

APPENDIX 3.4  
(referred to in paragraphs 3.19, 4.26, 5.25 and 6.48)

**The Armadale acquisition: the timetable of events**

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| To August 1988           | NBSG including Armadale and the Bathgate foundry was controlled and managed by members of the Menzies family.  |
| August to October 1987   | Mr Alan Harris was engaged as caretaker Managing Director by NBSG following the resignation of the previous Managing Director. Mr Harris was to develop a recovery or sale strategy. Search for possible purchasers commenced. |
| May 1988                 | Mr Andrew Cook discussed the possibility of acquiring NBSG with Mr William Menzies who was now Managing Director of NBSG. The NBSG Board considered this approach but decided not to pursue discussions with Cook further.     |
| Mid-June 1988            | Mr Alan Harris and Mr William Menzies (Harris/Menzies) approached NBSG to buy the Armadale business. Search for possible purchasers continued.   |
| 30 June 1988             | NBSG requested a suspension of the listing of its shares following an approach from Aurora. Mr Andrew Cook telexed NBSG to remind its Board of his interest in acquiring the company.  |
| August 1988              | Menzies family and other shareholders sold NBSG to Aurora of Sheffield.  |
| December 1988            | ANI acquired Aurora. (ANI held a 5 per cent interest in Cook.)   |
| June 1989                | Companies controlled by Mr Kerry Packer acquired an effective controlling interest in ANI.   |
| July 1989                | ANI sold its holding in Cook.  |
| August to November 1989  | According to Mr Harris and Mr Menzies they expressed interest a number of times in acquiring Armadale although ANI has no record of this.  |
| September 1989           | Lake & Elliot expressed interest in acquiring NBSG.  |
| October to November 1989 | ANI decided to sell NBSG. Cook was invited to make an offer but declined. ANI was negotiating to sell NBSG to Lake & Elliot.   |
| 22 November 1989         | Cook acquired assets of Paramount from Lake & Elliot.  |
| January 1990             | Cook was in discussion with Lake & Elliot about acquiring certain assets of NBSG as sub-purchaser.   |
| 29 January 1990          | Lake & Elliot withdrew from purchase of NBSG after some months of discussion. NBSG foundries were losing over £250,000 per month.  |
| 30 January 1990          | Cook made offer for all of the fixed assets of NBSG. ANI rejected offer, intending to retain Bathgate foundry.   |

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| 1 February 1990   | Mr Alan Harris expressed interest in acquiring Armadale subject to financing and signed a confidentiality undertaking.   |
| 2 February 1990   | ANI announced closure of Armadale. Mr Alan Harris told ANI that he had interested potential backers. Management buy-out (MBO) team led by Mr Meek, the Works Manager, expressed interest.  |
| 5 February 1990   | ANI opened negotiations with the Amalgamated Engineering Union (AEU) about redundancy terms on the closure of Armadale. In the course of the negotiations ANI expressed support for the MBO, but said it would consider all offers.  |
| 7 February 1990   | Harris/Menzies made site visit, visited auditors and requested information including more detailed management accounts.  |
| 9 February 1990   | Harris/Menzies held meetings with the Scottish Office, the Scottish Development Agency (SDA), and West Lothian Enterprise to obtain support. Harris/Menzies expressed firm interest to ANI (through an adviser) in making an offer. Their adviser told ANI that the business plan would be prepared by 16 February (to present to potential investors) and a firm offer would be made by 23 February. ANI stressed the urgency of the situation, and said that the offer should be in place earlier if possible. |
| 13 February 1990  | Mr Alan Harris was provided with additional financial and other information by ANI and Mr William Menzies had discussions with NBSG customers. Harris/Menzies were dissatisfied with information supplied and requested further information from ANI.  |
| February 1990     | Cook made 'a variety of offers' to ANI regarding the purchase of the assets of NBSG or Armadale.   |
| Mid-February 1990 | The AEU gained the impression over a period that ANI would favour a bid that kept Armadale open.   |
| 15 February 1990  | MBO withdrawn.   |
| 16 February 1990  | ANI reached agreement with the AEU on redundancy terms: ANI repeated that it would consider all offers but had favoured the MBO. Cook made a further unconditional offer of £650,000 for the Armadale assets only.   |
| 19 February 1990  | Harris/Menzies business plan circulated to potential investors and presentation made to Royal Bank. Prospective Board visited West Lothian Enterprise.   |
| 20 February 1990  | Mr Alan Harris told ANI that he had spoken to institutional investors but would not be able to make an offer until 23 February.  |
| 21 February 1990  | Harris/Menzies held further meetings with the Scottish Office and SDA.   |

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| 23 February 1990  | Harris/Menzies made verbal conditional offer of £600,000 for the Armadale assets, and £750,000 for these assets plus track work (including some assets from Bathgate) subject to arranging financing. The conditional offer was based on an asset sale, with Harris/Menzies not taking on any liabilities, and the NBSG redundancies continuing. Local ANI management expressed disappointment but referred the offer to ANI in Australia. Harris/Menzies offered to negotiate (their business plan assumed a purchase price of £1.25 million including assets transferred from Bathgate). |
| 28 February 1990  | ANI rejected Harris/Menzies conditional offer because it was too low, the terms were unsatisfactory and it was conditional on financing. Alan Harris was given a deadline of 2 March for a firm improved offer. ANI Board meeting in Australia decided that Cook's offer was acceptable.   |
| 1 March 1990      | Harris/Menzies repeated conditional offer in writing, and requested further information to support an improved offer, and offered to negotiate.  |
| 2 March 1990      | Site visit to Armadale by Harris/Menzies with potential investors. Further information including order book supplied. Harris/Menzies given final deadline (at 2.30 pm on Friday) of 10.00 am on Monday 5 March for firm offer.   |
| 5 March 1990      | Mr Bonnette of ANI arrived in United Kingdom with authority to conclude the sale of Armadale.  |
| 5 to 6 March 1990 | ANI received lobbying from third parties including the AEU, Mr Tam Dalyell MP, and the Scottish Office requesting an extension to the deadline to enable Harris/Menzies to submit an unconditional offer.  |
| 6 March 1990      | Mr Alan Harris told ANI that he would be unable to put together his financing package until 9 March. Draft sale agreement between ANI and Cook prepared relating to part of the assets of Armadale. Negotiations continued between ANI and Cook.   |
| 9 March 1990      | Sale agreement signed by ANI and Cook. Mr Bonnette leaves United Kingdom.  |
| 17 March 1990     | Sale of Armadale assets announced in Financial Times.  |
| 3 May 1990        | Mergers referred to the MMC.   |
| 1 June 1990       | Final redundancy notices at Armadale.  |
| 29 June 1990      | Sale of Armadale completed.  |