

Dr M, Mahaleel question sale of Agusta

NST-4/1/2006

KUALA LUMPUR, Tues. — Proton adviser Tun Dr Mahathir Mohamad and its former chief executive officer Tengku Mahaleel Tengku Ariff today questioned the rationale behind Proton's sale of MV Agusta Motors SpA. for €1 (RM4.48).

They also raised several questions regarding the disposal that was announced by Proton Holdings Bhd in a statement to Bursa Malaysia last week.

Among them were on who had offered to sell or buy the stake for one Euro, whether there were other bidders and if there had been an attempt to get the buyer to pay a higher price.

They also questioned if there had been an announcement on the sale of MV Agusta and whether Proton approached only one bidder, if other bidders were approached and

whether any bids were rejected.

They also sought to know who made the decision to sell, along with an explanation from Proton on how selling an entity bought at €70 million (RM315 million) for €1 would not cause Proton to lose money as claimed.

Proton Holdings had announced that its wholly-owned subsidiary Proton Capital Sdn Bhd had signed an agreement with GEVI SpA to sell MV Agusta.

Proton Capital had a 57.75 per cent stake in MV Agusta.

Dr Mahathir had recently said he was not involved in the decision to sell Proton's stake in the Italian motorcycle maker.

MV Agusta, a famed but struggling designer and manufacturer of Agusta, Cagiva and Husqvarna motorcycles, was bought by Proton in

2004. Its Agusta F4 1000 Tamburini is regarded as the best sports motorcycle in the world.

Dr Mahathir and Tengku Mahaleel, whose tenure with Proton ended at the end of September last year, said Proton owed its shareholders and the public an explanation on these issues.

As the two people most involved in the purchase, Dr Mahathir and Tengku Mahaleel said their credibility and honesty were at stake.

"We want to know the correct answers. The public too may want to know, as Proton is a national project."

Dr Mahathir and Tengku Mahaleel said the loss incurred by Proton following the sale should amount to RM315 million less RM4.48.

"Assuming that this relieves Pro-

ton from paying the loss incurred by MV Agusta over the 15 months at €26.87 million (RM131 million), it would still lose the purchase price of €70 million by selling it off at one euro."

Due to the sale, they said there was no possibility now for Proton to turn around the company and regain its purchase price, nor to make a profit.

"Of course, Proton will now not get access to MV Agusta's engineering technology," they added.

They said Proton bought MV Agusta fully knowing that it had a debt of €230 million, which it did not have to pay for three years.

In addition, MV Agusta has assets in the form of two plants (in Cassinetta and Morazzone) and stocks of motorcycles. — Bernama