Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

STATEMENT OF TIMOTHY ALEXANDER WOOD

Age of Witness (date of birth) 47 (30/04/44)

Occupation of Witness FINANCE DIRECTOR

Address and Telephone Number

This statement, (consisting of 30 pages each signed by me*), is true to the best of my knowledge and belief and I make it knowing that, if it is tendered in evidence, I shall be liable to prosecution if I have wilfully stated in it anything which I know to be false or do not believe to be true.

Dated the 7th day of January 1992

Signed T.A. Wood Signature witnessed by

I am an Associate of the Institute of Bankers having qualified in 1965. My career began with the Midland Bank in 1962, in 1971 I was appointed Treasurer of Ford Motor Credit Company, in 1974 I joined Cape Industries as Treasurer before moving to British Home Stores, also as Treasurer, in 1979. I was promoted to Divisional Director Finance at British Home Stores in 1983 but left in 1985 to become a director at stockbrokers Capel Cure Myers and their associate Company ANZ Merchant Bank.

I joined Polly Peck International PLC ("PPI") on 19 January 1987 as Group Treasurer. Before accepting this post I researched the Company's history. This raised several questions which were satisfactorily answered by Asil Nadir during a meeting in December 1986. In addition to answering my questions Mr Nadir suggested that I accompany him to Turkey and to the Turkish Republic of Northern Cyprus ("TRNC"), before joining the Company, to see the operations for myself. I was inspired by Nadir's charisma and vision. The trip began on 12 January 1987 and included visits to Turkey and to the "TRNC. Apart from Nadir and myself, the party included Mr Fawcus, finance director, Neil Dinan and Chris Marshall, from the Hongkong Bank Group and Brian Alderson and Mark Healy from Kansallis-Osaki Pannki("KOP"). We visited Vestel, the electronics operation, at Manissa close to Izmir. From there we travelled to Adana to visit the Cukenhem fruit complex. Next we flew to Northern Cyprus and were shown the Unipac operations in Famagusta as well as citrus orchards and fruit packing stations in various parts of the island.

Signed T.A. Wood Signature witnessed by

*Delete if not applicable

No. 991A

M P 87

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

Initially reporting to the Finance Director, my duties as Treasurer were to establish a Treasury function to manage cash, debt and foreign exchange exposure. My main duties were to:

1 Negotiate facilities from banks and capital markets to meet demanding corporate requirements.

2 Create and maintain relationships with over 30 international commercial and investment banks to achieve objectives in (1) above.

3 Provide a service to Group operating subsidiaries in the following areas: working Capital funding; capital expenditure funding; Letter of Credit provisions and administration; foreign exchange exposure management; Export Credits Guarantee Department "ECGD" facilities; leasing facilities; cash flow management and advice on establishing and maintaining local bank relationships for overall Group benefit.

4 Propose and implement Treasury systems controls and reporting procedures.

5 Build a team of six to support and administer the function at Head Office.

6 Be a negative cost centre.

7 Discharge all secured debt.

8 Extend the maturity profile of debt within the Group Capital Structure.

9 Monitor financial covenants in loan agreements.

10 Identify, recommend and implement foreign currency hedging mechanisms.

11 Design, prepare and implement state-of-the-art presentation programme to support Swiss and German Bond Issues and expectation management.

Signed .... Signature witnessed by ....

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

Very soon after joining I discovered the Company to be short of cash. There were many pressing creditors. Most directors were spending too much time as cash managers.

On 11 December 1986 the Company announced the acquisition of Russell Hobbs Tower ("RHT") from the TI Group. By end January 1987, my judgement led me to believe that the transaction had been entered into without the Company having the means to pay for it. This situation was made worse when Banque Indosuez withdrew its facilities and called for the repayment of £6,000,000 borrowings as well as refusing to renew several million pounds of trade finance facilities at maturity. The Bank's reason for withdrawing it's facilities was that the Company had discounted a bill of exchange twice. The first time with them and a second time with another institution.

Further evidence of the Company's poor cash position emerged when some of these bills, drawn payable at National Westminster Bank, 15 Bishopsgate in London were returned unpaid. A second bank, Banque Worms, also withdrew its facility at this time and the Swiss Cantobank International, London was also pressing the Company for funds.

In February 87, I attempted to introduce dual control of all bank mandates. This is good business practise which in my opinion is adopted by most large public companies in Britain. Despite support from Fawcus, the attempt failed on the grounds, according to Fawcus, that Nadir did not want his authority diluted.

At this time The Hongkong Bank Group ("Group") was the largest individual lender to the Company. Its facilities amounted to £30 million. These facilities consisted of short term secured borrowings from the Hongkong and Shanghai Bank and trade finance facilities from Hongkong International Trade Finance Limited ("HITFL"). Niel Dinan was the Bank contact and John Fletcher was the contact at "HITFL". In February 1987, to satisfy their reservations, the "Group" requested certain financial management information including a breakdown of the consolidated accounts for the year ended 30 August 1986 and a plan for the future. No corporate plan existed and Anil Doshi hurriedly put one together.

Signed .... Signature witnessed by ....

No. 991C

M.P.86

Doshi had been associated with Nadir and his family since the mid sixties. He had been Finance Director of "PPI" until his resignation in July 1986. He remained a very close advisor to Nadir during all the time I was associated with the Company. I always regarded him as "PPI's" chief financial officer and Fawcus to be a figurehead.

In early 1987, Doshi was located at "PPI's" Commercial Road offices. He moved to Berkeley Square for a short time in late 1987 before returning to Commercial Road. In 1988 he established offices in Ivory House, St Katherines by the Tower for his Company Afincorp Limited. I am not aware of the purpose of his business but at all times he remained a close advisor to Nadir.

I considered Doshi to be a very capable, intelligent, decisive and creative person.

Since a great deal of effort was being put into preparing a presentation for the Hongkong Bank the question of to whom it should be addressed was raised. It was decided to seek an appointment with the Chairman of the Bank, William Purvis in Hongkong.

The appointment was arranged and on 16 March 1987, together with Nadir, Fawcus and Vi Jensen (Group Controller - also appointed in January 1987) I travelled to Hongkong.

There were three or four meetings with the Bank but finally David Jaques, a director of the Bank, informed Nadir, Fawcus and me that the Bank, subject to certain conditions including the approval of their London office, was prepared to increase their facilities by £15 million to £45 million. We returned to London in good spirits.

On our return from Hongkong I had a severe difference of opinion with Fawcus. I decided that I could not continue to report to someone in whose skills and judgment I had no respect. Nadir rejected my resignation and told me to report to him personally. I asked him to advise Fawcus of this change but I don't believe he ever did. This was the beginning of what I later recognised to be Nadir's "divide and rule " technique. He encouraged false

Signed .... Signature witnessed by ....

loyalty by openly criticising others (in my case Fawcus) suggesting you were important to him while the other person was not. I would not be surprised to learn that Nadir had a similar conversation with Fawcus.

On 30 March 1987, Michaël Wells a senior manager for the Hongkong Bank in London telephoned to inform me that the Bank had reluctantly decided not to advance any further facilities to "PPI". This was bad news which I relayed to Nadir, then in Northern Cyprus, as well as to other directors and colleagues.

The proposed £15 million increase in facilities had been earmarked for the £5.7 million dividend due to be paid on 3 April 1987, the balance of the purchase price of "RHT" and the balance of repayments due to Banque Indosuez.

Mark Ellis, Joint Managing Director of "PPI" at the time, resolved the problem by arranging to borrow £6 million on a very expensive and short term basis following negotiations with Peter Brazier, Managing Director of Arbuthnot Latham & Co merchant bankers. Repayment of this loan was achieved from the proceeds of a placing for cash in April 1987 of 10 million "PPI" ordinary shares.

Before travelling to Hongkong, I had decided to make a concerted effort to borrow money from banks to solve the Company's cash crisis. Through March, April, May and June 1987 I contacted business acquaintances in many banks in London. Examples of banks I contacted included Commerzbank, Dresdner Bank, Deutsche Bank, Toronto Dominion Bank,Canadian Imperial Bank of Commerce, Royal Bank of Scotland, Lloyds Bank, Banco Bilbao, Banco de Vizacaya, BAII, Bank of Scotland, Banque Bruxelles Lambert, Banque Belge, Bayerische Vereinsbank, Berliner Bank, Chase Manhattan Bank, Chemical Bank, Continental Bank, Credit Lyonnais, Creditanstalt Bankverein, Sumitomo Bank, Fuji Bank, Grindlays Bank, Henry Ansbacher, Irving Trust, Mitsui Bank, National Girobank, Riggs AP Bank, Saudi American Bank, Saudi International Bank, Swiss Bank Corporation, Union Bank of Switzerland, United Mizrahi Bank and Westpac banking Corporation.

Signed .... Signature witnessed by ....

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

At first progress was slow but by the end of July some of the aforementioned banks had offered facilities to "PPI". My goal was to satisfy the Company's aspirations for cash, reduce the cost of borrowing, lengthen maturities and eliminate security.

The cost of borrowing was reduced slowly from between 2.0% (KOP £20 million syndicated facility) and 4.0% ("HITFL") above London Interbank Offered Rate ("LIBOR") at the end of December 1986 to around about 0.5% above "LIBOR" by the end of 1988. A key tool used to achieve this objective was the Sterling Commercial Paper Programme ("CCP") which I arranged with Hill Samuel during 1988. It is a mechanism by which money can be borrowed for periods up to twelve months but more usually a maximum of four weeks. Interest rates vary but were usually in the region of 0.25% above "LIBOR". I stressed to the Board in a paper that this facility should only be used to reduce the cost of debt and that it should never be used for increasing total facilities available to the Company.

I believe that after I left the Treasury function in December 1988, this facility was used as an additional line of credit by the Company.

The opportunity to add comfort to the debt element of "PPI's" capital structure by lengthening maturities arose during negotiations with S.G.Warburg Soditic a Geneva based investment bank in late May 1987.

These negotiations led "PPI" into the Swiss public bond market.

The first was a ten year SF65 million 3% convertible guaranteed bond issued on 7 July 1987 to mature on 7 July 1997. A condition of the bond was that if the "PPI" share price exceeded 130% of the 302 pence conversion price (392 pence) for 30 consecutive business days the Company could force conversion by buying the bonds back at par. The majority of the bonds were converted by 17 October 1987 (black Monday for the stock market) leaving a rump of about SF15 million unconverted which had to be bought back.

Signed .... Signature witnessed by ....

No. 991C

M.P.86

Nadir favoured the Swiss public bond market. It was not critical of him and the process of raising cash from this medium was relatively trouble free. As a result the Company made 6 more Swiss issues totalling SF600 million. In a similar way following negotiations with Dr Ulf Siebel an additional DM100 million bond issue was arranged in Germany by ABC Daus & Co. A summary of the Swiss and German issues is set out below:

DATE AMOUNT	COUPON	TERM	MATURITY
13/08/87	SF 75M	6%	5 YRS 13/08/92
19/11/87	SF 50M	6.25%	3 YRS 19/11/90
07/04/88	SF100M	5.75%	5 YRS 07/04/93
28/04/88	DM100M	6.0%	5 YRS 20/04/93
20/09/88	SF125M	5.625%	6 YRS 20/09/94
01/03/89	SF100M	6.25%	7 YRS 01/03/96
01/03/90	SF150M	8.75%	7 YRS 01/03/97

After the Extraordinary General Meeting held on 24 June 1987 to approve the first Convertible Swiss bond issue, Nadir invited me to the Boardroom where he asked me "if I would mind" being appointed a director of "PPI". I judged it inappropriate to reject his overture but because of my discomfort with the financial state of the Company, indiscreetly revealed to Doshi (who I was sure would pass it on to Nadir) that I did not want to be a main board director of "PPI".

Signed .... Signature witnessed by ....

No. 991C

M.P 86

All these Swiss and German borrowings were hedged, at very reasonable cost, into sterling to insure against further foreign exchange losses resulting from borrowing in hard currencies which may appreciate against sterling, using a technique devised by N. P. Record PLC. This company was introduced to me by Union Bank of Switzerland in mid 1987. The technique was quite complex but against the background of empirical evidence and the recommendation of a top Swiss bank clearly worked. To my knowledge the technique still works today.

Following my negotiations with Credit Swiss First Boston which began in late December 1987 we successfully arranged a three year £75 million Multiple Option Facility made available to "PPI" on 18 February 1988.

I believed that all funds borrowed from banks or capital markets by PPI were being used for the benefit of the company. Invariably, new facilities were drawn down within days and dispersed throughout the Group, putting more pressure on me to negotiate further facilities. This pressure emanated particularly from Mr Nadir.

During 1988 and as a reward for my efforts, Nadir gave me a £6,000 cash gift.

From the date of my appointment, the Company's clearing banks were National Westminster Bank Plc, 15 Bishopsgate, London, and Midland Bank Plc, Aldgate Branch, 94 Fenchurch Street, London. Neither bank provided facilities to the Company until mid 1988.

At the time I joined a proportion of the existing borrowings was secured. By July 1988 all security had been lifted and all "PPI's" borrowings were unsecured.

Signed TWood .... Signature witnessed by ....

All facilities arranged required a Board Resolution authorising acceptance. In my experience few if any were ever authorised at a full Board Meeting. Usually the Chairman, Nadir, and where necessary a second director authorised me to accept the facility on behalf of the Company. This practise also included the Swiss and German bond issues although all directors, including non executive directors were advised of the "misrepresentation" clause. This meant they were responsible if any information contained in the prospectus was materially untrue. The mandates also required authorised signatories and signing powers. As I stated before, Nadir insisted on single signature authority. The authorised signatories almost always included Nadir, Reading, Ellis, Fawcus and myself. On some mandates Reshad and Harris were also signatories.

Cheque books, principally for Company accounts at National Westminster Bank and Midland Bank were controlled by the Chief Accountant, John Turner and the Company Secretary, Charles Collins. As a signatory on almost all "PPI" bank accounts I signed instructions authorising the payment of interest on loans, the repayment of loans at maturity and inter-company transfers. Occasionally, I also signed cheques in the ordinary course of business but usually only when other authorised signatories were not available.

As Group Treasurer, I was concerned about the financial state of the Company. It was not in breech of any of the financial covenants contained in bank facility letters or loan agreements. However, I believed that gearing (the proportion of debt to equity or shareholders funds) should never exceed 100%. Debt in excess of this level introduces financial risk to the Company.

In a similar manner to my initiative for the security of dual control of bank mandates I proposed to Reading and Fawcus that they obtain Board approval to a policy restricting borrowing to 100% of shareholders funds. Although I never saw a document setting out this policy, both Reading and Fawcus advised me that it had been approved by the Board.

Signed .... Signature witnessed by ....

No. 991C

M.P.86

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)
CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

In an effort to simplify the management of loan agreements I tried to ensure where possible that important financial covenants were basically the same in every agreement. Two covenants I was very particular about were, the gearing covenant and the interest cover covenant.

In simple terms the gearing covenant for the Company in almost all agreements was: "net debt (gross debt less cash) must not exceed 1.5 times Tangible Net Worth (shareholders equity less intangible assets)".

In similar terms the interest cover covenant did not allow earnings before interest and tax to be less than 3 times interest expense.

By the end of 1987 the level of gearing was in my opinion getting uncomfortably high.

I started the Treasury function on my own with a secretary. Ersin Tatar joined the team as a result of his own initiative fairly early on. He emanated from the "TRNC" but had lived in Britain since 1974. He was educated at Forest School and graduated from Cambridge. He qualified as a chartered accountant after being articled to Price Waterhouse. He was extremely intelligent but a little lazy but despite this we got on well together. He was an able assistant who not surprisingly learnt the job quickly.

Anne Fyfe joined me as assistant treasurer in 1987 from Storehouse PLC. I had known Anne since 1971 when we both worked for Ford Motor Credit Company. She resigned and left in August unhappy with the way the Company was run and with suspicions that Company funds were being used by Nadir to buy "PPI" shares. I had no knowledge and could not discover any proof of this.

Nirpal Bharaj joined the team to process documentary letters of credit, Stuart Kirkland was recruited to handle the day to day operations of the function.

Signed .... *Signature witnessed by* ....

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

I generally arrived at the office between 0600 hours and 0630 hours. More often than not, I would have a meeting with Nadir at around 0800 hours when he arrived in the office. We would discuss my progress in raising money for the Company.

To enable a daily check on total borrowings and unutilised facilities I designed and published a facilities and utilisation schedule ("FUS"). This was distributed to Nadir, Reading, Ellis, Doshi and Fawcus every day. It clearly highlighted the daily movement of funds. Example TAW 1.

Nadir would often give personal instructions for the movement of funds usually through Tatar. Nadir usually signed such transfer instructions. Fawcus frequently criticised Tatar for not informing him about such transfers in advance. The transfers were revealed to him on the daily "FUS". When asked about the transfers my response was always that Nadir, not Tatar, was the person to be controlled but this was never achieved.

Tony Reading was appointed managing director in September 1987. This precipitated a problem for Ellis who had the title of joint managing director. The divide and rule technique was being employed again.

Reading and I went out for lunch at the Greenhouse in mid September.
Vi Jensen had been working on financial control but was effectively restricted to "RHT". She was not encouraged to introduce controls into operations in Turkey or the "TRNC". She had drafted and published a Finance Manual for the business. Reading tried to champion her efforts by having the manual translated into Turkish. To my knowledge this was not achieved and any attempts to introduce proper financial controls into the Turkish and "TRNC" operations were frustrated.

Signed .... Signature witnessed by ....

No. 991C

MP86

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

I was curious about the amount of cash in the balance sheet. At the end of August 1986 the consolidated accounts showed about £20 million cash. At the end of August 1987 this had risen to £24 million. But by the end of December 1988 cash had increased to £124 million. Of this total, I was aware that about £20 million was deposited in Hongkong by "PPI's" locally quoted vehicle. The remaining £100 million or so was a mystery to me. I was able to reconcile all Group debt, I was familiar with most of the large banks in Europe, North America and the Far East yet I was not aware of where any of this cash was deposited. If it had been deposited with any of the banks I knew someone in one of those banks would have mentioned it. They did not.

I should have known as much about the whereabouts of the cash as I knew about the sources of borrowings. I did not. I had suspicions but no evidence. On occasions when funds were required for a particular purpose and no bank facilities were available Fawcus would suggest that Nadir be asked to remit some of the cash back from Turkey. No material amounts were ever remitted. This convinced me that Fawcus had no more idea about the whereabouts of the cash than I had. On pressing John Turner for details he told me that it comprised of receivables in the process of being collected. Turkey does not have a sophisticated payments mechanism like Britain. Most payments were, and probably still are, in cash or by promissory note, collection of the latter would not take longer than three months and, in the context of local sales would not amount to the sums highlighted above.

In response to the same question, Doshi told me the cash was on deposit in hard currencies (e.g. Deutschmarks, dollars, Swiss Francs). But if this was the case the interest earned on deposits was inconsistent with rates normally paid by banks for deposits in hard currencies.

Signed .... Signature witnessed by ....

No. 991C

M.P.86

Turkish Lira ("TL") is not a hard currency. In foreign exchange market parlance it is referred to as an "exotic currency" because of the relatively low volumes of transactions and the limited number of active dealers in the currency. It has devalued against sterling on average by 100% per annum since 1986. Interest rates on "TL" have also been high during the same period somewhere between 40% and 60% on average but sometimes higher. Nevertheless, unless there was a specific local use for "TL" and if "PPI" had a choice (to invest cash elsewhere) it did not make sense to borrow in hard currencies and deposit in "TL".

Despite my suspicions and the benefit of hindsight, the Auditors Stoy Hayward did not qualify the accounts which meant they had evidenced certificates of deposit for the cash. I was aware that Erdal & Co a local "TRNC" firm of accountants carried out audits on "PPI's" activities in Turkey and the "TRNC" which were then reviewed by Stoy Hayward.

Unipac a subsidiary of "PPI" based in "TRNC" manufactured corrugated cardboard boxes. Although it was reported in the annual accounts to have a capacity of over 100 million boxes annually, I had reservations about its profitability. Consolidation statements for period ending 30 August 1986 show Unipac to have post tax profits of almost £40 million. This was about 65% of the earnings of the whole group in that year. However, as mentioned earlier the Group received a clean audit report from Stoy Hayward.

I was told that Unipac was the only cardboard box manufacturing company in the Eastern Mediterranean. I was also told that it acted as Company banker for other activities in the "TRNC" and Turkey. Ilker Nevsat, Nadir's brother in law was in charge of "PPI's" "TRNC"operations.

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

During my time in the Treasury function, substantial amounts of money were remitted to Turkey and to the "TRNC" on the instructions of Nadir. Other monies were used to finance the operations at "RHT", pay interest on borrowings, pay dividends and head office expenses including salaries. I personally signed a number of transfers to Unipac most of which were used to repay trade finance facilities from "HITFL". To the best of my knowledge all transfers were in favour of Group companies, except a transaction dated 4 July 1988 involving a transfer of £10m to Finansbank in Turkey. The circumstances surrounding this transaction are described more fully on page 18.

I have been shown a number of authorisations to transfer money from PPI's accounts (TAW/2) and I can say that they all have my signature thereon.

To the best of my knowledge monies were never transferred without authorisation from Mr Nadir or other responsible persons except for interest payments or the repayment of borrowings at maturity

Unipac had an account with the National Westminster Bank at Library Place, Jersey. Transferring money to Unipac was no different from transferring money to "RHT" or any other subsidiary. Payments from Unipac or other subsidiaries to third parties had to be made by officers and authorised signatories of those companies. In UK terminology stemming from the days prior to 1979 when Exchange Controls prevailed such accounts were called "offshore accounts". I believe the account was used to pay expatriate salaries overseas.

The only person I knew to be a signatory to the Unipac account in Jersey was Nadir. In my judgment Turner controlled the account. He often requested funds for the account giving reasons such as the repayment on maturity of "HITFL" trade finance facilities.

Signed .... Signature witnessed by ....

No. 99TC

M.P.86

Unipac also had an account with the Industrial Bank of Cyprus ("IBC") in "TRNC" in which, the "PPI" annual report and accounts revealed, Nadir had an interest. I authorised transfers to Unipac through the account of "IBC" at Midland International, London.

I had no knowledge of how the cash transferred to Turkey or to the "TRNC" was used except that, according to revelations in the "PPI" annual report and accounts, operating subsidiaries in these countries generated the majority of the profits of the Group. I made the simple deduction that these profits must be derived from investments in assets in these countries. If such assets were capable of generating above average returns as evidenced by the unqualified accounts then spending money on such assets was a profitable investment opportunity for the Company and for its shareholders.

I have to say it was strange, bearing in mind the amount of cash reported to be invested in banks in Turkey and the "TRNC", that officers from operating subsidiaries in those countries would telephone the Treasury function in London asking when funds promised by Nadir would be remitted.

I have been asked if, during my time as Group Treasurer or indeed at any time during my employment with "PPI", advice of "TL" local currency deposits into "PPI" subsidiary accounts in Turkey or the "TRNC" for the account of the parent Company were ever received. I was also asked if favourable exchange rates for sterling against "TL" were granted to Nadir or whether I had any knowledge of deposits made by his mother in the "TRNC" in local currency for his benefit.

I categorically state that I had no knowledge of any such transactions. Further no mention was ever made of such transactions to me by anyone. If Tatar was aware of such arrangements I cannot believe he would not have revealed them to me, he did not.

Signed TAWood Signature witnessed by

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

Nadir never alluded to depositing local currency in the "TRNC" thus enabling him to draw sterling for his own account in Britain. If I had any evidence that Nadir was using Company funds for his own purposes I would have had to resign if not inform the Stock Exchange. This fact would not change even if he had deposited money in local currency in the "TRNC".

I must reiterate that there always seemed to be a shortage of cash especially in Turkey and in the "TRNC". Huge cash deposits of "TL" by Nadir's mother was inconsistent with such a cash shortage. Money only went one way - East. Very rarely was cash remitted from Turkey or from the "TRNC" to the U.K. and when it was the amounts were comparatively small. It is also worth mentioning that until 1989 Turkey imposed exchange control restrictions on the exchange of Turkish Lira into other currencies without Central Bank approval. To the best of my knowledge, the "TRNC" still imposes such restrictions.

From time to time various relationship banks inquired whether "PPI" could freely remit funds from Turkey and from the "TRNC" back to the UK. I told them that "PPI" was able to remit funds back to the UK from Turkey and from the "TRNC". Nadir had, in response to my question, advised that "PPI" had a special dispensation from both Turkey and from the "TRNC" to remit profits and repay loans made to subsidiaries in those countries.

Nadir was not interested in raising funds locally in Turkey. One reason was the high rates of interest which UK generally accepted accounting practice dictated should be shown on the profit and loss account above the line, after operating profits but before pre tax profits. Such costs would have reduced "PPI's" pre tax profits.

It is therefore feasible for "TL" to be exchanged for sterling and transferred to the UK by Nadir and his family. It would help them to get round local exchange control restrictions. However, it would be most unusual for a public company to get involved in this type of transaction.

Signed [signature] Signature witnessed by [signature]

No. 99TC

M.P.86

Apart from remitting funds directly from the UK to Turkey and to the "TRNC" another way "PPI" lent money to its subsidiaries in those countries was by way of documentary letters of credit. "PPI" would open letters of credit in favour of overseas suppliers to subsidiaries in Turkey and in the "TRNC". Overseas suppliers in countries as far apart as the U.S.A., Germany and Japan would ship goods and materials to Turkey and to the "TRNC" consigned to "PPI" subsidiaries. When the bills of exchange drawn under the documentary letters of credit matured, "PPI" would pay and the loan accounts of the various subsidiaries would be credited. Vestel, the Turkish electronics subsidiary was the main beneficiary of this type on inter-company loan. Vestel rarely repaid any of this inter-company debt.

In July 1987, I travelled to Turkey with the aim of building a knowledge of the Turkish banking system. I visited several local banks and also branches of foreign banks in Istanbul. Whereas most banks knew of "PPI" very few had banking relationships with the Company and those that had did not lend money. They simply held the Turkish equivalent of UK bank current accounts for "PPI's" Turkish operating subsidiaries such as Meyna and Vestel. Another activity was the collection of promissory notes at maturity.

During this trip, I travelled to the "TRNC" at the invitation of Tatar's father. While there I met Nadir who took me on his boat to visit the Zephyros Hotel which "PPI" subsequently bought, refurbished and renamed the Crystal Cove.

Later the same year, I travelled to Ankara to see the Chairman of the Turkish Tourism Bank. The objective was to persuade him to obtain state support for his guarantee to "ECGD" with whom, together with Banque Parisbas, I was negotiating on behalf of "PPI" for a loan to finance the construction of "PPI's" proposed hotel at Antalya in Turkey. My request was politely refused.

Signed .... Signature witnessed by ....

No. 991C

M P 86

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

In May 1988, I travelled to Hongkong and Taiwan. The purpose was to visit banks in Hongkong in an attempt to persuade them to lend to "PPI's" operating subsidiaries in the Colony. The visit to Taiwan was principally to familiarise myself with the operations of "PPI's" operating subsidiary there, Capetronic. My efforts in Hongkong were relatively successful and banks made facilities available to various "PPI" companies.

I returned to Turkey in June 1988 to represent Nadir at the opening of Yaterim Bank in Istanbul. This was a new Turkish subsidiary of Creditcorp, a financial institution with whom "PPI" had a business relationship in London.

On Saturday, 2 July 1988, Nadir telephoned me at home. My mother answered the telephone. She told me he was embarrassingly complimentary to her about me before asking if he could speak to me. He asked me to promise that I would effect a transfer of £10 million to Turkey by noon Turkish time on Monday 4 July 1988. He also swore me to secrecy about the transaction. He had signed an instruction requesting the National Westminster Bank to transfer the money. However, to complete the transaction within the target time I had to prepare fresh instructions addressed to the Midland Bank. The reason for this was that I knew the beneficiary bank in Turkey, Finansbank, had an account with Midland International. My route, therefore, only required internal instructions within the Midland Bank to effect the transaction which enabled it to be completed within the timeframe. The document 9385 of TAW 2 bearing my signature is the authorised request. The Midland could therefore telex Finansbank in Istanbul, Turkey before 1000 hours UK time or noon Turkish time advising that the money had been credited to their account.

Nadir had told me that the £10 million was required for the purchase of Tudace, a Turkish fruit company. I could not understand why a commercial transaction of this kind required such urgency.

Signed .... Signature witnessed by ....

No. 991C

M P 86

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

On Monday 4 July 1988, Nadir was in Turkey and my suspicions about the transfer were aroused when I heard from Tatar that Nadir had purchased a Turkish newspaper called Gunyden. I had no proof that the £10 million was used for the purchase of the newspaper but nevertheless remained suspicious.

At some time during 1988, Nadir had also purchased Titibank. It was alleged that he bought it with "PPI" funds and that Reading insisted that it be a subsidiary of the Company until Nadir paid the Company for it. Reading should be able to relate the facts.

It had been decided to change the year end of "PPI" during 1988, from the end of August to the end of December. Accordingly, the accounting period from September 1987 to 31 December 1988 was 16 months long. During this extended period the TL was devaluing against sterling at an alarming rate. The devaluation for the 16 month period was around 140% against sterling.

This fact was eroding the asset value of the Company and putting severe pressure on financial covenants, particularly gearing. It was therefore decided to try and raise additional equity capital through a rights issue. In order not to have a rights issue simply to reduce gearing consideration was given to acquiring hotels for the leisure division headed up by Geoffrey Tucker.

The transaction failed to materialise and a decision was made to go for a defensive rights issue to reduce gearing. Although, I was the only executive at the Company who had previous experience of managing rights issues (both at Cape Industries and at British Home Stores) I was effectively excluded from the "PPI" team.

For some time I had a holiday arranged for 22 October 1988. On several occasions over the past 18 months holiday arrangements had to be cancelled and having been excluded from an active role in the rights issue I was determined not to disappoint my wife and cancel yet another vacation.

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No. 991C

M.P.86

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

As Group Treasurer, I had the responsibility for the indebtedness statement in the rights issue prospectus. Before leaving on vacation I completed my job to the auditors satisfaction. Before the deadline required, I ensured that all banks and institutions from whom the Company borrowed money had responded with certificates of indebtedness. These certificates reconciled exactly to the outstanding borrowings.

Having completed this task I left on my planned vacation despite a request not to go, the day before departure, from Fawcus.

When I returned from holiday, I was not surprised to be asked to resign by Fawcus. It suited me fine because I was heartily fed up with the politics, false promises and deceit prevailing at the time. When I saw Nadir, who had written to me on 6 October 1988 offering me a seat on the Board, he confessed to know nothing about Fawcus's ultimatum. Hindsight tells me he knew all about the incident despite pleading his innocence. I was surprised but accepted his offer to work for him personally on a salary of £100,000 per annum, part of which was paid into a Swiss bank account, from South Audley Managements ("SAM") offices at 24 Berkeley Square.

I resigned from "PPI" with effect from 31 December 1988 and began work at "SAM" early in January 1989. In December 1988, Nadir gave me a cheque for £30,000 drawn on Unipack in respect of the termination of my employment at PPI, and also selected a room for me at 24 Berkeley Square without consulting Elizabeth Forsyth, a director of "SAM". She telephoned me later to satisfy her curiosity and I explained what arrangements had been made.

I had no specific job description but with Nadir's agreement set about investigating the potential of a market for hedged Swiss bonds from medium sized UK companies. To this end I formed a Company renamed Alexander Wood Corporate Finance PLC ("AWCP"). Its major shareholder was a "SAM" subsidiary called Corvo. Forsyth was the second director.

Signed .... Signature witnessed by ....

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Its principle purpose was to market the aforementioned hedged Swiss bonds but in addition it was proposed that it should seek consultancies from the Turkish public and private sectors to advise on debt managements as well as advising non Turkish companies wishing to conduct business in Turkey. "AWCF" successfully applied for authorisation from The Securities Association but never traded and I resigned my directorship at Forsyth's request in mid-1990.

"SAM" I believe, was established to manage Nadir's personal affairs. It's activities included supervising his race horses, his estate at Bagrave Hall, his newspapers both in Turkey and in the UK's west country, numerous diverse activities in Turkey and in the "TRNC" with which I never became familiar as well as other ventures including stock market transactions. Although not officially linked with "PPI" there was a good deal of cross fertilisation. Architects from "PPI" were managing "SAM's" country house hotel project at Burley-on-the-Hill and I indulged in tasks at Nadir's request on behalf of "PPI". These included, a Swiss bond issue in May 1989 as well as negotiating with S.G.Warburg in an effort to persuade them to act as "PPI's" merchant bank.

Other projects I embarked on at "SAM" included: appraising the potential for building a retirement home complex in the north of the island of Tenerife, advising Noble Raredon (a quoted Company chaired by Nadir's sister Bilge Nevsat and, according to Mrs Forsyth, substantially owned by Fairweather, a Caymen Islands trust of which, I was told, Nadir was the main beneficiary) on a rights issue, a futile attempt to raise money for Fairweather using its Noble Raredon shares as collateral, appraising and advising against Nadir's planned hotel investment at Burley-on-the-Hill, researching, with the help of Peter Martin an insurance analyst I met while at Capel Cure Myers, the potential for establishing a joint venture insurance operation for Nadir in Turkey, appraising the validity of investing in a charter airline being formed by Don Danes and introduced to me by Keith Martin of the London Financial Group, liaising with GPA on the subject of chartering aeroplanes for Noble Air an airline formed by Nadir to fly Noble Raredon's customers to Turkey and to the "TRNC", liaising with Gulfstream and General Electric on the subject of the purchase and finance of a new US$20 million G4 executive jet for Nadir, appraising the potential for Nadir to invest in a leisure project involving Princess Island in the Marmara Sea close to Istanbul in Turkey, discussions with a Petroil, a British Company headed by Rod Mcinnes with investment opportunities in oil and leisure in Turkey, on the subject of raising finance, reviewing investment opportunities in the citrus trade for "PPI" in Brazil, looking at further electronics opportunities for "PPI" in Taiwan, investigating the potential for various media (particularly satellite TV) related investments in Turkey, negotiating with Peter Aliss and Clive Clark about constructing golf courses and appraising the proposed investment in the Sansui Electric Company of Japan ("Sansui").

All the information given to me by Anil Doshi and Barry Buttefant - chief executive of "PPI's" operations in Hongkong showed Sansui to be in a parlous state. It had lost money for several years and was in danger of losing its listing on the Tokyo and Osaka stock exchanges. It had massive borrowings and a negative net worth. Its sales were declining and it had lost market share. On the basis of the information provided my recommendation was "not to touch Sansui with a barge pole".

Doshi visited me at 24 Berkeley on several occasions during the first half of 1989 and I visited him at his offices in St Katherines Dock. Our discussions included corporate politics at "PPI", investment opportunities for "SAM" and "PPI"and the progress of Noble Raredon.

Nadir also requested my cooperation with Bruce Dakowski and Nick Daw of Dox who he had commissioned to produce a promotional video on "PPI" for investors, bankers and customers. He arranged this in a clandestine manner probably to humiliate and undermine Tony Bennett, "PPI's" corporate communications manager, who reported to Reading.

Jason Davies was also a director of "SAM". He worked closely with Forsyth but his principle responsibility was stock market transactions. Birol Nadir, Nadir's eldest son also had an office in 24 Berkeley Square. I only knew him to say hello and goodbye to although I was told of his ambitions to run a sports paper in Turkey.

I knew Davies quite well. We walked in and out of each others offices. He had a Topic screen which revealed up to the second stock market prices. Occasionally, particularly in the mornings, Nadir would phone asking for Davies. In his absence, I would often respond to Nadir's request for information on "PPI's" share price.

Davies was boastful about his share dealings in "PPI" stock on behalf of Nadir. These transactions were effected by Davies for companies such as Restro and Riverbridge. There were other names but I cannot remember them. He also invested in other companies on behalf of Nadir including Harland Simon. He also obtained stock broker research on other companies which Nadir expressed an interest in e.g. Dixons. During conversations, he would gleefully reveal that Nadir had more than the 25% share of "PPI's" equity suggesting that his share was probably more like 30%.

Nadir asked me to attend a meeting at the offices of accountants Rawlinson & Hunter("R&H") on 16 June 1989. I was not briefed on the agenda of the meeting or about who would be attending. It was chaired by Philip Prettejohn, a partner of "R&H", also present were: Simon Jennings - partner "R&H", George Gutmans and David Tye - of Citibank, Zurich and Robert Walmsley - a senior corporate finance chief from Citibank in London.

When announced the agenda surprised me, it was: a proposal for "PPI" to acquire Del Monte from KKR, a proposal for "PPI" to acquire Sansui Electric Company Ltd of Japan and a proposal for Nadir to take "PPI" into the private sector by buying the equity he did not already own.

Signed .... Signature witnessed by ....

Statement of Witness (C.J. Act. 1967, S.9; M.C. Act. 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

I expressed my surprise that these subjects should be discussed in the absence of a representative from "PPI". I was aware of both the Del Monte and Sansui opportunities but privatising "PPI" was "a bolt out of the blue".

My contribution to the meeting was: that "PPI"(with a market value at that time of about £600 million) could not possible afford the whole of Del Monte estimated to be worth about US$3,000 million, that Sansui was past saving and acquisition plans should be scrapped and that privatising "PPI"would be disastrous because: Nadir's exit would be closed, all "PPI's" debt would have to be refinanced, the Company would be unable to service its debt and privatisation would eliminate Nadir's ability to borrow personally against the security of "PPI" shares.

The bankers did not want to close the door, that would exclude any possibility of fee income but the general attitude was not optimistic. After the meeting Prettejohn saw Nadir, I am not aware of the outcome.

I kept Forsyth informed of all my activities at regular meetings. During these discussions, she revealed plans initiated on advice from "R & H" to relocate Nadir into Switzerland for inheritance tax purposes. It was even proposed to relocate "PPI" in Switzerland. To this end Forsyth had bought a Swiss computer manufacturer called Alpine Technology ("Alptech") for the purpose of acquiring Swiss residency and work permits. In fact Davies was relocated to Geneva in late August or early September 1989. He said he would be continuing to look after Nadir's business from Switzerland. I assumed the reason was that Davies could operate from a more discrete environment.

I was unaware of how "SAM" or the companies it managed were financed. According to Prettejohn few if any of the "SAM" operating subsidiaries were profitable. He told me they all had substantial appetites for cash and that "SAM" had no clear income.

Signed .... Signature witnessed by ....

No. 991C

MP 86

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

On 26 May 1989, after the Annual General Meeting held in the Connaught Rooms on 25 May 1989, a number of "PPI" employees were dismissed on the express instructions of Nadir, without consultations with other directors. They were, Martin Brown - general manager of Sunzest, Martin Helm - finance director of Sunzest, Vi Jensen - Group controller, Moira Nolan - Fawcus's secretary and Jenny Gobbet - treasury assistant. I understood that Reading, who was entertaining guests at the "PPI" sponsored Windsor Horse Trials, returned and confronted Nadir expressing his outrage over the issue. He apparently demanded a full Board meeting on the following Tuesday 30 May 1989 (the day after the Bank Holiday Monday) to debate the affair.

Nadir went away for the weekend and on his return in the late afternoon of Monday 29 May 1989 requested that I join him at his home 3 Alford Street, Mayfair, London W1., to discuss the crisis in an effort to decide what action should be taken. Also present that day were, Ellis, Doshi and Reshad. Nadir was clearly worried about Reading. He complained that Reading did not fit in at "PPI" and didn't understand the culture of the business. That he wanted to run the whole Company which was inconsistent with his appointment as Managing Director - operations. I enquired whether Reading had uncovered any evidence which might reveal improprieties and which he may be prepared to use against Nadir in a confrontation. Nadir denied that there were any improprieties and turned to Doshi to seek the latter's assurance. The meeting broke up without any definite strategy being decided upon. However, Nadir seemed reassured that if a Board meeting was called he was well able to justify his actions and felt confident about convincing his fellow directors accordingly.

Signed .... Signature witnessed by ....

No. 991C

M.P.86

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

The media became aware of the crisis and it was featured many times in the business pages for a number of weeks. The story had a negative impact on "PPI's" share price which fell quite sharply. Nadir was always anxious when the share price fell and this occasion was no exception. In my opinion there were two reasons, firstly that the Company's market value should be a fair reflection of it's worth and secondly that Nadir used his shares as collateral to secure personal borrowings. Evidence of the latter was provided by Mark Healy of "KOP" (when I made the futile attempt to raise money on the security of Fairweather's Noble Raredon shares) and by Maurice Dwek, Managing Director of S.G. Warburg Soditic, Geneva (during an after lunch "tete a tete" when he indiscreetly enquired whether I could encourage a prompt response to his Bank's margin calls on Nadir's personal borrowings. Margin calls are made when the market value of collateral security falls below an agreed percentage of the underlying borrowing and cash cover is immediately required).

During June 1989, executives at"SAM" were preoccupied with the "PPI" share price. It was clear to me that Davies was actively buying shares in "PPI" on behalf of Nadir. He boasted about his programme to buy shares in quarter million lots and that he had to buy several million shares. Bruce Matthews, who had been a senior executive at News International and was now overseeing Nadir's newspaper interests, from his base at "SAM", both in Turkey and in the UK, was also aware of the share buying activity.

At times I was present in Davies's room when he completed share purchases for Nadir, when he gave orders to brokers and when he revoked orders perhaps after transactions were completed. I cannot remember the names of specific brokers with whom he dealt or the names of the specific companies in whose names he bought the shares on behalf of Nadir or even the specific amounts of each transaction. I am sure he was buying "PPI" shares and he recorded all details in a book which was kept, together with other items, in a distinctive black bag which he always carried with him.

Signed .... Signature witnessed by ....

No. 991C

M.P 86

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

In my opinion, Nadir often supported the "PPI" share price in times of weakness. According to Davies this support was carried out in the name of nominee companies on behalf of Nadir. I have no knowledge of Nadir buying shares during periods of restriction.

I became concerned in early June 1989 about whether Nadir was using "PPI" resources to pay for his share buying. My suspicions were aroused when around the end of June 1989 on a Friday before "settlement day" the following Monday, Davies and Tatar came to my office to enquire about mechanics of transferring money. To the best of my knowledge the "settlement day" in question was the day when the shares Davies bought earlier in the month had to be paid for. Tatar asked me how several million pounds could be transferred, for same day value, from the National Westminster Bank, 15 Bishopsgate, London to an account at the National Westminster Bank, 1 Library Place, Jersey and from there to the account of the "IBC" at Midland International bank in London. Tatar volunteered the information that unless the Midland had "tested" evidence of the funds for "IBC" they would not allow "IBC" to pay any funds away. I gave him my advice on how to ensure funds could be transferred to achieve his objective. My suspicions linked the share buying activity with the need for cash at "settlement day" which in turn I linked with the enquiry from Tatar especially when he was accompanied by Davies. I saw no evidence that the aforementioned transaction took place but if it did it can be verified.

In July 1989, Reading resigned from "PPI" and Nadir asked me to return as Investor Relations Director (not a Board appointment) at a salary of £100,000 a year.

In this new role I was responsible for keeping shareholders, particularly institutional shareholders, informed about the Companies activities in an effort to rebuild confidence. I was also asked to propose an organisation structure for "PPI" which would also help to rebuild confidence. In addition, I took on the responsibility for corporate finance activities.

Signed .... Signature witnessed by ....

No. 9916

M P 86

Statement of Witness (C.J. Act. 1967, S.9; M.C. Act. 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

In the wake of the adverse criticism following the "May" dismissals, Nadir attempted to redress the situation by hiring many new executives. These included, Peter Compson - director human resources, Dominick Henry, David Tanner, Don McNaughton and Stewart Anderson.

On 30 August 1989, Nadir instructed William Grosvenor - his PR consultant - to announce the imminent appointment of three new directors to the board of "PPI". The three were, Peter Compson, Norbert Wirsching and myself. Again an attempt to demonstrate to investors that the Company was not a "one man band".

I was asked to brief these new executives about "PPI", its culture and operations. I tried to balance the briefings by highlighting the good as well as the not so good. The not so good always included my reservations, despite clean audit reports, about the existence of the large cash balances, foreign exchange accounting, property valuations and the margins achieved by the Food division. When opportunities arose, I also expressed these same reservations, again against the background of clean audit reports, to other directors and senior executives including, Norbert Wirsching, Brian Haycox, Ulf Siebel, David Fawcus, Brian Kearney and John Clayton.

I believed the Company had an exciting future if it could be managed despite Nadir. Nadir's charisma is legend, he was the Company's greatest asset and its biggest liability. Compson, Henry and I discussed the advantages of managing the business despite Nadir in an attempt to improve its image and build confidence with investors and bankers.

Signed .... Signature witnessed by ....

No. 991C

M.P.86

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

My first corporate finance activity after returning was to persuade Nadir not to buy the whole of Del Monte but just their tropical fruit division from KKR. Together with Dominick Henry, who joined "PPI" in late July 1989 and who had previously been general manager of BP's operations in Turkey, I recommended that Del Monte's tropical fruit("DMTF") division could be bought for US$850 million instead of spending nearly US$3,000 million on the whole company. "PPI" knew nothing about processed food operations but had a distinctive competence in the fresh citrus fruit industry. "DMTF's" bananas and pineapples were a perfect fit and "PPI" would acquire arguably the best brand name in the world. The transaction at a price of US$875 million was announced on 7 September 1989. It was a triumph.

Just prior to the announcement "PPI's" share price began to fall on rumours of a very large rights issue. It fell to around 276p which I judged to be crucial not only because of the impending rights issue to partially finance the acquisition of "DMTF" but also in terms of Nadir's borrowings against the collateral of his "PPI" shares as security. Margin calls, I felt, were imminent. I told Forsyth and I understand she contacted Nadir who was in Reno, Nevada at a Del Monte convention. He returned to London immediately and shortly afterwards the share price recovered to around three pounds.

Immediately after the successful acquisition of "DMTF" I went to Tokyo, Japan to oversee the corporate finance activities relating to the acquisition of Sansui. I arrived in Tokyo on 18 October 1989 and was immediately invited to the headquarters of Yamaichi, a Japanese investment bank, by Mr Watari a senior manager. Yamaichi had been chosen to act for "PPI" in its acquisition of Sansui. Michael Hutchinson, managing director of Yamaichi London, had earlier recommended, tried and failed to raise a minimum of Yen 15.6 billion subordinated debt, in the form of redeemable preference shares, for "PPI". This money was required to finance the acquisition of Sansui. It was important that the funds were raised in this manner because "PPI" was in danger of breaching its gearing covenants if it borrowed more straight debt. The Company had ruled out the opportunity of raising more money from shareholders by stating in the Del Monte rights issue prospectus dated 7 September 1989 that it would not call upon shareholders for more money.

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M.P.86

Statement of Witness (C.J. Act, 1967, S.9; M.C. Act, 1980, S.102; M.C. Rules, 1981, r.70)

CONTINUATION OF STATEMENT OF TIMOTHY ALEXANDER WOOD

At the meeting, Yamaichi enquired about "PPI's" ability to finance the acquisition of Sansui after their failure to arrange subordinated debt.

Eventually, Shearson Lehman saved the day by arranging a US$110 million 7.25% issue of Convertible Redeemable Preference Shares sold to investors in Japan, other parts of the Far East as well as in the UK. This transaction was completed in December 1989 for payment on 4 January 1990.

The urgent necessity to raise money for the Sansui transaction was bewildering. The 7 September 1989 "PPI" Rights Issue document revealed Group cash deposits totalling over £200 million. None of my colleagues were able to give me a satisfactory explanation as to why between £65 million and £70 million of this cash, the sterling equivalent of the Japanese Yen 15,600,000,000 purchase price of Sansui, could not be used to complete the transaction. This heightened my suspicions alluded to above and was the principal reason for my decision to resign from the Company.

The conditional agreement for the acquisition of Sansui was signed on 28 October 1989 for completion on 5 January 1990.

I was appointed a board director of the Sansui Electric Company of Japan and resigned at Claytons request in March 1990. While in Tokyo on 19 December 1989, Mark Ellis called from New York to advise me that Compson and Haycox were to be appointed to the Board of "PPI" with effect from 1 January 1990. Wirsching had been appointed in October 1989. Ellis said the confirmation of my appointment would be made in January 1990. I decided to resign.

I drafted my letter of resignation dated 22 December 1989 and faxed it to Nadir at the Holiday Inn, his holiday retreat on Jamaica. I advised Compson the same day. I left the Company on 16 February 1990.

Signed .... Signature witnessed by ....