

# The Truth is Out There

The protracted feud over Proton's controversial sale of its controlling stake in MV Agusta Motor SpA for Euro 1 still has many pieces missing in its puzzle. However, it is best things be cleared up as soon as possible for the sake of both the company and the country.

THE prolonged feud over Proton's controversial sale of its controlling stake in MV Agusta Motor SpA could one day be a case study for students on what good corporate governance and transparency is all about.

But for now at least, the immediate task should be to put an end to the controversy and war of words between its current and previous managements.

The widely published feud is not doing anyone any good, especially minority shareholders. If anything, Proton is now a laughing stock abroad and this does not augur well for the image of the company and the country.

Who is right and who is wrong is not as important as getting down to the truth. The issue should then be laid to rest.

The current controversy surfaced when the new management of the national car manufacturer decided in December last year to suddenly dispose of its 57.57% stake in the loss-making MV Agusta for just Euro1 or RM4.50. It was reported that a little-known company, GEVI SpA, had acquired the stake.

That started the war of words. Former Prime Minister and Proton adviser Tun Dr Mahathir Mohamad immediately distanced himself from the sale and said he was not involved in it.

In early January, both Mahathir and former Proton Chief Executive Tengku Tan Sri Mahaleel Tengku Ariff questioned the rationale behind the sale and raised several questions.

However, Proton remained silent and said it had already made an announcement on the matter to the stock exchange. During this time, the Minority Shareholder Watchdog Group (MSWG), in noting the tension between the Proton board and Dr Mahathir and Tengku Mahaleel, said the predicament between them 'has made it necessary that they all owe an obligation to explain fully as well as transparently how the Agusta deal was concluded'.

But nothing happened. Then in February, Tengku Mahaleel again brought up several issues that he said needed to be clarified, and questioned Proton's silence.

However, at the end of March, Proton Chairman Datuk Azlan Hashim finally broke his silence and explained at length the rationale for the Agusta sale.

In April, both Dr Mahathir and Tengku Mahaleel rebutted Azlan on various points that he had brought up.

But at the end of the day, after all the war of words, there still many unanswered questions. For example;

■ Who is GEVI SpA and why was there no open bid? Is it true that Augusta Chairman Claudio Castiglioni had offered to buy Agusta for Euro 1 but was refused?

■ How much information did the previous Proton board have on the proposed acquisition of Agusta?

■ Why could Agusta's minority shareholders veto key decisions and why couldn't Proton change Agusta's management?

■ Since the board had, in 2004, made the decision to acquire Agusta, why were some same board members having a change of mind now?

■ Why had the previous board no knowledge of a Euro 9 million cash advance made to Agusta?

■ What are the stated operating targets of Agusta and what were the sale projections?

■ How is it that Price Waterhouse had forecast a profit of Euro 50 million for Agusta in 2010?

Let's face it. Anyone following this sequence of events in the last five months will be hard-pressed to draw a conclusion. Little has been revealed.

There has been a suggestion that an independent panel of inquiry be set up to solve the issue once and for all. It is an excellent suggestion.

Proton's share price has slid from a high of over RM9.00 during Tengku Mahaleel's time to around RM5.50 currently. This in itself is a damning reflection of what the market thinks of this whole controversy. And Proton is not the only GLC to suffer poor market valuation in recent months.

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Proton, after all, is a national asset. The people have the right to know. **mb**

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