

**BAE rubbishes arms deal claims
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Allegations made in a Johannesburg newspaper that British arms maker BAE Systems would invest in local company Conlog as part of an offset related to the South African government buying Hawk trainer jets were dismissed on Tuesday as completely false.

The allegations were contained in an article in The Citizen newspaper which stated that "the main architects" of the government's controversial arms deal had agreed to give up millions of shares in Conlog's successor, Dynamic Cables, as a result of an out-of-court settlement.

The paper did not explain the reason for the settlement but the Financial Mail in March last year reported that the company had asked the JSE Securities Exchange to suspend all trading in its shares because of "potential irregularities" in share issues between 1997 and 1999, when Dynamic Cables was first known as Log-Tek and later as Conlog.

The Citizen reported that former Armscor boss Ron Haywood, present Denel director Major-General Ian Deetlefs and the estate of the late minister of defence Joe Modise made millions from the arms deal. They also stood to make more from offset deals Modise arranged.

According to the reports, Deetlefs convinced Log-Tek, a company he was also chairman of at the time, to purchase Conlog, a specialised prepayment utility meter and car security systems manufacturer.

Quoting Shaun Rai, a director of Dynamic Cables, The Citizen reported that the three had agreed in an out-of-court settlement to forego 12-million shares in Dynamic Cables worth about R124-million.

Rai had confirmed that Scorpions investigators had been to his offices to ask questions and seize documents, although Scorpions spokesperson Makhosini Nkosi told the newspaper his office's new policy was not to comment on on-going investigations.

The article also stated that "as part of the counter-trade deal being brokered between the SA government and British Aerospace (BAe), BAe would invest substantial amounts in Conlog, and other companies, were they to win the contract to supply Hawk jets to the South African Air Force".

BAe, after a series of mergers, changed its name to BAE Systems.

BAE Systems' South African spokesperson Linden Birns on Tuesday rubbished the claims made, saying all the allegations involving the company employer contained in the article had already been scrutinised on numerous occasions and found to be completely false.

"Hawk has won contracts in three countries in the past three months -- an overwhelming confirmation of its status as the world's leading jet trainer.

"In addition, we have never done any business with Conlog, a fact that could have been checked with us or the Department of Trade and Industry, who monitors all offset deals," Birns said.

"BAE Systems has conducted its partnership and business with South Africa strictly according to the laws of the United Kingdom and South Africa and continues to do so," Birns said. - Sapa