

## **What's 1MDB hiding?**

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**By P. Gunasegaram**

Tiger's suspicions are raised. If after more than a year you have not filed your annual accounts with the Companies Commission of Malaysia, something's just gotta be wrong. 1MDB has to be at least one of these things: negligent, incompetent, in big trouble or trying to hide something.

In the jungle, we hide things so that other people can't find them. It could be that lip-smackingly delicious deer Tiger killed but was just too much to eat and so it stashes it away for another day and another meal.

In contrast, in the world of humans, there is a habit of hiding unpleasant stuff so that people don't find it or at least not immediately. That's why you have governance — reports which tell you how things are going at companies for instance. But when those reports are long overdue, that's a clear indication of trouble.

First, 1Malaysia Development Bhd (1MDB), the so-called strategic fund that has already borrowed over RM30 billion and invested in a number of dubious assets, faced a situation where its external auditors, KPMG resigned and Deloitte Malaysia was appointed instead.

This came to light in February and must itself must raise a lot of suspicion but 1MDB in a not-so-clever tai chi manoeuvre tried to attribute this to the complexity of its transactions. Really? Is 1MDB so complex that its accounts take longer to prepare than some of the most complex companies in the world?

Secondly, by February this year, more than 10 months after its year-end of Mar 31, 2013, the accounts for that particular year are still not available. Again, its transactions are so complicated and difficult to unravel that it cannot submit them in time to the Companies Commission of Malaysia.

1MDB was reportedly given an extension of time, by six months, to file the 2013 accounts because the fund had made several new acquisitions which had transformed its business direction. But what has that got to do with accounts? Unless 1MDB acquired businesses which had incomplete accounts.

Even that extension expired on March 31 but still no sign of the accounts. A CCM official confirmed to The Edge Financial Daily it had not been filed as of April 1. But it was no April Fool's joke.

And then an unnamed 1MDB official quoted today in StarBiz, the business section of The Star newspaper, "confirmed" that the accounts for the financial year ended Mar 31, 2013 have been signed off by the new auditors Deloitte.

Great, KPMG resigns and less than two months after the news of their resignation, Deloitte has sorted it out. So, it turns out that the accounts are not that complicated after all. Otherwise how could a new auditor have sorted it out so quickly when the old auditors appeared to have so much problems with it.

Well, anyway, things have been sorted out then and the accounts have been filed with CCM right? No wrong! According to the StarBiz report, the fund is now in the process of filing it with CCM. But really, how long does it take to file the accounts after the auditors have signed off? Should it not be immediately? Especially since the deadline the CCM has given has already passed.

But StarBiz quoted a CCM official, again unnamed, as saying that it was normal practice for companies to lodge their reports a month after the books have been signed off. Again, really? Why then give a deadline of Mar 31 this year? It looks like CCM has automatically extended the deadline by another month even without 1MDB asking for it.

It looks like 1MDB has now attained a most-favoured company status with CCM whereby it can easily get extensions for account submissions without giving proper reasons even as CCM comes down hard on other companies that have not. Meantime, checks with the CCM indicate no new accounts have been filed as of today.

In the financial world, when a major listed company delays its accounts by just a day, let alone a year, the alarm bells ring, the share price tanks, and investors and authorities are crying for the heads of management and major shareholders. And the stigma sticks with the company for a long time after that.

But it seems all in a day's work at 1MDB, a fund formed under seriously dubious conditions and very questionable procedures, investing in a maze of highly suspicious deals, paying too much for assets, and raising finances in a manner which brings great loss to the fund itself. You can read about some of the transactions [here](#) and [here](#).

And there has been more. Recently 1MDB also won the tender to build a RM11 billion coal-fired 2,000MW power plant. Tiger has written about it [here](#).

As is evident, 1MDB has been very much in the news but mostly for the wrong reasons. Come the end of this month, brace yourself for another spate of bad news when the annual report is out. Or will 1MDB find some way to still hide it, delaying the inevitable?

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