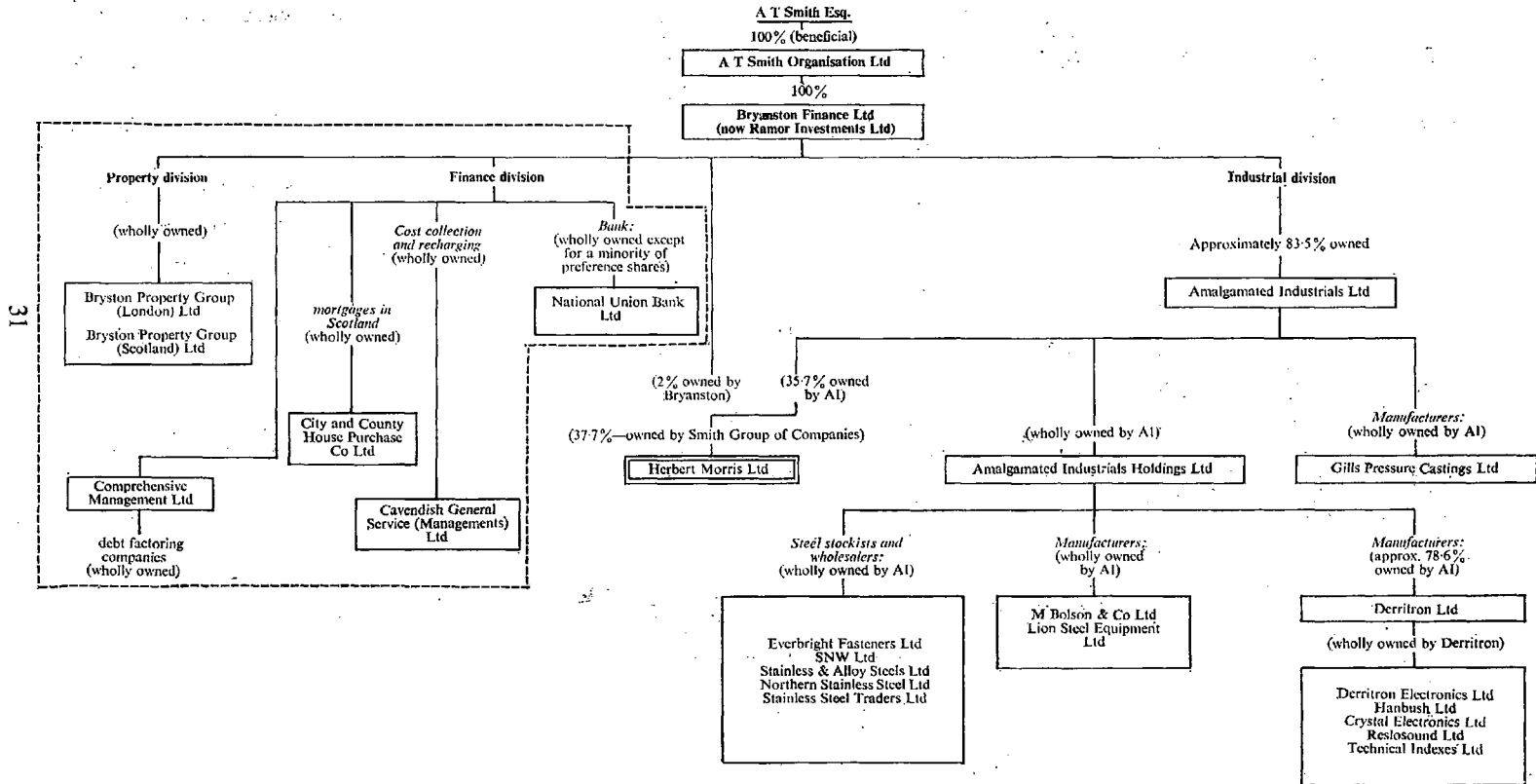


APPENDIX I
(referred to in paragraph 6)

Smith Group
Structure chart showing principal (companies only)



APPENDIX 2
(referred to in paragraph 17)

Amalgamated Industrials Ltd
Consolidated Profit and Loss Accounts

	<i>Year to</i> 31/3/1970	<i>Nine months to</i> 31/12/1970	<i>Year to</i> 31/12/1971	<i>Year to</i> 31/12/1972	<i>Year to</i> 31/12/1973	<i>Year to</i> 31/12/1974	<i>Unaudited results for six months to</i> 30 June 1975
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover: continued operations	8,972	6,194	6,250	6,067	4,165	6,410	4,728
discontinued operations	—	121	1,206	—	4,262	—	—
	<u>8,972</u>	<u>6,315</u>	<u>7,456</u>	<u>6,067</u>	<u>8,427</u>	<u>6,410</u>	<u>4,728</u>
Trading profit/(loss)	625	374	(285)	534	1,265	1,327	—
Less: depreciation	(299)	(196)	(214)	(180)	(166)	(82)	—
	<u>326</u>	<u>178</u>	<u>(499)</u>	<u>354</u>	<u>1,099</u>	<u>1,245</u>	<u>—</u>
Less: interest	(181)	(83)	(160)	(144)	(160)	(191)	—
	<u>145</u>	<u>95</u>	<u>(659)</u>	<u>210</u>	<u>939</u>	<u>1,054</u>	<u>602</u>
Trading profit/(loss) after depreciation and interest before taxation	145	95	(659)	210	939	1,054	602
Share of profit of associated company	—	—	105	175	165	116	118
	<u>145</u>	<u>95</u>	<u>(554)</u>	<u>385</u>	<u>1,104</u>	<u>1,170</u>	<u>720</u>
Taxation (including payment for group relief)	34	—	(11)	(160)	(478)	(642)	(378)
	<u>179</u>	<u>95</u>	<u>(565)</u>	<u>225</u>	<u>626</u>	<u>528</u>	<u>342</u>
Minority interests	(9)	—	—	(1)	(15)	(26)	(25)
	<u>170</u>	<u>95</u>	<u>(565)</u>	<u>224</u>	<u>611</u>	<u>502</u>	<u>317</u>
Profit/(loss) after taxation and minority interests	170	95	(565)	224	611	502	317
Extraordinary items including profits/(losses) on sales of subsidiaries	(344)	(74)	(786)	(128)	173	251	—
	<u>(174)</u>	<u>21</u>	<u>(1,351)</u>	<u>96</u>	<u>784</u>	<u>753</u>	<u>317</u>
Profit/(loss) after taxation and extraordinary items	<u>(174)</u>	<u>21</u>	<u>(1,351)</u>	<u>96</u>	<u>784</u>	<u>753</u>	<u>317</u>

APPENDIX 3
(referred to in paragraph 33)

Crane industry
Sales by UK manufacturers

	1968	1969	1970	1971	1972	1973	1974	1975*
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Power operated mobile cranes	24,229	29,901	34,030	34,760	35,303	44,360	62,604	55,010
Hand operated overhead travelling cranes	†	†	†	†	392	254	342	426
Electrically operated overhead travelling cranes (including goliath cranes for steelworks and container handling)	12,519	15,442	17,707	22,357	26,418	19,393	21,254	24,815
Dockside and gantry jib cranes	3,332	3,214	6,944	8,795	†	4,870	6,222	†
Wall and rail mounted and pillar jib cranes	404	364	935	232	648	783	924	903
All other cranes‡	2,136	1,481	1,717	2,709	7,076	4,530	2,354	9,661
Parts and accessories for cranes and transporters	4,722	4,773	6,817	7,778	9,482	11,664	15,802	15,057
	<u>47,342</u>	<u>55,175</u>	<u>68,150</u>	<u>76,631</u>	<u>79,319</u>	<u>85,854</u>	<u>109,502</u>	<u>105,872</u>

*First three quarters only.

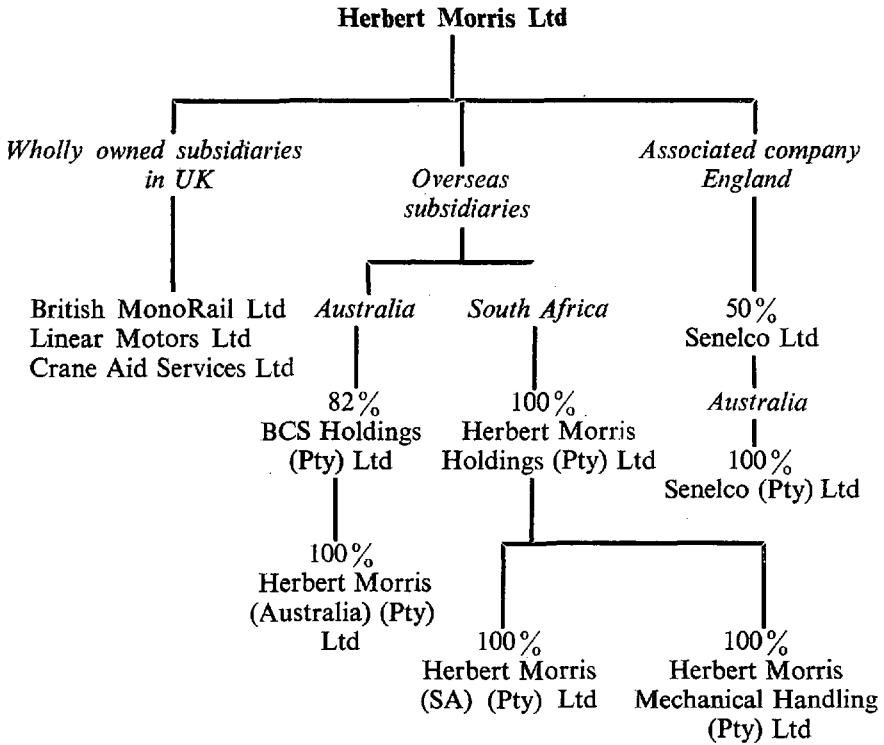
†In 'All other cranes'.

‡1968 to 1971 includes tower and derrick cranes.

Source: Business Monitor: the coverage of the Business Monitor data is estimated to be about 92 per cent of the industry.

APPENDIX 4
 (referred to in paragraph 42)

Herbert Morris Ltd
Corporate structure



APPENDIX 5
(referred to in paragraph 63)

Herbert Morris Ltd

Consolidated profit and loss accounts

<i>Years ended 31 October</i>	1967 £'000	1968 £'000	1969 £'000	1970 £'000	1971 £'000	1972 £'000	1973 £'000	1974 £'000	1975 £'000
Turnover	6,376	6,545	7,117	7,118	9,085	8,908	11,099	14,401	21,281
Trading profit before interest and depreciation	610	624	435	189	680	857	834	859	1,659
Depreciation	(215)	(210)	(171)	(167)	(169)	(177)	(238)	(259)	(295)
Trading profit before interest	395	414	264	22	511	680	596	600	1,364
Interest payable	(58)	(41)	(64)	(119)	(153)	(85)	(104)	(302)	(287)
Profit/(loss) before taxation	337	373	200	(97)	358	595	492	298	1,077
Share of profits/(losses) of associated companies	—	—	—	53	37	(4)	(28)	18	78
Group profit/(loss) before taxation	337	373	200	(44)	395	591	464	316	1,155
Taxation (including deferred tax)	(178)	(198)	(107)	(49)	(141)	(243)	(250)	(192)	(654)
Minority interests	159 (4)	175 (5)	93 (5)	(93) (8)	254 (18)	348 8	214 16	124 13	501 (26)
Profit/(loss) after taxation before extraordinary items	155	170	88	(101)	236	356	230	137	475
Extraordinary items									
Pension scheme provision (less taxation)	—	—	—	—	—	(120)	—	100	—
Goodwill and investment in subsidiary and associated companies written down	—	(69)	(229)	(91)	(20)	(183)	(111)	(6)	—
Sale of foundry (less taxation)	—	—	—	—	—	—	119	—	—
Changes in bases of accounting	—	—	(235)	—	21	—	—	—	—
Other items	(1)	(13)	5	(71)	20	33	(2)	(24)	—
	<u>154</u>	<u>88</u>	<u>(371)</u>	<u>(263)</u>	<u>257</u>	<u>86</u>	<u>236</u>	<u>207</u>	<u>475</u>

Note: The extraordinary items shown in the published accounts have been adjusted for 1974 and previous years to the figures shown above, in accordance with current practice as set out in the Statement of Standard Accounting Practice (SSAP 6).

APPENDIX 6
(referred to in paragraph 67)

Herbert Morris Ltd

Sources and applications of funds

<i>Years ended 31 October</i>	1973		1974		1975	
	£'000	£'000	£'000	£'000	£'000	£'000
Sources						
Trading profit for year before taxation		464		316		1,155
Depreciation		238		259		295
Disposals of fixed assets		99		82		127
Shares issued on acquisition of associated company		250		—		—
Other		321		—		—
		<u>1,372</u>		<u>657</u>		<u>1,577</u>
Applications						
Tax paid		26		250		160
Dividends paid		168		102		60
Additions to fixed assets		869		849		786
Cost of shares in associated company		85		30		—
Movement in working capital:						
Stock increase		61		2,318		1,140
Debtor increase		1,283		479		1,142
Creditor (increase)		(299)		(1,267)		(840)
Progress payments (increase)		(543)		(555)		(2,652)
		<u>502</u>		<u>975</u>		<u>(1,210)</u>
Other		—		57		35
		<u>1,650</u>		<u>2,263</u>		<u>(169)</u>
Movement in total borrowings (increase)/decrease		<u>(278)</u>		<u>(1,606)</u>		<u>1,746</u>
Reflected in:						
Cash and bank balances						
—increase/(decrease)		30		(27)		4
Bank loans and overdrafts						
—(increase)/decrease		(308)		(1,279)		1,942
Term loan—(increase)		—		(300)		(200)
		<u>(278)</u>		<u>(1,606)</u>		<u>1,746</u>

APPENDIX 7
(referred to in paragraph 68)

Herbert Morris Ltd
Distribution of shares

(as at 7 January 1976: the position essentially the same
on 15 December 1975)

	%	%
1. Held Directly by Smith Group (AI and Bryanston)		
(a) <i>Disclosed before 15 June 1975</i> Published in Morris Directors' report on 25 February 1975	31.92	
(b) <i>Disclosed after 15 June 1975</i> Purchased April 1974: published 18 June 1975 Purchased 4 November 1975	1.28 4.52	
2. Mr Smith and Mr Hegard as Morris directors	0.02	
3. Bathrich Securities Ltd (Mr Smith) (Purchased 1972)	0.22	37.96
4. Rowe Rudd & Co Ltd: Discretionary clients Purchased February and April 1975; held for discretionary clients	2.56	2.56
5. Morris family and directors		
(a) Morris family, directly or in trusts or nominee accounts	24.90	
(b) Directors, excluding Mr Morris, Mr Smith and Mr Hegard	0.66	25.56
6. Morris pensions fund	1.17	1.17
7. Institutions (over 10,000 shares each)	13.10	13.10
8. Other shareholders		
Large shareholders (over 10,000 shares each)	3.30	
Small shareholders	16.35	19.65
		100.00

APPENDIX 8
(referred to in paragraph 104)

Agreed summary of trade union views

Amalgamated Union of Engineering Workers (Engineering Section)

Amalgamated Union of Engineering Workers (Technical, Administrative and Supervisory Section)

Transport and General Workers Union

Association of Professional, Executive, Clerical and Computer Staff

It is our considered and united opinion that the transfer of control at Morris would be completely against the interest of our memberships for a number of reasons which we shall attempt to show to this Commission.

We would like to state first of all quite openly that this statement is entirely a trade union viewpoint with the complete backing and support of our memberships and it does not in any way carry an opinion of the management at Herbert Morris, neither has any pressure been applied by the company at any of our meetings to finalise this statement—although it would be true to say that we have sought information regarding the takeover bid and, in line with the close working relations we now have, that information has been supplied.

Members of this Commission will well understand that what trade unions count among their first priorities is job security for their members, and the first point we wish to make is that at no time have we been consulted or has any statement been made to us as to the continued employment of our memberships by the take-over bodies.

In September of 1970 E & H P Smith, on behalf of Pacific Holdings in America acquired a 30 per cent interest in Herbert Morris and no one from those companies made any statement to the Morris employees or their representatives. Furthermore, in April of 1972 when Bryanston Finance entered into the picture and again in July of that year when E & H P Smith bid for the remaining Morris shares we were not consulted or advised—neither for that matter in the latest bid by Amalgamated have we received any information from the company or its parent body, Bryanston, as to the future prospects of our memberships, and this is having a very unsettling effect among these people.

We wish to state also that this takeover bid could not have come at a worse time for us as for the first time in a decade our members can see progress within the company, and we have cause to remember that the 1960s were not good years for us in so far as we experienced redundancies and short time working on at least three occasions.

It is our considered opinion that we are now in a much better position than we were eighteen months ago and we firmly believe that the company has made a substantial profit last year although the figure is not yet available—maybe this is not unique in Morris history, but it is a long time since that happened.

The order book is, we understand, fairly healthy and we are winning orders for export which is of course in all our interests. Furthermore, the company is continuing to recruit labour in many trades and we therefore feel as trade union leaders that job security for our members is now quite sound.

We know too that capital over the last eighteen months has been injected into the company for new machine tools and for the expansion and modernisation of the Construction Department, while we have witnessed the completion of the design and administrative offices which for those people was long overdue.

Furthermore, in the works piecework as we knew it has been eliminated while production has at least been maintained and to some degree increased, added to which we have formulated the Works Council and Participation Committees, which has strengthened the labour relations position which in our opinion has never been better.

So we would suggest to the Commission that in a period of instability for the country in general and where many firms have found themselves in economic difficulties with redundancies and short time working, and having experienced all of these in the past—we would suggest that this company is indeed flying completely against the national trend and, as we say, the takeover bid could not have come at a worse time.

As the Commission will have noted, we have made no reference to the wage and salary conditions and this for our part is deliberate because we feel it is not in our members' interests to comment at this meeting. Nevertheless, we would say that what we have been allowed to negotiate within the confines of successive wage freezes the social contract and the incomes policy we have negotiated and we have no argument with the company on that.

We would point out too that all these changes have not come overnight, but they have come nevertheless in a relatively short period and we believe that they are the results of a board of directors, a management and an employee working relationship hitherto unknown in the history of Herbert Morris.

We as trade union officials have been subject to a considerable amount of questioning by our members and to many of them we have been unable to give an answer, and we ask this Commission to understand that the people at Herbert Morris regard themselves as specialists in the crane and lifting field. Bearing that in mind, what do Bryanston Finance and Amalgamated have to offer our people in return for the expertise and skills which they seek to buy?

From our own union research departments we have been able to gather considerable information both financially and also as regards the companies within their particular group, and we are filled with no enthusiasm whatsoever with these facts. Moreover, without being derogatory to this group of companies, we are somewhat alarmed that our members' interests for the future could be tied up with these people.

One way or another Herbert Morris has been associated with Smith or Amalgamated and Bryanston for just over five years and we have yet to see any benefits that might have accrued from this share interest and, so far as we are aware, no orders for cranes or anything else have been won as the result of this stake within the company.

Our members feel as the result of the latest bid that it could be possible in the future that part of the company could be made extremely profitable at the expense of other parts, then sold as a going concern to make a quick profit—leaving us with an ailing company yet again—and we feel also that the banks who at this moment appear to have confidence in the company for investment purposes might indeed have second thoughts because of the activities of Bryanston and

Amalgamated, which we feel could have a harmful effect upon the living standards of our members.

The town of Loughborough and its surrounding areas has quite a number of industries, many of which are feeling the economic draught common to the nation and we have recently seen the fall of one of its major engineering firms, namely William Cotton, part of the Bentley group, and if it were not for two of the major companies, Brush and Herbert Morris, having good order books and therefore able to absorb some of this labour, this town and district would be as badly placed as any unemployed area in the country.

We feel therefore that any further interest by Bryanston Finance and Amalgamated could never be in the interest of our members, and as we are elected to serve that interest we shall oppose these two companies in whatever way we think fit. But we would rather see if this Commission in its wisdom decides that this latest bid is not in the interests of Herbert Morris and finds in favour of that company that these shares should be disposed of in such a way that never again could they be used against the stability of the company and therefore rid us once and for all of the uncertainty of the last five years.