

Form royal commission to probe Agusta sale
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DAP wants the government to establish a Royal Commission of Inquiry immediately to probe the RM800 million business deal between Proton Holdings Bhd and MV Augusta.
MCPX

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secretary-general Lim Guan Eng said it would be against public interests, social responsibility and principles of good corporate governance, transparency and accountability if the government continually refused to heed the call.

He also expressed disappointment with the government's lethargic response against calls from various quarters to form the commission to carry out an in-depth investigation into the scandal.

"Malaysians have a right to know all about the scandal," the Penang chief minister said in a statement today.

"Malaysian interests, rights and benefits have been compromised in the sale of MV Agusta by Proton to an unknown Italian company, Gevi Spa."

Proton bought a 57.75 percent stake in MV Agusta in December 2004 for 70 million euro (RM367.6 million).

However, in 2006, it was forced to sell the company and its frozen debts of 106.9 million euros to Gevi SPA for a token sum of one euro (RM5). The deal raised many eyebrows and drew flak from various quarters.

In defending the sale, Proton had said there was no synergy between the motorcycle maker and Proton as a carmaker.

Because of the sale, the Proton group lost RM500 million in the financial year that ended on March 31, 2006.

After the purchase, Gevi SPA sold a MV Agusta division, Husqvarna, which manufactures scrambler motorcycles, to German automobile company BMW for 90 million euros (RM450 million).

Harley Davidson Inc recently agreed to purchase MV Agusta from Gevi Spa for US\$109 million (RM352 million).

The purchase will boost Harley-Davidson's foray into the European market as a sales slump in the US is affecting sales.

Bad move by Proton

"Malaysians need to know how Proton went terribly wrong by selling a company for one euro when BMW paid RM450 million for one division of MV Agusta, while Harley Davidson paid

RM352 million for the remaining stake.

"The buyer invested one euro and made RM160 million euro and it appears Proton lost RM800 million in total," said Lim.

The national car company has so far refused to answer any questions.

Khazanah Malaysia, the Malaysian government's investment arm, holds a 42.74 percent stake in Proton.

Lim said that Proton sales dropped from 183,824 units to 110,358 units last year, and its failure to find a foreign partner despite a long search proves its weakness as "an unviable and uncompetitive economic entity".

The drop in market share, sales and massive losses in foreign ventures had also raised many questions about Proton's management and decision-making process.

"A royal commission would disclose mismanagement and misjudgments by Proton," said the chief minister.

Proton was formed 25 years ago by former premier Dr Mahathir Mohamad as part of an ambitious national industrialisation plan but its market share has slumped over the years, as it faces difficulties coping in a new deregulated market.

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