The Star - MoF Will Not Take Over 1MDB Debts,Says Johari

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PETALING JAYA: The debts of 1Malaysia Development Bhd (1MDB) will not be taken over by the Ministry of Finance Inc (MoF Inc), says Second Finance Minister Datuk Seri Johari Abdul Ghani.

He said in a statement the debts that would remain on the balance sheet of 1MDB were the RM5bil sukuk, the US$3bil bond and the two tranches of US$1.75bil bonds.

"These 1MDB debts will be serviced from matching cashflows, as described in the PAC (Public Accounts Committee) report.

"Whilst MoF Inc will not be taking over these 1MDB debts, the substance of the letter of support and guarantee from the government, remains intact, as described in the PAC report," he said.

The RM5bil Islamic debt issue was the first tranche of bonds issued by 1MDB in 2009 issued by 1MDB in 2009. Subsequently, when it acquired the power plants from Tanjong Group Plc and the Genting group in 2012, it issued two tranches of US dollar-denominated papers of US$1.75bil each.

In March 2013, 1MDB issued a US$3bil debt paper to finance the infrastructure in the Bandar Tun Razak project. Johari said DAP's Tony Pua, a member of the PAC, is also well versed about the facts concerning 1MDB.

"Thus, it is disappointing to note that he has chosen to misrepresent the facts and has accused me of lying, in his desperate attempts to mislead the rakyat," he said in reply to a statement from Pua on the matter.

Johari also said the Bandar Malaysia Sdn Bhd (BMSB) and TRX City Sdn Bhd (TRXC) project company's operating debt – part of the assets and liabilities of the company – would be serviced from the project cashflows.

He said the Tun Razak Exchange and Bandar Malaysia lands were originally owned directly by the Government, which sold the lands to 1MDB in 2010 and 2013 respectively.

MoF Inc took over the direct ownership of Bandar Malaysia and TRX lands from 1MDB on the recommendation last April of the PAC.

BMSB and TRXC took up debt to fund the construction of infrastructure as well as air force and policy bases.

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Johari pointed out that these debts were always attached to the said land when these companies raised their financing and thus form part of the security for the said debts.