

**MAS, Khazanah defend AirAsia share swap in Parliament**  
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**By Clara Chooi**

KUALA LUMPUR, Nov 21 – Malaysian Airlines (MAS), Khazanah Nasional and government officials defended the controversial share swap deal with AirAsia before Parliament's Public Accounts Committee (PAC) today, claiming the deal was "more to the advantage of MAS".

"That is basically (what they explained). And why do they want to do the CCF (Comprehensive Collaboration Framework)... because, the whole international civil aviation is changing.

"MAS is losing a lot of money. So they are saying... (this is) to try and overcome these problems," PAC member Tan Seng Giaw told reporters when approached after the committee met today.

"Khazanah defended the deal on a commercial basis. MAS is in a bad shape and some form of collab (collaboration) required to alleviate the problems MAS is facing," another PAC member Tony Pua (picture) explained later, in an SMS.

The select committee interviewed MAS managing director Ahmad Jauhari Yahya, Khazanah chief executive Tan Sri Azman Mokhtar, and the secretaries-general of the Treasury and the Transport and Finance ministries today, kicking off its probe into the controversial share swap deal between MAS and the budget carrier.

During a press conference after the meeting, PAC chairman Datuk Seri Azmi Khalid said the panel would not issue any formal stand based on the interviews due to insufficient information.

He said the PAC plans to invite the same individuals for a second round of interviews and is also mulling summoning AirAsia.

"I cannot say in detail because we have yet to make any conclusion. We are just getting information about why and how (the share swap deal). So for the time being, we have no comments.

"Yes, we are considering (calling AirAsia). Time was so short today. Two hours is not enough. We could not ask many questions today," he added when asked if the panel would invite AirAsia next.

When pressed for details on today's briefing, Azmi said those interviewed had also explained the problems faced currently in the global aviation industry.

"And in the early stages, we were told this (share swap deal) is a long term strategy to overcome future problems," he said.

When met later, PAC member Datuk Abdul Rahman Dahalan told reporters that today's session was more a "one-way traffic" but added more questions would be issued during the second round of interviews.

"So, really, we have not given them any curve ball yet, we haven't asked any tough questions... No time yet for that," he said.

The controversial share swap between MAS and AirAsia is currently also being probed by Bursa Malaysia and the Securities Commission (SC) for insider trading.

MAS's poor financial performance of late had resulted in the share swap with AirAsia on August 9. It saw state investment arm Khazanah Nasional taking a 10 per cent stake in Asia's top budget carrier in exchange for a 20.5 per cent stake in the flag carrier.

This allowed AirAsia boss Tan Sri Tony Fernandes to sit on the MAS board, ostensibly to help turn the ailing airline around.

MAS had announced in August a net loss of RM527 million for the second quarter of 2011 due to higher fuel costs despite recording a better yield and a nine per cent growth in passenger revenue from the same period last year.

This brings total losses in the first half of the year to RM769 million even as the airline said that profit outlook for the second half of the year appears bleak.

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