# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Accounts of the Group for the year ended 31 December 2013.

**OPERATING ENVIRONMENT**

In 2013, global economic activity improved in the major economies, with growth across Asia continuing as moderating domestic demand was offset by better export performance. Consistent with this, the Malaysian economy continued its growth momentum albeit at a lower rate of 4.7% (2012: 5.6%), supported largely by private sector demand and improvement in exports.

For the year 2013, the life insurance and family takaful businesses recorded slower growth in net premium income of 5.8% (2012: 9.3%) and net contributions of 4.7% (2012: 23.5%) respectively. The market was affected by the weaker growth for investment-linked products, as a consequence of volatile equity market conditions during 2013. With investment-linked products accounted for a significant 40% share of new business income, the total new business premiums/contributions for life insurance and family takaful recorded a marginal increase of 1.7% to RM12.2 billion (2012: RM12.0 billion). On the other hand, the total earned premium income for the general insurance/takaful businesses increased by 11.0% (2012: 10.1%) to RM15.2 billion (2012: RM13.7 billion), on the back of continued strong premium growth from motor and fire segments.

**PERFORMANCE REVIEW**

As disclosed in the ensuing section, Update on Recent Corporate Proposals, the Group's disposed subsidiaries, namely Malaysian Assurance Alliance Berhad ("MAA Assurance") (now known as Zurich Insurance Malaysia Berhad) and MAAKL Mutual Bhd ("MAAKL Mutual"), had been classified under discontinued operations in the financial statements following the applicable approved accounting standards.

Operating Revenue

For the year under review, the Group's Total Operating Revenue increased by 14.3% to RM586.2 million (2012: RM513.0 million), of which the continuing operations recorded an increase of 17.5% to RM539.0 million (2012: RM458.7 million) and the discontinued operations recorded a decrease of 13.1% to RM47.2 million (2012: RM54.3 million).

Under the Conventional Insurance Sector, the General Insurance Division recorded Total Gross Earned Premiums of RM28.2 million (2012: RM69.4 million), wholly from the Group's continuing overseas operations. For year 2012, the Life Insurance Division recorded Total Gross Earned Premiums of RM3.5 million, wholly from the discontinued overseas operations.

# CHAIRMAN'S STATEMENT
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Under the Takaful Sector, both the General Takaful Division and Family Takaful Division continued to grow, with a strong momentum, to register higher Gross Earned Contributions of RM215.8 million (2012: RM152.9 million) and RM258.2 million (2012: RM209.1 million) respectively.

The Group's Unit Trust Fund Management Division (discontinued operations) performed equally well to record a 20.9% increase in operating revenue to RM47.2 million (2012: RM39.0 million), mainly due to higher initial service and management fee income of RM46.3 million (2012: RM38.0 million).

The Group's Shareholder Fund (excluding the Unit Trust Fund Management Division) recorded a 17.8% decrease in total operating revenue to RM21.3 million, wholly from the continuing operations (2012: RM25.9 million, of which RM14.6 million from the continuing operations and RM11.3 million from the discontinued operations).

<u>Profit / Loss Before Taxation</u>

The Group recorded a lower Profit Before Taxation ("PBT") of RM9.2 million for the current year under review (2012: PBT RM39.2 million), of which the continuing operations recorded a lower Loss Before Taxation ("LBT") of RM9.5 million (2012: LBT RM31.1 million) and the discontinued operations recorded a lower PBT of RM18.7 million (2012: PBT of RM70.3 million).

Under the Conventional Insurance Sector, the General Insurance Division recorded a higher LBT of RM28.1 million (2012: LBT RM12.3 million), wholly from the continuing overseas operations. For year 2012, the lower LBT recorded by the General Insurance Division was due mainly to an income from a waiver of debts of RM14.9 million under a General Reinsurance Treaty commutation agreement signed between the Group's Labuan based offshore insurance subsidiary with MAA Assurance.

The Life Insurance Division registered a small LBT of RM1.0 million, wholly from the continuing operations, compared to 2012 LBT of RM3.3 million (continuing operations LBT of RM0.1 million and discontinued operations LBT of RM3.2 million).

Under the Takaful Sector, the General Takaful Division and Family Takaful Division recorded lower PBT of RM1.6 million (2012: PBT RM6.8 million) and RM7.3 million (FY2012: PBT RM9.8 million) respectively.

The Group's Unit Trust Fund Management Division (discontinued operations) recorded a lower PBT of RM4.3 million during the current year under review (2012: PBT RM6.0 million).

The Group's Shareholder Fund (excluding the Unit Trust Fund Management Division) recorded a lower PBT of RM32.4 million (2012: PBT RM42.0 million), of which the continuing operations recorded a PBT of RM18.0 million (2012: LBT RM25.5 million) and the discontinued operations recorded a PBT of RM14.4 million (2012: PBT RM67.5 million).

The profit recorded by the continuing operations for 2013 was contributed by a net fair value gain of RM12.7 million recognised from bonds transferred from MAA Assurance under the Settlement Agreement with Zurich Insurance Company Limited ("Zurich") on the disposal of MAA Assurance, a write-back of impairment loss made previously on investments in associated companies and higher net realised and fair value gains from investments. For year 2012, the LBT recorded by the continuing operations was mainly due to provision made for contingent liabilities of a former subsidiary company of RM14.4 million.

The profit recorded by the discontinued operations for the current year under review included a gain of RM14.3 million from the disposal of MAA Assurance under the Settlement Agreement with Zurich and a gain of RM45.0 million from the disposal of MAAKL Mutual. However, these profits were offset partially by a provision of RM45.0 million made for Zurich's Counterclaims. For year 2012, the PBT included a gain of RM50.7 million recognised from the receipt of held back sum from the sale consideration of MAA Assurance after satisfaction of certain conditions precedent as stipulated in the Sale and Purchase Agreement with Zurich, a gain of RM5.3 million from a subsequent upward adjustment to the sale consideration of MAA Assurance due to overstatement of Life fund liabilities in the Draft Completion Accounts of MAA Assurance prepared by Zurich and a gain of RM10.8 million from the disposal of PT MAA Life Assurance.

As at 31 December 2013, the Group's Total Assets stood at RM1.4 billion, marginally higher than 2012 of RM1.2 billion, with Earnings Per Share ("EPS") of 1.55 sen (2012: 13.96 sen).

**BUSINESS OPERATIONS REVIEW**

For the year under review, the Group's major operational segments are:

- Malaysian Takaful Insurance
- Malaysian Unit Trust Management
- International Insurance
- Australian Mortgage Financing

Details of their performance are separately discussed in the attached pages.

**DIVIDENDS**

On 4 March 2014, the Board of Directors has declared an interim gross dividend of 3 sen per share under the single-tier dividend system, in respect of the year ending 31 December 2014 to be payable on 18 April 2014.

# CHAIRMAN'S STATEMENT
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**UPDATES ON RECENT CORPORATE PROPOSALS**

The Group is pleased to provide the following updates:

(a) On 30 September 2011, the Group completed the disposal of its entire 100% equity interest in MAA Assurance and other identified subsidiary companies, namely Multioto Services Sdn Bhd, Maagnet Systems Sdn Bhd, Malaysian Alliance Property Services Sdn Bhd and Maagnet-SSMS Sdn Bhd (hereinafter collectively known as the ("Disposed Subsidiaries")) to Zurich for a total cash consideration of RM344.0 million ("the Disposal").

Under the terms of the Conditional Sale and Purchase Agreement ("SPA") with Zurich in relation to the Disposal, there is an adjustment to the sale consideration of RM344.0 million equal to the difference between the aggregate net asset value of Disposed Subsidiaries as at 30 September 2010 and the final aggregate net asset value as at 30 September 2011 ("Adjustment to Consideration"). The Adjustment to Consideration shall be finalised within one hundred and twenty (120) days from the completion of the sale of the Disposed Subsidiaries, unless dispute arises which shall be resolved in accordance to the relevant terms and conditions stipulated in the SPA.

On 30 December 2011, based on the Draft Completion Accounts and Statement of Aggregate Net Assets Value of the Disposed Subsidiaries prepared by and received from Zurich, there was an upward adjustment of RM86.0 million to the sale consideration of RM344.0 million. The upward adjustment of RM86.0 million equals to the difference between the aggregate net asset value of Disposed Subsidiaries as at 30 September 2010 and the final aggregate net asset value as at 30 September 2011.

On 17 February 2012 and 12 April 2012, the Company had submitted notifications of disputes to Zurich to disagree certain downward adjustments ("Disputed Matters") made to the Draft Completion Accounts and Statement of Aggregate Net Assets Value of the Disposed Subsidiaries.

On 16 July 2012, the Company received a letter dated 13 July 2012 from Zurich confirming an overstatement of RM5.3 million in the Life fund liabilities of MAA Assurance in the Draft Completion Accounts.

On 2 November 2012, the Company filed and served a notice of arbitration against Zurich with the Singapore International Arbitration Centre seeking, inter alia, declarations to refer disputes on the calculation of General Insurance Reserves and other disputes matter in the Draft Completion Accounts prepared by Zurich to an Expert Accountant in accordance with terms of the SPA in order to determine the final selling price of the Disposed Subsidiaries, as well as further declarations to be entitled to receive payment of escrow monies in accordance with the Escrow Agreement dated 28 September 2011, having satisfied the requirements under the SPA and the Side Letter dated 17 August 2011 in respect of the Prima Avenue Klang property, together with damages, interests and costs.

On 24 July 2013, the Company entered into a settlement agreement ("Settlement Agreement") with Zurich for settlement of the Disputed Matters in relation to the Draft Completion Accounts and Prima Avenue Klang property ("PAK") ("Proposes Settlement").

Subject to fulfillment of the conditions precedent set out in the Settlement Agreement, the salient terms of the Proposed Settlement, inter alia, include the following:

(i) The parties agree and acknowledge that the final agreed additional consideration payable by Zurich shall be RM103.4 million incorporating all adjustments on the general insurance reserves, general receivables and life liabilities reserve as specified in the Settlement Agreement.

(ii) With respect to settlement of impairment dispute on Senai Desaru and Domayne bonds ("Bonds"), the Company agrees to accept transfer of the Bonds at the impaired carrying values and the deduction of the Bonds transfer price from the additional consideration by Zurich.

(iii) The parties acknowledge that the amount of RM103.4 million is subject to the deduction of the Bonds transfer price and PAK Hold Back Amount (as defined in (iv) below), such that the net amount payable by Zurich into the escrow account is RM78.8 million.

(iv) Zurich shall instruct and withhold an amount of RM3.0 million ("PAK Hold Back Amount") until delivery of the individual strata title for Block A of PAK within 3 years period.

In furtherance of the Company's obligations in relation to (iv) as disclosed above, and to recover the Company's initial investment of RM20.0 million in the development (hereafter defined) arising from the original sale of MAA Assurance to Zurich on 30 September 2011, the Company entered into a joint venture agreement with PIMA Pembangunan Sdn Bhd ("PIMA") on 30 July 2013 in respect of a commercial development known as Prima Avenue Klang or Pusat Perniagaan Prima Klang ("Development") which currently comprise of Block A and Block B office space and/or shop lots and a building platform for Block C (to be built). The Development is currently charged to Malayan Banking Berhad by way of first legal charge.

On 11 September 2013, the Company announced that the Disputed Matters in relation to the Draft Completion Accounts between the Company and Zurich had been settled on that day and the Company had duly received Bonds from Zurich on 6 September 2013 and the balance additional consideration/net amount of RM78.8 million had been duly deposited by Zurich in the escrow account.

On 30 September 2013, an amount of RM136.5 million (including interest earned) had been released from the escrow account to the Company after the expiry of 2 years from completion and a balance of RM55.1 million is still being retained in the escrow account until Zurich's remaining outstanding claims are resolved.

# CHAIRMAN'S STATEMENT
(continued)

Zurich's remaining outstanding claims relate to alleged breach of warranties and indemnities ("Zurich's Counterclaims"), of which a provision of RM45.0 million has been made in the financial statements for the year ended 31 December 2013. The Company had engaged its professional accountants, actuaries and attorneys to verify and assess the accuracy and validity of Zurich's Counterclaims and had received the respective reports. The Company will make the necessary announcements on further development in due course.

(b) On 30 September 2011, the Company became an affected listed issuer pursuant to Practice Note 17 ("PN17") of the Listing Requirements whereby a listed issuer has suspended or ceased its major business, i.e. in this case the disposal of MAA Assurance.

Nonetheless, the Company did not trigger any of the other prescribed criteria under PN17 of the Listing Requirements, such as consolidated shareholders' equity of 25% or less of the issued and paid up share capital, a default in payment by the Group, the auditors having expressed an adverse or disclaimer opinion on the Company's latest audited accounts, etc.

As an affected listed issuer, the Company is required pursuant to paragraph 4.1 of the PN17 of the Listing Requirements to announce details of the regularisation plan.

On 28 September 2012, the Company submitted an application to Bursa Malaysia Securities Berhad ("Bursa Securities") for a waiver from having to comply with Paragraph 8.04(2) of the Listing Requirements and a waiver from submitting a regularisation plan to Bursa Securities pursuant to Paragraph 8.04(3) of the Listing Requirements ("First Application for Waiver").

On 30 November 2012, the Company submitted an application to Bursa Securities for extension of time from complying with Paragraph 8.04(3) and PN17 of the Listing Requirements ("First Application for Extension of time").

On 20 December 2012, Bursa Securities rejected the Company's First Application for Waiver from complying with Paragraph 8.04(3) and PN17 of the Listing Requirements and had granted an extension of time of up to 18 June 2013 for the Company to submit a regularisation plan ("First Granted Extension of Time").

On 7 June 2013, the Company submitted an application to Bursa Securities for extension of time from complying with Paragraph 8.04(3) and PN17 of the Listing Requirements ("Second Application for Extension of time").

On 1 August 2013, Bursa Securities granted a further extension of time of up to 30 November 2013 ("Second Granted Extension of Time") for the Company to submit a regularisation plan taking into consideration amongst others the following:

(i) The latest consolidated financial position of the Group including its consolidated shareholders' equity, net assets and gearing ratio position;

(ii) The future receipts of the balance of cash proceeds from the disposal of Disposed Subsidiaries following the proposed settlement on the amount receivable by the Company as announced on 24 July 2013; and

(iii) The latest regulatory development vis-à-vis the Islamic Financial Services Act, 2013 which came into effect on 1 July 2013, which governs the Company's core business activities.

The Second Granted Extension of Time was without prejudice to Bursa Securities' right to proceed to suspend the trading of the securities of the Company and to delist the Company in the event:

(i) The Company fails to submit the regularisation plans on or before 30 November 2013;

(ii) The Company fails to obtain the approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; or

(iii) The Company fails to implement its regularisation plan within the time frame or extended time frames stipulated by Bursa Securities.

Upon the occurrence of any of the events set out in (i) to (iii) above, Bursa Securities shall suspend the trading of the listed securities of the Company upon the expiry of five (5) market days from the date the Company is notified by Bursa Securities and delist the Company, subject to the Company's right to appeal against the delisting. Based on the decision by Bursa Securities, the Board will formularise a regularisation plan and will submit it to Bursa Securities for approval.

On 2 September 2013, 1 October 2013 and 1 November 2013, the Company announced that it was still in the midst of formulating a regularisation plan for submission to Bursa Securities for approval.

On 29 November 2013, the Company submitted an application to Bursa Securities for extension of time to comply with Paragraph 8.04(2), 8.04(3) and PN17 of the Listing Requirements ("Third Application for Extension of time").

On 9 December 2013, Bursa Securities informed that the suspension of trading of the Company's securities and the delisting of the Company in accordance with Paragraph 8.04(5) of the Listing Requirements shall be deferred pending the decision of the Third Application for Extension of time.

On 2 January 2014 and 4 February 2014, the Company announced that there was no material development to the Third Application for Extension of time.

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On 11 March 2014, Bursa Securities has granted an extension of time of up to 31 July 2014 for the Company to submit a regularisation plan ("Third Granted Extension of Time").

The Third Granted Extension of Time was given by Bursa Securities after taking into consideration, on amongst others, the following:

(i) The material developments in relation to the Group's internal restructuring in particular the internal restructuring relating to its subsidiary companies, namely PT MAA General Assurance ("PT MAAG") and MAA Takaful Berhad ("MAAT"); and associated company, Columbus Capital Pty Ltd ("CCAU"); and

(ii) The latest consolidated financial position of the Group including its consolidated shareholders' equity and net assets, cash and cash equivalents as well as its gearing position.

The Company is also required to provide detailed updates on the status of the Group's internal restructuring and status of the submission of its regularisation plan to the regulatory authorities via its monthly announcements.

Lastly, the Third Granted Extension of Time is without prejudice to Bursa Securities' right to proceed to suspend the trading of the listed securities of the Company and to de-list the Company in the event:

(i) The Company fails to submit the regularisation plan to the regulatory authorities on or before 31 July 2014;

(ii) The Company fails to obtain the approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; and

(iii) The Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

Upon occurrence of any of the events set out in (i) to (iii) above, Bursa Securities shall suspend the trading of the listed securities of MAAG on the next market day after five (5) market days from the date of notification of suspension by Bursa Securities and delist the Company, subject to the Company's right to appeal against the delisting.

On 1 April 2014, the Company announced the following status update of the Group's internal restructuring:

(i) PT MAAG is currently implementing the plan to settle its obligation and liabilities. From December 2012 to March 2014, PT MAAG has signed settlement agreements and paid settlements for approximately RP128.3 billion gross claims;

(ii) The proposed increase of MAAG's equity interest in CCAU from 47.95% to 55% is pending approval from Foreign Investment Review Board of Australia; and

(iii) The Company is in the midst of re-evaluating its group structure including the Group's business plans and operational requirements, and splitting of the existing composite license of MAAT into two (2) capitalised legal entities that is family takaful and general takaful to ensure compliance with the Islamic Financial Services Act, 2013.

(c) On 13 November 2013, the Company announced that its wholly-owned subsidiary, MAA Corporation Sdn Bhd ("MAA Corp") together with the other shareholders of MAAKL Mutual namely, Khyra Liberty Sdn Bhd, Edmond Cheah Swee Leng, Wong Boon Choy and Nge Koh Nguong (collectively referred to as the "Vendors"), had on the same day entered into a conditional sale and purchase agreement ("SPA") with Manulife Holdings Berhad ("Manulife") for the disposal of the entire issued and paid up ordinary share capital of MAAKL Mutual for a total consideration of RM96.5 million ("Sale Consideration"), arrived at on a 'willing buyer-willing seller' basis, and after taking into account the audited net assets and profit after tax of MAAKL Mutual based on its audited financial statements as at 31 December 2012. MAA Corp's share of the Sale Consideration in proportionate to its 55% equity interest in MAAKL Mutual is RM56.1 million.

The SPA was subject to fulfilment of the conditions precedent as set out including the transfer of RM19.3 million from the Sale Consideration to an escrow account ("Escrow Amount"). The Escrow Amount together with accrued interest but less any amount paid by the escrow agent in connection with any claims for a breach of any of the warranties or indemnities to the SPA shall be paid to the Vendors on the date failing after 24 months from the sale completion date.

On 31 December 2013, the Company had completed the disposal of 55% equity interest in MAAKL Mutual to Manulife.

**CORPORATE SOCIAL RESPONSIBILITY**

The Group has always remained committed to its quest to be a responsible and caring citizen.

Towards this, the MAA Medicare Kidney Charity Fund ("MAA Medicare") was set up in 1994 as the Corporate Social Responsibility arm of the Group to ease the financial burden of kidney patients and their families by providing affordable access to quality dialysis and healthcare at subsidised treatment costs. Over the years, MAA Medicare has expanded its network to twelve (12) kidney dialysis centres which are well spread over the whole country to cater for the needs of the ever-increasing number of new patients for such subsidised medical services. Over the past two decades, MAA Medicare has grown to become the second largest dialysis provider in Malaysia, caring for more than 820 patients across the country.

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The Group also actively supports The Budimas Charitable Foundation ("Budimas") in its objective of providing for the welfare and well-being of underprivileged and poor children. Budimas actively looks after the welfare of underprivileged children in Malaysia by supporting more than 860 underprivileged children in 14 charitable homes as well as providing breakfast to 2,530 poor children in 48 schools.

Budimas also has as one of its key goals, the objective of providing education to the underprivileged children of Malaysia. In this context, Budimas has set up the Budimas Education Charity Fund to establish educational facilities, such as libraries, in rural and poor villages throughout the country, which will be funded, stocked and managed by Budimas, with the assistance of the local community.

Lastly, the Group will continue to allocate resources to further the objectives of these charitable activities in the years ahead in fulfillment of its corporate social responsibility initiatives.

Details of Corporate Social Responsibility are separately discussed in the attached pages.

## INDUSTRY DEVELOPMENT

The regulatory and supervisory framework of Malaysia entered a new stage of its development with Bank Negara Malaysia ("BNM") announced on 30 June 2013 the coming into force of the Financial Services Act 2013 ("FSA") and Islamic Financial Services Act 2013 ("IFSA").

The FSA and IFSA amalgamated several separate laws that govern the financial sector, namely the Banking and Financial Institutions Act 1989, Islamic Banking Act 1983, Insurance Act 1996, Takaful Act 1984, Payment Systems Act 2003 and Exchange Control Act 1953 which were repealed on 30 June 2013, into a single legislative framework for the conventional and Islamic financial sectors respectively, including the conventional insurance and takaful operators.

The FSA and IFSA provide BNM the enhanced powers to perform its regulatory and supervisory roles beyond the individual insurance and takaful operators to encompass group-wide ("Financial Group") and system-wide risks, including oversight over the ultimate holding companies ("Financial Holding Companies") and subject them to the same regulatory requirements that may include imposition of capital requirements at the Financial Holding Companies, on a case-to-case basis. Under the licensing structures of FSA and ISFA, Financial Holding Companies are required to apply to BNM for approval if they intend to hold over 50% equity interests in a licensed entity. At the same time, licensed insurers and takaful operators will not be allowed to carry on both life/family takaful business and general/general takaful business under a single entity. Insurers and takaful operators are given a grace period of five (5) years to split these businesses into separate entities.

Furtherance to this, BNM has on 6 February 2014 issued for industry feedback the concept paper on Approach to Regulating and Supervising Financial Groups. This concept paper laid out how the boundaries of a Financial Group will be defined, and sets out BNM's plans to enhance the prudential framework for Financial Group, including in respect of group-level prudential standards.

In November 2013, BNM published the concept paper on the Life Insurance and Family Takaful Framework ("LIFT Framework") which aimed at raising the efficiency and effectiveness of delivery channels and promoting greater product innovation. The LIFT Framework includes proposals amongst others to remove operating costs limits applicable to investment-linked products in the form of commission and agency related expenses, remove commission limits for pure protection products subject to conventional insurance and takaful operators offering these products via direct distribution channels, align commission limits for bancassurance and corporate agents, incentivise growth of financial advisers, etc.

In the general insurance and takaful sector, BNM is continuing its focus to achieve the two-pronged objectives set out under the New Motor Cover Framework introduced in 2011, which are aimed to improve efficiency in the motor claims settlement process and to ensure continued access to motor insurance and takaful protection on a viable basis. Towards this, BNM has rolled out further initiatives that include motor premium adjustments which took effect from February 2013, the establishment of an Accident Assist Call Centre which commenced operations in June 2013, and issuance of the Motor Claims Guide that contains key information on making a motor insurance and takaful claim.

Lastly, BNM implemented the Risk-Based Capital Framework ("RBC Framework") for Takaful Operators with effect from 1 January 2014, following a one-year parallel run. Beyond the minimum regulatory capital requirements which insurers and takaful operators must comply, individual licensed entity is also required to conduct an Internal Capital Adequacy Assessment Process to ensure that it maintains at all time the adequate capital to support its business operations and manage any unanticipated risks that may affect its financial position.

These new regulatory changes and impending proposals once implemented, will change and shape the way insurance and takaful operators conduct their businesses moving forward.

## PROSPECTS

For 2014, BNM has projected a domestic Gross Domestic Product growth, of between 4.5% and 5.5%, driven by domestic demand albeit with a more moderate growth pace, on the back of the ongoing implementation of multiyear projects by the Malaysian Government and the forecast improvement in external demand.

Subsequent to the sale of MAAKL Mutual, the Group will continue its efforts to accelerate the growth of its takaful business via MAA Takaful Berhad ("MAA Takaful"). Nevertheless, the Group will continue to face strong competition in its takaful operating environment and capital management in light of the enacted new regulations and published concept papers where BNM will gradually roll out further prudential standards moving forward, to govern the conventional insurance and takaful operators, Financial Holding Companies and the Financial Group.

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At the same time, the Group foresees that its performance for the next financial year may be affected by the business run-off and operations wind down of its overseas general insurance operations in Indonesia.

On the PN17 status of the Company, it is the Board's intention to maintain the listing status of the Company. On this end, the Company will work towards formulating and submitting a regularisation plan to Bursa Securities within the granted extension of time of up to 31 July 2014, which will not result in a significant change in the business direction or policies of the Group.

**ACKNOWLEDGEMENT AND APPRECIATION**

On behalf of the Board of Directors, I would like to thank the management team and staff for their continued commitment, dedication and contributions to ensure the continued growth and success of the Group.

I would also like to take this opportunity to extend our appreciation to our valued customers, agents, business associates and the shareholders for their invaluable support, confidence and trust they have placed in us.

Finally, I would like to thank my fellow Board members for their stewardship and contribution to the Group.

**TUNKU DATO' YA'ACOB BIN TUNKU TAN SRI ABDULLAH**
Chairman