

**1MDB misses deadline to submit audited accounts**  
**The Malaysian Insider**  
**Oct 2, 2015**

1Malaysia Development Berhad (1MDB) has been granted a six-month extension to file its financials by the Companies Commission of Malaysia (CCM), the strategic investment fund's president and executive director Arul Kanda Kandasamy told The Edge Financial Daily.

Similarly, 1MDB's two subsidiaries – Edra Global Energy Bhd and 1MDB Real Estate Sdn Bhd – are seeking an extension for up to a month to file their respective annual audited accounts, said Arul Kanda.

The deadline for the three companies to file their audited accounts for the financial year ended March 31, 2015, was on September 30.

In 1MDB's case, the delay stems from the company not being in control of key documents in its financial accounts after raids and the seizing of documents in July this year by the police and the special task force comprising Bank Negara Malaysia, the Attorney-General, the Inspector General of Police and the Malaysian Anti-Corruption Commission (MACC) for the investigation into allegations of US\$700 million (RM2.6 billion) in deposits that made their way into Prime Minister Datuk Seri Najib Abdul Razak's personal bank account.

"It (the delay) can't be helped," said Arul Kanda.

Its auditor Deloitte required original sets of documents to finalise the accounts but 1MDB were not in possession of the documents and accounts after the raids, he said when contacted.

Edra Global and 1MDB Real Estate's accounts are ready for submission, but due to the numerous allegations concerning the debt-laden investment fund, Deloitte is cautious and seeking further clarification.

Arul Kanda stressed: "The accounts are ready, we just need to provide additional documentation."

1MDB's main assets are Edra Global, which is mainly involved in power generation. It also has two tracts of land slated for property development, the Tun Razak Exchange (TRX) which is a financial district in the making, and Bandar Malaysia which is a mixed development on the site of the former Sungai Besi air base.

1MDB has been in the news for racking up RM42 billion in debts, overpaying for assets, high borrowing costs and the mismatch of its cash flow and debt repayments.

For its financial year ended March 31, 2014 (FY14), 1MDB suffered after tax losses of RM665.36 million from RM4.26 billion in revenue. The losses would have been worse had it not been for a re-valuation gain of RM896.80 million on its property assets.

According to the company's annual report for FY14, 1MDB's long-term borrowings ballooned to RM33.5 billion, up about RM7.2 billion or some 27% from RM26.3 billion in FY13.

About 60% of the additional debts of RM7.2 billion consist of RM4.3 billion in Islamic Medium Term Notes which have coupon rates of between 7.2% and 9.8%. A Junior Islamic Debt of RM1 billion with an interest rate of 18.1%, a RM920 million Sukuk Murabahah for the Bandar Malaysia project with rates of 5.8% to 6%, and a term loan of RM600 million at 8.8% interest for Jimah Energy comprise the rest of this extra debt.

As at end-March last year, 1MDB had cash and bank balances of RM3.8 billion, down 42% from RM6.7 billion a year ago.

Arul Kanda joined 1MDB in January this year. Since then, he has initiated moves to sell off the fund's assets to service its huge debts. The fund is in the midst of divesting Edra Global, and has narrowed down the field of buyers to four bidders, which include Tenaga Nasional Bhd. The sale could raise more than RM15 billion.

1MDB has also sold a 1.2-acre (0.48ha) tract of land at TRX more recently to Affin Holdings Bhd, a banking group controlled by Lembaga Tabung Angkatan Tentera, for RM255 million or RM4,699 per sq ft.

Bandar Malaysia adviser CH Williams Talhar and Wong said some 40 parties and consortiums were keen to participate in the multibillion ringgit development. Four interested parties have been shortlisted. – The Edge Financial Daily, October 2, 2015.

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