

1. Salleh: Najib owed 'a huge apology' over media onslaught



PETALING JAYA: Datuk Seri Dr Salleh Said Keruak (*pic*) said Datuk Seri Najib Tun Razak is owed a huge apology after being "tried and convicted in the court of public opinion" over links between money in his personal bank accounts and 1Malaysia Development Bhd.

The Communications and Multimedia Minister said in his blog on Friday that the Prime Minister had been subjected to attacks by the local and foreign media, including bloggers, following an article by the Wall Street Journal (WSJ) on July 2, 2015.

"In short, it was a trial by media and Najib was being tried and convicted in the court of public opinion due to this media onslaught.

"And he was being treated as guilty until and unless he can prove his innocence," said Dr Salleh.

He said the WSJ article, titled "Investigators believe money flowed to Malaysian leader Najib's accounts amid 1MDB probe", had also triggered the setting up of a special task force to investigate the allegation that Najib had stolen US\$700mil (RM2.6bil) from 1MDB and had transferred it to his personal bank accounts.

However, Dr Salleh noted that WSJ had cited "documents from a government probe" in its article.

"This would mean, according to what The Wall Street Journal said, that the investigation started before 2nd July 2015 and was not the result of The Wall Street Journal's 2nd July 2015 'expose'," he said.

Dr Salleh said this in itself was suspicious because the WSJ report was supposed to be based on the investigation while the official statement from the special task force is that it was set up to investigate WSJ's "expose".

"So which came first? And if The Wall Street Journal's article came first and the launch of the special task force came after, as what we are being told, this would mean The Wall Street Journal was given documents that were not based on any investigation but were planted to slander the Prime Minister," he said.

He added that it was only on July 4, 2015, that the Attorney-General confirmed receiving the documents on the investigations and announced on July 8 the setting up of the special task force.

"So where did The Wall Street Journal obtain its 'evidence' from and which 'probe' are they referring to?" questioned Dr Salleh.

He added that the WSJ now said that the money was not from 1MDB after all but was a donation from Middle Eastern sources, which was also the basis of the recent Australian Broadcasting Corporation (ABC) special report.

"Even (Tun) Dr Mahathir (Mohamad) no longer talks about stolen money but a donation and he is shifting the issue from where the money came from to how the money was spent.

"Najib has been subjected to a gross injustice of trial through the media and he was 'convicted' in a court of public opinion based not on evidence but based on a mere allegation. Those who have slandered the Prime Minister owe him a huge apology, which, of course, we know will never happen," said Dr Salleh.

2. Petronas Dagangan's subsidiary seeks RM456mil from MAHB



MAHB had initially given Kuala Lumpur Aviation Fuelling System the rights to operate and maintain the KLIA aircraft fuelling system for a period of 50 years.

KUALA LUMPUR: Petronas Dagangan Bhd's (PetDog) subsidiary Kuala Lumpur Aviation Fuelling System Sdn Bhd (KAFS), whose 50-year concession period to operate the aviation fuelling system at the KL International Airport (KLIA) has been halved, is seeking an estimated RM456mil from Malaysia Airports Holdings Bhd (MAHB).

The airport operator told Bursa Malaysia on Tuesday that this was due to the alleged losses and damages following the changes in the concession period under the airport facilities agreement (AFA) signed in September 2007.

MAHB said the amount was still subject to a comprehensive evaluation by KAFS of the quantum or amount of losses.

"Interest on the said sum will be calculated from the date the sum first became due and owing until full and final settlement at a rate to be determined at a later date," it added.

MAHB's unit Malaysia Airports (Properties) Sdn Bhd (MA Properties) received a notice of arbitration from KAFS on Feb 26.

To recap, Malaysia Airports (Sepang) Sdn Bhd (MA Sepang) - which manages and provides airport-related services at the KLIA - entered into an AFA with KAFS on Sept 26, 2007, giving KAFS, a

65% owned subsidiary of PetDag, the 50-year rights to operate and maintain the KLIA aircraft fuelling system.

However, in February 2009, MA Sepang and the Government signed an operating agreement (OA) that gave MA Sepang the rights to operate and maintain the KLIA for only a period of 25 years.

Two months later, MA Sepang and KAFS entered into a supplemental AFA which confirmed the concession period as set out in the AFA.

In May 2009, MA Sepang and KAFS sealed a novation agreement whereby the AFA was novated to MAHB's other unit Malaysia Airports (Properties) Sdn Bhd (MA Properties).

"Disputes and/or differences arose between KAFS and MA Properties arising out of and/or relating to the OA entered into between MA Properties and the Government which effectively reduced the concession period from 50 years to 25 years," MAHB explained.

"As a result, KAFS has alleged that MA Properties has breached the AFA by entering into the OA."

According to MAHB, there have been unsuccessful attempts made to amicably settle the disputes and differences.

On the financial impact of KAFS' notice of arbitration, MAHB said KAFS's claims of RM456mil represented about 5% of the net assets of the MAHB group as at Dec 31, 2015.

"Accordingly, the claims are not expected to have material financial impact to the MAHB group," it added.

MAHB, in its announcement to the exchange on March 31, said it had obtained a preliminary view from its lawyers who considered that MA Properties had "a reasonably good prospect" of defending the claims. This was because MA Properties had complied with all of the terms and conditions under the AFA.

3. You can't be 80% pregnant, 1MDB tells Pua

PETALING JAYA: 1Malaysia Development Berhad (1MDB) has hit out at DAP's Tony Pua (*pic*), saying that he cannot question the contents of the Public Accounts Committee (PAC) report on it after signing it off to Parliament.

The company said this in response to a comment made on Friday by Pua, who is a PAC member, that he was "80% satisfied" with the contents of the 106-page report tabled in Parliament on Thursday.

"You can't be 80% pregnant, Pua," 1MDB said in a statement on Friday.

"Shockingly, Pua, having signed off without reservation on the PAC report to Parliament, is now seeking to back-pedal and question the contents of the report, saying that he is only 80% satisfied.

"1MDB has provided to the National Audit Department (JAN) all documents in its possession. It has also explained to JAN why other documents could not be procured," it said.

It added that despite being aware of the situation, Pua, who is also Petaling Jaya Utara MP, persisted with his "recycled rantings".

"The consensus report is a comprehensive and conclusive document. The PAC has asked the relevant enforcement agency to further investigate certain matters.

"Pua now needs to respect the collective will of the PAC, switch off the political rhetoric and allow the lawful authorities to do their job," said 1MDB.

4. PAC: Najib not in 1MDB report as no evidence found against him



KUALA LUMPUR: There is no mention of Prime Minister Datuk Seri Najib Tun Razak in the Public Accounts Committee (PAC) report on 1Malaysia Development Bhd (1MDB) tabled in the Dewan Rakyat Thursday, as no evidence of wrongdoing or abuse of power against him was found, says its chairman Datuk Hasan Arifin (*pic*).

This was the unanimous conclusion and consensus of the PAC members (comprising government and opposition MPs), he said Friday.

Hasan said the PAC investigated every allegation and accusation hurled at the Prime Minister over a period of 18 months.

The findings of the PAC, however, were geared towards the chronic failure of the outlined processes, regulations and procedures, where the 1MDB management - and not the Government - should be held responsible, he said.

Hasan said the Government had always maintained that the allegations and accusations of corruption, misappropriation of funds and abuse of power were false and baseless.

Hasan also said that the impartiality of the PAC and its ability to convene without the presence of the media, the public and government were allowed it to come up with a balanced, accurate and fair conclusion.

"True, there were arguments and objections on some issues, but we eventually reached a conclusion, as can be seen in this report," he said.

5. PM warns of action if wrongdoing found in 1MDB



Najib said there would be evident legacy of the fund when Tun Razak Exchange and Bandar Malaysia projects are completed.

KUALA LUMPUR: Action will be taken against any wrongdoing found in controversial state investment fund 1Malaysia Development Bhd (1MDB), Prime Minister Datuk Seri Najib Tun Razak said.

"The Public Accounts Committee last week submitted its report to Parliament. It identified weaknesses in 1MDB's structure and management, and as I said last week, we must ensure that lessons are learnt.

"Action will be taken if any evidence of wrongdoing is found. In addition 1MDB's board of directors has offered their resignation" Najib said in his keynote address at the 12th Invest Malaysia (IMKL2016) here on Tuesday.

However in defence of 1MDB, which the Prime Minister said had been a subject of wild allegations, he said there would be evident legacy of the fund when Tun Razak Exchange and Bandar Malaysia projects are completed.

"The reality is that there is a rationalisation process and it is working. Substantial debts have already been cleared, including the recent repayment of a RM950mil standby credit facility provided by the government last year.

"Its assets are more than its liabilities, and those assets are real and can be seen by the process they are fetching. The uses to which some of those assets will be put, will be evident in the future, when two vibrant new centres will spring up in Kuala Lumpur, at the Tun Razak Exchange and at Bandar Malaysia in the south of the city.

"In the years to come, they will be the real legacy of 1MDB. They will be what is remembered, and history will show that the shameful politically motivated allegations made to unseat a democratically elected government were false," Najib said.



Tuesday, 12 April 2016

6. EPF expects 1.5 million members to convert to EPF-i in 2017



Based on the study that EPF has conducted and feedback received from the public, Shahril expects about 1.5 million members will migrate to the EPF-i in the maiden year.

KUALA LUMPUR: The Employees Provident Fund (EPF) expects about 1.5 million of its members to convert to its first fully syariah-compliant fund (EPF-i) after the fund's implementation in January 2017.

"It is just another option for the members to decide whether to go for the syariah fund or stick to

the present conventional fund," said EPF chief executive officer Datuk Shahril Ridza Ridzuan.

"But based on the study that we have conducted and feedback that we get from the public, so far about 1.5 million members would migrate to the EPF-i in the initial year," he told reporters on the sidelines of the 12th Invest Malaysia Kuala Lumpur (IMKL 2016) in Kuala Lumpur on Tuesday.

EPF had planned to launch the EPF-i fund in January 2017 with an initial fund size of between RM80bil and RM100bil.

As of September 2015, EPF had 14.45 million members, with active and contributing members numbering 6.74 million.

As at Dec 31, 2015, about 40% of EPF's total investments were syariah-compliant investments.

Meanwhile, during the closing plenary session titled Navigating The New Normal at the same event, Shahril said EPF embraced the new normal in the industry by increasing the company's management transparency.

"We have provided a lot of data compared to a few years ago. In fact, we are among a few funds in the country that announce a quarterly report," he said, adding that governance transparency was part of efforts to fulfil members' expectations.

Free trade agreements like the Trans-Pacific Partnership Agreement, would provide more open competition to participating countries, he said.

It would help restructure the competitive landscape, and have a positive impact for the long term, he added



Wednesday, 13 April 2016

7. Najib vows action against 1MDB wrongdoings

KUALA LUMPUR: Action will be taken if any wrongdoing is found in state investment fund 1Malaysia Development Bhd (1MDB), said Prime Minister Datuk Seri Najib Tun Razak.

"The Public Accounts Committee (PAC) last week submitted its report to Parliament. It identified weaknesses in 1MDB's structure and management, and as I said last week, we must ensure lessons are learnt.

"Action will be taken if any evidence of wrongdoing is found. In addition, 1MDB's board of directors has offered its resignation," Najib said in his keynote address at the 12th Invest Malaysia here yesterday.

But in defence of 1MDB, he said there would be an evident legacy of the fund when the Tun Razak Exchange and Bandar Malaysia projects were completed.

Separately, Malaysian Associated Indian Chamber of Commerce and Industry (Maicci) president Tan Sri K. Kenneth Eswaran said the PAC's findings on 1MDB proved that the allegations made by former prime minister Tun Dr Mahathir Mohamad were unfounded.

"As confirmed by the report, Najib is the chairman of the 1MDB advisory board and not part of the board of directors that was supposed to scrutinise its management and cash flow activities.

"As a senior statesman who led the country for 22 years, he should be well aware that such accusations are detrimental to national growth," he said in a statement yesterday.



Thursday, 14 April 2016

8. Malaysia's GDP to exceed RM3.9 trillion by 2030, says study



KUALA LUMPUR: Malaysia, Indonesia, the Philippines and Thailand are expected to join the ranks of Asian nations with a gross domestic product (GDP) exceeding US\$1 trillion (RM3.9 trillion) by 2030, according to a study by US-based global information company IHS Inc.

"This will help to increase the geopolitical and economic importance of Asean and economic grouping in international diplomacy and the global dialogue on trade, investment and international standards-setting," said IHS chief economist for Asia-Pacific Rajiv Biswas.

In a statement on Thursday, IHS said South-East Asia was expected to be one of the world's fastest growing regions with these four Asean nations.

Referring to Malaysia as Asia's next advanced economy, the IHS report said Malaysia was forecast to achieve a per capita GDP of US\$20,000 by 2025, with total GDP exceeding US\$1 trillion by 2030.

Biswas pointed out that the structure of Malaysia's economy would continue to shift towards higher value-added manufacturing and services.

"Strategic growth industries in the services sector will include financial services, healthcare, education, commercial aviation, tourism and the IT-business process outsourcing industry, as Malaysia becomes an increasingly important services, services-exporting economy for South-East Asia," said Biswas.

Indonesia's GDP is forecast to grow at 5% a year over 2016-2020, supported by strong growth in consumer demand and infrastructure investment, he added.

"By 2020, Indonesia will have already become a nation with a GDP size exceeding US\$1 trillion, and by 2030, Indonesian GDP is projected to exceed US\$3.7 trillion," said Biswas, adding that Indonesia is South-East Asia's largest economy and one of the world's largest emerging markets.

The Philippines, he said, had shown rapid GDP growth averaging at around 6% per year over 2011-2015, with GDP growth of 5.8% per year forecast over 2016-2018.

"The total size of the Philippines' economy is projected to grow from US\$300 billion in 2016 to US\$700 billion by 2025, and a US\$1 trillion economy by 2030," Biswas added.

Meanwhile, the Asean frontier markets of Vietnam, Myanmar, Cambodia and Laos are forecast to continue to grow rapidly.

The IHS study showed that Vietnam would grow at a pace of around 6.5% per year over the medium term, with rapid growth in manufacturing exports of electronics and garments driving industrial development.

"The new EU-Vietnam Free Trade Agreement and the planned TPP (Trans-Pacific Partnership) deal

will significantly boost Vietnam's market access to the EU and the US for its manufacturing exports by reducing tariff barriers substantially," he added.



Friday, 15 April 2016

9. IGP to head 1MDB probe

KUALA LUMPUR: The police have formed a team to investigate 1Malaysia Development Bhd (1MDB) following the tabling of the Public Accounts Committee (PAC) report in Parliament.

Inspector-General of Police Tan Sri Khalid Abu Bakar said he would head the team, with other members comprising officers from the Commercial Criminal Investigation Department and the Criminal Investigation Department.

Khalid said he had received instructions from the Cabinet for the police to carry out an investigation.

"The police have re-started investigations by taking into account five recommendations from the PAC report and to look at all issues raised in the report," he said at a press conference in conjunction with the blood donation programme for the 209th Police Day Memorial here yesterday.

The scope of investigation into 1MDB would be under Section 409 of the Penal Code and Section 420 of the same code if any element of breach of trust or fraud was found.

Khalid said several witnesses, including the former 1MDB chief executive officer Datuk Shahrol Azral Ibrahim Halmi, would be called to assist in the investigation.

He added that he would find out if there were crimes committed, or whether there was merely breaching of corporate ethics under the Companies Act.

"Whatever the outcome, we will present it to the Attorney-General's Chambers," said Khalid.

The PAC last Thursday tabled the 106-page report of the 1MDB Governance Management Control at the Dewan Rakyat.

The committee, which consisted MPs from both side of the political divide, among others recommended that authorities investigate the former 1MDB chief executive and the parties linked to the management of the government-owned strategic investment company. — Bernama

10. Pay hike for civil servants

PUTRAJAYA: Civil servants will soon earn a monthly salary of at least RM1,200 - above the national minimum wage - under the move to rationalise the public service scheme.

The scheme, effective July 1, will see those in the lowest grade in the civil service - Grade 11 - earning RM1,200 compared with RM837 a month now.

Combined with existing allowances, employees in this grade will enjoy a take-home pay of about RM1,500.

The national minimum wage is RM900 to RM1,000 per month in the peninsula and RM800 to RM920 for Sabah and Sarawak.

A circular issued by Public Service Department director-general Tan Sri Mohamad Zabidi Zainal yesterday also said that Grade 17 and Grade 27 would be discontinued and employees in the two grades would be upgraded to Grades 19 and 29 respectively.

Grade 17 is given to employees with Sijil Pelajaran Malaysia certificates while Grade 27 are those with Sijil Tinggi Persekolahan Malaysia certificates and diploma holders.

Those employed under Grade 17 with a current pay of RM935, will soon enjoy a higher minimum salary of RM1,350 a month after they are moved to Grade 19.

Grade 27 employees, whose lowest starting pay is RM1,362, will earn at least RM1,493 after being upgraded to Grade 29.

"The rationalisation of the public service scheme is aimed at ensuring that the civil service has a competent workforce that is able to help realise the nation's vision and agendas.

"This is also aimed at streamlining the management of the service scheme in order to attract and retain the best talents, to create some flexibility in the management of the civil service and also provide opportunity for career advancement," said Mohamad Zabidi in the circular.

The new remuneration scheme also sees the existing 252 public service schemes upgraded and trimmed into 240 schemes.

He said the move to rationalise the scheme would benefit not only existing employees but also those who will join the civil service in the future with a higher grade and starting pay.

The rationalisation also sees better recognition for Technical and Vocational trainees (TVET).

Under the new scheme, those with a polytechnic certificate will be on par with those with a diploma or STPM qualification.

Prior to this, those with polytechnic certificates were placed on the same level with SPM entrants.

"We want to provide greater opportunity to those with skills qualifications to join the public service by including the TVET in certain service schemes," said Mohamad Zabidi.



Monday, 18 April 2016

11. MACC deny surrounding police station before detaining five personnel

GEORGE TOWN: The Malaysian Anti-Corruption Commission (MACC) denied reports on social media that it had surrounded the Air Itam police station before detaining five personnel on duty there, early Saturday.

Penang MACC director Datuk M. Samarajoo said the raid was conducted according to existing laws, and in accordance with the standard operating procedure (SOP) of the commission.

"MACC officers involved in the operation did not surround the police station as reported or neither did their act roughly against the police personnel who were detained, but instead, they entered through the main entrance, introduced themselves and presented their authority card before detaining the five suspects," he told Bernama, here, today.

Several social media reports today reported that the Penang MACC had closed in on the police station before detaining five police personnel who were believed to have been involved in corruption.

According to media reports, those arrested during the raid at about 3am were believed to have been involved in a corruption case that involved a large sum of money.

Samarajoo said there was no struggle during the arrest, which included a woman, since all the suspects were cooperative during investigations.

"Actually, the matter (of surrounding the station) did not arise at all, and the raid was a regular operation carried out by the MACC after receiving a complaint. The raid was also not a special operation that was planned earlier," he said.

He also urged the public to not speculate about the case and allow the MACC to investigate the case under Section 17 (a) of the MACC Act 2009.

Bernama on Sunday reported that four policemen and a woman constable from the Air Itam police station were detained during a raid early yesterday morning, and released after recording their statements.

They were alleged to have accepted money from a man to settle a car theft case.



Tuesday, 19 April 2016

12. Cop caught red-handed taking RM3,000 bribe

KOTA KINABALU: A police inspector has been arrested for receiving bribes totalling RM8,200.

The 32-year-old prosecuting officer based in Tawau was arrested at about 2.30pm Tuesday, said state Malaysian Anti-Corruption Commission director Datuk Shaharom Abd Manap.

The inspector was nabbed just as he received a payment of RM3,000 from a man, who was the complainant, in his car.

It is believed that the complainant had asked the inspector to help a family member involved in a possession of weapons case - an airgun and a Samurai sword.

"The inspector is also suspected of receiving bribes of various amounts over several occasions from the same man" Shaharom said.



Wednesday, 20 April 2016

13. 1MDB ready to cooperate with any foreign authority regarding investigation

KUALA LUMPUR: 1Malaysia Development Bhd (1MDB) reaffirmed its readiness to cooperate with foreign authorities to assist with any investigation involving the company.

However, at the moment, the company has not been contacted by any foreign authority regarding the investigations, said President and Group Executive Director Arul Kanda Kandasamy.

"We have very clearly and openly stated that if we are being contacted or asked to help, we will fully cooperate, subject to any international protocol, relating to such matters," he said in a Bloomberg TV Malaysia interview on Tuesday.

He was asked whether 1MDB would provide assistance or clarity to any international authority if approached, after several countries were reportedly probing the state investment fund.

To a question on its financial obligation, Arul Kanda said he expected an interest payment to be made to its bondholders as it entered the five-day grace period.

Facing the risk of a bond default, he contended that 1MDB's current cash surplus stood at about US\$550mil (RM212bil) or 11 times the US\$50mil (RM192.5mil) due as interest that was payable on April 18.

The company is in dispute with Abu Dhabi's sovereign wealth fund, International Petroleum Investment Company (IPIC), which earlier agreed to pay interest on the bonds.

Arul Kanda said he expected an "amicable resolution". - Bernama



Friday, 22 April 2016

14. Syndicate selling fake computer parts busted

KUALA TERENGGANU: For eight years a syndicate has been selling fake computer parts and ink cartridges mostly to government offices nationwide.

Its activities came to an end this week after three raids were conducted at its premises.

More than 2,000 fake computer parts of various brands as well as an ink and cartridge-processing machine totalling more than RM600,000 in value were seized.

Terengganu Domestic Trade, Co-operatives and Consumerism director Azlan Abdul Samad said two owners of a company and a worker had been detained to help in investigation.

He said the raids, the first of its kind in the state, were conducted in three locations in Jalan Bukit Kecil, Kampung Pulau Baru and Jalan Sultan Zainal Abidin here.

The syndicate, he added, was believed to have supplied the cartridges and other computer parts to shops and government agencies nationwide at a cheaper rate.

"We took action after receiving numerous complaints from the original product distributors. We have been monitoring their activities for almost a month before raiding the three premises," he told a press conference here yesterday.

Azlan explained that the syndicate, which had been operating since 2008, would purchase a large volume of empty cartridges and then fill them up with ink before passing them off as products by reputable labels and selling them cheaply.

"From its business records, we noticed that a majority of its clients were government offices.

"We believe that many of their customers fell for the low prices offered," he said.



Tuesday, 26 April 2016

15. EPF plans to enter Bukit Jalil project, proposes paying RM421mil

PETALING JAYA: The Employees Provident Fund (EPF) has proposed to take up a 80% stake in one of the three parcels of land that Malaysian Resources Corp Bhd (MRCB) would receive from the Government when it completes the refurbishment and upgrading facilities at the National Sports Complex (NSC) in Bukit Jalil under the privatisation agreement with the Government.

MRCB said in an announcement that the EPF would be paying a total of RM421mil for an 80% stake in 28.13 acres, which is part of the 92.51 acres that MRCB would get in exchange for refurbishing and upgrading the stadium and its surrounding facilities in a privatisation deal worth RM1.6bil.

The remaining 20% stake would be held by MRCB.

Under the original terms of the privatisation agreement that was sealed in October last year, MRCB had a 85% stake in the whole privatisation project, while Rasma Contractors Sdn Bhd had the remaining 15% in the entire project.

In the latest proposed deal, the EPF would hold 80% with MRCB's stake being 20% in the development of the portion of land measuring 28.13 acres only.

Based on the announcement, there is no mention of Rasma Construction in the development of that particular portion.

MRCB explained that the EPF would settle the payment of the land in two tranches and when all conditions are met. The first would involve RM397mil valuing the land at RM405 per sq ft (psf),

while the second payment would amount to RM24.5mil or an additional RM25 psf when all conditions are met and approvals are obtained.

"The deal can only be completed two years down the road when MRCB actually gets possession of the land after the first phase of the refurbishment and upgrading works are completed.

"MRCB also has to fulfil all conditions such as getting the development order and plot ratio," said a merchant banker familiar with the transaction.

Among the conditions that MRCB has to fulfil are to get a plot ratio of not less than 1:6.5 and all necessary approvals from the authorities.

"Prior to the signing of the agreements, MRCB shall provide the EPF with a full market study report and a business plan, including a timeline for the development of the land," MRCB said.

"The agreements shall be subject to the EPF being satisfied with the results of their due diligence," the company added.

Under the proposed agreement with the EPF, MRCB would be appointed as the main contractor for the development of the land.

In the privatisation agreement, MRCB under the first phase is required to upgrade the main stadium, the aquatic centre, the hockey stadium and other facilities such as lighting.

The cost is estimated at RM499mil. Upon completion of the first phase of the project, MRCB would get the first parcel of land measuring 28.13 acres.



Tuesday, 26 April 2016

16. IPIC fails to make bond payment, but 1MDB says default limited

KUALA LUMPUR: 1Malaysia Development Bhd has confirmed that the International Petroleum Investment Company (IPIC) has not made a US\$50.3mil (RM196.3mil) interest payment on its bonds

where it was co-guarantor.

1MDB said on Tuesday however said there is no cross default on its other remaining debt, namely the US\$1.75bil 1MDB Energy Ltd notes and the US\$3bil 1MDB Global Investments Ltd notes.

It said the interest obligation was required under the terms of a binding term sheet executed on May 28, 2015, under which IPIC assumed the obligation to pay the interest and ultimately the principal for, amongst others, the US\$1.75bil fixed rate 5.75% notes due 2022, issued by 1MDB Energy (Langat) Ltd (Langat notes).

The deadline for the payment was on Monday.

"Accordingly, due to a dispute between the parties, neither 1MDB, nor its subsidiary, 1MDB Energy (Langat) Ltd, have made payment either, and are now in default per the terms of the Langat notes," the company said in the statement.

1MDB, however, said that the cross defaults were "limited", noting that they have been triggered on the RM5bil 1MDB sukuk due 2039 and RM2.4bil Bandar Malaysia sukuk due between 2021 and 2024.

"Notwithstanding the dispute with IPIC, 1MDB reiterates that it will meet all of its other existing financial obligations and has ample liquidity to do so," it said..

1MDB withheld the interest payment following claims by IPIC that certain payments and other obligations were still owed it.



Wednesday, 27 April 2016

17. 1MDB: Limited cross defaults after IPIC fails to make bond payments

PETALING JAYA: 1Malaysia Development Bhd has confirmed that Abu Dhabi's International Petroleum Investment Company (IPIC) has not made an interest payment of US\$50.3mil (RM196.3mil) as required under the terms of a binding term sheet executed on May 28, 2015 but says that there is no cross default on its other remaining debt, namely the US\$1.75bil 1MDB Energy Ltd notes and the US\$3bil 1MDB Global Investments Ltd notes.

Under the binding term sheet, 1MDB said IPIC assumed the obligation to pay the interest and the principal for its US\$1.75bil bond due 2022, issued by 1MDB Energy (Langat) Ltd (Langat notes).

"Accordingly, due to a dispute between the parties, neither 1MDB, nor its subsidiary, 1MDB Energy (Langat) Ltd, have made payment either, and are now in default per the terms of the bonds," 1MDB said in the statement yesterday.

However, the sovereign wealth fund said that as a result of the default in the Langat notes, cross defaults have been triggered on the RM5bil 1MDB sukuk due 2039 and RM2.4bil Bandar Malaysia sukuk due between 2021 and 2024.

"There is no 1MDB cross default on an RM800mil loan from the Social Security Organisation or Socso.

"However, there is a possibility that the "material adverse effect" clause may be triggered due to the developments. The 1MDB Sukuk and the Socso loan both benefit from guarantees issued by the Government of Malaysia.

"1MDB confirms that there is no cross default on its other remaining debt, i.e the US\$1.75bil fixed rate 5.99% 1MDB Energy Limited notes and the US\$3bil fixed rate 4.4% 1MDB Global Investments Ltd notes," it added.

1MDB said it has no other debt. Notwithstanding the dispute with IPIC, 1MDB reiterated that it will meet all of its other existing financial obligations and has ample liquidity to do so.

1MDB said it withheld the interest payment following claims by IPIC that certain payments and other obligations were still owed it.

"While 1MDB has the funds to have made the interest payment, it is 1MDB's position, as a matter of principle, that it was IPIC's obligation to do so. Until IPIC accepts that all obligations have been met, 1MDB is obliged to withhold payments and will seek legal recourse and resolution," it said.

"1MDB trusts that the respective parties and the financial markets in general, will understand this unfortunate default as being very specific to its dispute with IPIC and is not due to an inability to make payment when due.

"1MDB wishes to underline that it is committed to working openly with IPIC to resolve the dispute in order to minimise the impact on all stakeholders and to avoid the need for accelerating bond or sukuk payments in a way that would pose significant risks to its rationalisation plan."

18. Arul: I never admitted there was fraud

PETALING JAYA: 1Malaysia Development Bhd (1MDB) president and group executive director Arul Kanda said his recent statements regarding the possibility of fraud in relation to 1MDB was given a "spin" by various personalities.

"I must clarify that I had never 'admitted there was fraud' as has been mistakenly alleged by various personalities and subsequently wrongly reported by certain media," he said in a statement yesterday.

"What I did say is that, given the content of the April 12, 2016 statement by the Office of the Attorney-General of Switzerland, 1MDB must now be open to the possibility of fraud, i.e. that it cannot be discounted," he added.

Arul reiterated 1MDB's firm contention on the US\$3.5bil deposits paid to Aabar BVI.

1MDB, he said, had dealt with senior executives, hence these transactions bind Abu Dhabi's International Petroleum Investment Company (IPIC) and Aabar PJS as corporates.

"Bluntly put, it is an internal matter for them to resolve," Arul said.

He added 1MDB would not shy away, and looked forward to resolving this dispute with IPIC through discussion and if necessary, arbitration, in order to ensure an expeditious resolution, in the interests of all stakeholders.

In the meantime, 1MDB will continue to extend full cooperation to the Royal Malaysian Police in its ongoing investigations into the company.

"1MDB has always maintained, and continues to maintain, that if any evidence of wrongdoing is found, then action must be taken, according to the law," Arul said.

19. A-G to award five-star rating

SEREMBAN: From this year, ministries and government agencies with excellent financial management and proper internal controls will be accorded a five-star rating instead of four by the Auditor-General.

But the minimum marks for poor performers or those accorded one star will be raised to 59.9% and below, from 49.9% and below previously.

Auditor-General Tan Sri Ambrin Buang said the new accountability index rating system was to streamline the department's rating methods with that of other Government agencies carrying out their own assessments.

"We increased the one-star rating marks to 59.9% and below as this is in line with the Government's exit policy for civil servants who scored less than 60% in their annual appraisal," he said in a directive.

Ambrin said under the restructured format, ministries, state governments, statutory bodies, agencies and local councils that scored between 90% and 100%, would be given five stars and rated as excellent.

Those between 80% and 89.9% will be rated good; 70% and 79.9%, satisfactory; 60% and 69.9%, less than satisfactory; and 59.9% and below, poor.

Ambrin said it was important that every government agency has efficient financial management to ensure its objectives were achieved.

"We need to make sure every ringgit earned is carefully spent towards the development of this nation and for the benefit of the people," he said.

He hoped that heads of ministries, state governments, statutory bodies and local councils would continue to abide by the rules of financial management.

"When you have an excellent accounts and financial management system, you can check corruption, wastage and misappropriation," he said.

20. Najib: No plan to hike GST rate

KUALA LUMPUR: Datuk Seri Najib Tun Razak reiterated that the government has no plan to hike the rate of the Goods and Services Tax and the current rate of six per cent would be maintained.

"As the Prime Minister and Finance Minister, I reiterate that there is no plan at all to raise the GST rate now and that the current rate will be maintained," he said in the latest post on his blog.

Najib, who is helping with the Barisan Nasional election campaign in Sarawak, said he had heard rumours on the GST rate and advised the people not to be taken in by the lies of the opposition parties.

"I advise the people of Sarawak not to be trapped by the slander and lies of the opposition which has no more political capital," he said.

Najib said the Barisan government has always been sincere in wanting to raise the living standards in Sarawak, and this was clearly evident through the government commitment to implement development projects such as the toll-free Pan Borneo Highway.

21. Nod to build RM70mil bridge in Kg Long Lama

MIRI: The Telang Usan folk will enjoy better transport connectivity following an allocation of RM70mil to build a bridge in Kampung Long Lama here.

Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi said the Government had given its consent as there was a need to build the bridge to ensure better access for the constituents.

"After experiencing the ferry service myself, I spoke to Datuk Seri Ismail Sabri Yaakob (Rural and Regional Development Minister) about building a bridge quickly.

"Later, I contacted Prime Minister Datuk Seri Najib Tun Razak and he immediately approved an allocation of RM70mil," he said after launching a project to upgrade a logging road in Long Lama.

The long-awaited bridge is expected to open up Baram to more business opportunities, and ease travelling among rural folk in the area who often cross the Baram river to get to the town.

Zahid earlier tried the ferry services that were used by the people for their transportation to visit two villages separated by Sungai Baram.