

1MDB's own decision to loan Petrosaudi RM7b
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The Finance Ministry claimed that 1MDB made its own decision when it issued a US\$1.9 billion (RM7.13 billion) loan to Petrosaudi International Limited.

As such, the ministry indirectly denies that Prime Minister and Finance Minister Najib Abdul Razak was the decision-maker in the 1MDB's deal.

"All the decision and deal of 1MDB, is done by its management and the board," said the ministry.

Malaysiakini had revealed the memorandum and articles of association (M&A) of Terengganu Investment Authority (TIA) that Najib is the authority in approving all deals.

Thus far, there is no evidence that this arrangement had changed after TIA became 1MDB in September 2009.

The Finance Ministry's parliamentary reply, dated May 28, added that said 1MDB's US\$1.9 billion loan was meant to reduce the risk as opposed to holding equity in the joint-venture.

This information was supplied by the company's management, read the reply.

Mystery loan

The reply was addressed to Petaling Jaya Utara MP, who had urged the ministry to state the reason why 1MDB approved the loan to its Saudi Arabia counterpart, despite the latter not having a paid-capital of more than US\$150,000 (RM562,000).

"Was the loan approved by the board then?" he asked.

Pua did not state when the USD1.9 billion loan was given to PetroSaudi International.

1MDB had entered a joint-venture with London-based PetroSaudi International Limited on Sept 29, 2009.

The deal involved 1MDB injecting USD1 billion into 1MDB-PetroSaudi Limited, wholly-owned by PetroSaudi International, in exchange for 40 percent equity.

1MDB-PetroSaudi Limited as incorporated on Sept 18, 2009 in the British Virgin Islands.

Just a week later, on September 25, PetroSaudi International and 1MDB PetroSaudi executed an agreement, which stipulated that the new subsidiary owes its parent USD700 million.

1MDB-PetroSaudi fulfilled its obligation in full on September 30, a day after 1MDB signed a joint-venture agreement with PetroSaudi International.

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