

**Tony Pua wrong to claim government backed IPIC loans, says 1MDB**  
**The Malaysian Insider**  
**Jun 29, 2015**

Troubled state investment vehicle, 1Malaysia development Bhd (1MDB) today denied Tony Pua's claims that Putrajaya has guaranteed the firm's loans with Abu Dhabi's International Petroleum Investment Corporation (IPIC).

"Neither the Ministry of Finance nor the government of Malaysia have provided guarantees for the recent commercial transaction between 1MDB and IPIC," 1MDB said in a statement.

1MDB said the DAP lawmaker was misleading the public when he quoted the London Stock Exchange's report as proof that Putrajaya was guaranteeing US\$4.71 billion of 1MDB's loans from IPIC.

The London Stock Exchange had said "1MDB and MoF have agreed to perform the obligations contemplated in the binding term sheet and to indemnify IPIC and Aabar for any non-performance, and vice versa".

Pua said today this meant Putrajaya provided a US\$4.71 billion (RM17.7 billion) guarantee to IPIC, and in the event "1MDB is unable to fulfil its obligations to transfer assets worth the same value to IPIC by June 30, 2016, the government will indemnify IPIC by assuming the obligations."

Pua came to the US\$4.71 billion figure by totalling the US\$1 billion loan IPIC provided to 1MDB on June 4, the US\$3.5 billion bond IPIC had assumed from 1MDB and an estimated US\$209.65 million of interests.

But 1MDB said today that the indemnity Pua cited was a standard clause in commercial transactions.

"YB Tony Pua has deliberately misled the public by failing to mention the crucial 'and vice versa' clause in relation to the 'indemnity', i.e. the indemnity applies both ways – to IPIC as well as 1MDB – in relation to performance of obligations by the parties.

"Such a two-way indemnity is a standard clause in commercial transactions to ensure neither party is 'out of pocket' for non-performance by the other. 1MDB confirms that it fully intends to perform its obligations under the binding term sheet."

1MDB also reiterated that the government's "explicit guarantees" were only for RM5.8 billion of its debt, contrary to Pua's claim that Putrajaya was guaranteeing RM36.2 billion of its loans.

1MDB also said the government had nothing to do with the guarantees IPIC issued in 2012 for the payment of interest and principal on two US\$1.75 billion bonds issued by 1MDB, totalling US\$3.5 billion of principal and up to US\$2 billion of interest. – June 29, 2015.

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