

From Elizabeth Forsyth's book "Who killed Polly Peck?" (Smith Gryphon – 1996)

The final requirement for Asil Nadir's Swiss residency permit was a chest X-ray. Always a heavy smoker, he was very nervous that it would show something wrong with his health. But it was all clear, and finally he got his permit.

We were sitting in the garden at Givrins on Friday, 10 August 1990, enjoying the sunshine after a very pleasant lunch with one of our advisers. It was a beautiful setting, and we could see Lake Geneva in the distance with the Swiss Alps beyond. Asil Nadir had been in London, worried about the impact that the invasion of Kuwait might have on PPI, but that afternoon he was happy and relaxed. He was a workaholic and did not often take time off, but in the late afternoon he went off to view a house, which he admired, overlooking Lake Geneva. I remember thinking how peaceful it all was. It just couldn't last. It didn't.

He had just left for Lake Geneva when I received a fax message from my assistant Barbara Jackson-Smith, at the South Audley Management office in London. A Michael Gillard of the Observer had phoned SAM asking to speak to me. He wanted a comment on South Audley Management's dealings in PPI shares. The fax read: 'Could he speak to you in connection with dealings in Polly Peck shares by a number of Swiss companies with which he believes SAM has a connection?' Gillard had left his number for me to call him back that evening or the following morning, so I put it to one side for the moment. About an hour later I received a call from William Grosvenor, Asil Nadir's PR man in London. He had just been phoned by Dominic Prince of the Sunday Times asking the same kind of questions. It was teatime on Friday, 10 August.

I rang Mr Nadir on his car phone, told him what had happened and suggested he should come back to the office. In the meantime I phoned our lawyer Peter Knight. When Asil arrived I told him what had happened. He was absolutely furious. In fact I had never seen him so angry, and the mere mention of Gillard's name was enough: 'Do you know who this man is, Elizabeth?' I hadn't got a clue. Nadir went on to explain that Gillard had become a sworn enemy. The Observer had published photographs of an empty field, which Gillard had claimed was the site of the Niksar water-bottling company set up by PPI. There had been years of legal wrangling with Gillard over this and other anti-Polly Peck articles.

After Asil Nadir calmed down he spoke to Vizards. They were prepared to try to stop the newspapers printing. He talked to Peter Knight, but then he decided, 'Let them print. I was warned a few months ago by Turkey that there would be an attack on the company. This is it.' The press could print whatever story they liked.

The previous weekend there had been snippets in the news about a tax inquiry and share dealings. A few months before that there had been an article in one of the Scottish Sunday newspapers about an Inland Revenue investigation into Asil Nadir. Peter Knight, who had been handling tax matters for SAM, was furious. He believed someone in the Inland Revenue was leaking information to the press. I had not taken much notice of any of this, but what Mr Nadir did next completely astonished me. Suddenly, he announced he was going to move to take Polly Peck private. He would make an offer for the shares -right now -so could I phone and assemble our advisers for a meeting in Geneva tomorrow morning?

I had known that he wanted to take PPI private for some time -there was no secret about that -and he had nearly done so the previous summer, dissuaded only by his fellow directors. I was aware that he had looked hard at the proposition in general and had talked to bankers. He frequently said that they were ready to give him whatever money he needed. We had both discussed this issue with our bankers. Rawlinson & Hunter, the accountants, had advised that the parent company should be incorporated in Bermuda, and the acquisition of Mr Nadir's Swiss citizenship had been an important step.

Nothing had been done, however, to construct the bid in any great detail. There were no UK merchant-banking advisers on board, although Asil Nadir had gone to a lunch at Hambro Magan the previous week. They had invited him several times and were keen to meet him on the basis that if he was doing something in the future they might like to be considered. But that was as far as it went.

But the threat of what might appear in the press was not the only explanation, not even the main reason, for his hurried decision. The newspaper stories were going ahead anyway. The share price was around 400p, not quite its peak but well above the level for his loans. Earlier that day he had spoken to the office of the Turkish President Ozal, It was possible then that Turkey herself might invade Iraq -she was the strongest US military ally in that part of the world. In August 1990 the Gulf crisis was making everyone nervous, and Turkey shared a border with Iraq. Whatever happened could have a devastating impact on PPI's businesses there and the confidence of its bankers. The Turkish lira was already weak, and it would get weaker. I believe that this, combined with what appeared to be a media attack in Britain, moved him to act as he did.

I knew we were not really ready for an announcement that weekend, although we could have been in a very short space of time and I told him so.

'The timing is right,' he replied. 'If we are not ready now we never will be' and he rushed headlong into the biggest mistake of his life. It was a disastrous error of judgement that shook his own and his company's credibility to its foundations. If there was one thing looking back, that he might have done differently this was it. I telephoned our advisers, then told him that I hoped his mother was burning the olive leaves, a Turkish Cypriot ritual to bring good luck. 'I am going to tell her to burn a whole forest of them,' he told me.

*Elizabeth Forsyth was the former chairman of South Audley Management.*