

Monday June 1, 2015

1. Hisham supports PM's quit call over 1MDB issue

PETALING JAYA: Cabinet members who are against the Prime Minister on the 1Malaysia Development Berhad (1MDB) issue should quit.

"I agree but on three conditions," said Defence Minister Datuk Seri Hishamuddin Hussein (*pic*) in a tweet on Monday, voicing his support for Datuk Seri Najib Tun Razak.

He added in the same tweet that the investment arm should be rationalised and that there should be accountability.

"1) Rationalisation of 1MDB (and) 2) Accountability if there are any wrongdoings 3) Transparency," Hishamuddin tweeted.

Utusan Malaysia on Monday quoted a source claiming that Najib had told his Cabinet on Friday that anyone who disagreed on the 1MDB issue should resign.

The Prime Minister's remarks came after Finance Minister II Datuk Seri Ahmad Husni Hanadzlah finished talking to the ministers about the plan for the restructuring of the debt-ridden 1MDB.

The source added that no one had voiced their disagreement on the issue.

Tuesday June 2, 2015

2. Dr M doubts Malaysia will be developed nation by 2020

KUALA LUMPUR: Per capita income is not a true measure of a country's developed status, says former premier Tun Dr Mahathir Mohamad (*pic*).

"For instance, you must have a very highly educated population. Literacy should be 100%," said Dr Mahathir in an address titled "Leadership in the Final Push Towards Vision 2020" during the Foreign Correspondents Club of Malaysia (FCCM) dinner at Istana Hotel on Monday night.

The former premier had mooted Vision 2020 in 1991 at the start of the Sixth Malaysia Plan, which was aimed at making Malaysia a self-sufficient industrialised nation by 2020.

The country needs to be highly industrialised, but not just in any field, he said.

"Beyond that, the industries should be modern industries which reflect the state of knowledge of the people. We don't want an industry where you just put together some product, or you assemble them, or garments. That does not make you a very advanced country to be qualified as developed," Dr Mahathir said.

The former premier also criticised the policies of the present administration for focussing on high income, adding that raising the minimum salary would make a poor nation.

"The talk is high income, high income, high income. No talk about productivity," he said.

To Dr Mahathir, leadership plays a very important role in a country's progress, and he quoted a famous Deng Xiaoping maxim: "It doesn't matter whether a cat is white or black, as long as it catches mice."

"Look at China. Mao did a good job of defeating nationalists and setting up the Communist Government of China. For long time, China was very backward, very poor. Not developed at all. It took his death and it took Deng Xiaoping,

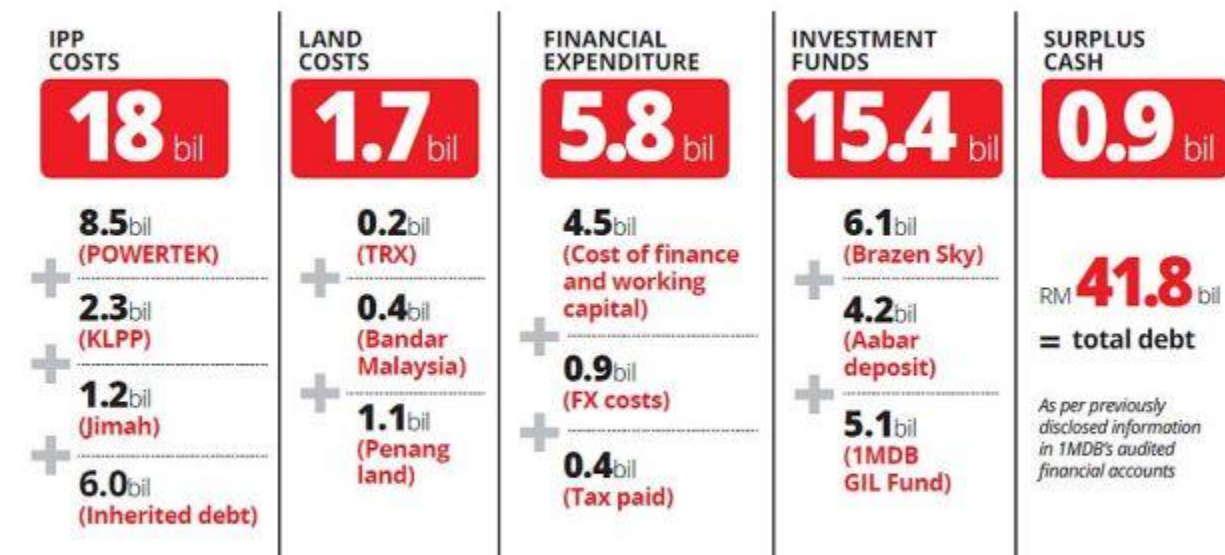
"It doesn't matter what you call yourself - it's whether you produce wealth. After Deng Xiaoping, China changed completely. That's called achieving progress to becoming a developed country," he added.

Dr Mahathir said the next five years will necessitate a tremendous effort to educate the Malaysian people and create a sophisticated society, which is literate, highly inventive and highly productive.

However, he said he doubted whether it could be achieved.

"We're not really going to achieve the kind of development that would qualify us as a developed country by the year 2020," he said.

3. Summary raises questions over spending



PETALING JAYA: Controversial 1Malaysia Development Bhd (1MDB) has given a brief summary of how it has incurred a RM41.8bil debt bill in a space of five years.

While the explanation showed where the money raised has gone to, it did not debunk criticism on why a sum of RM15.4bil raised locally and some of it guaranteed by the Government, are placed with funds outside the country for purposes of investments and as security deposit for loans.

It also reveals a staggering RM4.5bil that 1MDB has incurred in financing and capital cost and RM900mil in foreign exchange cost, which accountants describe as a sizeable amount that needs to be explained further.

1MDB president and group executive director Arul Kanda Kandasamy said the clarification on the use of its RM42bil debt was necessary to address allegations that RM27bil was "lost" or "missing".

"In recent weeks, there has been much speculation about the use of RM42bil of debt raised by 1MDB, and more specifically that RM27bil of the debt proceeds are allegedly "lost" or "missing".

"We provide a summary of what the RM42bil debt has been used for, information that is fully disclosed in 1MDB's audited and publicly available accounts from March 31, 2010 to March 31, 2014.

Explaining 1MDB's explanation		The claim (RMmil)	The facts (RMbil)
1MDB bought land for a combined RM1.7bil. Land for its Tun Razak Exchange cost RM200mil and it paid RM400mil to get the 200.3ha where Bandar Malaysia will be built. 1MDB said it also paid RM1.1bil for 94.7ha of land in Air Itam in Penang. That land has its problems because of squatters, the relocation of which will cost money before the land can be developed. 1MDB intends to sell the Air Itam land.	Powertek	8.5	8.5
	Kuala Langat Power Plant	2.3	2.3
	Jlmah	1.2	1.2
	Inherited Debt	-	6
	Total Cost of IPPs	12	18
1MDB said its cost of finance and working capital amounted to RM4.5bil. 1MDB does not have sufficient cashflow to repay its debt and the amount it needs to pay to service its debt is a large sum per year, estimated at RM1.6bil. Much of its debt is in US dollars and the foreign exchange cost was RM900mil. With all the debt it has accumulated and the power plants it has bought, 1MDB has paid RM400mil in taxes to the Government.	Brazen Sky	-	6.1
	Aabar Investment Deposits	-	4.2
	GIL Funds	-	5.1
	Total Investment Cost	-	15.4
	TRX Land	0.3	0.2
1MDB said it has investments of RM15.4bil but that is the contentious point. It has investments of RM6.1bil with Brazen Sky, which are managed out of Hong Kong by Bridge Partners, a little known fund manager. Some of that money was reportedly repatriated back to Malaysia and some ended up with BSI Bank in Singapore, which were revealed to be 'units' and not cash. The Aabar Investment deposits of RM4.2bil refer to security deposit the International Petroleum Investment Company of Malaysia (IPIC) of Abu Dhabi took as collateral to guarantee a US\$3.5bil (RM11.5bil) bond raised by 1MDB. The investments in GIL Funds are part of the US\$3bil (RM10bil) that 1MDB raised for the TRX project. Critics question the recoverability of the investment.	Bandar Malaysia Land	0.4	0.4
	Air Itam Penang Land	1.4	1.1
	Total Land Costs	2.1	1.7
	Cost of Finance & Working Capital	-	4.5
	Foreign Exchange Cost	-	0.9
	Taxes Paid	-	0.4
	Financial Expenditure	-	5.8
	Surplus Cash	-	0.9
	TOTAL OVERALL	14.1	41.8

"We trust this clarification will help to clear any confusion on this matter," he said in a statement.

One of the strongest critics of 1MDB is former Prime Minister Tun Dr Mahathir Mohamad who has said that he could not account for some RM27bil of the RM42bil in debts carried by 1MDB.

In the summary, 1MDB for the first time revealed how much it has placed as investments with foreign funds and amounts deposited as security with Middle East funds for guarantees on loans.

The funds for investments are placed with Brazen Sky that has received RM6.1bil and GIL Funds that is holding RM5.1bil.

A sum of RM4.2bil has been placed with Aabar Investments Deposits as security for a US\$3.5bil(RM12.9bil) bond issued by 1MDB in 2012. The bonds were issued when 1MDB acquired power plants from T. Ananda Krishnan's Tanjong Group and the Genting Group in 2012.

The purchase of the power plants was the biggest item in 1MDB's shopping list. However, the power plants came with a debt of RM6bil, which means 1MDB incurred a cash outlay of only RM12bil to buy the assets, although it lists RM18bil in its summary.

The next biggest item in the Finance Ministry-sponsored fund is a sum of RM1.7bil it paid to acquire three parcels of land - the Tun Razak Exchange and Bandar Malaysia in Kuala Lumpur and 234 acres (94.6ha) in Air Itam, Penang.

1MDB refuted allegations that the three parcels of land cost RM2.1bil, pointing out that the amount incurred was RM1.7bil.

The fund said it paid RM200mil for the TRX land and RM400mil for 495 acres (200ha) in Sungai Besi that is now known as Bandar Malaysia.

Both parcels of land are among the last pieces of large developments left in the city and had been the target of several prominent groups before it was given to 1MDB without any competitive tender.

Since 2011, 1MDB has re-valued the 72-acre (29ha) TRX development and the Bandar Malaysia parcel several times to reflect its soaring valuations.

The two developments now carry a combine value of RM4.3bil.

However, an accountant said the cost of financing and working capital incurred by 1MDB to acquire the assets and run its operations at RM4.5bil was on the high side.

"It raised debts to acquire power plants and three parcels of land. The other amounts raised were largely placed with fund managers as investments or as security deposits. Investments placed with fund managers should give returns and not incur financing cost.

"Similarly, the deposits should also give returns and not incur financing cost," said the accountant.

The accountant pointed out that stripping out the investments placed with the funds outside Malaysia and the debt of RM6bil inherited when acquiring the power plants, the actual cash outlay 1MDB incurred in acquiring the power plants and three parcels of land was RM13.7bil.

"In acquiring assets of RM13.7bil, it incurred RM5.4bil in cost of financing, working capital and foreign exchange cost between 2010 and 2014.

"That needs further explanation. Without a breakdown in how much was the finance cost and working capital it is difficult to say whether the funds were well utilised," said the accountant.

4. Dr M: Settling of debt does not clear 1MDB of missing billions

PETALING JAYA: Tun Dr Mahathir Mohamad has poured cold water on the proposed restructuring of 1Malaysia Development Bhd, saying that the settling of its debt would not clear 1MDB of the missing billions.

The former prime minister believes the move would only give control of the company to Abu Dhabi-based International Petroleum Investment Company (IPIC).

"There is too much evidence of cover-ups by politicians and civil servants," he posted on his blog *chedet.cc* yesterday.

"I hope the restructuring will help but unless the lost money is returned, paying off the debt will absolve no one," he added.

Dr Mahathir said the US\$1bil (RM3.7bil) already injected by IPIC into 1MDB could be followed by another US\$3bil (RM11.1bil), which would give IPIC large control of 1MDB's assets.

"What does IPIC get for its US\$1bil? Certainly it is not a gift. It must be the assets of 1MDB," he said.

He said 1MDB would gain nothing from the transaction because the IPIC money would be used to slash its RM42bil debt to a smaller amount.

Dr Mahathir also alleged that there was "abuse of authority" in the Tun Razak Exchange (TRX) and Bandar Malaysia land procurement by 1MDB at lower than market price.

The Government would also lose billions because the money borrowed by 1MDB had disappeared, he said.

5. We investigate, then make arrests, IGP says of 1MDB probe

KUALA LUMPUR: Thorough investigation must be carried out before any arrests can be made in connection with allegations of financial impropriety by 1Malaysia Development Bhd.

Stating that the case had been classified as commercial crime, Inspector-General of Police Tan Sri Khalid Abu Bakar said as such, suspects would not be arrested before investigations had been completed.

"We investigate, then arrest," he said. "Let us do our work. If we find any wrongdoings, action will be taken," he told reporters at the Police Training Centre (Pulapoli) in Jalan Semarak yesterday.

Khalid declined to comment further on the status of investigations, saying he was not the "official spokesman" for the probe that was being carried out by a task force led by Attorney-General Tan Sri Abdul Gani Patail.

In March, Abdul Gani set up the task force to conduct investigations into numerous claims of financial impropriety by 1MDB.

The task force comprised the Malaysian Anti-Corruption Commission (MACC), the A-G's Chambers and the police.

"I confirm that they are investigating the allegations. If I give you the details, it might disrupt investigations," said Khalid.

In a related development, DAP national publicity chief Tony Pua said CEO Arul Kanda Kandasamy's explanation regarding 1MDB's RM42bil debt "is nothing new".

The disclosure, said the Petaling Jaya Utara MP, raised more questions instead of answers.

"The questions I've been asking, both in and out of Parliament, over the past two to three years included what exactly were these RM6.1bil of investment in Brazen Sky which was parked in Cayman Islands?"

"Why is it that if all of Brazen Sky's investments have been 'redeemed', there's still no cash in the BSI Bank Singapore?" he said.

Pua said Arul should answer the questions Malaysians had on 1MDB truthfully so that the corporation can once again gain the trust and confidence of the people.

6. Televisе PAC discussions on 1MDB, says GMM's Saifuddin

KUALA LUMPUR: The Public Accounts Committee (PAC) should discuss 1MDB and televisе its discussion, says Global Movement of Moderates (GMM) CEO Datuk Saifuddin Abdullah *(pic)*.

"We must enact what's in place to tackle the issue. The PAC has already begun organising a hearing.

"They should also call interested parties, including the former prime minister Tun Dr Mahathir Mohamad and Prime Minister Datuk Seri Najib Tun Razak," he said Saturday.

Speaking to reporters from the Asian Muslim Action Network assembly at the Institute of Diplomacy and Foreign Relations here, Saifuddin said he regretted the Inspector-General of Police's decision to conclude the Nothing2Hide forum Friday on the grounds of safety.

"It is the Umno HQ. If you can't hold a dialogue there, then where can you hold one?"

He also said that the police could surely handle 1,500 people.

"If they cannot, then how would we have legal activities with 10,000-20,000 people in a stadium?"

Saifuddin said the public wanted to know about 1MDB, and any solutions that could be offered.

"The way forward is not confrontational argument, it won't bring back the several billion assumed to be missing.

"The rakyat must get the answers they want."

7. All decisions on US\$1.9 bil loan made by 1MDB, says MOF

KUALA LUMPUR: The decision to approve a US\$1.9 bil loan from 1Malaysia Development Bhd (1MDB) to a subsidiary company Petrosaudi International Ltd was done by the company.

Prime Minister Datuk Seri Najib Tun Razak, who is also the Finance Minister, said all decisions and dealings of 1MDB were done by the management and its board of directors.

"Based on the information given by the 1MDB management to the Finance Ministry, the loan was approved to reduce the risk as compared to the equity holding held in the subsidiary company (Syarikat Usaha Sama)," said Najib in a written reply to Tony Pua (DAP-Petaling Jaya Utara).

Pua had asked the reason the ministry had approved the loan to the subsidiary company with the guarantee that Petrosaudi International did not have a paid-up capital of more than US\$150,000.

It was reported that 1MDB had signed a joint venture with PetroSaudi Holdings (Cayman) Ltd (PSI Cayman) only on Sept 28, 2009.

However, upon the signing, PSI Cayman, which did not inject any cash into the joint venture was asking it to repay US\$700mil (RM2.56bil) for a loan taken on Sept 25.



Tuesday, 9 June 2015

8. Najib: I have no knowledge of money laundering by 1MDB

PETALING JAYA: Datuk Seri Najib Tun Razak (*pic*) says he has no knowledge of any claims of money laundering by Government investment arm 1Malaysia Development Berhad (1MDB).

"The accusation by certain parties that money laundering occurred is for the Auditor-General and PAC (Public Accounts Committee) to address in their comprehensive reports.

"However, I would like to state that I had no knowledge of any money laundering by 1MDB. Should anyone be found guilty of money laundering, they will be brought to justice," said the Prime Minister.

Najib, who is also 1MDB advisory board chairman, was responding to allegations of money laundering by the Government investment arm, in the third instalment of frequently asked questions (FAQs) on his official website, najibrazak.com.

His response came following questions by Tun Dr Mahathir Mohamad last week on the issue.

The former prime minister said that the explanation that US\$1bil was being kept in Singapore to facilitate withdrawals, as Bank Negara would disrupt transactions of more than US\$50mil, did not add up.

"To my knowledge, banks have been instructed to question deals of more than RM50,000. If the deal has no relation to 'money laundering', which is illegal, it is not a problem.

"The question is, was 1MDB, with the knowledge of its adviser, involved in money laundering, which is why the money from the Cayman Islands had to be kept in Singapore?" Dr Mahathir had asked.

Najib also said that there was no proof that anyone had been "robbed", adding that the authorities should be given time to investigate the matter.

"Does that mean we should spread rumours and speculation and move to oust the country's leaders if instant answers are not provided, rather than getting a true account of what transpired?"

"I also want answers quickly, but if we don't allow authorities to provide us with the information in a proper and legal manner, how can the Government take action against anyone who is found guilty?"

"Is the Government supposed to base its actions and prosecutions on wild allegations and tabloid exposés? That would be silly," Najib added.



Tuesday, 9 June 2015

9. Dr Mahathir: I don't trust 1MDB chief's explanation on RM42bil debt

PETALING JAYA: Tun Dr Mahathir Mohamad is doubting 1Malaysia Development Berhad's (1MDB) explanation on the utilisation of its RM42bil debt because he claims president and group executive director Arul Kanda Kandasamy has been "lying a number of times".

"Arul had lied before. It is not inconceivable that on the RM42bil, Arul may be lying again. Where a chunk of the RM42bil went is still questionable," said the former prime minister on his blog chedet.cc.

Last Wednesday, 1MDB gave a detailed explanation on how the RM42bil had been utilised by the Government investment arm.

Dr Mahathir also said he did not think the issue of the debt could be resolved by having a "four-eyed" meeting with Prime Minister Datuk Seri Najib Tun Razak, as Youth and Sports Minister Khairy Jamaluddin suggested on Sunday.

He said Najib could only resolve it if he could prove that no money had "disappeared".

"The intention of 1MDB is to make money for the Government. Show how much profit the Government has made since 2009. Why do you have to borrow money to pay interest on the debts?"

"Why does 1MDB pay only RM60-RM90 for Government land which it now wants to sell at RM2,000-RM4,000 per square foot? He claimed that land bought by Tabung Haji from 1MDB had been sold to Indonesians at a loss.

"The loss will be borne by the pilgrims," he added.

"The money belongs to the people. It is the duty of the police, the anti-corruption agency to investigate the complaints and the reports that has been made - including by Bank Negara. But the agencies have not investigated," he said.

Dr Mahathir, who showed up at a dialogue organised by a non-governmental organisation on Friday, said Najib had lost a chance to clear his name by not showing up.

On Monday, 1MDB said they had settled a US\$975mil (RM3.6bil) loan to a consortium of international banks.

In a statement, the Government investment arm asserted that the repayment showed its commitment to reduce its liabilities.



Wednesday June 10, 2015

10. 1MDB did not pay cash to subsidiary SRC, says Finance Ministry

KUALA LUMPUR: The Government did not make any cash payment to [1Malaysia Development Berhad](#) for the takeover of its subsidiary, SRC International Sdn Bhd, on Feb 14, 2012, Parliament was told.

In a written reply to Datuk Abd Aziz Sheikh Fadzir (BN-Kulim Bandar Baru), the Finance Ministry said the payment was made via "dividend in specie" by 1MDB.

"1MDB paid dividend to the ministry in a form of 100% of equity shares worth RM1mil for the takeover," it said.

The former 1MDB subsidiary also did not bear any additional debts, according to the audited financial statements for the year ended March 31, 2014.

"SRC will submit its latest liability or debt after the financial statements for the year ended March 31, 2015 to be audited," the ministry said.

Abd Aziz had asked the Government to state the details of the takeover, and the amount of debt incurred by SRC to date.



Wednesday June 17, 2015

11. 1MDB answers its critics

PETALING JAYA: 1Malaysia Development Bhd has defended itself against criticism by former prime minister Tun Dr Mahathir Mohamad by addressing various issues, from the Cabinet being unaware of a fund-raising exercise for its start-up in 2009 to events leading to its investments in Cayman Islands increasing to US\$2.318bil (RM8.57bil).

The fund that is wholly owned by the Finance Ministry has come under relentless attacks from not only Dr Mahathir but also some ministers for its cash-flow problems in meeting obligations for its debts of RM42bil.

Rebutting allegations that a Cabinet paper was not prepared for the Government guarantee that allowed 1MDB to raise RM5bil in Islamic bonds in 2009, the fund said the matter was prepared and approved by the Cabinet.

It also said the RM5bil Islamic bond issuance was fully underwritten by AmBank, which earned all the commission and not Goldman Sachs.

The other contentious issues raised by Dr Mahathir that 1MDB addressed were:

- > The interest per annum on the RM42bil loan is RM2.4bil, and not RM3bil;
- > The RM5bil Islamic debt paper was issued at a yield of 6.15%, not 7% as alleged, and that it was fair given the tenure of the paper stretching over 30 years;
- > The RM2bil loan furnished by billionaire T. Ananda Krishnan's Tanjong group to 1MDB in February was in accordance with an agreement signed between both parties on Aug 7 last year;
- > The Tun Razak Exchange (TRX) land was acquired for RM230mil, not RM320mil as alleged. 1MDB has to build the infrastructure for the TRX development that comes up to RM1,500 per sq ft;
- > PetroSaudi International (PSI) injected oil fields in Turkmenistan and Argentina worth about US\$2.7bil into a JV company which 1MDB paid US\$1bil for a 40% stake. Dr Mahathir alleged that PSI did not "inject a single cent" into the JV company; and

> The 40% stake in PSI was later converted into an Islamic loan. 1MDB's total exposure to PSI between September 2009 and June 2012 came up to US\$1.83bil. The loans were converted to equity and eventually sold for US\$2.318bil, an exercise that 1MDB claims earned it a return of US\$488mil.

1MDB said the US\$2.318bil was put in a Cayman Islands-registered fund and in return it received "fund units".

"These fund units were owned by 1MDB via its 100% subsidiary, Brazen Sky, and held through BSI Bank Singapore as custodian," it said in a statement yesterday.

The value of the investments held by Brazen Sky in BSI Bank came into question because the money is not in the form of cash but "units".

In March, Prime Minister Datuk Seri Najib Tun Razak told Parliament that 1MDB's investments had been redeemed and the "money" was placed with BSI Bank.

In May, the answer was amended to state that the investments had been redeemed and were in the form of "units".

1MDB president and group executive director Arul Kanda Kandasamy was also reported to have said on foreign media that he had seen the cash.

On this matter, 1MDB denied that Arul Kanda had said he had "seen the cash" and stated that there was a misunderstanding that led to the answer by Najib, who is also Finance Minister, in Parliament.



Friday June 19, 2015

12. Govt guaranteed debts at RM172bil or 14.7% of GDP

THE Government has guaranteed debts totalling RM172bil as of last year.

Prime Minister Datuk Seri Najib Tun Razak, who is also Finance Minister, said the debts guaranteed represented 14.7% of the country's Gross Domestic Product (GDP).

"The guarantee is given to public entities such as DanaInfra and Prasarana, which are developing and operating public transport infrastructure," said Najib in a written reply to Datuk Fauzi Abdul Rahman (PKR-Indera Mahkota).

Najib added that guarantees on debts were also given for development projects which were of public interest.

Fauzi had enquired about the Government's total debts and the letters of guarantee or letters of comfort issued by it.

On letters of support, Najib said that as of last year, they were given for loans totalling RM9.5bil.

"Repayments of the loans are good based on a fixed schedule without any outstanding," he added.

The Federal Government's debts as of June 2014 stood at RM568.9bil or 52.8% of the GDP.

As of March 2015, total debts stood at RM596.8bil or 51% of the GDP, which were deemed "manageable and moderate".

Of this, RM579.2bil constitutes domestic debts while RM17.6bil is foreign debts.



Saturday June 20, 2015

13. Pemandu answers A-G's aquaculture project concerns

PETALING JAYA: The Auditor-General's concerns with the Replicating Integrated Zone for Aquaculture project have been addressed, said the Performance Management and Delivery Unit.

The project, under the Agriculture and Agro-based Industry Ministry's National Key Economic Area, came under scrutiny in the recent A-G's report, with auditors claiming the farm would not be able to reach even half of its targeted output by 2020.

Pemandu agriculture NKEA director Dr Fadhlullah Suhaimi Malek said in a statement yesterday that all audit findings on the Izaq project had been reviewed and appropriate action expected to cost RM2.142bil taken.

Izaq involves 10 anchor companies in 11 projects to produce premium seafood through shrimp farms, fish farms and hatchery centres.

Started in 2011, Izaq aims to produce 100,000 tonnes of premium shrimps per annum for export from 10,000ha of land by 2020.

However, the A-G's report stated that despite the high cost, existing contracts showed that by 2020, only 43.9% of the targeted output could be achieved.

Fadhullah said based on KPIs in the agreements signed with the anchor companies, total production from the NKEA-funded projects would reach 38,810 tonnes in 2020 from 3,712.58ha of land or 10.45 tonnes per hectare.

He said the production target appeared low for now because the size of projects was dependent on the availability of land, which was still being acquired by the companies to meet the 2020 target.

Fadhullah argued that on a per hectare basis, current production had already surpassed the 2020 target, indicating more yield from smaller land size.

He also said the Fisheries Department was responsible for monitoring, providing technical assistance and advising these companies to ensure that all the projects met their targets, while the companies' role was to carry out day-to-day activities on the ground.



Sunday June 21, 2015

14. Police superintendent among 16 probed for fraudulent claims

MALACCA: A police officer with the rank of superintendent is among 16 people who have been detained by the Malaysian Anti-Corruption Commission(MACC) to facilitate a probe into fraudulent claims totalling RM1mil.

Sources said the superintendent previously served in the Malacca police headquarters as a department head and has now been transferred to Bukit Aman.

It is learnt that the MACC are investigating alleged mismanagement with regard to purchasing items for the use of police stations throughout Malacca.

An inspector from the Malacca police contingent was also among those arrested Sunday.

The MACC is expected to make more related arrests.

All those arrested are now being probed under Section 18 of the MACC Act.

State MACC director Ramli Ismail could not be reached for comment.

15. Former PetroSaudi employee arrested in Thailand for allegedly leaking 1MDB information

PETALING JAYA: A former PetroSaudi International employee has been arrested in Thailand, allegedly for leaking information related to 1Malaysia Development Berhad (1MDB).

Xavier Justo, a former IT executive at the company, was arrested at his home in Thailand on Monday and was charged with attempted blackmail and extortion against his former employer.

"We are relieved that Mr Justo will now face justice through the courts. We have been the victims of a regrettable crime that has unfortunately been politicised in Malaysia.

"We are happy to finally set the record straight and we apologise to the Malaysian people for the harm that one of our unscrupulous ex-employees has caused to them," a spokesperson for the company said in a statement on Tuesday.

The Royal Thai Police's crime suppression division had reportedly seized numerous computers, hard drives, and other evidence from Justo's residence after obtaining a court ordered search warrant.

PetroSaudi said it was mulling further legal action in other jurisdictions against Justo's actions.

PetroSaudi had become embroiled in the 1MDB controversy after a joint-venture deal between the two companies was said to have been orchestrated by business tycoon Low Taek Jho.

16. 1MDB claims leaked PetroSaudi emails tampered with

PETALING JAYA: The leaked emails connected to the arrest of a former PetroSaudi employee were tampered with, claims 1Malaysia Development Berhad (1MDB), but the Government investment arm says it remains confident of a thorough investigation.

"1MDB notes press reports today on the arrest of a former PetroSaudi staff for attempted blackmail and extortion in relation to proprietary email information belonging to PetroSaudi. We

further note that initial probes show that some leaked emails were tampered with," it said in a statement on Wednesday.

1MDB said it would co-operate with authorities and were confident that the probe would be conducted thoroughly.

"1MDB is confident that the lawful authorities will thoroughly investigate, establish the facts and take appropriate action under the law. As stated previously, 1MDB pledges its full co-operation with the lawful authorities in their ongoing investigations on this matter," it said.

On Wednesday, Thailand's *Bangkok Post*, quoting acting commander of the Royal Thai Police's Crime Suppression Division, Pol Col Akaradech Pimonsri said that former PetroSaudi exec Xavier Justo, 49, was paid the equivalent of 140mil baht (RM15.51mil) to leave the company after he was found to have "behaved against the company's rules and regulations."

Pimonsri also accused the former IT executive of demanding another 90mil bath (RM9.98mil) from the company in exchange for not disclosing confidential information to rival companies.

Justo was arrested at a house at Koh Samui on Monday, allegedly for leaking information information to the London-based *Sarawak Report* website for several reports about 1Malaysia Development Berhad (1MDB).

Justo has denied the allegations.

On Tuesday, PetroSaudi said that they had been "the victims of a regrettable crime that has unfortunately been politicised in Malaysia" via a press statement.

PetroSaudi added that they are happy to "finally set the record straight."

PetroSaudi had become embroiled in the 1MDB controversy after a joint-venture deal between the two companies was said to have been orchestrated by business tycoon Low Taek Jho.



Thursday June 25, 2015

17. PAC investigations will continue

PETALING JAYA: The Public Accounts Committee (PAC) probe into 1Malaysia Development Berhad (1MDB) will not be influenced by the arrest of a former PetroSaudi International employee - at least for now.

"The PAC investigations on 1MDB will continue as planned. Our probe is about the governance of the organisation and issues of any wrongdoing are only part of our investigations," said PAC chairman Datuk Nur Jazlan Mohamed when contacted yesterday.

He said neither the arrest of Xavier Justo (*pic*) nor the alleged doctoring of documents released by him would affect the committee's investigations.

However, he also qualified this by saying: "Our job is to consider any information including the PetroSaudi deal and interview witnesses to verify the authenticity of the information."

Nur Jazlan, who is currently abroad, said the committee would sift through the information and evidence gathered during its hearing to come to its own findings.

PAC deputy chairman Dr Tan Seng Giaw echoed similar sentiments, saying the arrest of Justo was "an issue between PetroSaudi and a former employee".

"He is not employed by the Finance Ministry, which owns 1MDB," he said.

Dr Tan said the bipartisan committee was focused on 1MDB's dealings and transactions in entirety and were not confined to the PetroSaudi deal.

"Our concerns are those expressed by the *rakyat* as it involves a large amount of public funds.

"Where did 1MDB get its money, how was it spent and where is the money now?" he asked, adding that PAC was answerable to Parliament.

Nur Jazlan and Dr Tan were asked to comment on the leaked documents by Justo to online portal Sarawak Report.

Justo was arrested at his home in Thailand on Monday and was charged with attempted blackmail and extortion against his former employer.

The PAC has so far called 1MDB auditors Deloitte and KPMG to testify before it.

1MDB's president and group executive director Arul Kanda Kandasamy, and its former chief executive officer Datuk Shahrol Azral Ibrahim Halmi will appear before the committee on Aug 4 and 5. Also to be called are the company's board of directors.

It is learnt that the Cabinet, which met yesterday, was informed of the arrest but did not discuss the incident.

18. MACC nabs three cops for allegedly receiving RM12,000 bribe

KUALA LUMPUR: Three Klang police officers were nabbed by the Malaysian Anti-Corruption Commission on Wednesday after allegedly asking for a RM12,000 bribe from a Datuk to release six Chinese prostitutes that were detained in a vice raid last week.

One of the prostitutes, allegedly the 69-year-old Datuk's lover, was detained along with five other Chinese women at the North Klang police station when he asked for her to be released.

A 57-year-old female Lance Corporal allegedly asked the Datuk had to pay for the release of all six women if he wanted his lover out.

She asked that she and her accomplices be given a RM12,000 bribe or RM2,000 per woman.

The Datuk alerted the MACC, according to a source, and the three officers - including two Special Branch officers - from the South Klang police, were arrested when the shady deal went down at a restaurant parking lot in Jalan Limau Gedung on Wednesday afternoon.

They were arrested just after the female officer transferred the six women from her car into the vehicles of her two accomplices, aged 27 and 48.

An MACC source said the female police officer's bag, allegedly containing RM12,000 and two Selangor Immigration Department rubber stamps, was seized.

Preliminary investigations revealed that the case investigating officer had instructed the female police officer to move the women from the Shah Alam police lock-up to the Shah Alam Immigration Department.

The source also said it was believed the act was carried out upon the request of the Datuk.

"The MACC will carry out further investigations," he said.

He added the MACC had already met both the Klang South and Klang North OCPDs.

"An office search was conducted by the MACC after obtaining a search warrant," he said.

He added the police investigating officers in charge of the case would also be called in by the MACC for their statements to be recorded.

The source said one suspect would be remanded until Friday and another two until Saturday.

19. Don't jump into conclusions on 1MDB, says Umno

KUALA LUMPUR: Several Umno supreme council members have expressed regret over excessive speculations made against 1Malaysia Development Berhad (1MDB).

Urban Wellbeing, Housing and Local Government Minister Datuk Abdul Rahman Dahlan said some quarters had used the information by *Sarawak Report* without knowing the truth.

"I believe there are evidence which show that *Sarawak Report* has falsified the information and has used unethical approach to defame our leadership," he told reporters after attending the Umno supreme council meeting here, Friday.

Prime Minister Datuk Seri Najib Tun Razak said in a press conference after the meeting that the government would take appropriate action against the portal soon after receiving the official investigation report from Thailand.

Datuk Seri Ahmad Shabery Cheek said the arrest of PetroSaudi International (PSI) Ltd executive Xavier Justo, who was alleged to be involved in spreading inaccurate information about 1MDB, could be an eye-opener to many people.

The Communications and Multimedia Minister said the people should seek to verify any news they read in the Internet before jumping into conclusions.

"We are in the midst of gathering information about individuals who spread false information about 1MDB on social media to facilitate investigation," he said.

Thai police were reported to have arrested Justo and charged him with blackmailing PSI, an international company based in Saudi Arabia, for its cooperation with 1MDB.

Another Umno supreme council member, Datuk Bung Moktar Radin, meanwhile, expressed hope that the party would be able to strengthen its leadership line-up for the sake of the country.

He said the negative perception of the public should be addressed quickly by the party so that the people would not continue believing all the baseless allegations hurled at Umno.

20. Don't accuse us of cover up, MACC tells DAP

PETALING JAYA: There was not no attempt to cover up any alleged wrongdoing in Majlis Amanah Rakyat's (Mara) purchase of an apartment in Australia, says the Malaysian Anti-Corruption Commission (MACC).

Its deputy chief commissioner (operations) Datuk Seri Mohd Shukri Abdul said investigations into Mara's business deal in Melbourne had begun in March this year, and not last December as alleged by a DAP leader on Saturday.

"As soon as MACC received information on the case in March 2015, we began the process of profiling the individuals and companies involved in the property purchase.

"MACC received a visit from the Australian police in May, where we engaged in information sharing and began a joint investigation into the case," Mohd Shukri said in a statement.

He said MACC officers were already in to Melbourne to discuss the case with the Australian police when local daily *The Age* published its expose on June 23.

"MACC would like to stress that it will run this investigation transparently, independently, and professionally.

"The issue of a cover up does not arise and it is unfair for any party, especially politicians, to make assumptions that MACC is trying to hide anything," Mohd Shukri said, adding that the status of the investigation would be made known to independent bodies monitoring the anti-graft commission.

"If there are doubts by any parties, they can contact these independent organisations," he added.

DAP adviser Lim Kit Siang had alleged on Saturday that MACC and Mara may have had received a tip-off on the purported irregularities behind the property purchase.

He claimed that MACC began its probe more than six months ago, and would not have pursued the allegations of corruption in the land deal had it not been reported by *The Age*.

"It should explain why the MACC action appeared to be more of a 'cover up' rather than a 'bust up' to bring the culprits to book," Lim had said in a statement.

21. 1MDB: Dr M's claims are baseless

PETALING JAYA: There is no justification or facts to back former prime minister Tun Dr Mahathir Mohamad's claims that vast amounts of money have disappeared, says Government investment body 1Malaysia Development Berhad (1MDB).

"He first claimed that RM42bil was missing. Then, when 1MDB provided a summary of how the RM42bil was spent, he started saying some of the RM42bil is missing. Now, Tun Mahathir has resorted to saying that vast amounts of money have disappeared," 1MDB said in a press statement issued on Tuesday.

1MDB added that Dr Mahathir was repeating the same questions about its dealings with PetroSaudi which ended in 2012, although 1MDB had responded to earlier allegations in detail when explaining a US\$1.9bil (RM7.17bil) loan pointed out by him.

"Further to an earlier joint venture arrangement in 2009, 1MDB invested US\$1.83bil (RM6.9bil) cash in murabaha notes issued by JV Co, a company that, by then, was 100% owned by PetroSaudi following the termination of the joint venture in March 2010.

"In June 2012, this entire amount was repaid by way of conversion into shares of Petrosaudi Oil Services Limited for a value of US\$2.22bil (RM8.37bil)," said 1MDB.

1MDB added that in September 2012, it sold its shares in PetroSaudi Oil Services Limited for US\$2.318bil (RM8.74bil) and received fund units in a Cayman Islands registered fund. These fund units were owned by 1MDB via its 100% subsidiary, Brazen Sky, and held through BSI Bank Singapore as custodian.

"Accordingly, 1MDB invested a total of US\$1.83bil (RM6.9bil) with PetroSaudi as murabaha notes, and ultimately received US\$2.318bil (RM8.74bil) of fund units, representing a gain over time of US\$488mil (RM1.84bil). The information referred to above can be found in the notes to 1MDB's financial statements," it said.

It added that contrary to Dr Mahathir's claims, it had clearly provided detailed information on this issue, most recently on June 16 in a direct response to a previous allegation raised by him.

"It is important to highlight that the murabaha notes were guaranteed by PetroSaudi, thereby having a lower risk profile than equity. 1MDB had an option to convert the murabaha notes into equity," it added.

It also refuted more claims by Dr Mahathir that it had overpaid for acquiring independent power producers (IPPs), saying that the value paid for them was based on independent advice from financial, legal, accounting, tax and technical advisors.

It also said 1MDB took a long-term view and considered the social and economic impact on the country in arriving at a final valuation.

"1MDB only acquires assets when we are convinced that they represent compelling long-term value. In this particular case, 1MDB purchased power plants from the original private sector owners i.e., first generation IPP investors, who were granted lucrative, long-term, fixed price contracts during the time Dr Mahathir was prime minister," said 1MDB.

1MDB added that the value it paid which may have involved a premium in certain instances, as is common when acquiring another business is commensurate with their future potential and overall benefit to the nation, before explaining how it intends to reduce its RM42bil debt.

It added that it was actively pursuing various options with respect to the monetisation of Edra Energy and, as reported by the media, had received significant interest from potential investors in both Malaysia and abroad.

"Combined, these actions will allow us to reduce 1MDB's debt significantly, and ensure that maximum value is generated for the 100% ultimate shareholder, the Government of Malaysia," said 1MDB.

It said however that Dr Mahathir's allegations were damaging to its efforts to reduce the company's debt levels as well as the wider economy.