

Bil. 29

**Isnin
30 November 2015**



MALAYSIA

LAPORAN PROSIDING

MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA

Mengenai:

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

(Bahagian Kedua)

- Kementerian Kewangan
- 1Malaysia Development Berhad: YBhg. Datuk Shahrol Azral Ibrahim Halmi (mantan Ketua Pegawai Eksekutif)

**PARLIMEN KETIGA BELAS
PENGGAL KETIGA**

**MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA
BILIK MESYUARAT JAWATANKUASA 2,
PARLIMEN MALAYSIA
ISNIN, 30 NOVEMBER 2015**

AHLI-AHLI JAWATANKUASA

Hadir

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

Tidak Hadir [Dengan maaf]

YB. Dato' Takiyuddin bin Hassan [Kota Bharu]

URUS SETIA

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

HADIR BERSAMA

Jabatan Audit Negara

YBhg. Datuk Juhari bin Haron [Pengarah Bahagian Susulan Audit]
YBhg. Datin Paduka Ong Swee Leng [Pengarah Audit Badan Berkanun Persekutuan]
Puan Saadatul Nafisah binti Bashir Ahmad [Pengarah Audit Kerajaan Persekutuan]
Puan Lim Sok Kiang [Ketua Unit Audit Dalam (Audit Kerajaan Persekutuan, Kastam) Bahagian II]
Puan Nor Salwani binti Muhammad [Timbalan Pengarah (Audit Kerajaan Persekutuan,
Syarikat Kerajaan) Bahagian II]

samb/-

HADIR BERSAMA (samb/-)**Jabatan Audit Negara**

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)]
Encik William Yapp Thou Kiong [Ketua Penolong Pengarah (Audit Khas dan Penyelidikan, Bahagian Kajian Khas)]
Puan Suraya binti Adnan [Penolong Pengarah (Audit Kerajaan Persekutuan, Syarikat Kerajaan) Bahagian II]
Puan Nurul Hana binti Radzi [Penolong Pengarah (Audit Badan Berkanun Persekutuan, Kewangan 2)]
Puan Aziatul Akmal binti Atan [Penolong Pengarah Audit (Khas dan Penyelidikan)]

Kementerian Kewangan

Encik Suhaili bin Ahmad [Timbalan Setiausaha Bahagian (Strategi Korporat dan Komunikasi, Seksyen Perancangan Strategik)]

Jabatan Perkhidmatan Awam

Encik Mansor bin Maizan [Timbalan Pengarah Kanan (Bahagian Perkhidmatan, Unit Khas Laporan Ketua Audit Negara)]

Unit Perancang Ekonomi

Puan Anis Mardiana binti Abdullah [Ketua Penolong Pengarah (SIP)]

SAKSI-SAKSI**Kementerian Kewangan**

YBhg. Dato' Dr. Mohd Isa bin Hussain [Timbalan Ketua Setiausaha Perbendaharaan (Pelaburan)]
Encik Shahrol Anuar bin Sarman [Setiausaha Sulit Kanan Ketua Setiausaha Perbendaharaan]
Encik Asri bin Hamidon [Setiausaha Bahagian (Bahagian Syarikat Pelaburan Kerajaan)]
Encik Ahmad Suhaimi bin Endut [Timbalan Setiausaha (Bahagian Syarikat Pelaburan Kerajaan, Sektor Strategik dan Am)]
Encik Mohd Hisyamuddin bin Awang Abu Bakar [Ketua Penolong Setiausaha (Bahagian Syarikat Pelaburan Kerajaan)]
Puan Sham Azlin binti Ahmad [Ketua Penolong Setiausaha (Bahagian Pelaburan Strategik)]
Encik Muhammad Khairul Fuadi bin Hamdan [Penolong Setiausaha (Bahagian Syarikat Pelaburan Kerajaan)]

1Malaysia Development Berhad (1MDB)

YBhg. Datuk Shahrol Azral Ibrahim Halmi [Ahli Lembaga Pengarah]
YBhg. Datuk Tan Hock Chuan [Peguam]
Encik Ivan Chen [Ketua Perundangan]
Encik Zahid Taib [Pegawai Perhubungan Kerajaan]
Encik Elmie Abu Bakar [Pegawai Perhubungan Kerajaan]

LAPORAN PROSIDING**MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA
PARLIMEN KETIGA BELAS, PENGGAL KETIGA****Isnin, 30 November 2015****Bilik Jawatankuasa 2, Tingkat 1, Blok A, Parlimen Malaysia, Kuala Lumpur****Mesyuarat dimulakan pada pukul 10.36 pagi***[Yang Berhormat Dato' Hasan bin Arifin **mempengerusikan Mesyuarat**]*

Tuan Pengerusi: *Assalamualaikum warahmatullahi wabarakatuh* dan salam sejahtera. Yang Berhormat Dr. Tan Seng Giaw selaku Naib Pengerusi PAC, Ahli-ahli Yang Berhormat, Yang Berbahagia Datin Paduka Ong Swee Leng iaitu Pengarah Sektor Audit Badan Berkanun Persekutuan, Puan Saadatul Nafisah binti Bashir Ahmad Pengarah Sektor Audit Kerajaan Persekutuan Dua dan seterusnya pegawai-pegawai daripada kementerian dan para pegawai dari Jabatan Audit Negara.

Terlebih dahulu saya ingin mengucapkan ribuan terima kasih kepada Ahli-ahli Yang Berhormat serta pegawai-pegawai yang sudi hadir pada pagi ini. Jadi, Jawatankuasa ini akan mendengar buat kali kedua sambungan dari minggu lepas dan kita harap kita dapat selesaikan pada hari ini 12.45 tengah hari sebab petang ada orang guna bilik ini. Kalau tidak selesai kita kena panggil sekali lagi dia. Kita kena panggil lagi. Tidak apa kita panggil. Biar sampai tiga, empat hari pun tidak apa. Asalkan kita dapat fakta-fakta yang tepat... *[Disampuk]*

Seorang Ahli: *Before 1...*

Tuan Pengerusi: *Before 1 pm because* ada yang hendak guna bilik ini.

Datuk Wira Haji Ahmad bin Haji Hamzah [Jasin]: Bukan yang hendak guna bilik tetapi- *most of us are actually want to involve in TPPA briefing. Committee is...*

Tuan Pengerusi: Yang Berhormat Limbang.

Datuk Wira Haji Ahmad bin Haji Hamzah: Yang Berhormat Limbang, *myself*, Yang Berhormat Putatan dan Yang Berhormat Langkawi *as well as* Yang Berhormat Kota Bharu.

Seorang Ahli: *Multitasking.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Multitasking. So that mean, I want to request if we can finish by 12.45 noon.*

Tuan Pengerusi: Okey. Kita seboleh-bolehnya kalau kita tidak selesaikan hari ini kita kena panggil lagi dia. Kena panggil lagi dia. Akan tetapi kita harap kita boleh selesaikan dengan baik, dengan selesa. Jadi, ada apa lagi sebelum kita panggil dia ini?

Dato' Abd. Aziz Sheikh Fadzir [Kulim-Bandar Baharu]: *Quick one* Yang Berhormat Petaling Jaya Utara. *I brief and spoke to* Tuan Pengerusi sebentar tadi *because the 14, 15, 16 and 17, I am really not around.* Ini *family* punya isu. Kalau *girlfriend* boleh tinggal, kan? *So...* *[Ketawa]*

Seorang Ahli: Terbalik.

Dato' Abd. Aziz Sheikh Fadzir: Terbalik ya. *[Ketawa]* I hendak request I would really like to be around during these 1MDB meeting. So, if it can be postpone to a later date.

Tuan Pengerusi: Macam mana?

Tuan Tony Pua Kiam Wee [Petaling Jaya Utara]: You requesting only for the witness testimonies or you also request for the AG to ubah tarikh?

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

Beberapa Ahli: *[Berbincang sesama sendiri]*

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Tuan Pengerusi: Bagus juga. Biar AG bentangkan *full report*- so kita boleh tanya berdasarkan kepada *report*.

Tuan Tony Pua Kiam Wee: Kalau ramai tidak hadir- so kita hanya ubah yang 14 hari bulan hingga 16 hari bulan.

Tuan Pengerusi: Macam mana, pada 17 hari bulan sudah balik kah Yang Berhormat?

Datuk Liang Teck Meng [Simpang Renggam]: Tuan Pengerusi, 14th to 16th pun saya tidak ada, ada urusan lain.

Tuan Pengerusi: 17th?

Datuk Liang Teck Meng: 17th saya ada.

Tuan Tony Pua Kiam Wee: Tuan Pengerusi.

Tuan Haji Hasbi bin Haji Habibollah [Limbang]: ... 17th pun baru balik.

Tuan Pengerusi: Yang Berhormat Putatan?... *[Disampuk]* Tidak ada. Dia memang tidak ada, Krismas.

Tuan Tony Pua Kiam Wee: Tuan Pengerusi, saya rasa kalau ramai tidak hadir, tidak baik juga. So, lebih baik kalau 14 hari bulan sampai 16 hari bulan itu kita tundakan tetapi kita teruskan dengan laporan daripada AG sebab Yang Berhormat Simpang Renggam ada, yang lain ada.

Tuan Pengerusi: Yang Berhormat Putatan boleh 17 hari bulan?

Datuk Dr. Makin @ Marcus Mojigoh [Putatan]: Saya belum *check* saya punya program.

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

Tuan Pengerusi: Kalau tidak, kita biar betul-betul, tidak perlulah, sudah juga hendak datang. *We have to reschedule* betul-betul semua sebab 17 hari bulan, 18 hari bulan. Ada diari tidak? Tengok diari, 14th, 15th...

Beberapa Ahli: *[Berbincang sesama sendiri]*

Tuan Pengerusi: Boleh 17 hari bulan? Yang Berhormat Putatan boleh? 17 hari bulan boleh? Datuk Wira Haji Ahmad boleh, 17 hari bulan boleh? 17 hari bulan okey, bolehlah ataupun 18 hari bulan boleh juga.

Encik Ahmad Johan bin Mohd Afandi [Pegawai Khas Pengerusi Jawatankuasa]: Pada 18 hari bulan, Jumaat- 18 hari bulan hari Jumaat... *[Disampuk]* 18th is Friday.

Tuan Pengerusi: *Just one day* sahaja.

Tuan Tony Pua Kiam Wee: Sebab mungkin laporan dua hari.

Tuan Pengerusi: Dua hari?

Tuan Tony Pua Kiam Wee: Mungkin lah.

Tuan Pengerusi: Pagi dan petang lah.

Dato' Abd. Aziz Sheikh Fadzir: Pada 17 hari bulan semua boleh, bukan? Saya tidak boleh tetapi tidak mengapa.

Beberapa Ahli: Boleh.

Datuk Wira Haji Ahmad bin Haji Hamzah: Akan tetapi Tuan Pengerusi, kalau kita sudah dapat laporan, baru kita panggil Mesyuarat. *At least we are fully aware of what is happening.*

Dato' Abd. Aziz Sheikh Fadzir: Laporan akan dibentangkan dalam Mesyuarat.

Tuan Pengerusi: Pada 17 hari bulan.

Datuk Wira Haji Ahmad bin Haji Hamzah: *You are around? When did you will be around?*

Dato' Abd. Aziz Sheikh Fadzir: *On the 14th, 15th, 16th...*

Tuan Pengerusi: Yang Berhormat, okey ya?

Datuk Dr. Makin @ Marcus Mojigoh: *What is our date now?*

Tuan Pengerusi: Ya?

Datuk Dr. Makin @ Marcus Mojigoh: *What is our date?*

Tuan Pengerusi: *On the 17th only. One day, 17th.*

Datuk Dr. Makin @ Marcus Mojigoh: *Only on the 17th which is hari Khamis.*

Tuan Pengerusi: Khamis. Kalau tidak boleh, baik 18 hari bulan tidak apa. Pada 18 hari bulan kita buat pagi dan petang. *Rest* sembahyang Jumaat sekejap, petang *joint* balik. Biar *you all* tidak *hurry* sangat balik. *You don't mind Friday*, tidak kisah bukan? Pukul 12 tengah hari kita berhenti atau 12.30 tengah hari, pukul 2.30 petang sambung lagi.

Datuk Dr. Makin @ Marcus Mojigoh: *[Bercakap tanpa menggunakan pembesar suara]*

Datuk Wira Haji Ahmad bin Haji Hamzah: Boleh, boleh.

Dato' Abd. Aziz Sheikh Fadzir: Boleh tetapi takut sebab Tan Sri sudah beri *date* 17 hari bulan itu, bukan?

Tuan Pengerusi: Tidak apa, tidak apa. Takut *you in a hurry*. Kalau *you in a hurry* tidak bagus juga... *[Disampuk]* So, 17th boleh semua? Jadi 17th ya. *Okay last, 17th.* Yang Berhormat Langkawi?

Dato' Ir. Nawawi bin Ahmad [Langkawi]: *On 17th* saya ada mesyuarat dengan PEMANDU tetapi tengoklah macam mana, saya hendak kena lari. Mesyuarat PEMANDU saya pukul 10 pagi.

Tuan Pengerusi: Bolehlah itu.

Dato' Ir. Nawawi bin Ahmad: Mesyuarat ini pukul berapa?

Dato' Abd. Aziz Sheikh Fadzir: Pukul 10 pagi.

Tuan Pengerusi: Pukul 10.30 pagi, macam ini- *on the 17th* dia di Budapest, *one of the most beautiful town in the world. You must go, PAC only [Ketawa]*

Beberapa Ahli: *[Berbincang sesama sendiri]*

Dato' Kamarul Baharin bin Abbas: Ada dokumen-dokumen yang perlu dia serahkan kepada PAC sebelum ini?

Tuan Tony Pua Kiam Wee: Hari itu saya ada tanya kepada Kementerian Kewangan, dokumen-dokumen yang belum disampaikan kepada pihak PAC. So, saya telah lihat ada senarai dokumen yang telah pun diberikan. Akan tetapi dokumen-dokumen daripada pihak *Auditor* yang kita minta belum disampaikan kepada PAC. Ada surat-surat yang sudah sampai daripada kementerian kepada 1MDB tetapi dokumen yang kita minta daripada KPMG dan Deloitte masih belum disampaikan kepada pihak PAC.

[Saksi-saksi mengambil tempat di hadapan Jawatankuasa]

Tuan Pengerusi: Yang Berbahagia Dato' Dr. Mohd Isa bin Hussain iaitu Timbalan Ketua Setiausaha Perbendaharaan, Yang Berbahagia Datuk Shahrol, pegawai-pegawai dan kakitangan Kementerian Kewangan dan 1MDB. Terima kasih kerana hadir. Kita menyambung prosiding kita yang terpaksa ditunda ke hari ini dan kita berharap kita boleh siapkan hari ini pada pukul 12.45 tengah hari. Kalau tidak, terpaksa panggil lagilah untuk mendapatkan maklumat-maklumat yang tepat dan benar untuk kita laporkan kepada Parlimen. Saya berharap kita dapat menjalankan tugas masing-masing dengan baik, berhemah. Bagi pihak Ahli-ahli PAC pun harap dapat bertanya soalan-soalan dengan berhemah, supaya prosiding kita berjalan dengan lancar.

Jadi, pada minggu lepas kita telah pun bertanya beberapa perkara. *Just to recap* semula, oleh sebab Datuk Shahrol ini lama, yang paling lama di 1MDB iaitu daripada tahun 2009 hingga tahun 2013. Empat tahun, lima tahun atau empat tahun lebih... *[Disampuk]* Empat tahun.

Jadi, Ahli-ahli Yang Berhormat yang baru ini kadang-kadang dia pun tidak berapa mendalam berbanding dengan Yang Berhormat yang sudah lama. Saya pun *off the track* juga. *Can you explain* sekali lagi daripada mula *you* bekerja sampai akhir *you* bekerja? Kalau boleh *you* terangkan kepada kita, apakah *you* punya keputusan-keputusan? Ya, silakan Datuk Shahrol.

10.45 pg.

Datuk Shahrol Azral Ibrahim Halmi [Ahli Lembaga Pengarah, 1Malaysia Development Berhad (1MDB)]: Terima kasih *Chairman*. *Assalamualaikum* dan selamat pagi. Dengan izin Yang Berhormat, *maybe I just read out something that we have been prepared*.

Tuan Pengerusi: Ya?

Datuk Shahrol Azral Ibrahim Halmi: Saya hendak membaca satu *statement* yang kita *prepared*, lepas itu saya boleh *cover* baliklah soalan-soalan itu.

Tuan Pengerusi: Okey. Ya, ya.

Datuk Shahrol Azral Ibrahim Halmi: Saya dengan rendah dirinya memohon kepada Tuan Pengerusi kebenaran, untuk menjelaskan beberapa perkara dalam pendengaran minggu yang lepas. *It is*

pertinent for me to narrate the PSI transactions with more clarity. The joint venture agreement between PSI and 1MDB was executed on a government to government cooperation, following the high level meeting between the two governments. It is also important to stress that the partnership between 1MDB and PetroSaudi not only strengthen the ties of bilateral cooperation, but also immediately brought forward the following national interest and security arrangement.

■1050

Number one, hajj quota increased in which other countries proportionally did not increased such quota.

Number two, air space clearances for the air lifting of Malaysian students to return to Malaysia during the time of crisis.

Number three, sponsorship of 747 aircraft for Malaysian to return to Malaysia during the time of crisis. This is during the Egyptian crisis.

Number four, security cooperation for Prince Bandar Al Saud visit to Malaysia in 2009 signed between Malaysia and The Kingdom of Saudi Arabia for anti-terrorism and other arrangements. Prince Bandar was the Head of Security of The Kingdom of Saudi Arabia at that time and his visit to Malaysia is reported in the media which can be verified. However, in view of the sensitivity of the discussion involving high level counter terrorism, I am not privy to further information but I understand that Malaysia Intelligent Services were present.

Number five, open support for Malaysia's 'Islamic credential' by the late King Abdullah and the Kingdom of Saudi Arabia.

The above points all occurred after the signing of the JVA with the PetroSaudi. In the JVA dated 28th September 2009 recital (a) also clearly stated that 1MDB-PetroSaudi Limited is wholly own subsidiary of PetroSaudi. With your permission Mr. Chairman, maybe later I can run through the evolution of the particulars of the PetroSaudi transaction dari mula sampai habis. Okey.

Mr. Chairman, I prepared a slide that I hope will help clarify the various different transactions that occurred over the three years between the initial investment and relationship with PetroSaudi until the redemption of the fund units as well as the up and coming assets swap with IPIC.

[Slaid pembentangan diedarkan kepada Ahli-ahli Jawatankuasa]

Dengan izin, Tuan Pengerusi, I run through the slide. If a Member of the Committee remembers, the initial investment was in September 2009 where it was a USD1 billion investment to obtain 40 percent equity of a joint venture. Subsequently in March, that joint venture, the equity was turn into a USD1.2 billion Murabaha enabling 1MDB to enjoy a USD200 million profit.

In October 2010 and March 2011, a further USD830 million were invested in the relationship. The thing to note here is actually that the returns are significantly higher than the cost of our fund. Additionally, 1MDB also had the option to convert this loan back into equity. This sums up to about USD1.83 billion in cash.

In June 2012, after a series of discussion at the board and management level, the board had approve a conversion of the USD1.83 billion into 49 percent of equity in PSOSL. The returns on these particular arrangement is circle around 16 percent where it had oil services ships that have long term contracts with Venezuela. Unfortunately at that time, geopolitics intruded. The Americans had economics sanction with Venezuela and being a government agency, it was not advisable for us to continue having a direct control over a business that is actually doing work with the Government of Venezuela or a company of the Government of Venezuela that is under sanction from US Government.

Subsequently, the board decided and we executed a sell down to Bridge Partners who paid us via fund units. The fund units have been quoted on Bloomberg which enable it to be easily auditable and also makes it easier for us to sell down. Subsequently, we have sold down USD1.4 billion which was redeemed in cash and the balance...

Tuan Pengerusi: *One point...*

Datuk Shahrol Azral Ibrahim Halmi: *USD1.4 billion which was redeemed in cash leaving about USD949 million in units which are guaranteed by Aabar which is schedule to be included in the debt to swap transaction with IPIC. The bottom line here is actually that throughout three year or three plus years relationship, 1MDB put in USD1.83 billion and in return received USD2.318 billion which is profitable relationship for us.*

Just to note, we did some simple calculation on that, so the IRR calculation is 14.6 percent for the entire relationship. I like to stress again that all of these transactions, all of these decisions were approved by the board and executed by the management. So, that is the PSI transaction to cover the earlier question on my history with TIA and 1MDB. Dengan izin, Tuan Pengerusi.

Tuan Pengerusi: *Ya.*

Datuk Shahrol Azral Ibrahim Halmi: *Can I continue?*

Tuan Pengerusi: *You, pastikan you dapat ini semua kelulusan Board dan di audit. Semua ini diauditlah dan...*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, Tuan Pengerusi, semua keputusan ini disahkan, diluluskan oleh Board dan all the numbers are audited.*

Tuan Pengerusi: *You kena tahu ya, prosiding kita ini direkodkan, dan apa yang you cakap ini sebagai satu fakta yang akan ditulis yang dalam Hansard kita. You be careful lah, kena betul-betul. Kalau Board lulus dan Audit dan you pun kata tadi profitable tadi, macam mana profitable tadi?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, I am very sure...*

Tuan Pengerusi: *Can you explain? I pun blur juga ini macam mana you kata you untung tadi. Can you explain further about this?*

Datuk Shahrol Azral Ibrahim Halmi: *Okey. Terima kasih Tuan Pengerusi. When it is audited, the total cash investment that we have, as I said earlier, is USD1.83 billion in total. But the total cash received and this is capital, the USD2.318 billion plus the cash dividends that has been paid to us since 2010 totals to USD2,664,309,000, so about USD2.664 billion. Making it a total cash profit of*

USD834,309,000. That's how we got to the IRR calculation for the entire transaction of 40.6 and this I can vouch that it is audited.

Tuan Pengerusi: *Shareholders?*

Datuk Shahrol Azral Ibrahim Halmi: *Sorry Tuan Pengerusi?*

Tuan Pengerusi: *Shareholders. Tadi Board Directors, shareholders?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, their approval also for all major transactions as per the Companies Act requires shareholders approval which was duly obtains for each and every transaction.*

Tuan Pengerusi: *Okey.*

Tuan Tony Pua Kiam Wee: *Tuan Pengerusi. Feel free to correct me if my understanding is wrong. Let me just rephrase the profit element for the Committee.*

Secara kesimpulan, jumlah dana yang dikeluarkan oleh 1MDB kepada PetroSaudi USD1 bilion pada September 2009, USD500 million pada Oktober 2010 dan USD330 million pada Mac 2011. So, jumlah yang dikeluarkan ialah USD1.83 bilion. Akhirnya...

Datuk Wira Haji Ahmad bin Haji Hamzah: *USD?*

Tuan Tony Pua Kiam Wee: *USD. Akhirnya, segala pelaburan dan pinjaman ini dijual kepada pihak ketiga yang di sini dinamakan sebagai Bridge Partners. Nilai yang dijual itu USD2.318 billion. Kalau USD2.318 billion tolak USD1.83 billion akan memperoleh keuntungan sebanyak USD488 juta. So that is how the profit is so-called arise. Hanya di sini keuntungan itu merupakan paper profit.*

■1100

Tuan Pengerusi: *Paper profit.*

Tuan Tony Pua Kiam Wee: *Sebab yang dibayar itu bukan tunai tetapi fund units dan tadi Datuk Shahrol menjelaskan bahawa setengah daripada fund units ini telah pun dijual sebagai tunai. Isu itu kita akan kemukakan nanti tetapi that is how the profit is arise. Am I right?*

Datuk Shahrol Azral Ibrahim Halmi: *Sorry, Yang Berhormat, ya. It was correct up until the point where yes it were sold for Promissory Notes but the units have been redeemed...*

Tuan Tony Pua Kiam Wee: *That is the question that I said we will arranged it later.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, correct. The units have been redeemed for 1.4 billion in cash and that 1.4 billion in cash has been utilized throughout 2014, since the beginning of 2014 and the remaining balance which is 949 has been guaranteed by Aabar, a unit under IPIC and it is schedule to be used in the debt for asset swap transaction which was signed in May of 2015.*

Dr. Tan Seng Giaw [Kepong]: *Chairman, now you said all these are proper, the Board approves, shareholders approved. Can you show any evidences to us?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Dr. Tan Seng Giaw: *Could the Committee get the evidences that you have done that, all approvals by the Board, shareholders?*

Tuan Pengerusi: *Later, mungkin hari ini tidak sempat. Can you collect all these evidences?... [Disampuk] Ada dalam ini? Oh!*

Tuan Tony Pua Kiam Wee: *I think most of the Board approvals are in the addendum given to us by the Auditor General. Two questions that were raised relating to the Board approval. Number one, the bulk of them were circular resolution. So, tidak ada mesyuarat diadakan untuk meluluskan transaksi-transaksi ini. Kebanyakannya melalui circular resolution. That means email to you, email to you. You sign, you pulang balik. Tidak ada mesyuarat, itu nombor satu.*

Kedua, sama ada *director circular resolution* ini, adanya dibuat selepas *event taken place*. So, memang ada kelulusan tetapi ada dua persoalan. Persoalan juga dibangkitkan dalam satu mesyuarat, *I do not have the date but a recent meeting in January Board Meeting*, yang mana Tan Sri Lodin Wok Kamaruddin, *Chairman, claims that we should not do anymore director's circular resolution. No more transaction that are circular resolutions.* Akan tetapi yang kita bimbang pula, adanya *circular resolution* yang dibuat selepas perkara berlaku. Terima kasih.

Dr. Tan Seng Giaw: *Actually, can you really proof to the Committee that this circular resolutions were done before the event and on top of that, why do you used circular resolution, why?*

Dato' Ir. Nawawi bin Ahmad: *Datuk, saya tambah sedikit. Tadi ada bercakap tentang circular resolution dengan meeting. Yang Berhormat Petaling Jaya Utara ada bangkitkan. Saya hendak tanya, adakah menyalahi apa-apa prosedur apabila kita menggunakan circular resolutions berbanding dengan meeting?*

Kedua, dalam agenda ini, kita dapati bahawa apabila pada bulan September, RM1 bilion, bulan Mac RM1.2 bilion. Kita sudah untung RM200 million profit. Profit ini pergi ke mana? Tidak masuk dalam sistem ini.

Tuan Pengerusi: *RM200 million ini, Audit, you tidak masukkan?... [Disampuk]*

Seorang Ahli: *Yes, telah diaudit.*

Dato' Ir. Nawawi bin Ahmad: *Jumlah RM1.83 ini belum campur dengan 500 campur 330. Jumlah yang RM200 billion ini letak di mana?*

Datuk Shahrol Azral Ibrahim Halmi: *Yang Berhormat, maybe I can answer the simplest one first and I will try and breakdown the various questions. Number one, is the simplest one, yes that RM200 million is audited and has entered our books back in 2010 as profits and it is audited.*

Tuan Pengerusi: *That means you spend that money for other purposes?... [Disampuk] Sorry.*

Datuk Shahrol Azral Ibrahim Halmi: *More generally soalan mengenai director's circular resolutions. I think to answer Yang Berhormat question is that, it is perfectly fine, its common corporate practice to actually have director's circular resolutions. It is a very common practice for urgent matters.*

Dato' Abd. Aziz Sheikh Fadzir: *Would it be a common practice to approve USD500 million loans?*

Datuk Shahrol Azral Ibrahim Halmi: *Before I answer that Yang Berhormat, one thing I want to establish very clearly, is it not illegal.*

Dato' Abd. Aziz Sheikh Fadzir: Datuk, *I am just saying that it is...*

Datuk Shahrol Azral Ibrahim Halmi: *I am finishing my question Yang Berhormat. Thank you.*

Dato' Abd. Aziz Sheikh Fadzir: *It is a common practice or not?*

Datuk Shahrol Azral Ibrahim Halmi: *Yang Berhormat Chairman, can I finish answering my question first? Thank you.*

Number one, it is not illegal to actually have a director's circular resolution. Number two, in terms of what allege earlier that this circular resolutions were merely sent by emails to be sign, it is not true. Normally in our practice, when the director's circular resolutions comes in, we actually go there and brief each board members to ensure that they understand what they are agreeing to.

Number three, the reason why we used circular resolutions was because in this particular case, when we converted from equity to Murabaha, this has been an ongoing discussion with the board members for at least six to eight beforehand. We have been discussing this offline on an individual basis as well as in the audit committee/risk and so the board members are fully aware and fully understood what they were signing in June.

Datuk Wira Haji Ahmad bin Haji Hamzah: *Tuan Pengerusi, bolehkah saya bertanya, atau tidak boleh? For any vote for that matter now, if you are practicing circular resolutions only on matters which is urgent, number one.*

Number two now, circular resolution is actually usually not pertaining to any money transaction. Otherwise if you have time to call for the board, then you have to call for the board. But anyway, for circular resolution required all members of the board to agree. If you do not get any agreement from all the board members, that means resolution is not valid. So in this case, whether you have all the 100% agree...

Datuk Shahrol Azral Ibrahim Halmi: *100%.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *That means it is valid. Number two, I want to ask, you get the total amount of money now, realized. Eventually, it is 2.38 out of RM500 million invested earlier. Correct?*

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

Datuk Wira Haji Ahmad bin Haji Hamzah: *Ya, USD1.83.*

Seorang Ahli: *Ya.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *RM4.5 billion. This 2.38 is actually in the form of fund unit in Cayman fund. Who is the custodian?*

Datuk Shahrol Azral Ibrahim Halmi: *Okay.*

Tuan Pengerusi: *Yes, please.*

Datuk Shahrol Azral Ibrahim Halmi: *Yang Berhormat Chairman, the custodian for that is BSI Bank, a very well-establish, very reputable bank based out of Switzerland and Italy. BSI Bank.*

Dato' Ir. Nawawi bin Ahmad: *Apa dia itu BSI Bank, what is the meaning?*

Datuk Shahrol Azral Ibrahim Halmi: *The full name itu dalam Italian [Ketawa] So, I do not remember what is it but it is a...*

Datuk Dr. Makin @ Marcus Mojigoh [Putatan]: *Banca della Svizzera Italiana.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *BSI ini Italian bank but very well-establish bank, of course. They even got branches in Singapore, as well... [Disampuk] In Swiss...*

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

Datuk Shahrol Azral Ibrahim Halmi: *Ada, ya... [Disampuk]*

Tuan William Leong Jee Keen: *Datuk Shahrol, I see in your note, the equity in PSOSL was so to Bridge Partners September 2012 and the reason is because of the sanction by the US.*

Datuk Shahrol Azral Ibrahim Halmi: *Correct.*

Tuan William Leong Jee Keen [Selayang]: *What is the sanction, when it is imposed?*

Datuk Shahrol Azral Ibrahim Halmi: *It was an international sanction. We reported it to the board, we had a risk management report where at that time I believe President Hugo Chavez was there and their relationship with the Americans were not that good. So the Americans had imposed the economic sanction and when that happens all of the parties that had any business transaction with the government that is being sanction by the State Department of the United State can end-up in trouble. There are instances in which banks actually have been asked to stop doing business with sanctioned country.*

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Dato' Ir. Nawawi bin Ahmad: *Sanction ini sebelum atau selepas kita punya dealing?*

Datuk Shahrol Azral Ibrahim Halmi: *Lebih kurang sama masa.*

Dato' Ir. Nawawi bin Ahmad: *Sama?*

Datuk Shahrol Azral Ibrahim Halmi: *Ya.*

Tuan William Leong Jee Keen: *Because from what I checked here in the Wikipedia, the sanction by US in December 2014 and the sanction by President Obama is 9 March 2015.*

Datuk Shahrol Azral Ibrahim Halmi: *No, no. It is earlier than that.*

Tuan William Leong Jee Keen: *This is what I have. Could you be able to provide to us the sanction?*

Datuk Shahrol Azral Ibrahim Halmi: *Definitely.*

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

Tuan William Leong Jee Keen: *That is why I try to check what are the sanctions because if the sanction were there, before you go in, you have to know. Unless it was during the time after you went in. So, we need to know when the sanction came about.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes. We will get back to you with the dates of the sanctions.*

Tuan William Leong Jee Keen: *Yes, if you can provide us with the copy of the sanction.*

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

Datuk Liang Teck Meng: *No, I think Tuan Pengerusi...*

Seorang Ahli: *How to get the letter of...*

Tuan William Leong Jee Keen: *It's a public document. I can also search, you can also search.*

Dato' Kamarul Baharin bin Abbas [Telok Kemang]: *Tuan Pengerusi, he made that statement on the sanctions, so we could- the company can provide the Risk Committee Reports.*

Datuk Liang Teck Meng: *Tuan Pengerusi, prior to that, who brought in this idea yang kata hendak convert part of the cash to ambil the equity of the PSOSL?*

Datuk Shahrol Azral Ibrahim Halmi: *The idea actually evolved from the time that we had the loan when we had a lot of challenges. At that time also there were a lot public feedback. Even I think at that time I was called at the PAC to answer why are we lending money to the Saudis, why do they need our money. The answer then as it is today is actually it is in the form of G-to-G relationship. We wanted to continue with the G-to-G relationship and we have reaped to the benefits from that G-to-G relationship.*

However, given the challenges we face in terms of valuing the actual loan where there were more and more and more questions raised around the ownership of PSI which we have answered that this is actually a company related to the Saudi Royal family.

We have managed to discuss with them and agreed actually that this loan amount can be converted into something that is two things, one is that actually has assets and these are I believe to the best of my memory, two drillship. I don't remember the names, I think one was Saturn and the other one is Neptune that actually has existing contracts to drill or to explore for oil in Venezuela. In return, as I said actually that the returns for that is roughly about 60% which is actually fantastic.

However, due to the sanctions issue, we have sought a way to actually sell this down but it's very difficult for you to go and sell down drillship contracts because the market is also very illiquid. It is far easier for us to actually be able to sell down if it were in some form of fund units. For example, it is easier for me to sell down my ASN units rather than the actual underlying asset.

Datuk Dr. Makin @ Marcus Mojigoh: *Sebelum kamu nasihat daripada yang menjual Murabaha ini kepada PSOSL ini, oil rigs adakah ia merangkumi juga hak untuk drilling dan exploration ataupun ia punya assets sahaja? Boleh jawab itu? Atas nasihat itu, 1MDB ini ada buat due diligence tak?*

Datuk Shahrol Azral Ibrahim Halmi: *Yang Berhormat, the deal was run by BSI Bank, BSI Bank was our advisor at the time. To answer your question on whether these are actual assets in the ground, no. The valuation is actually in the contract itself where they actually have a contract with PDVSA, their equivalent of PETRONAS to go and perform services there, which is actually a far less risky proposition because if you have a production or a risk sharing contract, if you drill the hole and there's nothing there, your money is at risk.*

This one is actually providing a service to drill the holes. Whatever it is, you will get paid and the rates actually go in the upwards of maybe USD10,000 to USD15,000 an hour. So, it could be relating to like a USD100,000 a day. Which is actually, for example our local companies are doing, have been doing, like SapuraKencana.

Datuk Dr. Makin @ Marcus Mojigoh: Saya punya soalan tadi, siapa sebenarnya yang memberi kamu kepercayaan bahawa *the deal with PSOSL* yang atas nasihat mereka untuk membeli aset *oil rigs* di Venezuela ini. Tidak apalah, tentang *sanction* itu tidak apa. Siapakah sebenarnya yang menasihati dan apa *due diligence* daripada 1MDB? *I don't know whether you understand my question. Detail* itu saya tidak mahu tahu.

Datuk Shahrol Azral Ibrahim Halmi: Mungkin penjelasan ia, ada dua *part* lah. Satu adalah *the idea to convert or to actually go and invest in this particular asset is actually coming from negotiations between us and PSI. PSI had a list of things that they have. Then we decided actually this is the best given the situation throughout the process. As I said, BSI Bank ran the process for us where they provided us the comfort that everything was in order. The valuation was correct and we are in compliance with all the existing regulations.*

Dato' Ir. Nawawi bin Ahmad: Saya hendak tambah sedikit. Kata tadi ada *existing contract* di Venezuela *only if PSOSL* ini. Adakah ketika itu 1MDB *verify* yang itu betul ada kontrak atau tidak ada *verification*?

Datuk Shahrol Azral Ibrahim Halmi: *The contracts were warranted under the agreement because kita deal dengan PSI. So the valuation itself is again, given comfort by bank. For example when we do deals in Malaysia, we hire advisors bank, we hire CIMB, we hire Maybank. They are the one who actually go and do all the groundwork and the report that they come out with, they stand behind it. Plus, the warranty that we receive when we actually signed for whatever sales purchase agreement with the counter party actually is another level of comfort that we have in order to ascertaining that this is the value.*

To just continue though, actually that we again are proven that there is value in this assets because subsequently, in 2014 we redeemed USD1.4 billion in cash and this year USD 949 million will be swapped with IPIC, and Aabar has actually guaranteed this amount to actually have real value.

Tuan William Leong Jee Keen: Datuk, back to this, if I can ask. So this agreement to buy over the shares is based upon the drilling contract?

Datuk Shahrol Azral Ibrahim Halmi: Yang Berhormat, *the valuation is based on a valuation of the assets in the company which includes the contract as well as whatever assets that they have.*

Tuan William Leong Jee Keen: So what you are saying just now, you are getting so many hundred thousands USD a day because of the drilling contract, correct?

Datuk Shahrol Azral Ibrahim Halmi: Correct.

Tuan William Leong Jee Keen: So you are buying 49% at USD2.22 billion because of this drilling contract?

Datuk Shahrol Azral Ibrahim Halmi: *That is not complete Yang Berhormat. We are buying 49% value at USD2.22 billion because advisors have valued independently this operation including future value of the contracts. Additional point to add actually, when we bought, we also included a clause in*

order to protect 1MDB in our interest that the seller has the responsibility to ensure these contracts are renewed.

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Tuan William Leong Jee Keen: Yes, that is the point that I am talking about. The renewal of the contract because your value is based upon the length of time of the drilling contract.

Datuk Shahrol Azral Ibrahim Halmi: Thank you Yang Berhormat. Exactly, you are supporting my point where actually their...

Tuan William Leong Jee Keen: Yes, I follow your point. So, if I can actually ask a question, in clause 7 of your agreement, you don't have it. This is the agreement for the PSOSL. clause 7, Extension of PS Discoverer Drilling Contract... [Membaca petikan]

"The parties are aware that PSOSL is currently engaged in discussion with PDVS in connections with the potential extension of the term of the PS Discoverer Drilling Contract. It is understood by the parties that PSOSL were seek to continue negotiation in good faith with a view to extending the term of PS Discoverer Drilling Contract. While recognizing the independence of PDVS in its conduct, such negotiation and the contacts of the overall commercial and political environment in which PDVS operates, the shareholders agree if the PS Discoverer Drilling Contract is not extended within six months from the date of this agreement, either PSI or 1MDB may without prejudice to any right or remedy available by way of writ or notice for discussion."

So, in other words, there was a big risk that the drilling contract will not be extended and after six months, the party may have got to start discussing what to do. Isn't that a very big risk that the company is going into but paying for USD2.22 billion where the extension is not been confirmed, it was still under negotiation?

Datuk Shahrol Azral Ibrahim Halmi: In any commercial deal Yang Berhormat, the board was apprised of this particular element of the deal and it is very clear, the intention is that if PSI is unable to extend, then they are willing to recompense us. So, when we sign the deal, we are in full recognition of the risk and the board was in full recognition of the risk and...

Tuan William Leong Jee Keen: Sorry.

Datuk Shahrol Azral Ibrahim Halmi: Because, we believe that the relationship is a G2G relationship and the kingdom is one of the biggest, if not the biggest oil producer in the country. It is a risk that we are willing to take.

Datuk Wira Haji Ahmad bin Haji Hamzah: Tuan Pengerusi, saya rasa Tuan Pengerusi, saya hendak ucap terima kasih kepada Datuk Shahrol, sekurang-kurangnya slide ini banyak membantu kerana mula-mulanya saya ini macam kelabu tetapi sekarang slide ini telah beri saya satu penerangan yang jelas bahawa the RM5 billion taken from AmBank were actually utilized to fund all this exercise totaling USD1.83 billion cash. Even though we are still in the dark now where the money goes, blah, blah blah!

But at least now, what we are happy now is because the custodian is BSI because all the USD2.31 billion actually now in the fund unit Cayman which is actually the custodian, it is recommended by BSI.

Saya hendak tanya satu sahaja. Setakat semasa Datuk Shahrol Azral berkhidmat itu hari, duit belum dapat lagi. *You are not able to redeem the money yet but we were able to redeem the money part of it. So, what happen to part of the money?* Itu satu.

Kedua, soalan saya, kita tengok USD1 bilion yang pertama itu yang kita venture, USD300 juta kita pergi kepada JV company, USD700 million goes to Good Star. *I want confirmation from you, why used Good Star? Is Good Star now is actually 100 percent owned by PSI or otherwise?* Terima kasih.

Datuk Shahrol Azral Ibrahim Halmi: Terima kasih Yang Berhormat. *To just confirm that the payment directions that come when we were buying the 40 percent equity in the JV Co. for USD1 billion, the payment instruction came to us via their solicitor White & Case untuk USD300 juta dengan USD700 juta itu. And I can confirm again that Good Star, the account number yang diberikan oleh White & Case itu adalah satu company PSI.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Own?*

Datuk Shahrol Azral Ibrahim Halmi: *One hundred percent owned, Yang Berhormat.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Thank you.*

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

Datuk Wira Haji Ahmad bin Haji Hamzah: *Saya tanya akhir tadi.*

Tuan Pengerusi: *Go forwards.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *How much you have redeemed so far? And what is the balance?*

Datuk Shahrol Azral Ibrahim Halmi: *Okay. That is the second part of the question Yang Berhormat. So, when we redeem USD1.4 billion, this was in 2014 in which I was no longer part of the management. What the money is utilize for, I think its best if Arul can help explain later but my understanding is that some of it was used to service debts, overseas debt, some of it is used to pay for certain equity investment in our power plant oversea at that time.*

Tuan Pengerusi: *You retired what date, Sir?*

Datuk Shahrol Azral Ibrahim Halmi: Tuan Pengerusi, saya berhenti daripada 1MDB pada 14 Mac 2013.

Tuan Pengerusi: 14 Mac.

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

Tuan Pengerusi: 2013?

Datuk Shahrol Azral Ibrahim Halmi: 2013 ya.

Tuan Pengerusi: So, USD940 juta ini remain kat mana sekarang ini?

Datuk Shahrol Azral Ibrahim Halmi: USD940 juta ini, *USD949 million I believe, is in unit with Brazen Sky- Brazen Sky or Bridge Partners but it is essentially in unit that have been guaranteed by*

Aabar which is a fully owned subsidiary under IPIC which is a fully owned company under the Government of Abu Dhabi.

Tuan Pengerusi: Patut disambung *explanation* tadi itu. Berhenti di situ sahaja. Tidak apalah, esok kita boleh tanya Arul ini.

Dato' Ir. Nawawi bin Ahmad: Tuan Pengerusi, maknanya dalam semua agenda PSI ini, kita masuk USD1.83 bilion, akhirnya mengikut kertas ini kita dapat USD2.3 bilion. Bermaksud, USD2.3 bilion *minus* USD1.8 bilion, kita ada untung. Begitu? So, duit yang untung itu telah digunakan untuk kerja-kerja yang lain?

Datuk Shahrol Azral Ibrahim Halmi: *Yes. Okay, to just add to that, that USD2.318 billion is actually a little bit understated because dia tidak masuk kira for example, dividen yang dibayar secara tunai kepada 1MDB dari tahun 2010, 2011, dan 2012. So, kalau sum total semua USD2.664 bilion, bukannya USD2.318 bilion sahaja. Akan tetapi sekarang ini the value of whatever that's left is USD2.318 billion.*

Tuan Pengerusi: Dividen?

Datuk Shahrol Azral Ibrahim Halmi: Ini *audited* ya.

Tuan Pengerusi: Dividen masuk dalam akaun *company* jugalah?

Tuan Tony Pua Kiam Wee: Dividen bayar kepada 1MDB...

Datuk Dr. Makin @ Marcus Mojigoh: Tuan Pengerusi, saya ada sikit minta *information* daripada yang kena *guarantee* daripada Aabar seratus peratus. *Can you enlighten us about this Aabar* ini apa? Saya pun tidak faham Aabar ini yang pergi IPIC semua, yang saya baca. Boleh? *Maybe you can highlight us about this.*

Datuk Shahrol Azral Ibrahim Halmi: Okey, Yang Berhormat.

Dr. Tan Seng Giaw: *Before that. I was wondering. You depend on the PSI on their expertise and exploration and all that. Is that right?*

Datuk Shahrol Azral Ibrahim Halmi: *In what context, Yang Berhormat?*

Dr. Tan Seng Giaw: *Well, you said whatever they suggest because they are the biggest producer of oil, so whatever they suggest, you accept, is that right?*

Datuk Shahrol Azral Ibrahim Halmi: *Not entirely correct, Yang Berhormat. What I said was that when they were in negotiations to renew the contract of this drillship, we had taken that risk that they can continue because we looked at the market conditions- because, drillship for examples, are not something that you can just racked very easily. You actually have to go and build one specific to the conditions there and for examples, again, when SapuraKencana wanted to do some work in the Gulf of Mexico, they actually have to go and customized one and shift it over there.*

So, the chances of the thing being renewal is actually very high. When I alluded to the facts that our counter party, PSI, is a Saudi company and Saudi Arabia actually is the biggest member of OPEC and so, they have the oil and gas experience and skill to be able to make this happen.

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Dr. Tan Seng Giaw: *Well, actually we have Petronas. It is not as big as the Saudi but we have Petronas that have been going on for decades, can we not get the expertise if we want do things like that. Do you ever ask Petronas for their expert?*

Datuk Shahrol Azral Ibrahim Halimi: *Yang Berhormat, the intricacy of actually, oil and gas exploration is very customize. For example, Petronas is considered one of the expert in our based in of Semenanjung, Sabah and Sarawak. However Petronas has not operated off the coast of Venezuela whereas PSI has been operating off the coast of Venezuela and therefore, they would be considered they know the field, they know the restrictions, they know the distances that need to be covered and they are a good authority.*

Dato' Kamarul Baharin bin Abbas: Tuan Pengerusi, saya hendak rujuk kepada semakan Jabatan Audit...

Datuk Dr. Makin @ Marcus Mojigoh: *Before that because I think they have asked what Yang Berhormat Kepong- I think Datuk Shahrol hari ini jawab last session. Apa yang saya ingin tahu, Aabar ini amat penting sebab dia 100%, dia belum jawab lagi. Beri dia jawab dahulu Tuan Pengerusi, tentang Aabar ini sebab yang lain itu saya rasa kita sudah tanya minggu lalu.*

Datuk Shahrol Azral Ibrahim Halimi: *Yang Berhormat, untuk Aabar dengan IPIC ini, Aabar adalah sebuah syarikat investment fund. IPIC ini macam sovereign wealth fund for Abu Dhabi tetapi IPIC ini adalah sovereign wealth fund, duit dia daripada duit petroleum. That is why IPIC is very oil and gas focus. They form many differences operating companies that can do fund management and Aabar is one of them but the bottom line, I would like to stress again here today is a relationship between Aabar, IPIC and the government of Abu Dhabi. Aabar 100% owned by IPIC, IPIC almost 100% owned by the government of Abu Dhabi. The almost is because there is a small part that owned by one of the royal family.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Tambah sedikitlah, Aabar ini sebenarnya 'AA' rated company based in Abu Dhabi and at the same time they also owned about USD2 billion worth of RHB shares.*

Tuan Pengerusi: RHB?

Datuk Wira Haji Ahmad bin Haji Hamzah: Yes.

Datuk Shahrol Azral Ibrahim Halimi: *Thank you for that Yang Berhormat. Actually because IPIC itself, the parent company is more highly rated credit wise by Moody's, Standard and Poor's dan sebagainya dan even Malaysia.*

Tuan Pengerusi: Aabar tadi ada share di mana? RHB tadi?

Datuk Shahrol Azral Ibrahim Halimi: *Yes. Yang Berhormat, to be very clear also, Aabar investment in Malaysia included RHB and certain properties in Iskandar. So, they are no stranger to Malaysia.*

Dato' Kamarul Baharin bin Abbas: Tuan Pengerusi, saya hendak kembali balik kepada perolehan ekuiti PSOSL ini. Kalau mengikut laporan semakan Jabatan Audit Negara, mendapati— Ini *statement* nya ya. *I hope you can clarify this, "Tiada due diligence sejak dilaksanakan untuk mengenal pasti liabiliti syarikat, keupayaan syarikat untuk menjana dana dan prestasi kewangan syarikat. Tiada dokumen dikemukakan untuk mengesahkan sebarang due diligent dan penilaian pernah dilakukan dan dibentangkan ke Lembaga Pengarah untuk dikaji"*. Tadi disebut oleh Datuk Shahrol tadi semua sudah ada, *risk report* ada, *due diligence* ada. Jadi, saya hendak kepastian dari Jabatan Audit Negara (JAN) berkenaan dengan pendapat Jabatan Audit Negara mengenai masalah ini.

Kedua, berkenaan dengan dokumen. Ada juga laporan, terdapat lima buah dokumen yang ditandatangani oleh Ketua Pegawai Eksekutif nombor satu 1MDB iaitu Datuk ya, pada 1 Jun 2012. Akan tetapi, lembaga pengarah hanya dimaklumkan berkenaan perkara ini pada 20 Jun 2012. Itu yang kedua.

Ketiganya ialah Mesyuarat Khas Lembaga Pengarah pada 8 Februari 2012, perbincangan awal berkaitan perolehan PSOSL. Ketua Pegawai Eksekutif memaklumkan PSOSL beroperasi di perairan Venezuela. Venezuela telah dikenakan sekatan oleh Amerika Syarikat iaitu sewaktu itu telah dibuat kenyataan pada 8 Februari 2012. Jadi, ini perlu penjelasan dari Jabatan Audit Negara, dokumen-dokumen yang diperolehi dan membuat keputusan seperti berikut. Ini bercanggah daripada apa yang kita terima, laporan daripada Datuk Shahrol. Saya minta penjelasan.

Datuk Shahrol Azral Ibrahim Halimi: Yang Berhormat, *can I check which lampiran you are referring to?*

Dato' Kamarul Baharin bin Abbas: Ini laporan Jabatan Audit Negara.

Datuk Shahrol Azral Ibrahim Halimi: Ya. Lampiran berapa yang tadi Yang Berhormat menyebut...

Dato' Kamarul Baharin bin Abbas: *Which one? Which point?*

Datuk Shahrol Azral Ibrahim Halimi: Yang 1 Jun dengan 20 Jun, yang lima buah surat itu.

Dato' Kamarul Baharin bin Abbas: Lampiran 58.

Datuk Shahrol Azral Ibrahim Halimi: Tuan Pengerusi, *if I can request that we all are given some times to check the documents before I answer.*

Dato' Kamarul Baharin bin Abbas: Akan tetapi yang pertama tadi, tiada *due diligent* dilaksanakan. Ini tiada dokumen tetapi ini pendapat Jabatan Audit Negara apabila dibuat semakan dan tiada dokumen dikemukakan untuk mengesahkan sebarang *due diligent* dan penilaian pernah dilakukan. Ini saya minta penjelasan, mungkin dari Jabatan Audit Negara.

Tuan Tony Pua Kiam Wee: *Just agreement between the PetroSaudi International and for the acquisitions for PetroSaudi Oil Services.* Ini kerana apa yang disebutkan oleh pihak Ketua Audit Negara ialah *agreement* ada tetapi dokumen-dokumen untuk *due diligent*, laporan penilaian, semua tidak ada, yang bercanggah dengan apa yang disebut oleh Datuk Shahrol tadi.

Tuan Pengerusi: Jabatan Audit.

Puan Nadhirah binti Abdul Wahab [Timbalan Pengarah (Audit Khas dan Penyelidikan, Bahagian Kajian Khas) Jabatan Audit Negara]: *Assalamualaikum* dan selamat pagi. Bagi soalan pertama itu, kalau kita lihat pihak pengurusan pernah meminta dibuat *due diligence* terhadap aset PSOSL pada 8 Februari. Walau bagaimanapun, kita dapati tiada dokumen berkaitan *due diligence* telah dikemukakan untuk mengenal pasti liabiliti syarikat atau keupayaan syarikat dan juga berhubung dengan prestasi syarikat PSOSL sebelum dibuat pelaburan terhadap PSOSL ini.

Kedua, berkaitan dengan dokumen tadi itu, saya rujuk kembali kepada apa yang disebut oleh Datuk Shahrol tadi bahawa semua pelaburan telah mendapat kelulusan *board* dan juga pemegang saham sebelum dilaksanakan. Ini kita rujuk kepada soalan Yang Berhormat tadi untuk pelaburan dalam ekuiti PSOSL, di mana memang semasa mesyuarat 18 Jun, CEO memaklumkan terma itu belum di *finalize* lagi dan akan dibentangkan kemudian. Walau bagaimanapun, semakan audit mendapati sebenarnya pada 1 Jun 2012, telah ditandatangani lima dokumen berkaitan dengan perjanjian ini. Manakala kelulusan melalui resolusi lembaga pengarah dan juga pemegang saham hanya pada 20 Jun 2012. Sekian, terima kasih.

Tuan Pengerusi: Tidak ada, itu kita beri dia, tadi dia kata hendak berikan dia punya dokumen-dokumen itu, cuma *due diligent* tadi...

Datuk Shahrol Azral Ibrahim Halmi: Ya.

Puan Lim Sok Kiang [Ketua Unit Audit Dalam (Audit Kerajaan Persekutuan, Kastam) Bahagian II, Jabatan Audit Negara]: Tuan Pengerusi, saya hendak tambah kepada apa yang rakan saya nyatakan tadi, bukan sahaja *due diligent report* yang *we all* minta, diberitahu tidak ada *due diligent* dilakukan dan penyata kewangan. Selain daripada itu *even* minit mesyuarat syarikat memegang saham dalam PSOSL iaitu bagi 1MDB International Holdings Limited pun tidak dikemukakan minit mesyuarat

Tuan Pengerusi: Boleh beri semua itu ya, dokumen-dokumen itu nanti ya.

Datuk Wira Haji Ahmad bin Haji Hamzah: PSOSL ini kepunyaan siapa?

Tuan Tony Pua Kiam Wee: PetroSaudi.

Datuk Shahrol Azral Ibrahim Halmi: Ya, kepunyaan PetroSaudi. *Thank you.*

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Dato' Kamarul Baharin bin Abbas: Ya, yang ketiga tadilah itu.

Ketiga, saya sebut fasal mesyuarat khas lembaga pengarah pada 8 Februari 2012. Di situ telah dimaklumkan bahawa Venezuela telah dikenakan sekatan oleh Amerika Syarikat. Maknanya ini telah dimaklumkan sebelum pelaburan dibuat pada Jun 2012. Ya, minta penjelasan.

Datuk Shahrol Azral Ibrahim Halmi: Ya, kita semak dahulu dokumen *and then we delivered.*

Dato' Kamarul Baharin bin Abbas: Lampiran 62 dalam audit.

Tuan Tony Pua Kiam Wee: Tuan Pengerusi, saya hanya ingin hendak tambah sikit mengenai soalan yang saya bangkitkan tadi bahawa banyak resolusi lembaga pengarah dibuat selepas perkara berlaku seperti perjanjian ini. Itu nombor satu.

Nombor dua, dalam taklimat yang diberikan oleh Ketua Audit Negara sebelum ini, ada disebut bahawa sehingga hujung tahun 2014 ada *425 Directors' Circular Resolution* iaitu...

Tuan Pengerusi: Empat ratus...

Tuan Tony Pua Kiam Wee: 425. So banyak keputusan dibuat secara *circular* sahaja. Saya merujuk pada Minit Mesyuarat bertarikh 12 Januari tahun ini, di mana Tan Sri Lodin telah menyebut bahawa, "*In the past, the board had meet certain decision via directors circular resolution without the benefit of deliberation including decision to guarantee loans dan lain-lain*". Beliau telah menyebut bahawa, "*Going forward the passing of resolution via directors circular resolution are to be avoided other than for standard resolutions*".

Tuan Pengerusi: Adakah terlibat juga dengan kompeni-kompeni yang 412 ini yang luar negara, kompeni *international*, ada juga?

Datuk Shahrol Azral Ibrahim Halimi: Tidak pasti, *that one* kita kena semak dahulu. Akan tetapi *I like to reiterate lah that actually DCR are normal, DCR are legal especially in a very active board like ours, we meet once a month. That the discussions usually have been ongoing so we don't set up once special meeting to just go and talk about something. The topic often comes up in multiple meetings either at the risk committee ataupun at the full board as an item that may not have been included in the minutes that is with Jabatan Audit Negara.*

But I am very sure that the discussion on the relationship with PSI on this particular transaction almost every board meeting it comes up and it discuss. For example, I think early in 2011 the board made a trip to London to visit the PSI office and then we had a board meeting in which we discuss about the relationship and about how we want to move forward with the relationship.

Dato' Abd. Aziz Sheikh Fadzir: *Can I bring back to the early discussion?*

Pertama, *remember you were suppose to come back to us on your suspensions, you were saying that there was section 121 of TIA. Did you manage to get the information?*

Datuk Shahrol Azral Ibrahim Halimi: *We are still looking for the original copy. However I would like to take this opportunity also to mention that subsequent to the DCR suspending the issuance the directors signed another DCR resending that DRC. We would provide that DCR in due cost.*

Tuan Tony Pua Kiam Wee: Pihak audit ada buat siasatan?

Puan Nadhirah binti Abdul Wahab: Okey. Berdasarkan M&A yang kita dapat daripada SSM tetapi ini apa yang *di/odge* kepada SSM pada awal penubuhan TIA dan juga M&A untuk 1MDB, didapati *clause* seperti mana yang Datuk Shahrol katakan daripada segi kuasa dan juga pelantikan pengarah adalah di bawah PM hanyalah di bawah M&A 1MDB bukannya TIA. Akan tetapi itu berdasarkan apa yang ada rekod di SSM lah.

Tuan Tony Pua Kiam Wee: Apakah tarikh M&A yang *di/odge* dengan SSM yang baru?

Puan Nadhirah binti Abdul Wahab: Yang awal untuk TIA adalah pada 26 Februari 2009 manakala untuk 1MDB 2 September 2009.

Datuk Wira Haji Ahmad bin Haji Hamzah: Yang manakah terpakai itu?

Tuan Pengerusi: Maksud dia dalam TIA tidak ada *clause* 117. Bila 1MDB *incorporated* baru M&A itu diubah, bukan begitu? Ditambah, ditambah.

Datuk Shahrol Azral Ibrahim Halmi: Tuan Pengerusi, minta izin saya bagi penjelasan ini.

Tuan Pengerusi: Ya.

Datuk Shahrol Azral Ibrahim Halmi: *Okay. Historically* yang M&A dari bulan Februari itu TIA is something like a simple Companies Act M&A. When TIA applied for the government guarantee from Cabinet in April, one of the conditions was actually because this companies is 100% own by MB Inc. Terengganu, is that certain protection be put into the M&A to ensure that kepentingan Kerajaan Persekutuan adalah dilindungi kerana 5 bilion GG ini akan affect government finances specifically Federal Government finances.

Therefore a clause was inserted to ensure that anything that would affect the GG, would need to have the approval of the Government of Malaysia. That is the reasoning behind why there is this particular clause.

Datuk Wira Haji Ahmad bin Haji Hamzah: Maknanya sekarang kalau TIA itu *without the consideration from Terengganu Government they are as good as nothing. Only Federal Government, betul?*

Datuk Shahrol Azral Ibrahim Halmi: Betul. The 5 bilion masuk daripada Kerajaan Persekutuan.

Datuk Wira Haji Ahmad bin Haji Hamzah: *So, Terengganu government didn't put any cents. There is no consideration made by Terengganu government. In earlier they promise to bring in 6 billion. Akan tetapi saya hendak tanya satu soalan daripada Datuk. Saya tengok ya lah, minta maaf saya cakap, saya minta pendapat daripada Datuk Shahrol, over the whole exercise I can free say now you governance is quite weak lah. But in a way we were quite fortunate to see that the RM5 billion yang orang kata hilang ini sekurang-kurangnya ada nampak duit kat sini. The balance of 940 dalam fund unit ini bila dia matured, maturity dia?*

Dato' Abd. Aziz Sheikh Fadzir: Tidak apa itu 2039.

Datuk Shahrol Azral Ibrahim Halmi: 2039.

Dato' Abd. Aziz Sheikh Fadzir: 2039.

Datuk Wira Haji Ahmad bin Haji Hamzah: 20...

Dato' Abd. Aziz Sheikh Fadzir: *You were saying that you feel that, there is another amendment of the M&A between the 26th March or whatever it is before it change to 1MDB, is it?*

Datuk Shahrol Azral Ibrahim Halmi: *Before the GG was issued, there was certain protection that must have been put in into the M&A.*

Dato' Abd. Aziz Sheikh Fadzir: *I am just asking, you sure or you not sure.*

Tuan Pengerusi: *I think we have to be... to get the right tarikh, the right facts.*

Tuan Tony Pua Kiam Wee: *...The first one in- 2009 and satu lagi September 2009.*

Tuan Pengerusi: M&A?

Tuan Tony Pua Kiam Wee: M&A tidak ada perubahan.

Tuan Pengerusi: M&A bila?

Puan Nadhirah binti Abdul Wahab: Yang pertama pada...

Tuan Pengerusi: Saya hendak tulis ini.

Puan Nadhirah binti Abdul Wahab: Yang pertama pada 27 Februari 2009 dan yang kedua adalah pada...

Tuan Pengerusi: *This one under TIA?*

Puan Nadhirah binti Abdul Wahab: Ya, TIA.

Tuan Pengerusi: Okey.

Puan Nadhirah binti Abdul Wahab: Kedua adalah pada 2 September 2009.

Tuan Pengerusi: *This one under apa?*

Puan Nadhirah binti Abdul Wahab: Namanya masih TIA sebab selepas itu baru ditukar kepada 1MDB, kan?

Tuan Pengerusi: *And then* pada 2 September ini baru tukar, baru tambah, *insert* dia punya 117 itu.

Puan Nadhirah binti Abdul Wahab: Di sini ada 117. Kalau mengikut yang pertama tadi itu hanya sehingga 116.

Tuan Pengerusi: Bermakna lain-lain perubahan tidak ada.

Puan Nadhirah binti Abdul Wahab: Isi dia banyaklah perubahan, dari segi...

Tuan Pengerusi: *The substance...*

Puan Nadhirah binti Abdul Wahab: ...Bilangan seksyen pertambahan 117 daripada 116.

Dato' Abd. Aziz Sheikh Fadzir: Tidak adalah ini.

Tuan Pengerusi: Adalah.

Puan Nadhirah binti Abdul Wahab: Kami masih menunggulah kalau 1MDB boleh bagi yang M&A TIA sebelum ini sebab ini pun pernah audit minta masa mengaudit dahulu tetapi masa itu dimaklumkan M&A *under* TIA tidak ada dalam simpanan 1MDB lah.

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

Puan Nadhirah binti Haji Abdul Wahab: Ini kita *request* daripada SSM sendiri.

Puan Saadatul Nafisah binti Bashir Ahmad [Pengarah Audit Kerajaan Persekutuan, Jabatan Audit Negara]: Pada minggu lepas sahaja kita dapat ini. *So, it is a latest search*, Yang Berhormat.

Dato' Abd. Aziz Sheikh Fadzir: *I just wanted to know because it is important, the letter suspend you came earlier by Board of Directors and you signed the document with AmBank. Sama ada dokumen itu sah ataupun tidak- because, ada implication. Maybe kita boleh save RM5 billion itu. Kita boleh pergi kepada AmBank, 1MDB we can challenge... [Disampuk] Ya, ya. I means we could that. A lot of companies go through because of circular, a lot of resolution are not proper, kita boleh challenge. So, I needs your clearance betul-betul because I remember dalam surat ini pada 11 Ogos kalau ikut laporan*

audit ini, 11 Ogos, *you are reinstate as a Managing Director of 1MDB*. Akan tetapi *that period between* itu sampai ke 11 Ogos itu, apakah jadi dengan jawatan *you*?

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

Datuk Shahrol Azral Ibrahim Halmi: Boleh?... *[Disampuk]* Yang Berhormat, minta izin, *we will semak balik and then we will give a clear sequential answer on that. Can we get maybe five minutes break*, Yang Berhormat?

Tuan Pengerusi: Kemudian, kemudian.

Dato' Abd. Aziz Sheikh Fadzir: Kemudian. Kalau *you* tidak boleh sekarang tidak apa.

Datuk Dr. Makin @ Marcus Mojigoh: *Before we go for a five minutes, I just want to ask a little bit of clarification...*

Datuk Shahrol Azral Ibrahim Halmi: *McKenzie... [Disampuk] Wong & Partners.*

Tuan Tony Pua Kiam Wee: Mungkin sebelum kita pergi ke Cayman Island punya *investment*, habiskan soalan tentang Murabaha *loan* dahulu.

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

Datuk Dr. Makin @ Marcus Mojigoh: *It is quite clear but I just...*

Dato' Abd. Aziz Sheikh Fadzir: Satu lagi, saya hendak selesaikan apa yang saya tanyakan pada hari itu sahajalah.

Kedua Datuk, macam yang saya katakan tadi, kalau ikut laporan daripada Audit, apabila Datuk *sign agreement* dengan PetroSaudi untuk *convert USD1.2 bilion* kepada Murabaha, *your agreements says that 31st March* tetapi dalam itu ada *condition precedent* yang mana menyatakan hanya pada bulan Jun apabila *all the information, all the necessary approval* sudah dapat, barulah *the sale should be completed*. Audit juga *raise* sama ada *you have overstating your profit by USD200 million because in a way, it is not completed*. So, dua persoalan. *Because* kalau satu, *which I wish it is not true* sebab kalau betul, *that means your are overstating your profit which is* kalau *you remember the Enron case, that will give us right not only going after you but also going after KPMG* sebab *overstating accounts* ini, *it is a CBT*. Itu satu. Itu dahululah. Kalau Datuk boleh tengok ini dahulu.

Datuk Dr. Makin @ Marcus Mojigoh: Okey. Meneruskan kepada soalan tadi itu, saya minta lebih penerangan daripada Datuk Shahrol berkenaan dengan penyiasatan MACC ini dalam... *[Disampuk]* *Is it the problem of the Auditor General? Because, I was made to understand that most of this audited account on 1MDB ini is fully audited*. Itu saya minta penjelasan dari Jabatan Audit, Ketua Audit. Apakah masalah sebenarnya yang apabila kamu menyiasat soal pengauditan di 1MDB ini? Maksud saya, *I am sure most of the account by 1MDB is fully audited. Is that right?*

Datuk Shahrol Azral Ibrahim Halmi: *That is correct*, Yang Berhormat.

Datuk Dr. Makin @ Marcus Mojigoh: *And then during TIA, you have engage Ernst & Young*. Selepas 1MDB, *you* tukar kepada KPMG. *Is that true?*

Datuk Shahrol Azral Ibrahim Halmi: Betul.

Datuk Dr. Makin @ Marcus Mojigoh: *Now, bila kena audit ini, adakah masalah yang some of the documents are not available when the Audit come in? Itu saya punya satu soalan. Itu mungkin memberi penjelasan soalan pada sahabat saya...*

Dato' Ir. Nawawi bin Ahmad: Tuan Pengerusi, saya hendak tambah daripada Yang Berhormat Kulim-Bandar Baharu tadi. Kalau melihat kepada carta ini, dari bulan September ke bulan Mac, duit USD1 bilion itu ditukarkan kepada Murabaha. Soalan saya ialah mengapakah itu berlaku? Mengapakah kena tukar pergi ke Murabaha? Dan pasal apa dapat...

Seorang Ahli: Sudah bincang.

Dato' Ir. Nawawi bin Ahmad: Sudah bincang? Oh! *I am sorry.* Kalau sudah bincang, minta maaf. Saya tadi mungkin *teralit* sedikit.

Dato' Abd. Aziz Sheikh Fadzir: Minta *Auditor* untuk tengok-tengok balik, *this confirmation on the completion of sales* itu. *How do you define completion of sales? Are they overstating* dia punya ini?

Datuk Shahrol Azral Ibrahim Halmi: Yang Berhormat, *I think maybe we take a step back. There were a lot of questions I think around- number one, essentially asking whether the profits were properly recorded.*

Number two, I think one of the question was that whether there were any missing documents. I think I will answer the second one first which is probably easier.

This year, I think the Jawatankuasa knows that there were a lot of investigations into 1MDB and I think at one point, I think in July, most of our documents were actually taken away. That definitely impacted our ability to provide all of the necessary documents that are required. I think from MACC, CCID, although masa this one pun I was not in management, so I was not clear what was taken and what was return. But I would has a guess actually, that would make it difficult. Even when people take away, then your organization semua kucar-kacir, mungkin susahlah hendak beri dokumen itu. Itu nombor satu.

Kedua pasal auditor ini. I would like to reiterate also that we need to look at it at a bigger picture. Tahun 2009 actually when we were still owned by Menteri Besar Terengganu, the auditors were Ernst & Young. Subsequently, when kita ubah owner jadi MoF Inc., it make sense at the time to actually look into another auditor. KPMG actually signed off the...

Datuk Dr. Makin @ Marcus Mojigoh: *What was the reason? You do not trust Ernst & Young?*

Datuk Shahrol Azral Ibrahim Halmi: *It's not like that. It is actually normally also when a new owner comes in, they go with whatever auditors that they have been working with or comfortable with. It is the shareholders prerogative. Itu reason nya. So beyond that, I cannot speculate.*

One thing to note though that, KPMG I believe, signed off on our accounts three years in a row. And 1MDB actually has only been in existence from kalau hendak ikutkan hujung tahun 2009, 2010, 2011, 2012, 2013, 2014, 2015, seven years and three out of those years, actually had been signed off by KPMG. So it is not like kita tukar auditor suka-suka. Number one.

Number two, is the fact that bila kita tukar auditor pun, kita tukar auditor yang besar-besar. Deloitte is the number one auditing firm in the world. If we had anything to hide, we would not have chosen the biggest auditor in the world to actually do this.

Datuk Dr. Makin @ Marcus Mojigoh: *If I may say to you that public perception is that Ernst & Young ada membuat laporan yang tidak disukai oleh pihak pengurusan dan apabila ditukar kepada KPMG, begitu juga keadaannya. Oleh sebab itu baru-baru ini kamu melantik Deloitte. Adakah itu perception yang betul?*

Datuk Shahrol Azral Ibrahim Halmi: *Public perception Yang Berhormat, is something that 1MDB has been grappling with since we were first formed. I think the relationship with PSI took a beating of public perception. Our transaction also were influenced by public perception which in turn influence the perception of the auditor. We were challenge with providing some information to some Auditors.*

For example, E&Y masa kita mula the PSI transaction, because of the nature of the JV, we were press to actually find or provide them in a timely manner the reports that they needed. But all of this is actually frankly is the normal cost of doing business because in the end, we were looking to ensure that the relationship continues. It is a strategic relationship. There is a bigger picture at play, there were other benefits to the country. We are a government owned company.

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Datuk Dr. Makin @ Marcus Mojigoh: *We are not interested to hear that. What we are interested is what do you think of Tun M punya allegation that you miss 46 billion of this money. It is very important.*

Tuan Pengerusi: *This is 'surprising' to find, not perception.*

Dato' Abd. Aziz Sheikh Fadzir: *Saya belum dapat jawapan saya tadi. That one is not perception, that is fakta.*

Tuan Pengerusi: *Yang manakah itu?*

Dato' Abd. Aziz Sheikh Fadzir: *Pertama tadi, saya hendak minta, why did the recognition on the 31st March instead of 2012 itu?*

Tuan Pengerusi: *Yang itu. Mungkin ada advantage kepada you, better profit kah? You have to tell.*

Datuk Shahrol Azral Ibrahim Halmi: *On that topic, all I can say is actually the auditors went through all the necessary paperwork and they signed off the account recognizing the profits. I am not an accountant, so.*

Dato' Abd. Aziz Sheikh Fadzir: *Okey Datuk, I don't know whether you have the ringkasan daripada auditors or not, auditor kata kalau ikut daripada segi completion ini, you need to get the PetroSaudi punya shareholders' approval okay, which only came in June. Itu satu.*

Kedua, dalam notis untuk dia dapat extension next money pun, dia determine year to year, is basically June to June.

Ketiga, dalam Audit Report ini katakan bahawa KPMG was not aware at all that there is another condition precedent that are not met. So saya hendak tanya, sebab itu saya kata tadi ia punya impaknya

ialah *you know, you have restate the numbers* daripada rugi USD200 juta kepada untung USD200 juta kepada 1MDB pada 2010 itu.

Datuk Shahrol Azral Ibrahim Halmi: Lampiran mana Yang Berhormat? Kita hendak semak.

Puan Nadhirah binti Abdul Wahab: Lampiran 43, 44, 45, 46, 47.

Puan Lim Sok Kiang: *Page 40, 41.* Kalau untuk *auditor* yang tidak ada maklumat *is on page 40.* *The overstatement is in page 41.*

Puan Nadhirah binti Abdul Wahab: Lampiran 43, 49. Kalau yang nipis itu muka surat 62.

Datuk Shahrol Azral Ibrahim Halmi: Kita kena semak balik *because we need to go through* Yang Berhormat, *because then we want to make sure that our answers are accurate.*

Datuk Liang Teck Meng: Soalan saya, saya lihat projek ini kita usaha sama dengan PetroSaudi, dengan kerajaan di atas basis G2G ya. Jadi, apabila G2G sepatutnya ada *goodwill* daripada dua pihak supaya sama-sama menjayakan projek ini. Akan tetapi saya meneliti kronologi ini dari tahun 2009, kita *inject* USD1 bilion. Selepas itu jadi *loan and then* dapat USD1.83 *billion cash.* Selepas itu *acquire the equity* lagi. Akhirnya ia di bawah *sanction* USA. Ada atau tidak kita rasa kita ditipu oleh Arab Saudi?

Datuk Shahrol Azral Ibrahim Halmi: *I have to say not at all because the kingdom is so much richer and so much bigger. They have no use for our money. The relationship was forged, let me reiterate that King Abdullah and the Prime Minister met in July of 2009. I believe actually like in August, there was a trip in which the Prime Minister was given an award. Consequently also, subsequently in January, there was another trip. So, throughout the future interactions between the governments of the two nations I believe almost every single time 1MDB was mentioned as a strategic partner of the kingdom.*

So, we have no reason to believe actually that these guys are not who they say they are and we have no reason to believe and it's audited that they haven't stolen our money. Our money is safe and we have made money from the transaction.

Tuan Pengerusi: Yang Berhormat Liang, ia *general perception.* Add up, dia kata selalu menipu, itu dia punya *perception which is not like this one, I think.*

Datuk Wira Haji Ahmad bin Haji Hamzah: Tuan Pengerusi, satu soalan. Tadi yang mula-mula kita melabur sebanyak USD1 bilion dalam PetroSaudi, dapat 40%. *I think they are converting into Murabaha, is it just because now they want to show that they are actually genuine. Because you see, out of USD1 billion that we invested earlier, it is becoming USD1.2 billion which is converted to Murabaha.* Selepas itu kita masuk lagi *USD500 million also to Murabaha. Then, USD330 million to Murabaha.*

Actually this is more of 1MDB right to convert to equity. Is it so? Is it just because we want lower risk and we want regular return? I want to know pendapat Datuk Shahrol.

Datuk Shahrol Azral Ibrahim Halmi: Betul sekali Yang Berhormat. *When we assess- I think taking a step back, I have to say that Lembaga Pengarah 1MDB, we continuously have been assessing the risk returns of the relationship and balancing with the G2G relationship between the kingdom and Malaysia.*

So, that necessitated us to actually take a look at mana satu combination yang melindungi kepentingan Kerajaan Malaysia dan dalam masa yang sama kita boleh teruskan dengan perhubungan rapat di antara negara-negara ini.

So, that is why we actually have options. Masa ekuiti kita hendak move to Murabaha, kita ada option untuk convert balik jadi ekuiti. Kita ada dia punya safeguard. Bila kita sudah convert masuk PSOSL, the returns are higher. Then, we get hit by the sanctions punya isu dan kita terus selepas itu convert jadi unit yang quoted on Bloomberg. This is, I cannot stress this enough.

Dato' Abd. Aziz Sheikh Fadzir: *Satu lagi Datuk, can I continue. After you convert, bila kita tanya Datuk or last week, Datuk kata one of the reason yang 1MDB decide untuk convert kepada Murabaha pertama, because kita tak hendak exposure on the equity that we do not know.*

Kedua, juga untuk manage our cash flow better. But once we do that, kenapa kita hendak tambah USD500 million dengan USD300 million ini walhal pada masa yang sama you are in need of a lot of money di Malaysia ini.

Datuk Shahrol Azral Ibrahim Halmi: *Yang Berhormat, that one actually ties back to the whole G2G intent because the initial vision of the JV Co is for it to be a USD5 billion JV. We started out with USD2.5 billion where we had the money for it but the intention has always said for it to be a USD5 billion partnership together.*

Tuan Tony Pua Kiam Wee: *A JV is different from a loan. I think you would know that, right?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Tuan Pengerusi: *Adakah sebab...*

Dato' Abd. Aziz Sheikh Fadzir: *Are we obligated to do it? Was the agreement says that we must comply to that agreement? We must lend the money? Did it say that?*

Datuk Shahrol Azral Ibrahim Halmi: *The intention, I repeat, the re-intention of the relationship, the overall relationship, this is the relationship that span across- Yang Berhormat may I finish? 2009 sampai sekarang lagi adalah strategik. Then the intention is for it to be USD5 billion JV.*

That's why the Murabaha Finance Agreement (MFA) provided for option for them to actually ask us to actually go and provide. But it's not like we are giving them money for free. The return is actually higher.

Dato' Abd. Aziz Sheikh Fadzir: *No, I faham Datuk. Great, great Datuk.*

Datuk Shahrol Azral Ibrahim Halmi: *Can I finish please Yang Berhormat?*

Dato' Abd. Aziz Sheikh Fadzir: *No, no. I know what you are trying to say. I am quite clear.*

Datuk Shahrol Azral Ibrahim Halmi: *Thank you.*

Dato' Abd. Aziz Sheikh Fadzir: *But I just want to... because this is what you said yesterday. The reason you convert because you need a lot money here to manage the cash flow here. Okay, I understand this G2G you know, I am very clear with it. Cuma I want to ask you, after you convert into USD1.2 billion, one year down the road, you go back to USD500 million.*

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Other than G2G, adakah kita obligated untuk bayar benda itu ataupun kita rasa bahawa we can borrow some more money somewhere which is kalau I tengok daripada Audit Report ini, duit 800 juta ini datang daripada a borrowed money of 2.5 billion. So, I just wanted to know the culture. What is the thinking? Other than G2G lah. I think enough of G2G. Kita faham sudah G2G ini.

Tuan Pengerusi: ...Kerana you sudah untung 200 juta itu, you rasa hendak melabur lagi kah?

Datuk Shahrol Azral Ibrahim Halmi: *The relationship is there Yang Berhormat for sure. That one I think is very important but remember also, kita pinjam duit at 5%, we get back 8%. There is a carry there.*

Tuan Tony Pua Kiam Wee: *Is 1MDB mandated to be international lender?*

Datuk Shahrol Azral Ibrahim Halmi: *No, but this is not an international lending operation. This is a G2G relationship meant to invest in strategic projects that benefits both countries.*

Tuan William Leong Jee Keen: *Leaving aside G2G because this is a company that is setup for investment, 1MDB. The decision to increase your lending through the Murabaha notes, what is the business that the joint venture company was going to go into? Because you just don't lend the money. Normal joint venture but what was the business that this additional Murabaha notes is to finance.*

Datuk Shahrol Azral Ibrahim Halmi: *If I may reiterate. Actually that the company 1MDB is not only set up to do investment, it is meant to forge relationship, internationally promote FDI and catalyst project within Malaysia.*

Tuan William Leong Jee Keen: *What was the investment for? What business was it?*

Datuk Shahrol Azral Ibrahim Halmi: *The investments were in vision to actually go and invest in area such as energy and property. Where the companies are able to invest in equity for projects within Malaysia, Saudi and the kingdom as well as around the world.*

Tuan William Leong Jee Keen: *Because I have the minutes. If we look from the interim report of Jabatan Auditor's General, Lampiran 51. When this additional Murabaha was discuss, Chairman telah berkata the "Board of Directors concerned that the participation in this investment maybe somewhat contrary company's objective of attracting investment into Malaysia". So, the Chairman was not comfortable with this additional investment because it's not bring in investment into Malaysia.*

Datuk Shahrol Azral Ibrahim Halmi: *Can I see the lampiran? Which lampiran is it Yang Berhormat?*

Tuan William Leong Jee Keen: *Lampiran 51. Board meeting 5th July 2010. Over the page, sub paragraph roman- VIII.*

Datuk Shahrol Azral Ibrahim Halmi: *Okey. This is one actually the explanation is quite simple. That is why instead of investing directly into I think the minutes referred to this French listed energy company called GDF Suez. Which is why we actually used the Murabaha instrument because our counter party is not supposed to be GDF. Our counter party is PSI. Hence, coming back to the overall trust of the*

relationship which is a government to government relationship. Long term partnership looking for investment in energy, property and other projects within Malaysia or the Kingdom.

Tuan Pengerusi: *I* ingat kita sudah tahu. *You* bersara pada 14 hari bulan. Ada tidak any keputusan penting yang berlaku sebelum *you* bersara ini? Sampai mana *you*? Sampai 940 million itu, 1.3...

Datuk Shahrol Azral Ibrahim Halmi: *No*, Yang Berhormat *that one happened in 2014, as I recalled.*

Tuan Pengerusi: *Not in your time?*

Datuk Shahrol Azral Ibrahim Halmi: Ya.

Tuan Pengerusi: So Arul akan jawab, Edra ini semua semasa Arul?

Tuan Tony Pua Kiam Wee: Arul.

Tuan Pengerusi: Semua masa Arul ya?

Tuan Tony Pua Kiam Wee: Akan tetapi masa pembelian aset tenaga, masa Datuk Shahrol kalau tidak salah.

Tuan Pengerusi: Okey, apa ini. Semasa Hazem? Hazem tidak ada sangat benda-benda yang penting, tidak payahlah panggil Hazem ini. Saya ingat.

Tuan Tony Pua Kiam Wee: Masa apa itu?

Tuan Pengerusi: Okey, kita tengok esok bagaimana. Esok kita tengok *how it goes. I cannot conclude now today.* Esok masa Arul kita tengok, *whether we have to call Hazem or not. Okay.*

Tuan Tony Pua Kiam Wee: Penebusan dari *Cayman Islands* berlaku semasa Hazem menjadi CEO. Arul *only came in this year.* Penebusan daripada *Cayman* dibuat pada 2014.

Tuan Pengerusi: Tidak apa. Esoklah. Esok kita dapat gambaran yang sebenarnya daripada Arul sama ada kita akan panggil Hazem atau tidak. Ya.

Tuan Haji Hasbi bin Haji Habibollah: Belakang sedikitlah Datuk Shahrol. *Just that the* mula-mula September itu kita dalam bentuk apa nama ekuiti 1 bilion itu. Mungkin sudah disebut ataupun JV itu. Kenapakah ia ditukar? Apakah sebab di sebalik ia ditukar kepada Murabaha ini?

Tuan Pengerusi: Hangat itu hangat. Itu sudah diterangkan oleh itu tadi. Yang Berhormat Limbang. *Last week*, kita telah itu. Okeylah kita tidak banyak masa.

Dato' Abd. Aziz Sheikh Fadzir: Saya baca *somewhere but I can't find it.* Auditor ada katakan bahawa 800 juta itu kita pinjam daripada *short term loan.* Akan tetapi, kita *enter agreement* dengan PSI untuk 11 tahun. Di mana itu?

Tuan Pengerusi: Sukuk, Sukuk?

Beberapa Ahli: *[Berbincang sesama sendiri]*

Tuan Tony Pua Kiam Wee: Bukan. Bukan. Dalam Laporan Ketua Audit Negara, 1MDB pada dahulunya pinjam lebih kurang RM5 bilion yang sebahagian besar untuk pelaburan pertama dalam PetroSaudi. Selepas itu pinjaman tambahan kepada PetroSaudi USD500 juta dan USD330 juta dibiayai

oleh pinjaman jangka masa pendek dalam negara juga. *So, we borrowed more money to lend medium term loans to PetroSaudi.*

Dato' Abd. Aziz Sheikh Fadzir: *Saya cuma hendak- kami Datuk, we are not in position to comment your business decision. You know. That is not our job because we are not the investment committee but we are looking at governance. We are looking at tata kelola pengurusan syarikat. So, I hope you don't mind that because I mean why you make decision, you would know better. Akan tetapi macam saya cakapkan tadi, pertama sekali keseimbangan kita, sudahlah kita convert and macam Datuk Shahrol jawab semalam ialah kerana kita rasa bahawa kita perlu cash. That is what I heard you said yesterday.*

Tiba-tiba kita tambah pula 500, kita tambah pula 300. Ditambahkan lagi, kita tambahkan ini berdasarkan kepada pinjaman jangka pendek yang kita ambil dalam masa tiga tahun tapi kita pula *enter agreement* dengan PSI ini selama 11 tahun. *So, this is the governance issue that we are worried. You know.*

Tuan Pengerusi: Pinjaman, betul kah?

Datuk Shahrol Azral Ibrahim Halmi: Pinjaman ya? Pinjaman jangka pendek untuk membiayai...

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

Datuk Shahrol Azral Ibrahim Halmi: *Okey. Betul yang itu betul. Akan tetapi daripada segi governance nya, the board was fully brief and I think it is important to see the bigger picture. At that time in 2012, we had already started to embark on the power plant acquisitions as well as TRX. The idea actually is to manage the needs of equity investment daripada international investors as well as cash flow requirements. The board had been brief on all of these, the requirement for TRX, the requirement for relocations of Bandar Malaysia, the requirement for the expansion for the power plant as well as the strategic relationship.*

Because at that time, we not only have strategic relationship with the Kingdom of Saudi Arabia but also with the United Arab Emirates. Mainly Mubadala and we were well underway to actually go and get investment in from China as well as Qatar. So, all of these were taken into consideration when the board approve for us to enter into the additional loans.

Tuan Tony Pua Kiam Wee: *The additional loans were done in 2010 and 2011. The power plants, the Tun Razak Exchange, di Bandar Malaysia redevelopment mostly in late 2011, 2012. So how did that?*

Datuk Shahrol Azral Ibrahim Halmi: *Strategically, I think the board needs to plan ahead at least three or four years.*

Beberapa Ahli: *[Berbincang sesama sendiri]*

Tuan Tony Pua Kiam Wee: *The question from Yang Berhormat Kulim is that you need money for all these projects, why then take another short term loan to lend USD830 million to PetroSaudi.*

Datuk Shahrol Azral Ibrahim Halmi: *At the very high level, the intent is to take this loan, work together with PetroSaudi who will then bring other investors into our future projects.*

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Datuk Wira Haji Ahmad bin Haji Hamzah: Tuan Pengerusi, saya nak tanya satu perkara. *The first loan that you took about RM5 billion then, and you paid USD1 billion to PetroSaudi. What was the conversion rate then and what happen to the balances of the RM5 billion?*

Datuk Shahrol Azral Ibrahim Halmi: *To the best of my memory, I believe the conversion rate that time was 3.3 but this one we need to go back to the numbers. The rest of the money was used to catalyzed and invested in certain new projects. For example, at that time, we had already started with the planning for TRX, the planning for other projects.*

I would like to also state that there were a number of other projects that we had explored but the board choose not to continue with. So to just dispelled this view, actually that the board was simply approve everything that management puts in front of them. For example, and this is a strategic relationship with great State of China which they wanted to build an aluminum smelter and they wanted to invest in the aluminum smelter and takeout power in Sarawak. That didn't go through due to the project economics. We had invested significant amount of effort in this and yet the board choose not to continue.

Datuk Dr. Makin @ Marcus Mojigoh: *Just to further that question, 1MDB didapati banyak kerugian disebabkan banyak projek yang telah dikenal pasti tetapi gagal seperti projek perumahan di Air Itam di Penang. Itu satu. Kedua, satu lagi tempat yang di Pulau Indah, juga tidak success. Pinjaman yang melibatkan RM5 bilion ini, adakah ini sebahagian daripada sebab-sebab pinjaman itu selain daripada yang kita beri kepada PSI?*

Tuan Pengerusi: Maksud Yang Berhormat ini, *you are stuck. Your borrowing stuck because of Pulau Indah and Air Itam tidak berjalanlah. It turn-up your cash flow. Is it true?*

Datuk Shahrol Azral Ibrahim Halmi: *To summarize, actually a lot of our projects are long-term projects. When we, for example examined Air Itam and this I have to stressed, was actually done right after I left but I was involved when we were doing the business cases for it. The intention is this is more of how do you provide affordable housing to people and still make it nice and yet can still turn- not going to the rate, basically that the government doesn't have to spend money. So, we workout the project economics and the land was duly purchase. However, there were some delays due to, I think there are some publicly available information that the state government has said that they are not supportive of the project. But again, this is a long-term project, we expect that eventually it will come to fruition.*

Datuk Dr. Makin @ Marcus Mojigoh: *Is that true that this projek perumahan di Pulau Pinang itu mengandungi lebih daripada 2,000 squatters dan tidak direstui oleh Ketua Menteri Pulau Pinang? Betul kah?*

Datuk Shahrol Azral Ibrahim Halmi: *Based on the media report, yes.*

Tuan Pengerusi: Ini kena tanya Yang Berhormat Petaling Jaya Utara, bukan tanya... [Ketawa]

Datuk Shahrol Azral Ibrahim Halmi: *But coming back to the bigger picture, I would like to also stress the facts that when we went into the big investment especially in the energy sector, the intention is to actually help restructure the power sectors generation site. The plan was to purchase and add value*

and then lease by the end of 2013. A big part of today's 1MDB cash flow and cash problem is because that IPO was delayed. It was delayed from end of 2013 to mid of 2014 to the end of 2014 and by that time, it doesn't seem possible anymore. This one I have to put to you that actually some part of it is due to a lot of political and negative press that we have received, because this are good business. But the climate was just not right to list them and we kept delaying it and that is one of the key reasons why we are where we are today.

Datuk Dr. Makin @ Marcus Mojigoh: *Is that true that you bought Pulau Indah at the price of beyond their sold market prices at that time?*

Datuk Shahrol Azral Ibrahim Halmi: *Sorry Yang Berhormat, that one is after my time. So, if I can let Arul or other people to comment.*

Tuan Tony Pua Kiam Wee: *Yang Berhormat...*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Because, you are still with 1MDB. Even though you are no more a MD, you are still in the board.*

My last question is since 1MDB now is an investment company, is the government wealth fund, to that extend now, the damage to 1MDB now after the political attacked, bad coverage to 1MDB, not only now you got to call off...

Datuk Liang Teck Meng: *Siapakah attack? Who attack?*

Datuk Wira Haji Ahmad bin Haji Hamzah: *You not only have to call off your IPO, but also to that extend now, it does effected to the extent of investors confident. Thank you.*

Datuk Shahrol Azral Ibrahim Halmi: *That is very accurate. We have found that over the past especially one or two years, the investors confident, not only 1MDB, but Malaysia has actually been reduced because of this. In term of monetary value that is loss, I can easily say that if we had manage to IPO as schedule in 2013, the government would have netted close to RM2 billion to RM3 billion in terms of the initial investment. The price that we get plus minus the initial investment.*

In terms of other projects as well, some of the investors that we are trying to get into TRX for example, the master plan is completed, it is a beautiful place, only a few brave investors have manage to come in. But I believe that the responds would have been a lot more profitable for the government and for the rakyat had this political attacks not really been that impactful.

Tuan Pengerusi: *Cukuplah itu.*

Dato' Abd. Aziz Sheikh Fadzir: *Can I continue Yang Berhormat Petaling Jaya Utara or you want? I am going towards that... [Disampuk]*

Tuan William Leong Jee Keen: *Are you going back to PSOSL or...*

Tuan Tony Pua Kiam Wee: *I just want to finish up on the Murabaha.*

Tuan Pengerusi: *Okay, you finish up.*

Tuan Tony Pua Kiam Wee: *On the Murabaha notes, I just need to confirm that the last transaction of USD330 million, this was, according to the AG report, also paid to Good Star Limited. Was this also informed and approved by the board?*

Datuk Shahrol Azral Ibrahim Halmi: *Correct. That was informed and approved at the board.*

Tuan Tony Pua Kiam Wee: *Number two is relating to the question of the overall loans to PetroSaudi. We understand and from your testimony in your first attendance back in 2011, this is corporate guarantee daripada PetroSaudi. So, kita menerima corporate guarantee daripada PetroSaudi sebagai cagaran. Itu sahaja. At that point in time, you didn't want to tell us the financial status of PetroSaudi tetapi selepas itu kita telah pun mendapat tahu bahawa paid-up capital of PetroSaudi is 500,000 Saudi Arabian Riyal which is approximately USD133,000. Adakah wajar kita memberikan pinjaman lebih kurang USD1.8 bilion kepada sebuah syarikat yang paid-up capital nya hanya USD133,000?*

Dato' Abd. Aziz Sheikh Fadzir: *G2G, I know your answer...*

Tuan Pengerusi: *Let he answer right now. Don't disturb him.*

Beberapa Ahli: *[Berbincang sesama sendiri]*

Datuk Shahrol Azral Ibrahim Halmi: *Because, this company until today, we have no reason to believe that this company is not backed by the Royal Saudi family. It has been proven that actually all our money in there are safe, all our money has been returned to us and net netted out of USD1.83 billion, we got back. We actually got back USD2.66 billion.*

Tuan Tony Pua Kiam Wee: *Okay. Before we get back to "We got back". When we lend money to an entity, kalau katakan banklah, sama ada syarikat itu dimiliki oleh Sime Darby ataupun Petronas, pinjaman dibuat kepada anak syarikat, the strength of the company that you lend to is important because it may be backed by the Royal Saudi but if PetroSaudi cannot pay, they will wind up and that is nothing you can do with the shareholders. So, there is no guarantee from the royal family. There is only guarantee from that particular company with a paid-up capital of USD133,000.*

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Datuk Shahrol Azral Ibrahim Halmi: *Ultimately the board made a decision based on all the information that is available to it including the believe. Still today that this is a G-to-G relationship and the company is back by the Royal Saudi Family.*

Tuan Tony Pua Kiam Wee: *On Murabaha...*

Tuan Pengerusi: *Kita habiskanlah ya.*

Dr. Tan Seng Giaw: *Just finishing off. Now, because of this believe in the kingdom, it is true that all this investment, penilaian dan perbincangan terperinci tidak perlu dibuat?*

Datuk Shahrol Azral Ibrahim Halmi: *Penilaian itu berlaku Yang Berhormat. The speed is also an important consideration because of the G-to-G. Akan tetapi daripada segi proses, daripada segi approval semuanya dipatuhi.*

Dato' Abd. Aziz Sheikh Fadzir: *Okay, we taken on G-to-G. Akan tetapi apa penilaian yang pengurusan 1MDB buat. I mean other than G-to-G, apa penilaian yang pengurusan 1MDB buat untuk access yang this company is credible independently, you know. Independently to hold a 1.8 billion of our money.*

Datuk Shahrol Azral Ibrahim Halmi: *Independently* daripada media report macam yang saya katakan sebelum inilah. Adalah *our haji quota increase*, ada *security arrangement*...

Tuan Pengerusi: *A business, financially, financially.*

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

Datuk Shahrol Azral Ibrahim Halmi: *It has to be driven from G-to-G perspective because* dalam proses kita, kita buat *due diligence*. Ada kita buat *due diligence*. Akan tetapi *remember that the board of directors has to take information* semuanya sekali. *They need to look at the whole overall situation, they need to recognize the fact that 1MDB is a strategic development company own by the government and it needs to be in sync with what the government wants to do vis-à-vis the relationship.*

Dato' Abd. Aziz Sheikh Fadzir: Itu *government* lah, itu *government*. You know, that is *government*. That is the *politicians*. Akan tetapi...

Tuan Pengerusi: Yang mudah, *do you trust, do you believe that it is financially sound, what* Yang Berhormat Kulim-Bandar Baharu cakap itulah. Maknanya daripada segi *financial*, daripada segi komitmen *you* daripada segi *business* itu.

Dato' Abd. Aziz Sheikh Fadzir: Ya. So, apakah yang- *you based on what* yang kata dia *strong* itu?

Datuk Shahrol Azral Ibrahim Halmi: *We are comfortable like...*

Dato' Abd. Aziz Sheikh Fadzir: *How do you define your comfortable ini?*

Datuk Shahrol Azral Ibrahim Halmi: *We are comfortable, we based on everything. The board evaluated, the board discuss, the board deliberated and the board made the decision.*

Dato' Abd. Aziz Sheikh Fadzir: Apa dia, apakah dia yang *made you comfort*? Yang G-to-G itu tidak apa, kita faham tadi. Akan tetapi *in terms of* pengurusan punya *view, professionally because you must always being professional when you run it then you got a policy decision which is the board, which is the minister, which is the government.* Akan tetapi *as a* pengurusan ini, *for you to lend another 800 million after RM800 million* ini. Apakah *financial based* yang *you* buat? Apakah keputusannya?

Datuk Shahrol Azral Ibrahim Halmi: *One of the factors is actually that every six month they have been paying us cash in the coupon. So, we know that they can afford it.*

Datuk Liang Teck Meng: *So, the option to convert to equity is that stated clearly in the agreement? What is the condition or anytime you can just convert the loan into equity?*

Datuk Shahrol Azral Ibrahim Halmi: *As I recall the clause is put there. However there is a process that must be followed. It is not that we can do it immediately.*

Tuan Pengerusi: Dapat ya *auditor*? Dividen. Dapat ya?

Puan Lim Sok Kiang: Tidak, tidak yang...

Tuan Pengerusi: Okey, terima kasih.

Puan Lim Sok Kiang: Tuan Pengerusi, dia hanya terima dividen sekali sahaja. *Cash RM245 million* daripada- dia hanya terima sekali sahaja pada tahun...

Tuan Tony Pua Kiam Wee: *I recall* dua kali.

Puan Lim Sok Kiang: *Supposed it have two time but they only receive in cash only one.*

Tuan Tony Pua Kiam Wee: Oh!

Puan Lim Sok Kiang: *That is not full amount, only RM245 million.*

Tuan Tony Pua Kiam Wee: *So, you are saying that it was supposed to be two times, we were inform that it was twice, once in end of 2010 and once in 2011 but only...*

Dato' Abd. Aziz Sheikh Fadzir: *They only receive USD81 million.*

Puan Lim Sok Kiang: *From the financial statement they only receive once in... and recorded in 2011 financial statement, RM245 million. Which is actually less than the six month, Murabaha profit for six month.*

Tuan Pengerusi: *Do you have a detail?*

Puan Lim Sok Kiang: Ya.

Tuan Tony Pua Kiam Wee: *Explain.*

Tuan Pengerusi: *Do you have detail, kalau tidak ada detail berikan kepada...*

Datuk Shahrol Azral Ibrahim Halmi: *[Bercakap tanpa menggunakan pembesar suara] ...Have the details in the audited statements, we will revert.*

Tuan Pengerusi: Ya?

Datuk Shahrol Azral Ibrahim Halmi: Ya.

Puan Nadhirah binti Abdul Wahab: Berkaitan dengan nota Murabaha Tuan Pengerusi, saya hendak bagi sedikit *confirmation* berhubung tadi. Lawan tambahan dalam nota Murabaha tadi seperti yang dibangkitkan oleh Yang Berhormat Petaling Jaya Utara saya rasa, kelulusan untuk buat tambahan Murabaha sebanyak USD330 juta itu adalah kepada Syarikat 1MDB PetroSaudi Limited. Akan tetapi bagaimanapun pindahan dana itu adalah kepada PetroSaudi International Limited, USD330 juta.

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

Puan Nadhirah binti Abdul Wahab: Di atas *remittancenya* tulis kepada PetroSaudi International Limited, sedangkan kelulusan yang diberi oleh *board* dan juga oleh Bank Negara adalah kepada 1MDB PetroSaudi iaitu syarikat *joint venture*. Bekas syarikat *joint venture*.

Tuan Pengerusi: Tidak apa *you* bagi *detail* itu ya, pada *auditor*. Kita pindah daripada Murabaha, tidak sempat ini.

Tuan Tony Pua Kiam Wee: Cayman.

Tuan Pengerusi: Cayman, Cayman ini macam mana, *last one* ini. Cayman ini semasa *you* kah atau masa Arul?

Datuk Shahrol Azral Ibrahim Halmi: Dua-dua sekali.

Tuan Pengerusi: Okey.

Tuan Tony Pua Kiam Wee: *Cayman investment...*

Tuan Pengerusi: Ini jawablah.

Dato' Abd. Aziz Sheikh Fadzir: Sebelum itu *we were waiting for your next one, you can* jawab balik apa Yang Berhormat Telok Kemang tanya tadi, *why when you convert the USD1.8 billion to equity,*

the agreement says that you sign the agreement in 1st June but you only get the board approval on 20th June. So you don't have to do it today if you don't have it but you please check on that.

Datuk Shahrol Azral Ibrahim Halmi: *Yes, we know.*

Dato' Abd. Aziz Sheikh Fadzir: *That is very important. Kedua, kita juga hendak minta confirmation daripada you which board papers that this was deliberated because I remember when I was reading it somewhere you appointed McKenzie and few companies to do a due diligence on this acquisition but was that appointment materialize? Was there any report came from McKenzie and those consultant? Was it table to the board before you entered the agreement.*

Datuk Shahrol Azral Ibrahim Halmi: *Which agreement is this Yang Berhormat to just be clear?*

Dato' Abd. Aziz Sheikh Fadzir: *Yang itulah the conversion to 49% PSOSL ini.*

Datuk Shahrol Azral Ibrahim Halmi: *Itu kita semak.*

Dato' Abd. Aziz Sheikh Fadzir: *Macam Yang Berhormat Telok Kemang kata tadi, you dengar Yang Berhormat Telok Kemang kata tadi, Yang Berhormat Telok Kemang bagi tahu board kata you discuss in board on 18th June. Which you mention to board you give them the term of condition letter. The board comes out with the circular resolution on the 20th but the agreement showed that you sign on the 1st June.*

Datuk Shahrol Azral Ibrahim Halmi: *Kita semak balik.*

Tuan Pengerusi: *It is a very important, daripada Yang Berhormat Telok Kemang tadi.*

Tuan William Leong Jee Keen: *Satu poin lagi untuk PSOSL. Bayar USD2.22 bilion untuk 49%. Akan tetapi ada put and core option untuk 51% bagi USD10. Only for USD10 you are get the extra 51%? Mengapa ini tidak dilaksanakan. Why you didn't exercise the put option on the whole? Now you pay USD2.22 billion for 49% but you are a minority.*

Datuk Shahrol Azral Ibrahim Halmi: *For the very simple reason Yang Berhormat that the ongoing contract had the change of control provision which we didn't want to disturb.*

Dato' Abd. Aziz Sheikh Fadzir: *Yang Berhormat Selayang was saying, when you enter an agreement you have the option which you can exercise anytime.*

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

Dato' Abd. Aziz Sheikh Fadzir: *What was the reason tadi?*

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Datuk Shahrol Azral Ibrahim Halmi: *So, the sheets that had the contracts with PDVSA actually had changed of control provision. Therefore, if the shareholding were to change, then it will get very slow, very messy and might not even work.*

Tuan William Leong Jee Keen: *So that means you were prepared to put in USD2.2 billion and you do not have a control.*

Datuk Shahrol Azral Ibrahim Halmi: *It was never the intention to get the control but to get the 100% economic benefits from the company which we did.*

Tuan Pengerusi: *Okay, thank you. Ada apa-apa lagi? Ya Yang Berhormat.*

Dato' Kamarul Baharin bin Abbas: Penjelasan ya. Yang perjanjian ini, *investment management agreement* dengan Bridge Partners ini. *Which company Bridge Partners ini banyak?... [Disampuk] Which one? Just confirm yang mana satu ya. They have Bridge Global SPC, they have Bridge Partners Investment Management, yang manakah satu ini yang kita tangani agreement pada 12 September?*

Datuk Shahrol Azral Ibrahim Halmi: *Referring to which lampiran Yang Berhormat?*

Tuan Pengerusi: *No, no. The Bridge Partners investment which company Yang Berhormat Telok Kemang tanya tadi.*

Tuan Tony Pua Kiam Wee: *Which partners, which entity are you referring to?*

Datuk Shahrol Azral Ibrahim Halmi: *Oh! That one we have to look at the particular agreement to see what entity that is actually on the agreement.*

Dato' Kamarul Baharin bin Abbas: Kalau ikut Laporan Audit dengan Bridge Global SPC yang hanya ditubuhkan di Cayman Islands sebulan sebelum itu sahaja. Sewaktu itu Bridge Global SPC tidak ada lesen untuk mengendalikan kewangan. *No mutual fund license. Can you confirm apa pendapat Jabatan Audit Negara ini, kejayaannya? Because if you do that, that means you have signed the agreement with a company that is in no position to manage the accounts in Cayman Islands.*

Datuk Shahrol Azral Ibrahim Halmi: Yang Berhormat, *whole transaction was managed by our advisors BSI Bank. I would need to check back whatever documents that they have been using and the communications to us to be able to answer that questions accurately... [Disampuk] BSI Bank.*

Tuan Tony Pua Kiam Wee: *I means I think the documents have come to show that Bridge Capital Partners which runs the Bridge Global Absolute Return Fund was incorporated in August 2012 and you invested in September 2012. The company which is supposed to be an investment firm did not received any license from Cayman to operate as a financial advisor or investor until December 2013. Lebih daripada satu tahun selepas pelaburan 1MDB dibuat. You will get back to us of the facts. That is number one. Perhaps can you brief the Committee, why did we put USD2.3 billion into an obscure fund in Cayman Islands? What is the process? Give us the overall view, overview on this entire transaction.*

Datuk Shahrol Azral Ibrahim Halmi: *The transaction as I said earlier was actually runs by BSI Bank. BSI Bank advise us on the structure of the funds on the fund manager as well as the timing of it corporation. I would need to get back and can check on whatever BSI Bank communicated with us in order to answer further on that.*

Tuan Tony Pua Kiam Wee: *You would have presented to the board of directors that you are planning to invest USD2.3 billion in Cayman, no?*

Datuk Shahrol Azral Ibrahim Halmi: *I think it is important to actually look at it holistically where the ongoing discussion with the board is that number one, this relationship is G-to-G relationship. Number two, is that we need to...*

Tuan Tony Pua Kiam Wee: *Sorry. You have sold the shares in PetroSaudi. So why is it still G-to-G relationship? Cayman Islands has nothing to do G-to-G right?*

Datuk Shahrol Azral Ibrahim Halmi: *I talking about it from the beginning where if you look at it from June 2012 to September 2012. The intermediate steps is to actually go and get the 49% to PSOSL and then change that to something funds. The ultimate goal on the left tier is actually to have something that is easily auditable that you can easily sell it down and therefore, we wanted to have a fund that is quoted in Bloomberg. The intermediate steps of which fund manager to choose, that one we work with BSI Bank. BSI Bank advise us. We just describe what is the outcome that we want... [Disampuk]*

Dato' Kamarul Baharin bin Abbas: *You said the bank advice you. Did they also inform you the position of Bridge Global at that point of time?*

Datuk Shahrol Azral Ibrahim Halmi: *I do not recall on that conversation but BSI Bank itself is a solid reputational, a very, very good reputation bank. We have no reason to think they are trying to cheat us.*

Datuk Dr. Makin @ Marcus Mojigoh: *This Bridge Partners, before you have any deal with, being advised by PSI? Do you know who they are and why were you dealing with this? Did the guys that you do not know.*

Datuk Shahrol Azral Ibrahim Halmi: *Ya, the way it works is actually we have like wealth manager BSI Bank that will give you advice on the instruments and on the fund managers that they think we should engage in. It is not our job to actually go and analyze the strength, the individual and so on so forth. That is the job of the wealth advisor.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Tuan Pengerusi, kita sudah 12.45 tengah hari ini.*

Tuan Pengerusi: *Last kah ini?*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Last sekali ya. Kita tengok ini, kita punya exposure semua sekali. USD1.83 bilion. We have already gone through so many conversion from the normal investment into PSI, then we went to Murabahah.*

Tuan Pengerusi: *I think this one is...*

Datuk Wira Haji Ahmad bin Haji Hamzah: *...Our whatever risk.*

Tuan Pengerusi: *Maknanya sekarang ini ... Okey.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Murabaha, then we converted into equity in PSOSL, 100% owned by PSI. Which in turn sell by a Fund Manager and now we owned fund unit USD2.31 billion.*

Tuan Pengerusi: *No, no. 940 yang tinggal.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *No. USD2.3, 1 billion.*

Seorang Ahli: *USD2.3.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *On paper. So I want to know now from during this process now, what are the return that you are getting?*

Tuan Pengerusi: *Ada dividen.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Ini kerana kita got so far.*

Tuan Pengerusi: *Dividen, dividen.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Dividen? Kita dapat 1.4.*

Tuan Pengerusi: *400,000 profit. 488 under profit, dividend and then now we are left with 940 million. [Disampuk] After 'dum dam, dum dam'... [Disampuk] Tinggal inilah. Tinggal USD940 million. Okay, for tomorrow, I ingat some of you are engineers, land surveyors, lawyers, tidak ada background financial.*

Esok boleh atau tidak *management provide white board? White board* di sini- senang bagi yang *non-financial background* ini, senang dia terangkan dekat *white board*. *White board* di sana boleh?... *[Disampuk]* Senang sedikit. *Non-financial background*, susah hendak menerimanya *[Ketawa]* Kalau dalam *board* itu ada, senang. Ini *for you to understand better...* *[Disampuk]* Kalau ada *board* lagi senang tetapi esok, pentadbiran, carikan *white board*.

Okay, terima kasih kepada semua. Esok kita akan *continue with Arul and* untuk pengetahuan Dato' Dr. Isa- untuk prosiding 14 Disember, 15 Disember dan 16 Disember, oleh sebab ramai Ahli Yang Berhormat terpaksa urusan rasmi di luar negara dan dalam negara, dan dipersetujui bersama oleh- so, kita tidak ada prosiding. 14 Disember, 15 Disember, 16 Disember, kita tangguhkan. Hanya 17 Disember sahaja ada laporan *final report on*. So...

Tuan Tony Pua Kiam Wee: Tuan Pengerusi, kita akan sambung dengan Datuk Shahrol satu hari nanti sebab ...

Tuan Pengerusi: Saya ingat tidak perlulah.

Tuan Tony Pua Kiam Wee: *Nope*. Banyak lagi.

Tuan Pengerusi: Kita tengok esok. Esok tengok *how Arul. Whether Arul can conclude*.

Tuan Tony Pua Kiam Wee: Saya rasa isu Cayman pun belum habis.

Tuan Pengerusi: Oh! Cayman ya.

Tuan Tony Pua Kiam Wee: Baru *start* sahaja Cayman. Saya boleh *continue* tetapi Mesyuarat tidak boleh *continue*. So... *[Disampuk]* *No, but Arul was not involve. We meet with Arul* esok.

Tuan Pengerusi: Tidak apalah. Esok *I think we can have better picture about the whole exercise. If we have to call, we call* Datuk Shahrol.

Tuan Tony Pua Kiam Wee: Kalau Datuk Shahrol datang lagi, mungkin boleh berikan seperti yang tadilah, *on sheet on how the Cayman investment process*.

Tuan Pengerusi: Macam inilah.

Tuan Tony Pua Kiam Wee: Ya, macam ini. Jelaskan tatacara *whatever processes taken and the recommendations from BSI Bank to bring along. So that we can see what are the recommendations made by BSI Bank to the board of 1MDB...* *[Disampuk]*

Tuan Pengerusi: *No. no*. Esok *we defector*. Kita tengok- *to be fair to everybody*. Esok, macam mana Arul... *[Disampuk]* Tidak apalah. Esok kita dengar Arul. *As I mention just now, if we have to call you, we have to call you. You* tidak apalah. *After all you are the Director of the 1MDB. Before that...*

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

Tuan Pengerusi: Sebelum ini, saya ada satu perkara yang saya hendak minta PAC setuju dengan saya. *Incinerator* ini benda yang besar dan banyak kompelin daripada *public...* [Disampuk] Oh! Langkawi ada.

Seorang Ahli: Kita sudah buat.

Tuan Pengerusi: Saya tidak berpuas hati tentang ini dan saya ingat kita kena... [Disampuk] *It is a matter.* Saya tidak berpuas hati *incinerator* ini... [Disampuk] Kita tengoklah esok, nanti kita panggil *incinerator.*

Terima kasih Dato' Isa dan Datuk Shahrol, *and then* Mesyuarat ditangguhkan.

[Mesyuarat ditangguhkan pada pukul 12.51 tengah hari.]