

1MDB: Cabinet aware of our RM5b loan

MalaysiaKini.com

Jun 16, 2015

Some ministers may have lamented that they are unclear of what is going on in 1MDB but the company today claimed the Cabinet was well aware about its initial RM5 billion loan.

Former prime minister Dr Mahathir Mohamad (photo) had likewise questioned whether the Cabinet was made aware of this loan but 1MDB in a statement today poured cold water on his claim.

"Contrary to Mahathir's claim, a Cabinet paper on this matter was prepared and approved by Cabinet, in line with standard practice and as required for all government guarantees.

"Furthermore, the government guarantee is not 'off budget' as claimed.

"It is a clear and acknowledged liability of the federal government, which is ultimately the 100 percent shareholder of 1MDB," it said.

On May 28, Rural and Regional Development Minister Shafie Apdal said even he was unclear about what was going on in 1MDB.

Deputy Prime Minister Muhyiddin Yassin in a leaked video of a closed-door meeting with Umno grassroots had also lamented that Prime Minister Najib Abdul Razak refused to heed advice to sack 1MDB's top leadership.

1MDB had to date accumulated a massive debt of RM41.8 billion. It is unclear whether the Cabinet was made aware of the other loans besides the initial RM5 billion startup amount.

1MDB defended several accusations

In the statement today, 1MDB also defended against several accusations against the company made by Mahathir.

Addressing the former prime minister's claim that the RM5 billion sukuk raised in 2009 by 1MDB was expensive compared to regulator loans taken by the government, the company said this was because the bond maturity was over long period.

"It is a fact, verifiable by a check on the relevant Bank Negara Malaysia webpage, that on May 29, 2009, the date the RM5 billion sukuk was issued, yields for government bonds were 2.82 percent (3 years maturity), 3.56 percent (5 years maturity) and 4.27 percent (10 years maturity).

It is clear that for every additional year of maturity, the yield is higher. The RM5 billion sukuk issued by 1MDB has a 30-year maturity," it said.

1MDB also addressed claims that it had purchased power assets at high prices even though they were about to expire.

"It is important to note that 1MDB purchased 13 different power plants with a generating capacity of approximately 5,500 megawatts (MW).

"Of the above purchase, contrary to Mahathir's suggestion, only two plants had a near term expiry of licence, namely a 440MW Powertek plant in January 2016 and the Genting plant in February 2016," it said.

The company also denied that 1MDB's predecessor attempted to "hijack" Terengganu oilfields to use as collateral in raising the initial RM5 billion loan.

It said there were various discussions on how to raise the fund and it was eventually decided that the federal government will guarantee the loan.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd
Source : <http://www.malaysiakini.com/news/301996>