

Bil. 2

**Khamis
11 Februari 2016**



MALAYSIA

LAPORAN PROSIDING

MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA

Mengenai:

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

- Kementerian Kewangan
- 1Malaysia Development Berhad: YBhg. Tan Sri Bakke Mohd. Salleh (Mantan Pengerusi Lembaga Pengarah)

**PARLIMEN KETIGA BELAS
PENGKAL KEEMPAT**

**MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA
BILIK MESYUARAT JAWATANKUASA 2, BLOK A
BANGUNAN SEMENTARA, PARLIMEN MALAYSIA
KHAMIS, 11 FEBRUARI 2016**

AHLI-AHLI JAWATANKUASA

Hadir

YB. Dato' Hasan bin Arifin [Rompin] - *Pengerusi*
YB. Dr. Tan Seng Giaw [Kepong] - *Timbalan Pengerusi*
YB. Datuk Liang Teck Meng [Simpang Renggam]
YB. Tuan Haji Hasbi bin Haji Habibollah [Limbang]
YB. Datuk Wira Haji Ahmad bin Haji Hamzah [Jasin]
YB. Datuk Dr. Makin @ Marcus Mojigoh [Putatan]
YB. Datuk Koh Nai Kwong [Alor Gajah]
YB. Tuan Tony Pua Kiam Wee [Petaling Jaya Utara]
YB. Dato' Takiyuddin bin Hassan [Kota Baharu]
YB. Dato' Abd. Aziz Sheikh Fadzir [Kulim-Bandar Baharu]
YB. Dato' Ir. Nawawi bin Ahmad [Langkawi]
YB. Tuan William Leong Jee Keen [Selayang]
YBhg. Datuk Roosme binti Hamzah - *Setiausaha*

Tidak Hadir [Dengan Maaf]

YB. Dato' Kamarul Baharin bin Abbas [Telok Kemang]
YB. Datuk Wee Jeck Seng [Tanjong Piai]

URUS SETIA

Encik Ahmad Johan bin Mohd Afandi [Ketua Sekretariat Jawatankuasa Kira-kira Wang Negara]
Encik Amisyahrizan bin Amir Khan [Ketua Penolong Setiausaha Seksyen Perundangan dan Prosiding
(Pengurusan Dewan Rakyat)]

HADIR BERSAMA

Jabatan Audit Negara

YBhg. Tan Sri Dato' Setia Ambrin bin Buang [Ketua Audit Negara]
Puan Saadatul Nafisah binti Bashir Ahmad [Pengarah Sektor Audit Kerajaan Persekutuan]
Puan Nadhirah binti Abdul Wahab [Timbalan Pengarah (Audit Khas dan Penyelidikan)
(Bahagian Kajian Khas)]
Puan Farizah binti Harman [Ketua Penolong Pengarah Audit Badan Berkanun Persekutuan] (Syarikat 2)
Puan Nik Mazian binti Mohammad [Ketua Penolong Pengarah Audit Badan Berkanun Persekutuan
(Kewangan 5)]
Puan Aziatul Akmam binti Atan [Penolong Pengarah Audit (Khas dan Penyelidikan)]
Puan Nor Salwani binti Muhammad [Timbalan Pengarah Audit]

(samb/-)

HADIR BERSAMA (samb/-)

Kementerian Kewangan

Encik Rosli bin Yaakub [Ketua Unit (Parlimen dan Kabinet)]

Jabatan Perkhidmatan Awam

YBhg. Dato' Raihan bin Sharif [Timbalan Ketua Pengarah Perkhidmatan Awam (Operasi)]

Cik Ilyani Md. Razak [Ketua Penolong Pengarah Bahagian Perkhidmatan]

Jabatan Akauntan Negara

Cik Haryati binti Sapihis [Ketua Penolong Pengarah]

Unit Perancang Ekonomi

Dr. Kamariah Noruddin [Pengarah (SIP)]

YBhg. Dato' Mohamed Radhi bin Abdul Razak [Timbalan Pengarah (UPE)]

SAKSI-SAKSI

Kementerian Kewangan

YBhg. Dato' Sri Dr. Mohd Isa bin Hussain [Timbalan Ketua Setiausaha Perbendaharaan (Pelaburan)]

YBhg. Dato' Shahrol Anuar bin Sarman [Setiausaha Sulit Kanan Ketua Setiausaha Perbendaharaan]

Encik Asri bin Hamidon [Setiausaha Bahagian (Syarikat Pelaburan Kerajaan)]

Encik Ahmad Suhaimi bin Endut [Timbalan Setiausaha (Strategik dan Am)

(Syarikat Pelaburan Kerajaan)]

Dr. Yusof bin Ismail [Timbalan SUB Bahagian Syarikat Pelaburan Kerajaan]

Encik Mohd Shihabuddin Mukhtar [Ketua Penolong Setiausaha (Syarikat Pelaburan Kerajaan)]

Encik Muhammad Khairul Fuadi bin Hamdan [Penolong Setiausaha

(Bahagian Syarikat Pelaburan Kerajaan)]

Encik Mohamed Farhan bin Mohamed Ainuddin [Penolong Setiausaha Bahagian Pelaburan Strategik]

Puan Myzura binti Manaf [Ketua Penolong Setiausaha Bahagian Pelaburan Strategik]

1Malaysia Development Berhad (1MDB)

YBhg. Tan Sri Bakke Mohd Salleh [Mantan Pengerusi Lembaga Pengarah]

YBhg. Datuk Shahrol Azral Ibrahim Halmi [Mantan Ketua Pegawai Eksekutif]

Encik Zahid Taib [Pegawai Perhubungan Kerajaan]

Encik Elmie Abu Bakar [Pegawai Perhubungan Kerajaan]

Encik Ho You Chai [Ketua Komunikasi]

Encik Mohammad Izzat Abdul Aziz Alhadjri [Pegawai Khas Pejabat President Sime Darby]

LAPORAN PROSIDING**MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA
PARLIMEN KETIGA BELAS, PENGGAL KETIGA****Khamis, 11 Februari 2016****Bilik Jawatankuasa 2, Tingkat 1, Blok A, Parlimen Malaysia, Kuala Lumpur****Mesyuarat dimulakan pada pukul 10.32 pagi***[Yang Berhormat Dato' Hasan bin Arifin **mempengerusikan Mesyuarat**]*

Tuan Pengerusi: *Assalamualaikum warahmatullahi wabarakatuh*, salam sejahtera. Terlebih dahulu saya mengucapkan *Gong Xi Fa Cai* kepada mereka yang merayakan hari Tahun Baru Cina- *may this year be a better year- a year on monkey*. Yang Berhormat Dr. Tan Seng Giaw; Timbalan Pengerusi, Ahli-ahli Yang Berhormat, Yang Berbahagia *Auditor General* Tan Sri Dato' Setia Ambrin, Setiausaha Dewan Rakyat merangkap Setiausaha PAC, pegawai-pegawai dari Jabatan Audit dan juga jabatan-jabatan kerajaan. Terlebih dahulu saya ingin mengucapkan terima kasih dan dapat kita bersidang pada hari ini.

Prosiding hari ini merupakan hari yang kesepuluh. Untuk rekod PAC sudah mengadakan prosiding sebanyak sembilan kali berhubung dengan pengurusan kawalan urus tadbir syarikat yang diketuai oleh Yang Berbahagia Tan Sri Irwan selaku Ketua Setiausaha Perbendaharaan di hadapan kita ini. Jadi kalau kita hari ini dan esok ada 11 prosiding dan Datuk Shahrol sahaja ini kali ketiga kita panggil dialah dan Tan Sri Bakke yang pertama. Kita harap kita dapat menyelesaikan masalah-masalah serta perkara-perkara yang- saya ingat pada minggu lepas pada prosiding yang terakhir tetapi oleh sebab ada Ahli-ahli Yang Berhormat mohon diadakan lagi prosiding pada hari ini maka kita sambunglah hari ini dengan memanggil Tan Sri Bakke untuk memberi keterangan.

Kita akan menilai sama ada kita perlu memanggil ataupun menamatkan prosiding pada hari ini. Akan tetapi satu perkara yang kita harus lihat juga daripada segi *Audit Report*. Saya bercadang pada mulanya hendak ada pada minggu depan tetapi Tan Sri Ambrin kata dia *away*, jadi minggu depan tak dapat. Hendak adakan pada 22, 23- *Cap Goh Mei*. Ramai staf daripada Audit pergi bercuti ya. So pada 24 dan 25 kita akan adakan Laporan Audit ataupun laporan akhirlah. Ada Ahli-ahli Yang Berhormat minta supaya pada 19 hari bulan- lebih awal. Oleh sebab 24, 25 ramai juga yang tidak ada. Macam mana Tan Sri, tak sempat ya?

Tan Sri Dato' Setia Ambrin bin Buang [Ketua Audit Negara]: *Assalamualaikum warahmatullahi wabarakatuh*, selamat pagi Tuan Pengerusi. Pada Jabatan Audit Negara, tarikh 24 dan

25 amat sesuai. Saya terpaksa menghadiri satu mesyuarat *Auditor General Asia* yang mana saya Pengerusi. *I have to Chair the meeting* dekat Chiang Mai, so saya terpaksa pergi.

So by the time I come back, maybe rushing to prepare that. Jadi mengambil kira juga *Cap Goh Mei* punya *period* itu kami rasa pada 24 dan 25 itu amat sesuai.

Tuan Pengerusi: Tarikh 24 dan 25 ini kita bentang sahajakan, kita bentang dan kita tanya Tan Sri lah selepas itu seterusnya dijadikan sumber kepada kita untuk membuat rumusan nanti. Rumusan nanti yang paling panjang yang saya kiralah...

Tan Sri Dato' Setia Ambrin bin Buang: Tuan Pengerusi, pada fasa pertama kita buat *presentation*. Namun mungkin Ahli-ahli PAC memerlukan masa *to go through* laporan sepenuhnya kerana banyak- saya boleh beritahu, tebalnya lebih kurang 300 lebih muka. *So* kalau hari ini *briefing*, esok hendak ini mungkin tak tahulah. Kami sedialah untuk memberikan penerangan pada bila-bila masa selepas pembentangan tetapi bagi pihak Ahli PAC sendirilah, kalau dia memerlukan sedikit masa.

Tuan Pengerusi: Selalunya diberi awalkah Kertas ini, tidak?

Tan Sri Dato' Setia Ambrin bin Buang: Tidak ada, kita *actually*- kita boleh bentang sahaja, bagi sahaja, *and then* Ahli PAC boleh *read*, tetapi untuk memberi panduan kepada PAC, *we thought we give a briefing*. *Briefing* itu kalau kita mula 9.30 pagi, saya ingat *by 1 o'clock* sudah habis dah. *So* isu-isu yang hendak dibincangkan pun banyak sudah bincang dah. *Just like a summary* Yang Berhormat.

Tuan Pengerusi: Okey, jadi kita *stick to 24* hari bulan ya. Pada yang tak dapat hadir cubalah. Pada 24 dan 25 ya- kita tetapkan dua hari.

Jadi saya harap semua *freekan* masa, kalau boleh *adjust* dia punya *schedule*, *adjustlah*. Kalau umrah Yang Berhormat Langkawi, hendak pergi umrah ya, *adjust* sikit tidak boleh kah? [*Ketawa*] Leong tak pergilah, Leong tak pergi umrah. Pada 24, 25 panjang sikit [*Ketawa*] Ini rombongan ya, rombongan? Oh rombongan susah sikit lah ye.

So hari ini kita harap kita boleh *concludekan* tetapi jikalau jika ada Yang Berhormat Tuan Tony kata hendak panggil- prinsip kita meneliti dari segi urus tadbir syarikat-syarikat ini.

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Kita juga harus memberi sedikit penghormatan. Kalau kita mahu dihormati, kita mesti hormat institusi lain. Institusi lain juga harus dihormati. Maknanya, kita tidak panggil saksi begitu sahaja tanpa sebab dan munasabah. Umpamanya Bank Negara. Kalau kita rumuskan, kita kata umpamanya, misalnya ini belum *final*, kita kata kita rumuskan "*1MDB ingkar arahan Bank Negara untuk memulangkan balik*". Jadi, tidak adillah dengan sebab ini kita hendak panggil Gabenor Bank Negara untuk *confirm* kita punya *conclusion* kita nanti. Jadi, ia pun juga institusi yang *independent*, kita juga harus hormat. Begitu juga bukan- institusi lain juga kita harus hormat juga kerana apabila kita panggil ini, maknanya satu perkara yang besar, umpamanya Tan Sri Bakke.

Saya mula-mulanya tidak berminat sangat untuk hendak memanggil dia oleh sebab dia dua bulan sahaja jadi Pengerusi, dan perkara besar yang diambil semasa dia menandatangani perjanjian dengan PetroSaudi. Itu perkara besar.

Yang pertama itu tidak ada apa. Kita tengok- saya *check* balik ya.

Yang kedua itu, masa dia *Chairman*- dia menandatangani persetujuan, selepas itu dia berhenti. Dia berhenti mungkin banyak sebab, dia tidak bersetujukah atau apa-apa.

Akan tetapi pada saya tidak ada benda sangat untuk kita panggil dia tetapi oleh sebab Yang Berhormat- dia seorang Pengerusi, satu konglomerat yang besar, jadi, kita harus juga memberi pertimbangan-pertimbangan daripada segi saham syarikat dia apabila dipanggil PAC, reputasi dia, walhal tidak ada apa sangat yang harus kita *confirm* dengan dia. Ini juga harus kita beri pertimbangan selaku kita Ahli-ahli PAC. Hanya sekadar untuk beberapa perkara kita terpaksa panggil, itu saya rasa harus ditimbangkan jugalah.

Walau bagaimanapun, oleh sebab desakan, saya pun okeylah, panggil-panggillah dan Arul, Shahrol hari ini kali yang ketiga kita panggil. Mungkin kita *spent* dua hari untuk habiskan pertanyaan-pertanyaan dengan dia dan kita putuskan. Oleh sebab Audit- macam mana pandangan Ahli-ahli? Oleh kerana Audit belum *raise*kan ya?

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

Tuan Pengerusi: Ya.

Tuan Tony Pua Kiam Wee [Petaling Jaya Utara]: Secara prinsip, saya tidak ada masalah kalau kita bicarakan siapa yang kita hendak panggil selepas pembentangan Audit. Akan tetapi masalahnya, Tuan Pengerusi ada *dateline*. Tuan Pengerusi ingin supaya laporan dapat disiapkan pada penggal yang akan datang. Kita telah pun menangguhkan perbincangan ini sejak bulan November, siapa yang hendak dipanggil. Selalunya habiskan mesyuarat ini dahulu baru putuskan. *Because of the constant delays, there is now a concern* kita tidak dapat siapkan bulan Mac. So, kalau kita boleh tetapkan hari ini, dua minggu kita panggil, kita masih boleh sempurnakan laporan ini sebelum hujung penggal yang akan datang. Akan tetapi selepas kita dengar pada 24 hari bulan, dan kita kena tunggu dua minggu lagi sekurang-kurangnya untuk memanggil saksi-saksi yang akan datang, dan *confirm* tidak boleh siap.

Tuan Pengerusi: Pada saya, mendengar kata daripada Tan Sri tadi, benda itu tidak ada benda ya. Sudah banyak kita bincang. Macam Shahrol hari ini, pada pandangan saya tidak perlulah panggil. Akan tetapi oleh sebab hendak juga panggil sekali lagi, saya macam Tan Sri Bakke, *because* dia berhenti. Maknanya, dia mempunyai prinsip yang tersendiri. Itu pun sudah menunjukkan sikap dia. Saya rasa tidak perlu panggil tetapi Yang Berhormat Petaling Jaya Utara hendak juga panggil, saya panggillah. Panggil juga kerana- kita rugi masa kita.

Tuan Tony Pua Kiam Wee: Sekarang kita ada dua keputusan. Nombor satu, sama ada kita hendak tangguhkan perbincangan, sama ada hendak panggil atau tidak panggil sehingga habis kita dengar daripada Ketua Audit Negara. Akan tetapi dengan jelas jika kita buat begitu akan *postpone* lagi tarikh pembentangan bagi Laporan PAC. Itu *confirm. If we do that, then it may further jeopardize the dateline. That is number one, the decision. Then if the decision is* katakan kita tidak hendak tangguhkan pembentangan, mesti buat pada penggal yang akan datang, *then we should decide today.*

Tuan Pengerusi: Pada saya begini, saya rasa tidak perlu panggil sudah prosiding ini. Benda semua sudah- 11 kali takkan tak cukup lagi untuk kita *conclude.*

Dato' Abd. Aziz Sheikh Fadzir: Cuma Tuan Pengerusi. Saya punya penjelasan, Tuan Pengerusi, *otherwise let's give us a chance to hear what the final Audit from the auditors. Then we see how acute is the issues. Whether do we really need an explanation or maybe auditors would have given us what we wanted to ask for those relevant people. But, at that time if we find really it is important for us to know Bank Negara punya views, because sometimes we get the Audit Report, even on other issues, from there we call others to come.*

Tuan Tony Pua Kiam Wee: *Like I said,* secara prinsip saya tidak ada masalah dengan apa yang dibentangkan oleh Yang Berhormat Kulim-Bandar Baharu. Akan tetapi saya kena ada persetujuan daripada Tuan Pengerusi bahawa perkara ini akan dibincangkan lagi selepas laporan dibentang. Saya tidak hendak satu ketetapan bahawa tidak perlunya ada saksi tambahan dipanggil hari ini.

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

Tuan Pengerusi: ...Yang Berhormat Jasin.

Datuk Wira Haji Ahmad bin Haji Hamzah [Jasin]: Terima kasih Tuan Pengerusi. Saya fikir *we have deliberated for too long. We have to come out with something.* Kalau Tuan Pengerusi memikirkan selepas dua orang ini sudah memadai, *it is okay. The next one, maybe we have to wait for the Auditors Report to come. From the Auditors Report, then maybe we can go ahead. If there is any need for anyone to be called.* Kalau Tuan Pengerusi fikir setakat dua orang sahaja sudah memadai, okey, *fine.* Terima kasih.

Tuan Pengerusi: Saya berpandangan kita kena bentangkan bulan Mac inilah, kena bentangkan pada bulan Mac ini.

Dato' Ir. Nawawi bin Ahmad [Langkawi]: Tuan Pengerusi, saya...

Tuan Pengerusi: Kalau kita kena kerja malam, kerja malamlah.

Dato' Ir. Nawawi bin Ahmad: Tuan Pengerusi, saya menyokong cadangan Tuan Pengerusi untuk membentangkan secepat mungkin kerana 1MDB ini menjadi isu masyarakat dan mereka tertanya-tanya, adakah kita ini *drag, drag* ini untuk menutup sesuatu ataupun apa. Oleh sebab itu lebih baik kita *clearkan* perkara ini di Parlimen secepat mungkin.

Tuan Pengerusi: Pada prinsipnya saya ingat, saya juga macam Dato' Kulim-Bandar Baharu tadi. Pada prinsipnya, kita akan dua ini yang terakhirlah kita prosiding. Akan tetapi kalau ada perkara-perkara yang kita rasa sangat perlu untuk dipanggil macam Yang Berhormat Liang ya, baru kita panggil untuk keterangan selanjutnya. Macam Bank Negara, tidak perlu, saya rasa tidak ada keperluan. Umpamanya, kalau kita putuskan, kalau kita hendak buat kita punya rumusan, umpamanya "*1MDB gagal mematuhi arahan Bank Negara untuk mengambil balik wang*". Jadi, takkanlah kita hendak panggil Bank Negara untuk tanya, betul atau tidak betul ini. *It is that simple*.

Tuan Tony Pua Kiam Wee: *Is that simple* bila ada satu tuduhan ataupun *claim* dibuat. Kita hendak dengar asas *claim* itu dibuat. So, kita hendak dengar bukti-bukti dari Bank Negara sama ada bukti itu kukuh kah, atau tidak kukuh kah, sama ada penjelasan yang diberikan oleh 1MDB itu boleh diterimapakai kah atau tidak diterima pakai. Kita tidak boleh dengar daripada *defendant* sahaja tetapi pihak yang mendakwa itu kita tidak dengar langsung. So, dalam apa-apa *system hearing* ataupun mahkamah kena dengar kedua-dua pihak.

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Tuan Pengerusi: Kita bukan mahkamah, kita buat rumusan.

Tuan Tony Pua Kiam Wee: Buat rumusan yang objektif perlu dengar daripada dua-dua pihak.

Tuan Pengerusi: Ya, lagipun kalau macam isu Bank Negara ini, ia dah melibatkan- sebenarnya 1MDB ini dah banyak agensi yang menyiasat. Umpamanya Bank Negara, polis, SPRM, *all these*. Walau bagaimanapun, kita tidak harus terpengaruh dengan perkara-perkara seperti itu dan kita tidak harus melambat-lambatkan. Kita set kan Mac.

Dato' Takiyuddin bin Hassan [Kota Baharu]: Tuan Pengerusi, saya merit untuk bersetuju dengan Yang Berhormat Kulim sebab kita belum tahu lagi apa pembentangan oleh Audit nanti dan mungkin sama ada keterangan ataupun dokumen yang akan menjadi apendiks kepada laporan itu. Jadi saya cadangkan supaya *we make it open, not necessary we call* Bank Negara, sesiapa sah untuk melengkapkan kita punya laporan, kalau tidak orang kata kita tidak buat satu siasatan yang lengkap dalam perkara ini. Lambat itu dah lambat tetapi bukan kerana PAC tetapi kerana sebab-sebab lain. Terima kasih.

Datuk Liang Teck Meng [Simpang Renggam]: Tuan Pengerusi, saya rasa kita bukan dalam dilema sekarang, dan saya sendiri pun saya puas hati dengan prosiding setakat ini. Baik kita teruskan dengan Mesyuarat hari ini, dan kita dengar pembentangan laporan daripada Audit Negara, lepas itu kita buat keputusan.

Tuan Tony Pua Kiam Wee: Tuan Pengerusi, seperti apa yang saya sebut tadi, saya tidak ada masalah kalau saksi-saksi yang perlu dipanggil diputuskan selepas kita mendengar daripada Ketua Audit Negara. Saya hanya nak sebut, kalau itu menjadi keputusan bagi PAC, *then the March dateline cannot be a fix dateline* kerana kita tidak tahu siapa lagi yang kita hendak panggil.

Tuan Pengerusi: ...Selepas 24 hari bulan, tidak perlu panggillah. Kita boleh terus... [Disampuk]

Tuan Tony Pua Kiam Wee: [Bercakap tanpa menggunakan pembesar suara]

Tuan Pengerusi: Kita perlu terus dengan kita punya rumusanlah.

Tuan Tony Pua Kiam Wee: Akan tetapi alasan bahawa kita perlu habiskan rumusan kita pada bulan Mac itu tidak boleh menjadi alasan untuk tak panggil lagi saksi. *That is my only concern. So, if we are going to- not after the AG table, then we will decide on the merits of calling witnesses on the merits alone and not based on dateline.*

Tuan Pengerusi: Pada saya punya pandangan, prosiding mungkin yang kesebelas ini sudah cukuplah tetapi *anyhow we see how* Tan Sri Ambrin punya *briefing* nantilah. *Then we decide later. Okay, it is fair.* Okey, boleh kita panggil?

Dato' Abd. Aziz Sheikh Fadzir: Sebelum itu Tuan Pengerusi, bolehkah saya tanya Jabatan Audit, adakah Jabatan Audit dapat semua dokumen yang sepatutnya dibuat ini, yang dijanjikan supaya tidak mahu pula pada 24 nanti, apendiksnya tidak ada dokumen.

Tan Sri Dato' Setia Ambrin bin Buang: *Actually* ada beberapa dokumen yang dinyatakan semasa prosiding akan diberikan. Sehingga hari ini kita tidak dapat.

Tuan Pengerusi: Ia begini, saya punya prinsip senang. Kalau dia tidak bagi, kita akan tulis tidak dibagi, janji dibagi tetapi tidak dibagi. Maknanya kita *report* apa yang berlaku. Kita tidak boleh buat *conclusion* atau andaian kerana tugas kita bukan untuk menilai perniagaan, untuk menilai sebab apa dia buat begini, sebab apa dia buat begitu. Kita punya tugas adalah untuk *governance*, maknanya pihak Audit meminta supaya dokumen diberi, kita tulis "*Tidak diberi*".

Tuan Tony Pua Kiam Wee: Saya rasa sebelum kita buat begitu, *I am okay with that*, tulis "*Tidak diberi*" tetapi sebagai PAC kita berkuasa untuk memastikan supaya 1MDB memberikan segala dokumen yang diminta bukan sahaja oleh PAC tetapi juga oleh *Auditor General*. Kalau mereka tidak bagi, itu satu boleh kira *contempt of the PAC*, mereka dah janji.

Dato' Takiyuddin bin Hassan: Mereka janji, *they already promise*.

Tuan Tony Pua Kiam Wee: Mereka dah janji. *So, that is also a guilty indictment on them.*

Tuan Pengerusi: Itulah kita akan kata terpulang kepada *Auditor General* untuk mengambil tindakan seterusnya. Bermakna kalau kita tidak boleh buat rumusan ini selagi hendak menunggu, maknanya dia punya tatacara *corporate governance very poor* lah. Kita boleh *conclusion*, umpamanya "*Datuk Shahrol selaku CEO tidak menjalankan tugas dengan baik*", itu kesimpulan kita ya. *That's should be* kesimpulan kita, tatacara.

Dato' Takiyuddin bin Hassan: Tuan Pengerusi, saya rasa mungkin, kita rasa seolah-olah *we were cheated by them. They promise to bring the document in a later date*, sampai sekarang ini disahkan oleh AG tidak bagi. Kita tidak boleh *just* masuk dalam laporan "*Dokumen yang dijanjikan tidak diberi*", *that is not the issue now...*

Tuan Pengerusi: Apa lagi kita hendak beri, apa lagi kita hendak tulis?

Dato' Takiyuddin bin Hassan: *They promised the proceeding to submit the...*

Tuan Pengerusi: Maknanya kita akan tulis *contempt* lah, kita akan masuk di situ "*Mengambil tindakan yang sewajarnya*". Itu sebab ada rumusan dan syor.

Dato' Takiyuddin bin Hassan: Ini melibatkan kredibiliti Tuan Pengerusi sendiri dan juga kita semua.

Tuan Pengerusi: Saya hendak beritahu, kalau begini, kalau dia tidak mahu bagi...

Dato' Takiyuddin bin Hassan: Ia tidak timbul tak nak bagi sebab dia dah janji nak bagi. Saya ingat *every time* kita tanya, Tan Sri sendiri pun apabila dia sebut, mereka kata "*Okey, saya tidak bawa dokumen hari ini, I will give later*". So, *what is the meaning* kalau dia tidak bagi?

Tuan Pengerusi: Kita membuat audit, Jabatan Audit pun mempunyai fungsi yang sama saya rasa, lebih kurang, *it is not our duty to execute*. Kita hanya mencadangkan.

Tuan William Leong Jee Keen [Selayang]: Tuan Pengerusi, kita PAC dan kuasa telah diberikan dalam akta kepada PAC. Mereka yang dipanggil, dah datang untuk menjadi saksi dan kalau mereka enggan kemungkinan itu adalah *contempt*. Sama juga dengan arahan yang telah diberikan untuk sampaikan dokumen. Ini diarahkan oleh PAC dan kuasa yang telah diberikan kepada kita melalui akta dan undang-undang. Kalau 1MDB tidak menghantar, memang itu satu kesalahan. Sekurang-kurangnya mereka hendaklah memberikan penjelasan, adakah mereka ada masalah untuk memberikan tetapi dalam sesi ini mereka telah berjanji untuk memberikan. So, ini ialah tentang kuasa PAC kerana selepas ini orang-orang lain juga akan datang atau tidak dan tidak akan hantar dokumen. Kuasa PAC akan terjejas. Pada saya, ini adalah penting, 1MDB hendaklah menunaikan janjinya.

Tuan Pengerusi: Saya setuju dia mesti tunaikan janjinya. Macam mana caranya, macam *Auditor*, kita minta *Auditor General* punya *office* pergi dapatkan. Kalau dia tidak bagi, hari ini kita boleh tanya lagi Datuk Shahrol perkara-perkara lain, kita boleh tanya lagi dia. Kalau dia tidak bagi juga, takkan kita hendak tunggu? Kita mesti tulis *report*, kita *suggest* kan dia diambil tindakan apa-apa.

Dato' Takiyuddin bin Hassan: Tuan Pengerusi, bagi saya tidak timbul masalah kita hendak *execute* ataupun nak kenakan apa-apa penalti kepada mereka. Akan tetapi yang kita *worry*, laporan kita ini apa kita hendak sebut *because* soalan ditanya, katakan kepada saksi, dia kata, "*I'm sorry, I cannot recall but I will make sure to submit the document*". Tidak boleh jawab masa itu. So, kita menunggu, saya pasti AG juga menunggu dokumen itu untuk mencatatkan jawapan-jawapan kepada soalan yang kita kemukakan.

Tuan Pengerusi: Okey, pengalaman Tan Sri macam mana? Kalau *department* lain ada tak yang tidak bagi? Macam mana?

Tan Sri Dato' Setia Ambrin bin Buang: Tuan Pengerusi, amalan biasa Audit kita ada *dateline*. Kalau kita tidak terima sesuatu dokumen atau sesuatu, kita akan nyatakan dalam laporan kita. Dalam kes

ini, oleh sebab kita dah beri komitmen kepada PAC akan membentangkan pada 24 hari bulan, saya tidak boleh nak tunggu lagi sebab *I have to conclude my report, I need time for printing, 'bla, bla, bla'*. Maknanya kalau kita tidak terima sehingga sekarang pun, di mana perlu kita akan *mention* dalam bab laporan itu bahawa dokumen itu tidak diserahkan kepada audit, itu sahaja. Kita tidak cerita fasal hendak ambil tindakan, itu di luar bidang kuasa kami.

■1100

Tuan Tony Pua Kiam Wee: Tuan Pengerusi, bukan sahaja kita hendak catatkan mereka tidak bagi dokumen. Itu memang kita kena buatlah tetapi oleh sebab masa yang cukup telah pun diberikan kepada semua pihak untuk memberikan dokumen-dokumen yang diminta, kalau mereka tidak lalukan, ini menunjukkan satu tindakan menyembunyikan bukti-bukti. *Suppression of evidence* kepada PAC dan Ketua Audit Negara. So ini merupakan satu perkara yang serius jika tidak diberi.

Dato' Abd. Aziz Sheikh Fadzir: Saya tanya soalan itu sebab *to me there are two things* yang Shahrol cakap. Itu *important to me*. *First*, dia kata dia tidak ikut keputusan *Board of Directors* yang *suspend* dia. *Suspend the issues of the sukuk because there's 117* dalam MSA punya *memorandum article*. So sampai hari ini, dia tidak boleh hendak *confirm* kepada kita ada ataupun tidak. Bacaan kita tidak ada kerana tidak ada *amendment* dari bulan tiga sampai bulan sembilan. *There is very important because knowingly*, dia memang *go overboard*.

Kedua, dia tidak layak untuk *sign that agreement*. *Legally the agreement can be void*. *1MDB could save USD5 billion because those who sign resolutions are not a director of the day*. Contoh. Satu. Kedua, saya juga minta maklumat bagaimana dia *overstate income* dia tahun 2010. Sampai hari ini belum dapat sebab bila *closure of the sales* hanya *in June*. *Legally, you* tidak boleh *recognize income in March*. *And you have actually overstate your financial statement which also open for a challenge by anybody in the world*. Siapa sahaja bagi pinjam duit kepada 1MDB, dia boleh *challenge* benda itu *and government* yang *guarantee all this loan*. So benda kecil-kecil saya tidak kisah tetapi saya kata benda-benda ini juga yang membawa rumusan kita ini.

Tuan Tony Pua Kiam Wee: *One bigger item that they didn't provide. Bank statements*. Macam mana hendak buat audit kalau tidak ada *bank statements*. Itu paling penting. *That's a standard, that's a minimum requirement*. Berikan *bank statement* dan tidak ada alasan bahawa *bank statement* diambil oleh poliskah, MACCKah. Tiada alasan sebab kita boleh minta daripada pihak bank.

Datuk Liang Teck Meng: Tuan Pengerusi, *I think we are quite far from...*

Tuan Pengerusi: *Okay, I think we call Tan Sri Bakke dengan Dato' Sri Dr. Mohamad Isa, okey.*

11.06 pg.

Tuan Pengerusi: *Assalamualaikum warahmatullahi wabarakaatuh*. Salam sejahtera.

Yang Berbahagia Dato' Sri Dr. Mohd Isa bin Hussain, Timbalan Ketua Setiausaha Perbendaharaan, Yang Berbahagia Tan Sri Bakke Mohd Salleh, Mantan Pengerusi 1MDB. Terlebih dahulu saya ingin mengucapkan terima kasih atas kesempatan dan peluang pada pagi ini dalam siri 1MDB membuat *hearing* untuk menyelesaikan rumusan dan cadangan kepada Parlimen. Kita memanggil beberapa orang yang kita rasa perlu membantu dan kebetulan hari ini kita memanggil Tan Sri. Saya mengucapkan terima kasih atas masa dan peluang yang Tan Sri bagi kepada kita. Mengikut rekod dalam Audit, saya difahamkan Tan Sri dua kali menjadi Pengerusi. Berhenti, kemudian dilantik semula. Kemudian berhenti. Dalam masa yang singkatlah. Dalam masa yang singkat. Pertamanya, pada 27 Februari. Lebih kurangnya *the administrative. Effective* itu bergantung kepada Suruhanjaya Syarikat. Tan Sri berhenti pada 7 April 2009. Berhenti sekali kemudian dilantik semula pada 11 Ogos 2009. Kemudian berhenti semula pada 19 Oktober 2009.

Jadi boleh Tan Sri terangkan pada mula dan kenapa Tan Sri berhenti inilah. Kenapa berhenti daripada menjadi Pengerusi tidak sampai dua bulan menjadi Pengerusi 1MDB. Saya mempersilakanlah Tan Sri.

Dato' Sri Dr. Mohd Isa bin Hussain [Timbalan Ketua Setiausaha Perbendaharaan (Pelaburan), Kementerian Kewangan]: *Assalamualaikum* Yang Berhormat Pengerusi PAC. *Bismillaahir Rahmaanir Rahiim. Assalamualaikum warahmatullahi wabarakaatuh* dan selamat pagi. Yang Berhormat Dato' Hasan bin Arifin, Pengerusi PAC, Yang Berhormat-Yang Berhormat Ahli-ahli PAC, dan semua pegawai yang hadir pada sesi prosiding pagi ini. Terlebih dahulu saya ingin mengambil kesempatan ini seperti biasa mengucapkan banyak jutaan terima kasih kepada PAC kerana menjemput pihak 1MDB untuk memberi penjelasan dan penerangan selanjutnya mengenai kawalan pengurusan urus tadbir 1MDB. Seperti biasa juga saya bagi pihak Tan Sri KSP ingin memohon maaf kerana beliau ada *another things* di Sarawak dan meminta saya mewakili Kementerian Kewangan sebagai pegawai yang bertanggungjawab berkaitan dengan 1MDB.

Pada pagi ini, seperti yang Yang Berhormat telah maklum tadi, kita ada bersama kita Tan Sri Bakke, bekas Pengerusi Lembaga Pengarah 1MDB dan sebentar lagi kita ada Datuk Shahrol. Bagi sesi pagi ini ada beberapa orang pegawai 1MDB dan juga beberapa orang pegawai daripada MoF bersama kita.

■1110

Untuk makluman, Tan Sri Bakke Mohd Salleh adalah *first two Directors* untuk pada masa itu TIA dan kemudian telah dilantik sebagai Pengerusi Lembaga Pengarah 1MDB mulai 20 Ogos sehingga 19 Oktober, Tuan Pengerusi dan sekitar dua bulan ataupun 70 hari, saya diberitahu. Saya harap beliau dapat menjawab beberapa soalan berkaitan dengan tempoh yang pendek itu dan dengan sedikit latar belakang berkenaan, saya suka menyerahkan balik sesi ini kepada Yang Berhormat Tuan Pengerusi. Terima kasih. *Assalamualaikum*.

Tuan Pengerusi: Terima kasih Dato' Sri Dr. Semasa Tan Sri, hanya ada satu perkara besar sahaja yang berlaku iaitu masa *signing off agreement* dengan PetroSaudi saya difahamkan. Akan tetapi walau bagaimanapun saya persilakanlah Tan Sri Bakke, apa *you nak intro* sedikit.

11.11 pg.

Tan Sri Bakke Mohd Salleh [Mantan Pengerusi Lembaga Pengarah 1MDB]: *Assalamualaikum* dan selamat pagi Tuan Pengerusi PAC, dan Ahli-ahli PAC. Daripada segi penglibatan saya dengan 1MDB, jawatan pertama saya ialah sebagai Pengarah iaitu dilantik Pengarah 1MDB pada 10 hari bulan Mac 2009 dan selepas itu, setengah minggu selepas itu iaitu 7 hari bulan April 2009 saya meletakkan jawatan oleh sebab dimaklumkan oleh pihak-pihak tertentu yang 1MDB punya *structure* belum dapat *diformalise* setakat itulah. Dimaklumkan kepada saya bila *structure has come into effect, then inshaaAllah* saya akan ditawarkan semula sebagai Pengarah 1MDB. So, itu berlaku pada 11 hari bulan Ogos 2009, di mana saya dilantik semula sebagai Pengarah dan juga diberi jawatan Pengerusi. Pada 20 hari bulan, kita mengadakan Mesyuarat Lembaga Pengarah yang pertama, di mana kita bincang berkenaan dengan struktur 1MDB dan juga objektif 1MDB dan semua perkara yang berkaitan dengan *establishment* 1MDB.

Selepas itu, ada lagi Mesyuarat Lembaga Pengarah iaitu pada 29 Ogos dan selepas itu, 18 September 2009. Pada mesyuarat 18 September 2009, kita Lembaga Pengarah dimaklumkan berkenaan dengan cadangan untuk melabur dengan PetroSaudi. Di mana kita diberitahu oleh pihak pengurusan, ini pelaburan di antara dua kerajaan iaitu *G-to-G* punya *arrangement*, di mana Syarikat PetroSaudi *at that time was ultimately own by King Abdullah and the Kingdom of Saudi Arabia*. Semua maklumat berkenaan ini ataupun perbincangan yang berlaku pada peringkat Lembaga Pengarah ada dalam Minit-Minit Mesyuarat.

So, we were given all that impressions semua *and then* di mesyuarat 18 September 2009 itu, pihak pengurusan pun membentangkan cadangan di mana memberi maklumat berkenaan dengan pelaburan yang dalam perbincangan antara 1MDB dengan PetroSaudi. Dalam mesyuarat itu, ahli-ahli Lembaga Pengarah pun memberi pandangan mereka dan memberi teguran dan juga memberi *recommendation* berkenaan dengan macam mana kita boleh *strengthen the governance* dan juga *minimize our risk exposure*. So, ada perbincangan *and then* pada 26 September 2009, ahli Lembaga Pengarah pun dijemput untuk satu lagi mesyuarat, di mana keputusan dibuat untuk melabur dengan PetroSaudi.

Bila *Board* membuat keputusan, *Board* dengan jelas meletakkan syarat-syarat. *We attached four principles or key conditions*. Pertama ialah pihak pengurusan diarah ataupun *was instructed to carry out an independent second valuation of the PetroSaudi assets, that was the first condition*.

Second condition, we wanted a due diligence exercise to be carried out on PetroSaudi, find out more about the company.

The third condition that we attached was to form the Board, established the Board at the JV company di mana we would need to have six Board reps, tiga daripada 1MDB, tiga daripada PetroSaudi. Of the three Board reps from 1MDB yang perlu represent kita di JV company, antara tiga ini dua must have oil and gas industry punya knowledge and experience.

So, that was specifically made known to management. And finally, the last condition kita kata, we wanted the USD1 billion punya investment to be credited in the account of the joint venture company which was 1MDB PetroSaudi punya akaun. So, that was specifically made known to the management. And then bila selepas kita memberi our conditional approval, then management subsequently informed us on the 3rd of October 2009. That was another Board Meeting, di mana pengurusan made known to us kata, they had signed the agreement and then they had split the USD1 billion into two amount. Satu was USD700 million payment that went straight to PetroSaudi punya account ,and then the balance USD300 million was credited to the JV account. That was set up to undertake the investment. So, bila the Board was informed about this, we actually- we were shocked and we were angry, that is how I would like to describe our reaction. Kita memang terkejut and marah.

At that point of time, straight away I said, I'm not going to continue as a Board Member, I don't want to be part of these set up, I would like to disassociate myself from management, because I was very angry with the management. And then, I just told myself I'm not going to do it now, because I want to make sure the Minutes record what actually has been discussed. Precisely for that reason, I stayed on till the 19, selepas itu baru meletakkan jawatan.

Tuan Pengerusi: *Selepas itu you resigned?*

Tan Sri Bakke Mohd Salleh: *Ya, I resigned. So, thats it.*

Datuk Liang Teck Meng: *Tan Sri, saya mahu ingin tanya satu soalan yang agak penting. Pernah atau tidak seorang bernama "Jho Low", pernah hadir dalam mesyuarat Tan Sri sebelum ini?*

■1120

Tan Sri Bakke Mohd Salleh: *Pada mesyuarat 26 September ya, Jho Low was invited by management untuk memberi keterangan berkenaan dengan pelaburan 1MDB. So, he was an invitee at the Board Meeting, given task of responding to question link to the investment.*

Tuan Tony Pua Kiam Wee: *On what basis did the management invite Jho Low to do this transaction or what position? Is he an adviser to 1MDB or the transaction?*

Tan Sri Bakke Mohd Salleh: *He was an adviser earlier for TIA and then what I understand is that he had established connection with the other side and assistant manager in opening the way or really facilitating the discussion.*

Dato' Takiyuddin bin Hassan: Tan Sri, pada 26 September 2009 semasa Mr. Jho Low di *invite* oleh *management* untuk bagi taklimat kepada *board* pada masa itu, apa gambaran ataupun latar belakang yang diceritakan dan yang diberikan oleh Mr. Jho Low ini mengenai *the purpose JV partner, the PetroSaudi* itu? Apakah gambaran yang diberikan? *I mean the ownership, the background of the company.* Terima kasih.

Tan Sri Bakke Mohd Salleh: Apabila pengurusan buat pembentangan berkenaan perkara ini, *all the explanations yang link to the investment provided by management, management* sudah menjelaskan kata pelaburan ini *is between two countries* Saudi dengan Malaysia *and the ultimate ownership of PetroSaudi was link to King Abdullah and the Kingdom Saudi.* So, *the presentation itself covered the point that have been reflected the minutes, in term of latar belakang dan juga key, the salient point* berkenaan dengan pelaburan itu.

Dato' Takiyuddin bin Hassan: Kalau boleh Tan Sri bagi gambaran dan kefahaman Tan Sri sebagai *board of director* pada masa itu. *Is that company belongs to individual or belongs to the Kingdoms of Saudi?* Kefahaman *board members* pada masa itu? Siapa *the ownership, the owner?*

Tan Sri Bakke Mohd Salleh: Pada masa itu Yang Berhormat, gambarannya ialah *belongs to the King Abdullah and the kingdom.* That was gambaran yang diberi oleh pengurusan.

Dato' Takiyuddin bin Hassan: ...Gambaran *individual?*

Tan Sri Bakke Mohd Salleh: *No. The Minute also had recorded that* di mana sebut kata *presentation by management* memang *emphasize on the point that it was to government to government* punya *relations.*

Tuan Tony Pua Kiam Wee: Adakah perkara ini dipersoalkan ataupun dipertikaikan oleh pihak lembaga pengarah?

Tan Sri Bakke Mohd Salleh: *Sorry, tak dengar.*

Tuan Tony Pua Kiam Wee: Adakah perkara ini dipersoalkan ataupun dipertikaikan oleh lembaga pengarah? Sama ada ia dimiliki oleh kerajaan ataupun individu?

Tan Sri Bakke Mohd Salleh: *Actually* kita membentangkan banyak soalan *and then that is why* selepas kita *discuss and deliberated the points, the approval by the board attached this four condition.* So, *even in the worst case scenario if the money, had the money been credited in JV account, it would not have been disburse in other ways so long as the signatories work together. Right? So, that was one of the reasons why we attached that condition.*

Datuk Wira Haji Ahmad bin Haji Hamzah: Tan Sri, *the main reason for your resignation is maybe you are again the whole idea for them to sign the agreement before it is deliberated in the board?*

Tan Sri Bakke Mohd Salleh: *Sorry. I cannot hear you* Yang Berhormat.

Datuk Wira Haji Ahmad bin Haji Hamzah: Tujuan utama ataupun sebab-sebab utama Tan Sri meletak jawatan sebagai pengerusi dan juga lembaga pengarah kerana Tan Sri tidak bersetuju dengan

pembentangan yang telah dibuat yang menyatakan bahawa *agreement* yang telah pun ditandatangani dan duit RM1 bilion ini...

Tuan Pengerusi: Satu, tidak setuju dengan prinsip, satu lagi tidak setuju dengan pengurusan. Dua perkara yang berbeza. Makna apabila Tan Sri *sign* itu makna Tan Sri setuju dengan...

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

Tuan Pengerusi: Tidak. *Board approve*, setuju dengan prinsip pelaburan tetapi saya nampak selepas itu Tan Sri *resign*, sebab Tan Sri tidak setuju dengan cara pengurusan mengendalikan operasi syarikat. Itu yang saya...

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

Tuan Pengerusi: Bermakna pengurusan syarikatlah, *you* tidak setuju dengan pengurusan.

Datuk Wira Haji Ahmad bin Haji Hamzah: Siapakah yang menandatangani perjanjian itu Tan Sri? Siapakah yang tandatangan?

Tan Sri Bakke Mohd Salleh: Pengarah Urusan, CEO Datuk Shahrol.

Datuk Wira Haji Ahmad bin Haji Hamzah: *He was alone?*

Tan Sri Bakke Mohd Salleh: *I think ada witness, signatory and witness in agreement.*

Tuan William Leong Jee Keen: *On that issue, saya melihat kepada mesyuarat 18 September keputusan ialah untuk membenarkan perundingan that is already to approve and negotiate.*

Tan Sri Bakke Mohd Salleh: Yes.

Tuan William Leong Jee Keen: *And then pada mesyuarat 3 Oktober pengarah dimaklumkan bahawa perjanjian sudah ditandatangani dan wang juga telah diberikan. So, saya hendak minta penjelasan, adakah lembaga pengarah meluluskan resolusi untuk menandatangani perjanjian dan untuk membayar? Was there actually a Board resolution approving?*

Tan Sri Bakke Mohd Salleh: Yang Berhormat, *if you refer to mesyuarat 26 September, it was made very clear that the board telah mengkaji and deliberated on the points and then memberi kelulusan to proceed, to sign the agreement but subject itu, this four condition because on that time we were told that there are going to be an official signing ceremony to be witness by Prince Turki and also...*

Tuan William Leong Jee Keen: *So, in another word the approval is based on those condition?*

Tan Sri Bakke Mohd Salleh: Yes, *that is rights.*

Tuan Tony Pua Kiam Wee: *But at the same time you were not expecting a signing to take place two day after the Board Meeting because you were expecting a full...*

Tan Sri Bakke Mohd Salleh: Yang Berhormat, *we were told that the target was 28 September. That was the target date but it could be delay by a week that was the information was given to us.*

Dato' Abd. Aziz Sheikh Fadzir: *Can I ask you again Tan Sri sebab tadi yang Jho Low punya involvement itu pada 26 September punya board meeting. Dia datang atas kapasiti apa Tan Sri?*

Tan Sri Bakke Mohd Salleh: *As an invitee of management. Management yang invited him to be present at the meeting just to provide any clarification berkenaan dengan pelaburan with PetroSaudi.*

Dato' Abd. Aziz Sheikh Fadzir: *Adakah dia represent PetroSaudi punya side ataupun just as an advisor to the management so called, a consultant to the management?*

Tan Sri Bakke Mohd Salleh: *I think we were told that Jho Low had the knowledge about this investment because of his earlier involvement and role in the discussion with PetroSaudi punya side. So, management I think, this is what I thought, the management brought him along just to provide any further information if should there be a need, should the need arise.*

Tuan Tony Pua Kiam Wee: *So, basically the board was never...*

Datuk Dr. Makin @ Marcus Mojigoh [Putatan]: *Chairman...*

Dato' Abd. Aziz Sheikh Fadzir: *Satu lagi Tan Sri. When you become Chairman of 1MDB board, earlier Jho Low was an adviser to Chairman of the Advisory Board of TIA, which is the Sultan of Terengganu. Once you take over that position as chairman of 1MDB, are you aware that whether the positions of advisor to the advisor of the chairman ini masih kekal atau masih sudah tidak ada?*

■1130

Tan Sri Bakke Mohd Salleh: *Sorry, I'm not aware about it. When I was made a director on 10th March and held a position until 7th of April, it was purely to be the one of the two shareholders of TIA and then to be also one of the two directors. When I stepped down as a director on 7th of April, then I was subsequently inform that on the 8th Jho Low was appointed advisor. Jho Low and Dato' Aziz were appointed advisors to TIA, there come on board following it. So I don't know when his step down. Actually I can't remember when exactly formerly step aside.*

Datuk Dr. Makin @ Marcus Mojigoh: *Chairman, further to that as a known corporate figure Tan Sri, in the first place with new appointed as director and past years as chairman in 1MDB what is your impression on Shahrol, especially when after you have a board meeting dengan syarat-syarat yang tertentu di mana ahli lembaga pengarah hendak ini di comply. During the time when you are very upset with him, what was his reaction at that time, was he couldn't care about the requirement by the board.*

Tan Sri Bakke Mohd Salleh: *I think when we expressed our anger at management the respond was he's said; "Look we have to do what was a legally right as advice by the lawyer..." that was the explanation they gave us. But the board members were visibly upset and I said that you have really ignored the instruction on the condition that we attached.*

Datuk Dr. Makin @ Marcus Mojigoh: *Tan Sri, you know very well that Shahrol has no experience in oil and gas. What were your advice to him as a head of the management?*

Tan Sri Bakke Mohd Salleh: *Sorry what you say?*

Datuk Dr. Makin @ Marcus Mojigoh: *As you aware, when you appointed as a director, you know that Shahrol has no experienced in oil and gas. Is that true, he has no experienced in oil and gas.*

Tan Sri Bakke Mohd Salleh: *I only came into the picture when later after Shahrol had already been part of that the TIA and 1MDB setting. We were not the one actually brought him on board, he was already part of that setting. He's only formalize the appointment later.*

Dato' Takiyuddin bin Hassan: *Tan Sri, saya rujuk kepada tadi Tan Sri bagi tahu ada satu board meeting on the 26th October yang mana 26 of...*

Tan Sri Bakke Mohd Salleh: *September.*

Dato' Takiyuddin bin Hassan: *No, no 26th of August.*

Tan Sri Bakke Mohd Salleh: *September.*

Dato' Takiyuddin bin Hassan: *No one board meeting on 26 of... [Disampuk] Yes September sorry. September. 26 September ada satu board meeting yang mana Tan Sri bagi tahu bahawa antara keputusan yang dibuat ialah empat condition yang diberikan kepada management untuk dipatuhi sebelum apa-apa agreement di sign antara kedua-dua pihak. Satunya independent second valuation-due diligence and then the formation of Debico and then about USD1 million. Sekejap tadi juga apabila menjawab soalan Yang Berhormat Petaling Jaya Utara tadi, Tan Sri menyatakan bahawa Tan Sri telah diberikan gambaran oleh management bahawa agreement mungkin akan di sign dua hari kemudian selepas itu. Jadi saya hendak tanya adakah Tan Sri bagi pihak Board- aspect all these four conditions to be fulfill within one or two days sebelum sign. Tidak ada apa-apa cadangan lain?*

Tan Sri Bakke Mohd Salleh: *Bila board membuat keputusan untuk melabur Yang Berhormat, by touching this four condition kita kata okey first hendak establish the joint adventure board memang it is in the agreement. That requirement was incorporated in the agreement to have board and directors, three reps from 1MDB, three reps from PetroSaudi. Yang kita emphasize on our board representation kita kata of the three reps from us, dua itu mesti pakar oil and gas industrial. But that's more internal.*

Tuan Pengerusi: *Saya rasa keputusan itu saya tengok baca sebab ada lawatan Prince Turki kah apa sebab itu sign cepat itu saya rasa.*

Tan Sri Bakke Mohd Salleh: *So Tuan Pengerusi that was the reason. Itu sebab board buat keputusan but board still decided keputusan itu tertakluk kepada fulfillment of the condition. In any event pun if management has stuck with is, insya-Allah the investment outlay will be intact.*

Tuan Pengerusi: *Okay anything I ingat to much two months, okay Yang Berhormat.*

Dr. Tan Seng Giaw [Timbalan Pengerusi]: *Tan Sri, siapa yang approach, yang panggil Tan Sri untuk menjadi pengerusi? Who approached you to be the chairman?*

Tan Sri Bakke Mohd Salleh: *Kementerian Kewangan, MOF.*

Dr. Tan Seng Giaw: *MOF ya. Jadi Tan Sri buat keputusan yang bijak. Daripada yang saya ingat enam orang representatif wakil itu tiga daripada 1MDB tidak ada satu pun pakar di dalam oil and gas. Satu pun tak ada.*

Tan Sri Bakke Mohd Salleh: *I think Yang Berhormat kalau kita merujuk to the minutes, we gave approval on our board reps itu sebagai interim measures. From management site ada tiga nama to represent 1MDB at the JV company. But management was specifically directed to recommend names of individuals with oil and gas industry experience to sit as directors of JV company. The whole idea behind this, yes given urgency hendak sign agreement and in light of dia punya G to G arrangement but board kata okay fine let proceed but incorporate all this supaya kita ada masa to establish the JV board and look put a right individuals as our reps and then to do a second valuation, independent second valuation on asset so that was whole idea put the money in JV account.*

Tuan Pengerusi: *Nothing much you do, now ada lagi, okey.*

Datuk Liang Teck Meng: *Tan Sri do you resign because you fill that the management has committed any wrong doing.*

Tan Sri Bakke Mohd Salleh: *Ya, sorry.*

Datuk Liang Teck Meng: *Tan Sri may I know because you resign because you fill that the management has committed any wrong doing. May I know is that the main reason why you resign?*

Tan Sri Bakke Mohd Salleh: *I resign because I was really to quote this English words 'flabbergasted', very annoyed. Because I annoyed and angry that there had not complied with what the board had directed them or instructed them to do, that's all. I did not resigned straight way because I wanted to sit through meetings to make sure all the minutes were in order before I left the company or the board.*

Dato' Abd. Aziz Sheikh Fadzir: *Satu lagi Tan Sri, we all got confuse about bila nama "TIA" ini di tukar kepada nama "1MDB", and then this section 117 issues. If you coming to the board on 11th August 2009, kalau ikut Audit punya finding, nama "1MDB" ini hanya ditukar pada 2 hari bulan September or something like that.*

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So, when you came to Board, are you still coming to the Board of TIA or you are already in the Board of 1MDB? Do you remember that or not? Your first meeting. If you do a meeting sometime in August, your first Board Meeting, was it under TIA or it is already under 1MDB?

Tan Sri Bakke Mohd Salleh: *The first Board Meeting on the 20th of August Yang Berhormat, memang atas nama- Terengganu Investment Authority.*

Dato' Abd. Aziz Sheikh Fadzir: *Tan Sri, waktu TIA, seksyen 117 ini sudah ada ataupun belum ada? Because, to change the memorandum article, I think you must also go to Board and then you take it to the shareholders. But, were you aware of the amendment of section 117 ini?*

Tan Sri Bakke Mohd Salleh: *No, it went straight to the shareholders.*

Dato' Abd. Aziz Sheikh Fadzir: *So, masa TIA tidak adalah?*

Tan Sri Bakke Mohd Salleh: *Maybe- I was- saya sebagai Pengarah was only for 3 and half weeks. Maybe perkara ini dibentang to the Board during that period, intervening period dari April sampai Ogos. I cannot confirmed that. It would have.*

Tuan Tony Pua Kiam Wee: *Do you aware that...*

Dato' Abd. Aziz Sheikh Fadzir: *Tan Sri, that surat yang Prince Turki hantar kepada Perdana Menteri which is end of August, inviting 1MDB, was actually dated on the 29th August where 1MDB's name is not there yet. Did the Board realize that?*

Tan Sri Bakke Mohd Salleh: *No. We were not told about this letter. The first place the Board was not informed about the letter, not even shown excerpt or part of the letter.*

Tuan Tony Pua Kiam Wee: *So, kali pertama the Board of Directors dengar pasal isu 1MDB ataupun pelaburan 1MDB is on the 18th of September?*

Tan Sri Bakke Mohd Salleh: *That is right.*

Tuan Tony Pua Kiam Wee: *So, dalam jangka masa sepuluh hari, satu perjanjian USD1 bilion pelaburan daripada 1MDB ditandatangani dan dikeluarkan wang itu. Adakah perkara ini pernah berlaku dalam sejarah korporat GLC yang Tan Sri wakili ataupun pimpin?*

Tan Sri Bakke Mohd Salleh: *I think Yang Berhormat, it is precisely for that reason yang we decided to incorporate safeguards of control. Memang kalau kita buat comparison dengan lain-lain syarikat atau lain-lain keadaan untuk menilai ataupun evaluate investments, jangka masa itu terlalu pendek. But, given the urgency of doing the signing or organizing a high profile event between two countries and the pressure that was put on the Board to quickly evaluate this and at least give the thumbs up, maybe subjected to certain conditions, that was the reason yang we proceeded with our decision. They said, okay its fair enough, because this is a high profile event. If we do not do it, then we were told that it would not look good on the other side and the offer may not stand daripada segi dia punya entry cost. Those were the points that were represented to us. But Board, in or our own wisdom we say okay, fair enough. You want to do it, but you have to observe all these conditions or to comply the conditions.*

Dato' Abd. Aziz Sheikh Fadzir: *Satu sahaja. Masa the 26th September punya Board Meeting itu you are aware that there is already USD700 million loan in the company?*

Tan Sri Bakke Mohd Salleh: *No. We were not told about it.*

Dato' Abd. Aziz Sheikh Fadzir: *But, according...*

Tuan Tony Pua Kiam Wee: *[Bercakap tanpa menggunakan pembesar suara]*

Tan Sri Bakke Mohd Salleh: *No. Tidak ada.*

Dato' Abd. Aziz Sheikh Fadzir: *There were told...*

Tan Sri Bakke Mohd Salleh: *There was no mention this USD700 million and we were told that, they will inject the assets, these assets were in Turkmenistan and Argentina, oil fields. Valued anywhere*

between 2.5 to 3.2 billion and no mention of any amount being put into the company, any advance payment that has already been made by the parent company of PetroSaudi. No mention at all.

Tuan Haji Hasbi bin Haji Habibollah [Limbang]: Tan Sri, mungkin ini ulangan sedikit. *Just to have a clarification.* Pada mesyuarat 3 Oktober itu, Tan Sri beritahu tadi *you are not happy, angry and the Board pun angry* lah bukan? *Just want to know. Is it the—* sedangkan tandatangan sudah pun dibuat sebelum itu tetapi dengan syarat, semua syarat-syarat 4 *conditions* itu dipenuhi. Akan tetapi kenapakah Board begitu marah sehinggakan Tan Sri *decided to resign* tetapi *officially* selepas semuanya di *minuted* pada 19. Apakah yang menyebabkan kemarahan yang disebabkan *conditions* 4 perkara ini tidak dipenuhi? Apakah itu sebab utama yang *made the Board angry*?

Tan Sri Bakke Mohd Salleh: *I think, of the 4 conditions yang memang made the Board angry, the one that was deemed to be the most critical, most important was to split the investment by releasing the USD700 million into PetroSaudi punya akaun, not putting it in the JV account. The management had removed a very important and effective control element, in terms of control element. So, that was the thing that triggered or that made us lost our cool and provoke us to be angry.*

Tuan Tony Pua Kiam Wee: *Were you told who the USD700 million was paid to?*

Tan Sri Bakke Mohd Salleh: *We were told it was paid to company under PetroSaudi and these things according- management say, "Look, there was money owing to PetroSaudi. That explain why we had to listen to our Legal Advisor to disburse the amount as instructed by the other side, PetroSaudi". That was management explanation to us.*

Tuan Tony Pua Kiam Wee: *So, the USD700 million subsequently are made aware was paid to company Good Star Limited. So, was Good Star Limited ever explained in the Board of Directors Meeting?*

Tan Sri Bakke Mohd Salleh: *There was no mention of Good Star. At that time was just PetroSaudi, PetroSaudi Caymen.*

Tuan Tony Pua Kiam Wee: *You all did not know that it went to Good Star? You just know that it went to some PetroSaudi account?*

Tan Sri Bakke Mohd Salleh: *Explanation to us is that PetroSaudi had made- had given an advance to the company that have the assets and they will need to be repaid. So, when our guys signed the agreement, they followed these instructions that the money should be split where USD700 million would be credited directly into PetroSaudi account. USD300 million went into the JV account. There was no mention of Good Star or any other names.*

Tuan Tony Pua Kiam Wee: *Was the draft agreement circulated to the Board of Directors on 26th of September? The one that was signed.*

Tan Sri Bakke Mohd Salleh: *The draft agreement was shown to us, but there was no mention of the USD700 million.*

Datuk Liang Teck Meng: Tan Sri, *did you report to Ministry of Finance or the Prime Minister about the issue?*

Tan Sri Bakke Mohd Salleh: *I think I mentioned to Ministry of Finance that I was going to resign and I was not comfortable with the management.*

Datuk Wira Haji Ahmad bin Haji Hamzah: Tan Sri, *you decided to resign instead of taking up action against the CEO. Adakah itu jalan yang betul? Oleh sebab setelah diberitahu bahawa agreement telah disigned dan remittance dibuat pada dua tranches, dua separate tranches dan Tan Sri memilih untuk meletakkan jawatan. Padahal Tan Sri boleh mengambil tindakan kepada CEO.*

Tan Sri Bakke Mohd Salleh: Pada masa itu, *it just that bila– I think we are wiser after the event. All the benefits of hindsight kita kata, we should have done all these things. At times, it was really feeling very angry and shocked.*

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I think the first reaction was to resigned on the spot and then I kept my cool and said “Okay, I stay back”. So, itulah, that was it. Now we have the benefit of hindsight, we should have done certain thing.

Datuk Liang Teck Meng: *Last one Tuan Pengerusi. Tan Sri, so do you think that 1MDB has made a right decision after you have resigned?*

Tan Sri Bakke Mohd Salleh: *I cannot comment, I mean it is not fair for me to... [Disampuk] Not the right thing for me to...*

Tuan Tony Pua Kiam Wee: *Perhaps the other way to rephrase Yang Berhormat Simpang Renggam question, is do you think that the board of directors has been... doing by the management, the fact that they hide all this information from the board of directors and they went against...*

Tan Sri Bakke Mohd Salleh: *Yes, I mean they have kept vital information from us.*

Dato' Abd. Aziz Sheikh Fadzir: *Last question Tuan Pengerusi. For me, so when you came to the board kalau kita ikut segi TIA, TIA suspended Datuk Shahrol as the MD, as the CEO but during your time, sometimes in third week of August, you appoint balik Datuk Shahrol sebagai CEO, knowingly that the first resolution daripada board of directors to suspend the issuance of RM5 billion dia tidak ikut, dia tetap signed agreement. So, was this being considered by you semasa nak reappoint dia sebagai CEO of the company?*

Tan Sri Bakke Mohd Salleh: *Because we were told, we were asked by MoF to formalize his appointment. We had to act on the instruction of the shareholders.*

Dr. Tan Seng Giaw: Tuan Pengerusi, Tan Sri, *this business of government-to-government arrangement in particular with Arab Saudi to protect this country from further mistake. What do you suggest we should do?*

Tan Sri Bakke Mohd Salleh: *It is a loaded question Yang Berhormat, difficult to answer that. I don't think I am...*

Dr. Tan Seng Giaw: *Okay, now what is your impression and your opinion about the PetroSaudi now? Is it the property of the Kingdom of Saudi Arabia?*

Tan Sri Bakke Mohd Salleh: *I dont know, I think...*

Dr. Tan Seng Giaw: *You don't know?*

Datuk Dr. Makin @ Marcus Mojigoh: *Tan Sri, how well you know Tan Sri Azlan Zainol?*

Tan Sri Bakke Mohd Salleh: *[Bercakap tanpa menggunakan pembesar suara] ...He was the CEO of EPF. I don't really know him well enough to say he is a close friend of mine, no. I know who he was then and because of the GLC, GLIC fraternity.*

Datuk Dr. Makin @ Marcus Mojigoh: *Are you sharing ideas with him while he was sitting as a chairman in 1MDB?*

Tan Sri Bakke Mohd Salleh: *We obviously, board members discussed and deliberated on issues.*

Datuk Dr. Makin @ Marcus Mojigoh: *Because he resigned too. What do you think about? Why did he resigned? Is it because you resigned and he resigned?*

Tan Sri Bakke Mohd Salleh: *Yang Berhormat, it is best that you direct that question to him. It is not fair for me to speak on his behalf because it is just giving an opinion which is not right.*

Tuan Pengerusi: *Last question.*

Tuan Tony Pua Kiam Wee: *Saya ada beberapa soalan lagi, tidak banyak tetapi beberapa soalan lagi. Okay, just to confirm with regards to the Jho Low being invited to the meeting just now. It was never represented to the board that Jho Low was representing PetroSaudi or the shareholders of PetroSaudi.*

Tan Sri Bakke Mohd Salleh: *No.*

Tuan Tony Pua Kiam Wee: *Okay. Government to government, was any evidence presented to the board that the PetroSaudi Company is indeed Saudi Arabian subsidiary whether in terms of their shareholders structure, paid-up capital or anything of that sort?*

Tan Sri Bakke Mohd Salleh: *I think it was really relying on management representation. There was no documentary evidence to collaborate so it was really accepting management but again in our wisdom we said "Okay, fair enough, let's proceed subject to fulfillment on this condition".*

Tuan Tony Pua Kiam Wee: *So, of the four conditions that the boards imposed, one of them was the due diligent. Can I say that no due diligent was carried out by the management before the signing of the agreement?*

Tan Sri Bakke Mohd Salleh: *That's right.*

Tuan Tony Pua Kiam Wee: *One of the key items that was controversial subsequently was the valuation report that was requested by the board of directors. When did the board of directors first gets to see the valuation report?*

Tan Sri Bakke Mohd Salleh: *The valuation report that was shown to us was the one done by PetroSaudi. That explained why the Board wanted second independent valuation to be carried out.*

Tuan Tony Pua Kiam Wee: *So, you are saying, is this the valuation report, the same one as the Edward Morse most valuation report? So that's carried out by PetroSaudi?*

Tan Sri Bakke Mohd Salleh: *That is right.*

Tuan Tony Pua Kiam Wee: *So, the Board was fully aware that the valuation report was conducted by PetroSaudi?*

Tan Sri Bakke Mohd Salleh: *That is right.*

Tuan Tony Pua Kiam Wee: *It was not represented as a valuation report by 1MDB?... [Disampuk] Okay.*

Tan Sri Bakke Mohd Salleh: *And the whole idea is we wanted the time for management, for the company to get the second independent valuation report and also the finding of the due diligent exercise and then when all this work has been carried out we would have the RM1 billion in the JV account to express our seriousness in wanting to do the JV.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Last, semua dah last. Tak habis last ini nanti... [Disampuk] Okey last lah Tan Sri ya, minta maaf. Tan Sri, you have resigned from the company more than six years ago, do you think that you made a right decision and how you feel about the 1MDB now?*

Tuan Pengerusi: *Itu dah tanya tadi, serupa. Sudah tanya tadi [Ketawa]*

Tuan Tony Pua Kiam Wee: *I only got two questions left. Saya hanya ada dua soalan sahaja, dua soalan tidak boleh tanya?*

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

Tuan Pengerusi: *Okay, last two questions.*

Tuan Tony Pua Kiam Wee: *Okay. There is a Board Meeting on the 10th of October. I think that was the last Board Meeting you attended before you quit. Among the items you all discussed during this Board Meeting was the bond that was issued, the RM5 billion bonds. A few questions relating to that particular minutes 10th of October. Why was the issue of bond only raised so late in 10th of October, that is number one question. Pada 10 hari bulan. Among the concern raised by the board of directors was that we paid too high a year for the RM5 billion bonds and the specific complaints in the minutes was that the board was upset, we only collected RM4.3 billion when we raised RM5 billion of bonds.*

Tan Sri Bakke Mohd Salleh: *No, we were not involved in the raising of this RM5 billion. So, after we were pointed to the Board of 1MDB then we found out about this and we wanted AmBank and management to take us through the process of raising this money and explained to us the key points on the bonds structure. So, we could not do it earlier because we were given the responsibility of evaluating in PetroSaudi investment. So this two- so that's explained why we only visited it on 10th of October.*

Tuan Pengerusi: *Okay, last Yang Berhormat Petaling Jaya Utara.*

Tuan Tony Pua Kiam Wee: Last tadi tentang bon, saya ada dua soalan tadi. So, just on the bonds in your experience as a corporate men. Have you seen bonds that were so expensive raise which was some more in addition to that guaranteed by the Federal Government? Does it make sense?

Tan Sri Bakke Mohd Salleh: This question was posted to management but they came back with explanation like the repayments were only be in thirtieth time, third bullet repayment. So, that explained the substantial discount to reflect the risk and all that and also this...

Tuan Tony Pua Kiam Wee: But it is guaranteed by the Federal Government.

Tan Sri Bakke Mohd Salleh: This money was raised oppose financial crisis so another of the explanation given.

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Obviously if I were doing the raising the RM5 billion bonds, I would probably, I would have been a lot more discerning and demanding with my terms and conditions. I would have press for much lower...

Tuan Pengerusi: It is not fair to ask this questions because Tan Sri bukan involve dari segi itu. Not fair to Tan Sri to ask the question because he was not involve.

Tuan Tony Pua Kiam Wee: The reasons why the question have to ask- very simply is that the comment has been written on the Boards Minutes. So you standby those comments and concerns that you raise in those board minutes.

Tan Sri Bakke Mohd Salleh: We were not happy with the pricing, we are not happy. So...

Tuan Tony Pua Kiam Wee: So you still standby those comments?

Tan Sri Bakke Mohd Salleh: Yes, yes totally. I mean what's in Minutes that reflect the point or all the things that been put in the minute reflects the positions taken by the board and the deliberations.

Tuan Pengerusi: Thank you.

Tuan Tony Pua Kiam Wee: Last, last.

Tuan Pengerusi: Ketiga pula ini, Yang Berhormat Tony.

Tuan Tony Pua Kiam Wee: Tadi bon. Tenang sahaja, jangan risau.

Tuan Pengerusi: Orang politik macam inilah dia.

Tuan Tony Pua Kiam Wee: Okay, now I forgot the questions. Basically, the PetroSaudi investment was carried out. USD1 billion was invested without any due diligence, with no valuation reports on the part of the 1MDB and this regarding the instructions of the Board of Directors. So, would that be a fair summary of the fact that management have been reckless in entering into agreement with PetroSaudi?

Tan Sri Bakke Mohd Salleh: Whatever that the board had decided upon or said to the management, I think Yang Berhormat you can easily refer to the minutes. For me to come out with the concluding statements, I don't it is rights because...

Tuan Pengerusi: Okey, saya mengucapkan banyak-banyak terima kasih kepada Tan Sri kerana meluangkan masa untuk disoal oleh Ahli-ahli PAC dan semoga dengan jawapan-jawapan Tan Sri itu membantu pihak kami untuk membuat rumusan kami ke Parlimen. Saya bagi pihak PAC mengucapkan terima kasih atas kerjasama. Terima kasih.

Tan Sri Bakke Mohd Salleh: Terima kasih. *Assalamualaikum.*

[Tan Sri Bakke Mohd Salleh meninggalkan Bilik Mesyuarat]

[Datuk Shahrol Azral Ibrahim Halmi masuk ke dalam Bilik Mesyuarat]

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Tuan Pengerusi: *Assalamualaikum warahmatullaahi wabarakaatuh.* Datuk Shahrol, kami terpaksa panggil sekali lagi Datuk ke prosiding ini. Ini kali yang ketiga, prosiding yang ketiga. *Is it so-* bagi Datuk Shahrol ya? Oleh sebab Ahli-ahli PAC merasakan ada beberapa perkara yang perlu diteliti dan perlu *diupdate* dan diberi keterangan untuk membolehkan kita membuat laporan yang telus, adil dan secara objektif kepada Parlimen. Jadi, kita kena panggil sekali lagi Datuk Shahrol sebagai mantan, bekas Pengarah Urusan dan sekarang masih juga Lembaga Pengarah 1MDB. Jadi, ada apa Datuk Shahrol hendak cakap dahulu, saya persilakan.

12.13 tgh.

Datuk Shahrol Azral Ibrahim Halmi: Terima kasih Tuan Pengerusi. Dengan izin, Tuan Pengerusi, *I have a statement I would like to read out for the Committee. 1MDB was set up as a hybrid between a private sector company and a GLC. The idea was to act as catalyst, implement strategic development projects for the government and to stimulate foreign direct investment into the economy. Each of these objectives were met, one way or the other, throughout the life of the company. Earlier on, a decision was made to use debt. In itself, the use of debt is not wrong. In your day-to-day life, when you buy a house, it is debt funded. When you buy a car, very similar. Debt creates a certain discipline that you have to repay the debt and therefore, run your business in a particular way. The use of debt in a government-owned company also frees up funds that would otherwise have to be injected as equity. It can be used for development projects and so on and so forth. A lot of firms use debt. Banks are a good example, they are highly leveraged entities. Where it becomes a concern is where the maturity of the debt and the cash flow of the company doesn't match.*

Even in that scenario, many development companies will tend to refinance debt, so that you don't necessarily anticipate until the project is finished. And if you look at 1MDB, that is what happened. If you look through the financial statements over time, debts were taken, they were repaid, new debts were taken on, as the company grew and the business profile increased. But, clearly you need confidence to do this. And this confidence comes in many ways. For example, you doing what you said you would do.

Achieving a plan as envisaged. It has to do with market environments in general. It has got to do with achieving certain criteria and guidelines. When that doesn't happen, you can debate all the reasons for that, then you have these problems. I am not trying to simplify the issue. Rather what I am saying, the model to me is fine. What caused the cash flow mismatch was the inability to hit the target which was the IPO of Edra. But, because the IPO didn't happen, given the loss of confidence and then, obviously the attacks by certain segments of the media and the opposition. So, the traditional method didn't work anymore. Hence, more radical steps needed to be implemented.

But, for a company that uses debt to run its business and for a company that relies on asset sales to repay debt, which was the business model from day one, confidence is the single most important factor. Three things happened in November 2014 that caused loss of confidence in the company. The first was a loss of RM665 million. Then we had the delayed IPO, or the IPO that never happened. And then there was a RM2 billion loan, soon to be due, there was no immediate solution. Obviously, it was supposed to have been repaid through the IPO. It was the confluence of these three biggest factors that resulted in the loss of confidence and 1MDB could not refinance or raise new debt. Tuan Pengerusi, I think it is important that I go through some of the key highlights for the benefit of all the YB's today.

One, the early days, the set up of 1MDB. 1MDB originates from the Terengganu Investment Authority (TIA) that was established under the Companies Act 1965 to function as a sovereign wealth fund for the State of Terengganu. TIA was renamed 1Malaysia Development Berhad (1MDB) when it was acquired by the Federal Government for RM1,000,002.00. Its mission changed from a sovereign wealth fund to strategic development company of the Federal Government. 1MDB was directed by the new shareholder to act as a catalyst, bring in FDI and undertake long-term strategic development projects for Malaysia.

Now, the 1MDB model- from the beginning, it was to develop projects through loans. The use of debt created a discipline in the company and government funds could be used for other development expenditure, such as roads, hospitals and schools. If you look at the RM5 billion 2039 sukuk, it is in fact quasi-equity, given the long tenure. This made sense, that is, to use long term debt in order to develop long gestation, long term assets. The PetroSaudi JV. Traditionally, Malaysia had built strong relationships with the US, with Japan and of course, with fellow South East Asian countries. At that time, the government of Malaysia had a plan to build relationships with new partners such as Saudi, Qatar and the UAE. The JVCO was meant to facilitate long-term economic cooperation between Malaysia and Saudi Arabia following the PM'S visit to Saudi Arabia in July 2009. On the back of this G-to-G relationship, the respective governments designated 1MDB and PetroSaudi as the preferred vehicles to develop the relationship. The transaction with PetroSaudi was one of the first of many others expected to come in the future. They had access to oil & gas rights and the expertise to develop. We had the funds and the idea was that in the future, they would bring in Saudi funds to invest in Malaysia.

Tuan Pengerusi, one of the issue that has been raised is the multiple change of Auditors. The first Auditors were Ernst & Young, under the TIA that is, Terengganu Investment Authority, which was at the time, owned by the Government of Terengganu. Eventually, that shareholding moved to MoF or the Ministry of Finance. Therefore, that first change of Auditor was due to the change in shareholder. That is not unusual. Typically, when a new shareholder comes in, they will change the Auditor. Then, 1MDB had KPMG for three financial statements and Deloitte for two financial statements. It is not like we changed Auditors immediately, there was some time.

Secondly, it is not like we changed from KPMG to Ali, Bala and Chong. We moved from KPMG to Deloitte, which is actually one of the largest accounting firms in the world and for very good reason, because at that time 1MDB purchased the power assets. We had all the foreign assets and we needed a firm that could give us a good enough proposition to audit those accounts. Look at the difference in the notes for the accounts between 2012 and 2013. You will see there are a lot more details, because Deloitte committed to 15 audit partners, not only locally, but also regionally.

As for the 2015 March financials, 1MDB's holdco accounts are consolidated accounts. To prepare those accounts, we need the accounts of all the subsidiaries to be done. We have done it for Edra and we have almost done it for the real estate company. Now it is in the process of being signed off by the auditors...

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Dato' Takiyuddin bin Hassan: Tuan Pengerusi, I want to interrupt. I think...

Tuan Pengerusi: Biarkan...

Datuk Shahrol Azral Ibrahim Halmi: When that happens, we go up one level to the intermediate holding companies. The closer you get to the 1MDB level, the more difficult it becomes for us. If you recall on 8th July 2015 our premises were raided and our documents were taken away including our ledgers, journal entries, payment vouchers, legal agreements, etc.

An auditor needs to look at all that in order to audit the accounts. It is not preparation of accounts. Preparations are management's responsibility. The auditor's job is to check these accounts. We have an extension till 31st March 2016 but frankly we need all our documents back before the auditors can audit what is inside the accounts. It is physically not possible. Chairman, another point is the large debt in 1MDB. RM42 billion as of financial year 2014 was not there from day one. The debt originally started with the RM5 billion sukuk and each time 1MDB acquired new assets, it took on debt to do so. The single largest jump in the debt profile took place in 2012 when 1MDB acquired the power assets, new debts and a new asset were inherited.

If you look at the graph of asset and debt growth, it is perfectly correlated over that five year period. This is something that a lot of people do not understand. The debt came about because of the asset acquisition. The debt grew over time. The asset acquisition went in tandem with the debt

acquisition. For example, if you buy a house worth RM100,000 house with a RM90,000 loan you then buy a second, third, fourth and fifth house. You now have RM500,000 of houses and worth RM450,000 of debt. So it balanced out. Let's say you cannot rent out those houses and you cannot pay the mortgage. You either get a new infusion of cash to pay the mortgage or reduce the loans or you have to sell the houses.

This is where 1MDB is today, 1MDB took on debts to buy assets. Now, some of those debts have become due and we are in a position where it is difficult for the shareholder to add additional equity. Therefore, the only option is to dispose of those assets in order to reduce debt. If you look at the debt profile, by and large over 80% of the debt is long term. The RM5 billion sukuk and the USD3 billion Global Investments Ltd. (GIL) bonds the IPIC guaranteed bond. The short term debt was linked to the energy asset acquisition and that is very normal. When you acquire a company in an M&A scenario, you take bridge financing to bridge the period till you get to the takeout in this case the IPO.

Also, the asset profile matches the debt profile. For example, if you look at the Bandar Malaysia sukuk. It is for a time horizon of up to 10 years, matching the developments of Bandar Malaysia. If you look at the nature of the sukuk, it is almost zero coupons, 0.38%. We don't have a cash yield to pay but that yield is built into the principal and is paid at maturity. That is the absolute perfect instrument for that requirement. If we look at the bulk of Edra's debt it is long term project financing which matches the PPAs coming from the company. If we look at the GIL bonds or the IPIC guaranteed bonds, they are bullet 10 years with interest payment in between. From that perspective, it was correctly done but circumstances changed.

There are also accusations that 1MDB overpaid for its energy assets. It is important for Yang Berhormat to understand that when you are an M&A situation, it is very normal to pay a premium to the seller. In this case, net asset value is the discounted future cash flow of the assets, plus the land, plus the physical plant but the real value is in the future discounted cash flow of the future PPAs and the platform that is already been set up, which can be used to pitches for new business. Paying good will is very common in M&A scenarios. Why do people pay goodwill? There are two reasons, you are getting a good business, you don't have to build it up from scratch and secondly the business gives you an opportunity to go and get new business.

Most important of all, there was a strategic imperative from the government to consolidate three separate companies into a bigger company and use that as a platform to bid for projects and create competition to lowering the PPA tariffs and to list it. There was a strategic reason to pay the premium. The consolidation of the three independent IPPs or independent power producers which created a platform that was then able to bid for new power projects. By becoming a competitor in the market, it resulted in lower PPA tariffs. A one sen reduction over a life of a 20 year PPA will result in a RM2.9 billion reduction

in cost. The fact that we bid also lowered the price for other bidding processes. We had four projects after 1MDB came through.

From that perspective, there was nothing wrong with that and we have recovered all of that in the sale from CGN. From a net book value perspective, we recovered it, plus the dividend we have taken out. If we overpaid, then by extension CGN must have overpaid but I would argue that, neither of us has overpaid. Both of us have a certain objective.

I would like to take Yang Berhormat back to 2012, the plan was to purchase the power assets and conduct an IPO. When the acquisition of Powertek and KLPP happened, we were planning for a November 2013 IPO but something very big happened in between, the acquisition of Jimah Energy Ventures in early 2013. That was a big addition to the portfolio. There was a requirement to integrate these three big companies, companies that could have been listed on their own.

To integrate these companies takes time and that is why the initial target was not met because we needed to rationalize and create that common platform. The Jimah addition happened later and that is why the IPO was moved to 2014. I would like to emphasize there was no fire sale for the Edra assets. We have got full if not higher value for our assets than what the market anticipated. For Edra, we sold it at almost full value in terms of equity value on our books. Secondly, the Edra sale was run through an international tender. Full opportunity was given to local and foreign investors. We had independent advisers running both processes and Maybank. We even ran a process to choose our advisers.

In terms of Edra it was never out assets to start with. It belonged to the private sector. Anyway foreigners are allowed to own up to 49% of power plant. If you look at the fuel supply, it is only from TNB and Petronas, so we have control. If you look at transmission and distribution it is 100% controlled by TNB. PPAs are also 100% controlled by TNB. As for generation it has been allowed to be done by the private sector.

We also have a very strict regulatory regime overseen by KeTTHA and the Energy Commission. If you look at countries with a very similar regime like Singapore, they allowed 100% foreign ownership. In fact 80% of Singapore's power plants are owned by foreigners. In fact the largest is owned by a Malaysian company, YTL. If you look at the UK and Australia they allow 100% foreign ownership. So, foreign ownership in itself is acceptable if you control the input and output and there is a good regulatory regime.

Under PPAs, TNB has step in rights if the power plant operator does not perform. We are protected in so many ways. Factually and analytically there is no issue with foreign entities owning the power plants. When you look at any other assets in the country, the ownership is very small and it represents FDI and FDI is important to us.

On the one hand, we need FDI and the opposition complains when there is insufficient FDI. On the other hand, when FDI comes in a controlled manner, when they are paying top dollar through a tender process, why is there any cause to complain?

Chairman, this brings me to the real estate assets. If we look at TRX for example, while it was sold to 1MDB at a nominal price, 1MDB took on RM3 billion obligation in infrastructure. No private developer will do that. We only need to look at the congestion around KLCC, Mid Valley and KL Sentral to understand what I am talking about.

Today, you can see the new benchmark for real estate prices in KL is TRX and that has benefited all other landowners around Kuala Lumpur. On top of that, we have brought in FDI. Mulia Group spent RM665 million on purchasing a plot of land in TRX. Mulia is one of the largest property owners in Indonesia. They have built buildings in Thailand and so forth. There are so many other examples I can give you to prove this point that 1MDB did what it set out to do, to deliver these projects for the government and to bring in foreign direct investment.

In term of Bandar Malaysia we own 40%. Iskandar Waterfront Holdings owns 60% of the consortium. In turn, Kumpulan Prasarana Rakyat Johor owns 40% and Credence Resources controls 60% of IWH. CREC only controls 40% of the consortium which is an effective stake of 24%. Between KPRJ and 1MDB, the federal and state government controls 54%. We managed to sell it for RM12.35 billion in terms of land value. It is important for Yang Berhormat to understand that fact that while 1MDB obtained the land at nominal prices it took on debt to develop the assets and free up the government to do other things with its money. For example in Bandar Malaysia, 1MDB has the obligation to build new bases and relocate the existing facilities.

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That project totals RM2.7 billion which 1MDB took on RM1.6 billion of debt via the Bandar Malaysia sukuk. The debt comes with the assets. 1MDB could not have one without the other. Although the title is in our name and it was given to us in 2012, it has taken a period of time to conceive the relocation- to buy the new land for the premises, to design, appoint contractors. Plus, we don't have vacant possession until 2017. Not many private sector players would accept terms like that, and have to fund it.

Although in theory it could be monetized 30% at the time, in practice, it might not be so easy, especially not at the valuation that we want. Therefore, the model to me made sense. If you invest first you develop the master plan you get vacant possession and then you monetize. 1MDB is a government company, it could take a longer-term view, and we could afford to do it in that way.

And that assured the government would receive the eight- military bases that it needed. A lot of the things that 1MDB has done would frankly not be done by a private sector company. Take the infrastructure in TRX. We have empirical evidence of how private sector developers won't do it. But touch

wood, we will see how TRX will do it differently, and the traffic flow will be better. And investors see that, which is why there are willing to pay upwards RM4,000+ psf.

Investors have seen what has happened in Canary Wharf, in Marina Bay and we are doing exactly that here and that is why there are willing to pay that price. I fully admit there are challenges at 1MDB, just as there are in any other company. What is important is that we faced those challenges head on, we conducted a strategic review, and got a rationalization plan approved by Cabinet and now we are in full implementation mode. Thank you.

Datuk Liang Teck Meng: *Datuk, we have call Tan Sri Bakke before you, and you tell us how is your relationship with Tan Sri Bakke, and then why did he resign even twice?*

Tuan Tony Pua Kiam Wee: *Sir, quick over view. Sebelum ini pun kita telah panggil Datuk Shahrol dua kali the last time we stop questioning we stop Murabahah notes, so later on will continue on the matters after Murabahah notes but with the recent discussion this morning, perhaps we stops of the point that we raise during Tan Sri Bakke meeting us.*

Dato' Takiyuddin bin Hassan: *Mr. Chairman, just now I want to suggest that we were given the notes the witness statement by Datuk Shahrol is it possible, all.*

Datuk Shahrol Azral Ibrahim Halmi: *Ya, I think we send a copy.*

Tuan Pengerusi: *Ya extra copy to photostat. Yang Berhormat Kota Baharu and also circulate to PAC's Members only. Okey ini tadi yang can you Yang Berhormat Simpang Renggam.*

Datuk Shahrol Azral Ibrahim Halmi: *On the question of relationship with Tan Sri Bakke I first meet him during the TIA days, I would say that the relationship is professional, his very tough but fair boss and he expect things to be done his way. Why Tan Sri Bakke resign that one he never officially inform and I cannot comment on the reason why he resignation.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Jadi Tan Sri Bakke ini saya hendak tanya Datuk lah why the board of TIA remove you and is it according to the procedures. Number 2, now despite the removal you still caring on with issuance of the sukuk. Thank you.*

Datuk Shahrol Azral Ibrahim Halmi: *Ya, thank you Yang Berhormat. I assume that you are referring to the May 2009 removal. As I recall that came via a letter and I so recall actually that the procedures were not follow as the M&A clearly stipulate that there were other procedural items that needed to be covered. Therefore I was inform by the companies secretary that there was invalid and accordingly I'm continue with issuing the sukuk as the process has already started and not continuing were actually damage the repetition of the company as well as the market.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *What do you mean the procedures is not being followed accordingly?*

Datuk Shahrol Azral Ibrahim Halmi: *The procedure as I recall actually at that time the M&A stated that the post of MD has to have some sort of written approval from the shareholder. But that one we have to check back the M&A properly.*

Dato' Abd. Aziz Sheikh Fadzir: *I campak itu sedikit sambung Tuan Pengerusi. Datuk Shahrol the last two times that you came you said the same thing you are going to check about the 117 sama ada dalam TIA ataupun tidak. And today I ask the Auditors again, the Auditors said according to them, there is only two submission to SSM. One was that the day that you incorporate TIA, second one were on 2nd of September when you change the name from TIA to 1MDB and you add on that section. There was no section of 117 unless you can prove all of us wrong. We will love to have that.*

Datuk Shahrol Azral Ibrahim Halmi: *I have to...*

Tuan Pengerusi: *Ini kita sudah tanya dulu kan soalan ini kan.*

Datuk Shahrol Azral Ibrahim Halmi: *So just to be very-very clear the 117 as I recall was added when we move the shareholder from Terengganu to Ministry of Finance. And the intention of that particular clause is to ensure that the Federal Government- sorry that was introduce after the GG was issued, correct. Because the GG put financial obligation on the Federal Government however the company is own by the state government and therefore to protect the interest of Federal Government guarantee that clause was inserted. I'm not sure the timing right now, but I was very-very clear actually that was the intention.*

Dato' Abd. Aziz Sheikh Fadzir: *We all love to believe that but somehow the Auditors fail to get document we are waiting to the document. They have gone through all the minutes of the meeting of the board nothing mention at all that there will be a changes or amendment of the M&A. So can you have us to proof that right?*

Datuk Shahrol Azral Ibrahim Halmi: *The best of my recollection that was the logic because when the Cabinet approve the Government Guarantee it needed to have some sort of protection because if the government were to give a guarantee to a company that they don't have any control over than if there is 5 billion default then there will cascade to a lot of government debt. So the intention is there.*

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

Dato' Abd. Aziz Sheikh Fadzir: *This is good decision if you think there is goanna protect Federal Government, federal interest. Tapi where are the documents SSM tak ada, 1MDB tak ada- you know, even SSM pun tak ada.*

Datuk Shahrol Azral Ibrahim Halmi: *This are the article of TIA and 1MDB, we gonna have to check on that because it was six years ago.*

Tuan Tony Pua Kiam Wee: *Datuk, I think the PAC have to make our conclusion base on document are made available to us. Base on document made available to us today changes to the M&A was only done in late August or early September, well after debt thing to pay. So if we were to make that*

decision based on documents available, that one you just specified is more be regarded as mille and excuse on what took place on this.

Datuk Shahrol Azral Ibrahim Halmi: *I can only speak from my memory, and my memory is that, so it's very-very clear. I cannot explain why document are missing, why the article were not amended or were there amended, were they not file. But my recollection is that the logic is there when the GG was issued it was meant to protect the interest of both parties.*

Tuan Pengerusi: *Just to guide members of PAC dia satu adalah administrative, satu legal. To perform a company katalah we form 1MDB today, tapi dari segi legalnya can be legalizekan oleh SSM maybe next week, ataupun 2 weeks. That we must understand you must tetapi kalau boleh 1MDB bagilah M&A itu bagi kepada Auditor dan bila sebenarnya incorporated.*

Datuk Dr. Makin @ Marcus Mojigoh: Tuan Pengerusi, ini kita dengar janji daripada pihak pengurusan 1MDB bahawa dokumen-dokumen yang perlu diberi kepada Audit.

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Janji itu masih lagi jawapannya, *"I will try"*. So, kita hendak mempercepatkan proses urus tadbir di 1MDB ini. Kalau kita buat satu rumusan, *the final report, can we put that the "Pengurusan 1MDB refuse to give us the documents"?* Ask the question.

Datuk Shahrol Azral Ibrahim Halmi: *Okay. As I mentioned earlier, the challenge is that some of our documents are not with us. So, I was made to understand that the team is compiling all the information that is required. I also was made to understand that significant number of those documents have been taken by PDRM and it is still not with us, which also presents us with the challenge of the Audit of the last financial year.*

Tuan Tony Pua Kiam Wee: *Just to follow up with that point.*

Datuk Dr. Makin @ Marcus Mojigoh: *I just continue with the same question. Alasannya dahulu bahawa dokumen-dokumen itu berada dengan MACC, berada dengan PDRM. Adakah sukar untuk pengurusan 1MDB meminta salinan sekurang-kurangnya? Jadi, sebab itu 1MDB berjanji untuk mendapatkan salinan-salinan itu, termasuklah salinan-salinan daripada bank. Akan tetapi sekarang kita masih lagi mendapat jawapan yang dokumen itu "Not available with us". Why?*

Datuk Shahrol Azral Ibrahim Halmi: *I think Yang Berhormat, sekarang jawatan saya di 1MDB sebagai Lembaga Pengarah, bukannya pengurusan. Maybe that question can be directed to the management.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Possibility of you getting them. I mean getting them to furnish all the documents to the AG immediately. Banyak lagi tidak dapat ini.*

Datuk Shahrol Azral Ibrahim Halmi: *I cannot answer that.*

Tuan Tony Pua Kiam Wee: *Okay. Back to our- it is a fair point that the instruction should come from the management on that particular issue. So, back to the conversation we had with Tan Sri Bakke*

just now. He stated very clearly and it is reflected in the Board minutes that the Board was never brief in the joint venture agreement with PetroSaudi that the joint venture would have the advance of USD700 million to be paid up on investment by 1MDB. So, this matter was never raised or made known to the Board. Why is that?

Datuk Shahrol Azral Ibrahim Halmi: *As I recalled, there was a series of meetings in which it was discussed. My recollection is that– I am very, very sure that subsequently we brief the Board on that matter.*

Tuan Tony Pua Kiam Wee: *We know that it was brief subsequently, because it was also reflected in the Board minutes, but that only took place after you have made payment of that USD700 million. Not before the agreement was signed. Was there an intention to hide this information from the Board of Directors?*

Datuk Shahrol Azral Ibrahim Halmi: *There was never any intention to hide anything from the Board of Directors. I could not recall if there was any specific discussion on that. What I recall was that the Board approved for 60%/40% joint venture with the company and the management duly executed that.*

Tuan Tony Pua Kiam Wee: *The conversation again with Tan Sri Bakke just now was that the Board did in deed approved the joint venture of 26th of September, but with four conditions. Among the condition were (i) the valuation report by 1MDB, and (ii) complete due diligence on the companies. I can only assume that these two are very reasonable conditions, but there were not carried out by the management. From the last meeting we had with you, you mentioned that due diligence was done and you will give us the documents, but until today we have received no such documents and unless we received any documents reflecting due diligence, then we have to take the Board Minutes and the testimony from Tan Sri Bakke that no diligence was carried out prior to the signing of the agreement. Is there a fair reflection of what happen then?*

Datuk Shahrol Azral Ibrahim Halmi: *I would actually not completely agree with that. The Board agreed to the joint venture. It is stated that there is a must be valuation report which we did produced. The due diligence as I recalled was done, but due to the time constraint, it was a limited due diligence. I recalled also that the agreement had a clause in there that we had a period of time afterwards to perform a more details due diligence that enable us to actually- it protected our interest at the same time. Bearing in mind though, that this is G-to-G deal, we had trusted the counterparty, we had trusted in good faith that they are providing us with the right information.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *It is a matter of governance, because the Board Members and shareholders are governed by M&E and in fact now, everything must be done in accordance with M&E.*

Datuk Dr. Makin @ Marcus Mojigoh: Sambung tadi. Ada syarat-syarat ataupun *instruction* daripada Ahli Lembaga Pengarah yang pengurusan harus patuhi. *Why did you not– why did you choose not to follow this instruction, the four instructions mentioned by Yang Berhormat Petaling Jaya Utara? It is because you have outside influence or you sengaja ignored the instruction from the Board?*

Datuk Shahrol Azral Ibrahim Halmi: *I would protest against that criterization that we sengaja tidak ikut arahan Lembaga Pengarah. Lembaga Pengarah expressed their concerns with some expect of the deal, management took that on Board. We had attempted to carry them out to the best of management capabilities and we had updated the Board immediately after that and so, the Board subsequently noted all the points and had no reason to actually carry out any further actions.*

Tuan William Leong Jee Keen: *I think the point is that Tan Sri Bakke has told PAC that there were four conditions in their approval. At the next meeting on the 3rd October, the money have already be sent out and the four conditions have not be complied. How could management proceed without complying with the Board directions?*

Datuk Shahrol Azral Ibrahim Halmi: *We would have to refer back to the minutes. I think that the minutes were clearly show there was a valuation report and there was limited due diligence done and the four conditions were met.*

Tuan Tony Pua Kiam Wee: *There is no indication of due diligence done in the Board minutes that we have in hand. There was a valuation report, but as Tan Sri Bakke explained just now, it is a valuation report by PetroSaudi which is the party we are signing with. Not a valuation report commission by 1MDB itself. So, that is not a fair reflection of what we are going to be.*

Datuk Shahrol Azral Ibrahim Halmi: *Bearing into mind also that again this is a G-to-G deal. We trusted the counterparty to provide us with a valuation and given the fact that it is also G-to-G deal, we are comfortable to proceed with that, but with additional safeguards.*

Tuan Tony Pua Kiam Wee: *Tan Sri Bakke with regards to the issue of G-to-G. Tan Sri Bakke stated very clearly that any information with regards G-to-G was entirely at the representation of the management which were not supported by any documentary evidence that the G-to-G, it was a G-to-G deal. So, did the management present any documents to show that this is a G-to-G deal? Because it becomes a circular argument between or we trust it because it is G-to-G and hence, we give the money or we signed the agreement and then after that, to say that then there is no limited due diligence to confirm whether there is G-to-G.*

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Datuk Shahrol Azral Ibrahim Halmi: *It was government-to-government, there were letters actually. We had submitted this letters over to the Auditors and we had referred to them earlier.*

Datuk Liang Teck Meng: *Have you ever invoke article 117 in any procedure or any decision making?*

Datuk Shahrol Azral Ibrahim Halmi: Yang Berhormat, *no, we have never invoke article 117. All decision were made at the board at the recommendation of management and we carried them up.*

Dato' Takiyuddin bin Hassan: *Datuk, in one meeting that was on 26 of September 2009. Mr. Jho Low was invited to the meeting. Can you tell us on what capacity he was at the meeting and what was his role in that meeting? Thank you.*

Datuk Shahrol Azral Ibrahim Halmi: *As I recall at that time the board wanted to meet with Prince Turkey himself but Prince Turkey was unable to make it and therefore Mr. Jho Low was asked to come and speak on his behalf.*

Tuan Tony Pua Kiam Wee: *Your testimony just completely contradicted what was presented by Tan Sri Bakke who said that Jho Low was there at the request of the management to assist them with information with regards to the deal because he has been facilitating the transaction. The management never represented to the board that Jho Low was representative of Prince Turkey in that board meeting.*

Datuk Shahrol Azral Ibrahim Halmi: *It may not have been the case but my understanding was that he was helping explained the deal, correct, from Prince Turkey perspective, from the PSI perspective.*

Tuan Pengerusi: *No, not to say... because according Tan Sri Bakke on the invitation of management, not contradictory.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, we invited him.*

Tuan Pengerusi: *Ya, management yang mandate to explain.*

Tuan Tony Pua Kiam Wee: *Pada masa yang sama, Tan Sri Bakke juga kata tidak pernah mereka diberitahu bahawa kehadiran Jho Low adalah sebagai wakil kepada Prince Turkey.*

Tuan Pengerusi: *It is management punya itulah, management punya decision.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, Jho Low could not showed up in the meeting if nobody invited him, so we had to invite him on the basis of that he is representing the other side.*

Datuk Liang Teck Meng: *So did he sit through the meeting? Sampai habis kah?*

Datuk Shahrol Azral Ibrahim Halmi: *I don't believe so, not the whole thing.*

Dato' Abd. Aziz Sheikh Fadzir: *Datuk, you kata tadi the board yang request nak jumpa Prince Turkey. So had the board request nak jumpa Prince Turkey, Tan Sri Bakke would have known that he requested. Just now you are saying that Jho Low came on the invitation of the management because he understand the project well, he has some connections with the PetroSaudi, so to explain on behalf of management. Just to tell you what Tan Sri Bakke told us just now.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, correct.*

Dato' Abd. Aziz Sheikh Fadzir: *That the board requested.*

Datuk Shahrol Azral Ibrahim Halmi: *So, what the issue here is actually...*

Dato' Abd. Aziz Sheikh Fadzir: *No, the issue you said the board requested to meet Prince Turkey.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Dato' Abd. Aziz Sheikh Fadzir: *But he didn't know that who invited. He is the chairman of the board, he didn't even know that Jho Low datang on the pretext of representing Prince Turkey or invited by the board to come. He came to represent you, the management. So, it is a two different scenario Datuk.*

Datuk Shahrol Azral Ibrahim Halmi: *As I recall that when this deal came out, the board did have the discussion, they wanted to meet the counter party. Who is this Prince Turkey, who is this Tariq Obaid. That one I am very clear, it may not have been minuted but I took it on board to actually try and see whether the counter parties can make it to Kuala Lumpur within a short period of time. When that couldn't happen, we invited Jho Low to actually come and represent the interest on the other side to explain.*

Tuan Pengerusi: *To be fair to Tan Sri Bakke, what he said is that on the invitation of the management, it could be to explain about this one, Prince Turkey, on this one. To be fair to Tan Sri Bakke.*

Tuan Tony Pua Kiam Wee: *Okay, in earlier meeting that you attended, you did promise to provide the details of your travels to meet PetroSaudi when you first meet them. Have you gotten the details?*

Datuk Shahrol Azral Ibrahim Halmi: *We are compiling it so I think all one shot.*

Tuan Tony Pua Kiam Wee: *It has been two months, travel details shouldn't take two months to provide.*

Datuk Shahrol Azral Ibrahim Halmi: *We are looking through the records, Yang Berhormat.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Sebagai company CEO, apa juga cadangan, idea-idea daripada Ahli Lembaga mestilah mendapat persetujuan daripada keseluruhan Ahli Lembaga. Betul ya? Apa juga keputusan yang dibuat ini, tindakan yang akan dibuat itu tidak boleh melangkaui ataupun tidak boleh membelakangi Board Members. Apakah komen Datuk?*

Datuk Shahrol Azral Ibrahim Halmi: *Well, the function between board and management is very clear, the management proposes, the board approves. The board approves with certain parameters, management will execute. However if there is inability to execute that's where actually when the managing director comes in and forms a judgement call whether to go one way or the other but the important thing is for the managing director to go back to the board and update the Board what happen and why and to seek the Boards endorsement as to the actions taken.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *If no any decision to be made, no matter what, in constraint of time but definitely now, it has to be approved by the board.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Okay, but if I can say now resignation of Tan Sri Bakke kerana dia marah kerana keputusan membelakangi dia. Apakah komen?*

Datuk Shahrol Azral Ibrahim Halmi: *It is matter of judgement, honestly Yang Berhormat because the what and the how as I said earlier is actually some folks actually are very particularly about the how, some folks are particular about the what. From this perspective is actually unless and until the board is able to actually handle the deals themselves on the executive level, there are certain like decision that need to be made when the deals is running. But I like to emphasize again that the management responsibility is to go back and update the board what happen and given the bigger picture to see what else can be done to protect the interest of the company.*

Tuan Tony Pua Kiam Wee: *I have no more question on the Bakke thing, do we proceed with others? Ada soalan baki lagi tak? Okay, Cayman Islands. Before Cayman Islands, we finish at Murabaha notes in our last conversation with you in December. Subsequent to the Murabaha notes which were invested by 1MDB through a period of approximately six months, 1MDB went through a series of convoluted transaction in relation to PetroSaudi Oil Services. I think some of it was discussed in the last meeting.*

Can you explain why over six months if you look at the record presented by the Auditor General, so many transaction took place, it looks like the management did not know what they were doing. Acquire, sell and I think one of the reason that was raise was the Venezuela, the issue of US trade sanction on Venezuela. I think the question that was raise in the last meeting which you are supposed to come back with an answer was when the trade sanction took place, the sanction took place by US and when 1MDB invested? The last we had was that the sanction took place before 1MDB actually invested in the transaction and not after.

Datuk Shahrol Azral Ibrahim Halmi: *Thank you Yang Berhormat, this is again a number or years ago so I can only answer at the quite high level.*

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As a recall, the intention of debt, even before that the Board has had discussion in terms of how do we go and monetize or bring back some or more of the money back while protecting the strategic relationship while insuring that we have cash flow coming back. We have many-many discussion without counterparts in PetroSaudi and the results was actually this series of transactions that allows us to get to high cash flow assets but unfortunately this was operating in a sanction country. So we needed to have a way to get the best of most world which is to protect ourselves, distance ourselves from the asset and yet maintain the cash flow. That on the high level was what the intention was.

So we went through a lot of discussion and the significant amount of negotiation with the counter parties to get to that in that year.

Datuk Wira Haji Ahmad bin Haji Hamzah: *...If 1MDB manage to get back all those Murabahah investment?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, Yang Berhormat. We invested 1.83, we got back 2.318.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *It inclusive all the profit?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Tuan Tony Pua Kiam Wee: *On the period of in and out transactions with PetroSaudi Oil Services, you did address issue just now that the sanctions took place before you invested in the company and not after. The fact that all this transactions took place with nearly of course legal. I'm not disputing the legality but with nearly secular resolutions with the Board of Directors. So the entire episode all the transactions took place with secular resolutions which means that the board did not sit and deliberate over this decisions, and the most important point being is to place after the transactions and not before.*

Datuk Shahrol Azral Ibrahim Halmi: *I think the earlier point first, I think it be unfair to characterize that the board didn't deliberate because this was actually our biggest investment overseas and practically every meeting, the topic came out. Every raise meeting, every Board Meeting, the topic does come out and the Board constantly seeks management input on how to manage the risk of the investment. In terms of the timing of the sanctions, I can't comment because I don't have the date in my head right now but I was very-very clear actually that there was one of the risk that we were trying to mitigate by having this transactions.*

Datuk Dr. Makin @ Marcus Mojigoh: *Datuk Shahrol ini Lembaga Penasihat kepada 1MBD. What benefite can you get from the Advisory Board? I recall the members that Jho Low was members of the Advisory Board in TIA. Was he still influential in your running of 1MDB by Jho Low?*

Datuk Shahrol Azral Ibrahim Halmi: *To clarify, this was during TIA in TIA, Jho Low and I think Datuk Aziz at the time was appointed by the Tuanku at that time because it's fully owned by Terengganu to be advises. There was no advisory board per say. As I recall, also that both of them resigned in or around May or April of 2009. So subsequently 1MDB, the only structure that we have in terms of the advisory board is the one that is check by the Prime Minister inclusive, I think the Members also included minister to the EPU, the KSP and the few other members as well as international members.*

In terms of the value of the board of advisors is that, yes we seek their advice in terms of the long terms strategic imperative of the country, in terms of for example developing, unlocking the value of the Sungai Besi land, ensuring that the TRX is a green sustainable development that is comparable to Marina Bay or Canary Wharf. These are the sort of items that were brought out in the advisory board meetings.

Datuk Dr. Makin @ Marcus Mojigoh: *...To your management?*

Datuk Shahrol Azral Ibrahim Halmi: *Like any other sources of proposal or information, we evaluate, we table to the board and when the board agrees, we proceed but in terms of- if you see anything special, no.*

Dato' Takiyuddin bin Hassan: Datuk Shahrol...

Datuk Wira Haji Ahmad bin Haji Hamzah: *Regarding to Murabahah Note, we see the first RM5 billion sukuk, you invested it in two tranches. One is 300 to PetroSaudi, that 700 to Bursa. That means now part of that 700 is actually now Murabahah and you never realize. Is it so?*

Datuk Shahrol Azral Ibrahim Halmi: *No, that's not correct. The sequence is that the 30:40 JV for our 40% we were suppose to pay 1 billion to PSI. PSI bayar his lawyers instructed us on their accounts to remade those statement. We do it so and we ended up with 40% equity in our JV company. Subsequence to that, there was an agreement between us and the counter party to approve by the board to convert this equity investment into a Murabahah Note that would allowed us to get regular cash flow back, while mitigating the down side of any equity up or down. That resulted in a net gain of I think USD 200 millions. So that was that but the part of the Murabahah Agreement is also they are able to draw down from 1MDB. What amount exactly I don't remember now but that resulted in USD330 millions tranche as well as USD500 millions I think.*

Dato' Takiyuddin bin Hassan: Datuk Shahrol...

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

Datuk Shahrol Azral Ibrahim Halmi: *The 1 billions, 40% yes. They told us we got the share agreement and then we converted that to Murabahah at 1.2 billion.*

Dato' Takiyuddin bin Hassan: *Datuk, I would like to refer to your written statement here under 1MDB model, you state here that 1MDB model from the beginning was to develop projects through loans. What I can understand from this is the company is not depending on the government financial assistant.*

Datuk Shahrol Azral Ibrahim Halmi: *Equity specifically.*

Dato' Takiyuddin bin Hassan: *Ya, ya. Adakah model ini telah di approve by the Board of Directors of 1MDB or the board give the management mandate to develop this model?*

Datuk Shahrol Azral Ibrahim Halmi: *That's an interesting question because I don't recall whether the board came first or the model came first. The model is sort of there already and the board went with it obviously because otherwise there would not have approve on this project that doesn't have any equity investment from the government.*

Dato' Takiyuddin bin Hassan: *How about the government guarantee?*

Datuk Shahrol Azral Ibrahim Halmi: *That is still debt- because of his 30 - 10 years but it is still debt that need to be service and the problem is actually that if the government let say would to give us 5 billion equity, we don't have to worry about servicing every six months about 200 million cash flow out.*

So we actually have time to go and for example kalau TRX, we have time to actually go and invest let say a billion Ringgit in the infrastructure after developing the master plan and start getting in investors.

The issue is to maximize the returns to the government and to the country. The longer you can hold the asset without getting investors in the higher the value would be. So kalau if we given equity then we would have been able to do that and easily the government would have gotten really-really good returns on that.

Dato' Abd. Aziz Sheikh Fadzir: I mean I think the model is can be considered okay because there are many countries we do the model because I think government tidak hendak come out with the money, you go into leverage.

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Cuma the issue is, why you borrow RM5 billion instead of you going into high returns, quick turn to repay, but you go into murabahah, that does not make sense. The PetroSaudi deal had it been properly executed, would have been good. InshaaAllah could have been, it is very subjective. Because, I think that it is very high return, a new area tetapi converting into loans and then add on loan, doesn't make sense. Because, that is not a leverage way of doing things. That is basically a fund way. You got big fund, EPF. You must have 6% return, you would go that way. So, I agreed with how it starts, but as you go, you completely change your way of doing things. As I said, I did not see why you convert that into murabahah. Kalau I boleh baca, (a) you got stuck, because all those projects never happened, (b) eventhough you said that it is okay to change Auditors, but you change Auditors bulan Oktober, when your year end is March.

Biasa-biasanya orang hendak change Auditors ini, dia change before the year end baru dia menukar, kalau company yang tidak ada problemlah. Ini you change your accounting ini bulan Oktober when you cannot proved or you cannot convince them to agree with you. So, as I said, you started well. I would go with leverage buy out tetapi along the line being an MD, somehow you carried us wronglylah.

Datuk Shahrol Azral Ibrahim Halmi: I think Yang Berhormat I would like to respectfully argue against those insinuations based on the data that the documents that we have, the timing etc., the real reason why the Auditors were changed, is not fair to insinuate whether they were any problems. Coming back to the business model, I think that one of the fact of the matter is as I said in the statement I read out is that 1MDB is a hybrid government and commercial company. We have commercial obligations to service debts, we have commercial obligations to develop assets, but we also a government in a way that we have to support goverment strategic objectives. So, the PSI transaction or the PSI relationship was a strategic G-to-G relationship. The Board recognized that and the Board within the constraints have tried to make the best of it which is actually to put in the additional RM530 and yet work out a way to get regular cash back the service the debt and at the same time, go and target other sources of funding for other projects like TRX and Bandar Malaysia.

Tuan Tony Pua Kiam Wee: *But, as a quick note to advanced the- to invest the additional RM530 million of murabahah notes. 1MDB actually took on more short-term debts just to do that. It didn't come from your original debt, even it came from additional short-term debt in order to invest in these tools. So, until like asking for a liquidity crisis.*

Datuk Shahrol Azral Ibrahim Halimi: *In hindsight, looking back actually maybe that was correct. We took on too much too quickly. I think that was the weakness of this model in the sense of we tried to do too many things. If you think about it, a project like TRX, worth tenth of billions of ringgit. It is something that could stand on its own with one company doing it for 20 years. Projects like Bandar Malaysia even bigger. Projects like the IPP. We tried to do all three at the same time, but the intent was for us to catalyzed and quickly spin it off for investors to take over through a variety of reasons, some of which I outlined in that statement below, that didn't happened. As far as the PSI transaction is concern, I'm comfortable that it was a G-to-G deal, it was strategic and we needed to fulfil more than just commercial of financial consideration.*

Dato' Abd. Aziz Sheikh Fadzir: *Ya, betul I mean it is an opinionlah Datuk Shahrol. Kalau you baca balik what you said, you retire the first 1.25 billion because you need to bring the money back. If you can go back to your Hansard, that is what you said. Because, you got liquidity issues, you are relooking at your projects, now the TRX and Bandar Malaysia comes in, you need the money. So, that is why you need to bring the money, which you did not. You only get hundred over million, on top of that, selepas itu you bagi lagi duit RM500 million and RM300 milion, satu. Kedua, it is a financial discipline. Had you did not touch the USD 3 billion meant for TRX, you got that loan meant for TRX. You got USD 2.5 billion meant for Bandar Malaysia. Had you are not having a financial- good financial discipline, you don't use this money to settle your old issues or servicing the old interest.*

You borrow the RM5 billion, you ambil benda ini, you start borrowing everywhere. These two projects is already good. As I said, you started all I think it was quite well-thought off. You got TRX, you get USD 3 billion. I think with that USD 3 billion, you sudah completed all the infrastructure sudah. So, today for USD 300 per square feet, rather than talking to Mulia Groups, force yourself to sell it to Mulia Groups. For your information, Mulia Groups does not have a very good name. The owner is a refugee. He ran away to Hong Kong, he cannot go back to Indonesia. If you start talking politically, if start talking about we are selling this to Mulia Groups, make it a big publicity, we have may have issue with the Indonesian Government. The police in Indonesia is looking for him. So, you can check if you want to, but what I'm saying, it is all about discipline.

You started cantik tetapi along the line, like you said, you don't want to listen to the Board, the management has the right to do it and I'm sad to say that, so far this 1MDB ini, you are the biggest culprit. You are the man who caused all this issues from the very day when it started. No, no we have the right to

say. We have the right to say. You can agree, you can disagree, I'm okey with it. I just want to say that, it is all the way you push things through.

Datuk Liang Teck Meng: Tuan Pengerusi, I refer to your notes here, you said, what caused the cash flow mismatch was the inability to hit the target which was the IPO of Edra. So, again my question is, if you did not start purchasing so many power plants in the first place, then you would not have to meet the target or to hit the IPO of Edra. So, why you use so much debt to do so and then, why so hurry to buy so many power plants in the first place?

Dato' Shahrol Azral Ibrahim Halmi: In terms of the power plant purchase, it was very clear at that year and this is again, to the best of my recollection. In 2012, it was announced that it was the first time ever that the Energy Commission in Malaysia is going to have open bidding for new power plants and the plant up sequence is happening over the next two or three years. Project 3A, project 3B, 4A as well. So, a number are very big projects. Once these projects are done, remembering that the age of the power plants, there will be another 20 years or 15 years before such an opportunity arises. So, the timing is key for 1MDB to go and acquire these assets and remember, these assets are not merely the power plants, but also a platform for us to bid. They have very good management and I think one of the thing also that hasn't been discussed a lot is that the majority of the business of powertech for example is overseas. So, the timing, the rush was a number of items. At that time, as I said, that there were new power plants coming up. Also at the same time, the first generation IPP's were about to expire and the renegotiation for their PPA's were on going.

We decided at that point that if 1MDB were to come out as a big player in these space, then we could help forced down the price of the tariff at that point. Which has proven true actually, in-terms of the KLPP Power Plant, the extension I believe was one of the lowest, if not the lowest. The bidding of 3A, we are the lowest, 3B we are the lowest, 4A we were the lowest, because the lower bidder was non-technically compliance. So, it has been proven. So, the "rush" to go and get this assets is justified in the sense of if we didn't, we would not be in the position to bid and to force the prices down.

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Datuk Wira Haji Ahmad bin Haji Hamzah: The whole idea was very normal but don't forget you started off with a very small capital but you incurring debts after debts and don't forget your assets acquisition now actually in tandem with debt acquisition. Every assets that you buy, you also buying the debt and on top of that you are having your first and second debt. That's mean your debt is accumulating.

What we are trying to say now it is actually a blessing that this company has becoming so controversial. Otherwise it could be buying more and more. This is a blessing. Okay, what really made you know, going further in purchasing more properties. I know the whole idea was very normal. Which is for the purpose of government trust fund. It is good but it is not really being manage well. I want to hear your comment.

Datuk Shahrol Azral Ibrahim Halmi: *Well, on the first point in terms of using debt leverage acquisition for the power plant, this is actually very normal. This is not unusual, it happen everywhere around the world. The key event actually that made the model costlier than it should be was the delay and the IPO that didn't happen and as I said in my statement earlier is that the IPO is a very dependent on sentiment, very dependent on market confidence and back, I think in 2013 and 2014 there is enough negative sentiment against 1MDB to preclude a successful IPO.*

If it were anybody else I think that the returns on that, I think it just off the top of my head when we were calculating the return and equities for that particulars project. We internally call it- I don't remember what the code name was, the returns and equity would have been in order of 18% to 19% because we used so little equity in funding the IPPs, in funding the acquisitions of the power assets.

Datuk Wira Haji Ahmad bin Haji Hamzah: *It seem to me that you are already gone beyond your means.*

Datuk Shahrol Azral Ibrahim Halmi: *Again, the business model is for 1MDB to used debt and the debt are ring fans project by project. So, long as the debt are match with timeline of the returns of the project maturity as well as the expected cash flow. The example again in the statement that I give for Bandar Malaysia. The financial structure that we used to fund the relocation is almost zero coupon with the payment at the end. So that allows us to actually used the money, go buy the land, buy the land for the replacement bases, develop them and clear the land from encumbrances and for us at the same time go and invest money in a master plan.*

After that actually then the first investor whose coming and that was helps us retire the bonds and just move up from there because we needed to had value to the land. So, in a sense actually I would argue that this business model is a good business model but it totally depends on confidence and we were counting on the confidence of investors in the fact that this is 100% Malaysia government own company. Therefore giving us access to lower cost of funds and being able to stay longer with longer staying power. That turn out to be not quite the case because we are government own company, it turned out that we are under a lot more attacks, confidents drops, our cost of funding went up, we were unable to renew the debt and so we are where we are today at the rationalization plan.

Tuan Tony Pua Kiam Wee: *I just want to finish up with Cayman Islands. The RM2.3 billion, RM2.318 was ultimately invested in a fund in Cayman Islands. Why Cayman Islands and why that particular fund manager which we are- we make loan today is Bridge Capital Partners?*

Datuk Shahrol Azral Ibrahim Halmi: *As I recall, the fund manager was introduce by one of our bankers I believe it was be BSI Bank and it just went on from there. Where the fund manager puts the funds and operate is actually the funds managers business. For example, we don't tell PNB where to put their money. So long as PNB is the fund manager, similar to this.*

Tuan Tony Pua Kiam Wee: *So, before this you promise to provide us with document sharing the recommendations by BSI on the funds to 1MDB.*

Datuk Shahrol Azral Ibrahim Halmi: *I am not sure whether it was recommendation or introduction but will look for those document. Again, this all like being carted away in boxes by the very-authorities.*

Tuan Tony Pua Kiam Wee: *When you invested in this fund, did you know that the fund manager did not have a license?*

Datuk Shahrol Azral Ibrahim Halmi: *That one, I cannot comment on that, as far as we know it was introduction from BSI and it was perfectly legal and valid.*

Tuan Tony Pua Kiam Wee: *How can you not comment on that?*

Datuk Shahrol Azral Ibrahim Halmi: *Because I don't have the documents Yang Berhormat. You expected to me to comment based on memory all thing that happen five or six years ago and trying to trap me into saying something...*

Tuan Tony Pua Kiam Wee: *The documents are already out there. I not am trying to trap you. I am just trying to get the answer from you. The documents are already out there, it has been presented to us by the Auditors General. So unless you are here to tell us that the fact obtained by Auditors Generals is untrue we will take it as true. You invested in the funds that was not license.*

Datuk Shahrol Azral Ibrahim Halmi: *I would have to go and check on that.*

Tuan Tony Pua Kiam Wee: *Subsequently KPMG due to the inability to clarify the valuation of the funds for whatever reason, resign and Deloitte took over and sign off the accounts. Deloitte said that they sign off, one of the key reasons was because Cayman Islands investment was guaranteed by Aabar Investment but this information was never made known to KPMG. So, the question is, when did Aabar guarantee this particular fund and was it made known to the board directors?*

Datuk Shahrol Azral Ibrahim Halmi: *The guarantee, the Aabar guarantee, the fund as I recall was made known to the board of directors in terms of the exact timing I cannot recall unless I look at the documents.*

Tuan Tony Pua Kiam Wee: *What would be the rational for Aabar to guarantee this particular investment?*

Datuk Shahrol Azral Ibrahim Halmi: *The purpose of 1MDB is to form strategic relationship especially we are focus on the UAE as well as China and some the others countries. So, we have had a very long relationship with Mubadala for example, who's CEO and a member of the Abu Dhabi Executive Council was in our board of advisors. It is part of this whole long term strategic government-to-government relationship.*

Tuan Tony Pua Kiam Wee: *...Aabar of Abu Dhabi guarantee an investment that's completely unrelated to their investment?*

Datuk Shahrol Azral Ibrahim Halmi: *You have to ask Aabar that.*

Tuan Tony Pua Kiam Wee: *So, the next questions I have is that in the IPIC financial statements, which is the parent company of Aabar and 99% owned by IPIC. It is written that they guaranteed RM3.5 billion of 1MDB bonds but this particular guaranty on investment in Cayman Islands was never disclose. Is there such a guarantee or is this guarantee real?*

Datuk Shahrol Azral Ibrahim Halmi: *I can only comments on what we have here in Malaysia and as far as we are concern the guarantee is real.*

Tuan Tony Pua Kiam Wee: *Okay, did the guaranty come from Aabar Investment PJS or another company but the name of Aabar Investment PJS Limited?*

Datuk Shahrol Azral Ibrahim Halmi: *It is a counter party, I do not recall exactly the name but the counter party is related to IPIC which is why that is part of the assets and debt swap...*

Tuan Tony Pua Kiam Wee: *It is quite important that the party that guaranteed it is IPIC or it direct subsidiary and not another company with a similar sounding name. So...*

Datuk Shahrol Azral Ibrahim Halmi: *I cannot comment on the internal structure of IPIC shareholdings, so on and so forth...*

Tuan Tony Pua Kiam Wee: *Wouldn't the tangibility, the credibility of the guarantee be important to the company?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, it is important and as far as we concern it is IPIC.*

Tuan Tony Pua Kiam Wee: *How you determine that?*

Datuk Shahrol Azral Ibrahim Halmi: *Because they had signed, binding agreement with us last year.*

Tuan Tony Pua Kiam Wee: *Who the signed the binding agreement?*

Datuk Shahrol Azral Ibrahim Halmi: *The... part of assets swap agreement. So...*

Tuan Tony Pua Kiam Wee: *No, that is the assets swap which is subsequence. Aabar...*

Datuk Shahrol Azral Ibrahim Halmi: *You are asking me, how do I know that it is IPIC? I am telling you I know it is IPIC because they agreed that this is part of the asset swap which they signed back in June.*

Tuan Tony Pua Kiam Wee: *This was in June last year?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Tuan Tony Pua Kiam Wee: *So, when the guaranty was provided into 2013, how do you satisfied yourself that this...*

Datuk Shahrol Azral Ibrahim Halmi: *We were satisfied because there is no reason to suspect otherwise. This is Aabar, Mohamed was there, the CEO. We were talking to him, various other important figures in IPIC and the government of Abu Dhabi were present in all things. There was no reasons for us to think otherwise, ya.*

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Tuan Tony Pua Kiam Wee: *Okay, I won't pursue further except to say that without documentary evidence again to backup what you say, we'll have to rely on whatever documents that has been made available to us.*

To the IPP question raise by Simpang Renggam just now, I don't have a problem with acquisition via debt although usually acquisition via debt is perhaps 80% debt, 20% equity or maybe 90% tent. But doesn't matter in this case is 100% debt. But it's not only 100% debt, you bought your IPP's for RM12.1 billion, but you borrowed at point in time 20 billion to do so. Why do you borrowed so much to acquire 12.1 billion of assets?

Datuk Shahrol Azral Ibrahim Halmi: *Okay, thank you. That something that I wanted to get into as well because the borrowing were not exclusively as I recall only for the power plant project. However for the power access project the intention was that we were going to bid for 3A, for 3B as well as 4A and the debt was supposed to be use for equity funding for those project. Those are not cheap project, each coal power plant that believe is around 12 and 1 half billion dollars. So we will getting ready for those in order for us to take off very-very quickly. Additionally there are also plant expansion in the Middle East as I recall as well as new plants in South Asia that needed equity.*

So that was a reason why we took on one shoot the debt and it was it is actually mezzanine funding without having to pay mezzanine returns to the investors. As you know mezzanine funding is around 15 or around 19 to 20% normally and our debt is actually a lower than that.

Tuan Tony Pua Kiam Wee: *I can accept that reason as a basis to borrow more. Accept the actual outcome of the process of the loans none of it went to fund the additional expansion of the subsidiary power plants and the new project that were successfully won by 1MDB you didn't have the money to develop it.*

Datuk Shahrol Azral Ibrahim Halmi: *Comes back...*

Tuan Tony Pua Kiam Wee: *Which is one of the reason why you had to dispose of 3B to Tenaga.*

Datuk Shahrol Azral Ibrahim Halmi: *Ya, it is confidants issue Yang Berhormat the thing...*

Tuan Tony Pua Kiam Wee: *But you say you raise the money to do that so the question is where the money can go?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, it was timing, timing. So the issue is actually we raise the funding, we had attention to use this way. Once the whole delays come up and etc. then we actually still have to service debt. So we use that some of their money to actually go and service debt. Arul probably covered this in greater detail last time. But in a very high level we have to look at it from are stamp point of timing. The intention is to do this. We borrowed circumstances change over time that the plants didn't happen and then we had to use the money for something else.*

Tuan Pengerusi: Sekarang ini pukul 1.33, kita hendak *break for lunch* sambung petang, esok tak payah datang boleh tidak? Sambung petang, esok tak payah datanglah. Okey, *agreed- quick lunch for 10 minutes, we quick lunch now 2.30, 1 hour* lama sangat. *You finish it today* lah. Sampai habislah. Sudah jawab itu jangan soal lagilah. Kalau dulu yang telah dijawab, banyak tadi kita nampak semua sudah *repetitive question about the-* tak apa kita sambung 2.30, pukul 5 habis. Ya, Yang Berhormat Putatan...

Datuk Dr. Makin @ Marcus Mojigoh: Okey.

Tuan Pengerusi: Yang Berhormat Langkawi?

Dato' Ir. Nawawi bin Ahmad: Okey.

Tuan Pengerusi: Okey, *we go for lunch and come back 2.30.*

[Mesyuarat ditangguhkan pada pukul 1.35 tengahari]

[Mesyuarat disambung semula pada pukul 2.30 petang]

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Tuan Pengerusi: Okey, kita boleh sambung semula, ya. Tadi setakat mana tadi? Dekat YB mana tadi?

Seorang Ahli: PJU.

Tuan Pengerusi: Okey, PJU.

Tuan Tony Pua Kiam Wee: *Just to finish up on the IPP. In your statement you mentioned that the acquisitions were not overpriced and the sale recovered- the sale to CGM, recovered the investment made by 1MDB. We know that 1MDB acquired the IPP for RM12.1 billion. The sale was for RM9.83 billion, so there was a shortfall of RM2.23 billion, or there about RM2.2 billion.*

Datuk Wira Haji Ahmad bin Haji Hamzah: Adakah boleh kita tanya Datuk Shahrol, *he became the CEO now up to 2013. Anything happens after that, is he still answerable?*

Tuan Pengerusi: *[Bercakap tanpa menggunakan pembesar suara]*

Tuan Tony Pua Kiam Wee: *He can choose to answer if he wants,* lah. Akan tetapi ini mengenai...

Tuan Pengerusi: Dia pun *Director*, dia boleh tolonglah kita. Tolong membantu kalau dia...

Tuan Tony Pua Kiam Wee: *So, how is that considered recouping your investment?*

Datuk Shahrol Azral Ibrahim Halmi: *I don't have the details with me today. But, as what is informed to the Board, when we tallied up the amount of money that we put in, plus the dividends that we got back, plus the debts that is already in the assets, plus the purchase price that was given, it comes out about even. But, that one I think I better get the detailed accounting to you, so that then we don't have to spend a lot of time, because I'm talking from memory.*

Tuan Tony Pua Kiam Wee: *Because my understanding, I know you didn't answer the question. My understanding was that the calculation of the breakeven, didn't take into consideration the interest that was paid on the loans that you took. Okay. Goldman bonds. The fees that were negotiated. I think in general, all investment bankers would tell you that they were huge, on average of close to 10% of the proceeds of the bonds issued. Why did the management agree to such huge- the exact terms in the prospectus is fees, commissions and other expenses. Why did the management agree to that?*

Datuk Shahrol Azral Ibrahim Halmi: *Okay, thank you YB. The question raised is essentially around 10% fees of Goldman. I think at that time, I remember it was early 2013 or 2012.*

Tuan Tony Pua Kiam Wee: *2012.*

Datuk Shahrol Azral Ibrahim Halmi: *At that time, Goldman was the only bank that was able to arrange and importantly underwrite the required debt within the timeframe that we required. And we have to remember at that time, this is a company, 1MDB minimal operating cash flow, only RM1 million of cash equity and no credit rating. We managed to obtain the debt and get 100% financing for the energy assets. So, looking at the market conditions, looking at what 1MDB is, still is actually, was and is, is at RM1 million paid up capital, with minimal operating cash flow, with no credit rating.*

That is actually what the market would charge us for that size of fundraising and also the size of the debt. And remember also the tenure, because remember earlier I said that the debt was also meant to be used like a mezzanine debt to finance our equity in the future power plant projects. So, if we look at that, the total cost of that debt I think is in the low tenth. Which is still cheaper than what we would have gotten from the market had we gone for mezzanine debt for the projects which is around 20% odd.

Tuan Tony Pua Kiam Wee: *The 10% that was paid, it's beyond what anyone else have paid. The Sarawak State Government subsidiary, Equisar have also engage Goldman to raise money for them and the sum was actually smaller. Usually smaller means the percentage are higher, typically in the investment banking circles. And they paid only less than 2% in terms of fees. So, between 2% to 10%, we have not seen any other big transactions particularly of a wholly-owned government subsidiary. That in this case is actually guaranteed by the sovereign wealth fund of Abu Dhabi, having to pay such a huge discount and that despite the interest rate of 5.9% which is very high for 10 year bond.*

Datuk Shahrol Azral Ibrahim Halmi: *Cannot comment on the Sarawak State, whether they are exactly the same. Were they capitalize to the tune of RM1 million, did they have credit rating. Sarawak actually has a credit rating by the way. I don't think it is fair to compare with any other unless we have the similar size debt, similar time frame and similar borrowing profile. As we can always pick examples of other customers that get less.*

Datuk Liang Teck Meng: *But, was that raised by any other Board Members in the meeting and any negotiations actually carried out to reduce the fees?*

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Datuk Shahrol Azral Ibrahim Halmi: *Yes, the negotiation were definitely done and I think also coming back to the focus of today discussion, is round governance. So, management took the proposal, we brought Goldman in to discussed the term with the board, the board went through, the board question, then the Goldman came back, so the process was followed. The board was satisfied with the circumstances under which the bond were issued and the fees that were needed and the board improved it.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Datuk, the sales of IPPs. If it not just because of the negative reporting by the certain reporters. What would the actual price that you may achieve or for that matter now, if only 1MDB manage to float. You got your IPO that means you don't have to sell. What is actually the rate of income that you are getting from IPPs?*

Datuk Shahrol Azral Ibrahim Halmi: *Thank you Yang Berhormat, speaking again from memory back in 2013, there were a few versions floating around by the way, one is without Jimah project 3A, one without- but as I recall if that IPO at the end of 2013 was successful we would have expected to value the entire operation between RM16 billion RM18 billion.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *[Bercakap tanpa menggunakan pembesar suara]*

Datuk Shahrol Azral Ibrahim Halmi: *That is the value but at that time we didn't decide yet how many percent of that we want to sell because if we get this much value and had this much debt to covered, we probably sold just enough to covered the debt and retain the upside later on.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Some people is saying that your IPPs is... is not true? Thank you.*

Datuk Shahrol Azral Ibrahim Halmi: *Definitely, there is value. Otherwise CGN would not be paying so much money for it.*

Tuan Tony Pua Kiam Wee: *Quick question for the AG's office, have the letter of agreement with government side been forwarded to AG?*

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

Tuan Tony Pua Kiam Wee: *So, don't have. Is it possible for 1MDB to prepare this copy of agreement to AG's office?*

Datuk Shahrol Azral Ibrahim Halmi: *[Bercakap tanpa menggunakan pembesar suara]*

Tuan Tony Pua Kiam Wee: *The RM3.5 billion or RM21.75 billion bond which were issued in 2012. They were guaranteed by IPIC. The term form what we are understand from the financial statement, number one, we give 49% option to Aabar for the two IPPs that we were requiring namely Tanjung and Genting and on top of that we also paid USD1.4 in term of deposit to IPIC. Based on this term, the compensation that we are paying for the guarantee by IPIC seem excessive which mean that we borrowed RM3.5 billion, we only get access to RM2.2 billion, RM1.4 billion is locked up but we still to*

pay the interest for RM1.4 billion and we still give them 49% interest option in the two subsidiaries. Why do we agree to such honors terms from almost loans shark system from IPIC?

Datuk Shahrol Azral Ibrahim Halmi: Well, I think definition of loans shark is also quite subjective because I think- please note that 49% option meaning that they have to pay for it at whatever valuation of the share at that prices. Speaking again from memory, the intend was that we can locked in a corner stone investor when we do the IPO at that price already. So, it is actually a very good deal for us to be able to up ahead lock in 49% of our floatation at market price upright, so it is actually a good confident booster if we went ahead with IPO.

Tuan Tony Pua Kiam Wee: Then why did you terminate the option?

Datuk Shahrol Azral Ibrahim Halmi: Because in order to list- again, this is speaking from memory, I was already a board members at the time that the listing requirement say that the share must be unencumbered and we have already changes the parameters of how much we want to sell. But, that one is more technical things, it was a good deal, we move on, circumstances change, we had to terminate the option in order to pursue the lines. So, we are revisiting the strategy of the IPO all the time.

Tuan Tony Pua Kiam Wee: Cost for terminated the option, we have to paid compensation to Aabar?

Datuk Shahrol Azral Ibrahim Halmi: The technical term again this one, I think it is best for Arul to explain. I don't know whether you ask him this question before but again from memory is actually the termination fee is meant to dress the opportunity cost that is loss by that for them relinquish that however – again my understanding actually is not really a payment per say but rather something that they are happy until the valuation of the option is completed but again this I one I would urge you to actually get a clearer explanation from management on the technical details.

Datuk Wira Haji Ahmad bin Haji Hamzah: Saya ada satu soalan tentang our investment with IPIC. What I understand now, IPIC is... our investment down there because kita tengok sekarang we should be maturing in Oktober atau November 2015 last months and they have already paid some interest on us. So, I want to know what is the development like...?

Datuk Shahrol Azral Ibrahim Halmi: Okay, this is all part of the asset swap arrangement with IPIC which we sign the binding agreement last year in June, that is part of the arrangement. We expect to complete the whole thing in June with proceeding, so far if the question is whether IPIC committed to this? Yes. Are we proceeding on the arrangement? Yes and they are continuing to service our interest payment.

Datuk Wira Haji Ahmad bin Haji Hamzah: Just now, if we have already- we have sold our Edra, you are saying is not about RM17 billion. Then, we have just sold our Bandar Malaysia about RM6 billion or RM7 billion, something like that. Then, if IPIC not honored our investment with them then what are left with our exposure now?

Datuk Shahrol Azral Ibrahim Halmi: *But, IPIC has to honor it because they guarantee the bond. So...*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Okay, I know. What is left?*

Datuk Shahrol Azral Ibrahim Halmi: *The beauty of this arrangement is actually that – number one, it is a strategic government-to-government arrangement between the government of Abu Dhabi and Government of Malaysia. Second, because they are guarantee the bond, we also locked them in to future projects that we have. So, they are committed to us over the long term, both on the commercial and a strategic basis.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Our exposure now all together- 42. Let say now another five or six, our interest. With all this sale what is the balance that we are still owing to the bank?*

Datuk Shahrol Azral Ibrahim Halmi: *Oh! That one I don't have the details with me, I better not comment on that. The management should comment on that... [Disampuk] Sudah ada patutnya.*

Tuan Pengerusi: *I think Arul already explained.*

Tuan Tony Pua Kiam Wee: *Arul already explained. The termination of the option resulted in 1MDB having to pay compensation of approximately RM1 billion, RM993 billion that is what explained. Is that compensation roughly reflective of the value of the option? I mean it is not the final value but is that meant to be roughly reflective of the value of the option?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Tuan Tony Pua Kiam Wee: *So, if we look the guarantee provided by IPIC for the RM3.5 billion bond. What we need was we gave them RM1.4 billion in security deposit and we gave them also RM1.4 billion worth of option.*

Datuk Shahrol Azral Ibrahim Halmi: *In return for terminating...*

Tuan Tony Pua Kiam Wee: *I mean the worth of the option is about RM1 billion, that is why we paid RM1 billion,*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Tuan Tony Pua Kiam Wee: *So, how is that a fair price to pay for them to guarantee the bond?*

Datuk Shahrol Azral Ibrahim Halmi: *No, no, we didn't give them RM1 billion worth of option, they have the option to buy at RM1 billion.*

Tuan Tony Pua Kiam Wee: *Correct but because we have to terminate it we have to pay them the fair value of the option, rough fair value of the option, plus and minus 10%, whatever the amount is. So, that mean this option that we granted them are worth approximately RM1 billion.*

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Even if they say hundred million is huge amount and we only borrowed three and half billion dollars so that worksout to one or two a half is – how many percent? One, two, three, is about 25% of the entire loan.

Datuk Shahrol Azral Ibrahim Halmi: YB, honestly this one I think better Arul explaining.

Tuan Tony Pua Kiam Wee: No but you took the bond? The reason, I mean we asked Arul the question, so Arul answer his part of the thing. But you took the bond and you allowed the- what we called it option to be granted. And the option above a one billion, so why did you take this bond whereby we straight away we lose nearly a billion of its value.

Datuk Shahrol Azral Ibrahim Halmi: No, no, no. Is not correct actually because you are conflating the two together when we extinguished the options is actually we have two pay them sentence amount to do that. So...

Tuan Tony Pua Kiam Wee: Which is the value of the options?

Datuk Shahrol Azral Ibrahim Halmi: Which is I am not sure what are the technical term is. YB are you asking me why did I agreed on the 49% options which I already have answered. I say I wanted to lock in an international investor for 49% off as an honest own for our IPO that is why I agree to that. Which they have to pay for by the way.

Tuan Tony Pua Kiam Wee: There a sump which we are not aware what sump...

Datuk Shahrol Azral Ibrahim Halmi: So it is on extinguishing the options and the valuations for that. That one is you said is Arul think lah but remember this a two event separated by at least two years.

Tuan Tony Pua Kiam Wee: Two years doesn't change the value of the options by that much. Let said I'm giving it 20% fluctuation, different.

Datuk Shahrol Azral Ibrahim Halmi: So I already inform the committee why I agreed to it.

Tuan Tony Pua Kiam Wee: You are informing committee that you lock in cornerstone investor but your lock in by giving them option worth USD1 billion.

Datuk Shahrol Azral Ibrahim Halmi: That wasn't the train of thought at that time. The train of thought is actually, look you come in, you lock in for 49% at whatever market price.

Tuan Tony Pua Kiam Wee: Correct.

Datuk Shahrol Azral Ibrahim Halmi: That's it.

Tuan Tony Pua Kiam Wee: If the option a not worth one billion then there is no reason for us to pay anything close to one billion to terminate the options.

Datuk Shahrol Azral Ibrahim Halmi: That one you ask Arullah.

Tuan Tony Pua Kiam Wee: I won't pursue that. 1.4 billion again in the financial statement of IPIC. It this stated that IPIC guarantee the 1.4 billion and they receive in exchange option to acquire 49% of the option of the two companies. Is not stated in the IPIC financial statement that they also receive 1.4 billion in terms of refundable deposit in exchange. It this also not reflected in the contingent liabilities of the balance sheet. How did we pay and who did we pay the 1.4 billion to?

Datuk Shahrol Azral Ibrahim Halmi: I cannot comment on their financial statement because no basis. I don't know how they came out with did. As far as we are concern the payment was nominator by

trusted parties and legally complete, they also came back to us and say that we have no further the obligation on those.

Tuan Tony Pua Kiam Wee: *Who did you made the payments to?*

Datuk Shahrol Azral Ibrahim Halmi: *I believe Arul answer this questions already.*

Tuan Tony Pua Kiam Wee: *No, he doesn't.*

Datuk Shahrol Azral Ibrahim Halmi: *The trusted basically the counterparty.*

Tuan Tony Pua Kiam Wee: *Who was the counterparty?*

Datuk Shahrol Azral Ibrahim Halmi: *I don't recall, it's either one of the vehicle either IPIC or Aabar.*

Tuan Tony Pua Kiam Wee: *I think as PAC we need to know who do you pay to and who the IPIC assign you to pay to. I thinks that necessary. Do you have documentation the IPIC give you instruction or authorized payment to be made to this particular party.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *...This time ah.*

Tuan Tony PuaKiam Wee: *Dia yang bayar.*

DatukShahrolAzral Ibrahim Halmi: *When we raise the funding ya, for the 1.4 billion.*

Tuan Tony PuaKiam Wee: *Two or one two.*

Datuk Shahrol Azral Ibrahim Halmi: *But is a transaction document came via the lawyers and then we acquitted as per the agreement.*

Tuan Tony PuaKiam Wee: *What are the agreement, that's what we asking.*

Datuk Shahrol Azral Ibrahim Halmi: *The agreement should have been report or the documentation we will give back on you on the document.*

Tuan Tony PuaKiam Wee: *Have the document being forwarded to AG office.*

Datuk Shahrol Azral Ibrahim Halmi: *I don't know.*

Tuan Tony PuaKiam Wee: *Ada tak? Ada terima tak?I think it iscrucial for the PAC, this is payment of 1.4 billion sama ada benar-benar dibayar kepada IPIC.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *[Bercakap tanpa menggunakan pembesar suara]*

Tuan Tony Pua Kiam Wee: *2012. Is 2012. Arul tak jawab ini. I can confirm Arul tak jawab ini. Saya tak tipu punya.*

Datuk Shahrol Azral Ibrahim Halmi: *YB Chairman, I think the insinuation is there 1.4 billion is paid to unknown parties but if you were paid to unknown parties how come our 2012 and 2013 account was sign offby the Auditors.*

Tuan Tony Pua Kiam Wee:*If you want me to speculate further then the speculation is paid to parties di mana yang hari itu dibongkar oleh Wall Street Journal yang diakui oleh Arul... [Disampuk] Wait hang on- yang diakui oleh Arul. Wait, wait, yang diakui oleh CEO bahawa ada sebuah syarikat yang bernama Aabar Investment PJS Limited di mana 1MDB telah membuat transaction. So the question is*

important, if 1MDB made payment to Aabar Investment PJS Limited and whether Aabar Investment PJS Limited is actually own by Aabar Investment.

Tuan pengerusi: *Any document from IPIC on this matter?*

Datuk Shahrol Azral Ibrahim Halmi: *That would be...*

Tuan Pengerusi: *So to certify the payment is done.*

Datuk Shahrol Azral Ibrahim Halmi: *Ya that would be definitely...*

Tuan Pengerusi: *Ya, can you please.*

Datuk Shahrol Azral Ibrahim Halmi: *And for the record I would like to state that all payment were made in accordance to the legal agreements and the counterparty has sign off that they have received their funds.*

Tuan Tony Pua Kiam Wee: *I think the fact that the Auditor General.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Saya hendak bantah satu bendalah. Is it fair for us to quote or report from outside, Sarawak Reports or whatever report you want to quote. Because we are actually now we say we are talking on actually where the money goes, the trail of the money. If you are basic from other report, you're getting something misleading. Is quite difficult for them to answer. I request kalau betul Tuan Pengerusi buat rolling lah.*

Datuk Liang Teck Meng: *But the fact is the option was actually canceled right?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Tuan Tony Pua Kiam Wee: *Saya hanya bertanya, sama ada wang itu dibayar kepada IPIC sahaja.*

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

Tuan Tony Pua Kiam Wee: *Ya lah dia akui ada perjanjian dengan syarikat yang lain... [Disampuk] I'm not- he is already answer what he can, I'm not pursuing the matter so biar saya habiskan. Once he answer, he answer lah. I ask my question, he answer I take his answer lah.*

Datuk Liang Teck Meng: *I think if I'm not wrong, I remember that he choose not to answer the question but the fact is he said not for him to comment whether the company own by...*

Tuan Tony Pua Kiam Wee: *[Bercakap tanpa menggunakan pembesar suara]*

Datuk Liang Teck Meng: *But the fact is the options was actually cancel after the payment.*

Datuk Shahrol Azral Ibrahim Halmi: *That all of this is part of the debt to asses of that was assign binding.*

Tuan Tony Pua Kiam Wee: *That Arul problem you know. So we asking whether when you need the payment then did you know who you're paying to. At this point time you are saying you are not sure?*

Datuk Shahrol Azral Ibrahim Halmi: *No, I didn't saying that, please. I said for the record, all payment were made in accordance to the legal agreement between the parties and the counter party has verify receipt.*

Tuan Tony Pua Kiam Wee: *My last comment on these issue, saya tidak panjangkan. My last comment on these issue is as long as documentary evidences of that have not been given to AG office, we have to assume you don't know lah.*

Datuk Shahrol Azral Ibrahim Halmi: *Guilty until proven innocent here.*

Tuan Tony Pua Kiam Wee: *No, we have ask the question, you are made accusation, you are made accusation without documentary prove.*

Datuk Shahrol Azral Ibrahim Halmi: *Obviously that's legal agreement in place, otherwise we would not. Well I don't know why they haven't been given to the AG.*

Tuan Pengerusi: *Okay, it is fair answers then you have to support with your document, that's all.*

Tuan Tony Pua Kiam Wee: *[Bercakap tanpa menggunakan pembesar suara]*

Tuan Pengerusi: *Okay next question.*

Tuan Tony Pua Kiam Wee: *[Bercakap tanpa menggunakan pembesar suara]*

Tuan Pengerusi: *Oh, sorry.*

Tuan Tony Pua Kiam Wee: *Three billion bond. The one in March 2013. I think you resigned within days after the bond was raise if I'm not wrong or thereabout the sametime. The bond was raise on the 19th of March. Which was you resignation day?*

Datuk Shahrol Azral Ibrahim Halmi: *15.*

Tuan Tony Pua Kiam Wee: *So you were probably taking part in the preparation to raise the bond but the subsequent evens to that you are not directly involve as a management. So as a general question as part of the board of director there, were you concern that the bonds raised did not go towards the intended objective of setting up a joint venture with Aabar Investments?*

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Datuk Shahrol Azral Ibrahim Halmi: *The concern came after, okey? When we raised the bonds, the objectives were very, very clear. To go and create a joint venture where we will invest in Malaysia and in Abu Dhabi in real estates as well the power sector. Subsequent to that, when that JV fail to materialised, of course the Board raised questions about that.*

Tuan Tony Pua Kiam Wee: *And the explanations were satisfactory to the Board, what the explanations?*

Datuk Shahrol Azral Ibrahim Halmi: *Ya, we satisfied with the explanations, but very basically it was just we were unable to get to an agreement with the counter party on the details of the future investments.*

Tuan Tony Pua Kiam Wee: *Was 1MDB hasty to raise this bonds when the terms of the agreement of the joint venture was not finalise before that?*

Datuk Shahrol Azral Ibrahim Halmi: *Again, this is with the partner that we have known for a long time, the Abu Dhabi Government. We were confident that they had a lot of interest in TRX*

specifically and interest in the power projects. So, it was a judgement call. It was a business decision to be fair.

Tuan Tony Pua Kiam Wee: *One of the item listed down by the Auditor General in the used of the proceeds, about half of the proceeds have been used within the company for other purposes. Part of it was USD35 million that was allocated to Yayasan Rakyat 1Malaysia. Were you aware of this particular transaction?*

Datuk Shahrol Azral Ibrahim Halmi: *When was this?*

Tuan Tony Pua Kiam Wee: *It was- ada tarikh tak? March 2013. So, March 2013, terus USD35 million went to Yayasan Rakyat 1Malaysia.*

Tuan Pengerusi: *Is it from that internal money of- from the bond or from internal money of 1MDB?*

Datuk Shahrol Azral Ibrahim Halmi: *Speaking generally, I cannot comment on that specific instance, because I don't- I have no recollection. But, generally speaking, all CSR funding would have to come from our profits.*

Tuan Tony Pua Kiam Wee: *Just- you may not rememberlah, but just as comment in the interim report which you have a copy, it is very clearly stated among the used of proceeds of the USD3 billion raised, USD25 million went to Yayasan Rakyat 1Malaysia. Okay, Bandar Malaysia. I think most of this is after or towards of the end of your tenure. You mentioned just now in your statement, your opening statement, that among the cost that 1MDB has to foot is the 2.7 billion relocation bill. Don't you think that debt is perhaps a bit of a double counting? Because, the government has actually contrared 2.7 billion of that relocation bill via the sales and purchase agreement. That means, 1MDB has to pay 1.6 billion for the land and the relocation cost is 2.7 billion, which the government foot for and as the result, the government paid 1.1 billion nett to 1MDB. So technically, the relocation cost has already been paid for by the Federal Government.*

Datuk Shahrol Azral Ibrahim Halmi: *Maybe if I can reframe looking at that this way. This Sungai Besi Land actually has been sitting at the edge of KL for decades and the value has not been able to be unlocked, because of the current occupiers. The current occupiers include the airforce (TUDM), the police and the some of legacy artillery divisions, plus a few other units of the military.*

Because of that, the land is considered encumbered and therefore the value is reflective of that, right? So, the agreement we had with the government or internally with the government along with the MINDEF is that we will replace with like to like facilities, subject to their agreement as to where it goes. Therefore, some of the sites ended up in Negeri Sembilan, Kajang, Subang etc. Now, like to like, meaning actually that we had a quantity surveyor go and check up each structure, but the community notes- please note that actually this structures date back from the fifties and sixties with their standards. The value of this structures as in a one to one replacement came up to a certain level. The agreement

was actually that is doesn't make sense for the military to move to new facilities with old standards and basically buildings that for example- one of the example I remember clearly was offices of a certain rank requires certain space. But, as today, when they were built, actually it is a lot smaller. So, the incremental cost of building a state of the art new facilities in those eight sites is reflected in the 1.1b that the government is reimbursing 1MDB. So, the total cost to build a proper functional, accepted replacement site is 2.7b. Therefore- but, the value of the structures that we valued on the land itself was only 1.7 or 1.6.

Tuan Tony Pua Kiam Wee: *Six eight or something at that lah.*

Datuk Wira Haji Ahmad bin Haji Hamzah: Tuan Pengerusi, telah pun dibentangkan dengan Arul, saya sudah mencatat ini. Tujuan untuk membina untuk Kementerian Pertahanan dan juga KDN, enam buah kem baru dan dua buah kem baru untuk *Airforce Wing*, betul ya? Kerajaan bagi 1.1 bilion *grant*, and 1MDB tanggung 1.6 bilion *grant*. Ini sudah terangkan semua dah. Ada satu lagi kata, 1MDB sebagai *developer* untuk mengalihkan kem tersebut. Sudah mula lah kan?

Datuk Shahrol Azral Ibrahim Halmi: Yes.

Datuk Wira Haji Ahmad bin Haji Hamzah: Sudah diterang. Ada syarat-syarat pun, dia sudah terang di sini dah.

Datuk Liang Teck Meng: *You have sold off 60% of Bandar Malaysia. So, what happen now, your MoU is- which is suppose to join in develop the Bandar Malaysia.*

Datuk Shahrol Azral Ibrahim Halmi: *So, the Board- we haven't discuss this in detail, but the intent is to actually to continue to engage with the people we have had MoU's with to further invest in whatever has left. So, there's no monetary obligation, it was all done in good faith. So, they are still keen.*

Tuan Tony Pua Kiam Wee: *You didn't answer my question just now. I understand the cost is 2.7 bilion, because of all the facilities you want to upgrade and so on, so I am not disputing the cost. Because, I don't have the specifics. What I am saying is that the government already paid...*

Datuk Shahrol Azral Ibrahim Halmi: *No, no, no, that's what I was trying to explain Yang Berhormat, because...*

Tuan Tony Pua Kiam Wee: *No, wait, wait, let me finish. Okay, they have paid 2.7 bilion for the relocation. They are paying 2.7 bilion for the relocation. This was a specific answer we received from Parliament, okay? And then...*

Datuk Shahrol Azral Ibrahim Halmi: *Okay, ya, 2.7 plus one .*

Tuan Tony Pua Kiam Wee: *And then, ya?*

Datuk Shahrol Azral Ibrahim Halmi: *One plus one plus...*

Tuan Tony Pua Kiam Wee: *Bukan, itu nett 1.6 sebab 1MDB tak bayar 1.6 to the kerajaan- 1.6 or 1.7 to the kerajaan. No, dengar, dengar, dengar. Saya boleh jelaskan, okay? So, 1MDB suppose to pay 1.6 for the land. Okay, beli tanah dari kerajaan 1.6... [Disampuk] Kos ini ada dalam akaun financial*

statement 1MDB. Memang 1.6 or 1.68 bilion. Okey? I use 1.6 lah ya, just for simplicity. Kos tanah 1.6 bilion. Ini ada dalam financial statements. Ini tidak dipertikaikan...

Tuan Pengerusi: Ini ada dua perkara berbeza ya. Satu, 1MDB kena bayar kepada kerajaan 1.6 bilion, okay? Kemudian untuk *relocation* dia telah melantik RM2.7 kepada LTAT, bina ini. So maknanya? Mana...

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Tuan Tony Pua Kiam Wee: *So, basically what they did was contra, that is why bayar RM1.1 sahaja...*

Tuan Pengerusi: Maknanya bayar kepada kerajaan...

Tuan Tony Pua Kiam Wee: *Bukan. It's RM2.7 minus RM1.6, RM2.7 minus RM1.6 is RM1.1.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Because it one and above... [Bercakap tanpa menggunakan pembesar suara]*

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

Datuk Shahrol Azral Ibrahim Halmi: *Tak, dia macam ini. When we finally agreed three party wise with the government, MINDEF and with 1MDB, the new site will cost RM2.7 bilion. Betul? Right.*

Tuan Tony Pua Kiam Wee: *RM2.7 bilion.*

Datuk Shahrol Azral Ibrahim Halmi: *RM2.7 bilion but then what we value on the site itself is only RM1.6. So, the RM1.1 is considered like what is needed to top up to bring the site up to current standards.*

Tuan Tony Pua Kiam Wee: *Correct, agree. So maksudnya, sepatutnya 1MDB membayar RM1.6 kepada kerajaan, dia tak bayar. Kerajaan tambah lagi RM1.1 so jumlah RM2.7. So maksudnya either you can say 1MDB paid RM1.6 for the land or they got it free and kerajaan membayar RM2.7 bilion.*

Datuk Shahrol Azral Ibrahim Halmi: *No. RM1.6 is an obligation between us and the relocation turnkey contractor.*

Tuan Tony Pua Kiam Wee: *No, I think the RM1.6 is clearly recorded in your financial statements as your acquisition cost.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, because we are paying. We need to pay the relocation...*

Tuan Tony Pua Kiam Wee: *Correct, so that you acquisition cost and the cost of relocation is RM2.7. So the government top up some more, RM1.1 but you never paid that RM1.6 so...*

Datuk Shahrol Azral Ibrahim Halmi: *No, we are paying the RM1.6 to the relocation turnkey...*

Tuan Tony Pua Kiam Wee: *Correct, because the government didn't collect the RM1.6 from you, so you pay direct to the turnkey. Correct, right?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, correct so... doing this.*

Tuan Tony Pua Kiam Wee: *So basically the government didn't collect the RM1.6 from you so that you can pay RM1.6 to the contractors.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Tuan Tony Pua Kiam Wee: *Okay, but your acquisition cost from the government is RM1.6 and it is recorded in your financial statements. So, basically your total cost RM2.7, the government top up further RM1.1. The other way couldn't have been done. Okay, the...*

Datuk Shahrol Azral Ibrahim Halmi: *What is the issue ya?*

Tuan Tony Pua Kiam Wee: *Let me...*

Datuk Wira Haji Ahmad bin Haji Hamzah: *You pusing-pusing...*

Tuan Tony Pua Kiam Wee: *Saya tak pusing, saya tak pusing. It could have been you paid the government RM1.6, mungkin dia beli tanah, dia membayar RM1.6 kepada kerajaan tetapi kerajaan untuk memudahkan 1MDB pindah, they pay RM2.7.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Who pay?*

Tuan Tony Pua Kiam Wee: *Kerajaan bayar RM2.7. Wait, you dengar dulu. Let me jelaskan, let me jelaskan. Okey, except in this case 1MDB tak bayar RM1.6 kepada kerajaan. So, oleh sebab itu knock off kerajaan bayar RM1.1 sahaja kepada 1MDB. Itu sahaja. What I am saying is the cost of relocation has already been taking care of by the government. Okay, RM1.1 plus the land which you did not require to pay the government. So total value RM2.7, okay? And then...*

Datuk Shahrol Azral Ibrahim Halmi: *And the difference...*

Tuan Tony Pua Kiam Wee: *Let me just finish then you can answer, okay? And then after that you took the land, you pledge to the bank to raise another RM2.4 for the relocation. So what I am saying is there's a double degree of financing here so you raise RM2.4, my understanding is from the early explanation, RM1.6 was utilized plus RM1.1 from the government total RM2.7 but only about RM700 million has been used to pay the contractors. RM2 billion has gone somewhere else.*

Datuk Shahrol Azral Ibrahim Halmi: *So the question is?*

Tuan Tony Pua Kiam Wee: *Just now I am just reflecting on your comment earlier that 1MDB has invested RM2.7 billion into the land. I am saying that that's statement is not accurate because the government actually paid for the relocation.*

Datuk Shahrol Azral Ibrahim Halmi: *That's a thing, let's not confuse the matter with asset value and cash, alright? The RM1.6 that the government didn't, we didn't pay the government is actually real cash that needed to be use to actually go and buy the land and so on and so forth. That is why we raise the funding cash from the market, right? And then the RM1.1 billion is actually to be claim from the government after the structure are completed, you know.*

Tuan Tony Pua Kiam Wee: *Money has been paid?*

Datuk Shahrol Azral Ibrahim Halmi: *Ya, ya. So, the structured has been complete.*

Tuan Tony Pua Kiam Wee: *But you are only paid RM700 million to contractors.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, because combination of because the way, it is the project cash flow management thing. We complete something, we got it certified, the government reimburse us, we pay the contractors but for our side is actually the RM700 million is stuff that we had to pay upfront like for example the acquisition of the land in Sendayan, acquisition of additional land in Subang. So it is not, it is nothing sinister or silly about it. It is just managing cash flow.*

Datuk Wira Haji Ahmad bin Haji Hamzah: Tuan Pengerusi, hendak tanya satulah Tuan Pengerusi. Dia pusing-pusing di situ juga nanti. Hendak tanya sedikit ya, *conditional approval* ini. Sekarang 1MDB disyaratkan, satu daripada syaratnya kalau untuk memajukan tanah tersebut mestilah dapat *vacant possession* dulu, ya. Maknanya kita sudah beli tanah baru untuk kem sebab dia pusing-pusing di situ, dia kata kerajaan bayar. Betullah, *I am not getting thing free you know. If I would to buy a land, there must be some money.*

Datuk Shahrol Azral Ibrahim Halmi: Yes.

Datuk Wira Haji Ahmad bin Haji Hamzah: *RM1.6 is paid by bond 1MDB.* Semua tanah sudah dapat, sudah beli? Sudah beli?

Datuk Shahrol Azral Ibrahim Halmi: Sudah, sudah. *It all complete already,* Yang Berhormat.

Datuk Wira Haji Ahmad bin Haji Hamzah: Okey, terima kasih. Itu sahaja.

Tuan Pengerusi: Akan tetapi *you* tak boleh ambil tanah itu selagi *you* tak siapkan kem kan? *Is it?*

Datuk Shahrol Azral Ibrahim Halmi: *Correct. So right now the eight sites, we cannot do anything to the land until the sites are complete.*

Datuk Wira Haji Ahmad bin Haji Hamzah: Kalau dia tak beli lagi semua kem ini, kem yang enam ini, dia kena buat pengambilan, dia membeli dan dibina. Kalau tidak dia tak dapat *vacant possession*, itu syaratnya kalau hendak majukan tanah ini. Maknanya 1MDB bayar, bukan tak bayar. *There is nothing free.*

Tuan Tony Pua Kiam Wee: *I have no more question on Bandar Malaysia. SRC International, SRC was set up 2011 based on your 1MDB financial statements and it received RM4 billion loan from KWAP. RM2 billion which was disburse if I am not wrong in August 2011 but before the second installment was disburse, SRC International was dispose off back to the parent company which is Ministry of Finance. What happened?*

Datuk Shahrol Azral Ibrahim Halmi: *1MDB has always been in the business of catalyzing. Maybe I will back up a little bit and say that the SRC was originally ambition to be a catalyst to secure the energy security of the country at that time as part of the ETP, they were plans to build nuclear power plant for example. SRC was meant to explore the possibility of locking in uranium supplies. At that time also*

there was only – still is actually a single supplier of coal into the power industry of Malaysia. SRC was also meant to diversify that.

So we develop a strategy paper that was a duly approve by the board, we created the entity, the entity was funded and after that the decision was actually, I think a variety of factors, As I can recall some of the lenders were saying they will be more comfortable if SRC were directly under MoF. That is one of the feedback what we receive. The other one is that we wanted it to be run independently to avoid any potential conflict of interest should 1MDB go into the electricity generation business.

Tuan Tony Pua Kiam Wee: So basically is better for it to run as an independent company than be part of under 1MDB. My understanding based on records is that once it was transferred to MoF, the CEO there is Nik Faisal. Nik Faisal was also the Chief Investment Officer of 1MDB. So, when did the relationship end? When did the position end or was there a clear splits in function?

Datuk Shahrol Azral Ibrahim Halmi: We have to look at the records but he definitely resign before becoming CEO there.

Tuan Tony Pua Kiam Wee: He was CIO until SRC became part of the MoF?

Datuk Shahrol Azral Ibrahim Halmi: Ya.

Tuan Tony Pua Kiam Wee: As far as you can remember, okay.

Datuk Liang Teck Meng: Can I ask about the fund unit? Why did 1MDB need to invest your cash in a state of fund units?

Datuk Shahrol Azral Ibrahim Halmi: This is in referring into which fund units?

Datuk Liang Teck Meng: Cayman's.

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Datuk Shahrol Azral Ibrahim Halmi: Oh, the Cayman ones. It's primarily is just the consequence to the transaction we did in terms of the PSOSL, and the- in subsequently, again it's picking from memory, subsequently it was in the fund units where it continue to give us dividends. There was a conscious decision to actually keep it in USD and not convert it to Ringgit due to balance up the obligation we had in USD. And so that was why it was kept there and that's why also until today it made sense because had been converted that into Ringgit.

We were have been in bigger trouble today because of the 30% Ringgit depreciation. So now it's part of the asset swap deal with IPIC.

Datuk Dr. Makin @ Marcus Mojigoh: Datuk, how often did you meet the Patrick Mahony?

Datuk Shahrol Azral Ibrahim Halmi: I don't recall exactly how often but in 2009 and 2010, at least 3 or 4 times.

Datuk Dr. Makin @ Marcus Mojigoh: Was Patrick always with Jho Low when you meet him?

Datuk Shahrol Azral Ibrahim Halmi: No. As far as I can recall.

Datuk Dr. Makin @ Marcus Mojigoh: How about Eric Tan?

Datuk Shahrol Azral Ibrahim Halmi: *I'm not familiar with that name.*

Tuan Pengerusi: Eric Tan.

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

Tuan Tony Pua Kiam Wee: Tuan Pengerusi, *I got only 2, 3 questions left. Pendek sahaja. Further to the fund units questions from Yang Berhormat Simpang Renggam just now, we understand that there is a balance, these as a Director lah, because you are not involve in it anymore, there is RM940 millions still in fund units in Singapore. So, who is managing these fund units now?*

Datuk Shahrol Azral Ibrahim Halmi: *We have to look at the records but my understanding should be. I hasn't been updated to the Board in terms of any changes.*

Tuan Tony Pua Kiam Wee: *We actually not be informed who is actually managing these RM940 millions of fund units as at this point of time. So perhaps the Board....*

Datuk Shahrol Azral Ibrahim Halmi: *I manage that we can get back to you later.*

Tuan Tony Pua Kiam Wee: *That asset swap, again this as a Director. You mentioned just now that IPIC guarantee the bonds and hence they have to pay for it and hence part of the reason for debt asset swap deal to be signed. But I'm sure you would know by now that in the debt asset swap deal the Ministry of Finance is group in to provide an indemnity to IPIC. Previously based on the guarantee, if 1MDB doesn't pay, too bad. IPIC have to pay. But based on the current debt asset swap deal, the Ministry of Finance having provided an indemnity, if 1MDB is unable to provide IPIC with the necessary assets, to satisfy the exchange for the debts, then the Ministry of Finance have to compensate IPIC to that effect. How does that make sense?*

Datuk Shahrol Azral Ibrahim Halmi: *I cannot speak for the Ministry of Finance, YB. It's their decisions. As far as 1MDB is concerned, this is good for us.*

Tuan Tony Pua Kiam Wee: *So, as far from a Board of Director of 1MDB per say.*

Datuk Shahrol Azral Ibrahim Halmi: *We are grateful for the shareholders' support.*

Tuan Tony Pua Kiam Wee: *You are grateful for the shareholders' support. But wouldn't the Board been also need to act in the interest of the shareholders?*

Datuk Shahrol Azral Ibrahim Halmi: *The Board's primary, as I recall from the Companies Act, primary responsibility is to the company.*

Datuk Liang Teck Meng: *I think boleh kita conclude lah kan. Last question saya hendak tanya Datuk Shahrol, what lesson you actually learned from the past transaction of 1MDB?*

Tuan Pengerusi: *For your MBA. The failure of...*

Datuk Shahrol Azral Ibrahim Halmi: *What could have been, YB. I think rather than say failure, what could have been. Thank you for that. I think, believe me, I've spent many-many hours, days, and nights thinking what could have been I think that- it was a noble vision. It had really a great potential for success as I've stated in my opening statement, discipline in terms of funding the projects by debt. Being*

able to go on a hybrid basis, commercial and government to be able to leverage on G-to-G deals, to be able to leverage on lower cost of funds.

I think the biggest lesson learnt is that we have tried to do too much in two little spent of time. The discipline for us, for example to catalyze and then exit, catalyze and then exit, didn't really happened, so we ended up with three enormous projects at the same time with really-really big debt loads which cost-via a combination of factors, that crisis of confidence, we were unable to renew the debts, we were unable to go to IPO. So, if there is something I think that to be learned in this particular episodes that scale down the ambitions. Keep doing what we were doing but in a more segregated manner.

Datuk Wira Haji Ahmad bin Haji Hamzah: *The governments are too ambitious and we are having actually now inexperienced leaders in the company.*

Datuk Shahrol Azral Ibrahim Halmi: *I think we were put in the position where it was we needed to do the IPP or the power plant project because of external circumstances. The first gen IPP was coming up, the open tender was coming up. So, that one we had to sort of do it very-very quickly.*

With TRX, actually that was good case study in terms of relocation for example. I don't think any other government lead projects where we had to relocate mosque, we had relocate surau, we had to relocate even pasar and a lot of other thing with minimal of frictions. We even relocates some UN refugees and UMNO. So, the UMNO guys were not happy with us.

Tuan Pengerusi: *UMNO not mentioned here. No, no.*

Datuk Shahrol Azral Ibrahim Halmi: *UMNO Bukit Bintang had to be relocated. So, they were not quite happy but in the end it work out. Even an Indian film studio, it work out very well. The master plan were developed. There were bit of delays due to the cash flow. Again, this one is just the scale of the project. We are investing over a billion and a half an infrastructure, world class infrastructure. The cooperation given by the rest of the government is actually exemplary. I give you example, for TRX in order to qualify for gold certification district we needed to recycle the waste water internally. But the regulators are saying that we should use the central one in Bangsar. So, we met with them, we got an exception. So, the idea of 1MDB with its catalytic projects, Leading Edge Project is there. The lesson here is actually trying to do too much, too quickly at the same time.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *I think that there is negative attack by the public now, there is some basis on it or otherwise your company could have make much more profit.*

Datuk Shahrol Azral Ibrahim Halmi: *I think honestly also I think the basis is mostly because we fail to reach out to the public a lot more to explain what we were doing and to explain how we were doing it. And sometimes we had constraints of the fact that our international partners were quite particular about their own publicity. So, we were sometimes constraint by that fact that we need to explain.*

Tuan Pengerusi: *So, anything answer? Ini berniaga- anak orang kaya berniaga macam ini lah.*
[Ketawa]

Dr. Tan Seng Giaw: *Mr. Chairman, this business Mulia Group we heard so much some of the negative some of the positive. What makes the government accept the Mulia's investment? Is it because it is now very solid group from Indonesia?*

Datuk Shahrol Azral Ibrahim Halmi: *Thank you YB. That actually was a particular topic of discussion when Mulia first came up. Again, from memory what was brief to us was that this whole negative think about the owner was a long time ago. And it was almost 12 to 15 years ago. And as far as the Board is concern, he is no longer involved, that particular individual is no longer involved with the partner we are working with. So, we are comfortable.*

Tuan Pengerusi: Okey, kalau tidak ada, saya ucapkan terima kasih kepada Datuk Shahrol, untuk kali ketiganya dan Dato' Dr. Timbalan KPU, *inshaaAllah* naik pangkat tidak lama agaknya [*Ketawa*] Membantu kami lah yang penting itu. Membantu dan menyokong kami untuk mendapat satu maklumat dan perkara-perkara yang boleh kita bentangkan ke Parlimen secara adil dan secara tepat supaya rakyat diberitahu. Kita selaku Ahli PAC dilantik oleh Parlimen, apabila kita bentang kepada Parlimen, *actually the judgment* is rakyat. Kalau *they feel-* rakyat akan menilai.

Jadi selalunya kerajaan ini dinilai melalui pilihan raya. Kalau mahkamah itu adalah oleh hakim. Akan tetapi hakim bagi Parlimen dan PAC ini rakyat. Kalau rakyat merasakan bahawa PAC ini buat tidak betul, dia akan tidak menyokong Barisan Nasional, itu sahaja. *So, the judgement* is rakyat, rakyat *will decide on* pilihan raya. *We must understand the* sistem pemerintahan negara. Maknanya kalau orang biasa, hakim dia hakim mahkamah. Akan tetapi bagi seorang Perdana Menteri dan parti politik yang berkuasa- *their judge* was rakyat. Rakyat akan menentukan masa pilihan raya.

So, kita dalam tugas PAC ini kita membentangkan satu laporan yang tidak berbelah bagai, adil dan supaya rakyat menilai, dan terpulanglah kepada rakyat untuk membuat keputusan bila sampai hak dia, hak rakyat sebagai menentukan siapa yang harus mereka pilih. *That is the main duty* dalam sistem demokrasi yang berasaskan kepada sistem kita ini ya, PAC. *This is why PAC is formed in the Parliamentary system, is to table to the* rakyat, *what is government is doing.* Kalau *government* buat salah, salah lah, kalau *government* tidak betul, tak betul lah. Jadi rakyat akan menilai *and then* penilaian rakyat masa pilihan raya.

With that remarks, saya tangguhkan mesyuarat ini. Sekian, terima kasih.

[Mesyuarat ditangguhkan pada pukul 3.32 petang.]

