

Come clean on IPIC deal, Tony Pua tells 1MDB
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DAP lawmaker Tony Pua has hit out at 1Malaysia Development Bhd (1MDB) for not answering questions he had raised in the past over its deal with International Petroleum Investment Corporation (IPIC).

He said the debt-laden state investment arm had only denied his accusations and claimed all were disclosed in their financial statements.

"1MDB has chosen to be remain eerily silent on the questions which I raised with regard to the terms of the US\$3.5 billion guarantee and payments made (or not made) to IPIC to buy back options granted to the latter.

"These options were granted to IPIC's subsidiary, Aabar Investment PJS in 2012 to acquire up to 49% of its two energy subsidiaries, Powertek Investment Holdings and 1MDB Energy (Langat) Sdn Bhd as part of the condition for the provision of a guarantee by IPIC for US\$3.5 billion of 1MDB bonds," said Pua in a statement today.

The Petaling Jaya Utara MP said 1MDB must explain why the US\$975 million loan it took from the Deutsche Bank-led consortium to buy back options granted to IPIC was not reported in its 2014 financial statements.

He asked if it was because the loan was used to cover up the US\$1.22 billion 1MDB said it redeemed from the Cayman Islands.

He said 1MDB had also yet to confirm if it still owed IPIC US\$481 million, adding that this debt was reflected in the firm's financial statements as audited by Ernst & Young.

Pua also wanted to know if 1MDB could confirm if the company and its auditors failed to expense the cost of the options in its 2014 financial statement.

He said the deal had resulted in 1MDB under-declaring its losses by RM3.5 billion to RM5.2 billion.

Pua said 1MDB has also refused to confirm if a US\$1.4 billion payment purportedly made to IPIC was a "refundable deposit" as specified in the terms of the bond guarantee arrangement.

"Can 1MDB also confirm that the company effectively only received about US\$326 million of the proceeds from the 2012 US\$3.5 billion bond issues as it had to pay out US\$1.4 billion purportedly to IPIC, US\$300 million to Goldman Sachs and at least US\$993 million to buy back the options and another US\$481 million still due to IPIC?

"Why did 1MDB enter such a bizarre bond issue causing billions of ringgit of losses to the company, and did the prime minister approve of the transaction as required under 1MDB's Memorandum and Articles of Association?"

He urged 1MDB to “stop playing word games” and provide “straightforward, honest answers” to his questions.

Pua said 1MDB must come clear so that it could be accountable to the public and to avoid become culpable as parties abetting “the single biggest case of fraud in the country’s history”. – October 1, 2015.

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