

**1MDB probes into leaks of finance and business plans, says report**  
**Malaysian Insider**  
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State-owned 1Malaysia Development Bhd (1MDB) has begun a probe into leaks of highly confidential information on its finances and business plans and is threatening to take legal action if investigations show that it has been compromised by "unauthorised disclosures", The Edge Review reported today.

Quoting senior government officials, the report in its Informer section said that investigations have turned to the group's financial advisors and external auditors who have been engaged at the organisation for the past one year.

The officials added that several of the financial advisors and external auditors have already been issued letters to declare that they weren't responsible for the leaks, which included board resolutions and banking details of the fund.

The controversial sovereign fund, which has attracted intense media scrutiny over its finances, is seeking to "plug the information leaks" and legal action is being considered if the probe shows that the business was indeed compromised by unauthorised individuals.

"The management is convinced that its internal controls are strong and it is now looking at the possibility that the leaks could have been from parties with dealings with 1MDB," a senior government official familiar with the situation was quoted as saying by the weekly.

Prime Minister Datuk Seri Najib Razak, who is the chairman of the fund's board of advisors, is aware of the situation and has backed the probe and the legal action that might follow.

The Edge Review said that 1MDB, which has substantial interests in power generation and property, has come under intense media scrutiny in recent months following the company's delay in submitting its annual financial statements.

It only submitted the annual report for financial year ended March 2013 in April this year and the accounts were only finalised after 1MDB dropped its auditors, KPMG, just months before in favour of Deloitte to complete the annual audit.

On Monday, a foreign newswire reported that 1MDB had emerged as a new sovereign risk on its huge debt and that the fund was not generating enough cash from operations to cover its interest costs.

1MDB, the report said, was struggling under the burden of US\$11 billion (RM35.5 billion) in borrowed money and the government said it only guaranteed around 14% of the debt.

However, in a statement two days later, the fund was quoted as saying that "its debt does not pose any significant risk to the sovereign's rating and stability of Malaysia".

It said that as a limited liability company, "1MDB posed limited liability risks to the government as its shareholder", a daily reported.

The fund said the group's total assets stood at RM46 billion at the financial year end of March 2013, compared to total debt of RM37 billion. – June 6, 2014.

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