

## **10 questions for 1MDB chief, Tony Pua says ahead of live debate**

### **Malaysian Insider**

### **Nov 3, 2015**

*In the run-up to the anticipated live exchange with 1Malaysia Development Berhad (1MDB) president Arul Kanda Kandasamy, DAP lawmaker Tony Pua has revealed 10 questions he wants to ask the investment fund chief.*

The Petaling Jaya Utara MP said while the televised event format – a live discussion, talk show or debate – was being planned, he wanted to give Arul Kanda a heads-up so the latter could prepare the necessary answers in his replies or debate speech.

"This way, Arul Kanda cannot feign ignorance or pretend that the documents were unavailable to him to provide the necessary answers," Pua said in a statement today.

The DAP national publicity secretary said his questions would be related to finance and not political in nature.

He also said he would not use any confidential Public Accounts Committee (PAC) information to raise the questions.

"All information is derived from publicly available sources.

"Hence, this is not a case of scoring political points but one which is meant to expose the truth since Arul Kanda has consistently insisted that 1MDB has nothing to cover up."

Pua said DAP lawmakers Teo Nie Ching (Kulai) and Dr Ong Kian Ming (Serdang) would represent him in discussions with Arul Kanda's representatives from 1MDB to finalise the format of the live exchange, which he said would benefit Malaysians who had been perplexed and frustrated by the controversy surrounding the state-owned investment firm.

Pua's questions are:

1. Why did Bank Negara withdraw its approval for 1MDB to transfer more than US\$1.8 billion overseas? Was it because most of the funds were transferred to an account which is unrelated to the 1MDB joint venture project with PetroSaudi International Ltd as revealed in the leaked board meeting minutes which Arul Kanda has acknowledged to be true?

How much was transferred to this unrelated account? Did this unrelated account belong to Good Star Ltd, and who owns or controls Good Star Ltd?

2. Is it true that 1MDB had invested the initial US\$1 billion cash to acquire 40% of 1MDB-PetroSaudi while PetroSaudi only needed to invest its rights to certain oil reserves in the Caspian Sea and in Argentina for its 60% stake?

In addition, were the rights to the Caspian Sea oil reserves terminated by PetroSaudi within 2 months after the signing of the joint venture agreement, which meant that PetroSaudi secured its 60% stake without investing anything significant?

3. Is it true that 1MDB had proceeded to sign the joint venture agreement with PetroSaudi in a rush, without securing the necessary board of directors approval at that point of time as revealed in the same board minutes?

4. 1MDB financial statements dated March 31, 2013 and 2014 stated that US\$1.4 billion was held as a deposit by International Petroleum Investment Corporation (IPIC) as a condition for IPIC to guarantee 1MDB's US\$3.5 billion bond issue.

However, IPIC financial statements dated December 2013 and 2014 audited by Ernst & Young did not disclose any such condition for the provision of the guarantee. The balance sheet of IPIC also did not reflect any such refundable deposit received or held. Why hasn't 1MDB sought IPIC to clarify where the money has gone?

5. Did 1MDB pay US\$993 million from the US\$1.22 billion it partially redeemed from the Cayman Islands investment fund AND another US\$975 million borrowed from the Deutsche Bank-led consortium to terminate options 1MDB granted to Aabar Investments as part of another condition by IPIC to guarantee 1MDB's US\$3.5 billion bond issue?

What exactly is the total sum paid and payable to Aabar or IPIC? Why is it that IPIC disclosed in its December 2014 financial statements that 1MDB still owes IPIC a sum of US\$481 million for the said termination?

In addition, if the US\$993 million from the US\$1.22 billion redeemed from Cayman Islands was not paid to Aabar or IPIC, where did the money go?

6. It has been disclosed in 1MDB's financial statements, parliamentary replies and media releases that 1MDB Global Investment Limited borrowed US\$3 billion in March 2013 for the purposes in investing in a 50:50 joint venture with Aabar Investments Limited where the joint venture will invest in the development of Tun Razak Exchange.

The question is, how come more than US\$1.5 billion of the borrowings have been utilised for purposes other than specified as disclosed in the March 2014 audited accounts, particularly since the joint venture has yet to be activated to date?

7. Arul Kanda had earlier informed Malaysians and 1MDB directors, according to leaked minutes, that the balance of the Cayman Islands investment amounting to US\$1.108 billion was fully redeemed and held in cash in BSI Bank Singapore.

However, the 1MDB president has since admitted that the redeemed amount was not cash but "fund units" worth US\$940 million. Why are these "fund units" which were redeemed from the Cayman Island fund still in the form of "fund units" and not in cash or raw assets like property and shares?

If they were in "fund units", doesn't it mean that the Caymans fund was never redeemed in the first place?

8. Arul Kanda announced the "debt for asset-swap" deal with IPIC where the latter assumes some RM16 billion of 1MDB's debts in exchange for 1MDB's assets. IPIC has already advanced more than US\$1 billion in the deal. Where is 1MDB going to produce these RM16 billion worth of assets to transfer to IPIC by 30 June 2016?

The Finance Ministry has also indemnified IPIC in the "debt of asset-swap" arrangement. Does it mean that if 1MDB fails to produce the necessary RM16 billion worth of assets by June 30, 2016, the Finance Ministry will have to compensate IPIC accordingly?

9. Arul Kanda had declared that the disposal of 1MDB's subsidiary, Edra Energy, will allow it to remove RM16 billion so RM18 billion of 1MDB's debt. However, the total debts associated to 1MDB's energy arm amounts to approximately RM36 billion, comprising US\$3.5 billion of bonds, RM5.7 billion of direct loans and more than RM8 billion of inherited loans.

Hence reducing up to RM18 billion of debt via the disposal of Edra Energy will still leave 1MDB with more that RM18 billion of outstanding debt associated with its energy acquisitions.

Therefore how will the sale of Edra solve 1MDB's cash flow problem since there'll be no assets left to pay the balance of the RM18 billion debt?

10. Did the federal government issue a "letter of support" in May 2015 to Bank Exim to borrow US\$150 million where the funds was utilised by 1MDB to pay for its land acquisition from Tadmax Resources Bhd for approximately RM300 million?

If so, what was the balance of the proceeds from the borrowing used for? – November 3, 2015.

Copyright © 2015 Edge Insider Sdn Bhd

<http://www.themalaysianinsider.com/malaysia/article/10-questions-for-1mdb-chief-antonio-pua-says-ahead-of-live-debate>