

Dr Mahathir made 1MDB extremely controversial, says Arul Kanda
Malaysian Insider
Oct 31, 2015
By Anisah Shukry

1Malaysia Development Bhd (1MDB) only became extremely controversial when former prime minister Tun Dr Mahathir Mohamad began criticising the state-owned investment firm, its president and group executive director Arul Kanda Kandasamy said today.

He said the allegations Dr Mahathir raised pushed 1MDB into the public's consciousness, especially after DAP lawmaker Tony Pua failed to garner any attention over the issue in previous years.

"The biggest issue was when Dr Mahathir started his allegation of RM42 billion missing.

"When Dr Mahathir and those previously aligned to the government started their criticism, that's when this matter became extremely controversial," Arul Kanda told a press conference in Kuala Lumpur today.

Arul Kanda said Pua had highlighted 1MDB since 2010, but "no one really paid any attention to him".

"The controversy has been there from day one. Since 2010, 2011, YB Tony Pua has been raising one issue after another on 1MDB.

"I think much to his disappointment no one really paid any attention to him, rightly or wrongly," added Arul Kanda, saying that was why Pua had been so "gungho" over 1MDB recently.

But he did not blame Dr Mahathir solely for 1MDB's perception problems, saying that there were "various factors involved".

He said controversy was first triggered when 1MDB announced a RM665 million loss on November 2014, followed by its failure to repay a RM2 billion loan to a consortium of banks.

"The Edge took on the challenge of emphasising this issue. That together with the loss got the the attention of the public," said Arul Kanda.

Other factors were the "selective" leaks from whistleblower website Sarawak Report, he said.

But Arul Kanda said the company was on track in reducing its RM42 billion debt through three different strategies in its rationalisation plan.

The first was the sale of their equity in energy subsidiary Edra Global Energy Bhd,

which they hoped would reduce RM16 billion to RM18 billion of 1MDB's debts.

Secondly, it would sell 60% of its equity in Bandar Malaysia Sdn Bhd, which he said consisted of land worth at least RM11.5 billion.

Arul Kanda said its debt for equity swap with International Petroleum Investment Company (Ipic) would see the Abu Dhabi-based company take over 1MDB's US\$3.5 billion bonds.

In return, 1MDB will hand over to the company "certain US dollar cash deposits of 1MDB as well as the remainder of our US dollar fund units that we have invested in", he said.

He said this would see 1MDB's debts reduced by another RM16 billion, and that the swap would be completed latest by June next year.

"If you add that all up, you will see the reduction is up to RM42 billion," said Arul Kanda, adding that it still had other assets including the land in Tun Razak Exchange, Penang and Pulau Indah. – October 31, 2015

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