Headline	SRC yet to file accounts or seek extension		
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Journalist	JOSE BARROCK	AdValue	RM 5,986
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SRC yet to file accounts or seek extension

BY **JOSE BARROCK**

SRC International Sdn Bhd, a wholly-owned unit of the Ministry of Finance Inc that had taken a RM4 billion government-guaranteed loan from Kumpulan Wang Persaraan (Diperbadankan) or KWAP, has failed to submit its accounts for the financial year 2013 ended March 31, which was due in September last year.

Few may know that SRC was previously wholly owned by 1Malaysia Development Bhd (1MDB), but the company was transferred to its shareholder, the minister of finance, in a dividend in specie payment of one million SRC shares in mid-February 2012.

SRC's accounts for FY2013 should have been lodged with the Companies Commission of Malaysia (CCM) by October last year.

The CCM, in an emailed reply to questions from *The Edge*, says, "As far as CCM is concerned, we have received the annual return and financial statement from SRC International for 2012.

"They have yet to submit their annual return and financial statement for 2013, [and] neither did they seek an extension. For late submission of annual return and financial statement, there will be a compound, de-

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pending on their document date and date of annual meeting held."

It is not known why the company has difficulty in submitting its financial accounts.

1MDB has said its acquisition of assets and change in business direction had led to the delay in filing its accounts, which is viewed by many as a weak excuse. In the case of SRC, it does not even seem to have that flimsy reason.

According to the company's filings with the CCM for FY2012, it says it is principally involved in projects associated with the exploration, extraction, processing, logistics and trading of conventional and renewable energy resources, natural resources and minerals, including all other activities related thereto, any partnerships, joint ventures or arrangements for sharing profit, union of interest or cooperation and property holding.

For FY2012, SRC did not have any revenue, but had other income of RM37.3 million, and incurred an after-tax loss of RM29.1 million due to finance costs of RM56.2 million. It also had negative reserves of RM78.5 million.

Its FY2012 accounts stated that the company had obtained a RM4 billion Islamic term financing from KWAP, "guaranteed by the government of Malaysia and bears a profit rate of 4.65% per annum for the first three years and a profit rate equivalent to 10 years Malaysian government securities' profit rate plus 70 basis points for the remaining tenure of the financing, which is currently at 4.35%".

The accounts also revealed that this financing facility was drawn down in two tranches of RM2 billion each in August 2011 and March 2012. The first profit repayment shall be on the 30th month of 120 months and the principal repayment shall take effect on the 72nd month onwards.

However, SRC was already in a net liability position as stated in its 2012 accounts, with its total liabilities exceeding total assets by RM77.5 million.

As at March 31, 2012, SRC had short-term deposits with licensed banks of RM1.7 billion cash and bank balances of RM51.7 million. Interestingly, it had placed RM2 billion in a unit trust investment managed by AmInvestment Services Bhd, which had a year-end dividend income of RM231,479 in FY2012.

Why it had placed money in a unit trust that yielded returns of not even 1% is anyone's guess.

According to its FY2012 accounts, the company's directors are Datuk Che Abdullah @ Rashidi Che Omar, who is an executive director at Tadmax Resources Bhd (formerly known as Wijaya Baru Global Bhd), which is a politically well connected company, and Datuk Suboh Md Yassin, who was an assistant director in the Prime Minister's Department from 1974 to 1977.

Another director is Datuk Ismee Ismail, who is the managing director and CEO of Lembaga Tabung Haji.

SRC's managing director is Nik Faisal Ariff

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Kamil, who is former executive director of investments with UBG Bhd (formerly Utama Banking Group Bhd, which merged with RHB Bank Bhd in 2003 to form Malaysia's fourth largest banking group).

1MDB executive director, general counsel Jasmine Loo Ai Swan was also from UBG, where she was an executive director, legal and compliance.

Also on the board of UBG with Nik Faisal and Loo at the time was Low Taek Jho, who was an adviser to UBG and on the board from September 2008 to November 2011.

Low was also instrumental in the formation of 1MDB, which was previously known as Terengganu Investment Authority.

The well-connected Low is known to have many "powerful" friends from the Middle East, apart from having strong ties with Abu Dhabi Commercial Bank, which has had dealings with RHB Capital Bhd, which owns RHB Bank, among others.

CONTINUES ON PAGE 32

All eyes on 1MDB and its units

FROM PAGE 18

In mid-2011, Aabar Investments PJS acquired almost a quarter of RHB Capital from Abu Dhabi Commercial Bank. As at March this year, Aabar Investments had a 21.4% stake in RHB Capital.

SRC too had joint hands with Aabar Investments, to form an equally owned joint-venture company, Aabar-SRC Strategic Resources Ltd.

At about the same time, SRC acquired an 85% stake in PT SRC Indonesia for US$1.7 million, according to 1MDB's FY2013 accounts. In its FY2012 accounts, PT SRC Indonesia, a management consulting outfit, is indicated as a wholly-owned unit of SRC.

Another detail about SRC is that it had bid for the RM2.5 billion combined cycle gas turbine power plant in Seberang Perai, Penang, but failed to win it.

While all eyes are on 1MDB, its units as well as companies linked to it could also come under the spotlight for lax corporate governance practices.

As for KWAP members, they would also want to know the status of the RM4 billion loan and the purpose of it. E

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Taxing the taxpayer

The federal government has paid RM100 million for the construction of the 2.2km Express Rail Link (ERL) connecting KLIA to the new low-cost carrier terminal, klia2.

Each ride costs RM2 with the revenue collected shared by Express Rail Link Sdn Bhd (ERLSB) — which operates the rail service from KL Sentral to KLIA, and now extended to klia2 — and Malaysia Airports Holdings Bhd.

YTL Corp Bhd holds the biggest stake of 50% in ERLSB, followed by Lembaga Tabung Haji Bhd through its wholly-owned subsidiary TH Technologies Sdn Bhd (40%) and Trisilco Equity Sdn Bhd (10%).

The Public Accounts Committee (PAC) has demand an explanation for why the government financed the construction of the ERL extension.

But acting Transport Minister Datuk Seri Hishammuddin Hussein says as the ERL is "public transport", the federal government should pay for it.

Taking the cue from the highway concessionaires that invested in building highways before collecting toll, why shouldn't ERLSB, which has the concession to operate the service, bear the cost, or at least absorb part of it?

The ERL's extension to klia2 is expected to raise traffic on it from KL Sentral to KLIA. In fact, ERLSB CEO Noormah Mohd Noor has said the extension is expected to increase ridership by 40%.

The 57km ERL, which commenced operations in 2002, was built at a cost of RM2.4 billion and hit its 50 millionth passenger in March. Back-of-the-envelope calculations show that based on a ticket price of RM35, the ERL service should have generated revenue of RM1.75 billion in the last 12 years.

And revenue should continue to rise, based on Noormah's forecast. So, why should taxpayers foot the bill for the 2.2km track?

Hishammuddin should give a proper explanation rather than simply brush aside the question. Has accountability been thrown out the window?