

# PM to Proton: Turn around,

## seek new partners

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**KUALA LUMPUR:** Prime Minister Datuk Seri Abdullah Ahmad Badawi has directed Proton Holdings Bhd to start turning around its financial performance after its losses deepened to about RM619 million and Volkswagen AG backed out from becoming an equity partner.

"They have to turn around. They cannot be going on making losses," he told a news conference after chairing an Umno Supreme Council meeting here yesterday.

Asked whether Proton would need top management changes, Abdullah said: "They have to do whatever they think is necessary."

Proton incurred a full-year pre-tax loss of RM619.9 million for the year ended March 31, reflecting the challenging operating environment. It registered a pre-tax loss of RM11.8 million on the back of a turnover of

RM1.27 billion in its fourth quarter.

On a foreign partner for the national car maker, Abdullah said Volkswagen AG was not keen on Proton's proposal in terms of equity participation, but would rather engage in some other form of cooperation with Proton.

In view of this, he said, Proton needs to initiate talks with other parties for a strategic tie-up.

"I have decided, since Volkswagen is not interested in the proposal, that Proton wants in terms of equity, Proton needs to talk to other people," he said.

The government has missed its self-imposed March 31 deadline to name the strategic partner for Proton.

Khazanah Nasional Bhd, the government investment arm, owns 43% of Proton.

It was widely reported that Proton had engaged in talks with several foreign car makers, including Volkswagen and General Motors Corp. - Bernama

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