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Najib: 1MDB paid Socso RM65m to date

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by P PREM KUMAR

1MALAYSIA Development Bhd (1MDB) has paid RM65 million to the Social Security Organisation (Socso) to date, as part of the latter's RM800 million loan to the embattled state wealth fund.

Prime Minister Datuk Seri Mohd Najib Razak said 1MDB is fully committed to repay the RM800 million loan to Socso, inclusive of interest.

The borrowings would mature in 2022, and the principal repayment is scheduled between 2016 and 2022, Najib said in a written parliamentary reply to Klang MP Charles Anthony Santiago.

Charles had asked the government to state the total amount borrowed by 1MDB from the Employees Provident Fund (EPF) and Socso.

Najib said 1MDB did not secure any loan facility from EPF. However, 1MDB's wholly owned subsidiary TRX City Sdn Bhd (formerly known as 1MDB Real Estate Sdn Bhd) did borrow RM800 million from Socso in 2012, and the facility was fully guaranteed by the federal government.

"To date, about RM65 million has been repaid based on the loan agreement between the two parties. TRX City will be able to settle the interest and principal of the loan following the success of 1MDB's rationalisation plan," said Najib.

In a separate written reply, Najib said his approval was not needed for the US\$3.5 billion (RM14.38 billion) in payments from 1MDB to British Virgin Islands-based Aabar Investment PJS Ltd.

He said the payments were

part of an administrative undertaking from previously approved decisions, and as such, no written consent from Najib, who chaired 1MDB's advisory board, was required.

Article 117 of 1MDB's Memorandum and Articles of Association underlines the need for approval from Najib on any of the firm's dealings.

"The payments were made based on several agreements that were signed and as an administrative decision which is based on the approval and ratification from the Board of Directors generally," Najib said, replying to a query from Petaling Jaya Utara MP Tony Pua.

Pua asked if the prime minister gave written consent for the transfer of the funds to the firm that has been disavowed by Abu Dhabi sovereign fund International Petroleum

Investment Company (IPIC).

1MDB made the payments to Aabar (BVI), which is nearly identical in name to IPIC's subsidiary Aabar PJS Investments.

IPIC has said Aabar (BVI) was not a member of its group, further claiming that it did not receive any of the US\$3.5 billion paid to the British Virgin Islands-based firm.

1MDB subsequently insisted that it made the payments, but has since suggested that it may be a victim of fraud, citing investigation by Swiss officials into two former IPIC executives.

The dispute led IPIC to withhold a US\$50 million interest payment for which it assumed liability as part of a debt-for-asset swap with 1MDB last year, triggering defaults for at least two of the state wealth fund's Islamic bonds.