



Media Release

26 April 2010

RESPONSE TO DA STATEMENT ON FRAUD AT METRORAIL

The Passenger Rail Agency of South Africa (PRASA) is disappointed that Mr. Manny De Freitas, Member of Parliament for the Democratic Alliance, has again chosen to release a sensationalist media statement (***Deloitte audit reveals multi-million rand Metrorail fraud***), instead of using channels available to him as an MP, such as asking Parliamentary questions, or making contact with PRASA to ascertain the facts. This practice by Mr. De Freitas to acquire leaked information and run with them wildly, without familiarizing himself with complex facts, is aimed only at shining the spotlight on himself and to generate sensationalist headlines, and not on solving problems and exposing wrong doing.

The facts are as follows:

1. This Fraud occurred in mid 2008, and R3.5 million was recovered due to the pro-active response of PRASA when the fraud was un-covered, only R4.7 million was lost due to the fraud, and not R8million;
 - a. This matter received the serious attention of the Executive Leadership of PRASA, led by the Group CEO, and the Board of PRASA through its Audit and Risk Management Committee when it was uncovered in 2008;
 - b. PRASA instituted the forensic investigation and acquired the services of Deloitte, this after it did not get the necessary support from the Bank concerned in investigating the Fraud, so there is no 'Deloitte audit reveals multi – million rand Metrorail fraud' as Mr. De Freitas sensationally claims. PRASA did not terminate the Fraud investigation, the investigation was properly concluded and sufficient information uncovered to allow PRASA and the Law enforcement agencies of the country to take the matter forward;

2. Following the conclusion of the investigation, PRASA instituted the following steps:
 - a. All personnel implicated in the fraud have been removed from the finance function as the criminal investigation by the SAPS unfolds;
 - b. PRASA has terminated its relationship with the Bank concerned due to its lack of co-operation with the investigation;
 - c. PRASA reviewed, as it regularly does, and strengthened its control systems across the Group to prevent this type of criminal act against the Company.

In conclusion, this was a criminal act, why Mr. de Freitas speaks of this as indicating a lack of financial prudence only he knows. PRASA will exercise its legal rights, including taking legal opinion on the conduct of Mr. de Freitas for acquiring confidential Company information and publishing it on the Internet.

Issued by PRASA Corporate Office

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