DISCLOSURE DOCUMENT FOR LISTING

FIRST MYANMAR INVESTMENT CO., LTD.

The shares covered hereby may only be bought and sold by Myanmar citizens and Myanmar companies.

Dated 14 March 2016

To: Yangon Stock Exchange Joint-Venture Company Limited

Date of Submission	:	14 March 2016
Company's Name	:	First Myanmar Investment Co., Ltd.
Name of Representative and Title	:	Theim Wai @ Serge Pun, Executive Chairman
Location of the Registered Office	:	FMI Centre, 10th Floor No. 380, Bogyoke Aung San Road, Pabedan Township, Yangon, Myanmar
Administrative Personnel to Contact	:	U Linn Myaing, Chief Operating Officer
Place to Contact	:	FMI Centre, 10th Floor No. 380, Bogyoke Aung San Road, Pabedan Township, Yangon, Myanmar
Telephone	:	+95 (1) 240 373
Financial Advisor to the Company	:	Myanmar Securities Exchange Centre Co., Ltd 21-25, Sule Pagoda Road 1st Floor of MEB (Yangon Region Office) Yangon, Myanmar
Legal Advisor to the Company	:	Duane Morris & Selvam (Myanmar) Limited 10 Bo Yar Zar Street, Kyaukkone Yankin Township Yangon, Myanmar
Principal Bank	:	Yoma Bank Limited No. 1, Kungyan Road, Mingalar Taung Nyunt Township, Yangon, Myanmar

<u>Listing:</u>

Type of Securities to be Listed	:	Ordinary shares
Stock Exchange on which the Shares will be Listed	:	Yangon Stock Exchange

<u>Office at Which Copy of the Disclosure Document For Listing is made Available for Public Inspection</u>

Name of Such Office	:	First Myanmar Investment Co., Ltd.
Location	:	FMI Centre, 10th Floor No. 380, Bogyoke Aung San Road Pabedan Township Yangon, Myanmar

No Shares are being offered for subscription or sale pursuant to this disclosure document for Listing.

TABLE OF CONTENTS

Page

PART I. DEFINITIONS AND ABBREVIATIONS

In this disclosure document for Listing, unless otherwise indicated, the following definitions apply throughout where the context so admits. Words importing the singular shall, where applicable, include the plural and vice versa.

Term	Description
"the Company", "our Company" and "FMI"	First Myanmar Investment Co., Ltd.
"We", "us", "our", and "Group"	Refers collectively to First Myanmar Investment Co., Ltd., its subsidiaries, and its Associates; unless otherwise indicated or implied.

Corporations and Organisations

Term	Description
ASEAN	Association of Southeast Asian Nations
Bank / Yoma Bank	Yoma Bank Limited
CBM	Central Bank of Myanmar
Digital Money Myanmar	Digital Money Myanmar Limited
FMI Air	FMI Air Limited
FMI Syndication	FMI Syndication Ltd.
FMI Garden Development	FMI Garden Development Ltd.
GIZ	Deutsche GesellschaftfürInternationaleZusammenarbeit GmbH (German Federal Enterprise for International Cooperation)
IFC	International Finance Corporation
MADB	Myanma Agricultural Development Bank
MEB	Myanma Economic Bank
Meeyahta International	Meeyahta International Hotel Ltd.
MFTB	Myanma Foreign Trade Bank
MIC	Myanmar Investment Commission
MIGA	Multilateral Investment Guarantee Agency
MJTD	Myanmar Japan Thilawa Development Ltd.
MOF	Ministry of Finance of Myanmar
MOH	Ministry of Health of Myanmar
MSEC /Financial Advisor	Myanmar Securities Exchange Centre Co., Ltd.
PHIH	Pun Hlaing International Hospital Limited
Pun Hlaing Links Services	Pun Hlaing Links Services Co., Ltd.
Real Estate Segment	FMI's real estate segment comprises (a) one 50/50 joint venture: LSC-FMI Ltd., (b) the following Associates: FMI Garden Development Ltd.; Thanlyin Estate Development Ltd.; Pun Hlaing Links Services Co., Ltd.; and Meeyahta International Hotel Ltd. and (c) a 6.0% equity interest in Peninsula Yangon Holdings Pte. Limited
SECM	Securities and Exchange Commission of Myanmar
SPA (Myanmar)	Serge Pun & Associates (Myanmar) Limited
SPA (Myanmar) Group	SPA (Myanmar) and its subsidiaries

Thanlyin Estate	Thanlyin Estate Development Ltd.
WHO	World Health Organization
Yangon Land	Yangon Land Co., Ltd.
YCDC	Yangon City Development Committee
Yoma Myittar	Yoma Myittar Development Co., Ltd.
Yoma Strategic	Yoma Strategic Holdings Ltd.
Yoma Thitsar	Yoma Thitsar Commercial Co., Ltd.
YSHPH	Yoma Siloam Hospital Pun Hlaing Limited
YSX	Yangon Stock Exchange

General and Generic Terms

Term	Description
24x7	24 hours a day, 7 days a week
CBD	Central Business District
CEO	Chief Executive Officer
CFO	Chief Financial Officer
FDI	Foreign Direct Investment
FY / financial year	Financial year (which begins on 1 April of one year and ends on 31 March of the following year)
GDP	Gross Domestic Product
ISO	International Organization for Standardization
MNC	Multinational Corporation
NGO	Non-Governmental Organisation
NPLs	Non-performing loans
Q1, Q2, Q3, Q4	Quarters of a financial year or calendar year, as applicable
SEZ	Special Economic Zone
SME	Small And Medium-Sized Enterprises

Issue Related Terms

Term	Description
Associate	In relation to an entity means: (a) any corporation, other than the subsidiary of the entity in which: (i) the entity or one or more of its subsidiaries has; (ii) the entity and one or more of its subsidiaries together have; or (iii) one or more of the subsidiaries of the entity together have, a direct interest in voting shares of not less than 20% but not more than 50% of the total votes attached to all voting shares in the corporation; or

	(b) any corporation, other than a subsidiary of the entity or a corporation which is an Associated Company of the entity by virtue of paragraph (a) above, the policies of which: (i) the entity or one or more of its subsidiaries; (ii) the entity together with one or more of its subsidiaries; or (iii) one or more of the subsidiaries of the entity together, is or are able to control or influence materially.
Board of Directors	FMI's Board of Directors
Companies Act	Myanmar Companies Act (1914)
Control	In relation to an entity, means the capacity to: (a) dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the entity; or (b) determine the outcome of decisions on the financial and operating policies of the entity, having regard to the following considerations : (i) the practical influence which can be exerted (rather than the rights which can be enforced); and (i) any practice or pattern of behavior affecting the financial or operating policies of the entity (even if it involves a breach of an agreement or a breach of trust), but excludes any capacity to influence decisions on the financial and operating policies of an entity where such influence is required to be exercised for the benefit of other persons pursuant to an obligation imposed under any written law, rule of law, contract or order of court.
Director	A director of FMI.
Equity interest	In relation to an entity, means any right or interest, whether legal or equitable, in the entity, by whatever name called, and includes any option to acquire any such right or interest in the entity.
IFC Loan Agreement	Loan agreement between Yoma Bank and International Finance Corporation ("**IFC**"), a member of the World Bank Group, dated 16 September 2014.
Key Executive	(a) in relation to an entity, means an individual who is employed in an executive capacity by the entity and who: (i) makes or participates in making decisions that affect the whole or a substantial part of the business of the entity; or (ii) has the capacity to make decisions which affect significantly the entity's financial standing. (b) In relation to a Group, means an individual who is employed in an executive capacity by an entity in the Group and who: (i) makes or participates in making decisions that affect the whole or a substantial part of the business of the Group; or (ii) has the capacity to make decisions which affect significantly the Group's financial standing.
Latest Practicable Date	30 September 2015
Listing	The listing of the Shares on the Yangon Stock Exchange
Major Shareholder	In relation to a corporation, means a person who has an interest in or control over 5% or more of the voting shares of the corporation.

Related Party	This term, in relation to FMI, includes: (a) an enterprise that directly or indirectly, controls, or is under common control with, FMI; (b) a Significant Person of FMI; (c) a director, managing director, manager or managing agent of, FMI, its parent and subsidiaries; (d) a close family member of an individual referred to in (b) or (c); or (e) an enterprise which is controlled, directly or indirectly, by an individual referred to in (b), (c) or (d).
Related Party Transactions Guidelines	Refers to the Company's guidelines and review procedures for on-going and future related party transactions approved by the Board of Directors on 19 October 2015. For details, see "Related Party Transactions – Guidelines and Review Procedures for On-going and Future Related Party Transactions" beginning on page 146.
Restructuring	Refers to the restructuring of FMI's investments as described in "Issuer Information – Organisational Structure – Outline of Subsidiaries and Associated Companies – Restructuring", beginning on page 59.
SE Law	Securities and Exchange Law, as amended
SE Rules	Securities and Exchange Rules, as amended
Shareholder	A shareholder of the Company
Shares	Ordinary shares in the Company
Significant Person	In relation to a corporation, means a person: (a) who has an interest in or control over 10% or more of the voting shares of the corporation; or (b) who is in a position to control the composition of the majority of the board of directors of the corporation; or (c) who, directly or indirectly, has the ability to control the management and/or the policies of the corporation.
Subsidiary	A subsidiary of FMI

Industry, Technical, and Financial Terms

Term	Description
ALCO	Yoma Bank's Asset/Liability Committee
AML	Anti-Money Laundering
ATM	Automated Teller Machine / Automatic Teller Machine
CBS	Core Banking System
ECC	Yoma Bank's Executive Credit Committee
LDRs	Land development rights. In Myanmar, with some exceptions, land is owned by the State. A "land development right" is a right granted by the State to a property developer to develop and sell properties to buyers who will, upon the completion of construction of the house/ apartment, receive the titles of lease or grants for various periods from the State directly. For more details, see "Summary of Material Myanmar Laws and Regulations – Real Estate" on page 155.

Currencies, Units and Others

Term	Description
Ks/Kyats	Myanmar Kyats
USD / US$ / U.S. dollars	United States Dollars
EUR	Euro
SGD	Singapore Dollars
sq. ft.	Square feet
sq. m.	Square metres

PRESENTATION OF FINANCIAL INFORMATION

The Company prepares its financial statements in Ks thousands. Certain monetary amounts have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

PART II. LISTING SUMMARY

IMPORTANT NOTES

The Directors (the "**Directors**") of First Myanmar Investment Co., Ltd. ("**FMI**" or the "**Company**") have approved this disclosure document, which is called this "disclosure document for Listing", for all outstanding Shares to be listed on the Yangon Stock Exchange ("**YSX**"). No Shares are being offered for subscription or sale pursuant to this disclosure document for Listing. Each of the Directors takes full responsibility for the accuracy and completeness of the information contained herein. Having made all reasonable enquires and to the best of his/her knowledge and belief, each of the Directors assures that there is no false or misleading statement in this disclosure document for Listing or other facts which if omitted would make any statement false or misleading.

The Shares may only be bought and sold by Myanmar citizens and Myanmar companies.

A prospective purchaser of Shares should rely on his/her own valuations and assess the risks related to purchasing Shares by considering his/her objective of the investment, risk profile and financial position and so on. If you have any doubt about this disclosure document for Listing or in considering the purchase of Shares, you should consult with securities firms, investment advisors or other professional advisers.

Copies of this disclosure document for Listing may be obtained on request, subject to availability, from FMI Centre, 10th Floor, No. 380, Bogyoke Aung San Road, Pabedan Township, Yangon, Myanmar

A copy of this disclosure document for Listing is also available on the Company's website at: http://fmi.com.mm.

DISCLAIMER

This disclosure document for Listing is based on information and materials provided by us and other sources that we believe to be reliable. The Financial Advisor makes no representation or warranty, express or implied, as to the accuracy or completeness of such information and materials, and nothing contained in this disclosure document for Listing is, or shall be relied upon or construed as a promise, undertaking or representation by the Financial Advisor. The Financial Advisor assumes no responsibility or liability for the accuracy or completeness of information and the materials that are contained or referred to in this disclosure document for Listing.

Each person receiving or viewing this disclosure document for Listing acknowledges that such person has not relied on the Financial Advisor or any person affiliated with the Financial Advisor in connection with its investment decisions or the investigation of the accuracy or completeness of the information or materials contained in this disclosure document for Listing.

PART III. FORWARD-LOOKING STATEMENTS

This disclosure document for Listing includes forward-looking statements that reflect our current views with respect to future events and financial and operational performance, including, but not limited to, statements relating to the risks specific to our business, our strengths, and the implementation of our strategic initiatives, as well as other statements relating to the our future business development and financial performance. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should" or in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. They appear in a number of places throughout this disclosure document for Listing and include statements regarding our intentions, beliefs or current expectations concerning, among other things, financial position, operating results, liquidity, prospects, growth, strategies and the industries in which the we operate.

You are cautioned that forward-looking statements are not guarantees of future performance and that our actual financial position, operating results and liquidity, and the development of the industries in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this disclosure document for Listing. We cannot guarantee that the intentions, beliefs or current expectations upon which the forward-looking statements are based will occur. Factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Issuer Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 14, 50 and 92, respectively. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this disclosure document for Listing to reflect any changes in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

PART IV. SELECTED FINANCIAL DATA

The actual (historical) consolidated statements of comprehensive income data for each of the years ended 31 March 2014 and 2015 and the consolidated balance sheets data as at 31 March 2014 and 2015 are derived from our audited consolidated financial statements that are included in “Index to Audited Financial Statements” beginning on page 163. You should read this information together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 92 and our consolidated financial statements and the related notes included in this disclosure document for Listing.

The unaudited pro forma consolidated statements of comprehensive income data for each of the years ended 31 March 2014 and 2015 and the unaudited pro forma consolidated balance sheet data as at 31 March 2014 and 2015 are derived from our unaudited pro forma consolidated statements and the related notes thereto included in “Index to Unaudited Pro Forma Consolidated Financial Information” on page 164. The unaudited pro forma consolidated financial information was prepared for illustrative purposes only and is not necessarily indicative of the consolidated financial position or the results of operations in future periods or the results that actually would have been realised during the specified periods. The pro forma adjustments are based upon assumptions that the Company’s management believes are reasonable. The pro forma adjustments are based on the information available at the time of the preparation of the unaudited pro forma consolidated financial statements.

The pro forma financial information are based on certain assumptions after making certain adjustments to show that:

(1) the financial results of the Group for the years ended 31 March 2015 and 31 March 2014 would have been if the Significant events, described in the respective "Pro forma adjustments", had occurred at 1 April 2014 and 1 April 2013, respectively.

(2) the financial position of the Group as at 31 March 2015 and 31 March 2014 would have been if the Significant events had occurred at 31 March 2015 and 31 March 2014, respectively.

The pro forma financial information has been compiled from the audited financial statements and are based on the accounting policies adopted by the Group, which are consistent with those of the consolidated financial statements of the Group for the financial years ended 31 March 2015 and 31 March 2014. The pro forma financial information of the Group, because of their nature, may not give a true picture of the Group’s actual financial results and financial position. The pro forma financial information is not indicative of the Group’s future financial results and financial position. You are cautioned not to place undue reliance upon the pro forma financial information.

Pro Forma Adjustments for FY 2014-2015

General Pro Forma Adjustments

The general pro forma adjustments included in the unaudited pro forma consolidated financial statements for the financial year ended 31 March 2015 are driven by the following Significant events:

(1) To make an assumption that the Company's shareholding in Pun Hlaing International Hospital Ltd. (“**PHIH**”) as a subsidiary was 60.0% for the entire financial year ended 31 March 2015 instead of the actual 35.0% interest it held from 1 April 2014 until 30 September 2014 and the 75.0% interest it held from 1 October 2014 until 31 March 2015.

(2) To divest Yoma Thitsar Commercial Co., Ltd (“**Yoma Thitsar**”) as a subsidiary and to deconsolidate FMI Air Limited (“**FMI Air**”) as a subsidiary and retain a 10% shareholding as an available-for-sale financial asset.

(3) To consolidate full year results for PHIH and Yoma Bank Limited (“**Yoma Bank**”) in the consolidated statement of comprehensive income for the financial year ended 31 March 2015.

Specific Pro Forma Adjustments

The specific pro forma adjustments included in the unaudited pro forma consolidated financial information for the financial year ended 31 March 2015 include to reverse the share of Associates results that were divested during the financial year ended 31 March 2015. For details on the Associates divested during the financial year ended 31 March 2015, see “Issuer Information – Organisational Structure – Outline of Subsidiaries and Associated Companies – Restructuring”, beginning on page 59. For details of the other specific pro-forma adjustments, see “Notes to the Unaudited Pro Forma Consolidated Financial Information for FY 2014-2015 on page PF – 4.

Pro Forma Adjustment for FY 2013-2014

General Pro Forma Adjustments

The general pro forma adjustments included in the unaudited pro forma consolidated financial statements financial year ended 31 March 2014 are driven by the following Significant events:

(1) To consolidate Yoma Bank as a subsidiary of the Company with a 51.0% shareholding instead of the actual 35.6% interest as an Associate held for the entire financial year ended 31 March 2014. To consolidate PHIH as a subsidiary of the Company with a 60.0% shareholding instead of the actual 35.0% interest as an Associate held for the entire financial year ended 31 March 2014.

(2) To divest the following subsidiaries:-

- Yoma Thitsar;

- FMI Syndication Ltd. ("**FMI Syndication**") (to exchange for additional 10% shareholding in Landmark Development via Meeyahta International Hotel Ltd);

- SPA Motorcycle Ltd.;

- SPA Motors Ltd. (May Enterprises Ltd.);

- Yoma Yarzar Manufacturing Co., Ltd.; and

- Agribusiness and Rural Development Consultant Co., Ltd.

(3) To divest the following Associates:-

- Yoma Bank (to consolidate as a Subsidiary);

- PHIH (to consolidate as a Subsidiary);

- Convenience Prosperity Co., Ltd.;

- Myanmar Motors Pte Ltd.;

- Shine Laundry Ltd.;

- FMI Flotilla Ltd;

- Myanmar Agri-Tech Carbon Capital Ltd.; and

- FMI Air (to deconsolidate as a subsidiary and to retain 10.0% shareholding as an available-for-sale financial asset).

(4) To exchange the investment in FMI Syndication Ltd. and a quasi-equity loan in the Landmark Development for a 20.0% shareholding in Meeyahta International Hotel Ltd., as an Associate.

Specific Pro Forma Adjustments

For detail of the specific adjustments included in the unaudited pro forma consolidated financial information for financial year ended 31 March 2014, see "Notes to the Unaudited Pro Forma Consolidated Financial Information for FY 2013-2014" on page PF – 9.

ACTUAL AND PRO FORMA CONSOLIDATED BALANCE SHEETS

(Ks'000)

	As at 31 March 2015			As at 31 March 2014		
	Actual-basis (historical)	**Pro forma adjustments**	**Pro forma-Basis**	**Actual-basis (historical)**	**Pro forma adjustments**	**Pro forma-Basis**
ASSETS						
Current assets						
Cash and placements with central bank, by the bank entity	62,676,240		62,676,240	-	77,354,276	77,354,276
Other cash and cash equivalents	66,338,080	(303,044)	66,035,036	1,177,323	53,971,349	55,148,672
Trade and other receivables	2,834,879	8,865,512	11,700,391	21,727,876	740,016	20,987,860
Loans and advances to customers, by the bank entity	415,076,012	-	415,076,012	-	85,435,226	85,435,226
Inventories	479,951	-	479,951	364,588	38,558	403,146
Other current assets	10,506,235	(1,206,015)	9,300,220	13,553,855	(8,639,251)	4,914,604
Total current assets	***557,911,397***		***565,267,850***	***36,823,642***		***244,053,975***
Non-current assets						
Available-for-sale financial assets	2,209,043	2,307,733	4,516,776	2,630,763	(905,321)	1,725,442
Government treasury securities, by the bank entity	178,978,920	-	178,978,920	-	160,000,000	160,000,000
Investments in associated companies	57,619,618	-	57,619,618	29,454,128	14,757,889	44,212,017
Investment properties	1,448,447	-	1,448,447	1,442,829	-	1,442,829
Property, plant and equipment	107,338,813	(27,695,637)	79,643,176	10,223,033	64,278,025	74,501,058
Goodwill	52,730,352	1,949,497	54,679,849	5,005,523	52,121,389	57,126,912
Other Intangible asset	3,278,131	(3,278,131)	-	966,971	(966,306)	665
Total non-current assets	***403,603,323***		***376,886,786***	***49,723,247***		***339,908,923***
Total assets	**961,514,720**		**942,154,636**	**86,546,889**		**583,252,707**
LIABILITIES						
Current liabilities						
Trade and other payables	26,553,789	(864,494)	25,689,294	3,167,218	1,496,223	4,663,441
Deposits and balances from customers, by the bank entity	689,054,974	33,434	689,088,408	-	370,550,814	370,550,814
Redeemable preference shares	227,000	-	227,000	-	-	-
Provision for income tax	2,874,603	(4,063)	2,870,540	952,029	(246,447)	705,582
Borrowings	3,930,429	(3,930,429)	-	-	-	-
Total current liabilities	***722,640,795***		***717,875,242***	***4,119,247***		***375,919,837***
Non-current liabilities						
Borrowings	13,793,000	(8,938,000)	4,855,000	-	-	-
Other payable	123,855	-	123,856	-	-	-
Redeemable preference shares	-	-	-	227,000	-	227,000
Other payable	-	-	-	177,856	-	177,856
Total non-current liabilities	***13,916,855***	***-***	***13,916,856***	***404,856***	***-***	***404,856***
Total liabilities	**736,557,650**		**722,854,098**	**4,524,103**		**376,324,693**
EQUITY						
Share capital	22,480,013	-	22,480,013	18,418,478	2,221,850	20,640,328
Share premium	71,282,042	-	71,282,041	49,792,302	23,329,425	73,121,726
Reserves	5,454,104	-	5,454,104	1,742,932	(1,742,932)	-
Retained profit (accumulated loss)	76,317,417	(1,025,912)	75,291,505	11,684,022	63,444,442	73,128,464
Subtotal	***175,533,576***		***174,507,663***	***81,637,734***		***168,890,519***
Non-controlling interest	49,423,494	(4,630,619)	44,792,874	385,052	37,652,443	38,037,495
Total equity	***224,957,070***		***219,300,538***	***82,022,786***		***206,928,014***
Total liabilities and equity	**961,514,720**		**942,154,636**	**86,546,889**		**583,252,707**

ACTUAL AND PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Ks'000)

	Financial Year ended 31 March 2015			Financial Year ended 31 March 2014		
	Actual-basis (historical)	**Pro forma adjustments**	**Pro forma-basis**	**Actual-basis (historical)**	**Pro forma adjustments**	**Pro forma-basis**
Revenue	33,318,535	33,629,431	66,629,431	11,128,382	24,721,119	35,849,501
Cost of sales	(20,400,760)	(17,266,707)	(37,667,467)	(6,706,449)	(11,060,376)	(17,766,825)
Gross profit	12,917,775		29,280,500	4,421,933		18,082,676
Other income	419	-	419	-	-	-
Other gain	60,371,812	(58,987,073)	1,384,739	320,251	234,265	554,516
Administrative	(14,007,206)	(10,736,691)	(24,743,897)	(2,880,419)	(12,976,948)	(15,857,367)
Finance	(623,515)	422,245	(201,270)	(40,207)	(150,873)	(198,413)
Total expenses	***(14,630,721)***		***(24,945,167)***	***(2,920,627)***		***(16,048,447)***
Share of profit of associate companies - net of tax	15,452,800	(5,327,729)	10,125,071	11,430,867	(293,939)	11,136,928
Profit from operating activities	13,739,854		14,460,404	12,932,174		13,171,157
Profit from non-operating activities	60,490,657	(58,325,573)	2,165,085	320,250	93,390	413,640
Profit before income tax	74,230,511		16,625,488	13,252,424	-	13,584,797
Income tax expense	(1,107,342)	(976,494)	(2,083,836)	(704,395)	(27,822)	(732,217)
Net profit	**73,123,169**		**14,541,652**	**12,548,029**		**12,852,580**
Other comprehensive income – net of tax:						
Items that may be reclassified subsequently to profit or loss:						
- Share of other comprehensive income of associated companies	-	-	-	9,118	(9,118)	-
- Reclassification of reserve upon disposal of associated companies	(1,177,430)	1,177,430	-	7,001	(572,503)	(565,502)
- Reclassification of reserve upon disposal of subsidiaries	(565,502)	565,502	-		(1,177,430)	(1,177,430)
Total comprehensive income	**71,380,237**		**14,541,652**	**12,564,148**		**109,648**
Profit attributable to:						
Equity holders of the Company	74,655,414	(64,269,328)	10,386,086	12,499,478	(4,328,645)	8,170,833
Non-controlling interest	(1,532,245)	5,687,811	4,155,566	48,551	4,633,196	4,681,747
	73,123,169		**14,541,652**	**12,548,029**		**12,852,580**
Total comprehensive income attributable to:						
Equity holders of the Company	72,870,222	(59,987,774)	12,882,449	12,515,597	(6,087,696)	6,427,901
Non-controlling interest	(1,532,245)	-	(1,532,245)	48,551	4,633,196	4,681,747
	71,380,237		**14,541,652**	**12,564,148**		**109,648**
Earnings per share attributable to equity holders of the Company (Ks per share)						
- Basic	**3,811**	**-**	**489**	**890**	**-**	**502**

PART V. INFORMATION ON THE LISTING

DETAILS OF FINANCIAL ADVISOR

Name:	Myanmar Securities Exchange Centre Co., Ltd.
Registered Address:	21-25, Sule Pagoda Road, 1st Floor of MEB (Yangon Region Office), Yangon, Myanmar
Company Registration #:	3 JV/ 1996-1997
MIC Permit #:	174/96
Securities Licence #:	002
Telephone :	+95 - 1 - 378647, 374894, 387031
Fax :	+95 - 1 - 387032
Website:	http://www.msecmyanmar.com

Agreement with the Financial Advisor

The Company and the Financial Advisor entered into an agreement dated 20 August 2014 pursuant to which the Financial Advisor was engaged to act as the financial advisor to the Company in connection with the Listing and on any public offering of Shares prior to 31 March 2016 and to, among other things, provide the Company with a letter to confirm the Financial Advisor's view that the Company meets the criteria for listing the Shares on the YSX. The Company has agreed to fully indemnify the Financial Advisor and their subsidiaries and associates, and their respective directors, officers and employees, from and against all reasonable liabilities (including, without limitation, legal fees and disbursements on a full indemnity basis) made against, suffered or incurred by such party arising out of the performance of the Financial Advisor under the agreement.

The Financial Advisor does not own any Shares and does not have the right or option to subscribe for or nominate persons to subscribe for Shares.

Letter of Representation to YSX regarding the Listing

MSEC, as a holder of a securities licence in Myanmar, issued a letter to Yangon Stock Exchange Joint-Venture Company Limited in March 2016 stating that in its opinion the Company meets the YSX's criteria for the listing of the Shares on the YSX.

LISTING

The Company has applied for the Shares to be listed on the YSX. If listing approval is granted, the Company expects the Shares will be able to be traded on the YSX on the first day the YSX is open for trading.

No Shares are being offered for subscription or sale pursuant to this disclosure document for Listing.

The Board of Directors shall ensure that the Company will comply with all the requirements and rules of the YSX.

ESTIMATED EXPENSES OF THE LISTING

The Company will pay the expenses relating to the Listing, which are estimated to be approximately Ks 1 billion, details of which are set out below.

(1)	Listing fees:	Ks 200 million
(2)	Printing and advertising costs:	Ks 50 million
(3)	Professional advisory Fees:	Ks 700 million
(4)	Others:	
	- Depository fee:	Ks 25 million
	- Securities registrar fee:	Ks 25 million

CAPITALIZATION

The following table sets forth our capitalization (including indebtedness) on a consolidated basis as at 30 September 2015.

(Ks'000)

Particulars		**As at 30 September 2015 (unaudited)**
Current Indebtedness:		
Borrowings		-
Redeemable Preference Shares[1]		227,000
Deposits and balances from customers, by the bank entity		830,236,407
Total Current Indebtedness		**830,463,407**
Non-Current Indebtedness:		
Borrowings		11,295,000
Total Non-Current Indebtedness		**11,295,000**
Total Indebtedness(A)		**841,758,407**
Shareholders' Equity:		
Share capital		23,480,013
Share premium		70,282,041
Reserves		6,223,658
Retained profit		78,990,908
Total Shareholders' Equity	**(B)**	**178,976,620**
Capitalization	**(A+B)**	**1,020,735,027**

Note:

1. These redeemable preferences shares were redeemed on 18 November 2015.

PART VI. RISK FACTORS

An investment in the Shares involves significant risks and is suitable only for those persons who understand the risks highlighted in this disclosure document for Listing. You should consider carefully each of the following risks described in this section and all of the other information set out in this disclosure document for Listing before deciding to invest in the Shares. These are not the only risks we face. Some risks are not yet known to us and there may be others which we currently believe are not material but may subsequently turn out to be so. The occurrence of any of the following events, or the occurrence of other risks that are not currently known or are now deemed immaterial, could cause our business, results of operations, cash flows, financial conditions and prospects to suffer, and any investment in the Shares could be, directly or indirectly, materially and adversely affected. In the event that this occurs, the trading price of the Shares could fluctuate or decline and you may lose all or part of your investment in the Shares.

RISKS RELATING TO OUR BUSINESSES GENERALLY

Due to the Restructuring (as defined below), our results of operations for FY 2014-2015 are not directly comparable with FY 2013-2014 and we do not expect them to be reflective of our results of operations for FY 2015-2016

In FY 2014-2015 and the first four months of FY 2015-2016, as part of our strategy to focus on the financial services, real estate and healthcare sectors, we undertook a major restructuring of our business. Please refer to "Issuer Information – Organisational Structure – Outline of Subsidiaries and Associated Companies – Restructuring" beginning on page 59 for further information. Due to the Restructuring, our results of operations for FY 2014-2015 are not directly comparable with FY 2013-2014 and are not expected to be reflective of our results of operations for FY 2015-2016. Our net profit of Ks 73,123,169,000 for FY 2014-2015 included a Ks 60,490,657,000 profit from non-operating activities, which included a Ks 60,641,122,000 gain from the disposal of Associates and Subsidiaries. These Associates and Subsidiaries were disposed of as part of the Restructuring. During the first four months of FY 2015-2016, we disposed of a 40.0% interest in FMI Air, which decreased FMI's equity interest in FMI Air to 10.0% and resulted in FMI Air no longer being a Subsidiary, and a 15.0% interest in PHIH, which decreased our equity interest in PHIH to 60.0%. For further details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Events After 31 March 2015" on page 117.

In order to provide a more meaningful comparison of our financial condition and results of operations as at and for the years ended 31 March 2014 and 2015, we have included in this disclosure document for Listing unaudited pro forma consolidated financial statements for both periods showing how our financial condition and results of operations would have looked like had the Restructuring been completed as of 1 April 2013. For details, see "Index to Unaudited Pro Forma Consolidated Financial Information" on page 164. The unaudited pro forma consolidated financial information has been prepared for illustrative purposes only and is not necessarily indicative of the consolidated financial position or the results of operations in future periods or the results that actually would have been realised during the specified periods.

We are reliant on FMI's Executive Chairman

U Theim Wai @ Serge Pun, FMI's Executive Chairman and a director of each of our Subsidiaries, is a highly experienced businessman and through his years in Myanmar, he has developed extensive experience and relationships with government officials and other important persons within and outside of Myanmar. In addition, FMI has benefited from opportunities to invest in real estate projects and other businesses opportunities that have been brought to FMI directly or indirectly by him. FMI has invested in real estate projects with Yoma Strategic Holdings Ltd. ("**Yoma Strategic**"), of which he is the Chairman and largest shareholder, and Serge Pun & Associates (Myanmar) Limited ("**SPA (Myanmar)**"), of which he is the Chairman and controlling shareholder. However, we do not have an agreement with U Theim Wai @ Serge Pun that requires him to offer any investment opportunities to us.

In addition, we derive benefits from other companies in the SPA (Myanmar) Group. In the event that U Theim Wai @ Serge Pun ceases to be a key shareholder of the Company or of SPA (Myanmar), some or all of these benefits may no longer be available.

If we were to lose the services of U Theim Wai @ Serge Pun and we are unable to ensure that an effective succession takes place, our businesses could be adversely affected.

So long as U Theim Wai @ Serge Pun continues to hold a significant ownership stake in the Company, he has the ability to control or influence the outcome of any matter submitted to shareholders for approval

U Theim Wai @ Serge Pun is the single largest shareholder of FMI, with a direct interest and indirect interest of 69.39% of the total issued Shares as at the date of this disclosure document for Listing. So long as U Theim Wai @

Serge Pun continues to hold a significant ownership stake in the Company, he will have the ability to control or influence the outcome of any matter submitted to Shareholders for approval.

Our share of net profit of Associates – net of tax was very material to our profit from operating activities in FY 2013-2014 and FY 2014-2015 and we expect that it will continue to be very material to our results of operations in the future. While we may have representation on the respective boards of the Associates, and/ or other shareholder rights, the controlling shareholders of these companies may have interests that are unaligned with our interests

In FY 2014-2015, our profit from operating activities was Ks 13,739,854,000 and our share of net profit of Associates – net of tax was Ks 15,452,800,000. In FY 2013-2014, our profit from operating activities was Ks 12,932,173,000 and our share of net profit of Associates – net of tax was Ks 11,430,867,000. We expect that our share of net profit of Associates – net of tax will continue to be very material to our results of operations in the future. While we may have representation on the respective boards of the Associates, and/ or other shareholder rights, the controlling shareholders of these companies may have interests that are unaligned with our interests. In addition, we are reliant on the controlling shareholders of our Associates to appoint the senior management to run those businesses. In the event that our Associates perform poorly, our ability to replace the management, cause management to adopt certain measures, or otherwise generally influence the policies of management to improve performance in a timely manner is limited, which could have a material adverse effect on our results of operations. Furthermore, we have a limited ability to influence the timing and amount of the payment of dividends from Associates, which may have an adverse effect on our cash flows.

A potential conflict exists between Section 105C of the Companies Act ("Section 105C") and Article 42 of Table A of the First Schedule to the Companies Act ("Table A-Article 42") in relation to the offering of new shares in a company, which could give rise to an action against the Company by a Shareholder and if the court finds in favour of such Shareholder, it could award damages or declare the issuance of certain Shares void, which could have a material adverse effect on our business, financial condition and results of operations

There is a potential conflict between Section 105C of the Companies Act, which states that when directors decide to issue further shares, such shares should be offered to existing members in proportion to the existing shares held by each member, and Table A-Article 42, which provides an exception to the requirement of Section 105C where shareholders have approved the issuance of shares contrary to this requirement. The Company adopted the provisions of Table A-Article 42 in its Articles of Association (which are contained in Article 46 of its Articles of Association (as amended)).

The Company has issued Shares, after obtaining Shareholders' approval, on various occasions in order to pay for the acquisition of shares in various companies based on the provision of Table A-Article 42, and Article 46 of the Company's Articles of Association of the Company. For details of Shares issued in such instances since 1 April 2013, see "Information on the Company's Management, Shareholders and Shares – Description of the Company's Shares" beginning on page 125. In addition, as these Shares were issued in consideration for shares in other companies and not for cash, only those Shareholders who held shares in the other companies were capable of accepting any such offer. In addition, after obtaining Shareholders' approval, on 30 July 2015, the Company issued 1,000,000 Shares at a par value of Ks 1,000 per Share to Yoma Myittar Development Co., Ltd. as part of the Company's Employee Share Incentive Scheme.

As far as the Company is aware, there has been no action brought against a company for a breach of Section 105C. The Company believes that the above referenced Shares were validly issue in accordance with the Companies Act and Table A-Article 42 and Article 46 of the Company's Articles of Association. However, the Company cannot assure you that if an action were brought against it by a Shareholder claiming that it breached Section 105C, the Company would prevail. If the issue of such Shares by the Company is found to have contravened Section 105C, the court may award damages or declare the issuance of such Shares void, which could have a material adverse effect on our business, financial condition and results of operations.

If Yoma Thitsar, FMI's wholly-owned subsidiary, is prosecuted for operating the FMI Trading Centre and found to be in breach of Sections 55(a) or 55(b) of the Securities Exchange Law, it could be fined and, although the law is uncertain on this issue, there is a possibility that the directors and key executives of Yoma Thitsar (who are currently also the Executive Directors of FMI) could also be punished with imprisonment for a term not exceeding five years or fined or both, any of which could have an adverse effect on our reputation, business, financial condition and results of operations.

Since February 2006, in the absence of any viable securities market, Yoma Thitsar has operated the FMI Trading Centre at the FMI Centre in order to provide a liquid market for Shareholders to buy and sell their Shares. The FMI Trading Centre took over from the original FMI share trading platform that began operations in 1993. Subsequent to the start of Yoma Thitsar's service, the Securities Exchange Law came into effect on 31 July 2013.

Section 55(a) of the Securities Exchange Law provides that no person shall carry out any securities business (which is defined to include securities brokerage) without a licence. Securities brokerage is defined as acting as an intermediary to carry out the buying and selling of securities on behalf of customers in consideration of a commission, fee or other remuneration. Yoma Thitsar does not have a licence to carry out any securities business.

Section 55(b) of the Securities Exchange Law provides, in part, that no person shall carry out the functions of an Over-the-Counter Market or carry out similar functions of an Over-the-Counter Market without a licence from the Securities and Exchange Commission of Myanmar. Over-the-Counter Market means an organized market for the trading of unlisted securities. Yoma Thitsar does not have a licence to operate an Over-the-Counter Market.

Section 67(a) of the Securities Exchange Law provides that during the transitional period before the securities market can be distinctively established and systematically operated in accordance with the law in Myanmar, the Union Government shall define a transitional period, which to date it has not done. While in expectation of the transitional period, we determined that closing the FMI Trading Centre would be of significant inconvenience to Shareholders if there was no viable alternative market for them to trade their FMI Shares. Therefore, we will close the FMI Trading Centre when the YSX or a licenced Over-the-Counter Market comes into operation.

While we believe the service provided by Yoma Thitsar does not contravene the Securities Exchange Law, if Yoma Thitsar is prosecuted for breaching either Sections 55(a) or 55(b) of the Securities Exchange Law or both and is found guilty of breaching the law, in accordance with Section 61 of the Securities Exchange Law, it shall be punished with a fine (the maximum amount of which is not stated), which could have a material adverse effect on our financial condition and results of operations. As far as we are aware, there have been no cases involving alleged breaches of Sections 55(a) or 55(b) and as such it unclear whether directors or key executives of a company found to have breached these sections can also be punished for those breaches. The penalties for an individual are imprisonment for a term not exceeding five years or a fine or both. The directors and key executives of Yoma Thitsar are U Theim Wai @ Serge Pun, U Linn Myaing and U Tun Tun, all of whom are the Executive Directors of FMI. If any of them were to be imprisoned, it could have a material adverse effect on our reputation and business.

We recognised a significant amount of goodwill in connection with the Restructuring. In addition, we may recognise additional goodwill in connection with future acquisitions. If we recognise an impairment loss, there could be a material adverse effect on our financial condition and results of operations.

We recognised a significant amount of goodwill in connection with the Restructuring. As at 31 March 2015, goodwill on our balance sheet was Ks 52,730,352, comprising Ks 51,490,489 in goodwill from the addition of Yoma Bank as a subsidiary and Ks 1,239,863 from the addition of PHIH as a subsidiary. The valuation of Yoma Bank, which gave rise to the aforementioned goodwill, was determined by independent third party valuers, which partly relied on financial forecasts from Yoma Bank's management.

In addition, we may recognise additional goodwill in connection with future acquisitions. We perform impairment testing of goodwill annually and whenever there is an indication that the goodwill may be impaired. We recognise an impairment loss when the carrying amount of a cash generating unit ("**CGU**"), including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from an asset or CGU. The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period. If we recognise an impairment loss, there could be a material adverse effect on our financial condition and results of operations.

If we are required to repurchase a 40.0% equity interest in FMI Air, raising the required capital to pay for the shares could have a material adverse effect on our financial condition

Effective 30 June 2015, we sold a 40% equity interest in FMI Air (the "**Sale Shares**") to Yangon Land Co., Ltd ("**Yangon Land**"), a wholly owned subsidiary of SPA (Myanmar). Yangon Land has an option to sell the Sale Shares back to us at any time up to and including 30 June 2025. The transaction price will be the net asset value or the fair value of the Sale Shares, whichever is higher. If the parties cannot come to an agreement on the price, a third-party valuer will be used. If Yangon Land exercises its option, there can be no assurance that we would have sufficient financial resources available to pay for the Sale Shares. Raising the required capital to pay for the Sale Shares could have a material adverse effect on our financial condition.

ADDITIONAL RISK FACTORS FOR OUR FINANCIAL SERVICES SEGMENT

RISK FACTORS FOR YOMA BANK

The value of our collateral may decrease or we may experience delays in enforcing the sale of collateral when borrowers default on their obligations to us, which may result in failure to recover the expected value of collateral security, exposing us to a potential loss

As required under the CBM regulations, all of our loans are backed by eligible collateral. Eligible collateral includes cash savings or fixed deposits at our Bank, immovable property (such as apartments and shop houses), plant and equipment and gold. Under our current credit policy, the permitted maximum loan to value ratio is 70%, which is the maximum allowed under the CBM regulations. However, we may not be able to realize the full value of our collateral as a result of, among other factors:

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from third parties);
- fraud by borrowers;
- decreases in value of the collateral; and
- an illiquid market for the sale of the collateral.

If we are unable to realize an amount from the collateral to cover the loan amount and our costs of enforcing the sale of the collateral, we would suffer a loss, which could have an adverse effect on our financial condition and results of operations.

Our Bank's success depends, in large part, upon our Bank's management team and skilled personnel and our ability to attract and retain such persons. Further, we do not have "key man" insurance policies

Our Bank's performance and success depends largely on our ability to nurture and retain the continued service of our management team and skilled personnel. We have been successful in recruiting bankers with strong international and local experience from reputable financial institutions such as JP Morgan, Wells Fargo, Credit Suisse, and Morgan Stanley to complement our long standing local team, many of whom have been with us for more than a decade.

We do not have "key man" insurance policies to cover for the loss of our senior management. Furthermore, there is strong competition to attract and retain experienced banking professionals and if we are unable to continue to retain and attract key personnel in the future, it could have material adverse effect on our business, financial condition and results of operations.

Volatility in interest rates could have a material adverse effect on our cash flows and results of operations

Our Bank's results of operations largely depend on its net interest income. For FY 2013-2014 and FY 2014-2015, our Bank's net interest income (i.e., gross interest income minus interest expense) represented 32.6% and 50.1% of our Bank's total income, respectively. As at 31 March 2015, our Bank's interest-earning assets comprised fixed interest rate assets and our interest-bearing liabilities also had fixed interest rates. Any decrease in the interest rates applicable to our Bank's assets, without a corresponding decrease in the interest rates applicable to our Bank's liabilities, will result in a decline in our Bank's net interest income and consequently reduce our Bank's net interest margin.

The CBM regulations provide for a minimum interest rate payable on savings deposit accounts, at call deposit accounts and fixed deposit accounts, which is currently 8.0% per annum. However, competition for deposits means we offer rates for fixed deposit accounts over and above the minimum interest rate set by the CBM. Increased competition could lead us having to offer higher interest rates payable on deposits. As CBM regulations limit the maximum amount of interest we can charge on loans (which is currently 13.0% per annum), we will not be able to pass on the costs of any increase in the rates we pay on deposits to the customers, which could reduce our Bank's net interest income and have a material adverse effect on our cash flows and results of operations.

The contingent liabilities have arisen in the normal course of our Bank's business and if any of these contingent liabilities materialize, it could have a material adverse effect on our financial condition and results of operations.

Weaknesses, disruption or failures in IT systems could adversely impact our business

We recognise the importance of strong IT systems to support our future growth. We are in the process of developing a centralized core banking system ("**CBS**"), which will provide a common and stable operating platform to develop multi-channel service delivery. The CBS will be implemented in phases and is expected to be fully implemented before the end of Q2 FY 2016-2017. The platform will be capable of processing complex transactions that can serve a large and growing customer base through a number of real time delivery channels such as ATMs, a call centre and mobile banking. We expect to be heavily reliant on IT systems in connection with financial controls, risk management and transaction processing in the future. Our dependence upon automated IT systems to record and process transactions may increase the risk that technical system flaws will result in losses that are difficult to detect. As a result, we face the risk that the design of our controls and procedures may prove inadequate thereby causing delays in detection or errors in information.

Our on-line delivery channels are subject to various risks such as network connectivity failure, information security issues and browser compatibility issues. We may also be subject to disruptions of our IT systems, arising from events that are wholly or partially beyond our control (including, for example, damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from third parties such as internet backbone providers). So far, we have not experienced widespread disruptions of service to our customers, but there can be no assurance that we will not encounter disruptions in the future due to substantially increased number of customers and transactions, or for other reasons. In the event we experience systems interruptions, errors or downtime (which could result from a variety of causes, including changes in customer use patterns, technological failure, changes to systems, linkages with third party systems and power failures), this may give rise to deterioration in customer service and to loss or liability to us and may materially and adversely affect our business, financial condition and results of operations.

If our policies and procedures to identify, monitor and manage risks are not fully effective, it could materially and adversely affect our business, financial condition and results of operations

We have devoted significant resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, see "Issuer Information – Financial Services – Risk Management" on page 67. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. If our policies and procedures to identify, monitor and manage risks are not fully effective, it could materially and adversely affect our business, financial condition and results of operations.

If we fail to effectively manage our growth, it may adversely impact our business

The Bank's total assets have grown from Ks 398,854,403,000 as at 31 March 2014 to Ks 743,917,590,000 as at 31 March 2015. We plan to significantly increase the value of our loan book, which is the majority of our total assets. Our ability to effectively manage our growth depends primarily upon our ability to manage key issues, such as selecting and retaining skilled manpower, achieving cost efficiencies, maintaining an effective technology platform that can be continually upgraded, improving our risk management systems, developing a knowledge base to face emerging challenges and ensuring a high standard of customer service.

We may face maturity mismatches between our assets and liabilities. Our funding is primarily through short-term deposits, and if depositors do not roll over deposited funds on maturity or if we are unable to continue to increase our deposits, our financial condition and results of operations could be adversely affected

Our assets have short term maturities. As at 31 March 2015, 96.5% of our Bank's source of funds consisted of deposits, of which 83% consisted of current deposits, savings deposits and at call deposits and 17.0% consisted of fixed deposits. As at 31 March 2015, the largest deposit with our Bank represented 1.7% of total deposits and the top 10 largest deposits combined represented 6.3% of total deposits. In our experience, a substantial portion of our Bank's customer deposits have been rolled over on maturity and have been, over time, a stable source of funding. However, if a significant portion of our Bank's depositors do not roll over deposited funds upon maturity or do so for a shorter maturity than that of our assets, our Bank's liquidity position could be adversely affected. We may be forced to pay higher interest rates in order to attract further deposits, which could have a material adverse effect on our results of operations.

If we are unable to control the level of our non-performing loans ("NPLs") in our portfolio effectively in the future, our financial conditions and results of operations may be adversely affected

As at 31 March 2015, we had negligible NPLs in our portfolio. However, if we are unable to control our NPLs in the future, it could have a material adverse effect on our financial condition and results of operations.

If we do not comply with the covenants in our loan agreement with IFC, IFC can call for an early repayment of the loan

Our Bank entered into a loan agreement dated 16 September 2014 with IFC (the "**IFC Loan Agreement**"), a member of the World Bank Group. Under the IFC Loan Agreement, IFC provided our Bank with a convertible loan of Ks 4.855 billion to finance our Bank's general lending activities. The IFC Loan Agreement sets out certain covenants which our Bank has to comply with. If our Bank does not comply with these covenants, IFC can call for an early repayment of the loan.

FMI's 51.0% equity interest in Yoma Bank could be diluted if IFC is issued shares in Yoma Bank

The IFC Loan Agreement provides that IFC shall, if it is legally able to do so within three years of the date of the disbursement of the loan to Yoma Bank, convert half of its loan into 5% of the share capital of Yoma Bank. This three-year period may be extended for one year by mutual agreement of the parties. In addition, IFC has the option on the third anniversary of the date of disbursement of the loan to Yoma Bank, if it is legally able to do so, of purchasing additional shares of Yoma Bank up to 5% of the share capital of Yoma Bank (the full exercise of which in conjunction with the first share conversion would result in IFC owning 10% of the issued shares in Yoma Bank). This date may be extended by up to one year by mutual agreement of the parties. Myanmar law currently prohibits non-Myanmar persons, such as IFC, from owning shares in a Myanmar bank. If the law is changed to allow non-Myanmar persons to own shares in a Myanmar bank and IFC is issued shares in Yoma Bank, FMI's 51.0% equity interest in Yoma Bank will be diluted, which could have an adverse effect on our financial condition and results of operations.

<u>RISK FACTORS FOR DIGITAL MONEY MYANMAR</u>

Digital Money Myanmar's money transfer service, 'Wave Money', has not started yet and there can be no assurance that it will achieve commercial viability

Digital Money Myanmar's money transfer service, 'Wave Money', has not been implemented yet and the unproven potential of its proposed new business model in Myanmar makes any evaluation of its business or its prospects difficult. We expect Wave Money to be begin operating by the end of FY 2015-2016. No assurance can be given that the company will achieve commercial viability through the successful implementation of its business plans.

Digital Money Myanmar's business is subject to competition from other providers of mobile payment services in Myanmar

As at 30 September 2015, there were three providers of mobile payment services in Myanmar (Myanmar Mobile Money, 663 Mobile Money and MyKyat) and other mobile operators, banks and payments companies have announced plans to launch similar services. If Digital Money Myanmar fails to compete effectively it will have an adverse effect on its business, financial condition and results of operations.

Security breaches could have an adverse effect on Digital Money Myanmar's business

If Digital Money Myanmar's security measures are breached, or if its products are subject to cyber-attacks that restrict user access to its products, its products may be perceived as less secure than alternatives and users may stop using Digital Money Myanmar's products, which would have an adverse effect on its business, financial condition and results of operations.

A failure of Digital Money Myanmar's technology platform could seriously impact Digital Money Myanmar's ability to trade

Digital Money Myanmar is a technology business which provides the systems that allow users to send and receive mobile payments. If there is a failure of the technology platform that enables the provision of these services, and this failure prevents Digital Money Myanmar from processing transactions, it will seriously impact Digital Money Myanmar's ability to trade and have a consequential adverse impact on its business, financial condition and results of operations.

Changes in regulations could have an adverse effect on Digital Money Myanmar's business

Digital Money Myanmar may be subject to increasing regulatory constraints, particularly with respect to money transfers. There is not yet a robust regulatory framework covering mobile payments in Myanmar, and any changes to existing regulations could adversely affect Digital Money Myanmar's business, financial condition and results of operations.

ADDITIONAL RISK FACTORS FOR COMPANIES IN THE REAL ESTATE SEGMENT

If companies in the Real Estate Segment do not differentiate themselves and compete effectively, it could have a material adverse effect on their business and our financial condition and results of operations. In addition, an increase in competition among property developers may result in, amongst other things, increased costs to acquire land to develop, an increase in construction costs and increased competition for high quality contractors and qualified employees, any of which could have a material adverse effect on the business of companies in the Real Estate Segment and our financial condition and results of operations

Companies in the Real Estate Segment operate in an environment characterised by numerous companies competing on the basis of price, quality, capability, reliability, track record and location. Companies in the Real Estate Segment must continually differentiate themselves to maintain their competitive advantages and to compete effectively in this environment in order to achieve financial success. In the event that companies in the Real Estate Segment are unable to do so, it could have a material adverse effect on their business and our financial condition and results of operations.

In addition, foreign property developers are now competing for real estate development projects in Myanmar. Many of these property developers may have significant financial, managerial, marketing and other resources, as well as experience in property and land development. Competition with these developers may be intense and may result in, amongst other things, increased costs to acquire land to develop, an increase in construction costs and increased competition for high quality contractors and qualified employees, any of which could have a material adverse effect on the business of companies in the Real Estate Segment and on our financial condition and results of operations.

Non-compliance with the terms of an agreement for land held under a right to develop the land or a build-operate-transfer agreement may result in the loss of such land

Some of the companies in our Real Estate Segment have the right to develop land pursuant to agreements with the government. These agreements include a number of specific conditions that must be complied with. If these conditions are not complied with, the government may be able to revoke a company's rights under the agreement without compensation, which could have a material adverse effect on that company's business and our financial condition and results of operations.

A decrease in the demand for new properties could have a material adverse effect on the business of companies in the Real Estate Segment and on our financial condition and results of operations

A decrease in demand for new properties could have a material adverse effect on the business, financial condition and results of operations of companies in the Real Estate Segment. For instance, since October 2014, the sale of high-end units in Yangon has slowed significantly, with many high profile projects reporting sales of just one or two units in Q4 2014 and several developers reporting no sales at all in Q1 2015. (Source: *Yangon Real Estate Review Q2 2015),* a publication of Frontier Myanmar Research and Advisory). For more details, see "Industry Information – Real Estate" beginning on page 36. This slowdown has also adversely affected sales of properties by companies in the Real Estate Segment and if this slowdown continues it could have a material adverse effect on the business of companies in the Real Estate Segment and on our financial condition and results of operations.

Changes in business environment factors in relation to property development could have a material adverse effect on the business of companies in the Real Estate Segment and on our financial condition and results of operations

The project period of a property development can last for many years, depending on the size of the development. Changes in the business environment during the tenure of a project may affect the revenue and cost of the development, which could directly impact the profit margin of the project. Factors which affect the profitability of a project may include, but are not limited to:

- delays encountered in procuring the necessary approvals from the relevant regulatory authorities and government bodies;
- a decrease in the demand for new properties;

- delays encountered in construction schedules due to poor weather conditions, labour disputes and any other unforeseen circumstances.

- unexpected expenses and liabilities, which could result in losses that may not be adequately compensated by insurance proceeds and/or contractual indemnities.

The occurrence of any of the above could have a material adverse effect on the business of companies in the Real Estate Segment and on our financial condition and results of operations.

If a company in our Real Estate Segment fails to obtain, maintain or renew the required approvals and permits for a development, it could have material adverse impact on the business of that company and on our financial condition and results of operations

Real estate development is an area that is subject to government regulation. Real estate development companies are required to possess various approvals and permits from the government to carry out developments. If a company in our Real Estate Segment fails to obtain, maintain or renew the required approvals and permits for a development, it could have material adverse impact on the business of that company and our financial condition and results of operations.

Reforms in the property and construction sectors could increase costs

The government may enact or update existing building industry, workplace health, safety and environmental rules and regulations that could adversely affect the operating and compliance costs for companies in the Real Estate Segment.

Decreases in property prices could adversely affect the business, financial condition and results of operations of companies in the Real Estate Segment

Property prices are generally affected by the supply and demand for properties, which in turn is affected by local market sentiments and expectations as well as the economy. Any economic recession or negative market sentiment may therefore have an adverse effect on the demand for the properties of companies in the Real Estate Segment and the pricing thereof, which would have an adverse effect on the business of those companies and on our financial condition and results of operations.

The construction of properties is dependent on the services of contractors

Companies in the Real Estate Segment rely on contractors for the construction of their properties. In the event these contractors experience financial or other difficulties that affect their ability to carry out the work for which they were contracted to complete, it could cause delays or failure in the completion of developments or result in additional costs for companies in the Real Estate Segment. Any of these factors could have a material adverse effect on the business of companies in the Real Estate Segment and on our financial condition and results of operations.

Increases in raw material prices may adversely affect construction costs

Prices of raw material used in the property development businesses, such as ready-mixed concrete, steel reinforcement bars, precast components, tiles, concreting sand, cement, steel welded mesh, steel strands, mild steel, stainless steel, aluminium, glass, wood and paint, will fluctuate according to the varying levels of supply and demand of these materials. Many of the projects in the Real Estate Segment will be completed over a number of years and it is difficult to predict the price of such raw materials. As such, the raw material costs incurred for a project may exceed initial projections, which could have a material adverse effect on our results of operations.

Unsold properties may be illiquid

Although companies in the Real Estate Segment generally commence construction of a development project after a substantial number of properties have been sold, there is no assurance that companies in the Real Estate Segment will be able to sell the remaining properties, even after completion of the project. Such unsold properties may be relatively illiquid and cannot be converted into cash on short notice, which could have a material adverse effect on cash flows.

Delays in payments and defaults by purchasers could adversely affect cash flow

Payments from purchasers are generally made according to prescribed payment schedules. Delays in payments from purchasers could result in a prolonged time lag between disbursements for operating expenses and the receipt of payments from purchasers, which could adversely affect the cash flows from operations of companies in the Real Estate Segment. In addition, there is the risk that debtors will default on their obligations, in which case the defaulted property will be re-sold in the market.

Variations in estimated and actual floor areas could be material and investors should not place undue reliance on the estimated gross floor area and saleable/leasable area of the properties in this disclosure document for Listing.

The estimated gross floor area and saleable/leasable area of the properties in this disclosure document for Listing are part of the current architectural plans on which construction is based or is to be based, and may differ from the actual gross floor area and saleable/leasable area once construction of a property has been completed. In addition, the architectural plans may be changed at a later date, which could result in a smaller actual gross floor area and saleable/leasable area once construction of a property has been completed. These differences could be material and investors should not place undue reliance on the estimated gross floor area and saleable/leasable area of the properties in this disclosure document for Listing.

If the cost of construction of the proposed Yangon Peninsula Hotel exceeds the agreed budget, FMI will be liable to pay for 20% of such costs overruns although it will only have an effective 6% equity interest in the company that owns the hotel.

On 28 January 2014, FMI and Yoma Strategic entered into an agreement with, amongst others, The Hongkong and Shanghai Hotels, Limited ("**HSH**") and Peninsula International Investment Holdings Limited, a wholly-owned subsidiary of HSH, in relation to the redevelopment of the former headquarters of Myanmar Railway Company into the Yangon Peninsula Hotel. Pursuant to the agreement, Yoma Strategic and FMI have agreed to be liable for any cost overruns (subject to certain exceptions) over the agreed budget for the redevelopment of the building, with FMI liable for 20% of any such cost overruns. On 25 January 2016, the parties subscribed for shares in Peninsula Yangon Holdings Pte. Limited, a Singapore holding company through which the hotel will be developed, with HSH having an effective 70% equity interest, Yoma Strategic an effective 24% equity interest and FMI a 6% equity interest in such company. Any material cost overruns on the project could have a material adverse effect on our financial condition and results of operations.

ADDITIONAL RISK FACTORS FOR OUR HEALTHCARE BUSINESS

Our healthcare business may not be profitable in future periods

Our healthcare segment made a loss after tax of Ks 236,106,000 for FY 2013-2014, and a profit after tax of Ks 1,811,354,000 for FY 2014-2015. In FY 2014-2015, PHIH made a gain of Ks 10,938,647,000 from the sale of land not required for the hospital to Yangon Land. At the time of the sale of the land, FMI held a 35.0% equity interest in PHIH, so our share of the gain, after net off with other losses, was Ks 3,287,418,000. Without the gain from the sale of the land, our healthcare segment would have made a loss after tax for FY 2014-2015. Our healthcare segment may not be profitable in the future, and if it is, we cannot assure that we would be able to sustain such profitability.

We may not be able to successfully develop new hospitals

Our growth will primarily depend on our ability to develop new hospitals in a timely and profitable manner. The development of new hospitals is subject to, among other things, risks relating to the identification of appropriate sites, as well as development, construction and financing risks. The pace of our hospital expansion will be driven by the profitability of our existing operations. The more successful we are in proving our business model, the faster we will develop new hospitals.

We require land in order to construct new hospitals. There can be no assurance that we will be able to identify land sites for our future hospitals that meet our investment criteria. The number of attractive land sites may be limited or may not be available on commercially reasonable terms.

Construction of new hospitals is characterized by long gestation periods and entails significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference and unanticipated cost increases, any of which could give rise to delays or cost overruns. Any significant increase in the price of construction materials, for example, would increase our cost of development. Difficulties in obtaining any requisite licences, permits, allocations or authorizations from regulatory authorities could also increase the cost, or delay the construction or opening, of new hospitals.

We intend to finance the development of the new hospitals through the infusion of new equity from YSHPH's current shareholders, financing from banks and other third party finance providers and cash generated from operations. Our ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in us, success of our business, provisions of tax and securities laws that may be applicable to our efforts to raise capital, any restrictions imposed by banking institutions on providing financing to companies operating in the healthcare sector in Myanmar, and political and economic conditions in Myanmar. There can be no assurance that additional financing, either on a short-term or a long-term basis, if required, would be available to us or, if available, that such financing would be obtained on terms favourable or satisfactory to us.

As a result of these and other factors described herein, no assurance can be given as to whether or when the development of planned hospitals will be completed in full and within the projected time frame.

We are planning to increase the number of hospitals we operate and the implementation of our growth strategy may expose us to certain risks

We are planning to increase the number of hospitals we operate. See "Issuer Information – Healthcare – Strategy – Increase the number of hospitals we operate" on page 83. Risks that we face in executing our growth strategy include the following:

- the development of new hospitals is subject to, among other things, risks relating to the identification of appropriate sites, as well as development, construction and financing risks. See "—We may not be able to successfully develop new hospitals" above.

- we may not have sufficient cash or ability to raise additional financing to pursue our growth strategy. See "—We may not be able to successfully develop new hospitals" above;

- we may face difficulties in recruiting, training and retaining qualified personnel. See "—Our business and results of operations results could be harmed if we are not able to attract and retain doctors and other healthcare professionals" below;

- we may face difficulties in obtaining various licences or approvals from the government to open new hospitals and operate those hospitals. See "—Changes in or non-adherence to laws, rules and other regulations could have a material adverse impact our business" below;

- we may not be able to effectively manage relationships with a greater number of patients, suppliers, contractors and other parties;

- our growth strategy contemplates opening hospitals in areas of Myanmar in which we do not currently operate. There can be no assurance that we will be successful in expanding into geographic locations in which we have no previous experience;

- there can be no assurance that the demands of developing and operating new hospitals will not negatively affect our current operations as members of our senior management will have to be involved in the implementation of these new hospitals, which may leave them with less time to oversee our current business; and

- we may be unable to control the costs of our expanding business and ensure that our managerial, risk management, resource allocation, internal control, and compliance functions and management information system are able to cope with the additional requirements resulting from the expansion of our business.

If we are unable to manage these risks, our healthcare business and our financial condition and results of operations could be materially and adversely affected.

We are subject to all of the risks common in the healthcare industry

Generally, hospitals are subject to governmental regulation over their medical and surgical services, which could have a significant and possibly unfavourable effect on the price and availability of such services. See "—Changes in or non-adherence to laws, rules and other regulations could have material adverse impact on our business, financial condition and results of operations" Furthermore, hospitals face the risk of increasing competition from new products or services and the risk that technological advances will render their current medical and surgical services obsolete. See "—Rapid technological advances, technological failures and other challenges related to our medical equipment and information technology systems could adversely affect our business." The rising cost of healthcare technology may adversely impact the financial results of our business as well. Hospitals may also incur losses when adopting a new medical or surgical service, and revenue patterns may be erratic as a result.

Furthermore, hospitals may be affected by events and conditions including, among other things, demand for services, doctors' confidence in the facility, management capabilities, competition with other hospitals, efforts by insurers to limit charges, expenses, economic conditions, exchange rate fluctuation and the cost and the current unavailability of malpractice insurance. Additionally, natural disasters such as typhoons and flooding can have a significant impact on business continuity and accessibility.

The occurrence of any of the above could have a material adverse effect on our business, financial condition, and results of operations.

We depend on key individuals of our senior management team

Our senior management team is important to the success of our healthcare business. See "Issuer Information – Healthcare – Strengths – Experienced and Highly Qualified Senior Management Team" on page 82. If the services of any of these individuals were to become unavailable, and we were to be unable to find any suitable replacement on a timely basis, our healthcare business and our results of operations could be materially and adversely affected.

Rapid technological advances and other challenges related to our medical equipment could adversely affect our business

We use sophisticated and expensive medical equipment in our hospital to provide services. Medical equipment often needs to be upgraded frequently as innovation can rapidly make existing equipment obsolete or unable to provide services that patients require or demand. Replacement, upgrading, or maintenance of equipment may involve significant costs. Doctors and other medical professionals will also need to be trained on how to use the new equipment. If we are unable to keep up with technological advances, our doctors and patients may turn to other hospitals which have more advanced equipment and our competitive edge will be reduced, which may have a material adverse effect on our healthcare business and on our financial condition and results of operations.

Technology failures and other challenges related to our information systems could adversely affect our business

The performance of our information technology and systems is critical to the operation of our healthcare business. Our information systems are essential to a number of critical areas of our operations, including:

- accounting and financial reporting;
- billing and collecting accounts;
- clinical systems;
- diagnosis and treatment of patients;
- medical records and document storage; and
- inventory management.

Any system failure that causes an interruption in service or availability of our systems could adversely affect our operations or delay the collection of revenues. Even though we have implemented network security measures, our servers are vulnerable to computer viruses, break-ins, and similar disruptions from unauthorized tampering. The occurrence of any of these events could result in interruptions, delays, the loss or corruption of data, cessations in the availability of systems, all of which could have a material adverse effect on our results of operations and harm our reputation.

We may not be able to attract and retain doctors and other healthcare professionals

As is common in our industry, operations at our hospital depend on the efforts, ability and experience of the doctors and medical staff at our hospital. We compete with other healthcare providers in Myanmar and Southeast Asia in recruiting and retaining qualified doctors, nurses and other healthcare professionals. Doctor and nurse recruitment and retention are also adversely affected by a shortage of doctors and nurses in certain specialties.

The on-duty, salaried and resident doctor model is new in Myanmar, where most doctors practice in multiple hospitals. While we have been able to attract resident doctors who all possess extensive expertise in their fields, the ability to continue to attract such doctors is a key driver of our growth. Should we be unable to attract more salaried and resident doctors, our expansions plans could be adversely affected.

We have experienced and expect to continue to experience significant wage and benefit pressures created by the current global nursing shortage. We expect the global nursing shortage to continue, and we may be required to increase wages and benefits to recruit and retain nurses or increase the use of temporary personnel, which are more expensive.

The loss of some of our medical personnel or the inability to attract or retain sufficient numbers of qualified doctors and other healthcare professionals could have a material and adverse effect on our business, financial condition and results of operations.

Changes in or non-adherence to laws, rules and other regulations could have material adverse impact on our business, financial condition and results of operations

Healthcare is an area that is subject to extensive government regulation and dynamic regulatory changes. Our hospital, doctors, and other medical professionals are subject to laws and regulations, including, but not limited to, those relating to licensing, facility inspections, reimbursement policies, and control over certain expenditures. There may be periodic inspections by governmental and other authorities to ensure continued compliance with such laws and regulations. We are required to possess various licences or approvals to carry out our operations, including, among others, general corporate licences and hospital operational licences. We must renew all licences and approvals as they expire, as well as obtain new licences and approvals for new hospitals whenever required. There can be no assurance that we will be able to secure any necessary licence that has not been obtained and is currently being sought or any licences that may be required in the future, or that we will not receive sanctions arising from the failure to obtain any necessary licences. Exposure to sanctions under applicable laws and regulation could materially affect our financial condition and results of operations. If we fail to obtain, maintain or renew the licences or approvals required by the government to conduct our business, financial condition and results of operations could be subject to material adverse effect.

In addition, our hospital may contain, or their operations may utilize, certain materials, processes, or installations which are regulated pursuant to environmental laws and regulations, or may require environmental permits from regulatory authorities. These items include, but are not limited to, medical or infectious waste, incinerators, and small amounts of friable asbestos-containing materials. These environmental laws and regulations also impose liability on us for removal or remediation of hazardous or toxic substances. As a result, we may also be liable for government fines and damages for injuries to persons, natural resources, and adjacent property.

Our operating expenses could be higher than anticipated due to the cost of complying with existing and future environmental and occupational health and safety laws and regulations. The occurrence of any of the above could have a material adverse effect on our business, financial condition and results of operations.

Although we will take all steps to comply with the laws and regulations in connection with such materials, processes or installations, there is no assurance that environmental liabilities will not exist in the future, or that any such environmental liabilities will not be material to our healthcare business.

We may be subject to medical malpractice claims or other lawsuits

Our healthcare business runs the risk of medical and legal claims and/or regulatory actions arising from the provision of healthcare services. The existence of such claims may tarnish the reputation of our healthcare business and/or our doctors. If such claims succeed, our hospital may be liable for damages, fines or even face closure.

Medical malpractice claims are typically brought against the patient’s doctor and the claimant may also seek to include as a defendant/respondent the hospital at which treatment was given. Due to the fact that we treat complex medical conditions, which do not have guaranteed positive outcomes, we are exposed to such medical malpractice claims. We do not have malpractice insurance. Even if we obtain malpractice insurance, there can be no assurance that our medical malpractice insurance will be sufficient in meeting any liability that arises under medical malpractice claims. Further, even if our healthcare business is not involved in a medical malpractice claim, our association with a doctor involved in medical malpractice claim may adversely affect the reputation of our healthcare business.

The outbreak of swine flu, avian flu, SARS, Ebola or other potentially life-threatening illnesses or contamination may affect our healthcare business

The outbreak of an infectious disease in Asia (including Myanmar) and elsewhere, together with any resulting travel restrictions or quarantines, could have a negative impact on the economy and business activity in Myanmar and thereby adversely affect our healthcare businesses and our results of operations. Examples include the outbreak in 2003 of severe acute respiratory syndrome (SARS), the outbreak in 2004 and 2005 of Avian influenza, or “bird flu”, in Asia and, in April 2009, an outbreak of the Influenza A (H1N1) virus (swine flu), which originated in Mexico but spread globally including confirmed reports in Asia. An outbreak of avian flu, SARS, Ebola, the swine flu virus or another contagious disease or the measures taken by the governments of affected countries, including Myanmar, against such potential outbreaks, could seriously interrupt our operations or the services or operations of our suppliers. In particular, the outbreak of such infectious illnesses or contamination may lead the government to impose regulations on hospitals, affecting their normal routine of operations and possibly leading to a lower number of patients who are willing to visit a hospital, in particular in relation to non-critical procedures. Furthermore, any outbreak of such illnesses or contamination could, as a result of additional procedures we will need to put in place to protect against cross infection among patients, have an adverse effect on the number of patients we are able to treat, therefore resulting in a reduction in revenues from our healthcare business. Any of the foregoing matters could have a material adverse effect on our business and results of operations.

We are subject to competition from other hospitals and healthcare providers

The healthcare industry is competitive. Generally, other hospitals in Yangon provide services similar to those offered by our hospital. Further, our hospital faces competition from hospitals outside Myanmar, including hospitals in Thailand, India, Malaysia and Singapore, that may provide more complex services. Some of these competitors may be more established and have greater financial, personnel, and other resources than our hospital, and may seek to establish facilities in Myanmar. Some of our competitors may also have plans to expand their hospital networks, which may exert further pricing and recruitment pressure on us. If we are forced to reduce the price of our services or are unable to attract patients and doctors and other healthcare professionals to our hospital, our healthcare business and our financial condition and results of operations may be materially and adversely affected.

Our reputation is dependent on the consistency and quality of medical services provided by medical professionals at our hospital, not all of whom are directly employed by us

As at 30 September 2015, 75 of the 146 doctors practising in our hospital and clinic are not directly employed by us. As a result, our brand and reputation could be damaged by poor performance or incidents of malpractice by the doctors working at our hospital and clinic that we do not have complete control over. Furthermore, our limited ability to enforce uniform practices and standards among our non-employee doctors may limit our ability to establish a reputation for consistent standards of quality medical services.

We may be subject to unknown or contingent liabilities and other inherent operational and regulatory risks relating to hospitals that we acquire

As part of our expansion plans, we may acquire currently operating healthcare facilities from third parties. Hospitals that we acquire may have unknown or contingent liabilities, including liabilities for failure to comply with healthcare laws and regulations and litigation claims, and we may become liable for the past activities of such businesses. Unknown or contingent liabilities could have a material adverse effect on our financial condition and results of operations.

We depend on our ability to manage our inventory effectively

We depend on our ability to maintain an optimal level of inventory of drugs, medical equipment and related hospital goods. If we overstock inventory of drugs or maintain a large number of underutilized medical equipment, we may be required to increase our working capital and financing requirements and costs, which could adversely affect our financial condition and results of operations. Alternatively, if we are unable to secure the necessary amount of drugs and up to date medical equipment and related hospital goods, our ability to provide our hospital services may be affected and this could have a material adverse effect on our healthcare business and our results of operations.

GENERAL COUNTRY AND POLITICAL RISKS

Political, economic and social instability in Myanmar

All of our businesses and operations are based in Myanmar. Any unfavourable changes in the social and political conditions of Myanmar may adversely affect our businesses, financial condition and results of operations.

Changes in government legislation, regulations and policies

Any change in government legislation, regulations or policies directly or indirectly affecting our businesses or the markets in which we operate could have a negative effect on the demand for our products and services. Furthermore, any change in the application and treatment of such legislation, regulations or policies to us may adversely affect our businesses. Either of these circumstances could, in turn, have a material adverse impact on our businesses and our financial condition and results of operations.

Foreign exchange risk

Currently, there are no financial instruments available to any public company in Myanmar which will allow us to effectively hedge against the currency fluctuation risks of the Kyat. Should the Kyat depreciate against other currencies, such as the US$, the price of imported goods will rise, which could have an adverse impact on our business, financial condition and results of operations.

Limited accessibility of publicly available information and statistics in Myanmar

Under the current business environment in Myanmar, it may be difficult to obtain up-to-date information and statistics on other businesses in Myanmar. As such it may be difficult to gauge our performance, which may lead to inefficient pricing of the Shares due to incomplete market information. Further, inaccurate information may make it difficult for us to access the prospects and potential of any business opportunities available to us from time to time and may consequently adversely affect our business decisions, which could in turn materially and adversely affect our financial condition and results of operations.

RISKS RELATING TO AN INVESTMENT IN THE SHARES

The price of the Shares may be volatile

The trading price of the Shares may fluctuate due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Myanmar and global economy and significant developments in Myanmar's fiscal regime, volatility in the Myanmar and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of the Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of the Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of the Shares.

FMI will be one of the first companies to list shares for trading on the YSX. Investors may experience problems that may include temporary closure of the YSX to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers

The YSX is a new stock exchange implementing new procedures. It may experience issues related to the frequency of trading, operating hours, limitation of daily moves, and fluctuations in the price of listed securities. Investors may also experience problems including a temporary closure of the YSX to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, investors may no longer be able to buy and sell shares on the over the counter market that was previously operated by us.

Rules and regulations related to securities in Myanmar are still being developed, which may create legal uncertainty in certain circumstances

Trading on the YSX has not begun yet and the rules and regulations related to securities in Myanmar are relatively new. As such, investors may be exposed to uncertainty and differences in application and interpretation of such rules and regulations.

Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements. Also, our key investment strategy is to retain the majority of our profits to reinvest into our underlying businesses to encourage further growth without the need to raise new capital. For further details, see "Issuer Information – Strategies – Reinvest Profits in Underlying Businesses" on page 56. There can be no assurance that we will be able to pay dividends in the future.

Any future issuance of the Shares by the Company or sales of the Shares by any of its significant shareholders may adversely affect the trading price of the Shares

There is no restriction on our ability to issue Shares or our major shareholders' ability to dispose of their Shares, and we cannot assure you that we will not issue Shares or that any major shareholder will not dispose of, encumber, or pledge its Shares. Further issuances of Shares may dilute your shareholding if you do not purchase the Shares you are entitled to in an offering and may adversely affect the trading price of the Shares. Such Shares may also be issued at prices below the then current trading price of the Shares. Sales of Shares by our major shareholders may also adversely affect the trading price of the Shares.

Negative publicity may adversely affect the trading price of the Shares

Negative publicity, including those relating to any of our Directors or Executive Officers, may adversely affect the price of the Shares.

Unauthorised information may adversely affect the trading price of the Shares

There has been press coverage regarding us and the Listing in certain news publications in Myanmar, which included certain financial information, valuations, and other information ("**Information**"). We do not accept any responsibility for the accuracy or completeness of the Information and that the Information was not sourced from or authorised by us for dissemination to the public. We do not make any representation as to the appropriateness, accuracy, completeness or reliability of any of the Information and the underlying assumptions. We disclaim any Information to the extent that such is inconsistent with, or conflicts with, the information contained in this disclosure document for Listing. In this regard, potential investors are cautioned to make their investment decisions on the basis of the information contained in this disclosure document for Listing and other information publicly announced by us after the date of this disclosure document for Listing and you should not rely on any other information.

PART VII. INDUSTRY INFORMATION

Unless otherwise specified, market data and certain industry forecasts used throughout this disclosure document for Listing have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. While we have taken reasonable action to ensure that statements from third party sources have been reproduced in their proper form and context, none of FMI, the Financial Advisors and our and their respective directors, employees, agents and professional advisors have conducted an independent review of the content or independently verified the accuracy thereof. Industry publications are prepared based on information as of specific dates and may no longer be current or reflect the current trend. Accordingly, investors should not place undue reliance on the information contained in this section.

FINANCIAL SECTOR

*Unless otherwise indicated, all financial and statistical data in this sub-section is from a report titled 'Myanmar's Financial Sector – A challenging environment for Banks' by Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH ("**GIZ**"), dated February 2015 (the "**GIZ Report**"). The views expressed in the GIZ Report do not necessarily reflect the views and policies of GIZ or its Management Board. GIZ does not guarantee the accuracy of the data included in the GIZ Report and accepts no responsibility for any consequence of their use.*

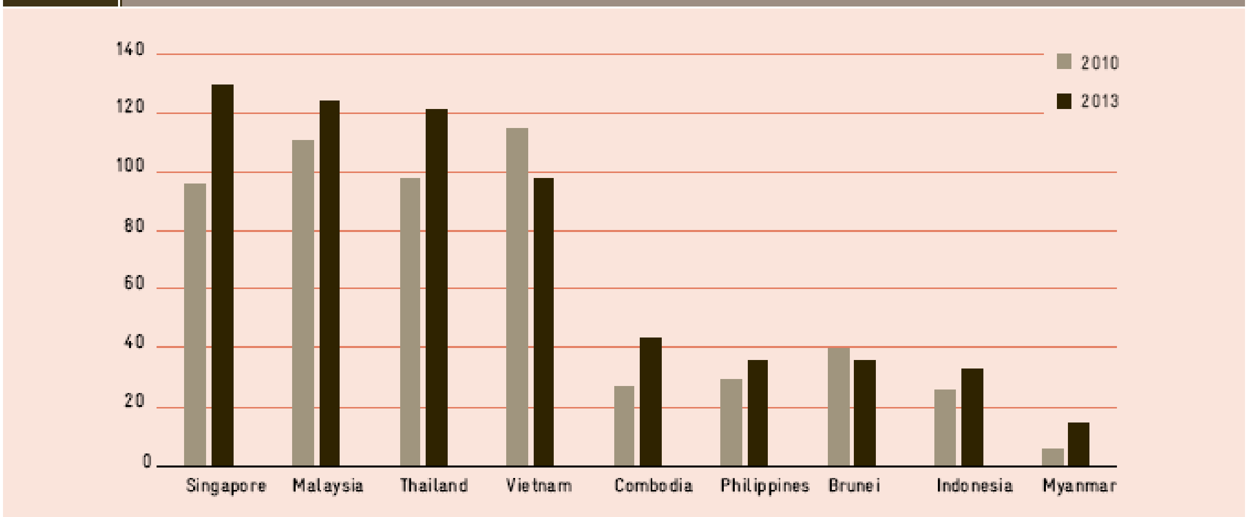
Overview of the Financial Sector in Myanmar

The financial sector in Myanmar comprises state owned banks, private banks, representative offices of foreign banks, branch offices of foreign banks and finance companies. As at 10 October 2015, there were four state owned banks, 23 private banks, representative offices of 25 foreign banks, branches of nine foreign banks and 10 finance companies. (Source: *http://www.cbm.gov.mm/*, accessed 10 October 2015).

An efficient financial sector reduces the cost and risk of producing and trading goods and services and thus makes an important contribution to raising the standard of living. In Myanmar, the financial sector has fulfilled its role as a financial intermediary only to a limited extent. For almost five decades, Myanmar's population and economy faced restrictions. The international sanctions imposed on Myanmar led to international isolation of the nation. Myanmar is the poorest country in Southeast Asia, with a GDP per capita of USD 1,113, compared with Lao's USD 1,646, Indonesia's USD 3,475 and Thailand's USD 5,779. (Source: World Bank, 2014). Furthermore, as shown in Figure 1 below, Myanmar´s financial sector is the least developed in the region.

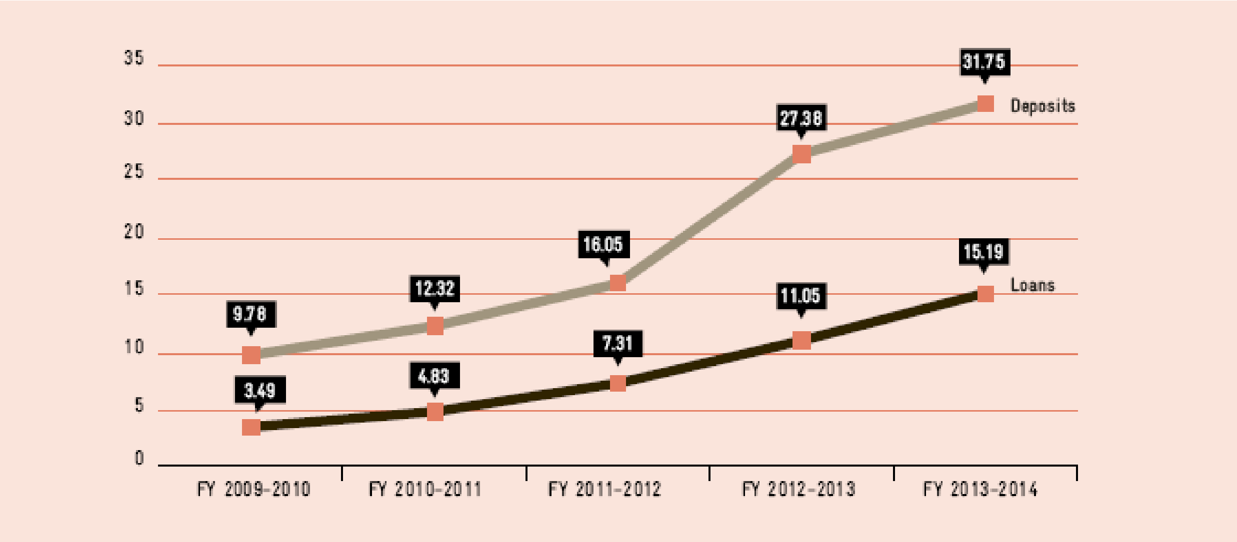
Figures 1 and 2 set forth below use the financial intermediary ratio (credit to GDP) to illustrate the status and development of the financial sector from both a regional perspective and over time.

Figure 1 Domestic credit to the private sector (% of GDP)



Reference: IMF (2014)

Figure 2 Financial intermediation in Myanmar over the last five years (% of GDP)



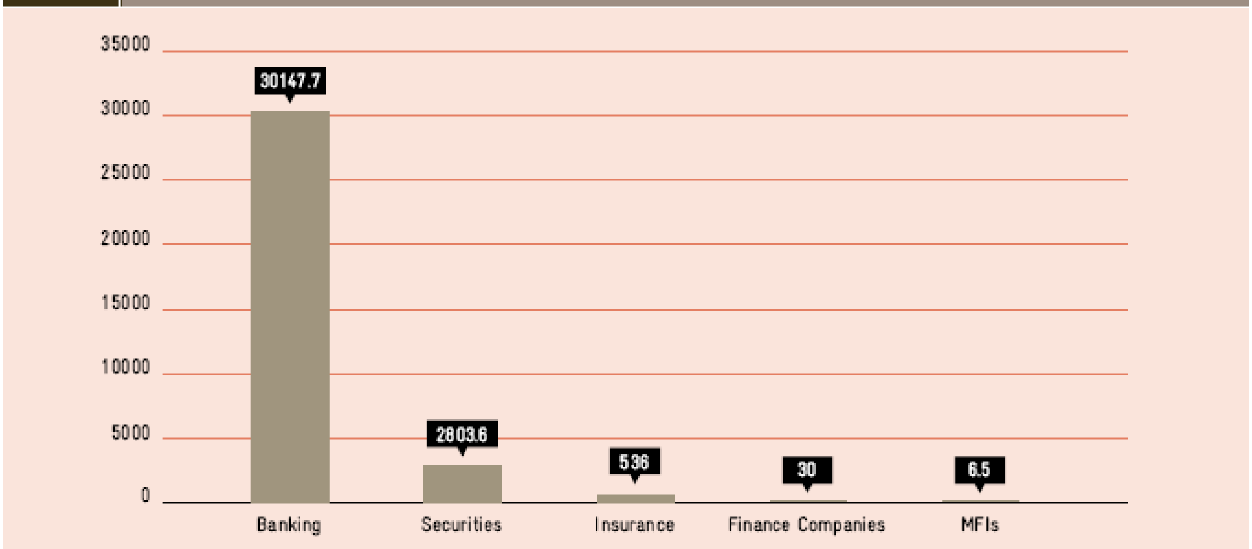
Reference: GIZ(2014), CBM (2014), IMF (2011& 2014)

The financial intermediary ratio is a common standard for assessing the development of the financial sector. Myanmar was the only country in ASEAN (Association of Southeast Asian Nations) that did not increase its financial intermediary ratio between 2001 and 2011. Although it has increased since 2010, it is still the lowest in ASEAN countries (Figure 1). According to the GIZ Report, Myanmar's financial system cannot adequately support the country's economic development. However Myanmar's financial intermediation, both in terms of bank credit and deposit, has been improving significantly during the last four years (Figure 2).

Similar to other ASEAN low-income countries (Cambodia: 98.6%, Lao PDR: 98.2%, Vietnam: 96.7% of total assets in the financial sector held by banks as at 2011), the Myanmar financial sector is dominated by the banking sector, which represents about 90% of all financial sector assets as at the end of FY 2013- 2014. Nevertheless, the banking sector in Myanmar is at a rudimentary stage. As at the end of FY 2013-2014, the 26 banks held total assets of Ks 30.15 trillion, which equals 55% of GDP, compared with 117% of GDP in Thailand.

Set forth below is a chart depicting the size of Myanmar's financial sector in terms of total assets as at the end of FY 2013-2014:

Figure 3 Size of Myanmar financial sector in terms of total assets in 2014 (MMK billion)



Reference: GIZ (2014), CSO (2014), MI (2014), CBM (2014)

A series of reforms has been underway since the current Myanmar government was elected in 2010. CBM has started to revise the legal framework and various requirements for the financial sector in order to modernize the infrastructural and institutional framework, liberalize the foreign exchange market, relax administrative controls, allow more competition and innovations, and improve fiscal and foreign exchange management capacities. A new Foreign Exchange Management Law and exchange rate regime (managed float exchange rate system) were introduced in April 2012. The 35-year old peg to the Special Drawing Rights (SDR) at Ks 8.51/SDR was replaced by a managed float, which defines the market-determined reference rates through daily auctions at CBM. The Foreign Exchange Management Law and its associated rules have lifted all restrictions on transactions in the current account of the country's balance of payments, such as transactions on exports and imports of goods and services. Private banks were allowed to open foreign exchange counters in October 2011, private non-bank money changers in December 2012 and an interbank foreign currency exchange market in August 2013. The 2012 Foreign Exchange Management Law has been amended recently as another step towards promoting an active interbank foreign currency exchange market. According to the new regulations, exporters and importers must use banks for foreign currency transactions. The new regulations also require lenders with foreign exchange licenses to check that exporters with foreign currency accounts deposit their export earnings in their bank accounts.

History of Banking Sector in Myanmar

Myanmar's banking history dates back to the 19th century, when Myanmar was under British colonial rule and the Indian Presidency Bank of Bengal opened its Yangon branch in 1861. The Yangon branch office of the Reserve Bank of India became the first Central Bank in Myanmar (1939 – 1947). After Myanmar's independence in 1948, the banking sector, including domestic and foreign banks, developed quickly under the democratic government and accounted for at least one-third of Myanmar's GDP. But after the Revolutionary Council had taken state power, all banks (ten domestic and 14 foreign) were nationalized in 1963. One consequence of the then established socialist banking system was the country-wide deployment of nationalized banks which was intended to create more outreach (banks were almost exclusively present in Yangon before).

A total of three demonetization waves hit the country since independence, the most recent one in 1987, which rendered 75% of the currency in circulation worthless. New financial laws such as the Central Bank of Myanmar Law and the Financial Institutions of Myanmar Law were promulgated in July 1990. Subsequently, the first private bank licences were issued in 1992. In early 2003, the collapse of numerous Ponzi type institutions, which took advantage of a weak interest rate policy at that time, finally led to a banking, a financial, and an economic crisis in Myanmar. Most monetary transactions through the banks stopped which included the payment of employees and business operations. While private banks tried to acquire liquidity through selling their properties, they were also compelled to recall their loans, which in turn forced individuals and companies to sell assets and suspend or close down their business operations to meet their loan obligations. As one of the consequences, a secondary market for frozen bank accounts emerged, with prices largely under face value. Trust in the banking and financial sector, already shaken by the waves of demonetization, was severely affected by this banking crisis.

To regain public confidence, private banks put much effort into providing good customer services. Since the financial year 2007, their efforts proved successful with loan and deposit portfolios growing steadily. Nevertheless, Myanmar's banking sector remains underdeveloped and the economy functions in large on a cash basis.

Banks

The commercial banking sector is gaining importance in Myanmar. As at 10 October 2015, there were four state owned banks, 23 private banks, representative offices of 25 foreign banks and branches of nine foreign banks. (Source: *http://www.cbm.gov.mm/*, accessed 10 October 2015).

The 27 Myanmar banks had accumulated assets amounting to around 55% of GDP. According to the GIZ Report, state-owned banks are still in a dominant position.

As at August 2014, 1,300 bank branches (state-owned, semi-governmental and private banks) operate in Myanmar, of which approximately 40% belong to the state-owned banks. While the number of state-owned bank branches has remained stable over the previous years, private and semi-governmental banks are expanding their branch network rapidly. On the national level, there are 2.5 banks per 100,000 people. Nevertheless, because of the different characteristics of the provinces, this number differs when looking at the sub-union level. Most banks per person can be found in Nay Pyi Taw Union Territory, where 3.8 bank branches serve 100,000 persons. Least served is Kayin State with 1.5 bank branches per 100,000 persons. In general, differences on the sub-union level exist, but are less distinct than one would expect. Partly responsible for this are two state-owned banks, MEB and MADB, which represent more than 500 out of the total 1,300 bank branches. The branches of these two state owned banks are to be found especially in rural areas across the country. Private and semi-governmental banks on the other hand are concentrated in urban areas.

Domestic banks can generally be classified in terms of ownership. The GIZ Report has discussed three categories of banks, namely (1) government owned banks, (2) semi-governmental and private banks and (3) foreign banks.

Government Owned Banks

Myanma Economic Bank ("**MEB**"), Myanma Foreign Trade Bank ("**MFTB**"), and Myanmar Agricultural Development Bank ("**MADB**") were all established under the socialist Union of Burma Bank Law in 1975. A fourth state bank, the Myanma Investment and Commercial Bank ("**MICB**"), was set up in 1990 in order to stimulate the growth of industry and production in the country.

According to the GIZ Report, state-owned banks are losing market share to their private competitors. They are struggling to keep pace with the growth and reforms of their private sector peers. They face challenges especially with respect to capitalization, information technology and their policy framework. Lacking recapitalization limits the growth of these institutions. Deficiencies with respect to most modern means of information technology hamper efficiency. Political goals (subsidized loans to certain groups) limit their operational freedom.

MEB is the country's largest bank in terms of outreach, with its domestic banking network of over 310 branches across the country. With its extensive branch network across the country, MEB provides financial services in rural areas where 70% of the Myanmar population lives. Furthermore, MEB provides subsidized loans to other banks in order to enable them to serve specific target groups. Because of this, MADB and SMIDB in particular received credits well below the market rate to serve farmers and SMEs, respectively. Also due to the provision of subsidized loans, MEB has accumulated substantial losses. According to OAG, MEB operated at loss from 1990 to 2012. To cover the losses, Ks 79 billion of the state's budget have been used in FY 2012-2013.

MFTB specializes in international banking. It was the only bank to do such business until MICB was established in 1990. All government departments and state economic enterprises keep their foreign exchange accounts with this bank. Some private companies, but mainly private individuals, particularly sailors, have accounts at MFTB.

MADB is the largest state-owned bank in terms of loans (as at 2012). It was founded in 1953 under the State Agricultural Bank Act and was part of the People's Bank of the Union of Burma between 1969 and 1975. It extends credits to farmers in order to support the development of agriculture and livestock, as well as rural enterprises According to the GIZ Report, proposals for the restructuring of MADB are being discussed.

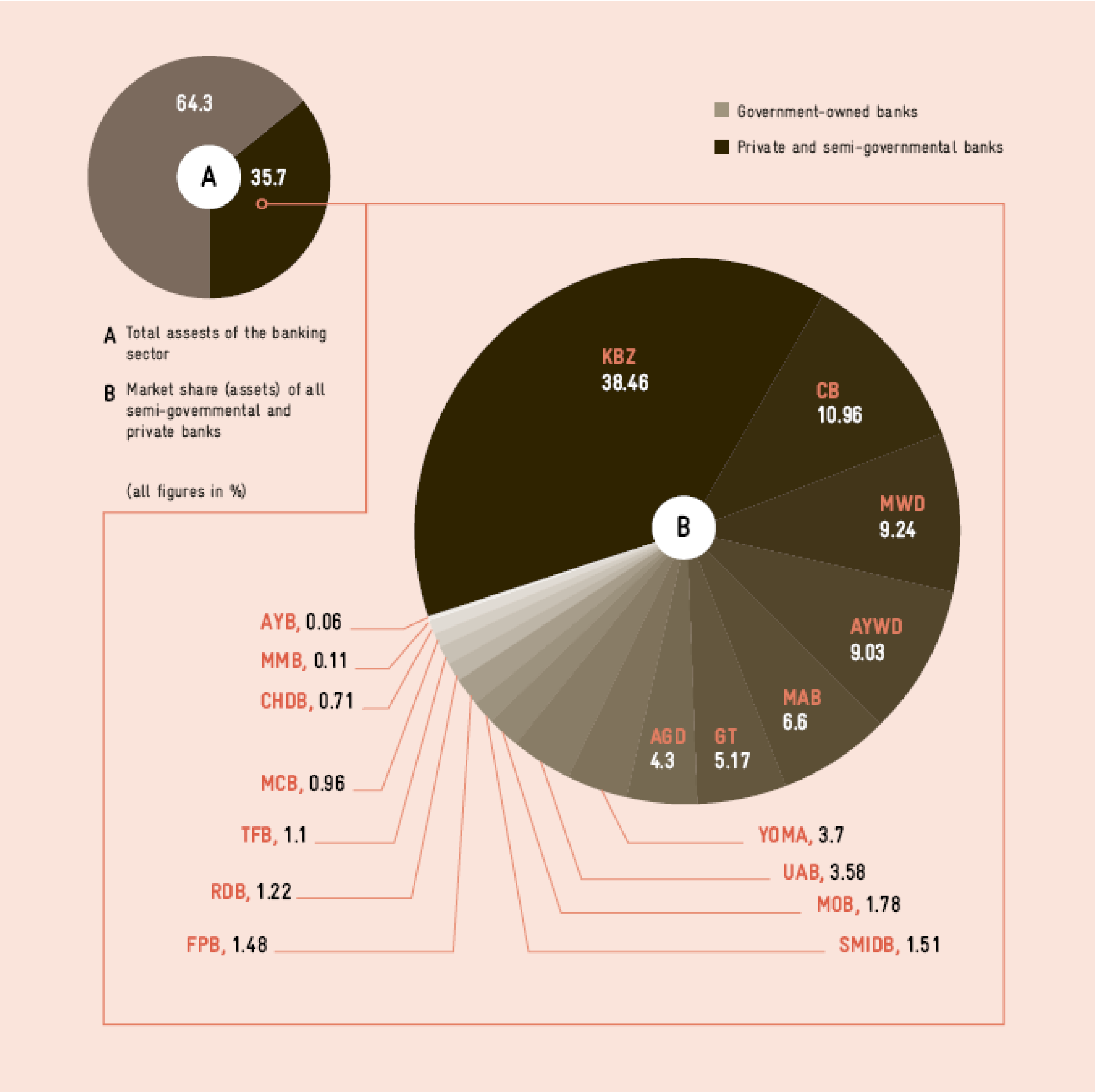
MICB, which is smaller than MEB and MFTB and overlaps with each of them, is carrying out both domestic and foreign currency businesses. Its main business is extending banking services to private companies, including foreign joint ventures

Semi-Governmental and Private Banks

In comparison to state-owned banks, semi-governmental and private banks play a leading role in terms of marketing campaigns and technological innovation (e.g. introduction of debit and credit cards or instalment of ATMs). Existing rules and regulations limit the ways banks can differentiate each other via products or prices. The ways semi-governmental and private banks operate also do not differ significantly from each other. However, a major difference between semi-governmental and private banks can be observed when it comes to the use of profits. While the profits of private banks in most cases directly go to their respective business group owning the bank, public banks pay – partly linked to high interest rates on deposits - relatively high dividends to their shareholders (on average 20%). A number of new institutions (re)joined the existing banks in the last few years. In 2010, four new banks (Myanmar Apex Bank, United Amara Bank, Asia Green Development Bank, and Ayeyarwady Bank) were founded, and Yoma Bank regained its full banking licence in 2012. Two new semi-governmental banks were founded in 2013: the Microfinance Bank controlled by the Ministry of Cooperatives and the Construction and Housing Development Bank controlled by the Ministry of Construction. Additionally, in 2015 the Myanmar Gems Entrepreneurs Federation announced plans to open a public bank, as did the Myanmar Tourism Federation.

Looking at only the private and semi-governmental banks, over 60% of the market share is held by the top four banks: Kanbawza Bank, Myawaddy Bank, Co-Operative Bank and Ayeyarwady Bank. Apart from these four banks, the other private and semi-governmental banks are Myanmar Apex Bank, Asia Green Development Bank, United Amara Bank, Yoma Bank, Global Treasure Bank and Myanmar Oriental Bank. According to the GIZ Report, they all belong to the top 10 banks in terms of asset size. Set forth below is figure 10 from the GIZ Report.

Figure 10 Market share (in terms of assets) of all operating semi-governmental and private banks as of March 2014



Reference: CBM (2014), GIZ (2014)

Legends: AGD: Asia Green Development Bank; AYB: Asia Yangon Bank; AYWD: Ayeyarwady Bank; CB: Co-operative Bank; CHDB: Construction and Housing Development Bank; FPB: First Private Bank; GT: Global Treasure Bank; KBZ: Kanbawza Bank; MAB: Myanmar Apex Bank; MCB: Myanmar Citizens Bank; MMB: Myanmar Microfinance Bank; MOB: Myanmar Oriental Bank; MWD: Myawady Bank; RDB: Rural Development Bank; SMIDB: Small and Medium Industrial Development Bank; TFB: Tun Foundation Bank; UAB: United Amara Bank; YOMA: Yoma Bank.

Foreign Banks with Bank Branches in Myanmar

Before 1963, foreign banks were allowed to perform all banking functions like local banks. In some areas such as foreign trade, they were more active than their local counterparts. In 1963, a total of 14 foreign banks, including Chartered Bank, OCBC, and HSBC, were nationalized by the then military government and foreign banks were not granted licences to operate in Myanmar. At the time of the bank nationalization in 1963, foreign banks represented more than half of the total capital in the sector. The Financial Institutions of Myanmar Law 1990 allowed foreign banks' representative offices in the country. Since 1994, foreign banks have started opening their representative offices in the country. They are not permitted to conduct banking business in Myanmar. Most of them are primarily engaged in gathering information for their foreign customers trading with Myanmar.

In October 2014, the government announced that nine foreign banks will be allowed to provide banking services to foreign corporations and domestic banks. These nine banks are: Australia and New Zealand Banking Group Limited, Bangkok Bank, Bank of Tokyo-Mitsubishi UFJ, Industrial and Commercial Bank of China, Malayan Banking Berhad, Mizuho Bank, Overseas-Chinese Banking Corporation, Sumitomo Mitsui Banking Corporation and United Overseas Bank. Each foreign bank is allowed to open a branch at only one location and is not permitted to offer retail banking services. The foreign banks are permitted to engage in wholesale banking, grant loans and take deposits from foreign corporates and domestic banks in international currency and Kyats. They can also make loans to local companies in coordination with local banks by establishing a syndicated loan extension program. The selected foreign banks are expected to contribute to the development of the domestic banking sector by participating in the interbank market, by lending to domestic banks, by engaging into foreign exchange business, etc. A possible extension of the scope of licence or relaxation on foreign banks will be considered within 12-24 months. As at 10 October 2015, all nine of the foreign banks had opened a branch and commenced business. (Source: *http://www.cbm.gov.mm/*, accessed 10 October 2015).

On 14 December 2015, the CBM announced that it will initiate a second round of foreign bank licencing in early 2016. License holders will be subject to the same restrictions on foreign banks described above. The CBM has stated that foreign banks headquartered in countries which successfully obtained licences the first time round such as Australia, Japan, Malaysia, China, Singapore, and Thailand will not be able to participate in this round.

Mobile Banking

Since December 2013, CBM has allowed local banks to provide mobile banking services. Limits have been set on both transaction amount and number of transactions per day: per transaction amount is limited to Ks 500,000, and three transactions can be made per day, totalling not more than Ks 1.0 million. According to the GIZ Report, the government plans to increase telephone density from 50% in FY 2014-21515 to 80% in FY- 2015-2016 mainly by mobile phone network. As at September 2014, the teledensity had reached 25.08% (11.6 million of Myanmar Posts and Telecommunication, 1.6 million of Ooredoo and 0.26 million of Telenor), which indicates a lot of potential for the expansion of mobile banking networks.

Five local banks (CB, FPB, MWD, Innwa, and AYWD) have introduced mobile banking services. However, the functions vary from one bank to another depending on the technology provided by their mobile network operators. The benefit of the system is to have access to the banking facilities without visiting the bank, which saves time and transportation costs. As money can be kept electronically in a mobile phone, mobile banking will help transform the current cash-based economy to a lesser cash-based one and promote financial inclusion.

Focus on SME Finance

Strengthening small and medium-sized enterprises ("**SMEs**") is a key element of the Myanmar government's Framework for Economic and Social Reforms (Government of Myanmar 2013). SMEs represent over 99% of the total industries in Myanmar, but at least half of them are not registered officially, and hence exact figures for this sector do not exist. Apart from a strong need for infrastructure modernization and skilled labor, SMEs need a reliable legal framework and funding. A new SME law is in the drafting stage and the institutional landscape has started to change, e.g., set up of an SME Development Center at the Ministry of Industry. Several Myanmar banks have furthermore started to or plan to have customized SME loan products. While other banks also do business with SMEs, they do not have specific SME products or monitor this particular target group separately. Available data (especially the low penetration of the financial sector) as well as interviews by GIZ with banks and SME suggest a substantial lack of access to formal financial services for SMEs. Reliable data to measure this SME finance gap are, however, not available.

Banks cite the prohibitive regulatory framework conditions as the main obstacles for developing their SME finance segment. This includes the strict collateral requirements and short repayment periods that usually do not exceed 12 months. The loan amount granted on average is furthermore only 50% of the forced sale value of the collateral item(s). Hire purchase is a relatively new lending model in the Myanmar banking sector, but is rather used for consuming than business investment purposes. For start-up businesses, financing still remains a big challenge as there is no special loan program provided for new businesses, and credits are only extended to businesses running for more than three years. A credit guarantee scheme for SMEs shall be set up by 2015. However, the funding, set-up, and legal framework for such a credit guarantee scheme are still under discussion.

Institutions and Infrastructure

Apart from the banks themselves, the Myanmar banking sector is made up of the following key institutions:

- The Myanmar Banks Association;
- The Myanmar Institute of Banking; and

- Myanmar Payment Union.

The Myanmar Banks Association was formed in April 1999 to provide a platform for domestic banking industry issues and to cooperate on an international level (e.g., with the ASEAN Bankers' Association). All local banks are members of the association. In September 2013, U Thein Tun, Chairman of Tun Foundation Bank, was elected Chairman of MBA. The three Vice-chairmen were from First Private Bank (Dr. Sein Maung), Yoma Bank (U Theim Wai @ Serge Pun), and KBZ (U Than Cho). This change in leadership, which is actively supported by CBM, is also accompanied by institutional changes. The Myanmar Banks Association is in the process of becoming an independent organisation.

The Myanmar Institute of Banking was founded in 2002 and is a quasi-department within MBA, providing banking training, in particular from the entry to middle management levels. Various training courses on general banking topics are being conducted at the Myanmar Institute of Banking in Yangon to upgrade local banking through full-time and part-time training courses on banking. Due to decades of isolation, according to the GIZ Report, the Myanmar Institute of Banking struggles to upgrade training content and methodology to international standards. Whereas the classes do provide a general overview and understanding of the functions and structures of financial and banking markets, the Myanmar Institute of Banking largely lacks specific courses on specialized banking topics targeted at specialists and management of banks. In addition to this, the demand for the classes greatly exceeds the supply.

The Myanmar Payment Union ("**MPU**") was formed in 2011 to reform the Myanmar payment system. MPU is becoming a national payment brand. MPU started its operations in September 2012. Its business model is similar to that of China Union Pay (CUP). For example, all MPU cardholders can have access to any ATM of all member banks and also make payments at any POS of all member banks for goods and services they purchase. ATM operations (cash dispensing, balance inquiry, account transfer, and mini-statements) were re-launched in November 2011. In October 2012, MPU debit cards were introduced. CUP (China Union Pay) and JCB (Japan Credit Bureau) cards as well as Visa and MasterCard transactions were introduced in 2013 and can be used by foreign account holders. Visa launched a cooperation arrangement with eight local banks in 2013. In turn, MasterCard has been cooperating with nine local banks since August 2012. MPU plans to issue an international MPU credit card scheme in 2015 and has invited Visa and MasterCard to join the MPU network. However, the American financial service providers remain reluctant as some of MPU's shareholders appear on U.S. sanctions lists.

As at January 2013, nine domestic banks and 280 agents across Myanmar have been linked to about 500,000 Western Union agents around the world. Xpress Money, another global leader in money transfer services, in collaboration with the two local banks, the Myanmar Citizen Bank and the Small & Medium Industrial Development Bank, launched its international money transfer and remittance services for Myanmar nationals working abroad in April 2013. Further international money transfer service companies such as MoneyGram are trying to engage with local banks to facilitate their services. According to the International Organization for Migration, official remittance flows into Myanmar amounted to an estimated USD 566 million in 2012. The GIZ Report notes that the majority of flows is outside the formal financial sector and, therefore, unregistered. According to the GIZ Report, the development of the financial sector as well as the proliferation of internet and mobile banking are likely to bring larger parts of the remittance flow back into the official sector. Banks are trying to improve their payment services by upgrading their IT systems and expanding their networks locally and externally through correspondent banks.

REAL ESTATE

*Unless otherwise stated, all information used in this sub-section has been obtained from the Yangon Real Estate Review (Q2 2015), a publication of Frontier Myanmar Research and Advisory ("**Frontier Myanmar**"). Frontier Myanmar publishes its figures for area in square metres (sq. m.). One sq. m. is equal to approximately 10.76 sq. ft.*

Overview of Yangon

Yangon is the largest city in Myanmar, with a population of 7,360,703. (Source: the 2014 Myanmar Population and Housing Census).

Yangon is the commercial and financial capital of the country. It is home to just over 14% of the national population, and contributes around a fifth of the country's GDP. Yangon is likely to remain the commercial and financial centre, as well as the hub for foreign investment, as virtually all international companies have their country head offices in the city.

The population in Yangon has grown rapidly, from 2.5 million in 1998 to 7.3 million in 2014 – an average growth rate of 6.9% per year. (Source: the 2014 Myanmar Population and Housing Census). Assuming relative political stability, and a continuation of the recent programme of economic reform, the city is now on the brink of enormous change. If the past average growth rate of 6.9% per year continues, Yangon's population will almost double to 14.2 million by 2024.

The Yangon Residential Real Estate Market

Residential Property in Yangon

The type, quality and pricing of housing in Yangon varies dramatically. Extreme differences can be found in the quality and price of residential property even within a specific neighbourhood.

Yangon lacks detailed records on the breakdown of residential property by type and district. According to research conducted by Yangon City Development Committee ("**YCDC**") and Japan International Cooperation Agency (JICA), some 79% of residential property consists of detached houses, with around 17% made up of collective housing or apartments, although the latter figure seems low in Frontier Myanmar's view.

A full building census was undertaken in 2014 by YCDC. Results have not yet been made public, but the provisional population census published in Q3 2014 found that Yangon contains some 1.7 million households. (Source: the 2014 Myanmar Population and Housing Census).

This overview focuses on high-end residential property, particularly mid to high-end apartment buildings (commonly referred to in Myanmar as condominiums) which represents the most dynamic and commercially active segment of the market.

According to Frontier Myanmar's research, there are around 5,000-6,000 completed condominium units in the central Yangon area, excluding those under construction. This figure rises when including projects in outer suburban areas of the city, such as STAR*CITY in Thanlyin, which is the single-largest residential scheme in Yangon to date.

However, the numbers clearly remain very small for a city of at least five million people, and reflect several factors, including the lack of larger residential projects built over the past several decades—partly due to sanctions and legal issues—and the relatively limited size of the market that has been able to afford high-end residential property.

That is now changing, and a large number of new condominium projects announced from 2012-2014 are expected to be completed in 2015-2018, adding a significant amount of new supply.

Current Supply Trends

In 2014 there was a huge increase in the number of YCDC building permissions, as the chart below shows. YCDC approved a total of 6,913 buildings, making 2014 a record breaking year in terms of both the number of high-rise and low-rise projects approved.

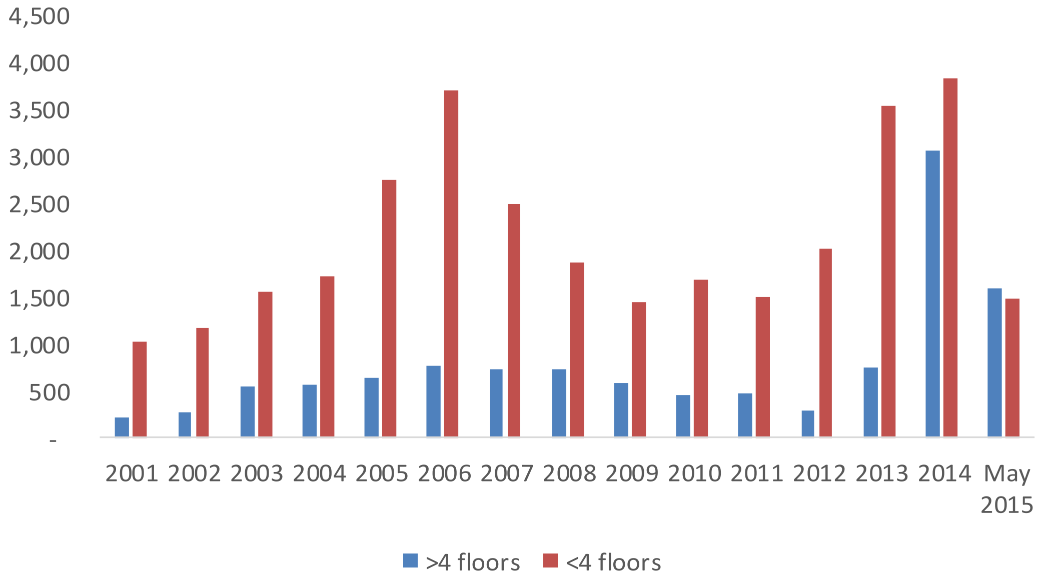
Approval for low rises saw a 410% jump, with 3,067 approvals in 2014 compared to just 748 in 2013. The year with the second highest number of low-rise approvals from YCDC was 2006, with 764.

The pace of YCDC approvals picked up between January and May 2015, with over 3,000 buildings approved.

The monthly average for this period reached 634 approvals, higher than the 2014 average of 532 per month. Disaggregating these figures, the statistics show a marginal increase in the amount of low-rise approvals over this period.

In Q2 2015, YCDC also approved the design of 17 high-rise buildings, ranging between 13 and 30 storeys in height.

YCDC building permissions, 2001-May 2015



Source: Building Department, YCDC.

YCDC also approved 3,846 high rise developments in 2014, compared to 3,548 in 2013. The 2014 figure is the highest on record for high-rise approvals. High rise buildings are classified by YCDC as having four storeys or more.

The figures relate to all types of property, including detached houses and apartments, but the vast majority are thought to be residential buildings.

Condominium Launches

According to Frontier Myanmar's research, around 11,187 new condominium units were launched in the market between 2010 and Q2 2015. More than half of the new units sold in 2010 were in the first phase of STAR*CITY. Other projects launched around this time include the Royal Yaw Min Gyi condominium in downtown Yangon, and phase two of Shwe Hin Thar on Pyay Road.

Investors who bought off-plan units in these projects several years ago have enjoyed handsome returns, with prices having often trebled or quadrupled. A further 580 units came onto the market in 2011, adding to more than 1,600 from the previous year.

Notable residential projects completed in the second quarter of 2015 include Orchid Condominium and Royal Sin Min Condominium, adding 187 and 124 units, respectively, to supply. Higher-end residential projects set for completion in the second half of 2015 include Crown Condominium, Golden Link Condo, Golden Parami Condo, River View Point, Royal Malikha Condominium and Twin Centro Condominium.

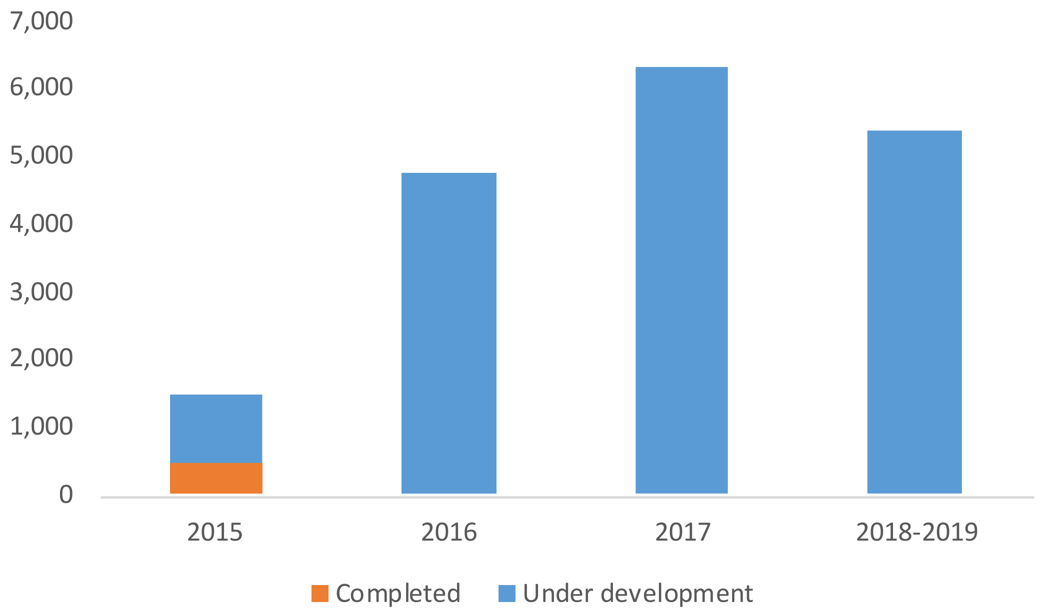
Over the past two years, many developers have launched large-scale mixed-use projects, reflecting increased confidence in the performance of the market. As of Q2 2015, at least eight major mixed-use projects are in planning or under construction, and—if and when completed— will include large numbers of residential, retail and office units. They include Capital City, Golden City, HAGL Myanmar Centre, Junction City, Polo Club Residence, STAR*CITY, Times City and Union City. In addition, Ga Mone Pwint's commercial complex, the secondary central business district, Project Pioneer and Yangon Inno City are at an earlier stage of planning, but will potentially change the landscape of the city.

Future Supply Pipeline

Based on Frontier Myanmar's research, around 311 new condo units were completed in the second quarter of 2015. New supply is set to be relatively limited throughout the rest of 2015, at roughly 1,000 units including the first phase of buildings (350 units) at STAR*CITY Zone B.

New supply is then set to jump sharply to a forecast 4,751 units in 2016 and 6,327 units the following year, essentially meaning that the overall number of higher-end apartments will have more than quadrupled between 2013 and 2017, albeit from a very low base. A majority of these new projects had already launched sales as of Q2 2015, with relatively modest average take-up rates of around 57%.

Forecast annual supply of new higher-end condominium units, 2015-2019



Source: Frontier Myanmar's research

In terms of distribution, future residential supply is likely to increase rapidly in fringe areas of the city where larger quantities of land are available, especially for mid-range housing, which is not commercially viable on the more expensive city centre sites.

'Midtown' areas are set to see a major increase in high-end apartments in the coming years, with the completion of mixed-use projects such as Golden City, and larger residential towers such as Gems Garden Condo (part of Capital City). Frontier Myanmar also expects more large-scale, self-contained residential projects in outer suburban Yangon (similar to STAR*CITY) in the coming years, particularly as the city expands outwards from its centre.

This shift may be driven by developer fears about zoning regulations in the city centre after five large scale projects were suspended indefinitely in Q1, and cancelled in early Q3, as a result of concerns over their impact on surrounding religious sites.

Similarly, developers will need to become more sophisticated in positioning themselves towards different segments of the market, which has arguably been largely unnecessary to date because demand, including speculative demand, has been so strong.

According to Frontier Myanmar, the price and quality of supply should begin to segment more clearly in the years ahead. Many landowners and first-time developers have to date placed greater emphasis on maximising GFA than on the quality of their developments. In some cases, this has led international consultants to pull out of projects, citing lax building standards. Local companies lacking experience sometimes choose to hire multiple contractors and sub-contractors, which has the potential to impact quality.

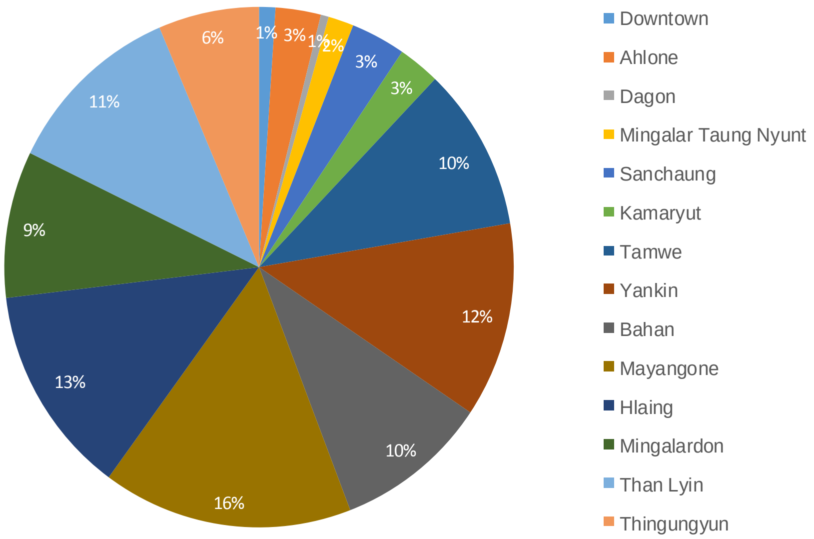
However, assuming new tax laws are not too stringent, the Condominium Law is passed (which it was in January 2016) and a mortgage market begins to develop, according to Frontier Myanmar, demand is likely to outpace new stock in virtually all segments of the market, including affordable housing.

In the low-cost housing space, Frontier Myanmar has doubts over whether the government and local authorities have the capacity to build enough new stock to keep pace with the city's growth, especially for migrant workers coming to Yangon from other areas of the country.

However, demand still outstripped supply, with prices increasing rapidly in 2012 which prompted developers to start work on further new projects.

According to Frontier Myanmar's research, more than 60% of projects launched in 2012 had been completed by mid-2014, with the remainder—which are generally higher-rise buildings—expected to be finished in 2015 and 2016.

Forecast distribution by area of new high-end residential units, Yangon, by 2019



Source : Frontier Myanmar's research

Demand Drivers

According to Frontier Myanmar, the key factors driving the relationship between supply and demand in Yangon include the following:

- Generally positive sentiment on overall economic and political direction, despite some concern over continuation of the sanctions-lifting process and elections.
- Pre-eminence of real estate as an investment outlet, given the nascent capital market, underdeveloped banking system and absence of other savings options for local investors.
- Expectation of further price increases thanks to influx of expatriate professionals and foreign multinationals as economy continues to open up.
- Preference among wealthy buyers from other parts of Myanmar to own property as an investment or second home in Yangon.
- A preference among local companies and individuals to buy land speculatively, creating a shortage. Buyers may choose not to sell or rent out property beneath a certain level, meaning that prices can remain artificially high.
- The prospect of new anti-speculation laws and an increase in taxes is likely to dampen demand for higher-end properties.
- The fact that a large amount of strategic land across Yangon is still owned by the government or the military.
- Expectation of improved mortgage financing options for residential property, enabling more buyers to come to the market.

- Local demographic growth, especially urbanisation and new household creation.

- Improved utilities and infrastructure in certain areas.

Pricing

Myanmar's well-documented property boom has centred on Yangon over the past five years, with residential sales and rental prices undergoing extremely rapid growth in many areas of the city.

According to Frontier Myanmar's research, the rental for an average-sized high-end condominium rose almost fivefold between 2010 and 2014, with even higher rates of growth evident in the most premium properties.

A number of factors have contributed to the large increase in prices, including broader issues such as Myanmar's political changes and economic reform plans, which have prompted greater investment in the sector, as well as rising local liquidity (which has few other outlets) and specific pieces of fiscal legislation that have encouraged more money to flow into real estate.

Pricing varies significantly from district to district, and also within areas or even individual streets, given a wide range of building types and ages.

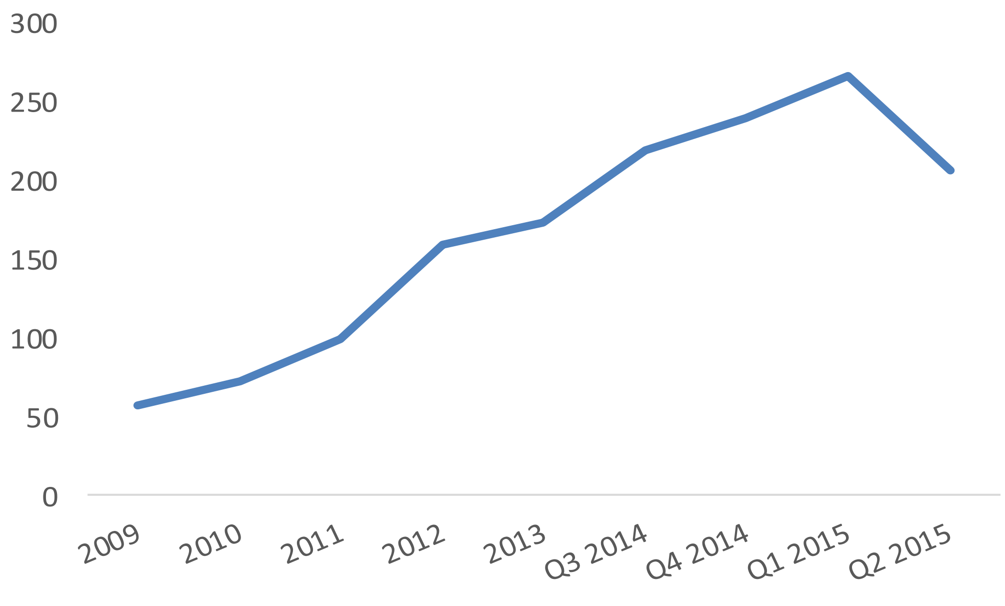
While sales prices appear to have levelled off since 2013, in some cases they increased more than eightfold in the 2007-2013 period.

YCDC's introduction of minimum appraised values last year, and their updating in Q3 2014, may have discouraged some transactions (due to higher taxation costs). According to Frontier Myanmar, many observers believe that prices are likely to have already peaked.

It is possible that the approval of the Condominium Law, which occurred in January 2016, may trigger another price rise by permitting foreign investment into the residential market, although there are concerns about the exact terms of the law and restrictions it may place on projects agreed as BOT tenders.

The average launch prices of off-plan condo sales have risen quickly over the past five years, but in Frontier Myanmar's view are likely to now stabilise due to the large numbers of units being launched and heightened competition amongst developers.

Average launch prices of Yangon condos, 2009 – 2015 ($ / sq. ft.)



Source: Frontier Myanmar's research

Since October 2014, the sale of high-end units has slowed significantly, with many high profile projects reporting sales of just one or two units in Q4 and several developers reporting no sales at all in the first quarter of 2015.

The slowdown in the market now appears to be levelling off, with around 900 registered sales in Q1 and approximately 600 in Q2 (this net figure taking into account project cancellations). The reduced rate of overall sales can be attributed to a number of connected factors, which are discussed below.

Wider political uncertainty concerning the upcoming elections, scheduled for 8 November 2015, continues to encourage some potential buyers to hold off on sales. In response, a number of projects have postponed their launch dates, and are now realistically targeting a post-November opening.

Around 70% of high end units are estimated to be bought by speculators, who are still in 'watch-and-wait' mode, following a combination of anti-corruption reforms and reforms on tax legislation.

The government is looking into the role of speculators in Myanmar's real estate market, as well as whether money is being laundered through the sector, and is considering introducing laws to deter speculation, such as additional taxes on second or third properties.

Others reasons for the recent slowdown in sales include an oversupply of high-end condominium units combined with a limited buyer pool, which is unlikely to expand until the Condominium Law is passed (which occurred in January 2016), opening the market to foreigners. In addition, the development of a mortgage market would boost demand and potentially support a rise in prices.

There are no signs that a mortgage market is being developed, but developers are responding to the slowdown in sales, by increasing the duration of their payment plans. At the end of 2014, the longest plan was six years, but by the end of Q2 2015, three projects – Shwe Gone Emotion Tower, Royal Thukha Condominium and iHome Apartments – are now offering 10-year plans.

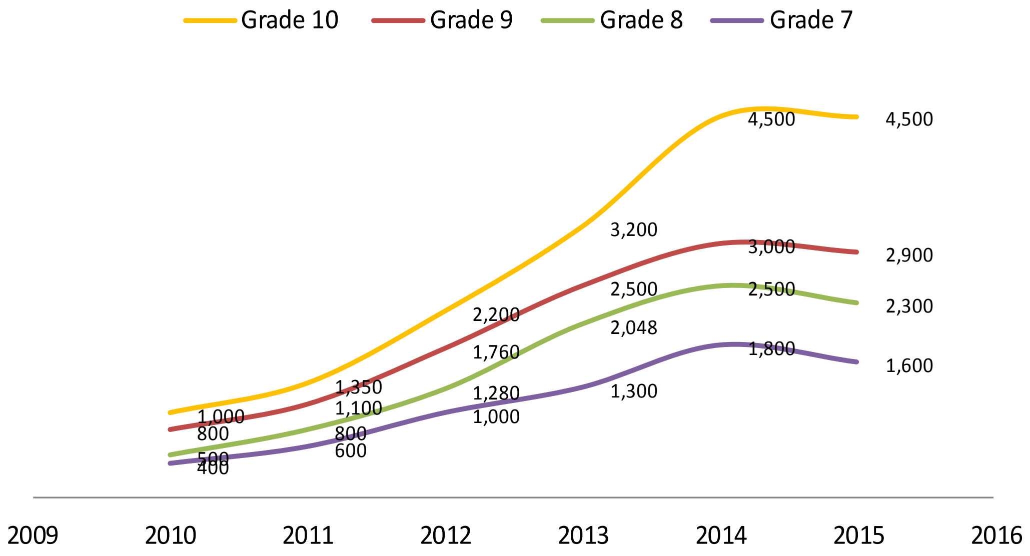
A combination of these factors means that very few developers have increased their pricing in Q2 2015 from Q4 2014. Nonetheless, demand continues to outstrip supply in other segments of the residential market, with the government also developing a series of low-cost social housing projects aimed at lower-income Myanmar citizens who have been priced out of private-sector housing.

Rental Pricing

Rental rates for condo units have risen quickly, broadly in line with sales, between 2010 and 2014. Based on Frontier Myanmar's research, it is estimated that rental prices in top-end developments have risen almost fivefold over the past five years, with lower grade buildings rising at a more moderate pace. As of late 2014 and through into the second quarter of 2015, prices have started to level off and marginally decline across all of the grades specified below.

Rents in existing properties will continue to fall this year across higher end villas and middle-tier apartments, though demand remains relatively high due to on-going urbanisation, a continued influx of foreigners, and progress made in the liberalisation of several key economic sectors which is likely to bring in more expatriate professionals. Overall, however, conditions are arguably less favourable for landlords than they were in 2014.

Average rental rates for a typical 1,700 sq. ft. apartment (2010 – 2015)



Source: Frontier Myanmar's research
Note: Grades are based on sales prices as follows: Grade 6 = $665- $1,110/sq. m., Grade 7 = $1,110- $1,660/sq. m., Grade 8 = $1,660- $2,220/sq. m., Grade 9 = $2,220- $2,900/sq. m., Grade 10 = $2,900 + /sq. m.

High prices are partly due to the influx of professional expatriates entering Myanmar in parallel with multinational companies. Given that foreign nationals cannot yet purchase residential property in Myanmar, demand for good-quality apartments or detached houses in prime areas has remained strong, with landlords still able to dictate large upfront payments as of Q2 2015.

Returning Myanmar expatriates from locations such as Bangkok, Dubai or Singapore have also driven demand both in the condominium sales and rental market, with many developers specifically targeting this section of the market.

Appraised Values and Condominium Values

In 2013, local authorities introduced new legislation requiring property transaction values to be registered in line with appraised values for each area of the city. In effect, sales could not be registered at below the value appraised by the local authorities.

The purpose of the new rule has been to stop the deliberate under-reporting of transaction values as a means of reducing stamp duty, particularly for those buyers not able to prove the source of their income.

Appraised prices for land are broken down to street level in each township, and to floor level for condominium towers. In most districts the values refer to kyat per sq. ft., whereas in others they specify an appraised price per plot or per acre.

Both sets of values were expected to be reviewed annually by the Internal Revenue Department ("**IRD**") to keep pace with market growth, and in October 2014 an updated set of prices were released.

The highest prices are found in Dagon and Bahan townships, while apartments in Downtown areas such as Lanmadaw, Pabedan and Kyauktada have the highest values across the city. The very highest appraised values (around Ks 350,000-400,000 / sq. ft.) are on premium thoroughfares such as Pyay Road and Kabaraye Pagoda Road, plus Downtown streets.

Almost all areas saw rapid price increases since the previous list (some have more than doubled) but market rates are still understood to be markedly higher than the appraised values, suggesting that the authorities' tax take has further room to be increased.

In mid-December 2014, following widespread criticism, the IRD announced it would revise the land values in a bid to more accurately reflect the market. The IRD plans to focus on correcting these problems, rather than overhauling the entire list, according to local media reports, and several updated values are due to be published in 2015.

Potential Challenges

Infrastructure

Another reason projects are likely to proceed more slowly than anticipated is that Yangon simply lacks the infrastructure to support a large number of high-end projects. Power cuts across the city are frequent, and a recent government survey claimed that in just three or four years, the largest real estate projects will consume as much power as ten townships. Yangon suffers from a city-wide power shortage, and while the government is working towards rebuilding old power stations and developing new hydropower and gas turbine power stations, power cuts are frequent. Although new power capacity is expected to come online in the next few years, it remains unclear whether it will be enough to meet demand.

Another issue is water supply – new large-scale projects in Yangon may well need to provide their own, according to YCDC. Water mains cover around 40% of the city, with those lacking supply to their houses obtaining water from other sources such as wells, ponds and rain collection. The government is planning to develop additional water sources and rehabilitate old pump stations in Yangon's reservoirs, as well as the main transmission pipes.

Costs

In addition, developers will continue to be faced with higher construction costs than elsewhere in the region. Costs are rising by between 5% and 10% per year, and the cost of building in Myanmar is around 20% higher than in neighbouring Thailand, according to construction consultant RHLB.

Increasing demand for materials and labour is likely to push up cost growth beyond overall inflation rates, which hit 8% in May and are likely to continue to rise throughout FY 2015-16, according to recent forecasts by the International Monetary Fund (IMF).

While sale price rises may have so far outstripped inflation in construction costs, the increase in property supply may mean that this situation cannot continue indefinitely.

Currency Fluctuations

Furthermore, between October 2014 and June 2015 the Myanmar kyat fell in value from Ks 980 to Ks 1,180 to the USD. A depreciating currency will have a negative impact on the market, as there are no hedging options available. A combination of these factors is likely to slow the completion of future supply.

Outlook

Frontier Myanmar's key Q2 2015 observations on the outlook for the residential market are:

- Off-plan sales are likely to stabilise at a low rate of uptake at least until the elections, reflecting the quantity of new stock available and a more cautious approach to the market among investors. The performance of projects with more modestly priced units will help to drive down prices, and developers will increasingly offer discounts on purchases. Not all projects will survive this competitive period—poorly performing projects may be shelved or at the very least delayed.

- The lack of a mortgage market, limited number of cash buyers, and the on-going restrictions on foreign ownership of property in Myanmar make it difficult to see how the market for high-end residential sales can grow in the short term.

- Developers are also taking a more cautious approach to the market, with many project launches delayed until after the election. Project cancellations and suspensions underline the need for more consistent planning regulations.

- Rents in existing properties will continue to fall this year across higher end villas and middle-tier apartments, though demand remains relatively high due to on-going urbanisation, a continued influx of foreigners, and progress made in the liberalisation of several key economic sectors which is likely to bring in more expatriate professionals. Overall, however, conditions are arguably less favourable for landlords than they were in 2014.

- Eventually, the movement of firms into purpose-built commercial space will help ease residential pricing in some buildings and areas. The completion of new office projects in 2015-2016, such as the HAGL Myanmar Centre, will significantly contribute to supply, but uptake is likely to remain slow as companies opt for cost-effective apartments leased as office space, at least until the post-election landscape becomes clear.

- Although still in its infancy, financing for developers and individual buyers is likely to increase in the coming years, a factor which may boost demand and have an inflationary impact on prices in the residential sector. This is linked to the development of Myanmar's banking sector, the expected entry of several foreign banks, and greater availability of affordable mortgages for buyers. For instance, Singapore's UOB has stated its intention to channel $300m into a variety of projects over the next year, kick starting project financing activities.

- If the election is deemed to be successful and produces a clear outcome, the likely result would be renewed surge of foreign aid into infrastructure and public housing, as well as even greater numbers of foreign companies entering and investing in Myanmar in 2016.

Yangon Office Market

Yangon's office market is in a state of transition. Demand has far outstripped supply over the past few years thanks to a combination of very low levels of purpose-built office stock, a surge of foreign companies entering Myanmar, and a burgeoning domestic economy.

Prices have levelled out as of Q2 2015, but still remain disproportionately high compared to the quality of stock. The average high-end office rental rate in downtown Yangon remains at around $68/sq. m./month, up by $3 from Q4 2014, with some premium buildings commanding higher prices of up to $85-90 sq. m./month plus service charges. Mid-range offices, often converted from residential space, are far lower priced and typically command around $10-20/sq. m./month.

The few Grade A office buildings in the city enjoy high occupancy, with a total of only around 105,000 sq. m. of multi-tenant, purpose-built office space available in the market. Many companies lease office space in converted residential units, given the lack of purpose-built space, with some occupying large detached houses in upmarket suburbs. The large local conglomerates tend to build and use standalone buildings for their Yangon offices.

Two high-end office buildings were completed in Q2 2015, AVA Executive Office and the office component of the Novotel Yangon Max, adding a total of around 1,500 sq. m. of new purpose-built supply. Major new projects such as the HAGL Myanmar Centre and a number of smaller office buildings are not set for completion until Q3 2015, meaning that a mismatch between supply and demand is likely to continue until then.

By 2018, Frontier Myanmar expect total Grade A office space in dedicated, multi-tenant buildings to reach at least 800,000 sq. m., an eightfold increase from Q4 2014 levels. However Frontier Myanmar urge caution when assessing developers' intentions, and increasingly foresee delays in completions and the possibility of certain announced projects being cancelled or scaled back due to changing market conditions, as was observed this quarter.

The surge in foreign companies establishing offices in Myanmar is likely to continue in the next few years, maintaining high levels of demand for commercial space in Yangon. A pivotal event will be the expected 2015 election, which could trigger a further wave of foreign corporates making greater commitments to the market.

Future Supply

With the rapid pace of economic growth, an increasing influx of international investment, and the continued attractiveness of real estate development as a business opportunity, construction of office space around the city is picking up speed.

Later this year a major new addition to supply will be 81,200 sq. m. of space in the HAGL Myanmar Centre, which will become the largest dedicated office building in Yangon.

As of Q2 2015, the company reported that 90% of units had been pre-leased at rates of $55 to $85/sq. m./month, reflecting the current strong market and the excellent location of the site on the Kabaraye Pagoda Road opposite Inya Lake. The project has experienced modest delays after Singaporean investor Rowsley pulled out of the project, but an opening is likely in the third quarter.

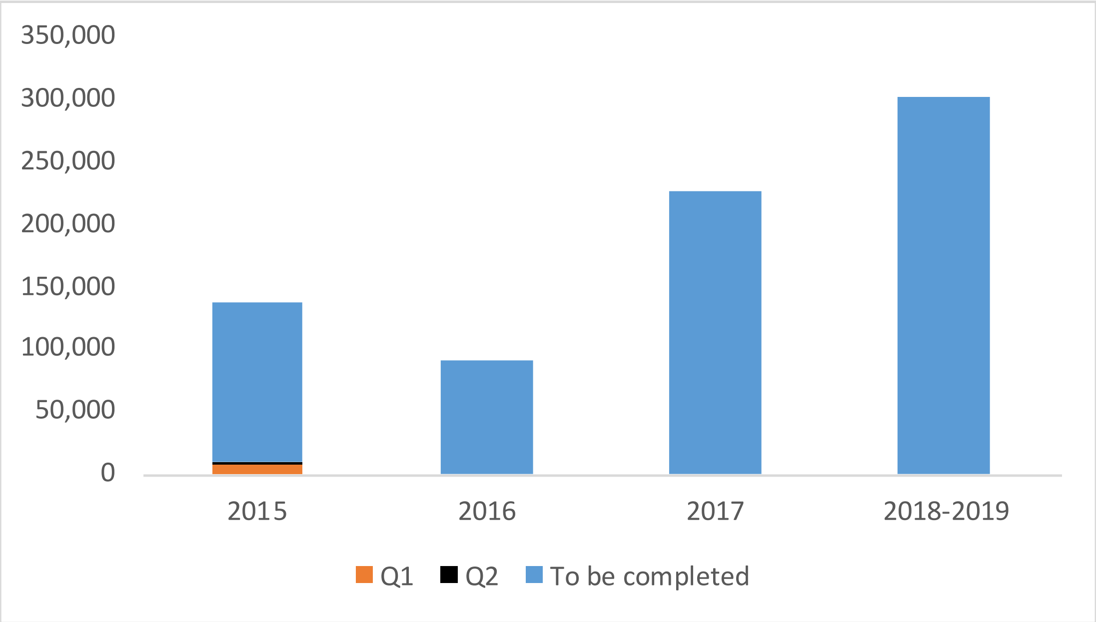
No other major new mixed-use developments are expected to be completed in 2015, according to Frontier Myanmar. In the previous quarter Frontier Myanmar forecast that at least 180,000 sq. m. of new high-end office supply will be completed in central Yangon, not including smaller standalone projects. In Q2, Frontier Myanmar have revised this downwards to around 90,000 sq. m., as a result of project delays and setbacks.

Most of the upcoming office stock is part of mixed-use projects on large tracts of BOT-tendered land. Some of these, such as Union City, are still in the design stage at the time of writing.

Forecasting further ahead, an even larger amount of new stock is set to come on to the market in 2017-2018, with precise annual supply figures difficult to specify because of potential delays in project completions, changes to design, and the likelihood of new projects being announced in the coming quarters.

However, Frontier Myanmar estimate that 2017 will add at least 225,000 sq. m. of new high-end space to supply, and a further 300,000 sq. m. will be completed in 2018-19 within the central areas of Yangon.

Future new supply of Grade A purpose built, multi-tenant office stock (2015 – 2019) (sq. m. per year)



Source: Frontier Myanmar's research

Note: *Frontier Myanmar estimates of future supply are calculated on approximate floor area and building coverage information available as of Q2 2015. In cases where no breakdown of components is available from the developer, Frontier Myanmar has made assumptions based on the overall size of the project and the likely allocation of office space within it, but these remain unconfirmed and are subject to change.*

In terms of distribution of future supply, according to Frontier Myanmar, there will be an overall shift in balance from downtown to less central (although still not especially distant) areas of Yangon. In the original CBD area, around half a dozen projects with noteworthy office supply are currently either in the design stage or under construction, including Sule Square, Landmark, Union City and Naing Group Tower II, not to mention potential projects at the Botahtaung and Nanthida ports, which may contain office space once finalized.

In terms of competition among developers, there is no single dominant player and most of the larger local property firms are already involved in the sector. The key foreign developers involved in future office projects include Vietnam's HAGL, Singapore's Keppel Land, and the investors behind the Golden City project in Yankin.

Overall Outlook

Frontier Myanmar's main forecasts for the coming period are as follows:

- A large amount of new Grade A office supply is set to launch in the coming years, particularly in 2016 -2018. Frontier Myanmar estimates that around 130,000 sq. m. of new purpose-built supply is set to be completed in 2015, bringing the total to roughly 265,000 sq. m. by the end of the year, with greater annual volumes in 2017-2018.

- Despite the rise, the total amount of Grade A stock will remain small for a commercial capital of a country the size of Myanmar, and Frontier Myanmar expects developers to continue targeting the sector. Even by the end of 2017, Frontier Myanmar forecasts that Grade A purpose-built, multi-tenant space in Yangon will total 550,000 sq. m., which is low compared to regional hubs such as Bangkok or Ho Chi Minh City.

- New large-scale office supply is not expected to be completed until at least 2016, meaning that prices of $70 per sq. m. per month are unlikely to moderate in the short-term. However, these prices are likely to ease as new supply also becomes available in the residential sector, with significant amounts of residential space currently being used for offices.

- Downtown will remain the commercial heart of the city, thanks to the presence of key government buildings, existing projects and forthcoming developments such as Landmark and Sule Square, but commercial activity and office stock will grow much more quickly in non-downtown areas where major new projects are expected to complete in 2015-2017.

- In 2015 and 2016, new demand for office space is expected to come from the financial services, telecoms, infrastructure and energy sectors, all of which are undergoing important legislative changes that are set to bring in more multinational companies.

- Even though FDI is rising quickly, many foreign companies are still waiting to enter the market. The 2015 election, expected late in the year, will also have an impact on future office demand in Yangon.

- A stable post-election political landscape would likely trigger another wave of foreign companies entering the market, and with it demand for more office space in Yangon. In contrast an unstable situation may discourage further MNC investment in the short-term, with commensurate downward pressure on office prices.

- The high combined cost of office space and expatriate staff housing means it could become increasingly difficult for all but the largest international companies to operate effectively in Yangon in the immediate future, which could have a negative effect on the wider business environment.

- A lack of infrastructure, concerns about power supply and the availability of a skilled labour force are some of the main obstacles for the growth of Myanmar’s service sector, which is closely tied to office demand. Improvements in these areas will also boost office demand in the years ahead.

- Construction of new office space is affected by the same issues causing concern in the wider real estate sector, such as a shortage of financing options, a weak legal framework and the high cost of land.

HEALTHCARE INDUSTRY

The healthcare system in Myanmar comprises a mix of public and private systems both in financing and provision (Source: The Republic of the Union of Myanmar Health System Review – 2014). In addition to the provision of healthcare services by the public and private sectors in Myanmar, many well-off Myanmar people and expats in Myanmar go overseas to receive healthcare.

Myanmar uses both modern and traditional medicine practices, with no specific remedies confined to a geographical region.

Public Sector

The Ministry of Health is the major player in the health sector as a governing agency as well as a provider of comprehensive healthcare. The Department of Health, one of seven departments under the Ministry of Health, plays a major role in providing comprehensive healthcare throughout the country, including remote and hard to reach border areas.

Some ministries, such as the Ministries of Defense, Railways, Mines, Industry, Energy, Home and Transport, also provide healthcare for their employees and their families. The Ministry of Labour has set up three general hospitals, two in Yangon and the other in Mandalay to render services to those entitled under the social security scheme. The Ministry of Industry is running a Myanmar Pharmaceutical Factory and producing medicines and therapeutic agents to meet their domestic needs. (Source: The Republic of the Union of Myanmar Health System Review – 2014).

Private Sector

The private sector mainly provides ambulatory care though some provide institutional care in Nay Pyi Taw, Yangon, Mandalay and some large cities. (Source: Myanmar's Ministry of Health website, accessed 10 March 2015.)

The top five private sector healthcare providers by number of beds as at 30 September 2015 is set forth in the table below:

Name of company	Number of beds	Number of hospitals
Pin Lon Group of Hospitals	500 beds	3 hospitals
Yee Shin Company Limited	500 beds	2 hospitals
Shwe La Min Hospital Group	400 beds	5 hospitals
Family Mandalar Company Limited	250 beds	2 hospitals
Sakura Group	250 beds	2 hospitals

(Source: YSHPH's research)

Myanmar Medical Tourism

Due to the lack of quality healthcare services currently available in Myanmar, many well to do Myanmar citizens and foreign expatriates frequently fly out to neighbouring countries such as Thailand, Malaysia, India and Singapore for medical treatments. Thailand is thought to be the preferred choice for Myanmar's people due to the close proximity, similar cultures and cheaper living costs.

In 2010, Thailand's Bangkok Hospital Chain reported that Myanmar is the third largest market after the United Arab Emirates and Qatar. In Malaysia 2012, there was a 23% increase in Myanmar patients seeking medical treatment from 2011.

The main types of treatments sought abroad are health check-ups, cardiac treatments, orthopaedics, paediatrics, neurology and cancer care. Many Myanmar people are interested in healthcare treatments abroad but do not have the necessary information and are also concerned about the language barriers.

(Source: IPSOS Business Consulting Report, "*Healthcare in Myanmar",* November 2013).

Healthcare Workforce

The total health workforce in Myanmar increased from 73,855 in FY 2006–2007 to 88,975 in FY 2010–2011, an increase of 20%. Doctors, nurses and midwives per 1,000 population increased from 1.27 in FY 2006–2007 to 1.49 in FY 2010–2011. These figures are similar to the World Health Statistics 2013 of 1.36 physicians, nurses and midwifery personnel per 1,000 population from 2005 to 2012 (WHO, 2013c). Although the number of health workers in Myanmar increased, it was still far below the global standard of 2.28 health workers (doctors, nurses and midwives) per 1,000 population. (Source: The Republic of the Union of Myanmar Health System Review – 2014).

Healthcare Infrastructure

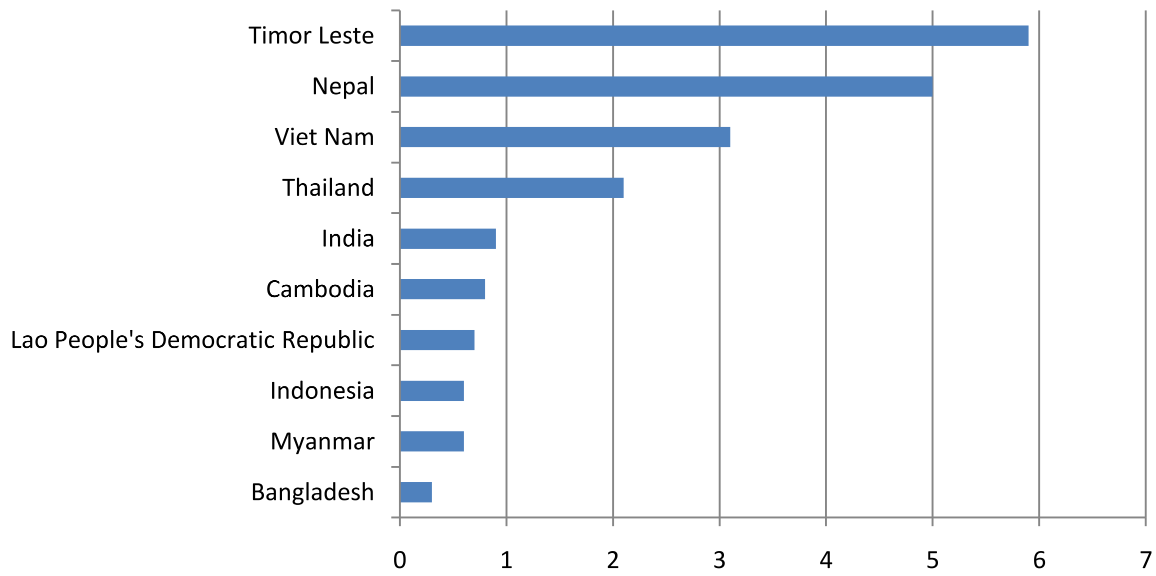
Myanmar's primary specialist hospitals are located in Yangon and Mandalay. Healthcare facilities located outside of these two regions of Myanmar are more downsized with hospital stations providing basic healthcare services for people living in those rural regions. (source: IPSOS Business Consulting Report, "*Healthcare in Myanmar",* November, 2013*).* As at 31 March 2013, there were 1,010 public hospitals and 1,635 rural health centres. (Source: Myanmar's Ministry of Health). There were 944 public hospitals under the Ministry of Health. Apart from the Ministry of Health, other ministries (Ministries of Railways, Labour, Mines, Industry, Energy, Cooperatives and Home Affairs) had a total of 26 hospitals and the Ministry of Defence had 40 hospitals.

As at December 2012, there were 166 private hospitals in Myanmar. (Source: Myanmar's Planning Division & Medical Care Division, Department of Health, 4 July 2013).

As at 31 March 2013, the number of sanctioned beds in Ministry of Health's hospitals was 44,120 and from other ministries including Ministry of Defence was 11,185; and total registered beds in private hospital was 5,092 (Source: The Republic of the Union of Myanmar Health System Review – 2014 citing Medical Care Division, Department of Health, Myanmar, unpublished data, 2013).

According to the World Bank, Myanmar had 0.6 hospital beds per 1,000 population in 2006, the last year for which this statistic is available. Myanmar had the second lowest number of hospital beds per 1,000 population of the countries listed in the chart below.

Hospital beds per 1,000 population, 2005-2012



(Source: The Republic of the Union of Myanmar Health System Review – 2014, citing WHO Global health observatory).

Health Epidemiology

The top five causes of disability adjusted life years in 2010 were lower respiratory tract infections, tuberculosis, diarrhoeal diseases, Human immunodeficiency virus/acquired immunodeficiency syndrome and stroke. Noncommunicable diseases contributed to approximately 40% of deaths in Myanmar in 2010. Noncommunicable diseases and injuries generally rose between 1990 and 2010, while communicable, maternal, neonatal and nutritional causes of disability adjusted life years generally declined. (Source: The Republic of the Union of Myanmar Health System Review – 2014).

Life Expectancy and Adult Mortality Rate

Life expectancy at birth increased for both males and females between 1980 and 2011, increasing from an overall average of 55.0 years in 1980 to 65.2 years in 2011. The table below sets forth average life expectancy and certain adult mortality indicators, 1980-2011.

	1980	1990	1995	1999	2000	2005	2010	2011
Life expectancy at birth, total (years)	55.0	57.3	60.1	61.6	61.9	62.9	64.7	65.2
Life expectancy at birth, male (years)	53.7	55.9	58.7	60.3	60.5	61.5	63.0	63.5
Life expectancy at birth, female (years)	56.5	59.7	61.5	63.0	63.3	64.3	66.4	66.9
Total mortality rate, adult, male (per 1000 male adults)	NA	NA	NA	244.7	266.8	254.0	235.4	NA
Total mortality rate, adult, female (per 1000 female adults)	NA	NA	NA	269.7	222.0	209.5	186.5	NA

NA: data not available
(Source: The Republic of the Union of Myanmar Health System Review – 2014, citing World Bank (2011a)).

Financing for Healthcare

Total healthcare expenditure in Myanmar was 2.0-2.4% of its GDP between 2001 and 2011, which was the lowest among countries in the World Health Organization ("**WHO**") South-East Asia and Western Pacific Regions. General government health expenditure ("**GGHE**") as a percentage of general government expenditure ("**GGE**") is low, at 1% between 2003 and 2011. GGHE as a percentage of GDP and of GGE in 2012-2013, increased significantly to 0.76% and 3.14% respectively; however, this level of health investment is still low compared to the demand for healthcare. The statutory financing system is very limited: only 1% of population is covered by Social Security Scheme, spending by Social Security was low at 1.3% of GGHE. Inadequate government expenditure on healthcare over the past decade resulted in high out-of-pocket payments by households, which became the dominant source of financing for healthcare (accounting for 79% of total health expenditure in 2011). Donor contributions are substantial, at 7% of total health expenditure in 2011, which is half of what the government spent on health in 2011. (Source: The Republic of the Union of Myanmar Health System Review – 2014).

In light of the 2012 Social Security Law providing comprehensive social and health protection for formal-sector employees, challenges remain on how the government will introduce financial-risk protection for the majority of the population who are poor and those engaged in the informal sector. The provision of universal access to free essential generic medicines is an immediate step in moving closer to universal health coverage (Source: The Republic of the Union of Myanmar Health System Review – 2014).

Health Insurance

Before liberalisation, there was only one insurance provider in Myanmar - the state owned Myanmar Insurance. Following the liberalisation of investment laws in Myanmar, as at November 2013, 13 licences have been issued by the Myanmar government to insurance companies to sell insurance products. (Source: IPSOS Business Consulting Report, "*Healthcare in Myanmar",* November 2013). Despite the increase in the number of companies offering insurance, we believe that the percentage of people taking out health insurance is very small.

PART VIII. ISSUER INFORMATION

BUSINESS OVERVIEW

FMI is an investment holding company that owns shares in companies engaged in a number of diverse businesses in Myanmar. Its core businesses are in the financial services, real estate and healthcare sectors. These three sectors are referred to by us as the "**Three Pillars**". We believe we have the necessary expertise to compete effectively in these three sectors, and we believe these sectors have high growth potential.

FMI also has investments in other companies, including companies engaged in the retail and tourism sectors and a company developing Thilawa Special Economic Zone.

All of our Subsidiaries run their own day-to-day business activities with a high degree of autonomy. They are managed on a standalone basis and each has its own business functions (such as sales, marketing, purchasing and human resources departments). FMI has oversight of significant capital allocation decisions of our Subsidiaries and FMI is actively involved in selecting the chief executive officer of these companies.

FMI's Executive Chairman, U Theim Wai @ Serge Pun, is on the board of directors of each of our Subsidiaries. FMI's management team is also responsible for corporate and social responsibility, setting the corporate culture, and communicating the appropriate "tone at the top" messages to our employees, including those at our Subsidiaries.

We employed 3,000 persons as at 30 September 2015 on a consolidated basis, 18 of whom are located at FMI's corporate headquarters.

Financial Services

Yoma Bank, in which FMI has a 51.0% equity interest, is one of Myanmar's oldest private banks. Our Bank offers a range of banking products and services to our valued international, corporate and retail customers. A key focus area for our Bank is developing the SME sector in Myanmar through the extension of credit to local entrepreneurs. We have a pan-Myanmar presence and as at 30 September 2015, we had 54 branches located in 24 cities.

We offer our corporate customers loans, hire purchase financing, international trade finance services and the Yoma Bank trade guarantee (invoice discounting for sellers and overdrafts for buyers). We also provide remittance services, international cash management and payroll services. We offer international and corporate clients Kyat denominated current accounts, savings deposit accounts and fixed deposit accounts and certain foreign currency denominated current accounts.

We offer our retail customers lien loans and hire purchase financing. We also offer our retail customers remittance services, payment orders, safety deposit lockers, certified cheques and Kyat deposit services (current accounts, savings deposit accounts and fixed deposit accounts).

As at 30 September 2015, we offered currency exchange services in four cities through money changers located in ten traditional bank branches and one standalone money changer. We currently deliver our other products and services through traditional bank branches.

As at 30 September 2015, Yoma Bank had 2,536 employees.

Yoma Bank currently owns a 49.0% equity interest in Digital Money Myanmar Limited ("**Digital Money Myanmar**"), which is developing a mobile payment system for Myanmar. This open payment platform to be called 'Wave Money' will focus on delivering low cost electronic payments to the mass market in Myanmar, including customers of all the telecom mobile network operators as well as all of Myanmar's financial institutions. We expect Digital Money Myanmar's mobile payment system, 'Wave Money', to become operational before the end of FY 2015-2016. The Telenor Group through three of its member companies owns the other 51.0% equity interest in Digital Money Myanmar.

Real Estate

FMI's real estate segment comprises one 50/50 joint venture, LSC-FMI Ltd. ("**LSC-FMI**"), the following Associates: FMI Garden Development Ltd. ("**FMI Garden Development**"); Thanlyin Estate Development Ltd. ("**Thanlyin Estate**"); Pun Hlaing Links Services Co., Ltd. ("**Pun Hlaing Links Services**"); and Meeyahta International Hotel Ltd. ("**Meeyahta International**"), and a 6.0% equity interest in Peninsula Yangon Holdings Pte. Limited, (collectively, the "**Real Estate Segment**").

FMI often works closely with Yoma Strategic Holdings Ltd. ("**Yoma Strategic**") and other companies in the SPA (Myanmar) Group, all of which are related parties, on developing real estate projects.

A brief overview of each of the companies in the Real Estate Segment is set out below:

Thanlyin Estate

Thanlyin Estate, in which FMI owns 30.0% of the outstanding shares, owns the LDRs to approximately 135 acres of land in Thanlyin Township on which the STAR*CITY project has been, and is being developed. STAR*CITY is located eight miles from the Thilawa Special Economic Zone and six miles from downtown Yangon. When the development is completed, we expect it will have approximately 9,000 high quality residential units and 1.7 million sq. ft. of commercial and retail facilities, a riverside promenade, and comprehensive sporting facilities. STAR*CITY is adjacent to the nine-hole Pun Hlaing Links golf course.

A local school and an international school will be built adjacent to STAR*CITY. Thanlyin Estate holds the LDRs to 20.3 acres of land on which the international school will be developed. In May 2015, Thanlyin Estate and Education Index Management ("EIM"), among others, entered into definitive legal agreements to design, build and operate the international school, which will be called British Yangon College. The school will provide a British curriculum enhanced for Myanmar and foreign students from two to 18 years of age. Thanlyin Estate will develop the school buildings and facilities, which will be leased to the school in return for a percentage of the school's revenue and the capital levies paid by each student. Academic and operational management of the school will be overseen by EIM's subsidiary Dulwich College Management International Limited with Dulwich College in London supporting as educational adviser. The total development cost for the school (excluding the cost of the LDRs) is expected to be approximately US$40 million on completion, subject to finalisation of design and quantity surveys. The school has received the required construction approvals and is acknowledged by the Union of Myanmar Ministry of Education. Construction has already begun on the school. The school is expected to open for the 2016/2017 academic year.

STAR*CITY is being developed in phases. A wholly-owned subsidiary of Yoma Strategic has been appointed as the operator to design, develop, manage and operate the STAR*CITY project, including the structuring of sales models for STAR*CITY.

Zone A was developed on 13.41 acres of land. It comprises five buildings with a total of 978 apartments (with a total saleable/leasable area of 947,000 sq. ft.) and 111,000 sq. ft. of leasable commercial space. Zone A was constructed by independent contractors. All of the apartments in four of the buildings have been sold (828 apartments totaling 796,000 sq. ft.) and one block containing 150 apartments with a total leasable area of 150,864 sq. ft. was kept to be leased. As at 30 September 2015, Thanlyin Estate had leased 98 apartments with a total area of 97,947 sq. ft. and leased a total of 8,254 sq. ft. of commercial space.

Zone B was developed on 12.93 acres of land. It comprises five buildings with a total of 1,043 apartments (with a total saleable area of 1,138,160 sq. ft.). As at 30 September 2015, 1,026 of the apartments in Zone B have been sold. Zone B is being constructed by an associated company of Yoma Strategic. Development of Zone B began in FY 2013-2014 and is expected to be completed by the end of FY 2015-2016.

Zone C, known as Galaxy Towers, is being developed on 10.8 acres of land. It comprises six residential towers totalling 954 apartments (with a total saleable area of 1,088,283 sq. ft.). As part of the sales strategy, an arrangement was entered into with a third party investor in relation to the management and sales of apartment in Galaxy Towers. Development of Galaxy Towers began in the last quarter of FY 2014-2015 and is expected to be completed by the end of FY 2017-2018. The estimated cost to develop the Galaxy Towers project is Ks 143,236,104,000 as at February 2015. As at 30 September 2015, 36 apartments (with a total saleable area of 37,211 sq. ft.) have been sold in Galaxy Towers.

After the completion of Galaxy Towers, STAR*CITY has an additional remaining developable gross floor area of 11,045,601 sq. ft

Meeyahta International

Meeyahta International, in which FMI owns 20.0% of the outstanding shares, owns the leasehold interest of the approximate 9.5 acres site located at 372 Bogyoke Aung San Road, Pabedan Township, Yangon ("**Site 1**"). Meeyahta International also holds the right to the leasehold interest in the approximate 0.5 acres site located at 380 Bogyoke Aung San Road, Pabedan Township, Yangon, Myanmar, which is adjacent to Site 1 ("**Site 2**" and together with Site 1, the "**Landmark Site**"). The Landmark Site currently comprises FMI Centre, the Grand Meeyahta Hotel (which ceased operations in October 2013) and the former headquarters of the Myanmar Railway Company, which is a heritage building constructed in 1877. FMI Centre is located on Site 2. FMI Centre, the first international standard office tower in Yangon, was opened in FY 1994-1995 and is a lease only development.

Landmark Development

The Landmark Site will host the former headquarters of the Myanmar Railway Company built in 1877, which will be restored into the Yangon Peninsula Hotel (the "**Yangon Peninsula Hotel**"), and complemented by luxury residences, hotel and commercial developments (the "**Landmark Project**" and together with the Yangon Peninsula Hotel, the "**Landmark Development**").

On 31 December 2015, Meeyahta International and Yangon Land entered into a framework agreement with the Myanma Railways of Ministry of Rail Transportation in relation to the Landmark Development. The framework agreement sets out the terms agreed with the Myanma Railways of Ministry of Rail Transportation, which includes:

- The extension of the master lease for Site 1 for an initial period of 50 years commencing on 1 January 1998 in accordance with the Foreign Investment Law.

- The extension of the master lease for Site 2 for an initial period of 50 years commencing on 1 January 1998 in accordance with the Foreign Investment Law upon the approval of the Myanmar Investment Commission ("**MIC**").

- The combination of the leases for Site 1 and Site 2 into one master lease, which will then be split into two separate master lease agreements: one for the Yangon Peninsula Hotel and the other for the Landmark Project subject to the approval of the MIC. The parties have agreed to finalise both master lease agreements by 31 March 2016.

- The master development plan for the entire Landmark Development of an estimated gross floor area of 2 million sq. ft. feet, key commercial terms and separate joint venture partnership structures for the Yangon Peninsula Hotel and the Landmark Project.

FMI, together with Yoma Strategic, is still in discussions with Mitsubishi Corporation and Mitsubishi Estate to finalise their potential equity investments in the Landmark Project. Further, IFC, a member of the World Bank Group, and the Asian Development Bank have been mandated to provide a debt and equity financing package to the Landmark Project. The parties are currently negotiating the terms of the financing.

On 28 January 2014, FMI and Yoma Strategic entered into an agreement with, amongst others, The Hongkong and Shanghai Hotels, Limited ("**HSH**") and Peninsula International Investment Holdings Limited, a wholly-owned subsidiary of HSH, in relation to the development of the Yangon Peninsula Hotel. On 25 January 2016, the parties subscribed for shares in Peninsula Yangon Holdings Pte. Limited, a Singapore holding company through which the hotel will be developed, with HSH having an effective 70% equity interest, Yoma Strategic an effective 24% equity interest and FMI a 6% equity interest in such company. The Yangon Peninsula Hotel will be operated by a subsidiary of HSH.

Pun Hlaing Links Services

Pun Hlaing Links Services, in which FMI owns 30.0% of the outstanding shares, owns the LDRs to approximately 194.7 acres of land adjacent to the STAR*CITY project, including the land on which the local school will be developed. 125 acres of this land was used to develop the Pun Hlaing Links nine-hole golf course. Pun Hlaing Links Services is responsible for the operation of the golf course, which is expected to be officially opened before the end of FY 2016-2017. Subject to the final master plan, the remaining acres will be used for the expansion of the golf course and residential areas.

LSC-FMI

LSC-FMI is a 50/50 joint venture company formed by FMI and Lighting Specialist Co., Ltd. to develop a luxury condominium project in Nay Pyi Taw called KrisPLAZA. The project is being constructed on 1.25 acres in Zabu Thiri Township, which is close to government and ministerial offices, three hospitals, the Jade Museum, golf courses, the hotel zone and Tha Pyay Gone Market. This is FMI's first investment in a real estate development outside Yangon and marks the beginning of FMI's aspirations to become a nationwide developer. KrisPLAZA is planned to comprise 114 apartments (with a total saleable area of 133,677 sq. ft.) and commercial space with a total saleable/leasable area of 29,579 sq. ft.. The estimated cost of the development is approximately US$22.5 million as at 22 December 2014. Construction of the development began in March 2015 and is expected to be completed by the end of the second quarter of FY 2017-2018. As at 30 September 2015, three of the apartments in KrisPLAZA have been sold.

FMI Garden Development

FMI Garden Development, in which FMI owns 47.5% of the outstanding shares, owns the LDRs for the land on which FMI City has been and is being developed. FMI City is Myanmar's first master-planned gated community. Development of this project began in 1995 and is now substantially complete. FMI City is situated on 465 acres, nine miles from downtown Yangon and just two miles from Yangon International Airport. The estate boasts its own sports and recreation centre, supermarket and food complex and a dedicated bus terminal. The Fontana Project, which comprises 143 houses, is ongoing. As at 30 September 2015, 130 of the houses in the Fontana Project have not been sold.

FMI Garden Development also owns the LDRs for 11.08 acres of land adjacent to the Hlaing River, between Bayint Naung bridge and Aung Zeya bridge. Subject to the finalisation of permits, the company will pursue the development of a master planned residential complex on the land through a special purpose vehicle company.

FMI City Gates Project

FMI Garden Development also owns the LDRs for a 1.35 acre site near the entrance to FMI City on which there are plans to develop a project called FMI City Gates, which is expected to comprise 90 apartments with an estimated total rentable area of 88,500 million sq. ft. and total retail space of 13,700 sq. ft. The current plan is to rent out rather than sell the properties in this development. For the purpose of this investment, FMI and Yoma Strategic will set up a new company in Myanmar to undertake the development, with FMI having a 20.0% equity interest and Yoma Strategic an 80.0% equity interest, which will in turn hold the long term lease of the land from FMI Garden Development. Yangon Land (which owns a 52.5% equity interest in FMI Garden Development) sold its effective interest in the land to FMI for Ks 1,646,400,000. FMI's contribution to the cost of the development will be the land. The estimated cost of the construction of the development is Ks 17 billion as at November 2013, which will be funded by Yoma Strategic. If the cost of construction exceeds the estimate, the parties will fund the additional cost in proportion to their equity holdings in the company undertaking the project.

Healthcare

Yoma Siloam Hospital Pun Hlaing Limited ("**YSHPH**"), in which FMI has a 60.0% equity interest, operates a hospital in Yangon and a clinic in Yangon under the operating name of Pun Hlaing Siloam Hospitals.

Our hospital is situated on 5.5 acres of land in Hlaing Thayar Township and is approximately 13 miles from downtown Yangon. Our hospital provides primary to tertiary medical services, including complex surgical procedures, as well as laboratory services, imaging services, general healthcare services, and diagnostic and emergency services. Our hospital has a total bed capacity of 174 beds.

Our clinic is located in FMI Centre in downtown Yangon. The clinic has a total of 18 rooms, including six consultation rooms and two treatment rooms. Currently, the clinic provides outpatient services, aesthetic services, dental services, endoscopic services in addition to diagnostic services such as basic laboratory and X-ray imaging. The clinic will move to 33 PyiHtaung Su Yeik Thar Street, Dagon Township, Yangon before the end of Q2 FY 2016-2017 and will be upgraded to a 26-bed hospital.

As at 30 September 2015, 146 doctors (comprising 34 residence medical officers, 24 exclusive full-time specialists and 88 part-time specialists) provided services to our patients. As at 30 September 2015, our healthcare business had 446 employees, comprising 442 permanent employees (including 58 doctors) and four part-time employees.

Portfolio Investments

Our primary portfolio investments are in FMI Air, Chindwin Holdings Pte. Ltd. ("**Chindwin Holdings**"), Myanmar Parkson Co., Ltd ("**Myanmar Parkson**") and Myanmar Thilawa SEZ Holdings Public Ltd. ("**Myanmar Thilawa SEZ Holdings**"). We also own minority interests in some other companies, which are not material to our financial position or results of operations.

FMI Air

FMI Air, in which FMI has a 10.0% equity interest, is an airline based in Myanmar. As at 30 September 2015, FMI Air offered direct scheduled flights between (a) Yangon and Nay Pyi Taw, (b) Yangon and Mandalay, (c) Nay Pyi Taw and Mandalay and (d) Yangon and Sittwe. FMI Air's scheduled flights are operated by two Bombardier CRJ-200 Regional Jets. FMI Air also offers private flight services using one Challenger 800SE.

Chindwin Holdings

We own a 30% interest in Chindwin Holdings. Chindwin Holdings is an investment holding company that owns:

- a 75.0% interest in Shwe Lay Ta Gun Travels and Tours Company Limited, a company incorporated in Myanmar that owns and operates the "Balloons over Bagan" business in Bagan, Myanmar. Balloons Over Bagan is the premier hot air balloon operator in Bagan and provides its customers a spectacular tour of the ancient temples of Bagan; and

- 75.0% of the issued and paid-up share capital of Eastern Safaris Pte. Ltd., a management company incorporated in Singapore that offers exclusive and luxurious adventure products in Myanmar and Bhutan.

Myanmar Parkson

FMI entered into a joint venture agreement with Parkson Retail Asia Limited and Yoma Strategic in 2013 to open and operate department stores in Myanmar under the "Parkson" brand name. FMI's stake in the venture is 10.0%. The first Parkson store in Myanmar opened in May 2013 in the FMI Centre. It is the first modern department store in Myanmar. Parkson Retail Asia Limited is an investment holding company that operates and manages department stores in Malaysia, Vietnam, Indonesia, and Myanmar.

Myanmar Thilawa SEZ Holdings

FMI owns approximately 5.0% of the outstanding shares in Myanmar Thilawa SEZ Holdings Public Company Ltd., which is a Myanmar public company that owns 41.0% of the outstanding shares in Myanmar Japan Thilawa Development Ltd ("**MJTD**"). MJTD is undertaking the development, construction, marketing, sale and operation of an industrial park and port development project covering approximately 400 hectares within the Thilawa Special Economic Zone in Thanlyin Township, Yangon (the "**Class A Project**"). The Class A Project is located approximately 14 miles from Yangon city centre and approximately nine miles from the STAR*CITY project. The development of the Class A project is being undertaken in three phases, the first phase of which is expected to be fully commercially operational before the end of 2015. (Source: Myanmar Thilawa SEZ Holdings Public Limited Prospectus dated 27 February 2014).

CORPORATE INFORMATION AND HISTORY

Corporate Information

FMI was founded with reference to the Ministry of Trade, Company Registration Office, Registration No.159/92-93 dated 3 July 1992 and the Certificate for Commencement of Business dated 30 October 1992, under the Myanmar Companies Act. FMI commenced business on 1 November 1992. FMI's Certificate of Incorporation No.159/92-93 dated 3 July 1992 was renewed to 23 May 2015 and renewed again to 23 May 2020 by the Directorate of Investment and Company Administration, Ministry of National Planning & Economic Development.

Corporate Address:
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380, Bogyoke Aung San Road
Pabedan Township
Yangon, Myanmar

Tel: +95-1-240 363, 240 373
Fax: +95-1-246 882, 246 883
Website: http://www.fmi.com.mm (the information on FMI's website is not incorporated in and does not form part of this disclosure document for Listing)

FMI's History

FMI's Executive Chairman, U Theim Wai @ Serge Pun, and a group of local entrepreneurs established FMI in 1992. FMI was one of the earliest public companies formed following the adoption of the market economy and the promulgation of the Myanmar Investment Laws in the early 1990s. The initial public offering of FMI's shares in 1992 was fully subscribed, with strong investor interest for professional investment management and sound diversity.

In 1993, we were a founding shareholder in Yoma Bank. Also in 1993 we made our initial investment in what today is FMI Centre in downtown Yangon. FMI Centre was the first international standard office tower in Yangon and has become a landmark in the city.

In 1995 we formed a joint venture with Yangon Land (a subsidiary of SPA (Myanmar)), to form FMI Garden Development, and undertook the development of FMI City - the first gated housing community in Myanmar. FMI City saw a rapid take-up of houses from the onset, with buyers eager to purchase homes in an integrated community with a full range of amenities.

Throughout the rest of the 1990s and early 2000s we continued to expand our existing businesses while also investing in several companies involved in the production and sale of automobiles for the domestic market. During this period we made an investment in PHIH, which operated Pun Hlaing Hospital, the first ISO certified hospital in Myanmar. The hospital opened its doors in 2005.

In 2010 we invested in Thanlyin Estate, the developer of the STAR*CITY project and participated in one of Yangon's largest residential housing project to date.

In 2012 we invested in FMI Air as our first foray into the aviation sector.

Since 2012 we have made additional investments in the retail and tourism sectors.

In FY 2014-2015 and the first four months of FY 2015-2016, we completed the Restructuring, that has seen us focus on our core strengths in the financial services, real estate and healthcare sectors. For details on the Restructuring, see "– Outline of Subsidiaries and Associated Companies – Restructuring" beginning on page 59.

In May 2015, Yoma Bank subscribed for 49.0% of the issued shares in Digital Money Myanmar.

STRENGTHS

History of Profitability and Dividend Payments

We are proud that during the passage of the last 22 years, we have achieved a steady profit every year, along with an unbroken record of dividend payments. We are particularly proud of this considering the extended period of economic difficulties the country, as a whole, has suffered for much of this time and during which many companies were unable to sustain themselves or make a profit, let alone pay a dividend. We are confident that we will be able to maintain profitability through our strong operations in diversified businesses.

Investments in Some of the Most Attractive Sectors in Myanmar

FMI has significant investments in companies involved in the real estate, financial services and healthcare sectors (the Three Pillars), which we believe are some of the most attractive sectors in Myanmar, with high growth potential. FMI allows investors to broadly participate in Myanmar's economic growth because we are not concentrated in a single sector. This diversification also reduces the risk to our shareholders.

For details on our strengths in the real estate, aviation, financial services, and healthcare sectors, see the individual descriptions below.

Highly Experienced Board and Strong Corporate Governance

Our Board of Directors comprises highly experienced, esteemed and reputed professionals. For details, see "Information on the Company's Management, Shareholders and Shares – Board of Directors", beginning on page 119.

We endeavor to comply with the highest international standards of corporate governance and we believe we are one of the few companies in Myanmar with an active, independent board of directors. Our Board of Directors has established an Audit Committee, a Remuneration Committee and a Nominating Committee, which helps to protect the interests of minority shareholders.

Strong and Experienced Management

Our progress and growth are in large part due to the leadership of our Executive Chairman, U Theim Wai @ Serge Pun, who has steered us for 22 years since our incorporation, demonstrating strength, proficiency and good judgment throughout our successes and setbacks. We have also benefitted from the service of the other two Executive Directors: U Linn Myaing, a retired Director General from the Ministry of Foreign Affairs; and U Tun Tun, who has been with us for more than 16 years. We have also managed to bring together individuals at the senior executive level at each of our Subsidiaries who are highly qualified, well-regarded and passionate about their respective sectors. We are privileged to gain from their many years of experience and desire to replicate and improve on the successes they have achieved in other jurisdictions. For details on the management of our Subsidiaries, see the respective subsections below.

Synergies amongst Group Companies

As a member of the SPA Group, a diversified Myanmar holding company, and an affiliated company of Yoma Strategic, a Singapore company listed on the Singapore Stock Exchange's Main Board, we have access to a variety of resources and personnel that strengthen our business. In addition, our Subsidiaries work in a highly cooperative manner ensuring the best and most efficient use of the resources available within our Group. This symbiotic approach encourages cross-selling across our Subsidiaries and allows us to maximise the range of potential opportunities available to us.

Ability to Attract Local, Regional and International Partners

We have a proven track record for successfully attracting local, regional and international partners from a wide variety of sectors to collaborate on projects in Myanmar. For example we have established partnerships with Mitsubishi, the IFC, Asian Development Bank, Lippo Group, Telenor and Parkson. We believe we are recognised as one of the most professional businesses in Myanmar. We provide our partners with both a deep understanding of the local market due to our many years of operation in Myanmar, coupled with the implementation of international best practices.

Reputable Public Company

Our status as a long-standing public company offers a key competitive advantage in Myanmar. This is particularly true in light of the Myanmar government's policies in recent years, which for reasons of transparency have favoured public rather than private led companies in tendering processes.

STRATEGIES

Reinvest Profits in Underlying Businesses

Our key investment strategy is to retain a portion of our profits to reinvest into our underlying businesses to encourage further growth. This is particularly important when working in the high growth markets on which we have targeted our focus, to ensure we have sufficient capital to fund our businesses, while maximising returns to shareholders. While we hope to continue to maintain our unbroken record of dividend payments, we anticipate that our shareholders will primarily share in our successes through an increase in the price of the Shares.

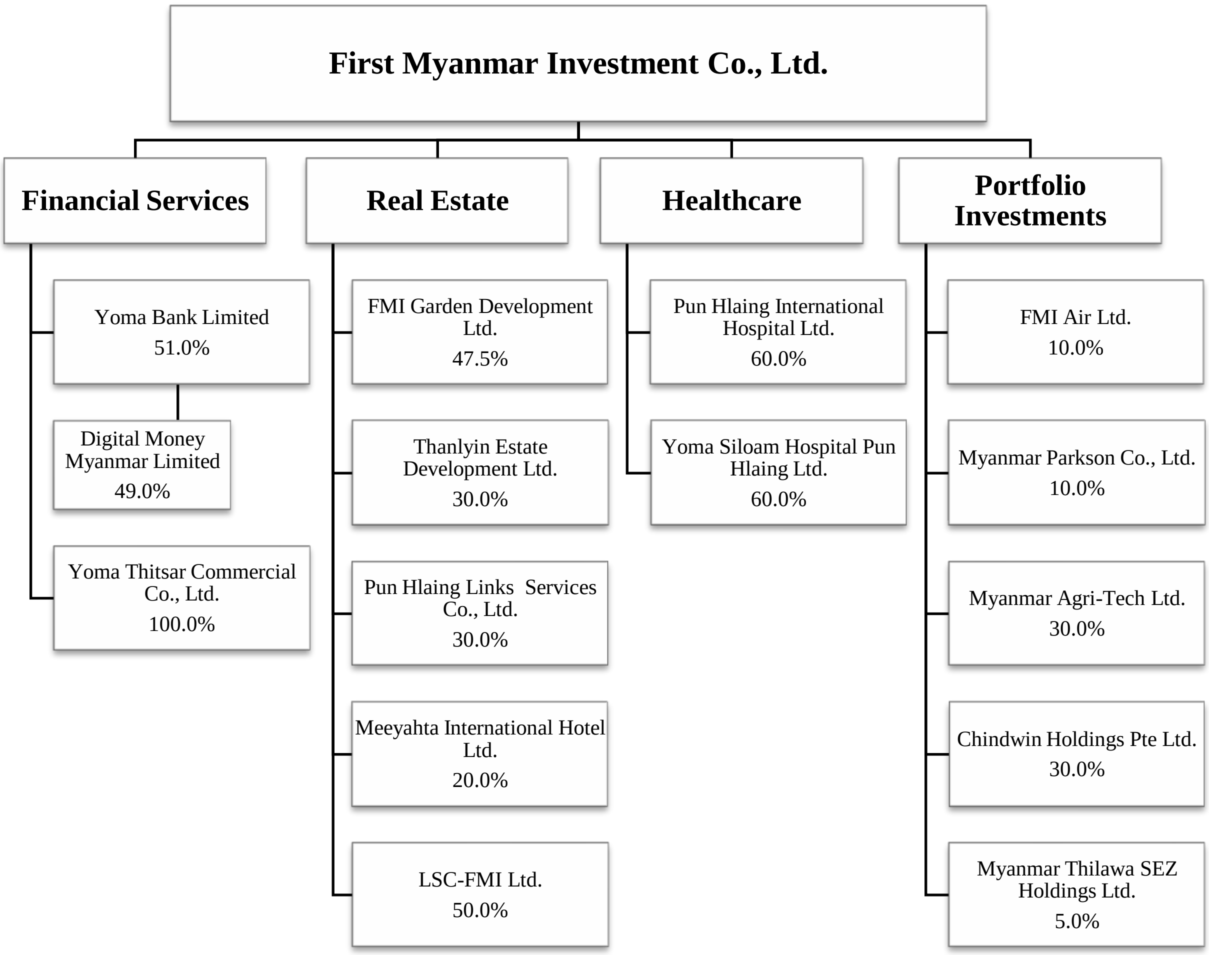
Focus on the Three Pillars

After making the strategic decision to focus on the Three Pillars, in FY 2014-2015 and the first four months of FY 2015-2016 we restructured our investment portfolio. In the short to medium term we intend to focus on retaining our current interests in our investment portfolio. However, we may make investments in other companies and sectors if an attractive investment opportunity arises.

For details on our strategies for the financial services, real estate, and healthcare sectors see the individual descriptions below.

ORGANISATIONAL STRUCTURE

Set forth below is a chart showing our organisational chart as the Latest Practicable Date:



OUTLINE OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Set forth below is a table showing certain information on each of FMI's subsidiaries and Associates that accounted for 10.0% or more of the Group's absolute amount of net assets, net liabilities or profit or loss before tax, respectively, for any of FY 2013-2014 and FY 2014-2015 as well as FMI's effective equity interest in these companies as at the Latest Practicable Date. The table also includes the same information for certain other subsidiaries and Associates.

Name of Company	Principal Activities	Country of Incorporation	FMI's Effective Equity Interest as at 31 March 2014	FMI's Effective Equity Interest as at 31 March 2015	FMI's Effective Equity Interest as at the Latest Practicable Date
Yoma Thitsar Commercial Co., Ltd.	Financial services	Myanmar	100.0%	100.0%	100.0%
SPA Motorcycle Ltd.	Automotive activities	Myanmar	100.0%	-	-
SPA Motors Ltd. (May Enterprise Ltd.)	Automotive activities	Myanmar	100.0%	-	-
FMI Syndication Ltd.	Commercial rental activities	Myanmar	90.0%	-	-
Yoma Yarzar Manufacturing Co., Ltd.	Automotive activities	Myanmar	90.0%	-	-
Agribusiness and Rural Development Consultant Co., Ltd.	Consulting services	Myanmar	55.0%	-	-
FMI Air Limited	Airline services	Myanmar	50.0%	50.0%	10.0%
Yoma Bank Limited	Financial services	Myanmar	35.6%	51.0%	51.0%
Pun Hlaing International Hospital Ltd.	Healthcare services	Myanmar	35.0%(1)	75.0%	60.0%
FMI Garden Development Ltd.	Property development	Myanmar	47.5%	47.5%	47.5%
Thanlyin Estate Development Ltd.	Property development	Myanmar	30.0%	30.0%	30.0%
Pun Hlaing Links Services Co Ltd.	Golf course development	Myanmar	30.0%	30.0%	30.0%
Convenience Prosperity Co Ltd.	Automotive activities	Myanmar	40.0%	-	-
Myanmar Motors Pte Ltd.	Automotive activities	Singapore	30.0%	-	-
Shine Laundry Ltd.	Laundry services	Myanmar	35.0%	-	-
Chindwin Holdings Pte. Ltd.	Investment holding	Singapore	30.0%	30.0%	30.0%
FMI Flotilla Ltd.	Transportation	Myanmar	50.0%	-	-
Myanmar Agri-Tech Ltd.	Agricultural activities	Myanmar	30.0%	30.0%	30.0%
Myanmar Agri-Tech Carbon Capital Ltd.	Agricultural activities	Myanmar	30.0%	-	-
Meeyahta International Hotel Limited	Property development	Myanmar	-	20.0%(2)	20.0%
LSC-FMI Co., Ltd	Property development	Myanmar	-	50.0%	50.0%
Digital Money Myanmar Limited	Financial services	Myanmar	-	-	25.0%(3)

Notes

(1) FMI held its 35.0% interest in PHIH through its 35.0% shareholding in Pun Hlaing Capital Co. Ltd., who transferred the shares representing this 35.0% interest to FMI.

(2) On 17 October 2012, SPA (Myanmar) and FMI agreed to exchange FMI's 90.0% equity interest in FMI Syndication for a 10.0% equity interest in Meeyahta International, which at that date was 100% owned by SPA (Myanmar). Due to delays in getting certain regulatory approvals for the Landmark Development, the share swap was only completed effective 31 January 2015. On 7 July 2013, SPA (Myanmar) agreed to sell a 10.0% equity interest in Meeyahta International for Ks 10,600,000,000 to FMI. The consideration for the purchase of the 10.0% equity interest in Meeyahta International was satisfied by FMI issuing 1.06 million Shares to SPA (Myanmar) at Ks 10,000 per Share. Due to delays in getting certain regulatory approvals, SPA Myanmar transferred the additional 10.0% equity interest in Meeyahta International to FMI effective 31 January 2015.

(3) Yoma Bank, FMI's 51.0% owned subsidiary, owns 49.0% of the shares in Digital Money Myanmar Limited.

FMI's Subsidiaries and Associates operate businesses in Myanmar only. Companies incorporated in Singapore are investment holding companies with operating subsidiaries in Myanmar.

On 25 January 2016, FMI acquired 60 shares in Peninsula Yangon Holdings Pte. Limited, representing 6.0% of its outstanding shares, for US$60. This company is a Singapore holding company and its yet to be formed wholly-owned Myanmar subsidiary will develop the Yangon Peninsula Hotel.

Restructuring

In FY 2014-2015, FMI divested its entire interests in the following companies:

Name of Company	FMI's Effective Equity Interest Prior to Sale	Name of Purchaser	Sale Price (Ks)	Effective Date of Sale
YSH Finance Ltd.	20.0%	Yoma Strategic Investments Limited (a wholly-owned subsidiary of Yoma Strategic)	1,679,300,405	28 August 2014
SPA Motorcycle Ltd.	100.0%	SPA (Myanmar)	1,382,716,075	26 August 2014
Yoma Yarzar Manufacturing Ltd.	90.0%	Yangon Land (a wholly owned subsidiary of SPA (Myanmar))	1,198,696,537	26 August 2014
Shine Laundry Ltd.	35.0%	Yangon Land	369,514,491	26 August 2014
Convenience Prosperity Co., Ltd.	40.0%	Elite Matrix International Ltd (a wholly owned subsidiary of Yoma Strategic)	1,201,721,706	2 September 2014
Myanmar Motors Pte Ltd.	30.0%	Elite Matrix International Ltd	880,912,884	19 November 2014
MC Elevator (Myanmar) Limited	20.0%	Yoma Strategic Investments Limited	4,800,000	27 October 2014
SPA Elevator Ltd.	20.0%	Yangon Land	4,000,000	26 November 2014
Summit SPA Motors Limited	20.0%	Elite Matrix International Ltd	854,480,000	5 May 2014
FMI Flotilla Ltd.	50.0%	Yangon Land	500,000,000	26 November 2014
SPA Motors Ltd. (May Enterprise Ltd.)	100.0%	Yangon Land	742,484,557	26 November 2014
Seven Golden Gates Co., Ltd.	20.0%	Yangon Land	13,681,849	26 November 2014
FMI Syndication Ltd.	90.0%	SPA (Myanmar)	10,268,640,000	31 January 2015(1)

Note:

(1) On 17 October 2012, SPA (Myanmar) and FMI agreed to exchange FMI's 90.0% equity interest in FMI Syndication for a 10.0% equity interest in Meeyahta International, which at that date was 100% owned by SPA (Myanmar). Due to delays in getting certain regulatory approvals for the Landmark Development, the share swap was only completed on 31 January 2015.

In FY 2014-2015, FMI wrote off its entire investments in Agribusiness &Rural Development Consultants Ltd., in which FMI has a 55.0% interest, and Myanmar Agri-Tech Carbon Capital Ltd., in which FMI has a 30.0% interest. In addition, in FY 2014-2015, FMI received Ks 278,140,500 following the winding up of BRC Myanmar Co., Ltd., in which FMI had a 20.0% interest.

To align FMI's interest in both YSHPH and PHIH, on 7 April 2015, FMI transferred 15.0% of the issued shares in PHIH to Pun Hlaing Capital Co., Ltd., the non-controlling shareholder of PHIH, for nominal value. FMI's equity interest in PHIH was thus diluted from 75.0% to 60.0%.

Effective 30 June 2015, FMI sold a 40.0% equity interest in FMI Air to Yangon Land for Ks 9,230,932,000, leaving FMI with a 10.0% equity interest in FMI Air. The agreement for the sale of the shares in FMI Air gives FMI the option to repurchase the stake it sold and gives Yangon Land the option to sell the same back to FMI based on a future net asset value calculation or a fair value assessment, whichever is higher. If the parties cannot come to an agreement on the price, a third-party valuer will be used. Both options will expire on 30 June 2025. We have no current plans to exercise our option but we will continue to monitor the performance of FMI Air.

In FY 2014-2015, FMI acquired shares in the following companies:

Name of Company	FMI's Effective Equity Interest Prior to Purchase	Name of Seller/Issuer	Number of Shares Purchased	Purchase Price (Ks)	Effective Date of Purchase	FMI's Effective Equity Interest After Purchase
Yoma Bank	35.6%	Yangon Land	247,471	25,551,275,000	24 December 2014	51.0%
PHIH	35.0%	Yangon Land	157	8,186,800,000	30 September 2014	75.0%
Meeyahta International	-	SPA (Myanmar)	35	20,868,640,000	31 January 2015	20.0%(1)

Note:

(1) On 17 October 2012, SPA (Myanmar) and the FMI agreed with SPA (Myanmar) to exchange FMI's 90% equity interest in FMI Syndication for a 10.0% equity interest in Meeyahta International, which at that date was 100% owned by SPA (Myanmar). The agreed value for the share swap was Ks 10,268,640,000. Due to delays in getting certain regulatory approvals for the Landmark Development, the share swap was only completed on 31 January 2015. On 7 July 2013, SPA (Myanmar) agreed to sell a 10.0% equity interest in Meeyahta International for Ks 10,600,000,000 to FMI. The consideration for the purchase of the 10.0% equity interest in Meeyahta International was satisfied by FMI issuing 1.06 million Shares to SPA (Myanmar) at Ks 10,000 per Share on 10 July 2013. Due to delays in getting certain regulatory approvals, SPA Myanmar transferred the additional 10.0% equity interest in Meeyahta International to FMI effective 31 January 2015.

FINANCIAL SERVICES

History

Yoma Bank was founded in May 1993. Our first branch opened in August 1993, in front of Aung San Stadium in Yangon. By 31 March 2003, we had the largest branch network amongst private banks in Myanmar with 43 branches in 23 cities providing secure and efficient services nationwide. At that time, Yoma Bank was known as one of the most progressive banks in Myanmar having launched the first credit card and installed the first computerised banking system. In early 2003, the collapse of numerous informal finance companies led to a liquidity crisis in Myanmar. This led to the closure of many private banks, while our operations were restricted to domestic remittances by the authorities. Our full banking licence was restored in August 2012, following which we initiated a transformation programme to launch new products and upgrade corporate governance.

Yoma Bank entered into a shareholders' agreement in April 2015 with Telenor Southeast Asia Investment Pte. Ltd and two other companies of the Telenor Group, to jointly establish a company that will develop a mobile payment platform and provide mobile financial services in Myanmar. Subsequently, Digital Money Myanmar was incorporated on 22 May 2015. Yoma Bank has a 49.0% equity interest in Digital Money Myanmar while the Telenor Group owns a 51.0% equity interest. Digital Money Myanmar's goal is to become the leading provider of mobile financial services in Myanmar. We expect Digital Money Myanmar's mobile payment system, 'Digital Wave', to become operational before the end of FY 2015-2016.

YOMA BANK

Strengths

Strong and Experienced Management

We have a strong and experienced management, with many of our senior management having worked for reputed international financial institutions before joining us, who are complemented by our highly experienced local branch managers and regional managers. Our management works together as one team, which enables us to benefit from the teams' international experience and many years of local experience.

We have recruited bankers to our Bank's Executive Committee from reputable financial institutions who between them have a mix of strong international experience and strong local experience. We believe that this experienced executive committee and management team will build a strong foundation for our Bank's continuing growth.

Our Bank's Executive Committee includes:

- The Chairman and CEO, who has been a director and key executive of Yoma Bank for more than 22 years;
- The Advisor to the Chairman and CEO, who previously worked for Price Waterhouse Coopers (PwC), McKinsey & Co., and INSEAD Business School and most recently spent 10 years with the World Bank Group at both the IFC and the Multilateral Investment Guarantee Agency (MIGA);
- An executive director whose 24-year career has been spent at many institutions including Myanmar Central Bank, Myanma Foreign Trade Bank, Myanma Economic Bank and First Private Bank;
- An executive director who has over 10 years' experience in international and central banking operations, who has also worked at BNP Paribas in London and the Central Bank of Canada in Ottawa;
- The Chief Business Officer, who has over 15 years of experience working with many Fortune 500 companies and prominent names on Wall Street, including J.P. Morgan, Deloitte, Prudential Insurance, Freddie Mac and Citigroup;
- The Chief Operations Officer, who was one of the founding members of the Bank's IT department and has more than 16 years of experience in the IT industry, specializing in the banking sector;
- The Chief Compliance Officer, who has worked for over 38 years at Central Bank of Myanmar, which included a two-year term seconded as the Senior Advisor to the Executive Director of the SEAV Group at the IMF;
- The Chief Auditor, who has extensive experience working in financial reporting and analysis in many major financial and banking institutions in New York, USA, both as a fulltime staff and consultant; and
- The Head of Credit Risk, who spent more than 20 years in various positions in top financial institutions in Canada, including Toronto Dominion Bank, Laurentian Bank of Canada and Royal Bank of Canada and was most recently Deputy General Manager in the Credit and Risk Department at KBZ Bank.
- The Head of Finance & Treasury, who has over 15 years' accounting, finance, and audit experience in financial controllership positions at Citigroup, Morgan Stanley, Barclays Capital, Lehman Brothers and in financial services audit at KPMG, LLP.

As at 30 September 2015, we had 55 branch managers and 11 regional managers, all of whom have been working for us for over 13 years. Our managers have built strong relationships with the communities they serve. Following the reinstatement of our banking licence, we were able to rapidly increase deposits and advances due in no small part to these relationships. From 31 March 2012 to 31 March 2015, our deposits increased from Ks 5,420,127,000 to Ks 689,575,968,000. The local knowledge accumulated by our branch managers also assists us in complying with our internal policies with respect to new clients, such as assessment of credit risk and anti-money laundering issues, and further supplements these processes.

Strong Corporate Governance

As one of Myanmar's oldest private banks, we believe Yoma Bank has built a reputation as a trustworthy bank. Yoma Bank brands itself as "The Responsible Bank" and we have implemented international best practice for our corporate governance. Our corporate governance framework is broadly based on the OECD principles of accountability, fairness, transparency and responsibility, which are reflected in our Corporate Governance Policy Manual. We have taken several steps to implement these policies including establishing an Asset/Liability Committee ("**ALCO**"), an Executive Committee, a Credit Risk Management Committee and developing a Code of Conduct. These steps altogether demonstrate our on-going commitment to good corporate governance.

Our reputation as a trustworthy bank was further enhanced when we entered into the IFC Loan Agreement. Since 2013, IFC has provided advisory services to Yoma Bank that includes corporate governance and lending policies.

Stringent Credit Approval Process

We have a stringent credit approval process with a prudent underwriting approach. All credit applications must go through a standard credit assessment. In assessing a loan application, we primarily assess the repayment capacity of the applicant by reviewing the cash flow and other financial information of the applicant. The applicant must demonstrate that the cash flow from its business can service the loan. We also approach the credit approval process from an ethical perspective and have adopted a policy for Environment and Social Responsibility, which policy forms part of our suite of policies for managing the credit approval process. All credit applications must be submitted to the Credit Committee for approval.

The credit process involves the development, assessment, approval and management of credit relationships by our Business Credit Analysis Department and branches in a seamless manner. We encourage staff with differing responsibilities in the credit approval process to work together as a team so that credit relationships can be managed more effectively.

Partnership with IFC

Pursuant to the IFC Loan Agreement, IFC, a member of the World Bank Group, lent our Bank Ks 4.855 billion with the aim of supporting our Bank's lending activities to SMEs. The IFC Loan Agreement provides that IFC may acquire up to 10.0% of Yoma Bank's issued shares if Myanmar's laws are changed to permit a foreign company to own shares in a Myanmar bank. IFC is an experienced investor in the financial industry. IFC has made significant investments in numerous banks in the world, including in China. (Source: *http://www.ifc.org*, 28 April 2015.)

Our partnership with IFC is a significant part of our strategic vision to be a "Responsible Bank". IFC is acting as an advisor to Yoma Bank, with a full time residential advisor since January 2014. The advisory mandate includes corporate governance, core banking system, lending policies, environmental and social policies, SME lending and finance.

Relationships with Well-known International Entities

Our strong and experienced management and strong corporate governance give us many benefits, including making us more desirable for international entities, such as multinational corporations, foreign embassies and NGOs, to do business with. As a result, many multinational corporations, and NGOs bank with us.

Technology as a Cornerstone of Success

We recognise the importance of strong IT systems to support our future growth and our highly competent IT team has been the backbone of our success through development and implementation of increasingly sophisticated technologies. We are developing our first core banking system ("**CBS**") in-house and we believe we were the first bank in Myanmar to introduce banking software in 1999 and the first to introduce local credit cards, called Yoma Cards, with points of sale in 2002.

In February 2015, we entered into an agreement with Misys to acquire its internationally recognised and award winning CBS called Misys FusionBanking Essence. The CBS will cover retail and SME banking, online and mobile channels and trade finance. The CBS will be implemented in phases and is expected to be fully implemented before the end of Q2 FY 2016-2017. The new CBS will:

- Deliver a comprehensive range of banking functionality.

- Maintain centralised information.

- Provide a banking system that:
  - Is flexible and responsive to current and changing needs of the bank.
  - Delivers an effective and timely service to customers.
  - Enables more efficient branch processing through modern browser based branch solutions.
  - Is accurate and user friendly.
  - Reduces manual workload.
  - Improves service and delivery channels.
  - Reduces the time taken to design and create new products by up to 60%.
  - Accelerates launch of financial products from design through to distribution using front-to-back integration.

- Provide an information database that:
  - Delivers all statutory and management information requirements.
  - Measures effectiveness of branches and other units.
  - Measures profitability of branches, customers, products and services.
  - Utilises intelligent customer profiling to allow individually tailored marketing campaigns.

- Facilitate electronic and self-service banking.

The new CBS is model-driven, which allows us to store applications, such as internet banking, until we decide it is appropriate to deploy them. The hardware and software products contain comprehensive security features. Password protection will be fully implemented at both the branch and head office levels.

We are being supported by IFC with the introduction of the new CBS and related hardware. By utilizing IFC's expertise, we expect to minimize the risks relating to implementation of the new CBS.

Strategy

Yoma Bank aims to be the leading bank in Myanmar through the implementation of global best practices. Our mission is to bring responsible banking to the country with a strong emphasis on good corporate governance, environmental and social standards, and risk controls. To achieve this, our key business strategies are as follows:

Significantly increase the size of our loan book through targeted lending with a primary focus on lending to small and medium sized businesses ("SMEs")

Our primary focus is on growing our loans to SMEs. Strengthening the SME sector is a key element of the Myanmar government's framework for economic and social reforms (Source: *GIZ Report on Myanmar's Financial Sector, November 2013*). Businesses in the SME sector are typically trading, manufacturing, and retail firms, which need capital to grow. Loan sizes to these businesses usually range from Ks 100 million to Ks 1 billion. We will continue to focus on providing credit to SMEs that demonstrate a capacity for repayment and can provide the necessary transparency regarding their business operations. We believe that the SME sector in Myanmar is underserved and that by lending to these businesses, we will be building a diversified portfolio of loans that will be sustainable in the years ahead.

Develop strong relationships with multinational corporations ("MNCs")

Our secondary focus is developing strong relationships with MNCs, initially through the provision of cash management services. We believe our reputation as a trustworthy bank and the international experience of our senior management means that we have a comparative advantage over many of our competitors when it comes to getting cash management business from MNCs. Currently, local banks such as ourselves are not permitted to lend to MNCs. However, the banking sector is being liberalised and we believe that this restriction will be lifted in the future. If and when that happens, we want to have strong relationships with MNCs so we can lend to them.

Focus on cash management

We are focussing on building a cash management eco-system for our clients. Technology underpins this approach and includes the aforementioned CBS, ATMs, POS and mobile banking. Through the establishment of internet banking and mobile payment systems, we will offer our business clients cashless solutions to deal with their normal daily expenditure in Myanmar, such as payment of salaries. We understand that many businesses are concerned by the unnecessary administrative burdens imposed by the current cash-based payment system. These cashless solutions also increase transparency by creating a paper trail. It is hoped that this focus will encourage an increased volume of transfers within, and expansion of, our existing correspondent banking network, which as at 30 September 2015, comprised 32 banks in 11 countries.

Establish internet banking

We currently deliver our products through traditional bank branches. The internet, mobile phones, and smart cards, which could ease remittances transfer, are not yet widespread in Myanmar. However, with regard to the high speed at which technological innovation has spread in the 21st century, the McKinsey Global Institute foresees high business potential for internet and mobile financial services in Myanmar and suggests to directly move from a cash-based to a branchless banking economy. (Source: *GIZ Report on Myanmar's Financial Sector, November 2013*). We expect to be able to deliver the following products and services via the internet by the end of FY 2015-2016 and our new CBS includes a model that will enable us to provide this service.

Invest in Digital Money Myanmar, which is set to launch a new mobile payment system called 'Wave Money' in Myanmar before the end of FY 2015-2016

Yoma Bank has a 49.0% equity interest in Digital Money Myanmar. Digital Money Myanmar's goal is for 'Wave Money' to become the leading mobile financial service in Myanmar. We expect Digital Money Myanmar's mobile payment system to become operational before the end of FY 2015-2016.

Pursuant to the shareholders' agreement with Telenor Southeast Asia Investment Pte. Ltd. and two other companies of the Telenor Group, Yoma Bank has agreed to invest a further US$8.33 million in Digital Money Myanmar, which money will be invested in stages as and when Digital Money Myanmar makes a capital call. Yoma Bank expects to invest all of the US$8.33 million before the end of FY 2016-2017. The other shareholders have also agreed to invest additional money in proportion to their current shareholding. Under current CBM regulations, a bank may not own more than 10.0% of the equity in another company. Yoma Bank has applied for an exemption from that regulation to permit it to keep its current 49.0% equity interest in Digital Money Myanmar. In the event the CBM does not grant the exemption, Yoma Bank intends to sell a 39.0% equity interest in Digital Money Myanmar to FMI.

Continue to improve and expand our employees' training through the Yoma School of Banking

We believe one of our advantages is our team of highly qualified and experienced people. We plan to continue developing policies to effectively manage and support our human resources. The Yoma School of Banking provides continuous professional development for our management and staff and keeps them abreast of our policies and procedures to ensure regulatory compliance and support strong corporate governance. We entered into an agreement in September 2014 with GIZ for GIZ to provide trainers to the Yoma School of Banking for a period of 12 months to teach our employees on topics such as SME lending, customer service, rebranding and business development. GIZ is the German government's international development organisation and it is active in promoting financial sector initiatives across the world. The work of the trainers includes, among other things, a systematic capacity building in order to make our employees fit for the challenges of a fast growing financial sector in Myanmar. The GIZ trainers are working in close cooperation with the team from the Yoma School of Banking with the goal to transfer responsibility of training of staff and management to the Yoma School of Banking. Another goal is to achieve sustainability in this capacity building process. The term of the agreement with GIZ has been extended for another 12 months as of September 2015. Standard Chartered Bank is also providing additional training and human resource development for our employees. We believe these trainings will enable our staff to be more specialised and better prepared to cater to the needs of our customers.

Increase the number of money changers

As at 30 September 2015, foreign exchange transactions could be made at 11 money changers located in four cities. We plan to increase the number of money changers to 20 in eight cities by the end of FY 2015-2016.

Expand the number of branches and renovate existing branches over time

As at 30 September 2015, we had 55 branches located in 24 cities. We plan to open three additional branches before the end of FY 2015-2016. In addition, we plan to renovate and modernize our existing branches over time to bring them up to international standards.

Increase brand awareness

In order to reflect our internal improvements and commitment to global best practices, Yoma Bank's brand identity was refreshed in December 2014, and a new tagline "The Responsible Bank" was developed to communicate our revised brand positioning. Previously, we had not invested any significant amount in marketing or in generating brand awareness. With this new brand platform, our re-launch was effected in February 2015, with an integrated advertising campaign implemented across multiple communication channels including TV, radio, print, billboard, and online and social media. The communication concept utilized a series of testimonials from both our employees and customers, each explaining how Yoma Bank has positively impacted their lives. One of our key points of difference is our longevity and this was highlighted through the selection of both long-term employees and customers.

In Myanmar's rapidly growing banking sector, we believe generating brand awareness and engagement is key to ensuring that Yoma Bank is a "top of mind" brand within our various target markets. We plan to build upon the earlier success of the brand re-launch, and implement both above the line and below the line advertising campaigns to drive both brand awareness and product sales, with a focus on more tactical, product communication. This will include campaigns highlighting the benefits of our core suite of products, with a strong sales message.

Credit Products

Corporate Credit Products

We offer our corporate customers loans, hire purchase financing, international trade finance and services, and the Yoma Trade Guarantee, in essence a localised letter of credit. The maximum lending rate is currently set at 13.0% per annum by the CBM, which is the lending rate applied by us for the loan products set out below. Under Myanmar law, all bank loans are required to be backed by collateral.

Set forth below is a description of our credit products:

<u>Loans</u>

We offer term loans, lien loans, gold loans, warehouse product loans, overdraft and temporary overdraft facilities.

A term loan is a business loan backed by eligible collateral for a tenor of one year. The term loan is specially designed to fund business related activities and requires monthly payment of principal and interest. We began offering term loans again in FY 2013-2014, following the lifting of the restrictions on our banking licence.

We offer overdraft facilities for business clients to fund business related activities. The loan needs to be supported by eligible collateral and has a maximum tenor of one year.

We offer temporary overdraft facilities for business clients in need of short term financing. The loan needs to be supported by eligible collateral and has a maximum tenor of 30 days.

A gold loan is a loan backed by gold. We began offering gold loans in FY 2014-2015.

A warehouse product loan is a loan backed by soft commodities (e.g., rice) that has been placed in a bonded warehouse. We began offering warehouse product loans in Q1 FY 2014-2015.

A lien loan is a short-term loan backed by an amount in the customer's savings or fixed deposit accounts. The lien loan allows customers to borrow up to 80.0% of their savings balance. We began offering lien loans again in FY 2013-2014 following the lifting of the restrictions on our banking licence.

<u>Hire Purchase Financing</u>

We provide hire purchase financing for the purchase of fixed assets such as automobiles, farming and agricultural equipment and plant & machinery. The hire purchase agreement is entered into between the buyer and us, and after selling the product, the seller transfers ownership of the product to us. We in turn transfer ownership to the buyer on completion of the payment plan. The buyer has the option to choose a one, two, or three-year tenor, with an option to negotiate should the customer want to extend the timeframe. We began offering hire purchase financing again in Q4 FY 2013-2014, following the lifting of the restrictions on our banking licence.

International Trade Finance and Services

Our international trade finance and services comprise import trade solutions, export trade solutions and bank guarantee or bond. We offer import letters of credit, trust receipts, import bills for collection as part of import trade solutions. We offer export letter of credit advising, export letter of credit confirmation, export bill collection, export bill purchasing/discounting and export bill negotiation as part of export trade solutions. We issue tender bond and performance guarantee in local and foreign currency. We began offering international trade finance and services in Q1 FY 2013-2014, following the lifting of the restrictions on our banking licence.

Yoma Trade Guarantee

The Yoma Trade Guarantee is a written commitment issued on behalf of the buyer to guarantee, on demand, the amount specified to meet the buyer's obligations under a contract signed between the seller and the buyer. As part of the trade guarantee, we also provide invoice discounting (for sellers) and overdrafts (for buyers). Invoice discounting gives the seller advance payment on the funds owed by buyers to the seller. In the event a seller's buyer is short of funds to meet an obligation, the overdraft facility will automatically be executed on the invoice due date so that we can make payment to the seller on time. Eligible collateral for the overdraft facility includes cash savings or fixed deposits, immovable property, apartments, condominiums, shop houses and gold. We began offering the Yoma Trade Guarantee in December 2014.

Corporate Client Services

We provide our corporate clients with payroll services, remittance services and international cash management. These services are described below:

Payroll Services

Our payroll services are designed for businesses to ensure timely disbursement of wages on a monthly basis.

Remittance Services

Along with domestic remittances, we also offer international remittance facilities to those who have opened foreign currency accounts with us. Western Union money transfer services have been available at all of our branches since April 2014.

International Cash Management

Our cash management solutions enable customers to collect payments faster, optimize the timing of payments, simplify payroll, effectively manage transactions and maintain better control of funds. Foreign currency accounts can be opened in USD, SGD and EURO and our currency exchange service, available at our money changers, has exchange rates that are updated on a daily basis to provide customers with competitive rates. As at 30 September 2015, our correspondent banking network comprised 32 banks in 11 countries.

Retail Services

Remittance Services

Our domestic remittance service is reliable, efficient and secure. Money is transferred through our branches across the country. We use the Thaicom-4 (IPSTAR) satellite system for our remittance service. The IPSTAR satellite system is capable of maximizing the available frequency for transmissions; thus improving efficiencies and increasing bandwidth by a factor of 20 compared to traditional Ku-band satellites. (Source: www.ipstar.com/en/technology.html accessed 2 March 2015).

Payment Orders

Payment orders are provided to facilitate payments to third parties within Myanmar. Account holders can instruct us to set up payments to a third party institution via paper or electronic means.

Safety Deposit Lockers

We provide safety deposit lockers of various sizes at the Botahtaung and Hlaing Thayar branches in Yangon and at the 78th Street branch in Mandalay. The safety deposit lockers are rented on an annual basis.

Certified Cheques

We offer certified cheques to our current account holders. A certified cheque guarantees the validity of a cheque by reserving its value in the customer's current account.

Deposits

Our deposit services comprise current accounts, call deposit accounts, savings deposit accounts and fixed deposit accounts. There is no minimum interest rate for current accounts and we do not pay interest on current accounts. The minimum interest rates for savings deposit accounts and fixed deposit accounts are set by the CBM, which is currently 8.0% per annum. We currently pay interest at 8.0% per annum on call deposit accounts and 8.25% per annum on savings accounts. We offer fixed deposit terms of one, three, eight, nine and 12 months, and deposits earn higher interest rates the longer the tenor (currently between 9.0-10.0%).

We provide international and corporate clients with domestic and foreign currency deposit accounts. Foreign currency accounts can be opened in USD, SGD and EURO.

Risk Management

We are exposed to risks that are particular to our lending businesses and the environment in which we operate. The goal of risk management is to ensure that we adhere strictly to the policies and procedures established to address any risks. We recently undertook a lengthy process of upgrading our risk management processes. We now have in place a comprehensive policy and structure for our risk management. We plan to set up a dedicated risk division.

The Executive Committee is responsible for strategy, day to day operations of the bank, recommending approvals for major decisions to the Board of Directors and setting the corporate culture. As at 30 September 2015, the Executive Committee comprised the following members: Chairman & CEO, Special Advisor to the Chairman & CEO, Chief Operating Officer, Chief Business Officer, two Executive Directors, Chief Compliance Officer, Head of Credit Risk, and Head of Finance & Treasury.

The Audit Committee assists Yoma Bank's board of directors in fulfilling its oversight responsibility related to our financial controls, with particular emphasis on: (1) the integrity of internal controls and financial reporting; (2) performance of the internal auditors; (3) the qualification and independence of Yoma Bank's external auditor; (4) the performance of internal audit function and external auditor; and (5) compliance with legal and regulatory requirements. As at 30 September 2015, Yoma Bank's Audit Committee comprised our Bank's Chairman & CEO and one other director.

Yoma Bank's board of directors has delegated operational authority for asset/liability management and the managing of market risks to the ALCO. The ALCO is responsible for managing the structure of our Bank's balance sheet in a prudent and efficient manner to protect and enhance our net interest income. The ALCO seeks to identify, measure and manage key risk exposures to market prices, interest rates, foreign exchange rates, liquidity and capital adequacy within our desired risk appetite. The ALCO also provides a governance structure for the oversight and coordination of relevant decisions and activities across our different functions and departments.

The goals of the ALCO are to maintain an optimum balance sheet structure through:

- Effective management of the volume, mix, re-pricing opportunities, product pricing, and maturities of assets and liabilities;
- Controlled exposure to changes in market prices, such as interest rates and foreign exchange rates, to provide an optimum and stable net interest margin;
- Providing the basis for integrated balance sheet management, oversight of financial plans and maintenance of liquidity and capital adequacy;
- Ensuring the safety and soundness of our deposits, while providing an appropriate return to shareholders; and

- Ensuring compliance with relevant regulatory, legal and accounting rules.

Credit Risk

Credit risk is defined as the inability or unwillingness of the customer or counterparty to meet commitments in relation to lending and other financial transactions. The objective of our credit risk management process is to enable us to achieve sustainable and superior risk reward performance, whilst maintaining credit risk exposure within acceptable parameters. This requires the delivery of consistently sound commercial judgment in an efficient manner.

Yoma's Bank's Executive Credit Committee (the "**ECC**") is responsible for establishing and maintaining a credit risk management function to meet the standards required by Yoma Bank's board of directors and advises on improvements to the credit framework. All of our credit applications are reviewed by one of our three credit committees (the relevant committee depends on the requested credit amount). The ECC is chaired by our Bank's Special Advisor to the Chairman and CEO, our Junior Credit Committee is chaired by Yoma Bank's Executive Director and our Credit Risk Department Credit Committee is chaired by the Head of Credit Risk.

Yoma Bank's lending practices follow international best practices and credit worthiness is assessed based on character, capacity, collateral, capital and conditions. When assessing a credit application, we review the applicant's finances, operations, and management as well as the social and environmental risks to which the applicant's business may be exposed. Our main focus is on the repayment capacity of the applicant, with the collateral being a secondary consideration.

Since September 2014, GIZ has been providing dedicated training to all loan officers. GIZ has agreed to provide this training through to the end of September 2016. GIZ's training team comprises three individuals on site.

Our plan is for credit risk management to become a part of our overall risk management division.

Our Bank's Credit Risk Department:

- Monitors and ensures that credit activity is compliant with the limits and targets defined by the ECC;
- Prepares analysis and forecasts of credit portfolio composition and movements;
- Analyses customers' borrowing patterns and, in co-operation with the relevant lending departments (including corporate banking and branch managers), provides recommendations on credit applications after meeting with applicants;
- Provides the ALCO with an analysis of external factors and structural changes that may affect portfolio risk measures;
- Performs statistical analysis of the credit lines and guarantees granted by us in order to determine the effect of these products on our Bank's liquidity and interest rate risk; and
- Monitors client accounts and manages non-performing loans.

Interest Rate Risk

Interest rate risk is the risk to our earnings and capital that arises out of customers' demands for interest rate-related products (e.g., loans and deposits) with various re-pricing profiles and our interest rate gap strategy. As interest rates and yield curves may change over time, we may be exposed to a loss in earnings and capital due to the re-pricing structure of all on- and off-balance sheet items.

Movements in interest rates can affect our earnings by changing our net interest income. Changes in interest rates also affect the economic value of our Bank's assets, liabilities and off-balance sheet items. An effective risk management process that maintains interest rate risk within prudent levels is essential not only to safety and soundness but also to our Bank's profitability. Our interest rate risk is monitored by the ALCO.

We operate in a controlled interest rate environment with rates dictated by Central Bank of Myanmar. Current rates are a minimum of 8.0% for deposits and a maximum of 13.0% for lending. At times there are competitive pressures for deposits with competitors being prepared to pay a premium for deposits.

Liquidity Risk

We have adequate liquidity when we can obtain sufficient funds to meet our commitments, either by increasing liabilities or by converting assets, promptly and at reasonable cost. If liquidity needs are not met through liquid asset holdings and stable funding, we may be forced to restructure or acquire additional liabilities under adverse market conditions and run a greater risk of default. We take a conservative approach to liquidity management and have a low risk appetite for liquidity risk.

We regularly monitor our liquidity position taking into consideration the following factors:

- Current and projected composition, concentration and quality of assets and liabilities;
- Forecast demand for liquid funds;
- Forecast inflows and outflows of funds; and
- Regulatory and covenant limits.

We maintain a substantial investment portfolio in government bonds, which are currently the only securities we use as part of our ALM strategy. As at 31 March 2015, our investment in government bonds was Ks 160 billion. Our funding is primarily sourced from customer deposits. Most of our assets and liabilities are short to medium term duration. As at 30 September 2015, we have not faced any material asset-liability mismatches.

Price Risk

Price risk represents a risk to earnings or capital arising from changes in the value of portfolios of financial instruments. As at 31 March 2015, our only price risk was our investment in Ks 179 billion in government securities.

Foreign Exchange Risk

Foreign exchange risk arises when assets and liabilities are denominated in foreign currencies and their value is impacted by changes in the relevant rates. This can also arise via the buying and selling of currencies in the course of business and that generates a mismatch of currency holdings within a particular currency.

Our foreign currency risk is overseen by ALCO and managed by the Treasury function within ALCOs prescribed limits. The Foreign Exchange Management sub-committee of ALCO is responsible for:

- Periodically monitoring the foreign currency risk of the bank and assessing our Bank’s exposure to all foreign currency activity.
- Ensuring our Bank’s compliance with applicable external regulations and covenants related to foreign currency activity; and
- Development of forecasts, risk tolerances, buffers, metrics, and contingency planning related to our Bank’s foreign currency activity.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Operational risk may arise from a variety of factors, such as unauthorized transactions, improper documentation, non-adherence to operational and information security procedures, failure of computer systems, software or equipment, perpetration of frauds and execution errors. Operational risk is inherent in all of our banking products, activities, processes and systems, and the effective management of operational risk has always been a fundamental element of our approach to managing risk.

Internal controls are embedded in our day-to-day business and are designed to ensure that, to the extent possible, our activities are efficient and effective, information is reliable, timely and complete and we are compliant with applicable laws and regulation.

We have created a ‘three lines defence system’ for managing operational risk.

The first line of defence is the business line management, which is responsible for identifying and managing the risks inherent in the products, activities, processes and systems for which they are accountable.

We use separation of duties and independent review of processes and functions as our second line of defense. All transactions are checked by a person other than the originator.

The third line of defense is undertaken by the internal audit department. For information about our internal audit, see "-Internal Audit" below.

We are in the process of creating a dedicated operational risk management department, which is expected to be set up by Chief Risk Officer. Its responsibility will be to identify all risks and measure the probability and potential impact of losses resulting from those risks.

Compliance and Anti Money Laundering

We have appointed an experienced Chief Compliance Officer, who also oversees our anti money laundering ("**AML**") processes and regulatory risk. Our Chief Compliance Officer worked for over 38 years at Central Bank of Myanmar, which included a two-year term seconded as the Senior Advisor to the Executive Director of the SEAV Group at the IMF.

To help ensure our compliance standards meet international standards, IFC supported us in developing our compliance standards and AML processes.

Having international standards for AML is very important as we use a network of international banks for our correspondent banking relationships and if they are concerned that our AML processes are not up to scratch then they may decide to discontinue their relationship with us.

Foreign Exchange Operations

As at 30 September 2015, our currency exchange service was available in four cities through money changers located in ten traditional bank branches and one standalone money changer.

We have correspondent banking arrangements with international banks for all major currencies, enabling all types of foreign exchange transactions. As at 30 September 2015, our correspondent banking network comprised 32 banks in 11 countries. We are a member of the SWIFT network. As at 30 September 2015, our international banking division and one branch are connected to the SWIFT network.

Delivery Channels

We currently deliver our products and services through traditional bank branches and one standalone money changer. Set forth below is a table showing our branch network and branches with money changers as at 30 September 2015:

Name of Region	**Number of Branches/ (Number of Branches with Money Changers)**
Yangon Region	17/(6)
Mandalay Region	11/(3)
Bago Region	5
Magway Region	5
Shan Region	5/(1)
Sagaing Region	4
Ayeyarwady Region	3
Mon Region	1
Rakhine Region	1
Kachin Region	1
Kayin Region	1
Tanintharyi Region	1
Total	**55/(10)**

In addition to money changers within our branches, we also have one standalone money changer in the Yangon Region.

We are planning to also deliver our products via mini branches, mobile banking, the internet, a call centre and ATMs. For further details, see "–Financial Services – Strategy" beginning on page 63.

Information Technology

In February 2015, we entered into an agreement with Misys to acquire its internationally recognised and award winning CBS called Misys Fusion Banking Essence. The CBS will cover retail and SME banking, online and mobile channels and trade finance. The CBS will be implemented in phases and is expected to be fully implemented before the end of Q2 FY 2016-2017.

Internal Audit

Our internal audit department undertakes audits every six months, identifies weaknesses in controls and agrees action plans to improve identified weaknesses. The internal audit department provides independent and objective oversight on operational risk to Yoma Bank's Audit Committee.

Competition

The banking sector in Myanmar currently comprises state-owned banks, private and semi-governmental banks, representative offices of foreign banks and branches of foreign banks. As at 10 October 2015, there were four state owned banks, 23 private banks, representative offices of 25 foreign banks and branches of nine foreign banks. (Source: *http://www.cbm.gov.mm/*, accessed 10 October 2015).

As at 31 March 2014, the state-owned banks had a market share 64.3% in terms of assets and private and semi-governmental banks had the remaining 35.7%. As at 31 March 2014, Yoma Bank was the eighth in the private and semi-governmental category in terms of market share by assets, with a market share of 3.7% of the total assets of all private and semi-governmental banks. (Source: GIZ Report).

State owned and private and semi-governmental banks are restricted in the kind and characteristics of the products they can offer, leading to a very narrow range of financial products. Part of the current regulation is the sector-wide application of minimum and maximum interest rates set by the CBM for saving and loan products, with a maximum spread of 5.0%. Therefore, banks distinguish themselves mainly by their reputation, level of service and physical presence in the market.

In October 2014, the government announced that nine foreign banks will be allowed to provide banking services to foreign corporations and domestic banks. As at 10 October 2015, all nine foreign banks had commenced operations. (Source: *http://www.cbm.gov.mm/*, accessed 10 October 2015). Each foreign bank is allowed to open a branch at only one location and is not permitted to offer retail banking services. The foreign banks are permitted to engage in wholesale banking, grant loans and take deposits from foreign corporates and domestic banks in international currency and Kyats. They can also make loans to local companies in coordination with local banks by establishing a syndicated loan extension programme. (Source: GIZ Report).

For further information, see "Industry Information – Financial Sector" on page 29.

Insurance

As at 30 September 2015, our Bank holds public liability, property all risks and Bankers Blanket Bond and Electronic Computer Crime insurance with Myanma Insurance.

Human Resources

As at 30 September 2015, our Bank had 2,536 employees.

We have adopted the approach of building a culture of learning and execution. Our performance appraisal system helps to analyze the qualitative aspects of the business and managerial dimensions of our employees.

Since July 2013, we have provided our employees with a staff loan programme in accordance with the CBM's regulations. Employees who have been with us for a period of one and half years to two and a half years can borrow up to 200% of their monthly salary and employees who have been with us for two and a half years or more can borrow up to 500% of their monthly salary. The interest rate is currently 8.50% per annum and repayment terms are between two to three years.

The Yoma School of Banking, discussed above in "-Financial Services-Strategy-Continue to improve and expand our employees' training through the Yoma School of Banking", provides continuous professional development for our management and staff.

Real Property

We lease our registered office located at No. 11-17 Bokalay Zay Road, Botahtaung Township, Yangon. The lease expires in 2024.

As at 30 September 2015, we had 55 branches, 43 of which we owned and 12 of which we leased. As at 30 September 2015, we had one standalone money changer, which is leased. As at 30 September 2015, we had 12 staff accommodations for our employees, eight of which are owned and three of which are leased.

DIGITAL MONEY MYANMAR LIMITED

Yoma Bank holds a 49.0% equity interest in Digital Money Myanmar, with the Telenor Group holding the remaining 51.0% through its member companies. Digital Money Myanmar's goal is for its mobile payment system, 'Wave Money', to become the leading mobile financial service in Myanmar.

Subject to applicable licensing and regulatory requirements, the company will provide products and services permitted by CBM, including:

- *Cash-in/Cash-out transactions:* Cash-in and cash-out transactions through an agent;

- *Domestic payments between individuals:* Domestic money transfer services between individuals including over-the-counter (OTC) transactions and transactions originating from mobile wallet accounts;

- *Domestic payments between the government and individuals:* Government-to-individual payments for salary disbursements, pension disbursements and other disbursements; individual-to-government payments for tax and other payments; and

- *Domestic payments between business and individuals:* Issuing mobile accounts for the purposes of the following payments, among others; paying bills, purchasing good and services from selected merchants, purchasing Telenor Myanmar airtime top-up; salary disbursements and loan repayments;

We expect Digital Money Myanmar's mobile payment system to become operational before the end of FY 2015-2016.

The products and services to be provided by the company will initially be available through Telenor Myanmar-originated agents, Yoma Bank branches, USSD (Unstructured Supplementary Service Data) and smartphone applications. At a later stage, Digital Money Myanmar may provide products and services through additional service channels such as independent agents, payment cards, automatic teller machines and internet websites.

Digital Money Myanmar will provide interoperability with other mobile financial services providers to allow transfers between the mobile wallet accounts of its customers and the mobile wallet accounts of customers of other mobile financial service providers. The company will also offer interoperability with financial institutions other than Yoma Bank to enable funding of transfers from bank accounts to the mobile wallet accounts of customers.

Yoma Bank will provide trust account services to Digital Money Myanmar in accordance with the terms and conditions of a service level agreement to be entered into between the company and Yoma Bank. The company will also enter into a cash management services agreement with Yoma Bank for facilitating the cash management needs of the company's agent network. Telenor Myanmar Ltd. ("**Telenor Myanmar**") will provide Digital Money Myanmar with its customer data to enable the company to provide Telenor Myanmar's customers with mobile financial services. Telenor Myanmar and Yoma Bank will jointly provide the company with sales and distribution services that the company may require from time to time.

Digital Money Myanmar's CEO was previously responsible for launching WING, the leading mobile payment service provider in Cambodia.

Digital Money Myanmar expects to operate in a competitive market. As at 30 September 2015, there were three providers of mobile payment services in Myanmar (Myanmar Mobile Money, 663 Mobile Money and MyKyat) and other mobile operators, banks and payments companies have announced plans to launch similar services.

Under current CBM regulations, a bank may not own more than 10.0% of the equity in another company. Yoma Bank has applied for an exemption from that regulation to permit it to keep its current 49.0% equity interest in Digital Money Myanmar. In the event the CBM does not grant the exemption, Yoma Bank intends to sell a 39.0% equity interest in Digital Money Myanmar to FMI.

REAL ESTATE

Overview

FMI's real estate segment comprises one 50/50 joint venture, LSC-FMI, and the following Associates: FMI Garden Development; Thanlyin Estate; Pun Hlaing Links Services; and Meeyahta International.

FMI generally works closely with Yoma Strategic and SPA (Myanmar), both of which are related parties, on developing real estate projects.

Strengths

Ability to conceptualize, develop and operate large and innovative projects

Companies in the Real Estate Segment have developed some of the most identifiable projects in and around Yangon. FMI City was Myanmar's first master-planned gated community. The estate provides facilities such as a sports and recreation centre, supermarket and food complex and a dedicated bus terminal. Another ongoing landmark development, STAR*CITY, comprises high quality residential units and residents will benefit from comprehensive sporting facilities adjoined to the nine hole Pun Hlaing Links golf course. An international school will also adjoin this development. FMI believes that each of the developments by its Real Estate Segment is innovative and involves quality engineering, architectural planning and design.

The "FMI" brand is associated with delivering high quality developments and for its continuous commitment to ensure those developments are well maintained

We believe that the "FMI" brand has an established reputation in the Yangon property market for being part of high quality real estate developments that have been developed. FMI Centre, FMI City and STAR*CITY are high quality developments with top-quality facilities. With years of reliably delivering properties on a pre-sell basis, we believe our reputation provides comfort for buyers of the off-plan properties. The companies in our Real Estate Segment focus on estate management after the project is developed and sold. This gives buyers the comfort that the quality of the development will be well maintained.

Visionary and highly experienced Executive Chairman

FMI's Executive Chairman, U Theim Wai @ Serge Pun, has over 40 years of experience in the real estate industry. His vision and leadership have been primarily responsible for the direction and growth of our investments in companies in the Real Estate Segment. We believe that FMI's Executive Chairman's dynamism and experience and his in-depth understanding of the market will enable us to continue to take advantage of current and future opportunities and identify potential new projects for us to invest in.

Relationships with leading firms

FMI, directly or through our strategic partner Yoma Strategic, has business relationships with some of the most prestigious firms in the world, including Dragages, a member of Bouygues Construction, one of Asia's largest and most respected construction firms, Mitsubishi Estate, one of Japan's largest real estate developers, and The Hongkong and Shanghai Hotels Limited, a company listed on The Stock Exchange of Hong Kong, which is engaged in the ownership, development and management of prestigious hotel, commercial and residential properties in Asia, the United States and Europe. We believe these business relationships place FMI and the companies in is its Real Estate Segment in a unique position to offer international-standard developments to buyers in Myanmar's real estate market. They also allow FMI and the companies in is its Real Estate to stay ahead of the curve in terms of technology and knowledge transfer.

Strategy

Focus on completing ongoing projects and developing planned projects

The key focus will be on the smooth completion of the ongoing projects such as STAR*CITY and FMI City and the development of planned projects such as the Landmark Development and KrisPLAZA.

Focus on developing large, scalable projects

We intend to focus on developing large projects that are scalable, so as to focus our resources on developments that have the potential for higher returns.

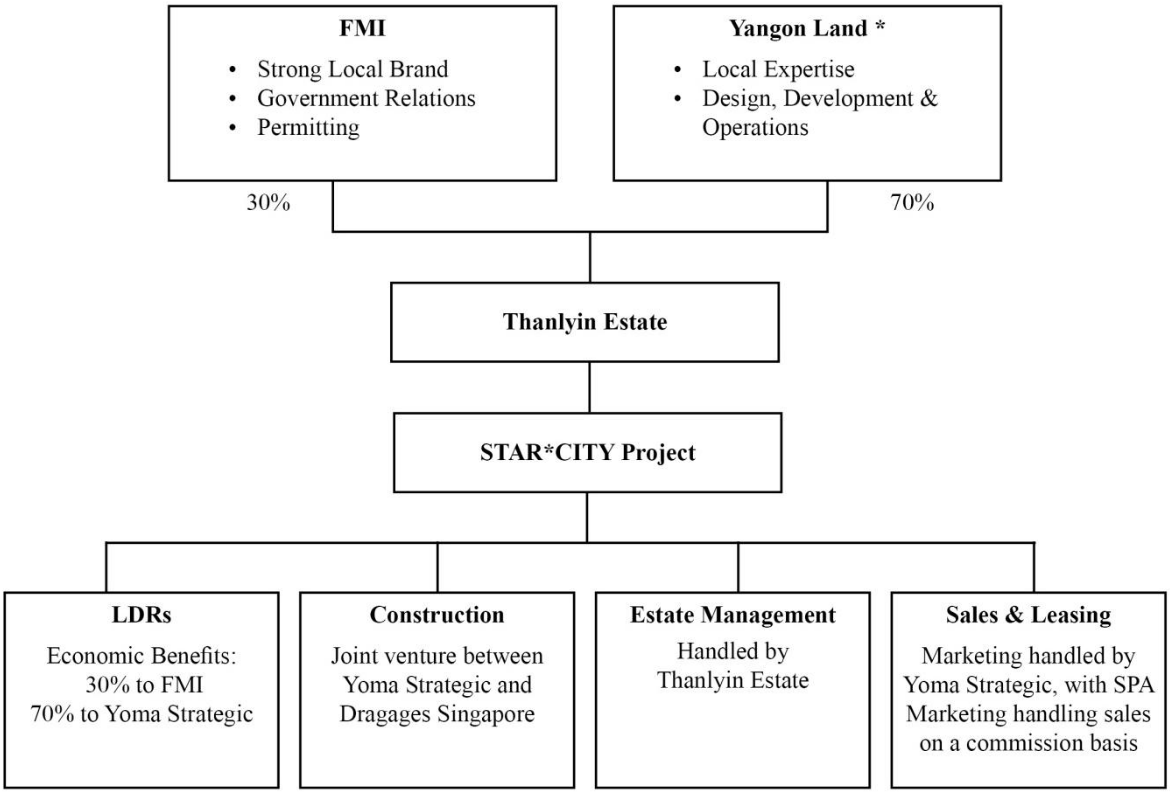
Mixed sale and lease business model for the Real Estate Segment

Companies in the Real Estate Segment maintain a mix of lease and sale properties. FMI Centre is a lease only development. STAR*CITY and FMI City are primarily residential projects, while the upcoming Landmark Development will have residential, retail and office space along with hotels. The Landmark Development project will be developed on a mixed sale and lease business model. FMI believes that its investments in the companies in its Real Estate Segment gives it exposure to a diversified mix of integrated townships, standalone residential, retail and commercial developments and allows FMI to mitigate risks arising as a result of slowdown in a particular segment.

Thanlyin Estate

Thanlyin Estate, in which FMI owns 30.0% of the outstanding shares, owns the right to develop approximately 135 acres of land in Thanlyin Township on which the STAR*CITY project has been, and is being developed. STAR*CITY is located eight miles from the Thilawa Special Economic Zone and six miles from downtown Yangon. When the development is completed, we expect it will have approximately 9,000 high quality residential units and 1.7 million sq. ft. of commercial and retail facilities, a riverside promenade, and comprehensive sporting facilities. STAR*CITY is adjacent to the nine-hole Pun Hlaing Links golf course.

Set forth below is a chart summarising the STAR*CITY project.



* A subsidiary of Yoma Strategic has been appointed by Yangon Land to design, develop, manage and operate the STAR*CITY Project pursuant to which Yoma Strategic provides capital, development expertise, and human resources and receives economic interests equivalent to 70% of the annual net profit after tax of Thanlyin Estate.

A local school and an international school will be built adjacent to STAR*CITY. Thanlyin Estate owns the LDRs to 20.3 acres of land on which the international school will be developed. In May 2015, Thanlyin Estate and Education Index Management Limited ("EIM"), among others, entered into definitive legal agreements to design, build and operate the international school, which will be called British Yangon College. The school will provide a British curriculum enhanced for Myanmar and foreign students from two to 18 years of age. Thanlyin Estate will develop the school buildings and facilities, which will be leased to the school in return for a percentage of the school's revenue and the capital levies paid by each student. Academic and operational management of the school will be overseen by EIM's subsidiary Dulwich College Management International Limited with Dulwich College in London supporting as educational adviser. The school buildings and facilities will provide a fully-equipped and purpose built campus dedicated to upholding the highest international educational standards. The school aims to be a best-in-class educational facility in Myanmar, offering modern state-of-the-art classrooms, a performing arts centre, swimming pool, gymnasiums and sporting grounds. The total development cost for the school (excluding the cost of the land) is expected to be approximately US$40 million on completion, subject to finalisation of design and quantity surveys. The school has received the required construction approvals and is acknowledged by the Union of Myanmar Ministry of Education. Construction of the school has already begun. The school is expected to open for the 2016/2017 academic year.

Yangon Land, a wholly-owned subsidiary of SPA (Myanmar), acquired the right to develop the land for the STAR*CITY project from the Ministry of Construction; Department of Human Settlement and Housing Development ("**DHSHD**") in FY 2003-2004, and then partnered with FMI in FY 2010-2011 to establish Thanlyin Estate. Under the agreement with DSHSD, the original purchaser of an apartment will receive from the DSHSD the right of occupancy to that apartment for a period 60 years. Set forth below is a chart summarising the STAR*CITY project.

Thanlyin Estate has the management rights for STAR*CITY and it is responsible for providing 24-hour security, water supply, a substation to provide 24-hour electricity and maintaining all facets of the development, including: IT and telephone infrastructure, all internal and external public spaces, landscaping, roads and walkways, the on-site firefighting equipment, and regular fogging and pest control measures.

STAR*CITY is being developed in phases. A wholly-owned subsidiary of Yoma Strategic has been appointed as the operator to design, develop, manage and operate the STAR*CITY project, including the structuring of sales models for STAR*CITY.

Set forth below is a copy of the current master plan for the development (which may be changed).

Zone A

Zone A was developed on 13.41 acres. It comprises five buildings with a total of 978 apartments (with a total saleable/leasable area of 947,000 sq. ft.) and 111,000 sq. ft. of leasable commercial space.

All of the apartments in four of the buildings have been sold (828 apartments totaling 796,000 sq. ft.) and one block containing 150 apartments with a total leasable area of 150,864 sq. ft. was kept to be leased. As at 30 September 2015, Thanlyin Estate had leased 98 apartments with a total area of 97,947 sq. ft. and leased a total of 8,254 sq. ft. of commercial space.

Zone A was constructed by independent contractors and SPA Project Management, a division of SPA (Myanmar), managed the construction.

Zone B

Zone B was developed on 12.93 acres. It comprises five buildings with a total of 1,043 apartments (with a total saleable area of 1,138,160 sq. ft.).

Zone B was developed in partnership with a third party investor. The third party investor agreed to pay Thanlyin Estate the construction costs for Zone B, a land premium and incentive fees for meeting sales targets and for exceeding a certain price per sq. ft. for sales of apartments in Zone B in return for which the investor receiving the profit from the sales of the properties in Zone B after deducting the money payable to Thanlyin Estate and marketing and sales commissions.

As at 30 September 2015, 1,026 of the apartments in Zone B have been sold. Development of Zone B began in FY 2013-2014 and is expected to be completed by the end of FY 2015-2016.

Thanlyin Estate entered into an agreement with BYMA Myanmar Ltd. ("**BYMA Myanmar**") in April 2013 for the construction of Zone B. BYMA Myanmar is a wholly owned subsidiary of BYMA Pte. Ltd., in which Yoma Strategic has a 40.0% interest and Dragages Singapore Pte. Ltd ("**Dragages Singapore**") has a 60.0% interest. Dragages Singapore is a leading engineering and construction firm in Southeast Asia and a member of Bouygues Construction, one of the foremost construction groups in the world. Dragages Singapore is well-known for leveraging on innovative engineering solutions to deliver difficult projects on time to the highest standards of safety and quality. Its past projects include Singapore's Fullerton Hotel, SAIL @ Marina Bay, Singapore Sports Hub, and Quayside W Residence. (Source: www.dragages.com.sg/en accessed 19 February 2015).

Zone C – Galaxy Towers

Zone C, known as Galaxy Towers, is being developed on 10.08 acres. It is planned to comprise six residential towers totalling 954 apartments (with a total saleable area of 1,088,283 sq. ft.).

Thanlyin Estate into an agreement with a third party investor in relation to the management and sales of apartments in Galaxy Towers in exchange for the third party investor agreeing to pay Thanlyin Estate an upfront premium payment, a performance fee relating to the management of the construction of the project based on construction milestones achieved and a share of the profit on the sales of the apartments in Galaxy Towers after deducting, the above amounts, construction costs and marketing and sales commission.

Development of Galaxy Towers began in the last quarter of FY 2014-2015 and is expected to be completed by the end of FY 2017-2018. The estimated cost to develop the Galaxy Towers project is Ks 143,236,104,000 as at February 2015.

As at 30 September 2015, 36 apartments (with a total saleable area of 37,211 sq. ft.) have been sold in Galaxy Towers.

Thanlyin Estate entered into an agreement with BYMA Myanmar dated 18 December 2014 for the construction of Zone C.

After the completion of Galaxy Towers, STAR*CITY has an additional remaining developable gross floor area 11,045,601 sq. ft.

Meeyahta International

Meeyahta International, in which FMI owns 20.0% of the outstanding shares, owns the leasehold interest of the approximate 9.5 acres site located at 372 Bogyoke Aung San Road, Pabedan Township, Yangon ("**Site 1**"). Meeyahta

International also holds the right to the leasehold interest in the approximate 0.5 acres site located at 380 Bogyoke Aung San Road, Pabedan Township, Yangon, Myanmar, which is adjacent to Site 1 ("**Site 2**" and together with Site 1, the "**Landmark Site**").

Site 1 currently comprises the Grand Meeyahta Hotel (which ceased operations in October 2013) and the former headquarters of the Myanmar Railway Company, which is a heritage building constructed in 1877.

FMI Centre is located on Site 2. FMI Centre, the first international standard office tower in Yangon, was opened in FY 1994-1995, and is a lease only development. The building's retail podium is also home to the first Parkson Departmental Store in Myanmar, in which FMI owns a 10.0% equity interest.

Landmark Development

The Landmark Site will host the former headquarters of the Myanmar Railway Company built in 1877, which will be restored into the Yangon Peninsula Hotel (the "**Yangon Peninsula Hotel**"), and complemented by luxury residences, hotel and commercial developments (the "**Landmark Project**" and together with the Yangon Peninsula Hotel, the "**Landmark Development**").

On 31 December 2015,Meeyahta International and Yangon Land entered into a framework agreement with the Myanma Railways of Ministry of Rail Transportation in relation to the Landmark Development. The framework agreement sets out the terms agreed with the Myanma Railways of Ministry of Rail Transportation, which includes:

- The extension of the master lease for Site 1 for an initial period of 50 years commencing on 1 January 1998 in accordance with the Foreign Investment Law.

- The extension of the master lease for Site 2 for an initial period of 50 years commencing on 1 January 1998 in accordance with the Foreign Investment Law upon the approval of the MIC.

- The combination of the leases for Site 1 and Site 2 into one master lease, which will then be split into two separate master lease agreements: one for the Yangon Peninsula Hotel and the other for the Landmark Project subject to the approval of the MIC. The parties have agreed to finalise both master lease agreements by 31 March 2016.

- The master development plan for the entire Landmark Development of an estimated gross floor area of 2 million sq. ft. feet, key commercial terms and separate joint venture partnership structures for the Yangon Peninsula Hotel and the Landmark Project.

Landmark Project

FMI, together with Yoma Strategic, is still in discussions with Mitsubishi Corporation and Mitsubishi Estate to finalise their potential equity investments in the Landmark Project. Further, IFC, a member of the World Bank Group, and the Asian Development Bank have been mandated to provide a debt and equity financing package to the Landmark Project. The parties are currently negotiating the terms of the financing.

Yangon Peninsula Hotel

On 28 January 2014, FMI and Yoma Strategic entered into an agreement with, amongst others, The Hongkong and Shanghai Hotels, Limited ("**HSH**") and Peninsula International Investment Holdings Limited, a wholly-owned subsidiary of HSH, in relation to the development of the Yangon Peninsula Hotel. Pursuant to the agreement, Yoma Strategic and FMI have agreed to be liable for any cost overruns (subject to certain exceptions) over the agreed budget for the redevelopment of the building, with FMI liable for 20% of any such cost overruns. On 25 January 2016, the parties subscribed for shares in Peninsula Yangon Holdings Pte. Limited, the Singapore holding company through which the hotel will be developed, with HSH having an effective 70% equity interest, Yoma Strategic an effective 24% equity interest and FMI a 6% equity interest in such company. The Yangon Peninsula Hotel will be operated by a subsidiary of HSH.

Pun Hlaing Links Services

Pun Hlaing Links Services, in which FMI owns 30.0% of the outstanding shares, owns the LDRs for approximately 194.7 acres of land adjacent to the STAR*CITY project, including the land on which the local school will be developed. 125 acres of this land was used to develop the Pun Hlaing Links nine-hole golf course. Pun Hlaing Links Services is responsible for the operation of the golf course, which is expected to be officially opened before the end of FY 2016-

2017. Subject to the final master plan, the remaining acres will be used for the expansion of the golf course and residential areas.

LSC-FMI

LSC-FMI is a 50/50 joint venture company formed by FMI and Lighting Specialist Co., Ltd. to develop a luxury condominium project in Nay Pyi Taw called KrisPLAZA. The project is being constructed on 1.25 acres in Zabu Thiri Township, which is close to government and ministerial offices, three hospitals, the Jade Museum, golf courses, the hotel zone and Tha Pyay Gone Market. This is FMI's first investment in a real estate development outside Yangon and marks the beginning of FMI's aspirations to become a nationwide developer. KrisPLAZA is planned to comprise 114 apartments (with a total saleable area of 133,677 sq. ft.) and commercial space with a total saleable/leasable area of 29,579 sq. ft.. The estimated cost of the development is approximately US$22.5 million as at 22 December 2014. Construction of the development began in March 2015 and is expected to be completed by the end of the second quarter of FY 2017-2018. As at 30 September 2015, three of the apartments in KrisPLAZA have been sold.

U Kyaw Moe Naing and U Tun Tun (on behalf of LSC-FMI) hold the title and rights to use the land on which the project is being constructed for a period of 30 years from 27 May 2015 plus an extension of 30 years subject to the Land Ownership Laws of Nay Pyi Taw City Development Committee.

LSC-FMI entered into a contract with GTS dated 26 February 2015 for the piling works and a contract with CTMCC – HTE (Myanmar) Limited dated 10 February 2015 for the main structure and building works for the project. The combined value of both contracts is approximately Ks 19.3 billion.

FMI Garden Development

FMI Garden Development, in which FMI owns 47.5% of the outstanding shares, owns the development rights for the land on which FMI City has been and is being developed. FMI City is Myanmar's first master-planned gated community. Development of this project began in 1995 and is now substantially complete. FMI City is situated on 465 acres, nine miles from downtown Yangon and just two miles from Yangon International Airport. The estate boasts its own sports and recreation centre, supermarket and food complex and a dedicated bus terminal. The Fontana Project, which comprises 143 houses, is ongoing. As at 30 September 2015, 130 of the houses in the Fontana Project have not been sold.

FMI City is being developed pursuant to an agreement entered into in 1995 between FMI Garden Development and the Housing Authority of Myanmar. FMI Garden Development acquired the LDRs to 465 acres of land pursuant to this agreement and was given the right to develop the project.

FMI Garden Development also owns the LDRs for 11.08 acres of land adjacent to the Hlaing River, between Bayint Naung bridge and Aung Zeya bridge. Subject to the finalization of permits, the company will pursue the development of a master planned residential complex on the land through a special purpose vehicle company.

FMI City Gates Project

FMI Garden Development also owns the LDRs for a 1.3 acre site near the entrance to FMI City on which there are plans to develop a project called FMI City Gates, which is expected to comprise 90 apartments with an estimated total rentable area of 88,500 million sq. ft. and total retail space of 13,700 sq. ft. The current plan is to rent out rather than sell the properties in this development. For the purpose of this investment, FMI and Yoma Strategic will set up a new company in Myanmar to undertake the development, with FMI having a 20.0% equity interest and Yoma Strategic an 80.0% equity interest, which will in turn hold the long term lease of the land from FMI Garden Development. Yangon Land (which owns a 52.5% equity interest in FMI Garden Development) sold its effective interest in the land to FMI for Ks 1,646,400,000. FMI's contribution to the cost of the development will be the land. The estimated cost of the construction of the development is Ks 17 billion as at November 2013, which will be funded by Yoma Strategic. If the cost of construction exceeds the estimate, the parties will fund the additional cost in proportion to their equity holdings in the company undertaking the project. The setting up of the new company is subject to the receipt of MIC approval, which as at 30 September 2015 had not been received yet.

Operating Methodology

The companies in the Real Estate Segment generally follow an established, systematic process for their operations, which can be divided into the following activities:

Identification of potential projects

One of the key factors in the real estate business is the ability to source and assess the development potential of a location. FMI's reputation as a reliable, reputable, and high quality developer encourages many land owners to seek FMI as a partner for real estate development. Further, FMI's extensive network in the business community and with government departments provide a regular source of potential projects. FMI relies on the experience and ability of its Executive Directors to evaluate potential real estate development opportunities. We conduct research and analysis of proposed projects to analyze financial viability, absorption trends, competitive factors, market prices and product gaps. Following these steps, a survey is conducted at the proposed site and a preliminary feasibility report is prepared. The next step, after identification, involves identifying the type of project to be undertaken and deciding the scale of the project. Final decisions on the location, nature, financial feasibility and scale of each project are made by the executive Directors in conjunction with the other shareholders in the company undertaking the development.

Evaluation of applicable laws and the obtaining of requisite approvals

The approvals generally required for a real estate development project include approval of the building plans, approval of layouts, approvals related to certain infrastructure facilities such as power and water and land use approvals. Similarly, approvals from the fire authorities are often required for projects that involve the construction of high-rise buildings. Building completion certificates are obtained from the appropriate authorities after the projects have been completed in accordance with applicable law. For details of the legal requirements applicable to real estate development, see "Summary of Material Myanmar Laws and Regulations – Real Estate" beginning on page 155.

Project planning, design and engineering

The companies in the Real Estate Segment prepare a detailed feasibility report before commencing a project. The report is prepared after a detailed review of the site parameters and architects and other external consultants are appointed. The appointed architect provides the architectural design of the project and the structural design is provided by an external structural consultant.

Construction and project management

The companies in the Real Estate Segment typically outsource construction related activities. The contractors typically engaged are responsible for preparation of the estimates of resources required, the procurement of materials as well as construction and execution of the projects in accordance with the specifications. The contractors are also responsible for compliance with environmental, safety and quality guidelines, managing vendors, machinery and resource mobilization as well as the completion and delivery of completed projects within the stipulated time and cost. In most instances, project management is undertaken by a wholly owned subsidiary of Yoma Strategic.

Pricing

The prices of the properties sold and leased by companies in the Real Estate Segment are determined principally by market forces of supply and demand. The properties are priced by reference to the prevailing market rates for similar types of properties in their locality and the types of amenities and infrastructure provided. The pricing exercise is ordinarily conducted prior to pre-launch marketing of a project, and the prices are reviewed regularly.

Sales and marketing

Marketing and sales of the real estate projects are done by SPA Marketing Ltd. ("**SPA Marketing**"), a wholly owned subsidiary of SPA (Myanmar), and Yoma Strategic via an umbrella marketing agreement dated 3 April 2014 entered into between the Company, Yoma Strategic and SPA Marketing. Under the terms of this agreement, Yoma Strategic's Real Estate Division handles the marketing of properties, while SPA Marketing handles sales. To finance the marketing of properties, companies in the Real Estate Segment contribute to a central marketing fund, which is used for a variety of marketing activities. Sales handled by SPA Marketing are subject to a sales commission, payable by the relevant entity. Commissions range from 2-4% depending on the property sold.

Insurance

Thanlyin Estate has taken out construction all risk insurance policies during the construction of the buildings in Zones B and C at STAR*CITY. On completion of construction, these policies roll into property all risk insurance policies.

Competition

The real estate industry in Myanmar, while fragmented, is highly competitive. The companies in the Real Estate Segment face competition from domestic as well as international property development companies. Some of their competitors may have more experience in undertaking real estate development or may be better placed to acquire land for new property development projects. For details of the major players in the Yangon property development market, see “Industry Information – Real Estate” beginning on page 36.

HEALTHCARE

We have a 174-bed capacity hospital in Yangon and a clinic in Yangon, both of which operate under the name Pun Hlaing Siloam Hospitals (the previous operating name was Pun Hlaing Hospital). Our hospital is situated on 5.5 acres of land in Hlaing Thayar Township and is approximately 13 miles from downtown Yangon. Our hospital provides primary to tertiary medical services, including complex surgical procedures, as well as laboratory services, imaging services, general healthcare services, and diagnostic and emergency services. Our clinic is located in FMI Centre in downtown Yangon. The clinic has a total of 18 rooms, including six consultation rooms and two treatment rooms.

History

Pun Hlaing International Hospital Limited ("**PHIH**"), which holds the land grant on which the hospital is located, was incorporated on August 11, 2000. FMI has a 60.0% equity interest in PHIH and PT. Waluya Graha Loka, a member of the Lippo Group, has a 40.0% economic interest in PHIH. PHIH operated the hospital from its opening in May 2005 and the clinic from its opening in February 2006 until YSHPH took over operating both on 7 April 2015.

The formation of an MIC approved joint venture between FMI and PT. Waluya Graha Loka was completed on 7 April 2015. On this date, FMI and PT. Waluya Graha Loka formed YSHPH to operate hospitals and clinics in Myanmar. FMI's shareholding in YSHPH is 60.0% with PT. Waluya Graha Loka holding the other 40.0%. PHIH entered into a management contract with PT. Waluya Graha Loka and a lease agreement for the land on which with the hospital is located with YSHPH effective as at 7 April 2015 and both the hospital and the clinic have been operated by YSHPH since that date.

The hospital obtained ISO 9001:2008 (Quality Management System) in March 2011 and ISO 14001:2004 (Environmental Management System) with the scope of "Provision of Healthcare Services" in April 2012.

Strengths

International standard medical facilities with state-of-the-art essential equipment

Our hospital is equipped with state-of-the-art medical equipment for screening, diagnosis and treatment across the full continuum of care. The equipment installed are a Catheterisation and Cardiac Intervention Lab, 1.5 Tesla MRI, 128 Slice CT-Scan, Digital X-ray, 4D ultrasound and Mammography.

Our hospital is equipped with four horizontal laminar flow Hepa-filtered operating theatres, an international standard central sterilisation unit and a centrally integrated and monitored critical care unit.

We believe we are one of the pioneers in Myanmar for using highly advanced medical equipment. The medical equipment operates under international standard 'imaging and reporting protocols' and 'interventional procedure protocols' that are embedded in our standard operating procedures.

We believe the hospital will be the only fully integrated digital filmless enterprise enabled by a state-of-the-art radiology information system/picture archiving and communication system (PACS).

We have set up the first integrated rehabilitation centre, which delivers conventional and exercise therapy using modern equipment.

Our renal services are equipped with 20 stations providing contemporary hemodialysis clinical care with an internationally benchmarked reverse osmosis water treatment system.

Our hospital was the first hospital in Myanmar to obtain ISO 9001:2008 (Quality Management System) and ISO 14001:2004 (Environmental Management System) with the scope of "Provision of Healthcare Services".

Excellence in emergency services

We have a 24x7 'On Duty' modelled emergency services department operated in accordance with international best practice guidelines set by the American College of Emergency and the Australian College of Emergency. In line with these best practice guidelines, we have formulated our clinical protocols and training programs in emergency medicine for cardiac, stroke and trauma clinical pathways.

We are focused on achieving the respective 'golden time standards' for treatment and interventions, which ensures that patients receive appropriate intervention/treatment within a specified period as benchmarked in developed countries.

We mandate that all clinical staff in our emergency department complete formal training through a web-based proprietary emergency medicine training programme at three levels (basic, intermediate and advanced life support skills) to be completed over an 18 to 24-month period.

We have four modern ambulances with trained doctors/paramedics, equipment and supplies to deliver a true ‘hospital on wheels’ intervention, stabilisation and retrieval service to our patients.

Only private hospital in the country to be able to provide a 24x7 ‘On Duty’ model across all major service disciplines

As at 30 September 2015, 24 specialists out of the 146 doctors working in our hospital are employed on a full-time and exclusive basis whereas doctors working at other private hospitals generally work on a non-exclusive basis, visiting multiple hospitals throughout the day. This allows us to be the only private hospital in the country to be able to provide a 24x7 ‘On Duty’ model across all major service disciplines.

Experienced and highly qualified senior management team

Our experienced and highly qualified senior management team comprises medical professionals, healthcare administrators and industry professionals, who together have over 250 years of healthcare experience in multiple countries in healthcare policy, systems, operations, technology and project management. Many members of our senior management team and hospital managers are also qualified doctors who possess first-hand and in-depth knowledge of hospital operations, as well as experience in working with other doctors.

We believe the experience, depth and diversity of our healthcare senior management team is a distinctive competitive advantage in the complex and rapidly evolving healthcare industry in which we operate. Dr. Gershu Paul, the CEO of YSHPH, has over 25 years of international professional experience in the healthcare industry. He was instrumental in growing the business of PT Siloam International Hospital TBK, Indonesia, in which the Lippo Group has a 70.8% interest as at 31 March 2015, from four hospitals when he joined that company in 2006 as its President Director to 20 hospitals with a market capitalization of approximately US$1.2 billion as at 31 March 2015. Since May 2014, he has been driving the strategy formulation and implementation of our overall healthcare business strategy. Dr Ye Moe Myint, Executive Director of YSHPH, has over 20 years of professional experience in the healthcare industry in Myanmar and served as the President of the Private Hospital Association from March 2012 to June 2015.

Integrated centres of excellence for cardiology, neuroscience, orthopedic and emergency services accessible through a hub and spoke model and through telemedicine

We have established ‘centres of excellence’ in cardiology, neurosurgical, orthopedics and emergency services in our hospital. These centres are essentially 'one stop' clinical service centres that provide integrated care across the continuum of care both vertically (across primary, secondary and tertiary care platforms) and horizontally (across education, screening, diagnosis, clinical management, rehabilitation and palliative care needs).

These centres are staffed with dedicated specialist doctors, specialist nurses and specialist allied health workers. The centres utilise state-of-the-art diagnostic equipment (MRI, CT, Cathlab and Ultrasound) and an enterprise wide patient management system and telemedicine, which connects our hospital with our clinic through a 'hub and spoke' protocol driven care model.

To provide a truly integrated service, we use a multidisciplinary care model, where each of the clinical groups work together to manage the episode of care as one team, thereby providing holistic care.

We intend to replicate these centres of excellence at each of the General Hospitals we set up.

The Lippo Group, which has a 40.0% interest in YSHPH and PHIH, has a proven track record in growing healthcare operations, having grown its healthcare business in Indonesia from one hospital in 1996 to 20 hospitals as at 31 March 2015.

One of the main strategies for our healthcare business is to build a nationwide network of hospitals. The Lippo Group’s experience in expanding the number of hospitals it operates will be invaluable to us.

Strategy

Our vision is international quality, reach, scale and Godly compassion. Through this vision, we have a clear strategy to be the premier healthcare operator in Myanmar.

The strategy to achieve the vision is as follows:

The four pillar clinical service model foundation

Our business model is based in part on our four pillar clinical service model foundation, comprising

- Excellence in emergency services: our hospital has and our new hospitals will have a 24x7 'On Duty' modelled Emergency Services department operated in accordance with international best practice guidelines set by the American College of Emergency and the Australian College of Emergency.

- State-of-the-art medical equipment and systems: our hospital is and our new hospitals will be equipped with state-of-the-art medical equipment for screening, diagnosis and treatment across the full continuum of care.

- Five-tiered pricing for hospital beds: our five-tiered pricing model for our hospital beds means we can offer our services to people across the socio-economic spectrum.

- Full-time salaried doctors: our strategy is to attract and retain senior qualified doctors on a full-time employment basis so we can offer a 24x7 'On Duty' model across all major service disciplines.

Increase the number of hospitals we operate

According to the World Bank, Myanmar had 0.6 hospital beds per 1,000 population in 2006, the last year for which this statistic is available. Based on an average of 2.9 hospital beds per 1,000 population for both the United Kingdom and the United States in 2011, Myanmar is short of approximately 120,000 hospital beds. (Source: http://data.worldbank.org/indicator/SH.MED.BEDS.ZS/countries, accessed 1 April 2015). Further, Myanmar has a relatively young population, with a median age of 28.62 and only 8.15% of the population aged over 60 years of age as at 2012. (Source: WHO Global Health Observatory Data Repository,http://apps.who.int/gho/data/node.country.country-MMR, accessed 1 April 2015). With increasing life expectancy and decreasing mortality rates, the proportion of the population over 60 years of age is expected to grow to approximately 9% in 2022, according to the United Nations Department of Economic and Social Affairs. We believe that a higher healthcare demand due to urbanization and economic affluence will place an increasing burden on Myanmar's already strained healthcare infrastructure and will increase the demand for diagnostic, curative, out-patient and inpatient services over the next decade. In addition, Myanmar's GDP is forecast to grow by 8.5%, 8.2% and 8.0% in 2015, 2016 and 2017, respectively, which we expect to boost demand for quality healthcare services in Myanmar. (Source: www.worldbank.org/en/publication/global-economic-prospects/regional-outlooks/eap#5, accessed 1 April 2015).

In order to reduce the acute shortage of hospital beds and to help satisfy the expected growth in demand for quality healthcare services in Myanmar, we plan to open several new hospitals before the end of FY 2021-2022. PHIH will be land holding company for all new hospital developments and YSHPH will operate these hospitals.

Once we have expanded our hospital network, one of our goals is for doctors from primary healthcare centres to refer patients to one of our nearby hospitals for care instead of sending them overseas.

We plan to open our first new Express Hospital at 33 Pyi Htaung Su Yeik Thar Street, Yangon by the end of Q2 FY-2016-2017. We plan to have 26 beds at this new hospital. This hospital will provide the following core services:

- Emergency services;
- Outpatient services;
- Inpatient services – Short-stay and daycare, Operating Theatre and ICU;
- Pharmacy;
- Laboratory services – Point of Care; and
- Imaging services – CT, DR and Ultrasound.

In addition, this hospital will provide other services, including:

- Haemodialysis;
- Aesthetic;
- Dental; and
- Stabilization and Evacuation (Hub and Spoke).

The estimated cost of opening this hospital is approximately Ks 6.5 billion (including medical equipment), which is anticipated to be funded through a capital injection from YSHPH's shareholders in proportion to their current shareholding (i.e., FMI 60.0% and PT. Waluya Graha Loka 40.0%), and/or debt financing from banks and/or other financial institutions.

We plan to open our second Express Hospital at No. 97, 73 Road between 31st & 32nd Chan Aye Thar San Township, Mandalay in two phases: Phase 1 is scheduled to be opened by the end of Q2 FY 2016-2017 with 27 beds and Phase 2 is scheduled to be opened by Q4 FY-2016-2017 with 92 beds. This hospital will provide the following core services:

- Emergency services;
- Outpatient services;
- Inpatient services – Short/long stay and daycare, Operating Theatre and ICU;
- Pharmacy;
- Laboratory services – Point of Care; and
- Imaging services – MRI, CT, DR and Ultrasound.

In addition, this hospital will provide other services, including:

- Haemodialysis;
- Aesthetic;
- Dental; and
- Stabilization and Evacuation (Hub and Spoke).

The estimated cost of opening this hospital is approximately Ks 11.7 billion (including medical equipment), which is anticipated to be funded through a combination of a capital injection from YSHPH's shareholders in proportion to their current shareholding (i.e., FMI 60.0% and PT. Waluya Graha Loka 40.0%) and/or debt financing from banks and/or other financial institutions.

We also plan to open a clinic at House No. 37, Thar Si Pond Street, No. 2 Quarter, Nyaung Shwe by the end of Q3 FY 2015-16. This satellite clinic will provide outreach outpatient services specifically targeted to the substantial number of tourists visiting the Inle region and provide cashless access to international travel agencies/insurance houses. The estimated cost of opening this clinic is approximately Ks 22 million, which will be funded through YSHPH's cash flow from operations.

Establish reach through a nationwide network of hospitals

It is our intention to establish a nationwide network of hospitals that provides synergies across recruitment, training and procurement. This network will also support the development of specialist centres through referrals. Our current plan, subject to the availability of suitable infrastructure, is to build two main types of hospitals – 'General Hospitals' with approximately 300 beds and a full range of equipment, and smaller 'Express Hospitals' with approximately 40-100 beds and a more limited range of equipment, an emergency department, and an operating theatre. The expansion of our network will be done gradually and we expect it to scale alongside the financial returns of the operation.

The cost of each hospital will vary depending on its size and location but our estimated budget for 'General Hospitals' is below Ks 30 billion, while 'Express Hospitals' are budgeted at Ks 7-15.4 billion. Each new hospital will be designed to suit the specific needs of the location where it is built.

We have identified a couple of potential sites in Mandalay and Yangon that we wish to use for the construction of the hospitals. However, there can be no assurance that we will be able to obtain these sites for our future hospitals on terms that meet our investment criteria.

The expansion is expected to be financed through equity contributions from the existing shareholders of YSHPH, debt financing from banks and other financial institutions and cash flow from operations from existing hospitals. While the planning process for the expansion is ongoing, we envision enlarging our network in Yangon, and opening hospitals in Mandalay, Mawlamyaing, Lashio, Myitkyina, Pathein and Taunggyi. Our ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in us, success of our business, provisions of tax and securities laws that may be applicable to our efforts to raise capital, any restrictions imposed by banking institutions on providing financing to companies operating in healthcare sectors in Myanmar, and political and economic conditions in Myanmar. There can be no assurance that additional financing, either on a short-term or a long-term basis, if required, would be available to us or, if available, that such financing would be obtained on terms favorable or satisfactory to us.

As a result of these and other factors described herein, no assurance can be given as to whether or when the development of planned hospitals will be completed, or if completed, that they will be completed within the estimated budget.

Establish primary clinics for corporate clients

To develop partnerships with corporate clients, we have begun creating primary clinics that provide GP/acute care services to their staff during work hours. We hope to expand this to cover large corporate clients that have operations near the hospital.

Increase operational efficiency through investment in technology in clinical, financial and administrative operations

In order to improve our operational efficiency, we have invested on the following new platforms:

- Patient Administration System (PAS) with Hexagon - HL7, Dicom compatible and written in .NET allowing for e-referrals to pharmacy, radiology and laboratory;
- Laboratory Information System with Roche and Sysmex - HL7 compatible;
- RIS/PACS with Mediff allowing for hospital wide filmless environment and telemedicine capabilities for "Hub and Spoke" setup; and
- Mr. Accounting software with Hexagon allowing for right billing, inventory control and daily reconciliation

Recruit, retain, and incentivize best of class healthcare personnel on a principle and value base of meritocracy

Our human capital acquisition, development and retention are based on the following principles:

- We recruit local, repatriates and overseas personnel based on their education and credentials
- We have a career pathway with CME programs specific to the craft groups
- The salary package and benefits is based on their level of expertise, experience and specialization, e.g., we categorize them into four compartments and based our incentives and salaries in relation to the market to drive retention and turnover
- We have a comprehensive evaluation on five categories. Allocation of salary increment and bonus is based on these categories

Set up a nursing school

Given our need to expand and the corresponding need of nurses, we intend to set up a nursing school. It is envisaged that this school will start before the end of FY 2016-2017, initially at a diploma level growing subsequently to a degree level offering within the next three years.

Core Services

We offer the following core services:

- Emergency services;
- Outpatient services;
- Inpatient services;
- Laboratory services;
- Imaging services;
- Physiotherapy services;
- Medical check-ups; and
- Overseas clinical programmes.

Emergency Services

Emergency Services is a critical service element in the four pillar clinical service model. The Emergency Department includes a dedicated triage area, three resuscitation beds, three observation beds, one procedure room, two GP consultation rooms and one isolation room.

Our three ambulances are well-equipped with portable ventilation and monitoring equipment for intervention and stabilisation of patients during transport to the Emergency Department – to operate as a true'hospital on wheels'.

Given our hospital's technological expertise and reputation for quality healthcare, we believe our emergency department is regarded as one of the best in Myanmar. It employs best-in-class processes including an emergency phone call system, which allows patients to directly access the emergency service triage officer on duty. Our clinical staff are well-trained in international standard emergency medicine and protocols for cardiac, stroke and trauma treatment as per guidelines of the American and Australasian Colleges of Emergency Medicine.

Outpatient Services

Our outpatient facilities offer both day clinics and daycare procedures run by specialists in a wide range of medical specialties. The service is supported by experienced nurses and a streamlined appointment management system focused on patient safety and comfort.

Inpatient Services

Our inpatient service provides care to outpatients and emergency patients who are admitted for further care. The volume of inpatients is driven by the conversion from outpatients and emergency patients, while inpatient average revenue per patient is driven by the class of the hospital room the patient is admitted into and the number of days the patient stays. Inpatient revenue per day consists of doctors' consultation and professional fees, room rates, administrative fees, sale of pharmaceuticals, consumables and medical supplies, ancillary services and medical equipment revenue, and operating theatre costs.

As at 30 September 2015, we had 111 inpatient beds in the hospital in six different classes:

- Six Grand Suite beds - Grand Suite is a two room unit with one patient bed, private bathroom, and dining/sitting room;
- 25 Executive Suite beds – Executive Suite is a single room unit with one patient bed and private bathroom;
- 22 Suite beds –Suite is a single room unit with one patient bed and private bathroom;
- 10 Standard beds - Standard is a single room unit with one patient bed and a common bathroom;
- 12 Double beds - Double is a single room unit with two patient beds and a shared private bathroom; and
- 36 Silver beds - Silver is a common ward type facility with male and female sections and a designated shared bathroom.

Laboratory Services

We provide the full range of services - Hematology, Chemistry, Serology, Immunology Histopathology and Microbiology.

We have partnered with Roche to ensure high quality testing and results. Roche has also provided a platform for real time result reporting through an integrated laboratory information system), which is inter-phased to our hospital information system.

We ensure international standard quality assurance through Royal College of Pathologist of Australia (RCPA) benchmarks.

Imaging Services

We have invested in state-of-the-art equipment on a fully integrated digital platform. The equipment includes Digital X-ray, 128 slice CT, 1.5 Tesla Magnetic Resonance Imaging (MRI), 4D Ultrasound, Mammogram and Digital Fluoroscopy.

Physiotherapy Services

We believe our hospital was the first private hospital in Myanmar to establish an integrated rehabilitation centre that delivers conventional and exercise therapy using state-of-the-art equipment.

Medical Check-up

Our hospital provides a full range of medical check-up programs utilizing modern diagnostic equipment and testing. This is a key entry point that is used by us to capture business from insurance companies and corporate organisations that require pre-medical and on-going medical check-ups for their members and employees, by selling competitive medical check-up and health screening packages.

Overseas Programmes

We believe our hospital was the first private hospital in Myanmar to introduce foreign medical collaboration programmes for Myanmar patients. Specialist doctors from Singapore, Malaysia, Thailand, South Korea, Italy and England regularly provide medical services in Myanmar, thereby also providing knowledge transfer for Myanmar doctors. Specialty procedures include Cardiology, Orthopaedics, Plastic and Reconstructive Surgery, Laparoscopic/Endoscopic surgical procedures, Laparoscopic/Gynaecological procedures, Foetal Medicine, Functional Endoscopic Sinus Surgery and Eye Surgery.

Business Drivers and Payer Groups

With the development of private insurance in Myanmar, an increasing number of multinational corporations, and an increased focus on providing healthcare coverage by local businesses, we expect to payer groups to be expanded over time. Currently, our payer groups consist of the following:

Out-of-Pocket Expenses ("OPE")

OPE patients comprise patients who 'walk in' directly into our hospital and pay their hospital bills personally. OPE patients pay by cash for services received at our hospital.

OPE patients have historically represented the majority of throughput in our hospital.

The factors influencing OPE patient throughput are, the proximity and accessibility of the hospital, relationship with doctors and our brand equity and reputation for quality health care and specialist services.

Corporate/Company Payment Arrangements

We actively engage corporates on health and medical programs for employees with our marketing personnel negotiating packages for various treatments. Existing corporate clients include top multinationals and Myanmar companies such as Oxfam GB Myanmar, Samsung Electronics Co. Ltd., Sumitomo Corporation, Ericsson Myanmar, CB Bank, Fame Pharmaceuticals and Zeya and Associates Co. Ltd.

Private Insurance Company Payment Arrangements

Private health insurance is underutilized throughout Myanmar. As such, this segment represented a minimal amount of patient throughput in FY 2014-2015. We have established relationships with private insurance companies such as Henner and Euro Centre and will continuously seek opportunities to build relationships with the increasing number of private insurance players and international travel insurers in Myanmar.

Referrals

While at the moment there is minimal throughput from patients referred by third party physicians, we expect this segment to grow over time as we plan to develop new state-of-the-art hospitals in underserved cities, in addition to networks with small-scale hospitals scattered across the country. Once we have expanded our hospital network, our goal is for doctors from primary healthcare centres in these cities to refer patients to one of our nearby hospitals for secondary, tertiary and quaternary care instead of sending them overseas for treatment.

Sales and Marketing

We use a number of marketing strategies to attract new patients and retain our current patient base. The strategies are tailored according to the payer groups at the patient entry points, including, but not limited to, private out-of-pocket expense patients, corporate patients, and insurance patients.

Private Out-of-pocket Expense Patients

- Mass marketing: We offer low priced screening and diagnostic products such as Calcium Score Cardiac Risk Assessments, Osteoporosis screening, Hip and Club foot evaluation, Pap Smears, Mammogram, Hepatitis B Vaccination and Stool for Occult Blood tests. These are targeted at the mass market to increase utilization of equipment, cross-sell other advanced medical services, better utilize junior specialist practicing hours, and ultimately achieve a large patient base. We have set up a call centre to streamline calls and schedule appointments.

- Bank partnership: Currently, our hospital offers a discount to CB Bank's Premier customers. Going forward, we will explore partnership opportunities with other banks and offer discounts to their key customers.

- Public health service: We reach out to the local communities to promote health education and market our healthcare facilities. We organize public seminars and talks, which provides another avenue to market our capabilities and knowledge on many healthcare aspects.

- Expatriate marketing: We staff our hospital with English speaking doctors and multi-lingual front office personnel to provide comfortable and convenient services for our expatriate patients. This is complimented with a single 'go to' point through our International Patient Relationship Manager.

Corporate Patients

We have a set of marketing offers targeted at corporate clients such as a staff clinic, discounts on health checkups and hospital services, corporate health talks and first aid training.

Private Insurance Patients

We work closely with insurance companies to promote our services and benefits to prospective and currently insured patients.

Sourcing and Suppliers

Pharmaceuticals, Consumables and Medical Supplies

We source a major proportion of our pharmaceuticals from nationally recognised companies such as AA Medical and Zizawa Health Care as well as multinational companies such as Pfizer and Roche. We ensure that all of our medical suppliers are certified under Good Manufacturing Practices (GMP).

Medical Equipment

Our main imaging equipment is from Philips with whom we have formed a solutions based partnership. Our main laboratory equipment is from Roche and GE. Operating theaters and sterile department equipment is supplied by Getinge and Maquet. Anesthetic equipment and ventilators are supplied by Drager. The ICU integrated centralized monitoring system is supplied by Spacelabs. The hemodialysis unit is equipped with state-of-the-art Nipro machines. We mainly use Aesculap for our surgical instruments.

Clinical Governance and Quality Standards

We are strongly committed to providing quality holistic healthcare services to our patients. We follow standardized operating protocols based on the criteria established by Joint Commission International Accreditation (JCIA), a division of the American-based Joint Commission on Accreditation of Healthcare Organization, and Australian Council of Healthcare Standards International (ACHSI). Our approach to clinical governance is divided into four main elements: human resources credentialing; review and assessment of clinical practices; clinical risk management; and commitment to ongoing clinical education.

Human Resource Credentialing

In order to ensure that our doctors are properly qualified and of the highest standard, all of our doctor candidates go through a pre-employment credentialing process and the doctors currently working with us must undergo re-credentialing every three years. We have also developed our own in-house emergency medicine training and certification programme to provide additional training to nurses, paramedics and doctors.

Review and Assessment of Clinical Practice

We have established a comprehensive organisational structure in our hospital that involves all key clinical staff across the hospital, including a Clinical Governance Committee, Credentialing and Re-Credentialing Committee, Morbidity and Mortality Review Committee, Patient Quality Safety and Risk Management Committee, Medication Management Committee and Infection Prevention and Control Committee, which review morning reports, case reports, and any feedback received. Management continuously monitors and reviews the clinical standards of our hospital to ensure continuous improvements, and that the current programme is functioning effectively and that our medical staff meet the standards set by us. Our practice reviews include clinical audits of medical records and diseases cases, establishment of strict procedures governing surgical patients, infection control, and workplace safety awareness. There are currently clinical guidelines, work instructions and standard operating procedures in place to manage and support clinical performance. All these documents are maintained as an e-document by a quality management system and support the process of clinical audit and CPA (Correction & Preventive Action).

Clinical Risk Management

In addition to internal monitoring and assessment, we undertake assessment and critique of our clinical practice through the use of external consultants in areas such as infection control, clinical protocols, clinical guidelines and clinical governance. Undertaking external assessments enables clinical and management staff to obtain an unbiased perspective on specific areas of our practice that is functioning well and areas that require improvement. This also includes external recognition in the form of international accreditation by Guardian Independent Certification (GIC). Furthermore, we receive and act on feedback from our patients and their families.

Commitment to Ongoing Clinical Education

Ongoing education of our clinical staff is an integral part of maintaining the staff's knowledge and skills, thereby empowering them to uphold clinical practice protocols and implement innovative solutions to address clinical issues. We provide training for our clinical staff through a combination of on-the-job training, internal and external courses, and seminars and work-shops. Our policy is for clinical and non-clinical staff to fulfill 25 hours of training per annum. We believe that an understanding of new innovations and protocols helps to enhance patient safety.

Insurance

Our healthcare business does not currently have any insurance policies. When intend to take out insurance for business interruption, public liability and medico-legal cover when such policies are available for purchase in Myanmar on commercially reasonable terms.

Human Resources

As at 30 September 2015, our healthcare business had 446 employees, comprising 442 permanent employees (including 58 doctors) and four part-time employees.

As at 30 September 2015, 75 doctors who were not our employees provided services to patients at our hospital and clinic. We have entered into service agreements with these doctors to ensure that they operate under our guidelines and by-laws.

We recognise the importance of medical personnel recruitment and have a team of dedicated human resources professionals that focus on recruitment.

We also encourage leading government doctors to work at our hospital on a fee for service basis. Many government doctors are attracted to work at our hospital due to the availability of advanced facilities to assist inpatient diagnosis and the opportunity to work on more complex cases.

Property

We hold a grant for the land on which the hospital is located. We lease 4,050 sq. ft. at the FMI Centre where the clinic is currently located. The clinic will be closed when our Express Hospital on Pyi Htaung Su Yeik Thar Street is opened, which we expect to occur before the end of Q2 FY 2016-2017. We lease approximately 11,000 sq. ft. of land at 33 PyiHtaung Su Yeik Thar Street, Yangon, which holds a building of approximately 17,000 sq. ft. where our first new Express Hospital will be set up. We lease approximately 7,000 sq. ft. of land at No. 97, 73 Road between 31st & 32nd Chan Aye Thar San Township, Mandalay, which holds a building of approximately 10,000 sq. ft. where our second Express Hospital will be set up. We lease approximately 720 sq. ft. of a building at House No. 37, Thar Si Pond Street, No. 2 Quarter, Nyaung Shwe where our satellite clinic will be set up.

Competition

We compete with public hospitals, other private hospitals, smaller clinics, hospitals owned or operated by non-profit and charitable organisations and hospitals affiliated with medical colleges in Myanmar. We believe our primary competitors in Yangon are Shwegondine Specialist Centre, Pin Lon, Asia Royal and Victoria. We also compete with private hospitals in foreign countries for equitable, accessible and affordable healthcare services, primarily in Thailand and Singapore.

Corporate Social Responsibility

We recognise our responsibilities to the community. We have conducted various corporate social responsibility activities in the past few years. These include the Nargis Rehabilitation Program, which involved rebuilding targeted communities in the wake of Cyclone Nargis, and the Eye Charity Program, which involved community screening and cataract operations for the underprivileged.

We allocate 36 beds at our hospital to those at bottom of the socio-economic pyramid. We provide a discount of 30% to 70% off our regular professional fees to deliver care to the lower socioeconomic segment of the population.

We also provide health education programmes, focusing primarily on reducing infant mortality rate and incidence of measles, mumps and rubella.

We provide bi-monthly community segment targeted screening, education and/or intervention clinics for diabetes, cataracts, congenital morbidities, breast cancer, among others.

We have set up mobile consultation clinics in wider catchment areas such as the Ayeyarwady delta region.

As a part of our corporate social responsibility, we have allocated not less than 2.0% of the net profit from our healthcare business towards the above programmes.

PORTFOLIO INVESTMENTS

Our primary portfolio investments are in FMI Air, Chindwin Holdings, Myanmar Parkson and Myanmar Thilawa SEZ Holdings. We also own minority interests in some other companies, which are not material to our financial position or results of operations.

FMI Air

FMI Air, in which FMI has a 10.0% equity interest, is an airline based in Myanmar. As at 30 September 2015, FMI Air offered direct scheduled flights between (a) Yangon and Nay Pyi Taw, (b) Yangon and Mandalay, (c) Nay Pyi Taw and Mandalay and (d) Yangon and Sittwe. FMI Air's scheduled flights are operated by two Bombardier CRJ-200 Regional Jets. FMI Air also offers private flight services using one Challenger 800SE.

FMI Air has a base at Nay Pyi Taw International Airport. Nay Pyi Taw International Airport is a new airport with state-of-the-art facilities, and its central location in Myanmar (approximately 200 miles north of Yangon and 155 miles south of Mandalay) makes it an attractive airport for a hub.

FMI Air started its business in 2012 by offering three daily scheduled round-trip flights on weekdays and two daily scheduled round-trip flights on weekends between Yangon International Airport and Nay Pyi Taw International Airport seeking to capitalize on business travel between Myanmar's business centre and its capital.

FMI Air began direct scheduled services between Yangon and Mandalay on 1 July 2015 and it began direct scheduled services between Nay Pyi Taw and Mandalay on 1 July 2015. Services to Sittwe commenced on 11 August 2015.

From September 2012 until 5 May 2015, FMI Air carried out its operations solely by chartering turboprop aircraft from other local airlines. It obtained its air operator's certificate on 23 February 2015 and operated its first flight using its Bombardier CRJ-200 Regional Jet on 5 May 2015. FMI Air's second Bombardier CRJ-200 Regional Jet was put into service on 14 June 2015. FMI Air stopped chartering turboprop aircraft in June 2015.

Chindwin Holdings

We own a 30% interest in Chindwin Holdings. Chindwin Holdings is an investment holding company that owns:

- a 75.0% interest in Shwe Lay Ta Gun Travels and Tours Company Limited, a company incorporated in Myanmar that owns and operates the "Balloons over Bagan" business in Bagan, Myanmar. Balloons Over Bagan is the premier hot air balloon operator in Bagan and provides its customers a spectacular tour of the ancient temples of Bagan; and

- 75.0% of the issued and paid-up share capital of Eastern Safaris Pte. Ltd., a management company incorporated in Singapore that offers exclusive and luxurious adventure products in Myanmar and Bhutan.

Myanmar Parkson

FMI entered into a joint venture agreement with Parkson Retail Asia Limited and Yoma Strategic in 2013 to open and operate department stores in Myanmar under the “Parkson” brand name. FMI's stake in the venture is 10%. The first Parkson store in Myanmar opened in May 2013 in the FMI Centre. It is the first modern department store in Myanmar. Parkson Retail Asia Limited is an investment holding company that operates and manages department stores in Malaysia, Vietnam, Indonesia, and Myanmar.

Myanmar Thilawa SEZ Holdings

We own approximately 5.0% of the outstanding shares in Myanmar Thilawa SEZ Holdings (MTSH), which is a Myanmar public company that owns 41.0% of the outstanding shares in MJTD. MJTD is undertaking the development, construction, marketing, sale and operation of an industrial park and port development project covering approximately 400 hectares within the Thilawa Special Economic Zone in Thanlyin Township, Yangon (the “**Class A Project**”). The Class A Project is located approximately 14 miles from Yangon city centre and approximately nine miles from the STAR*CITY project. The development of the Class A project is being undertaken in three phases, the first phase of which is expected to be fully commercially operational before the end of 2015. (Source: Myanmar Thilawa SEZ Holdings Public Limited Prospectus dated 27 February 2014).

MATERIAL CONTRACTS

For a summary of material contracts not entered into in the ordinary course of business, see “–Outline of Subsidiaries and Associated Companies – Restructuring” beginning on page 59.

REGULATIONS AND POLICIES

For a description of the material laws, regulations and policies that have a material effect on the Group’s business, see “Summary of Material Myanmar Laws and Regulations” beginning on page 152.

INSURANCE

As an investment holding company, FMI does not take out any insurance policies.

For details on insurance policies held by companies in each of the Three Pillars, see above.

INTELLECTUAL PROPERTY

Intellectual property rights are not material to our business.

HUMAN RESOURCES

We had 2,996 full-time employees and four part-time employees as at 30 September 2015 on a consolidated basis, 18 of whom worked at FMI’s corporate office.

For details on the employees of each of the Subsidiaries, see above.

None of our employees are in a union.

PART IX. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our audited consolidated financial statements as at and for the years ended 31 March 2014 and 2015 and related notes thereto in "Index to Audited Financial Statements" beginning on page 163.

RESTRUCTURING

In FY 2014-2015 and the first four months of FY 2015-2016, as part of our strategy to focus on the financial services, real estate and healthcare sectors, we undertook a major restructuring of our business. Please refer to "Issuer Information – Organisational Structure – Outline of Subsidiaries and Associated Companies – Restructuring" beginning on page 59 for further information.

Due to the Restructuring, our financial condition and results of operations as at and for the years ended 31 March 2014 and 2015 are not directly comparable. In order to provide a more meaningful comparison, we have included in this disclosure document for Listing unaudited pro forma consolidated financial statements for both periods showing how our financial condition and results of operations would have looked if the Restructuring had been completed as of 1 April 2013. For details, see "Index to Unaudited Pro Forma Consolidated Financial Information" on page 164. The unaudited pro forma consolidated financial information has been prepared for illustrative purposes only and is not necessarily indicative of the consolidated financial position or the results of operations in future periods or the results that actually would have been realised during the specified periods.

GENERAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

General Economic Conditions in Myanmar

Our results of operations are subject to the general economic conditions in Myanmar.

Government Regulations

Our businesses are subject to government regulations and require licences and permits. Changes in government regulations may affect the performance of our businesses, our financial operations and our results of operations. For details, see "Summary of Material Myanmar Laws and Regulations" beginning on page 152.

ADDITIONAL FACTORS AFFECTING YOMA BANK'S RESULTS OF OPERATIONS

The primary factors that have historically affected, and will continue to affect, Yoma Bank's results of operations include:

- Growth of loan book;
- Growth of deposits; and
- Competition.

Growth of the Loan Book

Yoma Bank's interest income represented 64.2% and 77.5% of its total revenue for FY 2013–2014 and FY 2014–2015, respectively. In order to increase Yoma Bank's revenue, we will need to increase the size of Yoma Bank's loan book.

Growth of Deposits

Yoma Bank's primary source of funding is from short-term deposits. As at 31 March 2015, Yoma Bank's deposits represented 96.8% of its total liabilities.

A substantial portion of our customer deposits have been rolled over on maturity and have been, over time, a stable source of funding. However, if a significant portion of our depositors do not roll over deposited funds upon maturity or do so for a shorter maturity than that of our assets, our liquidity position could be adversely affected. We may be forced to pay higher interest rates in order to attract further deposits, and this could have a materially adverse effect on our results of operations.

Competition

CBM regulations provide for a minimum interest rate payable on savings deposit accounts, at call deposit accounts and fixed deposit accounts of 8.0% per annum. However, competition for deposits means we offer rates for fixed deposit accounts over and above the minimum interest rate set by the CBM.

Increased competition could lead us having to offer higher interest rates payable on deposits. As CBM regulations limit the maximum amount of interest we can charge on loans (which is currently 13.0% per annum), we may not be able to pass on the costs of any increase in the rates we pay on deposits to customers, which could reduce our Bank's net interest income and affect our cash flows and results of operations.

ADDITIONAL FACTORS AFFECTING RESULTS OF OPERATIONS OF COMPANIES IN THE REAL ESTATE SEGMENT

The factors affecting results of operations of companies in the real estate segment include:

- Competitive environment;
- Fluctuations in the demand for new properties;
- Changes in business environment factors in relation to property development;
- Increased costs due to compliance requirements;
- Property prices; and
- Raw material prices.

Competitive Environment

As companies in the real estate segment in Myanmar operate in an environment characterised by numerous companies competing on the basis of price, quality, capability, reliability, track record and location, companies must continually differentiate themselves to maintain their competitive advantages and to compete effectively in this environment. The inability of companies in the real estate segment to do so may adversely affect our results of operations.

With foreign property developers competing for real estate development projects in Myanmar, many of these property developers may have significant financial, managerial, marketing and other resources, as well as experience in property and land development. We expect that competition with these developers may be intense and may result in, amongst other things, increased costs to acquire land to develop, an increase in construction costs and increased competition for high quality contractors and qualified employees. Any such consequence may adversely affect the business of companies in the Real Estate Segment and our financial condition and results of operations.

Fluctuations in the Demand for New Properties

Fluctuations in the demand for new properties affect the results of operations of companies in the Real Estate Segment. For instance, since October 2014, the sale of high-end units in Yangon has slowed significantly, with many high profile projects reporting sales of just one or two units in Q3 2014-2015 and several developers reporting no sales at all in Q4 2014-2015. (Source: *Yangon Real Estate Review (Q2 2015)*, a publication of Frontier Myanmar Research and Advisory). For more details, see "Industry Information – Real Estate" beginning on page 36. This slowdown has also adversely affected sales of properties by companies in the Real Estate Segment and if this slowdown continues it could have a material adverse effect on the business of companies in the Real Estate Segment and on our financial condition and results of operations.

Changes in Business Environment during the Property Development Period

Depending on the size of the development, the project period of a property development can last for many years. We expect that changes in the business environment during the tenure of a project may affect the revenue and cost of the development, which could directly impact the profit margin of the project.

Factors which we expect to affect the profitability of a project may include, but are not limited to: (a) delays encountered in procuring the necessary approvals from the relevant regulatory authorities and government bodies; (b) fluctuations in demand for residential/commercial/retail properties and (c) delays encountered in construction schedules due to poor weather conditions, labour disputes and any other unforeseen circumstances.

Increased Costs Due to Compliance Requirements

We expect that with the rising foreign and domestic interest in the Myanmar real estate segment, it is likely that the government will enact or update existing building industry, workplace health, safety and environmental rules and regulations. This may result in higher operating and compliance costs for companies in the Real Estate Segment, thereby reducing profitability.

We expect that any changes to minimum wage requirements, may also lead to higher operating costs for companies in the real estate segment, thereby reducing profitability.

Property Prices

As property prices are generally affected by the supply and demand for properties, which in turn is affected by local market sentiments and expectations as well as the economy, we expect any economic recession in Myanmar or negative market sentiment to have an adverse effect on the demand for properties and the pricing thereof, which would have an adverse effect on our financial condition and results of operations. For information on property prices in Yangon, please see “Industry Information – Real Estate” beginning on page 36.

Raw Material Prices

Prices of raw materials used in property development, such as ready-mixed concrete, steel reinforcement bars, precast components, tiles, concreting sand, cement, steel welded mesh, steel strands, mild steel, stainless steel, aluminium, glass, wood and paint, will fluctuate according to the varying levels of supply and demand of these materials.

As a typical development project generally spans a period of three to five years and a typical construction project generally spans a period of one to three years, it is difficult to predict the prices of such raw materials. With the Landmark Development and STAR*CITY expected to be completed over a number of years, any increase in costs over initial projections may have an adverse effect on our results of operations.

ADDITIONAL FACTORS AFFECTING OUR HEALTHCARE SEGMENT’S RESULTS OF OPERATIONS

The primary factors that have historically affected, and will continue to affect our healthcare segment’s results of operations include:

- Our patient capacity, services and demand for our services;
- Technological advancements; and
- Competition.

Our Patient Capacity, Services and Demand for our Services

Our in-patient revenue is highly dependent on the number of beds we operate, our bed occupancy rate and the average revenue earned per patient per day.

Our outpatient revenue is highly dependent upon the number of specialist doctors and the practice hours rendered by them in our outpatient department and the average revenue we earn per outpatient visit.

The volume of patients we serve on an in-patient and outpatient basis is in turn driven by, among other things, the hospital image and brand reputation, the type of services offered, the economic and social conditions of local and regional communities, the degree of competition from other hospitals, the clinical reputation, specialization of doctors and their practicing hours in our hospitals and their retention and attrition, the effectiveness of our marketing programs, and religious and cultural periods.

Technological Advancements

We currently use sophisticated and expensive medical equipment in our hospital to provide services and we plan to do so in any new hospital we open. Medical equipment often needs to be upgraded frequently as innovation can rapidly make existing equipment obsolete. Our ability to provide world class service, our reputation, and our customer numbers are dependent upon us having the latest medical equipment. We also expect to regularly replace, upgrade and maintain our equipment, as well as undertake training to ensure our staff can effectively operate new equipment.

Costs relating to the replacement, upgrading and maintaining of our equipment amounted to Ks 287,442,000 in FY 2013-2014 and Ks 2,980,939,000 in FY 2014-2015.

Competition

We are subject to competition from other hospitals and healthcare providers. We face competition not just from other hospitals in Yangon, but also hospitals in Thailand, India, Malaysia and Singapore. Some of these competitors may be more established and have greater financial, personnel, and other resources than our hospital, and may seek to establish facilities in Myanmar. Some of our competitors may also have plans to expand their hospital networks, which may exert further pricing and recruitment pressure on us. If we are forced to reduce the price of our services or are unable to attract patients and doctors and other healthcare professionals, our results of operations may be affected.

For FY 2015-2016 onwards, in addition to the above factors, we expect our healthcare segment’s results of operations to also be affected by capital expenditure, operating expenses and financing for the expansion of our hospital network.

Capital Expenditure, Operating Expenses and Financing for the Expansion of our Hospital Network

One of our strategies is to grow by opening new hospitals in Myanmar. We are currently operating one hospital and one clinic, but we intend to increase the number of hospitals we operate. The successful expansion of our network of hospitals is subject to a number of factors including:

- Our ability to recruit, train and retain qualified personnel;
- Our ability to obtain the various licences or approvals from the government or the local government to carry out our operations and open new hospitals;
- Our ability to manage our costs;
- Our ability to find suitable sites;
- Our ability to identify potential growth and acquisition opportunities; and
- Our ability to source sufficient funding on commercially reasonable terms for our expansion.

See "Risk Factors — Additional Risk Factors for Our Healthcare Business — We are planning to increase the number of hospitals we operate and the implementation of our growth strategy may expose us to certain risks" and "Risk Factors — Additional Risks Factors for Our Healthcare Business — We may not be able to successfully develop new hospitals" on page 22.

We expect that our finance costs will increase as we incur additional capital expenditure relating to the expansion of our hospital network. The finance costs for the construction of our new hospitals and any expansion of existing hospitals will be capitalized during the period of construction, but once the new hospital or expansion commences operations, those finance costs incurred in relation to the construction loans will be expensed. Construction and finance costs that have been capitalized as part of the cost of the new hospital building will be depreciated over the useful life of the hospital building and as such, our depreciation charges have and will increase as we develop additional hospitals. In addition to the capital expenditure and depreciation associated with the expansion of our hospital network, the opening of new hospitals will result in substantial operating costs. It is expected that we will have to employ staff four to six months prior to the opening of our hospitals. Further, we will need to purchase an inventory of drugs and consumables in preparation for the commencement of the operations of the new hospitals. As a result, in the period leading up to the opening of a new hospital, and for the initial ramp up period, our margins are expected to be reduced.

ADDITIONAL FACTORS AFFECTING FMI AIR'S RESULTS OF OPERATIONS

FMI Air was a Subsidiary until 30 June 2015, when FMI sold a 40.0% equity interest in FMI Air to Yangon Land for Ks 9,230,932,000. As such, FMI Air will only be consolidated up to 30 June 2015. From 1 July 2015, FMI's 10.0% equity interest in FMI Air will be accounted as an available-for-sale financial asset.

The primary factors that have historically affected FMI Air's results of operations include:

- Aircraft chartering costs;
- Competition;
- Prices of seats; and
- Administrative expenses.

Aircraft Chartering Costs

One of the main factors affecting FMI Air's results of operations for FY 2013-2014 and FY 2014–2015 was aircraft chartering costs. However, FMI Air stopped chartering aircraft in June 2015.

Competition

The airline industry in Myanmar is competitive and we expect competition to intensify. We are of the opinion that the aviation industry will require consolidation to be more efficient.

Prices of Seats

FMI Air's revenue from the sale of seats for FY 2013-2014 and FY 2014-2015 represented 98.0% and 99.2% of its total revenue.

Administrative Expenses

One of the other main factors affecting FMI Air's results of operations for FY 2014–2015 was administrative expenses, which increased to 41.8% as a percentage of FMI Air's revenue for FY 2014-2015 from 12.8% as a percentage of FMI

Air's revenue for FY 2013-2014. In order to be able to implement FMI Air's change in business model from chartering aircraft to utilising its own aircraft and its planned route expansion, FMI Air increased the number of employees it had to 189, including directors, pilots and engineers, as at 31 March 2015 compared to 84 employees as at 31 March 2014 and opened up additional offices and counters at various airports. However, due to delays in obtaining all the required permits and certifications, FMI Air did not begin its own scheduled services until May 2015 and its planned route expansion plans were also delayed, with the routes between Nay Pyi Taw and Mandalay and Yangon and Mandalay starting in July 2015 and the route between Yangon and Sittwe commencing in August 2015

ADDITIONAL FACTORS THAT COULD ADVERSELY AFFECT OUR RESULTS OF OPERATIONS

Please see "Risk Factors" beginning on page 14 for a discussion of other factors that could adversely affect our results of operations.

CRITICAL ACCOUNTING POLICIES

The preparation of the consolidated financial statements in conformity with Myanmar Financial Reporting Standards requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

For details on our critical accounting estimates, assumptions and judgments, see Note 3 in the notes to our audited consolidated financial statements beginning on page F-21.

Our significant accounting policies are set forth in Note 2 in the notes to our audited consolidated financial statements beginning on page F-7.

RESULTS OF OPERATIONS FOR FY 2014-2015 COMPARED WITH FY 2013-2014

As noted above, due to the Restructuring, our results of operations for FY 2014-2015 are not directly comparable with FY 2013-2014.

	FY 2014-2015 Ks'000	FY 2013-2014 Ks'000
Revenue	33,318,535	11,128,382
- Cost of sales	(20,400,760)	(6,706,449)
Gross profit	12,917,775	4,421,933
Expenses		
- Administrative	(14,007,206)	(2,880,419)
- Finance	(623,515)	(40,207)
	(14,630,721)	(2,920,626)
Share of profit of associates - net of tax	15,452,800	11,430,867
Profit from operating activities	13,739,854	12,932,173
Profit from non-operating activities	60,490,657	320,250
Total profit before income tax expense	74,230,511	13,252,424
Income tax expense	(1,107,342)	(704,395)
Net profit	**73,123,169**	**12,548,029**
Other comprehensive income/(loss) - net of tax:		
Items that may be reclassified subsequently to profit or loss:		
- Share of other comprehensive income of associates	-	9,118
- Reclassification of reserve upon disposal of associates	(1,177,430)	-
- Reclassification of reserve upon disposal of subsidiaries	(565,502)	-
- Revaluation reserve	-	7,001
	(1,742,932)	16,119
Total comprehensive income	**71,380,237**	**12,564,148**
Profit/(loss) attributable to:		
Equity holders of the Company	74,655,414	12,499,478
Non-controlling interests	(1,532,245)	48,551
	73,123,169	**12,548,029**
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	72,912,482	12,515,597
Non-controlling interests	(1,532,245)	48,551
	71,380,237	**12,564,148**
Earnings per share – overall		
- Basic (Ks per Share)	**3,811**	890
Earnings per share - operating activities		
- Basic (Ks per Share)	**737**	867

Revenue

Set forth below is our total revenue and our external revenue for our reportable segments:

	FY 2014-2015	FY 2013-2014
	Ks'000	Ks'000
Financial services	**18,387,270**	9,909
Airline services	**7,264,526**	5,314,154
Healthcare services	**4,122,875**	-
Real estate services	**3,042,176**	3,046,760
Automotive services (discontinued)	**27,125**	1,641,953
All other segments	**474,564**	1,116,606
Total revenue	**33,318,535**	11,128,382

Our total revenue increased by 199.4% to Ks 33,318,535,000 for FY 2014-2015 from Ks 11,128,382,000 for FY 2013-2014. Our revenue by segment is discussed below.

Financial Services

The vast majority of our financial services revenue was from Yoma Bank. Our financial services revenue increased to 18,387,270,000 for FY 2014-2015 from Ks 9,909,000 for FY 2013-2014. This increase was almost entirely due to Yoma Bank becoming a Subsidiary effective as at 1 January 2015, prior to which it was an Associate in which FMI had a 35.6% interest. On 30 December 2014, FMI acquired an additional 15.4% equity interest in Yoma Bank from Yangon Land for a total consideration of Ks 25,551,275,000, giving FMI a total controlling interest of 51.0% in Yoma Bank.

Airline Services

Our airline services revenue was from FMI Air. Our airline services revenue increased by 36.7% to Ks 7,264,526,000 for FY 2014-2015 from Ks 5,314,154,000 for FY 2013-2014. This increase was primarily due to increased ticket sales. As FMI Air ceased being a Subsidiary effective 30 June 2015, we will no longer consolidate FMI Air’s revenue after that date.

Healthcare Services

Our healthcare services revenue was from PHIH. PHIH was not a Subsidiary in FY 2013-2014. PHIH became a Subsidiary effective 1 October 2014. On 30 September 2014, FMI acquired an additional 40.0% equity interest in PHIH from Yangon Land for a cash consideration of Ks 8,186,800,000, giving FMI a total controlling interest of 75.0% in PHIH. Effective 7 April 2015, the operation of the hospital and the clinic that were being operated by PHIH was taken over by YSHPH (in which FMI has a 60.0% interest) and FMI’s interest in PHIH was decreased to 60.0%.

Real Estate Services

Our real estate services revenue was from FMI Syndication, which earned revenue from leasing out FMI Centre. Our real estate services revenue was Ks 3,042,176,000 for FY 2014-2015 and Ks 3,046,760,000 for FY 2013-2014. While there was a very slight decrease in overall revenue, FMI Syndication only contributed revenue up until 31 January 2015. On 31 January 2015, FMI exchanged its 90% equity interest in FMI Syndication for a 10.0% equity interest in Meeyahta International. The agreed value for the share exchange was Ks 10,268,640,000. As FMI Syndication is no longer a Subsidiary, we do not expect to earn any revenue in the real estate services segment beginning in FY 2015-2016.

Automotive Services (Discontinued)

Our automotive services revenue was from (a) Yoma Yarzar, (b) SPA Motorcycle and (c) SPA Motors Ltd.. Our automotive services revenue was Ks 27,125,000 for FY 2014-2015 and Ks 1,641,953,000 for for FY 2013-2014. Yoma Yarzar and SPA Motorcycle were involved in the two-wheeled vehicle market. In FY2013-2014, we decided to exit the two-wheeled vehicle market due to difficult market conditions and low future potential. Although Yoma Yarzar and SPA Motorcycle did not maintain full operations during FY 2013-2014, they nevertheless continued to sell existing inventory of assembled motorcycles and spare parts. SPA Motors Ltd. earned revenue from the servicing of vehicles.

On 26 August 2014, FMI sold its 90.0% equity interest in Yoma Yarzar and its 100.0% equity interest in SPA Motorcycle to Yangon Land for a cash consideration of Ks 1,198,697,000 and Ks 1,382,716,000, respectively. On 26 November 2014, FMI sold its 100% equity interest SPA Motors Ltd. to Yangon Land for a cash consideration of Ks 742,485,000. As there are no longer any Subsidiaries in the automotive services segment, we do not expect to earn any revenue in this segment beginning in FY 2015-2016.

All Other Segments

Our revenue from all other segments primarily comprised revenue generated by our former subsidiary, Agribusiness and Rural Development Consultants Co., Ltd. and all other non-operating revenue earned by FMI. Our revenue from all other segments decreased by 57.5% to Ks 474,564,000 for FY 2014-2015 from Ks 1,116,606,000 for FY 2013-2014. The primary reason for this decrease was the one-time sale of vehicles that FMI held temporarily in FY 2013-2014. The net gain received from the sale of the vehicles was Ks 576,370,000.

Cost of Sales

Set forth below is our cost of goods and services for our reportable segments:

	FY 2014-2015 **Ks'000**	FY 2013-2014 Ks'000
Financial services	**10,711,821**	-
As a percentage of financial services revenue	***58.3%***	-
Airline services	**6,045,014**	4,763,502
As a percentage of airline services revenue	***83.2%***	*89.6%*
Healthcare services	**3,246,757**	-
As a percentage of healthcare services revenue	***78.7%***	-
Real estate services	**351,861**	326,789
As a percentage of real estate services revenue	***11.6%***	*10.7%*
Automotive services (discontinued)	**18,785**	1,565,208
As a percentage of automotive services revenue	***69.3%***	*95.3%*
All other segments	**26,522**	50,950
As a percentage of all other segments revenue	***5.6%***	*4.6%*
Total cost of goods and services (cost of sales)	**20,400,760**	6,706,449
As a percentage of total revenue	***61.2%***	*60.3%*

Our total cost of sales increased by 204.2% to Ks 20,400,760,000 for FY 2014-2015 from Ks 6,706,449,000 for FY 2013-2014. Our cost of sales by segment is discussed below.

Financial Services

Our financial services cost of sale was almost entirely from Yoma Bank. Yoma Bank's cost of sales was the interest cost on its borrowings and deposits from its customers. Our financial services cost of sales increased to Ks 10,711,821,000 for FY 2014-2015 from nil for FY 2014-2015. This increase was due to Yoma Bank becoming a Subsidiary effective as at 1 January 2015.

Airline Services

Our airline services cost of sales comprised largely of aircraft charter costs. Our airline services cost of sales increased by 26.9% to Ks 6,045,014,000 for FY 2014-2015 from Ks 4,763,502,000 for FY 2013-2014. This increase was primarily due to an increase in the charter costs associated with providing more capacity in the market. As a percentage of revenue, our airline services cost of sales decreased to 83.2% for FY 2014-2015 from 89.6% for FY 2013-2014. This decrease was primarily due to the economies of scale of utilising larger aircraft to provide more seats in the market.

Healthcare Services

PHIH was not a Subsidiary in FY 2013-2014. PHIH became a Subsidiary effective 1 October 2014.

Real Estate Services

Our real estate cost of sales primarily comprised utilities costs, security and maintenance costs, and mechanical and engineering costs incurred for FMI Syndication in its operation of FMI Centre. Our real estate services cost of sales increased by 7.7% to Ks 351,861,000 for FY 2014-2015 from Ks 326,789,000 for FY 2013-2014. This increase was primarily due to a twofold increase in government electricity rates. Despite this increase, electricity charges billed to tenants were only raised by 35% in order to maintain business with long-term tenants.

Automotive Services (Discontinued)

Our automotive services cost of sales was Ks. 18,785,000 for FY 2014-2015 compared with Ks 1,565,208,000 for FY 2013-2014. This decrease was due to the fact that we exited the automotive services segment in FY 2014-2015. As there are no longer any Subsidiaries in the automotive services segment, we do not expect to incur any cost of sales in this segment in FY 2015-2016.

All Other Segments

Our cost of sales from all other segments decreased by 47.9% to Ks 26,522,000 for FY 2014-2015 from Ks 50,950,000 for FY 2013-2014.

Administrative Expenses

Set forth below is our administrative expenses for our reportable segments:

	FY 2014-2015	FY 2013-2014
	Ks'000	Ks'000
Financial services	**6,901,046**	8,686
As a percentage of financial services revenue	***37.5%***	*87.7%*
Airline services	**3,038,697**	679,656
As a percentage of airline services revenue	***41.8%***	*12.8%*
Healthcare services	**2,207,398**	-
As a percentage of healthcare services revenue	***53.5%***	-
Real estate services	**646,279**	689,670
As a percentage of real estate services revenue	***21.2%***	*22.6%*
Automotive services (discontinued)	**64,419**	644,433
As a percentage of automotive services revenue	***237.5%***	*39.2%*
All other segments	**1,149,367**	857,974
As a percentage of all other segments revenue	***242.2%***	*76.9%*
Total administrative expenses	**14,007,206**	2,880,419
As a percentage of total revenue	***42.0%***	*25.9%*

Our total administrative expenses increased by 386.3% to Ks 14,007,206,000 for FY 2014-2015 from Ks 2,880,419,000 for FY 2013-2014. Our administrative expenses by segment are discussed below.

Financial Services

Our financial services administrative expenses increased to Ks 6,901,046,000 for FY 2014-2015 from nil for FY 2014-2015. This increase was due to Yoma Bank becoming a Subsidiary effective as at 1 January 2015.

Airline Services

Our airline services administrative expenses increased by 347.1% to Ks 3,038,697,000 for FY 2014-2015 from Ks 679,656,000 for FY 2013-2014. This increase was primarily due to an increase in personnel costs by 272.3%, which was primarily due to an increase in the number of employees FMI Air had to 189, including directors, pilots and engineers, as at 31 March 2015 compared to 84 employees as at 31 March 2014. In addition, in FY 2014-2015, FMI Air recruited expatriate pilots and engineers required to operate its own aircraft. The increase in administrative expenses was also caused by an increase in rental expenses as a result of the opening up of additional offices and counters at various airports as part of FMI Air's planned route expansion. As FMI Air is no longer a Subsidiary effective 30 June 2015, we will only incur airline services administrative expenses from 1 April to 30 June 2015 for FY 2015-2016.

Healthcare Services

PHIH was not a Subsidiary in FY 2013-2014. PHIH became a Subsidiary effective 1 October 2014.

Real Estate Services

Our real estate services administrative expenses decreased by 6.3% to Ks 646,279,000 for FY 2014-2015 to Ks 689,670,000 for FY 2013-2014. This decrease was primarily due to FMI Syndication ceasing to be a subsidiary effective 1 January 2015. As FMI Syndication is no longer a Subsidiary, we do not expect the real estate services segment to incur any material administrative expenses in FY 2015-2016.

Automotive Services (Discontinued)

Our automotive services administrative expenses were Ks. 64,419,000 for FY 2014-2015 compared with Ks 644,433,000 for FY 2013-2014. This decrease was due to the fact that we exited the automotive services segment in FY 2014-2015. As there are no longer any Subsidiaries in the automotive services segment, we do not expect to incur any administrative expenses in this segment in FY 2015-2016.

All Other Segments

Our administrative expenses from all other segments increased by 34.0% to Ks 1,149,367,000 for FY 2014-2015 from Ks 857,974,000 for FY 2013-2014. The primary reason for this increase was an increase in the number of FMI's employees as part of an organisational restructuring process.

Finance Expenses

Set forth below are our finance expenses for our reportable segments:

	Group	
	FY 2014-2015	FY 2013-2014
	Ks'000	Ks'000
Financial services	**21**	-
As a percentage of financial services revenue	**-**	-
Airline services	**518,644**	7,331
As a percentage of airline services revenue	***7.1%***	*0.1%*
Healthcare services	**72,593**	-
As a percentage of healthcare services revenue	***1.7%***	-
Real estate services	**464**	146
As a percentage of real estate services revenue	**-**	-
Automotive services (discontinued)	**13**	950
As a percentage of automotive services revenue	**-**	-
All other segments	**31,780**	31,780
As a percentage of all other segments revenue	***6.7%***	*2.8%*
Total finance expenses	**623,515**	40,207
As a percentage of total revenue	***1.9%***	*0.4%*

Our finance expenses increased to Ks 623,515,000 for FY 2014-2015 from Ks 40,207,000 for FY 2013-2014. The primary reasons for this increase were an increase in finance expenses in our airline services segment, which was due to interest expense on a loan acquired to finance the payment of expenses related to the aircraft, capital investment in aircraft related assets and aircraft maintenance expenses. As FMI Air is no longer a Subsidiary effective 30 June 2015, we will only incur finance expenses for FMI Air from 1 April to 30 June 2015 for FY 2015-2016.

As noted above, Yoma Bank's interest costs on its borrowings and deposits from its customers is included in the cost of sales for the financial services segment.

Share of Profit of Associates - Net of Tax

Set forth below is our share of profit/(loss) of Associates – net of tax for our reportable segments.

	FY 2014-2015	FY 2013-2014
	Ks'000	Ks'000
Financial services	**1,703,786**	409,953
Airline services	**-**	-
Healthcare services	**3,287,418**	(236,106)
Real estate services	**11,132,127**	10,198,252
Automotive services	**(357,710)**	(8,977)
All other segments	**(312,821)**	1,067,745
Total share of profit of Associates – net of tax	**15,452,800**	11,430,867

Our total share of profit of associates net of tax increased by 35.2% to Ks 15,452,800,000 for FY 2014-2015 from Ks 11,430,867,000 for FY 2013-2014. Our share of profit/(loss) of Associates – net of tax for our reportable segments is discussed below.

Financial Services

Our financial services share of profit of Associates – net of tax was from Yoma Bank prior to it becoming a Subsidiary effective as at 1 January 1, 2015. Our share of profit from Yoma Bank net of tax increased by 315.6% to Ks 1,703,786,000 for FY 2014-2015 from Ks 409,953,000 for FY 2013-2014. This increase was primarily due to Yoma Bank greatly expanding its loan book in FY2014-2015. As Yoma Bank is now a Subsidiary, we do not expect to have any share of profit of Associates – net of tax in this segment in FY 2015-2016.

Healthcare Services

Our healthcare services share of profit/(loss) of Associates – net of tax was from PHIH before it became a Subsidiary effective 1 October 2014. Our healthcare services share of profit/(loss) of Associates – net of tax was a profit of Ks 3,287,418 for FY 2014-2015 compared with a loss of Ks 236,106,000 for FY 2013-2014. PHIH made a gain of Ks 10,938,647,000 from the sale of land not required for the hospital to Yangon Land. Without the gain on the sale of this land, we would have made a loss from our share in PHIH. As PHIH is now a Subsidiary, we do not expect to have any share of profit/(loss) of Associates – net of tax in this segment in FY 2015-2016.

Real Estate Services

The details of our real estate services share of profit/(loss) of Associates – net of tax is set forth in the table below:

	FY 2014-2015	FY 2013-2014
	Ks'000	Ks'000
Thanlyin Estate	**10,604,264**	9,846,040
FMI Garden	**531,732**	352,211
Pun Hlaing Links	**(2,613)**	-
LSC-FMI	**(585)**	-
Meeyahta International	**(671)**	-
Total real estate services share of profit of Associates – net of tax	**11,132,127**	10,198,251

Our real estate services share of profit/(loss) of Associates – net of tax increased by 9.2% to Ks 11,132,127,000 for FY 2014-2015 from Ks 10,198,251,000 for FY 2013-2014. The primary reason for this increase was a 7.7% increase in our share of the net profit from Thanlyin Estate to Ks 10,604,264,000 for FY 2014-2015 from Ks 9,846,040,000 for FY 2013-2014 and a 51.0% increase in our share of the net profit from FMI Garden.

As at 31 March 2014, Thanlyin Estate had sold all 528 units for Buildings A3 and A4 in STAR*City's Zone A. The total contractual revenue for these sold units amounted to Ks 46,625,795,000. However, as at 31 March 2014, the construction of these units was not complete. Thanlyin Estate uses the percentage-of-completion revenue recognition method. It had already recognised Ks 3,483,730,000 in revenue prior to FY 2013-2014 from the sale of these units and it recognised a further Ks 15,074,739,000 in revenue for FY 2013-2014 from the sale of these units. It recognised a further Ks 22,718,086,000 in revenue for FY 2014-2015 from the sale of these units. As at 31 March 2015, Thanlyin Estate had received cash deposits and instalments of Ks 31,130,531,000 from buyers, representing approximately 66.7% of the total contractual purchase prices of the sold units.

In FY 2013-2014, Thanlyin Estate entered into an agreement with a third party investor to sell the LDRs relating to Star City's Zone B for further development and to sell the apartment units of Zone B to end buyers on behalf of the said investor. In FY 2013-2014, Thanlyin Estate recognised revenue of Ks 27,461,813,000 from the sales of LDRs relating to STAR*City's Zone B to the third party investor. In FY 2013-2014, Thanlyin Estate recorded a Ks 4,206,657,000 incentive fee relating to STAR*City's Zone B Buildings B1, B2 and B5 as Thanlyin Estate achieved the stipulated sales target. FY 2014-2015, Thanlyin Estate recorded a Ks 2,311,206,000 incentive fee relating to STAR*City's Zone B Buildings B3 and B4 as Thanlyin Estate achieved the stipulated sales target.

In Q4 FY 2014-2015, Thanlyin Estate launched off the plans sales of its project in STAR*CITY's Zone C, known as Galaxy Towers. Thanlyin Estate entered into an agreement with a third party investor in relation to the management and sales of apartments in Galaxy Towers in exchange for the third party investor agreeing to pay Thanlyin Estate an upfront premium payment, a performance fee relating to the management of the construction of the project based on construction milestones achieved and a share of the profit on the sales of the apartments in Galaxy Towers after deducting, the above amounts, construction costs and marketing and sales commission. In FY 2014-2015, Thanlyin Estate recognised revenue of Ks 21,167,771,000 from the upfront premium and did not recognise any revenue from performance fees or a share of profit on the sales of the apartments.

Since October 2014, the sale of high-end units in Yangon has slowed significantly, with many high profile projects reporting sales of just one or two units in Q3 FY 2014-2015 and several developers reporting no sales at all in Q4 FY 2014-2015. (Source: *Yangon Real Estate Review (Q2 2015),* a publication of Frontier Myanmar). For more details, see "Industry Information – Real Estate" beginning on page 36. This slowdown has also adversely affected sales of properties by Thanlyin Estate. As at 30 September 2015, only 36 apartments (with a total saleable area of 37,211 sq. ft.) have been sold in Galaxy Towers .If this trend continues, we expect our share of the profit-net of tax from Thanlyin Estate will be significantly less in FY 2015-2016 than it was in FY 2014-2015, which would have a material adverse effect on our results of operations for FY 2015-2016.

Thanlyin Estate also earns rental income from its investment properties starting from FY 2014-2015 of Ks 1,462,983,000. As at 30 September 2015, 98 out of the 150 units in Building A5 of STAR*CITY Zone A have been leased out. Thanlyin Estate expects its rental business to continue to see strong demand, driven by the growing demand for corporate housing as more expatriates enter the country for business.

Automotive Services

Our automotive services share of profit/(loss) of Associates – net of tax was from Convenience Prosperity and Myanmar Motors. Our automotive services share of loss of Associates – net of tax was Ks 357,710,000 for FY 2014-2015, and Ks 8,977,000 for FY 2013-2014. On 18 November 2014, FMI sold its entire interests in both Convenience Prosperity and Myanmar Motors. As there are no longer any Associates in the automotive services segment, we do not expect to have any share of profit/(loss) of Associates – net of tax in this segment in FY 2015-2016.

All Other Segments

Our share of loss of Associates – net of tax from all other segments primarily comprised Chindwin Holdings and FMI Flotilla. For FY 2014-2015, our share of loss of Associates – net of tax from all other segments was Ks 312,821,000, which was primarily due to foreign currency exchange losses suffered by Chindwin Holdings. Our share of this loss was Ks 417,908,000. For FY 2013-2014, our share of profit of Associates – net of tax from all other segments was Ks 1,067,745,000, which was mainly due to our share of a one-time gain amounting to Ks 1,281,640,000 resulting from the purchase by Chindwin Holdings, our 30.0% owned Associate, of a 75.0% interest in both Shwe Lay Ta Gun Travels and Tours Co., Ltd and Eastern Safaris Pte. Ltd. The purchase price for these shares was less than the net tangible assets per share for each company and the difference was recognised as a one-time gain.

Profit from Non-Operating Activities

Our profit from non-operating activities increased to Ks 60,490,657,000 for FY 2014-2015 from Ks 320,250,000 for FY 2013-2014. This increase was primarily due to a Ks 57,308,002,000 gain from the disposal of Associates and a Ks 3,333,120,000 gain on the disposal of Subsidiaries, which was partially offset by a loss of Ks 129,276,000 on foreign currency exchange difference compared with a gain of Ks 353,308,000 on foreign currency exchange difference in the previous period.

On 30 September 2014, FMI acquired an additional 40.0% equity interest in PHIH, which resulted in us recognising a fair value gain of Ks 1,621,960,000 on the previously-held 35.0% equity interest. At the time of the acquisition of the additional shares in PHIH, the economic interest in the remaining 25.0% of PHIH was owned by the Lippo Group, which has a proven track record in growing healthcare operations in Indonesia, from one hospital in 1996 to 20 hospitals as at 31 March 2015. The valuation of PHIH was determined using a net tangible assets calculation agreed by both the Lippo Group and FMI. Prior to this acquisition, PHIH was an Associate. PHIH became a Subsidiary effective as at 1 October 2014.

On 30 December 2014, FMI acquired an additional 15.4% in Yoma Bank, which resulted in us recognising a fair value gain of Ks 53,299,480,000 on the previously-held 35.6% equity interest. The purchase price for the additional shares in Yoma Bank was determined based on the valuation of Yoma Bank done by KPMG Singapore and the valuation of Yoma Bank's real estate holdings done Jones Lang LaSalle, a well-known international real estate expert. Based on these valuations as well as extensive discussions by the Board of Directors, the purchase price was agreed upon. Prior to this acquisition, Yoma Bank was an Associate. Effective as at 1 January 2015, Yoma Bank is a Subsidiary.

On 26 August 2014, FMI sold its 90.0% interest in Yoma Yarzar to Yangon Land and its 100% interest in SPA Motorcycle to SPA (Myanmar) for cash considerations of Ks 1,198,697,000 and Ks 1,382,716,000, respectively. We also wrote off our investment in Agribusiness and Rural Development Consulting Co., Ltd.. On 26 November 2014, FMI sold its 100.0% interest in SPA Motors to Yangon Land for a cash consideration of Ks 742,485,000. On 31 January 2015, FMI exchanged its 90.0% equity interest in FMI Syndication for a 10.0% equity interest in Meeyahta International. The consideration received for the share exchange was Ks 10,268,640,000.

The table below shows the gain /(loss) from these transactions.

	FY 2014-2015
	Ks'000
Gain/(loss) from disposal of Subsidiaries:	
Yoma Yarzar	(819,804)
SPA Motorcycle	(471,947)
Agribusiness and Rural Development Consulting Co., Ltd.	(39,727)
SPA Motors Ltd.	418,701
FMI Syndication	4,245,897
Total gain from disposal of Subsidiaries	3,333,120
Gain/(loss) from disposal of Associates:	
Yoma Bank	52,453,976
PHIH	3,113,537
Convenience Prosperity	1,014,633
Shine Laundry Ltd.	318,413
Myanmar Agri-Tech Carbon Capital Ltd.	(37,263)
FMI Flotilla Ltd.	169,235
Myanmar Motors Pte Ltd.	275,471
Total gain	57,308,002

Income Tax Expense

As we report our share of Associates profit/(loss) - net after tax, our income tax expense does not include any income tax expense for Associates. Set forth below is our income tax expense for our reportable segments and as a percentage of profit before income tax not including our share of Associates profit/(loss) - net after tax:

	FY 2014-2015	FY 2013-2014
	Ks'000	Ks'000
Financial services	**205,409**	889
As a percentage of profit before income taxnot including our share of Associates profit/(loss) - net after tax for the segment	***23.6%***	*26.0%*
Airline services	**-**	-
As a percentage of profit before income tax not including our share of Associates profit/(loss) - net after tax for the segment	***-***	*-*
Healthcare services	**94,733**	-
As a percentage of loss before income tax not including our share of Associates profit/(loss) - net after tax for the segment	***6.9%***	*-*
Real estate services	**589,928**	332,761
As a percentage of profit before income tax not including our share of Associates profit/(loss) - net after tax for the segment	***28.6%***	*16.6%*
Automotive services (discontinued)	**5,377**	67,152
As a percentage of loss before income tax not including our share of Associates profit/(loss) - net after tax for the segment	***9.6%***	*12.9%*
All other segments	**211,895**	303,593
As a percentage of profit before income tax not including our share of Associates profit/(loss) - net after tax for the segment	***0.4%***	*54.8%*
Total tax expense	**1,107,342**	**704,395**
As a percentage of total profit before income tax not including our share of Associates profit/(loss) - net after tax	***1.9%***	***38.7%***

Our total tax expense increased by 57.2% to Ks 1,107,342,000 for FY 2014-2015 from Ks 704,395,000 for FY 2013-2014. As a percentage of profit before income tax not including our share of Associates profit/(loss) - net after tax, our tax expense decreased to 1.9% for FY 2014-2015 from 38.7% for FY 2013-2014. The corporate income tax rate for resident companies in Myanmar was 25.0% for both for FY 2014-2015 and FY 2013-2014. Our tax expense by segment is discussed below.

Financial Services

Our financial services tax expense increased to Ks 205,409,000 for FY 2014-2015 from Ks 889,000 for FY 2014-2015. This increase was due to Yoma Bank becoming a Subsidiary effective as at 1 January 2015.

Healthcare Services

PHIH was not a Subsidiary in FY 2013-2014. PHIH became a Subsidiary effective 1 October 2014. We had a tax expense of Ks 94,733 for FY 2014-2015, which was related to commercial taxes PHIH paid on behalf of its customers.

Real Estate Services

Our real estate services tax expense increased by 77.3% to Ks 589,928,000 for FY 2014-2015 from Ks 332,761,000 for FY 2013-2014. The lower tax expense in FY 2013-2014 was due to under-provisioned income taxes. Actual income tax levied for FY 2013-2014 amounted to Ks 534,944,000. As FMI Syndication is no longer a Subsidiary, we do not expect the real estate services segment to incur any material tax expense in FY 2015-2016.

Automotive Services (Discontinued)

Our automotive services tax expense was Ks. 5,377,000 for FY 2014-2015 compared with Ks 67,152,000 for FY 2013-2014. This decrease was due to the fact that we exited the automotive services segment in FY 2014-2015. As there are no longer any Subsidiaries in the automotive services segment, we do not expect to incur any tax expense in this segment in FY 2015-2016.

All Other Segments

Our tax expense for all other segments decreased by 30.2% to Ks 211,895,000 for FY 2014-2015 from Ks 303,593,000 for FY 2013-2014. Higher income tax expense in FY 2013-2014 was due to income tax levied on gains from FMI's sale of vehicles held temporarily and a similar transaction is not expected to occur again in the future.

Other Comprehensive Income/(Loss) – Net of Tax

In FY 2014-2015, we incurred a loss - net of tax of Ks 1,177,430,000 upon reclassification of reserves after the disposal of Associates and Ks 565,502,000 upon reclassification of reserves after the disposal of Subsidiaries. These reserves were the funds, when initially recognised, reserved out of retained earnings and not made available for shareholder distribution. In the case of Yoma Bank, certain reserves are made out of retained earnings as required by the Central Bank of Myanmar. Upon disposal of Associates and Subsidiaries, our share of related reserves, which were included in our shareholder's equity, were also derecognised separately resulting in a loss in our other comprehensive income. This loss was not netted against the gain on disposal of Associates and Subsidiaries, which were included in our net profit.

Non-Controlling Interests

Both the net profit and total comprehensive income attributable to non-controlling interests was a loss of Ks 1,532,245,000 and a profit of Ks 48,551,000 for FY 2014-2015 and FY 2013-2014, respectively. This resulted in a net profit attributable to Shareholders of Ks 74,655,414,000 and Ks 12,499,478,000 for FY 2014-2015 and FY 2013-2014, respectively, and a total comprehensive income attributable to Shareholders of Ks 72,912,482,000 and Ks 12,515,597,000 for FY 2014-2015 and FY 2013-2014, respectively.

FINANCIAL CONDITION

Set forth below are our consolidated balance sheets as at 31 March 2015 and 2014.

	As at 31 March 2015	As at 31 March 2014
	Ks'000	Ks'000
ASSETS		
Current assets		
Cash and cash equivalents	**129,014,320**	1,177,323
Trade and other receivables	**2,834,879**	21,727,876
Loans and advances to customers, by the bank subsidiary	**415,076,012**	-
Inventories	**479,951**	364,588
Other current assets	**10,506,235**	13,553,855
	557,911,397	36,823,642
Non-current assets		
Available-for-sale financial assets	**2,209,042**	2,630,763
Government treasury securities, by the bank subsidiary	**178,978,920**	-
Investment in associates	**57,619,618**	29,454,128
Investment properties	**1,448,447**	1,442,829
Property, plant and equipment	**107,338,813**	10,223,033
Intangible assets	**56,008,483**	5,972,494
	403,603,323	49,723,247
Total assets	**961,514,720**	86,546,889
LIABILITIES		
Current liabilities		
Trade and other payables	**26,553,789**	3,167,218
Deposits and balances from customers, by the bank subsidiary	**689,054,974**	-
Redeemable preference shares	**227,000**	-
Provision for income tax	**2,874,603**	952,029
Borrowings	**3,930,429**	-
	722,640,795	4,119,247
Non-current liabilities		
Redeemable preference shares	**-**	227,000
Borrowings	**13,793,000**	-
Other payables	**123,855**	177,856
	13,916,855	404,856
Total liabilities	**736,557,650**	4,524,103
EQUITY		
Share capital	**22,480,013**	18,418,478
Share premium	**71,282,042**	49,792,302
Reserves	**5,454,104**	1,742,932
Retained profit	**76,317,417**	11,684,022
	175,533,576	81,637,734
Non-controlling interests	**49,423,494**	385,052
Total equity	**224,957,070**	82,022,786
Total liabilities and equity	**961,514,720**	86,546,889

Assets

Our total assets were Ks 961,514,720,000 as at 31 March 2015 compared with Ks 86,546,889,000 as at 31 March 2014. The substantial increase in our assets was primarily due to the Restructuring and in particular Yoma Bank and PHIH becoming Subsidiaries effective 1 January 2015.

Cash and Cash Equivalents

Our cash and cash equivalents (not including Yoma Bank's cash and cash equivalents) were Ks 935,072,000 as at 31 March 2015 compared with Ks 1,177,323,000 as at 31 March 2014.

Trade and Other Receivables

Our trade and other receivables decreased to Ks 2,834,879,000 as at 31 March 2015 from Ks 21,727,876,000 as at 31 March 2014. Our trade receivables – net increased to Ks 2,489,689,000 from Ks 488,732,000 and our non-trade receivables decreased to Ks 234,610,000 as at 31 March 2015 from 21,210,923,000 as at 31 March 2014. The increase in trade receivables was primarily due to the increase in trade receivables from non-related parties mainly as a result of Yoma Bank becoming a Subsidiary effective 1 January 2015. The decrease in non-trade receivables was primarily due to the receipt of the following amounts in FY 2014-2015, which were due as at 31 March 2014:

- a Ks 2,068,442,000 receivable from the YCDC for the construction cost of the Flyover Bridge at Bayintnaung Junction;
- a Ks 149,400,000 unsecured, interest-free, receivable on demand amount from the intercompany clearing and settlement system of SPA (Myanmar);
- dividends totaling 1,697,200,000 declared but not yet paid from Associates;
- a Ks 5,771,675,000 unsecured loan receivable on demand from Convenience Prosperity at 8.0% per annum interest, which was used as temporary working capital by Convenience Prosperity;
- a Ks 2,600,000,000 receivable from Convenience Prosperity for payments FMI made on behalf of Convenience Prosperity;
- a Ks 3,100,000,000 shareholder's advance to Meeyahta International, of which Ks 170,000,000 was repaid and the remaining balance of Ks 2,930,000,000 was capitalized during FY 2014-2015;
- a Ks 3,800,000,000 shareholder's advance to Pun Hlaing Links Services, of which Ks 2,300,000,000 was repaid and the remaining balance of Ks 1,500,000,000 was capitalized during FY 2014-2015;
- a Ks 233,800,000 receivable from Summit SPA Motors Limited for payments FMI made on behalf of Summit SPA Motors Limited; and
- a Ks 208,340,000 receivable from Myanmar Motor Pte. Ltd for payments FMI made on behalf of Myanmar Motor Pte. Ltd.

Investment in Associates

Investment in Associates increased to Ks 57,619,618,000 as at 31 March 2015 from Ks 29,454,128,000 at 31 March 2014. Set forth in the table below is certain information in relation to our investment in Associates as at 31 March 2015 and 2014:

	FY 2014-2015	FY 2013-2014
	Ks'000	Ks'000
Beginning of the financial year	**29,454,128**	11,201,905
Additional investment during the year	**27,979,194**	8,513,138
Investment disposed of during the year	**(13,906,944)**	(3,700)
Investment written off during the year	**(37,263)**	-
Share of profit of Associates	**15,452,800**	11,430,867
Share of other comprehensive income of Associates	**203**	9,118
Dividends received from Associates	**(1,322,500)**	(1,697,200)
End of the financial year	**57,619,618**	29,454,128

Acquisitions

During FY 2014-2015 FMI acquired two new investments: a 20.0% equity interest in Meeyahta International; and a 50.0% equity interest in LSC-FMI. FMI also made additional capital contributions to Pun Hlaing Links Services of Ks 1,890,000,000, to Chindwin Holdings of Ks 106,560,000 and to Myanmar Motors of Ks 418,115,000.

In acquiring the 20.0% equity interest in Meeyahta International, FMI contributed Ks 10,600,000,000 through the issuance of new Shares in exchange for a 10.0% equity interest in Meeyahta International and FMI exchanged its 90% equity interest in FMI Syndication at cost for an additional 10.0% equity interest in Meeyahta International, arriving at the total contribution of Ks 15,363,519,000.

In exchanging our 90.0% equity interest in FMI Syndication for a 10.0% interest in Meeyahta International, we recognised an additional Ks 5,505,121,000 as a revaluation gain resulting from the fair value of FMI Syndication. The fair value of FMI Syndication was determined using a net tangible assets calculation. The total contribution for the 20.0% stake in Meeyahta International amounted to Ks 20,868,640,000 at the Group level. Post-acquisition, we capitalized a shareholder loan of Ks 2,928,278,000, arriving at total shareholder contribution of Ks 23,796,918,000 at the Group level. The remaining 80.0% equity interest in Meeyahta International is owned by Yoma Strategic Holdings Ltd.

FMI made an initial contribution of US$1.8 million (equivalent to Ks 1,768,000,000) in exchange for a 50% equity interest in LSC-FMI.

Divestments/Write-Offs

On 30 September 2014, FMI acquired an additional 40.0% equity interest in PHIH to hold a total controlling interest of 75.0%, increased from its previously held 35.0% interest as an Associate. Effective 1 October 2014, PHIH became a Subsidiary, which resulted in a deemed divestment of the 35.0% previously held interest.

On 30 December 2014, FMI acquired an additional 15.4% equity interest in Yoma Bank to hold a total controlling interest of 51.0%, increased from its previously held 35.6% interest as an Associate. Effective 1 January 2015, Yoma Bank became a Subsidiary, which resulted in a deemed divestment of the 35.6% previously held interest.

We sold Shine Laundry on 26 August 2014 and FMI Flotilla on 26 November 2014 to Yangon Land, a wholly-owned subsidiary of SPA (Myanmar).

We also sold Myanmar Motors on 19 November 2014 and Convenience Prosperity on 17 February 2015 to Elite Matrix International Ltd (a wholly owned subsidiary of Yoma Strategic), through Yoma Nominee Ltd.

We also wrote off our entire investment in Myanmar Agri-Tech Carbon Capital Ltd.

Set forth below is certain information with respect to Associates disposed of/written off during FY 2014-2015:

(Ks'000)

Name of Associate	Carrying value at the time of disposal	Consideration received at disposal	Deemed consideration received for accumulated share of reserve	Gain/(loss) at disposal	Less: Deemed disposal [1]	Net cash received at disposal
Yoma Bank [1]	8,682,633	59,068,976	2,067,633	52,453,976	(59,068,976)	-
PHIH[1]	4,049,913	7,163,450	-	3,113,537	(7,163,450)	-
Shine Laundry Ltd.	51,102	369,514	-	318,413	-	369,514
Myanmar Agri-Tech Carbon Capital Ltd.[2]	37,263	-	-	(37,263)	-	-
Myanmar Motors	605,442	880,913	-	275,471	-	880,913
FMI Flotilla	330,765	500,000	-	169,235	-	500,000
Convenience Prosperity	187,089	1,201,722	-	1,014,633	-	1,201,722
Total	**13,944,207**	**69,184,576**	**2,067,633**	**57,308,002**	**(66,232,426)**	**2,952,149**

Notes:
(1) Deemed disposal of the Associate as we acquired a controlling interest during FY 2014-2015.
(2) Written-off investment.

Property, Plant and Equipment

Our property, plant and equipment increased to Ks 107,338,813,000 as at 31 March 2015 from Ks 10,223,033,000 as at 31 March 2014. This increase was primarily due to (a) Yoma Bank and PHIH becoming Subsidiaries during FY 2014-2015, which increased the net book value of our property, plant and equipment by Ks 74,605,546,000 and (b) a Ks 18,958,826,000 addition to assets-under-construction, which related to the ongoing refurbishment of two aircrafts at 31 March 2015, which are owned by a subsidiary FMI Air Ltd.

Intangible Assets

Intangible assets increased to Ks 56,008,483,000 as at 31 March 2015 from Ks 5,972,494,000 as at 31 March 2014. This increase was primarily due to:

- the goodwill arising from the acquisition of (a) Yoma Bank of Ks 51,490,489,000 and (b) PHIH of 1,239,863,000; and

- a Ks 2,311,824,000 additional cost of acquisition of the air operator certificate for FMI Air, which was partially offset by the disposal of goodwill of Ks 5,005,522,000 on the disposal of five Subsidiaries (FMI Syndication, SPA Motorcycle, SPA Motors Ltd., Yoma Yarzar, and Agribusiness and Rural Development Consultants Co., Ltd.), the goodwill for which was included in the gain or loss on the sale of each Subsidiary and recognised in the profit or loss on disposal.

Liabilities

Our total liabilities were Ks 736,557,650,000 as at 31 March 2015 (which included Ks 689,054974 of deposits and balances from Yoma Bank's customers) compared with Ks 4,524,103,000 as at 31 March 2014 (which did not include any deposits and balances from Yoma Bank's customers as Yoma Bank was not a Subsidiary at that time). The substantial increase in our liabilities was primarily due to the Restructuring and in particular Yoma Bank becoming a Subsidiary effective 1 January 2015.

Trade and Other Payables

Trade and other payables increased to Ks 26,533,789,000 as at 31 March 2015 from Ks 3,167,218,000 as at 31 March 2014.

Trade payables increased to Ks 16,123,256,000 as at 31 March 2015 from Ks 917,727,000 as at 31 March 2014. The primary reason for this increase was a Ks 15,455,342,000 increase in trade payables to non-related parties, which was primarily due to Yoma Bank and PHIH becoming Subsidiaries.

Non-trade payables increased to Ks 6,382,576,000 as at 31 March 2015 from Ks 1,478,763,000 as at 31 March 2014. The primary reasons for this increase were:

- a Ks 4,206,833,000 increase in non-trade payables to entities related by common controlling shareholder; and
- a Ks 614,039,000 increase in non-trade payables to Associates.

Included in non-trade payables to entities related by common controlling shareholder as at 31 March 2015 is an unsecured, interest-free, and payable on demand balance to the group intercompany clearing and settlement system of SPA (Myanmar) amounting to Ks 5,376,000,000 (31 March 2014: Ks 585,800,000), which was for payments SPA (Myanmar) made on behalf of the Group. The Group maintains and clears these balances on a regular basis. Also included in the balance as at 31 March 2014 was an unsecured, interest-free and payable on demand balance to Yoma Strategic of Ks 417,200,000 for a contribution made by Yoma Strategic on behalf of the Group for a future investment. The balance was fully settled during FY 2014-2015.

The Group's non-trade payable to Associates as at 31 March 2015 included a capital contribution balance owed to LSC-FMI amounting to Ks 614,000,000 (as at 31 March 2014: nil).

Accrued operating expenses increased to Ks 2,106,871,000 as at 31 March 2015 from Ks 139,040,000 at 31 March 2014. Included in the Group's accrued operating expenses at 31 March 2015 are accrued bonus and salaries amounting to Ks 1,032,000,000 and accrued marketing and advertising expenses amounting to Ks 696,400,000.

Refundable deposits decreased to Ks 53,169,000 as at 31 March 2015 from Ks 423,336,000 at 31 March 2014. This decrease was primarily due to refundable deposits from FMI Syndication. The Group no longer carries these balances as at 31 March 2015 as a result of FMI Syndication being deconsolidated as a Subsidiary effective 31 January 2015.

Interest income received in advance was Ks 1,705,317,000 as at 31 March 2015 compared with nil as at 31 March 2014. The interest income received in advance was for the balances carried by Yoma Bank.

Current Borrowings

Our current borrowings were Ks 3,930,429,000 as at 31 March 2015 compared with nil as at 31 March 2014. Included in current borrowings as at 31 March 2015 is a US$500,000 short-term loan, at 18.0% interest per annum, from a non-related party to finance FMI Air's working capital needs. The loan is secured by a corporate guarantee issued by FMI. The total carrying amount (principal and interest) of the loan in equivalent Kyats at 31 March 2015 amounted to Ks 538,349,000. The loan is expected to be repaid within one year. Also included in the current borrowings as at 31 March 2015 is a short-term portion of a loan, at 12.0% interest per annum, from a non-related party to finance the payment of aircraft-related expenses of FMI Air. The total principal amount of the loan is US$11.2 million, and the short-term portion of the principal plus interest accrued amounted to US$3.11 million (equivalent to Ks 3,392,080,000) as at 31 March 2015.

Non-Current Borrowings

Our non-current borrowings were Ks 13,793,000,000 as at 31 March 2015 compared with nil as at 31 March 2014. Included in non-current borrowings as at 31 March 2015 were:

- the long-term portion of the loan to finance the payment of aircraft-related expenses of a subsidiary FMI Air, discussed above, which was US$8.2 million (equivalent to Ks 8,938,000,000) as at 31 March 2015; and
- Yoma Bank's medium-term convertible loan of Ks 4,855,000,000 at an annual interest rate of 8.0% that matures on April 27, 2019 under an agreement with the IFC. Under specified terms and conditions outlined in the IFC Loan Agreement, the IFC may convert the loan to shares in Yoma Bank. For details, see "Risk Factors

- FMI's 51.0% equity interest in Yoma Bank could be diluted if IFC is issued shares in Yoma Bank" on page 19.

Equity

Share Capital

FMI's share capital increased to Ks 22,480,013,000 as at 31 March 2015 from Ks 18,418,478,000 as at 31 March 2014. This increase was due to:

- the issuance on 24 December 2014 of 2,221,850 Shares to Yangon Land, a wholly-owned subsidiary of SPA (Myanmar), at a price of Ks 11,500 per Share, which were issued in consideration for FMI's acquisition of a 15.4% equity interest in Yoma Bank from Yangon Land; and

- the issuance on 23 November 2014 of 1,839,685 Shares out of FMI's share premium as a dividend bonus to Shareholders.

Reserves

Our reserves increased to Ks 5,454,104,000 as at 31 March 2015 from Ks 1,742,932,000 as at 31 March 2014. This increase was due to the addition of Yoma Bank's capital reserve of Ks 5,454,104,000, which was partially offset by the disposal of a total of Ks 1,742,932,000 of reserves of Subsidiaries and Associates disposed of during FY 2014-2015.

Non-Controlling Interests

Non-controlling interests increased to Ks 49,423,494,000 as at 31 March 2015 from Ks 385,052,000 as at 31 March 2014. This increase was primarily due to:

- the addition of the 49.0% non-controlling interest in Yoma Bank and the 25.0% non-controlling interest in PHIH subsequent to these companies becoming Subsidiaries; and

- an increase in the value of the 50.0% non-controlling interest in FMI Air to Ks 9,560,438,000 as at 31 March from Ks 130,033,000 as at 31 March 2014, which was due to the non-controlling interest's share of an additional capital contribution of Ks 11,038,666,000 partially offset by FY 2014-2015 net loss of Ks 1,608,261,000 attributable to non-controlling interests.

LIQUIDITY AND CAPITAL RESOURCES

For FY 2014-2015, we met our liquidity needs through cash provided by operating activities (which is an internal source), cash provided by investing activities and cash provided by financing activities (which are both external sources). For FY 2013-2014, we met our liquidity needs from cash provided by financing activities, which was primarily from proceeds of the issuance of Shares, and part of the cash and cash equivalents we had at the beginning of FY 2013-2014.

As at 31 March 2015, our unused sources of liquidity were our cash and equivalents of Ks 129,014,320,000, comprising cash at the bank and in hand of Ks 935,072,000, Yoma Bank's cash in hand of Ks 65,403,008,000 and Yoma Bank's cash and placements with CBM and other banks of Ks 62,676,240,000.

As at 30 September 2015, we did not have any committed but undrawn borrowing facilities.

We believe that the expected cash to be provided by operating activities will be sufficient for our working capital requirements for at least the next 12 months from the date of this disclosure document for Listing.

Cash Flows

The following table sets forth selected items from our cash flow statements for the periods indicated:

	FY 2014-2015	FY 2013-2014
	Ks'000	**Ks'000**
Cash provided by (used in) operating activities	72,874,857	(20,444,635)
Cash provided by (used in) investing activities	19,152,392	(17,606,657)
Cash provided by financing activities	35,809,748	37,915,064
Net increase/(decrease) in cash and cash equivalents	127,836,997	(136,228)
Cash and cash equivalents at beginning of financial year	1,177,323	1,313,551
Cash and cash equivalents at end of financial year	**129,014,320**	**1,177,323**

Cash Provided by (Used in) Operating Activities

Cash provided by operating activities in FY 2014-2015 was Ks 72,874,857,000 and our operating loss before working capital changes for that period was Ks 1,992,000. The difference was primarily attributable to:

- a Ks 163,231,770,000 increase in deposits and balances from customers by Yoma Bank (as it only became a Subsidiary effective 1 January 2015, this amount was Yoma Bank's entire deposits and balances from customers as at 31 March 2015);
- a Ks 19,216,511,000 increase in trade payables, which was primarily due to Yoma Bank and PHIH becoming Subsidiaries in FY 2014-2015;
- a Ks 11,679,394,000 decrease in other assets, which was primarily due to a decrease in FMI's advance payment for future business acquisition by Ks 9,349,534,000 and a decrease in other assets of FMI Syndication, which was no longer a subsidiary as at 31 March 2015;
- a Ks 11,695,240,000 decrease in trade and other receivables, which was primarily due to a decrease in FMI's loan receivable from associates amounting to Ks 12,671,675,000; and
- a Ks 121,026,000 decrease in inventories.

The foregoing amounts were partially offset by a Ks 130,996,877,000 increase in loans and advances to customers by Yoma Bank and income taxes paid of Ks 2,070,215,000.

Cash used in operating activities in FY 2013-2014 was Ks 20,444,635,000 and our operating profit before working capital changes for that period was Ks 1,772,415,000. The difference was primarily attributable to:

- a Ks 13,553,855,000 increase in other assets, which was primarily due to an increase in FMI's advance payment for future business acquisition by Ks 12,246,400,000 and an increase in FMI Syndication's renovation works in progress by Ks 1,285,564,000;
- a Ks 10,297,377,000 increase in trade and other receivables, which was primarily due to an increase in FMI's loan receivables from Associates amounting to Ks 9,208,487,000 and an increase in dividend receivables by Ks 1,342,200,000; and
- income taxes paid of Ks 704,394,000.

The foregoing amounts were partially offset by a Ks 1,748,885,000 decrease in inventories, which was primarily due to the sale of 41 units of motor vehicles in FY 2013-2014, which FMI held as an one-time inventory as at 31 March 2013, and a Ks 639,691,000 increase in trade and other payables, which was primarily due to an increase in FMI Syndication's trade payables by Ks 539,646,000 as at 31 March 2014.

Cash Provided by (Used in) Investing Activities

Cash provided by investing activities in FY 2014-2015 was 19,152,392,000, which was primarily due to:

- Ks 75,921,119,000 net cash acquired on the acquisition of Yoma Bank and PHIH, details of which are shown in the table below:

	PHIH (Ks'000)	**Yoma Bank (Ks'000)**	**Total (Ks'000)**
Cash paid	8,186,800	25,551,275	**33,738,075**
Less: cash and cash equivalents in Subsidiary acquired	(133,893)	(109,525,301)	**(109,659,194)**
Cash (inflow) outflow on acquisition	8,052,907	(83,974,026)	**(75,921,119)**

- Ks 2,952,149,000 cash received from the disposal of Associates, details of which are shown in the table below:

Net cash received on disposal of Associates:	**(Ks'000)**
Yoma Bank	-
PHIH	-
Convenience Prosperity	1,201,722
Shine Laundry Ltd.	369,514
Myanmar Agri-Tech Carbon Capital Ltd.	-
FMI Flotilla Ltd.	500,000
Myanmar Motors Pte. Ltd.	880,913
Total	**2,952,149**

- Ks 2,834,402,000 cash received from the disposal of available-for-sale financial assets, details of which are shown in the table below:

Net cash inflow on disposal of available for sale financial assets:	**(Ks'000)**
YSH Finance Pte Ltd.	1,679,300
Seven Golden Gates Co., Ltd.	13,682
SPA Elevator Ltd.	4,000
Summit SPA Motors Limited	854,480
MC Elevator (Myanmar) Limited	4,800
BRC Myanmar Ltd.	278,140
Total	**2,834,402**

- Ks 2,643,797,000 cash received from the disposal of Subsidiaries, details of which are shown in the table below:

Net cash inflow/(outflow) on disposal of Subsidiaries:	**(Ks'000)**
Yoma Yarzar	1,193,244
SPA Motorcycle	1,357,925
Agribusiness & Rural Development Consultants Co., Ltd.	(20,519)
SPA Motors Ltd.	491,326
FMI Syndication	(378,179)
Total	**2,643,797**

- Ks 1,651,215,000 from proceeds of the disposal of property, plant and equipment, which included aircraft spare parts amounting to Ks 1,607,974,000 transferred from assets-under-construction to machinery and equipment, which was owned by a subsidiary of FMI Air;

- Ks 1,322,500,000 from dividends received from Associates; and

- Ks 785,746,000 from interest received.

The foregoing amounts were partially offset by the following:

- a Ks 27,548,358,000 addition to property, plant and equipment, which included a Ks 18,958,826,000 addition to assets-under-construction, which related to the ongoing refurbishment of two aircraft as at 31 March 2015, which are owned by a subsidiary of FMI Air;

- a Ks 18,921,420,000 addition to government treasury securities held by Yoma Bank;

- Ks 17,710,553,000 used for quasi-equity loans to Associates, details of which are set out in the table below:

Net cash outflow on quasi-equity loans to Associates:	**(Ks'000)**
Meeyahta International Hotel Ltd.	13,528,278
Pun Hlaing Links Services Co., Ltd.	1,890,000
LSC-FMI Co., Ltd	1,767,600
Myanmar Motors Pte Ltd.	418,115
Chindwin Holdings Pte Ltd.	106,560
Total	**17,710,553**

- a Ks 2,429,512,000 addition to available-for-sale financial assets, details of which are set out in the table below:

Net cash outflow on additions to available-for-sale financial assets:	**(Ks'000)**
Myanmar Thilawa SEZ Holdings Public Ltd.	640,000
Summit SPA Motors Limited.	854,480
SPA Elevator Ltd.	1,000
MC Elevator (Myanmar) Limited	4,800
YSH Finance Ltd.	929,232
Total	**2,429,512**

- a Ks 2,311,825,000 addition to intangible assets, which was for the costs incurred by FMI Air in setting up its operations for the purpose of obtaining its air operator certificate. The capitalised costs include licence fees and any costs that are directly attributable to obtaining the certificate such as staff costs, consultancy costs and training costs that are incurred prior to obtaining the air operator certificate. FMI Air obtained its air operator certificate on 23 February 2015. However, FMI Air was unable to fly any of its own aircraft during FY 2014-2015 due to delays in getting governmental approvals for its aircraft and all costs incurred in setting up its operations after 23 February 2015 up to 31 March 2015 were also capitalised. FMI Air's first flight using its air operator certificate was in May 2015.

Cash used in investing activities in FY 2013-2014 was 17,606,657,000, which was primarily due to:

- Ks 8,509,438,000 used for quasi-equity loans to Associates, details of which are set out in the table below:

Net cash outflow/(inflow) on quasi-equity loans to Associates:	**(Ks'000)**
Yoma Bank	2,420,800
Chindwin Holdings Pte Ltd.	5,204,540
Myanmar Motors Pte Ltd.	462,798
FMI Flotilla Ltd.	425,000
FMI Garden Development. (repayment)	(3,700)
Total	**8,509,438**

- a Ks 8,254,693,000 addition to property, plant and equipment, which included a Ks 6,300,846,000 addition for an aircraft owned by a subsidiary of FMI Air;

- a Ks 2,060,069,000 addition to available-for-sale financial assets, details of which are set out in the table below:

Net cash outflow on additions to available-for-sale financial assets:	**(Ks'000)**
Myanmar Thilawa SEZ Holdings Public Ltd.	1,310,001
YSH Finance Ltd.	750,068
Total	**2,060,069**

- a Ks 966,306,000 addition to intangible assets, which was for the costs incurred by FMI Air in setting up its operations for the purpose of obtaining its air operator certificate.

The foregoing amounts were partially offset by, among others, the following:

- Ks 1,697,200,000 from dividends received from Associates; and
- Ks 420,611,000 from interest received.

Cash Provided by Financing Activities

Cash provided by financing activities was Ks 35,809,748,000 in FY 2014-2015, which was primarily due to:

- Ks 25,551,275,000 received from the issuance of 2,221,850 Shares to Yangon Land, a wholly-owned subsidiary of SPA (Myanmar), at a price of Ks 11,500 per Share, which were issued in consideration for FMI's acquisition of a 15.4% equity interest in Yoma Bank from Yangon Land;
- a Ks 11,038,666,000 received from a loan from FMI Air's non-controlling interest; and
- a Ks 3,430,000,000 received from a capital addition from Yoma Bank's non-controlling interests.

The foregoing amounts were partially offset by the following:

- Ks 3,597,281,000 used for dividends paid; and
- Ks 612,912,000 used in interest paid.

Cash provided by financing activities was Ks 37,915,064,000 in FY 2013-2014, which was primarily due to Ks 39,246,400,000 received from the issuance of 3,974,640 Shares at the price of Ks 10,000 per Share, which were issued in order to: (a) fund investments in Myanmar Thilawa SEZ Holdings Public Ltd., Chindwin Holdings, Myanmar Motors, YSH Finance Ltd., and FMI Flotilla; (b) contribute additional capital to Yoma Bank; and (c) extend quasi-equity loans to the Landmark Project, Pun Hlaing Links Services and FMI Air, which was partially offset, by among others, Ks 1,305,807,000 used for dividends paid.

Restrictions on the Ability of Subsidiaries to Transfer Funds to FMI

Under Myanmar law, a company may only pay dividends out of its profits.

The IFC Loan Agreement provides that Yoma Bank must limit its related party exposure, which includes FMI and the other companies in the Group. In addition, in accordance with Financial Institutions of Myanmar Law (1990) and subsidiary legislation, Yoma Bank is prohibited from lending more than 20.0% of its capital plus reserves to a single individual, an enterprise or an economic group.

We do not believe the above restrictions will impact FMI's ability to meet its cash obligations.

Borrowings

As at 31 March 2015, our total outstanding current bank borrowings were Ks 3,930,429,000 and our total non-current bank borrowings were Ks 13,793,000,000. For details, see "-Financial Condition-Current Borrowings" and "-Financial Condition-Non-Current Borrowings" above.

Set forth below is the maturity profile of our non-current borrowings as at 31 March 2015:

(Ks'000)

	Total as at 31 March 2015	Repayable later than one year and not later than two years	Repayable later than two years and not later than five years
Non-current Borrowings	**13,793,000**	8,938,000	4,855,000

Our borrowing requirements are not seasonable.

There were no defaults on payments of either interest and/or principal in respect of any of our borrowings between 1 April 2014 and 30 September 2015.

Redeemable Preference Shares

As at 31 March 2015, the 227,000 redeemable preference shares issued by FMI at Ks 1,000 per redeemable preference share were outstanding. The redeemable preference shares paid fixed dividends bi-annually at the rate of 14.0% per annum. The redeemable preference shares were redeemed on 18 November 2015.

Financial Risk Management

Our activities expose us to market risk (including interest rate risk and currency risk), credit risk, liquidity risk, and capital risk. Our overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on our financial performance. We have adopted policies for managing each of these risks. For details, see Note 31 to our audited consolidated financial statements beginning on page F-45.

Capital Expenditure Commitments

We did not have any material commitments for capital expenditure as at 31 March 2015.

SIGNIFICANT EVENTS AFTER 31 MARCH 2015

CBM enacted new guidelines governing banks' deposit reserve requirements pursuant to which all banks are required to deposit 5% of their customers' deposits with the CBM in a non-interest bearing account from 1 April 2015. This change has an adverse effect on the revenue of all banks, including Yoma Bank

On 7 April 2015, the formation of a MIC approved joint venture between FMI and PT. Waluya Graha Loka, a member of the Lippo Group, was completed. On this date, FMI and PT. Waluya Graha Loka formed YSHPH to operate hospitals and clinics in Myanmar. FMI acquired its 60.0% interest in YSHPH for US$7.91 million and PT. Waluya Graha Loka acquired the other 40.0% interest in YSHPH for US$5.28 million. PHIH entered into a management contract with PT. Waluya Graha Loka and a lease agreement with YSHPH effective as at 7 April 2015, pursuant to which the hospital and the clinic have been operated by YSHPH effective as at 7 April 2015. To align FMI's interest in both YSHPH and PHIH, on 7 April 2015, FMI transferred 15.0% of the issued shares in PHIH to Pun Hlaing Capital Co., Ltd., the non-controlling shareholder of PHIH, for nominal value. FMI's equity interest in PHIH was thus diluted from 75.0% to 60.0%. We did not recognise a gain or loss on the sale of the shares.

Yoma Bank entered into a shareholder's agreement with Telenor South East Asia Investment Private Limited, Telenor GO Private Limited and Telenor Global Services Singapore Private Limited dated 28 April 2015 pursuant to which it subscribed for 49.0% of the issued shares in Digital Myanmar Money for US$490,000. Pursuant to the shareholders' agreement, Yoma Bank has agreed to invest a further US$8.33 million in Digital Money Myanmar, which money will be invested in stages as and when Digital Money Myanmar makes a capital call. Yoma Bank expects to invest most, if not all, of the US$8.33 million before the end of FY 2014-2015. The other shareholders have also agreed to invest additional money in proportion to their current shareholding.

Effective 30 June 2015, FMI sold a 40.0% equity interest in FMI Air to Yangon Land for Ks. 9,230,932,000. We did not recognise a gain or loss from the sale of those shares. From 1 July 2015, FMI'S 10.0% equity interest in FMI Air will be accounted as an available-for-sale financial asset. The agreement for the sale of the shares in FMI Air gives FMI the option to repurchase the stake it sold and gives Yangon Land the option to sell the same back to FMI based on a future net asset value calculation or a fair value assessment, whichever is higher. If the parties cannot come to an agreement on the price, a third-party valuer will be used. The options will expire on 30 June 2025. We have no current plans to exercise our option but we will monitor the performance of FMI Air.

After receiving approval from the Board of Directors and shareholders at the Company's Annual General Meeting held on July 25, 2015, FMI implemented an Employee Share Incentive Scheme. On 30 July 2015, FMI issued 1,000,000 Shares at a par value of Ks 1,000 per Share to Yoma Myittar Development Co., Ltd. ("**Yoma Myittar**"). The Executive Directors of Yoma Myittar, who are also the Executive Directors of the Company, will oversee the award of these shares to eligible Group employees. Incentive Shares are to be awarded through a share incentive offer letter to eligible employees in recognition for their contribution to the development of the Group, and as an incentive for long-term employment. Eligible employees shall be selected by the Remuneration Committee. Yoma Myittar shall retain full ownership of the Shares and any dividends paid during the vesting periods. Upon satisfaction of the terms of the share incentive offer letter, the Shares will be transferred to the employee. Any unvested Shares and may be reallocated to future eligible employees.

PART X. INFORMATION ON THE COMPANY'S MANAGEMENT, SHAREHOLDERS AND SHARES

BOARD OF DIRECTORS

Name	Date of Birth/ Gender/ Nationality	Board Member Since	Share Ownership (as at 30 September 2015)
U Theim Wai @ Serge Pun	08/05/1953 Male Myanmar	12/9/2004	7,933,778(1)
U Myat Thin Aung	27/02/1938 Male Myanmar	24/6/1992	57,282
U Than Aung	06/01/1950 Male Myanmar	24/6/1992	19,741
Prof. Dr. Daw Yi Yi Myint	08/08/1937 Female Myanmar	17/11/2009	5,524
U Tun Tun	30/03/1975 Male Myanmar	17/11/2009	62,920
U Linn Myaing	15/10/1947 Male Myanmar	02/07/2012	10,000
Prof. Dr. Aung Tun Thet	18/02/1945 Male Myanmar	03/12/2013	550
U Win Thin	18/07/1934 Male Myanmar	30/05/2015	-
U Kyi Aye	02/11/1933 Male Myanmar	019/10/2015	196

Note:
(1) In addition, Yangon Land owns 7,276,909 Shares and SPA Assets Management Ltd. owns 1,083,500 Shares. Yangon Land is beneficially owned by SPA (Myanmar). U Theim Wai @ Serge Pun is the Chairman and controlling shareholder of SPA (Myanmar). U Theim Wai @ Serge Pun is the Managing Director and controlling shareholder of SPA Assets Management Ltd.

BIOGRAPHIES

U Theim Wai @ Serge Pun, Executive Chairman, is the founder and Chairman of the Serge Pun & Associates (SPA) Group. He has over 40 years of international business and investment experience in Hong Kong, China, Taiwan, Malaysia, Thailand, Singapore, Western Europe, North America and Myanmar.

U Myat Thin Aung, Vice-Chairman of FMI, is the Chairman of AA group of companies. He also serves as the President of Ye-Me-Thin Association, member of Central Executive Committee of Union of Myanmar Federation of Chamber of Commerce & Industry and Myanmar Industries Association and President of Hlaing Thayar Industrial City Management Committee. He has been a Non-Executive Director of FMI since 1992.

U Than Aung, Non-Executive Director, is the Managing Director of Yar-Pye Co., Ltd. and other family owned companies. He is also the Vice Chairman of the Pathein Association and the Vice Chairman of the Ayeyawady United Football Club. He has been a Non-Executive Director of FMI since 1992.

Prof. Dr. Daw Yi Yi Myint, Non-Executive Director**,** is a retired professor of economics with a long tenure at the Institute of Economics, Yangon. She is highly respected for her contribution towards the introduction of business education and advocating a market-oriented economy in Myanmar. She was awarded the Good Public Service Medal in

1990 and was a delegate to the National Convention. She is the promoter and advisor of the Myanmar Women Entrepreneurs Association and Vice-President of the Management Committee of U Hla Tun (Hospice) Cancer Foundation. She was awarded a Doctor of Literature from the Yangon Institute of Economics in 2015. She was appointed Non-Executive Director of FMI in 2009.

U Tun Tun, Executive Director and Chief Financial Officer of FMI, joined the Serge Pun & Associates (SPA) Group in 1998. Over the years he has held various positions in the Group, including roles in corporate secretarial, legal, accounting, finance, stock exchange listing, operation management, corporate development and investment management. He has been an Executive Director of FMI since 2009 and also holds directorships in many of the Group's companies and joint ventures. He is also an Associate Member of the Institute of Chartered Secretaries & Administrators (UK). U Tun Tun was appointed FMI's Chief Financial Officer in 2011.

U Linn Myaing, Executive Director and Chief Operating Officer of FMI, is a retired Director General from the Ministry of Foreign Affairs. Prior to this assignment, he also served as Myanmar Ambassador to several Western countries, including France and the United States. He joined FMI in 2006 as Advisor to the Board and currently heads the SPA (Myanmar) Group's Government Relations Department. He was appointed as an Executive Director of FMI in 2012 and as Chief Operating Officer of FMI in 2012.

Prof. Dr. Aung Tun Thet, Non-Executive Director, is currently the President's Economic Advisor and also a member of the President's National Economic and Social Advisory Council. He also serves as a Member of the Myanmar Investment Commission, Advisor to the Union of Myanmar Federation of Commerce and Industries, Member of the Myanmar Press Council, Senior Advisor to the UN Resident Coordinator's Office in Yangon, Visiting Professor at the Yangon Institute of Economics, Yangon University and National Defence College, Honorary Professor at the University of British Columbia, in Vancouver, Canada and a Member of the Governing Board at the UNESCO-India Mahatma Gandhi Institute of Education for Peace and Sustainable Development in New Delhi, India. Prof. Aung Tun Thet holds a B.Com. from Yangon University, a Post-graduate Diploma in Management Studies from the University of Brighton, an M.Sc. in Operations Research from the University of Warwick, and a Ph.D. in Management Sciences from the University of Marburg. He was appointed a Non-Executive Director of FMI in December 2013.

U Win Thin, Non-Executive Director, is a professional accountant and serves as a member of the Myanmar Accountancy Council and Board member of the Myanmar Institute of Certified Public Accountants. He is currently the Senior Consultant at the firm he set up over 50 years ago which is the representative of DFK International in Myanmar. Beginning in 1992 he served as an Advisor to the Board of FMI, and was appointed Non-Executive Director in May 2015.

U Kyi Aye, Non-Executive Director, started his career in the banking industry in 1960 and was transferred to the Central Bank of Myanmar in 1965. He held many positions over 25 years in the Central Bank of Myanmar which included Chief Accountant (1987 to 1989) as well as Executive Director (1989 to 1991). He was appointed as Managing Director of Myanmar Economic Bank in 1991 and subsequently Governor of the Central Bank of Myanmar in 1992 until 1998 when he retired from the service. He joined Yoma Bank in 2000 as Special Counsel to the Chairman. U Kyi Aye was appointed Non-Executive Director on October 19, 2015.

ROLE OF THE BOARD OF DIRECTORS

Other than specified in the Myanmar Companies Act, the Board of Directors has responsibility for the administrative affairs of the Company and has specific responsibilities as follows:

- to consider the Company's strategy, as well as the implementation plan of the Company;
- to consider and determine the remuneration and benefits of the Company's top management;
- to consider and determine the capital, its usage, its structure, the ratio of the capital and loans, as well as loan agreements, credit facility agreements, joint venture agreements, and other agreements with high value;
- to propose the external auditor and the remuneration of the external auditor;
- to consider the appointment or removal of an agent to be on the board of directors of a joint venture company, if any;
- to adopt the appointment or removal of the accounting department manager and the manager of the internal audit function as proposed by the chief executive officer; and

A Director is not involved in the day-to-day operations of the Company unless he or she is also appointed to the management.

KEY EXECUTIVES

	Title	Date of Birth/ Gender/ Nationality	Start Date	Share Ownership as at 30 September 2015
U Theim Wai @ Serge Pun	Executive Chairman of FMI	08/05/1953 Male Myanmar	12/9/2004	7,933,778(1)
U Tun Tun	Executive Director and CFO of FMI	30/03/1975 Male Myanmar	17/11/2009	62,920
U Linn Myaing	Executive Director and COO of FMI	15/10/1947 Male Myanmar	02/07/2012	10,000
Mr. Hal Bosher	Special Advisor to the Chairman & CEO of Yoma Bank	08/12/1976 Male Canada	01/01/2013	-
Dr. Gershu Paul	CEO of YSHPH	29/01/1959 Male New Zealand	27/05/2015	-

Note:
(1) In addition, Yangon Land owns 7,276,909 Shares and SPA Assets Management Ltd. owns 1,083,500 Shares. Yangon Land is beneficially owned by SPA (Myanmar). U Theim Wai @ Serge Pun is the Chairman and controlling shareholder of SPA (Myanmar). U Theim Wai @ Serge Pun is the Managing Director and controlling shareholder of SPA Assets Management Ltd.

For the biographies of U Theim Wai @ Mr. Serge Pun, U Tun Tun and U Linn Myaing, see "-Board of Directors" above.

Hal Bosher, Special Advisor to the Chairman and Chief Executive Officer (CEO) of Yoma Bank, is based in Yangon. Prior to joining Yoma Bank, Mr. Bosher spent 10 years with the World Bank Group at both the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). Most recently, Mr. Bosher was MIGA's Regional Representative for Northern Asia based in Hong Kong. While at MIGA, he founded the Agency's private equity business supporting the development of frontier market funds. Prior to joining the World Bank, Mr. Bosher worked for Price Waterhouse Coopers (PwC), McKinsey & Co., and INSEAD Business School. Mr. Bosher has extensive experience in banking operations and SME finance. A Canadian national, Mr. Bosher holds a BA in economics and political science from McGill University in Montreal; an MA in International Finance and Southeast Asian Studies from the John Hopkins School of Advanced International Studies (SAIS) in Washington, DC; and an MBA from IESE Business School in Spain.

Dr. Gershu Paul, CEO of YSHPH, has over 25 years of international health experience at an executive level. His expertise is in health services planning, strategy development, project management and implementation, and clinical operations. He received his Bachelor of Medicine; Bachelor of Surgery (MBBS) from the University of Bangalore, India in 1986, and a Masters of Business Administration (MBA) from the University of Otago, New Zealand in 1997. In addition, Dr. Paul graduated as a Fellow of the Royal Australasian Medical College of Administrators (FRACMA), Melbourne, Australia in 2006. Dr. Paul has held senior executive positions in Sri Lanka, New Zealand, Australia and Indonesia. Prior to joining Pun Hlaing Hospital as CEO in 2014, he served as President of Siloam Hospitals, Indonesia's largest and fastest growing hospital group. He was instrumental in successfully taking Siloam from four to 24 hospitals with a market cap of over US$1 billion. The company was successfully listed on the Jakarta Stock Exchange in September 2013.

MATERIAL BACKGROUND INFORMATION

None of the Company's Directors or Key Executives has:

- at any time during the last three years, had an application or a petition under any bankruptcy laws filed against him/her or against a company of which he/she was then a director, managing director, manager or managing agent;
- ever been convicted of any offence that is punishable with imprisonment or is the subject of any pending criminal proceedings for such purpose;
- ever been disqualified from acting as a director, managing director, manager or managing agent; or

- ever been concerned with the management or conduct of the affairs of any company that has been investigated for a breach of any applicable law or regulatory requirement.

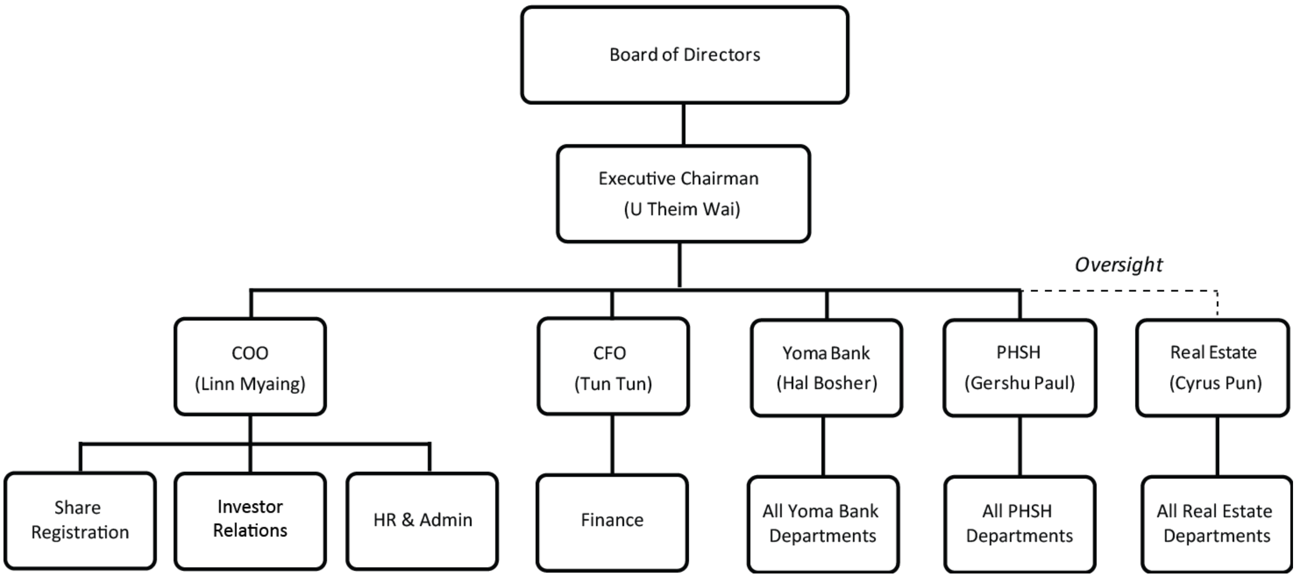
REMUNERATION AND BENEFITS IN KIND

Set forth below is a table showing (a) the aggregate amount of remuneration and benefits in kind paid for each of the two most recent completed financial years and (b) the estimated aggregate amount of remuneration and benefits in kind paid and to be paid for the whole of the current financial year to Directors, Key Executives and the managing agent of the Company.

(Ks'000)

	FY 2013-2014	FY 2014-2015	Estimate for FY 2015-2016
Aggregate amount of remuneration and benefits in kind paid to Directors, Key Executives and the managing agent of the Company	531,434	612,355	838,173

MANAGEMENT REPORTING STRUCTURE



CORPORATE GOVERNANCE

Non-Executive Directors

FMI has six Non-Executive Directors: U Myat Thin Aung; U Than Aung; Prof. Dr. Daw Yi Yi Myint; Prof. Dr. Aung Tun Thet; U Win Thin; and U Kyi Aye. Please see "–Board of Directors–Biographies" above for more information. There are no rules or guidelines in Myanmar for determining whether or not a non-executive director is also an independent director.

Board Committees

The following committees were established by a resolution of the Board of Directors on 30 May 2015: the audit committee; the nomination committee; and the remuneration committee. Each of the committees operates in accordance with terms and standards established by the board of directors.

<u>Audit Committee</u>

The Company has established an Audit Committee. The primary duties of the audit committee include, but are not limited to the following:

- to act in the interest of the Company's shareholders as a whole;

- to oversee and appraise the quality of the audit effort of the Company's internal audit function and of its external auditors;

- to review the adequacy of the Company's administrative and operating controls as well as internal accounting controls and evaluate adherence to such controls;

- to serve as an independent and objective party to review the integrity of the financial information presented by management to shareholders, regulators and the general public;

- to provide communication between the Board and the external and internal auditors (if any internal auditors have been appointed);

- to ensure the independence of the external and internal auditors (if any internal auditors have been appointed); and

- to review any amendments to the legislation, rules, regulations, codes or guidelines applicable to the Company that fall within the purview of the Audit Committee.

Members:
U Win Thin (Chairman)
Prof. Dr. Daw Yi Yi Myint
U Kyi Aye

Nominating Committee

The Company has established a Nominating Committee. The primary duties of the nominating committee include, but are not limited to the following:

- to support and advise the Company in fulfilling its responsibilities to shareholders in ensuring that the Board of the Company is comprised of individuals who are best able to discharge their responsibilities as directors;

- to identify suitable candidates for appointment who can value add to the management through their contributions in the relevant strategic business areas and such appointments will result in the constitution of a strong and diverse Board; and

- to review any amendments to the legislation, rules, regulations, codes or guidelines applicable to the Company that fall within the purview of the Nominating Committee.

Members:
Prof. Dr. Aung Tun Thet (Chairman)
U Than Aung
U Theim Wai

Remuneration Committee

The Company has established a Remuneration Committee. The primary duties of the remuneration committee include, but are not limited to the following:

- to support and advise the Company in remuneration matters and leadership development of the Company by:

    (a) overseeing the development of leadership and management talent in the Company,

    (b) ensuring that the Company has appropriate remuneration policies; and

    (c) designing competitive compensation packages which focus on the long term sustainability of the business and long term shareholders' return; and

- to review any amendments to the legislation, rules, regulations, codes or guidelines applicable to the Company that fall within the purview of the Remuneration Committee.

Members:
U Kyi Aye (Chairman)

Prof. Dr. Daw Yi Yi Myint
U Myat Thin Aung

Internal Audit

A comprehensive internal audit system will be set up by the Audit Committee in due course.

Auditors for the Last Two Financial Years

The Company's auditor for FY 2013-2014 was U Hla Tun & Associates Limited, Shwegon Plaza, 64(B), (1st Floor), Komin Kochin Road, Bahan Township, Yangon. U Hla Tun & Associates Limited's engagement partner was U Maung Maung Aung, who received a Bachelor of Commerce (BCom) from the Yangon Institute of Economics and is a Certified Public Accountant in Myanmar. The Company paid U Hla Tun & Associates Limited a total of Ks 4,120,000 for its work on auditing the FY 2013-2014 financial statements.

The Company's auditor for FY 2014-2015 was V Advisory Limited, Building 14, #306, MICT Park, University of Yangon – Hlaing Campus, Yangon Myanmar. V Advisory Limited's engagement partner is U Myat Noe Aung, who received a Bachelor of Commerce (BCom) from the Yangon Institute of Economics and is a Certified Public Accountant in Myanmar. The Company paid V Advisory Limited a total of Ks 31,500,000 for its work on auditing the FY 2014-2015 financial statements, including a review of the pro-forma financial statements included in this disclosure document for Listing.

SHAREHOLDERS

The following table sets forth information on the Company's 10 largest shareholders as of the Latest Practicable Date and notes any significant change in the percentage ownership held by any of those Shareholders in the last two years prior to the Latest Practicable Date.

	Name	**Number of Shares owned as at the Latest Practicable Date**	**Percentage of outstanding Shares owned as at the Latest Practicable Date**
1	U Theim Wai @ Serge Pun(1)	7,933,778	33.79%
2	Yangon Land(2)	7,276,909	30.99%
3	U Phyo Phyu Noe	1,109,080	4.72%
4	SPA Assets Management Ltd.(3)	1,083,500	4.61%
5	Yoma Myittar Development Co., Ltd.(4)	1,000,000	4.26%
6	Group Synergetic Force Co., Ltd.	946,299	4.03%
7	Smart & Trust Services Co., Ltd.	643,790	2.74%
8	Trusted Persons Co., Ltd.	369,510	1.57%
9	U Ye Thiha Thant	127,688	0.54%
10	U Tun Tun(5)	62,920	0.27%
	Total top 10 Shareholders	**20,553,474**	**87.54%**

Notes:

(1) U Theim Wai @ Serge Pun, FMI's Executive Chairman, is the Chairman and controlling shareholder of SPA (Myanmar). U Theim Wai @ Serge Pun is the Managing Director and controlling shareholder of SPA Assets Management Ltd.

(2) Yangon Land is a wholly-owned subsidiary of SPA (Myanmar). U Theim Wai @ Serge Pun is the Chairman and controlling shareholder of SPA (Myanmar).

(3) U Theim Wai @ Serge Pun is the Managing Director and controlling shareholder of SPA Assets Management Ltd.

(4) On 30 July 2015, the Company issued 1,000,000 Shares to Yoma Myittar Development Ltd. the trustee for the Company's Employee Share Incentive Scheme.

(5) Executive Director and CFO of FMI.

All Shareholders have equal voting rights.

DIVIDENDS, DIVIDEND POLICY

The Company declared dividends of Ks 100, Ks 200 and Ks 120 per Share for FY 2012-2013, FY 2013-2014 and FY 2014-2015. The Company paid a total of Ks 1,203,820,000 and Ks 3,683,696,000 in FY 2013-2014 and FY 2014-2015, respectively, for dividends declared for the prior financial year.

The Board of Directors has the discretion to recommend the payment of dividends. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements. Our key investment strategy is to retain a portion of our profits to reinvest into our underlying businesses to encourage further growth. This is particularly important when working in the high growth markets on which we have targeted our focus, to ensure we have sufficient capital to fund our businesses, while maximising returns to Shareholders. While we hope to continue to maintain our unbroken record of dividend payments, we anticipate that our Shareholders will primarily share in our successes through an increase in the price of the Shares. There can be no assurance that we will be able to pay dividends in the future.

DESCRIPTION OF THE COMPANY'S SHARES

CAPITAL STRUCTURE

The share capital of our Company as on the date of this disclosure document for Listing is set forth below:

		Aggregate Value at Par Value (Ks'000)
A	**AUTHORISED SHARE CAPITAL**	
	Ks 100,000,000,000 alloted into 100,000,000 Shares or preference shares of par value Ks. 1,000 each	100,000,000
B	**ISSUED SUBSCRIBED AND PAID-UP SHARE CAPITAL**	
	23,480,013 Shares of par value Ks. 1,000 each	23,480,013
C	**SHARE PREMIUM ACCOUNT**	71,282,042

The Company has not issued any options over its Shares.

All issued Shares are fully paid. Fully paid Shares carry one vote per Share and carry a right to dividends as and when declared by the Company. For more details on the rights and privileges of the Shares, please see "–The Company's Memorandum and Articles of Association" below.

Share Capital History

The following table shows the history of the share capital of our Company for the period from 31 March 2013 to 30 September 2015:

Date	**Shares Issued**	**Cumulative Shares**	**Paid up Capital (Ks'000)**	**Issue Price Per Share**	**Consideration**
As at 31 March 2013		**12,038,197**	**12,038,197**		
10-Jul-13	1,060,000	13,098,197	13,098,197	10,000	A 10.0% equity interest in Meeyahta International(1)
18-Nov-13	2,405,641	15,503,838	15,503,838	1,000	5 for 1 Bonus Issue

18-Dec-13	164,640	15,668,478	15,668,478	10,000	Yangon Land's effective 52.5% interest in the land for the FMI City Gates project(2)
22-Jan-14	2,500,000	18,168,478	18,168,478	10,000	Cash(3)
31-Jan-14	250,000	18,418,478	18,418,478	10,000	Cash(4)
27-Nov-14	1,839,685	20,258,163	20,258,163	1,000	10 for 1 Bonus Issue
30-Dec-14	2,221,850	22,480,013	22,480,013	11,500	247,741 shares in Yoma Bank(5)
30-Jul-15	1,000,000	23,480,013	23,480,013	1,000	Company's Employee Share Incentive Scheme(6)

Notes:

(1) On 7 July 2013, SPA (Myanmar) agreed to sell a 10.0% equity interest in Meeyahta International for Ks 10,600,000,000 to FMI. The consideration for the purchase of the 10.0% equity interest in Meeyahta International was satisfied by the Company issuing 1.06 million Shares to SPA (Myanmar) at Ks 10,000 per Share on 10 July 2013. Due to delays in getting certain regulatory approvals, SPA Myanmar transferred the additional 10.0% equity interest in Meeyahta International to the Company effective 31 January 2015.

(2) In December 2013, Yangon Land (which owns a 52.5% equity interest in FMI Garden Development) sold its effective interest in 1.3 acres of land owned by FMI Garden Development on which the FMI City Gates project is to developed to the Company for Ks 1,646,400,000. The Company paid the purchase price by issuing 164,640 Shares at Ks 10,000 per Share to Yangon Land. For details on the FMI City Gates project, see "Issuer Information – Real Estate – FMI Garden Development – FMI City Gates Project" on page 78.

(3) The Shares were issued in a public offering.

(4) The Shares were issued in a public offering.

(5) The Company acquired these shares, which represented 15.4% of the then outstanding shares in Yoma Bank, from Yangon Land. Please see Note 34 in the Notes to the Financial Statements on page F-58 for further details.

(6) After receiving approval from the Board of Directors and shareholders at the Company's Annual General Meeting held on July 25, 2015, the Company implemented an Employee Share Incentive Scheme. On 30 July 2015, the Company issued 1,000,000 Shares at a par value of Ks 1,000 per Share to Yoma Myittar, which is the trustee for the Employee Share Incentive Scheme.

For a reconciliation of the number of Shares outstanding as at 31 March 2014 and as at 31 March 2015, see Note 18 in the Notes to the Financial Statements on page F-39.

THE COMPANY'S MEMORANDUM OF ASSOCIATIONAND ARTICLES OF ASSOCIATION

Set forth below are extracts from the Company's Memorandum of Association (as amended) and Articles of Association (as amended). The extracts below are not the complete Memorandum of Association or Articles of Association, a copy of each of which is available for inspection at the registered office of the Company. Capitalised terms used in the extracts below have the meaning given to such terms in the Memorandum of Association and Articles of Association, as applicable.

Memorandum of Association (as Amended)

Liability of the Shareholders

The liability of the members is limited.

The Capital of the Company

The capital of the Company is Ks. 100,000,000,000 (Kyats one hundred billion) allotted into 100,000,000 ordinary or preference shares of Ks. 1,000 (Kyats 1,000) per share. The Directors have the power to increase the share capital as may appear advisable or necessary at any time. Upon any increase of capital, new shares may be issued with any preferential, deferred, qualified with special rights, privileges or conditions PROVIDED always that the rights attached to the shares having preferential, deferred or qualified with special rights, privileges or conditions attached thereto may be altered or dealt with in accordance with the Articles of Association of the Company, but not otherwise.

Objects of the Company

The objects for which the Company is established are:-

1. to develop and invest with the permission of the Departments concerned, in hotels in Yangon and other major cities and to undertake any hotel and related businesses including but not limited to catering and running of restaurants and holiday and health resorts;

2. to acquire land and construct both quality and affordable residential units, creating housing for both expatriates and the local middle income group of citizens;

3. to rent quality office buildings and premises to foreign firms to meet demands due to the influx of foreign investments in the country;

4. to deal in purchase, lease, sale and exchange of land and estate;

5. to undertake all kinds of construction or renovation of buildings with the objective to add value for sale or lease;

6. to undertake any service business in the field of advertising, publishing, and entertainment such as importing of films, rental of music and video tapes, sale of books and magazines of a non-political nature, and promoting Myanmar culture outside of Myanmar;

7. to carry on all or any of the business in the Union of Myanmar and elsewhere as general traders, importers, exporters, manufacturers, growers, producers and dealers, by wholesale or retail, of produce, goods, articles and commodities and including barter trade;

8. to purchase, sell, take on lease or exchange, hire or otherwise acquire any immovable and movable property and any rights or privileges which the Company may think necessary or convenient for the purpose of its business, and in particular any land, building, machinery, plant and stock-in-trade;

9. to construct, maintain and alter any building, structures, works and plant necessary or convenient for the purpose of the business;

10. to act as commission agents and carry on all kinds of agency business;

11. to act as managers, managing agents, advisors, consultants, supervisors, controllers and render business development expertise and consulting services which the Company and its Directors are capable of, and also to engage others for such services;

12. to carry on any business activities in the form of transportation, by land, inland water, sea, forwarding and delivery of freights carried, and agencies connected with such activities;

13. to carry on the business of carriers, surveyors, printers, brokers, contractors, and also as secretaries or representatives of any Company or person carrying on any business whatsoever;

14. to carry on the business of clearing and forwarding agents, cargo boat owners, and warehousemen;

15. to carry on any business allowed by law and orders in force, which may seem to the Company capable of being conveniently carried on in connection with the above or calculated to enhance the value of, or render profitable any of the Company's properties and assets;

16. to apply for, purchase, acquire, hold, work, deal with and dispose of any copy rights, trade marks or designs brevets d'invention, processes or inventions and to let or hire the same or any rights in respect thereof upon royalty, licence or otherwise and generally to turn the same to account and to procure the Company or any person or persons on its behalf to be registered as owner, inventor or proprietor of the same;

17. to enter into partnerships, or into any arrangement for sharing profits, union of interest, cooperation, joint venture, reciprocal concession or otherwise with any person or Company or government agencies carrying on or engaged in, or about to carry on or engage in any business or transaction in which this Company is authorized to-carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company;

18. to enter into any arrangement with any Government or authority, local or otherwise, that may seem conducive to the Company's objects, or any of them, and to obtain from any such Government or authority, any rights, privileges and concessions, which the Company may think desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions;

19. to sell, improve, manage, develop, exchange, lease, mortgage, change, dispose of, turn to account or otherwise deal with, all or any part of the property and rights of the Company;

20. to acquire and undertake the whole or any part of the business properties and liabilities of any person or Company carrying on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of this Company;

21. to establish or promote or concur in establishing and promoting in Myanmar, or elsewhere any other Company whose objects shall be in any manner calculated to advance directly or indirectly the objects or interests of this Company;

22. to make advances to such person or Company and on such term as may seem expedient and lawful and, in particular, to persons having dealings with the Company;

23. to invest funds in the banking and finance business subject to approval of the Myanmar Law governing financial institutions;

24. to invest and deal with the money of the Company not immediately required, in such manner as may from time to time be determined; and to purchase or otherwise acquire, issue, re-issue, sell, place, and deal in shares, stock, bonds, debentures and securities of all kinds;

25. to borrow money with or without security and to raise or secure the payment of money by mortgage of the whole or any part of the property of the Company, or in such other manner as the Company shall think fit;

26. to pay for any rights or property acquired by the Company or any services rendered to the Company, and make payments for information or advice given or for services of any kind rendered to the Company or in which the Company may be directly or indirectly interested;

27. to distribute any of the property of the Company, in specie, among the members, if the Company shall wound up;

28. to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of ex-change, bills of lading, warrants and other negotiable or transferable instruments;

29. to pay the costs, charges, preliminary and incidental expenses for the formation and flotation of the Company in the Union of Myanmar of elsewhere;

30. and generally to do all such things as are incidental or conducive to the attainment of the objects or any of them and it is hereby declared that the word "Company" through each of the foregoing clauses, except when referred to this Company shall be deemed to include any partnership or other body or persons, whether incorporated or not incorporated and whether domiciled in the Union of Myanmar or elsewhere, and the intention is that the objects specified in each of the foregoing paragraphs shall except where otherwise expressed in such paragraphs, be in no way limited or restricted by reference to or reference from the terms of any of the foregoing objects and powers may be carried out or exercised in the Union of Myanmar or elsewhere.

PROVISO: Provided that the Company shall not exercise any of the above objects, whether in Myanmar or elsewhere save insofar as it may be entitled so as to do in accordance with the Laws, Notifications and Orders in force from time to time and then only subject to such permission and/or approval as may be prescribed by the Laws, Notifications and Orders of the Union of Myanmar for the time being in force.

Articles of Association (as Amended)

<u>Provisions relating to the appointment, qualification and removal of Directors</u>

86. A person shall not be capable of being appointed as a director by the Articles, and shall not be named as a director or proposed Director of the Company in any disclosure document for Listing issued, or in any

statement in lieu of disclosure document for Listing, unless before the registration of the articles or publication of the disclosure document for Listing or a statement in lieu of a disclosure document for Listing, he has signed and filed with the Registrar a consent in writing to act as such director.

87. The office of Director shall be vacated, if the Director:

(a) -Deleted-
(b) is found to be of unsound mind by a Court of competent jurisdiction; or
(c) is adjudged insolvent; or
(d) fails to pay calls made on him in respect of shares held by him within six months from the date of such calls being made; or
(e) without the sanction of the Company in general meeting accepts or holds any office of profit under the Company other than that of a managing Director or manager or a legal or technical adviser or a banker; or
(f) absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the board of Directors; or
(g) accepts a loan from the Company; or
(h) is concerned or participates in the profits of any contract with the Company; or
(i) is punished with imprisonment for a term exceeding six months;

Provided, however, that no director shall vacate his office by reason of his being a member of any Company, partner of any firm or an individual which has entered into contracts with, or done any work for the Company with the consent of the Directors; the Director must however declare his interest in such contracts or work, but shall not vote in respect of any such contract or work, and if he does so vote, his vote shall not be counted.

Rotation of Directors.

88. At the first ordinary meeting of the Company, the whole of the Directors shall retire from office, and at the ordinary meeting in every subsequent year one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office. In the case of a director who is a managing director, article 78 shall apply.

89. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

90. A retiring Director shall be eligible for re-election.

91. The Company at the general meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing a person thereto.

92. If at any meeting at which an election of Directors ought to take place the places of the vacating Directors are not filled up, the meeting shall stand adjourned till the same day in the next week at the same time and place and, if at the adjourned meeting the places of the vacating Directors are not filled up, the vacating Directors or such of them as have not had their places filled up shall be deemed to have been re-elected at the adjourned meeting.

93. Subject to the provisions of Sections 83A and 83B of the Myanmar Companies Act, the Company may from time to time in general meeting increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office.

94. Any casual vacancy occurring on the Board of Directors may be filled up by the Directors, but the person so chosen shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.

95. The Directors shall have power at any time, and from time to time, to appoint a person as an additional Director who shall retire from office at the next following ordinary general meeting, but shall be eligible for election by the Company at that meeting as an additional Director.

96. The Company may by extraordinary resolution remove any Director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in

whose place he is appointed was last elected a Director.

Provisions relating to appointment of Managing Director

81. The executive Directors, nominated by the Managing Agent, may from time to time appoint from among themselves to the office of managing director or manager for such term, and at such remuneration (whether by way of salary, or commission, or participation in profits, or partly in one way and partly in another) as the Directors may think fit, and a director so appointed shall not, while holding that office, be subject to retirement by rotation, or taken into account in determining the rotation of retirement of Directors, but his appointment shall be subject to determination ipso facto if he ceases from any cause to be a Director, or if the Company in general meeting resolves that his tenure of office of managing Director or manager be determined.

Provision relating to interested Directors

78E. A Director may be party to or interested in any contract, arrangement or transaction to which the Company is a party. A director may also hold and be remunerated in respect of any office or place of profit of the Company (other than the office of Auditor of the Company). A Director may act in a professional capacity for the Company or any other company and be remunerated therefore. All profits and advantages accruing to him in any such case may be retained by him for his own absolute use.

Provision relating to the borrowing powers of the Directors

82. The amount for the time being remaining undischarged of moneys borrowed or raised by the Directors for the purposes of the Company (otherwise than by the issue of share capital) shall not at any time exceed the issued share capital of the Company without the sanction of the Company in general meeting.

Provisions relating to the voting rights of the Shareholders

65. On a show of hands every member present in person or by proxy shall have one vote. On a poll every member shall have one vote in respect of each share held by him.

66. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

67. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

68. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

69. On a poll votes may be given either personally or by proxy: provided that no company shall vote by proxy as long as a resolution of its Directors in accordance with the provisions of Section 80 of the Myanmar Companies Act is in force.

70. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, either under the common seal, or under the hand of an officer or attorney so authorized. A proxy need not be a member of the company.

71. The instrument appointing a proxy, and the power-of-attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company not less than seventy two hours before the time for holding the meeting at which the person named in the instrument proposed to vote, and in default the instrument of proxy shall not be treated as valid.

72. An instrument appointing a proxy may be in the following form, or in any other form which the Directors shall approve:

"FIRST MYANMAR INVESTMENT CO., LTD."

"I, , of , being a member of the above-named company, hereby appoint of as my proxy to vote for me and on my behalf at the (ordinary or extraordinary, as the case may be) general meeting of the Company to be held on the day of and at any adjournment thereof."

Signed this day of

Provisions relating to the issuance, classification and usage of shares

6. Subject to the provisions, if any, in that behalf of the memorandum of association of the Company, and without prejudice to any special rights previously conferred on the holders of the existing shares in the Company, any share in the Company may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, voting, return of share capital, or otherwise, as the Company may from time to time by special resolution determine, and any preference share may, with the sanction of a special resolution, be issued on the terms that it is or at the option of the Company is liable to be redeemed.

7. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 66A of the Myanmar Companies Act, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meetings of the holders of the shares of the class. To every such separate general meeting the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be three persons at least holding or representing by proxy one third of the issued shares of the class.

8. No share shall be offered to the public for subscription except upon the terms that the amount payable on application shall be at least five per cent of the nominal amount of the share; and the Directors shall, as regards any allotment of shares, duly comply with such of the provisions of sections 101 and 104 of the Myanmar Companies Act as may be applicable thereto.

Provisions relating to share certificates

10A The Company shall issue a share certificate to every person whose name is entered in the register of members in respect of shares in certificated form, except where the law or the rules of the stock exchange on which the shares are listed prohibit the Company from issuing a share certificate. Subject to the forgoing:

i. The Company shall issue certificates within the time limit prescribed by the Myanmar Companies Act, or, if earlier, within any time limit specified in the terms of the shares or under which they were issued.

ii. Where shares are held jointly by several persons, the Company is not required to issue more than one certificate in respect of those shares, and delivery of a certificate to one joint holder shall be sufficient delivery to them all.

iii. Each certificate must be in respect of one class of shares only. If a member holds more than one class of shares, separate certificates must be issued to that member in respect of each class.

iv. If a share certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, the member shall be issued a new certificate representing the same shares if such member:

(a) first delivered the old certificate or certificates to the Company for cancellation; or
(b) complied with such conditions as to evidence and indemnity as the Directors may think fit; and
(c) paid such reasonable fee as the Directors may decide.

In the case of shares held jointly by several persons, any request pursuant to Article 10A (ii) may be made by any one of the joint holders.

Provisions relating to uncertificated share

11A. In the event that the Company's shares are listed on a stock exchange and Myanmar law requires that shares listed on a stock exchange are to be held in uncertified form:

(a) physical share certificates issued by the Company will become invalid and all rights associated with the shares will then be managed electronically; and

(b) any share of the Company may only be issued or held on such terms, or in such a way, that:
i. title to shares must not be evidenced by a certificate; and
ii. shares must be transferred without a certificate.

11B. The Directors have power to take such steps as they think fit in relation to:

(a) the evidencing of and transfer of title to uncertificated shares (including in connection with the issue of such shares); and
(b) any records relating to the holding of uncertificated shares.

11C. If:
(a) Myanmar law or the Articles give the Directors power to take action, or require other persons to take action, in order to sell, transfer or otherwise dispose of shares; and
(b) uncertificated shares are subject to that power, but the power is expressed in terms which assume the use of a certificate or other written instrument,

the Directors may take such action as is necessary or expedient to achieve the same results when exercising that power in relation to uncertificated shares.

11D. The Directors may take such action as they consider appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.

Provisions relating to the transfer and transmission of certificated shares

21. The instrument of transfer of any share in the Company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the register of members in respect thereof.

22. Shares in the company shall be transferred in the following form, or in any usual or common form which the Directors shall approve:-

I, [ ] of [ ], in consideration of [ ], the sum of kyats paid to me by [ ] of [ ](hereinafter called "the said transferee"), do hereby transfer to the said transferee the share (or shares) numbered [ ] in the undertaking called FIRST MYANMAR INVESTMENT CO., LTD., to hold unto the said transferee, his executors, administrators and assigns, subject to the several conditions on which I held the same at the time of the execution thereof, and I, the said transferee, do hereby agree to take the said share (or shares) subject to the conditions aforesaid. As witness our hands the [ ] day of [ ]. .

Witness to the signatures of, etc.

23. The Directors may decline to register any transfer of any share, whether or not it is a fully paid share, to a person of whom they do not approve, and may also decline to register any transfer of shares on which the company has a lien. The Directors may also suspend the registration of transfers during the fourteen days immediately preceding the ordinary general meeting in each year. The Directors may decline to recognize any instrument of transfer unless:

(a) a fee not exceeding K. 30.00 is paid to the Company in respect thereof; and
(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

If the Directors refuse to register a transfer of any shares, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee and the transferor notice of the refusal.

24. A registered shareholder shall be the only person recognized by the Company as having any title to the share.

25. The executors or administrators of a deceased sole holder of a share shall be the only persons recognised by the Company as having any title to the share. In the case of a share registered in the names of two or more holders, the survivors or survivor, or the executors or administrators of the deceased survivor; shall be the only persons recognised by the Company as having any title to the share.

26. Any person becoming entitled to a share in consequence of the death or insolvency of a member shall, upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or insolvent person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or insolvent person before the death or insolvency.

27. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provisions relating to changes in capital

45. The Directors may, with the sanction of the Company in general meeting, by an extraordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

46. Subject to any direction to the contrary that may be given by the resolution sanctioning the increase of share capital, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of the same in such manner as they think most beneficial to the company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

47. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

48. The Company may, by ordinary resolution:

(a) consolidate and divide its share capital into shares of larger amount than its existing shares;
(b) by subdivision of its existing shares or any of them, divide the whole or any part of its share capital into shares of smaller amount than is fixed by the memorandum of association, subject, nevertheless, to the provisions of clause (d) of sub-section (1) of section 50 of the Myanmar Companies Act;
(c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

49. The Company may, by special resolution, reduce its share capital and any capital redemption reserve fund in any manner, and with and subject to any incident authorized and consent required by law.

49A. The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the Company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company, provided that the commission paid does not exceed an amount the Directors determine, to be ratified by an ordinary resolution passed at a general meeting.

49B. Subject to shareholders' approval by ordinary resolution in general meeting, the Directors may issue new shares of the Company, not exceeding 10.0% of the total outstanding shares of the Company, whether at a discount or by way of a capitalisation of the profits or the reserves of the Company or otherwise, to an incentive plan for eligible employees of the Company, including its subsidiaries, associates, or affiliates.

Having approved this incentive plan, shareholder's rights to the shares issued for the incentive plan will be deemed to be declined.

Provisions relating to dividends and reserve

105. The Company in general meeting may declare dividends, but no dividends shall exceed the amount recommended by the Directors.

106. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.

107. No dividends shall be paid otherwise than out of profits of the year or any other undistributed profits.

108. Subject to the rights of persons (if any) entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this article as paid on the share.

109. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies or for equalizing dividends, or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion either be employed in the business of the company or be invested, in such investments (other than shares of the Company) as the Directors may from time to time think fit. The Directors may recommend, and the annual general meeting may approve the issue pari passu of "bonus" shares out of such reserve to the members on the register at the date of the meeting.

110. If several persons are registered as joint-holders of any share, any one of them may give effectual receipts for any dividends payable on the share.

111. Notice of any dividend, that may have been declared shall be given in manner hereinafter mentioned to the persons entitled to share therein.

112. No dividend shall bear interest against the Company.

Provisions relating to the right of Shareholders to inspect the books and other documents of the Company

115. The Directors shall cause, under Section 130, to be kept proper books of account with respect to:

(a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
(b) all sales and purchases of goods by the Company;
(c) the assets and liabilities of the Company.

116. The books of account shall be kept at the registered office of the Company or at such other place as the Directors shall think fit and shall be opened to inspection by the Directors during business hours.

117. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Directors or by the Company in general meeting.

118. The Directors shall, as required by sections 131 and 131A of the Myanmar Companies Act, cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, and Directors' reports as are referred to in those sections.

119. The profit and loss account shall, in addition to the matters referred to in sub-section (3) of section 132 of the Myanmar Companies Act, show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and the amount of gross expenditure,

distinguishing the expenses of the establishment, salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account, so that a just balance of profit and loss may be laid before the meeting, and, in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be stated with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.

120. A balance-sheet shall be made out in every year and laid before the Company in general meeting made up to a date not more than six months before such meeting. The balance-sheet shall be accompanied by a report of the Directors as to the state of the Company's affairs, and the amount which they recommend to be paid by way of dividend(s), and the amount (if any) which they propose to carry to a reserve fund(s).

121. A copy of the balance sheet and report shall, seven days previously to the meeting, be sent to the persons entitled to receive notices of general meetings in the manner in which notices are to be given hereunder.

122. The Directors shall in all respects comply with the provisions of sections 130 to 135 of the Myanmar Companies Act or any statutory modification thereof for the time being in force. A copy of the balance sheet and profit and loss Account adopted at the annual general meeting of the Company shall be filed with the registrar (Section 134)at the same time as the copy of the Annual list of Members prepared under Section 32 of the Myanmar Companies Act.

PART XI. RELATED PARTY TRANSACTIONS

MATERIAL TRANSACTIONS WITH RELATED PARTIES

This section summarises the Related Party transactions from 1 April 2013 to the Latest Practicable Date (the "**Relevant Period**") that are material to the Company or a Related Party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the Company or any of its Related Parties were a party, except for the following Related Party Transactions:

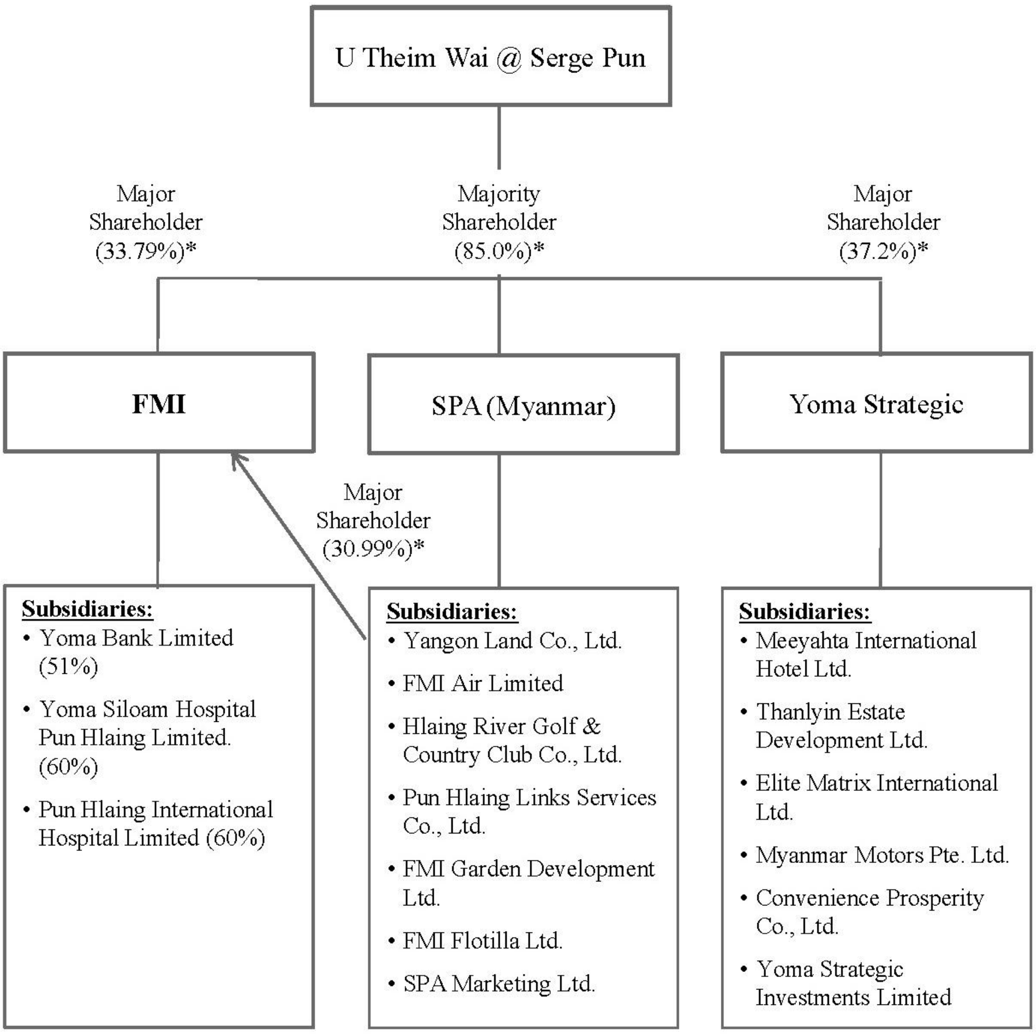
- Leases entered into on arm's length basis;

- Transactions entered into in the ordinary course of business on the same terms and conditions available to all third parties; and

- Quasi-equity loans if such a loan was made to a Related Party whose financial statements are consolidated in the Group's financial statements, and the other shareholders of that Related Party made quasi-equity loans to such party on the same terms and conditions, and in the same proportion to their shareholding.

For the purposes of disclosure of Related Party transactions in this disclosure document for Listing, we consider a transaction to be "material" if it involved an amount of Ks 100,000,000 or more for a company or Ks 10,000,000 or more for an individual.

Set forth below is a diagram explaining the relationship between FMI, SPA (Myanmar), and Yoma Strategic. For details on changes in our shareholdings in the companies listed below during the Relevant Period, see "Issuer Information – Outline of Subsidiaries and Associated Companies – Restructuring" beginning on page 59.



* Effective equity interest as at the Latest Practicable Date.

PAST MATERIAL TRANSACTIONS WITH RELATED PARTIES

1. **Convenience Prosperity Co., Ltd.**

Convenience Prosperity Co., Ltd., a former Associate of the Company, is an importer and distributer of New Holland tractors and farm equipment. On 31 March 2013, the Company loaned an original principal amount of USD 3,989,688 to Convenience Prosperity for the period 31 March 2013 to 12 February 2015 at an interest rate of 8.0% per annum. During the loan period, the Company loaned additional amounts, which at 12 February 2015 totaled USD 1,570,000 to Convenience Prosperity at the same interest rate. These loans were used as temporary working capital. No collateral was taken by the Company.

The Company earned interest income on these loans of Ks 386,560,721 for FY 2013-2014 and Ks 343,327,345 for FY 2014-2015. The original principal amounts and the unpaid interest thereon were assigned to Yoma Nominee Limited, a wholly owned subsidiary of Yoma Strategic, and the Company received payment in full for such assignment on 12 February 2015. The following table sets forth the amount outstanding on this loan as at 31 March 2014 and 2015 and the Latest Practicable Date as well as the largest amount outstanding during the Relevant Period.

	As at 31 March 2014	**As at 31 March 2015**	**As at the Latest Practicable Date**	**Largest principal amount outstanding during the Relevant Period**
Principal amount owed to the Company	USD 5,559,688	-	-	USD 5,559,688

We are of the opinion that the above transaction was entered into on an arm's length basis, as the interest rate charged was approximately the median rate charged by a US bank for an unsecured commercial loan.

2. **FMI Air**

FMI Air was a 50.0% owned subsidiary of the Company until 30 June 2015, when the Company sold a 40.0% equity interest in FMI Air to Yangon Land. As FMI Air and the Company have a common controlling shareholder, it remains a Related Party of the Company.

During FY 2013-2014, the Company made various shareholder loans to FMI Air at 0% interest for the purchase of aircrafts, fees for processing FMI Air's application for an operating certificate, development of FMI Air's standard operating procedure and FMI Air's pre-operating expenses. No collateral was taken by the Company. The following table sets forth the amount outstanding on this loan as at 31 March 2014 and 2015 and the Latest Practicable Date as well as the largest amount outstanding during the Relevant Period.

(Ks)

	As at 31 March 2014	**As at 31 March 2015**	**As at the Latest Practicable Date**	**Largest amount outstanding during the Relevant Period**
Amount owed to the Company	8,088,665,941	-	-	8,088,665,941

At the time of the loan, FMI Air was a subsidiary of the Company, and it was therefore advantageous to the Company to finance FMI Air's capital needs. However, given that the loan had no interest rate, we cannot say that this transaction was entered into on an arm's length basis.

3. **FMI Syndication**

FMI Syndication was a subsidiary of the Company until 31 January 2015, when the Company exchanged its 90.0% interest in FMI Syndication for a 10.0% interest in Meeyahta International. The Company also purchased an additional 10.0% equity interest in Meeyahta International, giving it a 20.0% equity interest in Meeyahta International. As at the Latest Practicable Date, Meeyahta International owned 100.0% of the equity interests in FMI Syndication.

a. On 31 March 2013, the Company loaned Ks 480,000,000 to FMI Syndication at 0% interest for the refurbishment of FMI Centre. No collateral was taken by the Company. The following table sets forth the amount outstanding on this loan as at 31 March 2014 and 2015 and the Latest Practicable Date as well as the largest amount outstanding during the Relevant Period.

(Ks)

	As at 31 March 2014	**As at 31 March 2015**	**As at the Latest Practicable Date**	**Largest amount outstanding during the Relevant Period**
Amount owed to the Company	480,000,000	-	-	480,000,000

The loan to FMI Syndication was beneficial to the Company as it allowed us to fast track the opening of a Parkson department store in FMI Centre, a venture in which we have a 10.0% interest. However, as the loan has no interest rate, we cannot say that this transaction was entered into on an arm's length basis.

b. On 30 November 2014, FMI Syndication sold scaffolding materials to the FMI City Gates project, in which the Company is expected to have a 20.0% interest, for Ks 100,291,667. At the time of the sale, FMI Syndication was a subsidiary of the Company.

The sale price of 50.0% of cost price was determined by the management of the two entities on a willing buyer – willing seller basis. However, we cannot say that this transaction was entered into on an arm's length basis as there is no market price for used scaffolding materials.

c. In September 2014, FMI Syndication paid Ks 241,000,000 to SPA Project Management as project management fees payable for FMI Centre's renovation.

We are of the opinion that the above transaction was entered into on an arm's length basis as SPA Project Management's fees for this transaction were based on standard market rates.

4. **Hlaing River Golf & Country Club**

Hlaing River Golf & Country Club, an entity related to the Company by a common controlling shareholder, is the developer of Pun Hlaing Golf Estate. In April 2013, Hlaing River Golf & Country Club purchased two Nissan Civilian minibuses from SPA Motors Ltd. for Ks. 52,500,000 each. SPA Motors Ltd. made no profit from this sale.

We believe this transaction was entered into on arm's length basis as the vehicles were sold at the market rate for minibuses at the time of the transaction.

5. **Myanmar Motors Pte. Ltd.**

As at 31 March 2014, the Company had a non-trade receivable of Ks 208,339,789 due from Myanmar Motors Pte. Ltd., which at the time was a 30.0% owned Associate of the Company and had a common controlling shareholder, for payments the Company made on behalf of Myanmar Motors Pte. Ltd. This amount was unsecured, interest-free and receivable on demand. The balance was fully settled in FY 2014-2015.

We believe that this transaction was fair to the Company, as SPA (Myanmar), the other 70.0% shareholder in Myanmar Motors Pte. Ltd., has also made payments on behalf of the Group, which are settled on a regular basis through an established intra-company clearing and settlement system. See "-Present and Ongoing Transactions" below for further details. However, we cannot say that the above transaction was entered into on an arm's length basis.

6. **Pun Hlaing Links Services**

Pun Hlaing Links Services is an Associate, in which the Company has a 30.0% equity interest. During FY 2013-2014, the Company made a number of quasi-equity loans to Pun Hlaing Links Services at 0% interest, the total amount of which was Ks 3,800,000,000 on 31 March 2014. On 31 March 2015, Ks 2,300,000,000 was repaid and the remaining balance of Ks 1,500,000,000 was contributed as the Company's pro rata share of the additional capital requirement of Pun Hlaing Links Services.

We believe that this transaction was not disadvantageous to the Company as all shareholders of Pun Hlaing Links Services provided quasi-equity loans in proportion to their interests in Pun Hlaing Links Services and on the same terms and conditions. However, we cannot say that this transaction was entered into on an arm's length basis.

7. **SPA (Myanmar) and its wholly-owned subsidiary Yangon Land**

SPA (Myanmar) wholly owns the shares of Yangon Land, which owns 30.9% of the Company's outstanding shares as at 30 September 2015. In addition, U Theim Wai @ Serge Pun, our Executive Chairman, is also the Executive Chairman and controlling shareholder of SPA (Myanmar).

a. On 18 November 2010, the Company loaned Ks 227,000,000 to SPA (Myanmar) for the purpose of providing loans to home buyers at STAR*CITY. The interest rate on this unsecured loan was 15% per annum and the maturity date was 18 November 2015. Interest income received on this loan was Ks 34,050,000 for FY 2013-2014 and Ks 34,050,000 for FY 2014-2015. SPA (Myanmar) repaid the loan in full on 30 September 2015.

(Ks)

	As at 31 March 2014	**As at 31 March 2015**	**As at the Latest Practicable Date**	**Largest amount outstanding during the Relevant Period**
Amount owed to the Company	227,000,000	227,000,000	-	227,000,000

We are of the opinion that the above transaction was entered into on an arm's length basis as the interest rate agreed upon was in line with the prevailing market interest rates at the time this loan was initiated.

b. On 17 October 2012, SPA (Myanmar) and the Company agreed to exchange the Company's 90% equity interest in FMI Syndication for a 10.0% equity interest in Meeyahta International, which at that date was 100% owned by SPA (Myanmar). Meeyahta International is the developer of the Landmark Development. The agreed value for the share swap was Ks 10,268,640,000. This valuation was based on the valuation of the FMI Centre and the other part of the land for the Landmark Development as determined by an independent third party. Due to delays in getting certain regulatory approvals for the Landmark Development, the share swap was only completed on 31 January 2015. On 7 July 2013, SPA (Myanmar) agreed to sell an additional 10.0% equity interest in Meeyahta International for Ks 10,600,000,000 to the Company. The price was agreed based on the same valuation as the first transaction, however, due to the depreciation of the Kyat against the US dollar, the price for the shares in Kyat increased. The consideration for the purchase of the additional 10.0% equity interest in Meeyahta International was satisfied by the Company issuing 1.06 million Shares at Ks 10,000 per Share to SPA (Myanmar) on 10 July 2013. Due to delays in getting certain regulatory approvals, SPA Myanmar transferred the additional 10.0% equity interest in Meeyahta International to the Company effective 31 January 2015.

We are of the opinion that the purchase of both of the 10.0% equity interests in Meehayta International was on an arm's length basis as the valuation was based on an independent third party valuation. We are of the opinion that the sale of the 90% equity interest in FMI Syndication was on an arm's length basis as the valuation was based on an independent third party valuation. We are of the opinion that the issuance of the 1.06 million Shares to SPA (Myanmar) was undertaken on an arm's length basis as the issue price of Ks 10,000 per Share was based on the over-the-counter market price for the Shares.

c. FMI Garden Development, an Associate of the Company paid Ks 813,000,000 to SPA (Myanmar) in FY 2013-2014 as repayment of a loan made by SPA (Myanmar).

As the loan from SPA (Myanmar) was made at 0% interest, we cannot say that the original transaction for which the above payment was entered into on an arm's length basis. However, it was of benefit to FMI Garden Development.

We intend to enter into similar transactions with the above Related Party. To ensure any future similar transactions are undertaken on an arm's length basis, such transactions will only be entered into in accordance with our Related Party Transactions Guidelines.

d. As approved by the Shareholders' at the meeting held on 22 November 2013, the Company paid Ks 481,034,327 to SPA (Myanmar) for acting as managing agent in FY 2013-2014, which was calculated at 1% per annum on paid up capital plus 10.0% of net profit for FY 2013-2014. Additionally, as approved by the Shareholders' at the meeting held on 23 November 2014, the Company paid Ks 531,135,297 to SPA (Myanmar) for acting as managing agent in FY 2014-2015.

We believe that these transactions were fair as the fee of 1.0% per annum on paid up capital plus 10.0% of net profit is within the standard international market rates for hedge fund managers of 1.0-2.0% per annum on paid up capital plus 10.0-20.0% of net profit. However, we cannot say that this transaction was entered into on an arm's length basis as there is no market rate for managing agent fees in Myanmar.

The agreement with SPA (Myanmar) for it to act as the Company's managing agent was terminated effective April 1, 2015. As such, we do not intend to enter into similar transactions with the above Related Party.

e. FMI Air was a subsidiary of the Company until 30 June 2015. SPA (Myanmar) chartered a MSN 7136 (Executive Jet) from FMI Air on numerous occasions in FY 2014-2015 and Q1 FY 2015-2016. FMI Air charged SPA (Myanmar) a total of Ks 974,100,575 in FY 2014-2015 and Ks 404,799,950 in Q1 2015-2016 for these services. These services were provided at cost price, thus FMI Air did not profit from these transactions.

Although neither party was at a disadvantage for these transactions done at cost, we cannot say that the above transactions were entered into on an arm's length basis.

The Company does not treat any transactions between FMI Air and SPA (Myanmar) after 30 June 2015 as Related Party transactions as the Company's sold a 40.0% equity interest in FMI Air effective as of that date, leaving it with a 10.0% equity interest in FMI Air.

f. SPA Motorcycle Limited is a distributer of motorcycles. On 26 August 2014, the Company sold 100.0% of the equity interest in SPA Motorcycle Limited to SPA (Myanmar) for Ks 1,382,716,075. The Company made a gain of Ks 785,592,875 from the sale of these shares.

We believe that the price of the shares was fair as SPA Motorcycle had remaining inventories which were factored into the transaction price at fair market value. However, we cannot say that this transaction was entered into on an arm's length basis as an independent expert did not value the shares.

g. BRC Myanmar Co., Ltd. was incorporated with the intention to build and operate a steel mesh products manufacturing plan. However, BRC Myanmar Co., Ltd. did not build the plant. On 31 March 2015, the Company sold its 20.0% equity interest in BRC Myanmar Co., Ltd. to SPA (Myanmar) for Ks 278,140,500, which was the price the Company paid for these shares. The Company did not make a gain or loss from the sale of these shares.

We are of the opinion that the above transaction was fair to the Company as BRC Myanmar Co., Ltd. never commenced operations and the Company received its initial investment back. However, we cannot say that this transaction was entered into on an arm's length basis as an independent expert did not value the shares.

h. PHIH has been a subsidiary of the Company since 1 October 2014, prior to which it was an Associate of the Company. On 31 August 2014, PHIH sold 3.34 acres of land in Hlaing Thayar Township to a wholly-owned subsidiary of SPA (Myanmar) for Ks 11,395,800,000. PHIH made a gain of Ks 10,938,646,923 from the sale of the land. Part payment for this land by was made by SPA (Myanmar) offsetting a shareholder's loan it extended to PHIH (see "-Present and Ongoing Transactions- 2. SPA (Myanmar)" below).

We are of the opinion that the above transaction was entered into on an arm's length basis as the sale was priced at the prevailing market rate for land in Hlaing Thayar Township.

i. In December 2013, Yangon Land (which owns a 52.5% equity interest in FMI Garden Development) sold its effective interest in 1.3 acres of land owned by FMI Garden Development on which the FMI City Gates project is to developed to FMI for Ks 1,646,400,000. FMI paid the purchase price by issuing 164,640 Shares at Ks 10,000 per Share to Yangon Land. For details on the FMI City Gates project, see "Issuer Information – Real Estate – FMI Garden Development – FMI City Gates Project" on page 78.

We are of the opinion that the above transactions were entered into on an arm's length basis. The purchase price for the land was based on the valuation of the land by an independent expert and the Shares were issued at the then prevailing market rate.

j. On 30 September 2014, the Company acquired a 40.0% equity interest in PHIH from Yangon Land and its wholly-owned subsidiary, Pun Hlaing Capital Co., Ltd., for Ks 8,186,800,000.

We are of the opinion that the above transaction was entered into on an arm's length basis. This transaction was entered into on a willing buyer – willing seller basis and the share valuation of PHIH was determined using a net tangible assets calculation, which was the same basis agreed with a third party, the Lippo Group, who also purchased shares in PHIH at the same time and for the same price per share.

k. Yoma Yarzar Manufacturing Ltd. is involved in the importation and manufacture of motorcycles. On 26 August 2014, the Company sold its 90.0% equity interest in Yoma Yarzar Manufacturing Ltd. to Yangon Land for Ks 1,198,696,537. The Company made a loss of Ks 755,243,033 from the sale of these shares.

We believe this transaction was fair to the Company as it was entered into on a willing buyer – willing seller basis and the price was determined using a net tangible assets calculation. Yoma Yarzar had been inactive for several years and most of its inventory was written off, resulting in a loss. However, we cannot say that this transaction was entered into on an arm's length basis as an independent expert did not value the shares.

l. Shine Laundry Ltd. is a laundry services provider. On 26 August 2014, the Company sold its 35.0% equity interest in Shine Laundry Ltd. to Yangon Land for Ks 369,514,491. The Company made a gain of Ks 362,684,491 from the sale of these shares.

We believe this transaction was fair to the Company as it was entered into on a willing buyer – willing seller basis and the price was determined using a net tangible assets calculation. Shine Laundry Ltd.'s assets included a production facility which was valued at prevailing market rates. However, we cannot say that this transaction was entered into on an arm's length basis as an independent expert did not value the shares.

m. On 26 November 2014, the Company sold its 50.0% equity interest in FMI Flotilla Ltd. to Yangon Land for Ks 500,000,000, which was the amount of the Company's initial investment for the 50.0% equity interest. The Company did not make a gain or loss from the sale of these shares.

We believe this transaction was fair to the Company as it was entered into on a willing buyer – willing seller basis. However, we cannot say that this transaction was entered into on an arm's length basis as an independent expert did not value the shares.

n. SPA Motors Ltd. is in the business of servicing Japanese made vehicles in Myanmar. On 26 November 2014, the Company sold its 100.0% equity interest in SPA Motors Ltd. to Yangon Land for Ks 742,484,557. The Company made a gain of Ks 406,158,157 from the sale of these shares.

We believe this transaction was fair to the Company as it was entered into on a willing buyer – willing seller basis and the price was determined using a net tangible assets calculation based on SPA Motors Ltd.'s assets, including a building and a substantial cash balance. However, we cannot say that this transaction was entered into on an arm's length basis as an independent expert did not value the shares.

o. On 24 January 2015, the Company acquired a 15.4% equity interest in Yoma Bank from Yangon Land for a purchase price of Ks 25,551,275,000, which was paid for by issuing 2,221,850 Shares at Ks 11,500 per Share to Yangon Land.

We are of the opinion that the above transactions were entered into on an arm's length basis. The purchase price for the 15.4% equity interest in Yoma Bank was determined based on the valuation of Yoma Bank done by KPMG Singapore, and the value of Yoma Bank's real estate holdings, which were valued by Jones Lang LaSalle. Based on these valuations as well as extensive negotiations between the Company's Board of Directors and Yangon Land, the purchase price was agreed upon. The issue price for the Shares issued to Yangon Land was determined based on the market price for the Shares. For further details, please see note 34 in the Notes to the Financial Statements.

p. Effective 30 June 2015, the Company sold a 40.0% equity interest in FMI Air to Yangon Land for Ks 9,230,932,000, leaving the Company with a 10.0% equity interest in FMI Air. The sale price for the shares was equal to 80% of the amount of the Company's total investment in FMI Air. The Company did not make a gain or loss from the sale of these shares.

We cannot say that the above transaction was entered into on an arm's length basis. However, we are of the opinion that the above transaction was of benefit to the Company.

8. **Summit SPA Motors Limited**

As at 31 March 2014, SPA Motors Ltd., which at that date was wholly-owned by the Company, had a non-trade receivable of Ks 233,805,250 due from Summit SPA Motors Limited, which at that date was a 20.0% owned Associate of the Company, for payments SPA Motors Ltd. made on behalf of Summit SPA Motors Limited This amount was unsecured, interest-free and receivable on demand. The balance was fully settled in FY 2014-2015.

We believe that this transaction was fair to us, as SPA (Myanmar), which at the time was the other 80.0% shareholder in SPA Summit Motors Pte. Ltd., has also made payments on behalf of the Group, which are settled on a regular basis through an established intra-company clearing and settlement system. See "-Present and Ongoing Transactions" below for further details. However, we cannot say that the above transaction was entered into on an arm's length basis.

9. **Successful Goal Trading Co., Ltd. and Yangon Land**

In July 2013, the Company purchased four Nissan Civilian minibuses and 37 Dongfeng light trucks from Successful Goal Trading Co., Ltd. for a total of Ks 1,251,810,000. These vehicles were purchased in the process of winding up the business of Successful Goal Trading. At that time, FMI owned 30% of the shares in Successful Goal Trading with Yoma Strategic owning the remaining 70%.

In July 2013, Yangon Land purchased the abovementioned vehicles from the Company for Ks 1,828,180,000. The Company made a Ks 576,370,000 profit from this transaction.

We are of the opinion that transaction with Successful Goal Trading Co., Ltd. was entered into on an arm's length basis as these vehicles were bought at the prevailing wholesale prices for such vehicles.

We are of the opinion that transaction with Yangon Land was entered into on an arm's length basis as these vehicles were sold at the prevailing retail prices for such vehicles.

10. **Thanlyin Estate Development**

Thanlyin Estate Development, an Associate of the Company, is the developer of the STAR*CITY project. On 1 April 2013, Thanlyin Estate Development purchased two Nissan Civilian minibuses from SPA Motors Ltd. for Ks. 52,500,000 each. SPA Motors Ltd. made no profit from this sale.

We believe this transaction was entered into on arm's length basis as the vehicles were sold at the market rate for minibuses at the time of the transaction.

11. **Yoma Bank**

a. On 11 December 2012, Yoma Bank loaned Ks 830,000,000 to PHIH for the period 11 December 2012 to 11 December 2014 at an interest rate of 13.0% per annum. PHIH's hospital building was taken as collateral by Yoma Bank.

b. On 16 December 2013, Yoma Bank loaned Ks 1,000,000,000 to PHIH for the period 16 December 2013 to 11 December 2014 at an interest rate of 13.0% per annum. PHIH's hospital building was taken as collateral by Yoma Bank.

c. On 13 February 2014, Yoma Bank loaned Ks 800,000,000 to PHIH for the period 13 February 2014 to 11 December 2014 at an interest rate of 12.0% per annum. PHIH's hospital building was taken as collateral by Yoma Bank.

The following table sets forth the amounts outstanding on the loans described in (a), (b) and (c) above as at 31 March 2014 and 2015 and the Latest Practicable Date as well as the largest amount outstanding during the Relevant Period.

(Ks)

		As at 31 March 2014	**As at 31 March 2015**	**As at the Latest Practicable Date**	**Largest amount outstanding during the Relevant Period**
a.	Amount owed by PHIH to Yoma Bank	415,000,000	-	-	830,000,000
b.	Amount owed by PHIH to Yoma Bank	900,000,000	-	-	1,000,000,000
c.	Amount owed by PHIH to Yoma Bank	800,000,000	-	-	800,000,000

We are of the opinion that the above transactions were entered into on an arm's length basis as prevailing market interest rates were charged.

12. **Yoma Strategic and its wholly-owned subsidiaries Elite Matrix International Ltd. ("Elite Matrix"), and Yoma Strategic Investments Limited**

U Theim Wai @ Serge Pun, the Executive Chairman of the Company, is Executive Chairman of Yoma Strategic and has an effective interest in 37.2% of the outstanding shares in Yoma Strategic as at 30 September 2015.

a. YSH Finance Ltd. is involved in the construction of telecoms towers. On 28 August 2014, the Company sold its 20.0% equity interest in YSH Finance Ltd. to Yoma Strategic Investments Limited, which is a wholly owned subsidiary of Yoma Strategic for USD 3,675,745. However, the Company only received Ks 1,679,300,405, which was the amount of the Company's investment in YSH Finance Ltd.. The difference was due to the repayment of shareholder quasi-equity loans made to YSH Finance Ltd. by Yoma Strategic Investments Limited on the Company's behalf. The Company did not make a gain or loss from the sale of these shares.

We believe the price for the shares was fair as YSH Finance Ltd. was formed in March 2013 and as such it had relatively short operating history. This short operating history did not allow for an increase in the company's brand or other intangible assets. Both buyer and seller factored the company's short operating history into the price and agreed to the price on a willing buyer – willing seller basis. However, we cannot say that this transaction was entered into on an arm's length basis as an independent expert did not value the shares.

b. On 22 January 2014, Yoma Strategic paid Ks 417,200,000 to BRC Myanmar Co. Ltd as a quasi-equity loan on behalf of the Company. This non-trade payable was unsecured, interest-free and payable on demand. The balance was fully settled during FY 2014-2015.

Although above transaction was of benefit to us, we cannot say that above transaction was entered into on an arm's length basis.

c. On 19 November 2014, the Company sold its 30.0% equity interest in Myanmar Motors Pte. Ltd. to Elite Matrix for Ks 880,912,884 which was the amount of the Company's investment in Myanmar Motors Pte. Ltd. The Company did not make a gain or loss from the sale of these shares.

We believe the price for the shares was fair as Myanmar Motors Pte. Ltd. was formed in February 2013 and as such it had a relatively short operating history. This short operating period did not allow for an increase in the company's brand or other intangible assets. Both buyer and seller factored the company's short tenure into the price and agreed to the price on a willing buyer – willing seller basis. However, we cannot say that this transaction was entered into on an arm's length basis as an independent expert did not value the shares.

d. On 26 November 2014, the Company sold its 20.0% equity interest in Summit SPA Motors Limited to Elite Matrix for Ks 854,480,000, which was the price the Company paid for these shares. Therefore, the Company did not make a gain or loss from the sale of these shares.

We believe that the price for the shares was fair as Summit SPA Motors Limited was formed in September 2014 and as such it had a relatively short operating history. This short operating period did not allow for an increase in the company's brand or other intangible assets. Both buyer and seller factored the company's short operating period into the price and agreed to the price on a willing buyer – willing seller basis. However, we cannot say that this transaction was entered into on an arm's length basis as an independent expert did not value the shares.

e. On 18 March 2015, the Company sold a 40.0% equity interest in Convenience Prosperity Co., Ltd. to Elite Matrix for Ks 1,201,721,706. The Company made a gain of Ks 845,893,706 from the sale of these shares.

We believe the price for the shares was fair as Convenience Prosperity Co., Ltd. had built up a significant customer base and strong sales, and therefore had increased in value since our initial investment. Both buyer and seller agreed to the price on a willing buyer – willing seller basis. However, we cannot say that this transaction was entered into on an arm's length basis as an independent expert did not value the shares.

We may enter into similar transactions with the above Related Parties in the future. To ensure any future similar transactions are undertaken on an arm's length basis, such transactions will only be entered into in accordance with our guidelines and review procedures for on-going and future related party transactions approved by the Board of Directors on 19 October 2015 ("**Related Party Transactions Guidelines**"). See "-Guidelines and Review Procedures for On-going and Future Related Party Transactions" below for details.

PRESENT AND ON-GOING TRANSACTIONS

1. **Meeyahta International**

The Company leases space at FMI Centre. Until 31 January 2015, FMI Centre was owned by FMI Syndication, when its rights in the FMI Centre were transferred to Meeyahta International. Set forth below are the amounts the Company paid to lease space at FMI Centre in FY 2013-2014 and FY 2014-2015:

(Ks)

Lease Term	Sq. ft.	Amount paid in FY 2013-2014 (inclusive of utilities and maintenance charges)	Amount paid in FY 2014-2015 (inclusive of utilities and maintenance charges)
1995 to present	2,790	37,764,277	52,121,848

We cannot say that the above transaction was not entered into on an arm's length basis. However, it was advantageous to the Company as it allowed us to accurately project our future office rental expenses.

2. **SPA (Myanmar)**

On an ongoing basis, the Company and SPA (Myanmar) make and receive payments for operating expenses on behalf of their respective subsidiaries and Associates. These amounts are unsecured and interest-free. The amounts owing are settled on a regular basis through an established inter-company clearing and settlement system. Set forth below are the amounts owed to and by SPA (Myanmar) as 31 March 2014, 31 March 2015 and the Latest Practicable Date and the largest amount owed during the Relevant Period:

(Ks)

	As at 31 March 2014	As at 31 March 2015	As at the Latest Practicable Date	Largest amount outstanding during the Relevant Period
Amount owed by FMI Air to SPA (Myanmar)	136,134,194	68,637,189	7,702,480,863	7,702,480,863
Amount owed by PHIH to SPA (Myanmar)	570,000,000[(1)]	5,332,338,333	937,350,641	5,332,338,333
Amount owed by SPA (Myanmar) to FMI Syndication	1,493,523,387	-	-	1,493,523,387
Amount owed by SPA (Myanmar) to FMI Garden Development	4,464,760,775	3,238,477,488	3,772,022,015	6,387,345,519

Note:

1. This amount was fully repaid on 31 August 2014 as part of a transaction involving the sale of 3.34 acres of land in Hlaing Thayar Township from PHIH to SPA (Myanmar).

We believe that the above transactions were fair to us and SPA (Myanmar), as both parties benefit from time to time under this arrangement, although we cannot say that above transactions were entered into on an arm's length basis.

Except as noted above, there are no present and on-going Related Party transactions.

We may enter into similar transactions with the above Related Parties in the future. To ensure any future similar transactions are undertaken on an arm's length basis, such transactions will only be entered into in accordance with our Related Party Transactions Guidelines. See "–Guidelines and Review Procedures for On-going and Future Related Party Transactions" below for details.

GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE RELATED PARTY TRANSACTIONS

On 19 October, 2015, the Board of Directors approved the following procedures to ensure that the Related Party transactions are undertaken on an arm's length basis:

1. In relation to any purchase of products or procurement of services from Related Parties, quotes from at least two unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price or procurement price shall not be higher than the most competitive price of the two comparative prices from the two unrelated third parties.

2. In relation to any sale of products or provision of services to Related Parties, the price and terms of two other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The Related Parties shall not be charged at rates lower than that charged to the unrelated third parties.

3. When leasing property from or to Related Parties, the directors of the relevant company in the Group shall take appropriate steps to ensure that the amount of rent for such lease is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of properties of similar location and size, or obtaining necessary reports or reviews published by property agents wherever possible (including an independent valuation report by a property valuer, where appropriate). The rent payable shall be based on the market rental rate of similar properties in terms of size and location, based on the results of the relevant enquiries.

4. Where it is not possible to compare against the terms of other transactions with unrelated third parties and where the products or services may be purchased only from a Related Party, the Related Party transaction will be approved by either FMI's Executive Chairman or an Executive Director, who has no interest in the transaction, in accordance with that company's usual business practices and policies. In determining the transaction price payable to the Related Party for such products and/or services, factors such as, but not limited to, quantity, requirements and specifications will be taken into account.

5. All Related Party transactions above Ks 100 million are to be approved by a director of the relevant company in the Group who shall not be a Related Party in respect of the particular transaction. Any contract to be made with an Related Party shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated parties and the terms are not more favourable to the Related Party than those extended to or received from unrelated parties.

6. For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the Related Party are not more favourable than those extended to unrelated parties.

OTHER CONFLICTS OF INTERESTS

As at 30 September 2015, U Theim Wai @ Serge Pun has an effective interest in 85.0% of the outstanding shares in SPA (Myanmar) and an effective interest in 37.2% of the outstanding shares in Yoma Strategic. U Theim Wai @ Serge Pun is the Executive Chairman of SPA (Myanmar) and the Executive Chairman of Yoma Strategic. SPA (Myanmar) and its subsidiaries (outside of the Group) and Yoma Strategic and its subsidiaries are both currently involved in real estate development in Myanmar. Their real estate development activities may compete with FMI's investments in the real estate sector, however SPA (Myanmar), Yoma Strategic and FMI generally work together on real estate developments through joint ventures.

Even though FMI has invested in real estate projects together with SPA (Myanmar) and/or Yoma Strategic, we cannot assure you that SPA (Myanmar) and Yoma Strategic will act in our best interest. Our Company does not have any agreements or understandings in place which preclude U Theim Wai @ Serge Pun or his Associates from investing in companies which may be, directly or indirectly, engaged in similar or competing businesses. We also do not have an agreement with U Theim Wai @ Serge Pun that requires him to offer us any investment opportunities. Please see "Risk Factors – Risks Relating to Our Business Generally – We are reliant on FMI's Executive Chairman" on page 14 for more information.

Interests of Experts, Law Firms and Financial Advisors

Except as set forth below, no expert, law firm or financial advisor named in this disclosure document for Listing was employed by us on a contingent basis, owns any Shares or any shares in any of the Company's subsidiaries or Associates that are material to that person, has a material economic interest, whether direct or indirect, in us or that depends on the success of the Listing or otherwise has a material relationship with us.

The Company's agreement with the Financial Advisor provides that the Company is to pay a success fee to the Financial Advisor if the Listing and a public offering of the Shares is successfully completed by 31 March 2016.

PART XII. LEGAL PROCEEDINGS

There are no legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have, or have had in the 12 months immediately preceding the date of the Disclosure Document for Listing, any significant effect on our financial position or profitability.

PART XIII. THE MYANMAR SECURITIES MARKET

OUTLINE OF THE LEGAL AND REGULATORY SYSTEM IN MYANMAR

The Securities and Exchange Law (the "**SE Law**") was enacted on 31 July 2013 and came into force immediately. Under the SE Law, the Securities and Exchange Rules (the "**SE Rules**") were promulgated on 27 June 2015 and certain notifications (a form of subordinate legislation in Myanmar) have been and will be issued to implement the SE Law and the SE Rules.

Regulators and Enforcement

The Securities and Exchange Commission of Myanmar ("**SECM**") was formed in August 2014. The SECM is the principal regulator of the Myanmar capital markets. The SECM has broad administrative power to, among other things, grant a licence for conducting any securities business, grant a permit to a stock exchange or an over-the-counter market, supervise the securities business, and approve a public offering.

The Ministry of Finance (the "**MOF**") shares rule-making functions with the SECM to implement the SE Law. The MOF has the power, with the approval of the Union Government, to issue the SE Rules and certain other stipulations after negotiation with the SECM. In addition, the MOF and the SECM have the power to issue notifications and certain other stipulations. Furthermore, during the transitional period until the Union Government determines that the securities market can be distinctively established and systematically operated in MOF will supervise the SECM and the securities business, and has the sole power to issue notifications and certain other stipulations.

On the enforcement side, the SECM is authorised to take administrative actions, such as revocation of a licence, and to impose administrative monetary penalties against offenders. the SECM also has the right to summon, examine, and obtain evidence from any relevant person if there is a reason to believe an offence has been committed. However, its investigative power does not extend to arrest or seizure, which will be exercised by the police force or the Bureau of Special Investigation of the Ministry of Home Affairs.

Securities Business

The securities businesses regulated by the SE Law include securities dealing, securities brokerage, securities underwriting, securities investment advisory, and securities depository and clearing. Those terms are defined in the SE Law. In addition, the SECM has the power to add a category of securities business through a notification.

A separate licence is generally required to operate each type of securities business. All persons are prohibited from carrying out any securities business without a licence. A violation will be subject to a criminal penalty.

Each of securities dealing, securities brokerage, and securities underwriting can be conducted only by a licenced securities company. A securities company must be in a form of a limited company whose liability is limited by shares under Myanmar law. A securities company must also satisfy certain requirements in the SE Rules, such as having authorised capital and a minimum paid-up capital. The scope of business that can be conducted by a securities company is provided in the SE Rules.

A securities company cannot allow any person other than its licenced representative to operate the securities business in its name. A violation will be subject to a criminal penalty. Accordingly, a securities company needs to ensure that its officers and employees who will handle securities transactions for the company with its customers will obtain licences for the securities company's representatives. Separately, any responsible person or staff of a securities company is prohibited from participating in any other securities company, any other company, or other economic enterprise without the permission of the SECM.

A licenced securities company may conduct the securities investment advisory business without a separate licence. Any other person who desires to carry out the securities investment advisory business needs to obtain a licence.

The SECM has the power to suspend a licence for a certain period of time or to revoke a licence if a licence-holder, for example, violates any of the terms and conditions of a licence, fails to perform any of the functions and duties it must observe, or violates any of the prohibitions provided in the SE Law or the SE Rules.

Disclosure

A public company is required under the SE Law to submit to the SECM the procedure of a public offering, including a prospectus, before making a public offering of its securities, and to obtain the approval of the SECM for the public offering.

A public company is subject to the requirements provided in the Companies Act, the SE Law and the SE Rules and notifications promulgated thereunder. Any non-compliance with, or contravention of, the requirements under the Companies Act subjects a person knowingly responsible for the issue of the relevant prospectus to a fine. Any person who violates any prohibition contained in the SE Rules could be punished with imprisonment, a fine, or both; non-compliance with, or contravention of, the prospectus requirements provided in the SE Rules would be subject to the above-mentioned criminal penalty. In addition, if there is any false statement in a prospectus, a person who wilfully makes a false statement in any material particular required by the Companies Act would be subject to imprisonment and a fine under the Companies Act, while such false statement may constitute a prohibited act under Part IX of the SE Law and could subject a responsible person to imprisonment and a fine. Although nothing is provided in the SE Law about civil liabilities, if there is any misleading or untrue statement in a prospectus, directors at the time of issue of the prospectus and other persons who have authorised the issue of the prospectus will, subject to certain defences, be liable under the Companies Act for all losses or damage incurred by subscribers for shares on the faith of the prospectus.

As this disclosure document for Listing is not a prospectus, it is not subject to the above described laws and rules.

The SE Rules require a public company to file with the SECM an annual report, a semi-annual report, and extraordinary reports for the benefit of investors buying or selling shares in the secondary market and to also make copies of those documents available at the company's registered office or on its website.

Prohibited Fraudulent Conduct

The prohibited acts are provided in Chapter IX of the SE Law, which are detrimental to the interests of the general public and to the protection of investors. Any person, including not only a securities company, but also an investor or a public company, is prohibited from conducting the prohibited acts and upon its violation will be subject to imprisonment for a term not exceeding 10 years and also possibly to a fine. The prohibited acts are:

- involvement in any act, such as cheating, deceiving, making false statements, or concealing important information, which seriously causes deception or influence on certain securities-related activities and securities market;

- disclosing incorrect information in order to incite or entice other persons to buy or sell securities, or disclosing insufficient or untimely information that seriously affects the price of the securities in the market;

- using internal information to buy or sell securities for its own account or for other persons, or disclosing or providing internal information or giving advice to other persons to buy or sell securities based on undisclosed internal information; and

- conspiracy in buying or selling securities by creating false demand and supply, or buying or selling continuously or using trading methods by conspiring with others or by enticing others in order to manipulate the price of securities.

OVERVIEW OF THE SECURITIES MARKET IN MYANMAR

YSX

YSX is owned by Yangon Stock Exchange Joint-Venture Company Limited, a joint venture company owned by Myanma Economic Bank, a state-owned bank, Daiwa Institute of Research, a Japanese company, and Japan Exchange Group, a Japanese company, with each entity's ownership being 51.00%, 30.25% and 18.75% respectively.

No company's shares have been approved for listing on YSX as at the Latest Practicable Date.

MSEC

Until the trading of shares on YSX commences, the only public securities market in Myanmar is operated by MSEC. MSEC was established in 1996 as a joint venture company between Myanma Economic Bank and Daiwa Securities Group Inc., a Japanese company. The shares of only two public companies have been traded on this market since late 1990s.

OTC Markets

In addition to the stock exchange described below, the SE Law also has provisions for an over-the-counter ("**OTC**") market, or an organised market for trading of unlisted securities. It can be formed by not less than three securities companies with the permission of the SECM. The requirements and procedures for the permission, as well as organisational matters and its functions and duties, are provided in the SE Rules. However, during the transitional period, MSEC is allowed under the SE Law to operate the functions of a stock exchange and an over-the-counter market.

STOCK EXCHANGE SYSTEM

A stock exchange is the centrepiece of the Myanmar securities market. It can be formed as a limited liability company or a joint-venture under Myanmar law. Although it is not clear from the provisions of the SE Law, it is envisaged, in particular in relation to YSX, that trading participants who can trade on a stock exchange market are securities companies and that they are not necessarily shareholders of a stock exchange.

A stock exchange must obtain a permit from the SECM and is subject to its supervisory and regulatory authority, including permission for any amendment of its charter or business rules. The details of the requirements and procedures for the permit will be prescribed in the SE Rules. A stock exchange has self-regulatory power, among other things, to determine listing criteria and matters relating to trading participants.

CLEARANCE AND SETTLEMENT

A stock exchange, such as YSX, is allowed to carry out the securities depository and clearing business without a permit from, but by giving notice to, the SECM. The book-entry transfer system will be introduced in Myanmar in respect of listed shares, and YSX will become the central securities depository. Since the Companies Act assumes that physical share certificates will be issued, the SECM released Notification No. 1/2015 on 7 August 2015 to bridge the Companies Act provisions and the book-entry transfer system.

PART XIV. SUMMARY OF MATERIAL MYANMAR LAWS AND REGULATIONS

FINANCIAL SERVICES

In Myanmar, the banking sector is overseen by the CBM.

Applicable Legislation

Central Bank of Myanmar Law (July 2013) and subsidiary legislation

The CBM is an autonomous institution that acts as the licensing authority and regulator of all banks in Myanmar, state-owned and private and also has statutory responsibility for developing capital markets.

The CBM is able to independently adjust interest rates, and to conduct currency and exchange operations.

The CBM is empowered to end the earlier practice of discriminating against private banks and providing financial support and regulatory forbearance in favour of state banks. For example, capital/deposit ratios are currently applied only to private banks, not state banks. Deposit interest income from state banks is tax-free. State banks are not required to report their financial results as often as private banks. Private banks are effectively locked out from lending to agriculture.

Liquidity ratio: Banks are required to maintain the level of their liquid assets against their eligible liabilities at not less than 20%.

Minimum reserves: Banks are required to maintain 5% of demand deposits and 5% of time deposits as a minimum reserve requirement, all of which is required to be deposited with the CBM at an interest rate of 0%.

Interest rates: Minimum interest rates payable on savings deposit, saving certificate and time deposit shall not be less than 2% below the CBM rate. The maximum interest rate chargeable on loans and overdrafts shall not be more than 3% above the CBM rate.

A CBM circular (dated 3 July 2014) regulates all kinds of loans that are “free of restrictions direct or indirect”. This directive requires banks to seek the CBM’s approval before accepting foreign loan payment and instructs the banks to “securitize payments for loans” transferred from overseas in a “systematic way” as prescribed by the directive before submitting it to the CBM. Furthermore, it directs the concerned company or investor to obtain the approval from the CBM for the loan payments.

Banks are required to submit the following reports to the CBM:

1. Weekly:

   (a) Weekly Reserve Position

   (b) Liquidity Ratio

   (c) Cash in Hand

2. Monthly:

   (a) Monthly Balance Sheet

   (b) Income and Expenditure Statement

   (c) Capital Adequacy Ratio

3. Quarterly: Non-performing Loan Statement

4. Annually: Annual report

Foreign Exchange Management Law (August 2012) and subsidiary legislation

These laws provide examples of current account remittances that require CBM permission for initial transactions. Capital account transactions always require CBM permission.

The Notification № 13/2012 and 15/2012 allows private banks to accept and open current accounts in foreign currency but restricts withdrawals to a maximum of USD 10,000 or equivalent twice per week, and stipulates the kinds of currencies that the private banks are allowed to hold.

Foreign Exchange Management Regulation Notification № 7/2014 (30 September 2014)

The notification sets out the duties of authorized dealer licence holders that are allowed to carry out foreign exchange activities, which includes acceptance, exchange, purchase, sale in respect of foreign exchange whether inbound or outbound. It outlines the procedures for foreign currency remittances and transactions, particularly the documentary evidence requirements for accepting and remitting foreign exchange from or to abroad. The notification created a liquidity cap of USD 10,000 or equivalent foreign currency for most situations that relate to foreign currency transactions. In addition, it assigned the main responsibility for collecting and verifying the supporting documentation for foreign exchange transactions to authorised dealer licencees.

Securities Exchange Law (July 2013)

This law requires improved corporate governance and accountancy standards, a robust regulatory and reporting framework, and a level of transparency that will give investors adequate information for investment decisions.

Bank and Financial Institutions Law (January 2016)

This draft law is intended to govern the whole banking and finance sector. It seeks to strengthen the oversight of the CBM and requirements in areas such as lending to related parties, money laundering and measures ensuring liquidity and solvency.

The draft law requires all existing banks to be authorised under the new law. It is expected to set out the licensing requirements for private banks, corporate governance arrangements, and the conditions for foreign banks to operate in Myanmar.

It has requirements for capital adequacy, liquidity, large exposure limits and other measures that are in keeping with international best practices, but also adapted to the particular circumstances and difficulties in Myanmar.

The draft provides that all senior executives, owners and board members must meet various "fit and proper person" tests. The draft also addresses laws relating to mobile banking and e-banking.

Anti-Money Laundering and Customer Due Diligence

The legislation currently in force in Myanmar relating to anti-money laundering ("**AML**") is the Anti-Money Laundering Law of 2014 ("**AMLL**"), which replaced the Control of Money Laundering Law of 2002. The Control of Money Laundering Rules of 2003 are still in force until the Anti-Money Laundering Rules are promulgated. The CBM has examined all domestic private banks based on the AML requirements in its regular on-site inspections. It has also conducted special audit programmes for the state-owned banks on the compliance of AML rules and regulation since September 2004.

The AMLL intends to bring Myanmar in line with international best practices by: criminalising the acquisition, possession or use of money and/or property known to be from illicit sources; as well as the conversion or concealment of such property in order to disguise its origin; or assistance in any acquisition, conversion or concealment of illicit funds and property.

To combat these offenses, the AMLL establishes a two-tiered enforcement regime, at the head of which is the Anti-Money Laundering Central Body (the "**Central Body**"), which is responsible for high level policy, national reporting and executive action. Operating under the Central Body is the Financial Action Task Body (the "**FATB**") responsible for ensuring compliance from covered institutions (called **"Reporting Organisation"**), situational assessments and direct interaction with Reporting Organisations as necessary. Yoma Bank is considered a Reporting Organisations under the AMLL.

Included in the AMLL is an obligation for Reporting Organisations to engage in Customer Due Diligence measures ("**CDD Measures**") based upon a risk determination by the Central Body. CDD Measures are to be employed by Reporting Organisations prior to carrying out a transaction of an amount equal to or greater than a forthcoming designated threshold, opening an account for a new customer, carrying out a money transfer via international wire or electronic transfers, or at any time should there be doubts concerning the veracity of previously obtained data or on suspicion of activity connected to money laundering or terrorism financing.

CDD Measures include identifying and verifying a customer's identity using independent sources, identifying the beneficial owner of the entity or individual undertaking the transaction, verifying the authorisation of an agent acting on behalf of a third party, along with the true identity of the agent, and carrying out "enhanced versions of CDD Measures" in cases where the individual is known to have public functions or office domestically, or is a Director, Deputy Director, or Board Member of an international organisation. Additionally, Reporting Organisations will be required to maintain records, including documentary evidence and records obtained through CDD Measures, transaction records for five years from the date of transaction or attempted transaction, copies of transaction reports previously sent to the FATB for five years from the date of submission, and risk assessments for up to five years from their last modification.

The AMLL empowers the Customs Department to arrest people accused of failure to declare earnings, money laundering, concealment or suspicious related cases involving money and transferrable instruments or valuables.

The AMLL also provides a minimum prison sentence of three years, and suggests up to 10 years in jail and a Ks 500 million fine for money laundering convictions.

While the AMLL sets out further monitoring and evaluation requirements (including the establishment of risk-management systems), it does not provide clear or in-depth detail on the exact operation of these systems.

Anti-Terrorism Law

The Anti-Terrorism Law ("**ATL**") of 2014 creates criminal offences associated with countering the financing of terrorism.

The ATL criminalises:

1. Supporting or intending to commit:

   (a) Dealing with funds intended for, used or knowing they would be used by terrorist(s);

   (b) Illegal possession monies, property or services intended for, used or knowing they would be used by terrorist(s);

   (c) Conceal, move or transfer property for terrorist(s);

   (d) Aiding or abetting the above.

2. Knowingly committing or with knowledge likely to be known:

   (a) Trading or transferring terrorist property;

   (b) Participating in or supporting trading activities related to terrorist property;

   (c) Supporting services to gain profit for terrorists using terrorist property;

   (d) Possessed or controlled terrorist property;

   (e) Failure to report information related to trading or transferring terrorist property without reasonable excuse;

   (f) Failure to report relationship between terrorist(s) and their property.

3. Failure to report movement or attempted movement of terrorist property

ATL offences do not require actual occurrence (of dealing, movement, etc.) in order to constitute an offence.

The minimum sentence is 10 years imprisonment, while the maximum is life imprisonment or death penalty.

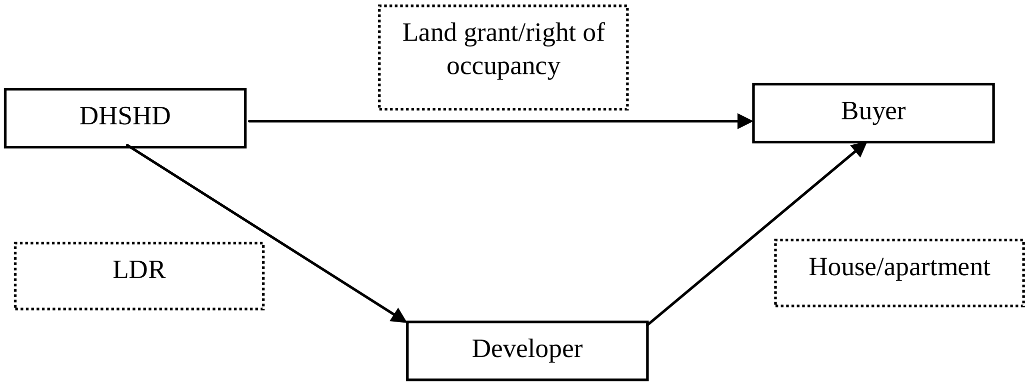
REAL ESTATE

There is no single piece of legislation governing land in Myanmar. The legal framework with regard to land in Myanmar exists in the form of numerous laws that deal with specific areas or concerns relating to land (such as the Village Act (amended 1961), the Forest Law (1992) and the Farmland Law (2012), just to give a few examples).

Generally, there are two primary types of interests in land in Myanmar, i.e., estates in fee simple and leasehold rights. In Myanmar, lands which are held as fee simple estates (e.g. freehold lands) are also known as “ancestral lands” and are mainly found in the downtown area of Yangon. The government no longer grants such estates in fee simple. Instead, the government issues “grants” over specific parcels of land that can be considered leasehold rights, as they are conceptually estates for years. The terms of the grant vary between 10 to 90 years and are extendible on application, at the discretion of the government, and may also depend on the statute upon which such grant is being issued. Grant land is transferable and entities (including corporate entities) with leasehold interests in such lands may carve out and divest lesser interests (such as a lesser estate for years) and, in some cases, create security interests over such lands as well.

Myanmar nationals and companies may generally receive land grants for any period as specified in the corresponding grant without the need of securing or perfecting any special or additional approval from the government (apart from the issuance of the land grant itself).

A typical development model involves a Government entity permitting a developer to construct houses or apartments on a particular plot of land. Once the development is complete, the Government entity will issue a land grant for houses or right of occupancy for apartments to the buyers. Collectively and individually the owners of the houses/apartments have a landlord and tenant relationship with the Government entity and have collective rights to the common property of the development. The developer may maintain a management role in the development through a contractual relationship with the collective house/apartment owners’ association. The chart below explains the foregoing.



LDR includes:

Right of occupancy

Development rights

Ability to sell products to end buyers

Ability to transfer/co-develop

When LDRs are acquired by a company they are initially recognized as land on the company’s balance sheet.

As the land is developed and sold, the land cost is recognized on the company’s income statement as an expense while a corresponding amount of land is deducted from the balance sheet.

Units currently under construction are recognized as work in progress, while pre-sold units are recognized as advances.

Revenue from sales is recognized under the percentage of completion method. The percentage of completion is assessed by qualified engineers who endorse the stage of completion.

When a sufficient stage of completion has been reached, revenue and its corresponding expenses are recognized on the income statement.

Applicable Legislation

Transfer of Property Act 1882

This Act relates to various types of property transfer including the sale, gift, exchange and lease of property and defines the basic rights and obligations of the buyer and seller.

Land and Revenue Act 1879

This Act, which applies only to Lower Burma and the Thayetmyo District of Upper Burma, enforces land revenue for all property situated within the applicable area unless otherwise exempted.

Upper Burma Land and Revenue Regulation of 1889

This Act, which applies only to Upper Burma, enforces land revenue for all property situated within the applicable area unless otherwise exempted.

Myanmar Stamp Act of 1899

Stamp duty is payable on execution of instruments, including lease agreements, transfer of property and extensions of grants. As at 30 September 2015, stamp duty for transfers of property is levied at a flat rate of 7% for properties located inside of the Yangon administrative area, and at 5% for those elsewhere. Additional fees will be levied where buyers are unable to demonstrate the source of their funds, which are subject to sliding scales which increase based on value and number of properties already owned. Stamp duty is also levied on leases of immovable property ranging from 1.5% to 3% depending on the length of the lease and on extensions to grants which are calculated by reference to sq. ft.

The Internal Revenue Department has issued appraised values for different areas of Yangon and provided a minimum threshold for tax payments to avoid the practice of under-reporting the value of property transactions. As of October 2014, these ranged from Ks 50,000 per sq. ft. to Ks 400,000 per sq. ft.

Registration Act of 1908

This Act states the type of documents compulsory and optional for registration. Mortgages and all non-testamentary instruments that create or extinguish a present or future interest in immoveable property are required to be registered under this Act. All transfers of property over Ks 500,000 in value, as well as leases above one year in length or which have yearly rent must be registered.

Transfer of Immovable Property Restriction Act 1947

This Act prohibits foreigners from owning immovable property and restricts international leases to a maximum one year term. Embassies and companies that have 'direct, beneficial contracts' with the state are exempt from this law.

State Public Housing Rehabilitation and Urban and Rural Development Board Act , 1950

This Act gives the President of the Union the power to seize land and buildings on land (if any) that the State Public Housing Rehabilitation and Urban and Rural Development Board is desirous of seizing for the purpose of urban and rural development. This Act requires compensation to be paid for any seized land and buildings.

Farmland Law 2011

This Law allows a person with 'land use rights' to transfer, exchange, or lease their land.

Vacant, Fallow and Virgin Lands Management Law 2012

This Law stipulates that any unused land can be claimed and utilized by willing individuals. This includes foreign or local investors provided they make the land economically productive.

Environmental Conservation Law of 30 March 2012 ("ECL")

Environmental regulation in Myanmar has historically been a patchwork of sectoral regulations at the national and regional level, but it become more coherent and centralized with the enactment of the ECL. The ECL empowers the

Environmental Conservation Committee ("**ECC**") to fix standards relating, among others, to surface, coastal and underground water quality, atmospheric quality, noise pollution, gaseous emissions, and solid and fluid waste discharge.

Under the ECL, businesses that cause so-called "point source pollution" are required to treat, emit, discharge and/or dispose of pollutants in accordance with ECC standards and to install equipment to further monitor, control, manage, reduce and/or eliminate pollutants.

Condominium Law 2016

This law, passed in January 2016, allows foreign ownership of up to 40% of units above the sixth floor in any condominium building in Yangon, Mandalay or Nay Pyi Taw that is surrounded by at least one acre of land,.

Applicable Regulations for Development

As a prerequisite, the project company must obtain an export/import registration and apply for import licences for nearly all materials and equipment. Materials and equipment must be imported in the name of the project company for tax incentives to apply.

At the end of 2012, the Yangon City Development Committee arranged the formation of a working committee to develop a zoning plan for Yangon. The zoning plan is still in the draft stage and has not yet been made public.

Applicable Regulations for Construction

The permission to erect a structure based is handled by the Engineering Department of the relevant State, Region or City Development Committee ("**CDC**").

Upon receipt and review of an application, the Engineering Department will forward the application to the Construction / Permit Issuing section, which will in turn forward the application to the Field Inspection station. A field inspection is carried out at the site, after which a recommendation is made to the Engineering Department. Upon approval by the Engineering Department, construction permit is issued to the applicant. The construction permit application process is meant to be completed in 30 days; however, in practice, it can take several months. Construction can commence once a construction permit has been received.

Once completed the CDC will inspected the erected structure and will issue a certificate of completion to the permit holder companies may be held civilly and criminally liable under Myanmar law for engaging in construction without a construction permit, although typically the penalty imposed by the CDC is a fine or a stop work order**.**

HEALTHCARE

Legislation Applicable to our Healthcare Business

Public Health Law (1972)

This law provides for the protection of public health by controlling the quality and cleanliness of food, drugs, environmental sanitation, epidemic diseases and regulation of private clinics.

Dental and Oral Medicine Council Law (1989) (Revised in 2011)

This law provides for licensing and regulation of the practices of dental and oral medicine. Describes structure, duties and powers of Dental and Oral Medicine Council.

Law relating to the Nurse and Midwife (1990) (Revised in 2002)

This law provides for registration, licensing and regulation of nursing and midwifery practices. Describes structure, duties and powers of the Myanmar Nurse and Midwife Council.

This law is being revised.

National Drug Law (1992)

This law was enacted to ensure access to safe and efficacious drugs. It provides for licensing in relation to manufacturing, storage, distribution and sale of drugs.

The Food and Drug Authority ("**FDA**") is responsible for enforcement and promoting the rational use of medicines. Supervisory committees exist at each administrative level – region/state, district and township. The FDA had delegated authority to the Township Food and Drug Supervisory Committees for inspection, issuing and revoking licences for drug outlets in their areas.

Prevention and Control of Communicable Diseases Law (1995) (Revised in 2011)

This law describes functions and responsibilities of health personnel and citizens in relation to the prevention and control of communicable diseases. It describes measures to be taken in relation to environmental sanitation, reporting and control of outbreaks of epidemics and penalties for those failing to comply. The law also authorizes the Ministry of Health ("**MOH**") to issue rules and procedures when necessary with approval of the government.

Eye Donation Law (1996)

This law was enacted to support corneal transplantation. Established the National Eye Bank Committee and describes its functions and duties, and measures to be taken in the processes of donation and transplantation.

Myanmar Medical Council Law (2000)

This law was enacted to enable the public to enjoy qualified and effective health care, to maintain and upgrade the qualifications and standards of medical practitioners, to enable high standards for the study of medicine, to enable the continuous development of medical practitioners, to maintain and promote the dignity of the practice of medicine, and to supervise conformity with moral conduct and ethics of the medical profession.

This law describes the formation, duties and powers of the Myanmar Medical Council, the rights of its members and that of its executive committee. It also provides for registration and licensing of local medical practitioners, and their rights and duties.

This law is being revised in order to apply to foreign medical practitioners.

Blood and Blood Products Law (2003)

This law was enacted to ensure the availability of safe blood and blood products. Describes measures to be taken in the process of collecting and administering blood and blood products, established the national and local blood banks, specified the duties and functions of the National Blood and Blood Products Committee.

This law is being revised to allow for the creation of private blood banks.

Body Organs Donation Law (2004)

This law was enacted for the safe transplantation of organs, to rehabilitate disabled persons due to organ dysfunction, to enable research and education of transplantation, to enable an increase in the numbers of organ donors, and to cooperate and obtain assistance from the government, international organisations, NGOs and individuals.

The Law Relating to Private Health Care Services (2007)

This law was enacted to develop private health care services in accordance with government policy, to enable private health care services to be carried out systematically and as an integrated part of the national health care system, to utilise private sector resources in providing healthcare to the public effectively, to control the quality and safety of private clinics, hospitals, nursing and maternity homes, and to ensure such services are provided at fair cost and responsibly.

The law also created a central committee and regional, district and township supervisory committees for private health services, as well as registration and licensing of facilities.

Regulation and Enforcement

The MOH is the major organisation responsible for raising the health status of the people and accomplishes this through provision of comprehensive health services, namely promotional, preventive, curative and rehabilitative measures. The MOH is responsible for planning, financing, administrating, regulating and providing health care; it is headed by the Minister assisted by two deputy ministers.

The Department of Health is part of the MOH. The Department of Health is the main organisation designated to regulate health care providers. The Medical Care Division supervises and grants licences for private health care facilities, while the Public Health Division is responsible for overseeing Basic Health Staff. Basic Health Staff are staff deployed in the peripheral part of the health system (townships and below) to reach more of the population and are mostly made up of, but not limited to, Health Assistant, Lady Health Visitor, Midwife and Public Health Supervisor. The tasks of monitoring and enforcement of the law are assigned to supervisory committees formed as mandated in the law at various levels of administration.

However, the regulatory capacity of various supervisory committees is weak, and follow-up actions and guidance by central committees, especially for intersectoral actions, are also insufficient. For example, while the Myanmar FDA would issue notifications that certain medicines were unsafe or unfit for consumption, legal actions against those who violated the legislative measures were delayed or no actions were taken. As a result, many objectives of the law could not be fulfilled to desired levels.

Continuing professional development is organized by teaching hospitals for public providers. The Myanmar Medical Association provides continuing medical education for doctors in the private sector, but relicensing for medical professionals is currently more of a formality and does not apply a continuing professional development credit system. A new accreditation system is being created to govern the renewing of licences for medical practice in Myanmar.

Base prices for both imported and locally produced drugs are reviewed by the Myanmar Pharmaceutical and Medical Equipment Entrepreneurs Association in collaboration with the Ministry of Commerce. Wholesalers are allowed a 5–7% mark-up and retailers a further 5% mark-up for vitamins and 10% for other drugs. In remote areas, transport fees will also be added.

GENERAL

In addition to the above, all businesses in Myanmar are required to comply with general laws, notifications and regulations relating to taxation, intellectual property, labour and employment, and environmental and pollution control, etc.

PART XV. TAXATION

The following is a description of Myanmar corporate income tax and the material Myanmar income tax, capital gains tax and stamp duty consequences of the subscription for, ownership, and disposal of the Shares. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of the Shares and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. There may be laws and other rules, regulations or official notifications, or unofficial or internal guidelines, which exist but which are not published or which are not generally available to the public, and the existence of the same may affect the discussion below.

Prospective investors should consult their own tax advisers regarding Myanmar tax consequences and other tax consequences of owning, and disposing of, the Shares.

None of our Company, our Directors and any other persons involved in the Listing accepts responsibility for any tax effects or liabilities resulting from the purchase, holding or disposal of the Shares.

Corporate Income Tax

A company is considered a citizen of Myanmar for purposes of income taxes if it is formed under the Companies Act or any other laws of Myanmar and where the entirety of its share capital is held exclusively by Myanmar citizens. Such companies, including FMI, are considered residents for purposes of income taxation, and are taxed on a global basis. Taxable income, in this case, includes all income from the conduct of business, from dealings with property, and from other sources. All resident companies are taxed at a rate of twenty-five per cent. (25%) of net taxable income.

Dividend Distributions

Dividends received from a resident Myanmar company, which includes FMI, are exempt from income tax in the hands of shareholders.

Gains on Disposal of Shares

Gains on the disposal of Shares by Myanmar citizens are subject to capital gains taxes computed at the rate of 10 per cent. (10%). The taxable capital gain is calculated based on the difference between the sales proceeds and the cost of the Shares.

Stamp Duty

Stamp duty is payable by a purchaser of Shares at the rate of 0.3 per cent. (0.3%) on the value of the Shares purchased.

PART XVI. OTHER INFORMATION

1. Except for the approval of YSX, the Company has obtained all necessary consents, approvals and authorisations in Myanmar in connection with the Listing.

2. Except as noted in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 92, there has been no material adverse change in the financial position or prospects of the Group since 31 March 2015.

3. For the period of 12 months starting on the date on which this disclosure document for Listing is made available to the public, copies of the following documents will be available, during usual business hours, for inspection at the office of the Company:

   (a) English translations of the Memorandum and Articles of Association of the Company;
   (b) the latest audited consolidated financial statements of the Company; and
   (c) the auditors’ reports for the two latest financial years.

PART XVII. INDEX TO AUDITED FINANCIAL STATEMENTS

FIRST MYANMAR INVESTMENT CO., LTD.
AND ITS SUBSIDIARIES

Audited Financial Statements - Table of Contents

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of First Myanmar Investment Co., Ltd.(the "Company) and its subsidiaries (the "Group"), which comprise the balance sheet of the Company and the consolidated balance sheet of the Group as at 31 March 2015 and 31 March 2014, the statement of income of the Company and the statement of comprehensive income of the Group, the consolidated statement of changes in equity and statement of cash flows of the Group for the years then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with group accounting policies, Myanmar Financial Reporting Standards and the provisions of the Myanmar Companies Act. This responsibility includes: devising and maintaining a system of internal controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting Policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of income of the Company present fairly, in all material respects, the financial position of the Company and the Group as at 31 March 2015 and 31 March 2014, the results of operations of the Company and the Group and the consolidated statement of changes in equity and of cash flows of the Group for the financial years then ended in accordance with the significant accounting policies set out in Note 2 which conform with Myanmar Financial Reporting Standards.

Myat Noe Aung

Certified Public Accountant

V Advisory Limited

Bldg 14, #306, MICT Park,

University of Yangon – Hlaing Campus,

Yangon, Myanmar.

Date: 27 June 2015

Yangon

FIRST MYANMAR INVESTMENT CO., LTD.
AND ITS SUBSIDIARIES

BALANCE SHEETS
As at 31 March 2015

	Notes	Group 2015	Group 2014	Company 2015	Company 2014
		Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
ASSETS					
Current assets					
Cash and cash equivalents	5	**129,014,320**	1,177,323	**18,243**	643,735
Trade and other receivables	6	**2,834,879**	21,727,876	**269,943**	26,341,325
Loans and advances to customers, by the bank subsidiary		**415,076,012**	-	**-**	-
Inventories	7	**479,951**	364,588	**-**	-
Other current assets	8	**10,506,235**	13,553,855	**3,159,843**	12,253,951
		557,911,397	36,823,642	**3,448,029**	39,239,011
Non-current assets					
Available-for-sale financial assets	9	**2,209,042**	2,630,763	**2,209,042**	2,630,763
Government treasury securities, by the bank subsidiary		**178,978,920**	-	**-**	-
Investment in associates	10	**57,619,618**	29,454,128	**31,167,153**	21,791,138
Investment in subsidiaries	11	**-**	-	**60,167,727**	8,277,979
Investment properties	12	**1,448,447**	1,442,829	**1,448,447**	1,442,829
Property, plant and equipment	13	**107,338,813**	10,223,033	**25,757**	33,397
Intangible assets	14	**56,008,483**	5,972,494	**-**	665
		403,603,323	49,723,247	**95,018,126**	34,176,771
Total assets		**961,514,720**	86,546,889	**98,466,155**	73,415,782
LIABILITIES					
Current liabilities					
Trade and other payables	15	**26,553,789**	3,167,218	**1,116,870**	961,103
Deposits and balances from customers, by the bank subsidiary		**689,054,974**	-	**-**	-
Redeemable preference shares	16	**227,000**	-	**227,000**	-
Provision for income tax		**2,874,603**	952,029	**-**	302,839
Borrowing	17	**3,930,429**	-	**-**	-
		722,640,795	4,119,247	**1,343,870**	1,263,942
Non-current liabilities					
Redeemable preference shares	16	**-**	227,000	**-**	227,000
Borrowing	17	**13,793,000**	-	**-**	-
Other payables		**123,855**	177,856	**123,856**	177,856
		13,916,855	404,856	**123,856**	404,856
Total liabilities		**736,557,650**	4,524,103	**1,467,726**	1,668,798
EQUITY					
Share capital	18	**22,480,013**	18,418,478	**22,480,013**	18,418,478
Share premium	18	**71,282,042**	49,792,302	**71,282,041**	49,792,302
Reserves	20	**5,454,104**	1,742,932	**-**	-
Retained profit		**76,317,417**	11,684,022	**3,236,375**	3,536,204
		175,533,576	81,637,734	**96,998,429**	71,746,984
Non-controlling interests	21	**49,423,494**	385,052	**-**	-
Total equity		**224,957,070**	82,022,786	**96,998,429**	71,746,984
Total liabilities and equity		**961,514,720**	86,546,889	**98,466,155**	73,415,782

FIRST MYANMAR INVESTMENT CO., LTD.
AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2015

	Notes	Group 2015 Kyats'000	Group 2014 Kyats'000	Company 2015 Kyats'000	Company 2014 Kyats'000
Revenue	22	**33,318,535**	11,128,382	**2,834,879**	3,648,181
- Cost of sales	23	**(20,400,760)**	(6,706,449)	**-**	-
Gross profit		**12,917,775**	4,421,933	**2,834,879**	3,648,181
Expenses					
- Administrative	25	**(14,007,206)**	(2,880,419)	**(1,188,126)**	(851,318)
- Finance	26	**(623,515)**	(40,207)	**(31,780)**	(31,780)
		(14,630,721)	(2,920,626)	**(1,219,906)**	(883,098)
Share of profit of associates - net of tax	10	**15,452,800**	11,430,867	**-**	-
Profit from operating activities		**13,739,854**	12,932,173	**1,614,973**	2,765,083
Profit from non-operating activities	24	**60,490,657**	320,250	**1,979,546**	377,645
Total profit before income tax		**74,230,511**	13,252,424	**3,594,519**	3,142,728
Income tax expense	27	**(1,107,342)**	(704,395)	**(210,653)**	(302,839)
Net profit		**73,123,169**	12,548,029	**3,383,866**	2,839,889
Other comprehensive income/(loss) – net of tax					
Items that may be reclassified subsequently to profit or loss:					
- Share of other comprehensive income of associates		**-**	9,118	**-**	-
- Reclassification of reserve upon disposal of associates		**(1,177,430)**	-	**-**	-
- Reclassification of reserve upon disposal of subsidiaries		**(565,502)**	-	**-**	-
- Revaluation reserve		**-**	7,001		
		(1,742,932)	16,119	**-**	-
Total comprehensive income		**71,380,237**	12,564,148	**3,383,866**	2,839,889
Profit/(loss) attributable to:					
Equity holders of the Company		**74,655,414**	12,499,478	**-**	-
Non-controlling interests		**(1,532,245)**	48,551	**-**	-
		73,123,169	12,548,029	**-**	-
Total comprehensive income/(loss) attributable to:					
Equity holders of the Company		**72,912,482**	12,515,597	**-**	-
Non-controlling interests		**(1,532,245)**	48,551	**-**	-
		71,380,237	12,564,148	**-**	-
Earnings per share - overall					
- Basic (kyats per share)	28	**3,811**	890	**173**	202
Earnings per share - operating activities					
- Basic (kyats per share)	28	**737**	867	**86**	175

FIRST MYANMAR INVESTMENT CO., LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2015

		Attributable to equity holders of the Company							
	Note	**Share capital**		**Share premium**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		No. of ordinary shares	**Kyats'000**	**Kyats'000**	**Kyats'000**	**Kyats'000**	**Kyats'000**	**Kyats'000**	**Kyats'000**
2015									
Balance at beginning of the year		18,418,478	18,418,478	49,792,302	1,742,932	11,684,022	81,637,734	385,052	82,022,786
Other comprehensive loss for the year		-	-	-	(1,742,932)		(1,742,932)	-	(1,742,932)
Capital reserve added for the year		-	-	-	5,454,104	(6,338,323)	(884,219)		(884,219)
Profit for the year		-	-	-	-	74,655,414	74,655,414	(1,532,245)	73,123,169
Dividend paid	19	-	-	-	-	(3,683,696)	(3,683,696)	-	(3,683,696)
Scrip shares issued during the year	18	2,221,850	2,221,850	23,329,425	-	-	25,551,275	-	25,551,275
Bonus shares issued during the year	18	1,839,685	1,839,685	(1,839,685)	-	-	-	-	-
Additional quasi-equity loan		-	-	-	-	-	-	14,468,666	14,468,666
Disposal of subsidiaries		-	-	-	-	-	-	(431,997)	(431,997)
Acquisition of subsidiaries		-	-	-	-	-	-	36,534,018	36,534,018
Balance at end of the year		**22,480,013**	**22,480,013**	**71,282,042**	**5,454,104**	**76,317,417**	**175,533,576**	**49,423,494**	**224,957,070**
2014									
Balance at beginning of the year		12,038,197	12,038,197	16,926,183	1,318,317	796,860	31,079,557	430,249	31,509,806
Other comprehensive income for the year		-	-	-	16,119	-	16,119	-	16,119
Capital reserve added for the year		-	-	-	408,496	(408,496)	-	-	-
Profit for the year		-	-	-	-	12,499,478	12,499,478	48,551	12,548,029
Dividend paid	19	-	-	-	-	(1,203,820)	(1,203,820)	(100,000)	(1,303,820)
Scrip shares issued during the year	18	3,974,640	3,974,640	35,271,760	-	-	39,246,400	-	39,246,400
Bonus shares issued during the year	18	2,405,641	2,405,641	(2,405,641)	-	-	-	-	-
Additional quasi-equity loan		-	-	-	-	-	-	6,252	6,252
Balance at end of the year		**18,418,478**	**18,418,478**	**49,792,302**	**1,742,932**	**11,684,022**	**81,637,734**	**385,052**	**82,022,786**

FIRST MYANMAR INVESTMENT CO., LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2015

	2015	2014
	Kyats'000	Kyats'000
Cash flows from operating activities		
Profit after tax	**73,123,169**	12,548,029
Adjustments for:		
Depreciation and amortization expenses	**1,605,228**	254,930
Gain on disposal of subsidiaries	**(3,333,120)**	-
Gain on disposal of associates	**(57,308,002)**	-
Loss on disposal of available-for-sale financial assets	**16,831**	-
Loss on disposal of property, plant and equipment	**4,777**	17,368
Write-off of property, plant and equipment	**565**	12,483
Revaluation gain	**-**	7,001
Income tax expense, net of effects from acquisition of subsidiaries and share of result of associates	**1,107,342**	704,394
Interest income	**(378,327)**	(422,703)
Interest expense	**612,345**	31,780
Share of result of associates	**(15,452,800)**	(11,430,867)
	(1,992)	1,722,415
Change in working capital, net of effects from acquisition and disposal of subsidiaries:		
Decrease in inventories	**121,026**	1,748,885
(Increase)/decrease in trade and other receivables	**11,695,240**	(10,297,377)
Increase in loans and advances to customers, by the bank subsidiary	**(130,996,877)**	-
(Increase)/decrease in other assets	**11,679,394**	(13,553,855)
Increase in trade and other payables	**19,216,511**	639,691
Increase in deposits and balances from customers, by the bank subsidiary	**163,231,770**	-
Income taxes paid	**(2,070,215)**	(704,394)
Cash provided by (used in) operating activities	**72,874,857**	(20,444,635)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	**75,921,119**	-
Proceeds from disposal of subsidiaries	**2,643,797**	-
Proceeds from disposal of associates	**2,952,149**	-
Proceeds from disposal of available for sale financial assets	**2,834,402**	-
Additions to available-for-sales financial assets	**(2,429,512)**	(2,060,069)
Addition in government treasury securities by the bank subsidiary	**(18,921,420)**	-
Additions to property, plant and equipment	**(27,548,358)**	(8,254,693)
Additions to investment properties	**(36,868)**	(114,783)
Additions to intangible assets	**(2,311,825)**	(966,306)
Proceeds from disposal of property, plant and equipment	**1,651,215**	180,821
Quasi-equity loans to associates	**(17,710,553)**	(8,509,438)
Dividend received from associates	**1,322,500**	1,697,200
Interest received	**785,746**	420,611
Cash provided by (used in) investing activities	**19,152,392**	(17,606,657)
Cash flows from financing activities		
Dividend paid	**(3,597,281)**	(1,305,807)
Interest paid	**(612,912)**	(31,780)
Proceeds from issuance of ordinary shares	**25,551,275**	39,246,400
Capital addition from non-controlling interests	**3,430,000**	-
Loan from a non-controlling interest	**11,038,666**	6,251
Cash provided by financing activities	**35,809,748**	37,915,064
Net increase/(decrease) in cash and cash equivalents	**127,836,997**	(136,228)
Cash and cash equivalents at beginning of financial year	**1,177,323**	1,313,551
Cash and cash equivalents at end of financial year	**129,014,320**	1,177,323

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

First Myanmar Investment Co., Ltd. (the "Company") is a Public Company incorporated on 3 July 1992 as per Certificate of Incorporation No. 159 of 1992-93 and Certificate for Commencement of Business dated 30 October 1992 under the Myanmar Companies Act. The address of its registered office is FMI Centre, 10th floor, 380, Bogyoke Aung San Road, Pabedan Township, Yangon, Myanmar.

Certificate of Incorporation No. 159 of 1992-93 was renewed to 23 May 2020 by the Directorate of Investment and Company Administration, Ministry of National Planning and Economic Development.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries and associates are disclosed as per Note 4 to the financial statements.

2. Significant accounting policies

2.1. Basis of preparation

These financial statements have been prepared in accordance with Myanmar Financial Reporting Standards ("MFRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are prepared in Kyats or ("Ks).

The preparation of financial statements in conformity with MFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

Investment in subsidiaries and associates are measured using cost method accounting in the separate financial statements of the Company and using equity method accounting in the consolidated financial statements of the Group. Please refer to Note 2.3 Group accounting and Note 2.6 Investment in subsidiaries and associates in the separate financial statements of the Company.

2.2. Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the activities of the Company and its subsidiaries (collectively, the "Group"). Sales are presented net of commercial tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and its related cost can be reliably measured, when it is reasonably assured that the related receivables are collectable, and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods – Automotive service products

Revenue from these sales is recognised upon delivery of the goods to locations specified by customers and/or transfers of possession or title to customers with customers having accepted the goods in accordance with the sales contract.

2. Significant accounting policies (continued)

2.2. Revenue recognition (continued)

(b) Rendering of services – Financial services, air transportation, healthcare and hospital services

Revenue from rendering of services is recognised in the period in which the services are rendered.

(c) Sale of development properties

Revenue from sale of development properties is recognised based on the percentage-of-completion method when the transfer of significant risks and rewards of ownership occurs as construction progresses. Please refer to "Note 2.5. Development properties" for the accounting policy for revenue recognition from the sale of development properties.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Interest income and expenses

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(f) Fees and commission income

Fees and commission are generally recognised on an accrual basis when the service has been provided.

(g) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

2.3. Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributable to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

2. Significant accounting policies (continued)

2.3. Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts have been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Please refer to paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specified Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to "Note 2.6." for the accounting policy on investments in subsidiaries and associates in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associates

Associates are entities over which the Company has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above, but not exceeding 50%. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of the acquisition of the associates over the Group's share of the fair value of the identifiable net assets of the associates and is included in the carrying amount of the investments.

2. Significant accounting policies (continued)

2.3. Group accounting (continued)

(c) Associates (continued)

(ii) Equity method accounting

In applying the equity method of accounting, the Group’s share of its associates’ post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised as other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investments. When the Group’s share of losses in associates equals or exceeds its interest in the associates, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associates.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associates are derecognised when the Company loses significant influence and any retained interest in the former associates is a financial asset. Such retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associates, in which significant influence is retained, are recognised in profit or loss.

Please refer to “Note 2.6” for the accounting policy on investments in subsidiaries and associates in the separate financial statements of the Company.

2.4. Property, plant and equipment

(a) *Measurement*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs of a self-constructed asset include material costs, labour costs and other direct costs used in the construction of the asset. Other costs such as start-up costs, administration and other general overhead costs, advertising and training costs are excluded and expensed as incurred. Cost also includes borrowing costs (refer to Note 2.15 on borrowing costs).

2. Significant accounting policies (continued)

2.4. Property, plant and equipment (continued)

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Building	20 – 67 years
Land improvement	50 years
Machinery and equipment	5 – 10 years
Renovation, furniture and office equipment	3 – 20 years
Motor vehicles	5 – 8 years
IT & Computers	3 - 5 years
Aircraft	8 years
Facilities/Infrastructure system	10 – 20 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the profit or loss when the changes arise.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “Other gain or loss”.

2.5. Development properties

Development properties refer to properties developed for sale.

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

Sales of development properties under construction in respect of sale and purchase agreements entered into prior to completion of construction are recognised when the properties are delivered to the buyer, except for in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

2. Significant accounting policies (continued)

2.5. Development properties (continued)

The stage of completion is measured by reference to the ratio of contract costs incurred to date to the estimated total contract costs for the contract. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

The aggregate costs incurred and the profit/loss recognised in each development property that has been sold are compared against progress billings up to the financial year-end. Where the costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as "unbilled revenue due from customers" under "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as "due to customers" on development projects, under "trade and other payables".

2.6. Investments in subsidiaries and associates in the separate financial statement of the Company

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit and loss.

2.7. Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquired over the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses. Goodwill on associates is included in the carrying amount of the investments.

The profit or loss on disposal of subsidiaries and associates is stated after deducting the carrying amount of goodwill relating to the entity sold.

(b) *Air operator certificate*

The air operator certificate represents the associated costs incurred by the Group in setting up airline operations in accordance with the standards of the Myanmar Department of Civil Aviation for the purpose of obtaining an air operator certificate. The capitalised costs include license fees and any costs that are directly attributable to obtaining the certificate such as staff costs, consultancy costs and training costs which are incurred prior to obtaining the certificate. Costs incurred after obtaining the certificate are expensed as incurred.

The air operator certificate is initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the air operator certificate over the estimated useful life of six years.

The amortisation period and amortisation method of intangible assets other than goodwill, including the air operator certificate, are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Significant accounting policies (continued)

2.8. Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a presently indeterminate use.

The Group's investment properties also include properties taken over from loan defaulters and held until the Group identifies a potential buyer. These properties are measured at the fair value at the time of initial recognition and are subsequently carried at cost less accumulated depreciation. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.9. Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination. An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from an asset or CGU.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Intangible assets*
Prepayments
Property, plant and equipment
Investments in subsidiaries and associates

Intangible assets, prepayments, property, plant and equipment and investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

2. Significant accounting policies (continued)

2.9. Impairment of non-financial assets (continued)

(b) Intangible assets
Prepayments
Property, plant and equipment
Investments in subsidiaries and associates(continued)

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.10. Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature and the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables", "loans and advances to customers" and "cash and cash equivalents" on the balance sheet.

(ii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets. Held-to-maturity financial assets are reported in the statement of financial position as "government treasury securities". Interest income from government securities is included in profit or loss and is reported as "Interest income".

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

2. Significant accounting policies (continued)

2.10. Financial assets (continued)

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value if the fair value can be reliably estimated using valuation techniques supported by observable market data, otherwise, those assets are carried at cost less impairment loss.

Dividend income on available-for-sale equity securities is recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables/ Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in interest and principal payments are objective evidence that loans and receivables/ held-to-maturity financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for the impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

2. Significant accounting policies (continued)

2.10. Financial assets (continued)

(e) Impairment (continued)

(ii) Available-for-sale financial assets

A significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired. The objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11. Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.12. Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2. Significant accounting policies (continued)

2.14. Borrowing

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.15. Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction.

2.16. Operating leases

(a) When the Group is lessee:

The Group leases office space, office equipment, and aircraft under operating leases from related parties and non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor:

The Group leases commercial properties, investment properties and motor vehicles under operating leases to related parties and non-related parties.

Leases of commercial properties, investment properties and motor vehicles where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2. Significant accounting policies (continued)

2.17. Income taxes

All tax expenses are current taxes and recognized in the income statement. Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date.

2.18. Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined benefit plan

The Group's bank entity provides eligible employees with a defined benefit plan and a post-employment benefit as defined by the plan's policy. Eligible employee contributions are withheld by the bank. The bank contributes to the plan in accordance with the plan's policy. All defined benefit plan assets are held, managed, and administered by the bank. The plan obligation is recorded under deposits and balances from customers by the bank entity on the Group's balance sheet.

(b) Bonus plan

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.19. Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Myanmar Kyats, which is the functional currency of the Group and all values have been rounded to the nearest thousand (Kyats "000") unless otherwise stated.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates on the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. Significant accounting policies (continued)

2.19. Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all Group entities (none of which uses the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

The exchange rates used for translation are as follows:

For financial years ended	Rates	Kyats to USD	Kyats to SGD
31 March 2015	Year-end rate	1090	787
	Average rate	1007	779
31 March 2014	Year-end rate	965	764
	Average rate	970	770

The exchange rates used to translate the accounts reported in Kyats into USD and Kyats into SGD are the prevailing open market rates observed by most business organisations in Myanmar.

2.20. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chairman and CEO who is responsible for allocating resources and assessing performance of the operating segments.

2.21. Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts (if any) are presented as current borrowings on the balance sheet.

2.22. Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issuance of new ordinary shares are recognized in profit or loss in the year of issuance of new ordinary shares.

2. Significant accounting policies (continued)

2.23. Dividends to the Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.24. Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices, and the appropriate quoted markets prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on the existing market conditions at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of financial instruments.

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values.

3. Critical accounting estimates, assumptions and judgments

The preparation of the consolidated financial statements in conformity with MFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Impairment of loans and receivables, held-to-maturity and available-for-sale financial assets

Management reviews its loans and receivables, held-to-maturity and available-for-sale financial assets for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In making this determination, management makes judgments as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant adverse changes in the market, economic or legal environment where the debtor maintains operations. In the case of equity investments classified as available-for-sale, objective evidence of impairment includes significant financial difficulty of the issuer and information about significant adverse changes that have occurred in the technological, market, economic or legal environment where the issuer maintains operations, indicating that the cost of the investment in the equity instrument may not be recoverable.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In making this determination, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

3. Critical accounting estimates, assumptions and judgments (continued)

(a) Impairment of loans and receivables, held-to-maturity and available-for-sale financial assets (continued)

The carrying amounts of loans and receivables at the balance sheet date are disclosed in Note 5 and Note 6. The carrying value of available-for-sale financial assets at the balance sheet date is disclosed in Note 9.

Management has assessed that there is no objective evidence or indication that the carrying amount of the Group's loans and receivables, held-to-maturity and available-for-sale financial assets may not be recoverable as at the balance sheet date, and accordingly an impairment assessment is not required. The credit risk assessment on the Group's trade receivables and loans and receivables is also disclosed in Note 31 (b).

(b) Revenue for sale of development properties

The Group recognizes revenue on the sale of development properties by referencing the stage of completion of the properties. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs (including costs to complete) of the projects.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

(c) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets, prepayments, property, plant and equipment and investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. In determining the recoverable value, an estimate of expected future cash flows from each cash-generating-unit and an appropriate discount rate are required. An impairment exists when the carrying amount of an asset or cash-generating-unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

Management has assessed that there is no objective evidence or indication that the carrying amounts of the Group's and the Company's non-financial assets may not be recoverable as at the balance sheet date, and accordingly an impairment assessment is not required. The carrying amounts of non-financial assets at the balance sheet date are disclosed in Notes 10, 11, 12, 13 and 14, respectively.

(d) Uncertain tax positions

The Group is subject to income taxes in Myanmar. In determining income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions").

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the Group makes adjustment for such differences in the income tax of the period in which such determination is made.

4. Listing of significant companies in the Group

Details of the subsidiaries are as follows:-

	Name of companies	Principal activities	Country of incorporation	Equity holding at 31.03.2015	Equity holding at 31.03.2014
(1)	Yoma Bank Ltd*	Financial services	Myanmar	51%	35.6%
(2)	Yoma Thitsar Commercial Co., Ltd.	Financial services	Myanmar	100%	100%
(3)	FMI Air Co., Ltd	Airline services	Myanmar	50%	50%
(4)	Pun Hlaing International Hospital Ltd.*	Healthcare services	Myanmar	75%	35%
(4)	F.M.I Syndication Ltd.	Commercial rental activities	Myanmar	-	90%
(5)	May Enterprise Ltd. (SPA Motor)	Automotive activities	Myanmar	-	100%
(5)	SPA Motorcycle Ltd.	Automotive activities	Myanmar	-	100%
(5)	Yoma Yarzar Manufacturing Co., Ltd.	Automotive activities	Myanmar	-	90%
(6)	Agribusiness and Rural Development Consultants Co., Ltd.	Consulting services	Myanmar	-	55%

Details of associates are as follows:-

	Name of associates	Principal activities	Country of incorporation	Equity holding at 31.03.2015	Equity holding at 31.03.2014
(1)	Yoma Bank Ltd.*	Financial services	Myanmar	-	35.6%
(2)	Convenience Prosperity Co., Ltd.	Automotive activities	Myanmar	-	40.0%
(4)	Pun Hlaing International Hospital Ltd.*	Healthcare services	Myanmar	-	35.0%
(4)	FMI Garden Development Ltd.	Property development	Myanmar	47.5%	47.5%
(4)	Myanmar Agri-Tech Ltd.	Agricultural activities	Myanmar	30.0%	30.0%
(5)	Shine Laundry Ltd.	Laundry services	Myanmar	-	35.0%
(5)	Myanmar Agri-Tech Carbon Capital Ltd.	Agricultural activities	Myanmar	-	30.0%
(7)	Thanyin Estate Development Ltd.	Property development	Myanmar	30.0%	30.0%
(7)	Pun Hlaing Links Services Co., Ltd.	Golf course development	Myanmar	30.0%	30.0%
(7)	FMI Flotilla Ltd.	Transportation	Myanmar	-	50.0%
(8)	Myanmar Motors Pte Ltd.	Automotive activities	Singapore	-	30.0%
(8)	Chindwin Holdings Pte Ltd.	Investment holding	Singapore	30.0%	30.0%
(9)	Meeyahta International Hotel Ltd.	Property development	Myanmar	20.0%	-
(10)	LSC-FMI Co., Ltd	Property development	Myanmar	50.0%	-

Please refer to Note 10 for investment in associates.

*The Group acquired a controlling interest in these entities during the 2014-2015 financial year. Please refer to Note 34 for additional information.

4. Listing of significant companies in the Group (continued)

For the purpose of preparing consolidated financial statements, standalone financial statements of the Company's subsidiaries and associates have been reviewed by V Advisory Certified Public Accountants, Myanmar.

(1) Audited by Win Thin and Associates Certified Public Accountants, Myanmar for statutory purposes.

(2) Audited by U Win Htut Aung Certified Public Accountants, Myanmar for statutory purposes.

(3) Audited by V Advisory Certified Public Accountants, Myanmar for FY2015 and U Hla Tun and Associates Certified Public Accountants for FY2014 for statutory purposes.

(4) Audited by U Tun Ne Win Certified Public Accountants, Myanmar for statutory purposes.

(5) Audited by U Myint Lwin Certified Public Accountants, Myanmar for statutory purposes.

(6) Audited by Daw San Kyi Certified Public Accountants, Myanmar for statutory purposes.

(7) Audited by Daw Khin Than Oo Certified Public Accountants, Myanmar for statutory purposes.

(8) Audited by Nexia TS Public Accounting Corporation, Singapore for statutory purposes.

(9) Audited by U Tin Win Certified Public Accountants, Myanmar for statutory purposes.

(10) Audited by Daw Me Me Than Certified Public Accountants, Myanmar for statutory purposes.

5. Cash and cash equivalents

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Cash at bank and in hand	**935,072**	1,177,323	**18,243**	643,735
Cash in hand, by the bank subsidiary	**65,403,008**		**-**	
Cash and placements with central bank and other banks, by the bank subsidiary	**62,676,240**		**-**	
			-	
	129,014,320	1,177,323	**18,243**	643,735

Please refer to Note 34 for the effects of the acquisition of subsidiaries and Note 35 for the effects of the disposal of subsidiaries on the cash flows of the Group.

6. Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Trade receivables				
- Non-related parties	**2,291,170**	370,625	**-**	-
- Entities related by common shareholder	**198,519**	118,107	**-**	-
Trade receivables - net	**2,489,689**	488,732	**-**	-
Non-trade receivables				
- Non-related parties(1)	**-**	2,068,442	**-**	2,068,442
- Entities related by common shareholder(2)	**233,897**	1,749,588	**229,179**	227,000
- Associates(3)	**713**	17,392,893	**-**	14,577,215
- Subsidiaries	**-**	-	**-**	9,468,666
	234,610	21,210,923	**229,179**	26,341,323
Other receivables	**96,553**	28,221	**40,764**	2
Deposits	**14,027**	-	**-**	-
	2,834,879	21,727,876	**269,943**	26,341,325

(1) Non-trade receivables from non-related parties as at 31 March 2014 related to a receivable from the Yangon City Development Committee (YCDC)for the construction cost of a Flyover Bridge at Bayintnaung Junction, Yangon. Full payment was received in September 2014.

(2) Included in non-trade receivables from entities related by common shareholder is an unsecured, interest-bearing, payable on demand loan extended to Serge Pun & Associates (Myanmar) Co., Ltd at 15% per annum. The loan amount of Ks 227 million (2014: Ks 227 million) was extended to finance home buyers at Star City. This amount was originally raised from the issuance of 14% Redeemable Preference Shares by the Company in FY 2010-2011. This loan is scheduled to be repaid before the Preference Shares are fully redeemable in November 2015. Interest income from this loan amounted to Ks 34.05 million (2014: Ks 34.05 million).

Also included in the Group's balance as at 31 March 2014 was an unsecured, interest-free and receivable on demand amount from the intercompany clearing and settlement system of Serge Pun & Associates (Myanmar) Co., Ltd amounting to Ks 1.494 billion which was fully settled during the financial year ended 31 March 2015.

(3) The Company and Group's non-trade receivables from associates as at 31 March 2014 included the following items:

(i) Dividend receivable from Yoma Bank Ltd. of Ks 427.2 million.

(ii) Dividend receivable from FMI Garden Development Ltd. of Ks 950 million.

(iii) Dividend receivable from Thanlyin Estate Development Ltd. of Ks 240 million.

(iv) Dividend receivable from Convenience Prosperity Co., Ltd. of Ks 80 million.

(v) An unsecured, receivable on demand loan at 8% interest per annum to Convenience Prosperity Co., Ltd of Ks 5.8 billion which was used as temporary working capital. The loan was fully settled in February 2015. Total interest income from this loan amounted to Ks 343.3 million (2014: Ks 386.6 million).

(vi) Receivable from Convenience Prosperity Co., Ltd amounting to Ks 2.6 billion for payments the Company made on behalf of Convenience Prosperity Co., Ltd. The Company received full settlement during the financial year ended 31 March 2015.

6. Trade and other receivables (continued)

(vii) Shareholder's advance to Meeyahta International Hotel Ltd. of Ks 3.1 billion, of which Ks 171.7 million was repaid and the remaining balance of Ks 2.93 billion was capitalized during the financial year ended 31 March 2015.

(viii) Shareholder's advance to Pun Hlaing Links Services Co., Ltd. of Ks 3.8 billion, of which Ks 2.3 billion was repaid and the remaining balance of Ks 1.5 billion was capitalized during the financial year ended 31 March 2015.

(ix) Receivable from Summit SPA Motors Ltd of Ks 233.8 million for payments the Company made on behalf of Summit SPA Motors Ltd. The Company received full settlement during the financial year ended 31 March 2015.

(x) Receivable from Myanmar Motors Pte. Ltd of Ks 208.3 million for payments the Company made on behalf of Myanmar Motors Pte Ltd. The Company received full settlement during the financial year ended 31 March 2015.

7. Inventories

	2015	2014
	Kyats'000	Kyats'000
Finished/trading goods	**479,951**	364,588

8. Other current assets

	Group		**Company**	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Work-in-progress	**807,659**	1,285,564	**259,762**	-
Advance payment for future business acquisition	**2,896,867**	12,246,400	**2,896,866**	12,246,400
Advances to suppliers and contractors	**193,535**	-	**-**	-
Advances to employees	**21,452**	-	**-**	-
Advance tax payment	**1,553,089**	-	**-**	-
Prepayments	**3,079,885**	21,891	**3,215**	7,551
Asset-held-for-transfer	**1,165,966**	-	**-**	-
Other asset	**787,782**	-	**-**	-
	10,506,235	13,553,855	**3,159,843**	12,253,951

Work-in-progress at 31 March 2015 relates to the Company's deferred stock exchange listing costs which will be expensed in the year of listing. The balance at 31 March 2014 relates to the renovation-in-progress of Parkson Retail Shopping Center.

Prepayment as at 31 March 2015 mainly consists of the Group's prepaid office rental expenses.

Asset-held-for transfer refers to the hangar held by the Group to be transferred to an entity related by a common controlling shareholder.

Other asset refers to a collateralized property acquired by the Group from a defaulted borrower.

9. Available-for-sale financial assets

All available-for-sale financial assets are unlisted equity securities of companies incorporated in Myanmar, except for YSH Finance Pte Ltd. which is incorporated in Singapore but has substantial operations in Myanmar. Investments in the above securities are measured at cost less impairment loss as their fair values cannot be reliably measured. Management has assessed that there is no objective evidence or indication that these financial instruments may not be recoverable as at the balance sheet date.

Details of available-for-sale financial assets are as follows:

		2015		**Movement**		2014	
Name of companies	**Principal activities**	**Equity holding at 31 March**	**Carrying value at 31 March** *Kyat'000*	**Addition** *Kyat'000*	**Disposal** *Kyat'000*	Equity holding at 31 March	Carrying value at 31 March *Kyat'000*
Myanmar Parkson Co.,Ltd.	Investment holding	**10%**	**258,941**	-	-	10%	258,941
Myanmar Thilawa SEZ Holdings Public Ltd.	Investment holding	**5%**	**1,950,001**	**640,000**	-	5%	1,310,001
Forest Products Joint Venture Corp., Ltd.	Timber sales	**n/m**	**100**	-	-	n/a	100
Seven Golden Gates Co.,Ltd.*	Automotive activities	-	-	-	**(30,513)**	20%	30,513
SPA Summit Motors Ltd.*	Automotive activities	-	-	**854,480**	**(854,480)**	-	-
SPA Elevator Ltd.*	Elevator products and services	-	-	**1,000**	**(4,000)**	20%	3,000
MC Elevator (Myanmar) Ltd.*	Elevator products and services	-	-	**4,800**	**(4,800)**	-	-
YSH Finance Pte Ltd.*	Investment holding	-	-	**929,232**	**(1,679,300)**	20%	750,068
BRC Myanmar Ltd.*	Other	-	-	-	**(278,140)**	20%	278,140
			2,209,042	**2,429,512**	**(2,851,233)**		2,630,763

***** During the financial year ended 31 March 2015, the Group disposed of the below available-for-sale securities:

Name of companies	**Date of disposal**	**Carrying value at the time of disposal**	**Disposal price**	**Gain (loss)**
		Kyat'000	***Kyat'000***	***Kyat'000***
YSH Finance Pte Ltd.(1)	28.08.2014	1,679,300	1,679,300	-
Seven Golden Gates Co.,Ltd.(2)	26.11.2014	30,513	13,682	(16,831)
SPA Elevator Ltd.(2)	26.11.2014	4,000	4,000	-
SPA Summit Motors Ltd.(3)	26.11.2014	854,480	854,480	-
MC Elevator (Myanmar) Ltd.(1)	09.10.2014	4,800	4,800	-
BRC Myanmar Ltd.(2)	31.03.2015	278,140	278,140	-
		2,851,233	2,834,402	(16,831)

(1) Securities sold to a wholly-owned subsidiary of Yoma Strategic Investments Ltd, an entity related by a common shareholder.
(2) Securities sold to Yangon Land Ltd, an entity related by a common shareholder.
(3) Securities sold to Yoma Nominees Limited.

10. Investment in associates

(a) Summary of investment in associates

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Beginning of the financial year	**29,454,128**	11,201,905	**21,791,138**	13,281,700
Additional investment during the year	**27,979,194**	8,513,138	**22,474,072**	8,513,138
Investment disposed of during the year *(Note (c))*	**(13,906,944)**	(3,700)	**(13,054,557)**	(3,700)
Investment written off during the year *(Note (c))*	**(37,263)**	-	**(43,500)**	-
Share of profit of associates*(Note (b))*	**15,452,800**	11,430,867	**-**	-
Share of other comprehensive income of associates	**203**	9,118	**-**	-
Dividend received from associates	**(1,322,500)**	(1,697,200)	**-**	-
End of financial year	**57,619,618**	29,454,128	**31,167,153**	21,791,138

During the financial year ended 31 March 2015, the Company acquired two new investments – a 20% ownership interest in Meeyahta International Hotel Ltd. (MIHL) and a 50% ownership interest in LSC-FMI Co., Ltd. The Company also made additional capital contributions of Ks 1,890 million to Pun Hlaing Links Services Co., Ltd., Ks 106.56 million to Chindwin Holdings Pte. Ltd. and Ks 418.11 million to Myanmar Motors Pte. Ltd.

MIHL holds the leasehold rights to approximately 10 acres of land, the "Landmark Site", located at 372 & 380 Bogyoke Aung San Road, Pabedan Township, Yangon, Myanmar. The Landmark Site will be redeveloped into a mixed-use development comprising hotels, a condominium building, a serviced apartment complex, office towers and a retail podium. In acquiring the 20% equity interest in MIHL, the Company contributed Ks 10.6 billion through the issuance of new Company shares in exchange for a 10% equity interest in MIHL. Further, the Company exchanged its 90% equity interest in FMI Syndication Ltd. at cost for an additional 10% equity interest in MIHL, arriving at a total contribution of Ks 15.4 billion.

In exchanging its 90% equity interest in FMI Syndication Ltd for a 10% interest in MIHL, the Group recognized an additional Ks 5.5 billion as a revaluation gain resulting from the fair value of FMI Syndication Ltd. The fair value of FMI Syndication Ltd. was determined using a net tangible assets calculation. The total contribution for the 20% stake in MIHL amounted to Ks 20.9 billion at the Group level. Post-acquisition, the Company capitalized a shareholder's loan of Ks 2.9 billion, arriving at total shareholder contribution of Ks 18.3 billion at the Company level and Ks 23.8 billion at the Group level. The remaining 80% equity interest in MIHL is owned by Yoma Strategic Holdings Ltd.

LSC-FMI Co., Ltd. is a joint venture with Lighting Specialist Co., Ltd. that will develop a luxury condominium project in Nay Pyi Taw called KrisPLAZA. The Company made an initial contribution of US$ 1.8 million (equivalent to Ks 1.768 billion) in exchange for a 50% equity interest in the company.

10. Investment in associates (continued)

(b) *Summarized profit/(loss) information of associates, Group's share of profit/(loss) of associates, and investment in associates at Company and Group level*

2015

Name of associates	Equity holding at 31.03.2015	Income	Expenses	Profit/ (Loss)	Group Share of profit/(loss)	Company Investment at cost	Group Investment at equity-adjusted carrying amount
		Kyat'000	Kyat'000	Kyat'000	Kyat'000	Kyat'000	Kyat'000
Yoma Bank Ltd.*	-	18,867,336	(14,081,418)	4,785,918	1,703,786	-	-
FMI Garden Development Ltd.	47.5%	5,432,427	(4,312,989)	1,119,438	531,732	118,750	1,562,101
Thanlyin Estate Development Ltd.	30.0%	66,509,010	(31,161,464)	35,347,546	10,604,264	864,566	20,100,507
Pun Hlaing Links Services Co., Ltd.	30.0%	-	(8,712)	(8,712)	(2,613)	4,313,339	4,205,767
Convenience Prosperity Co., Ltd.**	-	9,408,658	(9,954,107)	(545,449)	(218,179)	-	-
Myanmar Motors Pte Ltd.**	-	707,528	(1,172,629)	(465,101)	(139,530)	-	-
Pun Hlaing International Hospital Ltd.*	-	14,980,670	(5,588,046)	9,392,624	3,287,418	-	-
Shine Laundry Ltd.**	-	457,012	(431,377)	25,635	8,972	-	-
Chindwin Holdings Pte. Ltd.	30.0%	6,249,336	(7,131,665)	(882,328)	(264,699)	5,311,100	6,187,980
FMI Flotilla Ltd.**	-	1,980	(116,173)	(114,193)	(57,096)	-	-
Myanmar Agri-Tech Ltd.	30.0%	3,510	(764,932)	(761,422)	-	500,000	-
Myanmar Agri-Tech Carbon Capital Ltd.**	-	-	-	-	-	-	-
LSC-FMI Co.,Ltd ***	50.0%	-	(1,170)	(1,170)	(585)	1,767,600	1,767,015
Meeyahta International Hotel Ltd. ***	20.0%	655,063	(658,419)	(3,356)	(671)	18,291,798	23,796,248
		123,272,530	(75,383,101)	47,889,429	15,452,800	31,167,153	57,619,618

* The Group acquired a controlling stake in these associates during the year and began consolidating them as subsidiaries.
** The Group disposed of these associates during the year. See *note (c)* for further details.
*** New associates acquired during the financial year.

10. Investment in associates (continued)

(b) Summarized profit/(loss) information of associates, Group's share of profit/(loss) of associates, and investment in associates at Company and Group level (continued)

2014

Name of associates	Equity holding at 31.03.2014	Income	Expenses	Profit/(Loss)	Group Share of profit/(loss)	Company Investment at cost	Group Investment at equity-adjusted carrying amount
		Kyat'000	Kyat'000	Kyat'000	Kyat'000	Kyat'000	Kyat'000
Yoma Bank Ltd.	35.6%	13,521,836	(12,370,282)	1,151,555	409,953	5,769,497	6,978,643
FMI Garden Development Ltd.	47.5%	8,624,743	(7,883,245)	741,498	352,211	118,750	1,362,868
Thanyin Estate Development Ltd.	30.0%	46,946,257	(14,126,123)	32,820,134	9,846,040	864,566	10,486,243
Pun Hlaing Links Services Co., Ltd.	30.0%	-	-	-	-	2,423,339	2,318,381
Convenience Prosperity Co., Ltd.	40.0%	8,597,725	(8,280,317)	317,408	126,963	355,828	405,268
Myanmar Motors Pte Ltd.	30.0%	209,200	(662,336)	(453,136)	(135,941)	462,799	326,857
Pun Hlaing International Hospital Ltd.	35.0%	6,867,677	(7,542,264)	(674,587)	(236,106)	5,541,490	762,495
Shine Laundry Ltd.	35.0%	1,090,882	(1,047,767)	43,115	15,090	6,830	42,129
Chindwin Holdings Pte. Ltd.	30.0%	8,361,154	(4,555,893)	3,805,262	1,141,578	5,204,540	6,346,119
FMI Flotilla Ltd.	50.0%	4,802	(182,540)	(177,738)	(88,869)	500,000	387,861
Myanmar Agri-Tech Ltd.	30.0%	11,279	(969,773)	(958,495)	-	500,000	-
Myanmar Agri-Tech Carbon Capital Ltd.	30.0%	-	(183)	(183)	(55)	43,500	37,263
		94,235,556	(57,620,724)	36,614,833	11,430,867	21,791,138	29,454,128

10. Investment in associates (continued)

(c) *Disposal of associates during the year*

	Date of disposal	Original cost of investment	Accumulated investment gain/(loss)	Carrying value at the time of disposal	Consideration received at disposal	Deemed consideration received for accumulated share of reserve	Gain (loss) at disposal	Less: Deemed disposal [1]	Net cash received at disposal
		Kyat'000	Kyat'000	Kyat'000	Kyat'000	Kyat'000	Kyat'000	Kyat'000	Kyat'000
Yoma Bank Ltd. [1]	31.12.2014	5,769,497	2,913,136	8,682,633	59,068,976	2,067,633	52,453,976	(59,068,976)	-
Pun Hlaing International Hospital Ltd. [1]	30.09.2014	5,541,490	(1,491,577)	4,049,913	7,163,450	-	3,113,537	(7,163,450)	-
Shine Laundry Ltd.	30.09.2014	6,830	44,272	51,102	369,514	-	318,413	-	369,514
Myanmar Agri-Tech Carbon Capital Ltd.[2]	30.09.2014	43,500	(6,237)	37,263	-	-	(37,263)	-	-
Myanmar Motors Pte Ltd.	18.11.2014	880,913	(275,471)	605,442	880,913	-	275,471	-	880,913
FMI Flotilla Co., Ltd.	18.11.2014	500,000	(169,235)	330,765	500,000	-	169,235	-	500,000
Convenience Prosperity Co., Ltd.	31.01.2015	355,828	(168,739)	187,089	1,201,722	-	1,014,633	-	1,201,722
		13,098,057	846,149	13,944,207	69,184,576	2,067,633	57,308,002	(66,232,426)	2,952,149

[1] Deemed disposal of associate as the Group acquired a controlling interest during the financial year. Refer to Note 34 for further details.
[2] Written-off investment.

After making the strategic decision to focus on four core sectors (financial services, real estate, healthcare and aviation) in financial year 2015, the Group restructured its investment portfolio. The Group sold non-core investments and acquired additional equity interests in core sector investments.

On 30 September 2014, the Company acquired an additional 40% equity interest in Pun Hlaing International Hospital Ltd. (PHIH) resulting in a controlling interest of 75%. The Company previously held a 35% interest in PHIH. Effective 1 October 2014, the Group has consolidated PHIH as a subsidiary, which was previously accounted for as an associate for the six month period ended 30 September 2014.(Please refer to Note 34 and Note 36 for additional information.)

On 30 December 2014, the Company acquired an additional 15.4% equity interest in Yoma Bank Ltd. resulting in a controlling interest of 51%. The Company previously held a 35.6% interest in Yoma Bank. Effective 1 January 2015, the Group consolidated Yoma Bank Ltd. as a subsidiary, which was previously accounted for as an associate for the nine month period ended 31 December 2014.

The Group sold Shine Laundry Ltd on 26 August 2014 and FMI Flotilla Co., Ltd on 26 November 2014 to Yangon Land Ltd., an entity related by common shareholder. The Group also sold Myanmar Motors Pte Ltd on 19 November 2014 and Convenience Prosperity Co., Ltd on 17 February 2015 to Elite Matrix International Ltd (a wholly owned subsidiary of Yoma Strategic Holdings Ltd., an entity related by a common controlling shareholder), through Yoma Nominees Limited.

11. Investment in subsidiaries

	Company	
	2015	2014
	Kyats'000	Kyats'000
Equity investment at cost		
Beginning of financial year	**8,277,979**	8,277,979
Additions	**59,657,727**	-
Disposals	**(7,650,909)**	-
Write-off	**(117,070)**	-
End of financial year	**60,167,727**	8,277,979

See details of the subsidiaries in Note 4.

12. Investment properties

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Cost				
Balance at beginning of the year	**1,476,683**	1,361,900	**1,476,683**	1,361,900
Additions	**36,868**	114,783	**36,868**	114,783
Balance at end of the year	**1,513,551**	1,476,683	**1,513,551**	1,476,683
Accumulated depreciation				
Balance at beginning of the year	**33,854**	2,604	**33,854**	2,604
Depreciation	**31,250**	31,250	**31,250**	31,250
Balance at end of the year	**65,104**	33,854	**65,104**	33,854
Net book value at end of the year	**1,448,447**	1,442,829	**1,448,447**	1,442,829

Investment properties comprise an office and retail location which is leased to Convenience Prosperity Co., Ltd., an entity related by a common shareholder, and land and buildings held for investment.

The following amount from the office and retail location rental is recognized in profit or loss:

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Rental income	**54,000**	54,000	**54,000**	54,000
Direct operating expenses	**-**	-	**-**	-
	54,000	54,000	**54,000**	54,000

At 31 March 2015, the details of the Group's investment properties are as follows:

Location	**Description/existing use**	**Tenure**
Plot No.1159, Block No.7 & 8, FMI City, Hlaing Thayar Township, Yangon Region	Office and retail location	1 year, renewable every year
Field No. 404 / A & B, West Ywar Thit Village, Pyay Township, Pyay District , Bago Region	Land and building	n/a
Field No. 1585,Ywar Thar Village, Naung Oo Township, Naung Oo District, Mandalay Region	Land (9 acres)	n/a

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2015

13. Property, plant and equipment

Group	Land and building Kyat'000	Renovation, furniture and office equipment Kyat'000	Facilities and infrastructure system Kyat'000	Aircraft Kyat'000	Machinery and equipment Kyat'000	Motor vehicles Kyat'000	IT and computers Kyat'000	Assets-under-construction Kyat'000	Total Kyat'000
2015									
Cost									
As at 01.04.2014	1,808,435	370,993	-	6,300,846	536,903	381,222	193,288	1,416,865	**11,008,552**
Additions	1,762,181	4,489,376	2,100	1,156,691	2,119,489	111,210	122,456	18,958,826	**28,722,329**
Disposal	-	(27,588)	-	-	(24,133)	(38,900)	(7,576)	(1,665,381)	**(1,763,578)**
Disposal of subsidiaries	(1,568,535)	(313,986)	-	-	(460,746)	(92,282)	(73,430)	-	**(2,508,979)**
Acquisition of subsidiaries	72,116,844	7,206,527	938,849	-	3,380,411	2,297,834	142,868	-	**86,083,333**
Transfer	(1,165,966)	(15,000)	-	-	14	-	-	-	**(1,180,952)**
Written off	-	(2,453)	-	-	(4,743)	(4,270)	-	-	**(11,466)**
As at 31.03.2015	72,952,959	11,707,869	940,949	7,457,537	5,547,195	2,654,814	377,606	18,710,310	**120,349,239**
Accumulated depreciation									
As at 01.04.2014	296,804	237,149	-	-	108,581	83,282	59,703	-	**785,519**
Depreciation charge	186,575	417,273	29,360	768,839	61,801	67,684	41,781	-	**1,573,313**
Disposal	-	(19,247)	-	-	(7,933)	(17,490)	(5,509)	-	**(50,179)**
Disposal of subsidiaries	(312,343)	(242,317)	-	-	(128,676)	(32,650)	(42,146)	-	**(758,132)**
Acquisition of subsidiaries	3,302,790	5,076,228	538,892	-	1,522,137	894,872	142,868	-	**11,477,787**
Transfer	-	(6,995)	-	-	14	-	-	-	**(6,981)**
Written off	-	(1,888)	-	-	(4,743)	(4,270)	-	-	**(10,901)**
As at 31.03.2015	3,473,826	5,460,203	568,252	768,839	1,551,181	991,428	196,697	-	**13,010,426**
Net book value as at 31.03.2015	**69,479,133**	**6,247,666**	**372,697**	**6,688,698**	**3,996,014**	**1,663,386**	**180,909**	**18,710,310**	**107,338,813**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2015

13. Property, plant and equipment (continued)

Group	Land and building Kyat'000	Renovation, furniture and office equipment Kyat'000	Facilities and infrastructure system Kyat'000	Aircraft Kyat'000	Machinery and equipment Kyat'000	Motor vehicles Kyat'000	IT and computers Kyat'000	Assets-under-construction Kyat'000	Total Kyat'000
2014									
Cost									
As at 01.04.2013	1,568,535	358,144	-	-	361,438	591,101	123,446	57,406	**3,060,070**
Additions	239,900	81,332	-	6,300,846	179,712	2,000	91,446	1,359,459	**8,254,695**
Disposal	-	(39,693)	-	-	(2,053)	(211,879)	(12,222)	-	**(265,847)**
Written off	-	(28,790)	-	-	(2,194)	-	(9,382)	-	**(40,366)**
As at 31.03.2014	1,808,435	370,993	-	6,300,846	536,903	381,222	193,288	1,416,865	**11,008,552**
Accumulated depreciation									
As at 01.04.2013	274,824	240,272	-	-	62,570	36,322	44,644	-	**658,632**
Depreciation charge	21,980	37,162	-	-	48,100	86,259	28,926	-	**222,427**
Disposal	-	(22,499)	-	-	(563)	(39,299)	(5,296)	-	**(67,657)**
Written off	-	(17,786)	-	-	(1,526)	-	(8,571)	-	**(27,883)**
As at 31.03.2014	296,804	237,149	-	-	108,581	83,282	59,703	-	**785,519**
Net book value as at 31.03.2014	**1,511,631**	**133,844**	**-**	**6,300,846**	**428,322**	**297,940**	**133,585**	**1,416,865**	**10,223,033**

13. Property, plant and equipment (continued)

Company	Renovation, furniture and office equipment	Motor vehicles	IT and computers	Total
2015	**Kyat'000**	**Kyat'000**	**Kyat'000**	**Kyat'000**
Cost				
As at 01.04.2014	7,762	40,655	14,357	62,774
Additions	802	-	3,011	3,813
Disposal	(447)	-	(4,448)	(4,895)
As at 31.03.2015	8,117	40,655	12,920	61,692
Accumulated depreciation				
As at 01.04.2014	3,005	17,475	8,897	29,377
Depreciation charge	1,025	8,131	1,988	11,144
Disposal	(304)	-	(4,282)	(4,586)
As at 31.03.2015	3,726	25,606	6,603	**35,935**
Net book value as at 31.03.2015	**4,391**	**15,049**	**6,317**	**25,757**
2014				
Cost				
As at 01.04.2013	4,862	40,974	10,776	56,612
Additions	2,900	-	3,581	6,481
Disposal	-	(319)	-	(319)
As at 31.03.2014	7,762	40,655	14,357	62,774
Accumulated depreciation				
As at 01.04.2013	2,372	9,663	7,496	19,531
Depreciation charge	633	8,131	1,401	10,165
Disposal	-	(319)	-	(319)
As at 31.03.2014	3,005	17,475	8,897	**29,377**
Net book value as at 31.03.2014	**4,757**	**23,180**	**5,460**	**33,397**

14. Intangible assets

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Composition				
Goodwill arising from consolidation (Note (a))	**52,730,352**	5,005,522	-	-
Air operator certificate (Note (b))	**3,278,131**	966,307	-	-
Computer software licenses (Note (c))	**-**	665	-	665
	56,008,483	5,972,494	-	665

(a) Goodwill arising on consolidation

	Group	
	2015	2014
	Kyats'000	Kyats'000
Cost		
Beginning of the year	**5,005,522**	5,005,522
Addition of subsidiaries	**52,730,352**	-
Disposal of subsidiaries	**(5,005,522)**	-
End of the year	**52,730,352**	5,005,522
Accumulated impairment		
Beginning of the year	**-**	-
Impairment charge	**-**	-
End of the year	**-**	-
Net book value at end of the year	**52,730,352**	5,005,522
Goodwill allocation by business:		
Pun Hlaing International Hospital Ltd.*(Note (i))*	**1,239,863**	-
Yoma Bank Ltd.*(Note (i))*	**51,490,489**	-
F.M.I Syndication Ltd.*(Note (ii))*	**-**	4,248,269
SPA Motorcycle Ltd.*(Note (ii))*	**-**	220,123
May Enterprise Ltd. (SPA Motors)*(Note (ii))*	**-**	16,326
Yoma Yarzar Manufacturing Co.,Ltd.*(Note (ii))*	**-**	406,483
Agribusiness and Rural Development Consultants Co.,Ltd.*(Note (ii))*	**-**	114,321
	52,730,352	5,005,522

Note (i) Goodwill recognized from acquisition of new subsidiaries

The goodwill arising from the acquisition of Pun Hlaing International Hospital Ltd. was attributable to its strategic partnership with the Lippo Group, which has a proven track record in growing healthcare operations in Indonesia from one hospital in 1996 to 20 hospitals as of 31 March 2015, an experienced and highly qualified senior management team, and the potential to become a leading healthcare company in Myanmar.

The goodwill arising from the acquisition of Yoma Bank Ltd. was attributable to its leading role in a high-growth sector, strong and experienced management with international experience and many years of local experience, and partnership with International Finance Corporation with a goal to be a leading Small and Medium Enterprise (SME) bank in Myanmar.

Refer to Note 34 for further information regarding the new subsidiaries acquired during the year ended 31 March 2015. Management believes that an impairment of these high-growth potential businesses in the foreseeable future is highly unlikely; however an impairment test of goodwill will be performed annually beginning in financial year 2016.

14. Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

Note (ii) Goodwill derecognized in disposal of subsidiaries

The goodwill relating to these entities sold were included in gain or loss on the disposal of subsidiaries and recognized in profit or loss on disposal. Refer to Note 35 for information regarding disposal of subsidiaries during the financial year.

(b) Air operator certificate

	Group	
	2015	2014
	Kyats'000	Kyats'000
Cost		
Beginning of the financial year	**966,307**	-
Additions	**2,311,824**	966,307
End of the financial year	**3,278,131**	966,307
Accumulated amortization		
Beginning of the financial year	**-**	-
Amortization charge	**-**	-
End of the financial year	**-**	-
Net book value at end of the financial year	**3,278,131**	966,307

The air operator certificate represents the associated costs incurred by the Group in setting up airline operations in accordance with the standards of the Myanmar Department of Civil Aviation for the purpose of obtaining an air operator certificate. The capitalised costs include license fees and any costs that are directly attributable to obtaining the certificate such as staff costs, consultancy costs and training costs which are incurred prior to obtaining the certificate. Costs incurred after obtaining the certificate are expensed as incurred.

The process of acquiring the air operator certificate was finalized in February 2015, and the airline operation was expected to commence on 1 April 2015. Accordingly, the amortization of the air operator certificate was also expected to begin on 1 April 2015, calculated using the straight-line method to allocate the cost of the air operator certificate over the estimated useful life of six years.

(c) Computer software licenses

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Cost				
Beginning and end of the financial year	**10,188**	10,188	**6,060**	6,060
Accumulated amortization				
Beginning of the financial year	**9,523**	8,270	**5,395**	4,171
Amortization charge	**665**	1,253	**665**	1,224
End of the financial year	**10,188**	9,523	**6,060**	5,395
Net book value at end of the financial year	**-**	665	**-**	665

15. Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Trade payables				
- Non-related parties	**16,123,256**	667,914	**-**	-
- Entities related by common controlling shareholder	**-**	249,813	**-**	-
- Subsidiaries	**-**	-	**96,210**	-
	16,123,256	917,727	**96,210**	-
Non-trade payables				
- Non-related parties	**253,398**	170,457	**186,891**	147,041
- Entities related by common controlling shareholder	**5,461,139**	1,254,306	**16,593**	621,810
- Associates	**668,039**	54,000	**668,039**	54,000
- Subsidiaries	**-**	-	**-**	63,658
	6,382,576	1,478,763	**871,523**	886,509
Accrued operating expenses	**2,106,871**	139,040	**149,137**	74,594
Refundable deposits	**53,169**	423,336	**-**	-
Rental income received in advance	**182,600**	112,444	**-**	-
Interest income received in advance	**1,705,317**	-	**-**	-
Other payables	**-**	95,908	**-**	-
	26,553,789	3,167,218	**1,116,870**	961,103

Included in non-trade payables to entities related by common controlling shareholder is an unsecured, interest-free, and payable on demand account payable to the intercompany clearing and settlement system of Serge Pun & Associates (Myanmar) Co., Ltd amounting to Ks 5.376 billion (2014: Ks 585.8 million). This amount was for payments made on behalf of the Group's subsidiaries. The Group maintains and clears these balances on a regular basis. Also included in the balance as at 31 March 2014 was an unsecured, interest-free, and payable on demand account payable to Yoma Strategic Holdings Ltd of Ks 417.2 million for a contribution towards a future investment. The balance was fully settled during the financial year 2014-2015.

The Group's non-trade payable to associates included a capital contribution balance owed to LSC-FMI Co., Ltd amounting to Ks 614 million (2014: Nil).

Included in the Group's accrued operating expenses at 31 March 2015 are accrued bonus and salary payments amounting to Ks 1.032 billion and accrued marketing and advertising expenses amounting to Ks 696.4 million.

16. Redeemable preference shares

On 18 November 2010 the Company issued 227,000 redeemable preference shares at Ks 1,000 per share. A mandatory redemption will occur on 18 November 2015 or any time before that date at the Company's election. The shares pay fixed dividends bi-annually at the rate of 14% per annum.

17. Borrowing

	Group	
	2015	2014
	Kyats'000	Kyats'000
Bank borrowings		
- Current	**3,930,429**	-
- Non-current	**13,793,000**	-

Included in the Group's current bank borrowing is a short-term loan, at 18% interest per annum, from a non-related party for the principal amount of US$ 500,000 to finance the working capital needs of the airline subsidiary. The loan is secured by a corporate guarantee issued by the Company. The total carrying amount (principal and interest) of the loan at 31 March 2015 is the equivalent of Ks 538,349,353. The loan is expected to be repaid within one year.

Also included in the current bank borrowing is the short-term portion of a loan, at 12% interest per annum, from a non-related party to finance the acquisition of aircrafts for the airline subsidiary. The total principal amount of the loan is US$ 11.2 million, and the short-term portion of the principal plus interest accrued amounted to US$ 3.1 million (equivalent to Ks 3.392 billion) at 31 March 2015. The long-term portion of the loan included in non-current bank borrowing is US$ 8.2 million (equivalent to Ks 8.938 billion).

The Group's non-current bank borrowing also includes the bank subsidiary's medium-term convertible loan of Ks 4,855 million at an annual rate of 8% that matures on April 27, 2019 under an agreement with the International Finance Corporation (IFC). Under the specified terms and conditions outlined in the IFC agreement, the IFC may convert the loan to equity in accordance with applicable laws and regulations.

18. Share capital and share premium

	Share capital		Share premium
	No. of ordinary shares	Amount	Amount
		Kyats'000	Kyats'000
Group and Company			
2015			
Beginning of financial year	**18,418,478**	**18,418,478**	**49,792,302**
Shares issued			
– Scrip shares(Note a)	**2,221,850**	**2,221,850**	**23,329,425**
– Bonus shares (Note b)	**1,839,685**	**1,839,685**	**(1,839,685)**
End of financial year	**22,480,013**	**22,480,013**	**71,282,042**
2014			
Beginning of financial year	12,038,197	12,038,197	16,926,183
Shares issued			
– Scrip shares(Note a)	3,974,640	3,974,640	35,271,760
– Bonus shares (Note b)	2,405,641	2,405,641	(2,405,641)
End of financial year	18,418,478	18,418,478	49,792,302

All issued ordinary shares are fully paid. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(a) On 24 December 2014, in acquiring an additional 15.4% equity interest in Yoma Bank Ltd, the Company issued 2,221,850 ordinary shares to Yangon Land Co., Ltd, the majority shareholder of Yoma Bank Ltd prior to acquisition. The shares were issued at the market price of Ks 11,500 each for a total consideration of approximately Ks 25.551 billion. Please refer to Note 34 for further details of the acquisition.

18. Share capital and share premium (continued)

During the financial year ended 31 March 2014, the Company issued a total of 3,974,640 shares at the market price of Ks 10,000 each: 1) to fund investments in Myanmar Thilawa SEZ Holdings Public Ltd, Chindwin Holdings Ltd, Myanmar Motors Ltd, YSH Finance Ltd, and FMI Flotilla Ltd; 2) to contribute additional capital to Yoma Bank Ltd; and 3) to extend quasi-equity loans to Landmark project, Pun Hlaing Links Services Co., Ltd and FMI Air Ltd.

(b) On 23 November 2014 and 16 November 2013, the Company issued ordinary shares of 1,839,685 and 2,405,641, respectively, out of its share premium as dividend bonus shares to shareholders.

19. Dividends

	2015	2014
	Kyats'000	Kyats'000
Ordinary dividends paid		
Cash dividends paid with respect of the previous financial year of Ks 200 (2014: Ks 100) per share	**3,683,696**	1,203,820

At the Annual General Meeting on 25 July 2015, a cash dividend of Ks 120 per share amounting to total of Ks 2,697,601,560 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity in the financial year ending 31 March 2016.

20. Reserves

	Group	
	2015	2014
	Kyats'000	Kyats'000
a) Composition		
Capital reserve (Note b(i))	**5,454,104**	507,142
Asset revaluation reserve (Note b(ii))	**-**	1,235,790
	5,454,104	1,742,932
b) Movements		
i) Capital reserve		
Beginning of the financial year	**507,142**	98,647
Add: share of capital reserve of an associate	**-**	408,495
Add: share of capital reserve of a new subsidiary	**5,454,104**	-
Less: capital reserve of subsidiaries at disposal	**(98,647)**	-
Less: capital reserve of associates at deemed disposal	**(408,495)**	-
End of the financial year	**5,454,104**	507,142
ii) Asset revaluation reserve		
Beginning of the financial year	**1,235,790**	1,219,671
Add: revaluation gains	**-**	7,001
Add: share of valuation gain of associates	**-**	9,118
Less: reserve of subsidiaries at disposal	**(466,856)**	-
Less: reserve of associates at disposal	**(768,934)**	
End of the financial year	**-**	1,235,790
	5,454,104	1,742,932

Capital reserve relates to the bank subsidiary and is non-distributable.

21. Non-controlling interest

	2015	2014
	Kyats'000	Kyats'000
By business:		
Yoma Bank Ltd.	**35,555,191**	-
Pun Hlaing International Hospital Ltd.	**4,307,865**	-
FMI Air Ltd.	**9,560,438**	130,033
F.M.I Syndication Ltd.	**-**	140,185
Yoma Yarzar Manufacturing Co., Ltd.	**-**	184,213
Agribusiness & Rural Development Consultants Co., Ltd.	**-**	(69,379)
	49,423,494	385,052

22. Revenue

	Group		**Company**	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Dividend income	53	-	2,402,553	2,597,200
Rendering of services				
- Automotive services	1,559	617,454	-	576,370
- Scheduled air charter service	7,264,526	5,313,154	-	-
- Agricultural & rural development consulting	42,185	65,625	-	-
- Financial services	18,765,595	432,612	378,326	420,611
- Health Care	4,122,875	-	-	
Sales of goods - automobile products	15,316	1,535,807	-	-
Rental income from commercial properties	3,106,426	3,163,730	54,000	54,000
	33,318,535	11,128,382	**2,834,879**	3,648,181

	Company	
	2015	2014
	Kyats'000	Kyats'000
Included in the Company's dividend income are dividends from:		
F.M.I Syndication Ltd.	**1,080,000**	900,000
FMI Garden Development Ltd.	**332,500**	950,000
Thanlyin Estate Development Ltd.	**990,000**	240,000
Yoma Bank Ltd.	**-**	427,200
Convenience Prosperity Co., Ltd.	**-**	80,000
Forest Products Joint Venture Corp.	**53**	-
	2,402,553	2,597,200

Dividend incomes from subsidiaries and associates are eliminated through consolidation at the Group level.

23. Cost of sales

	Group	
	2015	2014
	Kyats'000	Kyats'000
Rental properties	**351,861**	326,789
Automobile products and services	**18,785**	1,565,208
Scheduled air charter service	**6,045,014**	4,763,502
Health Care	**3,246,757**	-
Financial Service	**10,711,821**	-
Agricultural & rural development consulting	**26,522**	50,950
	20,400,760	6,706,449

24. Profit from non-operating activities

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Gain on disposal of subsidiaries *(Note 35)*	**3,333,120**	-	**319,438**	-
Gain on disposal of associates*(Note 10 (c))*	**57,308,002**	-	**1,165,078**	-
Loss on disposal of available-for-sale investments *(Note 9)*	**(16,831)**	-	**(16,831)**	-
Gain/(loss) on disposal of property, plant and equipment	**(4,777)**	(17,368)	**(204)**	240
Gain/(loss) on foreign currency exchange difference	**(129,276)**	353,308	**511,646**	377,405
Loss on revaluation of assets	-	(15,690)	-	-
Reimbursement of costs from related-entities	**419**	-	**419**	-
	60,490,657	320,250	**1,979,546**	377,645

Please refer to Note 2.3(a)(iii) and Note 2.3(c)(iii) for the accounting policies on disposal of subsidiaries and associates at the Group level. Refer to Note 2.6 for the accounting policy on disposal of subsidiaries and associates in the separate financial statements of the Company.

25. Administrative expenses

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Employee compensation (*25.a*)	**4,903,322**	722,325	**373,437**	96,132
Managing agent fees	**547,802**	517,531	**531,135**	483,742
Amortisation and depreciation	**1,605,228**	254,930	**43,060**	42,639
Renovation and maintenance	**1,044,499**	636,716	**403**	2,766
Written off items (assets/parts)	**565**	98,404	**-**	-
Office rental	**468,681**	39,309	**56,622**	39,731
Professional fees	**1,550,260**	22,344	**32,548**	7,560
Marketing and promotion	**1,534,482**	206,953	**2,466**	64,749
AGM Expenses	**76,058**	73,229	**76,058**	73,228
Travelling and related costs	**724,769**	101,056	**39,943**	23,892
Operating startup cost	**350,496**	93,464	**-**	-
Other	**1,201,044**	114,158	**32,454**	16,879
	14,007,206	2,880,419	**1,188,126**	851,318
25.a. Employee compensation				
Wages, salaries and bonuses	**3,266,442**	557,881	**364,101**	33,850
Employer's contribution to defined contribution plans	**109,462**	1,377	**975**	96
Other short-term benefits	**1,527,418**	163,067	**8,361**	62,186
	4,903,322	722,325	**373,437**	96,132

26. Finance expense

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Interest expenses	**612,345**	31,780	**31,780**	31,780
Bank charges	**11,170**	8,427	**-**	-
	623,515	40,207	**31,780**	31,780

27. Income tax expense

	Group	
	2015	2014
	Kyats'000	Kyats'000
Income tax expense by business segment:		
Real estate services	**589,928**	332,761
Automotive services	**5,377**	67,152
Airline services	**-**	-
Financial services	**205,409**	889
Healthcare services	**94,733**	-
All other segments	**211,895**	303,593
	1,107,342	704,395

28. Earnings per share

	Group		Company	
	2015	2014	**2015**	2014
Net profit, including non-operating income, attributable to equity holders of the Company (Kyats'000)	**74,655,414**	12,499,479	**3,383,866**	2,839,888
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**19,587**	14,046	**19,587**	14,046
Basic earnings per share (Kyats per share)	**3,811**	890	**173**	202
Net profit from operating activities attributable to equity holders of the Company (Kyats '000)	**14,439,521**	12,179,228	**1,679,084**	2,462,244
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**19,587**	14,046	**19,587**	14,046
Basic earnings per share (Kyats per share)	**737**	867	**86**	175

29. Commitments

Operating lease commitments - Where the Group is lessor

The Group leases commercial and investment properties under operating leases to both non-related parties and related parties under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognized as assets, are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Operating Lease Commitments - where the Group is lessor				
Not later than one year	**54,000**	331,266	**54,000**	54,000
Between one and five years	**123,856**	177,856	**123,856**	177,856
More than 5 years	**-**	-	**-**	-
	177,856	509,122	**177,856**	231,856

30. Contingent liabilities

The Company has provided a corporate guarantee for its airline subsidiaries' short-term loan. Additionally, the Company has pledged its shares in the airline subsidiary to another lender to secure a long-term loan. No liabilities are recognized on the balance sheet of the Company as it is considered unlikely that there will be a significant outflow of the Company's resources as a result of the arrangements entered into by the Company and the respective counter-parties.

The Group has provisioned tax expenses based on best effort estimates which may differ from actual tax assessments levied by the Myanmar tax authority. As a result, the Group may incur additional tax liabilities upon final assessment from tax authorities. Although commercial tax is imposed to customers, there may be liabilities on commercial tax from real estate sector.

31. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including interest rate risk and currency risk), credit risk, liquidity risk, and capital risk. The Group's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Group's financial performance. The Company has adopted the policies for managing each of these risks and they are summarized below:

(a) Market risk

(i) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has interest-bearing assets and liabilities, the Group's income and expense are dependent of changes in market interest rates.

The Group's interest-bearing assets pertain to short-term fixed deposits placed with reputable financial institutions in Myanmar, held-to-maturity Myanmar government securities, and loans and advances to customers, which all carry fixed interest rates. Management has assessed that any change in the interest rate would not have significant impact to the Group's interest income due to the short-term maturity of fixed deposits and loans and advances to customers and the three to five year term of Myanmar government securities.

The Group's interest-bearing liabilities pertain to deposits from customers and non-current borrowings at fixed interest rates. Management has assessed that any change in the interest rate would not have a significant impact on the Group's interest expenses as the Group aims to obtain the most favorable interest rates available in the market.

(ii) Currency risk

The Group operates mainly in Myanmar. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises in the Group when transactions are denominated in foreign currencies such as Singapore Dollar ("SGD"), and United States Dollar ("USD"), Euro Dollar ("EUR"), Japanese Yen ("JPY"), and Malaysian Ringgit ("MYR").

The Group manages currency risk, when it is considered significant, by entering into appropriate currency forward contracts. At balance sheet date, the Group had not entered into any currency forward contracts.

31. Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

Group	**EUR**	**JPY**	**MYR**	**SGD**	**USD**	**KYAT**	**Total**
2015	**Kyats'000**	**Kyats'000**	**Kyats'000**	**Kyats'000**	**Kyats'000**	**Kyats'000**	**Kyats'000**
Financial assets							
Cash and cash equivalents	130,033	5,875	5,089	168,146	12,974,468	115,730,709	129,014,320
Trade and other receivables	-	-	-	-	-	2,834,879	2,834,879
Loans and advances to customers, by the bank subsidiary	-	-	-	-	-	415,076,012	415,076,012
Available-for-sale financial assets	-	-	-	-	-	2,209,043	2,209,043
Government treasury securities, by the bank subsidiary	-	-	-	-	-	178,978,920	178,978,920
	130,033	5,875	5,089	168,146	12,974,468	714,829,563	728,113,174
Financial liabilities							
Trade and other payables	129,917	5,875	5,089	165,935	8,278,553	20,966,879	29,552,248
Deposits and balances from customers, by the bank subsidiary	116	-	-	1,772	6,525,939	682,527,147	689,054,974
Borrowings	-	-	-	-	12,330,080	5,620,349	17,950,429
	130,033	5,875	5,089	167,707	27,134,572	709,114,375	736,557,651
Net financial assets (liabilities)	-	-	-	439	(14,160,104)	5,715,188	(8,444,477)
Add: Net non-financial assets (liabilities)	-	-	-	-	345	233,401,202	233,401,547
Currency profile including non-financial assets and (liabilities)	-	-	-	439	(14,159,759)	239,116,390	224,957,070
Currency exposure of financial assets (liabilities), net of those denominated in the respective entities functional currencies	**-**	**-**	**-**	**439**	**(14,159,759)**	**-**	**(14,159,320)**

31. Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

Group **2014**	**USD Kyats'000**	**KYAT Kyats'000**	**Total Kyats'000**
Financial assets			
Cash and cash equivalents	257,572	919,751	1,177,323
Trade and other receivables	5,946,835	15,795,387	21,742,222
Available-for-sale financial assets	-	2,630,763	2,630,763
	6,204,407	19,345,901	25,550,308
Financial liabilities			
Trade and other payables	887,299	3,409,805	4,297,104
Borrowings	-	227,000	227,000
	887,299	3,636,805	4,524,104
Net financial assets (liabilities)	5,317,108	15,709,096	21,026,204
Add: Net non-financial assets (liabilities)	-	60,996,582	60,996,582
Currency profile including non-financial assets and (liabilities)	5,317,108	76,705,678	82,022,786
Currency exposure of financial assets (liabilities), net of those denominated in the respective entities functional currencies	**5,317,108**	**-**	**5,317,108**

If the USD and SGD change against the Kyat by 13% and 3% (2014:9% and n/a), respectively, with all other variables including tax rates being held constant, the effect arising from the net financial asset (liability) position will be as follows:

	<------------------------Increase/(Decrease)		----------------------->	
	2015		2014	
	Net profit Kyat'000	**Other comprehensive income Kyat'000**	Net profit Kyat'000	Other comprehensive income Kyat'000
Group				
SGD against Kyat				
- strengthened	10	-	n/a	-
- weakened	(10)	-	n/a	-
USD against Kyat				
- strengthened	(1,375,624)	-	355,574	-
- weakened	1,375,624	-	(355,574)	-

31. Financial risk management (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

At 31 March 2015, no material currency exposure existed at the Company level as there were no material financial assets or liabilities carried in foreign currency.

Company	**USD**	**KYAT**	**Total**
2014	**Kyats'000**	**Kyats'000**	**Kyats'000**
Financial assets			
Cash and cash equivalents		643,735	643,735
Trade and other receivables	5,771,676	11,100,985	16,872,661
Intercompany receivables	-	9,468,666	9,468,666
Available-for-sale financial assets	-	2,630,763	2,630,763
Other receivables	-	2	2
	5,771,676	23,844,151	29,615,827
Financial liabilities			
Trade and other payables	-	1,378,140	1,378,140
Borrowings	-	227,000	227,000
Intercompany payables	-	63,658	63,658
	-	1,668,798	1,668,798
Net financial assets (liabilities)	5,771,676	22,175,353	27,947,029
Add: Net non-financial assets (liabilities)	-	43,799,955	43,799,955
Currency profile including non-financial assets (liabilities)	5,771,676	65,975,308	71,746,984
Currency exposure of financial assets (liabilities), net of those denominated in the respective entities functional currencies	**5,771,676**	**-**	**5,771,676**

If the USD changes against the Kyat by 9% with all other variables including tax rate being held constant, the effect arising from the net financial asset (liability) position will be follows:

	2014	
	----------Increase/(Decrease) ------------	
	Net profit	**Other comprehensive income**
	Kyat'000	**Kyat'000**
USD against Kyat		
- strengthened	385,973	-
- weakened	(385,973)	-

31. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's major classes of financial assets are loans and advances from customers held by the bank entity, Myanmar government securities held by the bank subsidiary, bank deposits and trade receivables.

For trade receivables, the Group adopts the policy of dealing only with customers with appropriate credit histories, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with credit-worthy counterparts. The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit risk for trade receivables based on the information provided to management is as follows:

	Group	
	2015	2014
	Kyats'000	Kyats'000
By type of customers		
Entities related by common controlling shareholder	**198,519**	118,107
Non-related parties		
- Other companies	**-**	319,707
- Individuals	**2,291,170**	50,918
	2,489,689	488,732

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(i) Financial assets that are past due but not impaired

Age analysis of trade receivables past due but not impaired as follows:

	Group	
	2015	2014
	Kyats'000	Kyats'000
Past due 0 to 3 months	-	-
Past due 3 to 6 months	-	-
Past due over 6 months	-	113,939
	-	113,939

31. Financial risk management (continued)

(b) Credit risk (continued)

For loans and advances from customers held by the bank subsidiary, the Board of Directors of the bank approves major policies and limits that govern credit risk. The Board of Directors delegates authority to the Credit Risk Management Committee for overseeing the credit risk of the bank. The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk acceptable in relation to one borrower, groups of borrowers and industry segments. Such risks are monitored on a regular basis and are subject to annual or more frequent review. The maximum exposure to credit risk of loans and advances from customers held by the bank on the balance sheet is limited to the carrying amount on the balance sheet, without taking into account the fair value of any collateral.

The credit risk for loans and advances by the bank entity based on the information provided to management is as follows:

	Group	
	2015	2014
	Kyats'000	Kyats'000
By type of customers		
Non-related parties		
- Other companies	**31,690,011**	-
- Individuals	**383,386,001**	-
	415,076,012	-

Age analysis of loans and receivables past due but not impaired is as follows:

	Group	
	2015	2014
	Kyats'000	Kyats'000
Past due 0 to 3 months	**774,884**	-
Past due 3 to 6 months	**766,989**	-
Past due over 6 months	**-**	-
	1,541,873	-

31. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risks by monitoring its liquidity position through periodic preparation of cash flow and cash balance forecasts and periodic evaluation of the ability of the Group to meet its financial obligations, measured by a gearing ratio.

The table below analyses the non-derivative financial liabilities of the Group and the Company in their relevant maturity groupings based on the length of remaining period from the balance sheet date to the contracted maturity date. The amounts disclosed in the table are the contracted undiscounted cash flows.

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Less than 1 year				
Trade and other payables	**29,374,391**	4,065,247	**1,062,870**	1,209,942
Deposits and balances from customers, by the bank entity	**689,054,975**	-	**-**	-
Borrowings	**3,930,429**	-	**-**	-
14% Redeemable preference shares	**227,000**	-	**227,000**	-
	722,586,795	4,065,247	**1,289,870**	1,209,942
Between 1 and 2 years				
Borrowings	**8,938,000**	-	**-**	-
14% Redeemable preference shares	**-**	227,000	**-**	227,000
	8,938,000	227,000	**-**	227,000
Between 2 and 5 years				
Borrowings	**4,855,000**	-	**-**	-

31. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors the Group's capital, excluding the bank entity, based on a gearing ratio. The Group's and the Company's strategies, which remain unchanged during the years ended 31 March 2015 and 31 March 2014, are to maintain a gearing ratio not exceeding 40%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings (excluding loans from non-controlling interests) plus trade and other payables less cash and cash equivalents. Total capital is calculated as net assets attributable to equity holders of the Company ("total equity") plus net debt.

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
Net debt	**23,915,100**	3,002,480	**1,449,482**	1,025,062
Total equity	**170,079,471**	82,022,786	**96,998,430**	71,746,985
Total capital	**193,994,572**	85,025,266	**98,447,912**	72,772,047
Gearing ratio	**12%***	4%	**1%**	1%

* Gearing ratio without the bank entity.

The Company's bank subsidiary is subject to the capital adequacy requirements set out by the Central Bank of Myanmar. The bank's capital adequacy ratio as of 31 March, 2015 and 2014 were 14.12% and 39.46%, respectively, and hence more than 10% as prescribed by the Central Bank of Myanmar per its Instruction No. (5).

32. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties on terms agreed between the parties:

	Group		Company	
	2015	2014	**2015**	2014
	Kyats'000	Kyats'000	**Kyats'000**	Kyats'000
With associates				
- Rental income	**302,766**	1,628,813	**54,000**	54,000
- Interest income	**343,327**	385,717	**343,327**	385,717
- Sale of automobile products and services	**-**	-	**-**	105,000
- Sale of property, plant and equipment	**-**	600	**-**	-
- Other (expense)/income	**(2,016)**	12,645	**-**	-
With entities related by common shareholders				
- Rental income	**607,650**	385,961	**-**	-
- Interest income	**157,980**	34,050	**9,925**	34,050
- Sale of automobile products and services(1)	**-**	1,933,180		1,933,180
- Sale of property, plant and equipment(2)	**11,395,800**	-	**-**	-
- Sale of investment(3)	**9,110,449**	-	**9,110,449**	-
- Sale of air ticket	**216,990**	-		-
- Management services fee (4)	**(547,802)**	(494,054)	**(531,135)**	(481,034)
- Other income / (Expenses)	**(468,676)**	35,671	**-**	-

(1) Sale of automobile products and services relates to the sale of vehicles sold by the Company to Yangon Land during the financial year 2014. The Company recognized a total gain of Ks 576,370,000 from this sale.

(2) Sale of property, plant, and equipment relates to the sale of land sold by Pun Hlaing International Hospital Ltd. to Yangon Land Co., Ltd., an entity related by a common shareholder. Total gain recognized from this sale was Ks 10,847 million.

(3) Please refer to Note 9, Note 10(c), and Note 34 for related party transactions involving sale of investment.

(4) Management services fee was paid to Serge Pun & Associates (Myanmar) Co., Ltd, the managing agent of the Company. Effective as of 1 April 2015, the managing agent agreement was terminated by both parties.

Outstanding balances at 31 March 2015 and 2014, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the balance sheet date and are disclosed in Note 6 and Note 14 respectively.

33. Segment information

Management determines operating segments based on the reports reviewed by the Chairman and CEO that are used to make strategic decisions. The heads of each business directly report to the Chairman and CEO on their respective entity's business.

After making the strategic decision to focus on four core sectors (financial services, real estate, healthcare and aviation), in financial year 2015, and as per the Board resolutions of 12 August 2014 and 17 November 2014, and the presentation made at the Annual General Meeting on 23rd November, 2014, management restructured the Group's investment portfolio by selling non-core sector investments and acquiring additional equity interest in core sector investments.

During the financial year 2015, the Company acquired controlling interests in Yoma Bank Ltd. and Pun Hlaing International Hospital Ltd. Refer to Note 34 for further information regarding the acquisition of subsidiaries.

Refer to Note 10 for associates and Note 35 for subsidiaries the Company divested during the financial year 2015.

33. Segment information (continued)

The segment information provided to the Chairman and CEO for the reportable segments are as follows:

Group	Real Estate Services	Automotive Services	Airline Services	Financial Services	Healthcare Services	All other segments	Total
2015	**Kyat'000**	**Kyat'000**	**Kyat'000**	**Kyat'000**	**Kyat'000**	**Kyat'000**	**Kyat'000**
Revenue							
Total revenue	3,342,667	27,125	7,264,526	18,387,270	4,122,875	474,563	33,619,026
Elimination of inter-segment revenue	(300,491)	-	-	-	-	-	(300,491)
External revenue	**3,042,176**	**27,125**	**7,264,526**	**18,387,270**	**4,122,875**	**474,563**	**33,318,535**
Cost of goods and services	(351,862)	(18,785)	(6,045,014)	(10,711,821)	(3,246,756)	(26,522)	(20,400,760)
Gross profit	**2,690,314**	**8,340**	**1,219,512**	**7,675,449**	**876,119**	**448,041**	**12,917,775**
Other income and gain/(loss)	15,652	208	(779,927)	95,649	22,541	61,136,534	60,490,657
Administrative expenses	(646,279)	(64,419)	(3,038,697)	(6,901,046)	(2,207,398)	(1,149,367)	(14,007,206)
Finance expenses	(464)	(13)	(518,644)	(21)	(72,593)	(31,780)	(623,515)
Share of profit/(loss) of associates, net of tax	11,132,127	(357,710)	-	1,703,786	3,287,418	(312,821)	15,452,800
Profit/(loss) before income tax	**13,191,350**	**(413,594)**	**(3,117,756)**	**2,573,817**	**1,906,087**	**60,090,607**	**74,230,511**
Income tax expense	(589,928)	(5,377)	-	(205,409)	(94,733)	(211,895)	(1,107,342)
Net profit/(loss)	**12,601,422**	**(418,971)**	**(3,117,756)**	**2,368,408**	**1,811,354**	**59,878,712**	**73,123,169**
Net profit includes:							
- Gain (loss) on disposal of associates	-	-	-	-	-	57,308,002	57,308,002
- Gain (loss) on disposal of subsidiaries	-	-	-	-	-	3,333,120	3,333,120
- Depreciation and amortization	(44,127)	(30,109)	(858,584)	(153,813)	(475,113)	(43,482)	(1,605,228)
Segment assets	**-**	**-**	**32,839,562**	**743,676,276**	**17,880,818**	**167,118,064**	**961,514,720**
Segment assets includes:							
Additions to:							
- Properties, plant and equipment	-	-	23,049,830	2,751,438	2,917,248	3,813	28,722,329
- Investment properties	-	-	-	-	-	36,868	36,868
- Intangible assets	-	-	2,311,825	-	-	-	2,311,825
Segment liabilities	**-**	**-**	**13,751,820**	**711,606,254**	**9,828,060**	**1,371,516**	**736,557,650**

33. Segment information (continued)

Group	Real Estate Services	Automotive Services	Airline Services	Financial Services	Healthcare Services	All other segments	Total
2014	**Kyat'000**	**Kyat'000**	**Kyat'000**	**Kyat'000**	**Kyat'000**	**Kyat'000**	**Kyat'000**
Revenue							
Total Revenue	3,152,851	1,641,953	5,313,154	9,909	-	1,116,606	11,234,473
Elimination of inter-segment revenue	(106,091)	-	-	-	-		(106,091)
External revenue	**3,046,760**	**1,641,953**	**5,313,154**	**9,909**	**-**	**1,116,606**	**11,128,382**
Cost of goods and services	(326,789)	(1,565,208)	(4,763,502)			(50,950)	(6,706,449)
Gross profit	**2,719,971**	**76,745**	**549,652**	**9,909**	**-**	**1,065,656**	**4,421,933**
Other income and gain/(loss)	(21,090)	22,015	(60,835)	2,200	-	377,960	320,250
Administrative expenses	(689,670)	(644,433)	(679,656)	(8,686)	-	(857,974)	(2,880,419)
Finance expenses	(146)	(950)	(7,331)	-	-	(31,780)	(40,207)
Share of profit/(loss) of associates -net of tax	10,198,252	(8,977)	-	409,953	(236,106)	1,067,745	11,430,867
Profit/(loss) before income tax	**12,207,317**	**(555,601)**	**(198,170)**	**413,376**	**(236,106)**	**1,621,607**	**13,252,424**
Income tax expense	(332,761)	(67,152)	-	(889)	-	(303,593)	(704,395)
Net profit/(loss)	**11,874,556**	**(622,753)**	**(198,170)**	**412,487**	**(236,106)**	**1,318,014**	**12,548,029**
Net profit/(loss) includes:							
- Depreciation and amortization	(44,761)	(117,165)	(49,491)	(30)	-	(43,483)	(254,930)
Segment assets	**4,069,998**	**4,660,231**	**9,454,829**	**72,774**	**-**	**68,289,057**	**86,546,889**
Segment assets includes:							
Additions to:							
- Properties, plant and equipment	134,650	32,820	8,080,743	-	-	6,481	8,254,694
- Investment properties	-	-	-	-	-	114,783	114,783
- Intangible assets	-	-	966,306	-	-	-	966,306
Segment liabilities	**1,288,146**	**393,886**	**1,106,096**	**60,240**	**-**	**1,675,735**	**4,524,103**

33. Segment information (continued)

(a) Reconciliation

(i) Segment profits before income tax

	Group 2015 Kyats'000	Group 2014 Kyats'000
Segment gross profit	**12,917,775**	4,421,933
Other income and gain	**60,490,657**	320,250
Administrative expenses	**(14,007,206)**	(2,880,419)
Finance expenses	**(623,515)**	(40,207)
Share of profit of associates	**15,452,800**	11,430,867
	74,230,511	13,252,424

(ii) Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements.

	Group 2015 Kyats'000	Group 2014 Kyats'000
Segment assets for reportable segments	**794,396,656**	18,257,832
Other segment assets	**167,118,064**	68,289,057
	961,514,720	86,546,889

(iii) Segment liabilities

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements.

	Group 2015 Kyats'000	Group 2014 Kyats'000
Segment liabilities for reportable segments	735,186,134	2,848,368
Other segment liabilities	1,371,516	1,675,735
	736,557,650	4,524,103

(b) Revenue from major products and services

	Group 2015 Kyats'000	Group 2014 Kyats'000
Real estate services	**3,042,176**	3,046,760
Automotive services	**27,125**	1,641,953
Airline services	**7,264,526**	5,313,154
Financial services	**18,387,270**	9,909
Healthcare services	**4,122,875**	-
Others	**474,563**	1,116,606
	33,318,535	11,128,382

34. Business combination

After making the strategic decision to focus on four core sectors (financial services, real estate, healthcare and aviation), in financial year 2015, and as per the Board resolutions of 12 August 2014 and 17 November 2014, and the presentation made at the Annual General Meeting on 23rd November, 2014, management restructured the Group's investment portfolio by selling non-core sector investments and acquiring additional equity interest in core sector investments.

On 30 September 2014, the Company acquired an additional 40% equity interest in Pun Hlaing International Hospital Ltd ("PHIH") from Yangon Land Co., Ltd, the major shareholder of PHIH prior to the acquisition, for a cash consideration of Ks 8,186,800,000, arriving at a total controlling interest of 75%. The Group recognized a fair value gain amounting to Ks 1,621,960,000 on the previously-held 35% equity interest. The economic interest in the remaining 25% of PHIH is owned by PT. Waluya Graha Loka, a member of the Lippo Group, which has a proven track record in growing healthcare operations in Indonesia from one hospital in 1996 to 20 hospitals as of 31 March 2015. The valuation of PHIH was determined using a net tangible assets calculation agreed on by PT. Waluya Graha Loka and the Company. Prior to this acquisition, PHIH was accounted for as an associate on the Group's consolidated financial statements. Effective as of 1 October 2014, PHIH is accounted for as a subsidiary on the Group's consolidated financial statements. As a result of the acquisition, the Group is expected to expand its existing healthcare business to better serve patients across Myanmar.(Refer to Note 36 for additional information.)

On 30 December 2014, the Company acquired an additional 15.4% equity interest in Yoma Bank Ltd from Yangon Land Co., Ltd, the major shareholder of Yoma Bank Ltd prior to acquisition, for a total consideration of Ks 25,551,275,000, arriving at a total controlling interest of 51%. The Company issued 2,221,850 ordinary shares to Yangon Land Co., Ltd at the market price of Ks 11,500 per share to acquire the additional 15.4% equity interest. The Group recognized a fair value gain amounting to Ks 53,299,480,000 on the previously-held 35.6% equity interest. The purchase price was determined based on the valuation of Yoma Bank done by KPMG Singapore. In addition to KPMG's enterprise value calculation, the Company also appointed well known international real estate expert Jones Lang LaSalle to value Yoma Bank's real estate holdings. Based on these valuations as well as extensive discussions by the Company's Board of Directors, the purchase price was agreed upon. Prior to this acquisition, Yoma Bank was accounted for as an associate on the Group's consolidated financial statements. Effective as of 1 January 2015, Yoma Bank Ltd is accounted for as a subsidiary on the Group's consolidated financial statements. As a result of the acquisition, the Group is expected to expand its financial services business to better serve the consumers in Myanmar.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognized and the effects on the cash flows of the Group, at the respective acquisition dates, are as follows:-

	Pun Hlaing International Hospital Ltd.	**Yoma Bank Ltd.**	**Total**
	Kyat'000	**Kyat'000**	**Kyat'000**
a) Purchase consideration			
Cash paid	8,186,800	25,551,275	33,738,075
Previously held interest	5,541,490	5,769,497	11,310,987
Gain on revaluation of previously held interest	1,621,960	53,299,480	54,921,440
Consideration transferred for the business	15,350,250	84,620,252	99,970,502

34. Business combination (continued)

	Pun Hlaing International Hospital Ltd.	Yoma Bank Ltd.	Total
	Kyat'000	Kyat'000	Kyat'000
b) Effect on cash flows of the Group			
Cash paid	8,186,800	25,551,275	33,738,075
Less: cash and cash equivalents in subsidiary acquired	(133,893)	(109,525,301)	(109,659,194)
Cash (inflow) outflow on acquisition	8,052,907	(83,974,026)	(75,921,119)

c) Identifiable assets acquired and liabilities assumed

	Pun Hlaing International Hospital Ltd.	Yoma Bank Ltd.	Total
Cash and cash equivalents	133,893	109,525,301	109,659,194
Trade and other receivables	71,834	-	71,834
Loans and advances to customers	-	284,079,135	284,079,135
Other current assets	77,142	8,554,631	8,631,773
Inventories	413,369	-	413,369
Property, plant and equipment	22,545,479	52,060,065	74,605,544
Investment securities	-	160,057,500	160,057,500
Total assets	23,241,717	614,276,632	637,518,349
Trade and other payables	1,556,176	-	1,556,176
Deposits from customers	-	525,823,204	525,823,204
Other liabilities	-	17,061,865	17,061,865
Borrowings (current)	1,052,000	-	1,052,000
Borrowings (long-term)	720,000	4,855,000	5,575,000
Provision for taxation	1,099,692	1,576,244	2,675,936
Total liabilities	4,427,868	549,316,313	553,744,181
Total identifiable net assets	**18,813,849**	**64,960,319**	**83,774,168**
Less: non-controlling interests	(4,703,462)	(31,830,556)	(36,534,018)
Add: Goodwill on consolidation	1,239,863	51,490,489	52,730,352
Consideration transferred for the business	**15,350,250**	**84,620,252**	**99,970,502**

34. Business combination (continued)

(d) Acquisition-related costs

No significant acquisition-related costs arose from the acquisition of PHIH and Yoma Bank as the acquisitions were handled by the Group's legal department and risk management department. The related staff costs are included as "administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Acquired receivables

The fair values of trade and other receivables of Ks 71,834,000 and Ks 284,079,135,000 for PHIH and Yoma Bank respectively, represent gross contractual amounts receivables. None of the trade and other receivables is expected to be uncollectable at the acquisition date.

(f) Non-controlling interests

The Group has chosen to recognize the 25% and 49% non-controlling interests arising from acquisitions of PHIH and Yoma Bank based on their proportionate interests in the recognized amounts of assets and liabilities of PHIH and Yoma Bank, respectively.

(g) Goodwill

Goodwill is a result of the excess of the consideration transferred over the fair value of the net identifiable assets acquired and has been recognised on the balance sheet under "Intangible assets" (Note 14).

Goodwill of Ks 1,239,863,000 arising from the acquisition of PHIH is attributable to its strategic partnership with the Lippo Group, which has a proven track record in growing healthcare operations in Indonesia from one hospital in 1996 to 20 hospitals as of 31 March 2015, experienced and highly qualified senior management team, and a strong potential to be a leading healthcare company in Myanmar.

Goodwill of Ks 51,490,488,000 arising from the acquisition of Yoma Bank Ltd. was attributable to its leading role in a high-growth industry, strong and experienced management with international experience and many years of local experience, and partnership with International Finance Corporation with a goal to be a leading Small and Medium Enterprise (SME) bank in Myanmar.

(h) *Revenue and (loss)/profit contribution*

Revenue and net (loss)/profit contributed by PHIH and Yoma Bank to the Group from the acquisition date to 31 March 2015 are as follows:

	PHIH	**Yoma Bank**
	Kyat'000	**Kyat'000**
Revenue	**4,122,875**	**18,359,332**
Net profit/(loss)	**(1,582,389)**	**601,295**

35. Disposal of subsidiaries

After making the strategic decision to focus on core sector investments, during the financial year 2015 management restructured the Group’s investment portfolio by selling non-core sector investments and acquiring additional equity interests in core sectors investments.

On 26 August 2014, the Group sold Yoma Yarzar Manufacturing Co., Ltd to Yangon Land Co., Ltd and SPA Motorcycle Ltd to Serge Pun and Associates (Myanmar) Ltd for cash considerations of Ks 1,198,697,000 and Ks 1,382,716,000, respectively. The Group also wrote off Agribusiness and Rural Development Consultants Co., Ltd.

On 26 November 2014, the Group sold May Enterprise (SPA Motor) Ltd to Yangon Land Co., Ltd for a cash consideration of Ks 742,485,000.

On 31 January 2015, the Group exchanged its 90% equity interest in FMI Syndication Ltd for 10% equity interest in Meeyahta International Hotel Ltd. The consideration received for this exchange was Ks 10,268,640,000.

35. Disposal of subsidiaries (continued)

The effects of the disposal on the cash flows of the Group were:

	Yoma Yarzar Manufacturing Co., Ltd.	SPA Motorcycle Ltd.	Agribusiness & Rural Development Consultants Co., Ltd.	May Enterprise (SPA Motor) Ltd.	FMI Syndication Ltd.	Total
	Kyat'000	Kyat'000	Kyat'000	Kyat'000	Kyat'000	Kyat'000
Carrying amount of assets and liabilities disposed off						
Cash and cash equivalents	5,453	24,792	20,519	251,158	378,179	680,101
Trade and other receivables	1,225,204	1,722,503	-	311,328	3,603,136	6,862,171
Property, plant and equipment	587,533	23,443	4,750	503,152	631,968	1,750,846
Inventory	155,212	-	-	12,438	9,330	176,980
Goodwill	406,483	220,123	114,320	16,327	4,248,269	5,005,522
Other current assets	-	-	-	57,406	-	57,406
Total assets	2,379,885	1,990,861	139,589	1,151,809	8,870,882	14,533,026
Trade and other payables	177,172	106,515	70,595	390,851	2,530,976	3,276,109
Total liabilities	177,172	106,515	70,595	390,851	2,530,976	3,276,109
Net asset derecognised	2,202,713	1,884,346	68,994	760,957	6,339,907	11,256,917
Less: Non-controlling interest	(184,212)	-	69,379	-	(317,164)	(431,997)
Less: Reserve	-	(29,683)	(98,646)	(437,173)	-	(565,502)
Net assets disposed off	2,018,501	1,854,663	39,727	323,784	6,022,743	10,259,418
Gain/(loss) on disposal (Note 24)	(819,804)	(471,947)	(39,727)	418,701	4,245,897	3,333,120
Cash proceeds/consideration received from disposal	**1,198,697**	**1,382,716**	**-**	**742,485**	**10,268,640**	**13,592,538**
Less: non-cash consideration	-	-	-	-	(10,268,640)	(10,268,640)
Less: Cash and cash equivalents in subsidiaries disposed of	(5,453)	(24,791)	(20,519)	(251,159)	(378,179)	(680,101)
Net cash inflow on disposal	**1,193,244**	**1,357,925**	**(20,519)**	**491,326**	**(378,179)**	**2,643,797**

36. Events occurring after balance sheet date

The formation of an MIC approved joint venture between the Company and PT. Waluya Graha Loka, a member of the Lippo Group, was completed on 7 April 2015. On this date, the Company and PT. Waluya Graha Loka formed Yoma Siloam Hospital Pun Hlaing Co., Ltd (YSHPH) to operate hospitals and clinics in Myanmar. The Company's shareholding in YSHPH is 60% with PT. Waluya Graha Loka holding the other 40%. The Company acquired its 60% interest in YSHPH for US$ 7,912,500 and PT. Waluya Graha Loka acquired the other 40% interest in YSHPH for US$ 5,275,000. Pun Hlaing International Hospital Ltd (PHIH) entered into a management contract with PT. Waluya Graha Loka and a lease agreement with YSHPH effective as of 7 April 2015. To align the Company’s interest in both YSHPH and PHIH, on 7 April 2015 the Company transferred 15% of the issued shares in PHIH to Pun Hlaing Capital Co., Ltd, the non-controlling shareholder of PHIH, for nominal value. As a result, the Company’s equity interest in PHIH was thus diluted from 75% to 60%. The transfer of these shares did not result in any gain or loss.

On 23 April 2015, the Company transferred 10 shares of Forest Products Joint Venture Corp. at cost for a total amount of Ks 100,000 to Yangon Land Co., Ltd.

PART XVIII. INDEX TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Unaudited Pro Forma Consolidated Financial Information - Table of Contents

INDEPENDENT AUDITOR'S REPORT

We have reviewed the pro forma adjustments reflecting the Significant events described in "General pro forma adjustments" in the notes to pro forma consolidated financial information and the application of those adjustments to the historical amounts in the accompanying pro forma balance sheet of First Myanmar Investment Co., Ltd as of 31 March 2015 and 2014 the pro forma statements of comprehensive income for the years then ended. The historical amounts are derived from the historical audited consolidated financial statements of First Myanmar Investment Co., Ltd and its subsidiaries (the Group) which were audited by us. Such pro forma adjustments are based on management's assumptions as described in "General pro forma adjustments" in the notes to pro forma consolidated financial information. Management is responsible for the pro forma financial information.

Our review was conducted in accordance with International Standards on Review Engagement. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assumptions, the pro forma adjustments and the application of those adjustments to historical financial information. Accordingly, we do not express such an opinion.

The objective of this pro forma financial information is to show what the significant effects on the historical financial information might have been had the Significant events occurred at an earlier date. However, the pro forma financial statements are not necessarily indicative of the results of operations or related effects on financial position that would have been attained had the above-mentioned significant events actually occurred earlier.

Based on our review, nothing came to our attention that caused us to believe that management's assumptions do not provide a reasonable basis for presenting the significant effects directly attributable to the above-mentioned significant events, and that the related pro forma adjustments do not give appropriate effect to those assumptions, or that the pro forma column does not reflect the proper application of those adjustments to the historical financial statement amounts in the pro forma consolidated balance sheet as of 31 March 2015 and 2014, and the pro forma consolidated statements of comprehensive income for the years then ended.

Myat Noe Aung
Certified Public Accountant
V Advisory Limited
Bldg 14, #306, MICT Park,
University of Yangon – Hlaing Campus,
Yangon, Myanmar.

Date: 9 July 2015

FIRST MYANMAR INVESTMENT CO., LTD.
AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS
As at 31 March 2015

	Actual basis (Historical)	Pro forma adjustments		Pro forma basis
	2015 Kyats'000			2015 Kyats'000
ASSETS				
Current assets				
Cash and placements with central bank, by the bank subsidiary	62,676,240	-		62,676,240
Cash and cash equivalents	66,338,080	(303,044)		66,035,036
Trade and other receivables	2,834,879	8,865,512	(a)	11,700,391
Loans and advances to customers, by the bank subsidiary	415,076,012	-		415,076,012
Inventories	479,951	-		479,951
Other current assets	10,506,235	(1,206,015)	(b)	9,300,220
	557,911,397	-		565,267,850
Non-current assets				
Available-for-sale financial assets	2,209,043	2,307,733	(c)	4,516,776
Government treasury securities, by the bank subsidiary	178,978,920	-		178,978,920
Investment in associates	57,619,618	-		57,619,618
Investment properties	1,448,447	-		1,448,447
Property, plant and equipment	107,338,813	(27,695,637)	(d)	79,643,176
Goodwill	52,730,352	1,949,497	(e)	54,679,849
Other intangible asset	3,278,131	(3,278,131)	(f)	-
	403,603,323			376,886,786
Total assets	**961,514,720**			**942,154,636**
LIABILITIES				
Current liabilities				
Trade and other payables	26,553,789	(864,494)	(g)	25,689,294
Provision for income tax	2,874,603	(4,063)		2,870,540
Deposits and balances from customers, by the bank subsidiary	689,054,974	33,434		689,088,408
Redeemable preference shares	227,000	-		227,000
Borrowings	3,930,429	(3,930,429)	(h)	-
	722,640,795	-		717,875,242
Non-current liabilities				
Borrowings	13,793,000	(8,938,000)	(h)	4,855,000
Other payable	123,855	-		123,856
	13,916,855			4,978,856
Total liabilities	**736,557,650**			**722,854,098**
EQUITY				
Share capital	22,480,013	-		22,480,013
Share premium	71,282,042	-		71,282,041
Reserves	5,454,104	-		5,454,104
Retained profit	76,317,417	(1,025,912)	(i)	75,291,505
	175,533,576	-		174,507,663
Non-controlling interest	49,423,494	(4,630,619)	(j)	44,792,874
	224,957,070	-		**219,300,538**
Total liabilities and equity	**961,514,720**	-		**942,154,636**

FIRST MYANMAR INVESTMENT CO., LTD.
AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2015

	Actual basis (Historical) 2015 Kyats'000	Pro forma adjustments		Pro forma basis 2015 Kyats'000
Revenue	33,318,535	33,629,431	(k)	66,947,967
Cost of sales	(20,400,760)	(17,266,707)	(l)	(37,667,467)
Gross profit	12,917,775	-		29,280,500
Expenses				
- Administrative	(14,007,206)	(10,736,691)	(m)	(24,743,897)
- Finance	(623,515)	422,245		(201,270)
	(14,630,721)	-		(24,945,167)
Share of profit of associates – net of tax	15,452,800	(5,327,729)	(n)	10,125,071
Profit from operating activities	13,739,854	-		14,460,404
Profit from non-operating activities	60,490,657	(58,325,573)	(o)	2,165,085
Total profit before income tax expense	74,230,511	-		16,625,488
Income tax expense	(1,107,342)	(976,494)	(p)	(2,083,836)
Net profit	**73,123,169**	**-**		**14,541,652**
Other comprehensive income/(loss) – net of tax:				
Items that may be reclassified subsequently to profit or loss:	-	-		-
- Share of other comprehensive income of associates	-	-		-
- Reclassification of reserve upon disposal of associates	(1,177,430)	1,177,430	(q)	-
- Reclassification of reserve upon disposal of subsidiaries	(565,502)	565,502		-
Total comprehensive income	**71,380,237**	**-**		**14,541,652**
Profit attributable to:				
Equity holders of the Company	74,655,414	(64,269,328)		10,386,086
Non-controlling interests	(1,532,245)	5,687,811	(r)	4,155,566
	73,123,169	**-**		**14,541,652**
Total comprehensive income attributable to:				
Equity holders of the Company	72,912,482	(62,526,396)		10,386,086
Non-controlling interests	(1,532,245)	5,687,811	(r)	4,155,566
	71,380,237	**-**		**14,541,652**
Earnings per share attributable to equity holders of the Company (kyats per share)				
- Basic	**3,811**	**-**		**489**

Basis of preparation and compilation of the unaudited pro forma financial information

The unaudited pro forma consolidated financial information has been prepared for illustrative purposes only and is not necessarily indicative of the consolidated financial position or the results of operations in future periods or the results that actually would have been realised during the specified periods. The pro forma adjustments are based upon assumptions that the Company's management believes are reasonable. The pro forma adjustments are based on the information available at the time of the preparation of the unaudited pro forma consolidated financial statements.

The pro forma financial information are based on certain assumptions after making certain adjustments to show that:

(1) the financial results of the Group for the year ended 31 March 2015 would have been if the Significant events, described in "General pro forma adjustments", had occurred at 1 April 2014.

(2) the financial position of the Group as at 31 March 2015 would have been if the Significant events had occurred at 31 March 2015.

The pro forma financial information of the Group, because of their nature, may not give a true picture of the Group's actual financial results and financial position.

The pro forma financial information has been compiled from the reviewed financial statements and are based on the accounting policies adopted by the Group, which are consistent with those of the audited consolidated financial statements of the Group for the financial year ended 31 March 2014.

General pro forma adjustments

The general pro forma adjustments included in the unaudited pro forma consolidated financial statements are driven by the following Significant events:

(1) To make an assumption that the Company's shareholding in Pun Hlaing International Hospital Ltd. ("PHIH") as a subsidiary was 60% for the entire financial year ended 31 March 2015 instead of the actual 35.0% interest it held from 1 April 2014 until 30 September 2014 and the 75% interest it held from 1 October 2014 until 31 March 2015.

(2) To divest Yoma Thitsar Commercial Co., Ltd ("Yoma Thitsar") as a subsidiary and to deconsolidate FMI Air Ltd ("FMI Air") as a subsidiary and retain a 10% shareholding as an available-for-sale financial asset.

(3) To consolidate full year results for PHIH and Yoma Bank Limited ("Yoma Bank") in the consolidated statement of comprehensive income for the financial year ended 31 March 2015.

Specific pro forma Adjustments

The specific pro forma adjustments included in the unaudited pro forma consolidated financial information are as follows:

Pro forma balance sheet adjustments

((a) The pro forma adjustment to trade and other receivables comprise the below adjustments:-

	Kyats ('000)
Sale proceeds from disposal of FMI Air	9,230,933
Trade and other receivables of Yoma Thitsar and FMI Air (divested on a pro forma basis)	(461,631)
Other pro forma adjustments	96,210
	8,865,512

(b) To deduct other current assets of FMI Air, which was divested on a pro forma basis.

(c) To record the additional capital injection to FMI Air on a pro forma basis of a 10% retained equity interest.

(d) To deduct property, plant and equipment of FMI Air, which was divested on a pro forma basis.

(e) To record the additional goodwill from PHIH on the changes of shareholding from 75% to 60%.

(f) To deduct intangible asset (air operator certificate) of FMI Air, which was divested on a pro forma basis.

(g) The pro forma adjustment to trade and other payables comprise the below adjustments:-

	Kyats ('000)
Trade and other payables of Yoma Thitsar and FMI Air (divested on pro forma basis)	(960,704)
Other pro forma adjustments	96,210
	(864,494)

(h) To deduct current and non-current borrowings of FMI Air, which has been divested on a pro forma basis.

(i) To record the pro forma effects arising from different basis used in preparation of the unaudited pro forma consolidated balance sheet and statement of comprehensive income. The major effects on pro forma adjustments are as below:-

	Kyats ('000)
Pro forma adjustment for accumulated retained earnings of subsidiaries divested	1,954,409
Pro forma effect of recognising only 60% shareholding in PHIH.	2,488,872
Pro forma effect of recognizing full year result of PHIH and Yoma Bank as subsidiaries	(5,469,193)
	(1,025,912)

(j) To adjust the non-controlling interests for PHIH and Yoma Bank based on full year results are as below:

	Kyats ('000)
Non-controlling interests of PHIH	(2,584,719)
Non-controlling interests of Yoma Bank	(2,345,099)
Reversal of non-controlling interest of FMI Air	9,560,437
	4,630,619

<u>Pro forma income statement adjustments</u>

(k) To record the full year revenues from Yoma Bank and PHIH, reversal of revenues of subsidiaries divested and elimination of related parties transactions between Yoma Bank and other subsidiaries as below:

	Kyats ('000)
Interest income from Yoma Bank	40,003,858
Revenue from PHIH	4,029,523
Revenue of subsidiaries divested	(10,403,950)
	33,629,431

(l) To record the full year cost of sales from Yoma Bank and PHIH and reversal of cost of sales of subsidiaries divested as below:

	Kyats ('000)
Interest expense from Yoma Bank	(21,221,892)
Cost of sales from PHIH	(2,486,997)
Cost of sales of subsidiaries divested	6,442,182
	(17,266,707)

(m) To record the full year administrative expenses from Yoma Bank and PHIH and reversal of administrative expenses of subsidiaries divested as below:

	Kyats ('000)
Administrative expenses from Yoma Bank and PHIH	(14,300,276)
Reversal of administrative expenses of subsidiaries divested	3,563,585
	(10,736,691)

(n) To reverse the share of associates' result which have been divested.

(o) To reverse restructuring gains recognized in FY 2014-2015 on actual basis, which were already recognized in FY 2013-2014 on a pro forma basis, and to reverse other loss of FMI Air, which has been divested on a pro forma basis as below:

	Kyats ('000)
Reversal of gain on revaluation of previously held interest in Yoma Bank and PHIH	(54,921,440)
Reversal of gain on disposal of subsidiaries and associates	(4,235,167)
Reversal of other loss of FMI Air, which has been divested on a pro forma basis	779,927
Other pro forma adjustments	51,107
	(58,325,573)

(p) To record the full year tax expenses from Yoma Bank and PHIH (which included capital gain tax on land sales) and reversal of tax expenses of subsidiaries divested as below:

	Kyats ('000)
Income tax expenses from Yoma Bank	(1,576,244)
Income tax expenses from PHIH	(1,774)
Reversal of income tax expenses of subsidiaries divested	601,524
	(976,494)

(q) To reverse the share of other comprehensive income from Yoma Bank which was divested as an associate

(r) To record the non-controlling interest's share of full year results of PHIH and Yoma Bank and other pro forma adjustments as below:

	Kyats ('000)
Non-controlling interest's share of profit in PHIH	2,345,099
Non-controlling interest's share of profit in Yoma Bank	3,519,691
Other pro forma adjustments	(176,979)
	5,687,811

FIRST MYANMAR INVESTMENT CO., LTD.
AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS
As at 31 March 2014

	Actual basis (Historical) 2014 Kyats'000	Pro forma adjustments		Pro forma basis 2014 Kyats'000
ASSETS				
Current assets				
Cash and placements with central bank, by the bank subsidiary	-	77,354,276	(a)	77,354,276
Cash and cash equivalents	1,177,323	53,971,349	(b)	55,148,672
Trade and other receivables	21,727,876	(740,016)		20,987,860
Loans and advances to customers, by the bank subsidiary	-	85,435,226	(c)	85,435,226
Inventories	364,588	38,558		403,146
Other current assets	13,553,855	(8,639,251)	(d)	4,914,604
	36,823,642	-		244,243,784
Non-current assets				
Available-for-sale financial assets	2,630,763	(905,321)	(e)	1,725,442
Government treasury securities, by the bank subsidiary	-	160,000,000	(f)	160,000,000
Investment in associates	29,454,128	14,757,889	(g)	44,212,017
Investment properties	1,442,829	-		1,442,829
Property, plant and equipment	10,223,033	64,278,025	(h)	74,501,058
Goodwill	5,005,523	52,121,389	(i)	57,126,912
Other intangible asset	966,971	(966,306)		665
	49,723,247	-		339,908,923
Total assets	**86,546,889**	-		**583,252,707**
LIABILITIES				
Current liabilities				
Trade and other payables	3,167,218	1,496,223	(j)	4,663,441
Provision for income tax	952,029	(246,447)		705,582
Deposits and balances from customers, by the bank subsidiary	-	370,550,814	(k)	370,550,814
	4,119,247	-		375,919,837
Non-current liabilities				
Redeemable preference shares	227,000	-		227,000
Other payable	177,856	-		177,856
	404,856			404,856
Total liabilities	**4,524,103**			**376,324,693**
EQUITY				
Share capital	18,418,478	2,221,850	(l)	20,640,328
Share premium	49,792,302	23,329,425	(l)	73,121,727
Reserves	1,742,932	(1,742,932)		-
Retained profit	11,684,022	63,444,442	(m)	75,128,464
	81,637,734	-		168,890,519
Non-controlling interest	385,052	37,652,443	(n)	38,037,495
	82,022,786	-		**206,928,014**
Total liabilities and equity	**86,546,889**	-		**583,252,707**

FIRST MYANMAR INVESTMENT CO., LTD.
AND ITS SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2014

	Actual basis (Historical) 2014 Kyats'000	Pro forma adjustments		Pro forma basis 2014 Kyats'000
Revenue	11,128,382	24,721,119	(o)	35,849,501
Cost of sales	(6,706,449)	(11,060,376)	(p)	(17,766,825)
Gross profit	4,421,933	-		18,082,676
Expenses				
- Administrative	(2,880,419)	(12,976,948)	(q)	(15,857,367)
- Finance	(40,207)	(150,873)		(191,080)
	(2,920,626)	-		(16,048,447)
Share of profit of associates – net of tax	11,430,867	(293,939)		11,136,928
Profit from operating activities	12,932,174	-		13,171,157
Profit from non-operating activities	320,250	93,390		413,640
Total profit before income tax expense	13,252,424	-		13,584,797
Income tax expense	(704,395)	(27,822)		(732,217)
Net profit	**12,548,029**	**-**		**12,852,580**
Other comprehensive income/(loss) – net of tax:				
Items that may be reclassified subsequently to profit or loss:				
- Share of other comprehensive income of associates	9,118	(9,118)		-
- Reclassification of reserve upon disposal of associates	7,001	(572,503)		(565,502)
- Reclassification of reserve upon disposal of subsidiaries	-	(1,177,430)	(r)	(1,177,430)
Total comprehensive income	**12,564,148**			**11,109,648**
Profit attributable to:				
Equity holders of the Company	12,499,478	(4,328,645)		8,170,833
Non-controlling interests	48,551	4,633,196	(s)	4,681,747
	12,548,029	**-**		**12,852,580**
Total comprehensive income attributable to:				
Equity holders of the Company	12,515,597	(6,087,696)		6,427,901
Non-controlling interests	48,551	4,633,196	(s)	4,681,747
	12,564,148	**-**		**11,109,648**
Earnings per share attributable to equity holders of the Company (kyats per share)				
- Basic	**890**	**-**		**502**

Basis of preparation and compilation of the unaudited pro forma financial information

The unaudited pro forma consolidated financial information has been prepared for illustrative purpose only and is not necessarily indicative of the consolidated financial position or the result of operations in future periods or the result that actually would have been realised during the specified periods. The pro forma adjustments are based upon assumptions that the Company's management believes are reasonable. The pro forma adjustments are based on the information available at the time of the preparation of the unaudited pro forma consolidated financial statements.

The pro forma financial information are based on certain assumptions after making certain adjustments to show that:

(1) the financial result of the Group for the year ended 31 March 2014 would have been if the Significant events, described in "General pro forma adjustments", had occurred at 1 April 2013.

(2) the financial position of the Group as at 31 March 2014 would have been if the Significant events had occurred at 31 March 2014.

The pro forma financial information of the Group, because of their nature, may not give a true picture of the Group's actual financial results and financial position.

The pro forma financial information has been compiled from the reviewed financial statements and are based on the accounting policies adopted by the Group, which are consistent with those of the audited consolidated financial statements of the Group for the financial year ended 31 March 2014.

<u>General pro forma adjustments</u>

The general pro forma adjustments included in the unaudited pro forma consolidated financial statements are driven by the following Significant events:

(1) To consolidate Yoma Bank Ltd. ("Yoma Bank") as a subsidiary of the Company with 51% shareholding instead of the actual 35.6% interest as an associate the Company held for the entire financial year ended 31 March 2014. To consolidate Pun Hlaing International Hospital Ltd. ("PHIH") as a subsidiary of the Company with 60% shareholding instead of the actual 35.0% interest as an associate the Company held for the entire financial year ended 31 March 2014.

(2) To divest the following subsidiaries:-

-Yoma Thitsar Commercial Co., Ltd.

-FMI Syndication Ltd. (to exchange for additional 10% shareholding in Landmark Development via Meeyahta International Hotel Ltd ("MIHL"))

-SPA Motorcycle Ltd.

-May Enterprise Ltd (SPA Motor)

-Yoma Yarzar Manufacturing Co., Ltd.

-Agribusiness and Rural Development Consultant Co., Ltd.

-FMI Air Co., Ltd. (to deconsolidate as a subsidiary and to retain 10% shareholding as an available-for-sale financial asset)

(3) To divest the following associates:-

-Yoma Bank Ltd (to consolidate as a subsidiary)

-Pun Hlaing Hospital Ltd. (to consolidate as a subsidiary)

-Convenience Prosperity Co., Ltd.

-Myanmar Motors Pte Ltd.

-Shine Laundry Ltd.

-FMI Flotilla Ltd

-Myanmar Agri-Tech Carbon Capital Ltd.

(4) To recognize deferred project cost paid for Landmark Development as a consideration for 10% shareholding in Meeyahta International Hotel Ltd., ("MIHL")

Specific pro forma Adjustments

The specific pro forma adjustments included in the unaudited pro forma consolidated financial information are as follows:

Pro forma balance sheet adjustments

(a) To record Yoma Bank's cash and placements with Myanmar Central Bank

(b) To record additional cash and cash equivalents from Yoma Bank and PHIH, to deduct cash and cash equivalents of subsidiaries disposed of, to record cash consideration paid for acquisition of additional interest in PHIH and cash proceeds from disposal of available-for-sale financial assets and the elimination of related parties balances between Yoma Bank and other subsidiaries as follows:

	Kyats ('000)
Cash and cash equivalents from Yoma Bank	62,078,079
Cash and cash equivalents from PHIH	194,957
Cash and cash equivalents of subsidiaries divested	(533,588)
Cash consideration paid for acquisition of additional interest in PHIH	(8,186,800)
Cash proceeds from disposal of available-for-sale financial assets	1,061,820
Elimination of related party transactions between Yoma Bank and other subsidiaries	(643,119)
	53,971,349

(c) To record the loans and advances to Yoma Bank's customers

(d) To record other current assets from Yoma Bank, reversal of other current assets of subsidiaries divested and the transfer of deferred project costs in exchange for 20% interest in MIHL as below:

	Kyats ('000)
Other current assets from Yoma Bank	3,260,653
Other current assets of subsidiaries divested	(1,299,904)
Transfer of deferred project costs in exchange for 10% interest in MIHL	(10,600,000)
	(8,639,251)

(e) To record the addition and disposal of available-for-sale financial assets as below:

	Kyats ('000)
Available-for-sale securities from Yoma Bank	56,500
FMI Air Co., Ltd (available-for-sale financial asset on a pro forma basis)	100,000
Disposal of available-for-sale financial assets:	
-Seven Golden Gates Co., Ltd.	(30,512)
-SPA Elevator Ltd	(3,000)
-Forest Product Joint Venture Corp	(100)
-YSH Finance Pte Ltd	(750,068)
-BRC Myanmar Ltd.	(278,141)
	(905,321)

(f) To record the government treasury securities invested by Yoma Bank

(g) To record addition and divestment of investments in associates as below:

	Kyats ('000)
Fair value of 20% interest in MIHL (i.e. in exchange of deferred project cost in Landmark Development and 90% equity interest in FMI Syndication)	20,868,640

Capitalization of shareholder loan to MIHL post acquisition	3,100,000
Share of result for MIHL	(202,902)
Divestment of associates:-	
-Myanmar Motors Pte Ltd.	(394,190)
-Convenience Prosperity Co., Ltd.	(405,268)
-Shine Laundry Ltd.	(42,129)
-FMI Flotilla Ltd	(387,861)
-Myanmar Agri-Tech Carbon Capital Ltd.	(37,263)
-Pun Hlaing Hospital Ltd. (to consolidate as subsidiary)	(762,495)
-Yoma Bank Ltd (to consolidate as subsidiary)	(6,978,643)
	14,757,889

(h) To record additional property, plant and equipment from Yoma Bank and PHIH measured at fair values and the reversal of net book value of property, plant and equipment of subsidiaries divested as below:

	Kyats ('000)
Property, plant and equipment from Yoma Bank	36,990,085
Property, plant and equipment from PHIH	37,477,576
Property, plant and equipment of subsidiaries divested	(10,189,636)
	64,278,025

(i) To record additional goodwill from acquisition of Yoma Bank and PHIH and reversal of goodwill related to subsidiaries divested as below:

	Kyats ('000)
Goodwill arising from acquisition of Yoma Bank	53,937,551
Goodwill arising from acquisition of PHIH	3,189,360
Goodwill related to subsidiaries divested	(5,005,522)
	52,121,389

(j) To record additional trade and other payables from Yoma Bank and PHIH, reversal of trade and other payables of subsidiaries divested as below:

	Kyats ('000)
Trade and other payables from Yoma Bank	8,725,968
Trade and other payables from PHIH	3,065,036
Trade and other payables of subsidiaries divested	(10,294,781)
	1,496,223

(k) To record the deposits and balances from Yoma Bank's customers

(l) To record the Company's issuance of new shares in acquisition of additional equity interest in Yoma Bank

(m) To record the pro forma effects arising from different basis used in preparation of the pro forma consolidated balance sheet and statement of comprehensive income. The major effects on pro forma adjustments are as below:-

	Kyats ('000)
Gain on revaluation of previously held equity interest in Yoma Bank	53,299,480
Gain on revaluation of previously held equity interest in PHIH	1,621,960
Gain (loss) on divestment of subsidiaries:-	
-Yoma Thitsar Commercial Co., Ltd.	(12,534)
-FMI Syndication Ltd. (to exchange for additional 10% shareholding in Landmark Development via MIHL)	5,505,121
-SPA Motorcycle Ltd.	(489,852)
-May Enterprise Ltd (SPA Motor)	421,238
-Yoma Yarzar Manufacturing Co., Ltd.	(877,971)
-Agribusiness and Rural Development Consultant Co., Ltd.	42,105

-FMI Air Co., Ltd	369,967
Gain (loss) on divestment of associates:-	
-Myanmar Motors Pte Ltd.	486,723
-Convenience Prosperity Co., Ltd.	472,812
-Shine Laundry Ltd.	327,385
-FMI Flotilla Ltd	112,139
-Myanmar Agri-Tech Carbon Capital Ltd.	(37,263)
Pro forma adjustment for the Group's share of accumulated retained earnings of PHIH upon derecognition as associate and consolidation as subsidiary	4,778,995
Pro forma tax effect of gain on sale of land in PHIH prior to consolidate as subsidiary	(1,084,692)
Pro forma adjustment for the Group's share of accumulated retained earnings of Yoma Bank upon derecognition as associate and consolidation as subsidiary	(1,636,347)
Share of result in MIHL	(202,902)
Pro forma adjustment for accumulated retained earnings of subsidiaries divested	348,078
	63,444,442

(n) To record non-controlling interests' share of fair value of net assets of Yoma Bank and PHIH and reversal of non-controlling interests of subsidiaries divested as below:

	Kyats ('000)
Non-controlling interests of Yoma Bank	29,906,656
Non-controlling interests of PHIH	8,107,260
Non-controlling interests of subsidiaries divested	(361,473)
	37,652,443

Pro forma income statement adjustments

(o) To record additional revenue from Yoma Bank and PHIH, reversal of revenues of subsidiaries divested and elimination of related parties transactions between Yoma Bank and other subsidiaries as below:

	Kyats ('000)
Interest income from Yoma Bank	26,950,844
Revenue from PHIH	6,867,677
Revenue of subsidiaries divested	(7,480,202)
Elimination of related parties transactions	(1,617,200)
	24,721,119

(p) To record additional cost of sales from Yoma Bank and PHIH and reversal of cost of sales of subsidiaries divested as below:

	Kyats ('000)
Interest expense from Yoma Bank	(13,429,007)
Cost of sales from PHIH	(4,337,818)
Cost of sales of subsidiaries divested	6,706,449
	(11,060,376)

(q) To record the additional administrative expenses from Yoma Bank and PHIH and reversal of administrative expenses of subsidiaries divested as below:

	Kyats ('000)
Administrative expenses from Yoma Bank	(11,982,539)
Administrative expenses from PHIH	(3,023,510)
Administrative expenses of subsidiaries divested	2,029,101
	(12,976,948)

(r) To reverse the share of other comprehensive income from Yoma Bank which was divested as an associates.

(s) To record the non-controlling interest’s share of full year results of Yoma Bank and PHIH as below:.

	Kyats ('000)
Non-controlling interest’s share of profit in Yoma Bank	564,262
Non-controlling interest’s share of profit in PHIH	4,068,934
	4,633,196