

**Bil. 34**

**Rabu  
10 Jun 2015**



**MALAYSIA**

## **LAPORAN PROSIDING**

### **MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA**

**Mengenai:**

**Kawalan Pengurusan Tadbir Urus  
1Malaysia Development Berhad (1MDB)**

- Kementerian Kewangan
  - Deloitte Malaysia
- (Juruaudit kepada 1Malaysia Development Berhad)

**PARLIMEN KETIGA BELAS  
PENGGAL KETIGA**

**MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA  
BILIK MESYUARAT JAWATANKUASA 2, BLOK A  
BANGUNAN SEMENTARA, PARLIMEN MALAYSIA**

**RABU, 10 JUN 2015**

**AHLI-AHLI JAWATANKUASA**

**Hadir**

YB. Datuk Nur Jazlan bin Mohamed	- <i>Pengerusi</i>
YB. Dr. Tan Seng Giaw [Kepong]	- <i>Timbalan Pengerusi</i>
YB. Dato' Abd. Aziz Sheikh Fadzir [Kulim-Bandar Baharu]	
YB. Datuk Mas Ermieyati binti Samsudin [Masjid Tanah]	
YB. Datuk Liang Teck Meng [Simpang Renggam]	
YB. Datuk Madius bin Tangau [Tuaran]	
YB. Tuan Haji Hasbi bin Haji Habibollah [Limbang]	
YB. Datuk Wee Jeck Seng [Tanjong Piai]	
YB. Tuan Tony Pua Kiam Wee [Petaling Jaya Utara]	
YB. Dato' Kamarul Baharin bin Abbas [Telok Kemang]	
YB. Tuan William Leong Jee Keen [Selayang]	
YBhg. Datuk Roosme binti Hamzah	- <i>Setiausaha</i>

**Tidak Hadir [Dengan Maaf]**

YB. Datuk Seri Reezal Merican [Kepala Batas]  
YB. Dato' Kamarudin bin Jaffar [Tumpat]

**URUS SETIA**

Encik Amisyahrizan bin Amir Khan [Ketua Penolong Setiausaha  
(Perundangan dan Prosiding)]  
Encik Ahmad Johan bin Afandi [Pegawai Khas Pengerusi Jawatankuasa]  
Puan Siti Rohaini binti Roslan [Penolong Pegawai Teknologi Maklumat]

**HADIR BERSAMA**

**Jabatan Audit Negara**

YBhg. Datuk Haji Anwar bin Suri [Timbalan Ketua Audit Negara (Persekutuan)]  
YBhg. Datuk Juhari bin Haron [Pengarah Bahagian Susulan Audit]  
Puan Saadatul Nafisah binti Bashir Ahmad [Pengarah (Audit Kerajaan Persekutuan)]  
Puan Nor Salwani binti Muhammad [Timbalan Pengarah (Audit Kerajaan Persekutuan  
Syarikat Kerajaan)]  
Cik Lim Sok Kiang [Timbalan Pengarah (Audit Kerajaan Persekutuan Kastam)]  
Puan Farizah binti Harman [Ketua Penolong Pengarah (Audit Badan Berkanun Persekutuan)]

*(samb/-)*

**HADIR BERSAMA** *(Samb/-)***Kementerian Kewangan**

Encik Rosli bin Yaakub [Ketua Unit Parlimen & Kabinet (Bahagian Strategi Korporat dan Komunikasi)]

**Jabatan Akauntan Negara**

Puan Haryati binti Sapihis [Ketua Penolong Pengarah]

**Jabatan Perkhidmatan Awam**

Encik Ali Badaruddin bin Abd. Kadir [TPBK(K)A]

**Unit Perancang Ekonomi**

Dr. Kamariah binti Noruddin [Pengarah Seksyen Industri Perkhidmatan]

Puan Afiza binti Idris [Timbalan Pengarah Seksyen Industri Perkhidmatan]

**SAKSI-SAKSI****Kementerian Kewangan Malaysia**

YBhg. Dato' Dr. Mohamad Isa bin Hussain [Setiausaha Bahagian Syarikat Pelaburan Kerajaan]

Encik Asri bin Hamidon [Timbalan Setiausaha Bahagian Syarikat Pelaburan Kerajaan]

Encik Ahmad Suhaimi bin Endut [Timbalan Setiausaha Bahagian Syarikat Pelaburan Kerajaan]

Encik Shahrol Anuwar bin Sarman [Setiausaha Sulit Kanan, Ketua Setiausaha Perbendaharaan]

Encik Iszad Jefferi bin Ismail [KPSK(S)6]

Encik Faisal @Pisal bin Abdul Ghani [KSPK(G)3]

Encik Mohd Hisyamuddin bin Awang Abu Bakar [Ketua Penolong Setiausaha Bahagian Syarikat Pelaburan Kerajaan]

Encik Mohd Shihabuddin bin Mukhtar [KSPK(S)4]

Encik Muhammad Khairul Fuadi bin Hamdan [PSPK(K)3]

Encik Anas Hilmi bin Ahmad [PSPK(S)1]

**Deloitte Malaysia**

Encik Tan Theng Hooi [*Country Managing Partner*]

Encik Ng Yee Hong [*Partner*]

Encik Cheong Thoong Farn [*Partner*]

Mr. Mark Thomson [*Partner*]

Encik Edwin Tan [*Senior Manager*]

YBhg. Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar [*Legal Advisor*]

Encik Lim Cheng Bock [*Legal Advisor*]

**LAPORAN PROSIDING****MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA  
PARLIMEN KETIGA BELAS, PENGGAL KETIGA****Rabu, 10 Jun 2015****Bilik Jawatankuasa 2, Tingkat 1, Blok A, Parlimen Malaysia, Kuala Lumpur****Mesyuarat dimulakan pada pukul 11.30 pagi***[Yang Berhormat Datuk Nur Jazlan bin Mohamed  
mempengerusikan Mesyuarat]*

**Tuan Pengerusi:** Terima kasih, selamat pagi pada Timbalan Pengerusi dan Ahli-ahli Jawatankuasa PAC, Datuk Anwari dari Jabatan Audit Negara serta wakil-wakil kementerian. Pada hari ini, mesyuarat PAC akan menumpukan kepada prosiding untuk memanggil – tajuk dia iaitu Kawalan Pengurusan Urus Tadbir 1Malaysia Development Berhad. Pada pagi ini kita akan memanggil *auditor* ya iaitu juruaudit kepada 1MDB ini iaitu Deloitte Malaysia bagi memberikan penjelasan terhadap isu yang dibangkitkan ini.

Jadi tanpa melengahkan masa lagi kalau ada apa-apa input lagi dari Jabatan Audit Negara?... Tidak ada ya. Daripada Kementerian Kewangan?

**Encik Rosli bin Yaakub [Ketua Unit Parlimen & Kabinet (Bahagian Strategi Korporat dan Komunikasi), Kementerian Kewangan]:** Tuan Pengerusi, wakil Kementerian Kewangan yang akan *lead* ialah Yang Berbahagia Dato' Dr. Isa.

**Tuan Pengerusi:** Dato' Isa ya? Okey. Jadi kalau tidak ada apa-apa lagi, panggil Deloitte masuk.  
*[Saksi-saksi memasuki bilik Jawatankuasa 2]*

**11.36 pg.**

**Tuan Pengerusi:** Okey. Selamat pagi saya ucapkan kepada Dato' Dr. Mohamad Isa bin Hussain, Setiausaha Bahagian Pelaburan untuk Kementerian Kewangan. Begitu juga Encik Tan Theng Hooi; *Country Managing Partner* untuk Deloitte Malaysia, dan Encik Ng Yee Hong; *Partner* untuk Deloitte Malaysia ya. Jadi pada hari ini tujuan PAC memanggil juruaudit untuk Syarikat 1Malaysia Development Berhad ini iaitu Deloitte Malaysia adalah untuk mendapatkan penjelasan daripada Deloitte mengenai isu-isu yang ditimbulkan ya dalam media, dan juga kita hendak bertanya khusus mengenai akaun ini sendiri.

*You want me to talk in English or talk in Malay?*

**Encik Tan Theng Hooi [Country Managing Partner, Deloitte Malaysia]:** *Morning...*

**Tuan Pengerusi:** *No, no. That is English or Malay?*

**Encik Tan Theng Hooi:** *English.*

**Tuan Pengerusi:** *English, okay fine. I'll talk in English [Ketawa]*

*So today what we want to get from you is an explanation how you came up with the true and fair view of the accounts of 1MDB. I think you are well aware of the issue that had been raised in the media about- you know, they going concern about the evaluation policies that you used, about matching of assets and abilities in preparation of accounts of 1MDB, and also the issues about where the money went. I think you understand what I mean when I say that.*

*Okay, so I think today, what we can do is for you to start by giving an explanation to us because not all of us are accounts based of how and audit is done, one. That is number one.*

*Number two, what are your terms of reference? Terms of engagement between you and the clients which is MoF, on how you perform the audit on 1MDB. And then maybe, we can talk about whether you can give us any supporting documents that we may need later, and just for your information, since you have never been to PAC, we don't require our witnesses to take an oath but we do record you statement. That means when you switch on the mike, like what I am doing now, everything you say will be recorded in Hansard verbatim. This verbatim record will be attached to our PAC Report when we table it to Parliament.*

*So if there are any sensitive matters that you prefer not to talk with the mike on, you can switch it off and talk, but if you are comfortable with your statement being recorded verbatim, then you can keep the mike on. This is very important because I understand your position. I think you've brought your legal advisor with you. Anything you say in this room may shall not be used as evidence whatever on any issues concerning 1MDB, but it might be. So I would not want to put you in a position where you also have any liabilities to what you say.*

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*We also understand that your client is MoF. What every words you say here, will also be strictly governed by your client privilege. But since the PAC is the master of MoF therefore you know we carry more weight when we ask for information and for a question.*

*So, we would not like you to use the client privilege too much, where you can answer the questions. Again I repeat- firstly we invite you to just do a short presentation, to explain and then we will open the session to question and answer session from our Members. So, without further ado, can I ask Dato' Dr. Mohamad Isa as the person in charge in MoF?*

**Dato' Dr. Mohamad Isa bin Hussain [Setiausaha Bahagian Syarikat Pelaburan Kerajaan, Kementerian Kewangan]:** *Bismillahi Rahmani Rahim. Assalamualaikum warahmatullahi wabarakatuh. Selamat Pagi. Yang Berhormat Datuk Nur Jazlan, Tuan Pengerusi PAC, Ahli-ahli Yang Berhormat PAC, dan semua pegawai kerajaan yang hadir pada pagi ini.*

*Terlebih dahulu saya ingin mengambil kesempatan ini untuk mengucapkan berbanyak terima kasih kepada pihak PAC atas jemputan untuk memberikan penjelasan kepada isu-isu yang berkaitan dengan 1MDB. Saya ingin mengambil kesempatan ini untuk meminta maaf bagi pihak Tan Sri KSP. Actually, my boss ada di luar negara pada masa ini, sedang membuat lawatan ke Thailand dan Filipina sebenarnya untuk persediaan ASEAN Entrepreneurship Summit in December.*

So, atas urusan itu, saya telah diminta mewakili MoF. Pada pagi ini kita ada juruaudit luar untuk 1MDB seperti yang diminta oleh PAC, kita telah menjemput Deloitte. Sebenarnya bersama kita Deloitte ada tujuh orang pegawai dan diketuai oleh Encik Tan Theng Hooi di sebelah saya, dan Encik Ng Yee Hong sebelah sini. Bersama dalam mesyuarat ini kita ada beberapa orang pegawai kanan daripada MoF, untuk bersama kita berbincang, sekiranya ada apa-apa bantuan yang diperlukan.

Untuk makluman PAC, Deloitte bertanggungjawab untuk *Financial Year 2013*, dan 2014. *So, I think in our clarification, can we confine to that particular years sahaja. Before that I think, we have another auditors.* Itu untuk permulaan Tuan Pengerusi. Terima kasih.

**Encik Tan Theng Hooi:** *Good morning Tuan Pengerusi, distinguish Members of Public Accounts Committee. Firstly I would like to thank you all for the opportunity to be present here today. It is a privilege to appear before this August vault and to be able to assist you in your investigation.*

*Before I proceed further, I wish to introduce my team who's present here today. I'm the Country Managing Partner. Mr. Ng Yee Hong is the Engagement Partner. I have Mr. Cheong Thoong Farn who's the quality reviewer. I have Mr. Mark Thomson who is the special reviewer. We have three level of review. Then, with us today, we have two of our legal advisors- Dato' Malik Imtiaz Ahmed, and Mr. Lim Cheng Bock.*

*The first point that I would like to make is to clarify on the role duty and obligations of an auditor in contradistinction to the role duties and obligations of the management of the company in respect to the preparation of the Financial Statements of the company. We know from media reports that could have been misconception or confusion on the dichotomy of the respective roles, duties and obligations of an auditor 'resurvey' the management of the company with respect to the preparations of company's financial statement.*

*The law is clear in that obligation to prepare the Financial Statement falls on the Directors and the management of the company. This is set out in section 1671 of the Companies Act 1965. The Financial Statement must be prepared in the accordance to approve accounting standards which in Malaysia is a Malaysian Financial Reporting Standards (MFRS). The MFRS is the accounting standard that adopted by the Malaysian Accounting Standards Board under the Financial Reporting Act 1997, and similarly recognized in section 166A of the Companies Act 1965.*

*Based on the foregoing legal framework, our role and duty as an auditor is to ascertain and report on whether the Financial Statement prepared by the Directors and management of the company have been properly drawn in accordance with the MFRS, and gave a true and fair view of the matters required under section 169 of the Companies Act, and also to give a true and fair view of the company affairs in accordance section 174(2) of the Companies Act 1965.*

*The audit that we have undertaken for 1MDB, is pursuing to section 174 of the Companies Act 1965. Meaning, it is an audit on the Financial Statement prepared by the Directors and management of 1MDB.*

*In audit undertaken pursuant to section 174 is not a forensic audit and neither is an audit on the management of a company. An auditor is not required or expected to pass judgment on the quality of management decision in an audit undertaken under Section 174.*

*Our role and duty is to ensure that all material decisions and transactions implemented by the company are duly recorded and accounted for in its Financial Statement in accordance with Malaysian Financial Reporting Standards.*

*As an auditor, we do not comment on management decisions whether they are good or bad that is a privilege given to the shareholders as a reflected in section 1693 of the Companies Act 1965. Wherein the law requires the Directors of every company to lay before the company in an Annual General Meeting- sorry, at an Annual General Meeting, the Financial Statement of the company duly audited.*

*As auditors, we do expressed an opinion on Financial Statement but they relate to whether the Financial Statement has been prepared in all materials respect in accordance with MFRS. To quote from International Standards of Auditing (ISA) 200, the auditors' opinion therefore does not assure for example the future viability of the entity nor the efficiency or effectiveness with which management has conducted affairs of the entity. I have provided the foregoing clarifications so that there is no miss expectation on our role, duty and obligation as the auditor of 1MDB.*

*Deloitte was appointed as auditor of 1MDB, and on 31 December 2013, we have been audited the accounts of 1MDB for the financial years ended 31 March 2013, and 31 March 2014. Hence, our ability to assist the Committee with respect to transaction predating our appointment is necessarily limited. I wish to state that.*

**Dato' Abd. Aziz Sheikh Fadzir [Kulim-Bandar Baharu]:** *Sorry, you were saying that you were appointed on which date?*

**Encik Tan Theng Hooi:** *31 December 2013.*

**Dato' Abd. Aziz Sheikh Fadzir:** *You do the account work, ended 31 March 2013?*

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**Encik Tan Theng Hooi:** *2013 and 2014, two financial years.*

**Dato' Abd. Aziz Sheikh Fadzir:** *The account ends on 31st March 2013, right?*

**Encik Tan Theng Hooi:** *31st March 2013.*

**Dato' Abd. Aziz Sheikh Fadzir:** *You are appointed on 31<sup>st</sup> December 2013.*

**Encik Tan Theng Hooi:** *Yes. I wish to state that in view of the high profile of 1MDB and the public interest surrounding it, we in Deloitte have exercised high professional standards in the discharge of our auditing duties.*

*I would say that we have often gone beyond auditing standards required on us. We have recently also assisted the Auditor General in the investigation process and extended to the Auditor General's office, our fullest cooperation.*

*On that note, Mr. Chairman, we are here to answer any questions and provide any assistance which you are in the position to do so as auditors of 1MDB for financial years ended 31<sup>st</sup> March 2013, and 31<sup>st</sup> March 2014. Thank you.*

**Tuan Pengerusi:** *Okay, you have no more input. Can we go to the Q&A?*

**Encik Tan Theng Hooi:** *All right.*

**Tuan Pengerusi:** *Open for Q&A.*

**Tuan William Leong Jee Keen [Selayang]:** *Did you bring the 2013 account? You have the copy of 2013.*

**Tuan Tony Pua Kiam Wee [Petaling Jaya Utara]:** *Yang Berhormat Tuan Pengerusi, there are quite few questions on the accounts that has been prepared. I think the PAC have prepared a copy of the March 2014 account to us. I will make reference to the respective pages of the account, and perhaps our partners from Deloitte will be able to provide us with greater clarity and detail.*

*The first question that is perhaps in many of our minds, is while you have qualified earlier in your comments that Deloitte does not make any judgement on whether the company is viable or otherwise. In any standard Auditing Reports, issues that will affect the company as it going concern will necessarily be reflected in the accounts. Whether it be a minor is called generally emphasize on the matter or if they are substantive, then there may be qualifications to the report. This report was signed off unqualified.*

*We all know that the report which was signed on 5<sup>th</sup> November was unqualified, but by the end of the same month, we are well aware that 1MDB was unable to repay its RM2 billion debt which was due and the RM2 billion debt was actually mentioned in the account as well. And they were unable to pay all the way until February before an emergency loan, they have made loan from Ministry of Finance with the assistance of Tanjung PLC. Then 1MDB was able to pay the loan.*

*Why wasn't anything raised in the accounts that reflected the state of a cashflow or lack of cash or liquidity risk in the accounts? Based on your page 144, the statement here very clear, "the group's holding of cash and short term deficit together with the committed funding facilities and net cashflow from the operations are expected to be sufficient to cover its cashflow needs."*

**Encik Ng Yee Hong [Partner, Deloitte Malaysia]:** *Good morning Yang Berhormat. I think the first point in response to the question is, as of 31<sup>st</sup> March 2014, we would like to draw the attention that the net current assets of the Group is RM8.4 billion. So, that is basically the current assets and current liabilities that expected to be realized and distinguished within the next 12 months.*

*In accounting terms, generally going concern means that will entity can continue operations for at least 12 months.*

**Tuan Pengerusi:** *Can you just refer back to which page you were referring to the net current assets? So that our Committee is following your conversations.*

**Encik Ng Yee Hong:** *Page 12 and 13. So you note that the total current assets of the Group is RM19.5 billion- on page 12. And RM11.1 billion- on page 13, total current liabilities.*

**Tuan Pengerusi:** *Okay, everybody follow. This will going to be a technical....*



**Tuan Tony Pua Kiam Wee:** So basically, the net is RM19.5 billion minus RM11.1 billion, that is why you get RM8.4 billion of net current assets.

**Encik Ng Yee Hong:** Yes, correct. So, that's the first point in a very general term. In terms of going concerns as I have mentioned, in preparation of the accounts, the basis of preparation of going concern is generally for at least 12 months from the balance sheet date, which in this case is 31<sup>st</sup> March 2014. So, that's the first point.

The second point that we want to bring to the attention of the Committee is the status of the IPO submission, right before we signed off on 5<sup>th</sup> November. So, as of October, the submission process is going to full spin. And we were part of the team for the IPO as reporting accountants. So, in October, the Boards of EDRA as well as 1MDB has approved the listing scheme, and we have signed off the derivable for submission to the Securities Commission.

So, in the draft prospectus to the Securities Commission, there is the proposed utilization of the IPO. The IPO size back then as you have read in press is estimated to be USD3 to USD4 billion. So, based on that the progress of the IPO was going smoothly, and the Board has also approved the IPO and the leading banker on the IPO is Maybank who is the joint principal advisor for the IPO who is also the leading banker for the RM2 billion loan that is in question. That was outstanding and subsequently had some difficulties to be repaid.

So in that IPO process, it was expected to be completed in Q1, with IPO proceeds an amount of RM3 billion is expected to be repaid for current debt but what happened subsequently, after we signed off was that we came aware that there is this refinancing issue that the company has to address, basically because the lead banker wanted to pull out from the arrangement.

**Dato' Abd. Aziz Sheikh Fadzir:** Can I ask you a question? I mean, you know that the loan is actually due in November when you signed off?

**Encik Ng Yee Hong:** Yes, I would like to refer the Committee to note 41, subsequent events, page 170. So, note 41 (g) and (h). This is a very lengthy note, it basically describes the detail of the bridging loan which is made up of RM5.5 billion. So out of the RM5.5 billion, subsequent to year end it has been restructured into two tranches, first tranche of RM3 billion have been restructured into 20 semiannual installment of RM175 million. And the second tranche of RM2 billion is the amount that is in question. So this RM2 billion if you read on the note 41(g), you can see that it has been disclose here that tranche one and two is basically to be repaid from the proceed of the IPO.

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**Tuan Tony Pua Kiam Wee:** We know, on the 5<sup>th</sup> November that the IPO will not be happening in November.

**Encik Ng Yee Hong:** I think at that time, based on the agreement, if the IPO do not happen by 28<sup>th</sup> November, what 1MDB will need to do is to secure refinancing or filling which at the end of the day the amount cannot be refinance. The amount is sort of guaranteed by the vendor.

**Dato' Abd. Aziz Sheikh Fadzir:** The way you...

**Encik Ng Yee Hong:** *So if you read 41(h), there is this subscription agreement where by PIH, the previous vendor PIH in this case- Tanjong, in the whole acquisition of power tag previously, they have provided a contingent equity commitment to the company. So in which case if the IPO cannot proceed, Tanjong will have to put in RM2 billion into the company.*

**Tuan Tony Pua Kiam Wee:** *Two questions, by 5<sup>th</sup> of November, you would have noted that refinancing would be required. Those two reasons you gave, why you think it's okay because, one; that's refinancing that the amount has been refinance. Number two; there is a warranty from Tanjong on the RM2 billion investments which can be used to repay the loan. First question on refinancing is- you would have known that refinancing would have been required, did the management of 1MDB give you any commitment that refinancing will be secured or what it just been discussed?*

*Number two- on Tanjong to be more specific, while Tanjong agreed, I'm reading from the notes here- Tanjong agreed to subscribe for equity in Powertek Investment Holdings (PIH) of up to RM2 billion on occurrence of certain events setup in subscription agreement which proceed shall be use solely for the repayment and prepayment of Powertek Investment Holdings of any amount going under RM5.5 billion facility. By reading this statement- there was no guarantee provided by Tanjong.*

*What Tanjong committed was, I will be willing to invest up to RM2 billion, and the valuation of the investment has not been determine, I assume, under the subscription agreement. Under such circumstances if they cannot agree on the valuation, then Tanjong has no obligation under disagreement to put in the fund. Am I correct in a reading it that way?*

**Dato' Abd. Aziz Sheikh Fadzir:** *Want to reword it, what does this occurrence on the certain event mean because it's not a guaranteed unless certain event happens...?*

**Tuan Pengerusi:** *It's a conditional thing, you shouldn't be relying on conditional agreement.*

**Dato' Abd. Aziz Sheikh Fadzir:** *What does the conditional is? What does the conditional agreement means?*

**Encik Tan Theng Hooi:** *Tanjong had RM1 billion cash deposit security for this RM2 billion loan.*

**Tuan Tony Pua Kiam Wee:** *But, you can't touch that RM1 billion unless the subscription is exercise, right? Even though there is a deposit with 1MDB, you can't touch that RM1 billion unless the subscription has exercise.*

**Encik Tan Theng Hooi:** *There is an arrangement between the vendor and purchaser on this bridging loan...*

**Seorang Ahli:** *And the lender.*

**Encik Tan Theng Hooi:** *...And the lender. Why they choosed to decide on how to resolve this, I think this question should be post to them. Our role...*

**Tuan Pengerusi:** *You. Okay, one question at a time.*

**Dato' Abd. Aziz Sheikh Fadzir:** *How do you get...?*

**Encik Tan Theng Hooi:** *Our role is...*

**Tuan Pengerusi:** *Let me just rephrase the whole thing.*

**Encik Tan Theng Hooi:** *Okay.*

**Tuan Pengerusi:** *Without this agreement, would 1MDB still be a going concern?*

**Encik Tan Theng Hooi:** *Yes.*

**Seorang Ahli:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tuan Pengerusi:** *No, no, no. Then I'm going to go into them because...*

**Tuan William Leong Jee Keen:** *I think the question is...*

**Tuan Pengerusi:** *... Available for sale assets, that one I got my big question there, because what is your real net current asset.*

**Encik Tan Theng Hooi:** *No, ya.*

**Tuan Pengerusi:** *Just answer that question. Would 1MDB is going concern be affected if the Tanjong deal did not proceed.*

**Encik Ng Yee Hong:** *Yes. Is still a going concern.*

**Tuan Pengerusi:** *Is still a going concern. Okay, alright.*

**Dato' Abd. Aziz Sheikh Fadzir:** *And two, can I ask you are question- how did you get yourself convinced that this occurrence of certain event will definitely take place?*

**Encik Ng Yee Hong:** *No, even if- okay, let's go back to the, it is the same question as Dato' has mentioned. So assuming that the IPO did not proceed right, which is in fact what happen? So, assuming it didn't happen, so what 1MDB have to do...*

**Tuan Tony Pua Kiam Wee:** *It's not assuming. I think we shouldn't use the word "assuming" because as at 5<sup>th</sup> November, you would know that the IPO is not happening.*

**Encik Ng Yee Hong:** *No, that IPO was going through the submission process.*

**Tuan Tony Pua Kiam Wee:** *I mean that amount was due by the end of the November. What's the due date for the RM2 billion?*

**Encik Ng Yee Hong:** *The due date is 28 November but however there is a time frame for the lenders to discuss with Tanjong.*

**Tuan Tony Pua Kiam Wee:** *No, no. My point is just very simply. There's no point assuming the IPO is not going to proceed because IPO as at 5<sup>th</sup> November when you signed, we know perfect that it won't happen in November.*

**Encik Ng Yee Hong:** *Alright.*

**Tuan Tony Pua Kiam Wee:** *Yup. So...*

**Encik Ng Yee Hong:** *So, assuming that the IPO would not happen by 28 November. Assuming 1MDB fail in all their efforts to refinance the loan, okay. So, assuming or else fail. There is still had net current assets of RM8.4 billion.*

**Tuan Tony Pua Kiam Wee:** *I think before we get to the net current asset which is a separate set of questions...*

**Encik Ng Yee Hong:** *Yang Berhormat, it's the same thing that we have to evaluate because we can't just look at one thing in isolation.*

**Tuan Tony Pua Kiam Wee:** *No. I understand that you need to look multiple things. I'm saying that the questions now are targeted at this first reason that you give...*

**Encik Ng Yee Hong:** *Alright.*

**Tuan Tony Pua Kiam Wee:** *We will asks about your net current access after this. Once we finish Tanjong, we will ask on the net current access.*

**Encik Ng Yee Hong:** *So the response- even if the IPO did not proceed that fails refinanced the loan right, they will still have money to repay the RM2 billion if they choose too. Why did audit did or did not do it, is the question for management to answer.*

**Tuan Tony Pua Kiam Wee:** *That's not my question. My question is agreement under Tanjong- does it provide any guarantee that 1MDB will be receive this funds?*

**Encik Ng Yee Hong:** *The RM2 billion contingent equity is part of a whole deal when the acquired the power assets from Tanjong.*

**Tuan Tony Pua Kiam Wee:** *That's not my question.*

**Encik Ng Yee Hong:** *Okay.*

**Tuan Pengerusi:** *That conditional agreement. You cannot use that to basically support your cash adequacy statement.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Tuan Pengerusi, I'm not trying to support them. But what I'm saying what his trying to tell us, even the RM2 billion contingent the guarantee by Tanjong failed, there's enough fund to satisfy them that it is a going concern.*

**Tuan William Leong Jee Keen:** *That's different question, I think...*

**Tuan Pengerusi:** *I don't even agrees with that.*

**Tuan Tony Pua Kiam Wee:** *I think- hang on. Just very quickly. We want to move on from Tanjong. There is no point dragging this okay. So I'm just asking for a confirmation from the auditors. Before we move on the next question, a confirmation to put on record if the Tanjong agreement provides any guarantee at all that 1MDB will receive this funds, and base on Deloitte judgment, is it a reasonable assumption that this subscription will go through. What are the terms conditions that were in distance? I think that's all we are interested to find out.*

**Encik Tan Theng Hooi:** *Ya okay. First of all we want to place on record that even if the RM2 billion is not paid by Tanjong, it is our professional opinion that it does not affect the going concern because it has sufficient liquid assets. Okay.*

**Tuan William Leong Jee Keen:** *I think I would like...*

**Tuan Tony Pua Kiam Wee:** *You are avoiding the question.*

**Tuan William Leong Jee Keen:** *I want to ask a question if I can. As of November 5<sup>th</sup>, was the conditions precedence to the Tanjong agreement fulfill?*

**Tuan Tony Pua Kiam Wee:** *What were the conditions?*

**Encik Ng Yee Hong:** *The contingent equity will take in IPO did not complete have not happen by 28<sup>th</sup> November. So if by 28<sup>th</sup> November that IPO have not been completed, the lenders which in this case is Maybank which is indicated group of lenders with Tanjong, with 1MDB, will have to come to an agreement and to get Tanjong to put in the RM2 billion contingent equity into the company so that the cash can be use to repay Maybank?*

**Tuan Tony Pua Kiam Wee:** *There is no...*

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**Encik Ng Yee Hong:** *It is in the long agreement.*

**Tuan Tony Pua Kiam Wee:** *There is no guarantee, and there is no valuation specified in this RM2 billion. Can I say that?*

**Encik Ng Yee Hong:** *Based on our review after loan agreement, that is what it says.*

**Tuan Tony Pua Kiam Wee:** *No, no. This people are going in circle, Chairman.*

**Encik Tan Theng Hooi:** *No. Okay, we don't have- exactly this legal question have been ask but the contingent equity is supposed to kick in as we understand for purposes of paying for the bridging loan. Okay, as to your very specific question, we have to get back to you, and I don't think we're in position to give, to answer exactly that.*

**Tuan Pengerusi:** *Okay, anything that you don't comfortable with, you can come back to us later. Okay, we'll give you that leeway. But- okay Yang Berhormat Petaling Jaya Utara.*

**Tuan Tony Pua Kiam Wee:** *No, I mean...*

**Dato' Abd. Aziz Sheikh Fadzir:** *On the same note only, assuming that I'm just gonna go long with you but do you still think that it is you are satisfied, not even to put on emphasis on matters on that?*

**Encik Tan Theng Hooi:** *Yes.*

**Dato' Abd. Aziz Sheikh Fadzir:** *You feel not even UOM, and also not necessary.*

**Encik Ng Yee Hong:** *Yes, because of the amount of net current asset that they have.*

**Dr. Tan Seng Giaw [Kepong]:** *If the current asset of USD8 billion is good for the running concern, why you need the IPO USD2 billion?*

**Tuan Pengerusi:** *No, that is the separate issue not for them to answer. No, no the issue here also is about ready cash.*

**Encik Ng Yee Hong:** *Yes.*

**Tuan Pengerusi:** *Because you mentioned about the net current asset, right? The 'bar conflict' is asset available for sale.*

**Encik Ng Yee Hong:** *Correct.*

**Tuan Pengerusi:** *Those assets been a joke of the town now that from actual cash becomes shares, becomes units. So, this is after substantial time later that even the management of 1MDB cannot verified assets that are liquid. So if you look at the accounts of 2014, the only cash and bank balances that you have is only RM3.8 billion. I mean real cash ya. That one that you can liquidate and pay the obligation's due. That RM12.8 billion cannot be deemed as ready cash.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Even the RM3.1 billion if you look at the breakdown, there is RM1.1 billion is restricted. There's only USD2 over billion Dollars that unrestricted. That means the real cash you have, that you could use which we feel that there is not in number, will be about USD2 over billion.*

**Encik Ng Yee Hong:** *Just to clarify the USD12.8 billion, what we call this available for sale investments, these are investments and funds, right. So, these are funds that...*

**Tuan Pengerusi:** *Then why you classified it as level three assets?*

**Encik Ng Yee Hong:** *Sorry?*

**Tuan Pengerusi:** *Then why you classified it as level three assets?*

**Encik Ng Yee Hong:** *Level three is whether you classified as level one, level two or level three that is requirement of the standard. So, level three is simply means it's not quartered.*

**Tuan Pengerusi:** *Okay, so why today these assets still can't be cashed out realized?*

**Encik Ng Yee Hong:** *That is not the question for the Auditors to answer.*

**Tuan Pengerusi:** *No, that is your question because it's the fact going concern. If you have only for example RM3.8 billion minus RM1.1 billion which is incumbent, you only have just barely enough cash to make the obligation payment due. Not even talking about operations, not even talking about others liabilities.*

**Encik Ng Yee Hong:** *Yes, so the position on 1MDB is...*

**Tuan Pengerusi:** *I will question you very clearly. I was a MIA councilman for 10 years okay. We look at these issues very seriously. We come to going concern. In a listed company, the shareholders do not tolerate this. I don't understand why MoF tolerate this.*

**Tuan Tony Pua Kiam Wee:** *Were you...*

**Encik Ng Yee Hong:** *This is really not question for us to answer. Why will the company want to invest in funds and all that...?*

**Tuan Tony Pua Kiam Wee:** *How will you make comfortable that there is this RM13.39 billion of level three assets are worth. What is recorded on paper, or what evidence or what conclusion that you have, that you feel that these are true and fair values?*

**Encik Ng Yee Hong:** *First of all we have sighted to the bank statements, okay. We have obtained independent confirmations from the bank, directly we visited the bank.*

**Tuan Tony Pua Kiam Wee:** *Which bank is this?*

**Encik Ng Yee Hong:** *This is BSI in Singapore as well as BSI in Switzerland. Okay.*

**Tuan Tony Pua Kiam Wee:** *So,*

**Encik Ng Yee Hong:** *So, we made a trip there. We visited the bank and we obtained the confirmation directly from the banks.*

**Tuan Tony Pua Kiam Wee:** *The bank provided the valuation of these assets?*

**Encik Ng Yee Hong:** *In the statements.*

**Dato' Abd. Aziz Sheikh Fadzir:** *I don't want to go to that yet, so just now you are saying that you don't need to also put on emphasis because you strongly believe that you can get the USD2 billion because your net asset or you current asset is still about USD8 billion. Part of that, will come on the USD12 billion investment. How sure are you that you can actually cash out this thing before the first quarter of 2015 which is where the USD2 billion is the final, more that need to be settled?*

**Encik Ng Yee Hong:** *I think this, once again is a fund. So, these are liquid investments that can be cashed out if the management decides to.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Okay, but you read your own statement saying that, "the management or the Board agreed to cash out the money, but the money will only come in December 2014, or the first trend were already used for part of the payment." There was some where I read it, I don't know where it is. The money were supposed to be cashed out, the Board have decided to sell the assets, the investment...*

**Tuan Pengerusi:** *Page 93.*

**Encik Ng Yee Hong:** *Yang Berhormat, I think you're referring to page 93. So, referring to this note. This is a subsequent event. So, to the question of how liquid these assets are this an indication where before we signed off, we have noted proximally 60% of the payment funds have been redeemed and used. We also want to highlight the balance of the funds have been approved to be redeemed. And the funds are actually guaranteed...*

**Dato' Abd. Aziz Sheikh Fadzir:** *By whom?*

**Encik Ng Yee Hong:** *By a Sovereign Wealth Fund in the Middle East.*

**Tuan Pengerusi:** *Did you sight the agreement?*

**Encik Ng Yee Hong:** *Yes. We have sighted the guarantee.*

**Tuan Pengerusi:** *The guarantee? Is it enough?*

**Encik Ng Yee Hong:** *Yes. It is enough...*

**Tuan Tony Pua Kiam Wee:** *This guarantee is a guarantee on the assets that are held in BSI Bank?*

**Encik Tan Theng Hooi:** *The guarantee is made to all investors of the fund that guarantee the par value of the investments to all unit holders.*

**Encik Ng Yee Hong:** *This for the Cayman fund.*

**Tuan Tony Pua Kiam Wee:** *Why wasn't this guaranty stated anywhere in the Financial Statements?*

**Encik Ng Yee Hong:** *It wasn't disclose because we are the holder of the guarantee. The holder of the guarantee is actually the fund manager. So, these all well funds is giving the guarantee to the fund manager that whatever...*

**Tuan Tony Pua Kiam Wee:** *Who's the fund manager?*

**Encik Ng Yee Hong:** *The fund manager is Bridge...*

**Tuan Tony Pua Kiam Wee:** *Bridge Capital Partners?*

**Encik Ng Yee Hong:** *Yes. Bridge was subsequently they changed to Avestra. Avestra in Australia.*

**Tuan Tony Pua Kiam Wee:** *How do you spell that?*

**Encik Ng Yee Hong:** *A-V-E-S-T-R-A.*

**Tuan Tony Pua Kiam Wee:** *Avestra.*

**Encik Ng Yee Hong:** *Yes.*

**Tuan Tony Pua Kiam Wee:** *So, the guarantee, how does the guarantee work?*

**Encik Ng Yee Hong:** *So, the guarantee is by this Sovereign Wealth Fund from the Middle East to the fund manager guaranteeing the amount that have been put in by the Government of Malaysia as well as other governments, you know that have invested in the fund.*

**Tuan Pengerusi:** *Is which Sovereign Wealth Fund if you can reveal?*

**Encik Ng Yee Hong:** *Aabar.*

**Tuan Pengerusi:** *Aabar ya. Okay.*

**Dato' Abd. Aziz Sheikh Fadzir:** *I just wanted to understand this USD1.1 billion or so called from USD2.3 billion, USD1.2 billion redeemed, left is USD1.1 billion, the money belongs to 1MDB but invested by Aabar...*

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**Encik Ng Yee Hong:** *No, no. This money that belongs to 1MDB, invested in a fund. Manage by a fund manager who is Avestra, and they intern had have this guarantee from Aabar. So all participants in the fund whether it is Government of Malaysia, government Middle East of whoever, whatever money that they have put in are is guaranteed the par value. So, you have the up side but you eliminated the down side of the investment.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Where are the connections with Aabar on this case? Why Aabar would comes in? Why would Aabar guarantee the par value? Where is the connection? What is the need for Aabar to do that?*

**Encik Ng Yee Hong:** *Our understanding is that G-to-G deal initiative...*

**Dato' Abd. Aziz Sheikh Fadzir:** *I thought you said you cite the document.*

**Encik Ng Yee Hong:** *Recited the guarantee...*

**Dato' Abd. Aziz Sheikh Fadzir:** *Okay, so what do the guarantee says?*

**Encik Ng Yee Hong:** *...And we have also met with the CEO of Aabar to go through the guarantee and to understand the transaction.*

**Dato' Abd. Aziz Sheikh Fadzir:** *You see the document...*

**Tuan Tony Pua Kiam Wee:** *What was your understanding of the transaction?*

**Encik Ng Yee Hong:** *Our understanding of the transaction is that Aabar has reorganized certain investment that they have and they have form an investment club basically for government to invest in the fund.*

**Dato' Abd. Aziz Sheikh Fadzir:** *What is it needs for Aabar based on your understanding?*



**Encik Ng Yee Hong:** *It is because Aabar is the party that have organized the acquisition of all this assets. Therefore they are the party that guarantees the governments that have put in the money to the fund.*

**Dato' Abd. Aziz Sheikh Fadzir:** *So Aabar...*

**Tuan Pengerusi:** *You say government, you say government. So what are the governments?*

**Encik Ng Yee Hong:** *It is not disclose Speaker. It is confidential.*

**Tuan Pengerusi:** *Did you find it important to ask them...*

**Encik Ng Yee Hong:** *Yes we did but...*

**Tuan Pengerusi:** *...Whether other governments are which other government?*

**Encik Ng Yee Hong:** *Of our understanding are Middle East companies. Middle East Countries, sorry.*

**Encik Tan Theng Hooi:** *Sir, we were told a friends of Aabar.*

**Encik Ng Yee Hong:** *Middle East Countries.*

**Encik Tan Theng Hooi:** *And of course...*

**Tuan Pengerusi:** *To Middle East Countries and suddenly Malaysia is in there? One bird outside the feather, whatever.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Cuma I want to know what is the consideration for Aabar. Nobody will come into a contract without nothing. So this money belong- I am sorry. We are politician. We are not as smart as you are, we have got to understand it slowly. So there is 1MDB money. It would be facilitated by Aabar to invest in the Bridge Capital, and Aabar guarantees that.*

**Encik Ng Yee Hong:** *Yes.*

**Dato' Abd. Aziz Sheikh Fadzir:** *So what's it needs for Aabar? I am asking you because I still don't get it. What does Aabar get out of it, and what do we get?*

**Encik Ng Yee Hong:** *I think its government-to-government initiative. The rationale behind...*

**Dato' Abd. Aziz Sheikh Fadzir:** *Where, do you get the government...?*

**Encik Ng Yee Hong:** *I think is best for management to invest.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Where do you get the "government-to-government? Not as the auditor.*

**Encik Tan Theng Hooi:** *No, we can't answer that, which this question should be post to Management Board and shall them...*

**Dato' Abd. Aziz Sheikh Fadzir:** *No, no. How do you get the satisfied...?*

**Encik Tan Theng Hooi:** *Our role is to audit...*

**Dato' Abd. Aziz Sheikh Fadzir:** *No, no. How do you get satisfied as an auditor? As an auditor, how do you get satisfied that this money is there, the principal is guaranteed? How do you get satisfied?*

**Encik Tan Theng Hooi:** *We were satisfied on the guarantee given, and Aabar is a subsidiary of IPIC, and IPIC credit rating is double 'A'. We checked on that. I think the guarantee is very important because it forms a basis of the valuation. As to...*

**Dato' Abd. Aziz Sheikh Fadzir:** *You got an agreement is it? Guarantee- what do you cite, you cite the agreement?*

**Encik Tan Theng Hooi:** *Yes, we cited the agreement.*

**Encik Ng Yee Hong:** *We cited the guarantee.*

**Dato' Abd. Aziz Sheikh Fadzir:** *What did the agreement said? What does Aabar get out of it?*

**Encik Tan Theng Hooi:** *No, we did not say that.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Ha?*

**Encik Ng Yee Hong:** *It didn't say the consideration.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Can you look at the agreement again and then tell us next time? Can you come back and tell us in that agreement that you cited...*

**Encik Tan Theng Hooi:** *We have cited but we decided the agreement. We don't have the agreement.*

**Tuan Pengerusi:** *No, the agreement you have cite is between who and who?*

**Encik Tan Theng Hooi:** *Sorry?*

**Tuan Pengerusi:** *The agreement that you have cite is between who and who?*

**Encik Tan Theng Hooi:** *The agreement is given to...*

**Encik Ng Yee Hong:** *The Fund Manager.*

**Encik Tan Theng Hooi:** *...The Fund Manager.*

**Encik Ng Yee Hong:** *Is from Aabar...*

**Tuan Tony Pua Kiam Wee:** *Who is between Aabar and Avestra.*

**Tuan Pengerusi:** *...And Bridge Capital.*

**Tuan Tony Pua Kiam Wee:** *And Bridge Capital- formerly Bridge Capital.*

**Encik Ng Yee Hong:** *Bridge Capital. Ya.*

**Tuan Pengerusi:** *It is between Aabar and Bridge Capital.*

**Encik Ng Yee Hong:** *No, it is Aabar and the fund, the SPC Company which is Bridge Global Absolute Return Fund.*

**Tuan William Leong Jee Keen:** *Do you know what is SPC is investing in? What investment are they looking at?*

**Encik Ng Yee Hong:** *We are perform some extended procedures, so we have met with the fund manager. We met with them, and we obtain evaluation statement from the fund administrator. We further met with the valuer that has given input to the fund administrator. This is company call NRA Capital in Singapore. So, based on our understanding the assets are recourse-based assets, and as required under the auditing standards, we are required to understand the methodology and competence of the valuer. So, we have met with them, and we have done that to understand you know what...*

**Tuan Tony Pua Kiam Wee:** *Who are the valuers?*

**Encik Ng Yee Hong:** *NRA Capital.*

**Tuan Pengerusi:** *Who is this NRA Capital?*

**Encik Ng Yee Hong:** *It is a valuer in Singapore.*

**Tuan Tony Pua Kiam Wee:** *So NRA Capital valued these assets and they supported the...*

**Encik Ng Yee Hong:** *They provided the input to the fund administrator who interns turn out the valuation statements. So, instead of just stopping at getting a bank statement which is the normal audit process, we went to the bank, we talk to the bank. We went to meet up with the fund administrator, we meet up with the valuer as well as we have discussion with the CEO of Aabar to cite the guarantee. So that is how we get comfort over the reliability of this investment. Furthermore by the time you sign off we have noted 50% of the fund have been redeem. You know it has been revised.*

**Tuan Pengerusi:** *If the fund cannot be crystallized, it's not your problem, that what you say?*

**Encik Ng Yee Hong:** *No, no. I think what we are saying is that, the fund is guaranteed, so...*

**Tuan Pengerusi:** *My question is going concern with the companies affected and then you should put more emphasis on liquidating those assets. Now you are saying, you are just happy to receive a guarantee that those assets are there, whether they can be crystallized and to pay off any obligation, you are not concern about that.*

**Encik Ng Yee Hong:** *No, that what were are saying because this is one part of the assets that they have, right. If you look at the current assets obviously that they have the cash at hand, this is a part of the available for sell investment that they have. Separately they have another RM5 billion worth assets in BSI Lugano. This are invested in fund as well. So in addressing the going concern of the company, we really have to look at the whole picture of the company, and not just look at certain thing in isolation.*

**Tuan Pengerusi:** *My concern is- the government has got to go through embarrassment of basically raising money. You at first- it was cash injection and then it was what they call it...*

**Encik Ng Yee Hong:** *Units.*

**Tuan Pengerusi:** *Letter... Apa Dato'?*

**Encik Ng Yee Hong:** *Units.*

**Tuan Pengerusi:** *No, no. The cash part. At first the government were suppose to inject RM3 billion into 1MDB, and then it change into standby credit. So that is our concern today. Despite your representation, despite your confidants that 1MDB has going concerned at that point of time, but because of auditing standards that you have to actually access the probability of the company to meet his debts for the next one year until the next financial year. Then all these issues that crop up happen within that financial year that the government has got to actually find ways to inject cash into 1MDB. That means I would say, this company is not going concern without government guarantee.*

**Encik Tan Theng Hooi:** *Well all the loan that they have either by assets or guaranteed including letter of comfort from the government.*

**Tuan Pengerusi:** *Why I was looking at here in this your account whether you mention or not this company needs government guarantee directly to enhance its going concern.*

*Because it is not written here, and the going concern is access at a very thin level of confidence to me if you put listed company standards of auditing into this accounts. And then because of this thin assurance you put on the ability the company to pay its debts, therefore they must be another support, which is actually government support. Which you should put down in this accounts that might, you know if I was applying listed company standards auditing that will something we should ask. For example if the parent company has a trouble- subsidiary, I was auditing the subsidiary, I would ask the holding company to give the subsidiary Letter of Comfort.*

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*And not to just, you know issuing unqualified report if there is any issues on the subsidiary companies going concern. In this case, I would expect a note from you to say that the government is the fall back guarantor for 1MDB to ensure its going concern. I mean if you understand what I'm saying. Right.*

**Encik Tan Theng Hooi:** *Mr. Chairman. We have said earlier on and I repeat it now that there are sufficient liquid assets to show that the companies are going concern. With all the assets that they have to say that it's not a going concern would not have been right in our professional opinion.*

**Dato' Abd. Aziz Sheikh Fadzir:** *If, let say you look at the account again in February 2015 when you just signed off in 5th November 2014. The first USD2 billion you know finally, they've got to go and scrunch everywhere to find the money because you're so called USD8 billion never come.*

**Encik Tan Theng Hooi:** *Sir.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Wait let me just finish this. No. 2, they have to go back to the government in February asking the government for USD3 billion and finally the government gave RM950 million to avoid non-payment of interest which will trigger a cross default. If you look at the account again February, would you been agreeing with me that you should have at least put an emphasis on matters when you do on November on this statement.*

**Encik Tan Theng Hooi:** *Sir.*

**Dato' Abd. Aziz Sheikh Fadzir:** *It's only 3 months. Only 3 months.*

**Encik Tan Theng Hooi:** *Okay. The point we signed off. The submission for IPO was approved by the Board. Okay. The basis of the going concern also fall primarily on the immediate cashflow coming in from the listing of the power plant which is expected to be first quarter. With that...*

**Dato' Abd. Aziz Sheikh Fadzir:** *No. No. You..*

**Encik Tan Theng Hooi:** *We...*

**Dato' Abd. Aziz Sheikh Fadzir:** *You were saying that even the listing don't come yet. Wait. Wait. You already said it.*

**Encik Tan Theng Hooi:** *At that time.*

**Dato' Abd. Aziz Sheikh Fadzir:** *You have said it. Doesn't matter, whether the RM2 billion the contingent equity by Tanjong happen or not, whether the IPO will happen or not, you have enough investment asset liquid asset.*

**Encik Tan Theng Hooi:** Yes.

**Dato' Abd. Aziz Sheikh Fadzir:** You said it. So I'm asking you a question now.

**Encik Tan Theng Hooi:** Okay.

**Dato' Abd. Aziz Sheikh Fadzir:** In February after you signed off the account in November, would you at least in February will think back you should at least be more prudent by putting an emphasis of matters knowingly that there are USD7 billion or USD8 billion investment is not just easy, is not just cash on the table that you can take out and made your payments.

**Tuan Tony Pua Kiam Wee:** And it's not quoted shares.

**Dato' Abd. Aziz Sheikh Fadzir:** And it's not quoted shares.

**Encik Tan Theng Hooi:** I'll answer to that.

**Tuan William Leong Jee Keen:** Yes, I'd like to head onto that. Just know you talked about liquidity. So, you have put them in current assets. So will you consider that these investments are liquid? But, if you look at your note 18 page 93, II on 1 August 2014, the Board had authorized the redemption of the investment and as by November 5th the money has not come back yet. So, is not that liquid is it? Do you agree?

**Encik Tan Theng Hooi:** First of all, the 170 over pages accounts belong to the company it's not on our reports. It is a disclosure by the company.

**Tuan William Leong Jee Keen:** The question is, whether you were satisfied that there was liquid...?

**Dato' Abd. Aziz Sheikh Fadzir:** [Bercakap tanpa menggunakan pembesar suara]

**Tuan Pengerusi:** Wait. Wait. Wait. Listen. The government tells us they rely on you. Now you tell us, "No. No. It's the government. It's not our problem."

**Encik Tan Theng Hooi:** No. The...

**Tuan Pengerusi:** No. I would slam you for that statement...

**Encik Tan Theng Hooi:** Okay.

**Tuan Pengerusi:** ...You know because a lot of government companies rely on the 'big four' to guarantee the Financial Statement as if. Well...

**Encik Tan Theng Hooi:** Sir.

**Tuan Pengerusi:** The government says the 'big four' are the best in the world, used to be 'big five'...

**Encik Tan Theng Hooi:** Sir. I have stated that from the very beginning our role. I think there is an expectation gap between what we actually do and what politician aspect.

**Dato' Abd. Aziz Sheikh Fadzir:** No. I'm not a politician. We are not the politician that is why you just answer me. I just wanted to hear from you. Were you prudent when you signed a November 5th, 2014?

**Encik Tan Theng Hooi:** *We stand by what we do what we signed off November 5th. Facts that came subsequent to that we have not audited that and we are not in the position to comment on that.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Okay second one, sorry. The second one, I go with that. You also say that knowingly that even if the money from Tanjong did not come. The IPO did not happen. You are confident what you signed on the agreement of the investment assets you can actually crystallize the money within the space of time required by the company to pay whatever debt necessary.*

**Encik Tan Theng Hooi:** *He is asking me to say yes on all that he say?*

**Dato' Abd. Aziz Sheikh Fadzir:** *Yes. Yes I'm asking you to say, "Yes" or "No".*

**Encik Tan Theng Hooi:** *Based on our professional judgment, there is no conclusive evidence for us to arrive at the conclusion that going concern that we should qualified ongoing concern. That is my point.*

**Dato' Kamarul Baharin bin Abbas [Telok Kemang]:** *And also on your professional opinion would you have signed it with reservation?*

**Encik Tan Theng Hooi:** *Sorry*

**Dato' Kamarul Baharin bin Abbas:** *Would you sign it with reservation?*

**Encik Tan Theng Hooi:** *With a reservation. If the facts were conclusive that it's not a going concern, then we will do that. Okay. First of all, and when we do that, it definitely will fulfill that prophecy. So it is a very important responsibility upon us to be sure whether that going concern is definitely an issue. If it is not, then we would have failed in our professional responsibility by just putting it in that we suspect going concern, because when you do that, all the banks will not lend and everything will just...*

**Tuan Tony Pua Kiam Wee:** *But that is not...*

**Encik Tan Theng Hooi:** *Even, even if going concern is not suspected.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Why you want to do a job of the company?*

**Encik Tan Theng Hooi:** *No. No. We are not doing a job. We are.*

**Tuan Tony Pua Kiam Wee:** *That's. That's a company job.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Suddenly you want. Ya.*

**Encik Tan Theng Hooi:** *Excuse me Sir. We are calling it's a professional judgment that we have based on the fact in front of us. That we are arrived at the conclusion. That's my point.*

**Dato' Abd. Aziz Sheikh Fadzir:** *What I'm trying to say as a BN Members... No. I'm just trying to... No, no, I'm a partisan in this statement. Now, I'm a partisan in this statement because when you come out on the 5th November, that the company is in pretty good shape that is what the Minister of Finance went to the Parliament, you know and said, "Make all the statements that everything is good. We are verified by Deloitte, top four auditors." It's not Aziz Sheikh Fadzir and company... [Ketawa] You know.*

*So, but today you come back and this is I'm talking about Prime Minister himself. You know.*

*Your statement, your report in a way has cost a trust deficit in his as a person, as a Prime Minister because four months after a 'big four' auditors signed off the accounts no emphasis of matters, no qualification, the company got into a cashflow in February. Massive cashflow. Can you help me as a politician to answer to rakyat?*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar [Legal Advisor, Deloitte Malaysia]:** *Mr. Chairman, I'm going to interject. I'm so sorry. Sir my name is Malik Imtiaz Sarwar. I'm Legal Advisor to the Deloitte along with Mr. Lim Cheng Bock. Alright, when the summons was issued, I think we have to make clear that earlier you said that MoF appointed Deloitte that is not quite correct. 1MDB appointed Deloitte. So let's put that clear. Hold on. Shareholder's one thing but in terms of company that appointed.*

**Dato' Abd. Aziz Sheikh Fadzir:** *No. No.*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** *No. no. Hold on. Can I just say what I have to say. This is part of the problem. So, when the PAC issued a request through MoF, we wrote to you to say; "Look we are happy to come but make the request directly". We are happy to come because we have internal confidentiality obligations oath to our client, and the retainer is 1MDB, no matter of what, the PAC may think that's the retainer. So, we said we willing to cooperate. Now today they are here.*

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*They are here to assist you and answering questions as they can. They will state what their basis was, they will state what information was available to them, and they were stand by their opinion. They have already said that. Now, if you ask them to go into opinions about why it is the Prime Minister or any other person for that matter is making the kind of statement, they are making on this very controversial affair, I accept that as public controversy, then I'm so sorry that is really beyond the scope of what they are here to do.*

*Now, mind you Mr. Chairman, with the grace respect both you and Mr. Tony Pua have made very condemnatory statements about my client's publicly. Now, Mr. Tony Pua has gone so far has to say to lodge a complaint with the MIA. Notwithstanding, we have said we will come because we honor the purpose and aim of this Committee. Now, if there are questions to be answered, they will answer it. But if you want them to comment and give an opinion which will further a political cause, I will say to them do not answer those questions, on pain of whatever sanctions, or sanction you may imposed.*

*Now, they are here willing and able to answer your questions on the two years they audited, I would hope that firstly you can ask question of fact. Secondly, let them answer the questions before the interjections come in. Thirdly, if you going to ask them multiple questions let them answer the multiple questions in totality before you put them down or whatever it is, to attempt to get an answer you want to hear.*

*I am so sorry Mr. Chairman. I have to say that because I am encouraging them to answer all questions fully and openly. Thank you.*

**Tuan Pengerusi:** *Okey, Mr. Imtiaz. One thing, you are lawyer, you know how things operate in the court.*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** Yes.

**Tuan Pengerusi:** Okey.

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** *In court, we are allowed to answer Mr. Chairman...*

**Tuan Pengerusi:** *Sometimes you interject to a lawyer's interject*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** *No. It doesn't matter. The point is...*

**Tuan Pengerusi:** *Okey, I mean- but it's okey, we don't ask the witnesses to take oath, that is one difference...*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** *But they understand that they are under a duty to 'dispute' the implications.*

**Tuan Pengerusi:** *Listen. Listen. Listen first. This is my room.*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** Yes.

**Tuan Pengerusi:** *I'm Chairman here.*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** Yes.

**Tuan Pengerusi:** *We appreciate that Deloitte coming here, alright. You know what are the implications is going to be to the public? If they do not satisfy our questions, that is one.*

*Number two, they can choose not to answer. That's not a problem to us. You can say today, I'm not answering, current privilege. It's not a problem to us. It is because our opinion will be the opinion that goes into the report. But what we want to do here is basically to get the flow of responsibility going.*

*In Companies Act, shareholders appoint auditors. Not 1MDB. You are wrong there. Right? My problem here is with 1MDB, the MoF doesn't seem to be involve in the process because you say just now, everything is 1MDB. Their client is 1MDB. But then actually their client is the shareholders.*

*When it comes to MoF, it's us, the people. We are the clients. We can order the MoF to basically order in Deloitte to reveal whatever that is needed, you know. That's not the problem. But we are not trying to do that, we can. But we're not trying to do that. What we want to basically get to the issue today here is and as I have mentioned in my article in The Star, is about accounting how they derived the true and fair view.*

*Okay, if we are being more aggressive than normal, that's fine. Because that's what we are. A court of the people. We can ask any questions we want. Right? So, I am not going to apologize for our behavior in this room.*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** *Can I respond, Mr. Chairman? Just to say this. My intention was not to say that they shouldn't answer anything, I am not saying that. They are free to answer everything that has been asked from them. We have taken a positions that they will cooperate to the fullest that they can. But bear in mind Mr. Chairman, no matter what your personal opinions may be on the subject, there is Committee sitting here. Then, let that Committee decide and let them answer the questions one-by-one. I accept what you are saying that there should be a flow to think. I fully agree. Ask a way. Ask the questions that you need to.*



**Tuan Tony Pua Kiam Wee:** *I would like to add to what the Chairman said. I think we want to establish the facts and we will ask that. But they will be times when some of my colleagues who want to establish opinions of the auditors. And they have the right to do that. And if the auditors choose not to answer, feel free to say I don't have the opinion on that, it's not my responsibility to answer. Feel free to say that. You don't have to come here and lecture us on what to ask and what not to ask.*

*I am happy for you to advise your clients not to answer the questions. But I'm not happy for you to come here and tell us how we should ask the questions.*

*Number two, I take offence as well on perhaps the statements that you said that we have made statements outside. Are you saying that I'm not allowed to file a complaint with the MIA? Yeah, because you made the acquisitions that despite the fact that Deloitte is coming here I filed a complaint to MIA, am I not allowed to file to...*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** *You are allowed, but bear in mind that when you go out there and say that these people have had acted in breach or negligence, etc. and then you sit here and said as effectively arbiter effects. Thank you Datuk Chairman for pointing that out, then please appreciate that there are obvious concerns on their part. Notwithstanding they are here. That's the point.*

*It's not to say you shouldn't have, or you couldn't have done that, Yang Berhormat. It's not that. We are just saying that notwithstanding all of these things, they are here. Give them a chance to answer the questions or state the opinions. That's all. I don't mean to lecture. I will shut up after this. I will encourage you to ask the questions, all I'm saying is, let them answer the questions.*

**Tuan Tony Pua Kiam Wee:** *We will, and I think we can sit here the whole day. We have been sitting here for other session until 4 pm, we give every opportunity for the witnesses to come into this room to respond.*

**Encik Tan Theng Hooi:** *Okey Chairman, can I say something, Chairman.*

**Tuan Pengerusi:** *I am allowing this to happen, because just I want you to know what our Committee is doing.*

**Encik Tan Theng Hooi:** *Okey Chairman, we are here to help you in your investigation. We will give you fullest cooperation. But when we come to a point where you have your opinion, we have our opinion, I think let's cut it off. Okey. Fair enough. In that sense, you ask me how we do ours, we tell you how we arrive. And if you don't agree, I mean, my job is to tell you how we do our work, number one.*

*Number two, don't ask me questions that you need me to say, "Yes" or "No". Now you say a list of things, its "Yes" or "No". You are putting words into my mouth. Don't do that...*

**Dato' Abd. Aziz Sheikh Fadzir:** *Can I rephrase my word?*

**Encik Tan Theng Hooi:** *Don't do that. You know we come here in sincerity. All the things you want to know that we know, we let you know. Okey. Thank you Sir.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Can I rephrase my word? You are still saying that today, in this meeting, today, despite you signed off on the 5<sup>th</sup> November, the account of 2014 and in February, 1MDB has to request RM3 billion from the government to make whatever necessary payment for them as cashflow statement. So you still feel that the account that you signed off in the 5<sup>th</sup> November, without emphasis on matters, without qualifications is still in your opinion, give a true and fair view of financial position of the group.*

**Encik Cheong Thoong Farn [Partner, Deloitte Malaysia]:** *My name is Cheong Thoong Farn. I am the collective reviewer. Allow me to give some clarity to this. When we signed off as on 5th November, we consider events occurring since the balance sheet date of 31st March 2014, to the 5th November 2014.*

*Some of the event that has being discussed here happened after that we could not have considered them. Some of these events are definitely not within our expectation, together with the management's assumptions make in assessing going concern. So, essentially we are not in a position to answer your questions because of high side, and all that when we have the fact that we have not audited some of these events.*

*I think its fair statement?*

**Tuan William Leong Jee Keen:** *I like to go back to my question in the- I need the answer as to what was the basis that you have classified this as current assets and liquid, in the light that on 1st August 2014, it was ask to redeem the investments as of 5<sup>th</sup> November, it was not fully redeem at page 93. Note 18(ii) what was the basis that you arrive that these investments are liquid?*

**Encik Ng Yee Hong:** *Yang Berhormat, just to repeat. These investments are available for sale investments. These investments are investment funds which if you choose to redeem, can be redeemed and therefore is classified as current assets. When you classified something as current assets, it is within 12 months.*

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**Tuan Tony Pua Kiam Wee:** *Question of fact. The guarantee that was provided by Aabar it was not disclosed in the financial statements, was the lack of discloser the opinion of the auditors or the lack of discloser are request by 1MDB, not to disclose the guarantee?*

**Encik Ng Yee Hong:** *First of all, I think the guarantee is to the fund manager. It's not to the company. Under the accounting standards, the recipient of a guarantee need not to disclose the guarantee.*

**Dato' Abd. Aziz Sheikh Fadzir:** *So you are saying that Aabar guarantee Bridge Capital for managing the fund for 1MDB.*

**Encik Ng Yee Hong:** *No, no, no. That's not what I'm saying. The guarantee given to the fund manager is for the investments by the participants which includes 1MDB. So even if you take the position that 1MDB is the holder of the guarantee under the accounting standards as a holder of the guarantee, you need not disclose the guarantee.*

*In doing our work, we did not just rely on the guarantee we have performed various procedures as described we have sighted to various documents, we have visited various parties. So it's not to say that we are just rely on the guarantee. Therefore you know- so it's not disclosed.*

**Tuan Pengerusi:** *So when these assets are listed out, did you list them out?*

**Encik Ng Yee Hong:** *Sorry?*

**Tuan Pengerusi:** *These assets- did you like you said, you verified, did you list them out in your working papers?*

**Encik Ng Yee Hong:** *These investments in unquoted shares of SBC.*

**Tuan Pengerusi:** *Ya, I know. So how do you basically- because you don't put it into the accounts, right? A listing of all the assets for the basically the shareholders to determine whether these assets are liquid or not.*

**Encik Ng Yee Hong:** *That is confirmed by the...*

**Tuan Pengerusi:** *Ya I know, I know but don't you go further to a basically assess each individual assets liquidity, I mean realisability?*

**Encik Tan Theng Hooi:** *In terms of the investments, and all that, allowed them to withdraw and that itself under accounting standards it is clearly current.*

**Tuan Pengerusi:** *Ya, I know my point- this for clarity, should you have done or confirmed each and every single assets that is our shares or what ever there is in the account?*

**Encik Tan Theng Hooi:** *We've considered that. All material items consider...*

**Tuan Pengerusi:** *Is it in your working papers?*

**Encik Tan Theng Hooi:** *Ya, all material items are considered whether they are classified appropriately yes.*

**Tuan Pengerusi:** *No, can we request your working papers when you're, your assessment on this. MoF can you release? Can you give permission for them to release?*

**Encik Tan Theng Hooi:** *Ya, the Auditor General has our working papers on that.*

**Tuan Pengerusi:** *Okay, I think we want to request that because at the end of the day, we also want to know, why you accepted and why KPMG did not accept this.*

**Encik Tan Theng Hooi:** *Excuse me Sir, KPMG stop at a point and we did much more work from there to conclude.*

**Tuan Pengerusi:** *They were not confident, that's why they dropped off, I presumed.*

**Encik Tan Theng Hooi:** *I can't comment on that. Ya I don't think that comments relevant here.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Is there a professional clearance from KPMG when you took on the accounts?*

**Encik Tan Theng Hooi:** *Yes we got professional clearance from KPMG.*

**Tuan Tony Pua Kiam Wee:** *I assume that under normal circumstances the new auditors work normally right to the previous auditors especially under controversial circumstances whether the figures...*

**Encik Tan Theng Hooi:** *No. Excuse me Sir. All cases we need to write and we have, we've done and we will not accept any appointment unless we got clearance.*

**Tuan Tony Pua Kiam Wee:** *Right.*

**Encik Tan Theng Hooi:** *We got clearance.*

**Tuan Tony Pua Kiam Wee:** *Where there any issues...*

**Encik Tan Theng Hooi:** *Standard practice.*

**Tuan Tony Pua Kiam Wee:** *Issues sighted by the previous auditors as to why they have resigned from that case.*

**Encik Tan Theng Hooi:** *No, we were told that there's no professional reason why we should not accept appointment. They also informed, that information they requested there were delays in obtaining some of them. And when we did our job, we tried to find out what were the information that they requested that was slow and we went through the Minutes and it was there and from there we actually address KPMG's issues and pursue from there as if you know, those thing they want to do we carried on and we did much more. We also because of that classified for risk purposes this engagement as much greater than normal. We simply mean this highest risk classification.*

*To do that, we have several reviews that needs to be done where to get regional approval, and all the things that we do we consider the seriousness of the impact of KPMG not completing the job.*

**Tuan Tony Pua Kiam Wee:** *What were the issues that were raised by KPMG that you...*

**Encik Tan Theng Hooi:** *There did not. They just told us that there are no professional reasons.*

**Tuan Tony Pua Kiam Wee:** *Did you mention that there are several documents that was delayed. They said was delay in obtaining. What were these items that you manage resolves subsequently.*

**Encik Tan Theng Hooi:** *There did not tell us which information that a parts. When we went through the Minutes, that was some of this information, KPMG was removed actually as auditors as we were told.*

**Tuan Tony Pua Kiam Wee:** *So what were these information in the Minutes that was not obtainable or there was delay in obtaining.*

**Tuan Pengerusi:** *And also interesting you said, KPMG was removed as auditors. Will come back to that.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Can I confirm that? Can MoF confirm that, the shareholders- did you remove KPMG?*

**Encik Tan Theng Hooi:** *No, when you look at it...*

**Dato' Dr. Mohamad Isa bin Hussain:** *Very sorry Yang Berhormat. Actually it's the company level decision. So we are not involved.*

**Encik Tan Theng Hooi:** *From the Minutes that you went through...*

**Encik Ng Yee Hong:** *From the shareholders...*

**Tuan Pengerusi:** *So Dato' as I said, MoF not involve. You are shareholder, you are not involve in removing auditors.*

**Dato' Dr. Mohamad Isa bin Hussain:** *They didn't come to MoF.*

**Tuan Pengerusi:** *They didn't come to MoF. You see the problem here today, how to establish this? This line of responsibility.*

**Dato' Abd. Aziz Sheikh Fadzir:** *So I mean...*

**Dr. Tan Seng Giaw:** *Can you repeat that is it 1MDB Board that asked KPMG to leave, or is it MoF?*

**Encik Tan Theng Hooi:** *Let me...*

**Dr. Tan Seng Giaw:** *Yes, is it MoF who asked...?*

**Encik Tan Theng Hooi:** *Okay they approached us, the CEO and CFO of 1MDB and I told them now let KPMG finish the job...*

**Tuan Pengerusi:** *Which one, which one? Which CEO...?*

**Encik Tan Theng Hooi:** *At that time lah.*

**Tuan Pengerusi:** *At that time who, Mr. Shahrul?*

**Encik Tan Theng Hooi:** *No, Hazim.*

**Tuan Pengerusi:** *Hazim ya okay.*

**Encik Tan Theng Hooi:** *At that time, and we told them that look, let KPMG finish the job, we will consider our appointment after they finish. They came back, so we got two letters telling us that we were nominated as auditors by Minister of Finance.*

**Dato' Dr. Mohamad Isa bin Hussain:** *Chairman, we have to remember Article 117. They are using the Article 117 so they are referring based on that authority. So there are two different entities MOF...*

**Tuan Tony Pua Kiam Wee:** *Artikel 117 tidak sebut tentang auditor. Sebut?... Tak ada. Hanya sebut tentang pengarah sahaja.*

**Dato' Dr. Mohamad Isa bin Hussain:** *But I think we can check that one. But so far...*

**Tuan Pengerusi:** *You see, this is the problem with us trying to find the line of responsibility. It's broken. It's broken you know, it's supposed to be between the shareholders, MoF and the auditors. Now you said, it's 1MDB auditors. Even the sacking of the previous auditors is not done by MoF and by the way did you know about the Article 117 in the MNA?*

■1300

**Encik Tan Theng Hooi:** *Sorry.*

**Tuan Pengerusi:** *Do you know about the Article 117 in the MNA?*

**Encik Tan Theng Hooi:** *Yes.*

**Tuan Pengerusi:** *Did you chosed fund, it is strange at the- Board can subcontract this responsibility to a person?*

**Encik Tan Theng Hooi:** *It is not the place to make this statement.*

**Tuan Pengerusi:** *No, no, no. Companies Act, you should...*

**Encik Tan Theng Hooi:** *I am not expert in this area about MNA whether it is strange or not. Sorry Sir.*

**Tuan William Leong Jee Keen:** *I asked you another way.*

**Encik Tan Theng Hooi:** *As you told me, I have a right, or not to answer a question like this.*

**Tuan William Leong Jee Keen:** *Yes. Because you would have to look at the investments as part of your audit and you would have to look at the internal controls. Article 117 is an internal controls. So, I would like to know whether in going through the records- as far as this investment is concern, were there approved by the Prime Minister in accordance to Article 117?*

**Encik Tan Theng Hooi:** *Okay, the approval process is that, it goes through the Board and on matters that requires a shareholders' approval, go through the shareholder. That is from...*

**Dr. Tan Seng Giaw:** *Actually can you...*

**Tuan William Leong Jee Keen:** *Can shareholders- MoF said that they never approve any investment? So, my question is, did the Prime Minister approve the investment, that you see any document?*

**Dato' Abd. Aziz Sheikh Fadzir:** *Don't answer that [Ketawa]*

**Encik Tan Theng Hooi:** *Alright. There will transactions that when it requires shareholders' approval, shareholders' approval was obtain. And...*

**Tuan Pengerusi:** *Via AGM? Via EGM?*

**Encik Tan Theng Hooi:** *No, through approval of Ministry of Finance Inc.*

**Tuan Pengerusi:** *No, no. Like I said in the Companies Act, you must hold AGM, or EGM into basically rectify decision, right? Concern the shareholders'...*

**Encik Lim Cheng Bock [Legal Advisor, Deloitte Malaysia]:** *Mr. Chairman, my name is Lim Cheng Bock. Maybe I can help as a Legal Advisor.*

*In situations where you only have a single shareholder which is in this case, you don't actually has an AGM and such. The provision in the company side to allow a shareholder to resolve by way of a Minute. So, because the concept is that, you can't have a meeting when you're alone. So, that is no AGM and such.*

**Tuan Pengerusi:** *Yes, but shouldn't due process be done. Like this is like one person can approve for everything.*

**Encik Lim Cheng Bock:** *Mr. Chairman, that is actually how it is done in all situation where a subsidiary is only own by a holding company...*

**Tuan William Leong Jee Keen:** *My question is very simple. One is MoF, the other is the Prime Minister, so the minute that was sign- was it MoF or the Prime Minister?*

**Encik Tan Theng Hooi:** *The shareholder approval comes from Ministry of Finance Inc.*

**Dr. Tan Seng Giaw:** *Actually before you go any further, can you confirm that, when you set the KPMG, MoF did not know about it?*

**Dato' Dr. Mohamad Isa bin Hussain:** *I think Tuan Pengerusi, based on Article 117, it is not mentioned MGD. Article 117 mentioned- a refer authority. So, they are using that difference authority.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Dato', saya hendak suggest. Maybe you should go back and check because I am pretty sure that MoF would have appointed auditors. Cuma, I really like to know whether the KPMG is being removed by MoF or they are resign.*

**Dato' Dr. Mohamad Isa bin Hussain:** *The actual facts. Okay.*

**Tuan William Leong Jee Keen:** *I like to go back to the investment. So, can you also provide to us the resolution approving in the investment, was it sign by MoF or the Prime Minister from the ministry?*

**Dato' Dr. Mohamad Isa bin Hussain:** *The actual facts Tuan Pengerusi. It is because I don't have the document now.*

**Tuan William Leong Jee Keen:** *...Because, do you remember the last session, MoF said, they did don't know anything about any of the investment. So, I just want to remind you what was said in the last session.*

**Tuan Pengerusi:** *Okay, I think the time is 1.05 p.m. Do you need a break?*

**Tuan Tony Pua Kiam Wee:** *No. Teruskan.*

**Tuan Pengerusi:** *I mean, I am talking to them. I am not talking to you [Ketawa] Before this we did understand for the last one and half hours.*

**Encik Tan Theng Hooi:** *Carry on Tuan Pengerusi. Carry on please. I am fine.*

**Tuan Tony Pua Kiam Wee:** *Carry on.*

**Tuan Pengerusi:** *Carry on. Okay. If you are willing then we can carry on, okay [Ketawa]*

**Dato' Abd. Aziz Sheikh Fadzir:** *So, I want to go back to that investment of the Brazen Sky. In your account, you say that from the USD2.3 billion, RM4 billion was actually redeem and the balance was supposed to come in the end of the year, end of November 2014. When it was redeem, was the money brought back to Malaysia 1MDB and redeem, or it was actually passed on the transaction, or you expanded it out?*

**Encik Tan Theng Hooi:** *Sir, sorry. Could you repeat?*

**Tuan Tony Pua Kiam Wee:** *I think the question was on the USD1.22 billion that was first redeem. The first tranche. What happen to that money?*

**Dato' Abd. Aziz Sheikh Fadzir:** *The money came back to Malaysia into 1MDB account, and they actually make all the payments to whoever, or it was actually passed contra expense it out by the transaction?*

**Encik Tan Theng Hooi:** *The representation given to us by management was- it was used to pay as what written in the notes substantially, pay for options operating expenses and service loans.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Before the lawyer stop me, was the money brought back to 1MDB account?*

**Encik Tan Theng Hooi:** *Yes, it was in cash into Brazens' account. We went to the bank to cite the bank documents... Yes, in Singapore.*

**Tuan Tony Pua Kiam Wee:** *So, basically you cited the cash RM4 billion or proximately USD1.22 billion and subsequently this amount were immediately utilized. So, you would have all the utilization notes or confirmations from the 1MDB on this amount?*

**Encik Tan Theng Hooi:** *Sir it is subsequent event in the new financial. Next financial year Mac 2015 ww were have not start audit on that. So, I can't tell you exactly what those thing Sir.*

**Tuan Tony Pua Kiam Wee:** *But the only thing you saw on this was the Bank Statement and confirmation, there is USD1.22 billion in BSI bank cash?*

**Encik Tan Theng Hooi:** *We saw more than that the...*

**Encik Ng Yee Hong:** *We saw the Swiss statement from the custodian of the fund going in to Brazen Sky account in BSI Singapore.*

**Tuan Tony Pua Kiam Wee:** *You have copies of that or you were...*

**Encik Ng Yee Hong:** *We cited the remittance document in the bank itself. We can check whether we have copies. I don't think we have copies because we typically don't make copies.*

**Tuan Pengerusi:** *You cite the accounts on that month itself or three month before and three month after?*

**Encik Ng Yee Hong:** *Before we sign off.*

**Tuan Pengerusi:** *No, I mean did you cite the document within longer period of Bank Statement? To see whether the money did not just came in and goes out again.*

**Encik Ng Yee Hong:** *It did.*

**Tuan Tony Pua Kiam Wee:** *That is why they said it did go out again.*

**Tuan Pengerusi:** *So, you just saw cited Bank Statement for that particular month where the money when in and out?*

**Encik Ng Yee Hong:** *Yup.*

**Dato' Abd. Aziz Sheikh Fadzir:** *This Brazen Sky...*

**Tuan Pengerusi:** *Before that...*

**Encik Ng Yee Hong:** *So, the redemption is through a few tranches it is not just one day, its a few dates. So, the money came in and we have cited the money came in from custodian because it is all coded with the bank other notification codes and the money was utilized.*

**Tuan Tony Pua Kiam Wee:** *You confirm...*

**Tuan Pengerusi:** *How many months...*

**Encik Ng Yee Hong:** *Sorry.*

**Tuan Tony Pua Kiam Wee:** *You confirms that the money was utilized?*

**Encik Ng Yee Hong:** *Yes.*

**Tuan Tony Pua Kiam Wee:** *Was the breakdown given to you on how the money was utilize?*

**Encik Ng Yee Hong:** *No.*

**Tuan Tony Pua Kiam Wee:** *You didn't. Basically the auditors did not ask what the money is were use for?*



**Encik Ng Yee Hong:** *We saw. That is why it is disclosed here that is subsequently utilized for extinguishing the Aabar options. So, we saw a bulk of it went out to Aabar.*

**Tuan Tony Pua Kiam Wee:** *So, basically that was no actual amount. You just...*

**Encik Ng Yee Hong:** *At the end of the day that was substantially utilize.*

**Tuan Tony Pua Kiam Wee:** *So, you enable provide us basically the breakdown of how much went to Aabar, how much went to debt interest payment and working capital. Would you have that?*

**Encik Ng Yee Hong:** *5<sup>th</sup> November. It should be in our papers.*

**Tuan Tony Pua Kiam Wee:** *So, we would like to have that work papers. So that's...*

**Encik Ng Yee Hong:** *It is with the Auditor General as well.*

**Tuan Tony Pua Kiam Wee:** *It doesn't matter. You can have a separate copy for us.*

■1310

**Encik Ng Yee Hong:** *Sure.*

**Tuan Tony Pua Kiam Wee:** *That is number one.*

*Number two, on the Aabar option payment, so it substantially went to Aabar options, I also noted that in page 169, USD250 million was separately raised to pay for the Aabar options. So this payment- can I just confirm, that is separate from USD250 million that was already paid for Aabar options?*

**Encik Ng Yee Hong:** *Sorry Yang Berhormat, page 1...*

**Tuan Tony Pua Kiam Wee:** *169. Sorry, where was it? Item (e), 2(e). So that is already a payment in May. Sorry, yes of USD250 million for the options. So now that's another substantive payment for the options.*

**Encik Ng Yee Hong:** *I can't confirm this because I think what we saw is the payment from raising- we understand that this was raised for purposes of extinguishing the options but whether it was used for that purpose, because it's subsequent events. What it says here is, just that have obtained the facility. So we do not know whether it was used...*

**Encik Tan Theng Hooi:** *Best to ask management Sir, really.*

**Dato' Abd. Aziz Sheikh Fadzir:** *You are going to do audit for this year, can you look at that?*

**Encik Tan Theng Hooi:** *Surely, we will, we will. We will continue to do as much work if not more than we've been doing.*

**Tuan Tony Pua Kiam Wee:** *Okay, I got several other factual questions, but just too tight in with the question there, so I don't have to repeat the question. Have you all commence on the audit for March 2015?*

**Encik Tan Theng Hooi:** *We would like to but their full AG's still there so they've told us that perhaps you know when AG finish his first round and all that. We would like too lah.*

**Tuan Tony Pua Kiam Wee:** *But normally Audit should start well before the closing date. For example closing is March 31st, Audit...*

**Encik Tan Theng Hooi:** *The audit of the subsidiaries that can be done already in progress, except for the holding company.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Going to be late also this year?*

**Encik Tan Theng Hooi:** *I think so. I can't say that because rather say, probably be late. You can ask the management only. I can't answer that.*

**Tuan Tony Pua Kiam Wee:** *Can I ask? Even if the Auditor General is in there, there's no reason why the external auditor should not commence their work for last year right?*

**Encik Tan Theng Hooi:** *Ya, I hope you post that question to Arul when you see him.*

**Tuan Tony Pua Kiam Wee:** *Okay, so my question to you now is a factual. Were you instructed by the management not to commence audit work for 2015?*

**Encik Tan Theng Hooi:** *We were not known. We told them we want to commence work especially all of the controversy about cash, unit and so on.*

**Tuan Tony Pua Kiam Wee:** *That's right.*

**Encik Tan Theng Hooi:** *We have a responsibility to recent weeks.*

**Tuan Tony Pua Kiam Wee:** *So you didn't ask to audit in the earlier weeks in January?*

**Encik Ng Yee Hong:** *No we have. In fact you know there have been a few Board Meetings when we highlighted the need to commence audit as soon as possible.*

**Tuan Tony Pua Kiam Wee:** *When was that? Can you be specific?*

**Encik Ng Yee Hong:** *We can look at the Minutes but I believe it was Minuted with all those Board Meetings that we have attended.*

**Encik Tan Theng Hooi:** *Earliest February.*

**Tuan Tony Pua Kiam Wee:** *February- so the earliest one would be February.*

**Encik Tan Theng Hooi:** *Yes.*

**Tuan Tony Pua Kiam Wee:** *February- Board Meeting.*

**Encik Ng Yee Hong:** *Yes. I think the February Board was the first time we met after we signed off on November 5th.*

**Tuan Tony Pua Kiam Wee:** *Okay. What was the response from the Board of Directors or management? Every time in your Board Meeting when you raised this, what was the response from the Board or the management?*

**Encik Ng Yee Hong:** *The Board is agreeable but I think because of the subsequent matters that management have to deal with in attending- to say the AG investigation and all that, I think probably that's why we couldn't commence.*

**Tuan Tony Pua Kiam Wee:** *What did the Board tell you?*

**Encik Ng Yee Hong:** *The Board is agreeable.*

**Encik Tan Theng Hooi:** *Agreeable.*

**Tuan Tony Pua Kiam Wee:** *No, and what did the management tell you?*

**Encik Ng Yee Hong:** *Management is agreeable as well. It just that...*

**Encik Tan Theng Hooi:** *They can't handle two big teams. We were told about that. That's the honest answer. So between us and AG they gave, of course priority to AG.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Looks like now in terms of your audit program schedule, your audit schedule now, when you think that you will be finish on this?*

**Encik Tan Theng Hooi:** *Based on when we started, I think we actually do a lot of work. I think when AG saw the number of files we have for two years I think you'll be quite surprise. We do a lot of work. We actually extended the scope of our work. We don't take confirmation as it is. We go and look at third party documents collected directly from them, and this takes much more time than a normal one lah. We don't take a confirmation that comes through mail and all these thing, okay. Even if representation and all that, we would ask for a face-to-face meeting with third parties. If they are not free, we will go and see them. That's what we do, and this is beyond what a normal audit is, but it is our responsibility to ensure all these things are been checked and double checked so that we can conclude.*

*So we will take much longer than a normal audit. I can't tell you when it will complete. We will not sign it off until we have got all the things that we asked for, or if it's not forthcoming, then we will put it in our report.*

**Tuan Tony Pua Kiam Wee:** *Okay, going back to some the earlier questions. Apology...*

**Dato' Abd. Aziz Sheikh Fadzir:** *Can I just, before Yang Berhormat Petaling Jaya Utara- I just, so that I want to go on stage with Yang Berhormat Petaling Jaya Utara tomorrow night. Can I get your confirmation? You actually... [Ketawa]*

**Tuan William Leong Jee Keen:** *You sure you'll turn up?*

**Dato' Abd. Aziz Sheikh Fadzir:** *[Ketawa] I just wanted to confirm because you know a lot of people are saying this USD2.3 Billion is not there. So you are telling us today that you have sighted the documents, you have seen the money, USD2.3 billion is actually invested safely, guaranteed, the capital and all those money are all remain intact. So can I get "Yes" or "No" pun jadilah...*

**Encik Tan Theng Hooi:** *Sir, I already told you, now you put words into my mouth I would not answer "Yes" or "No". Ya. I think I will give you a fair answer. You made the judgement on all the answers we've answered. You made the judgement from the accounts where we have signed off, you know some will say what you want to say, some saying no. I- it is the judgement. I will respect that.*

**Dato' Abd. Aziz Sheikh Fadzir:** *I am sorry. You a bit emotional but I want to pursue the question.*

**Tuan Tony Pua Kiam Wee:** *Maybe Yang Berhormat Kulim can breakdown the questions.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Okay.*

**Tuan Tony Pua Kiam Wee:** *So that, it won't be yes for the whole package.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Question... [Ketawa] Question number one, question number one. I am learning from Yang Berhormat Petaling Jaya Utara. Question number one, so you saw the USD1.1 something billion...*

**Encik Tan Theng Hooi:** *Yes we did.*

**Dato' Abd. Aziz Sheikh Fadzir:** *You did.*

**Encik Tan Theng Hooi:** *We saw it with and from the bank records.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Okay. So you confirm the money was there redeemed into the accounts and utilized, and you will give us the utilizations. When the next, when you are ready in the next one?*

**Encik Tan Theng Hooi:** *For me, the very best to get that from the management because they have all the records.*

**Tuan Tony Pua Kiam Wee:** *That's one thing. We also want to compare, what they gave you and what they show us later. I think that's fair for us to...*

**Encik Tan Theng Hooi:** *Okay, agree. Okay you will get that.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Because coming from management, Yang Berhormat Petaling Jaya Utara will note- we need it come from you.*

**Encik Tan Theng Hooi:** *Thank you Sir.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Okay that's one. Second one is, you know the USD1.2 billion, the balance of the money?*

**Encik Tan Theng Hooi:** *USD1.1.*

**Dato' Abd. Aziz Sheikh Fadzir:** *USD1.1 billion- 1.1 billion also safely held there until redeemed recently?*

**Encik Tan Theng Hooi:** *We have not done work on that. We have only received representation from management, and management representation for us to take it as this has to back up by what we do. We have not done work on that.*

**Tuan Tony Pua Kiam Wee:** *No. I think for the previous year you did say, I think Mr. Ng did say that you have seen the Bank Statements on those assets. So assuming you locked away USD2.2. The assumption is there is a balance of USD1.1 lah or true as you said...*

**Encik Tan Theng Hooi:** *USD1.1 as we told you is guaranteed by Aabar lah. I think question here is, how good is Aabar's guarantee? To us Aabar subsidiary of IPIC double 'A' rating- they have 60 over billion in USD dollar in assets, so we take that as a good guarantee.*

**Tuan Tony Pua Kiam Wee:** *Okay, relating to Aabar- just to confirm what you mentioned just now, just to be clear, so that there won't be dispute later on what was it, what was not, it is your professional audit opinion that under our existing Audit Act or the Accountants Act you do not need to disclose the guarantee in the books?*

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**Encik Tan Theng Hooi:** *Yes, I've challenged them. My people tell me, yes it is not a statutory requirement to disclose that.*

**Tuan Tony Pua Kiam Wee:** *Basically, the auditors...*

**Encik Tan Theng Hooi:** *I stand to be corrected. I tell you face-to-face now.*

**Tuan Tony Pua Kiam Wee:** *That's fine. That's fine. I'm just getting the confirmation. So it is basically, Deloitte decided don't have to put in.*

**Encik Tan Theng Hooi:** *No. No. Not Deloitte decided. In things that we want to put in. We will encourage management to disclose. In fact, the 170 over pages- a lot of the disclosure were encourage by us. Our jobs to ensure that a minimum disclosure which is statutory required or required by accounting standard must be disclosed, have to be disclosed.*

**Tuan Tony Pua Kiam Wee:** *Okey, then in that case, my questions was, did you advised that it is preferred if the management disclose that fund guaranteed by Aabar?*

**Encik Tan Theng Hooi:** *We. I can't.*

**Tuan Tony Pua Kiam Wee:** *I mean it is okay because...*

**Encik Tan Theng Hooi:** *No. I can't recall that. Our jobs is to tell them to disclose everything, so that the uses of the financial statements can have a good understanding which we have done, and you have use it. I mean so much of it [Ketawa]*

**Tuan Tony Pua Kiam Wee:** *[Ketawa] So I can go to the management now, and ask them, why they didn't disclose that portion, even though the auditors advised for maximum disclosure?*

**Encik Tan Theng Hooi:** *That is your privilege.*

**Tuan Tony Pua Kiam Wee:** *Okay. I'm going back to the- just missing gap earlier. The Minutes with the KPMG there were items that of concern perhaps I will raise. If you can't remember them now.*

**Encik Tan Theng Hooi:** *We have it.*

**Tuan Tony Pua Kiam Wee:** *You have it right.*

**Encik Tan Theng Hooi:** *Ya. We will...*

**Tuan Tony Pua Kiam Wee:** *You can provide us with a copy later.*

**Encik Tan Theng Hooi:** *Okay.*

**Tuan Tony Pua Kiam Wee:** *Going back to the investment amount. I think Mr. Ng Yee Hong mentioned just now that you don't really know the size of the fund. Although, I do remember I can't find the site now, perhaps the site have been also erased. The size of the fund was actually stated in Bridge Capital partners' website. The size of the funds coincidentally was the same as the size of investment by 1MDB. So, did Deloitte ask the Fund Manager as to what was the size of fund that 1MDB invested in?*

**Encik Tan Theng Hooi:** *I don't know at which point of time you look at.*

**Tuan Tony Pua Kiam Wee:** *Which is in 2013. I mean that will be in 2014 account.*

**Encik Tan Theng Hooi:** *Reason of course we did all this work. Reason being that it was a new fund and I believe in good faith, that fund actually grew more than what our client invested.*

**Tuan Tony Pua Kiam Wee:** *So, normally when we invest in a unit trust for example, we invest let say RM1 million.*

**Encik Tan Theng Hooi:** *No. No. I can't answer that on meeting.*

**Tuan Tony Pua Kiam Wee:** *No. No I just giving an example. Just to give you an idea what I'm asking. If I invest in a fund RM1 million, I'll usually have a prospectus telling me that this fund sizes RM10 million, you know? Is there any such documents telling us about that particular fund given to the auditors or the auditors cited or ask requested for?*

**Encik Ng Yee Hong:** *We have obtained and recited to the information memo of the fund. We have asked and we have obtained confirmation from the Fund Manager as to whether they are other participant in the fund and whether any these participant are related to Government of Malaysia. So, the answer is no. So, there are other investors, but there are no related parties in the fund.*

**Tuan Tony Pua Kiam Wee:** *No. My question was. What was the size of the fund that they have received to invest? That normally is disclosed by most investment houses.*

**Encik Ng Yee Hong:** *It's wasn't there. It's wasn't there in the info memo that was given.*

**Tuan Tony Pua Kiam Wee:** *Can we have the copy of the info memo? Ya.*

**Encik Tan Theng Hooi:** *It is best Yang Berhormat PJU, you get from them. It is my client document, very frankly it is not our policy globally in Deloitte to take copies of document. It is because then, you know you got to archive it. We take, we look at it and we documented the work we do. If you want it we go back again. It is with our client.*

**Tuan Tony Pua Kiam Wee:** *Ya. I understand that facts. If you have it we would like to have a copy.*

**Encik Tan Theng Hooi:** *Okay. Sure.*

**Tuan Tony Pua Kiam Wee:** *If you don't have it, we understand.*

**Encik Tan Theng Hooi:** *We will extend the cooperation to you.*

**Tuan Tony Pua Kiam Wee:** *Ya, that is...*

**Encik Tan Theng Hooi:** *We do extra work for you and find whether we have that.*

**Tuan Tony Pua Kiam Wee:** *No. If you don't have that then that's fine. If you have it, we would like to have a copy.*

**Encik Ng Yee Hong:** *Ya. So, let us check maybe you know- can give us a list of the document that...*

**Tuan Tony Pua Kiam Wee:** *Sure. You note as we speak and after this we do a summary.*

**Dato' Abd. Aziz Sheikh Fadzir:** *On the same one. In year 2013, and year 2014, how much have you recognized the dividen or the interest from this USD2.3 billion investment that came to the book? Recognized in the book.*

**Encik Tan Theng Hooi:** *We don't have it of our finger tips. We will give that to you.*

**Dato' Abd. Aziz Sheikh Fadzir:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tuan Tony Pua Kiam Wee:** *Page 92. For year 2013, it says it declared USD133 million.*

**Dato' Abd. Aziz Sheikh Fadzir:** *[Bercakap tanpa menggunakan pembesar suara]*

**Encik Ng Yee Hong:** *Total amount of USD133 million, we received in September 2014.*

**Tuan Tony Pua Kiam Wee:** *Year 2013. Anything else besides this?*

**Dato' Abd. Aziz Sheikh Fadzir:** *Million dollars.*

**Encik Ng Yee Hong:** *Can we check and confirm?*

**Dato' Abd. Aziz Sheikh Fadzir:** *Can you check this USD2.3 billion would actually attract or give us what is the investment returns, and was it recorded in the last few years?*

**Encik Ng Yee Hong:** *We will check on that.*

**Tuan Tony Pua Kiam Wee:** *Okay. The level three assets comprises of two portions. One is the item that we have talked about a far bit the Cayman's invest the USD7.2 billion amount. There's another level three assets worth about USD4.9 to USD5 billion, where is that? That is under the Global Investment Limited. What exactly is that?*

**Encik Ng Yee Hong:** *This amount consists of five separate investments and five different funds and the custodian bank again as we mentioned earlier is the BSI Lugano in Switzerland.*

**Tuan Tony Pua Kiam Wee:** *Those five under BSI Lugano?*

**Encik Ng Yee Hong:** *Yes.*

**Tuan Tony Pua Kiam Wee:** *Is there a Fund Manager?*

**Encik Ng Yee Hong:** *Yes.*

**Tuan Tony Pua Kiam Wee:** *Who is the Fund Manager?*

**Encik Ng Yee Hong:** *There are managed by different fund managers.*

**Tuan Tony Pua Kiam Wee:** *Who are they?*

**Encik Ng Yee Hong:** *We have DBS Bank, Hong Kong.*

**Tuan Tony Pua Kiam Wee:** *Perhaps the breakdown in value.*

**Encik Ng Yee Hong:** *Yes, probably we can give you the breakdown of the funds with the Fund Manager or you can just put it on records here. DBS Bank Limited Hong Kong, Amicorp Fund Services, Orangefield Fund Services, Manulife Trust Limited and Amicorp Fund Services again. So, two funds under Amicorp Funds.*

**Tuan Tony Pua Kiam Wee:** *Amicorp?*

**Encik Ng Yee Hong:** *Amicorp.*

**Tuan Tony Pua Kiam Wee:** *A-M*

**Encik Ng Yee Hong:** *A-M-I-C-O-R-P.*

**Tuan Tony Pua Kiam Wee:** *The value to each fund?*

**Encik Ng Yee Hong:** *Okay. I will give you the name of the fund as well. Devonshire Fund, this is USD580 million; Universal Ventures Fund, USD272 million; Accession Multi Strategy Fund, USD130 million; Progress Investment Limited, USD273 million; and Lambasa Global Opportunity, USD311 million.*

**Tuan Pengerusi:** *Thank you for giving us the information because none of those assets management companies are known to us.*

**Tuan Tony Pua Kiam Wee:** *Let me, can I understand the structure? So, you have got BSI as the custodian bank. You have got the bank, the fund managers DBS, Orange, Manu- something, and Amicorp. Then you have the fund names under each of this. Is that correct?*

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**Encik Tan Theng Hooi:** *Yang Berhormat, let the management in, and explain all these details and all that.*

**Tuan Pengerusi:** *The reason why we are asking from you is this, because you have got to verify these investments whether they are at fair value. It is accounting principles, right? So, that's why we want to ask you also whether you actually did your work on this. That's all.*

**Encik Ng Yee Hong:** *So, to response to that, what we did in addition to getting the Bank Statement, look at Bank Statement, getting the bank's confirmation directly from the bank in Switzerland, we were physically there to talk to the chairman and CEO as well. For your information, I think BSI is a private bank in Switzerland, that one of the larger one with close to 2,000 employees. We were there to obtain the confirmation, we didn't stop there, we requested to talk to the fund administrators and to understand their competence and to understand what methodology that was used and to understand what the underline assets that they are valuing. So, we done that and we also obtained a valuation statement from the fund administrators which matches the amount shown in the bank confirmation.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Tenure for all these investments?*

**Encik Ng Yee Hong:** *I'm sorry.*

**Dato' Abd. Aziz Sheikh Fadzir:** *The tenure, what is the maturity....*

**Encik Ng Yee Hong:** *All these are redeemable...*

**Dato' Abd. Aziz Sheikh Fadzir:** *Short term?*

**Encik Ng Yee Hong:** *Yes.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Oh, short term!*

**Tuan Tony Pua Kiam Wee:** *I assumed you did the same work that you did for the Bridge Capital Fund, that is to understand the info memo and the other investors, the fund size that owing that, were this like Bridge Capital, or were there more- perhaps, established new...*

**Encik Tan Theng Hooi:** *Our conclusion is that, they were much more established, we did a search and some...*

**Encik Ng Yee Hong:** *Some goes back to 1993...*

**Encik Tan Theng Hooi:** *There were public listed companies, outside of Malaysia that actually invest in South East funds.*

**Tuan Tony Pua Kiam Wee:** *Are these investments encumbered to any parties?*

**Encik Ng Yee Hong:** *Not that we are aware of.*

**Tuan Tony Pua Kiam Wee:** *...Because there were a lot of names that we didn't know the spelling. So, later if you can just give us a sheet of the names and the figures, so that will be nice.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Based on the earlier investment on this global fund, was USD1.5 billion in your last account, what was the value? Take at USD1.5 billion.*

**Encik Ng Yee Hong:** *Just...*

**Dato' Abd. Aziz Sheikh Fadzir:** *The value increased or has gone down?*

**Encik Ng Yee Hong:** *The fair value is the amount as reported in the accounts.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Call USD1.5 billion is part of the USD3 billion bond raised meant for TRX. Were you concerned, when?*



*When they did the bond raising, seemed to be for the development of TRX but part of that was actually meant or taken out for overseas investments, were you aware of that?*

**Encik Ng Yee Hong:** *The funds were raised close to the financial year end 31<sup>st</sup> March 2013. As stated in the accounts. It is a year mark for the development in TRX, for the purposes of a joint venture with Abu Dhabi. So because the joint venture were not finalized, it's just a few days to financial year end, it was recorded as such as cash as well as funds as of 31<sup>st</sup> March 2013. When we do the audit for 31<sup>st</sup> March 2014, as disclosed in the account, a portion of the funds were used to operational purposes. We have looked at the bond documentation to see whether there were any restriction of use and we have not noted any.*

**Tuan Tony Pua Kiam Wee:** *In the bond documentation that I'm aware of, there was the intended use....*

**Encik Ng Yee Hong:** *Correct.*

**Tuan Tony Pua Kiam Wee:** *...Which was basically 100% to be used for joint investment together with Aabar in the 50:50 joint venture. And the specific project that was sighted was TRX. Given that there was a change of use, although there is no restriction of use, there is change of use. Did you all verify if the Board of Trustees were perhaps, notified or informed on this particular change? Trustees of the Board.*

**Encik Ng Yee Hong:** *No, we didn't because the first thing we went through was to see whether they are allowed to use it for any other purposes, and there was no restriction as we go through the Bond documentation.*

**Tuan Tony Pua Kiam Wee:** *So, there is no requirement to inform the Board on...*

**Encik Ng Yee Hong:** *We will have to look at the details of the agreement to see whether there is a need to report on...*

**Tuan Pengerusi:** *I don't know. The few principles of account that I've picked up, prudence. To me, we have different opinion on your application of prudence here. I was talking just now about going concern, different opinion.*

*Now, matching. Seems that the company doesn't really have constant cashflow coming in and it is constantly raising money, and then using that money for operational purposes of all other things, does it, wouldn't it concern you that management is not practicing matching assets and liabilities?*

**Encik Tan Theng Hooi:** *Sir, I can't answer this on behalf of management. We... No, I think we have the right understanding of our responsibilities. We have- as a byproduct of our roles and responsibilities that we decide that each to audit the financial management prepared by account. We gave several recommendation points to management, which we would like to share with you.*

**Tuan Pengerusi:** *Can ask them back why they didn't follow your recommendations?*

**Encik Tan Theng Hooi:** *We recommended that they set up an Investment Committee with very structured Investment Committee, with fresh refunction because of high exposure to foreign currency.*

**Dato' Abd. Aziz Sheikh Fadzir:** *One now?*

**Encik Tan Theng Hooi:** *They do, they say that the Board and all that...*

**Dato' Abd. Aziz Sheikh Fadzir:** *...Structure, just...*

**Encik Tan Theng Hooi:** *...The structured, so that investments are graded as to one level of risk, what sort of return that is expected they want, so on so forth.*

**Tuan Pengerusi:** *No due process, that's mean it's just table to the Board.*

**Encik Tan Theng Hooi:** *No, so that it's structured, that and therefore management, shareholder and Board has to agree on level of risk, level of return, so on so forth. Then investment straight it in.*

*And then, we also recommended to the Board that they should be managing concentration of financial risk. Concentration of financial risk like dealing with big sum of money with just one bank. If the bank goes under that's risk or having substantial transaction with one particular party, exposed to a single account risk, so we have actually give risk recommendations, in addition to that of course, we asked them to institute electronic data lost prevention... [Disampuk] Sorry.*

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**Tuan Pengerusi:** *It is true- that the server got wiped out?*

**Encik Tan Theng Hooi:** *No, I don't know about that part. And then we also ask them to integrate a Financial Reporting System having purchase different businesses and all that. We go on to also ask them to address the issue of high cost of borrowing as being mentioned in press in other medias and to consider tendering or bidding process for future borrowings. Okay.*

**Tuan Tony Pua Kiam Wee:** *Can I just seeks little clarification on the high cost of borrowing?*

**Encik Tan Theng Hooi:** *We are not in the position to say whether the cost is high or low.*

**Tuan Tony Pua Kiam Wee:** *You just...*

**Encik Tan Theng Hooi:** *No. I'm saying that from the press you know, the feedback from the press saying that and then to address that you do the tender process. I'm not saying that theirs is high or low. We are not in a position. Our job is to see that it is fully disclosed in an accountant floor. That must be understood okay.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Process has been done?*

**Encik Tan Theng Hooi:** *Okay. Of course we also ask them to look at the impact of the IPO and all the transaction surrounding the IPOs from options, used, utilization and funds and so on. We also ask them to look at periodic reporting of investment performance to facilitate monitoring and shifting of investment as and when necessary.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Is a recommendation made...*

**Encik Tan Theng Hooi:** *The first four right up to integration of financial management was make in 20 after we complete in year 2013 audit, and the rest after when we complete 2014 only.*

**Tuan Pengerusi:** *Is it a form of management letter?*

**Encik Tan Theng Hooi:** *It is not a letter. It is a management point which we presented to the Board in person.*

**Tuan Pengerusi:** *You present to the Board. So the Board is aware of this?*

**Encik Tan Theng Hooi:** Yes.

**Dato' Abd. Aziz Sheikh Fadzir:** *[Bercakap tanpa menggunakan pembesar suara]*

**Encik Tan Theng Hooi:** *We haven't got back to start the audit and see you know but there were very receptive and were quite please that we raised this point for management follow up.*

**Tuan Pengerusi:** *You mean the great Tan Sri on the Board did not notice this? [Ketawa]*

**Encik Tan Theng Hooi:** *No you asks them, not me.*

**Tuan Pengerusi:** *Managing Tabung Haji or LTAT did not notice these weaknesses? Oh wow! Anyway did you raise the issue about their lack of operating cashflow?*

**Encik Tan Theng Hooi:** *We did.*

**Tuan Pengerusi:** *Because you knows as far as I'm seeing here 69 million against 2.3 billion.*

**Encik Tan Theng Hooi:** *We did. Of course we did. We asked them that the issue, work out the cashflow. We were very concern because the only asset generating revenue was the power plant. The rest were not as liquid and not generating income because you know the plans to put up TRX and Bandar Malaysia was...*

**Tuan Pengerusi:** *There assets from the power plan, is it as a subsidiary or as part of the holding company?*

**Encik Tan Theng Hooi:** *Subsidiary.*

**Tuan Pengerusi:** *So how do they using that money to pay?*

**Encik Tan Theng Hooi:** *No it dividend up if they...*

**Tuan Pengerusi:** *Dividend up, 100% dividend?*

**Encik Tan Theng Hooi:** *No...*

**Tuan Pengerusi:** *[Ketawa] No, because this is why...*

**Encik Tan Theng Hooi:** *I'm not committing on that.*

**Tuan Pengerusi:** *This is why I raised issue about going concern because usually you look at the operating income against your obligation to USD69 million against USD2.3 billion annual interest cost that audit shows you the going concern is at fault. I'm not blaming you in that sense. Alright. I'm just saying that this was the issue that really open my eyes to the accounts was table to- was audited by you.*

**Encik Tan Theng Hooi:** *Yes Sir. I still say the same thing that we look at the liquid assets, you cannot conclude that going concern is suspected.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Knowing the issue...*

**Encik Tan Theng Hooi:** *Here if they have plan is management. If they have plan all these knowing that it takes time to liquid some of these assets and all, then you know.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Sorry sir, the liquid assets is also came from the borrowed money. You know it's not like...*

**Tuan Pengerusi:** *Recycle the money.*

**Encik Tan Theng Hooi:** *That is are big surplus of net current assets. If the current surplus is very thin, of course you know the reflection is up, and all that. But the surplus is quite substantial.*

**Tuan Pengerusi:** *As a mode point in your 2015 Audit, I think you have to basically acknowledge.*

**Encik Tan Theng Hooi:** *Sure we looks out on these issues.*

**Tuan Pengerusi:** *...Because after the sub post subsequent events you know that they rely on government to come in and saving it. And another thing I want to raise is about the total equity, share capital plus reserve, plus non-controlling investment is only at RM2.4 billion against total liability of RM49 billion. That is a very ridiculous gearing ratio. You know, that's shows that the company is very under funded in terms of...*

**Encik Tan Theng Hooi:** *Thinly capitalized.*

**Tuan Pengerusi:** *Ya, not only thinly which is like you don't have a capital. If one default happen then everybody calls in on the loan, you can only pay RM2 billion. RM47billion you can't pay because the gearing is ridiculous high. So these are the points that I raised. Dato' Malik Imtiaz, when I wrote that article in The Star, these are the points I rose which are very glaring to me. Yes- it is my personal opinion but it was also something that any answers to. Today if you say that you know you have relate to management all these issues you know that you highlighted to them, and therefore you have discharged your responsibilities in responsible manner, I'm okay. I'm not angry at you.*

**Encik Tan Theng Hooi:** *Thank you Sir. You say something nice about us.*

**Tuan Pengerusi:** *[Ketawa] No is just that the Prime Minister relies on your judgment, relies on your accounts so that's why it causes us...*

**Encik Tan Theng Hooi:** *In my opinion- have done a very thorough job, professionally done without fear and favor. We have done so much that all of you picked up from our account, and ask the question. That's the way should be.*

**Tuan Pengerusi:** *[Ketawa] Okay.*

**Encik Tan Theng Hooi:** *But don't, you know- we are the messenger at that sense that send the message that this is the...*

**Tuan Pengerusi:** *Okay, okay I'm an accountant like you. I understand. Don't worry [Ketawa]*

**Tuan William Leong Jee Keen:** *Yes I think I like to get more message from you. Can you take a look at your year 2013 accounts, page 58, and item 4 on critical accounting judgments key sources of estimation uncertainty? For the record, can you explain to us why it was necessary to put in the account that you feel that there was resources of uncertainty and the judgment of the Board?*

**Encik Tan Theng Hooi:** *It is a standard paying in...*

**Tuan William Leong Jee Keen:** *Yes especially 4.1 (i) on the SPC.*

**Encik Ng Yee Hong:** *It's a requirement of the standard to disclose. Sorry. It's a standard requirement of the standard disclose what are the critical judgments that management have used in applying the groups accounts policies. So we have listed down the area where you know significant judgment has been made.*

**Tuan Pengerusi:** *I need to ask you another question if you still okay?*

**Encik Tan Theng Hooi:** *Sorry.*

**Tuan Pengerusi:** *I want to ask another question if you still okay?*

**Encik Tan Theng Hooi:** *Ya.*

**Tuan Pengerusi:** *You need a break?*

**Encik Tan Theng Hooi:** *No, we don't need carry on.*

**Tuan Pengerusi:** *[Ketawa] Okay. Now you have are share capital reserve of RM2.4 billion right. How was that derived? Was it derived...*

**Encik Tan Theng Hooi:** *Okay you knows very well that there revalue the land.*

**Tuan Pengerusi:** *Ya.*

**Encik Tan Theng Hooi:** *Of course we, ourselves challenge that but it is below under the accounting standard.*

**Tuan Pengerusi:** *Depends, because at the end of the day like I said, according to the matching principle, capital is cash usually not through revaluation... Let me just finish it. So now the revaluation of RM5 billion on the TRX and Bandar Malaysia Land is carry at RM7.1 billion today in the book in 2014, right? After taking in RM897 million revaluation in 2014, and RM2.7 billion in 2013, and then RM570 million in 2012, and RM827 million in 2011, the next question will be, are these land is under investment category or understock? It is because 1MDB has announce that they have sold the part of the TRX land to the land lease. So, now it's shouldn't be investment property anymore.*

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**Encik Tan Theng Hooi:** *We have communicated to them to the Board Meeting in February that it will not be possible to continue carrying this asset as investment. They has to go inventory because they has started by identified purchases and on that time was land lease.*

**Tuan Tony Pua Kiam Wee:** *Can you perhaps explain to the PAC the concept of stock verses the investment.*

**Encik Tan Theng Hooi:** *Investment?*

**Encik Cheong Thoong Farn:** *Now land it is a real estate. So for as a properties developer we can also be inventory because they develop on it and eventually they sell the property that they have develop. So, for accounting purposes, if this happen within the operating cycle- I am getting a little bit technical, then it would be inventory for accounting purposes.*

*Now, if the land has not been develop, and there is no specific plan on it, and MFRS 140 on investment property clearly indicated that this will be recovered through capital appreciation, therefore it will be classified as investment property.*

**Tuan Tony Pua Kiam Wee:** *Basically investment property revaluation is allowed, and assuming nothing is done on that property, inventory is when work is been done on that property, then you need to take the purchase value or whatever last none value of that particular property.*

**Encik Tan Theng Hooi:** *We called it cost.*

**Tuan Tony Pua Kiam Wee:** *The cost.*

**Encik Tan Theng Hooi:** *The last revalued.*

**Tuan Tony Pua Kiam Wee:** *Last revalued.*

**Encik Tan Theng Hooi:** *Carry in the book.*

**Tuan Tony Pua Kiam Wee:** *Carry in the book. My question is then, the properties were taken as investment assets over the last few years, KPMG to Deloitte, their all investment asset. But we all know that there were many plans and announce plans for these two pieces of land, that number one.*

*And number two, we also know that work has been carry out not much in TRX land. For example you go to the piece of land, you see- we called it piling that is taken place. And this thing has taken place over the past one and a half years. So, given that work have some what started on these pieces of land, why would they still didn't investment assets?*

**Encik Ng Yee Hong:** *I think the assessment we made was at the point of the balance sheet date. So as after refers March 2014, it is in investment property or it is on inventory.*

**Tuan Tony Pua Kiam Wee:** *That is right.*

**Encik Ng Yee Hong:** *So, the latest set of account which is in 21<sup>st</sup> March 2014 at that date they wasn't any finalize blueprint for TRX. So, they were still deciding what to do with it although you have this project call "TRX", but they were undecided what to do in terms of, are we gone be the master developer, what portion are we gone have JV with what parties? So, you know that wasn't really concrete plans. But...*

**Tuan Tony Pua Kiam Wee:** *But you know that the intention was to develop?*

**Encik Ng Yee Hong:** *Yup.*

**Tuan Tony Pua Kiam Wee:** *Internally. So, it was not investment, so what that classification justified?*

**Encik Tan Theng Hooi:** *The attention was to hold for investment as well as sell some. We have been told. So they have not demarcated which one to hold, how much to hold and therefor for time being until they chose which part has to sell is not in the plan to convert them to inventory.*

**Tuan Tony Pua Kiam Wee:** *How do you take into account the fact that the piling works and stuff were have ready started for a while.*

**Encik Tan Theng Hooi:** *Even if you hold it for investment, it does not- it does allow you to build your own infrastructure. You can renovate your house right?*

**Dato' Abd. Aziz Sheikh Fadzir:** *Maybe in next Board I think next year you were definitely classified...*

**Encik Tan Theng Hooi:** *Yes, suddenly we have retold them because you have already demarcated certain lost, and you can no longer for whatever reason, you can no longer called it investment. That the whole parcel probably were go all as inventory.*

**Tuan Tony Pua Kiam Wee:** *Two related question. One is how were the evaluation arrived that? How did the auditors receive comfort on the valuation that is put on the books? Number one.*

Number two. I am a little bit confused. This a bit technical on the valuation that stated in the holding company verses the respective valuation of the asset in the subsidiaries companies. In the holding company, you have the Penang asset, you have the TRX, you have Bandar Malaysia adding up to a proximally RM7 billion in real estate. That is in page 78. But if I go to respective subsidiary account, I would find that the TRX land is valued higher at 2.7 and the Bandar Malaysia at 4.3, totaling 7. So, I am not sure, just explain to me how that calculation works.

**Mr. Mark Thomson [Partner, Deloitte Malaysia]:** Hello my name is Mark Thomson. Just to clarified on that different. Past of the investment plan fold, I think it the land pertaining to the military land. There is an obligation that is being into a commitment by 1MDB proximally 1.6 billion. The obligation is recorded that the 1MDB level, not at subsidiary level. So, that is why they will be that difference.

**Tuan Pengerusi:** Do you understand? [Ketawa]

**Tuan Tony Pua Kiam Wee:** The 1.6 is on the value of the land or the commitment to relocate?

**Mr. Mark Thomson:** It is the commitment to relocate the facilities on that land and readiness for it to be converted into the new development.

**Tuan Tony Pua Kiam Wee:** The commitment would have been 2.7 billion. Not 1.6. 1.6 will be the cost of the land.

**Dato' Abd. Aziz bin Sheikh Fadzir:** [Bercakap tanpa menggunakan pembesar suara]

**Tuan Tony Pua Kiam Wee:** So, 1.6 is the cost of the Sungai Besi land. I am just trying to get the figures right.

**Mr. Mark Thomson:** We would clarify what the actual figure is for the obligation.

**Tuan Tony Pua Kiam Wee:** Okay, when I look at the valuation of the land, which number should I look at?

**Encik Ng Yee Hong:** I think as far as a group number are concern that's true for the growth. I believe one of the reason for the difference is because a parcel of the land was transferred from the subsidiary to the holding co. So, that probably explain why you know, when you record that is some differences there because of the transfer. But we can find out the details and share it with you.

**Tuan Tony Pua Kiam Wee:** No, my issue is some of the subsidiaries is higher than a group.

**Encik Ng Yee Hong:** Yup.

**Tuan Tony Pua Kiam Wee:** And how does that transfer to the group level reduced?

**Encik Ng Yee Hong:** I think because that was some expenses and all that during the transfer. So, that was small difference as you explain. But if you want to look at what is the value of the land to the group, then a group accounts is the one that assuring a true amount base on the valuation report. But I need to get back to you on a difference...

**Tuan Tony Pua Kiam Wee:** ...Because that was transfer the subsidiary. That is no transferred to the group.

**Encik Ng Yee Hong:** Sorry, that a way round.

**Tuan Tony Pua Kiam Wee:** *So, if transfer to subsidiary, so it can free at the higher price and it is recorded in the subsidiary at that higher price and is recoded as asset at that higher price but once is consolidated, the numbers shrink. If you can explain that later for me. I couldn't figure it out.*

**Encik Ng Yee Hong:** *We need to check the consolidation entries.*

■1400

**Tuan Pengerusi:** *I think the...*

**Tuan Tony Pua Kiam Wee:** *The first question, the first question. How do you arrive at valuation and be comfortable with that particular valuation?*

**Encik Tan Theng Hooi:** *I address the Penang land first. Okay?*

**Tuan Pengerusi:** *Because now 1MDB is totally relying on the valuation to support the capital.*

**Encik Tan Theng Hooi:** *On general, we ask for two valuation reports. We ask two valuation reports from established well known valuers.*

**Tuan Pengerusi:** *Who? Who?*

**Encik Tan Theng Hooi:** *The valuers are Raine & Horne, CH Williams.*

**Tuan Pengerusi:** *You use...*

**Tuan Tony Pua Kiam Wee:** *[Bercakap tanpa menggunakan pembesar suara]*

**Encik Tan Theng Hooi:** *Ya, Penang Land.*

**Encik Ng Yee Hong:** *Yes.*

**Tuan Pengerusi:** *You use last time. Last what basis- last transacted price or...*

**Encik Ng Yee Hong:** *So I think both the valuers have come out with two values. One is with vacant possession, and one without vacant possession. There is a different between the two valuations. Primary because of the number of comparables that they used. So for example CH Williams- the value is RM1.3 billion without vacant possession, and with vacant possession is RM1.6 billion. As compare to Raine & Horne without vacant possession is RM1.9 billion, and with vacant possession is RM2.2 billion. The reason for the significant different between the two valuations is because of the number of comparable used, whereas Raine & Horne only use three recent transactions.*

*For CH Williams I believe, they used more than ten. So you know obviously for us, then we look at it and we decided is more conservative to use one with more comparables with a lower value.*

**Tuan Pengerusi:** *So use last transacted price?*

**Encik Ng Yee Hong:** *Yes.*

**Tuan Pengerusi:** *Vacant possession but without infra.*

**Encik Ng Yee Hong:** *Ya. Just without incumbences.*

**Tuan Pengerusi:** *Ya. If you compare a land with infra already in against this land, it would didn't be...*

**Encik Ng Yee Hong:** *No it just...*

**Tuan Tony Pua Kiam Wee:** *Vacant possession.*



**Encik Tan Theng Hooi:** *There is the different between vacant possession and not. And the different is RM300 million by both values.*

**Dato' Abd. Aziz Sheikh Fadzir:** Penang land.

**Encik Tan Theng Hooi:** Yes.

**Dato' Abd. Aziz Sheikh Fadzir:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tuan Pengerusi:** *For the Sungai Besi and TRX, all the same basis?*

**Encik Ng Yee Hong:** *Yes, we look at the valuation report.*

**Tuan Tony Pua Kiam Wee:** *So the TRX and the Sungai Besi Land you also got independent valuer to do the valuation? Multiple or single?*

**Encik Ng Yee Hong:** *I need to check on that one.*

**Tuan Tony Pua Kiam Wee:** *Okay.*

**Tuan Pengerusi:** *So you did not find it strange for them to revalue every year lah.*

**Encik Ng Yee Hong:** *I am sorry?*

**Tuan Pengerusi:** *You didn't find it strange for management to get the valuers to revalue the land every year for the TRX and Sungai Besi lah.*

**Encik Tan Theng Hooi:** *Sir we will not answer that lah.*

**Tuan Pengerusi:** *[Ketawa]*

**Dato' Abd. Aziz Sheikh Fadzir:** *But no, no. As an auditor, you must do that what? What I am saying- every year, every year you need to get the valuation?*

**Encik Tan Theng Hooi:** *We will follow accounting standards okay. Whatever it should be, we will follow accounting standard.*

**Dato' Abd. Aziz Sheikh Fadzir:** *I am trying to answer the Chairman is that, is not wrong to get the valuation done every year. Mr. Chairman.*

**Encik Ng Yee Hong:** *Its requirement actually for valuation to be done every year.*

**Tuan Tony Pua Kiam Wee:** *For investment.*

**Encik Ng Yee Hong:** *Investment properties, yes.*

**Tuan Tony Pua Kiam Wee:** *For investment properties.*

**Tuan Pengerusi:** *Let me just summarize this. If you are listed company Bursa and SC will tell you that is not a good practice. In this case since it is MoF...*

**Encik Tan Theng Hooi:** *Coming forward the investment property will be transferred to inventory.*

**Tuan Pengerusi:** *I know. You see the problem is, in this intermediary period, this is where all these issues come out. This is where I have difference opinion with you on the level of severity of the audit, severity of the audit opinion, audit risk. To me you more lenient than me. That's all [Ketawa]*

**Encik Tan Theng Hooi:** *No, I back with you. I think we have a team of partners on it and that we have regional partners existing and we got to get clearances. Not just three or four. It is done the way it should be without fear and favor, we are- but we don't blow whistle according to the crowd. We call it...*

**Tuan Pengerusi:** *It just the matters of interest.*

**Encik Tan Theng Hooi:** *We call it the way we see it.*

**Tuan Pengerusi:** *It just the matters of interest. How many more a government jobs like this have you got?*

**Encik Tan Theng Hooi:** *Sorry?*

**Tuan Pengerusi:** *How many more government audit jobs like this have you got?*

**Encik Tan Theng Hooi:** *On the record Deloitte does the least GLC's. We don't do much if any at all.*

**Tuan Pengerusi:** *Maybe that's why you bend over a bit?*

**Encik Tan Theng Hooi:** *Sorry?*

**Tuan Pengerusi:** *Maybe that's why you bend over a bit? [Ketawa]*

**Encik Tan Theng Hooi:** *No, no. I think can we sue it for saying that.*

**Tuan Pengerusi:** *[Ketawa]*

**Tuan Tony Pua Kiam Wee:** *That one I give yellow card to the Chairman?*

**Encik Tan Theng Hooi:** *Sir you- I think it's wrong of you as a Chairman to say that we bend over and do it. You don't say that for my brand. I think if you say it outside we banned all that. I think our lawyers will go after you, not the global lawyers you after. Sorry please don't do that.*

**Tuan Pengerusi:** *[Bercakap tanpa menggunakan pembesar suara]*

**Encik Tan Theng Hooi:** *Sir, you know, you know...*

**Tuan Tony Pua Kiam Wee:** *That one I give yellow card to my Chairman.*

**Encik Tan Theng Hooi:** *Okay, thank you.*

**Tuan Tony Pua Kiam Wee:** *Back to the first statement that you made just now. You mentioned that you actually challenged the management over the issue of the valuation. May I know what the challenge?*

**Encik Tan Theng Hooi:** *No. Challenge simply means that we always say you know, we challenge ourselves even to for that to make sure with that, we have 'combs' everything that no stone unturned and that whatever figure is there, is valid. That what I mean by challenge.*

**Tuan Pengerusi:** *Okay, any other questions?*

**Dato' Abd. Aziz Sheikh Fadzir:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tuan Pengerusi:** *Banyak lagi. It's already two o'clock. You want to leave it another day or what?*

**Tuan Tony Pua Kiam Wee:** *No, continue. I think we can continue.*

**Tuan Pengerusi:** *Okay, he want to continue not me ya? [Ketawa]*

**Tuan Tony Pua Kiam Wee:** *I think they prefer everything finish one time rather than coming back again. That was a loan of USD975 million in September 2014. Why wasn't it in the subsequent event in your audited report?*

**Encik Ng Yee Hong:** *It wasn't disclose to us. It wasn't in the accounts and you know.*

**Tuan Tony Pua Kiam Wee:** *No. The management never told you that they took additional USD975 million loan in their books.*

**Encik Ng Yee Hong:** *No.*

**Tuan Tony Pua Kiam Wee:** *Would that had met a difference? Had you known? And known what it was used for?*

**Encik Tan Theng Hooi:** *If there were new facts put before us and that if it has an impact on the financial statement, then we were part. We were can't speak on until...*

**Tuan Tony Pua Kiam Wee:** *I can understand the management didn't tell you. So that's why you have never been.*

**Encik Tan Theng Hooi:** *If there were information that were withheld, and this information are critical and it has an impact on financial statement then we have relook at...*

**Tuan Tony Pua Kiam Wee:** *Would the USD1 billion loan be significant and matter to the financial?*

**Encik Tan Theng Hooi:** *I can't answer that until all these is being put together. Because at the state of condition then and at...*

**Tuan Tony Pua Kiam Wee:** *What I am saying is USD1 billion loan material?*

**Encik Tan Theng Hooi:** *Yes it is.*

**Tuan Tony Pua Kiam Wee:** *And it has- there is a possibility that it can affect the way you look at the account.*

**Encik Tan Theng Hooi:** *I can't answer of a possibility.*

**Tuan Tony Pua Kiam Wee:** *That possibility lah.*

**Encik Tan Theng Hooi:** *Ya, I can't answer of possibility. Of course it can or may not.*

**Tuan Pengerusi:** *With this knowledge, would you still continue your audit? If the management is proven to be not above the Board with you. No need to answer [Ketawa]*

**Encik Tan Theng Hooi:** *Must I answer that? It's not related to...*

**Tuan Tony Pua Kiam Wee:** *So I mean that the purpose of me asking the question is not to blame you for this, because if you are not told, you are not told. But just to confirm that the management actually did not disclose this information to you.*

**Encik Ng Yee Hong:** *No, wasn't disclose in accounts.*

**Tuan Tony Pua Kiam Wee:** *It's very material. Okay.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Can I also just want to talk about one is not mention to you. The other one if you look at the history of borrowing and utilizing the money not according to the intentions of loans. For example they borrowed USD1.5 billion meant for Bandar Malaysia, doesn't think the money went to Bandar Malaysia because...*

**Tuan Tony Pua Kiam Wee:** *USD3 billion.*

**Dato' Abd. Aziz Sheikh Fadzir:** *No, the...*

**Tuan Tony Pua Kiam Wee:** *USD3 billion. For Bandar Malaysia- sorry.*

**Dato' Abd. Aziz Sheikh Fadzir:** *That's USD2.5 billion.*

**Tuan Tony Pua Kiam Wee:** *That the separate one, sorry.*

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**Dato' Abd. Aziz Sheikh Fadzir:** *That the separate one you know. This is out of USD2.5 billion, USD1.5 billion meant for Bandar Malaysia. They don't use that money. Just now you were saying 250 million so called, meant for redemption of option may not be used. Do you feel that this financial discipline is a very big issues in 1MDB when you do the auditing? Don't they have their own internal audit that work?*

**Encik Tan Theng Hooi:** *Well. Our job is to make sure all the transactions are disclosed in accordance of accounting standard, and based on our reports the shareholder and people like you all suppose question them, why and they have to answer.*

**Dato' Abd. Aziz Sheikh Fadzir:** *You do the auditing of the utilization which is part of the job.*

**Encik Tan Theng Hooi:** *No. If they have used the fund and if they were governance in the loan agreement that prevent them from doing certain things then is our duty to highlight it. If is not, then is not our responsibility to highlight how they use the funds.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Can I seek your favor when you do the next auditing to look at 2.5 billion, so called for Bandar Malaysia whether it use utilize according to the agreement that they have with the lenders. So, that we all don't get caught again.*

**Encik Tan Theng Hooi:** *I can't answer that. Are you giving me a new job?*

**Dato' Abd. Aziz Sheikh Fadzir:** *I'm asking you for a favor.*

*[Ahli-ahli berbincang sesama sendiri] [Pembesar suara dimatikan]*

**Tuan Tony Pua Kiam Wee:** *Page 172. Aabar options. So, we know that the USD250 million was raised but don't know whether was paid to Aabar to redeem the options. We know that there was separate amount USD1.2 billion that was received or redeem from Cayman substantially used the bulk of it was for Aabar options. There was also a settlement agreement dated 22<sup>nd</sup> of May. What was in this settlement agreement that you all saw.*

**Encik Ng Yee Hong:** *The Aabar options are options given to Aabar as a part of the epic guarantee given for the USD loans. So, in doing the submission to this Securities Commission for listing of the power asset, the working group together with lead bankers, and management when thru a series of consultation and discussion. Ana arising from that, I think because these options are 10 years option and they asked uncertainties around this because of 10 years options.*

*So, the decision was made to terminate the option. So that the IPO can move forward. As part of termination I think. That is why you have this settlement agreement where 1MDB and Aabar came to the agreement that looked we need to terminate and we need to come to a conclusion of what will be the amount. So, we have cited the settlement agreement and what was in there basically is that the amount whatever amount paid by 1MDB to Aabar to extinguish the options are refundable in nature. We extinguish the option first, you pay me this amount. Right, and we were confirm the final valuation upon IPO being successful because that when the final value of the listed asset will be known.*

So, that is why you know, there was certain amount being paid to Aabar to extinguish the options and it's refundable in nature.

**Tuan Tony Pua Kiam Wee:** Was that a formula to measure the valuation or how to value the compensation amount?

**Encik Ng Yee Hong:** No. It is.

**Encik Tan Theng Hooi:** There are valuation matters how to arrive and how much the options are. I think there are when you talk to this financial narrative specialize valuation there are.

**Tuan Tony Pua Kiam Wee:** No my question in the settlement agreement, was there a formula stated for the valuation.

**Encik Tan Theng Hooi:** No, that we are aware.

**Encik Ng Yee Hong:** It wasn't a definite formula. So both party will have to discuss and to agree on the final settlement amount filling which both party who have to engage their own valuation and to come out an average. Based on the final IPO valuation. Because the IPO is not...

**Tuan Tony Pua Kiam Wee:** But. No. What I'm saying is that there must be a formula that relates to the IPO valuation. So how is that formula calculate, what is that particular formula.

**Encik Ng Yee Hong:** Is a valuation.

**Tuan Tony Pua Kiam Wee:** To determine the final compensation.

**Encik Ng Yee Hong:** So, if both party can't reach an agreement. Then, 1MDB would have to engage their valuer to come out a valuation of what the company will be 10 years down the road. Because it is a 10 years option given out in 2012. So what will be the value enterprise value of the company in 2022 and then Aabar will do the same thing and they will discuss to come out with a- that's what...

**Tuan Tony Pua Kiam Wee:** My apologies for being a bit technical. Assuming in 10 years time the valuations of the IPO is let say USD20 billion. Today is 10, 10 years time is USD20. So does that mean that the option that 1MDB granted which is 49% of the two subsidiaries are the Power Tech as well as the Energy Langkat is 49%. Does that mean 1MDB will have to then pay 49% of USD20 billion to Aabar? Is that how the formula works? That's all I'm asking.

**Encik Ng Yee Hong:** So, the 49% of whatever value but for Aabar to because have to pay certain consideration for exercising the option so you have to net off.

**Tuan Tony Pua Kiam Wee:** Yes, this is what mend by formula- is there a fixed formula for that? I know the valuation 20 year time is in determined. That's mean 10 year time is USD20 billion or USD40 billion we don't know but there should be a formula X for the future value of the company. They should be 49% times, whatever minus whatever formula for the cost of exercise.

**Encik Ng Yee Hong:** Is not in the agreement.

**Tuan Tony Pua Kiam Wee:** So that option was granted without a cost that Aabar will have to pay in order to exercise this option?

**Encik Ng Yee Hong:** *The costs to exercise the option have been fixed. Pursuance to the options granted.*

**Tuan Tony Pua Kiam Wee:** *What was the cost?*

**Encik Ng Yee Hong:** *Correct me if I'm wrong. Is a USD600 million or something. I'll get back to you on that.*

**Encik Tan Theng Hooi:** *The best you check from management.*

**Encik Ng Yee Hong:** *But that is to exercise the option. But in so far terminating the option is concern, the value is to be determined based on mutual agreement upon the IPO being successful, because that is when they will know what will be the enterprise value and then they will project and bring to a discussion on the table what will be the value.*

**Tuan Tony Pua Kiam Wee:** *That's fine. So, to exercise their right on the option is a fixed investment? RM600 million?*

**Encik Ng Yee Hong:** *Is a fixed amount but the option no longer there because it is been terminated.*

**Tuan Tony Pua Kiam Wee:** *Correct. It was a fixed amount.*

**Encik Ng Yee Hong:** *Yes.*

**Tuan Tony Pua Kiam Wee:** *But of course, to calculate compensation you have to reflect the fixed amount that they have to pay. So, it wasn't a variable amount that was the cost of the option, is fixed amount- USD600 million.*

**Encik Ng Yee Hong:** *To exercise the option*

**Tuan Tony Pua Kiam Wee:** *Yes. The original option agreement.*

**Dato' Abd. Aziz Sheikh Fadzir:** *[Bercakap tanpa menggunakan pembesar suara]*

**Tuan Tony Pua Kiam Wee:** *Aabar needs to pay. Is that right?*

**Encik Ng Yee Hong:** *Let me get back to you on that.*

**Tuan Tony Pua Kiam Wee:** *Okay. That is fine.*

**Dato' Abd. Aziz Sheikh Fadzir:** *[Bercakap tanpa menggunakan pembesar suara]*

**Encik Ng Yee Hong:** *Is not determine it has not been determine and is refundable in nature.*

**Tuan Tony Pua Kiam Wee:** *Refundable only if there's and access...*

**Encik Tan Theng Hooi:** *Because the IPO has not taken.*

**Encik Ng Yee Hong:** *So, refundable as in if the IPO don't go thru then you know you just have to reinstate the 49% options to Aabar so they'll have to give you back.*

**Dato' Abd. Aziz Sheikh Fadzir:** *How much do you paid them to cancel the option, or deposited to them?*

**Encik Ng Yee Hong:** *What we've seen is the amount from the redemption is not the full USD1.2 billion. We need to give you the detail breakdown is somewhere along USD900 million to a billion. That's what we have seen but if you all asking whether there are additional amounts paid...*

**Tuan Pengerusi:** *From that USD1.2 billion.*

**Encik Ng Yee Hong:** *Sorry. US.*

**Tuan Pengerusi:** *The amount redeem was USD1.2 billion.*

**Encik Ng Yee Hong:** *Yes.*

**Tuan Pengerusi:** *Equivalent about RM4 billion*

**Encik Ng Yee Hong:** *Correct.*

**Tuan Pengerusi:** *And from that RM4 billion you estimate of about RM1 billion is the options to Aabar or is it..?*

**Encik Ng Yee Hong:** *USD900 million plus was a...*

**Tuan Pengerusi:** *USD 900 million.*

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**Encik Ng Yee Hong:** *USD900 million plus.*

**Tuan Tony Pua Kiam Wee:** *So, USD900 million was used for the option?*

**Encik Ng Yee Hong:** *That's part we have seen.*

**Dato' Abd. Aziz Sheikh Fadzir:** *Deposit, right?*

**Encik Ng Yee Hong:** *This is a refundable...*

**Dato' Abd. Aziz Sheikh Fadzir:** *Refundable deposit.*

**Tuan Tony Pua Kiam Wee:** *Refundable payment, not deposit. Refundable payment. So, may I know, assuming that the IPO doesn't happened. Is it the right of 1MDB to claim the refund or is this still subjected to agreement from the other side?*

**Encik Ng Yee Hong:** *Based on our reading of the agreement, both parties will have to discuss and to procure the reinstatement of the 49% option.*

**Tuan Tony Pua Kiam Wee:** *So, it's not a confirmation, that if there is no IPO, automatically 1MDB has the right to reinstate the option and take back the money.*

**Encik Ng Yee Hong:** *Yes, I mean that's something that the legally the lawyer's made of.*

**Tuan Pengerusi:** *Okey. This is the question we asked the management.*

**Tuan Tony Pua Kiam Wee:** *I mean yes, but it also affects the contingent liabilities of the accounts with all these contingencies, legal for.....*

**Tuan Pengerusi:** *For next year, not 2014.*

**Dato' Abd. Aziz Sheikh Fadzir:** *On the same score, this is the part of USD3.5 billion, USD1.75 billion, and USD1.75 billion. The USD1.4 billion was actually deposit to Aabar or IPIC for them to guarantee. In all our understanding, that there is no interest attached to it at all. Did you see the bond agreement on that? Does USD1.4 billion attract any interest or it's just a deposit?*

**Encik Tan Theng Hooi:** *No. No interest.*

**Tuan Tony Pua Kiam Wee:** *So, 1MDB pays for the interest, but the fund seats with Aabar?*

**Dato' Abd. Aziz Sheikh Fadzir:** *No. You don't have to be because this is a judgement by the Board, which is beyond you. But when you saw this, what came to you?*

**Encik Tan Theng Hooi:** *We will not going to answer this.*

**Tuan Pengerusi:** *We also know the answer, but we just want to ask you.*

**Encik Tan Theng Hooi:** *Our job is to disclose it which we have.*

**Dr. Tan Seng Giaw:** *Actually before you finished, let me ask you one question. Let me ask you, from Deloitte point of view. Do you think this 1MDB thing is a running concern, is a good company to invest?*

**Encik Tan Theng Hooi:** *My team is looking at me. It's beyond the scope of my work, to advise that even if you ask financial advisors, they will give you a lot of caveat for whatever recommendations they made. Nobody is brave enough to come out at this recommend without any caveat. Same too, it's not my job to do that. Okey.*

**Tuan Tony Pua Kiam Wee:** *Okey. Power assets. It is valued at USD10.9 billion. You all route off about USD1.2 billion in goodwill in 2013 account. In 2014, there was no impairment at all on the power assets. Perhaps, there were justifications for no impairment and what were the key areas taken into account to justify the no impairment decision on 2014. Page 103-104.*

**Tuan Pengerusi:** *Did you do the cashflow forecast and everything to justify that?*

**Encik Tan Theng Hooi:** *We use our financial modelling infrastructure guide to work out based on all the information that we have the cashflows and whatnot. From the result of the modelling, it does not indicate that any further impairment is required.*

**Tuan Tony Pua Kiam Wee:** *Understand that. That is why you didn't impair anything. So bad answers the fact that you didn't impair anything. But I wanted to know, what the assumptions that you put in that modelling?*

**Encik Tan Theng Hooi:** *It's a long list, I can't answer you that. We got to....*

**Tuan Tony Pua Kiam Wee:** *In which case, can you perhaps supply us with the working papers on the impairment document? Okey. Thank you.*

**Dato' Abd. Aziz Sheikh Fadzir:** *The acquisition of this power asset were just completed in 2012. Suddenly 2013 you have USD1.1 billion...*

**Tuan Tony Pua Kiam Wee:** *USD1.2 billion.*

**Dato' Abd. Aziz Sheikh Fadzir:** *USD1.2 billion- not fire. Can I continue? What I'm saying that is about USD1.2 billion write-off on 2013, which is one year after the acquisition of this power- is it same year? Same year. What was, was it discussed with the management during your working discussion with the management that they can't convince you?*

**Encik Tan Theng Hooi:** *As to why the USD1.2 billion is written off? The USD1.2 billion is the amount that management wrote off. Management account not our account which they got support from MG to arrive at the figure. We did our own modelling, and what they wrote off was within the range of what we found acceptable. This USD1.2 billion has to be written off because the assets have to mark to market. At the purchase price that was done, willing buyer-willing seller, they paid in opinion based on the cashflow and modelling and workout, premium of USD1.2 billion that was written off.*

**Dato' Abd. Aziz Sheikh Fadzir:** *So they- the figures has to be written off.*



**Encik Tan Theng Hooi:** *Technically, it's their books. You see. If they did not, then we would have told them to do so.*

**Tuan Tony Pua Kiam Wee:** *So, but they did lah?*

**Encik Tan Theng Hooi:** *Wait, wait! That's obvious when you purchase an asset, there is a goodwill they know that an impairment exercise needs to be done, which they did, and resulted at USD1.2 billion.*

**Tuan Tony Pua Kiam Wee:** *So, in effect- this is not for you. In effect, they know themselves, they overpaid by USD1.2 billion, and they impaired it themselves within the same financial year that they acquired these assets.*

**Encik Tan Theng Hooi:** *No, it...*

**Tuan William Leong Jee Keen:** *It's not recommended by...*

**Encik Tan Theng Hooi:** *Willing buyer, willing seller, transactions conclude and then you have to mark the market and you do the cash flow.*

**Tuan Pengerusi:** *In this case, the willing buyer buying at the higher price, that's all.*

**Encik Tan Theng Hooi:** *The best for management to answer that.*

**Tuan Tony Pua Kiam Wee:** *Sure. Like I said, that the question was not addressed you, what I said. Okey. That's the power assets.*

*The bonds that were raised for the power assets. I think these bonds were in question for a longest time, especially the bonds raised via government secs, where the certain commission, fees and expenses were deemed rather high, more than 10% of total funds raised. Was there an audit of where these fees go, or was this just one lump sum 10% went to government secs? Or did you all look at the breakdown how much of it was discount for the bond buyers, how much was it was actually legal fees, auditor fees as well as merchant banker fees?*

**Encik Ng Yee Hong:** *It was a net amount that was received. So, we don't have the breakdown.*

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**Tuan Tony Pua Kiam Wee:** *So basically you all just took the net amount, you didn't question the 10% of fees that was paid when you just took it as a lump sum fees payable to Goldman Sachs.*

**Encik Ng Yee Hong:** *Not sure where entirely to Goldman Sachs because the net proceed was the amount that was deposited in to the companies account.*

**Tuan Tony Pua Kiam Wee:** *That means are you saying that there was zero expenses for the bond fund raising exercise, cannot be?*

**Encik Ng Yee Hong:** *No, no I'm just saying that the net amount which is net of all the transaction and expenses that is the amount that was deposited in the companies account.*

**Tuan Tony Pua Kiam Wee:** *That's correct. So what I'm asking is what are the transaction and expenses.*

**Encik Ng Yee Hong:** *We don't have a breakdown that.*

**Tuan Tony Pua Kiam Wee:** *What was recorded in your account or what do you have in your accounts. Transaction expenses, do you have just one figure or do you have multiple figures attributable to auditors, lawyers and merchant bankers...*

**Encik Ng Yee Hong:** *We don't need to because how to account for this bond because we need to calculate the effective interest rate so requirement to statute at amortized cost. So therefore you know it's not necessary for us to have a detail breakdown for the expenses. We just need to know that this is the total expenses that was incurred. The transaction cost and expenses incurred are it was not necessary for us to look into how much was paid to lawyers, bankers whatever etc.*

**Tuan Tony Pua Kiam Wee:** *So basically one sum in the account.*

**Encik Ng Yee Hong:** *Yes.*

**Tuan Tony Pua Kiam Wee:** *You were looking at effective interest. So how's effective interest calculated?*

**Encik Ng Yee Hong:** *So you have to factor in the transaction cost in the cashflows. So that this is taken in simple term as part of your interest. So you have to add the interest expense and whatever cash out flows including transaction cost to arrive at what would be your effective interest rate. So in cases like this, you will have effective interest rate and EIR which is will be higher than your contractual rate.*

**Tuan Tony Pua Kiam Wee:** *Is that reflected anywhere in the accounts or just in internal calculation?*

**Encik Ng Yee Hong:** *It should be in the accounts disclose as interest rate.*

**Tuan Tony Pua Kiam Wee:** *Someone can helps refer me to right page later.*

**Encik Tan Theng Hooi:** *We will send you a note on that which match. We will carried on.*

**Tuan Tony Pua Kiam Wee:** *Last few easy questions. Last two actually. Very short simple question. This also for you to put on the record, and for you to protect yourself if necessary.*

*Number one. Will there be a requirement to look if the previously account needs to be restated?*

**Encik Tan Theng Hooi:** *We do the next all date, we take all facts and evidence, and representation before us and of cause we will- if their facts before us that say, so we will if there are none, we wont. But I can't say what is going to happen until we settle our work.*

**Dato' Abd. Aziz Sheikh Fadzir:** *You considers that if it is?*

**Encik Tan Theng Hooi:** *If there were facts that came out that we should have known then which came out only now then we have a material impact on financial statement there is require a restatement or withdrawer, we will do that.*

**Tuan Tony Pua Kiam Wee:** *Can I also ask relating to that. Are you all eager to start the audit work for 2015?*

**Encik Tan Theng Hooi:** *Yes, we already answer that earlier on Sir.*

**Tuan Tony Pua Kiam Wee:** *So basically you want to go in anytime the management says, come in?*

**Encik Tan Theng Hooi:** *We waiting for the management because we want to complete the pictures of all that's going on.*

**Tuan Tony Pua Kiam Wee:** *Okay, last question- sensitive, but for you to put in your record your answer. Media reports that the Prime Minister son, work as a partner in Deloitte and what will be your position with regards to the question in front of you.*

**Encik Tan Theng Hooi:** *They say, I don't have to answer that part but I'll choose to answer that okay. Nizar Najib join us in 2004. He did his articleship and became a chartered accountant with us and he grew from rank in file, and he is an Executive Director of our Financial Advisory Business. He's not involve in management or audit in any company. He's not have Audit License and we do not shared any information whatsoever neither do we receive any instruction from him or whatsoever for any audit. He is not an equity partner of our firm.*

**Tuan Tony Pua Kiam Wee:** *Note that I have never raised this issue outside but I wanted there an opportunity for you to put in record.*

**Encik Tan Theng Hooi:** *Thank you on that. When we were in the process of accepting the job, we did a conflict check and there is no conflict of interest or whatsoever.*

**Tuan Pengerusi:** *Any other question. This is not mean we won't call you back. What will we do is to basically compare what you said with the other management, KPMG and whatever. If there is a need to call you back, we call you back. But as far as today concern well done.*

**Encik Tan Theng Hooi:** *Thank you very much.*

**Tuan Pengerusi:** *...For you to sit down and go through three hours of...*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** *Just the clarification. List of the things that the Committee wants, I've noted it. I think my colleague have noted it as well. We will make those document available to extend that we can. Just in case, there's any explanation needed on any particular thing that's being submitted, is the Committee agreeable to us giving the explanation in a cover letter and that will be taken as response for Deloitte.*

**Tuan Pengerusi:** *Yes.*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** *I just want to clarify that.*

**Encik Tan Theng Hooi:** *So do they need to write to us officially or you just give.*

**Tuan Pengerusi:** *We notified what we wanted. So whatever you have answered verbatim is fine but whatever you haven't answered yet then just write it down.*

**Dato' Dr. Mohamad Isa bin Hussain:** *Whatever additional information, you can come to MoF okay.*

**Tuan Pengerusi:** *There have a problem there; there want to write directly to us [Ketawa].*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** *I think we are fine with that if the Committee is accept we will inform MoF and MoF will deal with Committee on that.*

**Tuan Pengerusi:** *Because the invitation, you wanted invitation from us.*

**Dato' Malik Imtiaz Ahmed bin Ghulam Sarwar:** *No that is only our confidentiality issues. But thank you for that, and just before I close that, just like to once again, thank Committee for having given us chances to explain outsource.*

**Tuan Pengerusi:** *So, no hard feeling ya [Ketawa]*

**Encik Tan Theng Hooi:** *No hard feeling Sir, sure.*

*Sir a few things that I want to say that we are there to do a very difficult job with all the public opinion and writing in all that. I think despite that, we are done a lots focus on what we should do. And that is to ensure that all transaction are recorded and disclose in the financial statement, so that the stakeholders can use them and then raise question and make decision. I think we've done that.*

*I want to thank PAC for an opportunity for us to share with you what we have done and how much work we have done. Thank you very much Sir.*

**Tuan Pengerusi:** *He want last question.*

**Tuan Tony Pua Kiam Wee:** *I was ask to ask this question but I think it is good to put in down as well. What was the fees paid by 1MDB for the audit?*

**Encik Tan Theng Hooi:** *Well not in billions lah [Ketawa]*

**Tuan Tony Pua Kiam Wee:** *2013 or 2014 just to put in on record.*

**Encik Tan Theng Hooi:** *I will give you in writing. Nothing significant compared to the people were put in, we have more than a dozen partners on this job.*

**Tuan Pengerusi:** *Okay. So thank you very much.*

**Encik Tan Theng Hooi:** *Thank you Sir.*

**Tuan Pengerusi:** *Thank you very much.*

**Encik Tan Theng Hooi:** *Thank you.*

**[Mesyuarat ditangguhkan pada pukul 2.39 tengah hari.]**