

1MDB: Dr M's allegations recycled and unproven
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The state investment firm 1MDB appears to be unmoved by former prime minister Dr Mahathir Mohamed's allegations against it today.

It described the veteran politician's allegations as 'recycled, old, and unproven', and have already been addressed by 1MDB in the past.

These have included, among others, an explanation for the purportedly high prices that it had paid to acquire its energy assets.

"These recycled allegations not only cast aspersions on 1MDB but also impacts the day-to-day operations of the company.

"1MDB have repeatedly responded to these unfounded allegations by Tun Mahathir, as evidenced in our statements on 10, 16, 18 and 30 June 2015.

"1MDB would now like to remain focused on the successful implementation of our rationalisation plan, which was presented to the Cabinet on 29 May 2015," it said in a statement today.

1MDB, which is wholly owned by the Ministry of Finance, had issued statements containing point-by-point rebuttals to Mahathir in each of the four June dates.

In its statement today, 1MDB said it had already explained the flow of funds in its previous joint venture with PetroSaudi International in its June 30 statement.

It also reiterated that 1MDB believes that it has paid a fair price for its energy assets, considering its existing and future potential.

Although there are some instances where these purchases had involved paying a premium, 1MDB said this is a common business practice.

'1MDB's achievements'

Meanwhile, 1MDB also took the opportunity in its statement today to highlight its achievements since the rationalisation plan was presented to the cabinet.

It said it has repaid a US\$975 million (RM3.6 billion) loan with the International Petroleum Investment Company (IPIC) and executed a binding term sheet with the same company.

This would have the effect of slashing 1MDB's RM42 billion debt by RM16 billion, it said.

1MDB said it has also appointed an independent real estate consultant to help monetise its

land parcels in Bandar Malaysia, Air Itam, and Pulau Indah.

It added that 40 local and international parties have expressed interest to be development partners in the Bandar Malaysia project so far, and they are currently undergoing a due diligence process.

In addition, it said 1MDB itself is also undergoing a due diligence process with local and international parties over its sale of Edra Global Energy Berhad.

"Collectively, these tangible actions by 1MDB will significantly reduce debt and ensure the long term sustainability of our three core assets, namely TRX, Bandar Malaysia, and Edra Global Energy," it said.

Generally, a 'due diligence' process refers to the business practice of vetting potential business partners or investments.

These may include but is not limited to confirming the facts presented about the deal, and confirming that the deal is viable and above board.

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