

# ANNUAL AND CSR REPORT

(2016-2017)



**MAX MYANMAR**  
Holding Co.,Ltd.

MAXIMIZING STAKEHOLDER VALUE THROUGH CORPORATE SUSTAINABILITY



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**pg13 MAX'S**  
SUSTAINABLE CULTURE

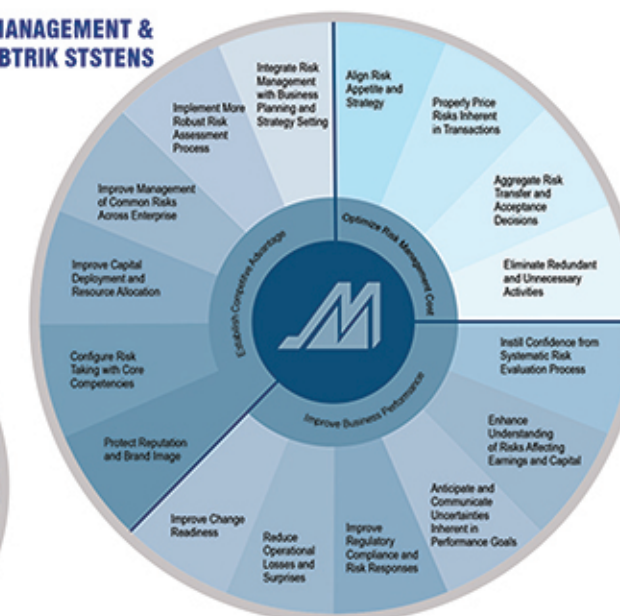


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## Message from Executive Chairman

Greetings from Max Myanmar.

2017-18 was a year with strategic challenges. However, despite many difficulties, we were able to stay on course and deliver good results. From 1993, we have been continuously delivering greater services to our stakeholders by striving hard to increase our core values of the goodwill to our people and the local community in particular through pursuing excellence, embracing changes, acting with integrity and laying strong foundation for the better future of Myanmar.

We continued to execute our Max's strategy to improve customer advocacy, drive value from our core business and build pathways to future growth. Financially, we have scaled down activities in construction sector and divestment from extractive industries. Rather, we focused our investment in improving management practices, quality of group business and asset portfolio, and raising the strength of our financial positions that can generate greater benefits for stakeholders in the years to come. We worked with Deloitte-MVG (an affiliate of Deloitte & Touche Financial Advisory Services Pte Ltd) to conduct financial performance review in accordance with international financial reporting standards (IFRS).

We believe that it is vitally important for companies to be responsible and contributing members of the communities in which they operate. Max Myanmar has an enviable track record when it comes to living up to its social and environmental responsibilities and I am delighted that we received "Best ESG Transparency Myanmar" by Capital Finance International (CFI) and "Entry to World Finance 100" by World Finance. The awards go to our management and employee judged to be improving its business and its overall impact on society, in the marketplace, the workplace, the environment and the community, through leadership and integration of responsible business practices.

In non-financial highlights, we have published our group HR policies on transparency and responsibility which provide principles, guidelines and practices on policies relating to our human resources and capacity development. Particularly we enforce our contractors, subcontractors and partners to adopt our group policies on human rights, child labor, anti-corruption, and OHS. We strived hard to improve the welfare of our employees as they are the core foundation of long-term success of our Max Myanmar Group. We have successfully drafted a land acquisition policy which adopts the principles of IFC Performance Standard of Free, Prior and Informed Consent (FPIC), and provided the compensation to the respective stakeholders.

Our company will be celebrating its 25th anniversary in 2018. Instead of looking back on our achievements, we will celebrate by moving forward, implementing our vision and strategy one step at a time. We have worked hard to ensure safety at work and will continue to establish good safety practices across the company. We will increase our customer focus, continue to digitize our services and develop new types of services in various business areas.

Lastly, we want to thank our customers, partners and shareholders for their continued trust and the ongoing support. And we want to thank our employees for their commitment, energy and irrepressible drive to always improve our capability, as One Max One Team.

Sincerely



Zaw Zaw  
Chairman

Diverse in Expertise;  
United in Vision

Leading the Present;  
Leading the Future



## Year 2017 in Brief

USD\$ **252.14** million  
Revenue

USD\$ **38.75** million  
EBITA

**23%**  
Gross Profit Margin

**15%**  
EBITA Margin

**4580** employees  






## OUR MISSION

As growth agents, we spearhead improvements in the lives of our people. Our diverse portfolio of businesses gives us many opportunities to deliver satisfaction, success, safety, and prosperity, while remaining respectful of the environment and the world we live in.



## OUR VISION

We aspire to be a leading institution in Myanmar that drives growth for our stakeholders, and the country as a whole.

## OUR VALUES

As leaders, we strive for excellence in all aspects. Our thinking and behavior are driven by innovation, efficiency, transparency and accountability.

## STRATEGIC FOCUS AREAS



## STRATEGIC DIRECTIONS



\*Revised and Approved by BOD on 21st Dec 2017.

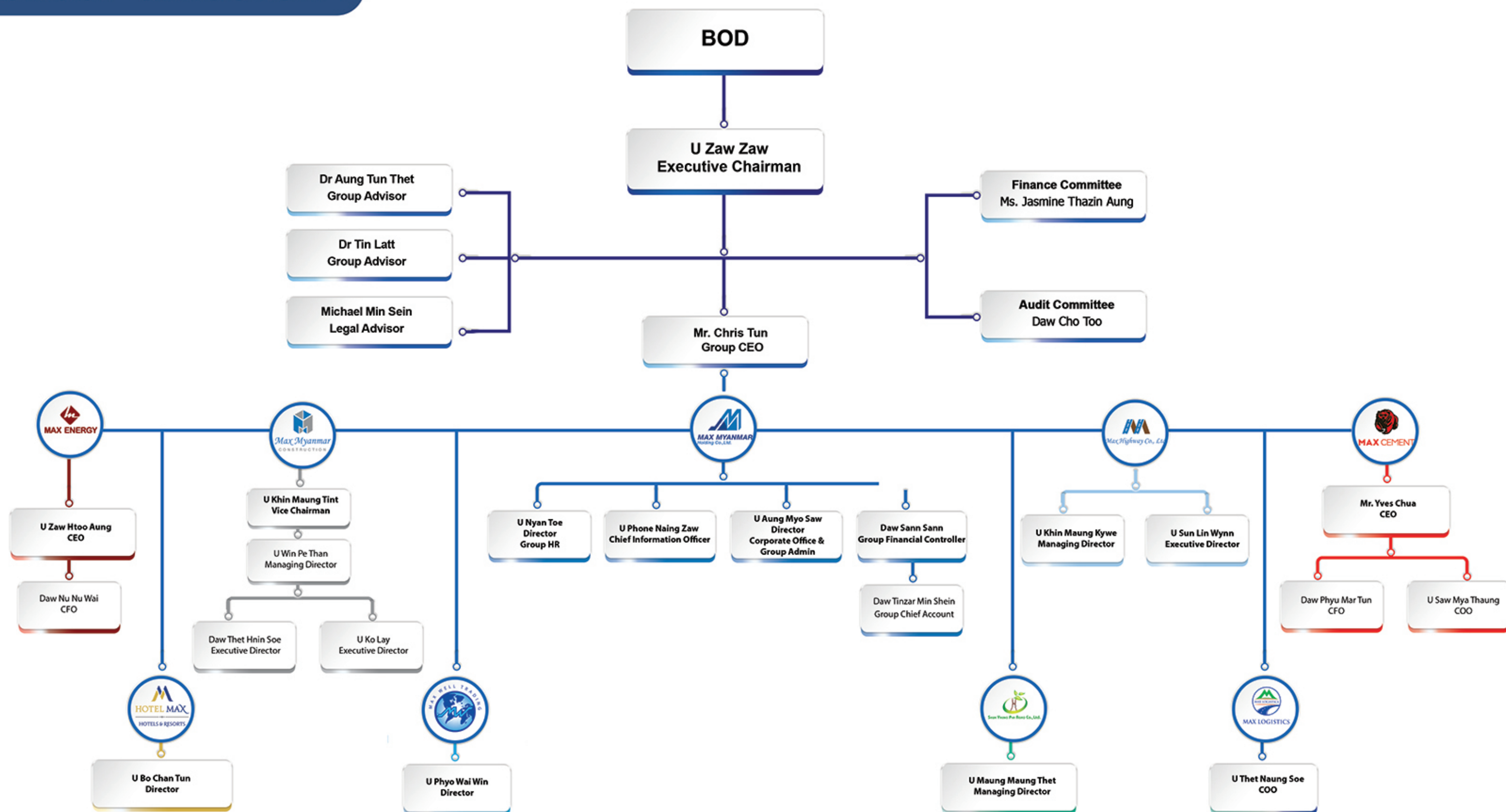


# MILESTONE





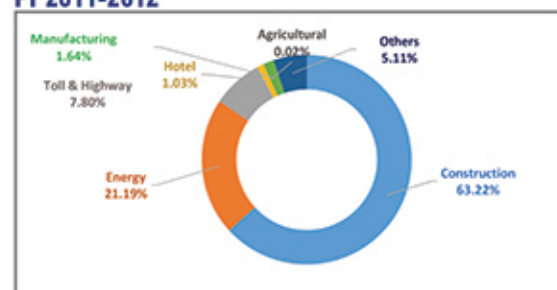
# GROUP STRUCTURE



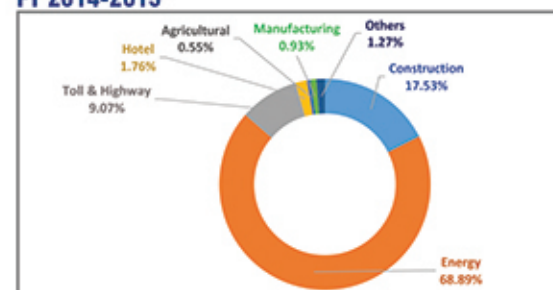


## FINANCIAL HIGHLIGHTS

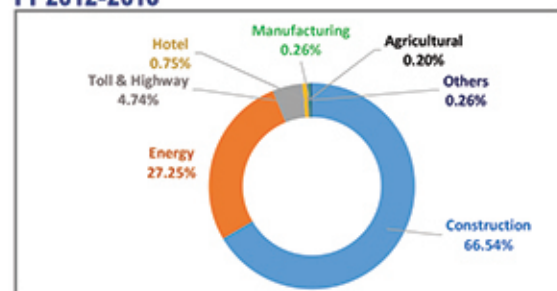
FY 2011-2012



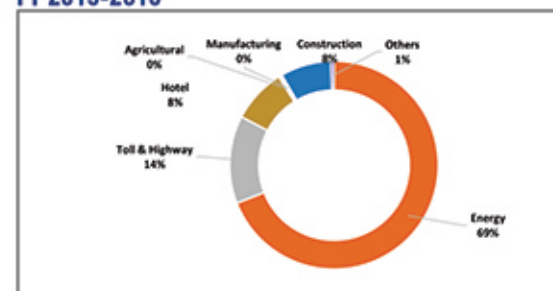
FY 2014-2015



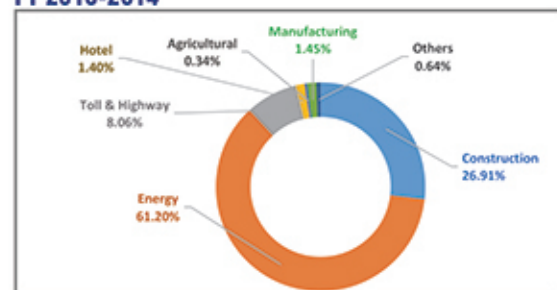
FY 2012-2013



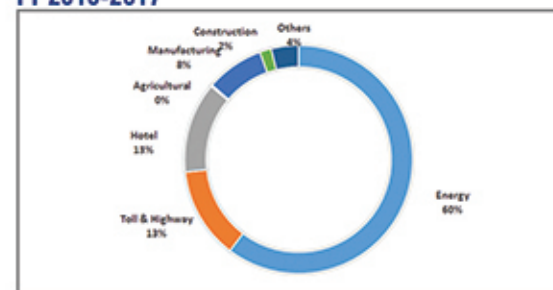
FY 2015-2016



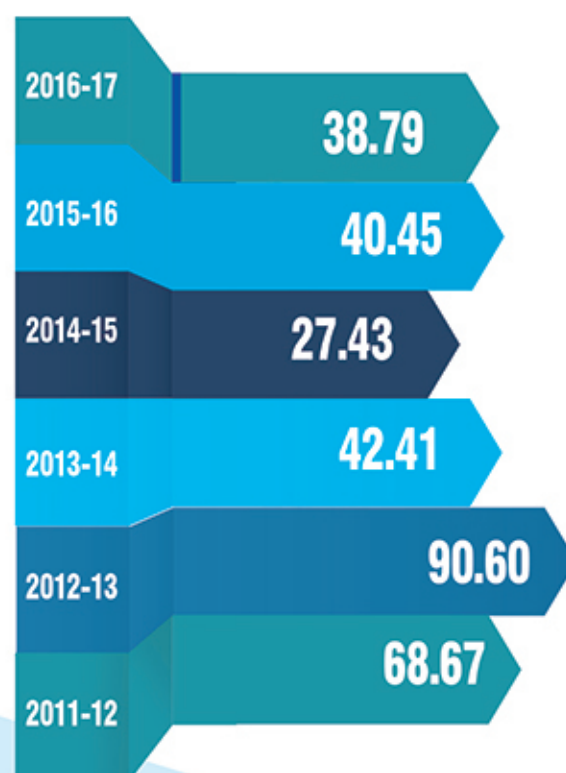
FY 2013-2014



FY 2016-2017

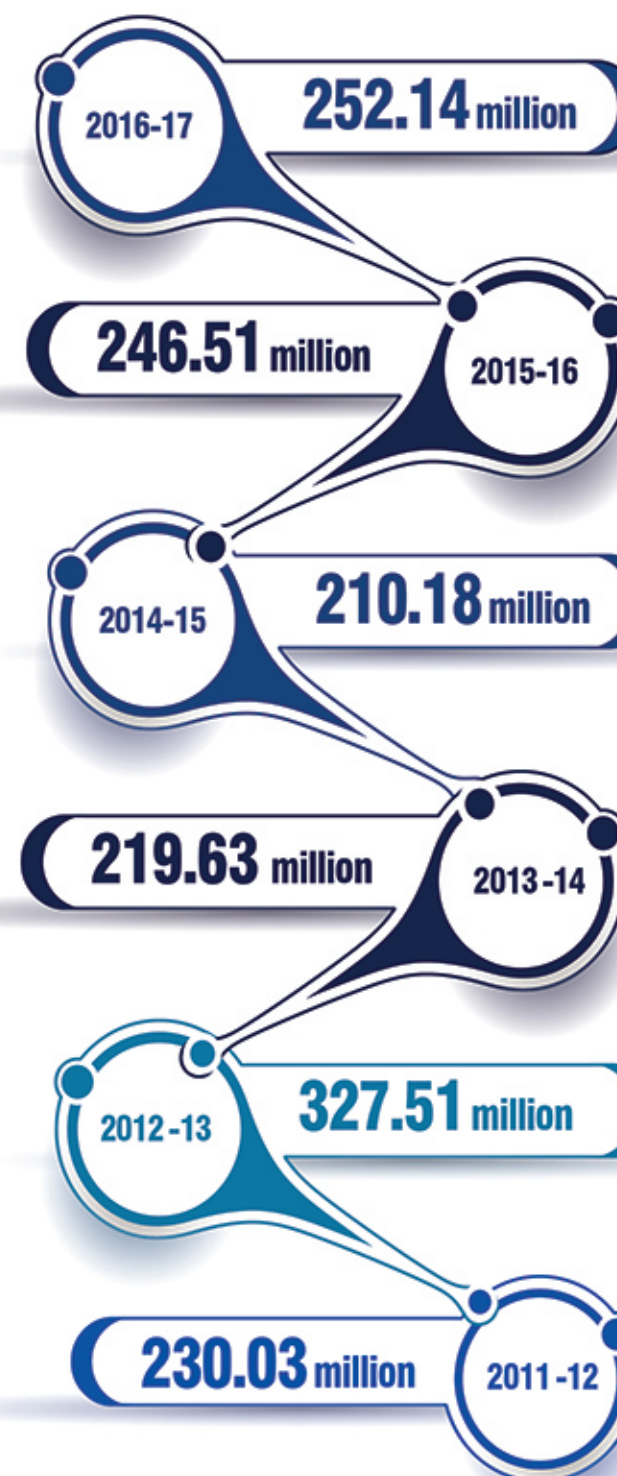


## EBITDA (US\$ MILLION)



## CONSOLIDATED REVENUE

(US\$ 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)



## MAX'S SUSTAINABLE CULTURE

We, Max Myanmar, not only strengthen its own business practices, but will help to build the foundation for responsible business practice in Myanmar. In this way, Max Myanmar Group has the potential to be a leading company that demonstrates to other Myanmar businesses the importance of acting responsibly, and how the private sector can do so in a way that is consistent with international best practices.

We always build a culture of safety in the workplace by making OHS part of daily work routines and practice in every sub companies of Max Myanmar. Monthly accident reports were published to enhance awareness of safety in operations. Besides, we always care for customers' health and safety. Max Myanmar is committed to the goal of zero occupational injuries and operates regular safety programs with the aim of maintaining an accident-free record at all our daily business environments. In addition, each site and subsidiaries of Max Myanmar conducts fire and disaster prevention/evacuation drills.

*"Sustainability is deeply embedded in Max Myanmar Group"*

Max Myanmar Group is also starting to shift its corporate culture to focus more on transparency. This has been done chiefly through publication of policies, reports, and related materials on its website and social media accounts. Where information is not already public, the company provides it on request. It has also limited its participation in open or government-involved tender processes. These efforts have resulted in Max Group's improvement from third (in 2014) to second (in 2015) and third (in 2016) on company transparency in the annual ranking published by the Myanmar Center for Responsible Business.



## EMPLOYEE ENGAGEMENT

*"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*

At Max Myanmar, we believe that our people make us what we are. We strive to hire the best candidates and retain employees and retain employees around the world. We aim to be the employer of choice by empowering and motivating all employees within a high performing culture, with lifelong learning and development possibilities. We have successfully enforced the Human Rights Policy\* by Max Myanmar with the guidance of Human Rights international experts and all business subsidiaries of Max Myanmar have to strictly follow the policy statements. To add, 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 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 provide educational stipends to support our employee's children education, ranging from kindergarten, primary school, middle school, high school, university to master's degree students. We also provide health care program for our employee and annual regular medical check-ups are conducted for all employee.

We strive to create a workplace where employees feel engaged—where they are excited about their work, confident in our future and understand and apply Max Myanmar's values to help us better serve our customers. To promote engagement, we are cultivating an environment where employees are empowered to speak up about safety and other important topics, have the opportunity to learn and grow in their careers, connect with the communities where they work and offer ideas about how to make a better place to work.

### TRAININGS CONDUCTED FOR EMPLOYEE

No	Date	Course Title	Subsidiary/ Dept	No of Participants	Evaluation score %	Remark
T-1	2.8.2017	Personal Hygiene	Max Holding Admin /HR	44	98%	Most participants are cleaners and drivers
T-2	16.8.2017	Office Sanitation	Max Holding Admin /HR	34	97%	Most participants are cleaners and drivers
T-3	25.8.2017	Personal Grooming	All subsidiaries	47	98%	All levels excluding senior management
T-4	29.8.2017	Personal Hygiene & Office Sanitation	Max Construction	38	98%	Junior & Senior staffs level
T-5	8.9.2017	Office Sanitation	Max Energy (Thilawa)	40	99%	All levels
T-6	17.10.2017	Interpersonal Skills	All subsidiaries	63	99%	All levels
T-7	7.11.2017	Office Sanitation	Max Construction	24	99%	Middle Management level
T-8	9.11.2017	Interpersonal Skills	Thilawa Terminal	26	99%	All levels
T-9	23.11.2017	Office Sanitation	Inn Sein Chan	26	98%	Middle Management level
T-10	24.11.2017	Managing Conflict	All subsidiaries	56	99%	Middle Management and above level
T-11	8.12.2017	Interpersonal Skills	Max Cement	15	97%	Manager level





# Max's Sustainable Development Goals

## Engaging the Communities

- . Community investments by our subsidiaries and Ayeyarwady foundation.



## Ensuring Health & Safety

- . Our Safety First approach for our employees and contractors
- . Provision of healthcare for employees.



## Supporting Inclusive Growth

- . Local sourcing projects for helping smallholder farmers (Small shareholders scheme in Shwe Yaung Pya Argo)
- . Sustainable sourcing of our agricultural raw materials
- . Compliance with our supplier code.



## Promoting Environmental Sustainability

- . Energy-saving initiatives in production and daily operation.
  - . Increasing Renewable Energy (solar energy).
  - . Increasing Efficiency in Distribution.
  - . Upgrade into more energy saving tollgates and fuel stations.
- [Max Cement upgraded dry process which is in less energy, electricity and fuel consumption.]

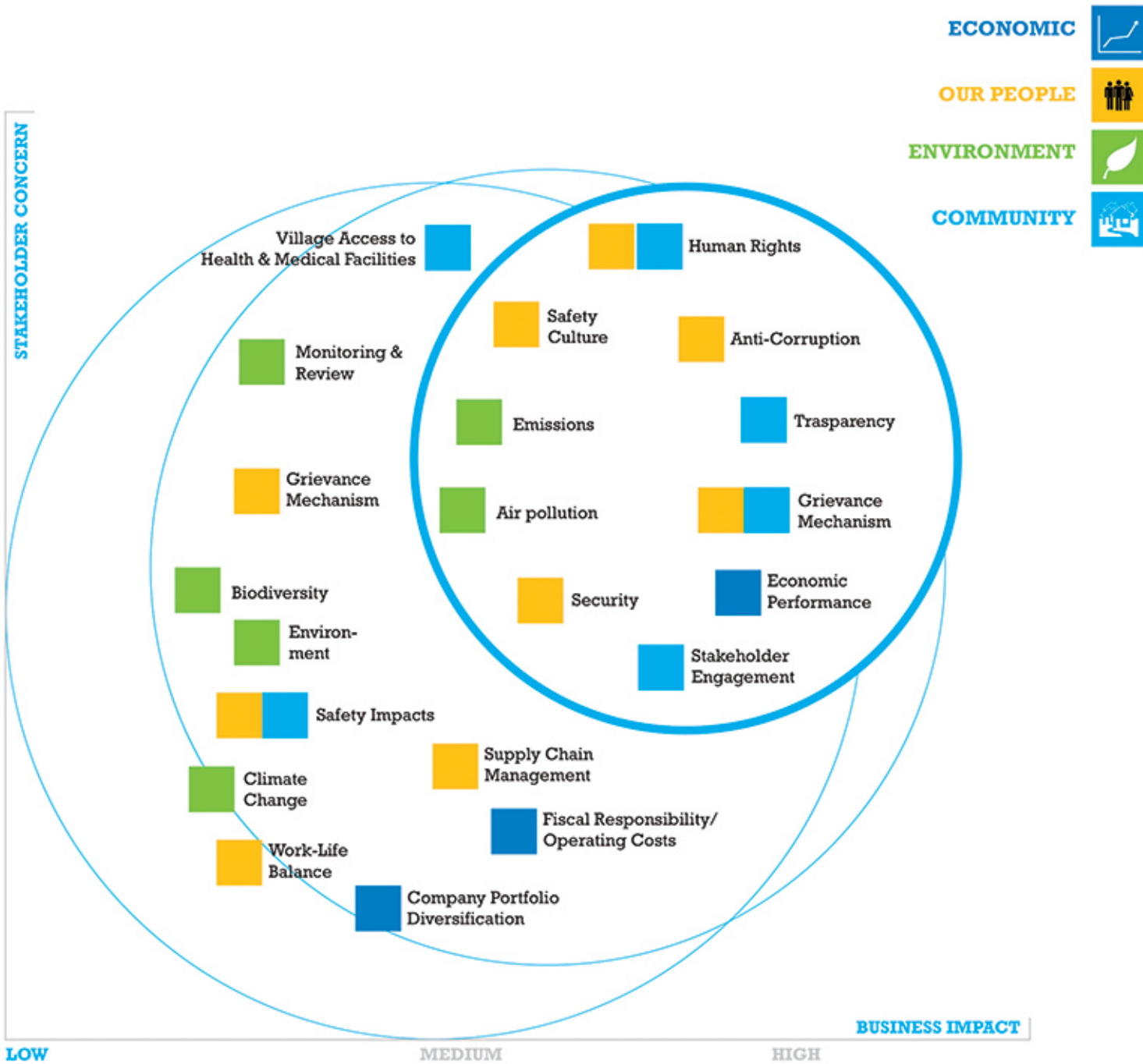




# OUR SUSTAINABILITY MATRIX

We analyze our impact on the SDGs added a new perspective on the assessment of the most important issues for Max Myanmar by clustering under four categories such as economic, people, environment and community.

The above matrix shows the most relevant concerns for Max Myanmar that were identified in the materiality study, and that were therefore taken into consideration in preparing our sustainable strategy.



## ECONOMIC

With an eye on Myanmar's future, Max Myanmar seeks a better way of doing business achieving market leadership through exceeding the expectations of its employees, customers and local communities. Be it internal business processes, customer service or community relations, Max Myanmar's proactive approach is a critical factor towards ensuring growth for everyone.

Through its continual restructuring, the Max Myanmar Group has become a leading institution with transparency, responsibility and good corporate governance at its core. At Max Myanmar, we ensure all our contractors, subcontractors and partners adopt our group policies on human rights, child labor and Occupational Health and Safety (OHS).

## PEOPLE

As a business that serves societies, we put people front and center. We are creating and developing decent jobs, strengthening skills of employees promoting diversity within the workforce, ensuring people's health and safety, and are taking action as a responsible corporate citizen.

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.

## COMMUNITY

Max Myanmar also prides itself on its engagement within the community; offering structured career development to all employees, creating local job opportunities, and offering support to younger generations through the implementation of part-time job programs Moreover, Max Myanmar often invites local communities to participate in some of its training programs such as firefighting and OHS.

## ENVIRONMENT

Sustaining the environment lies at the heart of Max's sustainability efforts that we drive internally and together with our customers by improving energy and resource efficiency. This is reflected by our energy saving and protecting environmental programs. Max Myanmar therefore strives to be an environmentally responsible organization that ensures the future growth and development of any community it interacts with. With a staunch commitment to our consumers, the community and the environment, we operate our business in a socially responsible and environmentally sustainable manner. As part of this aim, Max Myanmar plans to adopt the ISO 14001:2004 Environmental Management System within its sustainable policy in the near future.

Max Toll Gates implement the usage of green solar energy at more toll gates located at remote area has been put in place to reduce the pollution impact of diesel generator on the environment.

Max Myanmar Manufacturing upgraded its factory to new dry process has many advantages in less energy, electricity and fuel consumption.

Max Construction provide quality sustainable construction together with good project management and innovative construction ideas to enhance the sustainability via the inclusion of specific energy and environmental-friendly features and practices.



## STAKEHOLDER ENGAGEMENT

### CREATING VALUE FOR OUR STAKEHOLDERS

The sustainability policy defines and identifies key aspects of the Bank's relationships with its various stakeholders. Understanding the views and expectations of our stakeholders plays a crucial role in the success of our company and the acceptability of our operations. We aim for continuous, active, and open dialogue with our stakeholders, and regularly review their views on our operations. We organize events and meetings, take part in seminars and conferences, as well as hold memberships in organizations that have significance for our industry and offer value to our business operations.

We are engaging and communicating more with its stakeholders through social media and in-person meetings. It has participated in a variety of local and international fora focused on responsible business in Myanmar, both with NGOs and industry groups. Max Group is now publishing an annual CSR report, and its annual report contains non-financial information.

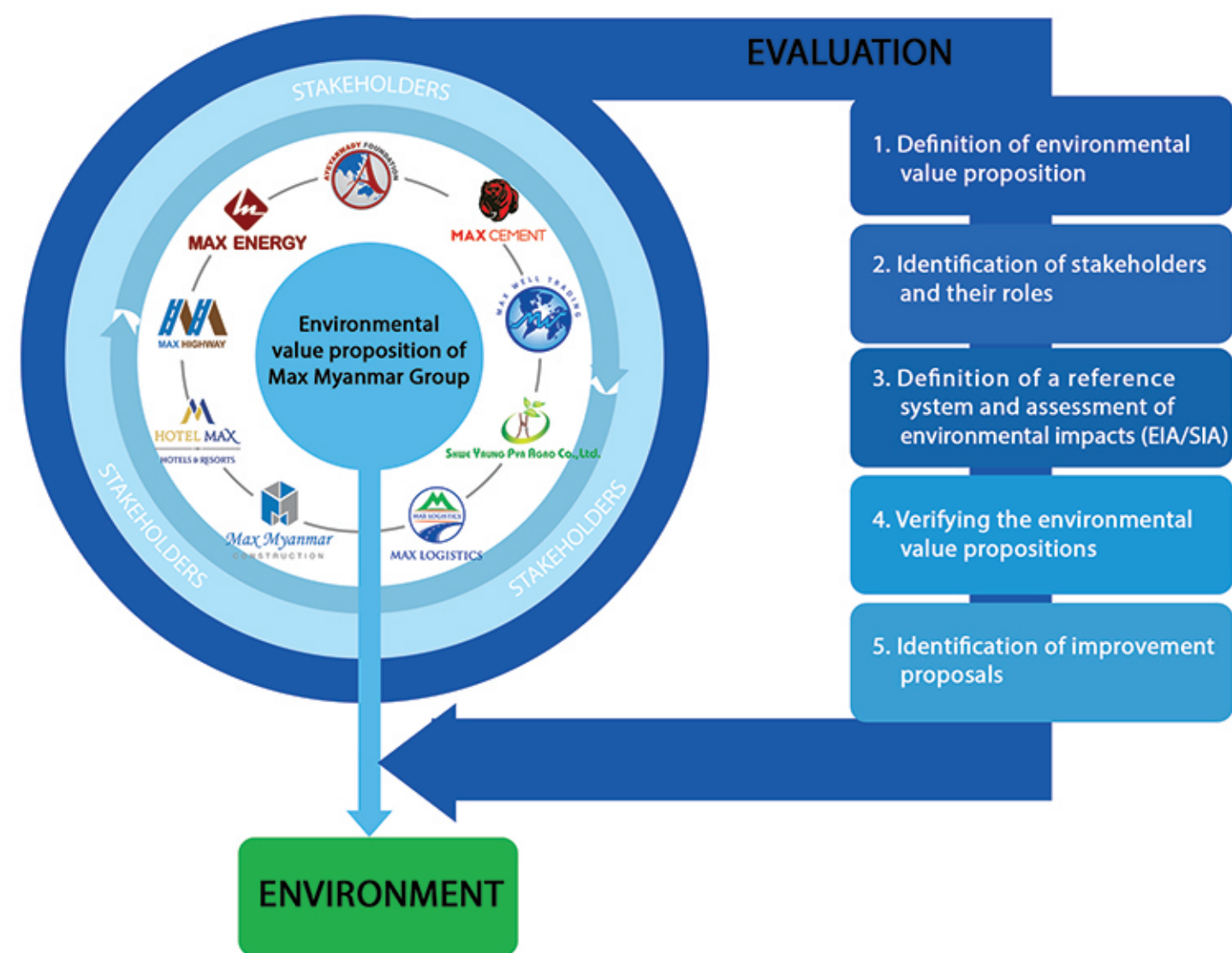
With a corporate mission of Sharing and Contributing to the Community, we are committed to the community development in areas of financial, educational, charitable, cultural, and environmental causes. Working with local hospitals, dispensaries, the International Red Cross, and other civic associations and charities, Max Myanmar is committed to providing a significant and meaningful contribution to the social well-being of the nation. Community engagement also comprises the provision of structures that facilitate career development and create job opportunities for young people. Max Myanmar also invites local communities to participate in the company's training programs, such as fire-fighting and occupational health and safety.

### STAKEHOLDERS' MAPPING



One Max	We operate based on Max standards and values in all businesses
Stakeholder Satisfaction	We are considered one of the leading companies in Myanmar by local and international stakeholders
Supplier Engagement	Our suppliers look to us as the preferred partner, helping us to innovate and improve business
Employee Satisfaction	We are the preferred company of choice for university graduates, we enable our employees to grow and develop
Shareholder Satisfaction	We deliver on shareholder expectations of economic performance and good governance
Customer Satisfaction	We exceed customer expectations on value, service and have a reputation which matches our performance

## ENVIRONMENTAL SUSTAINABILITY



With a corporate mission of Sharing and Contributing to the Community, we are committed to the community development in areas of financial, educational, charitable, cultural, and environmental causes. Working with local hospitals, dispensaries, the International Red Cross, and other civic associations and charities, Max Myanmar is committed to providing a significant and meaningful contribution to the social

well-being of the nation. Community engagement also comprises the provision of structures that facilitate career development and create job opportunities for young people. Max Myanmar also invites local communities to participate in the company's training programs, such as fire-fighting and occupational health and safety.



# 2025 Sustainability Goals

## Max's Vision For 2025



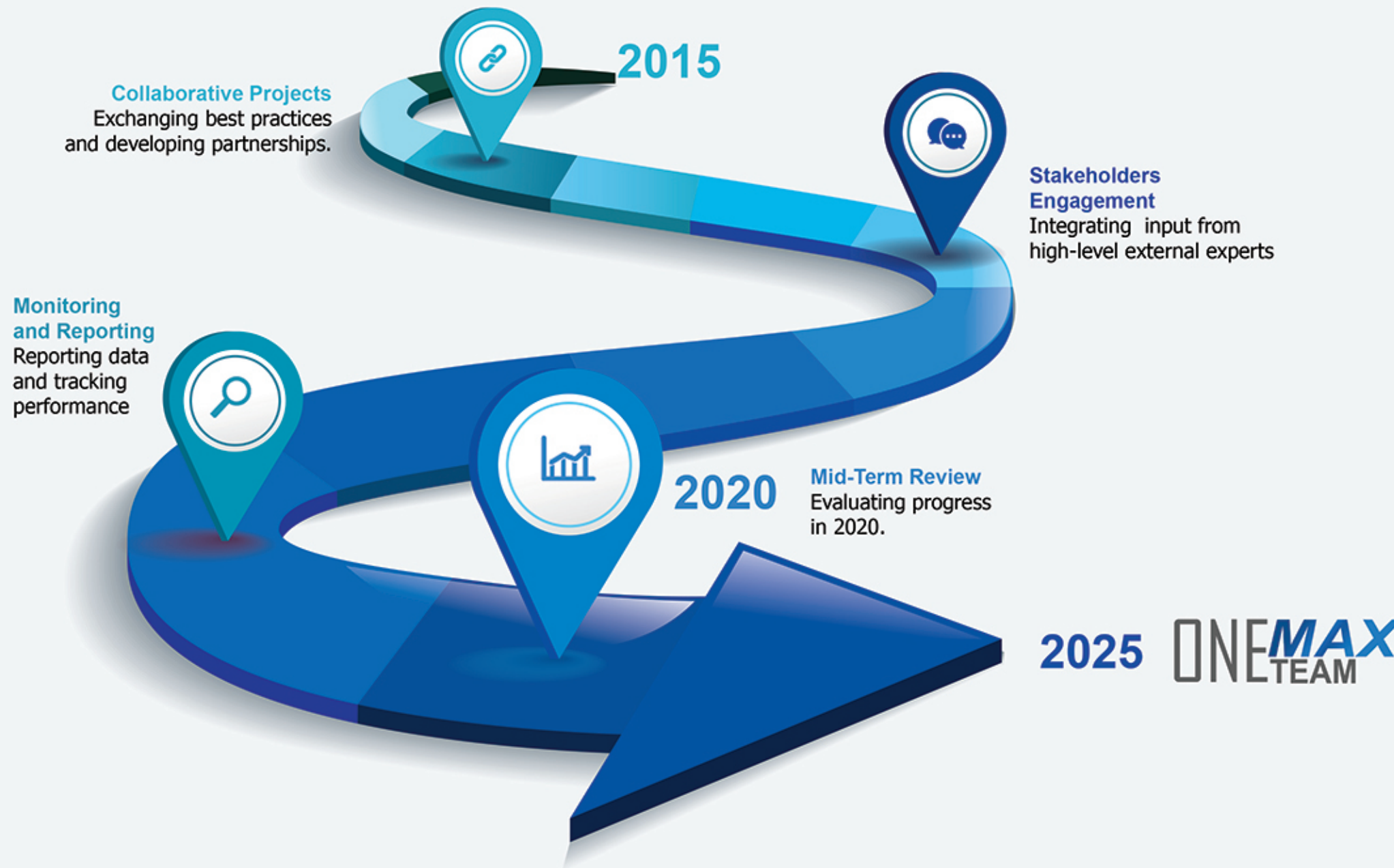
**Responsible Production**  
for environmental protection



**Innovative Applications**  
for sustainable lifestyles



**Socio-economic contribution**  
for a sustainable society



### Leading the Blueprint

Max Myanmar leads in developing a societal blueprint that integrates public policy solutions, science and technology, and value chain innovation to facilitate the transition to a sustainable planet and society.

### Delivering Value-Added Services

Max Myanmar delivers breakthrough sustainable innovations and services that advance the well being of humanity.

### Increasing Confidence in Technology

Max Myanmar increases confidence in the usage of advance technology through integrated reporting system to enhance transparency for stakeholders.

### Advancing a Circular Economy

Max Myanmar advances a Circular Economy by achieving through long-lasting design, regular maintenance, repair, reuse, remanufacturing, refurbishing, recycling and up cycling.

### Building up Operations Performance

Max Myanmar maintains international standard operational performance in natural resource efficiency, environment, health, and safety.

### Valuing Nature

Max Myanmar applies a business decision process that values nature, which will deliver business value and natural capital value through projects that are good for the company and good for ecosystems.



## 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

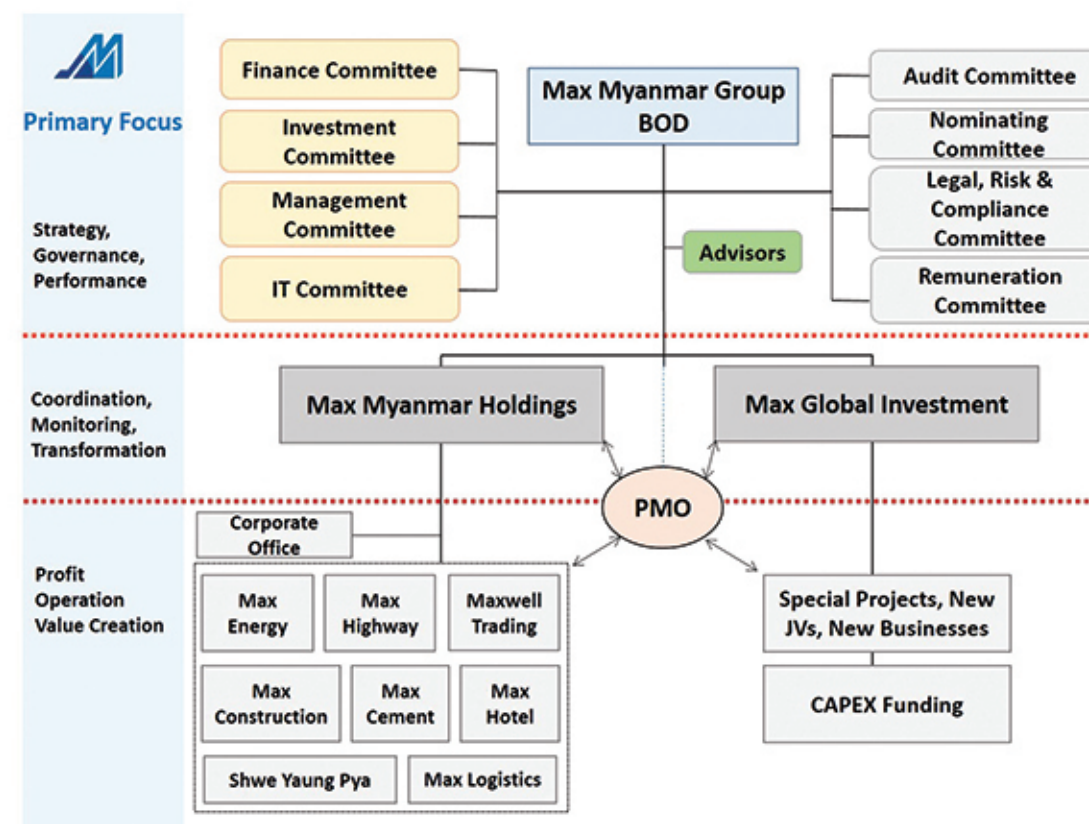
### POLICY FORMULATION

- 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.

## 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	4	4	100%
U Soe Tint	Vice Chairman	4	4	100%
U Ohn Kyaw	Vice Chairman	4	4	100%
U Khin Maung Tint	Vice Chairman (Construction)	4	3	75%
Mr. Andrew William Khine*	Group CEO	4	4	100%
U Than Oo	ED	4	4	100%
Mr. Dennis Lim Ban Lai*	ED	4	2	50%
Daw San San	Group Treasurer	4	4	100%
U Kyaw Kyaw	Advisor	4	4	100%

During FY 2016-17, we have held the committees' meeting as following.

Name of Meeting	No of meeting
Board of Directors Meeting	4 times
Management Committee Meeting	8 times
Finance Committee Meeting	4 times
Internal Audit Committee Meeting	2 times
Legal, Risk and Compliance Committee Meeting	1 time

## 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.

### 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.



## ENTERPRISE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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:

1. Evaluate the key underlying variables in the business plan that are exposed to performance variability and that require specific risk responses;
2. Understand the loss exposures or drivers inherent in the enterprise's business model that require specific risk responses; and
3. 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



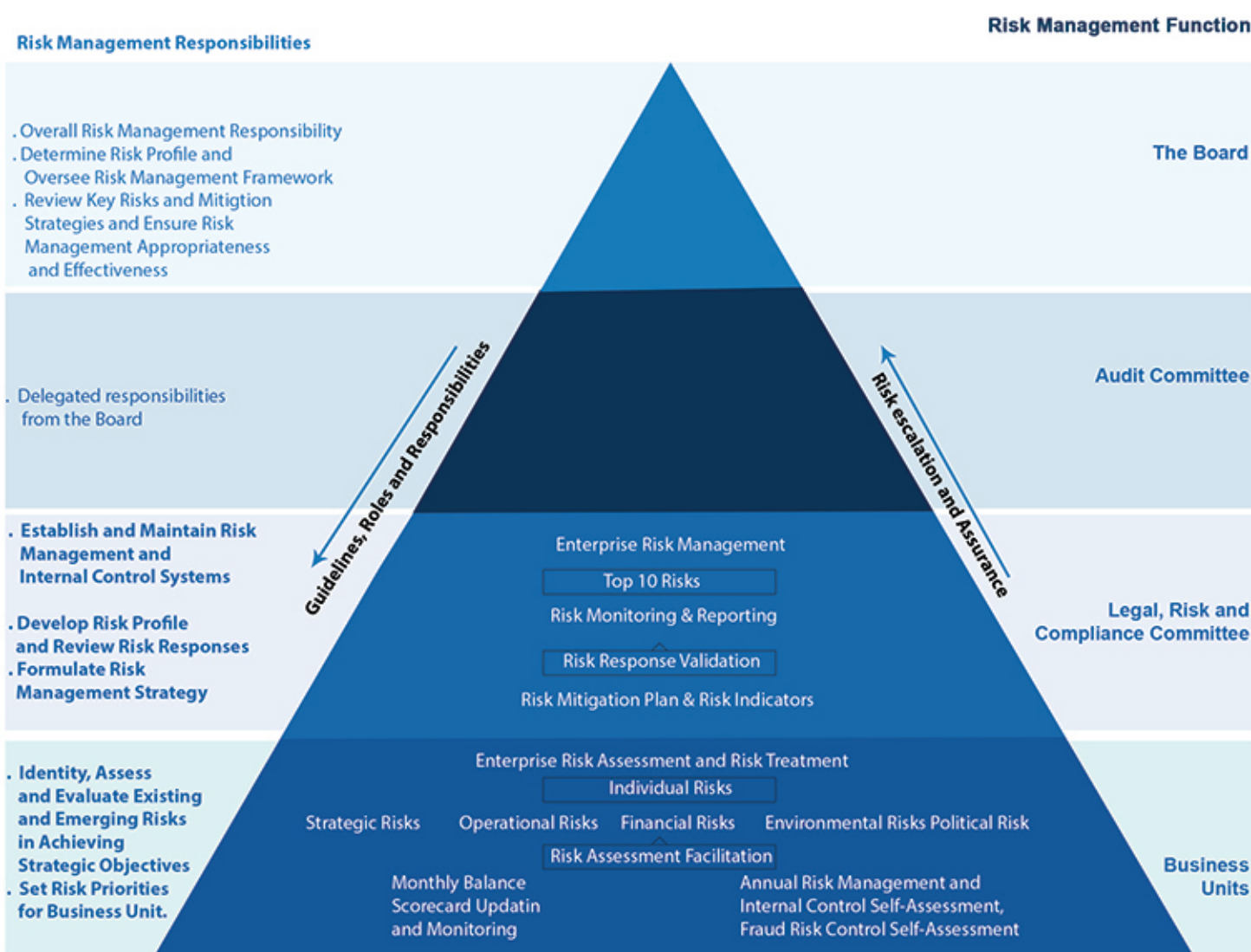
Max Myanmar Group's process of risk management includes;

- Risk profile of the Company contains both financial and non-financial factors including but not limited to political, social, economic and environmental risks.
- Identifying and measuring risks that might impact upon the achievement of the Group's strategy and objectives and monitoring the environment for emerging factors and trends that affect these risks.
- Formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies.
- Monitoring the process and improving the effectiveness of risk management including regular assessment of the effectiveness of risk management.
- Monitoring risk levels to ensure timely review of risk positions and exceptions versus established limits and ensure effectiveness of risk controls using appropriate monitoring systems.

Max Myanmar has in place a broad range of risk management policies and procedure including competent management in all discipline, an experienced Board, regular Board meetings, annual financial audit.



# THE ERM FRAMEWORK



## STRATEGIC RISKS

We define risks in compliance with its Enterprise Risk Framework. Our officers formulate a risk management operating policy and management plan at the beginning of each financial year, monitor progress and risk mitigation semi-annually and summarize performance at the end of each year.

## ENVIRONMENTAL RISKS

Climate change and atypical weather developments result in greater sales volatility for seasonal items. Longer periods of persistent bad weather in the summer can have a negative impact on the relevant businesses and a significant influence on the Group's earnings situation. Lower sales can increase the number of days in inventory, thus increasing the risk of an additional need for price mark-downs. However, positive weather patterns can also offer the opportunity to markedly improve the revenue trend for the relevant subsidiaries especially for Highway, Manufacturing, Agriculture and can thus also improve the earnings situation.

## SOCIO-POLITICAL RISKS

As one of the largest companies in Myanmar, Max Myanmar Group is dependent on the political and economic situation in the countries in which it operates. The general conditions in the individual countries can change rapidly. Changes or instability in the political leadership, strikes, civil unrest, attacks, embargos or changes in regulations, laws or taxes can lead to risks.

## FINANCIAL RISKS

We are exposed to various financial risks by their business activities, in particular to liquidity risk, interest rate risk, foreign currency risk and commodity risk. The liquidity, interest rate and foreign currency risks are managed systematically pursuant to the financial guidelines. Financial risks are identified, assessed and hedged in close co-operation with the operating units. Finance Committee consults and decides on the risk policy and risk strategy. Treasury committees also exist at the level of the business segments. The permissible range of actions, responsibilities, financial reporting and control mechanisms for financial instruments are defined in detail in the corporate guidelines. These guidelines call in particular for a clear functional separation between





**MAX ENERGY**

## MAX ENERGY FOR YOUR SATISFACTION

Max Energy was established in June 2010 after the formal approval of the National Privatization Commission for the private distribution of diesel and petroleum products in Myanmar.

The role of Max Energy is to fulfill the energy requirements of motor vehicles, support the growth of inland transportation, and achieve customer satisfaction. In short, to enhance the growing economy of our country.

Max Energy started operations with twelve filling stations. Today, there are over 40 filling stations operated by its team of over 1,000 employees, to provide high-quality fuel products throughout the country.

### Max Energy Services

Max Energy is noted for its

- 🔧 Safety-first Approach
- 🔧 Well-trained Staff
- 🔧 Excellent Customer Service
- 🔧 Favorable Locations
- 🔧 Cleanliness
- 🔧 24/7 Operation
- 🔧 Range of Products
- 🔧 Convenience Stores
- 🔧 Corporate Credit Sales Service

### Thilawa Oil Depot Terminal

Initiated in 2013 and commissioned in January 2017, this terminal is located in Thilawa Special Economic Zone (SEZ), situated on 24.71 acres. It has a Total Storage Capacity of 35,000 tons and handles the storage of 4 types of fuels: 92 RON, 95 RON, Premium Diesel and High Speed Diesel. It has a total storage capacity of 38,765 MT in current operation and additional 47,820 MT in future.

### TANK CONSTRUCTION

Designed and built in line with stringent international guidelines, the tank is a standard bearer for safety and build quality.

- 🔧 API 650 Standard (American Petroleum Institute)
- 🔧 IFR Type (Internal Floating Roof)
- 🔧 Dome Roof Type

The Truck Loading Bay has 18 loading arms, each designed for a flow rate of 40m<sup>3</sup>/H.

The storage tanks are fitted with protection systems against lightning, fire and overflow. And the Operation Control System ensures that correct levels are maintained at all times.

Thilawa Oil Depot Terminal is currently operated by Max Services Co., Ltd., a management services company.

**MARKET PRESENCE:**  
**OVER 40 SERVICE STATIONS, SCALING UP TO 100 BY END-2018**  
**AWARDED**  
**1 : 2015**  
**A MEMBER OF UNITED NATIONS GLOBAL COMPACT**

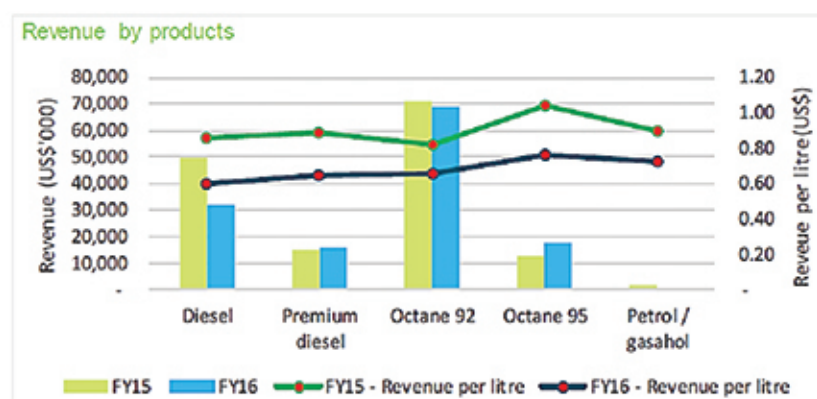
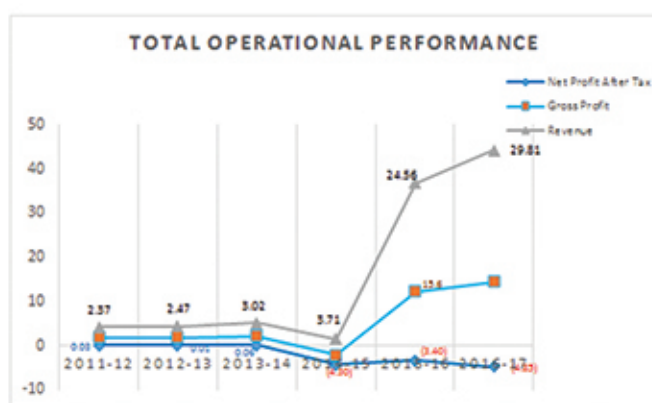
**FACILITIES CONTINUE TO BE ENHANCED, INCLUDING A NEW JETTY AT THILAWA, FOR THE CHARGE AND DISCHARGE OF CARGO.**





## FINANCIAL HIGHLIGHTS

- Revenue is primarily derived from sale of fuel (diesel, pre- mium diesel, Octane, petrol/gasahol).
- 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.



## 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.

## Statement of Financial Position As at March 31, 2017

### ASSETS

Non-current assets	
Property, plant and equipment	21574
Intangible assets	86
Deposit	-
Prepaid and Leases	387
Other Investment	139
<b>Total non-current assets</b>	<b>22186</b>

### Current assets

Inventories	11923
Trade receivables	5711
Other receivables	1747
Cash and cash equivalent	579
Due from intra group entities (net)	24611
<b>Total Current Assets</b>	<b>47215</b>

### TOTAL ASSETS

<b>TOTAL ASSETS</b>	<b>69401</b>
Liabilities	4302
Current Liabilities	2645
Trade Payables	14400
Other Payables	
Short-term loans	
Due from intra group entities (net)	
<b>Total current liabilities</b>	<b>36639</b>

### Non-current liabilities

Long term loans	15494
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### Total Liabilities

<b>Total Liabilities</b>	<b>17268</b>
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### EQUITY

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>69401</b>
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.Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2016-17)  
.Exchange rate 1US\$: MMK 1000





# MAX HOTELS

## RELAX. REPLENISH. RETURN.

Max Hotels Group was established in 2002 to cater to the growing demand for high-quality accommodation for the business and leisure travel sector. The group has Hotel Max (Nay Pyi Taw) under its own management while two other hotels are managed by ACCOR: MGallery by Sofitel (Nay Pyi Taw) and Novotel Yangon Max (Yangon).

### Hotel Max (Nay Pyi Taw)

Hotel Max (Nay Pyi Taw) is operated by Max Hotels Group in the administrative heart of Myanmar. Conveniently located in the capital, mere minutes away from Myanmar International Convention Centre (MICC), the hotel is set on acres of well-tended gardens. With stylishly appointed spaces and all the facilities a business traveller expects – and needs – in a busy schedule, Hotel Max (Nay Pyi Taw) has 90 spacious guest rooms in which to enjoy a restful stay.

### MGallery by Sofitel (Nay Pyi Taw)

The exquisite décor of this establishment was designed to immerse our guests in the beauty of our heritage and craftsmanship. Magnificent bells welcome guests to the grounds, while the hotel lobby, inspired by the historic Nagayon Pagoda and its gilded decoration herald a stay that will be truly memorable. An experience capped by no less than the culinary delights of Primo, which won accolades at the World Luxury Restaurants Awards in 2016 and 2017.

### Novotel Yangon Max

Novotel Yangon Max is a top-tier hotel that is located on Pyay Road, midway between Yangon International Airport and

the city centre. It is close to the famous Shwedagon Pagoda, most embassies, Yangon University and the scenic Inya Lake, adding to the city lifestyle options of business executives.

Among its many attractive features is its grand ballroom, which makes the hotel a first-choice venue for events such as conferences, product launches and celebrations. Indeed, in recognition of its capabilities and service excellence in hosting large meetings and conferences, Novotel Yangon Max has received the "ASEAN MICE Venue Standard Awards 2018 – 2020".

Novotel Yangon Max offers a range of fine specialist restaurants serving French, Cantonese, Japanese and International cuisines. Guests can unwind at a variety of outlets – lobby lounge bar, sports bar, rooftop pool bar and a ktv lounge.

### Offices and Retail at Novotel Yangon Max

Novotel Yangon Max is a modern complex of two towers of 14 stories, linked by a podium. Located on Pyay Road, between Yangon International Airport and downtown Yangon, it is an ideal location for Offices and Retail. Our office tenants are in business sectors ranging from banking to consultancy, energy to healthcare to education.

For the convenience and comfort of our inhouse and external guests, there is a mix of retail outlets including high-end shops such as watch and jewellery boutiques, bespoke tailor, spa and beauty salon. Facilities include a fitness centre, tennis courts and a rooftop swimming pool.

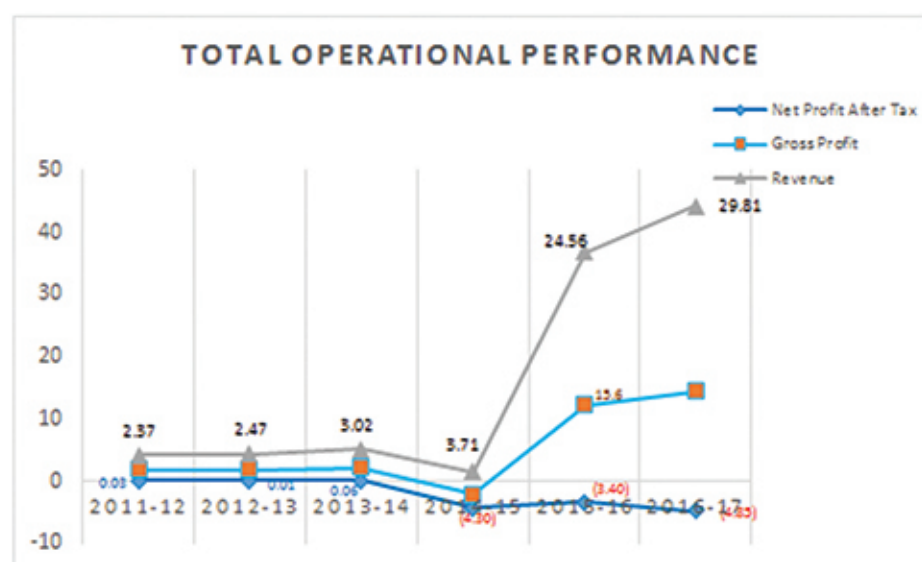
**AWARDED**  
**ASEAN MICE Venue Standard 2018 - 2020**  
**Primo @ M Gallery by Sofitel**





## 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.



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.

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

## Statement of Financial Position As at March 31, 2017

<b>ASSETS</b>	
Non-current assets	
Property, plant and equipment	115,353
Intangible assets	-
Deposit	
Prepaid and Leases	
Other Investment	
<b>Total non-current assets</b>	<b>115,353</b>
<b>Current assets</b>	
Inventories	758
Trade receivables	1,344
Other receivables	314
Cash and cash equivalent	904
Due from intra group entities (net)	5,818
<b>Total Current Assets</b>	<b>9,138</b>
<b>TOTAL ASSETS</b>	<b>124,491</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Trade Payables	1,223
Other Payables	6,582
Short-term loans	-
Due from intra group entities (net)	81,423
<b>Total current liabilities</b>	<b>89,228</b>
<b>Non-current liabilities</b>	
Long term loans	48,481
<b>Total Liabilities</b>	
<b>EQUITY</b>	<b>(13,218)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>124,491</b>

Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2016-17)  
 \* Exchange rate ( 1USD=900MMK for FY 2011-12) and (1USD=1000MMK for other years)



# MAX MYANMAR CONSTRUCTION





## BUILDING A NEW MYANMAR

Incorporated in 1997, Max Myanmar Construction Co., Ltd. has successfully built different types of construction projects such as 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. Max Myanmar Construction Co., Ltd. operates locally with experience and skillfull permanent and contract-based employees.

### Notable projects

After a 44-year hiatus, Myanmar once again was host to the SEA Games, in 2013. And Max Myanmar Construction proudly participated in the construction of three sports centres for the event. It also completed football academies in Yangon, Mandalay and Patheingyi, each accommodating 140 trainees.

Max Myanmar Construction undertook to build four reservoir dams in central Myanmar:

-  Tone Sae Dam at Tone Sae City
-  Ma Mya Dam at Myan Aung City
-  Con Chaung Dam at Kyan Khin City
-  Ka Tin Bee Linn Dam at Minn Hla City

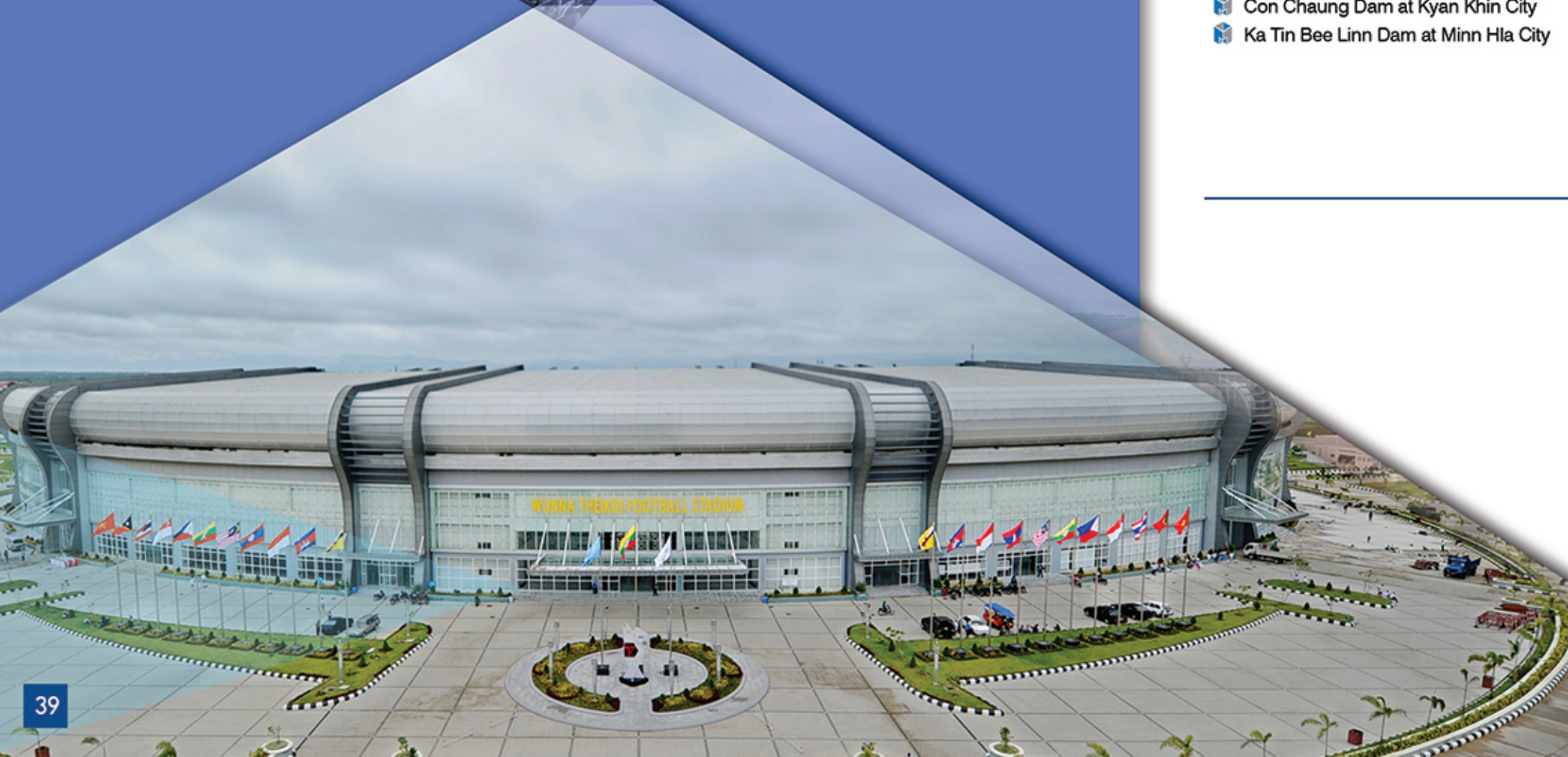
It implemented the infrastructure and road pavement extension project in Nay Pyi Taw. And undertook earthwork including re-excavation in Pan Hlaing River and Kyee Ni Kan.

Recently completed construction projects are Thilawa Oil Depot Terminal and a new cement plant for Max Cement. Thilawa facilities continue to expand, with a new jetty under way for the charge and discharge of cargo.

Max Myanmar Construction was involved in the construction of Novotel Yangon Max, a five-star international hotel in Yangon, and MGallery by Sofitel, a five-star luxury hotel in Nay Pyi Taw. Its latest development is Nanattaw, a new residential and office project in the booming Kamaryut Township in Yangon.

In numerous renovation and extension projects, the most notable was to re-strengthen and preserve the impressive ROWE Building, built in 1910, which went on to receive the Heritage Blue Plaque as a mark of historical significance.

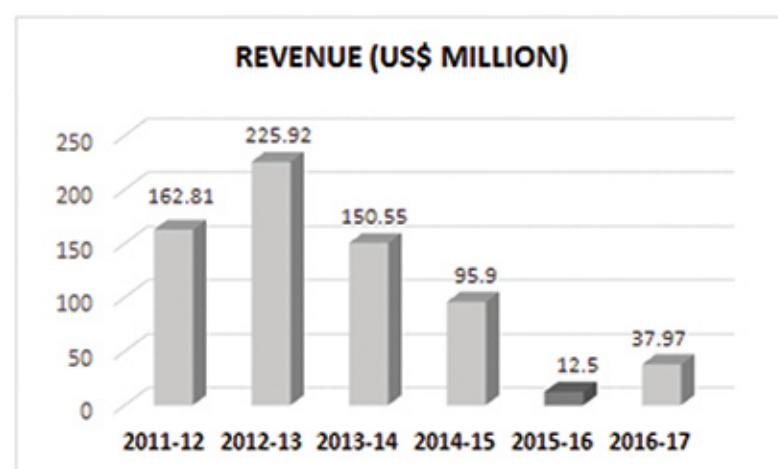
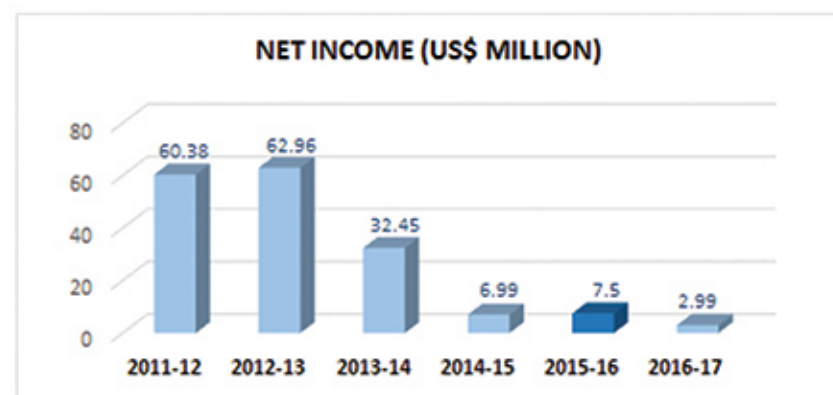
**A MEMBER OF UNITED NATIONS GLOBAL COMPACT**





## FINANCIAL HIGHLIGHTS

- Decrease in revenue from c.US\$95.9 milin FY15 to c.US\$12.5 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.



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.

## OPERATIONAL HIGHLIGHTS

### Hotel Construction Projects

- Novotel Yangon Max, the Five Star International Standard Hotel with the total Floor Area of 74,000 M2, is situated on Pyay Road.
- Lake Garden (M-Gallery), the Five Star Luxury Hotel with total Floor Area of 32,000 M2, 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, 2017

### ASSETS

Non-current assets	
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>

### Liabilities

Current Liabilities	
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>

.Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2016-17)  
.Exchange rate 1US\$: MMK 1000





**MAX CEMENT**

# MAX MYANMAR MANUFACTURING

## LET'S BUILD TOGETHER

Max Myanmar Manufacturing Co., Ltd. is one of the private cement manufacturers in Myanmar.

Its product is Max Cement which is commercially available in Yangon, Mandalay and Nay Pyi Taw. Its tagline "Let's Build Together!" is a wholehearted commitment to developing the country.

In 2014-15, when the government promoted large-scale infrastructure projects, there was a boom in the construction sector, which drove a substantial growth in demand for building materials.

The combined output of government and private cement factories is only half of the demand. To help meet the country's requirements, Max Myanmar Manufacturing is ramping up the upgrade of its cement plants.

### More than a capacity upgrade

With the strategic restructuring program, the cement plant at Taung Philar with an existing capacity of 500 TPD (Wet Process) has been upgraded to the more energy-efficient and productive 2100 TPD (Dry Process) cement plant.

Mindful of its responsibility for sustainable development, Max Myanmar Manufacturing constantly monitors the environmental and community impacts of its quarrying and cement operations. In the upgrade of its cement plants to enhance cement production, Max Myanmar Manufacturing actively engages with reliable and effective contractors, and suppliers to apply contemporary practices.



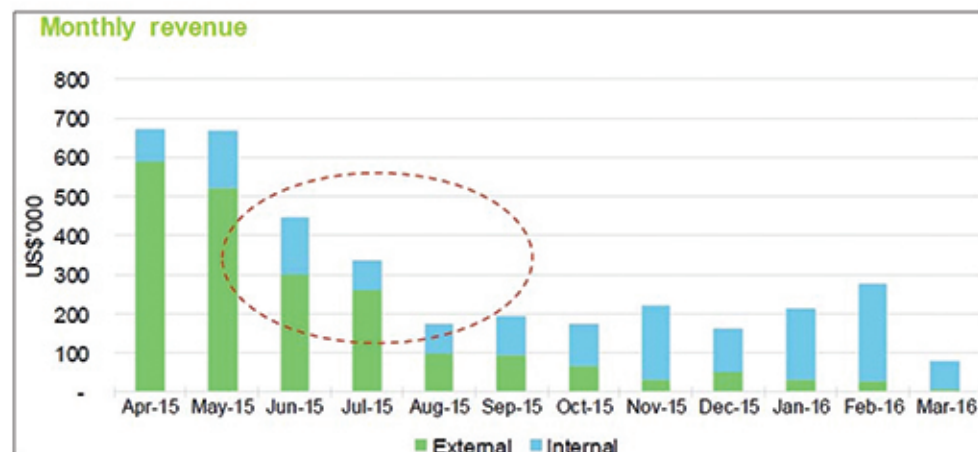
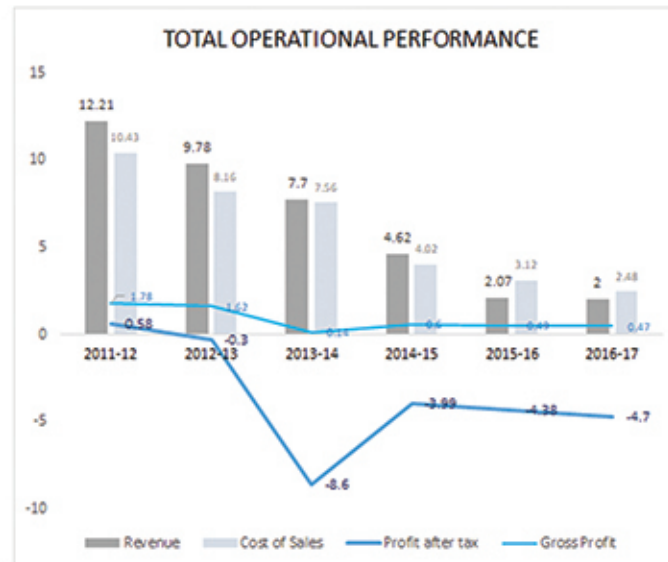
**AWARDED**  
ISO 9001 : 2015





## 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 clo- sure for upgrading in Aug-14.



## Core Values of Max Cement

- Reliable products
- Value added customer service
- Workplace Safety
- Employee Development
- Environment Preservation
- Community Engagement
- Corporate Governance
- Social Responsibility

“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, 2017

### ASSETS

Non-current assets	
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>

### Current assets

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>755,06</b>

### Liabilities

Current Liabilities	
Trade Payables	3,452
Other Payables	318
Short-term loans	
Due from intra group entities (net)	
<b>Total current liabilities</b>	<b>3,770</b>

### Non-current liabilities

Long term loans	
<b>Total Liabilities</b>	<b>71,236</b>

### EQUITY

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>75,006</b>
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\* Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2016-17)

\* Exchange rate 1US\$: MMK 1000





## MAX HIGHWAY

### ENSURING SMOOTH JOURNEYS

Max Highway Co., Ltd. is a subsidiary of Max Myanmar Group Of Companies and started operations in 2008 in Myanmar. Its vision is to build, maintain and operate standard quality roads that are vital to the nation's development. Max Highway utilizes resources in the most efficient, effective and professional way to develop safe and convenient transport routes.

#### The way forward

Its work in road construction entails raising the level of roads, widening them and extending the length of roads to connect more places. By establishing a wider and more efficient road

network, linking rural areas with urban, and small towns with cities, Max Highway is helping to open up the country to commerce and development, and enabling exchange of expertise and ideas. Max Highway also collects toll gate fees under the B.O.T system and tender system. It is planning a cashless payment system for greater motoring convenience and a smoother flow of traffic.

Notable networks managed by Max Highway are Yangon-Bago and Yangon-Hlegu-Pyay-Magway which connects the mid-west delta, one of the most promising regions in the country. And with its presence, Max Highway is able to support job creation for local residents, furthering its contribution to the nation's socio-economic development.

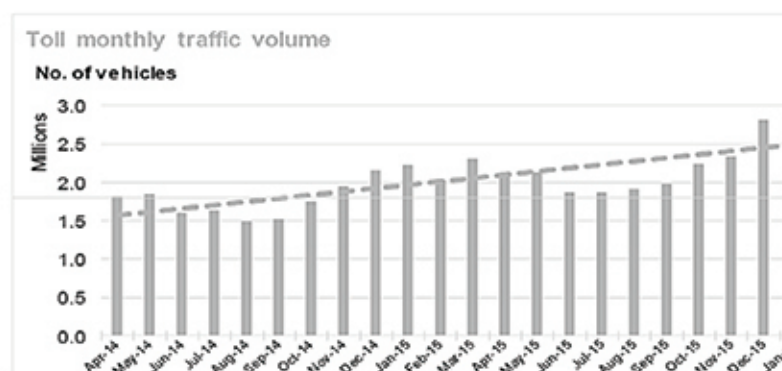
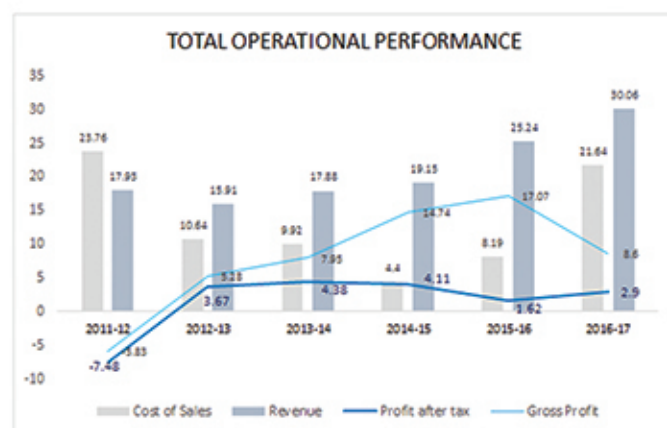
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## FINANCIAL HIGHLIGHTS

- 19.15 US\$ million revenue for FY 2014-15
- 25.26 US\$ million revenue for FY 2015-16
- 30.06 US\$ million revenue for FY 2016-17
- 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.



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.

## 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

“ensure a healthy and clean environment, maintain standards of operational efficiency, product safety and quality, and assist in conservation of energy and natural resources.”

## Statement of Financial Position As at March 31, 2017

### ASSETS

Non-current assets  
Property, plant and equipment  
Intangible assets  
Deposit  
Prepaid and Leases  
Other Investment  
**Total non-current assets**  
**Current assets**  
Inventories  
Trade receivables  
Other receivables  
Cash and cash equivalent  
Due from intra group entities (net)  
**Total Current Assets**

### TOTAL ASSETS

Liabilities  
Current Liabilities  
Trade Payables  
Other Payables  
Short-term loans  
Due from intra group entities (net)  
**Total current liabilities**  
**Non-current liabilities**  
Long term loans  
**Total Liabilities**

### EQUITY

**TOTAL EQUITY AND LIABILITIES**

9,041

14,668

552

24,261

934

-

456

147

21,956

23,493

**477,54**

Liabilities

Current Liabilities

Trade Payables

Other Payables

Short-term loans

Due from intra group entities (net)

**10,478**

**Total current liabilities**

**Non-current liabilities**

Long term loans

**Total Liabilities**

**EQUITY**

**134,679**

**145,157**

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





# MAX WELL TRADING

## COMING THROUGH WITH VITAL DELIVERIES

Max Well Trading Co., Ltd. is registered and operates in Myanmar. It facilitates trading requirements for the Group, providing import and export services for in-house and external clients.

The company started out as a retailer of heavy equipment such as excavators, bulldozers, road rollers. Over the years, it has accumulated capabilities and expertise in moving construction materials, heavy machinery and equipment for mega construction projects.

### Distribution

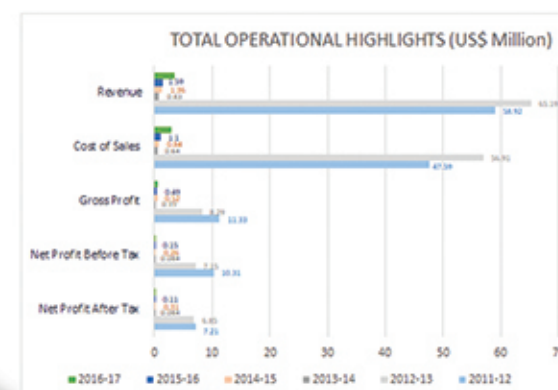
In 2014, Max Well Trading became the authorized distributor of Hokuetsu Industries' Airman Generators. With an experienced technical team, Max Well Trading has become one of the key distributors in the high-end generator market.

### Supporting SMEs

Recognising that SMEs are the engine of an economy, Max Well Trading leverages on its distribution expertise to bring mid-range generators to market. Should an SME face financial challenges when it comes to an outlay such as that of a generator, Max Well Trading collaborates with AYA Bank to offer hire purchase services. With a steady and dependable supply of power, SME businesses can operate at optimal capacity.

### 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.



### Statement of Financial Position As at March 31, 2017

<b>ASSETS</b>	
Non-current assets	
Property, plant and equipment	113
Intangible assets	
Deposit	123
Prepaid and Leases	
Other Investment	
<b>Total non-current assets</b>	<b>236</b>
<b>Current assets</b>	
Inventories	1,147
Trade receivables	189
Other receivables	678
Cash and cash equivalent	111
Due from intra group entities (net)	144
<b>Total Current Assets</b>	<b>2,269</b>
<b>TOTAL ASSETS</b>	<b>2,505</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Trade Payables	102
Other Payables	410
Short-term loans	
Due from intra group entities (net)	
<b>Total current liabilities</b>	<b>512</b>
<b>Non-current liabilities</b>	
Long term loans	
<b>Total Liabilities</b>	
<b>EQUITY</b>	<b>1,993</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,505</b>

Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2016-17). Exchange rate 1US\$: MMK 1000





SHWE YAUNG PYA AGRO Co., Ltd.

# SHWE YAUNG PYA AGRO

## WORKING THE LAND, PROTECTING THE ENVIRONMENT

Shwe Yaung Pya Agro Co., Ltd. was established in 2005, operating a Rubber Plantation in Belin Myanmar. It has over 600 employees and 5,000 acres, of which two-thirds are cultivated, and the remainder set aside for community use.

The company focuses on rubber plantation and related downstream business while creating new opportunities for the local community and conserving the natural environment.

While conditions in the rubber market have been challenging, we have created conditions for stable and dependable sources of income for our employees.

We also support small local rubber plantations and the Industrial Crops Department in accessing advanced knowledge in rubber plantation management, in order to have productivity gains.

### Towards peace and prosperity

Shwe Yaung Pya Agro supports and facilitates the peace-building process involving the local populace and multiple stakeholders. Providing employment and the conditions for social and economic development, Shwe Yaung Pya Agro hopes to elevate the standard of living of the community.



IN THE PIPELINE IS THE CONSTRUCTION OF A TECHNICALLY SPECIFIED RUBBER (TSR) FACTORY AT SHWE YAUNG PYA TO MANUFACTURE QUALITY RUBBER PRODUCTS.

ACRES UNDER STEWARDSHIP: 5,000 ACRES  
2/3 UNDER RUBBER CULTIVATION; 1/3 FOR COMMUNITY USE

**AWARDED**

ISO 9001 : 2015

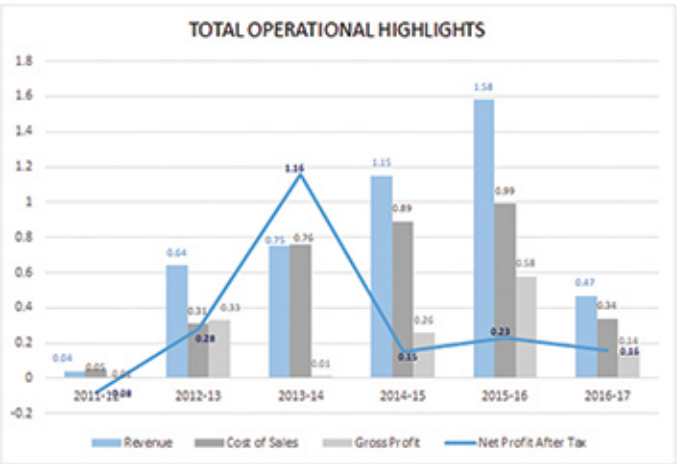
A MEMBER OF UNITED NATIONS GLOBAL COMPACT





## 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 16-17.
- Sales of paddy was discontinued in FY 16-17, as management represented that this is part of the management's plan going forward.



## 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
	<b>Total</b>	<b>14743</b>	<b>14200000</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.

## Statement of Financial Position As at March 31, 2017

<b>ASSETS</b>	
Non-current assets	
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 from intra group entities (net)	
<b>Total Current Assets</b>	<b>328</b>
<b>TOTAL ASSETS</b>	<b>5,765</b>
Liabilities	
Current Liabilities	
Trade Payables	15
Other Payables	80
Short-term loans	
Due from 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>

\* Figures based on Deloitte-MVG's financial performance review report. Subject to further changes for FY (2016-17)  
\* Exchange rate 1US\$: MMK 1000



# CORPORATE SOCIAL RESPONSIBILITY



**“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**

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 provide educational stipends to support our employee's 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.

## 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

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.

## 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 Yaung Pya – member since 2014
- Max Highway – member since 2015
- Max Construction – member since 2016





# AYEYARWADY FOUNDATION

## 02

### Youth Development and Sports Programme

Probably the world's most-loved sport, football inspires the young to dream big and work hard for their goals. The beautiful game builds character, promotes team spirit, and instills national pride. As such, Ayeyarwady Foundation focuses on the development of youth football, with commitment from the very top. Chairman U Zaw Zaw's passion for the game inspires players both on and off the field and, despite his demanding work schedule, always finds time to fulfill his responsibilities as Chairman of Myanmar Football Federation (MFF).

Ayeyarwady Foundation works through Myanmar Football Federation (MFF) with the Ministry of Education and the Ministry of Health & Sports, to organise basic football training in Basic Education Schools, Youth Football Competitions and Grass Roots Programmes.

These initiatives were recognized by ASEAN Football Federation with the Goodwill award being given to Chairman U Zaw Zaw in 2017.

## 03

### Education

Ayeyarwady Foundation constructed Basic Education High Schools (B.E.H.S) for Pyay and Yekyi Townships and over ten Basic Education Primary Schools (B.E.P.S) for various townships across Myanmar. Scholarships are awarded to students with outstanding results, extending the opportunity for further studies to children of Max Group's staff and underprivileged youths.

## 04

### Health

Ayeyarwady Foundation donates to medical funds and offers medical assistance to the needy. It is building and donating medical facilities such as Hospitals and Dispensaries, and commissioning ambulances across the country. Contributions to FIFA's 11 for Health programme introduces health through football to children of school-going age across the country. In Yangon, Yankin Children Hospital was redeveloped, equipped and furnished at a cost of US\$10 million (13b MMKs). In a city of over 5 million, the 550-bed facility provides much-needed capacity with neo-natal care, medical, surgical and emergency wards. Ayeyarwady Foundation has continued to support needy children with donations that cover food, treatment, paediatric specialist care, and building maintenance costs.

## 05

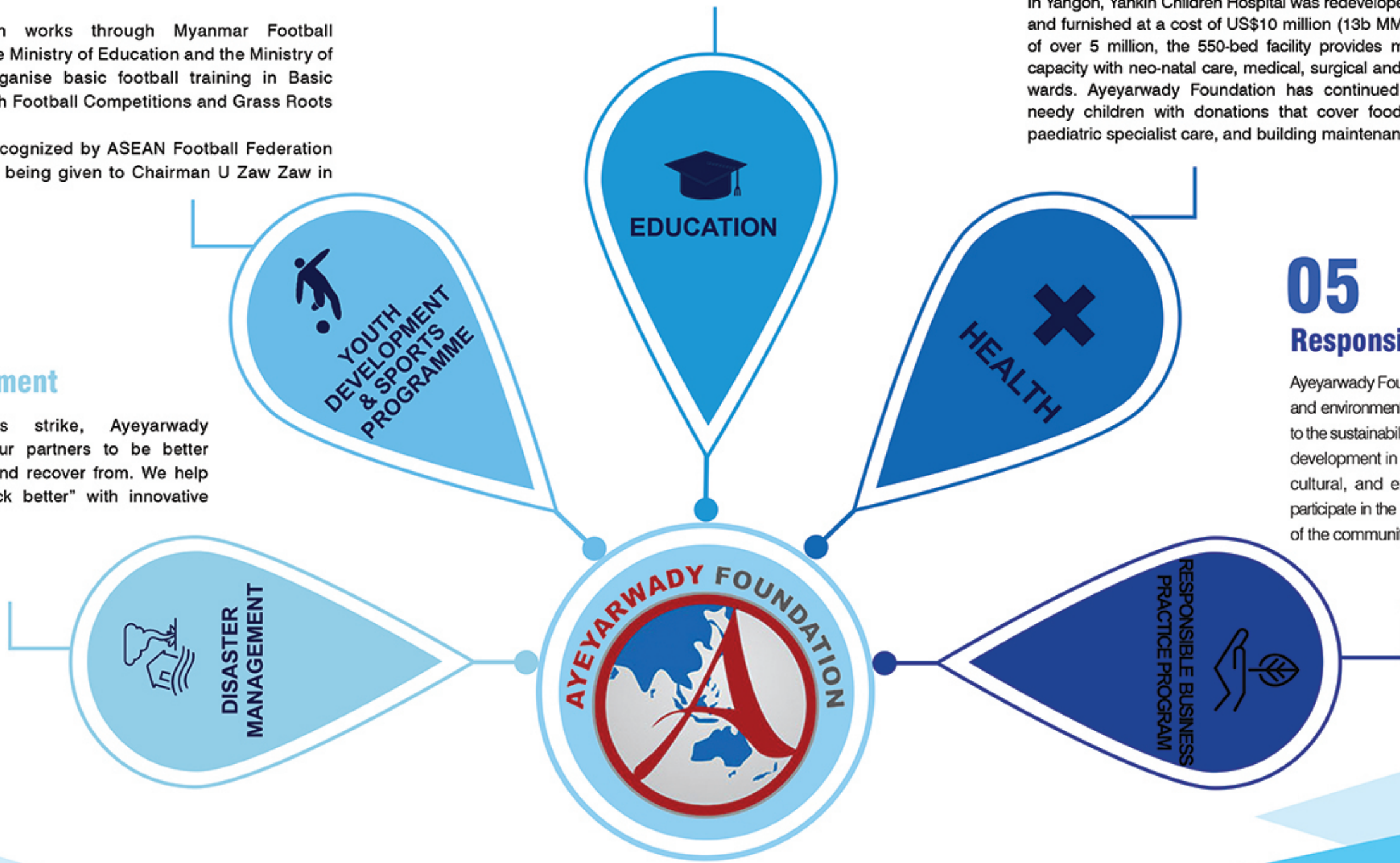
### Responsible Business Practices

Ayeyarwady Foundation strongly believes that community, and environmental responsibilities and activities are integral to the sustainability of our Group. We facilitate the community development in areas of financial, educational, charitable, cultural, and environmental causes. We also actively participate in the prevention, reconstruction, and rehabilitation of the community from the impact of natural disasters.

## 01

### Disaster Management

When natural disasters strike, Ayeyarwady Foundation works with our partners to be better prepared: to respond to, and recover from. We help communities to "build back better" with innovative tools and approaches.





# AYEYARWADY FOUNDATION







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