

Newspaper	THE STAR
Date	5 MARCH 2015

A-G to vet 1MDB accounts

the star - 5/3/2015

PM orders Auditor-General to probe and reveal findings to PAC

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PUTRAJAYA: Pledging that 1Malaysia Development Board (1MDB) will face legal repercussions if there is any wrongdoing, Datuk Seri Najib Tun Razak has directed the Auditor-General to independently verify the company's accounts and forward the findings to the Public Accounts Committee.

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

The Prime Minister had informed his Cabinet of this directive after media reports questioning the Government-sponsored fund.

"The Auditor-General's report will be passed for transparent inspection to the Public Accounts Committee that is fully bipartisan and reflects Parliament's composition," he said.

Having received clarification from 1MDB and Deloitte, the Cabinet expressed confidence that no wrongdoing has been committed.

— DATUK SERI NAJIB TUN RAZAK

1MDB and its auditors Deloitte were called to brief the Cabinet yesterday on its current situation and responded to questions from the ministers, including from the Prime Minister and his deputy Tan Sri Muhyiddin Yassin.

Deloitte confirmed that it had audited and verified the company's accounts.

Najib said the Cabinet was told

that recent allegations directed at 1MDB were related to transactions undertaken by third parties such as Petrosaudi and not 1MDB, and that the relevant investments of the company had been returned in full with significant audited profit.

"Having received clarification from 1MDB and Deloitte, the Cabinet expressed confidence that no wrongdoing has been committed within 1MDB," he said.

One minister said 1MDB's president and group executive director Arul Kanda Kandasamy gave a "long and extensive" briefing to the Cabinet on the company's current status and its future plans.

"We were told the current status is challenging but not insurmountable," the minister said.

The minister said 1MDB had also presented the Cabinet with its future plan, which he described as "promising".

"The Cabinet took note of the

explanation and supported the plan. On 1MDB's loans, Arul told us the plan is to restructure the loans," he added.

1MDB, established by the Federal Government in 2009 to drive strategic investments has come under heavy criticism for accumulating debts of RM49bil and is now facing cash flow problems.

To match its liabilities, 1MDB has assets of RM51.4bil, but a substantial portion is in the form of development projects, namely, the Tun Razak Exchange project and Bandar Malaysia, which do not generate immediate cash flow.

Arul Kanda, in a media statement, said the company would cooperate fully with the Auditor-General to put to rest all recent speculation.

He said the attacks being directed at 1MDB were politically motivated and could potentially harm the economy.