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1MDB breaks silence over Mahathir's allegations

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KUALA LUMPUR: 1Malaysia Development Berhad (iMDB) broke its silence over former prime minister Tun Dr Mahathir Mohamad's allegations pertaining to the sovereign fund's financial dealings, saying the statements are either inaccurate or outright false.

In a lengthy press statement yesterday, the government-linked company (GLC) provided a detailed rebuttal of claims made by the former premier in two blog entries - "The iMDB Story" and "More Investments By iMDB".

iMDB said Mahathir's claims that the RM5 billion *sukuk* assistance for the Terengganu Investment Authority guaranteed by the federal government was prepared off-budget is false.

"A Cabinet paper was prepared and approved by the Cabinet as required for all government guarantees.

"The government guarantee is not 'off-budget' as claimed. It is a clear and acknowledged liability of the federal government, which is ultimately the 100% shareholder of iMDB," the statement read.

iMDB also said AmBank was entrusted with raising the RM5 billion instead of Goldman Sachs as claimed and fully underwrote the

sukuk assistance, fully earning its RM500 million commission as the move was risky.

The GLC also denied that the loan was taken at almost 7% interest rate, saying it was 6.5%, which is appropriate considering the loan has a maturity period of 30 years.

iMDB also clarified that the costs for interests per year for its loans totalling RM42 billion is RM24 billion, a full 20% lower than Mahathir's claim of almost RM3 billion a year.

The GLC also said the RM2 billion raised by billionaire Ananda Krishnan was used to pay an RM2 billion loan provided by a syndicate of domestic lenders and was not used to pay interest as Mahathir claimed.

The statement explained that the money was arranged by a subsidiary of Tanjong PLC.

"On Aug 7, 2014, Powertek Investment Holdings (PIH), a subsidiary of iMDB, entered into a subscription agreement with Tanjong under which Tanjong agreed to subscribe for equity in PIH, of up to RM2 billion on the occurrence of certain events," the statement said.

The terms also stated that the proceeds are to be used solely for repaying the RM5.5 billion loan arranged by Maybank Investment

Bank and RHB Investment Bank Berhad.

However, more details could not be revealed as iMDB is bound by confidentiality agreements.

iMDB said that it did not wait for licences to expire before purchasing independent power producers as only two out of the 13 it bought had licences near expiry.

Of the two, the KLPP (Genting) plant's licence was to expire in

February 2016 but was subsequently renewed for another 10 years, and iMDB said this proved that it was a good asset purchase.

The GLC is still waiting for a decision from the Energy Commission for the renewal of Powertek plant's licence, which will be expiring in January 2016.

Mahathir also claimed that the federal government had sold 70 acres of land to iMDB for RM320

million, and that nearby land had been sold at RM7,000 psf and the GLC should at least pay RM3,000-RM4,000 psf.

iMDB said the figures were inaccurate, adding that the land was purchased at RM230 million, with the GLC being 100% government-owned and any increase in land value along with any subsequent benefits will be transferred to the Malaysian government.