

No Probability of Closing Down MAS for Now, Says Najib

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KUALA LUMPUR, June 19 (Bernama) -- Prime Minister Datuk Seri Najib Tun Razak said there is no probability of the government closing down Malaysian Airlines for now.

Najib said although MAS was incurring losses, the direction of the airline company was yet to be determined and the financial implication to the government would depend on the outcome of the due diligence being undertaken by the main shareholder, Khazanah Nasional Bhd.

"The government has discussed MAS' dismal financial performance and has asked that the due diligence be carried out soon to identify the reasons behind the losses and the best options to solve them.

"Khazanah, as the biggest shareholder of MAS, has undertaken studies to evaluate the airline company's past performances and its current status.

"The findings of the study will be presented to the Khazanah board as soon as it is finalised in order to decide on the future direction of the company," Najib said in a written reply to Lim Guan Eng (DAP-Bagan) in Parliament, Thursday.

Lim, who is also Penang Chief Minister, asked Najib whether the suggestion to close down MAS was part of a plan to revive the national carrier which incurred losses amounting to RM4.1 billion since three years ago.

Najib, who is also Finance Minister, was also asked to give a breakdown of the losses recorded during the duration, the negative impact on MAS employees and shareholders and the losses incurred by the government in terms of grant and financial guarantees.

The prime minister said MAS recorded a net loss of RM2.52 billion in 2011 following the slump in the aviation sector especially for cargo service.

Besides, operating cost especially that of fuel had spiralled while non-fuel cost climbed on capacity-related costs, marketing, maintenance and provisions for phased out

aircraft.

Yet, Najib said with the implementation of strategic measures under its comprehensive business plan, MAS succeeded in turning around its financial performance and recorded a net profit of RM431 million in 2012 against RM2.52 billion in 2011.

For the financial year ended Dec 31, 2013, Najib said the flag carrier recorded a 10 per cent growth in sales to RM15.1 billion versus RM13.8 billion registered in 2012 due to an increase in capacity.

"However, MAS still incurred an after-tax loss of RM1.174 billion.

"This loss was due to higher fuel cost and a weaker ringgit against the US dollar (foreign exchange losses).

In the first quarter of 2014, Najib said MAS' net losses widened to RM443 million against net losses of RM279 million recorded in the previous corresponding period.

The losses were due to pressure on yields, under-performing non-core activities and negative sentiment on the airline overshadowed commendable air traffic growth and cost savings .

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