

THE TAKEOVER PANEL

Dunford & Elliott Limited ("D. & E.")

Profit Forecast for the year ended 31st September 1977

On 2nd March 1978 the preliminary consolidated results of Dunford & Elliott Limited for the year ended 30th September 1977 were announced. These showed profits before taxation for the year of £1,712,000, compared with a figure of approximately £5,000,000 which was forecast by the directors of the company in December 1976 in the context of the opposed offer by Johnson & Firth Brown Limited and in February 1977 in the context of the agreed and ultimately successful offer by Lonrho Limited.

On the announcement of the results the Panel received certain information from Morgan Grenfell & Co. Limited, joint advisers to D. & E. with Grindlay Brandts Limited at the time of the offers, and decided to carry out its own enquiries as to whether, in relation to the forecast, there had been any failure to comply with the requirements of the Code. In order to facilitate these enquiries Lonrho was invited to make submissions to the Panel. On 26th June Lonrho handed to the Panel a preliminary report on certain aspects of the preparation of the forecast. In normal circumstances the Panel would now proceed to reach its own conclusion and following this to take whatever action was thought to be appropriate.

The Panel has, however, been informed by Lonrho that it is considering taking legal action in respect of the D. & E. forecast. In view of this, and in conformity with the practice explained in the last annual report of the Panel that it will usually delay commencement of its own investigations until the outcome of litigation between the parties to a particular issue is known, the Panel has decided to defer further consideration of this matter until it is clear whether Lonrho is going to institute legal proceedings and if so until the outcome of such proceedings is known.

1st August 1978.