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Details on MAS equity takeover to be out soon

THE Government has not set a specific time frame to conclude its Malaysia Airlines' (MAS) equity takeover but has sent positive signals that details on the exercise will be finalised soon.

Finance Minister Tun Daim Zainuddin said at present, the Government is in the midst of concluding discussions on the purchase of Malaysia Airlines chairman Tan Sri Tajudin Ramli's stake in the airline.

"Talks are still ongoing but this will be finalised soon. It won't be that long from now ... when it is ready, I will let you know," he told reporters after attending the Finance Ministry's 26th Sports festival on Saturday.

Tajudin owns 29.09 per cent of the national carrier through Naluri Bhd. It is understood that he is seeking RM8 per share, or RM1.67 billion, for the entire stake.

Sources told Business Times that the Government is negotiating to buy out Tajudin with a view to subsequently selling the stake to a foreign party.

On November 6, Prime Minister Datuk Seri Dr Mahathir Mohamad confirmed market talk that the Government is negotiating to buy Tajudin's controlling stake in Malaysian Airlines System Bhd.

"Yes, we are (negotiating to buy MAS shares)," Dr Mahathir had said.

The Prime Minister had also said the Government is expected to name a new chairman for Malaysia Airlines to replace Tajudin, and possibly appoint a foreign chief executive officer/managing director upon reaching agreement to buy back control of the national carrier.

On the possibility of allowing a foreign airline to become MAS' strategic partner, Dr Mahathir had said there are several foreign suitors but the Government has yet to decide which one "best fits the bill".

MAS is said to be talking with three foreign carriers, namely Qantas Airways, SAGroup which owns Swissair, and KLM Royal Dutch Airlines.

It was also reported that Naluri was looking to sell all or part of its interest in the national carrier to raise cash to help pay off debts of more than RM1 billion.

The Finance Minister also said the Government is still discussing the price at which the airline's shares would be bought. He added that there was yet a decision on whether the purchase of Tajudin's stake in MAS would be via the Government's investment arm, Khazanah Holdings Bhd.

Tajudin, the chairman of both MAS and Naluri, had acquired Bank Negara Malaysia's 32 per cent stake in the national carrier in 1994 for RM1.79 billion through his private company, RZ Equities.

In the same year, Malaysian Helicopter Services Bhd (MHS) acquired 100 per cent of RZ Equities. MHS was renamed Naluri in 1998 following a consolidation and revamp exercise.

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