

1MDB's Arul: Be transparent, wary of high risks and debts

MalaysiaKini.com

Mar 26th, 2016

The president and executive director of 1Malaysia Development Bhd (1MDB) agreed that there are lessons that can be learned from the company's experience.

Arul Kanda Kandasamy concluded that all entities must be more transparent in their reporting, and should reduce excessive debt as well as high risk in the management of the company.

"Among the lessons to be learned from the 1MDB experience is in managing the capital structure and use of excessive debt should be reduced.

"Taking in a number of projects that are large and complex under one company may also need to be reviewed," he said in an interview on Business Plus programme on Astro Awani today.

He said government-owned companies like 1MDB must communicate on an ongoing basis, be transparent, open and have to answer from the outset that is since 2009 and not from 2015.

"This is what we can learn from what has happened in 1MDB, and InshaAllah, with these lessons we can all move forward," he said.

The sale of Edra Global Energy Bhd had substantially reduced 1MDB's debt, and it now has a cash surplus of RM2.3 billion to carry on with the activities related to the infrastructure development for the Tun Razak Exchange and payinterest on the other debts, he said.

Arul Kanda said half of 1MDB's debt was in US dollars, and the debt amount would vary depending on the exchange rate of the ringgit against the currency.

He also cited a report by Moody's Investors Service on Tuesday that 1MDB was never a systemic risk issue to Malaysia's economy.

"After selling Edra Global Energy, the issue has decreased.

"1MDB is only a company facing business problems, which has been politicised, but it has undertaken rationalisation measures to reduce the debt burden and is now ready to move forward," he added.

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