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# Najib: No cash transaction in SRC takeover

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**KUALA LUMPUR:** The transfer mechanism of Malaysia Development Bhd's (IMDB) former subsidiary, SRC International Sdn Bhd, to the Finance Ministry was conducted through dividend in specie by the investment arm.

Prime Minister Datuk Seri Najib Razak said the ministry did not pay a cent to take over the subsidiary from the government-backed investment arm on Feb 14, 2012.

"IMDB paid the dividend to the ministry in the form of 100 per cent SRC equity shares, amounting to RM1 million. As such, no cash transaction was made in the takeover," said Najib, who is also finance minister, in his written reply to Datuk Abdul Aziz Sheikh Fadzir (BN-Kulim Bandar Baru) in the Dewan Rakyat yesterday.

Aziz asked when the ministry had taken over SRC from IMDB and how much it had cost, and requested an update on its latest debts.

Najib clarified that SRC had not taken on additional debts since its last audited financial statement ending March 31 last year.

He said an update of its debts and liabilities would be issued after the financial statement ending March 31 this year was audited.

SRC has been criticised by members of the opposition, namely PKR's Pandan member of parliament Rafizi Ramli and DAP's Petaling Jaya Utara MP Tony Pua, for its operations.

It was previously reported that in 2011, Retirement Fund Incorporated had loaned RM4 billion to SRC, then a subsidiary of IMDB, to invest in a coal mine in Mongolia.

SRC was then taken over by the ministry as its subsidiary, with the loan taken off IMDB's accounts.

Najib also stated that Goldman Sachs served as the principal, and not in the capacity of an agent, for the transactions made by IMDB.

He said the negotiations and determination of the results, or yield, were prepared according to standard processes in the market between issuer and investor during the negotiations for the sale and purchase of fixed income security.

"Based on the information provided by the IMDB management to the ministry, Goldman Sachs acts as the principal, and not in the capacity of an agency, for the transaction," he said in a written reply to Pua.

Pua had requested that Najib explain why he had declined to provide the breakdown of Goldman Sachs' fee distribution and discount bonds to investors for bonds issued worth US\$3 billion (RM11.1 billion), US\$1.75 billion and US\$1.75 billion for IMDB Global Investment, IMDB Energy and IMDB Energy (Langat), respectively.

It was reported that Najib had said the fees and commissions paid to the New York-based investment firm to raise funds through the three bonds for the debt-laden investment arm's subsidiaries were appropriate.

The amount paid for the bonds, he said in his reply, was suitable in accordance with their size, tenure and liquidity, while any difference between the bonds issued and net yield did not only comprise fees for services, but also effectiveness, discount and remaining tenure of the bonds.