

**Dr Mahathir says Khazanah can't turn around MAS**  
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Former prime minister Tun Dr Mahathir Mohamad has questioned Khazanah Nasional's acquisition of Malaysia Airlines, saying it would not change the fate of the loss-making national carrier.

He said that prior to the privatisation exercise, Khazanah, the government's sovereign wealth fund, owned 70% of the airline, which meant that its control over MAS was "almost absolute", but it had been "bleeding profusely" all this time.

"I believe prior to this privatisation, Khazanah owned 70% of MAS shares. And all this time MAS has been bleeding profusely. In 10 years, it has lost RM10 billion in terms of capital injection," Dr Mahathir said in a posting on his popular blog Chedet, today.

"So why should anyone believe that with 100% control Khazanah will not keep on losing money?" he asked.

Dr Mahathir warned that with no one to check on MAS, as was the case when the company had minority shareholders, MAS "could go very wrong".

"I may be wrong but I think Khazanah's 100% ownership of MAS will not be much different from its 70% ownership.

"We are going to see a lot of new people who will receive huge salaries, allowances and bonuses and not much else. That I believe is how Khazanah operates," he added.

Khazanah recently announced that it would undertake a comprehensive review and restructuring of MAS.

Khazanah will offer 27 sen for each MAS share it does not own, amounting to nearly RM1.4 billion to take the troubled airline private. It said the offer was the first stage

of the restructuring scheme, with a full proposal to be announced by the end of August.

It comes as MAS struggled in the wake of two major aviation disasters this year. Flight MH370 from Kuala Lumpur to Beijing is still missing with 239 people on board, while on July 17, flight MH17 from Amsterdam was shot down over the Ukrainian air space, killing all 298 people on board.

Last week, Prime Minister Datuk Seri Najib Razak called on all parties to close ranks and work together to ensure the success of the takeover.

But Dr Mahathir said that he was "mystified" by the privatisation, as Khazanah was a government-controlled company.

"The CEO reports to the Prime Minister and usually acts on the direction of the Prime Minister. The Prime Minister personifies the government. If a company is fully acquired by a government company, is it privatisation or nationalisation?" he asked.

He also hit out at Putrajaya over the takeover, saying the government's track record in spending money suggested that it had no expertise in overhauling the troubled airline.

"The way money is being spent nowadays doesn't indicate the kind of careful financial management and scrutiny that MAS would require in order to turn around," he said.

Dr Mahathir cited MAS's long-term catering contractor, who he said seemed to be doing well even as MAS continued to lose money.

"A government company will not be able to terminate this unusual contract. It is too sensitive. Someone might advise against it," said the outspoken former premier.

He is believed to be referring to Brahim's Holdings, a company headed by the brother of former prime minister Tun Abdullah Ahmad Badawi, which in 2003 was awarded a 25-year contract worth RM6.25 billion to provide in-flight catering services to MAS.

In his trademark cynicism, Dr Mahathir then admitted that as someone who had carried out privatisation himself, he should not criticise Najib's latest move.

During his tenure, he brokered a controversial deal that saw MAS executive chairman, Tan Sri Tajuddin Ramli, take out a RM1.79 billion loan in 1994 to buy a 32% majority stake in MAS. Tajudin was badly affected by the 1997 Asian financial crisis and ended up selling his stake in the ailing airline to the government for RM1.79 billion – or RM8 a share.

"People in glass houses should not throw stones. Right. I shouldn't say all these. I had such a bad record as Prime Minister.

"But I was ready to resign. And I did. I did because I failed. But no one wants to follow my example," said Dr Mahathir. – August 12, 2014.

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