

Najib concedes 1MDB's model 'too idealistic'

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Prime Minister Najib Abdul Razak has conceded that his brainchild 1MDB model was too idealistic when it relied largely on debt to finance its businesses.

"The business model was too idealistic. We did not use a lot (of) government funds... only RM1 billion to undertake a huge property development and acquisition of power generation plants.

"So it was heavily into debt financing," he was quoted as saying by The Star Online.

Najib said this to investors in the US at the Invest Malaysia New York 2015 Partners Session.

Najib said the debt should have been reduced from an initial public offering exercise of 1MDB's energy arm Edra Global Energy Bhd but it was delayed and eventually scrapped.

However Najib said an announcement will be made "in the coming days" to significantly reduce the RM16 billion of 1MDB's debt, including the sale of Edra Global.

1MDB is struggling to repay its US\$11 billion in debt which has ballooned to over RM48.5 billion due to the weakening ringgit.

1MDB is owned by the Finance Ministry which is headed by Najib.

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