

17/04/1998

PM: Nothing wrong with MAS proposal (HL)

THE Government will investigate the proposed restructuring by Malaysian Airline System (MAS) if there is wrong-doing, but Datuk Seri Dr Mahathir Mohamad said in his assessment "there is nothing wrong" with the proposal.

"Unless they are doing something wrong, we will not stop (the airline's plan to restructure).

"I think they are doing a good job," he told reporters after calling on Ugandan President Yoweri Kaguta Museveni who is in Kuala Lumpur on a four-day state visit starting yesterday.

The Prime Minister was asked to comment on an Asian Wall Street Journal report yesterday on the proposed restructuring by MAS.

"If there is anything wrong (with the proposed restructuring), we will look at it. As far as I can see, there is nothing wrong," Dr Mahathir said.

According to the report, which quoted sources, MAS executive chairman Tan Sri Tajudin Ramli was planning to borrow against the carrier's aircraft to raise funds that would be used to settle personal debts.

The report described the proposed restructuring as "complex" and "notable for its innovation", but "follows the pattern of other recent and widely-criticised corporate deals that have benefited debt-burdened Malaysian businessmen and tycoons".

Under the proposed restructuring, the report said, Tajudin would sell the carrier's aircraft to MAS Capital, a new Labuan-based company which he controls.

MAS Capital will then lease the aircraft back to MAS. MAS Capital is expected to acquire the planes at book value, estimated at RM14 billion at the current exchange rates.

The report also said that MAS Capital is expected to take on fresh loans to refinance the aircraft and will not be merely a leasing company.

The refinancing will allow a combination of cash payment and shares for stakes in Technology Resources Industries Bhd (TRI) and Malaysian Helicopters Services (MHS) to be made to Tajudin.

MAS Capital will acquire 17 per cent of TRI and 49 per cent of MHS.

Tajudin holds 27 per cent in TRI and close to 50 per cent of MHS.

MHS owns a 32 per cent stake in MAS, other shareholders include the Brunei Investment Agency.

The Prime Minister was also asked about the point made in the report that the restructuring plan was to settle Tajudin's personal debt.

"I do not think so ... many would perceive it as a bailout and want companies to collapse and businesses to be declared bankrupt and the stock market to drop further," he said.

When pressed on the necessity for MAS to consider selling its aircraft and then lease them back, Dr Mahathir explained that such a practice is not foreign to the airline industry.

The report also said the restructuring exercise will allow Tajudin to reduce his debt burden of RM800 million while retaining control of the airline. Tajudin will be the single largest shareholder in MAS Capital which will control TRI, MHS and MAS.

Companies linked to Tajudin gave a mixed reaction to the restructuring news at the close of trading yesterday: MAS shares declined 20 sen to close at RM2.98; TRI strengthened 4 sen to RM0.72; and MHS lost 18 sen to close at RM3.80.

On another development, Dr Mahathir said Malaysia is not obliged to publish everything from the International Monetary Fund's (IMF) findings on the country.

"I do not see why we should publish everything that the IMF said. (IMF managing director Michel) Camdessus and others have made their statements that we are doing the right things," he said.

The IMF needs to get a country's approval before it can publish its findings on the country. Thailand recently agreed to make the country's report public.

Asked why Malaysia is not doing the same, Dr Mahathir said: "We are not under the IMF as much as Thailand is, so we do not have to do everything that other countries are obliged to do."

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