

Arul's half-answers on 1MDB not good enough

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I had posed the question in Parliament to the Finance Ministry on Monday this week on the use and/or abuse of a US\$150 million loan by Exim Bank to 1Malaysia Development Bhd (1MDB) with a "letter of support" from the Minister of Finance.

My adjournment speech had included questions on why a loan was given to finance the acquisition of an overvalued property in Pulau Indah.

Deputy Finance Minister Chua Tee Yong confirmed that the loan and the letter of support were indeed issued, but defended the valuation of the property.

Consequently, I had accused the finance minister and Exim Bank of abuse of power as the mandate of the wholly-owned government bank was only for the purposes of international trade and strategic investments overseas.

Two days later, the other Deputy Finance Minister Ahmad Maslan however, denied outright that the loan was used for a local property transaction and insisted that the proceeds were used only for 1MDB's overseas power plants. However, when pressed to confirm the veracity of his information, he promised to double-check and provide his response in writing.

Yesterday, 1MDB president Arul Kanda issued a statement to clarify the matter. However, nothing was clarified in the clarification drafted in the most sly and evasive manner. He said in a short two-paragraph statement:

"I refer to media reports on USD150 million loaned to 1MDB by the Export-Import Bank of Malaysia (Exim). It is a well-known fact that the 1MDB Group includes Edra Energy, a leading international independent power producer, with a portfolio of 13 power and desalination plants in five countries.

"1MDB confirms that loan proceeds were utilised per the terms of the agreement, which is to 'finance the general corporate purposes including but not limited to the working capital requirements, future capital expenditures and equity infusion of the energy business within the 1MDB Group of Companies'."

Reading between the lines

Effectively, Arul said that 1MDB owned power plants overseas, a fact which was never disputed. But he didn't say that the US\$150 million loan was used for its plants overseas.

Then he confirmed that the "loan proceeds were utilised per the terms of the agreement", but such terms he outlined did not preclude the use of the proceeds to purchase of local

real estate.

What is most farcical however, was what he didn't write. He did not at any point in the two paragraphs deny that the proceeds or a substantial portion of it, was used to pay the balance of RM262 million to acquire the Pulau Indah land from Tadmax Resources Bhd.

All Arul Kanda did was a miserable attempt to insinuate that the funds were used for its investments overseas, without actually saying so. That way, he can't be accused of lying outright.

This is exactly the reason why former PM Dr Mahathir Mohamed called Arul Kanda "dishonest". The former prime minister may be wrong about a lot of things, but he is absolutely spot on about the integrity and character of the 1MDB president.

It is Arul Kanda's perpetual refusal to come clean on the state of 1MDB and its dodgy transactions which has destroyed the credibility of not only 1MDB, but also the Prime Minister, Najib Razak.

Not answering the questions

Arul was extremely evasive of the role Ananda Krishnan played to assist 1MDB to repay a long-overdue RM2 billion debt. He claimed that 1MDB's investments in its Cayman Islands funds were "redeemed", but they are still in indeterminate "units" today.

He told the Singapore Business Times that US\$1.1 billion cash was sitting in BSI Bank Singapore before later denying that he ever said it was "cash". When the Public Accounts Committee (PAC) discovered that statutory audit has not commenced in 1MDB, he would respond to claim that audit has started with one of the subsidiaries.

It is amazing how the Ministry of Finance tolerates such a shifty character to lead its most controversial subsidiary laden with debts in excess of RM42 billion.

We call upon Ahmad Maslan to honour his promise to provide a written reply to the Exim Bank loan, which has not been received as at yesterday evening. In the event where he fails to honour his promise, we will not hesitate to once again refer him to the house rights and privileges committee for misleading the Parliament.

He will have the ignominy to apologise again for his mistake for the second time in less than a year.

At the same time, if Arul Kanda comes to the PAC hearing with the same kind half-baked answers, I will personally ensure that he will receive the fairest of hearings by the committee.

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