

1MDB assets can't be sold easily, says report
The Malaysian Insider
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Investigators looking through troubled 1Malaysia Development Berhad's (1MDB) books have discovered that nearly RM13 billion assets cannot be liquidated easily, reported The Star.

Quoting sources from the ongoing government investigation, the English daily said the state investment vehicle has total assets of RM51.4 billion as of March 31, 2014, of which nearly RM19.5 billion comprised current assets, including cash and assets for sale.

The cash amounted to some RM3.85 billion but the report stated that of this, about RM1 billion could not be utilised due to "restrictions".

"Even assets that are being held for sale cannot be easily liquidated," The Star quoted an unnamed investigator as saying.

However, the report did not state what sort of "restrictions" 1MDB faced.

The report also quoted investigators as saying the financial position of 1MDB was "unsustainable" and it faced liquidity problems.

1MDB has accumulated RM42 billion debts in just six years of operations, and Second Finance Minister Datuk Ahmad Husni Hanadzlah had previously acknowledged the company's cash-flow problems.

The report also said investigators had noted that the external auditors who went through 1MDB's books did not verify the value of the assets held by 1MDB PetroSaudi Limited before giving the company a clean bill of health.

"The external auditors also did not disclose material information on 1MDB's loans taken to finance its investments. The gains from investments were not verified," it stated.

Investigators also found that between 2009 and last year, 1MDB had to replace two of its external auditors because of disagreements with the management over the valuation of its assets.

International auditors Deloitte is currently 1MDB's auditor. It was appointed by 1MDB in December 2013 and had signed off on 1MDB's accounts ending March last year on November 3, stating that the accounts represented a "true and fair view" of the group's financial position then.

1MDB's previous auditors were KPMG, which had stated it could not conclude 1MDB's accounts. Another auditor, Ernst & Young, was appointed when the company was first set up in 2009 but resigned in 2011 without a single audit.

Criticism had been mounting over the Finance Ministry wholly owned investment vehicle, established in 2009, which had to date racked up RM42 billion debts, and scrutiny has further increased recently after The Wall Street Journal reported on July 2 that funds from 1MDB-linked entities had been channelled into Prime Minister Datuk Seri Najib Razak's personal bank accounts to the tune of some US\$700 million. – July 11, 2015.

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