

## **1MDB board of directors offer to resign after PAC report**

**MalaysiaKini.com**

**Apr 7<sup>th</sup>, 2016**

The 1MDB board of directors has collectively offered to resign following the release of the Public Accounts Committee (PAC) highlighting mismanagement in the state-owned fund.

"The board has successfully steered 1MDB through a uniquely challenging period and trusts that, with the release of the PAC report, a line has been drawn.

"However, given the findings of the PAC report, the board has collectively this morning decided to offer its resignation to MoF (Ministry of Finance) Incorporated, the 100 percent shareholder of 1MDB.

"This has been a difficult decision to take but we believe it is the right thing to do, given the circumstances, in order to facilitate any follow-up investigations as recommended by the PAC," 1MDB said in a statement today.

1MDB noted that the PAC report had identified a number of weaknesses in the governance and decision-making of 1MDB.

However, it hailed the report as a comprehensive and conclusive document which "dispelled numerous allegations" about the company.

"More importantly, the funds of 1MDB have been fully accounted for and there is no case of 'RM42 billion missing', as has been alleged by some irresponsible parties.

"It has also been confirmed that 1MDB did not transfer RM2.6 billion to the personal accounts of the Prime Minister as had been alleged," it said.

This was despite the PAC confirming that US\$700 million of 1MDB's fund were transferred to Good Star Limited without the approval of the 1MDB board.

Furthermore, the status of another US\$1.367 billion is also unclear as the PAC found that the sum was paid to Aabar Investments PJS Ltd, a company which ownership is uncertain, also without the 1MDB board's approval.

### **Relied heavily on borrowings**

1MDB said it understood how the report could find such lapses and shortcomings with the benefit of hindsight.

"However, it is important to understand that the decisions were made in the context of specific transactions at that point in time.

"Furthermore, 1MDB is a complex company, with multiple roles of undertaking large

strategic projects, establishing collaboration with foreign government entities and attracting foreign direct investment (FDI) to Malaysia," it said.

1MDB noted that the company had relied heavily on borrowings but said the board had done its best to ensure it did not become a financial burden to the government.

"In particular, the moment a cash-flow mismatch was identified in November 2014, the board acted immediately to appoint a professional restructuring specialist to lead 1MDB.

"This led to a strategic review being conducted, which resulted in the success of the on-going rationalization plan that has resolved 1MDB's debt burden.

"The company has paid and will continue to pay off all its short term debt and all its bank debt with the proceeds from the successful sale of Edra, and currently has a cash surplus of approximately RM2.3 billion to meet future interest payment and infrastructure finance requirements," it said.

1MDB insisted its board had carried out its role and responsibility to the best of their ability.

It said this include establishing standard operating procedures for the company and setting up a board audit and risk management committee.

"In addition, the board has ensured full cooperation with all the lawful authorities investigating the company.

"All supporting documents that were available have been duly submitted," it said.