

Auditors have no clue where Putrajaya's SRC invested RM3.8 billion, says PKR
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By Elizabeth Zachariah

Putrajaya-owned SRC International Sdn Bhd has invested some RM3.81 billion of the RM4 billion borrowed from the Retirement Fund Incorporated (KWAP) in "open-ended" funds that cannot be identified nor classified, PKR said today.

In noting the similarities with the investments made by debt-ridden 1Malaysia Development Berhad (1MDB), PKR secretary-general Rafizi Ramli said out of that amount, some RM3.1 billion has been put into funds that cannot be traced by auditors of SRC's finances.

"As per the norm, if a company invests by buying stocks or interests in another company, the investment would be detailed in the finances of that subsidiary. And SRC would also need to show the finances of its subsidiaries in its financial statements," he said in a press conference in Parliament today.

"However, the RM3.81 billion was not included in SRC's financial statement but shown in investments that are unknown and were classified as Level 3 Investments, where auditors have no information of what it is."

Prime Minister Datuk Seri Najib Razak, who is also finance minister, said in a written reply to Rafizi that RM3.81 billion from the RM4 billion of funds borrowed from KWAP had been invested in several assets that had to do with natural resources overseas, including in Indonesia and Mongolia.

"Although my question was specific to find out in which companies were the investments made, the finance minister continues to evade giving any information just as how he has avoided questions about 1MDB," Rafizi said.

"This is the same as the investments made by 1MDB which have been classified by auditors as Level 3 Investments. These same investments had caused the state investment vehicle to face cash-flow problems until it had to defer paying its debts to the bank several times."

In his tirade against the state-owned company, Rafizi urged Najib yesterday to order SRC to return the RM4 billion it borrowed from KWAP to protect the interests of civil servants.

He said that SRC, a company that was "de-merged" from 1MDB three years ago, had made losses of RM164 million without any gains, according to its latest financial statement.

He added that SRC's situation was akin to the modus operandi of other organisations that are linked with 1MDB, which was to borrow huge amount of funds with a

guarantee from the government without stable business activities.

1MDB has come under fire from Rafizi and other opposition politicians as well as former prime minister Tun Dr Mahathir Mohamad over the fund's heavy debts, its use of money and its opaque operations.

There were concerns over the firm's debts estimated at some RM42 billion, just five years into its operations, amid softening of the ringgit against the US dollar. – March 25, 2015.

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