

Oka restructures capital, votes for \$8m share issue

By Peter Klinger

STRUGGLING four-wheel-drive manufacturer Oka Motor Company has written off \$14.1 million of accumulated losses following shareholder approval yesterday for a big capital reduction to leave an almost clean balance sheet.

The Bibra Lake company told shareholders at its annual meeting yesterday it was well placed to return to a financially sound position, with development of its revised Oka model at an advanced stage and an option to raise a minimum \$8 million through a new share issue.

But the company's bid to restore confidence among investors was not an immediate success, with several shareholders questioning the credibility of Oka's new fundraising plan.

"Can you honestly believe that someone is going to invest \$8 million in the company while there is a \$6 million debt to (biggest shareholder) Bondshaw Holdings?" one said before shareholders voted in favour of the 40 million shares issue.

(Bondshaw, Oka deputy chairman Paari Vell's company, has a 19.4 per cent stake in the company and is owed \$5.6 million.)

Chairman Steven Pynt said the company's corporate advisory firm, Hall Chadwick, was confident the issue could be successful.

And he said the capital reduction was crucial if the company was to resurrect its fortunes.

"It effectively allows the company to restart ... with a nice clean balance sheet," Mr Pynt said.

Shareholders also queried whether the value of their investment would be



Rocky road: Arthur Gold, left, Steven Pynt and Paari Vell face concerned shareholders at Oka's annual meeting yesterday. PICTURE: BARRY BAKER

reduced because of the capital restructuring, but Mr Pynt said market demand would eventually determine the value of the company.

Oka has been suspended from stock exchange trading since December 1995 and Mr Pynt said no date had been set for the company's relisting, though he was confident it would return to trading as soon as it was making money again.

"We can only go on what we have been advised (by Hall Chadwick) but if we raise that (\$8 million) money I can't see why not," Mr Pynt said.

"But from past experience some of things we thought we'd do we didn't."

Mr Pynt said banks had been reluctant to lend Oka money and the fundraising exercise was important to supplement the \$9 million royalty stream it

would receive from its involvement in an Indian rural transport vehicle project over seven years.

Oka sales plunged 55 per cent to \$2.9 million and its operating loss increased 41 per cent to \$2.3 million last financial year.

Mr Pynt said after the meeting that the combination of cleaning up Oka's balance sheet and income stream from its order book, which it expected to re-open soon, would provide the company with the boost it needed.

Works director Arthur Gold said Oka was working on the second of four prototypes needed before the plans for a revised and improved vehicle could be finalised around May.

He said there was considerable interest in Oka's new vehicle.