

## **1MDB paid billions, but no proof it went to the right Aabar, says PAC**

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PAC REPORT The Public Accounts Committee's (PAC) probe into 1MDB found that the sovereign wealth fund had paid RM4.24 billion (about US\$1.367 billion) to Aabar Investments PJS Ltd (Aabar Ltd) as security deposits in 2012, without approval of 1MDB's board of directors.

The PAC, however, said 1MDB had not proven that Aabar Ltd is actually linked to Abu Dhabi firm Aabar Investment PJS, or the International Petroleum Investment Corp (IPIC).

"As of now, 1MDB has yet to furnish confirmation that Aabar Ltd is a subsidiary of IPIC or Aabar Investment PJS.

"1MDB had furnished a certificate of incumbency issued by Offshore Incorporations Limited to prove that Aabar Ltd is an IPIC subsidiary.

"Offshore Incorporations Limited operates from Hong Kong and is an agent providing registration services for companies in the British Virgin Islands.

"The PAC finds that Aabar Ltd is not listed in IPIC's group (of companies) based on its 2013 and 2014 financial statements," the committee wrote in its report tabled in Parliament today.

The Wall Street Journal had previously alleged that 1MDB funds had been paid to Aabar Ltd, a British Virgin Islands firm which it claims is not linked to the real Aabar Investment PJS.

Quoting those familiar with the matter, WSJ said executives at IPIC and Aabar investigating the transfers concluded neither of the two Abu Dhabi funds ever owned or controlled the British Virgin Islands company.

"Records in the British Virgin Islands don't give any details on the owners or directors of the company.

"The records show the British Virgin Islands firm was incorporated on March 14, 2012, and liquidated on June 23, this year – a time of growing criticism of 1MDB from opposition politicians and within Najib's (Prime Minister Najib Abdul Razak) ruling party," the WSJ added.

The PAC report states that the US\$1.367 billion payment to Aabar Ltd was made in two payments – on May 22, 2012 (US\$576.94 million) and on Oct 19, 2012 (US\$790.35 million) – as collateral for a US\$3.5 billion bond which was guaranteed by IPIC.

This payment was not approved by the 1MDB board of directors.

Besides the US\$1.367 billion, it was reported that 1MDB had paid another US\$993 million to Aabar in 2014, to cancel options given to IPIC to buy a stake in its power plants.

The WSJ had reported that IPIC never received this US\$2.4 billion, according to the company's officials.

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