

## The Star March 2017

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1. **MACC grills Johor exco member**



**Facing heat: Abdul Latif (in pink shirt) leaving the MACC office after giving his statement.**

JOHOR BARU: State executive councillor Datuk Abdul Latif Bandi, in the hot seat over a massive housing and land scandal in Johor, was questioned for four hours by anti-graft officers.

It was the Johor Housing and Local Government Committee chairman's first session with the Malaysian Anti-Corruption Commission (MACC) following the arrest of his son and his special officer on Friday.

The exco member arrived at the MACC office at about 9.10am yesterday and left later with several officials.

Abdul Latif had kept mum on the matter and had not been seen in public since the MACC picked up his eldest son Ahmad Fauzan and special officer Muhammad Idzuan Jamalludin.

MACC also arrested a contractor at about 9.45am here yesterday, bringing the number of suspects detained in the case to seven.

It also froze RM5mil in several bank accounts. Until then, it had already frozen about RM15mil in more than 45 accounts.

MACC deputy chief commissioner (operations) Datuk Azam Baki said the contractor had been remanded.

It was reported on Monday that kickbacks from the scandal involving tens of millions of ringgit had started from 2013.

The scheme was simple - convert bumiputra housing lots to non-bumiputra lots, which could then fetch much higher prices when sold.

Hundreds of housing lots were converted.

During Friday's swoop, MACC seized 21 luxury cars and five high-powered motorcycles.

A lawyer, two developers and another suspect were also arrested in a series of raids that day.

MACC has so far called in 15 people to have their statements recorded.

It was learnt that Muhammad Idzuan started working for Abdul Latif about four years ago.

Ahmad Fauzan and Muhammad Idzuan appear to be close friends, based on their interactions on social media.

They were seen celebrating special occasions together, and in one photo taken in Indonesia, Muhammad Idzuan appeared to be teasing Ahmad Fauzan with the caption "Good morning Acheh with boss junior".

## **2. Company signs share purchase agreement for Petronas' Rapid project in Johor**

KUALA LUMPUR: Saudi Arabia's Aramco is taking up a 50% stake in the refinery and cracker assets at the Refinery and Petrochemical Integrated Development (Rapid) project in Pengerang, Johor, in a multi-billion-dollar deal with Petronas.

The two state-owned oil companies have signed the share purchase agreement to facilitate the US\$7bil (RM31.1bil) investment by Saudi Aramco in Petronas' Rapid project within the Pengerang Integrated Complex (PIC).

The huge investment makes Aramco the single largest investor in Malaysia.

Petronas president and group CEO Datuk Wan Zulkiflee Wan Ariffin said the partnership would be a valuable one.

"It is not often that two national oil companies - with strong reputations, wealth of operational experience and proven record in developing mega projects - come together to work on a greenfield project," Wan Zulkiflee said.

"We will continue to explore other potential areas of collaboration and partnership which will further deepen our long-term relationship," he told reporters after signing the share purchase agreement here yesterday.

The signing ceremony was held in conjunction with the state visit of Saudi Arabia's Ruler, King Salman bin Abdulaziz Al-Saud, to Malaysia. Prime Minister Datuk Seri Najib Tun Razak and King Salman witnessed the ceremony.

Also present were Minister in the Prime Minister's Department Datuk Seri Rahman Dahlan; Saudi Arabia's Energy, Industry and Mineral Resources Minister Khalid Al-Falih, who is also Saudi Aramco chairman; and Saudi Aramco's President/CEO, Amin H. Nasser.

Upon completion of the transaction, subject to regulatory approvals and the completion of other associated agreements, Petronas and Saudi Aramco will hold equal ownership in selected ventures and assets of the Rapid project within the Pengerang Integrated Complex (PIC), Wan Zulkiflee said.

He added that Petronas was expected to complete all the conditions precedent to the agreement about one year upon its signing.

Under the partnership, Saudi Aramco will supply up to 70% of the crude feedstock requirements of the refinery, with natural gas, power and other utilities supplied by Petronas.

According to Khalid, the Saudi Arabia group's partnership with Petronas fits its agenda in establishing a strong presence in Malaysia.

"This is the market that we have always wanted to be in. Not only do we see Malaysia as a growth market with its strong gross domestic product, but we also see it as a platform for us to target other markets in the region," Khalid said.

Aramco's investment into Malaysia's Rapid project is expected to beef up its downstream portfolio ahead of its initial public offering in 2018.

"For Saudi Aramco, this is a final investment decision although we have to go through the legal and regulatory process to complete the deal," Khalid explained.

Amin said the deal would strengthen the company's position as the leading supplier of petroleum feedstock to Malaysia and South-East Asia.

The Rapid project is part of the PIC development in Johor undertaken by Petronas and is positioned to be a regional downstream oil and petrochemical industrial hub.

Rapid's refinery will come with a capacity to refine 300,000 barrels of crude per day.

Petronas said the PIC development was 60% complete, putting the project on track for refinery start-up in 2019.

### 3. External risks a speed bump to sustained economic recovery

THE surprise United States election, together with the Brexit referendum, will continue to play a major role in shaping 2017.

The sabre-rattling between Trump and China even before he took office and the threat of trade wars has spooked regional markets.

These events will weigh down on sentiments in the region, particularly until the real aspirations and intentions of president Trump are better understood. The anti-trade stance, at the regional level, could also undermine the alternative plan for the failed Trans Pacific Partnership Agreement.

However, it is also important to note that there is also excitement among some circles, largely from the prospect of greater fiscal spending in the United States and the prospect of deregulation of the US financial and energy sectors.

The Chinese economy continues to bear the possibility of a hard landing. While China continues to grow, helped by aggressive state intervention, there are several red flags about the inherent structural weakness in the system.

There are no appetite for real reform which feeds into medium to long-term risks for growth resulting in contagion risk for Malaysia and Asia.

China's overheating property market, increasing "zombie firms" and ballooning shadow banking debt are also causes for concern.

Malaysia's ability to navigate a path of growth in 2017 remains littered with risks. While Malaysia is expected to post a stronger recovery in the first quarter (Q1) of 2017 compared to the second half (H2) of 2016, poor sentiments and external factors has clouded its outlook in 2016.

We expect growth to continue being generated largely by domestic consumption in 2016. Malaysia, like many others in the region, was exposed to the external headwinds swirling from global uncertainties.

Malaysia's private consumption has proven to be robust in 2016 and we expect Q4 2016 to be no different, albeit at a growth of 5.8% versus 6.4% in Q3 2016.

Exports in Q4 2016 are expected to be dampened due to weakness in commodities and softer external demand but overall, due to a slightly better H2 2016 compared to H1 2016, we estimate our Q4 2016 gross domestic product (GDP) growth to be 4.3%, matching Q3 2016.

As mentioned, weak business and consumer sentiment have put a slight damper on Q4 2016. We calculate full-year (2016) growth to be 4.2%, within the official forecast of 4.0-4.5%, with private consumption and investments being the two biggest contributors to 2016 growth.

As for what can be expected for 2017, we estimate growth to be largely generated by an expected 6.6% expansion in private consumption compared to an estimated 6.0% last year.

While consumer sentiments have shown signs of softening and may temper further upside to growth, stable employment condition and decent wage growth, along with government-backed cash hand-out programme under BR1M, would give ample support to private consumption this year.

Meanwhile, exports in 2017 are expected to see some relief with an expected stabilisation of commodity prices and from increased competitiveness due to the weakening ringgit.

Overall, Malaysia is expected to maintain a gradual recovery in H1 2017, as it ends the year with an estimated 4.3% growth for H2 2016, albeit higher than 4.1% in the H1 2016.

Hence, GDP growth is expected to edge higher to 4.5% in 2017 from 4.2% last year, largely from improved domestic demand.

Overall, the economy will take direct cues from what happens elsewhere.

Global financial markets will continue to be roiled by the US Federal Reserves' indicative three rate hikes this year and how market forces respond to President Trump's intended mega infrastructure spending, tax cuts for the rich as well gutting regulation for many pillars of the US economy.

Elections are expected in major economies like Germany, France and the Netherlands where observers are closely watching the populist movements which could spur some political changes and inject short-term instability.

Nevertheless, our reading of the landscape is that Malaysia's growth momentum remains intact for the time being despite the uncertainties.

We calculate GDP growth for Q1 2017 to be 4.4% compared to an estimated 4.3% in the last quarter. Sector-wise, growth is expected to be driven by services, construction, mining and manufacturing.

A pick-up in recovery, however, come hand-in-hand with rising inflationary pressures for 2017. This, along with supply-side considerations – stabilisation in crude oil prices (to US\$55 per barrel) and subsidy rationalisation – will see inflation edge upwards in 2017.

We expect inflation to hover at 2.2% in Q1 2017 before rounding off with an elevated 2.5% full-year inflation for 2017. Overnight policy rate (OPR) is likewise expected to remain at 3%, at least for H1 2017.



Gradual recovery and an uptick in inflation support our view that the odds of an OPR rate cut has largely receded barring unexpected disruptions to Malaysia's recovery trajectory.

The state of the ringgit continues to be on the radar of investors and the general public alike. We think that Malaysia's resilient domestic economy could reduce some outflow of capital flight which has made the ringgit one of the worst-performing currencies in Asia.

Bank Negara's step to curb the trading of ringgit offshore and expand the onshore ringgit market have weakened the currency in the short term but over the longer term, we think these measures could help the authorities with greater controls over its exchange rate mechanisms.

The ringgit, like other regional currencies, will be exposed to more downward pressure with the likely Fed's three 25 basis points rate hikes in 2017. Investor sentiments continue to be herd-like, with the market anxiously watching global developments, particularly the Trump effect.

We expect that this year, the ringgit could strengthen to around 4.35 by the end of 2017 on stronger exports and a more stable economic environment.

#### 4. Bank Negara's reserves unchanged at US\$95bil



PETALING JAYA: Bank Negara's international reserves remained unchanged at US\$95bil (RM426.3bil) as of Feb 28, 2017.

The central bank said the reserves position was sufficient to finance 8.5 months of retained imports and was 1.1 times the country's short-term external debt.

In the announcement, Bank Negara said the reserves were made up of US\$87.9bil in foreign currency reserves, US\$0.8bil International Monetary Fund reserves position, US\$1.1bil in holdings of Special Drawing Rights (SDRs), US\$1.4bil in gold and US\$3.8bil consisted of other assets.

On Feb 15, Bank Negara stated that its international reserves stood at US\$95bil. At the time, Bank Negara said the reserves position was sufficient to finance 8.4 months of retained imports and was also 1.1 times the short-term external debt.

In its statement of assets and liabilities yesterday, Bank Negara said that its assets were made up of gold and foreign exchange and other reserves including SDRs (RM426.26bil), Malaysian government papers (RM3.86bil), deposits with financial institutions (RM1.76bil), loans and advances (RM7.78bil), land and buildings (RM2.11bil) and other assets (RM8.74bil).

Its liabilities consist of paid-up capital (RM100mil), reserves (RM147.39bil), currency in circulation (RM99.82bil), deposits by financial institutions (RM171.63bil), deposits by the federal government (RM6.32bil), deposits by others (RM359.17mil), Bank Negara papers (RM9.46bil), allocation of SDRs (RM8.11bil) and other liabilities (RM7.29bil).

5. Johor exco member arrested over land scandal



PETALING JAYA: Johor executive councillor Datuk Abdul Latif Bandi has been arrested over the controversial massive housing and land scandal in the state.

Abdul Latif was detained at about 11am on Thursday at the Malaysian Anti-Corruption Commission (MACC) office in Johor Baru when he was summoned there for questioning.

MACC chief commissioner Datuk Dzulkifli Ahmad confirmed the arrest at Menara Star here.

He was here with a team of senior MACC officers for a courtesy visit as part of an engagement programme with the media.

Abdul Latif was the Johor Housing and Local Government Committee chairman and had opted to go on leave pending an investigation into the case.

Last week, the state exco member's son and his special officer were detained by the MACC in a swoop.

Abdul Latif had kept mum on the matter and had not been seen in public since then.

About RM15mil in more than 45 accounts had been frozen as part of the probe.

Also seized were 21 luxury cars and five high-powered motorcycles.

A lawyer, two developers and another suspect were also arrested in a series of raids that day.

They were all released from remand.

MACC has so far called in 15 people to have their statements recorded.

**6. Investigating officer claims trial to two graft charges**



**Accused of graft: Insp Krishnan being escorted at the courthouse in Shah Alam.**

SHAH ALAM: An investigating officer has pleaded not guilty to two counts of graft.

Insp M. Krishnan, 33, who is attached to the South Klang district police headquarters, was charged by the Malaysian Anti-Corruption Commission (MACC) at a Sessions Court here yesterday.

He is accused of soliciting and accepting a bribe from Lim Bee Sin, 21, as an inducement to reduce the five charges of wrongful confinement under Section 324 of the Penal Code to just one against her boyfriend Koay Khoon You, 23.

Charged under Section 16 (A)(B) of the MACC Act, Insp Krishnan is said to have solicited RM8,500 from Lim at about 8.30pm on Jan 13, 2016, at the South Klang police headquarters.

He is also charged under Section 17(a) of the same Act with accepting another RM7,000 from her at the same place at about 5.15pm the following day.

Insp Krishnan now faces a jail term of up to 20 years and a fine of at least five times the value of gratification or RM10,000 - whichever is higher - for each charge.

DPP Hazirah Azeman requested the court to set bail at RM30,000 but Insp Krishnan's counsel Datuk Geethan Ram Vincent asked for this to be reduced to RM10,000.

Judge Rozilah Salleh then granted bail at RM24,000 with one surety and ordered the accused to hand over his passport to the court. He is also to report to the South Klang police headquarters once a month.

Rozilah fixed April 3, for mention.

Insp Krishnan was the investigating officer in the high-profile Sameera Krishnan abduction case in 2015.

Sameera, who was then brutally murdered in Kuantan, had allegedly been physically tortured and sexually violated by four men.

Two were arrested and charged under Section 3 (1) of the Kidnapping Act - which carries the death penalty - while two others are still at large.

In another Sessions Court, two policemen and a retired cop were charged by the MACC for receiving a RM5,000 bribe from Mohd Rizal Jantan through one Mariani Ismon.

Sjn Azahar Adon, 56, Kpl Rosli Bali, 55, and Yusof Ali, 60, allegedly received the bribe at about 5pm on April 22, 2015 as an inducement not to take action against Mohd Rizal over a drugs possession and trafficking case.

The two policemen, who were then attached to the Subang Jaya District police headquarters, and Yusof were charged under Section 17(a) of the MACC Act.

Judge Asmadi Hussin set bail at RM8,000 for each of them with one surety and fixed May 10 for mention.

**7. Langkawi fire station head jailed, fined for corruption**



ALOR SETAR: The Sessions Court here has sentenced a fire and rescue station head to 40 months' jail and RM60,000 fine for two counts of corruption.

Judge Zanol Rashid Hussain handed down the sentence on Yaakob Hassan (pic), 49.

The judge had found Yaakob guilty of the offences on March 8, but fixed Tuesday for sentencing as Yaakob was then detained under the Prevention of Crime Act.

He sentenced Yaakob to 20 months' jail and RM50,000 fine, or 10 months' jail in default, for the first offence, and 20 months' jail and RM10,000 fine, or two months' jail in default, for the second offence, to be served concurrently from Tuesday.

However, Zanol Rashid allowed a stay of the sentence pending an appeal, but ordered Yaakob to pay the fine on Tuesday.

For the first count, Yaakob was charged with soliciting bribes of RM10,000 through a telephone call to an individual which was made at 7.46pm on Oct 13, 2012.

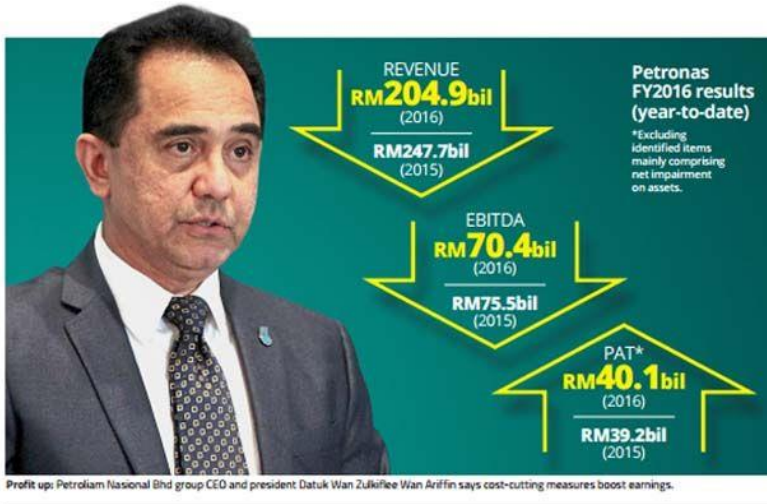
The money was as an inducement for Yaakob to help close a police investigation in connection with the arrest of another person.

The second count was for accepting RM2,000 from the individual for the same purpose in a room at the fire and rescue station at Jalan Kasap, Langkawi, at 3pm on Oct 14, 2012.

Both the charges were made under Section 16(a)(A) of the Malaysian Anti-Corruption Commission (MACC) Act, which provides for imprisonment of up to 20 years and fine of not less than five times the amount of bribe involved, or RM10,000, whichever is higher, upon conviction.

The prosecution was led by deputy public prosecutor from MACC, A Hafiizh Abu Bakar, while Paramjit Singh represented Yaakob.

## 8. Cost-cutting measures help lift Petronas earnings



According to Petronas president and group CEO Datuk Wan Zulkiflee Wan Ariffin, the group would continue to maintain a "conservative" outlook for 2017, pursuing cost optimisation and efficiency improvement, given the uncertainty of global crude oil prices. "I don't know whether the worst is over or not. We still feel the outlook is uncertain," Wan Zulkiflee(pic) said." (Default Alternate Text: "Petronas year-end 2016 group financial results announcement."

KUALA LUMPUR: Cost-cutting measures have helped lift Petroliam Nasional Bhd's (Petronas) earnings last year but the state-owned oil and gas company is not about to embrace an optimistic stance, stating it remained cautious in its outlook for the industry this year.

According to Petronas president and group CEO Datuk Wan Zulkiflee Wan Ariffin, the group would continue to maintain a "conservative" outlook for 2017, pursuing cost optimisation and efficiency improvement, given the uncertainty of global crude oil prices.

"I don't know whether the worst is over or not. We still feel the outlook is uncertain," Wan Zulkiflee said.

"We are preparing ourselves for a 'very uncertain' second half of this year," he said at a briefing on Petronas' financial results.

Wan Zulkiflee said Petronas' projection of oil price for this year was similar to that of the government as announced for Budget 2017, that is US\$45 per barrel.



Benchmark Brent traded near its three-month low at around US\$51.50 per barrel yesterday. Last year, Brent prices averaged at US\$44 per barrel for Petronas, down from US\$52 per barrel in 2015.

But thanks to its cost-cutting measures amid a challenging market environment, Petronas posted a 12% growth in profit after tax at RM23.5bil for the financial year ended Dec 31, 2016, compared with RM20.9bil in 2015.

It attributed its earnings growth last year mainly to lower operating expenditure and tax expenses, which were partially offset by lower average prices in line with the downtrend of global crude oil prices.

As a result of reduced average selling prices, as well as lower sale volume, Petronas last year saw its revenue fall 17% to RM204.9bil from RM247.7bil in 2015.

"In response to a deteriorating market environment, Petronas introduced a series of sequential steps to face this difficult period and established the prerequisites of our group's long-term sustainability in what is a major industry downcycle.

"These steps included a restructuring of our organisation to increase its effectiveness, optimisation of our manpower to eliminate redundancy and slashing capital expenditure (capex) and operating expenditure (opex) by RM50bil from 2016 to 2019," Wan Zulkiflee said.

He said the group managed to slash its capex and opex by between RM15bil and RM20bil last year, with a primary focus on re-examining and optimising all costs.

"In particular, we managed to reduce our controllable costs by 8% as compared to costs in 2015," he said, noting that Petronas' controllable costs had declined to RM49.1bil last year from RM53.2bil in 2015.

He said capital investments for the year was reduced by 22% to RM50.4bil, following project deferment and rephasing as well as cost optimisation efforts.

Meanwhile, Petronas' cumulative earnings before interest, tax, depreciation and amortisation (EBITDA) fell to RM70.4bil in 2016 from RM75.5bil in 2015.

Its operating cashflow decreased to RM53.8bil last year from RM69.6bil in 2015.

On a positive note, Wan Zulkiflee said Petronas ended the year maintaining its strong credit rating, low gearing of 17% and a healthy cash balance.

He noted that the group took a RM12.9bil impairment on assets to ensure the robustness of its balance sheet throughout the prolonged low oil price environment.

Wan Zulkiflee reiterated that Petronas had allocated RM60bil as capex for 2017 while dividend commitment to the government would be RM13bil, down from RM16bil in 2016.

For the fourth quarter ended Dec 31, 2016, Petronas saw its profit after tax jump 85% to RM11.3bil from RM6.1bil in the previous quarter.

The increase was primarily driven by higher average realised product prices and sales volume mainly from liquefied natural gas (LNG) and processed gas as well as the impact of favourable exchange rate.

Revenue during the quarter in review rose 20% to RM58.6bil from RM48.7bil in the preceding quarter, while EBITDA grew 44% to RM21.9bil in line with the group's higher profits.

#### 9. Langkawi fire station chief jailed and fined for corruption



ALOR SETAR: A Langkawi Fire and Rescue Station chief was sentenced to 40 months' jail and fined RM60,000 after being found guilty of two counts of corruption by a Sessions Court here.

Yaakob Hassan (pic), 49, was guilty of the offences on March 8 but was only sentenced by Judge Zanol Rashid Hussain yesterday.

For the first and second offences, he was sentenced to 20 months' jail and fined RM50,000 fine in default of 10 months' jail and 20 months' jail sentence and fined RM10,000 in default of two months' jail respectively.

Zanol ordered that the jail sentence be run concurrently from yesterday but he allowed a stay of sentence pending an appeal. However, he ordered Yaakob to pay the fines.

Yaakob was found guilty of soliciting a RM10,000 bribe through a telephone call to an individual at 7.46pm on Oct 13, 2012.

The money solicited was an inducement for him to help close a police case involving the arrest of a person.

On the second charge, he was found guilty of accepting RM2,000 from the individual for the same purpose in a room at the fire station in Jalan Kasap, Langkawi, at 3pm on Oct 14 the same year.

Yaakob was charged under Section 16(a)(A) of the Malaysian Anti-Corruption Commission (MACC) Act, which carries an imprisonment of up to 20 years and a fine of not less than five times the amount of bribe involved, or RM10,000, whichever is higher, upon conviction.

The case was prosecuted by MACC deputy public prosecutor A. Hafiizh Abu Bakar while lawyer Paramjit Singh represented Yaakob.

**10. MoF will not take over 1MDB debts, says Johari**



**Second Finance Minister Datuk Seri Johari Abdul Ghani:** "The debts that would remain on the balance sheet of 1MDB are the RM5bil sukuk, the US\$3bil bond and the two tranches of US\$1.75bil bonds."

KUALA LUMPUR: The debts of 1Malaysia Development Bhd (1MDB) will not be taken over by the Ministry of Finance Inc. (MoF Inc), says Second Finance Minister Datuk Seri Johari Abdul Ghani.

In a statement issued on Thursday, he said the debts that would remain on the balance sheet of 1MDB are the RM5bil sukuk, the US\$3bil bond and the two tranches of US\$1.75bil bonds.

"These 1MDB debts will be serviced from matching cashflows, as described in the PAC (Public Accounts Committee) Report. Whilst MOF Inc. will not be taking over these 1MDB debts, the substance of the letter of support and guarantee from the government, remains intact, as described in the PAC Report," he said.

The RM5bil Islamic debt issue was the first tranche of bonds issued by 1MDB in 2009.

Subsequently when it acquired the power plants from the Tanjong Group Plc and Genting Group in 2012, it issued two tranches of US dollar denominated papers fo USD1.75bil each.

In March 2013, 1MDB issued a USD3bil debt paper in relation to finance the infrastructure in the Bandar Taun Razak project.

Johari said DAP's Tony Pua, who is a member of the PAC, is also well versed in the facts concerning the 1MDB.

"Thus, it is disappointing to note that he has chosen to misrepresent the facts and has accused me of lying, in his desperate attempts to mislead the rakyat," he said in reply to a statement from Pua on the matter.

Johari also stated the Bandar Malaysia Sdn Bhd (BMSB) and TRX City Sdn Bhd (TRXC) project company operating debt -- which are part of the assets and liabilities of the company - will be serviced from the project cash-flows.

He said the Tun Razak Exchange and Bandar Malaysia lands were originally owned directly by the government.

Based on the PAC Report, the government decided to sell the pieces of land in 2010 and 2013 respectively, to 1MDB, a holding company 100% owned by MOF Inc.

1MDB in turn owned the lands via its 100% equity shareholding in two subsidiaries - TRXC and BMSB.

"It is clear that from the above transactions, the government ownership of the lands shifted from direct to indirect ownership, via MOF Inc ultimate ownership of 1MDB and its subsidiary companies," Johari said.

He added although the Bandar Malaysia land was sold at a nominal sum to BMSB, it had to construct/upgrade six bases for the RMAF and two bases for the Polis diRaja Malaysia (Royal Malaysian Police) for a total development cost of RM 2.7bil, of which 1MDB had to contribute RM1.6bil.

Although the TRX land was sold at a nominal sum to TRXC, the latter also had to build infrastructure not only in TRX but also in the surrounding areas, including a vehicular tunnel under Jalan Tun Razak, for a total of about RM3bil.

"TRXC and BMSB undertook debts of RM800mil and RM2.4bil respectively, to undertake the construction of infrastructure and the six air force / two police bases referred to above.

He explained these debts were always attached to the said land when these these companies raised their financing and thus form part of the security for the said debts. Hence, it is an operating debt of these companies.

Johari said the the value of the TRX and Bandar Malaysia lands have increased in value significantly following the securing of the approvals for the infrastructure development and planning.

It was in April 2016 that the PAC recommended that MOF Inc. take over direct ownership of Bandar Malaysia and TRX lands from 1MDB.

"The most efficient and cost-effective way to achieve this is via a transfer of TRXC and BMSB shares to MOF Inc.

"So, instead of owning those companies via 1MDB, MOF Inc will directly own BMSB and TRXC, along with all the assets and the operating debts of the respective companies," he said.

Johari said as stated in page 81 of the PAC report, the TRXC & BMSB debts will be repaid by future cashflows of these companies.

"Further, whilst TRXC will continue to be 100% owned by MOF Inc., it is pertinent to note that a sale and purchase agreement has been executed with a consortium for the sale of 60% equity shareholding in BMSB," he said.

**11. Ex-assistant officer of anti-drugs agency denies graft charges**



**Day in court: Mexnuel faces 20 years in jail if convicted.**

GEORGE TOWN: A former National Anti-Drugs Agency (AADK) official faces four bribery charges and up to 20 years in jail if convicted.

Mexnuel Pinus, 25, is alleged to have attempted to obtain and agreed to accept bribes totalling RM3,800 as inducement not to act against a man who was tested positive for drugs.

He was yesterday charged in a Sessions Court here with four corruption offences involving the case while he was still working for the agency.

He denied all four charges.

Mexnuel is alleged, in the first count, of attempting to obtain a RM1,300 bribe from S. Jeffry, 38, through one Joys Fredolin Laurance so that no action would be taken on Jeffry whose urine was tested positive for morphine and thus could be sent to a drug rehabilitation centre.

He allegedly committed the offence in his capacity then as an AADK assistant officer at about 10.25pm to 10.32pm on Jan 20 last year in front of a convenience store in Datuk Keramat Road here.

Mexnuel, who has since resigned from the agency, could be jailed up to 20 years and fined five times the bribe amount or RM10,000, whichever is higher, under Section 17(a) of the Malaysian Anti-Corruption Commission (MACC) Act 2009.



In the other three charges, he is alleged to have agreed to accept RM200, RM1,300 and RM1,000 on Dec 5, Dec 7 and Dec 21, 2015 respectively at two branches of a bank here from one A. Helda, who has relations to Jeffry.

The offences, under Section 165 of the Penal Code, carry a maximum two-year jail term, a fine, or both.

DPP Ahmad Ghazali Muhamad Nadzri, from the MACC, proposed total bail of RM20,000 for all four offences.

Mexnuel, who was unrepresented, asked for a lower amount, saying that he was supporting his wife and currently did not have a fixed occupation.

Sessions judge Roslan Hamid allowed bail at a total of RM15,000 with one surety. Mexnuel had not posted bail at press time.

## 12. **MACC after rogue officers**

PETALING JAYA: Enforcement officers tasked with taking action against errant lorry drivers but are on the "unofficial" payroll of the owners are the latest on the hit list of the anti-graft body.

Sources said over the years, certain officers are said to be working hand in glove with lorry operators to allow their drivers, who flout traffic laws, to continue plying highways and trunk roads.

This has resulted in a number of accidents and in some cases fatalities. They also pose a threat to other road users.

"We have received information that some officers are soliciting and taking between RM200 and RM300 per month from lorry operators.

"With this inducement, the officers will not issue summonses against them and their drivers for breaking the law under the Road Transport Act," said a source.

Among the common offences are driving without insurance coverage, invalid road tax and overloading.

The Malaysian Anti-Corruption Commission (MACC) is now in the midst of gathering information and evidence before taking action against wrongdoers.

It is learnt that MACC's latest operation nationwide will target enforcement officers from various agencies such as the police force, fire and immigration departments, local councils, SPAD and Road Transport Department.

"We view very seriously these irresponsible acts of misusing their position in power to solicit and accept bribes for personal gain.

"All allegations against these officers will be investigated thoroughly and action will be taken if found to be true," added the source.

Deputy chief commissioner (operations) Datuk Azam Baki when contacted, confirmed that the MACC was looking into the matter.

Azam said those with any information on such immoral acts should come forward to assist MACC.

"I also call on enforcement officers who are offered money by errant lorry operators to lodge a report with us so that action can be taken," he said.

Early last year, two students were crushed to death by an unlicensed *lori hantu* outside their school in Kajang.

**13. US preparing 1MDB-linked charges against Jho Low, WSJ says**



KUALA LUMPUR: U.S. authorities are planning to file criminal charges against Malaysian financier Jho Low in a money laundering investigation surrounding 1Malaysia Development Bhd (1MDB), the Wall Street Journal reported.

The charges would also include wire fraud against Low and some of his associates, the paper said, citing people it didn't identify. The report said the prosecution's plans could change or be dropped as the probe continues and there was no timing provided on when the charges could be filed.

The Malaysian investment fund is at the heart of multiple investigations across the globe, with U.S. prosecutors previously characterizing Low as the controller of a scheme involving dozens of illicit payments draining billions from 1MDB.

The U.S. Department of Justice said in July that more than US\$3.5bil was misappropriated from 1MDB, as the agency sought to seize about US\$1bil of assets it claims was laundered through the U.S. banking system.

DOJ officials visited Singapore earlier this month and conducted interviews in the city relating to Low and his connections with 1MDB, according to two people familiar with the matter.

Among the questions asked were about his attendance at certain meetings and his role in structuring deals, said the people, who asked not to be identified because the matter is private.

Low, known for partying with Lindsay Lohan and Paris Hilton, directed funds from 1MDB to connected individuals and for the "personal gratification" of himself and his associates, U.S. prosecutors had said. Low had described to newspapers his ties to 1MDB as informal consulting

work that didn't break any laws.

The U.S. Department of Justice didn't respond to a call for comment on the report. Low's Hong Kong-based company Jynwel Capital didn't respond immediately to an email request for comment on the potential charges. 1MDB, which has consistently denied any wrongdoing, didn't immediately reply to a request for comment.

Singapore police in November identified Low as a "key person of interest" in its money laundering probe that it described as a complex and sophisticated investigation involving billions of dollars. Singapore is also building a potential criminal case against Low, the WSJ said, citing a person familiar with the probe that it didn't identify.

Malaysia's government has said it will cooperate with lawful investigations of local companies or its citizens in relation to the fund.

#### **14. Policeman claims trial to bribery charge**

IPOH: A police sergeant claimed trial in a Sessions Court here to accepting a RM800 bribe.

Bahir Yaakob, 49, who is attached to the criminal investigation department pleaded not guilty before Judge S. Indera Nehru yesterday.

He is alleged to have received the bribe from Lee Boon Chuan at the Kerian district police headquarters in Bagan Serai on May 19, 2015 at about 4am.

If convicted, the accused can be jailed for up to two years or fined, or both.

DPP Ahmad Ghazali Muhamad Nadzri, who appeared for the Malaysian Anti-Corruption Commission requested bail of RM15,000.

Bahir's counsel Ranjit Singh Sandhu asked the court to set bail at RM3,000 as the accused was still attached to the police force, and there was no reason for him to abscond.

Indera Nehru allowed bail of RM12,000 with one surety, and fixed April 17 for mention.

**15. Johor Sultan claims he was offered RM2mil bribe over endorsement for 'Tan Sri' title**



JOHOR BARU: Johor's Sultan Ibrahim Ibni Almarhum Sultan Iskandar (*pic*) wants the Malaysian Anti-Corruption Commission (MACC) to investigate those who tried to bribe him for his endorsement to obtain a title from the Yang di-Pertuan Agong.

The outspoken ruler said he was offered RM2mil to suggest the person's name to the Chief Secretary of Malaysia for a "Tan Sri" title.

In a post on official Facebook page on Saturday (March 25), Sultan Ibrahim said he was ready to reveal information pertaining to those trying to buy him over.

"I want MACC to seek an audience with me as soon as possible for this matter to be investigated.

"This is Johor... we have our pride. You cannot buy awards and titles with money," he said.

**16. Perlis MACC detains two policemen over corruption allegations**

KANGAR: The Malaysian Anti-Corruption Commission on Monday arrested two policemen from the Kubang Pasu mobile patrol unit for their alleged involvement in corruption.

The duo, believed to be a sergeant and a corporal aged between 30s and 50s were detained at the Kedah-Perlis border.

Perlis MACC director Yaacop Angah said in a statement that the duo were arrested to assist in investigations over a case of soliciting bribe amounting to RM4,000 from a Ketum leave distributor.

The amount was allegedly an inducement for not taking any action against a Ketum trafficker who had recently been detained by the police.

Yaacop said the case is being investigated under Section 17(a) of the MACC Act 2009.

The duo could face a jail term of up to 20 years and a fine of at least five times the value of gratification or RM10, 000, whichever higher

**17. MACC advisors hope for royal support against bid to buy titles**

KUALA LUMPUR: The Malaysian Anti-Corruption Commission's Anti-Corruption Advisory Board (ACAB) hopes that the Conference of Rulers will openly voice its strong stand against corruption in light of the alleged attempt by an individual to offer the Sultan of Johor RM2mil for a "Tan Sri" title.

Board chairman Tunku Abdul Aziz Tunku Ibrahim (*pic*) said he is heartened to note that the Sultan of Johor and other Malay Rulers have indicated their strong stand for efforts to curb corruption.

"We are seeing that it is not just the rakyat who are coming forward to support MACC strongly but also our Rulers, who are voicing out their stand.

"My hope is that the Conference of Rulers as a group can give open support. That will encourage us at MACC to do our work more effectively," Tunku Abdul Aziz said at a media conference after chairing a meeting of the ACAB Tuesday.

He said this in response to a question on whether he felt that other Malay Rulers should follow the move by the Sultan of Johor to inform the MACC of the attempt by the individual to procure the title, or whether the problem of individuals trying to use money to procure titles is a matter best left for the Conference of Ruler to handle.



**18. Three cops claim trial to graft charges**



JOHOR BARU: A police inspector and two constables pleaded not guilty in the Sessions Court here to separate graft charges.

Insp Isa Ahmad, 30, who is attached to the Johor police headquarters, was charged with soliciting RM1,000 from Zanariah Mat as an inducement to free Wan Karmizi Muhammad, who was detained on Dec 19, 2015.

He allegedly committed the offence at the Legal Advisor's Office in Nusajaya, here, at about 3.30 pm on Dec 23, 2015.

Kons Rhomarino Rafie, 33, who is attached to South Johor Bahru headquarters, was charged with two counts of soliciting RM10,000 and RM7,000 from Zanariah for a similar inducement.

Both offences were committed at the South Johor Bahru IPD at about 2pm and at a restaurant in front of South Johor Bahru IPD at about 5pm on Dec 21, 2015.

Isa and Rhomario were charged under Section 16(a)(B) of the MACC Act 2009 punishable under Section 24 of the same act which provides for a jail term of not more than 20 years and a fine of not less than five times the aggregate amount or value of the gratification or RM10,000, whichever is higher.

Kons S. Logeshvaran 31, the third accused, also pleaded not guilty to soliciting and accepting a bribe of RM2,000 in 2016.

He is attached to Pendas General Operations Force in Gelang Patah near here and was charged with soliciting and receiving the bribe from a foreign worker as an inducement not to take action against him for not having a valid work permit.

The offences were committed at a petrol station in Nusa Perintis, Gelang Patah, at about 2 pm and 4.40pm on June 12 last year.

Logeshvaran was charged under Section 16(a)(b) and Section 17(a) of the Malaysian Anti-Corruption Commission (MACC) Act 2009 and punishable under Section 24 of the same Act.

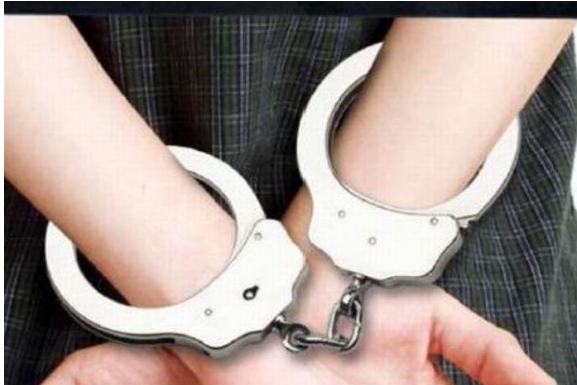
The prosecution against Isa, Rhomarino and Logeshvaran was conducted by MACC deputy public prosecutor Ridzuan Abdul Malek.

Isa was represented by counsels Mohd Ashram Zakaria and Muhammad Ashraf Mohd Diah, Rhomarino by counsel Mohamad Isa Mohamad Basir while Logeshvaran was unrepresented.

Judge Kamarudin Kamsun allowed Logeshvaran bail of RM9,000 with one surety while Isa and Rhomarino were each allowed RM8,000 bail with one surety.

The court fixed May 8 for mention

**19. Bernas officers among 13 arrested for CBT**



GEORGE TOWN: Several Penang Padiberas Nasional Bhd (Bernas) officers were arrested for alleged involvement in criminal breach of trust totalling RM9.5mil.

They were among 13 men arrested in several raids in Penang from March 14 to March 28.

State Commercial Crimes Investigation Department chief Asst Comm Abdul Ghani Ahmad said the suspects, aged between 35 and 50, were Bernas officers, lorry drivers and rice sellers.

"We also seized several cars, laptops and branded watches during the raids," he said.

He added that police investigations are ongoing and more suspects are being sought

## 20. Immigration Dept busts fake documents ring, arrests eight foreign nationals



- Filepic

PUTRAJAYA: The Immigration Department has uncovered a foreigner-run syndicate falsifying documents including passports, work passes and immigration cards in Kuala Lumpur.

Immigration director-general Datuk Seri Mustafar Ali said eight foreigners have been arrested in three separate raids in the city following a month of intelligence-gathering work by the department.

"The syndicate operated behind the scenes of a travel agency in Jalan Silang, Kuala Lumpur.

"Our investigations found that it has been falsifying documents for three years," Mustafar told a press conference here.

He said the mastermind was a Myanmar national known by the alias "Dr Harun".

"They call him Doctor because he has a 'laboratory' in an apartment in Bukit Jalil where he keeps the equipment to doctor the documents," Mustafar said.

Six Bangladeshis and one Pakistani were arrested in addition to the mastermind. Their ages range from 30 to 50.