

1MDB rationalization plan targets achieved, says Arul Kanda

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1MDB has managed to achieve the targets of its rationalisation plan within the time frame proposed, the state fund's chief Arul Kanda Kandasamy said.

"We have achieved what we set out to achieve, in terms of the rationalisation plan," he said at a press conference in Kuala Lumpur today.

This is within the time frame to solve 1MDB's problems as promised by Prime Minister Najib Abdul Razak, he added.

There were three steps to their rationalisation plan, he explained, with the last step being the sale of a 60 percent stake in Bandar Malaysia Sdn Bhd to a consortium consisting of Iskandar Waterfront Holdings Sdn Bhd (IWH) and China Railway Engineering Corporation Sdn Bhd (CREC).

"We have achieved the final piece of the puzzle which is the monetisation of our stakes in Bandar Malaysia," he said.

The first step was 1MDB's debt settlement agreement reached with International Petroleum Investment Co (IPIC), where it was earlier reported will see a debt reduction of up to RM16 billion for 1MDB.

The second step was the sale of Edra Global Energy Bhd to China General Nuclear Power Corporation (CGN), he explained.

He had said before that the sale of Edra would reduce 1MDB's debt by RM16 million to RM18 million.

The 60 percent stake of Bandar Malaysia is worth RM7.41 billion while the current evaluation of its total value stands at RM12.35 billion.

1MDB's latest financial statements as of March 31, 2014 showed that it had accumulated debts of RM42 billion.

The rationalisation plan, first presented to the Cabinet in May, was aimed at turning the troubled state fund around by reducing its debts.

With this "final major milestone" in its rationalisation plan, 1MDB would have purportedly successfully reduced its debts by about RM39 billion to RM42 billion.

However, former Prime Minister Dr Mahathir Mohamad and vocal critic of 1MDB had pointed out inconsistencies with 1MDB's sales of its assets, such as with Edra.

CGN had paid RM9.83 billion for 100 percent stake in Edra, so how did Edra's sale reduce between RM16 billion and RM18 billion as was reported, he asked.

This is not even taking into account the depreciation of the ringgit since 1MDB first purchased Edra, he had said.

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