

'Najib pressed KPMG to sign off on 1MDB's 2013 financial statement'

KUALA LUMPUR: The managing partner of audit firm KPMG said Datuk Seri Najib Razak had pressed for the 1Malaysia Development Bhd (1MDB) audit for the 2013 financial year to be signed off by Dec 31 of that year.

Datuk Johan Idris said this was made clear to the firm despite auditors stating they needed more information about 1MDB's so-called US\$2.3 billion investment in a company called Brazen Sky Ltd.

He said the audit team had refused to sign off on the 2013 financial statement as it could not verify the authenticity of the investment and wanted more information about it.

However, he said, this never came and 1MDB gave only third-party reports, which auditors did

not feel represented a true and fair view of the accounts.

Eventually, he said, KPMG insisted on meeting 1MDB's main shareholder, namely Najib, who was then prime minister, to sort out the issue.

He said this meeting happened at Najib's residence in Jalan Langgak Duta here on Dec 15, 2013, about 9.30pm.

Johan said he was one of the representatives from KPMG to meet 1MDB officials and Najib there.

"At the meeting, Najib said he was aware of the investment but that 1MDB could not disclose further information because it was confidential.

"He also questioned why KPMG had doubts and wouldn't sign off on it."



Tan Sri Muhammad Shafee Abdullah

He said Najib eventually said the audit process needed to be completed and that he wished to see the 1MDB accounts closed by Dec 31, 2013.

"I did not respond when he said this," Johan added.

At this point, deputy public

prosecutor Deepa Nair Thevahan interjected and asked Johan about Najib's reaction, to which the witness said it was as if the prime minister had issued an instruction.

Johan said KPMG was eventually unable to complete the audit as 1MDB had failed to furnish the required information despite repeated requests.

KPMG, he said, was subsequently issued a termination letter by the Minister of Finance Inc (MoF Inc) and Deloitte was appointed to take over.

Meanwhile, when cross-examined by Najib's lead counsel, Tan Sri Muhammad Shafee Abdullah, Johan confirmed that KPMG had been 1MDB's auditors since 2010.

He acknowledged that the firm had been sued by 1MDB and re-

cently reached a settlement with the firm after a "big sum" was paid to the country's asset recovery fund.

Shafee also pressed Johan on the lack of information issue by getting the witness to agree that this happened because fugitive financier Jho Low was working with the 1MDB management to dupe everyone on the investment.

Najib is standing trial on 25 charges of abuse of power and money laundering over alleged 1MDB funds amounting to RM2.28 billion deposited into his AmBank accounts between February 2011 and December 2014.

The hearing before High Court judge Datuk Collin Lawrence Sequerah continues on May 9.