‘Deloitte to finish the audit of Edra in two weeks’
Accounts to be submitted to the Companies Commission of Malaysia

BY CHESTER TAY

KUALA LUMPUR: Deloitte Malaysia will complete the audit of Edra Global Energy Bhd’s financial statement in two weeks before submitting the set of accounts to the Companies Commission of Malaysia, sources told The Edge Financial Daily.

Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah on June 15 told the local press that Deloitte was focusing on auditing Edra before it could start reviewing the power unit’s holding company, 1Malaysia Development Bhd (1MDB), whose latest full financial year ended on March 31, 2015 (FY15).

Ahmad Husni reportedly told Khuan member of parliament Liew Chin Tong the government intended that Deloitte undertake the audit of Edra first as it is poised to be monetised soon.

“We want Deloitte to do the audit of 1MDB. Deloitte is currently auditing Edra because we want to monetise it. The audit is expected to be completed in one month. After that, they will audit the holding company,” Ahmad Husni said when winding up the debate on the 11th Malaysia Plan in Dewan Rakyat on June 15.

However, there was no news on the progress of the audit a month after the minister’s statement. Recall that the filing of 1MDB’s financial statements had been delayed in the past.

Last month, The Edge Financial Daily reported that 1MDB was granted a six-month extension to file its financial accounts for FY15.

Its subsidiaries, Edra and 1MDB Real Estate Sdn Bhd, sought a one-month extension from Sept 30, 2015, the deadline for the submission of its FY15 accounts.

On Monday, 1MDB announced that it is selling all its power assets housed under Edra to Chinese-led consortium China General Nuclear Power Corp (CGN) for an equity value of RM9.83 billion cash.

Under the deal, which 1MDB has termed the largest merger and acquisition transaction in Malaysia and one of the largest in the Asian power sector to date, CGN will also assume all the relevant gross debt and cash of Edra’s assets or operating companies, based on the valuation date as at March 31, 2015.

The state-owned strategic investment fund said the assets are Edra Solar Sdn Bhd, Edra Energy Sdn Bhd, Powertek Energy Sdn Bhd, Jimah Teknik Sdn Bhd, Jimah O&M Sdn Bhd, Mautika Lagenda Sdn Bhd and Tiara Tanah Sdn Bhd.

The disposal of power assets under 1MDB was part of a rationalisation plan aiming at reducing the liability of the debt-laden state-owned company.

In an interview with local media on Wednesday, 1MDB president and group executive director Arul Kanda Kandasamy said subsequent to the disposal of power assets, the company is on track to clear its debts by year end, after which it plans to focus solely on property development.

Arul Kanda said 1MDB’s remaining debts would be RM25 billion after disposing of Edra.