

Bil. 29

**Rabu
25 November 2015**



MALAYSIA

LAPORAN PROSIDING

MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA

Mengenai:

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

(Bahagian Pertama)

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

**PARLIMEN KETIGA BELAS
PENGKAL KETIGA**

**MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA
BILIK MESYUARAT JAWATANKUASA 2, BLOK A
BANGUNAN SEMENTARA, PARLIMEN MALAYSIA
RABU, 25 NOVEMBER 2015**

AHLI-AHLI JAWATANKUASA

Hadir

YB. Dato' Hasan bin Arifin [Rompin]	- <i>Pengerusi</i>
YB. Dr. Tan Seng Giaw [Kepong]	- <i>Timbalan Pengerusi</i>
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]	
YB. Dato' Takiyuddin bin Hassan [Kota Bharu]	
YBhg. Datuk Roosme binti Hamzah	- <i>Setiausaha</i>

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)]

HADIR BERSAMA

Jabatan Audit Negara

YBhg. Tan Sri Dato' Setia Ambrin bin Buang [Ketua Audit Negara]
YBhg. Datuk Hj. Anwari bin Suri [Timbalan Ketua Audit Negara (Persekutuan)]
YBhg. Datuk Juhari bin Haron [Pengarah Bahagian Susulan Audit]
YBhg. Datin Paduka Ong Swee Leng [Pengarah Sektor
Audit Badan Berkanun Persekutuan]
Puan Saadatul Nafisah binti Bashir Ahmad [Pengarah Sektor Audit Kerajaan Persekutuan]
Cik Lim Sok Kiang [Ketua Unit Audit Dalam Sektor Audit Kerajaan Persekutuan
(Cawangan Kastam, Bahagian II)]
Puan Nor Salwani binti Muhammad [Timbalan Pengarah Sektor Audit Kerajaan Persekutuan
(Cawangan Syarikat Kerajaan, Bahagian II)]

samb/-

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

Puan Nadhirah binti Haji Abdul Wahab [Timbalan Pengarah Sektor Audit Khas dan Penyelidikan (Bahagian Kajian Khas)]

Puan Farizah binti Harman [Ketua Penolong Pengarah Sektor Audit Badan Berkanun Persekutuan (Cawangan Syarikat 2)]

Puan Nik Mazian binti Mohammad [Ketua Penolong Pengarah Sektor Audit Badan Berkanun Persekutuan (Cawangan Kewangan 5)]

Encik William Yapp Thou Kiong [Ketua Penolong Pengarah Sektor Audit Khas dan Penyelidikan (Bahagian Kajian Khas)]

Encik Sharul Nizam bin Sabaree [Penolong Pengarah Sektor Audit Kerajaan Persekutuan (Seksyen Penyelarasan Laporan)]

Kementerian Kewangan

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

Jabatan Akauntan Negara

Puan Sarimah binti Husain [Timbalan Pengarah (Bahagian Perkhidmatan Operasi Pusat dan Agensi)]

Jabatan Perkhidmatan Awam

Encik Mansor bin Maizan [Timbalan Pengarah Kanan (TPBK(K)A)]

Unit Perancang Ekonomi

Puan Afiza binti Idris [Timbalan Pengarah (SIP)]

Puan Syazwani binti Kepli [Penolong Pengarah (SIP)]

SAKSI-SAKSI**Kementerian Kewangan**

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

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

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

Dr. Yusof bin Ismail [Timbalan Setiausaha Bahagian (Bahagian Syarikat Pelaburan Kerajaan)]

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 Mohamed Farhan bin Mohamed Ainuddin [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 bin Ibrahim Halmi [Ahli Lembaga Pengarah]

YBhg. Datuk Tan Hock Chuan [Peguam]

Encik Ivan Chen [Ketua Perundangan]

Encik Elmie bin Abu Bakar [Pegawai Perhubungan Kerajaan]

LAPORAN PROSIDING**MESYUARAT JAWATANKUASA KIRA-KIRA WANG NEGARA
PARLIMEN KETIGA BELAS, PENGGAL KETIGA****Rabu, 25 November 2015****Bilik Jawatankuasa 2, Tingkat 1, Blok A, Parlimen Malaysia, Kuala Lumpur****Mesyuarat dimulakan pada pukul 11.05 pagi***[Yang Berhormat Dato' Hasan bin Arifin **mempengerusikan Mesyuarat**]*

Tuan Pengerusi: *Assalamualaikum warahmatullahi wabarakatuh.* Salam sejahtera, salam 1Malaysia. Yang Berhormat Dr. Tan Seng Giaw (Naib Pengerusi PAC); Yang Berhormat Ahli-ahli Jawatankuasa Kira-kira Wang Negara; Ketua Audit Negara, Yang Berbahagia Tan Sri Dato' Setia Ambrin bin Buang; Timbalan Ketua Audit Negara, Yang Berbahagia Datuk Anwar bin Suri; Setiausaha Dewan Rakyat belum sampai lagi, dan seterusnya pegawai-pegawai daripada kementerian-kementerian.

Terlebih dahulu saya ingin mengucapkan ribuan terima kasih kepada Ahli-ahli PAC yang dapat hadir pada pagi ini untuk bermesyuarat. Hari ini Jawatankuasa Kira-kira Wang Negara akan mendengar keterangan daripada mantan Presiden Ketua Eksekutif syarikat milik penuh Menteri Kewangan Diperbadankan iaitu 1Malaysia Development Berhad, Datuk Shahrol Azral Ibrahim Halmi, di bawah tajuk Pengurusan Kawalan Urus Tadbir Syarikat 1MDB. Silakan Yang Berhormat.

Prosiding hari ini juga adalah yang keempat buat PAC Parlimen Ketiga belas selepas prosiding bersama Kementerian Kewangan (MoF) dan Unit Perancang Ekonomi pada 19 Mei 2015. Prosiding bersama juruaudit Deloitte pada 10 Jun 2015 dan juruaudit KPMG pada 17 Jun 2015.

Buat pengetahuan semua, Datuk Shahrol Azral kini masih bersama 1MDB sebagai Ahli Lembaga Pengarah dan berkhidmat bersama-sama 1MDB sebagai CEO pada 2009 hingga 2013. Sebelum ini beliau juga CEO ke *Terengganu Investment Authority* (TIA) sebelum bertukar nama kepada 1MDB apabila Kerajaan Persekutuan mengambil alih sepenuhnya.

Ahli mesyuarat sekalian, PAC pada 22 November 2011 di bawah Pengerusi Tan Sri Azmi Khalid pernah mendengar keterangan daripada Datuk Shahrol Azral berhubung fungsi dan aktiviti syarikat 1MDB. Masa itu kami- yang lama lah, yang baru tidak ada, tidak sempat masa itu.

Saya juga ingin memaklumkan bahawa Sekretariat PAC, surat panggilan untuk prosiding 1MDB sudah pun dikeluarkan semalam bagi prosiding 4 Disember 2015 Yang Berbahagia Encik Mohd Hazem Abd Rahman iaitu mantan CEO 1MDB, pada 15 Disember 2015 bagi Tan Sri Dato' Seri Mohd Bakke dan Tan Sri Azlan Zainol, dan pada 16 Disember 2015 Tan Sri Dato' Seri Lodin Wok Kamaruddin.

Dato' Abd. Aziz Sheikh Fadzir [Kulim-Bandar Baharu]: Encik Hazem tadi, berapa hari bulan?

Tuan Pengerusi: Encik Hazem pada 14 Disember 2015. Pada 17 Disember 2015, *Insha-Allah* kalau Tan Sri siap, kita boleh mendengar taklimat daripada Tan Sri berhubung dengan laporan penuh Audit Negara mengenai 1MDB.

Sehubungan dengan itu, saya berharap Ahli-ahli PAC sekalian dapat melapangkan diari mereka dari 4 Disember 2015 hingga 17 Disember 2015 supaya mesyuarat kita berjalan lancar dan kita boleh menyiapkan laporan ini secepat mungkin untuk dibentangkan ke Parlimen.

Kementerian Kewangan pada hari ini akan diwakili oleh Timbalan Ketua Setiausaha Perbendaharaan (Pelaburan) iaitu Dato' Dr. Mohd Isa bin Hussain yang mewakili Tan Sri Dr. Mohd Irwan Serigar. Tanpa melengahkan masa lagi kita boleh menjemput. Ada apa-apa lagi sebelum kita jemput? Ada Ahli-ahli yang hendak bertanya sebelum kita jemput mereka?

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Tuan Tony Pua Kiam Wee [Petaling Jaya Utara]: Terima kasih Tuan Pengerusi. Saya hanya hendak bangkitkan bahawa sebelum ini kita sudah panggil ramai saksi termasuk *auditors* dan lain-lain. Saksi-saksi ini telah pun diminta untuk menyampaikan dokumen-dokumen tertentu kepada kami di PAC. Cara dia melalui Kementerian Kewangan (MoF). Akan tetapi sampai hari ini, walaupun sudah dekat setengah tahun, dokumen ini masih belum diterima, antaranya dokumen yang diperlukan oleh pihak Ketua Audit Negara juga. Adakah dokumen ini ada dengan MoF, daripada KPMG dan juga daripada Deloitte, dan lain-lain? Terima kasih.

Tuan Pengerusi: Siapakah bertanggungjawab ini? Beri ke Jabatan Audit atau beri pada MoF?

Tuan Tony Pua Kiam Wee: Cara yang dipersetujui ialah mereka bagi kepada MoF dahulu, MoF akan beri kepada PAC.

Tuan Pengerusi: Kepada *Auditor, Auditor General*, ya?

Tuan Tony Pua Kiam Wee: Kepada PAC.

Tuan Pengerusi: PAC ya?

Tuan Tony Pua Kiam Wee: Ya.

Encik Rosli bin Yaakub [Ketua Unit (Parlimen dan Kabinet), Kementerian Kewangan]: Terima kasih kepada Tuan Pengerusi. Untuk pengetahuan Yang Berhormat Tuan Pengerusi, bahawa dokumen-dokumen yang *direquest* semasa prosiding PAC sebelum ini atau 1MDB sama ada melalui MOF ataupun agensi-agensi yang dipanggil sebelum ini sebahagiannya telah pun kita panjangkan kepada PAC, Urus Setia PAC tetapi melalui Tuan Pengerusi ketika itulah. Terima kasih.

Encik Ahmad Johan bin Mohd Afandi [Pegawai Khas Pengerusi Jawatankuasa]: Izinkan saya mencelah Tuan Pengerusi. Sekretariat PAC telah terima dokumen dan kemudian diserahkan kepada Setiausaha PAC, Datuk Roosme Hamzah. Ikut kata Datuk Roosme, dia akan edarkan apabila prosiding bermula semula. Jadi hari inilah, *insshaaAllah*.

Tuan Tony Pua Kiam Wee: Terima kasih.

Tuan Pengerusi: Okey, kita boleh panggil. Ada apa-apa lagi hendak bincangkan sebelum kita panggil? Oleh sebab, prosiding ini memakan masa, boleh kita persetujui kalau lama, kita *break for lunch*

and come back about 2.30 petang. Kena kerja lebih, kena rajin sedikitlah. Kena kerja rajin sedikit [Ketawa]

Dato' Abd. Aziz Sheikh Fadzir: Tuan Pengerusi, saya cuma hendak minta keputusan. *I was reading the last Datuk Shahrol punya verbatim ini. Basically* kalau saya tengok *finding* daripada audit ada juga benda yang tidak- *I do not want to say that he is lying but doesn't tally* atau percanggahan.

Tuan Tony Pua Kiam Wee: Percanggahan.

Dato' Abd. Aziz Sheikh Fadzir: Okey, terima kasih. Percanggahan.

Tuan Pengerusi: Bahasa Yang Berhormat Petaling Jaya Utara *better than you*.

Dato' Abd. Aziz Sheikh Fadzir: *Better, better*. Selalu yang itulah pasal dia hendak cakap Melayu, dia hendak jadi Melayu *[Ketawa]* Cuma saya hendak tanya Tuan Pengerusi, segi undang-undangnye apa tindakan kita kalau kita melihat dia bercanggah daripada fakta.

Tuan Pengerusi: Kalau dia bercanggah, fakta.

Dato' Takiyuddin bin Hassan [Kota Bharu]: ...Tuan Pengerusi ,memang *legally*, kalau ada *contradiction* daripada segi keterangan atau *evidence*. Kita kena tengok sama ada *the contradiction is material or not, material contradiction or not?* Kita kena nilai apa bentuk percanggahan yang berlaku. Kalau percanggahan itu benda-benda yang biasa sahaja, tidak apa. Akan tetapi kalau *material contradiction, we have to take into account*.

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

Tuan Pengerusi: Saya rasa kita kena ambil yang mana kita rasa patut kita ambil. Bukan begitu, *lawyer?*

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

Tuan William Leong Jee Keen [Selayang]: Ada. *It's the same House of Privilege, the contempt proceeding. If you have a contempt in Parliament, then it is a contempt proceeding because PAC proceeding is also Parliamentary Proceeding.*

Tuan Tony Pua Kiam Wee: Tidak pernah digunakan. Boleh bawa ke Mesyuarat Dewan sebagai *contempt* dan ada dalam Akta Parlimen penalti yang boleh dikenakan kepada pihak tertentu tetapi dalam PAC tidak pernah digunakan *[Ketawa]*

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

Dato' Takiyuddin bin Hassan: Tuan Pengerusi, orang baru hendak tanya. Adakah saksi-saksi yang dipanggil itu kena angkat sumpah, bercakap benar, tidak ada? Bolehkah kita buat begitu? Saya rasa *it is a legal proceeding*, kalau tidak kita tidak boleh hendak *charge* dia sebagai *contempt or what...*

Tan Sri Dato' Setia Ambrin bin Buang [Ketua Audit Negara, Jabatan Audit Negara]: Saya ingat Tuan Pengerusi, soal peraturan Dewan ini biarlah pihak penasihat undang-undang Dewan yang menentukan. Saya tidak arif tentang peraturan Dewan ini tetapi pada pendapat saya apa-apa pernyataan dalam prosiding kita mesti direkodkan. Terpulang kepada PAC untuk mengesyorkan tindakan-tindakan yang sewajarnya.

Dr. Tan Seng Giaw [Kepong]: Tuan Pengerusi, semua yang disebutkan oleh Datuk Shahrol misalnya, dia akan dengan verbatim dan dimasukkan dalam Dewan. Kalau didapati dia ada melanggar peraturan, dia boleh dikenakan tindakan.

Tuan Pengerusi: Bermakna tidak boleh sumpah...

Encik Ahmad Johan bin Mohd Afandi: Cuma Tuan Pengerusi, untuk saksi dia boleh memilih sama ada untuk menjawab *on record* ataupun *off record*. Jika dia menjawab *off record that mean* benda itu tidak direkodkan dalam verbatim. Dia akan tutup mikrofon.

Beberapa Ahli: [Berbincang tanpa menggunakan pembesar suara]

Dato' Abd. Aziz Sheikh Fadzir: Tentang *information* keluar ini. Kita kena juga buat keputusan di sini apa yang boleh dan apa yang tidak boleh. Jadi, apa *information* yang dari sini yang kita boleh keluarkan sebab ia masih lagi dalam siasatan. Kita buat keputusan bersama.

Tuan Tony Pua Kiam Wee: Sebelum ini Tuan Pengerusi yang putuskan... [Disampuk] Bukan, sebelum ini memang kita setuju yang Tuan Pengerusi sahaja yang menghadapi media, apa yang dibangkit atau tidak mahu dibangkit adalah *discretion* Tuan Pengerusi.

Beberapa Ahli: [Berbincang tanpa menggunakan pembesar suara]

[Saksi-saksi dari 1Malaysia Development Berhad mengambil tempat di hadapan Jawatankuasa]

11.19 pg.

Tuan Pengerusi: Silakan. Ahli-ahli Yang Berhormat. Yang Berbahagia Dato' Dr. Mohd Isa bin Hussain selaku Timbalan Ketua Setiausaha Perbendaharaan Bahagian Pelaburan. Yang Berbahagia Datuk Shahrol Azral Ibrahim Halmi iaitu Ahli Lembaga Pengarah 1MDB. Encik Ivan Chen ada? Encik Ivan Chen? Yang Berbahagia. *Your sit*, di sana, kan? Kita bagi *you* protokol tinggi sedikitlah di sana [Ketawa] Yang Berbahagia Encik Ivan Chen, Ketua Perundangan 1MDB, pegawai-pegawai daripada Perbendaharaan, pegawai-pegawai dan kakitangan daripada 1MDB.

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Terlebih dahulu, kami ingin merakamkan ucapan terima kasih atas kehadiran Dato', Datuk sekalian ke prosiding 1MDB. Seperti yang tuan-tuan sedia maklum, perkara ini hangat diperkatakan oleh sama ada masyarakat dalam negara kita mahupun di luar negara. Jadi, selaku PAC, kami telah diamanahkan oleh Kabinet untuk membuat laporan- bukan Kabinetlah.

Kabinet meminta Parlimen membuat laporan dan kami diamanahkan oleh Parlimen selaku PAC untuk membentangkan laporan 1MDB ini ke Parlimen dan akhirnya akan menjadi *public document* yang akan boleh dibaca oleh semua rakyat Malaysia.

Jadi, kita berharap semua pihak sama ada Ahli PAC, daripada *Treasury* dan 1MDB, kita mempunyai pengalaman yang sudah lama dan kita harap prosiding ini berjalan dengan baik, *polite and* memberi peluang kepada semua sama ada PAC ataupun kepada 1MDB menjelaskan fakta-fakta secara saintifik, secara jelas. Kita memanggil ini adalah atas saksi ya. Bukan hendak kata *you* salah atau tidak salah. Saksi kepada kawalan pengurusan urus tadbir 1MDB.

Saya ingin mengingatkan diri saya dan juga Ahli-ahli PAC, kita jangan terpengaruh dengan pertimbangan perniagaan, maknanya sama ada ini *good decision or bad decision. It is not our duty*. Apa yang utamanya ialah tuan-tuan atau Datuk-Datuk dipanggil untuk kita merumuskan perkara yang utama iaitu kawalan pengurusan dan urus tadbir 1MDB. Itu yang utamanya. Diharap semua pihak jelas tentang tugas dan tanggungjawab sama ada PAC ataupun pegawai dan kakitangan 1MDB dan juga *Treasury*.

Jadi, tanpa melengahkan masa lagi, kita... *[Disampuk]* Macam mana? *You* hendak beri *briefing* dahulu? Silakan Dato'.

11.25 pg.

Dato' Dr. Mohd Isa bin Hussain [Timbalan Ketua Setiausaha Perbendaharaan (Pelaburan), Kementerian Kewangan]: *Mr. Chairman*, izinkan saya beri sepatah dua kata sahajalah. Terima kasih. *Bismillahir Rahmanir Rahim. Assalamualaikum warahmatullahi wabarakatuh* dan selamat pagi kepada Yang Berhormat Dato' Hasan bin Arifin- Pengerusi PAC, Ahli-ahli Yang Berhormat PAC dan semua pegawai yang hadir pada sesi prosiding hari ini. Terlebih dahulu saya ingin mengambil kesempatan ini mengucapkan jutaan terima kasih kepada pihak PAC atas jemputan untuk memberi penjelasan kepada isu mengenai kawalan pengurusan urus tadbir 1MDB.

Untuk makluman semua, *my boss*, Tan Sri KSP memohon maaf kerana *actually* kalau mengikut prosedur, dia kena hadir. Beliau memohon maaf kerana tidak dapat hadir pada hari ini dan beliau meminta saya mewakili Kementerian Kewangan untuk sesi hari ini. Seperti yang semua telah dimaklumkan tadi oleh Yang Berhormat Tuan Pengerusi, sesi pada pagi ini adalah bersama dengan Yang Berbahagia Datuk Shahrol iaitu bekas CEO 1MDB dan turut dihadiri oleh beberapa orang pegawai yang telah disebut oleh Yang Berhormat Tuan Pengerusi.

Untuk makluman juga, Yang Berbahagia Datuk Shahrol telah dilantik sebagai CEO pada masa itu dikenali sebagai TIA atau *Terengganu Investment Authority* bermula daripada 23 Mac 2009. Pada 25 September 2009, TIA ini telah ditukar nama kepada 1MDB dan dimiliki secara sepenuhnya oleh MKD iaitu Menteri Kewangan Diperbadankan. Perkhidmatan Datuk Shahrol telah berakhir pada 14 Mac 2013. So, *periodnya* cuma lebih kurang empat tahun. So *I hope* Datuk Shahrol dapat memberi penjelasan dalam tempoh empat tahun itu apa yang telah berlaku.

Saya ingin menyerahkan balik sesi ini kepada Yang Berhormat Pengerusi PAC. Terima kasih.

Tuan Pengerusi: Terima kasih. 1MDB, ada hendak beri apa-apa *briefing* kah, tak ada? Tak ada ya. Makna boleh terus kepada prosiding ya. Jadi, terima kasih sekali lagi kepada Dato'. Jadi, kita boleh mulakan prosiding kita dengan mempersilakanlah Ahli-ahli PAC jika ada apa-apa perkara yang hendak ditanya. Saya persilakan. Silakan.

Tuan Tony Pua Kiam Wee: Terima kasih Tuan Pengerusi. Mungkin Datuk Shahrol boleh jelaskan daripada permulaan 1MDB di mana 1MDB telah pun melaburkan sebanyak USD1 bilion pada September 2009 untuk menubuhkan sebuah syarikat usaha sama bersama dengan syarikat PetroSaudi

International. *How did you chance upon PetroSaudi? Macam mana Datuk Shahrol berjumpa dengan PetroSaudi dan how was the deal arrived? That as a background.*

Datuk Liang Teck Meng [Simpang Renggam]: Tuan Pengerusi, boleh tidak saya mencelah sedikit? Sebelum itu, mungkin boleh beri gambaran apakah objektif 1MDB ini. Apakah sektor yang sebenarnya 1MDB berminat hendak melabur dan mengapa hendak *joint venture* dengan PetroSaudi?

Tuan Pengerusi: Boleh tidak? Sebagai *background* supaya Ahli-ahli baru boleh dapat maklumat. Persilakan.

Datuk Shahrol Azral Ibrahim Halmi [Mantan Ketua Pegawai Eksekutif, 1Malaysia Development Berhad (1MDB)]: Terima kasih Yang Berhormat Tuan Pengerusi, Yang Berhormat *Members of the PAC*, dengan izin, *if I can* campur-campur cakap bahasa Inggeris.

Untuk menjawab soalan yang kedua, *so far as far the big picture of why 1MDB was setup*. 1MDB ini permulaannya memang TIA. TIA disifatkan sebagai satu *sovereign wealth fund* yang dibiayai sepatutnya daripada RM5 bilion *Federal Government guarantee bond* dan juga cadangan untuk dibiayai RM6 bilion daripada Kerajaan Negeri Terengganu. *That never came to fruition however because before it was completed, it became absorb into the Federal Government.*

Now, 1MDB, tujuan utama dia adalah untuk jadi *strategic development company*. Modelnya seumpama Mubadala Development Company di Abu Dhabi di mana Kerajaan Abu Dhabi telah memberi mandat kepada Mubadala untuk cari projek-projek yang strategik terhadap negara, sama dengan kita, yang boleh membawa FDI atau *Foreign Direct Investment* dalam sektor-sektor yang telah dipilih secara awal.

Dalam kes 1MDB ini, untuk mendapatkan pelaburan asing yang banyak ini, *one of the things that we added on was to have strategic long-term relationship with foreign governments. For example, one of the things that we look at as a strategic project is the development of TRX* di mana 70 ekar, lebih kurang, adalah untuk dibangunkan secara *world class* dan *at the same time* membawa *Foreign Direct Investment* dan *at the same time also* membuktikan standard-standard baru pembinaan, *platinum standard* dalam *green building or green district* dan sebagainya.

Dato' Kamarul Baharin bin Abbas [Telok Kemang]: Tuan Pengerusi, boleh dapat penjelasan ya?

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Datuk Dr. Makin @ Marcus Mojigoh [Putatan]: Tuan Pengerusi, saya sambung dengan soalan tadi yang- apakah jenis-jenis projek yang ketara dalam 1MDB ini dalam untuk meningkatkan FDI? Selain daripada pelaburan dalaman, apakah jenis-jenis projek yang telah disenaraikan di peringkat antarabangsa?

Datuk Shahrol Azral Ibrahim Halmi: Minta penjelasan Yang Berhormat apa projek yang disenaraikan macam mana.

Datuk Dr. Makin @ Marcus Mojigoh: Apa jenis-jenis projek yang telah dilihat oleh 1MDB ini selain daripada yang projek-projek yang dikatakan dalam dalaman itu, dan apakah projek-projek yang di luar daripada negara kita ya, yang kita telah labur ataupun yang kita mahu labur?

Datuk Shahrol Azral Ibrahim Halmi: Terima kasih Yang Berhormat. *That is a very good question.* Setakat ini yang- *as of today the projects that 1MDB has invested in* ada *only on hand full.* *PSI that's one of the partners.* *Of course the recent* Edra yang bermula daripada pembelian syarikat-syarikat penjana elektrik di seluruh dunia dan juga di Malaysia, *the energy project* dan *of course* TRX, pembangunan *Islamic financial district* di Kuala Lumpur dan pembangunan semula *Sungai Besi Air Force Base.* Dalam pembangunan semula *Air Force Base* ini juga kita telah memulakan pembinaan lapan ya, lapan base baru untuk polis dan angkatan tentera.

These are the projects that we have invested in. I can list some of the projects that either the board has rejected ataupun kita tidak *continue.* *For example at one point* kita ada juga lihat pembangunan sebuah pulau di Sabah dan juga di Langkawi untuk menjadikan ia sebagai pusat pelancongan. *The another example is the acquisition of this listed company,* M3nergy yang ada lombong arang batu di *region* ini dan juga *acquisition* IJN sebagai *property development,* Sime Darby Power dan ada banyak lagi yang projek-projek yang kita buat *due diligence,* kita buat dia punya *study.* Ada yang awal lagi telah ditolak oleh *management,* ada yang sudah sampai lembaga pengarah dan lembaga pengarah *defer* ataupun tolak projek itu.

Datuk Dr. Makin @ Marcus Mojigoh: Senarai yang kena tolak itu *what was the reason by the board to reject?* Adakah dia *due diligence* dia tidak dibuat dengan sempurna ataupun sebab-sebab yang lain.

Datuk Shahrol Azral Ibrahim Halmi: Terima kasih Yang Berhormat. Ia bergantung kepada projek. *One example* saya boleh bagi adalah kita *wanted to do a strategic relationship* dengan State Grid Corporation of China, *electric company.* Ini adalah satu daripada *state-owned enterprise* China yang paling besar. Kalau hendak ikutkan *I think* dia punya *employee* sahaja lebih kurang 20 juta orang. *So it's a very big company.* Ia juga adalah membangunkan *the Three Gorges Dam.*

So masa itu dia ada berminat hendak masuk dan melabur di Sarawak untuk *joint* dengan dia punya *hydro dam* sekali gus, untuk membuat satu *aluminium smelter.*

So benda ini kita sudah- *even* ada *sign* MOU yang disaksikan oleh *I think* masa itu Presiden Negara China dengan YAB Perdana Menteri sekali. So masa itu semua kita sudah setuju bahawa ini adalah satu perhubungan strategik G2G yang kita ikut. *So when we examine the economics of the project specifically on the aluminium smelter,* so kita buat *study,* kita buat kajian dengan *external consultant* sekali dengan *the partner,* kita dapati bahawa *economics* dia tidak jalan sangat.

For example, the aluminum smelter kos tertinggi untuk menghasilkan *aluminum ingot* itu adalah tenaga elektrik. Tenaga elektrik mula-mula kita ingat dekat Sarawak memang boleh dapat harga yang berkurangan daripada Semenanjung sebab ada *Bakun Dam, Murum Dam* dan sebagainya. Akan tetapi apabila kita *negotiate* dengan pembekal kuasa itu kita dapati bahawa kalau dengan harga itu tidak boleh

hendak mendapatkan keuntungan yang boleh *cover* balik kita punya *financing* dan sebagainya. Itu kita *table* balik kepada lembaga pengarah dan *the decision is accepted that we cannot proceed on that particular project*.

Tuan William Leong Jee Keen: Saya hendak pergi kepada permulaan ya. Bon yang pertama ialah... [Disampuk] Okey, okey.

Tuan Pengerusi: Kemudian tadi siapa? Okey sudah. Hendak tahu latar belakang lagi? Ada? Okey. Selepas itu baru Tony Pua punya.

Dato' Kamarul Baharin bin Abbas: Betul ya, *you go back to the holidays*. Kajian dan perancangan untuk usaha sama dengan PetroSaudi ini dibuat semasa TIA ataupun sesudah ditukar nama kepada...

Tuan Tony Pua Kiam Wee: *That's my question*.

Dato' Kamarul Baharin bin Abbas: Oh, okey.

Datuk Shahrol Azral Ibrahim Halmi: Okey. Untuk *just to be clear, so the* soalan *is*, kajian ataupun masa kita hendak mula perbincangankah macam mana?

Tuan William Leong Jee Keen: *Okay, maybe we go back to the early beginning*. Pada masa TIA dan bon 5 bilion itu ialah di pohon untuk TIA? Boleh tidak memberikan keterangan mengapa TIA ditukar kepada 1MDB dari Terengganu ke Kerajaan Persekutuan? Apa yang berlaku, apakah sebabnya?

Datuk Shahrol Azral Ibrahim Halmi: Okey, terima kasih Yang Berhormat. Penjelasan saya *unfortunately we have to know from what I directly know because* daripada dokumen-dokumen yang itu, so masa itu pengeluaran bon itu memang telah dipersetujui oleh *stakeholder* daripada Kerajaan Negeri Terengganu dengan Kerajaan Persekutuan. Di mana konsepnya macam saya cakap tadi TIA ini dimodelkan sedikit macam Mubadala tetapi *capitalization* dia, duit yang untuk digunakan untuk projek-projek itu datangnya setengah RM5 bilion daripada *govern guarantee* Kerajaan Persekutuan dan RM6 bilion sepatutnya datang daripada Kerajaan Terengganu. Akan tetapi pada masa itu tidak dibincangkan dan tidak ada keputusan lagi di mana RM6 bilion itu akan datang. So konsepnya sudah ada dan kerajaan masa itu TIA.

MB Inc. Terengganu telah membuat *application* untuk dapatkan *Federal Government guarantee* telah dipersetujui oleh Kabinet dan kita teruskanlah. Sepatutnya selepas itu akan dibawa perbincangan untuk dapatkan RM6 bilion ini, macam mana hendak dapatkan RM6 bilion ini. Akan tetapi sejeurus selepas itu perbincangan telah macam tertukar dan sebab *government guarantee* ini daripada *Federal*. Kerajaan Persekutuan membuat keputusan untuk membeli 100% daripada MB Inc., 100% TIA dari MB Inc. dan diberi nama baharu 1MDB.

Dato' Kamarul Baharin bin Abbas: Yang meluluskan usaha sama ini Lembaga Pengarah TIA ataupun 1MDB?

Datuk Shahrol Azral Ibrahim Halmi: Oh, TIA masa TIA masih dipunyai oleh MB Inc., memang okey. Lembaga Pengarah TIA dan 1MDB membuat keputusan semua-semualah benda yang berkaitan dengan urusan syarikat. Masa MBI itu lembaga pengurus saya dengan... [Disampuk] Ha? Sorry,

Lembaga Pengarah TIA masa itu adalah saya dengan masa *at that time* Datuk Ismee sekarang Tan Sri Ismee, dua orang yang dilantik oleh MB Inc. untuk jadi Lembaga Pengarah.

Dato' Kamarul Baharin bin Abbas: Saya hendak penjelasan yang berkenaan ada percanggahan sedikit dengan tarikh-tarikh yang ada. Mesyuarat ikut Laporan Audit, mesyuarat BOD pada 18 September 2009 ya, dimaklumkan mengenai perjanjian usaha sama. Masa itu masih TIA. Akan tetapi pada syarikat usaha sama ditubuhkan iaitu 1MDB PetroSaudi Limited ditubuhkan di BVI ya, *British Virgin Islands* juga pada 18 September. Walhal pada itu, 1MDB belum wujud lagi, belum ditukar nama. Ditukar nama hanya pada 25 September.

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Jadi, keputusan makluman kepada BOD ataupun mesyuarat BOD yang diadakan pada 18 September, pada hari yang sama, syarikat usaha sama PetroSaudi-1MDB ditubuhkan di BVI? Boleh beri penjelasan sedikit bagaimana kita boleh lakukan perkara ini?

Tuan Pengerusi: Adakah mendahului soalan Yang Berhormat Petaling Jaya Utara? Yang Berhormat Petaling Jaya Utara, *you before that*, bukan? Cuba terangkan Yang Berhormat Petaling Jaya Utara itu dahulu. Kemudian baru pergi ke ini...

Tuan Tony Pua Kiam Wee: *Trying to go in sequence.*

Tuan Pengerusi: Ya, *sequence, that is better.* Kalau tidak semua orang pening.

Datuk Shahrol Azral Ibrahim Halmi: *Just to be clear* Yang Berhormat. Soalan tadi masa kita hendak laporkan RM1 bilion dalam *joint venture* itu...

Tuan Tony Pua Kiam Wee: *How did this joint venture come about?*

Datuk Shahrol Azral Ibrahim Halmi: *Come about? Okay.*

Tuan Tony Pua Kiam Wee: *Who introduce the deal? How was the deal arrived? Who do you... [Disampuk] Ya.*

Datuk Shahrol Azral Ibrahim Halmi: Permulaannya Yang Berhormat Tuan Pengerusi dan Yang Berhormat Ahli Jawatankuasa adalah sebuah surat yang ditulis oleh masa itu *Prince Turki*, Al Saud yang melampirkan satu *another* surat daripada masa itu *Chief Executive PSI* yang ditulis kepada Yang Amat Berhormat Perdana Menteri yang mengatakan bahawa ada *proposal* buat 40:60 *joint venture* dan sebagainya, *the detail. Subsequently, the letter was forwarded to us and then that was when we started studying and looking at the joint venture. I do not recall exactly when, what date we started talking but as I recalled, the discussion were very intense in the month of September and towards the end of August, around Merdeka time.*

Tuan Pengerusi: Sebelum ditubuhkan? Sebelum diputuskan untuk buat *investment* itu ada *discussion*?

Datuk Shahrol Azral Ibrahim Halmi: *Yes. The initial discussion.*

Tuan Pengerusi: Inilah antara teguran audit, kelemahan daripada segi pengurusan rekod ini dan kelemahan yang ditegur oleh audit, daripada segi pengurusan rekod syarikat. Jadi, hasil daripada

kelemahan itu, tidak memberi- saya cuba hendak pandu supaya kita dapat satu *guideline* yang betul. Antara tegurannya, rekod-rekod tidak diuruskan dengan baik 1MDB ini. Sila YB Tony Pua/

Tuan Tony Pua Kiam Wee: *We have... [Disampuk] Sure.*

Dato' Abd. Aziz Sheikh Fadzir: *Datuk, can you bring us back to the original? You were a part of the Directors of TIA and you were part of the Director that responsible in issuance RM5 billion yang pertama. Were you aware at anytime that you have been told not to issue the sukuk by the Board of TIA?*

Datuk Shahrol Azral Ibrahim Halmi: *Terima kasih Yang Berhormat. Yes, I was aware because I was also the one that signed the Director, the Director's Circular. The event that unfolded was like this. I believed it was on 22nd of May that Circular was signed. However subsequently, after further study, we had discovered- one thing we know was that AmBank then inform us that on the 15th they have already started marketing the bonds. So in other words, kalau hendak ikutkan kata, the train has already left the station. But more importantly, after further study and consultation with the Company Secretary, section 117 of the Memorandum and Articles of TIA at that time indicates that anything that might impact the government guarantee has to be consulted, I paraphrasing here, with the Federal Government. We sought the advice of the Federal Government at that time and there was no instruction to stop and I would understand why.*

Tuan William Leong Jee Keen: *But there was the instruction of the board to stop but then you continue and then you was suspended. Is that correct?*

Datuk Shahrol Azral Ibrahim Halmi: *The resolution I believed stated that it was supposed to stop and the authority is suspended. However, that is a thing we consulted with the Company Secretary and the memorandum and articles because that one is specifically states anything that is going to impact the government guarantee, the decision I think is final coming from the Federal Government.*

Dato' Abd. Aziz Sheikh Fadzir: *So, you were aware that the Board of TIA...*

Datuk Shahrol Azral Ibrahim Halmi: *I was the one who signed it Yang Berhormat [Ketawa]*

Tuan Tony Pua Kiam Wee: *He signed the resolution.*

Dato' Abd. Aziz Sheikh Fadzir: *You signed the resolution to stop?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Dato' Abd. Aziz Sheikh Fadzir: *Okay, and you did not get back to the Board of TIA to proceed?*

Datuk Shahrol Azral Ibrahim Halmi: *I was the Board of the TIA, Sir.*

Dato' Abd. Aziz Sheikh Fadzir: *Okay, but were you aware that the shareholders of TIA also has suspended you as a Managing Director?*

Datuk Shahrol Azral Ibrahim Halmi: *No. At that time, no.*

Dato' Abd. Aziz Sheikh Fadzir: *So, you did not get the letter of suspension?*

Datuk Shahrol Azral Ibrahim Halmi: *No.*

Dato' Abd. Aziz Sheikh Fadzir: *Have you ever seen that letter?*

Datuk Shahrol Azral Ibrahim Halmi: *I cannot recalled.*

Dato' Abd. Aziz Sheikh Fadzir: *You cannot recall the letter?*

Tuan William Leong Jee Keen: *Are you telling the PAC that you were not inform that you have been suspended because you have proceeded with the bond issue?*

Datuk Shahrol Azral Ibrahim Halmi: *But at... [Disampuk]*

Dato' Abd. Aziz Sheikh Fadzir: *...There are two things. One, suspend the issuance of the bond and (b), suspend Datuk Shahrol as a Managing Director of the company.*

Tuan William Leong Jee Keen: *Yes, I have it here. I have the minutes here. Maybe I can read...*

Dato' Abd. Aziz Sheikh Fadzir: *So, you know that the board has decided to suspend the issuance of the bond but you are not aware that you are suspended. Are you saying that to us?*

Datuk Shahrol Azral Ibrahim Halmi: *I am saying on 22nd that weekend, I think it was 19th to 22nd, I was not aware that I was suspended. I believe that the suspension letter came afterwards.*

Tuan William Leong Jee Keen: *Okay, I have the minutes here and it says Resolution 3, I read it. "Suspension of powers and authorization granted to Encik Shahrol Azral bin Ibrahim Halmi or any director to do any act or things in relation to the issue of IMTN or under the IMTN programme" and the resolution says "That all powers and authorization granted to Encik Shahrol Azral bin Ibrahim Halmi or any director to do any act or things in relation to the issue of IMTN or under the IMTN programme be and hereby suspended with immediate effect" and it signed by YAM Tengku Rahimah and also signed by you. Dated 22nd May 2009.*

Tuan Pengerusi: *Let me guide. This is suspension of power not as a jawatan of MD. Is it? Read carefully about it...*

Tuan William Leong Jee Keen: *"The suspension of the..."*

Tuan Pengerusi: *Of the power.*

Tuan William Leong Jee Keen: *Of the issue of IMTN...*

Tuan Pengerusi: *I means his power.*

Tuan William Leong Jee Keen: *This is the RM5 billion.*

Tuan Pengerusi: *But he remained as a MD of the company. Am I right?*

Tuan William Leong Jee Keen: *Authority.*

Dato' Abd. Aziz Sheikh Fadzir: *Can I get the Audit to comment on this- remember it, first, suspend the issuance? Kedua, menggantung jawatan Datuk Shahrol. Can I get Audit to comment on this because...*

Tuan Pengerusi: *After suspension of- when is the suspension of MD, Datuk Shahrol, dan bila pula ia tukar nama kepada 1MDB?*

Tan Sri Dato' Setia Ambrin bin Buang: *Saya minta Puan Nadhirah buat pencerahan.*

Puan Nadhirah binti Abdul Wahab [Timbalan Pengarah Sektor Audit Khas dan Penyelidikan (Bahagian Kajian Khas)], Jabatan Audit Negara]: *Assalamualaikum. Berhubung dengan penggantungan kuasa tadi untuk issuance sebarang terbitan IMTN adalah pada 22 Mei 2009 manakala penggantungan, pengguguran sebagai Ketua Pegawai Eksekutif adalah pada 27 Mei 2009... [Disampuk] Ya, another resolution.*

Seorang Ahli: Ada dilampirkan atau tidak?

Puan Nadhirah binti Abdul Wahab: Ada.

Tuan Pengerusi: Bilakah ditukar nama daripada TIA kepada 1MDB?

Dato' Dr. Mohd Isa bin Hussain: Tuan Pengerusi, saya ada maklumat itu. Mulai 20 Julai 2009. Kerajaan Persekutuan mengumumkan pengambilalihan...

Tuan Pengerusi: Sekejap, sekejap. Bilakah?

Dato' Dr. Mohd Isa bin Hussain: Pada 20 Julai 2009.

Tuan Pengerusi: 20 Julai 2009 ditukar daripada TIA kepada 1MDB. Betul itu Jabatan Audit? Puan?

Puan Nadhirah binti Abdul Wahab: Ya, betul.

Tuan Pengerusi: Ditukar daripada TIA kepada 1MDB.

Tuan Tony Pua Kiam Wee: Boleh saya buat sedikit pencerahan tentang perkara itu? Saya agak namanya sudah dipersetujui untuk diubah pada bulan Julai tetapi perubahan *and the effectiveness of the change was only made in 4th September 2009* mengikut Lampiran 25 di sini. Betul atau tidak?

Puan Nadhirah binti Abdul Wahab: Ya, betul.

Seorang Ahli: ...Bila?

Tuan Tony Pua Kiam Wee: *4th September 2009.*

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Puan Nadhirah binti Abdul Wahab: Pada 4 September 2009, Resolusi Lembaga Pengarah luluskan pertukaran nama "TIA", kepada "1MDB" tetapi hanya diluluskan secara rasmi oleh SSM pada 25 September 2009.

Dato' Dr. Mohd Isa bin Hussain: Maknanya yang 20 Julai 2009 itu, *Federal Government make an announcement but then they have to follow the internal process.*

Tuan Tony Pua Kiam Wee: Pengumuman sahajalah pada Julai?

Dato' Dr. Mohd Isa bin Hussain: Pengumuman sahaja *that we are acquiring the whole equity in the company.*

Dato' Abd. Aziz Sheikh Fadzir: *I like to bring it to my question. I just wanted Datuk CEO, I mean mantan CEO, so were you aware that the surat bertarikh 27 Mei tadi yang you are no more CEO of TIA?*

Datuk Shahrol Azral Ibrahim Halimi: *Yes, I had cited the letter then, which is I think around the end of the month. I think the letter may have been dated 27 but we received it later.*

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

Datuk Shahrol Azral Ibrahim Halimi: *Sorry? The letter was dated 27 as per what the auditors indicated but I think I saw it a bit later than that.*

Dato' Abd. Aziz Sheikh Fadzir: *And then when were you reactivate again?*

Datuk Shahrol Azral Ibrahim Halimi: *That one actually if you refer back to the M&A of the company, that the letter to remove the Managing Director sort of invalid because the removal of the Managing Director as stated in the M&A, requires the approval of the Prime Minister. And since there was*

no approval from the Prime Minister, the Company Secretary had advised- I think he went back to Terengganu to get the approval first before it can be affected.

Tuan William Leong Jee Keen: So I want to follow up with a question. Because on you're your power were suspended to deal with the bond, you proceeded. And on 27th, you were terminated. So, can you explain to PAC that even though the board have suspended you, you proceeded and you also considered that your termination by the board was not valid because- are you taking instructions from the Prime Minister?

Datuk Shahrol Azral Ibrahim Halmi: The board as per the Companies Act, Yang Berhormat. This one I think the lawyers might be better placed, but the way that it was explained to me, the board needs to operate within the confines of the Memorandum and Articles of the company as per the Companies Act. When TIA was first established, the memorandum was written that way to ensure check and balance between the different stakeholders.

Dato' Abd. Aziz Sheikh Fadzir: Ada letter dari Yang Amat Berhormat Perdana Menteri to reinstate you back or not agreeing with the Board later?

Datuk Shahrol Azral Ibrahim Halmi: As far as I know, there was no letter reinstating.

Dato' Abd. Aziz Sheikh Fadzir: Can I get a comment from the Head of Legal? You were also the Head of Legal at that time?

Encik Ivan Chen [Ketua Perundangan, 1Malaysia Development Berhad (1MDB)]: Yang Berhormat, I joined on the 9th December 2013.

Tuan William Leong Jee Keen: So, you are not aware, it's alright. So I think the question Datuk Shahrol is, who made the decision to drawdown the bond? Was it your decision personally or was it the decision of the Prime Minister? Because the Board of TIA have decided not to proceed with the bond.

Datuk Shahrol Azral Ibrahim Halmi: But the Board of TIA also before that, had authorized for the bond to be issued. And so, the timing was the one that actually is making it very difficult because the board had decided to issue, we had engaged the bank, the bank had presold everything, essentially the process has already been committed already. And at the very last minute, there was this board resolution. So, I was guided by the M&A as well as my responsibility to the company in order to actually either stop the bond which is, what was informed to me was very difficult, or to proceed.

Tuan William Leong Jee Keen: In other words, the board have told you to stop but you decided on your own to proceed? Because, that's what you're telling us. You look at the M&A and you decided to proceed even though the board have given you strict instructions to stop. Is that correct?

Datuk Shahrol Azral Ibrahim Halmi: I took a look at the M&A and I had consulted with what the M&A asked me to consult. Yes.

Dato' Abd. Aziz Sheikh Fadzir: Was there any letter by the Prime Minister using the section 117 to authorize you?

Datuk Shahrol Azral Ibrahim Halmi: No.

Dato' Abd. Aziz Sheikh Fadzir: *So then, how come you do it? You know, I want to bring you back Datuk, you- I wasn't here for the last meeting. You kata 1MDB ini...*

Tuan Tony Pua Kiam Wee: *Last meeting in 2011.*

Dato' Abd. Aziz Sheikh Fadzir: *Yes, 2011. Forging partnership, advancing growth, you know. Global international best practice. Ada tiga layer. The advisors which you listed, superb people of the Board of Advisors, Board of Directors and management.*

So can you tell us, based on what you do, are you within this global international best practice? You did not get any letter from the Prime Minister and you come here saying that you consult the Prime Minister based on section 117, and then it is okay for you to go ahead. Do you know that you could also- if you are lying here, we could also go you on contempt of Parliament.

Datuk Shahrol Azral Ibrahim Halmi: *Tuan Pengerusi, what was the question? Sorry, minta penjelasan.*

Tuan Pengerusi: *Okay, there are two things, Ahli-ahli kena faham. Satu, bila tarikh bon RM5 bilion dikeluarkan? Auditor, confirm the date. Bon dikeluarkan, bila?*

Puan Nadhirah binti Abdul Wahab: *Pada 25 Mei, TIA menandatangani perjanjian langganan dengan AmInvestment Bank dan juga pada 26 Mei, dia menandatangani perjanjian akad untuk penjualan aset dan juga pembelian murabahah dan perjanjian penjualan murabahah. So, dalam 25 Mei dan 26 Mei.*

Tuan Pengerusi: *Bon dikeluarkan bila?*

Puan Nadhirah binti Abdul Wahab: *Pada 29 Mei.*

Tuan Pengerusi: *Bond issued.*

Tuan Tony Pua Kiam Wee: *So, agreement was signed only on 25th and 26th, and the actual bond issued on 29th of May?*

Puan Nadhirah binti Abdul Wahab: *29th of May, ya.*

Tuan Tony Pua Kiam Wee: *Which means that if you were suspended on the 22nd, you shouldn't have signed the agreement on the 25th and then there would be no issuance on 29th. Is that correct?*

Dato' Abd. Aziz Sheikh Fadzir: *And CEO punya explanation tadi because AmBank sudah start. What was the commitment that you have with AmBank kalau agreement tak sign dahulu?*

Tuan Pengerusi: *Sign agreement, satu. Yang dipakai bila? Diguna pakai bon.*

Tuan William Leong Jee Keen: *Agreement ialah pada 25 Mei, 26 Mei, suspension pada 22 Mei. So dia telah disuspended.*

Seorang Ahli: *Belum ditandatangani.*

Tuan William Leong Jee Keen: *Belum ditandatangani bila dia suspended.*

Seorang Ahli: *Issued bila, issued?*

Tuan Tony Pua Kiam Wee: *29.*

Tuan William Leong Jee Keen: *29.*

Tuan Pengerusi: *Bon diguna, Auditor?*

Tuan William Leong Jee Keen: *29.*

Puan Nadhirah binti Abdul Wahab: Pada 29 hari bulan, TIA terima hasil terbitan IMTN berjumlah RM4.38 bilion.

Tuan Pengerusi: 29 Mei?

Puan Nadhirah binti Abdul Wahab: Ya.

Tuan Pengerusi: Okey. Ada dua isu di sini.

Dato' Dr. Mohd Isa bin Hussain: Tuan Pengerusi.

Tuan Pengerusi: *Let me guide.*

Dato' Dr. Mohd Isa bin Hussain: Saya mohon 5 minit hendak bincang *internally* dengan wakil kita.

Tuan Pengerusi: *I am quite fair to both of you, never mind.* I hendak nampak, MD mengatakan bahawa tindakan pemecatan beliau- pemecatan beliau?

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

Tuan Pengerusi: Penggantungan.

Dato' Abd. Aziz Sheikh Fadzir: Satu, *suspended bond issue* pada 22 hari bulan. Kedua, penggantungan dia pada 27 Mei.

Tuan Pengerusi: Masa itu semua sudah tandatangan, semua lah ya?

Seorang Ahli: Belum.

Dato' Abd. Aziz Sheikh Fadzir: Tandatangan 25 Mei dan 26 Mei. 22 Mei *Board suspend issuance*, 25 Mei dan 26 Mei baru dia *sign*.

Tuan Pengerusi: *Okay, this is legal.* Yang Berhormat Kota Bharu dengan Yang Berhormat Tanjong Piai kena lihat kena lihat dari segi *legal. M&A and the authority of board to suspend, whether it is the power of the board to suspend Managing Director without consulted by the Prime Minister.* Tidak apa, kita *leave it like this.*

Dato' Abd. Aziz Sheikh Fadzir: Pertama, kalaulah kata seksyen 117 membenarkan *shareholders* untuk *overrule*, mesti ada surat. Kalau *board* bagi, kata saya *suspend issuance*, saya *suspend* ini, *any things to change that, there must be a letter from the stakeholders.* Itu yang saya kata, saya percaya *auditor* tidak ada surat yang menyatakan Yang Amat Berhormat Perdana Menteri menggunakan seksyen 117 itu untuk membatalkan, *as claimed by CEO.*

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Tuan Pengerusi: Hendak lima minit? Kita benarkan ya? Okey. Silakan. Hendak lima minit untuk *discuss* dengan *legal* pun boleh. Kementerian Kewangan pun boleh sama sekali.

Tuan William Leong Jee Keen: *You can have the next room.*

[Saksi-saksi dari 1Malaysia Development Berhad meninggalkan Jawatankuasa]

[Ahli-ahli berbincang tanpa menggunakan pembesar suara]

[Saksi-saksi dari 1Malaysia Development Berhad mengambil tempat di hadapan Jawatankuasa]

12.07 tgh.

Tuan Pengerusi: Saya ingat Dato' sudah faham ya soalan itu ya. Kenapa selepas di bon tamatkan jawatan.

Dato' Dr. Mohd Isa bin Hussain: Terima kasih Tuan Pengerusi. Kita ambil masa sedikit *because we need to strategize the right answer. Because* kita tadi bagi jawapan jelas tetapi kita lebih hendak jelaskan balik supaya *the whole PAC Member* dan juga ahli-ahli hari ini dapat maklumat yang lebih tepat. *So, I think I* minta Tuan Pengerusi...

Tuan William Leong Jee Keen: *I am sorry I interject. I don't think we want to have a strategize answer. We just want the truth. You just tell us the truth.*

Datuk Shahrol Azral Ibrahim: Dengan izin Tuan Pengerusi, *if I can* bacakan *the memorandum and the articles of an association* yang relevan kepada kita punya penerangan hari ini. Okey.

For the avoidance of doubt and notwithstanding anything- 117. For the avoidance of doubt and notwithstanding anything in the Articles, none of the following shall take effect without the prior written approval of the Prime Minister:

- (a) *any amendments to the Company's Memorandum and Article of Association of the Company, whether wholly or in part;*
- (b) *any appointment and removal of any Director (including the managing Director and alternate Directors, as the case may be) and the Senior Management Team of the Company;*
- (c) *any financial commitment (including investment), restructuring or any other matter which is likely to affect the guarantee given by the Federal Government of Malaysia for the benefit of the company, the national interest, national security or any policy of the Federal Government of Malaysia.*

So, in effect actually they said is that I had signed the resolution on the 22nd to suspend the IMTN given the express instructions of MBI. Menteri Besar Incorporated. But when I read this, it's up to the shareholders to actually seek the approval as written in the M&A to actually stop the IMTN issuance.

Tuan William Leong Jee Keen: Datuk Shahrol.

Dato' Abd. Aziz Sheikh Fadzir: Sorry, sorry. Waktu ini.

Tuan William Leong Jee Keen: Datuk Shahrol.

Dato' Abd. Aziz Sheikh Fadzir: *Can I just-* okey.

Tuan William Leong Jee Keen: *Wait. Wait. I warned you because you are require to tell the truth and what if you are not telling the truth, serious consequences. Now you have read to us Article 117. I want you to consider again. Are you telling the PAC that you read 117, when is it? On 22nd of May 2009 or 27th of May 2009, when did you read?*

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Datuk Shahrol Azral Ibrahim Halimi: *I cannot recall when exactly I read this. I am reading it to the committee today.*

Dato' Abd. Aziz Sheikh Fadzir: ...If I can re-phrase that, you are aware of 117, so that you do not follow the instruction of the board to suspend the issuance of the IMTN. Is it true?

Datuk Shahrol Azral Ibrahim Halmi: Subsequence to the signing of the DCR, the instruction were not valid without the prior written approval as per what is written in the M&A.

Dato' Abd. Aziz Sheikh Fadzir: This is the M&A of TIA?

Datuk Shahrol Azral Ibrahim Halmi: Yes. On 2009.

Dato' Abd. Aziz Sheikh Fadzir: Where, does the Prime Minister comes in section 117 of TIA? It is because TIA owned by Ministry of Finance, no? It is not? It is owned by Terengganu?

Seorang Ahli: Bukan.

Dato' Abd. Aziz Sheikh Fadzir: Am I wrong? Who owned TIA?

Tuan William Leong Jee Keen: At that stage it was Terengganu Incorporated...

Tuan Tony Pua Kiam Wee: Investment...

Dato' Abd. Aziz Sheikh Fadzir: Can the Auditor confirm that?

Tuan William Leong Jee Keen: Not by the Federal Government. Terengganu...

Dato' Abd. Aziz Sheikh Fadzir: So, can auditor confirm that TIA owned by... [Disampuk] Okay? This 117 for TIA, where did Prime Minister comes in, Sir? So, who have the right on 117 for TIA?

Datuk Shahrol Azral Ibrahim Halmi: It is still the same Yang Berhormat because if you remember, when TIA was first set-up it was meant to be common endeavor between the Federal and the state. Therefore, that is why the M&A has provision from the Prime Minister especially with regards to the Federal Government guarantee.

Tuan Tony Pua Kiam Wee: Can I...

Datuk Liang Teck Meng: Chairman, from TIA to 1MDB is just the change of name or is it a totally different company?

Tuan Pengerusi: Is it the same M&A? Yang Berhormat, changing from TIA to 1Malaysia Development Berhad is it using the same M&A?

Datuk Shahrol Azral Ibrahim Halmi: Correct. Yes, it is the original M&A but some provisions were added for example. Some very minor amendments were added. So, I have here the document tukar nama daripada "TIA" to "1MDB" on the date of 25 September.

Dato' Kamarul Baharin bin Abbas: Was 117 in the M&A of TIA?

Datuk Shahrol Azral Ibrahim Halmi: Yes.

Tuan Tony Pua Kiam Wee: Are you very sure?

Datuk Shahrol Azral Ibrahim Halmi: Yes.

Dato' Abd. Aziz Sheikh Fadzir: [Bercakap tanpa menggunakan pembesar suara] ...Put it so we all clear. Datuk Shahrol, you are very clear that pada 22 Mei, you dapat surat itu, you based on 117 the M&A of TIA yang menyebut kuasa stakeholders adalah Perdana Menteri ataupun Menteri Kewangan. Are you going to stand by that statement?

Datuk Shahrol Azral Ibrahim Halmi: Yes.

Dato' Abd. Aziz Sheikh Fadzir: *Are you sure?*

Datuk Shahrol Azral Ibrahim Halmi: Yes.

Dato' Abd. Aziz Sheikh Fadzir: *Okay. I will take your note. Akan tetapi ada surat tidak daripada shareholders? Tidak perlu surat?*

Datuk Shahrol Azral Ibrahim Halmi: Surat daripada...

Dato' Abd. Aziz Sheikh Fadzir: Surat mengatakan bahawa *you* tidak perlu ikut *board*. Ada surat kah daripada *stakeholders* yang guna 117, "*Mengikut seksyen 117, 'bla, bla'. I will overrule keputusan Lembaga Pengarah.*" Pertama, menggantungkan *issuance* dan kedua menggantungkan *you*?. Ada surat itu?

Datuk Shahrol Azral Ibrahim Halmi: *Chairman, if I can clarify. Actually what I said earlier, we are guided by the M&A of the company. M&A of the company says that none of these things will be approve or will be executed.*

Okay, the exact words is actually "will take effect without the prior written approval". Therefore, it was incumbent on the shareholders at the time, MBI, to obtain the prior written approval before I can do anything.

Tuan William Leong Jee Keen: *Who was the shareholders at the time? When the board was...*

Datuk Shahrol Azral Ibrahim Halmi: Menteri Besar Incorporated, Terengganu.

Tuan William Leong Jee Keen: *Terengganu MBI is the shareholders? Is it correct?*

Datuk Wira Haji Ahmad bin Haji Hamzah [Jasin]: Tuan Pengerusi, saya hendak tanya Datuk Shahrol satu soalan. *As a very senior staff of the company now, you are not only involving multimillion but to extend of billion.* Jadi, boleh tidak saya *summarize* di sini bahawa sebenarnya Datuk tidak mempunyai pengalaman yang luas kerana sistem pengurusan Datuk dan rekod dokumen yang lengkap tidak teratur termasuk rekod kewangan. Oleh sebab itu saya simpulkan apabila kita dapati bahawa Jabatan Audit Negara pun menghadapi masalah untuk mendapatkan beberapa rekod. Itulah salah satu daripada sebabnya apabila walaupun *Board of Directors of TIA now does not give you any authority to go ahead with the signing of RM5 billion*, Datuk Shahrol teruskan juga.

Maknanya, sebagai daripada awalan kerana Datuk Shahrol ini tidak mempunyai pengalaman luas dalam pentadbiran dan menyebabkan bukan sahaja rekod, bahkan banyak lagi perkara-perkara yang kita dapati ada bermasalah. Saya hendak tanya soalan itu sahaja.

Datuk Shahrol Azral Ibrahim Halmi: Minta penjelasan, adalah untuk *record keeping* 1MDB? *What?*

Datuk Wira Haji Ahmad bin Haji Hamzah: *This is supposed to be a very huge company involving billions dollar project. You are not only now very fluent or for that matter now and efficient administrator but you are the one who actually supposed to look into the normal day-to-day running of the company with proper records and accounting procedures.* Akan tetapi kita dapati sekarang banyak daripada perkara yang kita tengok, makna Jabatan Audit Negara pun menghadapi masalah kerana

banyak dokumen yang tidak dihantar. Kita tengok sekarang ada percanggahan. Walaupun *you* tidak dibenarkan tetapi teruskan juga dengan pengambilan RM5 billion.

Datuk Shahrol Azral Ibrahim Halmi: *Chairman*, dengan izin saya hendak beri penjelasan sekali lagilah kepada yang tidak diberikan kebenaran IMTN itu kerana daripada kalau ikutkan *the memorandum and articles, the suspension would have needed the prior written approval of the Prime Minister and that was not obtained by the current shareholders at the time.*

Dato' Takiyuddin bin Hassan: Datuk Shahrol, adakah ini bermakna Datuk Shahrol telah membuat satu kesimpulan bahawa *Board of Directors was acted wrongly to remove you.*

Tuan Tony Pua Kiam Wee: Tiada kuasa.

Dato' Takiyuddin bin Hassan: Tidak ada kuasa, tetapi menggunakan kuasa tanpa *prior witten approval from Prime Minister. Is that what you are saying?*

Datuk Shahrol Azral Ibrahim Halmi: *Maybe I can rephrase it. The instructions were not complete because dia ada buat satu, sepatutnya buat satu, dua dan tiga. Buat satu dan dua tetapi tiga tidak lengkap.*

Tuan Tony Pua Kiam Wee: *Okay. I think last question on this particular issue, so that we can move on.* Saya minta pihak Jabatan Audit Negara untuk menentukan ataupun mendapatkan maklumat tentang tarikh di mana M&A kepada syarikat TIA ataupun 1MDB telah pun diubah untuk menambahkan klausa 117. Ini kerana mengikut dokumen yang kita, saya pernah tengok, klausa 117 hanya diberi kepada SSM pada bulan September 2009 dan bukannya pada Mei ataupun dari awal. Mungkin pihak Jabatan Audit dapat *confirm* perkara ini dan...

Tan Sri Dato' Setia Ambrin bin Buang: *It might take sometimes.*

Tuan Tony Pua Kiam Wee: *Yes and then table it to PAC, then we can move on this issue.*

Dato' Abd. Aziz Sheikh Fadzir: *Last.* Sama juga Datuk, kalau Datuk kata keputusan *board* untuk *issuances* IMTN ini, pembatalannya hanya datang daripada seksyen 117. Apakah kelulusan untuk isu itu juga mesti datang daripada seksyen 117 dan adakah kelulusan itu? Boleh atau tidak kita minta pihak audit *confirm* sama ada kita ada atau tidak kelulusan 117 untuk *issue*?

Tuan Pengerusi: Saya telah suruh edarkan pada semua 117. *Actually 117 is very powerful in that particular manner. So, only to guide you,* sama ada Datuk Shahrol menggunakan 117 ini untuk kepentingan diri dia ataupun untuk 117 selepas itu.

Ini kena *ascertain*, kena *move on*. Kalau tidak, tidak habis ini. Ada *legal implication* sama ada 117 itu di *incorporated before 1MDB or after 1MDB was established. That we have to ascertain. Then, we can know that whether* Datuk Shahrol cakap betul atau tidak betullah. Apakah bahasa tadi? Bahasa Yang Berhormat Petaling Jaya Utara itu? Bahasa yang *you* guna tadi itu.

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

Tuan Pengerusi: Bukan. Apakah tadi itu?

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

Tuan Pengerusi: Ha, sama ada, ada percanggahan [*Ketawa*] Sama ada, ada percanggahan daripada segi fakta yang diberikan oleh Datuk Shahrol, bergantung kepada Audit. *Okay, we can move on to perkara-perkara lain ya.*

Tuan Tony Pua Kiam Wee: *So, back to the investment in the PetroSaudi. Mengikut dokumen yang telah pun diserahkan daripada Ketua Audit Negara kepada pihak PAC, surat daripada Prince Turki kepada Perdana Menteri adalah bertarikh 29 Ogos 2009. Perjanjian telah pun ditandatangani pada 28 September 2009, tepat-tepat satu bulan. For you, when was the first time you met the officials from PetroSaudi following the letter being sent to you?*

Datuk Shahrol Azral Ibrahim Halmi: *Yang Berhormat, I have to apologize, I don't remember the exact date that we actually met.*

Tuan Tony Pua Kiam Wee: *The first Board Meeting mengenai isu PetroSaudi diadakan pada 18 September, the Board Minutes are with us. Have you met PetroSaudi before 18th or you have met them only after the 18th? You have one Board Meeting on the 18th, one Board Meeting on the 26th before you sign the agreement on 28th.*

Datuk Shahrol Azral Ibrahim Halmi: *I also don't recall but I recall a lot of emails of flying back and forth on the deal.*

Tuan Tony Pua Kiam Wee: *Are you able to come back to us later on when you met with perhaps the CEO of PetroSaudi?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, I can get back to you later.*

Tuan Tony Pua Kiam Wee: Dalam mesyuarat lembaga pengarah yang pertama, pihak pengurusan telah pun memberitahu kepada pihak pengarah bahawa PetroSaudi merupakan sebuah syarikat yang dimiliki oleh *King Abdullah of Saudi Arabia*. Maksudnya, ia merupakan anak syarikat Kerajaan *Saudi Arabia*. Adakah perkara itu benar?

Datuk Shahrol Azral Ibrahim Halmi: *Yang Berhormat, thank you. The explanation as I recall given to the Board was that this is Saudi Royal Family owned. I don't recall exactly why it was minuted as if that it was the Saudi Royal...*

Tuan Tony Pua Kiam Wee: *Let me read the minutes ya. "In the cause of the briefing, Encik Casey Tang, Executive Director of Business Development of TIA, clarified that PetroSaudi is ultimately owned by King Abdullah and the Kingdom of Saudi Arabia".*

Datuk Shahrol Azral Ibrahim Halmi: *Okay, the wording that is 'ultimately owned'...*

Tuan Tony Pua Kiam Wee: *By King Abdullah and the Kingdom of Saudi Arabia.*

Datuk Shahrol Azral Ibrahim Halmi: *As far as we understood it, yes.*

Tuan Tony Pua Kiam Wee: *Did you verified this?*

Datuk Shahrol Azral Ibrahim Halmi: *We understood actually that the relationship...*

Tuan Tony Pua Kiam Wee: *There is different between understanding and verifying, confirming the ownership of your prospective joint-venture partner.*

Datuk Shahrol Azral Ibrahim Halmi: *Understand Yang Berhormat. At that time, we were given the understanding that this is G-to-G deal and that the ultimate beneficiaries of the companies were ultimately the Kingdom of Saudi Arabia.*

Dr. Tan Seng Giaw: *Mr. Chairman ya, just one. Were you aware at that time there were four PetroSaudi companies? Were you aware? Can you give the answer?*

Datuk Shahrol Azral Ibrahim Halmi: *Aware in what...*

Dr. Tan Seng Giaw: *There were four PetroSaudi companies at that time. What is PSI? Which one belongs to the Royal Family?*

Tuan Tony Pua Kiam Wee: *I think they were all PetroSaudi's companies under the same group. I think Yang Berhormat Kepong is referring to- when you sign the contract, it was with different company, different PetroSaudi entity from the one that was introduced that is the one in Saudi Arabia. But I think that one, we follow up in a bit, but I think the key question, was there verification that the main company which is the one based in Saudi Arabia is owned by King Abdullah and the Kingdom of Saudi Arabia?*

Datuk Shahrol Azral Ibrahim Halmi: *We understood at that time that yes, it was ultimately the beneficiaries were the kingdom.*

Tuan William Leong Jee Keen: *I want to ask for clarification because you say you understood. My learned friend, Yang Berhormat Kulim-Bandar Baharu has pointed out that you are suppose to follow best global practices. So, was there an official search done with whom that you were dealing with? And if not, who give you the understanding?*

Datuk Shahrol Azral Ibrahim Halmi: *I believe that the team did the usual search.*

Tuan William Leong Jee Keen: *Can you produce with the request for the search and the official search with...*

Datuk Shahrol Azral Ibrahim Halmi: *Ya, we have to check and see whether we have those document.*

Tuan Tony Pua Kiam Wee: *No. I mean, you understood it or you know it based on the search? Who gave you that understanding that it was the Kingdom of Saudi Arabia?*

Datuk Shahrol Azral Ibrahim Halmi: *The understanding came from variety of sources. They represented themselves as the...*

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

Datuk Shahrol Azral Ibrahim Halmi: *PSI Management team. And then our team also independently search the relevant information. So, we had no reason to believe otherwise.*

Dato' Takiyuddin bin Hassan: *Datuk, can you confirm there was an instruction from the board that for you or any other management team to find out and then to get the profile of the company? Is there any instruction? Direct instruction from the board to say that you have to verify the background of the company and also the profile of the company.*

Datuk Shahrol Azral Ibrahim Halmi: *I recall that. There was one and we did produce profile of the company.*

Datuk Wira Haji Ahmad bin Haji Hamzah: Tuan Pengerusi, *I just like to bring your attention. The minutes on the 18th of September 2009 ini, ada terang disebut di sini bahawa kita nampak Casey Tang ini had informed and misled the board of directors. Are you were there because you in the meeting? And he claim that this company belonging to King Abdullah.*

Datuk Shahrol Azral Ibrahim Halmi: *The wording is actually is ultimately owned and I think to be fair, even until today, there is no proof that it is not.*

Tuan Tony Pua Kiam Wee: *Excuse me. You sign the deal, you have to proof that it is before you sign the deal [Ketawa]*

Datuk Shahrol Azral Ibrahim Halmi: *At that time...*

Datuk Wira Haji Ahmad bin Haji Hamzah: *You cannot jump to do that because in the minutes it was clarified. I think he is right, he is right. The minutes say, "In the cause of the briefing, Encik Casey clarified that PetroSaudi is ultimately owned by King Abdullah". 'Ultimately'.*

Tuan Tony Pua Kiam Wee: *For what basis?*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Maybe, you know, maybe after a process. That is why I was asking you whether...*

Tuan William Leong Jee Keen: *Yes, that's why we are asking for the process. Apa proses itu yang telah dibuat untuk...*

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

Tuan William Leong Jee Keen: *Itu yang kita tanyakan.*

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

Tuan William Leong Jee Keen: *Ya. Apakah proses yang telah dilaksanakan?*

Datuk Dr. Makin @ Marcus Mojigoh: *Boleh tanya sikit?*

Tuan Pengerusi: *Tutup mic kerana involve keluarga Diraja.*

[Pembesar suara ditutup]

[Perbincangan secara off record]

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Datuk Dr. Makin @ Marcus Mojigoh: *Ini apabila saya mendengar penjelasan daripada Datuk Shahrol, I want to put myself in his shoes, in a situation like that. People come to you. The PSI comes to you with the claim that this company belongs to the King. Ultimately, belongs to the kingdom. The King is the kingdom. So, even if you buat due diligence Yang Berhormat, the name would not necessarily appear even if you do search. Is that necessary be under the name of the King. It could be from the nominee. But our due diligence has been done and I put the issue, I tend to believe it. Because PSI people already claim and Casey Tang also claim that she is being the people who did it for the company. This is what I feel if I put my shoes because we cannot be just putting it outside because sometime we have to put our situation in his situation at that particular moment.*

Dato' Takiyuddin bin Hassan: *Tuan Pengerusi, I'm sorry, I beg to differ with Yang Berhormat Putatan. The issue is very simple. You were instructed by the board to verify, to check who is the real*

owner or the shareholders of the company. That is all. Whether King Abdullah or his nominee or the kingdom, it's does not matter. But who? But according to Penemuan Audit di sini, "Berdasarkan temu bual Audit dengan seorang Ahli Lembaga Pengarah, profil tersebut tidak pernah dibentangkan kepada Lembaga Pengarah sehingga satu perjanjian usaha sama ditandatangani". That is why isu ini berbangkit. Itu yang saya tanya tadi.

Datuk Shahrol Azral Ibrahim Halmi: *I do not recall Yang Berhormat when the profile was tabled but as I recall, we did procure the profile and we may not have table it but we circulated it. This one I have to check.*

Tuan Tony Pua Kiam Wee: *Last question on this before we move on. When did you know that the company is not owned by the kingdom of Saudi Arabia?*

Datuk Shahrol Azral Ibrahim Halmi: *Until today we have no reason to believe that what we have assumed then which is the company is ultimately own by the kingdom is incorrect. I think we did not mention also there were number of letters that we received from the embassy that we did that we rope and we wanted to make sure that these guy are what they are subsequently.*

Tuan Tony Pua Kiam Wee: *Mungkin Jabatan Audit dapat perolehi surat-surat tersebut, kalau ada. Move on.*

Tuan Pengerusi: *Ya.*

Tuan Tony Pua Kiam Wee: *How was Low Taek Jho involve in the PetroSaudi joint venture exercise?*

Datuk Shahrol Azral Ibrahim Halmi: *A bit of background Yang Berhormat Chairman is Low Taek Jho was an advisor to TIA until I believed May of 2009. As far as TIA is concerned, he introduces the individuals in there to us but no further role than that.*

Tuan Tony Pua Kiam Wee: *Introduce which individual?*

Datuk Shahrol Azral Ibrahim Halmi: *I believed it was Tarek.*

Tuan Tony Pua Kiam Wee: *So Low Taek Jho introduced Tarek to you all? We understand also from the minutes prepared by the Ketua Audit Negara, I think presented to us that Low Taek Jho was also sitting in the board meeting of 1MDB when deciding on the joint venture with PetroSaudi.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes. At that time, as I remember, he was asked by PetroSaudi to- I think the Board invited Prince Turkey but Prince Turkey sends his apology and asked Mr. Low Taek Jho to go and represented and answered any questions but I do not believed Low Taek Jho states for the deliberation and for the entire meeting.*

Tuan Pengerusi: *You mean to say, he acted on behalf of Prince Turkey?*

Datuk Shahrol Azral Ibrahim Halmi: *I do not think he was given like power to decide 'Yes' or 'No'. I think he was asked to be there to just answer any questions.*

Dato' Abd. Aziz Sheikh Fadzir: *Kekal sebagai penasihat?*

Datuk Shahrol Azral Ibrahim Halmi: *Sorry.*

Dato' Abd. Aziz Sheikh Fadzir: Dia kekal sebagai penasihat selepas 1MDB ataupun dia hanya kekal waktu TIA sahaja?

Datuk Shahrol Azral Ibrahim Halmi: Oh! TIA sahaja. Bulan Mei 2009.

Tuan William Leong Jee Keen: Daripada jawapan tadi, saya minta penjelasan. Low Taek Jho pada waktu mesyuarat untuk keputusan masuk JV, Low Taek Jho mewakili 1MDB sebagai *advisor* atau PetroSaudi?

Datuk Shahrol Azral Ibrahim Halmi: Dia mewakili *Prince Turkey* untuk menjawab soalan sahaja. *I like to reiterate to the committee that I do not believed he was around when we were discussing and deciding.*

Tuan Tony Pua Kiam Wee: *Next*, dalam minit-minit mesyuarat lembaga pengarah, beberapa syarat dan juga... *[Disampuk]* 18 hari bulan dan juga 26 September. Lampiran 28 dan Lampiran 30. Pihak pengarah telah pun bersetuju dengan perbincangan, *negotiation*, rundingan JV dengan PetroSaudi dengan syarat-syarat tertentu termasuklah permintaan supaya pelaburan daripada pihak PetroSaudi sekurang-kurangnya 50% berbentuk tunai. Apakah sebabnya syarat-syarat ini tidak diakui ataupun... *[Disampuk]* Diikut oleh pihak pengurusan. *Let me just read the section in the minutes.*

"The Chairman noted that the Board Directors will be more comfortable if PetroSaudi contribution to the JV came in the form of 50% cash and assets. At least 50% cash. In fact the sentiment was accord by the other Directors who were prefer that PetroSaudi inject at least USD1 billion to match the 1MDB's USD1 billion".

Datuk Shahrol Azral Ibrahim Halmi: *We management took note of that and went back to PetroSaudi to negotiate and ultimately came back with the agreement that was tabled on the 26th.*

Tuan Tony Pua Kiam Wee: *On the 26th, the management also put in several additional conditions which were also subsequently not included in the joint venture agreement. I mean it stated here, this is Lampiran 34. "That management proceeds with the negotiation of the joint venture with PSI based on the management recommendations and comments and amendments made by the board". The JV board were consist of three members from 1MDB, quorum will be 22, no press, etc. I think the others were minor technical points in the agreement.*

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Tuan William Leong Jee Keen: *Just to follow up because what Yang Berhormat Petaling Jaya Utara said, these are instructions from the Board, conditions. Then you said that you discussed with PetroSaudi, PetroSaudi did not agree. Now, did you report back to the board? Are there minutes to show that you have reported back syarat itu tidak disetujui? Adakah benar lembaga pengarah mengetahui bahawa syarat-syarat itu tidak diterima oleh PetroSaudi?*

Datuk Shahrol Azral Ibrahim Halmi: *I believe that if you look at the subsequent minutes, yes they were informed but the material thing is two things. I think Tuan Pengerusi, the process is that, we report back to the Board on this is the high level agreement that is agreed to and then the board had*

given authority to the management. The wording used is "To commence negotiations" and the Board gave us what they were prefer to have, what they would like to have.

We went back, and we went back and we negotiated and we tried to get the best deal we can, given whatever that the board requested. We always get back to the Board on what was agreed to and what wasn't agreed to but remember that, I think it was the 26th meeting that when we tabled the actual agreement, the Board had actually agreed to the agreement.

Tuan William Leong Jee Keen: Sebentar tadi you kata *higher authorities*. Siapa itu *higher authorities*?

Tuan Tony Pua Kiam Wee: Actually the Board agreed with the relevant amendments to be put in place, if it was not put in place.

Datuk Shahrol Azral Ibrahim Halmi: The preceding words Sir is that, "To commence negotiations", I believe. And so the latitude was still given because ultimately though, is that the board could have phrased it differently, that we do not sign this agreement until these things are met. In which case, then we would follow the Board's instructions.

Tuan William Leong Jee Keen: Just now you said *higher authorities* that means an authority higher than the Board. Who is that? Is it...

Datuk Shahrol Azral Ibrahim Halmi: I did not say that Yang Berhormat.

Tuan William Leong Jee Keen: You said that, that is why I am asking you to clarify.

Datuk Shahrol Azral Ibrahim Halmi: Management is given the authority to negotiate within the best of our abilities to get the best deal for the company.

Dato' Abd. Aziz Sheikh Fadzir: Does it mean that "commence negotiations" means you have got the ultimate power to sign the agreement?

Datuk Shahrol Azral Ibrahim Halmi: It depends on the wordings of the actual resolution of the Board. In most cases, given the Broad parameters, that executives or the management team will be given the authority to go and close the deal. Otherwise, it doesn't make sense to have supervisory board that is actually sitting there negotiating the deal with the counter party.

Dato' Abd. Aziz Sheikh Fadzir: I would look at the other way. I will give the board the power to commence negotiations. Then once you negotiate, you will bring it back to the Board for the final approval. I mean, the way we run our 2 Dollars company, you know. We would do that way. We will get the Board or the managing director to go and negotiate and get the best whatever you could come and then we will commence a proper board meeting where the MD would table to the Board Meeting and then the Board will decide...

Datuk Shahrol Azral Ibrahim Halmi: Which is what we did Yang Berhormat. The agreement was actually...

Dato' Abd. Aziz Sheikh Fadzir: Okay, 26th was not that?

Datuk Shahrol Azral Ibrahim Halmi: 26th Board Meeting had the agreement that we tabled.

Tuan Tony Pua Kiam Wee: *With the request for the necessary amendments? But they were supposed to go back and negotiate on the amendments but they signed the agreement. Let me perhaps bring the matter forward.*

Tuan William Leong Jee Keen: *Before the signing, because this is a very substantive investment. You also have the Board of investment.*

So, did the management brief the board of advisors on this investment? Did you also brief MoF because they are the ultimate shareholders? Then did you also brief the Prime Minister because under 117 he is the final person to make the decision? So, besides the Board, who else did you brief?

Datuk Shahrol Azral Ibrahim Halmi: *The legalities is actually the Board is ultimately accountable. The Board had already made the decision to agree with the agreement. In terms of briefing the separate stakeholders, it was the- as I recalled also there was Companies Act requirement that we needed to get a shareholder resolution to enter into the agreement and that was duly obtained.*

Tuan William Leong Jee Keen: *So, the question is, my friends from this side is very interested to know because under 117 it is the Prime Minister who has to approve. So, was he briefed...*

Datuk Wira Haji Ahmad bin Haji Hamzah: *You cannot assume on that.*

Tuan William Leong Jee Keen: *I think the question is, was he briefed?*

Datuk Wira Haji Ahmad bin Haji Hamzah: *You cannot assume on that yet.*

Tuan William Leong Jee Keen: *That is my question.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *What you need to ask is, to whom?*

Tuan William Leong Jee Keen: *Whether the Prime Minister was briefed?*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Maybe now he is actually being cornered. At this time, at this point we cannot put that yet.*

Tuan William Leong Jee Keen: *Because under 117, the Prime Minister has to approve.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Yes, we cannot put that point yet, at this point.*

Tuan William Leong Jee Keen: *Yes, so that is why I am asking him whether he briefed the Prime Minister.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *No, I think we shouldn't be cornering him that way because we keep telling, the Prime Minister, the higher authority. No.*

Tuan William Leong Jee Keen: *Let him answer.*

Seorang Ahli: *Tidak ada, tidak ada lah.*

Tuan William Leong Jee Keen: *No, did he brief or not, that is the one that I want to know. Itu sahaja. Ada memberikan taklimat atau tidak?*

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

Tuan William Leong Jee Keen: *Please put on your microphone.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Let him say what he wants to say. But if we keep asking him to reveal is this the Prime Minister's instructions. That means you are cornering him.*

Tuan William Leong Jee Keen: *We asked him for the truth. Ada taklimat diberikan kepada Perdana Menteri kerana kuasa ada diberikan di bawah Artikel 117.*

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

Tuan William Leong Jee Keen: *Of course. We have got the whole day. So...*

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

Tuan William Leong Jee Keen: *Yes, let him answer the question.*

Datuk Shahrol Azral Ibrahim Halmi: *We had obtained the shareholder's approval for the deal.*

Tuan Tony Pua Kiam Wee: *Which means that the Prime Minister is briefed lah?*

Datuk Shahrol Azral Ibrahim Halmi: *He signed the document, so that means that he is aware.*

Tuan Tony Pua Kiam Wee: *Okay, now bringing the matter forward to the board meeting on the 3rd of October, you said that the Board gave approval- given by the Board on the proposed joint venture. It doesn't look at all like the board granted final approval for the signing of the joint venture agreement.*

Lampiran 38. *It says here, "The substantial investment of USD1 billion should have merited a more thorough thought and due diligence process. The Board of Directors viewed that formalization of the entire joint venture exercise was completed in the very short time which raises the question as to whether adequate control measure, checks and balances were put in place to protect the company's interest. The Board also raised their surprise over the speed which the valuation report was prepared as the board was previously informed that such evaluation report would only be ready by March 2010."*

It also added that, "The instructions from the board to Encik Shahrol that CEO and management are not to deviate from the board's instructions and what the Board has agreed understood to be the procedures of a particular transaction. The Board advised Encik Shahrol to seek clarification from the board if the CEO and the management have any doubts on the particular matter." The language of it including the content didn't look like they agreed on the joint venture agreement.

Datuk Shahrol Azral Ibrahim Halmi: *There was a very robust discussion on how the joint venture was eventually carried out. But I would like to reiterate that actually the agreement was tabled and it was approved by the Board and that was what we, the management took as the authority to go and finalize the agreement.*

Dato' Abd. Aziz Sheikh Fadzir: *Let me just go back a little bit. The 1MDB-PetroSaudi was incorporated on 18th September 2009 and your first meeting of the Board was also on 18th September 2009. So, can you advice us?*

Datuk Shahrol Azral Ibrahim Halmi: *Thank you Yang Berhormat. Typically in any normal corporate exercise, we will seek the Board's approval to enter into the agreement. The preparation work would also involve ensuring that whatever SPVs or companies that are required to for the deal is incorporated. Now, by incorporating that specific company is a simple matter for example like you said earlier, it is just a 'two Dollars company', we just wanted to have an entity ready, good to go in case the Board approves, so that we can move at speed.*

Dato' Abd. Aziz Sheikh Fadzir: *...Operation time, who owns 1MDB-PetroSaudi?*

Datuk Shahrol Azral Ibrahim Halmi: *I do not recall, I have to check back on that.*

Dato' Abd. Aziz Sheikh Fadzir: *So, what power do you have to incorporate it? It is your company or PetroSaudi's company?*

Datuk Shahrol Azral Ibrahim Halmi: *I have to check back on that, who incorporated that company.*

Tuan Tony Pua Kiam Wee: *Based on the records given in the Interim Report by the AG Department, the party that incorporated the company was PetroSaudi. So PetroSaudi incorporated the company by the name of 1MDB-PetroSaudi without any official agreement or even a discussion in Board Meeting in 1MDB. How is that possible?*

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Datuk Shahrol Azral Ibrahim Halmi: *The incorporation of a company essentially, if I wanted to set up a company today with whatever name I wanted and let say Charles, it doesn't- the legally that is possible. My point that I'm trying to make is actually we are getting all the pieces together in order for us to be able to move once the board approves. So, had the Board not approve the deal, the company would have been just either a shell company or change name or- it is a shell company.*

Dato' Abd. Aziz Sheikh Fadzir: *Would you not worried at all that for whatever reason the project would not continue but 1MDB punya nama sudah ada dekat situ, or you are not worried about your international best practice ini?*

Datuk Shahrol Azral Ibrahim Halmi: *Well, that one I think is something that we considered and it is unacceptable risk because the problem is actually that had we waited for only the Board approval before we started moving on everything, then it will just slow things down.*

Tuan Tony Pua Kiam Wee: *Why the rush to complete the deal in a matter of days for USD1 billion transaction? I think that is the point that was raised by the Board of Directors.*

Datuk Shahrol Azral Ibrahim Halmi: *Initially, as I recalled, I'm not sure whether that was any black and white on this. There was supposed to be a signing witness by one of the Saudi's Royal who will be arriving in Kuala Lumpur around that time. So, we had wanted to actually meet that particular dateline.*

Dato' Abd. Aziz Sheikh Fadzir: *To Dato' Isa, MoF side, even though they were section 117 but this is GLCs. Apa praktis GLCs normally kalau kita hendak pergi masuk investment USD1 bilion? Apakah praktis dia? Adakah risk Assessment Committee, Investment Committee yang datang kepada Board, datang kepada shareholders? Kalau yang biasa-biasa punya GLC yang MoF manage directly.*

Dato' Dr. Mohd Isa bin Hussain: *Terima kasih Yang Berhormat. The normal practices at the company levels, they have to go through their Investment Committee, then probably together with their risk... [Disampuk] Okay. Sorry. So, the first step they have to go through is their investment committee at the company level and then they had also to take care a lots of risk issue coming out from that proposal. Then, they will end up at their Board.*

After that, they have to forward to MKD for a final round of whatever detail discussion and presentation at the ministry level. Lepas itu, we will brought to our Minister for the final approval. That is the normal process, Yang Berhormat. Thank you.

Dato' Abd. Aziz Sheikh Fadzir: *...On this particular practice by 1MDB ini.*

Dato' Dr. Mohd Isa bin Hussain: *Even on 2009 since, I think dia tidak ikut all our normal process. I think I will reserve my comment. Okay, thank you.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Beginilah. Jadi kita simpulkan, pertama, pihak pengurusan tidak mengikut tatacara pentadbiran sebenar. Sebelum apa-apa pelaburan dibuat, sama ada kita mengadakan satu due diligent ataupun melalui beberapa phases of committees. First, Management Committees. Second, Investment Committees. Third, maybe. Then the Board finally. Once the Board agreed, only then we can proceed.*

Possibly now, what we wanted to know now, why is the decision making so hasty? Do you have gone through all the process or not?

Datuk Shahrol Azral Ibrahim Halmi: *Thank you Yang Berhormat. Internally, we had run through all the process. At that time, 1MDB, we were very small company. As you recalled, I think our head count that time was fewer than 30 people and the Board consists of five people. So, there were plans to actually set up a separate Board-make Investment Committee but at that time because that would be a subset of the Board. The whole Board was involved in the decisions making of that particular investment.*

In terms of the due diligence, the gathering of information, you know, we work very hard on that deal. The whole team practically didn't sleep the whole time. So, we wanted to actually meet that visits dateline and so we work very hard, but to say that actually that we short circuited certain process, I don't think would be fair.

Dato' Abd. Aziz Sheikh Fadzir: *Can you carry us from the day that you get the letter on the 29th of August from the Prince Turki, then the process start, and the agreement signed on the 28th? I just wanted to know how the process would be. Because, you were running that company, and since it is a small company at that time, so you would know the whole thing.*

Datuk Shahrol Azral Ibrahim Halmi: *Thank you Yang Berhormat. In a nutshell- and this is all I have to questions is by memory and this was happen five, six years ago. So, when we got the letter, we immediately contacted, got in touch with I think that time it was- siapa ya? Patrick I think. Some of the working level people. We had also at the same time, engage to see our legal counsel. We asked them to engage their legal counsel and at the same time also, we got our legal counsel to prepare at least the draft of the agreement minus the commercial terms.*

The commercial terms, we had discussed or rather the team discussed together with the counterpart in PetroSaudi for a number of days. As I recalled, actually there were 17 versions, 17 drafts of the commercial agreements that went back and forth a number of times before we got to a draft that was actually tabled to the Board.

That was I think on the 18th. Subsequently, there were more modification and revision to the agreement based on the Board feedback as well as the commercial term. Tabled it on the 26th, the Board agreed, we completed it, we updated the board on the third and I think there was another meeting on the 10th that we reverted back to the Board with an outcome of the instruction.

Dato' Takiyuddin bin Hassan: *Datuk Shahrol, I'm big curious about this. I'm going back to the signing of the JV agreement on the 28th of September 2009. Maybe this method is related to Yang Berhormat Kepong punya soalan tadilah. Based on the special Board Meeting on the 26th of September 2009, ini yang catatan Audit ya, "Dalam mesyuarat ini lembaga pengarah telah meluluskan penyertaan dalam projek usaha sama dengan PetroSaudi International Limited dan bukannya dengan mana-mana syarikat subsidiari dengan langganan USD1 bilion saham".*

Akan tetapi, kita tahu bahawa JV agreement was signed between 1MDB and PetroSaudi Holdings (Cayman) Limited which is totally separate entity from the initial company approved by the board. Can you explain to us about this?

Datuk Shahrol Azral Ibrahim Halmi: *The agreement actually that was kepicikan dalam perjumpaan lembaga pengarah masa itu state that their company ataupun- because the signing entity maybe a different entity than the actual parent entity. So, we typically, also, we treated like our agreement- let say my agreement is with this ibu company, so they may choose a separate sub company 100 percent owned subsidiary to own that joint venture, but the legal aspect of it is actually that is perfectly fine as long as the ultimate beneficiary goes back to the entity that we wanted to form the joint venture with.*

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

Datuk Shahrol Azral Ibrahim Halmi: *I think that was the robust discussion afterwards where the miscommunication where the agreement was tabled, the agreement clearly stated what was the legal signing entity and who can nominate what, but that actually probably wasn't discussed in depth earlier on and so that's when the Board came back and I think that there were some question around that as I recall.*

Dato' Kamarul Baharin bin Abbas: *But at least there ought to be a resolutions.*

Dato' Takiyuddin bin Hassan: *Is there any resolutions?*

Dato' Kamarul Baharin bin Abbas: *Do you have the resolutions?*

Datuk Shahrol Azral Ibrahim Halmi: *The board minutes meluluskan the joint venture as I recall and our legal counsel had that.*

Dato' Kamarul Baharin bin Abbas: *There must be a resolution itu, kan? The parties involved in the agreementkan, at least.*

Dato' Takiyuddin bin Hassan: *This is the outcome of the interview by the auditors with the member of the Board. They are not aware about this.*

Tuan Tony Pua Kiam Wee: *I think also the other point to raise, it's not just about a parent company and its subsidiary. Ada legal implication yang jauh berbeza. Parent mungkin satu syarikat*

berbilion-bilion Dolar, anak syarikat mungkin RM2. *But when you have a legal problem later, your counter party is not the parent but the anak syarikat. So, this is a substantial matter and not just, oh, they ultimately owned by the same party.*

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Dato' Takiyuddin bin Hassan: *You may get the judgment, but it is a paper judgment only.*

Datuk Shahrol Azral Ibrahim Halmi: *All of that is actually covered in the actual agreement Yang Berhormat.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Selalu dibuat dalam kerajaan...*

Tuan Tony Pua Kiam Wee: *Is it covered in the actual agreement?*

Datuk Wira Haji Ahmad bin Haji Hamzah: *...Apa-apa perolehan, kalau satu-satu perkara itu telah diberi kepada sesebuah syarikat, kita boleh menukar lagi tetapi minta kebenaran secara bertulis, baru kita boleh tukar. Syarikat yang diberi itu adalah *fully guaranteed by the parent company*. Let say now, perolehan itu diberi kepada *one company which is public-listed company*. *Public-listed company cannot actually involving in perolehan-perolehan kerana dia pelbagai perniagaan, tetapi diberi kepada anak syarikat tetapi dia *fully guarantee the company**. Itu selalunya kita punya peraturan.*

Datuk Dr. Makin @ Marcus Mojigoh: *Boleh tanya? Soal peranan *Board of Advisors* dan *Board of Directors* sini. Pada April 2009, saya lihat sini ada lampiran yang menyatakan Mr. Low sama Datuk Abdul Aziz telah dilantik sebagai *BoA...* [Disampuk] Bukan. Dia ada hak untuk *sign* apa sahaja surat-menyurat berkenaan dengan urusan syarikat. Saya tidak faham, *Board* yang mana sebenarnya yang ada kuasa ini- *Board of Advisors* or *Board of Directors*?*

Datuk Shahrol Azral Ibrahim Halmi: *Peranan *board of advisors* itu adalah *is defined in the M&A*. But that one the one particular one that you referring itu, can I check back on that?*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Ada. Ada dalam itu, Lampiran 41, dan Lampiran 42. Dia kata Encik Low penasihat khas kepada Pengerusi TIA, *Board of Advisors*. Selepas itu Lampiran 42 dia sebut, Datuk Aziz dan Encik Low *are here by appointed as a company advisors with the immediate effects but they do not really specify what their duties are and what actually their powers are*.*

Datuk Dr. Makin @ Marcus Mojigoh: *The directors of the company suppose has authorize...*

Datuk Shahrol Azral Ibrahim Halmi: *I apologize because I do not have the lampiran with me.*

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

Datuk Shahrol Azral Ibrahim Halmi: *April 2009, masa itu *that means it is during TIA time*.*

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

Datuk Shahrol Azral Ibrahim Halmi: *So, we have to check on that actually.*

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

Dato' Abd. Aziz Sheikh Fadzir: *Going back to 1MDB Cayman tadi itu. So, you did due diligence and confirm that 1MDB Cayman actually 100% owned by PetroSaudi International?*

Datuk Shahrol Azral Ibrahim Halmi: *Can I double check that you need PSI Cayman or 1MDB Cayman?*

Dato' Abd. Aziz Sheikh Fadzir: *1MDB Cayman. No. PSI Cayman. PSI Cayman. Sorry. It is because you were given a mandate by the board to enter the agreement with PetroSaudi International (PSI) which is a parent company, tetapi you end up signing dengan PetroSaudi (Cayman). Is it? PetroSaudi Holdings (Cayman) Limited. So, were you satisfied that PetroSaudi Holdings (Cayman) actually has a same strength of PetroSaudi International?*

Datuk Shahrol Azral Ibrahim Halmi: *We were satisfied that actually they represented the counter party that we have been authorized with.*

Dato' Abd. Aziz Sheikh Fadzir: *Being a very senior man, do you know that difference between the exposures of a company between PetroSaudi Holdings (Cayman) Limited and PetroSaudi Services? So, you still believe that they carries the same strength in terms of the joint venture punya kekuatan ini?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Dato' Abd. Aziz Sheikh Fadzir: *You do?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

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

Tuan Pengerusi: *Ini ada dua companies yang ditandatangani. Satu, 1MDB PetroSaudi Holdings (Cayman) dan satu lagi 1MDB PetroSaudi Limited ini.*

Dato' Kamarul Baharin bin Abbas: *[Bercakap tanpa menggunakan pembesar suara]*

Tuan Pengerusi: *JV company.*

Dato' Kamarul Baharin bin Abbas: *[Bercakap tanpa menggunakan pembesar suara]*

Tuan Pengerusi: *Dua companies dia sign. Betul? Is it correct ada dua agreements dia sign?*

Datuk Shahrol Azral Ibrahim Halmi: *I have to check back from the corporate structure because I do not have the documents.*

Dato' Takiyuddin bin Hassan: *What is the name of 'JV company'? That is...*

Tuan Pengerusi: *Can you the auditor?*

Puan Saadatul Nafisah binti Bashir Ahmad [Pengarah Sektor Audit Kerajaan Persekutuan, Jabatan Audit Negara]: *Ya Tuan Pengerusi. Tuan Pengerusi, perjanjian ditandatangani antara PetroSaudi Holdings (Cayman) Limited dengan 1MDB menjadikan syarikat usaha sama dinamakan 1MDB PetroSaudi Limited.*

Tuan Pengerusi: *Okey. Semua sudah clear ya.*

Tuan Tony Pua Kiam Wee: *Kami juga diberitahu oleh pihak audit bahawa syarikat yang menandatangani JV agreement itu, PetroSaudi Holdings (Cayman) Limited hanya juga ditubuhkan pada 18 September 2009 sahaja iaitu 10 hari sebelum perjanjian ditandatangani. So there's presumably nothing in the company.*

Datuk Shahrol Azral Ibrahim Halmi: *Chairman, I think it is important for us to take a step back what was the purpose of the joint venture agreement. The joint venture agreement is to acquire 40% of a joint venture company that is meant to invest in and operate in energy, oil and gas. Ultimately, we got 40% equity into a company that has those assets. So, it is not...*

Tuan Tony Pua Kiam Wee: *So it is doesn't matter who is the joint venture partner is?*

Datuk Shahrol Azral Ibrahim Halmi: *What is matters, the joint venture partner is PetroSaudi but...*

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

Datuk Shahrol Azral Ibrahim Halmi: *Effectively...*

Dato' Abd. Aziz Sheikh Fadzir: *...Totally separate entity. The strength are different. I do not know. That's the way how would I think.*

Datuk Shahrol Azral Ibrahim Halmi: *The shareholdings ultimately ends up...*

Dato' Abd. Aziz Sheikh Fadzir: *It is doesn't matter. Kalau the shareholdings Sime Darby, Sime Darby owned 'A' company. Then the 'A' company enter agreement dengan Aziz Sheikh Fadzir to form something. Aziz Sheikh Fadzir can go to the 'A' company sahaja. I can't touch Sime Darby. Betul tidak or you not be thinking the same?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, but I like to reiterate. Actually we did end up with 40% of the...*

Dato' Abd. Aziz Sheikh Fadzir: *Itu lain. Itu not that will talk to you about the asset pula. Akan tetapi I am talking about- it is because tadi kita start, the idea basically kita hendak PetroSaudi Services fasal dia company Prince Turkey, dia company Kingdom of Saudi. Oleh sebab itu kita bercerita ini, fasal bapa dia kaya. Akan tetapi hari ini, tiba-tiba dia beri kita company yang tidak ada kena-mengena dengan dia directly or indirectly. So, kenapa kita- I mean today at 2015. You know 2015, after went through all these things, I am asking you, would you been thinking that we should have sign with PetroSaudi Services?*

Datuk Shahrol Azral Ibrahim Halmi: *But today 2015 also we can see actually that PetroSaudi themselves, the company that we wanted to do the joint venture has already committed and has returned the money to us with profit.*

Dato' Abd. Aziz Sheikh Fadzir: *The strength tadi itu, you feel that there was a good decision then or was the rush decision?*

Datuk Shahrol Azral Ibrahim Halmi: *I feel the given information that we have then and the constraint, yes that was the best decision that was made.*

Tuan Pengerusi: *Isu yang USD700 million advance to PetroSaudi Cayman Island, is it?*

Tuan Tony Pua Kiam Wee: 1MDB PetroSaudi.

Tuan Pengerusi: 1MDB PetroSaudi, telah menerima? Betul ya? 1MDB PetroSaudi Limited telah menerima pendahuluan sebanyak USD700 juta daripada PetroSaudi Holdings. *Is it true?*

Dato' Abd. Aziz Sheikh Fadzir: *Kita kena lepas makan. Banyak lagi [Ketawa]*

Tuan Pengerusi: Panjang lagi. Okey. *From Cayman.*

Tuan Tony Pua Kiam Wee: *Saya baca daripada joint venture agreement, Lampiran 1, Recital 'B'. PSI or PetroSaudi International, is the be legal and beneficial shareholder of 1,500,000,000 shares in 1MDB PetroSaudi sebelum 1MDB beli 40% and has provided the company with advances amounting to*

USD700 million. Dalam joint- how did this USD700 million advances come about for company that was just setup on the 18th of September?

Tuan Pengerusi: ...Datang balik pukul 2.15 petang.

[Mesyuarat ditempokkan pada pukul 1.12 petang.]

[Mesyuarat disambung semula pada pukul 2.21 petang.]

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Tuan Pengerusi: Okey, boleh kita sambung balik ya. Yang Berhormat Kota Bharu tidak ada? Yang Berhormat Kota Bharu mana?

Tuan Tony Pua Kiam Wee: Terima kasih Tuan Pengerusi. Sambung balik kepada isu di mana 1MDB-PetroSaudi sebelum menjadi anak syarikat ataupun syarikat usaha sama bagi 1MDB telah pun menandatangani satu perjanjian, telah pun menerima pinjaman daripada PetroSaudi International sebanyak USD700 juta beberapa hari sebelum perjanjian JV ditandatangani. Apakah perkara yang berlaku di sana?

Datuk Shahrol Azral Ibrahim Halmi: Dengan izin, *Mr. Chairman before I answer the question, I would like to clarify the earlier point on Article 117 of the M&A. We have check it is actually call- it is the same article but in 121 in the TIA memorandum that was in effect when the bonds were issue. Same section.*

Tuan Pengerusi: 121 ya?

Datuk Shahrol Azral Ibrahim Halmi: Yes.

Tuan Tony Pua Kiam Wee: Okay, can someone read 121?

Datuk Shahrol Azral Ibrahim Halmi: Okay, I do not have a copy with me. We are trying to get hardcopy, we can distribute later Yang Berhormat.

Tuan Pengerusi: 121?

Datuk Shahrol Azral Ibrahim Halmi: Ya. It is because...

Tuan Tony Pua Kiam Wee: This is a copy obtain from ROS?

Tuan William Leong Jee Keen: No, SSM.

Tuan Tony Pua Kiam Wee: SSM, sorry. Registrar, SSM. Hanya sampai 116 sahaja.

Dato' Kamarul Baharin bin Abbas: Mana 121.

Tuan William Leong Jee Keen: Tidak ada 121, tidak ada masuk.

Datuk Shahrol Azral Ibrahim Halmi: Yang itu...

Tan Sri Dato' Setia Ambrin bin Buang: *[Bercakap tanpa menggunakan pembesar suara]*

Tuan William Leong Jee Keen: This is the founding one?

Datuk Shahrol Azral Ibrahim Halmi: Yes. Was subsequently amended at the GG issuance. Government guarantee because the logic was actually given that Federal Government is issuing a RM5 billion guarantee that need to be certain safeguard build into the company.

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

Datuk Shahrol Azral Ibrahim Halmi: Dengan izin, Tuan Pengerusi *we will furnish a copy of that particular M&A that was an effect. Once we get a copy in May 2009. We are a in a midst of obtaining it. We have on Yang Berhormat Petaling Jaya Utara punya soalan fasal USD700 juta itu, kita ada prepare satu simple diagram untuk tolong saya explain. Mungkin saya boleh edarkan sekarang.*

[Mengedarkan salinan diagram kepada Ahli-ahli Jawatankuasa PAC.]

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

Datuk Shahrol Azral Ibrahim Halmi: Okey. Berdasarkan kepada slaid yang baru diedarkan ini- *when we first wanted to do the JV, the decision or the proposal from PSI was that they put in asset into the JV Co. and so the logic behind the movement of the asset and the creation of the company is that they did some intercompany asset movements, they created the company.*

The asset were valued at about- they valued it at RM3.4 billion, Ed Morse valued at between RM2.98 to RM4 billion and they transfer it into the JV Co. Therefore they had RM3.4 billion worth of asset in there. When we pump in the USD1 billion to get our 40% that created the USD700 million indebtedness to bring it down to the USD2.5 billion total JV at 40% and 60%. Essentially to explain it is that the asset that were pump in were worth USD700 million more than what we wanted the asset to be worth inside the JV Co. company to maintain 40:60 shareholding.

Tuan Pengerusi: *Board approve kah ini, Board?*

Datuk Shahrol Azral Ibrahim Halmi: *This one is to answer Yang Berhormat Petaling Jaya Utara question on where the USD700 million indebtedness came from?*

Dato' Abd. Aziz Sheikh Fadzir: *Akan tetapi where the USD700 million- because before you put in a property in you know, because this company was incorporated on 18th of September. You enter an agreement on the 28th of September. So that USD700 million according to the book was already there 20th of September.*

Tuan Tony Pua Kiam Wee: 26 September.

Dato' Abd. Aziz Sheikh Fadzir: *26th of September. The USD700 million which is an advanced to the shareholder so call.*

So, how did this coming? It is not about you, they put RM3.4 billion assets, then you put USD1 billion in, then you reduce the asset. I just wanted to remind you that you did come here when I was not here on 22nd November 2011. So I hope you will not saying something that you did not say in this report before.

Datuk Shahrol Azral Ibrahim Halmi: *So, just to reiterate the indebtedness of the USD700 million from JV Co. to the parent company, was created when the asset worth RM3.4 billion were transferred into the JV Co.*

Tuan Tony Pua Kiam Wee: *When was this transfer done?*

Datuk Shahrol Azral Ibrahim Halmi: *The transfer was done before the agreement was signed.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Anyway Tuan Pengerusi, to whose account now did the 1MDB transfer the USD700 million into which was actually now initially mean for payment on JV company.*

Datuk Shahrol Azral Ibrahim Halmi: *That is the second part of the explanation in this slide, where the analogy is that if I were to buy a house from someone for let say RM100,000...*

[Loceng Dewan Rakyat berbunyi]

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Datuk Shahrol Azral Ibrahim Halmi: *The analogy is actually if I were to buy a house for RM100,000 and in return for paying RM100,000, the owner will give me the title of the house. But the owner can instruct me, to say, give RM70,000 to him, and RM30,000 to another party. The result is the same. I still get the title to the house. In this particular...*

Dato' Abd. Aziz Sheikh Fadzir: *But the owner, why did not you go to direct atas?*

Datuk Shahrol Azral Ibrahim Halmi: *In this particular case Yang Berhormat, the instruction actually came from the counter party by a solicitor communication.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *You see, you are the President of the company which are actually be entrusted with a huge amount of money. Don't you think that you are actually breach the laws under the exchange control monitoring by Bank Negara? Because now, you are transferring the money to a different company and which was actually not approved by the board yet.*

Dato' Abd. Aziz Sheikh Fadzir: *Itu Datuk, kita cerita pasal asset injection dahulu. Boleh Datuk?... [Disampuk] Okay, you settle...*

Datuk Shahrol Azral Ibrahim Halmi: *Sorry. Minta penjelasan soalan ya.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Sebagai Presiden company, tidakkah Datuk memikirkan bahawa ini melanggar satu peraturan exchange control monitoring daripada Bank Negara kerana duit yang sepatutnya USD700 juta tadi dihantar kepada company yang lain yang telah diluluskan dalam board.*

Datuk Shahrol Azral Ibrahim Halmi: *At that time, all the relevant approval were obtained.*

Tuan Tony Pua Kiam Wee: *I think the clarification from Yang Berhormat Jasin relates to statement yang dikeluarkan oleh Bank Negara about three weeks ago yang mana Bank Negara kata bahawa mereka telah pun diberikan dengan maklumat yang tidak tepat dan tidak sempurna daripada syarikat 1MDB dan oleh sebab itu kelulusan diberikan. Oleh kerana sekarang sudah tahu maklumat yang tepat, kelulusan ditarik balik. So, what was it that was missing or inaccurate in the submission to Bank Negara that result in a very drastic decision by Bank Negara to withdraw its approval today?*

Datuk Shahrol Azral Ibrahim Halmi: *We have been cooperating with Bank Negara, we have furnished them with all the information required but we would like to say at that time, the approval were given and we had furnished all the information that is required for the approval. Additionally, the Attorney General also had issued another statement that said that there was no element of wrongdoing.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Tuan Pengerusi, for the daily running of the company, it is still lies on the management. You cannot be calling the board of directors in now and then. They maybe fully occupied with their other things. But the one who is actually running the company is the management and you are head of the management and you are also supposed to be the advisor to the board.*

Tuan Pengerusi: Maksud Yang Berhormat itu, dalam transaksi *business* ini nampaknya, daripada teguran audit, *you* membelakangkan *board* banyak kali. Tidak *refer* kepada *board*. Maksud Yang Berhormat itulah. Nampak dalam teguran audit, banyak perkara yang tidak *direfer* kepada *board* untuk membuat keputusan. Itu adalah satu perkara yang nampak jelas daripada segi teguran audit. Cuba kita balik semula ke perkara tadi. Jangan...

Tuan Tony Pua Kiam Wee: *I think just to stay on the USD700 million first before we move on back to assets.*

Based on the chart here, the money USD700 million was transferred directly from 1MDB kepada satu syarikat bernama Good Star. Dalam minit mesyuarat lembaga pengarah, pihak lembaga pengarah minta supaya wang ini dipulangkan kepada 1MDB dan kalau ada bayaran kepada pihak-pihak ketiga seperti Good Star, ia sepatutnya dibayar oleh JV company and not by 1MDB because 1MDB has no locus standi to pay to Good Star. 1MDB is to invest USD1 billion in the JV company. And then JV company kalau hendak bayar kepada Good Star atas arahan PSI untuk bayar hutang, at least that is the JV company responsibility. That is a separate matter. So, why was not the request by the board of directors made on the 3rd of October complied?

Datuk Shahrol Azral Ibrahim Halmi: *The transfer was done before that.*

Tuan Tony Pua Kiam Wee: *So, the board of the directors actually stated that the transfer was done not in accordance to what was approved by the board of the directors.*

Datuk Shahrol Azral Ibrahim Halmi: *I don't have the actual minutes in front of me but I believed that the approval was for a 40% purchase of equity in a joint venture company and we have accomplished that.*

Tuan Tony Pua Kiam Wee: *Let me read you the minutes of the board of the directors on the 3rd of October. Lampiran 38... [Membaca petikan]*

"The board was not consulted on the change of plans to remit USD700 million to PSI. The board's understanding was for the full USD1 billion to be wired to the joint bank account under the name of JV company and the JV company's board of director makes decision to remit USD700 million to PSI. The board was also not informed of the sudden change of joint account from BSI SA to JP Morgan".

I think it is quite clear in the minutes that the board was never consulted or aware of the changes made.

Datuk Shahrol Azral Ibrahim Halmi: *The board approved the joint venture agreement back on the 26th of September and the board had approved for purchased of 40% equity and that was what we accomplished.*

Tuan Tony Pua Kiam Wee: *What the board approve then is for USD1 billion to be invested in the JV company.*

Datuk Shahrol Azral Ibrahim Halmi: *It is was pointed out actually that this chart is inaccurate because it was supposed to be USD300 million. It is just a typo. It is USD300 million to Good Star, bukan?... [Bertanya kepada seorang pegawai] Oh! PSI is USD300 million... [Disampuk] Ya, it is USD300 million to PSI. Because it is USD1 billion minus USD700 million. It just a typo.*

Tuan Tony Pua Kiam Wee: *No, actually it is USD300 million to JV company. It should be 1MDB. USD300 million to JV company, not to PSI.*

Datuk Shahrol Azral Ibrahim Halmi: *That is correct.*

Tuan Tony Pua Kiam Wee: *USD700 million to Good Star bagi pihak PSI. So why wouldn't the instructions of the board subsequent to the transfer to remedy the situation followed up with?*

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Datuk Shahrol Azral Ibrahim Halmi: *We had. The management took the instructions of the board and met with PSI subsequently and reverted back to the board on the 10th with the input from the partners.*

Dato' Kamarul Baharin bin Abbas: *On the 10th of what?*

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

Tuan Tony Pua Kiam Wee: *And what were the Board's comments then?*

Datuk Shahrol Azral Ibrahim Halmi: *I don't have the minutes in front of me, so I cannot quote you.*

Dato' Kamarul Baharin bin Abbas: *So in actual fare, only USD300 million was deposited into the JV account?*

Datuk Shahrol Azral Ibrahim Halmi: *300.*

Dato' Kamarul Baharin bin Abbas: *Just 300?*

Tuan Tony Pua Kiam Wee: *Do you know who owns or manage Good Star?*

Datuk Shahrol Azral Ibrahim Halmi: *Good Star is a fully owned by PSI.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Dalam minit dia, Perkara 5 yang Lampiran 38... [Membaca petikan]*

"The instruction of the Board of Directors to Encik Shahrol that CEO and management are not to deviate from the board's instructions and what the board has agreed understood to be the procedure of a particular transaction. The board advised Encik Shahrol to seek clarification from the BOD if the CEO and management have any doubts on the particular cases."

I mean, at least now the board has in fact now stated very, very clearly of their concern that wanting the CEO to really adhere to the board's instructions. Not to deviate.

Datuk Dr. Makin @ Marcus Mojigoh: *Not to deviate.*

Datuk Shahrol Azral Ibrahim Halmi: *If I may Tuan Pengerusi, maybe in sequence, I can talk through the Committee again the sequence. On the 18th of September the initial draft of the agreement and the joint venture concept was presented to the Board and the Board allowed us to move forward.*

On the 26th, the agreement was tabled to the Board and again the board allowed us to move forward. And then we completed the agreement I think on the 28th or 29th. We reported back to the Board on the 3rd. The 3rd is when the Board actually issued some instructions, some additional instructions to the management. We carried those out and we reverted back to the board. However, we were limited by what we can do because if the Board were to instruct get the money back, the party actually has to agree, because we had already signed the agreement...

Tuan Tony Pua Kiam Wee: *What verification have you done to confirm that Good Star was owned by PSI?*

Datuk Shahrol Azral Ibrahim Halmi: *We have received a letter confirming from PSI that this is their company.*

Tuan Tony Pua Kiam Wee: *Ketua Audit ada dapat?*

Seorang Ahli: *Based on the information.*

Tuan Tony Pua Kiam Wee: *Tidak ada? Can we have a copy of that letter please?*

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

Puan Nadhirah binti Abdul Wahab: *Surat itu bertarikh pada tahun ini 2015, not dated at that time of investment.*

Tuan Tony Pua Kiam Wee: *At that point in time, you did not know who Good Star is?*

Datuk Shahrol Azral Ibrahim Halmi: *That is not correct Yang Berhormat. At that point in time, we were working solicitor to solicitor and there is payment instructions came from our solicitor by from their solicitor.*

Tuan Tony Pua Kiam Wee: *I understand that there is payment instructions, I can ask to pay to Yang Berhormat William, and Yang Berhormat William doesn't have to be related to me.*

So, were you aware of who Good Star was at that point in time?

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Tuan Tony Pua Kiam Wee: *And you had verifications then?*

Datuk Shahrol Azral Ibrahim Halmi: *I had verification then.*

Tuan Tony Pua Kiam Wee: *And representation from PSI and Good Star that Good Star is a subsidiary of PSI?*

Datuk Shahrol Azral Ibrahim Halmi: *Correct.*

Tuan Tony Pua Kiam Wee: *Who are the representations for these?*

Datuk Shahrol Azral Ibrahim Halmi: *I don't recall exactly, but we checked at...*

Tuan Tony Pua Kiam Wee: *Documents?*

Datuk Shahrol Azral Ibrahim Halmi: *I don't recall exactly, but we checked and we were comfortable that the company is a PSI company.*

Tuan Pengerusi: *Ada you audit tak ini?*

Tuan Tony Pua Kiam Wee: *Auditor kata hanya ada surat yang bertarikh tahun ini sahaja. Pada masa itu tidak ada.*

Datuk Shahrol Azral Ibrahim Halmi: *I believe also Tuan Pengerusi, there was a letter from PSI declaring all- I don't recall exactly the form but essentially PSI told us "Actually that the deal is done. I give you 40% of equity in here and you've paid me everything"- receive full payment. I think that letter is dated around that time.*

Tuan Tony Pua Kiam Wee: *We move on to assets.*

Dato' Abd. Aziz Sheikh Fadzir: *Before that, on this USD700 million confirmation on Good Star, you're saying that it was between solicitors to solicitor. Do we have a confirmation on advice from our solicitor to advise that we should be making payment to Good Star? Can we have those documents?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, there were I believe e-mails between their solicitor and our solicitor.*

Dato' Abd. Aziz Sheikh Fadzir: *And what kind of power do you have to authorize that kind of payment? Do you have the rights to make that kind of payment?*

Datuk Shahrol Azral Ibrahim Halmi: *The board had agreed to the agreement. The agreement said that there was a 700% indebtedness to purchase also 40% equity in the JV Co.*

Dato' Kamarul Baharin bin Abbas: *Were the Board aware that you got to pay USD700 million to Good Star?*

Datuk Shahrol Azral Ibrahim Halmi: *It was in the agreement Yang Berhormat.*

Dato' Kamarul Baharin bin Abbas: *It was in the agreement specifically spelt out Good Star?*

Tuan Tony Pua Kiam Wee: *The agreement was to pay to PSI, not Good Star.*

Datuk Shahrol Azral Ibrahim Halmi: *No, the agreement was to pay the JV Co. But this one I think, because I don't have the agreement in front of me also. So it's difficult to actually comment on the specifics on that. Can we get? Yes, yes.*

Tuan Tony Pua Kiam Wee: *We have a copy of the agreement, we can move on the question later. Mungkin one copy can be given to Encik Shahrol.*

Tuan Pengerusi: *Ada agreement ya? Do you have the agreement?*

Puan Nadhirah binti Abdul Wahab: *Ada. Sekejap ya.*

Tuan Pengerusi: *Tengok sedikit ya.*

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

Tuan William Leong Jee Keen: *I think we go to the question of the assets. The board have asked for due diligence to be done, but I see that the due diligence, the evaluation report is dated 29th, but*

the agreement is signed on the 28th. So what is the basis of the management arriving at the ownership of the assets and the value of the assets, on the 28th when you signed?

Datuk Shahrol Azral Ibrahim Halmi: *I am not sure. Let me check back. I believe that actually we have the evaluation report on the same date that we signed.*

Tuan William Leong Jee Keen: *We have it here. The evaluation report is dated 29th. And the agreement is dated 28th. So that's what the PAC is interested to know. On what basis the management arrive at, number one, the assets have already been put into the JV Co. and, what is the value of those assets. Because it also goes back to your answer that the assets that was injected is worth USD700 million more. That's why you refunded the USD700 million. So, how did you arrived at that decision?*

Tuan Tony Pua Kiam Wee: *Lampiran 36. Okay, the copy of the valuation report is in front of us, September 29th.*

Tuan William Leong Jee Keen: *Lampiran 36 ya.*

Datuk Shahrol Azral Ibrahim Halmi: *Have to check back on that and revert back to the committee.*

Tuan Tony Pua Kiam Wee: *What was there to check? You signed the agreement on 28th before the valuation report completed on 29th.*

Datuk Shahrol Azral Ibrahim Halmi: *I can't recall.*

Dato' Abd. Aziz Sheikh Fadzir: *Tidak apa. Assuming that you signed the agreement on the 28th, valuation is on the 28th. How the Board did convinced or make a decision that this is the asset worth USD3.4 billion? And then subsequently you have to pay USD700 million on top of it.*

Datuk Shahrol Azral Ibrahim Halmi: *To clarify, it is not on top of it. The JV Co. is supposed to be valued at USD2.5 billion to USD2.7 billion to give us 40% when we have the USD1 billion put in. The asset is valued at more than that and therefore it created the indebtedness.*

The asset was valued by these professional valuers, two of them, Daniel Ahn and Ed Morse, who actually have been working on this valuation even before we formally signed, I think the appointment letter for them.

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Dato' Abd. Aziz Sheikh Fadzir: *Who recommend you the valuer?*

Datuk Shahrol Azral Ibrahim Halmi: *The valuer was recommended by PSI.*

Dato' Abd. Aziz Sheikh Fadzir: *Can you say that again Datuk Shahrol?*

Datuk Shahrol Azral Ibrahim Halmi: *The valuer was recommended by PSI.*

Dato' Abd. Aziz Sheikh Fadzir: *...Managing director of the company, you were taking asset valued by PSI injected into the company. Would you get independent? Tidak tahulah, cerita you beli rumah tadi RM100,000. You beli daripada developer, you tidak mahu buat independent valuer. Tidak perlu.*

Datuk Shahrol Azral Ibrahim Halmi: *Well, in this case kalau hendak cakap pasal independent valuer is a bit like getting Jones Lang Wootton to actually go and value it. There are internationally renowned, we can trust their professionalism.*

Dato' Kamarul Baharin bin Abbas: *Okey Datuk Shahrol. The asset of RM3.4 billion ini, so called, which you said was transferred. Was it physically transferred to the JV company?*

Datuk Shahrol Azral Ibrahim Halmi: *The asset were- it's titled to the asset or rather the right to the asset and the agreement was drawn out that the counter party indemnifies us for the asset transfer.*

Dato' Kamarul Baharin bin Abbas: *It was only a potential right to the...*

Datuk Shahrol Azral Ibrahim Halmi: *It is exploration rights. Which is why...*

Dato' Kamarul Baharin bin Abbas: *Exploration rights. Potential exploration rights. Potential.*

Tuan Tony Pua Kiam Wee: *Before we get there. Saya hendak baca daripada Laporan Interim Ketua Audit, di mana ia menyebut bahawa laporan valuation ini adalah berkaitan dengan hak penerokaan minyak pelbagai lokasi di Argentina dan Turkmenistan. Mengikut perkara 1.1 mengenai overview of assets dalam laporan penilaian menyatakan "Juru nilai hanya menyemak projek ekonomi tanpa menilai sumber geologi, property rights termasuk contractual rights to the field. Ini menunjukkan hak pengeluaran minyak untuk Blok Tiga di kawasan Turkmenistan dan Argentina masih belum disahkan". Kemungkinan perkara ini disebabkan kawasan tersebut telah lama menjadi pertikaian antara pelbagai pihak. Whatever subsequently.*

So, what it says here and its jive with what we read from the Valuation Report. The Valuation Report clearly disclaimed that all information on the asset is provided but PetroSaudi. We valued it based on information by PetroSaudi and we didn't do the verification of this asset our self. Is that correct?

Dato' Abd. Aziz Sheikh Fadzir: *Okey, because Jones Lang Wootton takkan kita hendak challenge tetapi kalau Jones Lang Wootton, there are another 20 valuers, normally the way we operate, you still get another valuer to verified that. Second opinion, I mean from our side. That one is from PSI, Edward Morse from PSI. I would get another valuer to counter the valuation and then see, what is the figure...*

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

Dato' Abd. Aziz Sheikh Fadzir: *It is not a second opinion, its representing us.*

Dr. Tan Seng Giaw: *Actually, who owned the Edward Morse originally, who owned it?*

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

Tuan Tony Pua Kiam Wee: *Name of the person.*

Dr. Tan Seng Giaw: *So, he owned it?*

Seorang Ahli: *...He is the valuer.*

Dr. Tan Seng Giaw: *So, he is so reliable that we do not have to check anymore?*

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

Dato' Abd. Aziz Sheikh Fadzir: *To the best practice of the world.*

Seorang Ahli: *...He is a good practice...*

Dato' Abd. Aziz Sheikh Fadzir: *International best practice.*

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

Datuk Shahrol Azral Ibrahim Halmi: *To the best of our knowledge at that time, it was good enough to move forward.*

Tuan Tony Pua Kiam Wee: *Do you read the report before signing the agreement?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Tuan Tony Pua Kiam Wee: *You read the report before the date of the valuation?*

Datuk Shahrol Azral Ibrahim Halmi: *The draft report was forwarded to us before it was signed off.*

Tuan Tony Pua Kiam Wee: *Basically you signed USD1 billion investment on a draft valuation report and based on the content which has been reveal by the Auditors Department doesn't verified the assets that was held in PetroSaudi. I think this matters was also raised by the Board of Directors. The board is unclear on the status of ownership of the assets of the JV company and the quality of the assets transferred to the JV company including any inherent potential risk associated with this assets.*

Datuk Shahrol Azral Ibrahim Halmi: *Sorry Yang Berhormat Petaling Jaya Utara, what is the questions?*

Tuan Tony Pua Kiam Wee: *The question is, is that the case? Basically you signed without knowing on the valuation report that just deals with the project economic without dealing with the verification of the assets.*

Datuk Shahrol Azral Ibrahim Halmi: *At that point in time, given the strategic nature of the relationship, we found that good enough to move forward.*

Tuan Tony Pua Kiam Wee: *Move on lah [Ketawa]*

Tuan William Leong Jee Keen: *Tuan Pengerusi, I just want add because you mentioned something. In exercise of this nature, good practice would require you to appoint a firm of solicitors and normally the solicitor would be the one that would have coordinated the due diligence and give you an opinion that they have check and now everything is in order for you to pay the money. Did you appoint a lawyer and did the lawyer give you an opinion to say now you can pay the money?*

Datuk Shahrol Azral Ibrahim Halmi: *Correct. Yes.*

Tuan William Leong Jee Keen: *Which firm was that?*

Datuk Shahrol Azral Ibrahim Halmi: *Wong & Partners.*

Tuan William Leong Jee Keen: *Can you produce the opinion to us? To say that it is an order to release the money.*

Datuk Shahrol Azral Ibrahim Halmi: *We will look into that.*

Tuan Pengerusi: *Agreement itu you ada? Yang tadi suruh check agreement, bayaran tadi, macam mana? You ada agreement? Tiada? Nanti update kita tentang agreement itu.*

Puan Nadhirah binti Abdul Wahab: *Laporan daripada lawyer kah?... [Disampuk] Tiada.*

Tuan Pengerusi: *Bukan, agreement yang tadi, previous yang kita suruh semak itu.*

Puan Nadhirah binti Abdul Wahab: *Edward Morse valuation* ada.

Tuan Pengerusi: Tidak. *Agreement* antara JV itu.

Puan Nadhirah binti Abdul Wahab: Tiada.

Tuan Pengerusi: *You* tidak ada?

Puan Nadhirah binti Abdul Wahab: Tiada.

Tuan Pengerusi: Macam mana boleh tiada. Dia tidak beri?

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

Tuan Pengerusi: *Joint venture agreement?*

Puan Nadhirah binti Abdul Wahab: *Joint venture agreement* kita ada. Cuma pendahuluan USD700 juta itu kita tiada.

Tuan Pengerusi: Tiada *stated* dalam *agreement*?

Tuan Tony Pua Kiam Wee: Apa yang...

Puan Nadhirah binti Abdul Wahab: *Agreement joint venture* ada disebut tetapi Audit ada mintak *agreement on USD700 million, on advances* itu, yang kita tidak dapat.

Tuan Pengerusi: Tiada?

Puan Nadhirah binti Abdul Wahab: Ya.

Tuan Tony Pua Kiam Wee: Dan juga yang diminta oleh Yang Berhormat Selayang *the agreement on the assets*. Memang tidak ada ya, *what was my question?* Dalam mesyuarat 3 hari bulan juga *Board of Directors*, oleh sebab laporan penilaian yang dianggap tidak sempurna, mereka meminta supaya satu lagi *independent valuation* dibuat. *I think they have asked for that. We understand later that, the second independent valuation was never carried out. Why was that?*

Datuk Shahrol Azral Ibrahim Halmi: *When we went back to PSI to convey the board wishes, they had agreed in principle. However there was one complication in which that they wanted us to- I do not remember exactly what was the rule but basically saying that, if the valuation comes up higher, then we have to up the difference and so we reverted back to the Board. I think with this information and subsequently the board decided to take no further actions.*

Datuk Wira Haji Ahmad bin Haji Hamzah: Tuan Pengerusi, *let's presume the things is in order but the fact is I keep stressing just now*. Pertama sekali, kita dapat lihat bahawa *management* tadi *mislead the board. The management did not telling the truth.*

Kedua, meneruskan pengambilan RM5 bilion tadi tanpa pengetahuan ataupun kelulusan *board*. Akan tetapi selepas itu sebagai *President of the company, did you actually now present your cash flow statement from the first year, the first year? Because on the first year itself I noted here, a huge losses, you know. On the first year of operation.*

Datuk Shahrol Azral Ibrahim Halmi: Sorry Yang Berhormat Jasin. *What is the questions? The statement from where?*

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

Datuk Wira Haji Ahmad bin Haji Hamzah: ...RM3 billion and RM4 billion instead of RM5 billion. On top of that, you are also incurring now, financial cost another RM144 million. That is means, close up to RM759 million loss for the first year. What is the reaction of the Board then?

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Datuk Shahrol Azral Ibrahim Halmi: The background is that, 1MDB or TIA at that time are supposed to be a strategic development company whose supposed to invest in long-term gas station projects. The money borrowed was supposed to be used in catalyzing these projects. In that first year, effectively, we borrowed money and we had to pay interest on it.

Dato' Abd. Aziz Sheikh Fadzir: Just now the Board instructed you to get the second opinion on the valuation, what was your answer tadi?

Datuk Shahrol Azral Ibrahim Halmi: We went back to PSI and convey the wishes of the Board. The PSI agreed in principal. However, they wanted us to top-up if the valuation comes up. We reverted back to the Board on this.

Dato' Abd. Aziz Sheikh Fadzir: Did the Board ask PSI or ask you?

Datuk Shahrol Azral Ibrahim Halmi: The Board ask me.

Dato' Abd. Aziz Sheikh Fadzir: Okay. Then, why do you have to get a consent from PSI?

Datuk Shahrol Azral Ibrahim Halmi: Because the valuation of the assets is JV Co., but if the valuation value come differences, they need to agree whether to refund. Because, the instruction actually also came with refunding the money.

Dato' Abd. Aziz Sheikh Fadzir: Okay. Refunding money is two different things. But why would you get to have PSI to agree to do the valuation? Why did not you do the independent valuation?

Datuk Shahrol Azral Ibrahim Halmi: The understanding I have at that time is actually they are linked. The returning the money and revaluation.

Dato' Abd. Aziz Sheikh Fadzir: I did not get it. Macam mana?

Datuk Shahrol Azral Ibrahim Halmi: They are linked because in order for them to return the money, the valuation has got to come lower.

Tuan William Leong Jee Keen: But I think that is fair, is it? If the valuation is less, then they should pay you back.

Datuk Shahrol Azral Ibrahim Halmi: Correct, but if the valuation is more, then we need to top-up.

Tuan William Leong Jee Keen: Yes. I think that's a...

Tuan Tony Pua Kiam Wee: The valuation if indeed more, then it is worth paying more.

Datuk Shahrol Azral Ibrahim Halmi: Correct. That is why we need to get the...

Tuan William Leong Jee Keen: Yes. It is good corporate governance to make sure that it is proper value.

Tuan Tony Pua Kiam Wee: You are saying that the board of directors rejected the second valuation based on this reason?

Datuk Shahrol Azral Ibrahim Halmi: *No. I am not saying that. I am saying that we had tried to carrying out the board instructions to the best of our ability. We reverted back to the Board and subsequently the board took no further actions.*

Tuan Tony Pua Kiam Wee: *When you reverted to the board, what did the Board agreed to decide on?*

Datuk Shahrol Azral Ibrahim Halmi: *Don't recall. We have to check the minutes.*

Datuk Dr. Makin @ Marcus Mojigoh [Putatan]: *Can I follow the board requirement for you to call Edward Morse the following meeting, and there is also a resolution that you were instructed by the Board to engage an independent valuer. Did you do that?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes. That is the thing we are trying to explain earlier, that engaging an independent valuer would need the cooperation of the asset owner plus the commitment, whatever the value comes in, that would be top-up on it.*

Tuan Tony Pua Kiam Wee: *But the asset owner is the JV company already, right? It is no longer...*

Datuk Shahrol Azral Ibrahim Halmi: *They owned 60 percent, Yang Berhormat.*

Tuan Tony Pua Kiam Wee: *Okay. I have here in front of me Lampiran 39, Mesyuarat Lembaga Pengarah pada 7 November. It is minuted down here in that Board Meeting, item 7.4, that there was a direction from the Chairman of Board of Advisors where they said that there will be no second valuation on the assets of the JV company. Is that an accurate reflection that is recorded in the minutes that the direction came from the Chairman of the Board of Advisors?*

Datuk Shahrol Azral Ibrahim Halmi: *If that what the minutes says, Yang Berhormat.*

Tuan Tony Pua Kiam Wee: *So arahan dikeluarkan oleh... [Disampuk] PM lah, Prime Minister. So, the Prime Minister directed that there will be no second valuation on assets in the JV company... [Disampuk] That is minuted. Lampiran 39.*

Tuan Pengerusi: *Board of Meeting?*

Tuan Tony Pua Kiam Wee: *Board Meeting Minutes, direction from Chairman of the Board of Advisors (BOA). "The following direction from Chairman of the Board of Advisors following his meeting with the non-executive directors of the company on 29th October 2009". Antaranya, no second valuation...*

Tuan Pengerusi: *Pernah meeting tidak Board of Advisors?*

Datuk Shahrol Azral Ibrahim Halmi: *Sorry Yang Berhormat?*

Tuan Pengerusi: *Ada pernah buat meeting tidak Lembaga Penasihat- Board of Advisors?*

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

Tuan Pengerusi: *Chaired by Prime Minister?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Tuan Pengerusi: *Berapa kali?*

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

Datuk Dr. Makin @ Marcus Mojigoh: *I would like to ask clarification for this one. This minutes is written, was there any Board of Advisors meeting? Is this the minute of the Board of Advisors meeting? Because, I look at it, it is just stating that there will be no second valuation assets of the JV from the Chairman. Who said it?*

Datuk Shahrol Azral Ibrahim Halmi: *I don't recall what was discussed at the meeting.*

Datuk Dr. Makin @ Marcus Mojigoh: *Who decided...?*

Tuan Tony Pua Kiam Wee: *No. The noted di sini, dia kata the following direction from Chairman of the Board of Advisors, following his meeting with the non-executive directors.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Kita tengok arahan itu, macam mana minutes of the meeting on 7th November, walaupun dikatakan the direction from the Chairman of BOA? Do you have anything to show? I can always claim. I can only presume, but I cannot- saya tidak boleh buktikan.*

Tuan Tony Pua Kiam Wee: *Sebab itu kita tanyalah. Dia kata tadi dia sahkan apa yang tertulis dalam minitlah.*

Datuk Shahrol Azral Ibrahim Halmi: *I don't recall what was discussed in that meeting.*

Dato' Abd. Aziz Sheikh Fadzir: *You said just now the reason that you did not go for a second valuation was because that you were so worried that the valuation is going to go more. So maybe that will be the reason that the board decided not to continue or just keep quiet. Akan tetapi now, what Yang Berhormat Petaling Jaya Utara is trying to says is that, there was minuted that as if there was an instruction not to continue. Not the reason that you said. So, where are the instruction? Because, that came from the board meeting. So, it is must be presented by you.*

Datuk Shahrol Azral Ibrahim Halmi: *It is not accurate to say that I was worried that the valuation comes up higher. The conditions that was set is that if it comes up lower, they will return the money and if it is comes up higher, we will top-up. That is simple. There is no element of not wanting to do it.*

Dato' Abd. Aziz Sheikh Fadzir: *I know. Decision not to proceed because we are worried that the valuation would gone higher. I think that was the board punya thinking kalau proceed...*

Datuk Shahrol Azral Ibrahim Halmi: *The decision was actually done because one of the things that we furnished to the Board was that this our cash position at the time, should the valuation comes up higher, we actually don't have the cash to top-up to maintain our 40%. Our 40% will be diluted. I believe that was also discussed during the board meeting.*

Dato' Abd. Aziz Sheikh Fadzir: *How could it end up to that? They can insist anything because the agreement that you signed, that the assets will be put in, then you have to put in USD1 billion, they put in the assets. What would that kind of things dictate your decision? What can they do? The worst is they cannot return the money only.*

Datuk Shahrol Azral Ibrahim Halmi: *But remember the contexts of the relationship is a government to government relationship. It is strategic long-term relationship.*

Dato' Abd. Aziz Sheikh Fadzir: *There is nothing at all from the very day we start we are talking about government to government. There is only one letter from Prince Turki.*

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There was no mention at all in any of board advisor's letter to the board of directors saying that it's G-to-G . You perceive because there was a meeting, there was a letter return by Prince Turkey to Perdana Menteri and you got that minute. From there you take on. I don't see any G-to-G.

Datuk Shahrol Azral Ibrahim Halmi: *Well at that time we believe that it was a G-to-G relationship and today also we still believe that is G-to-G relationship.*

Dato' Abd. Aziz Sheikh Fadzir: *We go back to now, how did you put how much asset did you value when you put it into the joint venture company? What was the value of the asset that agreed to be put in?*

Tuan Tony Pua Kiam Wee: *Perhaps also describe what these assets are?*

Datuk Shahrol Azral Ibrahim Halmi: *Okay. The asset was suppose to be worth 2.5 billion, 2.7 billion at the minimum and they are asset in the oil and gas industry consisting of, I think some fields in Turkmenistan, some fields in Argentina and I think...*

Tuan Tony Pua Kiam Wee: *So they were physical assets?*

Datuk Shahrol Azral Ibrahim Halmi: *They were- what assets that were value, I cannot say for sure whether these are physical or not, they were oil and a ground.*

Tuan Tony Pua Kiam Wee: *You cannot say for sure that their physical or not? [Ketawa]*

Datuk Shahrol Azral Ibrahim Halmi: *But is today Yang Berhormat, six years ago and I don't have any document with me...*

Tuan Tony Pua Kiam Wee: *When they, I mean- let me also read the comment from the Ketua Audit Negara. "Dalam laporan ini juga (laporan valuation) dijelaskan bahawa blok tersebut pada asalnya dimiliki oleh Buried Hill Energy, sebuah syarikat yang didaftarkan di Panama melalui perjanjian jual beli dengan Kerajaan Turkmenistan. Bagaimanapun pemilikan semasa bagi hak ke atas blok tersebut tidak dinyatakan".*

I think further down it basically says that what was injected was an agreement between PetroSaudi and Buried Hill, no nests a farm in agreement and not the original right, not even the original right to explore this asset. Is that correct?

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Tuan Tony Pua Kiam Wee: *So all that was injected into JV company were farm in agreements?*

Datuk Shahrol Azral Ibrahim Halmi: *That was valued at the certain amount, yes.*

Tuan Tony Pua Kiam Wee: *Mungkin bagi rakan-rakan yang lain, farm in agreement ialah satu macam joint venture with syarikatlah. Macam saya joint venture dengan Petronas yang memiliki hak tersebut. If I fund the project, I dapat 50% daripada pulangan itu. So it's like cooperation agreement that was injected.*

Datuk Shahrol Azral Ibrahim Halmi: *It's a- I would have to assume so.*

Tuan Tony Pua Kiam Wee: *You sign the agreement right?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, but the basis of this agreement, I think Yang Berhormat, I think you are trying to lead me into something that is potentially harmful. I would like to back up a little bit in just say the look- the intent of strategic relationship is 40:60 in a company that is suppose to go and find project within Saudi and within Malaysia to further expand the relationship promote FDI into Malaysia.*

This JV Co. is capitalizing by a 60:40 relationship and the way they capitalize it, is this asset that is value at 3.4 billion. Now, the intent was actually for either the asset to be monetize later on or for the project for the company to look after other projects that would actually generate the strategic synergy that we want from Saudi and Malaysia.

Dr. Tan Seng Giaw: *Actually Mr. Chairman ya, what about you? Do you understand the reserve, oil reserve in Argentina or oil reserve in Turkmenistan for instance now, we know the world, the biggest gas reserve is Russia and then this Ira,n and then Qatar. We know that. What about you? Do you look into this thing?*

Datuk Shahrol Azral Ibrahim Halmi: *Yang Berhormat, we have to depend on professional valuers and advisors on that.*

Tuan Tony Pua Kiam Wee: *That's fair. But what I am saying in this case is that the assets that was supposed to represent 2.7 billion were essentially cooperation agreements between PetroSaudi and the asset owner dan bukannya aset itu where as the valuation report is on the asset.*

Dato' Abd. Aziz Sheikh Fadzir: *This is what I am asking just now. Was the asset they put in...*

Tuan Tony Pua Kiam Wee: *What was put in I understand, and also from the summary from the Auditor General is the asset wasn't put into the company? Only the cooperation agreement that PetroSaudi ada is put into the agreement.*

Dato' Abd. Aziz Sheikh Fadzir: *Back to Yang Berhormat Telok Kemang question just now. When they pay the RM700 million, or they paid inject RM1 billion what was the basis? What was the basis that you pay that the RM700 million or RM1 billion lah. You pay 1 billion. What was the basis? Was the agreement completed, was exact injected, was I don't know. What was that?*

Datuk Shahrol Azral Ibrahim Halmi: *The solicitors confirm that actually everything that was needed to be satisfied in their agreement was satisfied before we paid.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Okey. Sebagai CEO kepada company, Presiden dan sebagai lembaga pengarah, adakah Yang Berbahagia Datuk ini sangat berpuas hati tentang prestasi syarikat dan akan mendapat keuntungan. Cannot to forget, you are incurring now a loan of IB you know. Terima kasih.*

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

Datuk Shahrol Azral Ibrahim Halmi: *Minta penjelasan soalan.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *Sebagai President of the company at the same time you are also sitting as a Board Member. Adakah Datuk sebenarnya berpuas hati dengan pelaburan yang*

kita buat ini akan memberikan keuntungan kepada 1MDB ataupun sebaliknya. *The full control of the company. Thank you.*

Datuk Shahrol Azral Ibrahim Halmi: Yang Berhormat, *if we are talking about this particular investment, at that time we relied on professional advise and we were reasonably happy that we will make money from the deal.*

Dato' Abd. Aziz Sheikh Fadzir: *The Edward Morse ini siapa lagi you punya professional advise ini because you keep on saying professional advise, professional advise. Siapakah lagi ini?*

Datuk Shahrol Azral Ibrahim Halmi: *That also the solicitors that make sure that our interest are protected.*

Dato' Abd. Aziz Sheikh Fadzir: *Solicitors, on the business side, are you are oil and gas man? You got background of oil and gas? Do you have?*

Datuk Shahrol Azral Ibrahim Halmi: *No.*

Dato' Abd. Aziz Sheikh Fadzir: *So who advise you on oil and gas?*

Datuk Shahrol Azral Ibrahim Halmi: *It's the based on the valuation of the asset...*

Dato' Abd. Aziz Sheikh Fadzir: *Ya, I know. Edward Morse is on assets on the business side.*

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

Dato' Abd. Aziz Sheikh Fadzir: *On the business side, who advise you on the business side? Because this is a judgment, it's a business decision. One is the value, one is the business side. So who advise you on the business side?*

Datuk Shahrol Azral Ibrahim Halmi: *I think Mr. Chairman to clarify are we now going into business decisions...*

Dato' Abd. Aziz Sheikh Fadzir: *No, no I am asking you. For you to confirm that the asset is 2.5 billion. Okay, one is a valuation but for you to be a joint venture partners, it must have some business equipment there. So who advise you on the business side this is like Yang Berhormat Petaling Jaya Utara kata, is a farming, concession. Siapakah advise you on that side? Okay, legal is one, siapa advise you on the business side.*

Datuk Shahrol Azral Ibrahim Halmi: *Of the valuation report was there, we have an internal team that's look into this, but I would like to emphasis that we followed the process. We did the approvals that are required, we went into it and to fast forward a little bit that we invested a total of 1.83 billion into this joint venture on to this relationship with PSI and we ended up with 2.318 billion which means about 400 million profit.*

Datuk Dr. Makin @ Marcus Mojigoh: *Tuan Pengerusi, Yang Berhormat Datuk you not answering the question. The question actually very simple. What my colleagues was asking you on this kind of industry, oil and gas do you have an expert advice on this particular business. That was the question. Can you answer that?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, we have team member who actually is in the business.*

Dato' Abd. Aziz Sheikh Fadzir: *Can you name us then list? No, no you don't have to do it today but we want to know.*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, we get back to you with the name of that team that work on this.*

Tuan William Leong Jee Keen: *I think just for us were not familiar with oil and gas and this farming agreement, in which you say that there is something like 2.7 billion value, what was the status of this fields. Were they, have they in expected in the operation, was this still under exploration. What status for it at that time?*

Datuk Shahrol Azral Ibrahim Halmi: *At that time I think if you go look at the valuation report, it was still in the very early stages, I don't recall exactly what the phrase that was use.*

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Tuan William Leong Jee Keen: *So, that means it was still a very risky business. Are you agree?*

Tuan Pengerusi: *I give an example.*

Datuk Liang Teck Meng: *I think Tuan Pengerusi...*

Tuan Pengerusi: *When Petronas wanted to operate Penyau in Pahang. So, the expert say it's not profitable because the production is very low. Something like that, what MP Selayang said just now. It is- atau ia pergi just a general statement from the expert. He do not give specific.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *I presumed it should be a concession right.*

Tuan Pengerusi: *Concession right.*

Datuk Liang Teck Meng: *Tuan Pengerusi, can you please enlighten us, this PetroSaudi (PSI) besides Malaysia. Are they also working with other countries or any other companies in a same business, in the same field and have you also check how much the total asset actually PSI is owning?*

Datuk Shahrol Azral Ibrahim Halmi: *At that time, no. PSI in their company profile stated that they have- I do not recall exactly, they are operating in South America, North America, of course Saudi Arabia as well as the central Asia region. They are in a number of businesses including waste management and so on and so forth. In terms of the whole company network, they are spread across many different companies and so we did not specifically focus on that. We were rely on the valuation of the assets that were pump in into the JV company.*

Tuan William Leong Jee Keen: *According to the valuation report by Edward Moss di Lampiran 36, if you turn to page 4, on the overview of the asset, Edward Moss says in the last paragraph, "We reviewed the project economic without making any judgment about either the geology of the resources in question or on the property rights including the contractual rise of the field".*

Maknanya, whether or not the geologist say that there is oil, whether the property rights are secured and whether contractually PSI has the right, the valuer says, they have not check on it. You accepted the value to pay 1 billion.

Datuk Shahrol Azral Ibrahim Halmi: *PSI represented to us that they do owned the rights and also another reason is that because all this the early stage of the field. That is why the valuation report, the range is actually very wide. And that is why we get a big discount on the valuation.*

Tuan Tony Pua Kiam Wee: *Regardless of the valuation, we know that the owners of the Caspian Sea field...*

Seorang Ahli: *Belum sampai di situ, sedikit lagi.*

Tuan Tony Pua Kiam Wee: *Okey, boleh.*

Dato' Abd. Aziz Sheikh Fadzir: *So that means another words Datuk, at the end of the day, when PSI inject the asset into this 1MDB, it was injected at 2.2 billion. Is it? Was that the value at 2.2 billion?...*

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

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

Datuk Shahrol Azral Ibrahim Halmi: *The value is at 3.4.*

Dato' Abd. Aziz Sheikh Fadzir: *3.4. But how much was the- how much did you value in the company when you do the injection, you take it at 3.4?*

Tuan Tony Pua Kiam Wee: *2.2.*

Datuk Wira Haji Ahmad bin Haji Hamzah: *...Cakap tadi, Lampiran 36 ia ada evaluation of petroleum exploration and they did mentioned here very clearly that the report provide an independent evaluation on the hydro carbon asset of PetroSaudi at its subsidiary companies like PSI. Did PSI asset consist of the production license gather to Block 3 area of Turkmenistan sector of Caspian Sea. They have something to back on. But as you know, this is only on exploration rights but it is quite difficult to quantify.*

Tuan Pengerusi: *...Like I said just now. For example ada lesen penyu in Pahang, we expect to get 40,000 barrels per day which is not possible to extract. So, we abandon the penyu di Pahang, for example macam itulah lebih kurang, tidak ada ya? You do not have that kind of report? Tidak ada ya? I means specific and very analytical report. Tidak ada ya?*

Dato' Abd. Aziz Sheikh Fadzir: *...Get the audit trail because if you value 2.2 billion but you only inject into the company, 300 million. Because that is the money going to the JV company. The balance you pay USD700 million. So, I am sure normally when we buy company, we all will come to what is the agreed numbers then will come out with 40:60 based on the asset. So, apa you punya- what was the value? Did you remember because here kalau ikut Jabatan Audit, dia kata, they audit on the 25th September 1MDB PetroSaudi after incorporated on the 18th of September, within the seven days in the book, there is already a liability of 700 million, registered. Right?*

Then, you put an asset into that but your money yang 700 million never go into the company. So that liability, unless when you inject the asset you have net off the liability. I am just trying to understand that, accounting wise.

Datuk Shahrol Azral Ibrahim Halmi: *Thank you Yang Berhormat. The indebtedness the RM700 million was created when the RM3.4 billion asset was put into the JV Co. because... [Disampuk] The date actually I have to check back the document but I can tell you the mechanic is that the 3.4 goes into the JV co. but the JV co. values it in sum at 2.5 atau 2.7. So that then our 40% is worth one with billion.*

Tuan Tony Pua Kiam Wee: *Datuk, perhaps I can explain my understanding, you confirm whether my understanding is correct. The assets are supposed to be worth 3.4. So, they were injected to the proposed JV company. The proposed JV company then was wholly owned by PetroSaudi. These assets were worth... [Disampuk] Listen first, ya. Worth RM2.2 billion but they only need give 1.5 for their 60%. So the access RM700 million bayar balik and then basically RM3.4 billion discounted to 2.2 and then we bayar RM700 million in cash. Lepas itu that work out to 1.5 for the equity. Does that make sense?*

Datuk Shahrol Azral Ibrahim Halmi: *Maybe if I explaining it differently a little bit Yang Berhormat, I think that is a pretty good start. The 3.4, let says 6 on the assets side of JV Co. but in order for the net asset of the company to be 2.7, they created the 700% indebtedness to the party that give them RM3.4 billion... [Disampuk]*

Dato' Abd. Aziz Sheikh Fadzir: *In 1MDB PSI.*

Datuk Shahrol Azral Ibrahim Halmi: *It is 100% owned at that time, company of PSI.*

Dato' Abd. Aziz Sheikh Fadzir: *Okay, 100% company and then?*

Datuk Shahrol Azral Ibrahim Halmi: *Now, this companies book actually has RM700 million of liability and RM3.4 billion of assets. And so the net, it becomes 2.5 because we are getting instant RM200 million profit on that. So, the 2.5 bottom line, 40% of it is our 1 billion.*

Tuan Tony Pua Kiam Wee: *Ya, we would not belabored the point. The next question I wanted to ask just now was that the farm-in agreements based on shareholders report from Buried Hill Energy, who are the owner of the Caspian Sea asset, those shareholders report or circular said that PetroSaudi Turkmenistan which was then already a subsidiary of the JV company terminated the farm-in agreements with Buried Hill in November 2009. Is that correct?*

Datuk Shahrol Azral Ibrahim Halmi: *Sorry Yang Berhormat, I do not have access to that particular document.*

Tuan Tony Pua Kiam Wee: *Were the farm-in agreements are held by 1MDB PetroSaudi then terminated at any point in time in November or December?*

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Datuk Shahrol Azral Ibrahim Halmi: *I don't have any documents to say...*

Tuan Tony Pua Kiam Wee: *No, were they terminated?*

Datuk Shahrol Azral Ibrahim Halmi: *I don't have any information on that. I don't know.*

Tuan Tony Pua Kiam Wee: *You don't know whether the assets in this joint venture were actually terminated? The implications are serious because if the agreement was terminated, which means that PetroSaudi contribution to the joint venture is nearly zero.*

Datuk Shahrol Azral Ibrahim Halmi: *Sir, that information I don't have access to- that circular. But what happened actually is subsequent to the JV, as you know, in the sequence of events, we then took the decision that having rights in this sort of fields, equity rights in these sort of fields are riskier than what we would like, and therefore, we converted it to a loan that will give us returns and still protect our relationship because we have an option for equity.*

Tuan Tony Pua Kiam Wee: *The loan will be the next point. But we just want to confirm that you are saying to PAC that you have no idea if the farm-in agreement was terminated...*

Datuk Shahrol Azral Ibrahim Halmi: *That was not indicated.*

Tuan Tony Pua Kiam Wee: *...By that point in time, Turkmenistan 1 Limited with Buried Hill? So you have no idea?*

Datuk Shahrol Azral Ibrahim Halmi: *It wasn't communicated to us.*

Tuan Tony Pua Kiam Wee: *Thank you.*

Dato' Abd. Aziz Sheikh Fadzir: *What is your role in the 1MDB-PetroSaudi JV? What is 1MDB role?*

Datuk Shahrol Azral Ibrahim Halmi: *At that time we have two directors, I believe, in the board of that company.*

Dato' Abd. Aziz Sheikh Fadzir: *Who are the directors?*

Datuk Shahrol Azral Ibrahim Halmi: *I don't recall. I have to check the documents.*

Tuan Tony Pua Kiam Wee: *Were you one of them?*

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

Tuan Tony Pua Kiam Wee: *You don't know who was appointed to the JV company's directorship?*

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

Tuan William Leong Jee Keen: *There's no monthly report as to the status while you were the 40% shareholder of the company?*

Datuk Shahrol Azral Ibrahim Halmi: *At that time, when the JV was first formed, and I think it's worth remembering actually that this a brand new company and things was still being setup. The intent was actually to spend the first six months to actually go and setup the reporting systems and so on and so forth.*

Dato' Abd. Aziz Sheikh Fadzir: *On 28th September, kita bayar USD700 million, kita inject USD300 million, kita tidak ada role? What was our role? Were 1MDB involved? Do we have a monthly meeting? Do we understand what is the operation? And like Yang Berhormat Jasin kata, what is the cash flow of this project?*

Dato' Takiyuddin bin Hassan: *How many board members?*

Datuk Shahrol Azral Ibrahim Halmi: *1MDB had board representatives in the JV Co.*

Tuan Tony Pua Kiam Wee: *Jabatan Audit ada dokumen tak?*

Puan Nadhirah binti Abdul Wahab: Rasanya ada. *And* kalau tidak silap, Datuk Shahrol lah salah satu wakilnya.

Tuan Tony Pua Kiam Wee: Mungkin boleh *confirm* dengan dokumen.

Puan Nadhirah binti Abdul Wahab: Ya, kita tengok balik.

Tuan Tony Pua Kiam Wee: Okey.

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

Tuan Pengerusi: *Okay, to be fair, before* kita panggil Arul, kita mesti *get clear picture about this. Then, we have to call you maybe on Monday again.*

Seorang Ahli: Yes.

Tuan Pengerusi: Yang Berhormat Putatan ya.

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

Tuan Pengerusi: Tidak boleh. Arul *is on* Selasa. *Can you continue* lagi?

Tuan Tony Pua Kiam Wee: *I can continue.*

Dato' Abd. Aziz Sheikh Fadzir: Banyak lagi.

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

Tuan Pengerusi: Ya, *4.30 pm. After 4.30 pm,* kita kena panggil lagi hari *Monday, 30th. Because on the 1st* kita jumpa...

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

Tuan Pengerusi: *Tomorrow* tak sempat mereka hendak...

Dato' Abd. Aziz Sheikh Fadzir: Tuan Pengerusi, saya rasa *because* Datuk Shahrol dia sampai-tahun 2013 ya, Datuk? Tahun 2013 ini banyak. *Basically,* satu, *this* 1MDB-PetroSaudi. Kedua, *the conversation of* PetroSaudi daripada ekuiti kepada *loan.* Ketiga, tambahan *loan* dua kali.

Tuan Pengerusi: Mudharabah, ada mudharabah itu apa?

Tuan Tony Pua Kiam Wee: Murabahah.

Tuan Pengerusi: Murabahah.

Dato' Abd. Aziz Sheikh Fadzir: Dua kali. Selepas itu, daripada ekuiti itu, daripada *loan* jadi pula ekuiti sekejap. Selepas itu jadi balik kepada... [*Disampuk*] Ha, Cayman. Itu baru PetroSaudi. *And then, you were also involved in acquisition of the Edra Energy, you know, which I think there's also a lot...*

Tuan Pengerusi: Edra ini *very quite straight forward* juga lah. Tak nampak, tak ada begitu-gitu sangat.

Dato' Abd. Aziz Sheikh Fadzir: Itu sekarang. Tuan Pengerusi, macam saya kata tadi, bagi saya...

Tuan Pengerusi: Dia beli lah.

Dato' Abd. Aziz Sheikh Fadzir: Kita ada dua. Satu, *the way forward, which I think inshaaAllah,* apa yang Timbalan Menteri Kewangan cakap dalam Parlimen tadi, *I think inshaaAllah, way forward we can solve.* Akan tetapi, *we are more on governance issue. We are not on business decision because it's*

very difficult for us to come to understand why you make a decision. But we are only looking at the governance issues. What is done, what is supposed to be done.

So sebab itu saya kata, *even* Edra, banyak *acquisition* yang saya rasa kita kena lihat juga.

Tuan Pengerusi: *Can we go further up? I pun soal sampai 4.30, okey? Okay, go.*

Puan Nadhirah binti Abdul Wahab: Tuan Pengerusi, saya hendak beri tadi jawapan kepada soalan *corporate representative of 1MDB* dalam 1MDB-PetroSaudi Limited. Tengok Lampiran 34, adalah Encik Shahrol Azral pada ketika itu dan juga Encik Casey Tang lah. Dua orang.

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

Puan Nadhirah binti Abdul Wahab: Ya, dalam mesyuarat.

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

Tuan Tony Pua Kiam Wee: Itu keputusan daripada Lembaga Pengarah 1MDB.

Puan Nadhirah binti Abdul Wahab: Ya.

Tuan Tony Pua Kiam Wee: Adakah mereka dilantik secara rasmi dalam *joint venture*?

Tuan Pengerusi: Dan adakah dia bermesyuarat?

Puan Nadhirah binti Abdul Wahab: Surat pelantikan dari 1MDB-PetroSaudi, yang itu kita tidak ada.

Tuan Tony Pua Kiam Wee: Boleh *check* kah?

Tuan Pengerusi: *Check* ya. Entah Datuk Shahrol pun tak tahu dia dilantik.

Dato' Dr. Mohd Isa bin Hussain: Tuan Pengerusi, *I think my team* minta belas ihsan 5 minit rehat sekejap. *We want to have a short discussion among ourselves.*

Tuan Tony Pua Kiam Wee: *Okay. Take five.*

[Mesyuarat berhenti rehat selama 5 minit.]

[Mesyuarat disambung semula pada pukul 3.46 petang.]

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Tuan Pengerusi: Okey. Saya ingat kita tidak perlu lama sangat, pening kepala. Akan tetapi minta persetujuan untuk datang hari Isnin. Hari Isnin ya. Datang balik hari Isnin. Boleh tidak Dato' Timbalan Ketua Setiausaha?

Dato' Dr. Mohd Isa bin Hussain: Pukul berapa hari Isnin itu?

Tuan Pengerusi: Ya?

Dato' Dr. Mohd Isa bin Hussain: Pukul berapa? *What time?* Kita buat cepat sedikit boleh, 10.30 pagi *because* masalah kita ini separuh dari Ahli-ahli Yang Berhormat ada soalan di dewan. Itu yang kita lanjutkan sampai pukul 11 pagi.

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

Tuan Pengerusi: Pukul 10.30 pagi.

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

Tuan Pengerusi: Dato' TKSU boleh ya?

Dato' Dr. Mohd Isa bin Hussain: Boleh. Boleh.

Tuan Pengerusi: Boleh dia kata. So, kita ada lagi 15 minit lagi. Tanyalah apa hendak ditanya.

Tuan Tony Pua Kiam Wee: *Okay, we move on to the next phase of PetroSaudi Murabaha note.* Dalam buku akaun, *financial statement* atau penyata kewangan 1MDB pada 31 Mac 2010 ada mengatakan bahawa saham dalam 1MDB PetroSaudi telah pun dijual dan ditukar menjadi sejenis pinjaman. *Note receivable* berbentuk *Murabaha note*, jumlah itu USD1.2 bilion. Saya hendak pastikan tarikh pengubahan tersebut sebab walaupun dalam laporan audit 31 Mac tetapi dalam dokumen yang diperoleh oleh pihak Audit. *Where is it?* Ia menyatakan bahawa resolusi hanya di tandatangani pada 14 Jun 2010. *So, is it done in 14 of June 2010 or March 2010?*

Datuk Shahrol Azral Ibrahim Halmi: *Thank you Yang Berhormat Petaling Jaya Utara, the explanations for that is actually quite simple. The board, we have been in discussion with PSI for a number of months and the board also, we have been updating them. The agreement was actually, we landed on the form and shape of the Murabaha financing agreement in June but both parties is agreed to have it take effect at March, end March. Therefore we are entitled to whatever coupon starting in March.*

Tuan Tony Pua Kiam Wee: Dia dapat keuntungan 200 juta, 1MDB dapat keuntungan...

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

Tuan Tony Pua Kiam Wee: *1 billion share, dia jual dengan harga USD1.2 bilion. Dapat on paper 200 juta again. Lepas itu, instead of getting the money dia pinjam balik kepada PetroSaudi. 1MDB PetroSaudi. You are saying that it was the money or notes was sort of in limbo between 31 of March to 14 of June.*

Datuk Shahrol Azral Ibrahim Halmi: *I do not understand, 'in limbo' means?*

Tuan Tony Pua Kiam Wee: *Meaning, the Murabaha note was only confirmed on 14 of June but it was agreed to be converted to loan on the 31 of March. So, between the periods you're negotiating what shape and form it will take?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes, the mechanic of it. Yes, I would like to also note that actually the auditors were fully aware of these.*

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Tuan Tony Pua Kiam Wee: *Speaking of the auditors, auditors pada masa itu iaitu Mac dan juga Jun, sampai Jun 2010. Sebenarnya sampai September 2010 ialah Ernst & Young. Kemudian, Ernst & Young direhatkan pada 15 September dan KPMG dilantik dan selepas itu menandatangani audit pada 3 Oktober. Less than three weeks later. Based on the conversation that we been having with the auditors, there was clearly a dispute between Ernst & Young and 1MDB enhances their refusal to sign of the audited accounts. Can I say or perhaps Datuk Shahrol can tell us, if this was a key matter that was in this dispute where Ernst & Young wanted to includes the full accounts of this joint venture in the 1MDB financial statements because the Murabaha notes are only confirm or finalize or completed whichever term used in June.*

Datuk Shahrol Azral Ibrahim Halmi: *I don't recall exactly what were the reasons of Ernst & Young direhatkan.*

Dato' Abd. Aziz Sheikh Fadzir: *As a Managing Director, can you please on Monday tell us why Ernst & Young was direhatkan?*

Datuk Shahrol Azral Ibrahim Halmi: *I would have to base it on whatever document I have. Thank you.*

Dr. Tan Seng Giaw: *Now Mr. Chairman, why do you choose Murabaha, not the other form?*

Datuk Shahrol Azral Ibrahim Halmi: *It was...*

Dr. Tan Seng Giaw: *Why in particular Murabaha?*

Datuk Shahrol Azral Ibrahim Halmi: *Yang Berhormat, it is chosen because of it is Islamic nature and the fact that it can give us assured returns over set period of time.*

Dato' Abd. Aziz Sheikh Fadzir: *So, bilakah keputusan ini? Tadi 28 September kita enter agreement, Oktober kita bayar USD700 juta, so bila tiba-tiba before 31st Mac ini kita tidak hendak jadi partner pula? Macam mana keputusan itu datang?*

Datuk Shahrol Azral Ibrahim Halmi: *Also clarify bukan tidak hendak jadi partner because we still continue the relationship. At the time in term of the accounting needs, the challenges we had was actually on that side, mereka punya cycle different. So, in order for us to maintain the relationship plus the number other reasons including raise upside on the equity, we negotiated with them to- Murabaha Finance Agreement (MFA) that allowed us to convert our equity into an instrument that give us returns every six months at the set interest rate or coupon that is higher than our cost funds. Additionally, the MFA also allowed us to convert back into equity, should we choose to do so. So, the relationship is maintain.*

Dato' Abd. Aziz Sheikh Fadzir: *Okey, tidak mengapa. So, once you go into 1MDB PetroSaudi, during that six months, was there any a business plan of 1MDB PetroSaudi on how much were that USD3.4 billion assets will generate profit or income for the company?*

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

Dato' Abd. Aziz Sheikh Fadzir: *Okay. Then once you put in USD3.4 billion assets with a billion dollars our investment in, so would have been RM4.4 billion. The 40% of USD4.4 billion, would be about USD1.2 billion. Why would you convert at USD1.2 billion when you assets value alone is already USD2 billion and you are saying that there was big discounts they give it to us just within six months. September 28, thank you so much, you gives us USD200 million premium, you inject the assets of USD3.4 billion at USD2.7 billion and then the USD4 billion assets itu kita scarify only for USD1.2 billion. Then, payment for very long times, only after 11 years you will get the capital return when if you do a real business. You would generate money maybe next year or the other year at over USD1 million itu. The board or management punya rational.*

Datuk Shahrol Azral Ibrahim Halmi: *As I can recall, the discussion was along the lines of equity risk versus financing risk. We know that we have a coupon to services and we need to have assured cash flow immediately. So, that is one of the factor that drove the decision.*

Dato' Abd. Aziz Sheikh Fadzir: *Six months ini? Enam bulan ini kalau you cerita dekat I daripada you hendak masuk itu, I will take that. Satu lagi, six months ini...*

Tuan William Leong Jee Keen: *I will follow up from there because you have decided to invest and then six months later you changes. So, we really want to know the reason.*

Dato' Abd. Aziz Sheikh Fadzir: *First you rush in. Scared to do a valuation, nanti kita kena bayar lebih. Then come March, cepat-cepat pula sign agreement untuk keluar, lepas itu pula proudly saying that we got USD1.2 billion when we would have got USD2 billion.*

Dato' Takiyuddin bin Hassan: *Follow up to Yang Berhormat Kulim, adakah ini bermakna you sudah tidak ada confident dengan JV punya agreement? That is why you immediately changes to Murabaha?*

Datuk Shahrol Azral Ibrahim Halmi: *Macam saya kata tadi, actually because kalau mengikutkan kepada risiko ekuiti, boleh naik dan boleh turun. Lagipun satu daripada fakta yang paling penting kepada 1MDB pada masa itu adalah untuk cash flow because every May and November kita kena bayar kupon untuk sukuk itu.*

Dato' Abd. Aziz Sheikh Fadzir: *Masuk Mac itu, September itu, you would have got the coupon. You went against the Board because you used 117 to get the one IMTN, proudly USD5 billion mesti datang. Tidak hendak terminate takut hendak kena bayar additional expenses kepada Ambank. Invest dalam masa sebulan, tiba-tiba itu pula alasannya. Macam mana itu?*

Datuk Shahrol Azral Ibrahim Halmi: *I think...*

Dato' Abd. Aziz Sheikh Fadzir: *...This so called equity and the finance, suddenly there is cash flow in Malaysia. Macam mana itu, hendak service loan itu?*

Datuk Shahrol Azral Ibrahim Halmi: *So, the board evaluated the equity risk versus the bonds or the Murabaha risk and we needed the cash flow. The board evaluated the equity risk versus the financing of the Murabaha risk and we needed the cash flow.*

Dato' Abd. Aziz Sheikh Fadzir: *Yes I know but why would the board...*

Tuan William Leong Jee Keen: *You know that you have to service the loan even before you make the investment. So was not- Then you can factor all this in before you invested.*

Datuk Shahrol Azral Ibrahim Halmi: *But it was all taken into consideration and then the board took the step to actually get fixed rate of return and get out of the equity. But plus an option to get back into equity, should the business turn better. Now, that was I misspoke, as soon as it is profitable to 1MDB to do so.*

Dato' Abd. Aziz Sheikh Fadzir: *It is too much risk, it is not our industry, it is long-term.*

Datuk Shahrol Azral Ibrahim Halmi: *It was a business decision at the time.*

Tuan Tony Pua Kiam Wee: *Can I? Three questions sebelum kita habis. The first one is was there a Board Meeting to deliberate on this disposal of the joint venture shares and to convert it into borrowings?*

Datuk Shahrol Azral Ibrahim Halmi: *I don't recall whether there was- I don't recall whether there is, yes or no.*

Tuan Tony Pua Kiam Wee: *So, you are not sure whether the Board discuss this because you said the Board decided, but now you are saying that you are not sure if the Board actually met to decide on this.*

Datuk Shahrol Azral Ibrahim Halmi: *No. The Murabaha financing agreement was agree to the Board. Now...*

Tuan Tony Pua Kiam Wee: *But their decision to dispose of the 40% stakes and exchange it for loan arrangement, you are not sure whether it was approve and discuss in the Board?*

Datuk Shahrol Azral Ibrahim Halmi: *No. It was approved by the Board. We have document for that.*

Dato' Abd. Aziz Sheikh Fadzir: *Help us. From 3rd October where the money is dispose, so how many Board Meeting before come to 31st March itu... [Disampuk] Tidak. How many...*

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Tuan Tony Pua Kiam Wee: *Mungkin ada Board Meeting untuk discuss tentang isu penjualan saham ini. Ada tidak?*

Puan Nadhirah binti Haji Abdul Wahab: *Okey, fasal Board Meeting itu, kita kena kiralah kalau macam itu. Akan tetapi as far as our report, apa yang kami observe adalah tiada pelupusan ekuiti dalam joint venture company itu, tidak dibincangkan dalam mesyuarat tetapi diluluskan melalui resolution bertulis.*

Tuan Tony Pua Kiam Wee: *Bilakah circular resolution itu?*

Puan Nadhirah binti Haji Abdul Wahab: *Pada 22 Mac 2010.*

Tuan Tony Pua Kiam Wee: *So basically the...*

Puan Nadhirah binti Haji Abdul Wahab: *Akan tetapi sebelum itu dia ada satu mesyuarat pada 1 Mac 2010 tetapi tidak ada apa-apa perbincangan on pelupusan JV itulah.*

Tuan Tony Pua Kiam Wee: *So the decision is actually taken by the management and you sought Board approval via circular resolution?*

Datuk Shahrol Azral Ibrahim Halmi: *It's not how it works, Yang Berhormat. Actually the management cannot make a decision without the Board approving it, and the Board gave its approval by the circular resolution.*

Dato' Abd. Aziz Sheikh Fadzir: *So, there was no discussion lah. It just you get the circular resolution, you just give them maybe the report and they approve it.*

Datuk Shahrol Azral Ibrahim Halmi: *As the best of my recollection, this was an ongoing discussion not only at the board, it may not documented at the Board but at the Audit Committee.*

Dato' Abd. Aziz Sheikh Fadzir: *Ongoing itu bila start bercerita itu timbul?*

Datuk Shahrol Azral Ibrahim Halmi: *Beginning of 2010.*

Tuan Tony Pua Kiam Wee: *Can I also confirm that the circular resolutions were not back dated? The circular resolution of the board both for the approval of sale and the resolution for the Murabahah Notes are not back dated.*

Datuk Shahrol Azral Ibrahim Halmi: *As far as I know, no.*

Dato' Abd. Aziz Sheikh Fadzir: *Do you get the approval from the Board of Advisors because this is a sale of assets?*

Datuk Shahrol Azral Ibrahim Halmi: *We complied with the Companies Act to get the shareholder resolution for major transaction. I believe so.*

Tuan Tony Pua Kiam Wee: *Refer to the Lampiran 44, which is a Directors Circular Resolution. This is regards to the approval for the Murabahah Notes. Investment of additional USD1 billion da, da, da... Sorry ya. Never mind, let me get back to you on the next day. I need some details on this.*

Dato' Abd. Aziz Sheikh Fadzir: *So, if it is 22nd March is a Board resolution to approve the sales...*

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

Dato' Abd. Aziz Sheikh Fadzir: *There is no Board Meeting? There is no Board Meeting, it's a circular resolution, sorry. It's a circular resolution. How did you define that the sales is completed, the sales of the asset, the 40% conversion from equity to loan completed on 31st March?*

Datuk Shahrol Azral Ibrahim Halmi: *I don't understand the question. For example...*

Tuan Tony Pua Kiam Wee: *Basically, was there share transfer documents signed on or before 31st of March?*

Datuk Shahrol Azral Ibrahim Halmi: *Ya, the agreement would have covered that.*

Dato' Abd. Aziz Sheikh Fadzir: *Apakah dia? Tak dengarlah.*

Datuk Shahrol Azral Ibrahim Halmi: *The agreement should have covered that. Otherwise, it were not be proper.*

Dato' Abd. Aziz Sheikh Fadzir: *So you are saying, on the 31st March the agreement would have completed, that's why we take on that 31st March itu we are no more own 40% but the equity is converted into Murabahah?*

Datuk Shahrol Azral Ibrahim Halmi: *We had agreed- I think Yang Berhormat Petaling Jaya Utara mention that the resolution is June. So in June the board had approved it for the agreement to be in effect effective March 31st onwards.*

Dato' Abd. Aziz Sheikh Fadzir: *Anyone practicing accountant here? Can you take the accounts on 31st March when the board is only approving in June?*

Dr. Tan Seng Giaw: *Tidak, kita ada Ketua Audit, itu cukup ya.*

Dato' Abd. Aziz Sheikh Fadzir: *Tanya 31st March, Jun baru complete the sales, proper. Akan tetapi can we recognize in 31st March 2010?*

Dato' Takiyuddin bin Hassan: *Three months earlier.*

Tuan Tony Pua Kiam Wee: *Let me also refer to- sorry, I am looking for this document, now I found it. Lampiran 47. This is the written resolution of the shareholders of the company dated 14th of June 2010. It refers specifically not just on Murabahah but it refers specifically on the acquisition of shares held by 1MDB, which means that this resolution to complete the shares sale was only done on the 14th of June 2010 and you sign it together with Tarek.*

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

Tuan Tony Pua Kiam Wee: *Tarek Obaid.*

Tuan Pengerusi: *Director of 1MDB...?*

Tuan Tony Pua Kiam Wee: *PetroSaudi. So this is joint resolution of 1MDB- PetroSaudi. It says here for and on behalf of 1MDB, Datuk Shahrol and for on behalf of PetroSaudi Holdings, Tarek Obaid.*

Tuan William Leong Jee Keen: *The resolution is here.*

Tuan Tony Pua Kiam Wee: *Oh ya, sorry, ada tulis ini. The shareholder resolve the recognition of Datuk Shahrol and Tang Keng Chee, they accepted immediately after the exclusion of directors resolution. So dia orang memang pengarah, director.*

Datuk Shahrol Azral Ibrahim Halmi: *Yang Berhormat, what was the question?*

Tuan Tony Pua Kiam Wee: *Question is the resolution in 1MDB-PetroSaudi was only written on 14th of June specifically with regards to the acquisition of shares of 1MDB but held by 1MDB. That's only done in 14th of June.*

Datuk Shahrol Azral Ibrahim Halmi: *Well, we had legal advisors to actually ensure that everything was done properly. The principle that we held was that we agreed with PSI that the effect of the equity to Murabahah takes effect on 31st of March. So...*

Dato' Abd. Aziz Sheikh Fadzir: *Did you sign the 31st of March 2010 account as a Director? Who sign, did you sign?*

Datuk Shahrol Azral Ibrahim Halmi: *Yes.*

Dato' Abd. Aziz Sheikh Fadzir: *And you signed knowingly that you have not got the whole thing completed? Forget about the auditors.*

Tuan Tony Pua Kiam Wee: *But the signing was completed- the signing was done in 3rd of October.*

Dato' Abd. Aziz Sheikh Fadzir: *Oh, okey.*

Tuan Tony Pua Kiam Wee: *Sudah completed tapi tarikh tidak betul. You mention just now that this was actually signed off by the auditors. This particular 31st of March but can I suggest to you that they signed off the account based on management letter that was presented to them, and hence that is why in less than three weeks they can sign off, in which you told KPMG that the Murabahah Facility Agreement was newly entered and it is less than six months as at the end of the financial period 31st March 2010.*

So, basically you did not tell the auditors that the agreement was only completed including the share sale on 14th of June. You told the auditors 31st of March and they took it as face value and recognize it as 31st March.

Datuk Shahrol Azral Ibrahim Halmi: *We need to check what exactly was the understanding of KPMG but- ya, we need to check.*

Tuan Tony Pua Kiam Wee: *Ini Lampiran 49 ya, di mana surat management daripada Datuk Shahrol kepada KPMG on the 4th October, and they signed that account on 4th October itself.*

Datuk Shahrol Azral Ibrahim Halmi: *Lampiran apa Yang Berhormat?*

Tuan Tony Pua Kiam Wee: *Lampiran 49.*

Datuk Shahrol Azral Ibrahim Halmi: *To the best of my recollection, anytime that KPMG or any auditors they need to actually go and sign off of certain things, they were need to sight the board resolution and they would be informed of the board resolution anyway.*

Dato' Abd. Aziz Sheikh Fadzir: *In June.*

Datuk Shahrol Azral Ibrahim Halmi: *Sign off the account in October.*

Tuan Tony Pua Kiam Wee: *Board resolution of 1MDB-PetroSaudi.*

Dato' Abd. Aziz Sheikh Fadzir: *I know. You as a Managing Director of the company, you know that is not completed on 31st of March. You. You owe fiduciary duty as a Board member. On 31st March you know it is not completed. Are you colliding with the auditor to misrepresent the account?*

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Datuk Shahrol Azral Ibrahim Halmi: *No. But repeatedly I say that the board has agreed in June to have it in effect in Mac. The Auditors were informed and subsequently they signed out...*

Dato' Abd. Aziz Sheikh Fadzir: *Okay, where is the paper?*

Tuan Tony Pua Kiam Wee: *When it gets in effect is not it determined by I say this gets in effect one year ago...*

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

Tuan Tony Pua Kiam Wee: *...It is when it concluded.*

Datuk Shahrol Azral Ibrahim Halmi: *It is a bit like, I sign an agreement to buy a house from you. But you can live in the house- you will be living in the house for six months and I sent the agreement to actually for you to buy the house for me. I would say okay, let's date the fact that you have beneficial ownership of the house earlier. So as long as you and I agree, it is fine.*

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

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

Tuan Tony Pua Kiam Wee: *That is not lodge a transaction to say the...*

Dato' Abd. Aziz Sheikh Fadzir: *You owned it.*

Tuan Tony Pua Kiam Wee: *...The Land Department that...*

Datuk Shahrol Azral Ibrahim Halmi: *No...*

Tuan Tony Pua Kiam Wee: *Transaction to place six months before.*

Datuk Shahrol Azral Ibrahim Halmi: *I am sorry. It is a different analogy. I am not an accountant nor a lawyer.*

Dato' Abd. Aziz Sheikh Fadzir: *...You as a developer [Ketawa] You can only resent, you can only recognized when it's presented to land office. You enter an agreement that does not mean it is yours.*

Datuk Shahrol Azral Ibrahim Halmi: *Will come out with the clearer explanation for the Jawatankuasa on Monday.*

Dato' Abd. Aziz Sheikh Fadzir: *Tidak. I hendak tanya, on the 31st March 2009, why do you want to bring it to 2010? Why can't you do it in 2011? Why was so rush that you sanggup walaupun only June you know about the circular resolution completed? Why you need to complete, to recognized it in 2010 when you can recognized in 2011? Apakah yang influence you to make this kind of decision?*

Datuk Shahrol Azral Ibrahim Halmi: *We have to check the documents.*

Tuan pengerusi: *Ada lagi atau tidak yang baru?*

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

Tuan Pengerusi: *Last question.*

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

Datuk Shahrol Azral Ibrahim Halmi: *We have to check our documents and we will get back to you.*

Tuan Pengerusi: *Monday, 10.30. Harap Ahli-ahli PAC akan datang semula. Cuma Interim Report ini Tan Sri, can you give to the new members ini?*

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

Tuan Pengerusi: *Tidak ada. Dia tidak ada. Dapat ya?*

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

Tuan Pengerusi: *Yang tebal itu, yang tebal.*

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

Tuan Pengerusi: *Yang Berhormat Langkawi dapat? Yang besar itu. Okay, alright. Terima kasih Datuk. Sorry, we have to call you again. Kita kena panggil lagi dan sebelum Arul Kanda kita interview, kita kena selesaikan sampai 13. Terima kasih. Ahli-ahli Yang Berhormat sekalian, jangan lupalah 10.30 on Monday.*

[Mesyuarat ditangguhkan pada pukul 4.13 petang.]