

**1. LRT 3 project starts this month, 96 companies shortlisted for packages worth RM9bil**



Almost all the familiar construction 'big boys' have been shortlisted for the main infrastructure job. Among them are Gamuda Bhd, Bina Puri Holdings Bhd, Crest Builder Holdings Bhd, WCT Bhd, IJM Corp Bhd, Naza Engineering, Muhibbah Engineering (M) Bhd and Sunway Construction Group Bhd. (File pic shows the LRT Ampang line)

**Some 96 companies shortlisted for various packages worth RM9bil**

KUALA LUMPUR: The RM9bil light rail transit line three (LRT 3) project from Bandar Utama to Johan Setia, Klang will kick off this month, with some 96 companies being shortlisted for the various jobs.

To build the 37km rail infrastructure that comprises stations, viaducts, as well as park and ride facilities, a total of 44 companies have been shortlisted and have been broken up into two segments. A total of 22 companies have been shortlisted to bid for the large infrastructure jobs that would be awarded on a competitive basis.

Another 22 companies have been shortlisted on a restricted tender basis among majority bumiputera-owned companies. Also, a total of eight companies have been shortlisted for the tunnelling portion, which will span across two kilometres.

The system works have been broken up into four different categories, including the rolling stocks that are mainly dominated by international players.

Almost all the familiar construction 'big boys' have been shortlisted for the main infrastructure job.

Among them are Gamuda Bhd, Bina Puri Holdings Bhd, Crest Builder Holdings Bhd, WCT Bhd, IJM Corp Bhd, Naza Engineering, Muhibbah Engineering (M) Bhd and Sunway Construction Group Bhd, among others.

The companies qualified to tender for the tunnelling job, which is believed to be one of the most lucrative work packages, are Gamuda, IJM, Muhibbah Engineering, Naza Engineering, Putra Perdana Construction, Sunway Construction, Trans Resources Corp and WCT Bhd.

In terms of tunnelling experience, Gamuda has worked on a larger scale project. Gamuda and its joint-venture partner MMC Corp Bhd was given the mandate for the RM8.3bil tunnelling project for the mass rapid transit (MRT) line one connecting Sungai Buloh and Kajang.

The joint-venture of Gamuda and MMC has also won the underground works in the MRT line two between Sungai Buloh-Serdang-Putrajaya worth RM15.47bil. It is the single largest package awarded so far for the MRT Line 2 project.

IJM also has tunnelling experience being part of a consortium that won a contract worth RM1.3bil for the Pahang-Selangor raw water tunnel project.

As the pre-qualified tenderers have been shortlisted, LRT 3 project owner Prasarana Malaysia Bhd together with the project delivery partner, Malaysian Resources Corp Bhd and George Kent Bhd, will now initiate the tendering process for the LRT 3.

The tender period will start from this month onwards.

According to Prasarana Malaysia Bhd president and group chief executive officer Datuk Azmi Abdul Aziz, they are still working on the work packages now.

"Pre-qualification is no guarantee of work and it is the responsibility of tenderers to ensure that all of the documents submitted are true, accurate, legitimate and complete as per requirements stated in the tender document.

"If any information is found to be to the contrary, Prasarana reserves the right to disqualify the applicants," Azmi told reporters at a briefing on the qualified applicants yesterday.

Azmi also reiterated Prasarana's commitment to an open, transparent and honest tender process for the LRT 3.

"We are firm in our commitment that all parties will adhere to high standards of integrity throughout the execution of the project.

"I would want to take this opportunity to wish all aspiring bidders all the best for the tendering process. Successful bidders will play an important role in realising the LRT 3 aspiration - to extend connectivity to the Western Corridor of Greater Kuala Lumpur and Klang Valley. The LRT3 will be a vital addition of the Urban Rail Development Plan (URDP)," Azmi said.

According to earlier news report, the actual awarding of contracts of LRT 3 would start from the third quarter of this year onwards and Azmi was reported saying Prasarana would try to offer as many packages as possible in ensuring optimal participation from as many companies as possible.

The LRT 3 aims to connect two million people between Bandar Utama and Klang by 2020. It will have 27 stations with 10 park and ride facilities.



Friday, 6 May 2016

## **2. MACC records statement from Lim Guan Eng and wife**

GEORGE TOWN: More than 20 media personnel gathered in front of the Malaysian Anti-Corruption Commission (MACC) office in Jalan Sultan Ahmad Shah here early Friday morning.

The MACC would be recording statements from Penang Chief Minister Lim Guan Eng and his wife Betty Chew over the purchase of a RM2.8mil bungalow in Jalan Pinhorn and the sale of land in Taman Manggis.

Lim's car arrived at 9.22am before heading straight to the Penang Club parking lot some 50m away from the MACC premises.

Media personnel wasted no time chasing after the car but no one stepped out of it.

The car remained parked until 9.35am before it exited the parking lot and entered the MACC office.

Another car, in front of Lim's car, was believed to have ferried lawyers Gobind Singh, Ramkarpal Singh and RSN Rayer.

Later at 9.50am, Gobind came out to give a press conference.

According to Gobind, the process to record the statements will be ongoing until 1pm today before breaking for lunch and resuming at 2.30pm.

"We were told that the MACC needed about two days to record statement from Lim.

"After the process today, if necessary, we will come tomorrow (May 7)," he added.

He explained that this process was not a process of being charged but to assist in the investigation.

"I understand that businesswoman Phang Li Koon was also asked to give her statement at MACC in Putrajaya today," Gobind said.

Lim is represented by Gobind and Rayer while Betty is represented by Ramkarpal.



### **3. Najib: GST, subsidy rationalisation helped Malaysia weather economic uncertainties**

PUTRAJAYA: The implementation of the Goods and Services Tax (GST) and the rationalisation of subsidies gave the Government income to spend in times of economic uncertainty, said Datuk Seri Najib Tun Razak (*pic*).

The Prime Minister said these "proactive measures" had enabled the Government to still give civil servants a pay rise and build the Pan Borneo Highway despite the slow economy.

"The price of oil went down drastically. Other commodities are priced at a low level.

"Yet, we are still able to implement many development projects and take care of civil servants' welfare.

"The pay rise for civil servants and the increase in minimum wage will still be implemented this July. The Pan Borneo Highway, which costs RM16bil for Sarawak and RM12bil for Sabah, we can still build.

"Why? It's due to the proactive measures we took.

"I spoke with the new Bank Negara governor recently and he said if the Government did not introduce the two 'brave' measures which is the GST and subsidy rationalisation, Malaysia's economy could have ended up like Greece's," said Najib, in his address at the Prime Minister's Department's monthly assembly.

Najib added that the recent Sarawak election results showed that the rakyat understood the necessity of implementing the GST.

"In Sarawak, the Opposition used the GST as an issue, but it didn't work for them. The people have begun to understand that it is a fair move and it's purpose is only for the people's future," he said, adding that the Government had also given the 1Malaysia People's Aid (BR1M), tax exemptions and introduced zero-rated items to lessen the impact of GST.

On Barisan Nasional's victory in the Sarawak state election, Najib said the Government must find solutions for the problems of the people of Sabah and Sarawak.

"The development divide between Peninsular Malaysia with Sarawak and Sabah is our top agenda.

"They gave us their trust because we had a clear plan which we showed we could execute and deliver.

"Although developing the two large states will obviously take more time and cost more, it is morally wrong for us to not provide their people with basic necessities. We must find creative ways to solve their problems," he said.

In the recently-concluded election, Barisan won 72 seats out of 82 in the Sarawak state assembly.



Monday, 9 May 2016

#### **4. 1MDB hires financial adviser to engage bondholders over US\$1.75b debt notes**

KUALA LUMPUR: 1Malaysia Development Bhd (1MDB) has hired Alvarez & Marsal Asia Ltd as it starts an engagement process for its US\$ denominated bondholders following the default on the US\$1.75bil 1MDB Energy (Langat) Ltd.

It said on Monday while Alvarez & Marsal Asia would be its financial advisor, it has also hired D.F. King Ltd, an Orient Capital company as the identification and information agent to directly carry out the bondholder identification and registration process.

It also said D.F. King would identify and register bondholders of the Langat notes, whose fixed rate is 5.75% and are due 2022.

"1MDB will now actively engage with all Holders in order to outline the next steps of the process; explain the background of the dispute; clarify why 1MDB has taken the position to not make the interest payment on the Langat Notes; and reiterate that 1MDB has a rationalisation plan in place that enables the company to meet its existing debt obligations," it said.

1MDB has also requested D.F. King to launch a microsite at <http://sites.dfkingltd.com/1MDB/home/>, which contains all relevant information and will include regular updates for bondholders. Once registered, registrants will be able to submit questions online through the website.

It added that a call for all US\$ denominated bondholders would take place on May 23.

While 1MDB undertakes the exercise, it also said it was committed to working openly with International Petroleum Investment Company (IPIC) to resolve the dispute.

1MDB welcomes dialogue with all Holders and therefore requests them to disclose their identities and holdings to D.F. King via one of the two options, below:

1) provide the information to D.F. King via their custodian bank to Euroclear or Clearstream, Luxembourg (as appropriate) by means of the disclosure event in place by no later than deadline imposed by Euroclear or Clearstream; or

2) provide the information directly to D.F. King via the website at:  
<http://sites.dfkingltd.com/1MDB/home/>

1MDB also gave an assurance that all information received will be treated in the strictest confidence and will be used solely for the purposes of the 1MDB and its advisers.



Monday, 9 May 2016

#### **5. DBKL: Operations are illegal**

OPERATORS washing sand on private land along the riverbank at 5th Mile Jalan Kelang Lama have no permit from Kuala Lumpur City Hall (DBKL) to wash sand at the site.

They also have no permit to transport sand in and out of the area from the FT Land and Mines Department.

DBKL Socio-Economic Development executive director Datuk Mohd Sauffi Muhamad confirmed this after a team from the local authority was sent to investigate sand washing at the site.

"It is illegal and we will be sending an enforcement team to the place soon," said Mohd Sauffi.

Meanwhile in an email statement, the land office also confirmed that the area was a private land and the operators had not applied for a permit to transport sand.

Sand washing and mining operations require operations permits from multiple agencies. And even if they have the required permits, it is subject to various limitations from the Department of Irrigation and Drainage.

*StarMetro* reported last year that illegal sand-washing activity on a piece of private land in 3rd Mile, Jalan Kelang Lama was causing numerous problems to the community living in and around the area.

In 2013 and 2014, the newspaper exposed illegal sand-washing operations in other parts of Jalan Kelang Lama; one was on government land beside the Seri Anggerik People's Housing Project (PPR) flats in Batu 4, Jalan Kelang Lama while another was in Taman Sri Manja.

Following the reports, the Federal Territories Ministry had ordered the shutdown of several mining companies that were illegally operating on both government and private land in the city.

Federal Territories Minister Datuk Seri Tengku Adnan Tengku Mansor, who issued the closure order, said illegal sand mining went against the Government river cleaning projects.

Residents had tipped off *StarMetro* on previous cases complaining that lorries carrying sand into the area would make as many as 50 to 100 trips daily between 8am and 6pm along Jalan Kelang Lama.

It has been reported the current market price for sand is RM600 per lorry.

**6. Khazanah said to mull selling RM3.6bil of listed stocks**



Khazanah holds a 29.7% stake in TNB, which is Malaysia's biggest listed power producer with a market value of RM78.8bil, according to data compiled by Bloomberg. The Kuala Lumpur-based fund owns 43% of IHH, Asia's largest hospital operator, and 38.2% of Axiata, the nation's biggest wireless operator by revenue.

KUALA LUMPUR: Sovereign fund Khazanah Nasional Bhd is considering paring its stakes in three listed companies, in deals that could raise as much as RM3.6bil, according to people familiar with the matter.

The state-owned investor asked banks to pitch for a role arranging the sale of about 2% each in Tenaga Nasional Bhd (TNB), IHH Healthcare Bhd and Axiata Group Bhd, according to the people, who asked not to be identified as the information is private. Khazanah, which is the largest shareholder in the three Malaysian companies, might decide to sell stock in one or all of the firms, one of the people said.

The sovereign fund has been trimming its stakes in listed Malaysian companies as part of a government directive to boost liquidity on the local bourse. It sold RM1.8bil of TNB shares in January last year and raised RM583mil paring its stake in container terminal operator Westports Holdings Bhd in 2014, data compiled by Bloomberg show.

TNB shares fell as much as 1.7% in Kuala Lumpur trading yesterday and were headed for the lowest close since April. The benchmark FTSE Bursa Malaysia KLCI rose 0.1% at 12:04 pm in Kuala Lumpur. Axiata fell 0.9% to RM5.35, set for weakest close in nearly four years, while IHH fell the most in a week.

"Usually when there is such news, there would be short-term pressure on the share prices because the disposal would be done at a discount," Ang Kok Heng, the chief investment officer of Phillip Capital Management Sdn, which manages RM1.73bil, said by phone yesterday from Kuala Lumpur. "Some people may also take the opportunity to lock in profit and buy back later on."

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Khazanah had a net asset value of RM109bil at the end of December, up from RM110.7bil at the end of 2014, according to statements from the fund.



#### **7. Chua dismisses GST hike speculation**

KUALA LUMPUR: Deputy Finance Minister Datuk Chua Tee Yong has refuted allegations that there was a plan, discussions or suggestion by the government to increase the Goods and Services Tax (GST) rate from six per cent currently.

Speaking to reporters at the Southeast Asia Venture Capital and Private Equity Conference 2016, he said: "There are no discussions to increase the GST rate as of now.

"As such, I hope people won't spread the wrong news or misinformation."

He was responding to news circulating on social media that the government would increase the GST rate to eight per cent effective June 1, 2016.

He also said news that the government would increase the GST after the Sarawak state election, has proven false.

Chua also denied speculation that the government was looking to reduce the number of GST-free and GST-exempt items currently.

"During the recalibration of the 2016 Budget, there was a suggestion in terms of reducing the number of GST-free or GST-exempt items. One such item has always been RON 95 petrol. There

was a suggestion to remove it (GST exemption).

"However, the government realised the impact (to the consumer) especially on inflationary pressure, and as such, it was not done," he added.

On another issue, Chua denied a rumour on the possible reduction of the limit on annual sales to RM300,000 from RM500,000, for a business to be registered for the GST.

Meanwhile, he said the government would engage with 1Malaysia Development Bhd (1MDB) on the commercial dispute between it and the Abu Dhabi state-owned International Petroleum Investment Co (IPIC).

IPIC, on Wednesday, demanded the government and 1MDB compensate the firm US\$1.2 billion, plus accrued interest.

This was after it paid US\$52.4 million in interest on 1MDBs 5.99 per cent bonds that it guaranteed.

In April, 1MDB had stated that it attempted to meet all its obligations to IPIC, whereas the latter, had publicly denied receipt or knowledge of various financial transactions or guarantees entered into between the parties.

"Accordingly, whilst 1MDB has the funds to have made the interest payment, it is 1MDB's position, as a matter of principle, that it was IPIC's obligation to do so.

"Until IPIC accepts that all obligations have been met, 1MDB is obliged to withhold payments and will seek legal recourse and resolution," it said in a statement.

However, Chua said the dispute would not affect the government's fiscal deficit target for this year.

"We are maintaining the fiscal deficit at 3.1 per cent for 2016," he said.

**8. A-G's Report: Equipment purchased by Civil Defence Department not used, tested**

PETALING JAYA: Equipment purchased by the Civil Defence Department like inflatable boats and generator sets were not used or tested even after nine months, the 2015 Auditor General's report said.

Twelve inflatable boats, commander signal batons, helmets, generator sets, fire retardant clothing, breathing apparatus, and surfboards bought were not used or tested even after 250 days.

The report said the poor planning in procurement of supplies and services for the Civil Defence Department had caused small split procurement totalling RM5.8mil.

"Supplies of 1,010 shine rubber, eight jet skies and 84 surf boards amounting to RM850,000 did not comply with the stipulated specifications," said the report.

The audit report suggested that the Home Ministry and the Civil Defence Department must ensure proper and efficient management and administration of procurement contracts.

"The Department must ensure that all assets and inventories records are complete and updated, as well as implement proper store management to safeguard its asset and inventories," said the report.

In reply to the Treasury, the Civil Defence Department said it had taken seriously all the recommendations made by the Audit Department and ordered a detailed plan to be conducted.

It includes providing courses to the financial staff and a market study before a procurement is conducted.

## 9. Defence ministry looking at audit of plane assets



KUALA LUMPUR: The Defence Ministry is considering using a third party to carry out a comprehensive audit on all its assets, following the recent crashes of its planes.

Minister Datuk Seri Hishammuddin Hussein (*pic*) said he had asked the ministry and the Malaysian Armed Forces to look into the viability of conducting such audit.

"We have to look at maintenance records, along with the continuous training of pilots and that requires a lot of thought.

"I have already mentioned this to Royal Malaysian Air Force (RMAF) chief Jen Datuk Seri Roslan Saad," he told reporters at the Parliament lobby.

Hishammuddin was responding to questions on further action to be taken following the latest crash of an RMAF training aircraft in Pahang last Tuesday.

The two pilots inside the Aermacchi MB339CM aircraft survived, but one of them broke his leg.

"I have not received the full report on the crash yet, and I'm not sure whether the training plane has been grounded.

"Initial reports state that the plane experienced technical problems," said Hishammuddin, while rubbing out rumours of explosives on the plane.

Last February, an RMAF's CN235 transport plane crash landed along the Kuala Selangor coastline.

All eight people on board survived the crash, and Hishammuddin said the plane has since been grounded.

"The ministry is already looking at upgrading our C-130 aircraft, along with the Nuris and the Hawks.

"An audit of our assets, including the training planes, the Sukhoi jets, and the CN235 planes, need to be done to plan the way forward," he said.



Sunday, 22 May 2016

#### **10. Fadillah: Federal government may request for Penang govt to send bridge documents**

PETALING JAYA: The Federal Government may request for the Penang government to submit all relevant documentation related to their request for a third bridge linking the island to the mainland, said Works Minister Datuk Seri Fadillah Yusof.

"With any application or proposals for any construction projects, our Ministry will evaluate each request based on its own merits and its long-term costs and benefits to the rakyat. This may include our Ministry requesting the Penang Government to submit all relevant documentation related to their request - including the three project studies costing RM305 million, which I understand is complete or nearing completion," said Fadillah.

He added in a press release on Sunday that he was responding to a statement by Penang Chief Minister Lim Guan Eng over a third Penang Bridge.

"I take note of Lim's statement today that he will be sending me a letter next week to apply for a third Penang Bridge, and I look forward to receiving this letter. I thank him for coming clean by confirming that the Federal Government has never rejected or made it difficult for the Penang Govt to receive approval in the past to build a third Penang Bridge and forcing the Penang government to build a tunnel instead," said Fadillah.

On Sunday, Lim said in a statement that the Penang state government will be sending a formal letter next week to the Federal Government to seek approval for the construction of the third bridge, from Gurney Drive on the island to Bagan Ajam on the mainland, adding that the letter would be addressed to Works Minister Datuk Seri Fadillah Yusof over the construction of the toll-free bridge.

Lim had said during the state assembly meeting on Friday that it would be difficult to get approval from the Federal Government to build the third bridge because the Prime Minister's triple promises to construct the LRT on Penang island remained unfulfilled.

"I also take note that YAB Lim had admitted yesterday that he was not brave enough to request for such approvals in the past - despite the fact that by his own admission, a bridge would cost at least RM2 billion less than a tunnel. The Federal Government in general and our Ministry in particular is committed to the continuous improvement of the public infrastructure for Malaysia," said Fadillah.



Monday, 23 May 2016

#### **11. Finance Ministry: Government not bound to take over 1MDB USD3.5bil bond**

KUALA LUMPUR: The Government is not legally bound to take over the US\$3.5bil (RM14.3bil) bond of 1Malaysia Development Berhad (1MDB), says Finance Minister Datuk Seri Najib Tun Razak.

Najib, who is also Prime Minister, said there were no documents binding the Government to the bond.

"There were no Government guarantees or support letters from the Government for the bond," he said in a written reply.

He was responding to Kelana Jaya MP Wong Chen, who asked if the Government is legally bound to take over the US\$3.5bil bond, after the International Petroleum Investment Corp (IPIC) refused to adhere to the contingency plan, which was executed on May



Monday, 23 May 2016

#### **12. Zahid Hamidi: Immigration system has been sabotaged**

IPOH: Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi believes that the Malaysian Immigration System (myIMMs) has been sabotaged.

Ahmad Zahid, who is also the Home Affairs Minister, said several names had been identified and would be announced by him and the police.

He commented on the note of caution given in the Auditor-General's Report 2015 Series 1 on May 18, which stated that the system, developed to support the main operations of the Immigration Department was unsatisfactory and its objectives not met.

According to the report, the myIMMs biometric facility worth RM10.3mil had been paid for and already supplied, but was not installed and used at the entrance gates to screen and identify foreigners as well as Malaysians.

Ahmad Zahid added that they would collaborate with the National Audit Department to conduct an internal audit, which would include performing a "management" and "forensic" audit.

"If the system is found to be faulty, action will be taken against the supplier, but if it is a case of 'human error' then a 'revisit' will be done on any operational approach involved," he said.



Wednesday, 25 May 2016

### **13. MACC completes investigation on Guan Eng, papers submitted to A-G**

PETALING JAYA: The Malaysian Anti-Corruption Commission has completed its probe on Penang Chief Minister Lim Guan Eng (*pic*) and submitted the investigation papers to Attorney-General Tan Sri Mohamed Apandi Ali.

In a statement on Wednesday, the MACC said that appropriate legal action would be taken if the A-G is satisfied with the explanation given by the anti-graft body in its investigation papers.

"On the other hand, if the MACC investigation is found to have insufficient explanation, then no legal action will be taken," it said.

MACC said that the matter was in line with Article 145 of the Federal Constitution whereby the power to prosecute was in the hands of the A-G.

On Sunday, MACC officers visited Lim's bungalow at Pinhorn Road.

Lim and his wife Betty Chew and DAP lawyers R.S.N. Rayer and Ramkarpal Singh Deo were present during the visit.

Lim and his wife were at MACC's office earlier that day.

#### **14. DPM: Sabotage would have gone undetected if not for exposè**

KUALA LUMPUR: Sabotage of the Malaysian Immigration System (myIMMs) would not have come to light if not for media exposè.

Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi, who is also Home Minister, said elements of sabotage in the system went undetected for several years.

"Nobody knew about it. It only came to light after it was raised by the media," he said after chairing the National Water Resources Council at Parliament House here Thursday.

Dr Ahmad Zahid was asked to comment on Immigration director-general Datuk Sakib Kusmi's remarks that elements of sabotage went back as far as 2010.

At a separate event in Putrajaya on Thursday, Dr Ahmad Zahid said police had detained about 100 people, some of them Immigration Department officers.

He said the officers were arrested along with syndicate members after a three-month investigation and surveillance on their activities.

It is believed that the majority of the Immigration personnel arrested were low-ranking officers stationed at KL International Airport.

The Auditor-General's 2015 Report stated that myIMMs, set up to support the Immigration Department's main operations, was not functioning satisfactorily, impairing its objective.

The report said a biometric facility worth RM10.3mil was procured for myIMMs to screen and identify foreigners as well as Malaysians at the country's entry points but had not been installed.

**15. Najib: Publishing confidential papers a serious offence**



KUALA LUMPUR: Prime Minister Datuk Seri Najib Tun Razak said publishing confidential documents under the Official Secrets Act is a serious offence.

"The police will have to investigate. The Governor of Bank Negara has lodged a police report, I've been told," he said after the Umno supreme council meeting Friday when commenting on the latest article by the *Wall Street Journal*.

He added: "It's a very serious action on their (WSJ) part and they must be able to provide us with answers."

**16. PAC denies report Jho Low owner of Good Star Ltd**

PETALING JAYA: Public Accounts Committee (PAC) chairman Datuk Hasan Arifin (*pic*) has denied that Malaysian financier Low Taek Jho is the owner of Good Star Limited.

The Wall Street Journal previously revealed a confidential letter from Bank Negara to Hasan implicating Low, or Jho Low, as the owner of Good Star Limited.

"This is because Bank Negara has said that the information provided is (for) intelligence (purposes). PAC is not an investigative body and the information it receives has to be authentic and true.

"As the information received by the PAC is classified as intelligence, PAC is unable to incorporate the information provided as it would be in conflict with its duties and responsibilities and raise prejudices against various parties," Hasan said in a statement on Saturday.

"Apart from that, Bank Negara itself said the investigation into 1MDB is completed and the firm has been issued with an administrative compound.

"PAC has also presented its report to Parliament, and the matter has been resolved and should not be politicised," the statement said.



Sunday, 29 May 2016

#### **17. Cutting corners may lead to fraudulent activity**

PETALING JAYA: During times of economic downturn there tends to be a higher frequency of fraudulent activity but there are ways to protect businesses and identify the red flags.

Coalition of Business Integrity (CBI) director Lee Min On said this could be seen from past trends and surveys conducted by large accounting firms.

"During a downturn, there are comparatively more businesses falling into receivership and it is not surprising that assets of these businesses may have been stripped by the time receivers and liquidators come in," said Lee in his fraud management risk talk at Dream Centre here yesterday.

In such times, to preserve cash in the organisation for survival, businessmen may "cut corners" in the companies' internal control and monitoring system.

"So when these corners are cut, unscrupulous parties may leverage on the weaknesses to exploit the opportunities and to help themselves to the assets."

Lee, who is also a retired partner with KPMG Malaysia, pointed out that fraud and misconduct were perfect for malpractice to take place in an organisation.

The first malpractice is the falsification of an organisation's financial statements with the fear that share prices of the company may drop if unfavourable results are announced.

Second is theft, misappropriation or unauthorised use of assets.

"And the most hideous of all is corruption," he added.

While there may be internal and external auditors, audit committee and management to provide the checks and balances, things may still go wrong.

Lee pointed out that there were remedial measures by corporations, such as establishing a code of conduct for directors and employees, setting limits of authority, and formalising a clear organisational chart with segregation of duties.

But he also emphasised on having in place whistleblowing policies and procedures.

"It works very well in the private sector or businesses located overseas as there are companies which embed a system where monetary rewards are given to the whistleblower if it results into a proven case."



Monday, 30 May 2016

#### **18. 'No delays in second phase of Pasir Gudang Highway project'**

JOHOR BARU: The second phase of the Pasir Gudang Highway expansion project will commence some time between August and October and will involve some RM150mil in costs.

Pasir Gudang MP Normala Abdul Samad said the project to expand the 7km stretch of the highway from the current four lanes to six would take 30 months to complete.

She said a contractor had been appointed through a tender process and the project was now waiting to take off.

She also said that she would be directly involved in monitoring the project's progress to ensure that what happened in phase one would not be repeated.

"What happened in the first phase was that we engaged with the (previous) contractor quite late but this time, we will be having early engagements with the contractor to avoid such problems," she told *The Star* after attending an environmental transformation programme in Taman Plentong Utama here yesterday.

Normala added that she had informed Works Minister Datuk Seri Fadillah Yusof about the current state of the project and would meet the state Public Works Department from time to time for updates.

Phase two covers the expansion of lanes from Plentong to Seri Alam along the highway that links Pasir Gudang and Taman Perling.

The Federal Government approved the project under the 10th Malaysia Plan as it was a major highway utilised by more than 125,000 motorists daily.

Phase one of the project, to also increase the previous four lanes to six lanes, involved a cost of RM148mil and was along an 8km stretch of the 32km highway.

Problems with underground cables and pipes were among the setbacks that caused the delay for phase one that was given a deadline extension from the initial April to Sept 30 last year.

Phase one was only completed somewhere at the end of 2015 with many frustrated motorists facing road congestions daily as constructions went on.