

1MDB refutes WSJ report, says laws breached by citing PAC transcripts
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1Malaysia Development Berhad (1MDB) today refuted a report by The Wall Street Journal (WSJ) relating to a US\$1.4 billion payment to a subsidiary of an Abu Dhabi state investment fund, calling the report biased, sensationalist and lacked proof.

In a statement today, 1MDB said the story in WSJ can also be discredited as the source was not named.

"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.

WSJ today reported that International Petroleum Investment Co (IPIC) had alleged that a US\$1.4 billion (RM6.02 billion) payment from 1MDB to it was missing.

IPIC had guaranteed the US\$3.5 billion in bonds that 1MDB issued to finance the purchase of power plants in 2012.

In return, IPIC had the option to buy a 49% stake in the power plants as well as collateral for the bond.

1MDB said that it can also confirm that IPIC did provide and continued to provide the guarantees for the principal and interest of two US\$1.75 billion bonds it had issued, with a total principal and interest amount of approximately US\$5.5 billion.

"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 bipartisan select committee of the Malaysian Parliament," it said.

This meant that WSJ was wrong to state that it was not clear what happened to the funds, 1MDB said.

"More importantly, we are shocked that a hitherto reputable publisher such as The Wall Street Journal would make use of clearly confidential information in its reporting," the state investment vehicle said.

The troubled company slammed WSJ, saying it had possibly breached Malaysian laws by referring to "transcript of the proceedings", which, it said, could only be presented at the PAC hearings on 1MDB.

"The Standing Orders of the Malaysian Parliament very clearly states that 'the evidence taken before any Select Committee and any documents presented to such committee shall not be published by any member of such Committee, or by any other person, before the Committee has presented its report to the House'.

"The actions by Wall Street Journal are a potential breach of Malaysian law by a supposedly respectable foreign publication."

It said it was concerned as to who was involved in the leaking of the transcripts from the PAC hearings, urging authorities to investigate the matter.

"We are further concerned as to who involved in the PAC hearings may have leaked this transcript, which is clearly an attempt to prejudice the PAC investigations and deny 1MDB its right to due process as provided for by the laws of Malaysia.

"1MDB strongly urges the relevant authorities to investigate this matter thoroughly and take all requisite action to preserve the process, integrity and Standing Orders of the Malaysian Parliament," it said. – September 9, 2015.

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