

## CHAIRMAN'S MESSAGE



**TUNKU DATO' YAACOB KHYRA**  
*Executive Chairman*

Dear Shareholders, On behalf of the Board of Directors, I am pleased to present the Annual Report of the Group for the year ended 31 December 2016.

### OPERATING ENVIRONMENT

The global economic growth remained soft with a growth of 2.6% in Q3 2016, mainly due to structural adjustments experienced in major countries, recurring natural disasters, geopolitical events such as Brexit, heightened uncertainty related to the US presidential election, the turmoil in Asian currencies and potential policy changes in the US. On this backdrop, the Malaysian economy registered a lower growth of 4.3% in Q3 2016 (Q3 2015: 4.7%) supported mainly by domestic private sector activities, albeit cut in public spending, contraction in agriculture sector and higher prices for food and non-alcoholic beverages due to withdrawal of certain subsidies by the Malaysian government.

In the year under review, the Group focused its efforts to completing several corporate proposals and at the same time monitoring the financial performance of the identified remaining operating businesses of the Group.

## UPDATES ON CORPORATE PROPOSALS

The Group is pleased to provide the following updates for significant corporate proposals carried out during the year:

a) On 30 June 2016, the Company had completed the disposal of its 75% owned subsidiary, MAA Takaful Berhad ("MAA Takaful") (now known as Zurich Takaful Malaysia Berhad) to Zurich Insurance Company Ltd ("Zurich") for a final cash consideration of RM364.4 million, of which the Group had received RM270.6 million with the balance RM93.75 million to be paid by Zurich on the third anniversary of the disposal completion date in accordance with the terms and conditions of the sale and purchase agreement.

b) On 31 March 2016, the Group had completed the disposal of its 100% owned subsidiary, MAA Cards Sdn Bhd to eProtea Sdn Bhd (now known as Finexus Sdn Bhd) for a final cash consideration of RM6.0 million.

c) On 6 December 2016, the Company's subsidiary, MAA International Assurance Ltd ("MAAIA") remitted a sum of PHP 300 million (approximately RM27.3 million) to subscribe for additional 300,000 new shares with par value PHP 1,000 each of MAA General Assurance Philippines, Inc. ("MAAGAP"), a licensed general insurance company operating in the Republic of the Philippines (referred to as "Proposed Subscription").

The Proposed Subscription is subject to the approval of regulatory authority in the Philippines. Upon the completion of the Proposed Subscription, MAAIA's equity interest in MAAGAP will increase from the present 40% to 70%, thereby making MAAGAP a subsidiary of the Group.

d) On the PN17 status of the Company, it has on 20 December 2016 submitted an application to Bursa Malaysia Securities Berhad ("Bursa Securities") for further extension of time to submit a regularisation plan for approval. The application for extension of time is subject to Bursa Securities' consideration. On 16 February 2017, Bursa Securities has approved the extension of time until 30 June 2017.

## OVERVIEW OF RESULTS

In 2016, the Group recorded a higher Profit Before Taxation ("PBT") of RM267.6 million (2015: PBT RM32.6 million) mainly attributed by a gain of RM280.4 million from the disposal of the takaful business namely MAA Takaful and also higher profit contributions from the Group's associated companies with total share of profit after taxation of RM4.7 million (2015: RM3.8 million).

Details of the Group's business, operations and financial performance during the year are discussed separately in the Management Discussion and Analysis Statement in the attached pages.

## DIVIDENDS

To remunerate the shareholders for their support, the Company has paid interim dividends of 41 sen (2015: 6 sen) per ordinary share under the single-tier dividend system during the year, including an interim special dividend of 35 sen per ordinary share which was conditional upon the completion of the disposal of MAA Takaful.

## CORPORATE SOCIAL RESPONSIBILITY

Continuing from previous years, the Group discharges its corporate social responsibilities through MAA Medicare Charitable Foundation and also its support for The Budimas Charitable Foundation.

## PROSPECTS

Moving into 2017, there remain uncertainties impacting growth in the global economy such as those associated with Brexit, monetary policies in the major economies, protectionist policy in the US and potential sharper economy slowdown in the People's Republic of China.

Similarly in 2017, the Malaysian economy will also face greater challenges and risks amid uncertainty from both the global and domestic fronts in particular the effects since end 2014 from the contraction in commodity prices, prolonged ringgit depreciation, goods and services tax implementation, domestic price adjustments and moderation in the economic growth of the People's Republic of China.

Amidst this challenging economic environment, the Group will focus its efforts in 2017 to completing and submitting the PN17 regularisation plan with acquisition of new business to Bursa Securities for approval. On this note, the Group will be cautious in its identification and evaluation of new business for acquisition to meet the objectives of generating sustainable profitability together with the other existing continuing operations as the Group moves ahead to the future.

## ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to thank the Management team and Staff for their commitment, dedication and contributions to the Group.

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

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

**Tunku Dato' Yaacob Khyra**  
Executive Chairman