

1MDB's Caymans fund never redeemed, says DAP
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Nothing was redeemed from 1Malaysia Development Bhd's (1MDB) investment in the Cayman Islands, DAP alleged today, suggesting that this was why the state investment firm still had not completed an audit for its accounts ending March 2015 for submission to regulators.

DAP national publicity chief Tony Pua said 1MDB's March 2015 financial statement would have shown that the US\$2.318 billion (RM10 billion) investment parked in the Cayman Islands in 2012 was fraudulent and never "redeemed".

"The monies which were sourced entirely from borrowings and substantially guaranteed by the government are now confirmed 'missing'", Pua said in a statement today.

Pua said this explained why Deloitte Malaysia was never allowed to commence its audit on 1MDB for the financial year ending March 2015 and as a result, the state investor failed to lodge its financial statements with the Companies Commission by September 30, 2015, as required by law.

He added that recent exposes by The Wall Street Journal, particularly over the US\$993 million of payments to Abu Dhabi's International Petroleum Investment Company (IPIC), has allowed for a few more pieces of jigsaw puzzles in the 1MDB mystery to be put in place.

According to Pua, the March 2014 financial statements audited by Deloitte Malaysia had stated that US\$1.22 billion was redeemed from the US\$2.138 billion invested, the proceeds of which were "substantially utilised" to buy back the options granted IPIC or its subsidiary, Aabar Investment PJS.

"The US\$993 million (payment to IPIC) was presumably derived from this sum received by 1MDB.

"However, the auditors were never informed of another loan amounting to US\$975 million which 1MDB obtained from a consortium of banks led by Deutsche Bank in October 2014.

"This loan was used for the very same purpose to buy back the options from IPIC," Pua said.

Either 1MDB actually paid US\$2 billion to IPIC to terminate the option, or the payment to terminate the options had come from a loan from the banks, and not from the partial redemption of the Cayman Islands fund, Pua noted.

This led to the conclusion that the US\$1.22 billion stated in the 2014 audited accounts was never redeemed, as the cash proceeds were never received or repatriated by

1MDB.

Pua said this raised questions about the claim by 1MDB president and group executive director Arul Kanda Kandasamy in January 2015 that the balance of the funds in Cayman Islands amounting to US\$1.103 billion had been redeemed, and his statement to The Singapore Business Times in February 2015 that the redemption was in cash and in US dollars.

"This was found to be a lie when further exposés by The Sarawak Report proved that the US\$1.103 billion of proceeds alleged parked in BSI Bank in Singapore was basically paper assets with indeterminate value," Pua said.

Prime Minister Datuk Seri Najib Razak's subsequent admission in Parliament that the sum redeemed was not cash showed that "we can safely conclude that nothing was ever redeemed from so called funds in Cayman Islands", he added.

Pua added that the six month extension given to 1MDB to submit its audited accounts to the Companies Commission was "to buy time to figure out how to cover up for the billions of ringgit fraudulently missing in 1MDB via the disposal of whatever assets left in the company".

"Given the scale of the scandal and the size of the sums defrauded from 1MDB, it will in all likelihood also miss the new deadline of March 31, 2016.

"In fact, I will not be surprised at all if 1MDB plans never to lodge another financial statement again with the Companies Commission," Pua said. – October 6, 2015.

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