

Proton's explanation does not convince Mahathir

BY SA'ODAH ELIAS

KUALA LUMPUR: Proton advisor Tun Dr Mahathir Mohamad is not convinced by the explanation given by the national car manufacturer on the sale of Italian motorcycle company MV Agusta SpA for €1 (RM4.40).

The former Prime Minister maintained that the decision reflected the failure of Proton's management to understand the automotive industry.

"That is why they made a decision that made them lose RM500mil. Maybe they think it was a good decision," he told reporters after opening a peace forum in conjunction with 15 Years of Soroptimism in Malaysia at a hotel here yesterday.

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Proton chairman Datuk Mohammed Azlan Hashim had earlier described the purchase of a 57% stake in Agusta for €70mil (RM350mil) in October 2004 as an expensive lesson.

Azlan said Agusta was headed towards bankruptcy even after Proton's purchase and any further support for it would have only dragged Proton down.

He added that the previous board which approved the purchase was not fully aware of the terms of the shareholders' agreement and that Agusta had failed to deliver the synergies expected.

Defending the purchase, Dr Mahathir said the acquisition was a very good decision and it was not made by the board or

its former chief, Tengku Tan Sri Mahaleel Tengku Arif, alone.

"It went through a very tedious process, studied by everyone including Khazanah. They all agreed that Proton should purchase Agusta.

"On the other hand, to sell something that you buy for over RM500mil for about RM4 is not something that is reflective of a knowledgeable management. This will only ensure that Proton continues to lose money," he said.

Dr Mahathir said anyone knowledgeable about the automotive industry would know that motorcycle companies such as Agusta had very good engineering technology which could be of great use to Proton.