

'Set up RCI to probe Proton's RM3.4bil losses'

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Following former premier Dr Mahathir Mohamad's revelation that "bad management" had cost national carmaker Proton RM3.4 billion in cash reserves, the DAP has demanded a royal commission of inquiry (RCI).

"DAP calls for a RCI into the mismanagement of Proton and the billions of ringgit in losses suffered over the years, especially the RM3.4 billion losses in cash reserves. This is a very serious matter considering that Proton is our national carmaker," said DAP secretary-general Lim Guan Eng in a statement today.

Yesterday, English daily New Straits Times had quoted Mahathir as saying that Proton Holding Bhd's cash reserves had fallen from a high of RM4 billion to a staggering low of RM600 million to help cut company losses.

According to Mahathir, Proton had accumulated RM4 billion during Tengku Mahaleel Ariff's tenure as chief executive officer, but its cash reserves had dropped to RM600 million during his successor Mohammed Azlan Hashim's stewardship.

Mahathir said the losses are partly due to the sale of Italian motorcycle manufacturer MV Augusta to a little-known company called Gevi SpA in 2006 for only one Euro or RM4.80, even though Proton had paid more than RM300 million for a 57 percent stake.

BMW subsequently paid 93 million Euros or RM446 million for one-third of MV Augusta. Following this, Harley Davidson bought the rest of MV Augusta for US\$09 million or RM360 million at the time.

perodua tea time with mahathir function 271011 05Mahathir also claimed that Proton's downfall is caused by 'bad management'.

In the statement, Lim pointed out that the transactions show that MV Agusta was resold to BMW and Harley Davidson for a total of RM800 million.

Hence the inquiry should determine whether the government should cut losses by cashing out immediately and winding up Proton, or risk losing more money as in the MV Augusta deal.

"This is an important decision that must be studied by the (RCI) as the Malaysian public does not want Proton to end up as a sacred cash cow that continues to chew (up) cash."

'Review Khazanah deal, too'

Lim, who is also the Penang chief minister, also wants the RCI to look into whether Khazanah Nasional Bhd, the government's investment arm, received a good price when it divested its 42.7 percent stake in Proton to DRB-Hicom Bhd.

proton cars and money"Khazanah sold its stake for RM1.3 billion or RM5.50 per share, which is half of Proton's book value of RM9.81 per share and a write-down compared to the RM8 per share that it had originally paid.

"Once again, it appears to be another example of a government deal gone sour at the taxpayer's expense."

Lim proposed that Tengku Mahaleel be appointed a member of the royal panel as he was one of the key persons involved in building up Proton's cash position to RM4 billion.

"The inquiry must then suggest the appropriate action to be taken against those responsible for the staggering losses incurred and the recommended steps to prevent such future losses, especially when it involves public funds," he added.

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