

Selangor agricultural GLC admits RM40m loss in federal funds
The Malaysian Insider
March 07, 2012
By Lisa J. Ariffin

SHAH ALAM, March 7 — A state government-linked firm under the Selangor Agricultural Development Corporation (PKPS) today admitted to a RM40.1 million loss in federal grants from the Agriculture and Agro-based Industries Ministry while under the previous Barisan Nasional (BN) administration.

PKPS Agro Industries Sdn Bhd general manager Ali Ahmad told the Selangor Select Committee on Competency, Accountability and Transparency (Selcat) that its three subsidiaries had all lost money despite receiving RM90.3 million in financial aid from Putrajaya, due to the high currency exchange rate in 2005 and the hike in oil prices globally.

He told the transparency panel that freight costs had increased due to the two reasons cited and "therefore it was not viable to send the products to Dubai."

The companies were responsible for the export of processed fruit to Dubai by air at the time.

Ali added, "It's hard to revive the companies. There is no more hope".

The three companies under PKPS began the projects between 2005 and 2006 with a Finance Ministry loan to develop and commercialise agriculture.

Of those companies, Premium Sanitised Product Sdn Bhd (PSP) has ceased operations, while Premium Agro Product Sdn Bhd (PAP) and Premium Bioherbs Sdn Bhd have been sold off to repay the initial project loan of RM90.3 million.

"All three companies are faced with financial problems. We are running at a loss. To me, there is no more hope to revive the company and have decided to close (PSP)," Ali said at the Selcat hearing.

"Coincidentally, (a partner in) PAP was interested in the company, therefore we decided to let go all shares, as well as assets and liabilities," he said.

At the time, former prime minister Tun Abdullah Ahmad Badawi was finance minister and Selangor was under BN control.

However, the projects have all suffered losses or failed to meet targets which has resulted in heavy losses, drawing the attention of the Auditor-General in the 2010 audit report.

Today was the third day of Selcat's public inquiry into several irregularities in the Selangor administration, which had in the last two days looked into claims surrounding sand mining and Yayasan Selangor's alleged mismanagement.

The Pakatan Rakyat (PR) government that replaced the BN administration following Election 2008 set up Selcat as an internal watchdog.

The Malaysian Insider

Copyright © 2012 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/malaysia/article/selangor-agricultural-glc-admits-rm40m-loss-in-federal-funds/>