

1MDB: We can't speak for IPIC on 'missing' US\$1.4b

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State-owned fund 1MDB today said it was not in a position to explain on behalf of Abu Dhabi-based International Petroleum Investment Company (IPIC) over US\$1.4 billion that had purportedly gone missing.

The firm said this in reference to the Wall Street Journal's (WSJ) report today which highlighted that US\$1.4 billion in collateral payment promised by 1MDB was never received by IPIC.

This was over a 2012 deal where IPIC guaranteed 1MDB's US\$3.5 billion in bond and another US\$2.0 billion in interest in exchange for a 49 percent stake in the latter's power assets and collateral payment.

The collateral was to have been paid to IPIC subsidiary Aabar Investments PJS but according to WSJ, there was no receipt of the fund in IPIC's consolidated financial statement.

"1MDB cannot speak on behalf of Aabar or IPIC nor can we comment on the accounting arrangements of third parties.

"What we can confirm is that the 1MDB audited financial statements clearly describe the amount and purpose of the payments, which for the avoidance of doubt, is structured as a deposit (i.e. a financial asset belonging to 1MDB and not an expense to 1MDB)," it said in a statement today.

'Detailed enquiries'

It stressed that to date, IPIC's guarantee for 1MDB's bond principal and interest totalling US\$5.5 billion still stood.

"We can confirm that 1MDB auditors, Deloitte, made specific and detailed enquiries on these payments prior to signing off on the 1MDB audited accounts.

"Deloitte has strongly defended its methodology and audit process of 1MDB at the Public Accounts Committee (PAC) hearings, a bi-partisan select committee of the Malaysian Parliament.

"Accordingly, the Wall Street Journal is wrong to state 'it isn't clear what happened to the funds', at least not from an 1MDB perspective," it said.

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