

## **1. Fitch rating revises Malaysia's outlook stable**

Malaysia's zest in continuously improving its economic fundamentals and the government's prudent fiscal management is paying off as rating agency Fitch has affirmed the country's long-term foreign currency rating at A- and revised upwards its outlook to stable from negative. Responding to the confidence shown by the international rating agency on Malaysia's fiscal prudence, an elated Datuk Seri Wahid Omar said Fitch's rating was now in line with S&P (A-, Stable Outlook) and Moody's (A3, Positive Outlook)." The Minister in the Prime Minister's Department in charge of Economic Planning noted that Fitch Ratings had also affirmed Malaysia's local currency Issuer Default Rating (IDR) at 'A', senior unsecured local currency bonds at 'A', the Country Ceiling at 'A' and the Short-Term Foreign Currency IDR at 'F2'. "The much awaited positive news shows the prudent fiscal management and economic policies carried out by the government," he said in a brief statement. Malaysia registered a strong economic growth of 5.6 per cent in the first quarter (Q1) of 2015, despite concerns over the volatility in oil prices and the implementation of the Goods and Services Tax (GST). Inflation, as measured by the annual change in the consumer price index (CPI), averaged significantly lower at 0.7 per cent in Q1. The country's trade surplus amounted to RM21.3 billion in the quarter while international reserves of Bank Negara Malaysia amounted to RM389.7 billion as at March 31, 2015. Fitch, in rating Malaysia, said the country's fiscal finances were improving since last year with the general government deficit declining from 4.6 per cent of Gross Domestic Product (GDP) in 2013 to 3.8 per cent in last year, General government debt meanwhile declined vis-a-vis the GDP declined from 54.7 per cent at end 2013 to 53.9 per cent at end 2014. Fitch said it views the progress on the GST and fuel subsidy reform as supportive of fiscal finances. A further narrowing of the deficit is forecast this year despite lower oil prices. It noted that the depth of Malaysia's local capital markets supports the sovereign's domestic financing needs.--BERNAMA

## **2. KR1M earns an average RM4,711 daily**

Each Kedai Rakyat 1Malaysia (KR1M) outlet earns an average of RM4,711 daily, selling various household items at cheaper prices, the Senate was told today.

Domestic Trade and Consumer Affairs Minister Datuk Hasan Malek said at present there are 163 shops nationwide.

"However, the earnings depends on the premise and the location of the shop," he said to a reply to Senator Tan Sri Ali Rustam who asked on the total number of KR1M outlets and the effectiveness in helping the lower income group.

Hasan said some of the items were 50 per cent cheaper than other brands. "With the support of people, the sale could increase further. The cheaper prices has given people an option to buy household items at cheaper rate," he added.

He said there are plans to open 23 outlets by end of this year and is targeting to have one outlet at each parliamentary constituency nationwide.

"The quality is also good".

The first 'Kedai Rakyat 1 Malaysia' located at Kelana Jaya LRT station was opened in 2011.

**NEW STRAITS TIMES** Friday, 3 July, 2015

### **3. 1MDB; Claims of funds linked to Najib "highly irresponsible"**

KUALA LUMPUR: 1Malaysia Development Berhad (1MDB) has labeled reports which claimed it had provided funds to Prime Minister Datuk Seri Najib Razak as "highly irresponsible" and a deliberate attempt to undermine the company.

In a statement released this morning, the government investment company said the claims made by some media outlets and blogs today, which supposedly stemmed from "leaked" documents, were being used to mislead the public.

"In reference to media reports published earlier today, 1MDB wishes to make clear that the company has never provided any funds to the Prime Minister. To suggest otherwise, as some media outlets have done, is highly irresponsible and a deliberate attempt to undermine the company," said the statement.

1MDB said recent developments have raised concern over the accuracy of these documents, which are being used as the basis for reports by certain media outlets.

"Recent revelations have raised concerns about the veracity of a number of 'leaked' documents which certain media outlets, and online blogs such as Sarawak Report, have used to mislead the public and justify spurious allegations against the company and the government.

"According to press reports, these documents were found to have been tampered with, and were being used by an individual - who is currently under arrest in a foreign country - to extort and blackmail his former employer.

"We are therefore surprised that documents such as these, whose existence and authenticity have not been publicly verified, continue to be used as a basis to create new unsubstantiated allegations against 1MDB," said the statement.

1MDB said it is currently cooperating with a number of enquiries being conducted by the authorities including the Auditor-General, the Public Accounts Committee and Bank Negara.

"These authorities have all the relevant information, and we request all parties to await the outcome of their findings before making further allegations and rushing to judgement."

Swiss citizen Xavier Andre Justo, a former employee of PetroSaudi International (PSI), was recently detained by Thai police over claims that he had attempted to blackmail his former employer using documents obtained during his time at the company.

Among the items supposedly leaked to Sarawak Report included purportedly doctored documents pertaining to 1MDB and PSI.

## **NEW STRAITS TIMES** Monday, 6 July, 2015

### **4. PTPTN: Mandatory salary cuts for civil servants starting Sept**

Civil servants will be subjected to a mandatory deduction from their salary to settle their National Higher Education Fund (PTPTN) loans starting September. Public Service Department (PSD) director-general Tan Sri Mohamad Zabidi Zainal said the initiative will start with 480 PSD officers and staffs whom have already been notified through official letter from the department. "We have identified 480 borrowers and have arranged PTPTN officers to sort out their payment according to their affordability," he said earlier, adding that PTPTN will also consider their financial commitments and burdens. He added that all PTPTN borrowers under the civil service have also been identified and their names will be submitted officially to ministries' secretary-general come Friday. "Upon handing over the names, each ministry will conduct a counselling session for borrowers under their ministry with PTPTN to discuss on the deduction," he added.

## **NEW STRAITS TIMES** Tuesday, 7 July, 2015

### **5. Six accounts frozen; documents seized**

The task force investigating allegations of funds being transferred into the prime minister's account has frozen six bank accounts of parties believed to be involved in the case. In a joint-statement today, the team led by Attorney General Tan Sri Abdul Gani Patail, Bank Negara Governor Tan Sri Zeti Akhtar Aziz, Inspector-General of Police Tan Sri Khalid Abu Bakar and Malaysian Anti-Corruption Commission chief commissioner Tan Sri Abu Kassim Mohamed, said the freeze order was issued yesterday. However the identities of the account holders were not revealed. The task force also announced it had seized documents involving 17 accounts from two banks as part of the investigations. "The task force has also seized documents pertaining to the issue of non-compliance on the rules and procedures of Bank Negara by the (two) banks involved," the statement read. The task force members have urged all parties to cooperate in ongoing the investigations. Last Friday, Wall Street Journal and Sarawak Report published reports alleging that a whopping US\$700 million (RM2.65 billion) of 1Malaysia Development Bhd (1MDB) fund was

transferred into Datuk Seri Najib Razak's account. 1MDB and Najib had since denied the allegations, with the latter is considering legal action concerning the published articles.

**NEW STRAITS TIMES** Thursday, 9 July, 2015

#### **6. 1MDB will continue to cooperate with A-G**

1Malaysia Development Berhad (1MDB) will immediately contact the National Audit Department to seek clarity on which documents that were needed and had yet to be submitted by the strategic development company. In a statement today, 1MDB President and Group Executive Director Arul Kanda said: "1MDB refers to media reports today quoting the Public Accounts Committee (PAC Chairman), who confirmed that nothing suspicious had been discovered in the interim investigation by the Auditor-General. "We note in particular, the PAC Chairman's comments on the thoroughness of the AG's investigation, which included inspecting documents obtained from 1MDB and other parties. "1MDB confirms that all documents in its possession have been submitted to the National Audit Department. As the interim report has not yet been shared with 1MDB, we are unable to comment on the PAC Chairman's statement that certain documents appear to have not been submitted. "As requested by the PAC Chairman, we will immediately contact the National Audit Department to seek clarity on which documents the PAC Chairman is referring to. "1MDB reiterates our commitment to fully cooperate with the Auditor-General and all lawful authorities that are currently investigating 1MDB.

**NEW STRAITS TIMES** Thursday, 9 July, 2015

#### **7. Nothing suspicious in 1MDB interim report: PAC**

An interim report by the auditor-general on the accounts of state sovereign fund 1Malaysia Development Bhd (1MDB) has found nothing out of the ordinary. "There is nothing suspicious in the interim report," said Datuk Nur Jazlan Mohamed, chairman of the bi-partisan Public Accounts Committee (PAC) said today. However, he called on 1MDB to provide crucial documents requested by the auditor-general for its investigation. Nur Jazlan said these included bank statements and agreements pertaining to its investments. "There were hindrances faced by the auditor-general during the three-month probe into the state-owned fund when 1MDB was not forthcoming in revealing some of the crucial documents needed for the investigation," he said in a press conference after Auditor-General Tan Sri Ambrin Buang presented a 70-page interim report to PAC. Nur Jazlan said he hoped 1MDB officials would furnish the requested documents in due time to ensure investigations could be completed by the end of the year. PAC, he said, would question the fund's

past and present chief executives and directors next month. "We (PAC) are satisfied with the scope of the investigation carried out by the National Audit Department. However, it's too early to comment if there are any wrongdoings." Asked on The Wall Street Journal (WSJ) reports on 1MDB, Nur Jazlan said: "WSJ revelations are under the purview of the special taskforce, comprising the attorney-general, police, Bank Negara and the Malaysian Anti-Corruption Commission. PAC will not impede in their investigations." He noted that the scope and methodology used in the 1MDB audit includes analysis into its financial statements and investments including PetroSaudi International Ltd.

**NEW STRAITS TIMES** Tuesday, 14 July, 2015

#### **8. 1MDB denies allegation it shared tampered statements with banks**

KUALA LUMPUR: 1Malaysia Development Bhd (1MDB) is denying allegations that the government-owned strategic development company had shared tempered financial statements with banks. In a statement, 1MDB said Petaling Jaya Utara Member of Parliament Tony Pua had made the allegation and it has been widely reported. "Amongst others, he is quoted as saying that such actions by 1MDB would trigger "an event of default"," the company said in a statement. The company said it was unclear to 1MDB on what basis Tony Pua, a third party who is not a banker to 1MDB - nor privy to the company's internal dealings, was making such unsubstantiated and damaging allegations against 1MDB. "We note that Tony Pua has declined to elaborate further on the "valid reasons" behind his statements," it added. In any event, interaction between 1MDB and its bankers, including confidentiality obligations, are governed by contract and national law. 1MDB highlighted that no lender to 1MDB has declared an event of default for the reasons highlighted by Tony Pua. Furthermore, 1MDB's official financial statements are publicly available at the Companies Commission of Malaysia website for any concerned party to access the documents for verification purposes. It said 1MDB regretted that such statements on the company were being made by a third party such as Tony Pua and reported as fact on social media and online news websites. "Such actions impact the day to day operations of 1MDB, a 100 per cent government-owned company, and the implementation of the 1MDB rationalisation plan. "In this regard, 1MDB requests that all parties refer to official statements issued by 1MDB, and its publicly available audited accounts, for factually correct information," it said. Following is the full statement from 1MDB

**1MDB Response to YB Tony Pua**

1MDB refers to various statements attributed to YB Tony Pua at a press conference this morning, as reported in various online news portals today. In particular, YB Tony Pua alleges that 1MDB has shared tampered financial statements with banks. Amongst others, he is quoted as saying that such actions by 1MDB would trigger "an event of default". It is unclear to 1MDB on what basis YB Tony Pua, a third party who is not a banker to 1MDB - nor privy to the company's internal dealings, is making such unsubstantiated and damaging allegations against 1MDB. We note that YB

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**NEW STRAITS TIMES** Wednesday, 22 July, 2015

#### **9. Singapore police freeze two bank accounts related to 1MDB probe**

Singapore's police have frozen two bank accounts as part of an investigation linked to Malaysian sovereign fund 1Malaysia Development Bhd (1MDB), which is being probed by authorities in Malaysia for financial mismanagement and graft. "On 15 July 2015, we issued orders under the Criminal Procedure Code to prohibit any dealings in respect of money in two bank accounts that are relevant to the investigation," Singapore police said in a statement on Wednesday. It did not identify the bank or the accounts in question because the investigation is continuing. The Wall Street Journal (WSJ) reported that investigators looking into 1MDB had traced close to \$700 million of deposits into personal bank accounts belonging to Prime Minister Datuk Seri Najib Razak. Reuters has not verified the WSJ report. Najib has denied taking any money for personal gain and said the corruption allegations are part of a malicious campaign to force him out of office. 1MDB has denied transferring funds to Najib. -Reuters



**10. PAC 1MDB top management, auditors should be blamed**

KUALA LUMPUR: The Public Accounts Committee (PAC) said 1Malaysia Development Bhd (1MDB) top executives, directors and auditors should be blamed for the firm's muddled financial state.

Its chairman Datuk Nur Jazlan Mohamed said their weak corporate governance had turned the state investment arm into a national scandal.

In a report today by Singapore's The Business Times, Nur Jazlan said the management, board and auditors should shoulder a major part of the blame.

"There were weaknesses in the governance and I wish the auditors had played their part to flag issues earlier for corrective action," he told the business daily.

Nur Jazlan was also quoted as saying that the people have a reason to worry that more public money would need to be committed to solve the corporation's financial situation.

1MDB had come under public scrutiny mainly because of the RM42 billion debt accumulated within six years of it being established.

It was also reported that the firm had not been able to generate enough earnings to service its debt and it raised public concerns over some of its debts papers that were issued with letter of support from the government.

A special taskforce had since been set up to look into the accounts of the firm, jointly headed by Attorney-General Tan Sri Abdul Gani Patail, Bank Negara governor Tan Sri Zeti Akhtar Aziz, Inspector-General of Police Tan Sri Khalid Abu Bakar and Malaysia Anti-Corruption Commission (MACC) chief commissioner Tan Sri Abu Kassim Mohamed.

So far, the taskforce has arrested two people, a managing director of a company which handles corporate social responsibility programmes and a director of several construction and development companies who was once on 1MDB's payroll.

**11. UPDATED: KLIA2 terminal is safe, only 2.3pct area affected: MAHB**

PUTRAJAYA: The terminal, apron and taxiway at klia2 airport are operationally safe as only 2.3 per cent of the 1,480,000 square meters (sqm) airport is affected by uneven ground.

In a statement, Malaysia Airports Holdings Bhd (MAHB) said since klia2 started operations in May 2014, the airport company had been very diligent in monitoring the safety aspects of the overall airport operations together with all the stake holders.

MAHB said it had adopted a ground treatment method that requires maintenance to be performed to manage the differential settlement such as routine patching works, resurfacing or overlay works.

"Long term solutions include the construction of concrete slabs and injection of polyurethane (PU) material underground at affected parking aprons and taxiways.

"All works are done in accordance with International Civil Aviation Organisation (ICAO) guidelines and on a continuous basis," it added.

MAHB said the work plan, staggered in order to minimise the disruption to operations, was progressing as scheduled.

"The maintenance work is expected to taper off to a minimum level in the next five years," it added.

MAHB also ruled out possibilities of moving back to the Low Cost Carrier Terminal (LCCT).

"The LCCT can only cope with 15 million passengers per annum (mppa) compared to klia2 which has the current passenger traffic of 24 mppa.

"In this respect, moving back to LCCT is not a feasible option as it will not be able to cater to the current passenger traffic."

MAHB also added that passenger traffic at klia2 in the last 12 months had grown by 6.8 per cent over the same period in 2014 as the old LCCT.

In addition, the transfer or fly-through passengers had also doubled at klia2 due to it having much better facilities, it added.