



International Risk Ltd Presentation on Terrorism Trends in 2009

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International Risk

- International Risk is a subsidiary of NYSE-listed FTI Consulting Inc.
- Leading provider of comprehensive business risk solutions including investigative due diligence services, fraud & corporate investigations, business intelligence, brand protection & IP strategies, political risk assessments and crisis containment services to the world's leading organizations
- Has a proven record and reputation for integrity, independence and insight
- Led by Steve Vickers & a team of seasoned professionals with extensive high-level investigative, security, corporate & political risk experience
- A global business operating across Asia, India, Russia, Europe and the US



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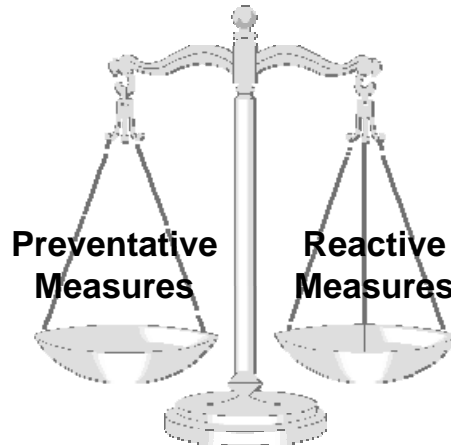
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Risk Mitigation – The Concept

A Considered Balance



Presentation Outline

- India and Pakistan: An Explosive Cocktail
- Pakistan's Slide into Militant-led Instability
- India – Violence and Elections
- Southeast Asia – Indonesia, Thailand, and Philippines
- Active Terrorist Groups in the Region
- The International Risk Assessment – The Road Ahead



India and Pakistan: An Explosive Cocktail

- Terrorism has become a significant threat to the peace and security of South Asia and this situation will likely intensify in 2009
- One of the consequences of the November 2008 Mumbai attack is that terrorism has now become deeply intertwined in the complex political nationalist agendas of Pakistan and India



India and Pakistan: An Explosive Cocktail

- Terrorism will be one of the principal issues in this May's general election in India
- Pakistani authorities have to tread carefully in responding to Indian and international pressure to deal with militant figures connected with the outlawed Lashkar-e-Taiba because of their ties to the powerful Pakistani military intelligence apparatus



India and Pakistan: An Explosive Cocktail

- Distrust between Pakistan and India has grown to such an extent that Pakistan moved its armed forces to its borders with India several times in the past few months in anticipation of Indian military retaliation for the Mumbai attack
- To date, Indian leaders have downplayed such an option but there is strong populist sentiment to take a harder line against Pakistan



India and Pakistan: An Explosive Cocktail

- With South Asia in such a precarious situation, the chances of another major terrorist attack being launched by Pakistan-based or organised militants into India are high
- Terrorist and militant movements continue to flourish in Pakistan, especially in the remote and under-governed tribal regions of the country



India and Pakistan: An Explosive Cocktail

- India is poorly prepared to prevent terrorist attacks, as the Mumbai assault clearly demonstrated
- Its government is now in the process of revamping its security apparatus to tackle identified weaknesses, but its track record in overcoming legendary resistance between competing bureaucracies is poor



India and Pakistan: An Explosive Cocktail

- International Risk's net assessment is a volatile mix of terrorism and worsening India-Pakistan tensions has created a potentially combustible situation
- The Indian and Pakistani authorities are not currently assessed to be sufficiently equipped or prepared to prevent such an attack
- This is the primary terrorist threat in the Asia-Pacific region in 2009



Pakistan's Slide into Militant-led Instability

- The Mumbai attack added to the growing realisation that South Asia is now the principal crucible in the global conflict against terrorism
- The inhospitable border regions of Afghanistan and Pakistan are the primary hotspots for resurgent militant extremist, insurgent, and terrorist groups



Pakistan's Slide into Militant-led Instability

- These organisations are also expanding their attacks well beyond these safe-havens in an attempt to destabilise and overthrow the ruling regimes in these states
- In a clear challenge to the authority of the Afghan and Pakistani authorities, major terrorist bombings were carried out in Islamabad and Kabul over the past year



Pakistan's Slide into Militant-led Instability

- Large portions of Pakistan appear to be sliding into terrorist-inspired lawlessness
- Islamic militants have taken control of an expanding swathe of territory in the Federally Administered Tribal Areas and have extended their influence into the North-West Frontier Province
- These areas have effectively turned into enclaves for Al Qaeda and the Taliban



Pakistan's Slide into Militant-led Instability

- Popular support for radical Islamist groups such as Jama'at-ud-Da'wah and Muttahida Majlis-e-Amal is assessed to be no more than 10% of the national population
- However, they are able to “punch well above their weight” through their close-knit discipline, aggressive tactics, and formidable mobilisation skills



Pakistan's Slide into Militant-led Instability

- Unless checked, the growing power of terrorist and militant groups may accelerate Pakistan's descent into chaos
- This would be a major source of geo-strategic concern, not only in the Asia-Pacific region but also for the rest of the world



Pakistan's Slide into Militant-led Instability

- Pakistan had previously been a lynch-pin in the US-led "war on terror", as well as being a nuclear power
- If Pakistani authorities are unable to stem a surging tide of Islamic fundamentalism and to halt militant resurgence, the US might be tempted to intervene in an attempt to secure the country's nuclear arsenal



Pakistan's Slide into Militant-led Instability

- In addition, the Obama Administration has reportedly been urged to make Pakistan one of its foremost priorities
- International Risk doubts that the administration would want to intervene in Pakistan, but if events escalate out of control there may be no other option



India – Violence and Elections

- While the November 2008 Mumbai attack captured international attention, terrorism had already become a major political and security concern in India
- The opposition BJP has made terrorism one of its central campaign themes for the May general election, especially focusing on the inability of the Congress Party to stamp out these attacks



India – Violence and Elections

- Indian Mujahideen is a homegrown Muslim jihadist group that is suspected to be supported by organisations from Pakistan
- Besides Muslim groups, numerous other terrorist & insurgent organisations are active in India. However, their operations are geographically limited and have few known links with Al Qaeda, so they have attracted little international attention



India – Violence and Elections

- Published reports suggest that 2,610 terrorism-related fatalities occurred in India in 2008, compared with 2,600 in 2007
- Approximately 40% were civilians, 40% terrorists, and 20% security personnel
- The most fatalities occurred in Jammu and Kashmir, Assam, and Manipur, all in Northern India



Southeast Asia

- The escalation of terrorist violence in South Asia has not spread to other parts of the Asia-Pacific region
- However, states in Southeast Asia have also faced noticeable terrorist challenges over the past year



Southeast Asia – Indonesia

- Indonesia has been encouraging as there have been no successful large scale terrorist attacks in the country since 2005
- The security authorities have dealt severe blows to the organisation and operations of Jemaah Islamiyah (JI)
- Bali though remains an appealing target to extremists, one guaranteed to provide massive publicity



Southeast Asia – Thailand

- Terrorist-related deaths and incidents in Southern Thailand have also shown a tentative decline in the past year
- However, Thai authorities have been unable to conclusively put down the long-running Muslim separatist insurgency and there is concern that violence could escalate, especially if paralysis in the Thai government continues



Southeast Asia – Thailand

- The Thai government insists that most attacks are due to local criminals, although there is abundant evidence that Islamic separatist groups are playing a role
- A major reason this insurgency continues to flourish is the inability of the Thai security services to master effective counter-terrorist and counter-insurgency skills



Southeast Asia – Philippines

- In contrast, the adoption of modern counter-terrorism and counter-insurgency strategies has enabled Manila to claim major successes over the past 18 months against Abu Sayyaf (AS) and the New People's Army
- Military operations targeted at AS locations in Basilan have driven most of its militants into hiding on the Sulu Archipelago



Southeast Asia – Philippines

- Despite these efforts, the surviving elements of AS still pose a significant security threat, although their ability to mount a major terrorist offensive is somewhat limited
- There are reports of AS groups linking with rogue elements of the Moro National Liberation Front (MNLF) and Moro Islamic Liberation Front. Renegade MNLF forces carried out several attacks in Mindanao in 2008, killing dozens of civilians



Southeast Asia – Overall

- Indigenous terrorist groups in Southeast Asian countries appear to have limited capacity to mount significant operations
- As a result these terrorist groups will likely focus on small scale suicide bombings and kidnappings, actions that require less organisation and fewer resources



Southeast Asia – Overall

- Despite small scale incidents, the terrorism situation in Southeast Asia offers grounds for cautious optimism
- International Risk rates the risk of a large scale terrorist incident as medium to low across Southeast Asia



Active Terrorist Groups in South & Southeast Asia

- Major terrorist networks that operate in the Asia-Pacific region are located in Southeast and South Asia
- Most of them, such as JI and AS are extremist Muslim groups with ties to Al Qaeda and other emerging Jihadist terror cells



Active Terrorist Groups in South & Southeast Asia

- The ability of JI and AS to undertake terrorist attacks has been seriously degraded through a concerted crackdown over the past couple of years that has led to the arrest and imprisonment of top leaders and hundreds of members
- But these groups continue to pose a worrisome threat in Southeast Asia



Active Terrorist Groups in South & Southeast Asia

Current most active groups around the region include :

- Jemaah Islamiyah (JI)
- Abu Sayyaf (AS)
- Lashkar-e-Taiba (LeT)
- Communist Party of the Philippines/New People's Army (NPA)
- *Excludes Animal Rights and other activist groups*



Jemaah Islamiyah

- Objective of JI is to establish a unified Islamic state from southern Thailand, through the Malay Peninsula, including Singapore, across Indonesian archipelago and into the southern Philippines
- A major crackdown against JI has seriously degraded its capabilities. Hundreds of JI members, including top leaders, have been imprisoned



Jemaah Islamiyah

- However, JI may still have around 1,000 active members, according to terrorism experts, and is focused on rebuilding its ranks
- JI is also looking to employ kidnapping as a terror and fund-raising tactic. Interrogations of captured JI terrorists indicate that the group had drawn up plans to kidnap foreigners in Indonesia, such as engineers, diplomats and hotel managers



Abu Sayyaf

- Formed in the 1990s by Afghan-trained Muslim firebrand Abdurajak Abubakar Janjalani ostensibly to fight for an independent Islamic state in Western Mindanao and the Sulu Archipelago, AS reached a peak of about 1,000 members in the mid-1990s





Abu Sayyaf

- AS became a more loosely organized bandit group after Janjalani was gunned down in 1998 and succeeded by his younger brothers
- AS is estimated to have 200-500 members and has been pushed from Basilan to the Sulu Archipelago
- International Risk considers AS to be a real “commercial terror” threat



Abu Sayyaf

- AS's main tactics are kidnappings for ransom, bombings, beheadings, assassinations and extortion
- In 2008, AS was behind a failed assassination plot against President Arroyo and the successful kidnapping of ABS-CBN Journalist Ces Drilon and her TV crew. They were released after a ransom was paid



Lashkar-e-Taiba

- Lashkar-e-Taiba (“LeT”) is the armed wing of Pakistan-based Sunni anti-US religious organisation Markaz-ud Dawawal-Irshad (MDI). It is one of the three largest and best trained terrorist groups fighting in Kashmir against India
- LeT has been active in Jammu and Kashmir since early 1990s, especially against Indian military targets. It is also believed to have been involved in the November 2008 Mumbai attack



Lashkar-e-Taiba

- LeT is estimated to have several thousand members in Kashmir and Pakistan and many are veterans of the Afghan wars of the 1980s and 1990s
- LeT’s goal is to incorporate India’s majority Muslim state of Kashmir into Pakistan.





New People's Army in the Philippines

- Communist rebels from the New People's Army (NPA) pose the largest threat to the Philippines, more dangerous than AS or JI
- The Armed Forces of the Philippines (AFP) have had major successes over the past 18 months against the New People's Army
- However, senior AFP officials estimate the NPA has around 5800 regular personnel, significantly greater than either AS or JI



New People's Army in the Philippines

- AFP officials say that current military operations could lead to a reduction of the NPA's strength to around 3500 by the end of this decade
- The NPA claims to have cells in 70 of the Philippines' 81 provinces and a presence in more than 2,000 villages



New People's Army in the Philippines

- Economic development in many of these areas has been seriously affected because of the lack of stability and the diversion of government resources to fighting the war against the NPA
- Peace talks between the Communists and Manila have been stalled since 2004



The International Risk Assessment – The Road Ahead

- Multinational corporations and substantial local enterprises doing business in the Asia-Pacific region are natural targets for terrorists or insurgents
- Proper risk mitigation requires a basic understanding of the differences between the countries of South and Southeast Asia



The Road Ahead – The Good News: Southeast Asia

- There is a growing sophistication in the use of advanced and nuanced counter-terrorism strategies by governments in Southeast Asia
- These countries are pursuing policies that tackle both the immediate operational threats, as well as the fundamental socio-economic, religious, and ethnic causes of terrorism



The Road Ahead – The Good News: Southeast Asia

- The successful disruption of JI and AS, through the arrest and killing of top leaders and subsequent elimination of their safe havens, has left these networks vulnerable, operationally weak, and on the defensive
- However, the remnants of these groups may turn to kidnapping and related activities, as has previously been the case



The Road Ahead – The Good News: Southeast Asia

- Indonesia and the Philippines have made strides in strengthening their counter-terrorist operations in the past year
- However, Bali and other soft targets remain appealing to terrorist groups



The Road Ahead – The Bad News: South Asia

- For South Asia, the near and medium-term terrorism picture is bleak. The situation in Pakistan is of extreme concern, and the spill-over into India makes the terrorism problem an increasingly regional issue
- The major threat overhanging the region in 2009 is the potential for a military conflict between Pakistan and India if another Mumbai-style attack occurs



The Road Ahead – The Bad News: South Asia

- The escalating pace and scale of terrorist attacks in major cities in Pakistan and India means that foreigners are at potential risk anywhere they travel in these two countries, but especially in Pakistan
- Effective counter-terrorism and counter-insurgency strategies continue to be a problem for Pakistan, India, and Thailand



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