

1MDB used up RM600 million of 'standby credit', says minister
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Debt ridden state investor 1Malaysia Development Berhad (1MDB) has used up RM600 million of the RM950 million standby credit provided by Putrajaya, news portal Astro Awani reported today.

According to the report, Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah said that 1MDB is expected to recover from the cash flow problems that it is currently facing, by the end of this year.

Husni had disclosed the RM950 million standby credit facility in Parliament on Thursday, a day after the Singapore Business Times reported that Putrajaya had "loaned" money to 1MDB.

He said that the government-owned investment vehicle would be able to resolve its cash-flow problems with an impending IPO (initial public offering), which had been postponed twice now.

Husni was answering a supplementary question by Pandan MP Rafizi Ramli, a strong critic of the state investment vehicle, who asked the minister to clarify the daily's report on the matter.

It was reported by the Singapore paper that Putrajaya had issued 1MDB a RM970 million loan, after a Cabinet meeting last month to discuss injecting funds into the debt-laden investor.

Standby credit is an arrangement with the lender where a fixed amount of credit is made available to the borrower as and when it is required, for a given period.

On the same day as Husni's announcement in Parliament, however, 1MDB president and group executive president Arul Kanda Kandasamy said in a statement that the RM950 million was a loan to 1MDB by Putrajaya "on commercial terms".

The contradictory terms led PKR secretary-general Rafizi Ramli to call it a bailout to ease 1MDB's immediate cash flow problems. – March 14, 2015.

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