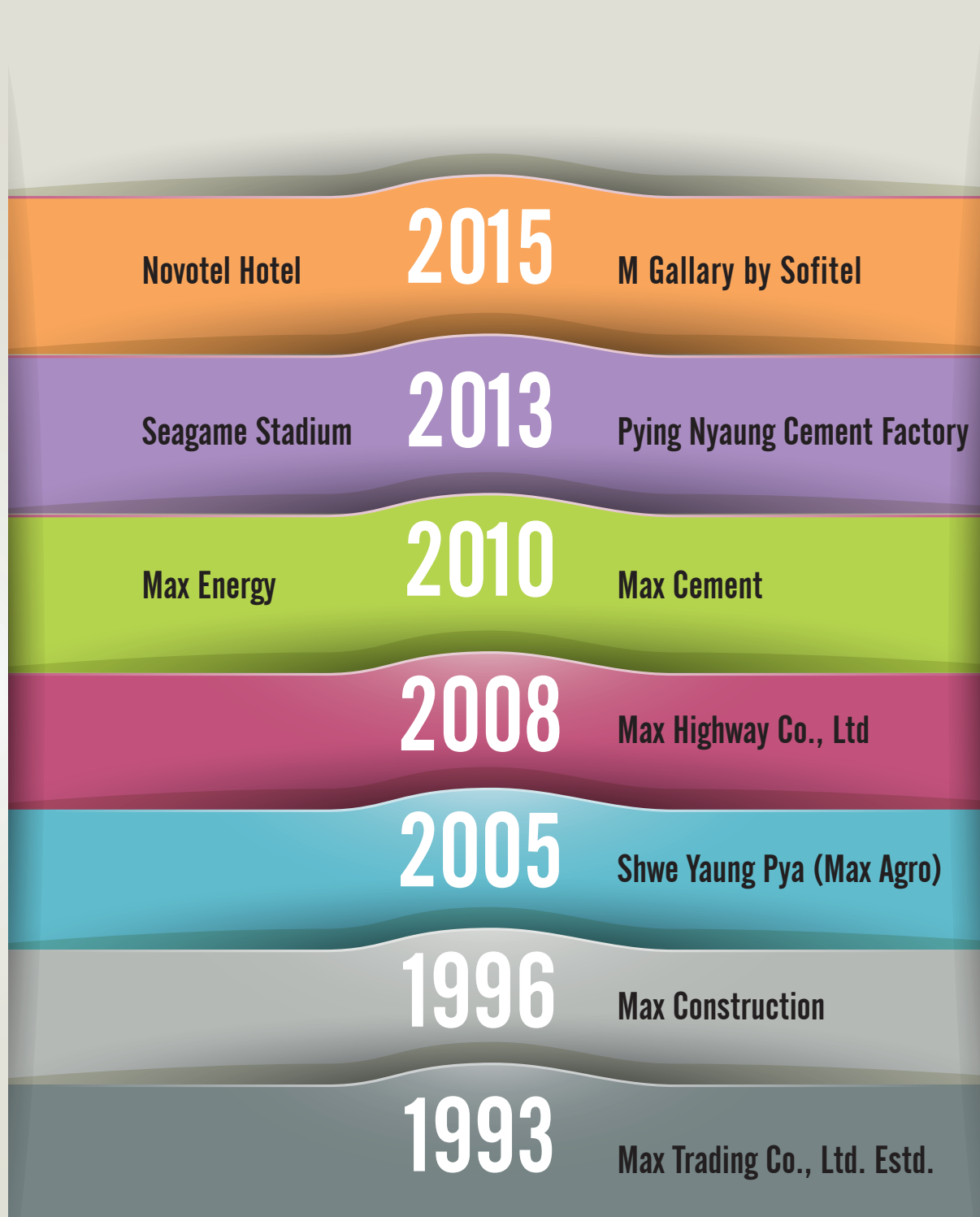




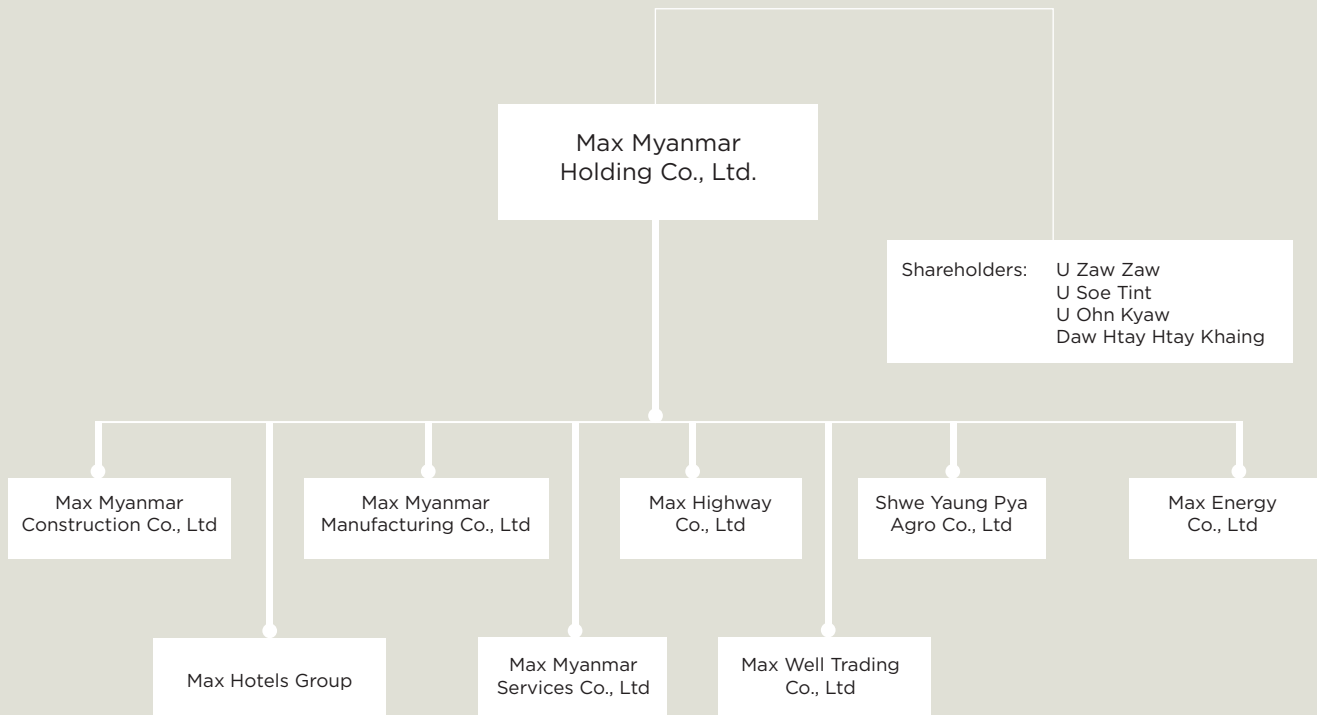
OUR  
PEOPLE

DIVERSITY IS  
WHAT CHARACTERIZES  
THE GROUP

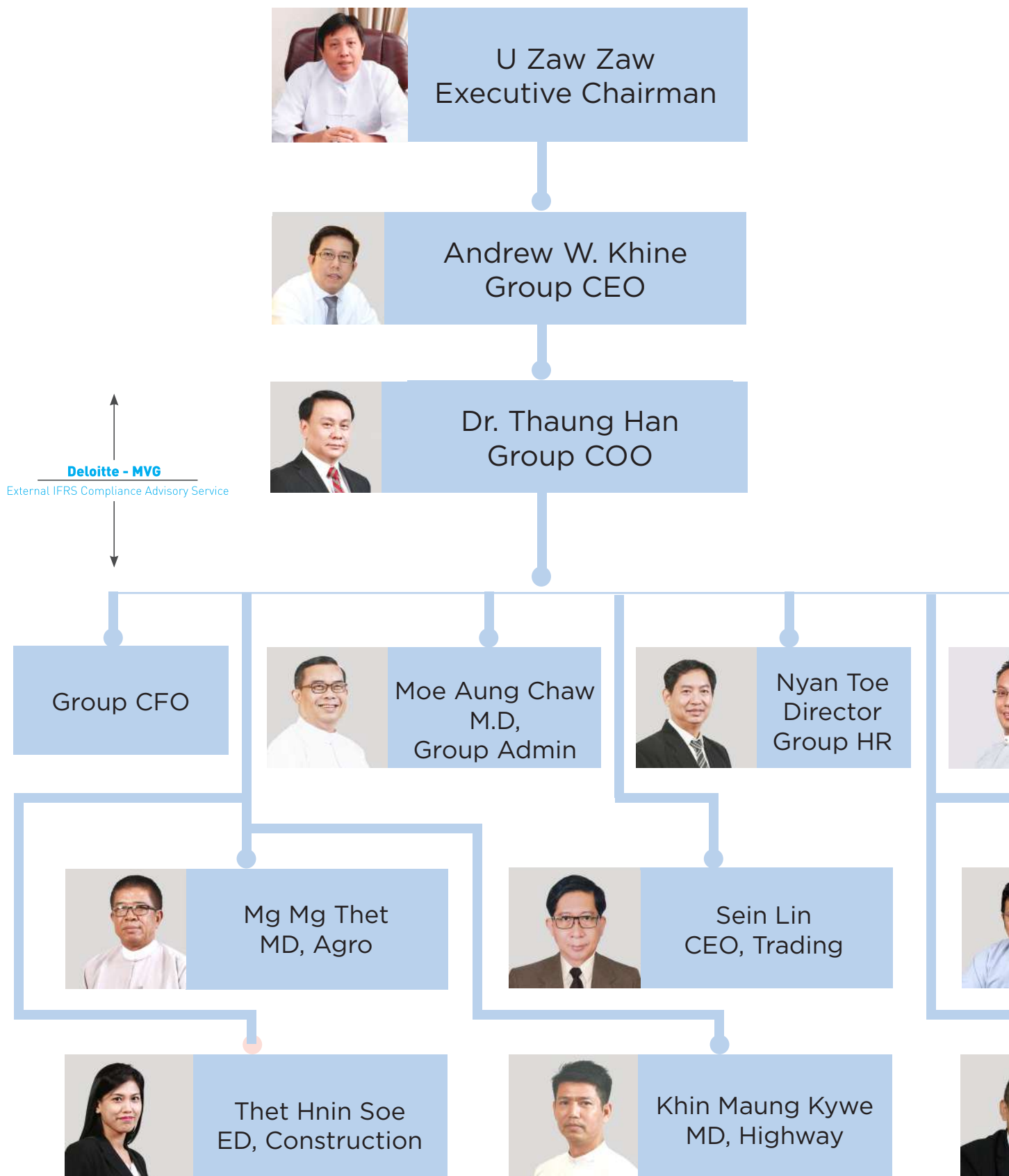
# MILESTONES



# GROUP STRUCTURE



# TOP MANAGEMENT TEAM





# THE EXECUTIVE BOARD



**U Zaw Zaw**  
Chairman



**U Soe Tint**  
Vice Chairman



**U Ohn Kyaw**  
Vice Chairman



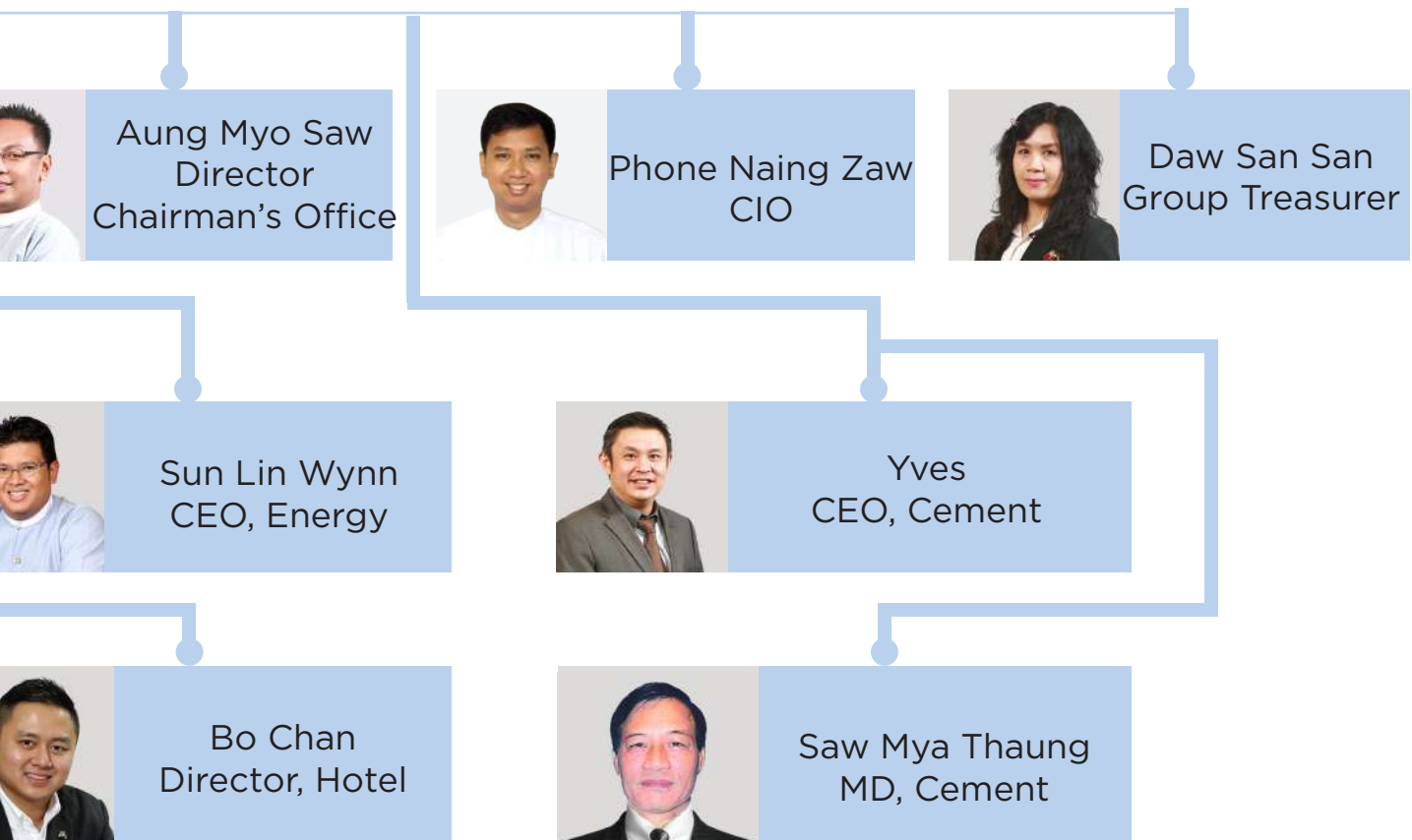
**Dr Aung Tun Thet**  
Group Advisor



**Dr Tin Latt**  
Group Advisor



**Michael Min Sein**  
Legal Advisor



# CORPORATE GOVERNANCE

Central to corporate governance thinking and practice are the shareholders, the board of directors and the management. Max Myanmar always focus to align as nearly as possible the interests of individuals, corporations and society with holding the balance between the corporate governance and company goals. Max Myanmar strives to establish an effective board, which is collectively responsible for the long-term success of the company, including the definition of the corporate strategy.

## Governance Framework

The group's principal decision making body is the board. It has responsibility for setting the group's strategic direction and for ensuring the group manages risk effectively. The board is accountable to shareholders for the group's financial and operational performance. There is a clear division of responsibilities between the running of the board and the executive responsibility for the running of the business.

## The Board's Responsibility

The Board ensures to live up Max Myanmar's commitment to responsible practices. The Board also upholds the Company's value and ensures that the management is accountable to these values. The board also focuses on adopting and reviewing a comprehensive risk management process, establishing and reviewing the system and procedures of control and risk management, adopting policies for organizational arrangements for delegating authority and responsibility and finally adopting adequate internal practices and procedures that promote ethical and professional standards.

## Accountability

- Protection of shareholder rights
- Adequate transparency and disclosure – financial and non-financial information
- Time and Accurate Information
- Review and approve the annual financial statements to provide shareholders with a balanced and clear assessment

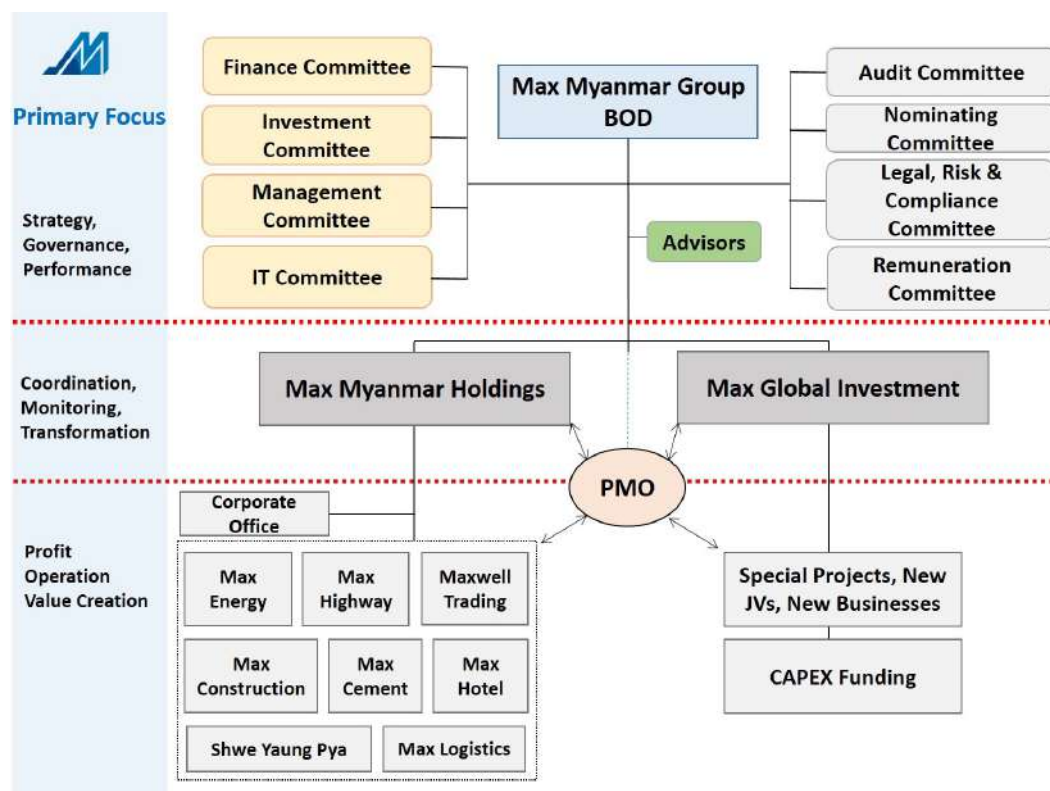
## Policy Formulation

- Creating vision and values
- Developing corporate climate and culture
- Monitoring the external environment
- Approving policy framework

## Oversight and Control

- Internal control and risk management
- Financial management and reporting
- Internal/External audit
- Compliance
- Oversight of management performance

## Our Governance Framework



## Strategy and Stewardship

- Strategic thinking by setting Max Myanmar's direction and risk appetite
- CEO/Executive selection and evaluation
- Succession planning

## Diversity of the Board

Max Myanmar has taken and continues to take several steps to promote diversity both at senior management level and in the boardroom. Developing policies and processes that prevent bias in relation to recruitment and promotion form the basis of this. The key to progress lies in ensuring that positive measures are taken by balancing the diversity in succession planning and talent management. Promoting gender diversity in the flexible employment policies to create family friendly working environment.

## Board Members

U Zaw Zaw	- Chairman
U Soe Tint	- Vice-Chairman
U Ohn Kyaw	- Vice-Chairman
U Khin Mg Tint	- Vice-Chairman (Construction)
Mr. Andrew William Khine	- Group CEO
U Than Oo	- Executive Director
Mr. Dennis	- Executive Director
Daw San San	- Group Treasurer
U Kyaw Kyaw	- Advisor
U Tha Toe Kyaw	- Secretary

## Appointments to the Board

The search for board candidates is conducted and appointments made, on merit, against objective selection criteria, having due regard for the benefits of diversity on the board, including gender. The Nomination Committee works with the Board to determine the appropriate qualification, skills and experience for the Board.

## Director Induction and Development

Under MaxOne Training Program, with the title of “From Strategy to Execution”, Max Leadership Retreat program was offered to top executives of Max Myanmar in accordance with Max’s vision and mission. Our intention is that all directors have familiarity with and appropriate knowledge of Max Myanmar and gain access to operations and employees. The board ensures that the company provides the necessary resources to allow this to happen. We take various steps to ensure that all of our directors continually refresh their knowledge and skills so that they can effectively fulfil their roles on our board and its committees and so that their contributions remain informed and relevant.

## Annual General Meetings

Annual General Meeting is an important part of effective communication with shareholders. Our AGM held once a year at suitable locations in Yangon. Notice is normally sent to stakeholders beforehand. At the AGM, we propose separate resolutions on each substantially separate issue.

## Board Committees

### Management Committee

This committee defines each SBU business direction as well as group’s strategy and creates synergy among SBUs. Execution from strategy (plan) to action (work) is the primary focus of management committee. The committee standardizes operational processes to improve operational performance by lowering operational cost possible. The committee also defines Key Performance Indicators (KPIs) for each SBU and monitors as well as measures those KPIs to advise senior leadership on performance improvement. The Committee holds the meeting monthly and it is chaired by Group CEO and members are the management executives from SBUs.

Two board meetings were held during the fiscal year ended 31 March 2016.

	Role	No. of Meetings eligible to attend	No. of Meetings Attended	% Attended
U Zaw Zaw	Chairman	2	2	100%
U Soe Tint	Vice Chairman	2	2	100%
U Ohn Kyaw	Vice Chairman	2	2	100%
U Khin Maung Tint	Vice Chairman (Construction)	2	2	100%
Mr. Andrew William Khine*	Group CEO	2	2	100%
U Than Oo	ED	2	2	100%
Mr. Dennis Lim Ban Lai*	ED	2	2	100%
Daw San San	Group Treasurer	2	2	100%
U Kyaw Kyaw	Advisor	2	2	100%

\*Joined BOD on 2015

### **Finance Committee**

The finance committee oversees & appraises the quality of the Finance effort of the Company's internal Finance Function and its External Auditor. It is to assist the BOD in fulfilling its fiduciary responsibilities to the Company and each of its Subsidiary to act in the interest of the Company's Shareholder as a whole. It reviews the adequacy of the Internal Controls (both accounting and operation) and serves as an independent party to review the integrity of the financial information presented by the Management to the Shareholders.

### **Investment Committee**

The primary focus is developing and maintaining committee governance documents by reviewing, evaluating and recommending the guiding principles that govern the overall approach with respect to investment risk management. Oversee investment risks by ensuring that an appropriate control environment and reporting process are in place to govern the investments' ongoing activities. The investment committee recommends to the Board for approval Board risk limits. Investment Committee

### **Internal Audit Committee**

Audit committees is to review financial statements quarterly and annually in public companies. In addition, members will often discuss complex accounting estimates and judgments made by management and the implementation of new accounting principles or regulations. Audit committees interact regularly with senior financial management such as the CFO and Controller and are in a position to comment on the capabilities of these managers.

### **Remuneration Committee**

Remuneration Committee is to consider matters relating to executive reward, including policy for executive directors and top and senior managers' remuneration and their annual individual remuneration awards. The committee may also review strategic HR issues including employee retention, motivation and commitment and succession planning for top and senior manager position. The Committee will meet annually and at such additional times as the Board may request.

### **Nomination Committee**

Nomination Committee is responsible for considering matters relating to the composition of the board, including the appointment of new directors, making recommendations to the Chairman as appropriate. The committee reviews succession plans for the chairperson, MD and other key board positions. This review might also review corporate governance arrangements and oversee the annual performance evaluation of the board, its committee and the individual directors. The Committee will meet once a year and at such additional times as the Committee Chairman or any member of the Committee may request.

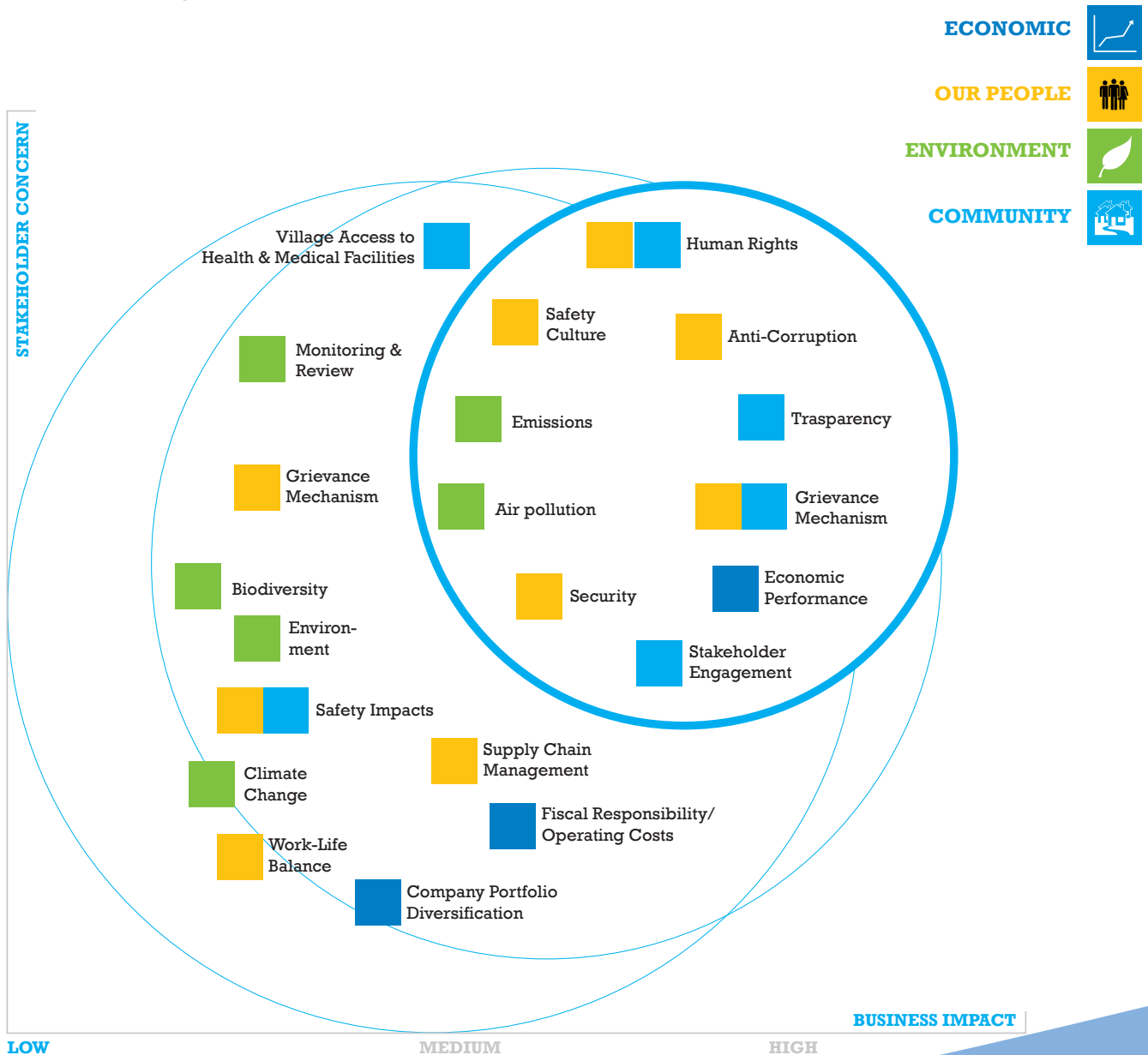
### **Legal, Risk and Compliance Committee**

The Committee's role is to provide advice and assistance to the Board in relation to the governance framework of the Company, including in relation to its risk management and internal control systems, compliance policies and legal functions. The committee is advised by Group Advisors to review the effectiveness of Max Group's risk management framework policies and initiatives to identify the company's material risks and the appropriateness of the risk management processes in place to address them. Besides, the committee also monitor the effectiveness of Max Group's policies and practices that relate to compliance with laws, regulations and accounting standards. Quarterly and Annual risk assessments are carried out and actions will be taken if necessary.





# Sustainability Matrix



# ENTERPRISE RISK MANAGEMENT

We, Max Myanmar, believes that the most important contribution of ERM to improving business performance is to help our management to make better choices in protecting and enhancing enterprise value. Because companies face an increasingly uncertain future, this contribution can make or break the formulation and execution of a successful business strategy. Risk responses should support the organization's value creation objectives by managing and monitoring the performance variability inherent in its future operations, protecting accumulated enterprise value from unacceptable losses and leveraging existing core competencies to pursue market opportunities. When managing enterprise value, Max develops an understanding of the sources and drivers of value using the business objectives and strategy as a context. This understanding provides the context for managing risk. According to the guideline of Max Group, as senior managers from all SBUs focus their attention on the enterprise's long-term prospects for generating superior returns, they must:

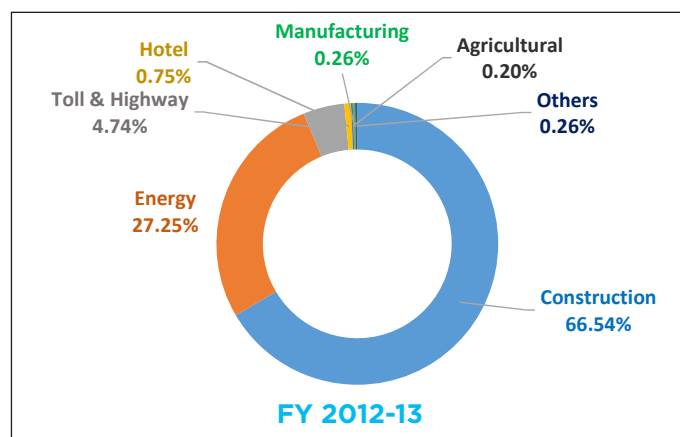
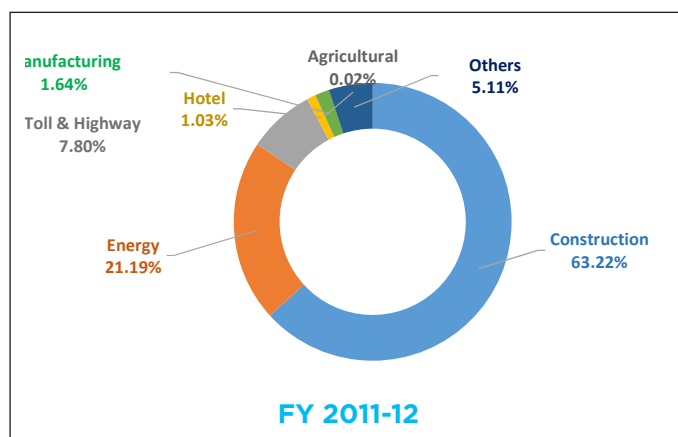
- Evaluate the key underlying variables in the business plan that are exposed to performance variability and that require specific risk responses;
- Understand the loss exposures or drivers inherent in the enterprise's business model that require specific risk responses; and
- Identify incongruities inherent in the business model where management has, either knowingly or unknowingly, accepted risks that should be avoided, given the entity's risk appetite



# FINANCIAL HIGHLIGHTS

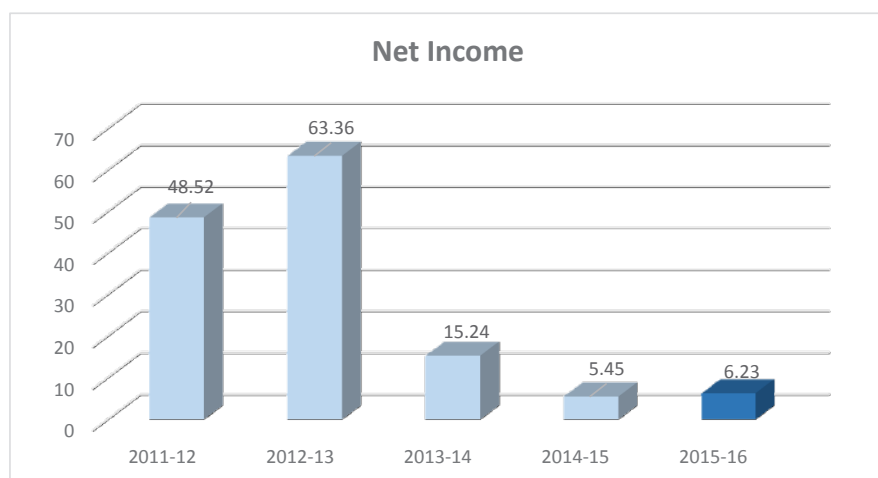
## Revenue by Business Activities

(US\$ MILLION)



## Net Income

(US\$ MILLION)



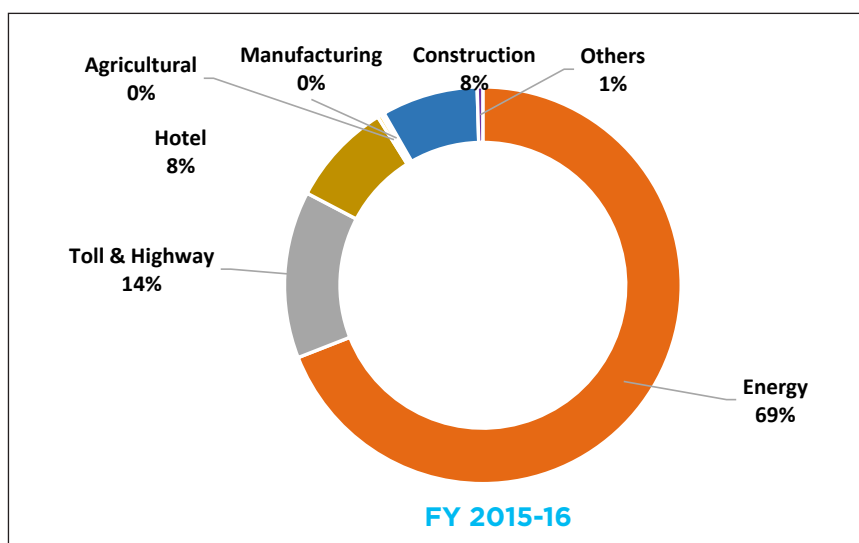
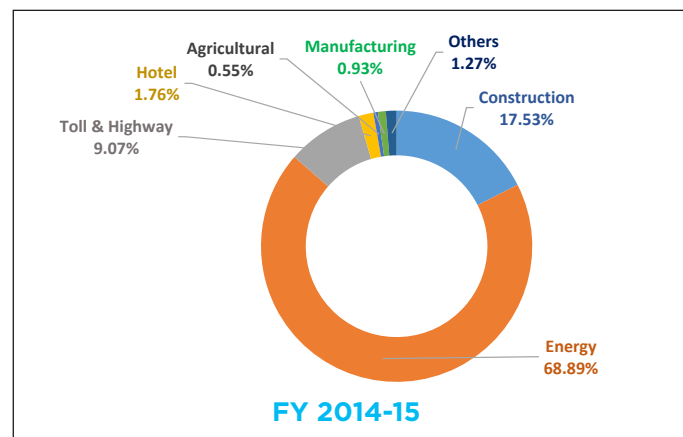
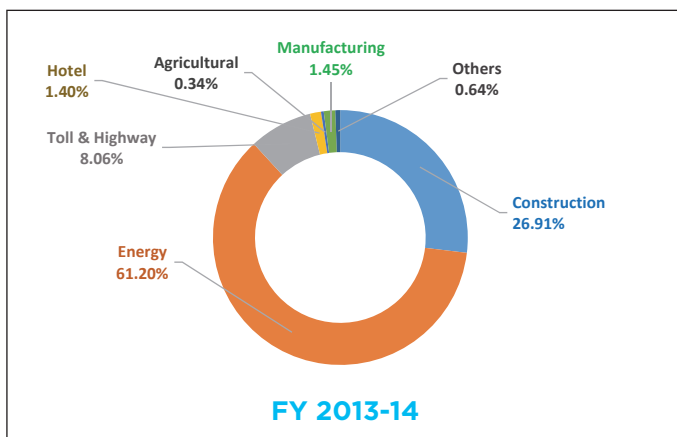
## Consolidated Revenue

**FY 2011-12**  
US\$ **230.03** MILLION

**FY 2012-13**  
US\$ **327.51** MILLION

**FY 2013-14**  
US\$ **291.63** MILLION

\* Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2015-16)  
\* Exchange rate ( 1USD=900MMK for FY 2011-12) and ( 1USD=1000MMK for other years)



**FY 2014-15**  
**US\$ 210.08** MILLION

**FY 2015-16**  
**US\$ 210.67** MILLION



FOR  
YOUR  
SATISFACTION

Max Energy business was established in June 2010 after the formal approval of the National Privatization Commission for private distribution of diesel and petroleum products in Myanmar and started operation with (12) filling stations. Nowadays, Max Energy operates (32) filling stations throughout the country with more than 850 employees.

The Vital Role of Max Energy is to fulfill the energy requirement of the motor vehicles, to support the growth of inland transportation, to achieve the customer satisfaction and also to enhance the growing economy of our country.

## PRODUCTS

Most of our products are imported directly from Singapore, Malaysia, and Thailand. Our products have been verified both Quality test and Quantity survey in-line with international standard in loading port of overseas countries and discharging port in Myanmar. The Quality test and Quantity survey are carried out by reputable surveyor organizations such as SGS Singapore/Intertek Singapore and Myanmar Petrochemical Enterprise(MPE) - Local Government Organization.

Thus, we assure our valuable customers that we are delivering genuine and international standard quality products with precise quantity.

**OCTANE 92 RON** - products are imported directly from Singapore and Malaysia.

**OCTANE 95 RON** - products are imported directly from Singapore, Malaysia and Thailand.

**DIESEL (500 PPM)** - products are imported directly from Singapore and Malaysia.

**PREMIUM DIESEL (50 PPM)** - products are imported directly from Singapore and Malaysia.





Certificate Number TH14/8118

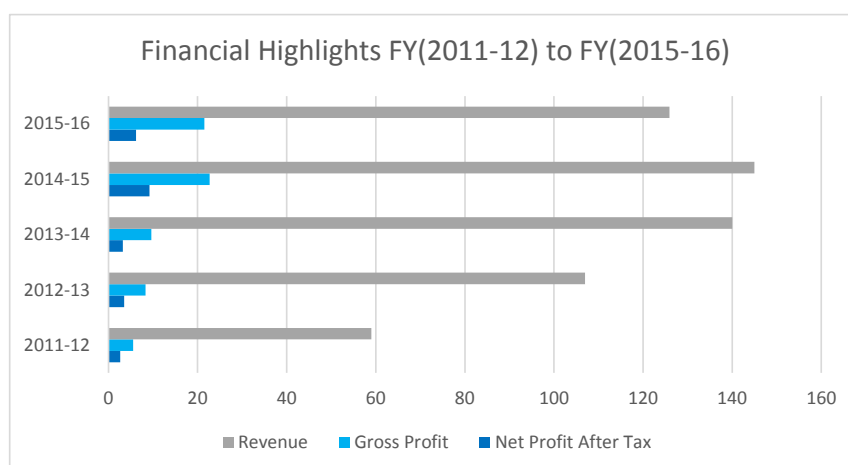


WE SUPPORT

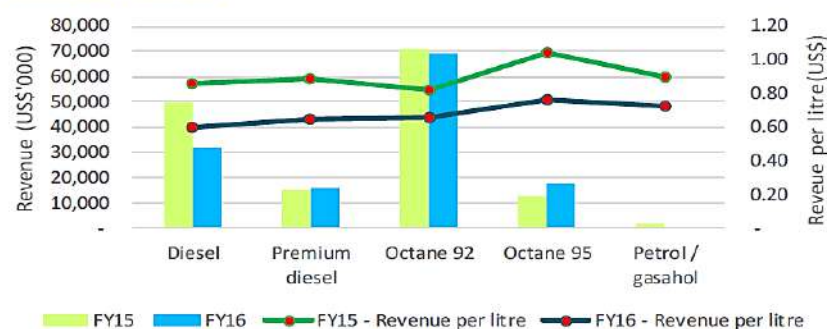


## FINANCIAL HIGHLIGHTS

- Revenue is primarily derived from sale of fuel (diesel, premium diesel, Octane, petrol/gasahol). In FY15 there were also sales from convenience stores in the retail service stations amounting to c.US\$69k.
- Management represented that Max Energy sets fuel prices based on market rate, which may vary by location or state.
- The decrease in revenue in FY16 was due to a decrease in revenue per litre of all the fuel products, partially offset by increase in volume sold.



## Revenue by products



## SERVICES

Our customer-friendly and well-trained staff are delivering their best services to our customers at our filling stations across Myanmar. Our staff always concern, respect and fulfill requirements and expectation of customers. As customer services are lifeblood of our success, we have consistently committed to the continual improvement of the quality of our services. Our value added services are:

- Favorable locations
- 24/7 Operation
- Varieties of Products
- Excellent Customer Service
- Convenience Stores
- Corporate Credit Sales Service

# STATEMENT OF FINANCIAL POSITION

## AS AT MARCH 31, 2016

ASSETS	
<b>Non-current assets</b>	
Property, plant and equipment	21,831
Intangible assets	67
Deposit	4
Prepaid and Leases	226
Other Investment	139
<b>Total non-current assets</b>	<b>22,267</b>
<b>Current assets</b>	
Inventories	7,774
Trade receivables	2,504
Other receivables	2,586
Cash and cash equivalent	3,688
Due from intra group entities (net)	13,679
<b>Total Current Assets</b>	<b>30,231</b>
<b>TOTAL ASSETS</b>	<b>52,498</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Trade Payables	6,745
Other Payables	(2,645)
Short-term loans	14,400
Due from intra group entities (net)	
<b>Total current liabilities</b>	<b>18,500</b>
<b>Non-current liabilities</b>	
Long term loans	15,495
<b>Total Liabilities</b>	
<b>EQUITY</b>	<b>18,503</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>52,498</b>

## PLANNING & DEVELOPMENT

Planning is very important for the success of Max Energy as the planning makes our future bright, drives us being strategic-minded to achieve our corporate vision, mission, goals and objectives. We strongly believe and have committed our resources in developing and implementing plans to gain better tangible (financial, customer loyalty, market share) and intangible (brand reputation, image, customer satisfaction) results.



- Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2015-16)
- Exchange rate 1US\$: MMK 1000



## FEELING OF HOME

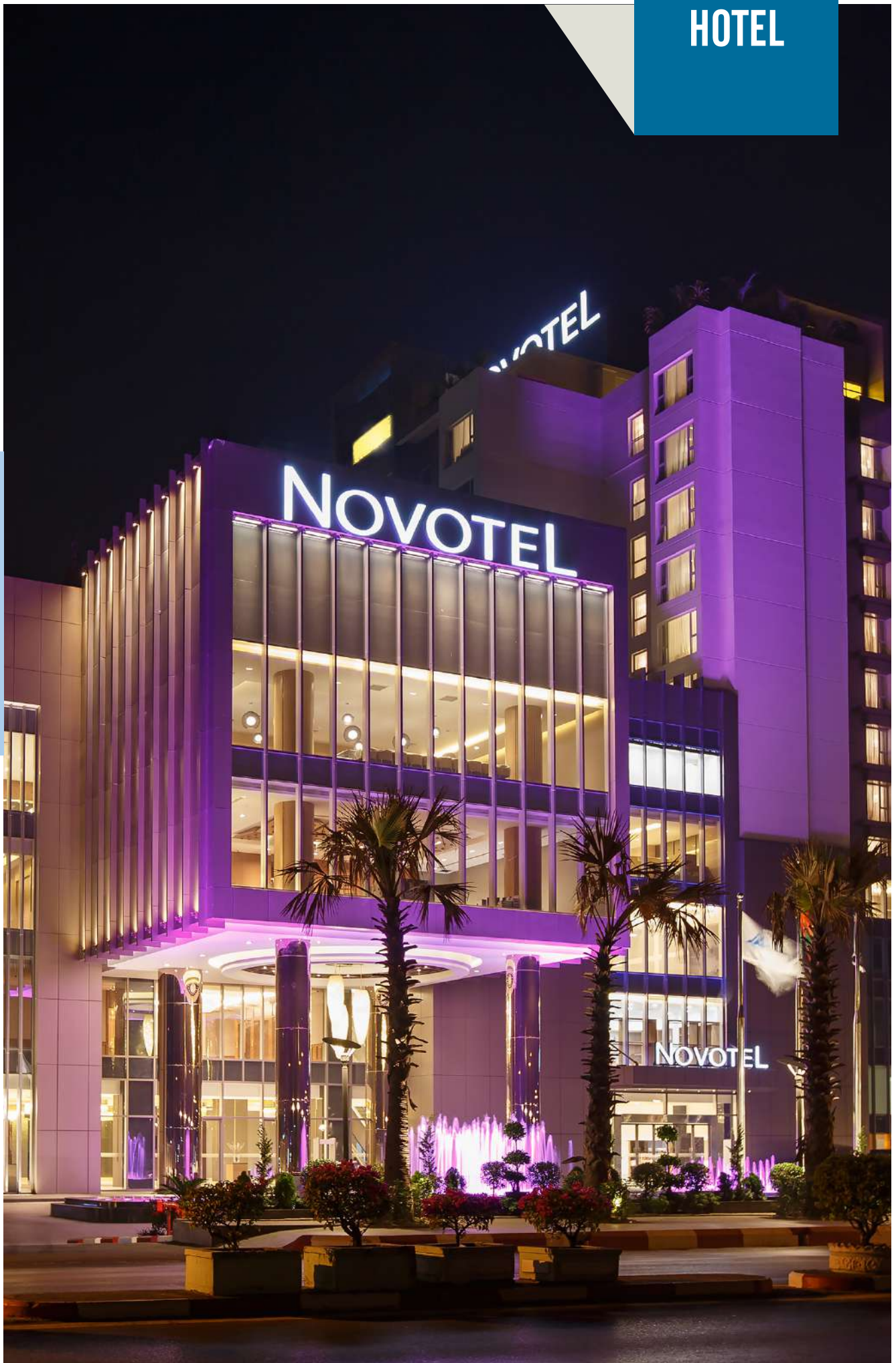
The year from 2014 to 2016 was filled with positive changes for Max Hotels Group by making steady progress towards opening international standard hotels. M Gallery by Sofitel which is the newest member of M-Gallery collection and the first Accor hotel in Myanmar, was the very first step of our group's collaboration with foreign business partner and it was proudly opened in August 2014 in Nay Pyi Taw.

Besides, one of the most significant milestones for Max Myanmar Group and also for booming hotel and tourism industry of Myanmar, was a new five star hotel fully owned by a Myanmar entrepreneur which was soft-opened in early January 2015. Novotel Yangon Max is the fifth hotel for Max Hotels Group. This world-class standard property on Yangon's prestigious Pyay Road is set to redefine style in Myanmar's former capital.

Designed by international firm IDA, Novotel Yangon Max consists of 366 rooms, including deluxe rooms, deluxe suites, junior suites, executive suites, a presidential suite and penthouse. The retail areas of the lobby and third floor are sure to both satisfy guests and lure customers, while four restaurants which provide European food, Chinese food, Japanese food and international food, a café and three bars will help to meet all food and dining needs. A 750 person ballroom, a 200 person junior ballroom and six function rooms will cater to larger events, while guests will also be able to relax at the swimming pool, gym and spa.

These two new hotels are managed by Accor, an international hotel management company to set a new benchmark for standards in the hotels and tourism industry in Myanmar.



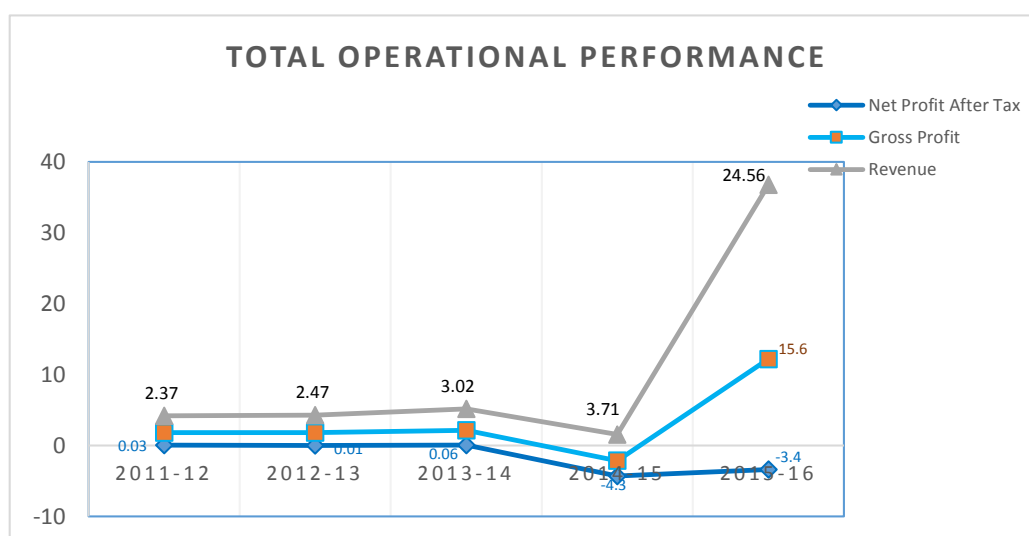






## FINANCIAL HIGHLIGHTS

- Room revenue in FY16 was derived from the operations of three hotels, namely Novotel Yangon Max, M Gallery, and Hotel Max (Nay Pyi Taw).
- Increase in revenue from c.US\$3.7m in FY15 to c.US\$24.6m in FY16 was mainly due to the commencement of Novotel Yangon Hotel in April-15.
- Novotel Yangon Max contributed c.92% of total revenue in FY16.
- Room revenue accounted for c.37% of total revenue in FY16.
- Food and beverage income accounted for c.47% of total revenue in FY16.
- Minor operating department relates to income from spa and massage services, sales from souvenir shop and beauty saloon.



An extraordinary journey of discovery through Myanmar's precious, unique and remarkable culture

## STATEMENT OF FINANCIAL POSITION

### AS AT MARCH 31, 2016

ASSETS	
<b>Non-current assets</b>	
Property, plant and equipment	111,879
Intangible assets	
Deposit	20
Prepaid and Leases	
Other Investment	
<b>Total non-current assets</b>	<b>111,899</b>
<b>Current assets</b>	
Inventories	1,070
Trade receivables	967
Other receivables	180
Cash and cash equivalent	1,111
Due from intra group entities (net)	
<b>Total Current Assets</b>	<b>3,328</b>
<b>TOTAL ASSETS</b>	<b>115,227</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Trade Payables	884
Other Payables	2,760
Short-term loans	
Due to Intra group entities (net)	68,264
<b>Total current liabilities</b>	<b>71,908</b>
<b>Non-current liabilities</b>	
Long term loans	52,787
<b>Total Liabilities</b>	
<b>EQUITY</b>	<b>(9,468)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>115,227</b>

We believe we made great advances to achieve our service excellence through years in hotel industry. Moving forward, we have plans to establish more unique services and high-quality accommodation to cater the growing demand from not only local travelers but also foreign tourists.

Max Hotels Group provides the excellent service culture through the selection, recruitment and training of our employees who are not only pleasant and enthusiastic, but also possess in their attitudes, the spirit and desire to exceed the expectations of our customers.



\* Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2015-16)

\* Exchange rate ( 1USD=900MMK for FY 2011-12) and (1USD=1000MMK for other years)



QUALITY, EFFICIENCY,  
INNOVATION,  
SUSTAINABLE DEVELOPMENT

Incorporated in 1997, Max Myanmar Construction Co., Ltd., has successfully built and accomplished different types of construction projects – Port Extension Project (Earthworks), Dams and Reservoirs, Commercial and Residential Development Projects, High-rise Building, Infrastructures, Factories, Residential, Educational, Social, Health, Recreational, Office Buildings and Hotels. We also gained tremendous momentum in development with our vision, “To exceed global expectations, and be a LEADER in innovation, efficiency, sustainable development and continued prosperity”.

In addition, as we believe employee is the greatest asset for our business growth and success, we develop our people by providing technical and functional trainings all the year round. There is also a strong belief for us that being socially and environmentally responsible is essential to the long term sustainability of our business and as such we engaged diverse CSR activities in this year. As OHSE is a must for us, we are trying to create “Zero Accident Zone” at every site in this fiscal year.



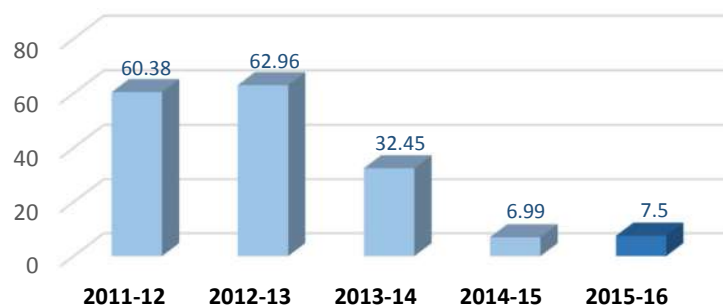




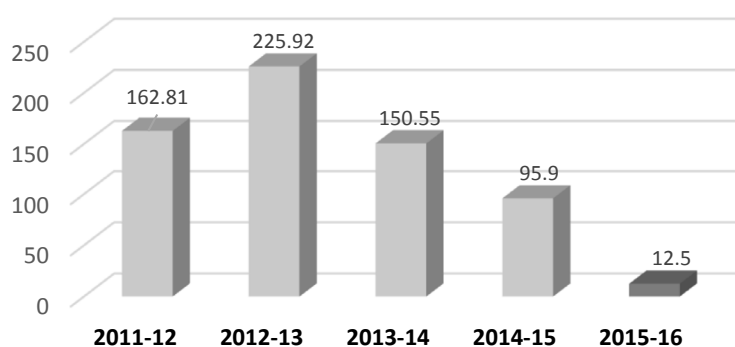
## FINANCIAL HIGHLIGHTS

Decrease in revenue from c.US\$95.9 milin FY15 to c.US\$54.9 milin FY16 was because most contract such as Naypyitaw City Development Committee project, National Guest House project and Novotel Yangon Hotel Development project were either almost completed or fully completed.

NET INCOME (US\$ MILLION)



REVENUE (US\$ MILLION)





## OPERATIONAL HIGHLIGHTS

### Hotel Construction Projects

- Novotel Yangon Max, the Five Star International Standard Hotel with the total Floor Area of 74,000 M<sup>2</sup>, is situated on Pyay Road.
- Lake Garden (M-Gallery), the Five Star Luxury Hotel with total Floor Area of 32,000 M<sup>2</sup>, is located in the National Guest House Zone of Nay Pyi Taw.

### Renovation & Extension Projects

- Bank Construction Projects in various districts.
- Head Office of AYA Bank, re-strengthening & preserving Rowe Building under the guidance of Yangon Heritage Trust (YHT).
- North Dagon Swimming Pool Project.

## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

ASSETS	
<b>Non-current assets</b>	
Property, plant and equipment	6,953
Intangible assets	
Deposit	159
Prepaid and Leases	
Other Investment	
<b>Total non-current assets</b>	<b>7,112</b>
<b>Current assets</b>	
Inventories	3,086
Trade receivables	22,134
Other receivables	3,222
Cash and cash equivalent	1,509
Due from intra group entities (net)	108,094
<b>Total Current Assets</b>	<b>138,045</b>
<b>TOTAL ASSETS</b>	<b>145,157</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Trade Payables	7,343
Other Payables	3,135
Short-term loans	
Due from intra group entities (net)	
<b>Total current liabilities</b>	<b>10,478</b>
<b>Non-current liabilities</b>	
Long term loans	
<b>Total Liabilities</b>	
<b>EQUITY</b>	<b>134,679</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>145,157</b>

As Myanmar has now entered a new era which will be characterized by much more rapid modernization, the demand of our customers for construction services will be more exciting and challenging to meet. In our constant quest to deliver customer satisfaction, we will concentrate on upgrading our human resource and technological capabilities. We are developing our management skills, equipment and on-site operational skills, general staff training, quality control, financial management and international marketing. In addition, we are also extending the scope of our expertise by bringing in more specialized professional in-house where we currently rely on external consultants.



- Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2015-16)
- Exchange rate 1US\$: MMK 1000



## SAFETY AND CONVENIENCE

Max Highway conducts upgrade, expansion, and maintenance of road and bridges, collects toll fees and City Entrance Fees under B.O.T system and tender system from Ministry of Construction, Yangon City Development Committee, and Ministry of Border Affairs. As our mission goes, we always try to provide the best services for the safety and convenience of the public.

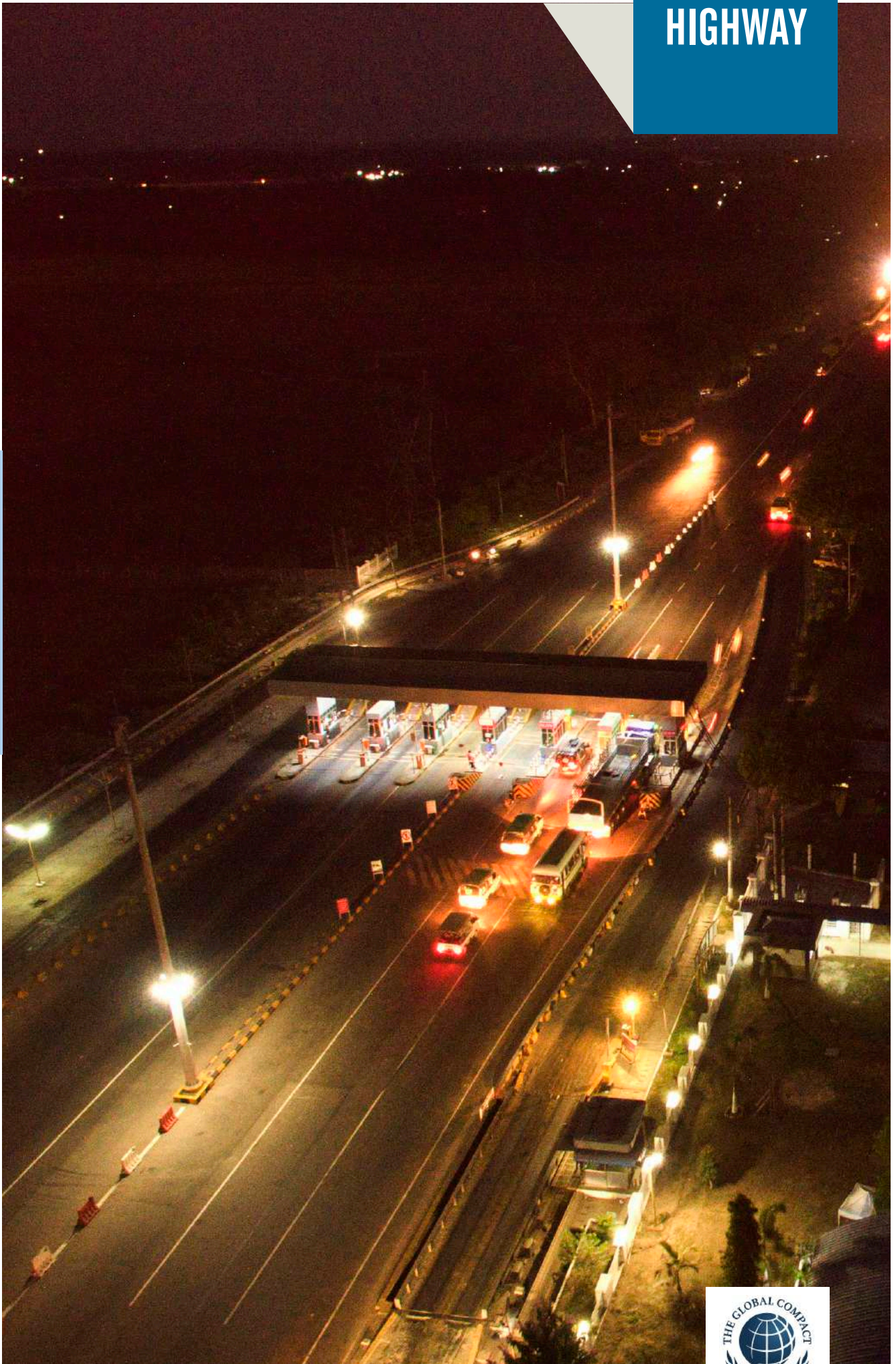
In this financial year 2015-16, we have completed several road expansion and upgrading works and, upgraded the existing plazas, built new-one, and installed new TCS (Toll Collection System) with advanced License Plate Recognition (LPR), HQ Central Management System (HQCMS), Laser Vehicle Separation and Profiling (LVSP) and Smart Card Technology with a strategic plan to upgrade into RFID based Electronic TCS in the near future.

### Road Distances (B.O.T and Tender)

Region	B.O.T	Tender	Total
Yangon	130/1 mile	-	130/1 mile
Bago	68/7 mile	77/2 mile	146/1 mile
Magway	158/4 mile	-	158/4 mile
<b>Total</b>	<b>357/4 mile</b>	<b>77/2 mile</b>	<b>434/6 mile</b>



# HIGHWAY







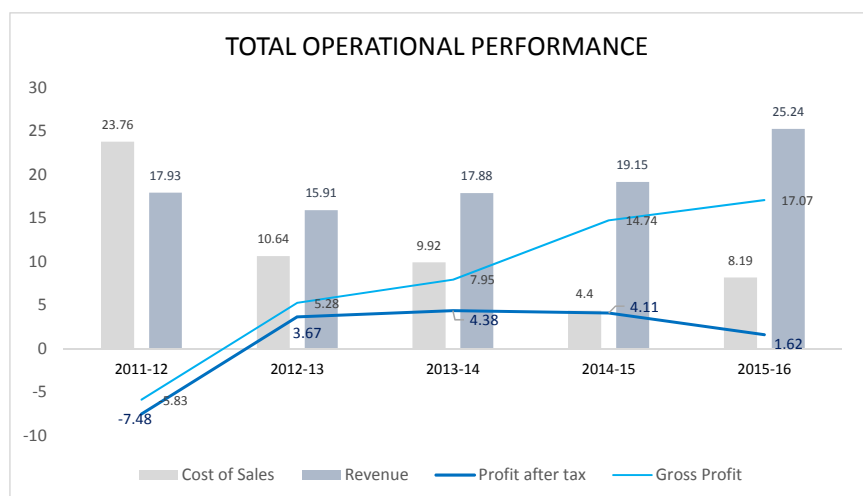
## FINANCIAL HIGHLIGHTS

19.15 US\$ million revenue for FY 2014-15

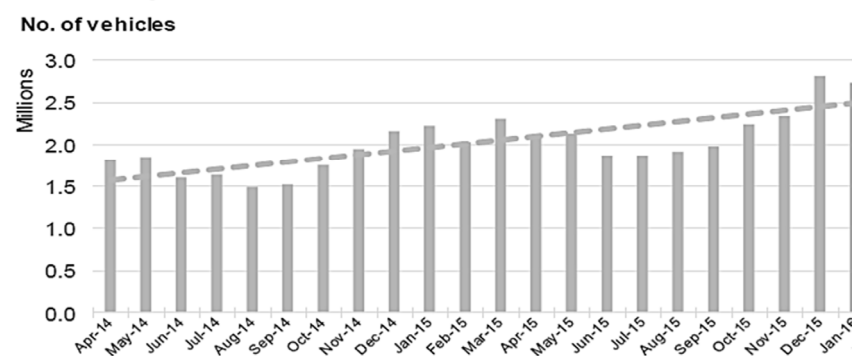
25.26 US\$ million revenue for FY 2015-16

Revenue mainly comprised of toll collection from Yangon-Bago-Highway, Yangon-Pyay-Magway-Highway and Yeni-Taungzinaye Highway (effective 1 Jan 2016).

The increase in revenue from c.US\$19.3m (FY15) to c.US\$25.3m (FY16) was mainly due to the increase in toll collection volume from 22.4m to 27.5m vehicles.



## Toll monthly traffic volume



## Road Network

Yangon – Bago Road  
 No.(2) Road  
 No.(3) Road  
 No.(4) Road  
 Bago – Thannatpin – Thanlyin Road  
 Dagon – Thilawa Road  
 Thanlyin – Kyauktan Road  
 Yangon – Pyay – Magway Road  
 Koepin – Sanmagyi – Thityarkaut Road  
 Pyay Myo Shaung Road



# STATEMENT OF FINANCIAL POSITION

## AS AT MARCH 31, 2016

ASSETS	
<b>Non-current assets</b>	
Property, plant and equipment	35,830
Intangible assets	
Deposit	277
Prepaid and Leases	
Other Investment	
<b>Total non-current assets</b>	<b>36,107</b>
<b>Current assets</b>	
Inventories	374
Trade receivables	40
Other receivables	989
Cash and cash equivalent	443
Due from intra group entities (net)	13,918
<b>Total Current Assets</b>	<b>15,764</b>
<b>TOTAL ASSETS</b>	<b>51,871</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Trade Payables	2,444
Other Payables	1,652
Short-term loans	
Due from intra group entities (net)	
<b>Total current liabilities</b>	<b>4,096</b>
<b>Non-current liabilities</b>	
Long term loans	19,800
<b>Total Liabilities</b>	
<b>EQUITY</b>	<b>27,975</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>51,871</b>

Max Highway depends on the society for a number of facilities such as infrastructure, peace in the workplace and trained workers and employees. It also depends on the society for the maintenance of law and order in the areas of their operation. Therefore, when the business firms have drawn so much from the society, the responsibility lies on them to make adequate contributions to the welfare of the society. Max Highway ensures the management and employees to be good corporate citizens by obeying the laws of the land and ethical standards. They must also ensure a healthy and clean environment, maintain standards of operational efficiency, product safety and quality, and assist in conservation of energy and natural resources. Besides, they are also expected to create generation of employment in all possible manners. In the present era of intense competition, it is imperative for the corporates to generate and sustain 'goodwill' among their stakeholders and the community at large. Therefore, active participation in various social welfare projects is surely going to improve the corporates visibility and place them on a pedestal of high public esteem. Max Highway understands the fact that economic goals and social responsibility objectives need not be contradictory to each other in order to build the good corporate governance.

- Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2015-16)
- Exchange rate 1US\$: MMK 1000





LET'S BUILD  
TOGETHER!

Max Myanmar Manufacturing Co., Ltd which is a subsidiary of Max Myanmar Holding is one of the private cement manufacturers in Myanmar. Max Myanmar Manufacturing started its renovation process for Max Cement Plant which is situated near Taung Philar Limestone deposit at Leiway Township, Nay Pyi Taw region.

With the strategic restructuring program, since 2014 the cement plant at Taung Philar has advantageous 2100 tpd (Dry Process) cement plant. This plant has many advantages in less energy, electricity and fuel consumption.

Full commercial operation of the plant is expected to start in February 2017.

We believe that cement industry will become one of the major roots to promote the employment opportunity, increase the revenue of our company and boost tax revenue of our country.

Max Myanmar Manufacturing was constantly promoting awareness of environment and community impacts of quarrying and cement- operations together with long-term social-economic development of neighboring communities. In order to upgrade the cement plants and enhance cement production, Max Myanmar Manufacturing makes an engagement with reliable and effective contractors and suppliers to apply contemporary practices. We believe that cement industry will become one of the major roots to promote the employment opportunity, increase the revenue of our company and boost tax revenue of our country.

# CEMENT





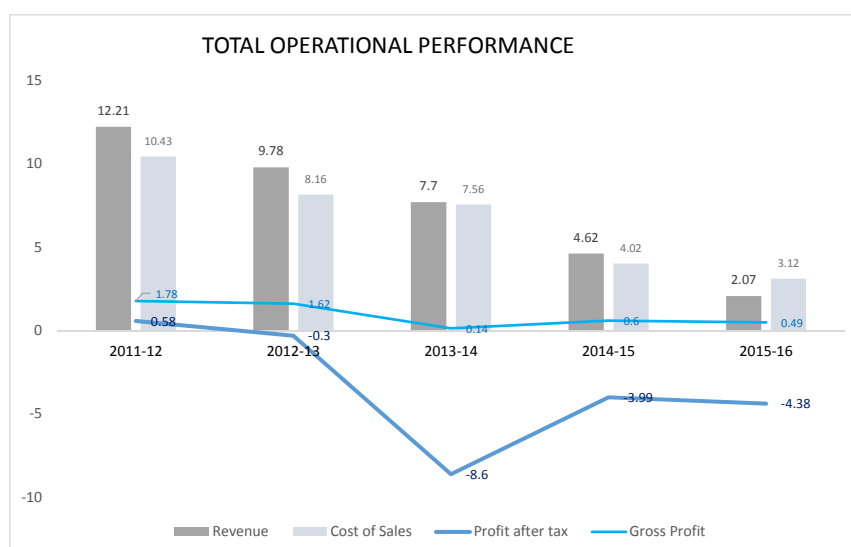


## FINANCIAL HIGHLIGHTS

Revenue is recognized upon delivery of cement. Revenue from the sale of cement during the Review Period comprised sales to Max Construction (“internal revenue”) and to third parties (“external revenue”).

Revenue declined by c17.7% between FY15 and FY16 due to closure of Pyi Nyaung plant in Sep-15 for enhancement and up-grading.

Taung Philar plant was reopened in Nov-16 after a temporary closure for upgrading in Aug-14.



### Monthly revenue



Developing and creating a workforce with our people who are global-minded, broad-thinking, and respected by local communities as members of society.

## STATEMENT OF FINANCIAL POSITION

### AS AT MARCH 31, 2016

ASSETS	
<b>Non-current assets</b>	
Property, plant and equipment	63,556
Intangible assets	
Deposit	58
Prepaid and Leases	
Other Investment	
<b>Total non-current assets</b>	<b>63,614</b>
<b>Current assets</b>	
Inventories	1,586
Trade receivables	472
Other receivables	7,501
Cash and cash equivalent	37
Due from intra group entities (net)	1,796
<b>Total Current Assets</b>	<b>11,392</b>
<b>TOTAL ASSETS</b>	<b>75,006</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Trade Payables	3,452
Other Payables	318
Short-term loans	
Due to Intra group entities (net)	
<b>Total current liabilities</b>	<b>3,770</b>
<b>Non-current liabilities</b>	
Long term loans	
<b>Total Liabilities</b>	
<b>EQUITY</b>	<b>71,236</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>75,006</b>

#### Core Values of Max Cement

1. Reliable products
2. Value added customer service
3. Workplace Safety
4. Employee Development
5. Environment Preservation
6. Community Engagement
7. Corporate Governance
8. Social Responsibility



- Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2015-16)
- Exchange rate 1US\$: MMK 1000



## INNOVATIVE INTERNATIONAL TRADING AND LOGISTICS SOLUTION

In 2014, the company expands into import and export businesses under the name, Max Well Trading.

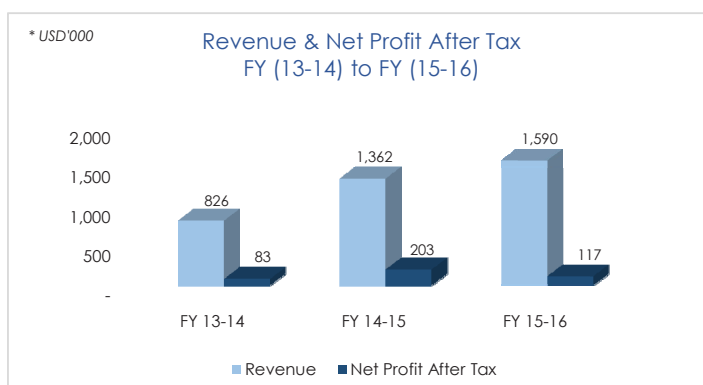
Max Well is importing construction materials for Max Myanmar Construction Co.,Ltd and for the construction for Max Hotels group new projects, and Max Cement Factory.

During past years, Max Well Trading has been focusing mainly in logistics operation. Biggest cargoes delivered being Cement Mills of 74 tons and 91 tons to respective facilities. The company also managed to deliver all the necessary equipments and machineries for Novotel Yangon (Max) Hotel. Currently, the company is the sole logistic partner for the construction of Max Cement Factory (Taung Philar).

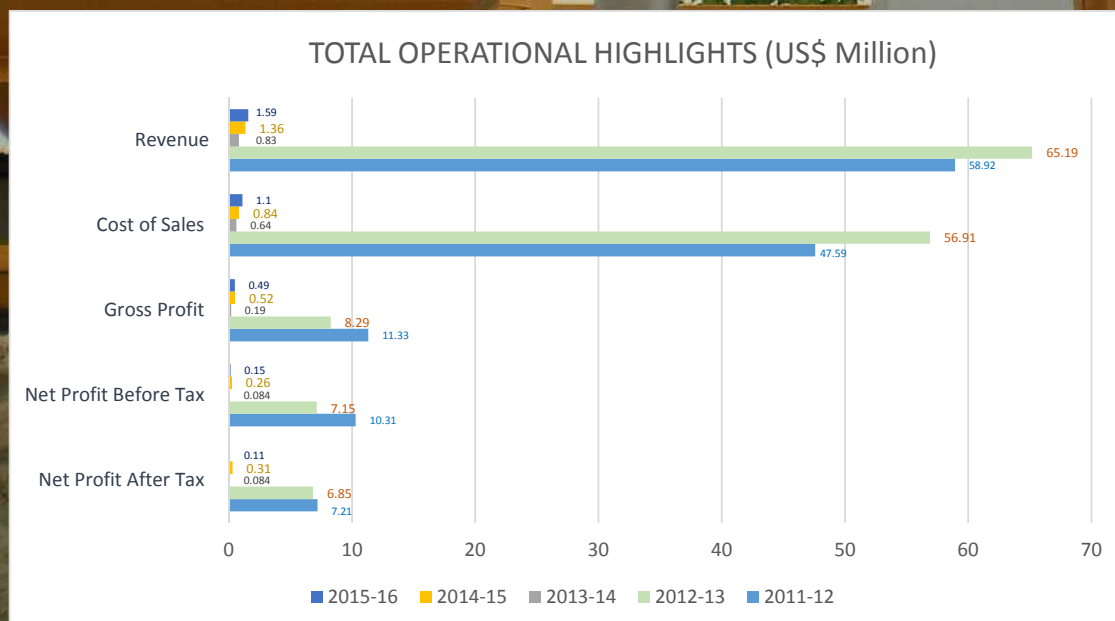
Max Well Trading made efforts to re-engage in Generator business and signed the distributor agreement with Hokuetsu Industries. Besides, it has become an authorized distributor of Hokuetsu Industries' Airman Generators. With experienced technical team, Max Well Trading became one of the strongest distributors in high end generator market in this year. Moreover, Max Well Trading collaborates with AYA banks to offer hire purchase services to SMEs for our products.

### FINANCIAL HIGHLIGHTS

- Revenue in FY16 comprised sale of (i) Cars, (ii) Generators and service income.
- In FY16, c.93% of total sales were generated from generators division where only c.39% were contributed in FY2015.









**SHWE YAUNG PYA AGRO Co.,Ltd.**



## A RESPONSIBLE PLANTATION

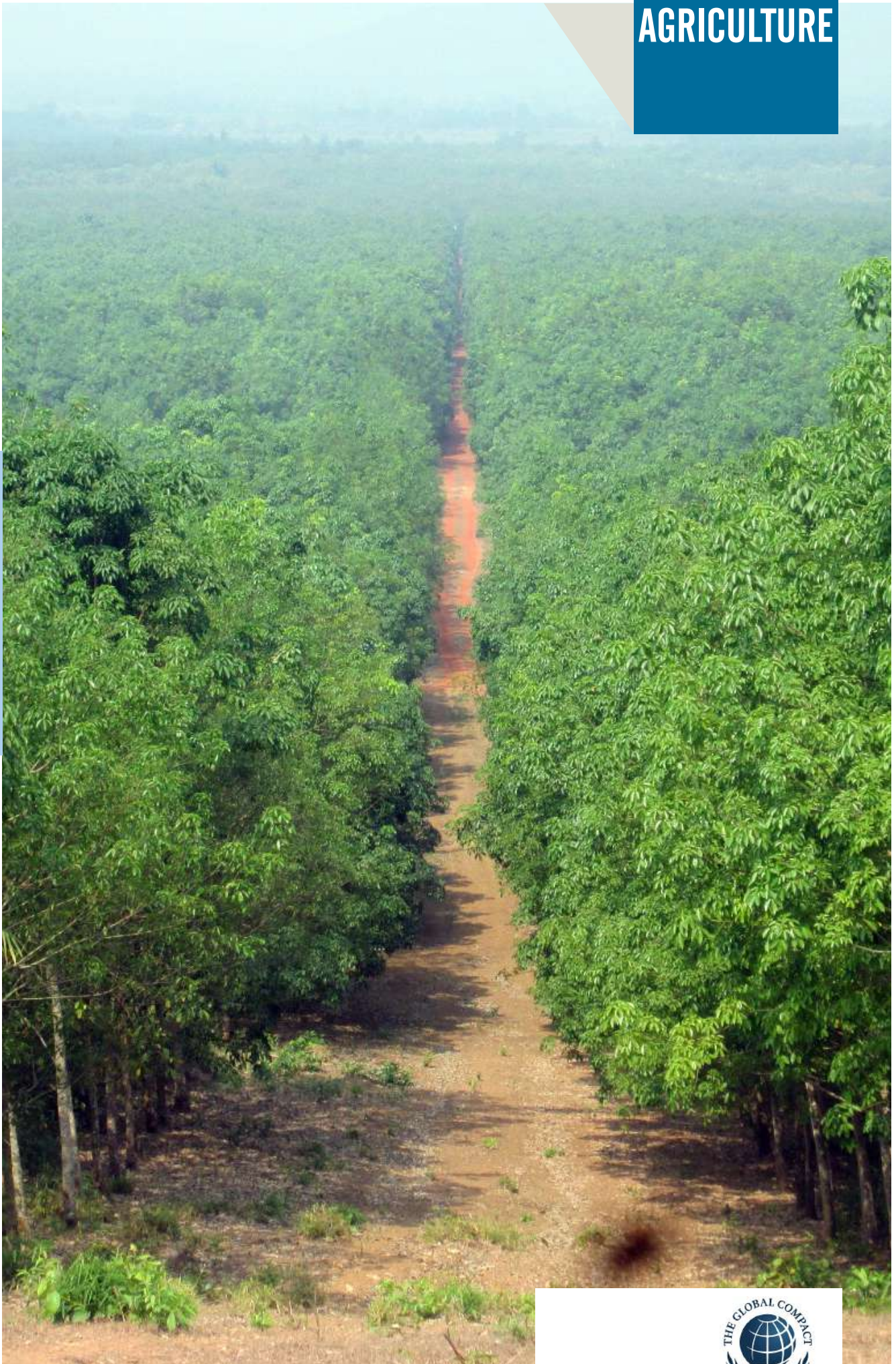
Shwe Yaung Pya (SYP) Agro Co., Ltd focuses on rubber plantation and related downstream business while creating the new opportunities for local people and conserving the natural environment.

Unstable rubber price in recent global market has a negative impact to the local rubber plantation and also to the livelihood of local farmers. Therefore, to overcome challenges of rubber industry in an emerging Myanmar Agro industrial market becomes a strategic imperative to focus in the years to come for SYP.

For the benefits of our stakeholders, SYP Business unit will contribute to create stable and dependable source of income for our employees, while maintaining the corporate vision and mission of Max Holding Groups.

An important contribution of SYP to our society is that we acted as an important intermediary in peace building process between Karen/KNU and Union Government to improve the livelihood of the people and reconciliation between local communities in Mon State. In addition, we support small local rubber plantations and Industrial Crops Department to access advanced knowledge and know-how in rubber plantation management. In near future, SYP is looking forward the opportunity to cooperate with international or local companies to improve the technologies and know-how in our country.





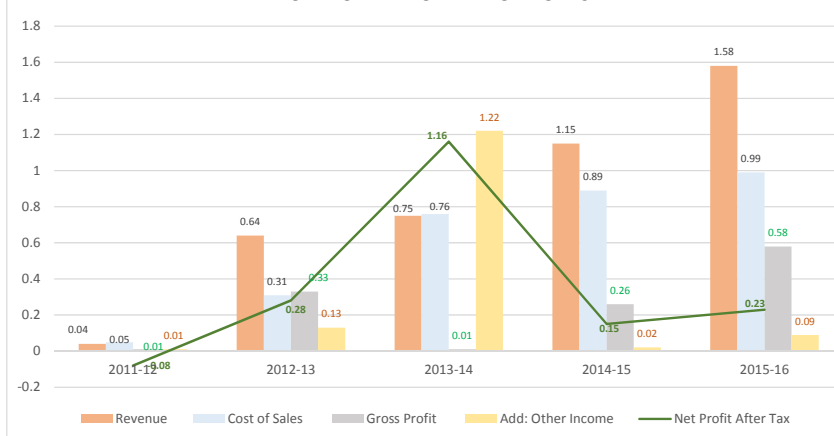




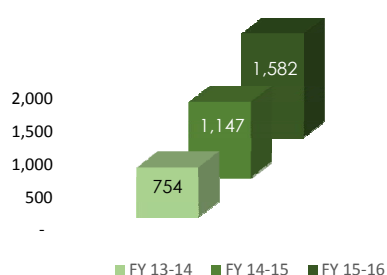
## FINANCIAL HIGHLIGHTS

- Revenue comprised of export and domestic sales of smoked rubber.
- Rubber is cultivated in a 5,000 acre plantation located at Shwe Yaung Pya Village, Belin, Mon State, which commenced production in 2012.
- Increase in revenue is attributed to higher yield of rubber plantation in FY 16.
- Sales of paddy was discontinued in FY 16, as management represented that this is part of the management's plan going forward.

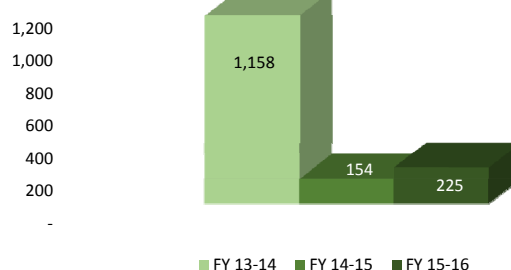
TOTAL OPERATIONAL HIGHLIGHTS



Revenue  
FY (13-14) to FY (15-16)



Net Income  
FY (13-14) to FY (15-16)



## BUSINESS PLAN

Sr No.	Budget Year	Operation Area (Ac)	Target (lb)
1	2016-2017	2615	2300000
2	2017-2018	2817	2600000
3	2018-2019	3069	2900000
4	2019-2020	3121	3100000
5	2020-2021	3121	3300000
	Total	14743	14200000

# STATEMENT OF FINANCIAL POSITION

## AS AT MARCH 31, 2016

ASSETS	
<b>Non-current assets</b>	
Property, plant and equipment	5,434
Intangible assets	
Deposit	3
Prepaid and Leases	
Other Investment	
<b>Total non-current assets</b>	<b>5,437</b>
<b>Current assets</b>	
Inventories	75
Trade receivables	
Other receivables	
Cash and cash equivalent	253
Due to Intra group entities (net)	
<b>Total Current Assets</b>	<b>328</b>
<b>TOTAL ASSETS</b>	<b>5,765</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Trade Payables	15
Other Payables	80
Short-term loans	
Due to Intra group entities (net)	3,525
<b>Total current liabilities</b>	<b>3,620</b>
<b>Non-current liabilities</b>	
Long term loans	
<b>Total Liabilities</b>	
<b>EQUITY</b>	<b>2,145</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,765</b>

Shwe Yaung Pya rubber plantation has created job opportunities for local community which increase the likelihood of higher income over time in Shwe Yaung Pya mountainous region. Moreover, Shwe Yaung Pya plantation management has also been actively involving in global environmental conservational projects by transferring new rubber cultivation technologies to minimize the negative impacts on local ecosystem system.



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- Exchange rate 1US\$: MMK 1000



# CORPORATE SOCIAL RESPONSIBILITY



Corporate social responsibility allows organizations to do their bit for the society, environment, and customers or for that matter stakeholders. Being a socially responsible company makes good business sense. Striving to achieve a balance between economic, social and environmental activity is in the long-term interests of our Company and the communities where we operate. We, Max Myanmar, strongly believe in transparent and responsible business to achieve a sustainable growth. During the past years, revised and expanded CSR programs have been initiated and implemented.

## Employee Engagement

We have successfully enforced the Human Rights Policy\* by Max Myanmar Holding with the guidance of Human Rights international experts and all business units of Max Myanmar have to strictly follow the policy statements. Moreover, in align with Human Rights Policy as to show that we respect the freedom of speech of our stakeholders. In Max Culture, we ensure all our employees can benefit freedom of religion and we make sure no discrimination and getting equal working environment in align with UDHR (Universal Declaration of Human Rights). Employee Handbook was published and all employees are required to read and understand the principles and procedures.

**“We believe that our people are the most important resources for the sustainable growth. The interests and welfare of our people is our prime concern. We strive to explore their best by creating opportunities for success and development while maintaining discipline and demeanor in consonance to the culture and values of the Group.”**

**By U Zaw Zaw**

We provide educational stipends to support our employee' children education, ranging from kindergarten, primary school, middle school, high school, university to master degree students. We also provide health care program for our employee and annual regular medical check-ups are conducted for all employee.

\*Max Myanmar Human Rights Policy available to be downloaded at: <http://www.maxmyanmargroup.com/index.php/about-us/corporate-governance/human-rights-policy>.



## Community and Environment Engagement

“With the mission of “Sharing and contributing our Community”, we provides a commitment to the community development in areas of financial, educational, charitable, cultural, community, and environmental causes in our country and actively participate in the prevention, reconstruction, and rehabilitation of the community from the impacts of natural disasters.”

For our community engagement, we also provide career development for employee, creation of job opportunities for the communities where our business operates, supporting young generations by creating part-time job program and so on. In addition, we invite local communities to participate in some of our training programs, such as firefighting and occupational health and safety. We always encourage open, honest and continual dialogue with local communities to get a mutual understanding and cooperation. We also work with local hospitals, dispensaries, Red-Cross, and other civic associations for providing health care services.

For our environment engagement, as protection of the environment in which we live and operate is part of our values and principles, our group follows all relevant environmental legislation and regulations, prevents and minimizes pollution of land, air, and water. We are committed to reduce the environmental

## United Nations Global Compact (UNGC)

We committed to fulfill our corporate social responsibilities (CSR) by implementing the ten principles in the areas of human rights, labor standards, environment and anti-corruption advocated by United Nations Global Compact (UNGC) so that we may achieve sustainable development of the society. We seek in our CSR initiatives to collaborate with all of our stakeholders, government and civil communities to create a better future for all of us. In the annual Communication on Progress (COP), we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We are committed to share this information with our stakeholders by using our primary communication channels.

- Max Energy – member since 2013
- Shwe Yang Pya – member since 2014
- Max Highway – member since 2015
- Max Construction – member since 2016

footprint of our operations by adopting environmentally friendly practices such as introducing energy saving measures in our premise and encouraging recycling initiatives. We would like to be an environmentally responsible organization for future growth and development of community and organization. Accomplishing our vision and mission of commitment to consumers, community and environment, we operate our business in a socially responsible and environmentally sustainable manner. As aim to be an environmentally responsible organization, we plan to adopt the ISO 14001:2004 Environmental Management System with sustainable policy in near future.

# AYEYARWADY FOUNDATION

As one of our Max Myanmar's missions is to be a responsible organization for future growth and development of community and organization, we have been committed to Corporate Social Responsibilities since the establishment of Max Myanmar in 1993. Max Myanmar Group of Companies is still actively supporting in Development of Myanmar during its (23) years time and giving back its best for the gratitude of the country, at the same time very much involved in uplifting the people's need such as food, clothing and shelter conditions and if opportunities arise, supporting and donating funds and labors in the field of well adapted social matters will be continuously carried out in the future.

## Health Sector

Ayeyarwady Foundation is donating medical funds, supporting medical aids and medical assistance to impoverished people and building medical facilities and donating ambulances across the country.

Ayeyarwady Foundation has implemented a number of hospitals, bearing in mind the development of the country as the paramount importance.

Implementations and Contributions to FIFA's 11 for Health programme introduces health through football to children of schooling age across the country.

## Education Sector

Ayeyarwady Foundation is working for Education sector within an intention to participate in the building of the nation.

Ayeyarwady Foundation contributed by constructing Basic Education High Schools (B.E.H.S) for Pyay and Yekyi Townships and over ten Basic Education Primary (B.E.P.S) for various townships across Myanmar.

## Youth Development and Sports Program

Ayeyarwady Foundation emphasizes for the development of youth football.

Myanmar Football Federation (MFF), in coordination and collaboration with Ministry of Basic Education participated in organizing basic football training course in Basic Education Schools, Youth Football Competitors and Grass Roots Programs.

## Responsible Business Practice Program

Ayeyarwady Foundation strongly believes that community and environmental responsibilities and activities are integral to sustainability of our group.

Ayeyarwady Foundation provides a commitment to the community development in areas of financial, educational, charitable, cultural, community, and environmental causes in country and actively participate in the prevention, reconstruction, and rehabilitation of the community from the impacts of natural disasters.

## Disaster Management

Ayeyarwady Foundation ensures that our partners are better prepared to respond to, and recover from, emergency situations and help communities "build back better" with innovative tools and approaches.





Help Nurture Our Future Generation  
By Joining Hands with AYEYARWADY FOUNDATION







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