

02/09/2005

Court-Contract

SEC-GEN, DEFENCE MINISTER SUED RM480 MLN FOR BREACH OF CONTRACT

KUALA LUMPUR, Sept 2 (Bernama) -- A F5 fighter jet refurbishing company today sued Defence Ministry Secretary-General and two others for RM480 million for allegedly breaching a contract four years ago.

Langkawi R&D Academy Sdn Bhd filed the writ of summons and statement of claims through its lawyer Manogar & Co at the Civil High Court Registry here at about 11.50am.

In its statement of claim, the company named the ministry's secretary-general as the first defendant and defence minister and the Malaysian Government as the second and third defendants, respectively.

The company said it signed an agreement with all the defendants witnessed by former Prime Minister Tun Dr Mahathir Mohamad for refurbishing work of the fighter jets on Jan 11, 2001. B440

According to Clause 4 of the agreement, the defendants will pay RM4.8 million a year for a maximum of 10 years totalling RM48 million to the company on completion of the refurbishment work.

The company was allowed and reserved the right to appoint any party as sub-contractors for the job as provided for under Clause 19 of the agreement.

The agreement also states that in the event of a breach of agreement by the plaintiff, the defendant must issue a written notice and the contract can be terminated only after 30 days.

The company said it carried out refurbishment of the fighter jets with CAS Ltd, a company appointed as sub-contractor.

Langkawi R&D Academy completed the job and ended the services of CAS Ltd on Jan 26, 2002 after it found the sub-contractor's commitment to the upgrading work unsatisfactory.

However, the plaintiff claimed the defendants held private negotiations with CAS Ltd to continue the job without its knowledge.

The plaintiff claimed it was barred from entering the Royal Malaysian Air Force (RMAF) base in Butterworth to continue the refurbishment work.

It also claimed on May 21, 2002, it was announced that CAS Ltd had obtained approval from the defendant to continue the refurbishment work through a newsreport published by The Malay Mail.

The plaintiff claimed it received the contract termination letter from the defendants on Sept 6, 2002 to rescind the agreement on grounds that the plaintiff did not produce the implementation bond within 14 days from the date the contract was signed and had failed to send a flyable technology demonstrator unit before Oct 15, 2001 as was stated under Clause 7 of the agreement.

The plaintiff replied on Oct 7, 2002 to the contract termination letter but till today it had not receive any reply from the defendants.

On July 1 this year, Langkawi R&D Academy instructed its lawyer to send a notice to the defendants that it would seek compensation for terminating its contract unlawfully and doing it unilaterally.

Hence, the company was demanding RM48 million compensation for termination of contract; RM432 million for loss of future contracts; exemplary damages; interests, costs and other relief deemed fit by the court.

-- BERNAMA

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