

Defence Ministry suit: Court to decide on Friday
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The Kuala Lumpur High Court will decide on Friday on a RM480 million suit for breach of contract brought by Langkawi R&D Academy Sdn Bhd (Lardac) against the Defence Ministry.

The court will decide whether then-defence ministry deputy secretary-general Subhan Jasmon had contravened protocol in 2002 by unilaterally allowing a foreign company to handle upgrading works on 10 F5E fighter jets.

jet engine air force rmaf tudm northrop f-5 tiger ii 231209 According to Lardac's statement of claim, the Defence Ministry had gone through the back door to allow its former partner, the British-based Caledonian Airborne Systems Ltd (CAS Ltd), to take over the upgrading works, despite awarding Lardac the contract on Oct 11, 2001.

Lardac claims that it has hitherto not received any show-cause letter or notice of termination from the ministry and CAS Ltd had no official contract with the Malaysian government in 2001.

Justice Abdul Wahab Patail will deliver his verdict on Friday without hearing witnesses despite a request in May by Lardac for a full trial.

Had witnesses been called, the trial would have provided detailed insights of the inner workings of the Defence Ministry, then helmed by Najib Abdul Razak, who is now prime minister.

'Preferential treatment'

A copy of Lardac's submission made available to Malaysiakini said that the ministry had given preferential treatment to CAS Ltd by issuing the company entry passes to the Butterworth airforce base while terminating Lardac's passes in February 2002.

It claimed that if not for such interferenc by ministry officials and CAS Ltd, it could have completed its contractual obligations because it was working with Taiwan-based Aerospace Industrial Development Corporation to replace CAS Ltd as a partner.

Despite taking over the contract from February 2002, Lardac contends that CAS Ltd had failed to refurbish the fighter jets to flight-worthy conditions. Lardac's contract was terminated in May 2002.

In reply, the attorney-general's chambers submitted that the government terminated Lardac's services due to its failure to deliver a flyable technology demonstrator as agreed upon by November 2001.

The technology demonstrator was supposed to be delivered in time for the 2001 Langkawi International Maritime and Aerospace (Lima) exhibition.

A performance bond of RM240,000 was also not paid by Lardac, which the attorney-general said was not waived by the government.

"There is no waiver in performance bond as there was nothing in writing to waive the plaintiff from providing the performance bond," lawyers representing the government said.

Gov't claims an afterthought?

On Lardac's allegation on back-door dealings with CAS Ltd, the government submitted that the contract did not prevent it from dealing with other parties.

It claimed the defendants had the right to mitigate or minimise its losses due to Lardac's failure and it was important to see all works were completed.

For the reasons above, the government applied that Lardac's suit be dismissed with costs.

Lardac in return submitted that the delivery of the flyable technology demonstrator was never an issue as the government had known during Lima 2001 that it could not be delivered, and the issue of performance bonds was never brought up by the defendants before.

It claimed such issues were just an afterthought.

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