

Establish RCI For Proton
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Yesterday, the New Straits Times reported former Prime Minister Dr Mahathir Mohamad 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 Dr Mahathir, our national carmaker Proton had accumulated RM4 billion during Mahaleel Ariff's tenure as CEO, but its cash reserves had dropped to a dangerously low RM600 million during his successor Mohammed Azlan Hashim's stewardship.

Dr Mahathir also added that the losses sustained are partly due to the sale of MV Augusta to a little-known company called Gevi SpA in 2006 for only 1 Euro, even though Proton had paid more than RM300 million for a 57% stake. Subsequently, after the sale of MV Augusta by Proton, BMW paid 93 million Euros or RM446 million at the time for one third of MV Augusta. Following that, Harley Davidson bought the rest of MV Augusta for USD 109 million or RM360 million at the time. In other words, a company that was sold by Proton for 1 Euro or RM4.8 at the time was then resold to BMW and Harley Davidson for a total of RM800 million!

As Dr Mahathir rightly points out, Proton's downfall is caused by nothing less than "bad management".

Therefore, DAP calls for a Royal Commission of inquiry 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.

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 inquiry as the Malaysian public does not want Proton to end up as a sacred cash cow that continues to chew cash.

The inquiry should also look into whether Khazanah Nasional, the Malaysian government's investment arm, received a good price over the recent deal in which it divested its 42.7% stake in Proton to DRB-Hicom Bhd. Khazanah sold their 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 they had originally paid. Once again, it appears to be another example of a Government deal gone sour at the taxpayer's expense.

One of the key persons involved in building up Proton's cash position to RM4 billion is Mahaleel Ariff's. As such, we propose that Mahaleel Ariff should be a member of the inquiry panel as he will understand the issues best.

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.

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