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PRIME NEWS

Cabinet, PM confident 1MDB in the clear

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GETTING TOUGH: Company's accounts to be audited and given to bipartisan committee

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PRIME Minister Datuk Seri Najib Razak has instructed the auditor-general to independently verify the accounts of Malaysia Development Bhd, his office announced yesterday.

The A-G's report will then be forwarded for a transparent inspection by the bipartisan parliamentary Public Accounts Committee. Yesterday, 1MDB and their auditors, Deloitte, were called to appear before the cabinet.

Najib, who called for the meeting following recent media reports on the company, had made it clear that any wrongdoers, if proven, would be dealt with.

"If any wrongdoing is proven, the law will be enforced without exception," Najib said in the statement.

At the meeting, 1MDB briefed the cabinet on its current situation. It also responded to a series of questions posed by the ministers, including Najib and his deputy, Tan Sri Muhyiddin Yassin.

Deloitte also provided an overview of its engagement with 1MDB and confirmed that it had audited and verified the company's accounts, the prime minister's office said in a statement.

The cabinet was told that the recent allegations directed at 1MDB were related to

transactions undertaken by third parties, such as PetroSaudi.

"The relevant investments of 1MDB have been returned in full, with significant audited profit," it said.

"Having received clarifications from 1MDB and Deloitte, the cabinet expressed confidence that no wrongdoing has been committed within 1MDB, and their desire for the company to be allowed to implement the proposed outcomes of its strategic review," it said.

1MDB president and executive director Arul Kanda said it would cooperate fully with the A-G.

"In light of this, 1MDB welcomes the prime minister's request for the A-G to verify 1MDB's accounts, which have been audited by Deloitte, one of the world's leading firms.

"We will cooperate fully with the A-G and hope that the outcome of his findings put to rest recent speculation," Arul said, adding that the attacks against 1MDB could be "politically motivated", aimed at undermining the company and harming the economy.

1MDB also announced separately yesterday that in line with the conclusion of its strategic review, certain material developments have occurred in relation to Edra Global Energy Berhad (formerly known as 1MDB Energy Group Berhad (Edra)).

These include, among others, the proposed conversion of an advance by 1MDB into RM2 billion of equity in Powertek Investment Holdings Sdn Bhd and for Edra to focus on its existing projects.

"In view of these developments, Edra has notified the Securities Commission Malaysia (SC) of its intention to revise, update and re-submit the documentation previously submitted to the SC in connection with the



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Statement 1MDB

Following recent media reports on 1MDB, the Prime Minister today called 1MDB and their auditors Deloitte before Cabinet.

1MDB provided a briefing on 1MDB's current situation and responded to a series of questions posed by Cabinet Ministers, including the Prime Minister and Deputy Prime Minister. Deloitte provided an overview of their engagement with 1MDB and confirmed that the firm had audited and verified the company's accounts.

Cabinet was told that the recent allegations directed at 1MDB relate to transactions undertaken by third parties such as PetroSaudi, not 1MDB. The relevant investments of 1MDB have been returned in full with significant audited profit.

Having received clarifications from 1MDB and Deloitte, Cabinet expressed confidence that no wrong-doing has been committed within 1MDB, and their desire for the company to be allowed to implement the proposed outcomes of its strategic review.

As a further step, the Prime Minister informed Cabinet that he has instructed the Auditor General to independently verify 1MDB's accounts. The Auditor General's report will be passed for transparent inspection to the Public Accounts Committee, which is fully bipartisan and reflects Parliament's composition.

Prime Minister Najib Razak said:

"If any wrongdoing is proven, the law will be enforced without exception."

Prime Minister's Office

4th March 2015

A copy of the original statement issued by the Prime Minister's Office.

proposed listing of Edra on Bursa Malaysia."

1MDB had, on Feb 18, announced the outcomes of the strategic review of its operations.

These include:

THE company will now focus on its core businesses, and no new investments or projects will be undertaken. Furthermore, no new debt will be raised, except in order to refinance existing debt/meet existing liabilities, and/or on a non-recourse, project finance basis, as needed;

AS with Edra Energy, Tun Razak Exchange and Bandar Malaysia will be run as standalone entities, with independent governance structures and responsibility for their own operations and finances. Both entities

will continue to be ultimately owned by the Ministry of Finance, thereby ensuring that their significant future value benefits the rakyat;

EDRA Energy will focus on its core existing projects, and the company will be monetised in 2015, with a portion of the proceeds being invested in the business for future growth and the remainder going towards repayment of 1MDB's short-term debt;

THE land in Air Itam and Pulau Indah will be monetised through joint ventures or outright sale; and

MATURING debt to be met via refinancing from best available sources or repaid from sale of land development rights, raising of external equity from joint-ventures and/or outright asset sales.