

Proton writes off RM112.7 mil Lotus debt
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Struggling national carmaker Proton has said it has waived debts of up to 16.5 million pounds (RM112.7 million) racked up by its British-based sports car outfit Lotus Group.

The waiver was part of a recapitalisation exercise on March 30 for Lotus, its wholly-owned subsidiary, said Proton.

"The Lotus recapitalisation exercise is part of Proton's continued commitment toward the Lotus Group and is one of the elements of the Lotus Group's business turnaround plan," Proton told Malaysia's bourse late yesterday.

The debt-ridden Lotus Group and subsidiary carmaker Group Lotus last year embarked on a five-year strategic plan which aims for growth in the company's engineering business as it pursues strategic pacts with other auto firms.

Loss-making Proton said the recapitalisation exercise would not affect its own share capital or its net assets or earnings.

Under the exercise, Proton is "waiving certain amounts owing by the Lotus Group of up to a maximum of 16.50 million pounds arising from outstanding interest on advances and royalty payments," it said.

Additional loans

Lotus is repaying an additional 45 million pounds (RM307.6 million) in loans by issuing new shares to Proton, it said.

The Malaysian carmaker also raised 105.99 million pounds (RM724.5 million) by enforcing a 90 percent reduction in the value of shares in Lotus Group and its two subsidiaries, Group Lotus and Lotus Cars Limited.

It said the money was used "to reduce the accumulated losses of said companies."

Proton first acquired an 80 percent controlling stake in Lotus Group in October 1996. The firm produces high-performance sports cars as well as automotive engineering consultancy services.

In September last year, it ruled out selling Lotus Group, which is experiencing falling sales in the United States.

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