

# THE TAKEOVER PANEL

## **MORGAN CRUCIBLE PLC ("MORGAN CRUCIBLE")/ FIRST CASTLE ELECTRONICS PLC ("FIRST CASTLE")**

On 8 January it was reported in the Daily Telegraph that profit forecasts for Morgan Crucible for 1985, 1986 and 1987 had been contained in a document available for public inspection at the offices of the offeror's solicitors. Following publication of the Daily Telegraph article, Hill Samuel, financial advisers to First Castle, asked the Panel to require that the relevant figures be corroborated or withdrawn.

The document in question, as it made clear, was private, for use by Morgan Crucible and its advisers. It was Morgan Crucible's budgeted source and application of funds statement, being normal support documentation for Morgan Crucible's working capital statement. The inclusion of the document in the papers available for inspection was inadvertent and it was subsequently withdrawn.

The Panel has been informed that a representative of Hill Samuel inspected the document on 31 December. Its existence was subsequently discussed by Hill Samuel with the public relations advisers to First Castle. Prior to the publication of the article on 8 January, the figures were given to the Daily Telegraph by the public relations advisers and the figures were confirmed to the Daily Telegraph by Hill Samuel. According to the records kept by the offeror's solicitors, the document containing the relevant figures was inspected only by a representative of Hill Samuel and, later, by a representative of the public relations advisers accompanied by a reporter.

Given the nature of the document and the circumstances of its publication, the Panel is satisfied that the figures it contained need not be reported on. In so far as the information in the

Daily Telegraph derives from the document in question, it should be disregarded. The Panel is satisfied that the budgeted figure of £16.7mn for 1985 referred to as a profit forecast in the Daily Telegraph is consistent with Morgan Crucible's forecast of pre-tax profits of the order of £18mn in the offer document dated 17 December 1985 which has been duly reported on as required by the Code. The Panel has been informed that the difference between the two figures is accounted for by a number of factors that were not contained in the working capital papers.

The Panel finds it regrettable that the information contained in the document in question was communicated to the press in the circumstances described above.

As a general point the Panel regards financial advisers as being responsible to the Panel for the conduct of the relevant public relations advisers during the course of a take-over and, in particular, it is for financial advisers to control what information is released to the press.

15 January 1986