

PM orders Auditor-General to vet 1MDB's accounts
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Prime Minister Datuk Seri Najib Razak has ordered the Auditor-General to vet the debt-laden 1Malaysia Development Bhd's accounts, after the Cabinet was briefed about the government-owned company's accounts and told allegations against it were related to transactions by third parties such as PetroSaudi International.

Najib said in a statement today that 1MDB's relevant investment have been returned in full with significant audited profit.

The statement also said after the briefing by 1MDB and its auditors Deloitte, the 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.

"If any wrongdoing is proven, the law will be enforced without exception," Najib said in the statement issued by the Prime Minister's Office this evening.

In an immediate reaction, 1MDB said it will cooperate fully with the Auditor-General

"It is clear that the attacks being directed at 1MDB are politically motivated. These are deliberately coordinated attempts to undermine the company by spreading unsubstantiated allegations and speculation, which in turn could potentially harm the economy," 1MDB said in a brief statement, adding that it hoped that the outcome of the auditor general's findings will put to rest recent speculation about its activities.

The prime minister also said he told the 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.

The statement said Najib had called 1MDB and their auditors Deloitte before Cabinet, following recent media reports on 1MDB.

It said 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 Tan Sri Muhyiddin Yassin.

It said Deloitte provided an overview of their engagement with 1MDB and confirmed that the firm had audited and verified the company's accounts.

"The 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," the statement said.

The statement comes following PetroSaudi International (PetroSaudi) and 1MDB's denial of reports that its fund went to third parties.

1MDB confirmed that it received back its investment in full from the deal, besides making a profit.

The privately owned oil exploration and production company in a statement had said that upon 1MDB's exit, PetroSaudi had paid the Malaysian strategic investment fund in full and both parties no longer had any financial or legal relations.

"We wish to state categorically that all funds from 1MDB went to PetroSaudi owned entities, and any other inference is false," said the company in a statement in response to an expose by whistleblower portal Sarawak Report.

The whistleblower site had claimed that businessman Jho Low had orchestrated the 2009 joint venture between 1Malaysia Development Berhad (1MDB) and PetroSaudi International to allegedly siphon off US\$700 million from the strategic development fund.

The UK-based website revealed that the 1MDB PetroSaudi joint venture company's US\$700 million loan repayment to PetroSaudi in 2009 was a front and the funds channelled to a firm allegedly owned by Low, called Good Star Limited.

The US\$700 million loan repayment provision was part of the joint venture contract between Petro Saudi International and 1MDB, Sarawak Report said, citing documents it had obtained. It also published those documents with its report.

"What that evidence goes on to show is that critical manoeuvres for transferring the USD\$700 million 'loan' cum 'premium' into the control of Jho Low took place straight after the signing of the agreement (between PetroSaudi and 1MDB) on September 29 – that and Jho Low was involved and copied in on every step," Sarawak Report claimed.

PetroSaudi said that it was seeking legal advice on the appropriate course of action to take against "these malicious and slanderous allegations."

It said that its subsidiary received the full US\$700 million (RM2.5 billion).

It added that the company paid US\$2.3 billion to 1MDB and the Malaysian company exited the investment.

1MDB's audited accounts as at March 31, 2014, shows that the company received the US\$2.3 billion and made a profit of US\$488 million.

The Prime Minister's order to the auditor general to have a look at 1MDB's books also comes after the Public Accounts Committee (PAC) had last week wanted the country top auditor Auditor to immediately carry out an audit of the government-owned 1MDB's deals before it calls up the company.

PAC chairman Datuk Nur Jazlan Mohamed said the immediate audit should be of the source of the RM2 billion used to settle 1MDB's loans with local banks, the RM3 billion injection of government funds into the debt-laden company, its dealings with PetroSaudi International (PSI), and whether the money parked in Cayman Islands has been brought back.

"The public needs to know the truth and the government must be transparent on 1MDB. If its investments and operations are legitimate, let this be proven by the Audit Department," said Nur Jazlan in a statement. – March 4, 2015.

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