

RM42 billion accounted for, says 1MDB boss
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Debt-ridden state fund 1Malaysia Development Bhd (1MDB) today clarified that the RM42 billion debt was used to purchase independent power producers and land and poured into investment funds such as Brazen Sky and Aabar Investments.

In a statement, 1MDB president and group executive director Arul Kanda Kandasamy said that there had been much speculation over the use of the RM42 billion debt raised by the firm, in particular the RM27 billion which was alleged to be lost or missing.

"We provide a summary of what the RM42 billion debt has been used for, information that is fully disclosed in 1MDB's audited and publicly available accounts from March 31, 2010, to March 31, 2014.

"We trust this clarification will help to clear any confusion on this matter," Arul said.

According to charts enclosed with Arul Kanda's statement, RM18 billion was spent on the purchase of IPPs while RM15.4 billion was invested into funds such as Brazen Sky and Aabar Investments.

After taking away RM5.8 billion in financial expenditure and RM1.7 billion in land costs, 1MDB is left with RM900 million in cash surplus.

Of the RM18 billion spent on IPPs, RM8.5 billion was for Powertek, RM2.3 billion for the Kuala Langat Power Plant, RM1.2 billion for the Jimah power plant, and 1MDB incurred RM6 billion in inherited debt.

1MDB also paid RM6.1 billion for its investment in Brazen Sky, RM4.2 billion for Aabar Investment and RM5.1 billion for 1MDB Gil Fund.

1MDB paid RM200 million for the TRX land, RM400 million for the Bandar Malaysia tract and RM1.1 billion for land in Air Itam, Penang.

Some RM4.5 billion went towards cost of finance and working capital, RM900 million was for foreign exchange costs and RM400 million was paid in taxes.

Criticism has been mounting over the state investment vehicle, established in 2009, which has chalked up debts of up to RM42 billion, backed by Putrajaya.

The auditor-general is currently looking through 1MDB's books, with a preliminary report expected to be submitted to the Parliament in June, while the Public Accounts Committee started its investigation into the company on May 19.

Arul Kanda failed to attend a scheduled inquiry with PAC last Tuesday, explaining later that he was abroad at the time.

He said he was not able to attend the hearing as he only received the notice from the Finance Ministry on May 21. – June 3, 2015.

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