

## **'RM2.3b cash surplus' after 1MDB settles bank, short-term debts**

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1Malaysia Development Berhad (1MDB) boasts a cash surplus of RM2.3 billion after settling all short-term debts, which it has earmarked for infrastructure and other debt service requirements.

"1MDB retains a cash surplus of approximately RM2.3 billion for infrastructure and other debt service requirements," said the government-owned investment arm in a statement today.

In the same statement 1MDB announced the repayment of its US\$150 million term financing facility from Exim Bank in advance of the repayment date, and claimed that this represents the last of its short-term liabilities.

"With this payment, 1MDB has now fully repaid all its bank debt and short-term debt," read the statement though it still does have outstanding long-term debts, some of which are government guaranteed.

1MDB related that the Exim bank repayment was made by 1MDB subsidiary Timeline Zone Sdn. Bhd.

Interestingly, the statement noted that the March 2015 loan was used, "amongst others, to finance general corporate purposes including, but not limited to, working capital requirements and energy business related expenses".

However, according to the Public Accounts Committee transcripts, Ministry of Finance's strategic investment division secretary Ahmad Badri Mohd Zahir, had said that according to information available to him, the US\$150 million loan Timeline took from Exim was to repay debt for the purchase of land in Pulau Indah, near Port Klang.

In any case, the ready liquidity may mean good news for 1MDB as its recently terminated rescue deal with Abu Dhabi investment arm International Petroleum Investment Corporation (IPIC) means that it needs to pay a USD50 million interest payment, which is now due, as well as other debt servicing that may be on the cards with IPIC backing out.

IPIC had previously agreed to assume the liability and payment of several 1MDB debts but terminated the agreement today, claiming that 1MDB and the Ministry of Finance did not live up to their end of the bargain.

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