

MAS' Decision To Adopt Fuel Hedging Is Based On Group Treasury Policy, Says Najib
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KUALA LUMPUR, April 4 (Bernama) -- Malaysia Airlines' (MAS) decision to use fuel hedging as a financial instrument to protect the airlines from fuel price hike risks is in accordance with the Group Treasury Policy approved by the MAS Board of Directors, Datuk Seri Najib Tun Razak told the Dewan Rakyat Wednesday.

The Prime Minister said the fuel hedging mechanism was also adopted by other airlines to mitigate fuel price hike risks in future.

He said MAS suffered RM3.38 million hedging losses because the national carrier adopted the Financial Reporting Standard 139, which requires all financial instruments to be reported or recorded based on the current market value, which in this case refers to the fuel hedging contract.

The losses incurred however were only in the form of paper loss and not MAS' real losses," said Najib, who is also Finance Minister, in his written reply to Wee Choo Keong (IND-Wangsa Maju) during question time.

Najib said overall MAS registered RM522.95 million profit in 2009 and RM237.35 million in 2010.

Between 2009 and 2011, MAS signed up for the fuel hedging contract with 12 local and foreign companies, including international banks, Energy Business Unit of Mitsui and Energy Business of Mitsubishi Corporation, he said.

"Bank Negara Malaysia has approved all the parties involved in the contract," he added.

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