1MDB: RM950mil from gov't a commercial loan
MalaysiaKini.com
Mar 12, 2015

The RM950 million credit facility extended by the Finance Ministry to its investment firm 1Malaysia Development Bhd is a commercial loan, 1MDB president Arul Kanda said.

Finance Minister II Husni Hanadzlah today told the Dewan Rakyat the government is extending the "standby credit" to 1MDB and that the firm has used RM60 million of it to ease cash flow issues.

Arul Kanda said the funds will be used to facilitate plans detailed in the recent strategic review.

"The facility, of up to RM950 million, is being provided as a loan on commercial terms.

"Any funds drawn would be used for clearly defined purposes as agreed with the Ministry of Finance," Arul said in a statement.

Malaysiakini has asked 1MDB of terms of the loan and is awaiting its response.

The confirmation comes after Deputy Prime Minister Muhyiddin Yassin (left) vowed that there will be no government bailout of the firm.

Muhyiddin said this after 1MDB board of advisors chairperson and Prime Minister Najib Abdul Razak ordered a public audit of the firm. Najib is also Finance Minister.

Part of 1MDB's strategic review announced last month includes consolidating its separate energy assets under Edra Energy and not taking on new projects or debts.

Reuters, citing sources, reported that 1MDB plans to distribute its debts among its subsidiaries and wind up the firm, but 1MDB said there is no reason to close shop.

It now has RM42 billion in debts, some of which are government guaranteed.

Alarm bells rang when it delayed scheduled repayment for one of its loans by three months late last year.

On Monday, it paid US$66 million (RM242.94 million) of interest on its 2023 dollar bonds.

Last week Youth and Sports Minister Khairy Jamaluddin admitted that 1MDB is a highly-geared company which needs to improve its cash flow.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd
Source : http://www.malaysiakini.com/news/291824