

4 of 1977

29 OF 1976
No. of 197

IN THE PRIVY COUNCIL

ON APPEAL from the Supreme Court of New South Wales
Equity Division in Proceedings No. 707 of 1975

IN THE MATTER OF:-

CUMBERLAND HOLDINGS LIMITED

AND IN THE MATTER OF:-

THE COMPANIES ACT, 1961

TRANSCRIPT RECORD OF PROCEEDINGS

Volume V

SOLICITORS FOR THE APPELLANT

Sinclairs,
5 Elizabeth Street,
SYDNEY

By their Agents:

Coward Chance,
Royex House,
Aldermanbury Square,
LONDON, EC2V 7LD

SOLICITORS FOR THE RESPONDENT

Allen Allen & Hemsley,
2 Castlereagh Street,
SYDNEY

By their Agents:

Slaughter & May,
35 Basinghall Street,
LONDON, EC2V 5DB

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INDEX OF REFERENCE

PART II

List of Original Exhibits included in the Transcript
Record of Proceedings

Exhibit Mark	By Whom Tendered	Nature of Exhibit	Page
<u>VOLUME V</u>			
6.	Petitioner	Photocopy letter the Sydney Stock Exchange Limited to Cumberland Holdings Limited 4 September, 1974	1104
7.	Petitioner	Photocopy letter Cumberland Holdings Limited to Shareholders 13 September, 1974	1108
8.	Petitioner	Photocopy letter FAI Insurance Group to G.L.A. Donohoo 21 October, 1974, together with Draft Part A and Part B of Take-over Documents	1131
9.	Petitioner	Photocopy Minutes of Meeting of Board of Directors of Cumberland Holdings Limited 4 November, 1974	1164
10.	Petitioner	Photocopy letter G.L.A. Donohoo to Cumberland Holdings Limited 14 November, 1974	1175

Exhibit Mark	By Whom Tendered	Nature of Exhibit	Page
11.	Petitioner	Take-Over Offer - FAI Insurances Limited offer to purchase Ordinary and Preference stock units in Cumberland Holdings Limited in exchange for Ordinary and Preference Shares respectively in FAI Insurances Limited of 20 November, 1974 together with Form of Acceptance and Transfer	1195
12.	Petitioner	Photocopy Transfer Journal of Cumberland Holdings Limited Sheets Number 1, 2, 3 and 31	1212
13.	Petitioner	Photocopy circular G.L.A. Donohoo to the Ordinary Stockholders of Cumberland Holdings Limited of 21 November, 1974, together with photocopy letter G.L.A. Donohoo to the Preference Shareholders of Cumberland Holdings Limited of 21 November, 1974	1217
14.	Petitioner	Photocopy letter Australian Shareholders Association to Cumberland Holdings Limited of 22 November, 1974, together with reply from FAI Insurance Group to Australian Shareholders Association of 25 November, 1974 together with letter Australian Shareholders Association to FAI Insurances Limited of 27 November 1974, together with photocopy letter FAI Insurance Group to Australian Shareholders Association of 2 December 1974	1232
15.	Petitioner	Circular letter FAI Insurance Group to the Ordinary Stockholders and the Preference Stockholders of Cumberland Holdings Limited of 22 November, 1974	1241
16.	Petitioner	Photocopy copy letter G.L.A. Donohoo to Cumberland Holdings Limited of 29 November, 1974	1264
17.	Petitioner	Photocopy circular Washington H. Soul Pattinson & Co. Limited to the Ordinary Stockholders and the Preference Stockholders of Cumberland Holdings Limited of 27 November, 1974	1257

Exhibit Mark	By Whom Tendered	Nature of Exhibit	Page
18.	Petitioner	Photocopy circular FAI Insurance Group to the Ordinary Stockholders and the Preference Stockholders of Cumberland Holdings Limited of 27 November, 1974	1261
19.	Petitioner	Photocopy circular FAI Insurance Group to the Ordinary Stockholders and the Preference Stockholders of Cumberland Holdings Limited of 6 December, 1974	1269
20.	Petitioner	Photocopy circular G.L.A. Donohoo to the Ordinary Stockholders and the Preference Stockholders of Cumberland Holdings Limited of 10 December, 1974	1292
21.	Petitioner	Photocopy copy letter G.L.A. Donohoo to Cumberland Holdings Limited of 13 December, 1974, together with photocopy letter Cumberland Holdings Limited to G.L.A. Donohoo of 16 December, 1974, together with photocopy copy letter G.L.A. Donohoo to Cumberland Holdings Limited of 16 December, 1974	1293
25.	Petitioner	Photocopy copy letter Norton Smith & Co. to Cumberland Holdings Limited of 25 November, 1974, together with photocopy draft Minutes of Meeting of Board of Directors of Cumberland Holdings Limited of 15 November, 1974 containing handwritten emendations together with further draft Minutes of Meeting of Board of Directors of Cumberland Holdings Limited	1244
27.	Petitioner	Photocopy Minutes of Meeting of Board of Directors of Cumberland Holdings Limited of 15 November, 1974	1180
41.	Company	Photocopy copy letter L.J. Adler to Washington H. Soul Pattinson & Co. Limited of 1 July, 1974	1070
43.	Company	Article by L.J. Adler printed in FAI Insurance Group Reporter Volume I, Number 8 of October 1974, Page 1	1130

Exhibit Mark	By Whom Tendered	Nature of Exhibit	Page
44.	Company	Letter G.L.A. Donohoo to L.J. Adler of 14 March 1974, together with notice to FAI Insurance Group Directors, Executives, Staff Members and Associates together with application for allotment of shares	1063
46.	Company	Photocopy letter FAI Insurance Group to the Sydney Stock Exchange Limited of 23 July 1974, together with photocopy copy letter Sydney Stock Exchange Limited to Cumberland Holdings Limited of 25 July, 1974 together with photocopy copy letter Cumberland Holdings Limited to Sydney Stock Exchange Limited of 31 July, 1974 together with enclosure of list of shareholdings in Cumberland Holdings Limited of 21 July, 1974 together with photocopy copy letter Sydney Stock Exchange Limited to FAI Insurances Limited of 2 August, 1974 together with photocopy letter FAI Insurance Group to Sydney Stock Exchange Limited of 12 August, 1974	1088
47.	Petitioner	Document containing admissions by Cumberland Holdings Limited	1100
49.	Company	Photocopy copy letter Solicitors for Petitioner to Commissioner for Corporate Affairs of 9 December, 1974 together with photocopy copy letter Solicitors for Petitioner to Commissioner for Corporate Affairs of 25 February 1975	1277
50.	Petitioner	Photocopy letter Sydney Stock Exchange Limited to FAI Insurances Limited of 27 November, 1974, together with letter Cumberland Holdings Limited to Sydney Stock Exchange Limited of 28 November, 1974 together with letter Solicitors for the Company to Sydney Stock Exchange Limited of 28 November 1974, together with copy Sydney Stock Exchange Limited letter to Solicitors for the Company 28 November, 1974, together with letter Solicitors for the Company to the Sydney Stock Exchange Limited of 29 November, 1974, together with copy letter the Sydney Stock Exchange Limited to Solicitors for the Company of 29 November, 1974, together with letter Solicitors for the Company to Sydney Stock Exchange Limited of 2 December, 1974	1284

Exhibit Mark	By Whom Tendered	Nature of Exhibit	Page
51.	Petitioner	Buying Order of Fire and All Risks Insurance Company Limited for stock in Cumberland Holdings Limited of 19 August, 1974, together with Selling Order of Fire and All Risks Insurance Company Limited for stock in Cumberland Holdings Limited of 7 August, 1974 together with Selling Order of Fire and All Risks Insurance Company Limited for stock in Cumberland Holdings Limited of 24 August, 1974	1103
54.	Petitioner	Selling Order of Mrs. Marjorie Wilson for stock in Cumberland Holdings Limited of 16 July, together with Seller's Record of transaction	1073
55.	Petitioner	Buying Order of Fire and All Risks Insurance Company Limited for stock in Cumberland Holdings Limited of 16 July, 1974, together with Buyer's Record of sale transaction	1075
56.	Petitioner	FAI Insurances Limited Register of Directors Shareholdings	1076
58.	Petitioner	Photocopy Fire and All Risks Insurance Company Limited Directors Report of 18 September, 1974	1109
59.	Petitioner	Facts agreed between the Petitioner and Cumberland Holdings Limited re: Falkirk Properties Limited	1129
67.	Company	Photocopy Minutes of Meeting of Board of Directors of FAI Insurances Limited of 11 July, 1974	1072
68.	Company	Photocopy Minutes of Meeting of Board of Directors of FAI Insurances Limited of 1 November, 1974	1163
69.	Company	Photocopy Minutes of Meeting of Board of Directors of FAI Insurances Limited of 29 November, 1974	1265
70.	Company	Photocopy Minutes of Meeting of Board of Directors of FAI Insurances Limited of 6 December, 1974 together with annexure being photocopy circular FAI Insurance	

Exhibit Mark	By Whom Tendered	Nature of Exhibit	Page
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71.	Company	Letter FAI Insurance Group to Sydney Stock Exchange Limited of 6 December, 1974	1274
74.	Company	Photocopy Draft Minutes of Meeting of Board of Directors of Cumberland Holdings Limited of 15 November, 1974	1186
78.	Petitioner	Calculation of earnings per share for year ended 30 June, 1974 for Cumberland Holdings Limited and FAI Insurances Limited	1068
79.	Petitioner	Broker's Transfer Form for T.E.A. Nominees (N.S.W.) Limited to Tynedale Investments Pty. Limited for 4,000 Ordinary Shares in FAI Insurances Limited of 3 December, 1974 together with Broker's Duplicate Buying Slip	1267
80.	Petitioner	Broker's Advisors copy duplicates for transfers of stock in FAI Insurances Limited of 21 November, 1974 for L.J. Adler, E. Adler, R.P. Adler, K.S. Adler, R. Adler, Eagle Corporation Pty. Limited, Falkirk Properties Limited, A. Belfer, R.L. Herman, J. Tronchin, together with Broker's advisors copy Cancellation Advice for L.J. Adler	1225
83.	Petitioner	Photocopy Minutes of Meeting of Board of Directors of Cumberland Holdings Limited of 10 September 1974, together with annexure being photocopy letter Sydney Stock Exchange Limited to Cumberland Holdings Limited of 4 September, 1974, and with photocopy circular letter Cumberland Holdings Limited to Shareholders of 13 September, 1974	1105
84.	Petitioner	Photocopy Minutes of Meeting of Board of Directors of FAI Insurances Limited of 3 April, 1974, together with annexure being photocopy copy letter J. Belfer to FAI Insurances Limited of 3 April, 1974	1066

Exhibit Mark	By Whom Tendered	Nature of Exhibit	Page
86.	Company	Photocopy copy letter L.J. Adler to Washington H. Soul Pattinson & Co., Limited of 23 January, 1974	1062
89.	Petitioner	Photocopy the Chairman's, Mr. L.J. Adler, address to the Shareholders at the 20th Annual General Meeting of FAI Insurances Limited of 6 December, 1973, together with notations of G.L.A. Donohoo on the top right hand corner of the first page thereof	1058
94.	Petitioner	Photocopy Memorandum of G.L.A. Donohoo to J.S. Millner of 19 December 1973	1053
95.	Company	Photocopy letter Cumberland Holdings Limited to Norton Smith & Co. of 4 November, 1974, together with photocopy letter Norton Smith & Co. to Cumberland Holdings Limited of 13 November, 1974, together with photocopy letter Norton Smith & Co. to Cumberland Holdings Limited of 18 December, 1974, together with photocopy copy letter Norton Smith & Co. to Cumberland Holdings Limited of 25 November, 1974, together with photocopy copy letter G.L.A. Donohoo to Cumberland Holdings Limited of 19 December, 1974	1166
96.	Company	Photocopy letter FAI Insurance Group to Cumberland Holdings Limited of 20 November, 1974	1194
97.	Company	Photocopy letter Solicitors for Company to G.L.A. Donohoo of 21 November, 1974	1231
99.	Company	Photocopy Minutes of Meeting of Board of Directors of Cumberland Holdings Limited of 17 July, 1974	1087
100.	Company	Photocopy Minutes of Meeting of Board of Directors of Cumberland Holdings Limited of 14 August, 1974	1101
102.	Company	Photocopy Minutes of Meeting of Board of Directors of FAI Insurances Limited of 18 November, 1974	1193

19th December, 1973.

Memo: Mr. J.S. Millner.

Subject: FAI Insurances Ltd. suggested take-over
of Cumberland Holdings Ltd.

1. Mr. Adler has suggested to you that FAI make a take-over offer for Cumberland. In this way Souls would end up with a minority interest of 8.42% in FAI.

You are concerned as to whether Souls should become associated with FAI because of your doubts concerning the FAI Group Accounts.

10

2. Adler (42 years) is a goer and has come a long way in the last five years. Most of the doubts concerning Adler's Group arise from his apparent domination of the Board and the fact that the Auditors are a small suburban firm.

The only way to remove these doubts is to have his accounts and accounting methods investigated by a leading firm of accountants. If Adler is to attract institutional backing, he should have a top firm doing the audit.

20

I would suggest to you that Adler be told that in view of the recent problems with Commercial Union, we could not consider an investment in FAI without first obtaining a satisfactory investigating accountants' report with particular reference to the adequacy of the provisions for outstanding claims and unexpired risks, the volume of workers' comp. and T.P.I. handled by the Group and the profits derived from the sale of assets and subsidiaries.

30

If he refuses we need go no further.

We should have a word with Peter Grey to ascertain the reasons for his fall out with Adler.

If the doubts surrounding the FAI Group were removed, it could mean that Souls would end up with an 8.42% interest in a stripping insurance group for \$160,592 (being the original cost of Cumberland's shares) yielding 15% p.a. based on a continuance of FAI's 12% dividend rate.

40

As we are not receptive to a minority interest in a company controlled by one party, we would require an option agreement over portion of Adler's shares.

3. For your information, I have prepared the following figures on what the position would be if a take-over were to proceed.

The take-over proposal suggested by Mr. Adler -

2 FAI 50¢ Ordinary for 1 Cumberland 50¢
Ordinary

1 FAI 50¢ Ordinary for 1 Cumberland 50¢
8% Preference

(please verify these details are correct).

10

- 2 -

4. Souls' holding in Cumberland -

	<u>Book Value - at Cost</u>	<u>Av. Cost per Share</u>
50,000 50¢ Ordinary	27,500	55¢
301,520 50¢ 8% Prefs	133,092	44¢
	<u>\$160,592</u>	

5. Market Values -

If the take-over proceeded, a comparison of market values of Souls' holdings would be as follows:

20

Existing shares held by Souls in Cumberland -

	<u>Par Value</u>		<u>Estimated Market Value</u>
50,000 Ordinary	25,000	Last sale 65¢ but say 50¢ to yield 10%	25,000
301,520 8% Prefs	150,760	N/L but say 50¢ to yield 8%	150,760
	<u>\$175,760</u>		<u>\$175,760</u>

30

If take-over proceeded Souls' holding in FAI would be -

	<u>Par Value</u>		<u>Market Value</u>
401,520 FAI 50¢ Ords.	\$200,760	Buyer \$1.70	\$682,584
Improvement in Market Value of Souls' hold- ing on this basis would be			<u>\$506,824</u>

(See Note (b))

- Notes: (a) FAI \$1 shares recently split to 50 cents, hence reduction in market value.
- (b) Market does not appear to be a "fair" market.
FAI at \$1.70 yields 3.5%
compared with -
Mercantile Mutual 5.1%
Q.B.E. 5.4%
M.L.C. 5.9%

10

If FAI more realistically valued by reducing market value from \$1.70 to say 80 cents to show a yield of 7.5% p.a., the improvement in the market value of Souls' holding would be \$145,456 and not \$506,824 as shown above.

6. Comparison of Souls' Income -

	<u>Per Annum</u>
Estimated Income on FAI shares assuming continuity of 12% div.	\$24,091
Existing Income on Cumberland (assuming no increase in div - may improve in 1974).	<u>14,560</u>
Improvement in Souls' annual income on this basis	<u>\$ 9,531</u>

20

- 3 -

Cumberland's ordinary dividend may be increased in 1974. If it were lifted from 10% to say 15% it would increase our income by \$1,250 p.a.

7. Cost of Take-over to FAI -

<u>Issued Shares of Cumberland</u>	<u>Proposed Take-over</u>	<u>No. of FAI 50¢ Shares Issued</u>	
757,536 Ords.	2 FAI for 1	1,515,072	
603,768 Prefs.	1 FAI for 1	603,768	
	FAI Shares Issued	<u>2,118,840</u>	
	FAI Capital Issued	<u>\$1,059,420</u>	
	Net Tangible Assets of Cumberland acquired	<u>\$1,096,456</u>	
	Surplus on Consolidation	<u>\$ 37,036</u>	
	Present FAI Issued Capital	<u>\$1,325,000</u>	
	<u>Add Capital issued for take-over</u>	<u>1,059,420</u>	40
	<u>New FAI Capital</u>	<u>\$2,384,420</u>	

- °. Souls holding of \$200,760 (401,520 shares) would represent 8.42% of enlarged FAI capital.

If Cumberland earned a pre-tax profit of say \$250,000 for 1974, the after tax profit of \$131,000 would give an earning rate of 12.36% on the FAI capital issued to finance the take-over. FAI's present earning rate is an inflated 57.88% including extraordinary items of profit. Excluding extraordinary items, "Operating Profit" after low tax due to past losses, gives an earning rate of 25.28%.

10

8. FAI Profits:

Most long established insurance companies have substantial investment income to offset losses in underwriting. FAI has "other income" \$153,438 (1972 - \$446,282).

FAI's underwriting profit for 1973 was \$292,189 compared with \$30,242 for 1972. There is not much margin for error.

20

Your adviser's comment "Does the continual take-overs, sale and purchase of subsidiaries, changes of name and sales of assets cover up some underlying weakness?" is pertinent.

As he also points out, the adequacy or otherwise of the provisions for outstanding claims and unexpired risks is a major problem in interpreting FAI's accounts.

Commercial Union understated their outstanding claims by \$6 million. If FAI's were understated by \$2,231,000, the tangible Shareholders' Funds would be wiped out.

30

Does FAI still write Workers' Comp. in N S.W? A press clipping is attached concerning a case in 1971.

At 30th June, 1973 Cumberland owed FAI \$231,349.

- 4 -

9. Conclusion:

In view of the foregoing we could not contemplate an investment in FAI without a satisfactory accountant's report.

40

Exhibit 94 - Memorandum
to Millner - 19.12.73.

It may be wiser to stay with Cumberland so that we continue to receive the scrip business. The matter could be reviewed in say twelve months when the Government's intentions are known.

If Adler wanted to, he could steam-roller a take-over through for the ordinary shares as our holding is only 6.6% of ordinary capital. In this case, he may not make an offer for the prefs. Adler's interest in Cumberland is through a subsidiary of FAI thus assuring the success of any offer. I do not believe he would act against your wishes.

10

GD

FAI 2 for 1 Ord. A owns 72%
1 - 1 Pref. SP. 7%

Telegraphic Address: "Fainsur"

FAI INSURANCE GROUP FAI INSURANCES LIMITED Telex: Fainsur 21755
AUSTRALIAN AND INTERNATIONAL INSURANCES LTD.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
CAR OWNERS' MUTUAL INSURANCE COMPANY LIMITED
FALKIRK ASSURANCE SOCIETY LIMITED

Head Office: FAI Insurance Building, 185 Macquarie
Street, Sydney 2000 . Telephone 221 1155

10

6th December, 1973.

The Chairman, Mr. Lawrence J. Adler's address to Share-
holders at the 20th Annual General Meeting of FAI
Insurances Limited at 10.00 a.m. on Thursday, 6th
December, 1973.

Ladies & Gentlemen,

It is my pleasure to welcome you to the 20th Annual
General Meeting of our Company. It is of course an
extremely pleasant task to report to Shareholders after
the most successful year the Company has had in its 20
year history. You have already received the Balance
Sheet and Accounts disclosing a net profit inclusive of
extraordinary items and after tax of \$756,768 which
you will note compares favourably with the previous
year's profit of \$588,443. The 12% dividend (\$150,000)
compares with 9% paid the previous year and was five
times covered, one of the highest dividend covers of
any listed company.

20

For the purposes of bringing you up to date, I propose
to deal with all items of interest that occurred, not
only during the financial year ended 30th June, 1973,
but right up to 30th November, this year.

30

Several important events took place and with your per-
mission, I will now refer to these matters out of
chronological order.

2/....

CREST

Continuation Sheet No. 2

Change of Name

The name of Australian and International Insurances Limited, the parent company of the FAI Insurance Group, has been changed to FAI Insurances Limited. The reason for this change was that the FAI Insurance Group is a well-known insurer both in Australia and overseas and your Directors considered that the Company's and the Group's interests would be best served if the parent Company was known and identified more with the Group. To maintain the goodwill vested in the name of Australian and International Insurances Limited, Omnibus and General Insurance Company Limited, a wholly owned subsidiary is changing its name to Australian and International Insurances Limited.

10

Capital

During the year, three issues of capital were made at a premium of \$2.50, \$3.00 and \$3.00 each, raising the issued capital to \$1,325,000 in \$1.00 fully paid shares. Share premium reserve now stands at \$930,690. Subsequent to these issues the capital has been split at 2,650,000 50c fully paid shares. It is anticipated that the splitting of the shares will, ultimately, lead to a greater spread of shareholders.

20

New Head Office

FAI Insurance Building, the new multi-storey Head Office was completed in August and opened in September. The opening ceremony was performed by the Australian Treasurer, the Hon. F. Crean, M.P., in the presence of many of our friends and business leaders. During October and November we were able to welcome various departments of the New South Wales Government, who took the tenancy of seven floors, whilst the Australia and New Zealand Banking Group established Banking Chambers on the Ground Floor.

30

Acquisition

In a further diversification of activities the Saint Group of Companies has been acquired for cash. This Group owns a number of freehold properties leased mainly to nationally known companies such as Datsun, Borg-Worner, National Cash Register and many others. The founder of the Group, Mr. H.F. Saint, has joined the Board of your Company and on your behalf I extend a hearty welcome to him.

40

3/....

CREST

Continuation Sheet No. 3

Ambassadors Hotel

An opportunity presented itself to acquire the freehold of the Ambassadors Hotel in King William Street, Adelaide. This hotel, which of late has become run down, is currently being rebuilt and refurbished and will be officially opened next Tuesday, 11th December, by the South Australian Minister of Tourism, the Hon. G.R. Broomhill, M.P. Considering the central location of the Ambassadors Hotel and the well-known capacity of its newly appointed Manager, Mr. Jack Smith, your Directors feel confident that the hotel will soon regain its previous popularity and become a profitable member of our Group.

10

Nursing Homes

Cumberland Holdings Limited, the Group's listed subsidiary, has purchased the Armon Nursing Home at Petersham, its sixth nursing home. The previously acquired Buena Vista surgical hospital at Bellevue Hill has been redesigned and is now awaiting Council approval for the desired alterations and additions.

20

The matrons and nursing staff in the Company's employ are highly dedicated and compassionate, and it is entirely due to their efforts that we can be so proud of the standards maintained in our nursing homes.

Assets

The growth of total assets to over \$21,000,000 has been accompanied by a \$2,000,000 increase in shareholders' funds. This latter aspect of our growth has been particularly pleasing as it further strengthens your Company.

30

1973/1974

The progress of the first five months of the current financial year augurs well for the full year.

The premium income has been further increased and overhead expenses, the proverbial problem of any service industry, have, despite severe inflationary trends, been well contained. Net underwriting profit has also improved.

../4

CREST

Continuation Sheet No. 4

We are fortunate in being primarily a non-industrial underwriter and for this reason we are not involved to the same extent as many of our competitors in the heavy losses sustained in the Workers' Compensation Department. Of our total premium income earned in 1972/1973, only 9.6% came from Workers' Compensation underwriting. The importance of our low exposure to this class of business lies not only in the fact that our losses have been minimised, but should the recommendations of the Woodhouse Committee lead to the Australian Government assuming the responsibility of Workers' Compensation underwriting, your Company would be able to continue its progress even without this class of business being available to it.

10

Government investigations are also taking place relating to Compulsory Third Party Insurance underwriting. There appears to be a strong case to abolish this class of business as we know it and replacing it with a "no fault" type of third party cover. Your Company has carefully assessed the situation and should legislation be introduced we will be well placed to implement the new provisions in the States where we underwrite this class of business.

20

A further change in the general insurance field has been the passing of the Insurance Act 1973, and the appointment of an Australian Insurance Commissioner. The requirements of the Act impose considerable clerical and administrative burdens on insurance companies, and our computer programme has been designed to produce the required information. We extend a welcome to the Commissioner, Mr. M.A. Bassett and assure him of our whole-hearted co-operation.

30

Conclusion

In conclusion I would like to express our sincere appreciation to our three Divisional General Managers, Mr. John Ritenis, Mr. Joe Barrington and Mr. Frank Saint, and to our State Managers and to all our executives and staff. Based on their dedication and hard work we have succeeded last year, and we sincerely hope that these very same factors will lead us to a successful 1973/1974 year.

40

Lawrence J. Adler

LJA:LD

23rd January, 1974.

J.S. Millner, Esq.,
Washington H. Soul Pattinson & Co. Ltd.,
160 Pitt Street,
SYDNEY, N.S.W. 2000

Dear Jim,

For the sake of good order, I would like to confirm our conversation of even date.

FAI Insurances Limited some time ago has created 8% Cumulative Preference Shares of 50c each, which have not been issued to date. I would very much appreciate your agreement to exchanging your 8% Preference Shares in Cumberland Holdings Limited to the said FAI Preference Shares. The basis of the exchange would be one for one, and would involve you in no profit or loss. The dividend cover on the FAI shares is considerably greater than the dividend cover you are currently enjoying on the Cumberland Preference Shares

10

Should this arrangement be acceptable to you, as I hope it will be, you will appreciate that this will mean no change in any part of the operations of Cumberland, except that its profitability will improve as the funds replacing the Preference Shares will be supplied by FAI and the interest payable will be tax deductible, which of course the Preference Dividend is not.

20

Sincerely yours,

Lawrence J. Adler,
Chairman.

Exhibit 86 - Copy
Letter from Mr. Adler
to Mr. Millner

Telephone:
29-7663

32-34 York Street
Sydney

14th March, 1974.

Mr. L. J. Adler,
Chairman,
F.A.I. Insurances Ltd.
185 Macquarie Street,
SYDNEY. 2000

Dear Larry,

I enclose an application form for 225 Ordinary
Shares in the name of my wife together with a cheque
for \$225.

10

Thank you for making these shares available to
me.

With kind regards,

Yours sincerely,

GD

NOTICE TO ALL FAI INSURANCE GROUP DIRECTORS,

EXECUTIVE, STAFF MEMBERS AND ASSOCIATES

To reward and further encourage personal involvement in our Group's affairs and to enable executives and staff to share in our Group's future, I am pleased to announce an issue of 100,000 ordinary 50¢ shares at a premium of 50¢ each to Group members.

Personnel interested in acquiring such shares must apply on the attached form by 31st March, 1974, enclosing \$1.00 per share being 50¢ par value plus 50¢ premium. Shares may be applied for in the names of immediate family members. Minimum number of shares applied for must be at least 75 and thereafter only in numbers divisible by 3.

10

Immediately after the issue of these shares, all shareholders will receive one free bonus share for every three shares held, reducing the effective cost per share acquired to 75¢ as opposed to last sale price on the Sydney Stock Exchange of \$1.60 till 1st March, 1974 (cum-bonus).

20

It is anticipated that dividend will be maintained on the bonus enlarged capital. Both the new shares and the bonus shares will rank equally for all dividends declared subsequent to the interim dividend payable on the 29th March, 1974.

Please note that whilst there are no official restrictions placed on the sale of these shares, their sale for a quick profit will be viewed with considerable disfavour.

Telegraphic Address: "Fainsur"
Telex: Fainsur 21755

FAI
INSURANCE
GROUP

Fai Insurances Limited
Australian and International Insurances Ltd.
Fire and All Risks Insurance Company Limited
Car Owners' Mutual Insurance Company Limited
Falkirk Assurance Society Limited

Head Office: Fai Insurance Building, 185 Macquarie
Street, Sydney 2000 . Telephone 221 1155

10

APPLICATION FOR ALLOTMENT OF SHARES

To: FAI Insurances Limited

.....hereby
applies to the company for the allotment to it of
.....()
Ordinary Shares fully paid to Fifty Cents (50 cents)
each plus a Share Premium of Fifty Cents (50 cents)
per share in the Share Capital of the Company and
in support of such application hereby tenders its
cheque for the sum of

20

..... (\$)
.....hereby
undertakes to accept and hold such shares subject
to the Articles of Association of the Company as
in force from time to time.

.....hereby
agree that no warranty or representation as to any
matter, fact or thing regarding the company has
been made to us by any person.

Dated at.....this
day of.....Nineteen Hundred and
Seventy

30

Address

Applications by Companies or Corporations must be
under Seal

Exhibit 44 - Enclosure
to Letter -
14.3.74.

FAI INSURANCES LIMITED

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
HELD ON THE 12TH FLOOR, FAI INSURANCE BUILDING
185 MACQUARIE STREET, SYDNEY, ON WEDNESDAY,
3RD APRIL, 1974, AT 11:30 A.M.

PRESENT: L.J. ADLER (Chairman)
T.E. ATKINSON
J. BELFER
PROFESSOR J.R. WILSON

LEAVE OF ABSENCE: Mr J. Belfer's request for two months annual leave of absence, for the purpose of an overseas trip, was approved. 10

ALTERNATE DIRECTOR: RESOLVED that Mr J. Belfer's nomination of Mr Lawrence J. Adler as his alternate director (as attached) be approved.

SHARE PLACEMENT: RESOLVED that the previously announced issue to Directors, Executives, Staff Members and Associates be increased from 100,000 ordinary shares to a maximum of 130,000 ordinary shares.

CUMBERLAND HOLDINGS LIMITED: The take-over of Cumberland Holdings Limited was again discussed and it was RESOLVED not to proceed. 20

Signed as a correct record.

L.J. Adler

.....

CHAIRMAN

JB TA

7 Wolseley Road,
MOSMAN, N.S.W. 2088

3rd April, 1974.

The Chairman,
FAI Insurances Limited,
FAI Insurance Building,
185 Macquarie Street,
SYDNEY, N.S.W. 2000

Dear Sir,

I the undersigned, John Belfer, a Director of FAI
Insurances Limited, hereby nominate Lawrence J. Adler
of 10 Fitzwilliam Road, Vaucluse, to act as Alternate
Director in my place to exercise and discharge all my
duties as a Director of the Company during my absence
from Australia.

10

Yours faithfully,

J. Belfer
John Belfer

Witnessed by:

T. Atkinson
.....
T.E. Atkinson

20

CUMBERLAND HOLDINGS LIMITED

YEAR ENDED 30 JUNE 1974

Net Profit	\$ 122,920
<u>Less</u> Preference Dividend	<u>24,150</u>
Net Profit available to Ordinary stockholders	<u><u>\$ 98,770</u></u>
Number of Ordinary stock units on issue at 30 June 1974	<u><u>757,536</u></u>
Earnings for each ordinary stock unit on issue at 30 June 1974 (\$98,770 ÷ 757,536)	<u><u>13.04 cents</u></u>

10

FAI INSURANCES LIMITED

YEAR ENDED 30 JUNE 1974

Operating Profit	\$ <u>421,052</u>	
(not including extraordinary items \$102,305 being profit on sale of fixed assets and investments)		
Number of Ordinary Shares on issue at 30 June 1974	<u>4,300,000</u>	10
Earnings for each ordinary share on issue at 30 June 1974 (\$421,052 ÷ 4,300,000)	<u>9.8 cents</u>	
<hr/>		
Number of Ordinary shares on issue at October 1974 after Bonus Issue of 1 for 10	<u>4,730,000</u>	
Earnings for each ordinary share on issue at October 1974 after Bonus Issue of 1 for 10. (\$421,052 ÷ 4,730,000)	<u>8.9 cents</u>	20

LJA:LD

1st July, 1974.

Mr. J.S. Millner,
Chairman,
Washington H. Soul Pattinson & Co. Ltd.,
160 Pitt Street,
SYDNEY, N.S.W. 2000

Dear Jim,

Further to our conversation of a couple of days ago when you asked me for specific areas of complaints instead of generalisations, I hereby list a few of the problems encountered. Please note that these complaints are by no means all the complaints we have had.

10

STANMORE BRANCH

Elast Ointment - Have been out of stock for weeks.

Tes-Tape - Have been out of stock for weeks.

Catheters and Disposable Syringes - Because of your store's inability to supply on demand, we are now purchasing these items from other suppliers.

Gauze Squares - Frequently not available.

Dr. A. ordered Pancycin - A different antibiotic was sent in its place.

20

Dr. B. ordered Penbritton - A different antibiotic was sent in its place.

Dr. C. ordered Terrromycin - Bramcycline was delivered in its place.

All doctors were naturally annoyed that they did not get what was ordered.

.../2

2.

ANNANDALE BRANCH

30

Tryptonal and Neoseyphryne and certain other medications unavailable, and when Nursing Home ordered, store sent message suggesting doctors can get it from other chemists.

Gauze Dressing and Combine dressings - quite often unavailable.

Catheters and Disposable Syringes - There is a big demand for these items and quite often we are told

that they have to be obtained from town which
may take two or three days.

Insulin - A particular type was unavailable.

Safety Pins - Recently out of stock in this store.
Readily available from other chemists.

BONDI BRANCH

Indwelling Catheter - Frequently has to be ordered
from town which may take several days.

10

Dispensable Syringes - Quite often out of stock - may
have to wait two days to come from town.

Dispensable Gloves - Frequently out of stock.

All Matrons state that when an item is not in stock
that they might require urgently, they are usually
able to obtain it from another chemist in the district.

Based on the above, currently arrangements are
being made to transfer all our purchases to other
suppliers.

Sincerely yours,

20

Lawrence J. Adler,
Chairman.

FAI INSURANCES LIMITED

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS HELD ON
THE 12TH FLOOR, FAI INSURANCE BUILDING, 185 MACQUARIE
STREET, SYDNEY, ON THURSDAY, 11TH JULY, 1974, AT 10:00 A.M.

PRESENT: L.J. ADLER (Chairman)
J. BELFER
T.E. ATKINSON
PROF. J.R. WILSON

STOCK EXCHANGE LISTED SECURITIES RESOLVED that the Chairman be authorised to purchase Stock Exchange Listed Securities to a total amount of \$400,000 and in addition, be authorised to purchase any shares offered in consequence of the Brooker Holdings Limited "First Come, First Served" bid. 10

CUMBERLAND HOLDINGS LIMITED: It was RESOLVED to accept offers to acquire Ordinary and Preference Shares in Cumberland Holdings Limited at 50 cents for Preference Shares and \$1.25 for Ordinary Shares from:
Lader Pty. Limited
Midland Corporation Pty. Limited 20
Eagle Corporation Pty. Limited
L.J. Adler
R.S. Adler
R.P. Adler
K.S. Adler

The Chairman disclosed that he was, or could be construed, as being an interested party having regard to his interests in or relationship with the offerors and he therefore did not take part in the vote on the acquisition. 30

It was RESOLVED to accept offers for Ordinary Shares in Cumberland Holdings Limited at \$1.25 per share offered by Falkirk Properties Limited, a public company of which the Chairman is a director. He therefore refrained from participating in or voting on the Resolution.

RECORDING EQUIPMENT: The meeting approved the installation of tape-recording equipment in the Board Room and also the Chairman's office and agreed on the policy to be adopted for its use. 40

Signed as a correct record.

L. Adler
.....
CHAIRMAN

JW TA

S

SELL

Date 16/7

Code	Quantity	Stock	Limit	
	600		125	
	300	Cumberland Holdings	120	
Refer	14/8/74		BR 19/7/74 11.0 am.	
		<u>Cancelled 18/9/74</u>		
Client	Client Code	Taken by	Time	Complete By
	6038616	R	1400	WS
Mrs Marjorie Wilson Rowe St Woollahra				

10

* SELLERS RECORD

Buyer's Identity

16/7	SOLD TO	Buyer's Number 39	Firm Messara	391
Quantity	Stock Code	Price	Conditions	
300	CUM	125		
		Sold by MULLENS	Seller's Number 20-52	Slip Number 518930

Seller's Identity

523

Client Allocation

Mrs M. Wilson,
6038616 R/-

10

* BUYER'S RECORD

Buyer's Identity

Date 16/7	SOLD TO	Buyer's Number 39	Firm Messara	391
Quantity 300	Stock Code CUM	Price 125	Conditions	
Sold by MULLENS		Seller's Number 20-52	Slip Number 518930	
Seller's Identity 523		Client Allocation 2340644 R/-		

10

* BUYER'S RECORD

Buyer's Identity

Date 16/7	SOLD TO	Buyer's Number 39	Firm Messara	391
Quantity 200	Stock Code Cum	Price 1.25	Conditions	
Sold by PATRICK		Seller's Number 20-29	Slip Number 967244	
Seller's Identity (Initial)		Client Allocation 2340644		

20

BUY

A

Name Fire & All Risks		Date 16/7/74
Address		Time 9.45
Special Instructions		Phone
Quantity 500		A/c No. 2340644
Stock Cumberland <u>ord</u>		Limit 1.25

30

Date	Quantity	Price	Balance	Date	Quantity	Price	Balance
16-7-74	500	125	NIL				

Exhibit 55 - Buyer's
Records and Buying

FAI INSURANCES LIMITED
REGISTER OF DIRECTORS' SHAREHOLDINGS ETC.

Surname	Christian Names	Description	Name of Company	Relevant Date	Consideration	Number Acquired	Number Disposed of	Number Held	Remarks	
ADLER	LAWRENCE JAMES	ORDINARY SHARES - SYDNEY & MELBOURNE REGISTERS-	FAI INSURAN- CES LIMITED	25.9.68	\$2.50 PER SHARE	516,306		516,306	535,606-19,300	
				26.9.68	\$2.50 PER SHARE		27,900	488,406	SYDNEY REG.	
				27.9.68	\$2.50 PER SHARE		10,000	478,406	SYDNEY REG.	
				30.9.68	\$2.50 PER SHARE		3,600	474,806	SYDNEY REG.	
				1.10.68	\$2.50 PER SHARE			300	474,506	SYDNEY REG.
				3.10.68	\$2.50 PER SHARE			7,800	466,706	SYDNEY REG.
				11.10.68	\$2.50 PER SHARE			1,400	465,306	SYDNEY REG.
				15.10.68	\$2.50 PER SHARE			500	464,806	SYDNEY REG.
				6.11.68	\$2.50 PER SHARE		6,100	470,906	MELB. REG.	
				12.11.68	\$2.50 PER SHARE		1,700	472,606	MELB. REG.	
				14.11.68	\$2.50 PER SHARE		4,000	476,606	MELB. REG.	
				21.11.68	\$2.50 PER SHARE		1,200	477,806	MELB. REG.	
				4.12.68	\$2.50 PER SHARE		500	478,306	MELB. REG.	
				5.12.68	\$2.50 PER SHARE		600	478,906	MELB. REG.	
				11.12.68	\$2.50 PER SHARE		500	479,406	SYDNEY REG.	
				23.1.69	\$2.55 PER SHARE		2,000	481,406	MELB. REG.	
				30.1.69	\$2.55 PER SHARE			2,800	478,606	SYDNEY REG.
				3.2.69	\$2.55 PER SHARE			500	478,106	MELB. REG.
				19.3.69	\$2.55 PER SHARE		500	478,606	MELB. REG.	
				26.3.69	\$2.60 PER SHARE		300	478,906	MELB. REG.	
				24.4.69	\$2.55 PER SHARE		6,150	485,056	SYDNEY REG.	
				24.4.69	\$2.55 PER SHARE			16,100	468,956	SYDNEY REG.
				24.4.69	\$2.55 PER SHARE		1,100	470,056	SYDNEY REG.	
				21.7.69	\$2.60 PER SHARE		4,750	474,806	SYDNEY REG.	
				21.7.69	\$2.60 PER SHARE			3,000	471,806	SYDNEY REG.
				25.3.70				500	471,306	SYDNEY REG.
9.10.70	\$3.10 PER SHARE			1,200	470,106	SYDNEY REG.				
28.6.71	\$3.16 PER SHARE			470,106	NIL					
28.6.71	\$3.16 PER SHARE		1,000		1,000	SYDNEY REG.				
28.6.71	\$3.16 PER SHARE			500	500	SYDNEY REG.				
6.12.71	\$3.16 PER SHARE			500	NIL	SYDNEY REG.				
1.3.72	\$2.00 PER SHARE		1,000		1,000	SYDNEY REG.				

1076.

Exhibit 56 - Directors' Shareholdings

C/F

FAI INSURANCES LIMITED
REGISTER OF DIRECTORS' SHAREHOLDINGS ETC.

Surname	Christian Names	Description	Name of Company	Relevant Date	Consideration	Number Acquired	Number Disposed of	Number Held	Remarks
							B/F	1,000	
ADLER	LAWRENCE JAMES	ORDINARY SHARES -SYDNEY & MELBOURNE REGISTERS-	FAI IN-SURANCES LIMITED	29.10.73	\$1 SHARES SPLIT INTO 50¢ UNITS			2,000	SYDNEY REG.
				7.12.73	\$2.00 PER SHARE		100	1,900	SYDNEY REG.
				3.4.74	\$1.00 PER SHARE	7,500		9,400	SYDNEY REG.
				3.4.74	\$1. PER SHARE (1 FOR 6 ENTITL)	317		9,717	SYDNEY REG.
				24.4.74	1 FOR 3 BONUS ISSUE	3,239		12,956	SYDNEY REG.
				8.10.74	1 FOR 10 BONUS ISSUE	1,296		14,252	SYDNEY REG.
				16.1.75	40¢ PER SHARE	10,345		24,597	SYDNEY REG.
ADLER	LAWRENCE JAMES	ORDINARY SHARES -NORTHERN TERRITORY REGISTER-	FAI IN-SURANCES LIMITED	18.2.72	\$2.00 PER SHARE	500		500	
				29.3.74	\$2.00 PER SHARE		500	NIL	

1077. Exhibit 56 - Directors' Shareholdings

FAI INSURANCES LIMITED
REGISTER OF DIRECTORS' SHAREHOLDINGS ETC. - OTHER THAN IN HIS OWN NAME

Surname	Christian Names	Description	Name of Company	Relevant Date	Consideration	Number Acquired	Number Disposed of	Number Held
ADLER	LAWRENCE JAMES	ORDINARY SHARES	FAI INSURANCES LIMITED					
SHAREHOLDER - LADER PTY. LIMITED								
		-SYDNEY REGISTER-		3.5.72	\$2.50 PER SHARE	100		100
				25.5.72	\$2.30 P.S.	900		1,000
				19.7.72	\$2.30 P.S.	100		1,100
				3.8.72	\$2.90 P.S.	100		1,200
				24.7.72	\$2.50 P.S.	400		1,600
				25.7.72	\$2.90 P.S.	200		1,800
				3.8.72	\$3.00 P.S.	200		2,000
				3.8.72	\$2.90 P.S.	100		2,100
				2.11.72	\$4.50 P.S.	500		2,600
				13.11.72	\$4.50 P.S.	400		3,000
				27.11.72	\$4.50 P.S.	100		3,100
				7.12.72	\$3.65 P.S.	1,800		22,900
				7.12.72	\$4.50 P.S.	400		23,300
				12.12.72	\$4.50 P.S.	844		24,144
				20.12.72	\$4.50 P.S.	6		24,150
				22.12.72	\$4.75 P.S.	100		24,250
				27.12.72	\$4.50 P.S.	100		24,350
				29.12.72	\$4.50 P.S.	50		24,400
				29.12.72	\$4.00 P.S.	6,250		30,650
				7.2.73	\$4.50 P.S.	2,100		32,750
				20.2.73	\$4.00 P.S.		800	31,950
				7.3.73	\$4.60 P.S.		2,000	29,950
				15.3.73	\$4.70 P.S.		1,000	28,950
				29.10.73	\$1 SHARES SPLIT INTO 50% UNITS			57,900
				4.2.74	600 @ \$1.75 P.S., 200 @ \$1.80 P.S.		800	57,100
				5.2.74	\$1.80 P.S.		2,800	54,300
				8.2.74	\$1.80 P.S.		100	54,200

1078. Exhibit 56 - Directors' Shareholdings

15.2.74	\$1.70 P.S.	500	53,700
16.2.74	\$1.70 P.S.	2,800	50,900
22.2.74	\$1.70 P.S.	1,500	49,400
28.2.74	\$1.74 P.S.	200	49,200
1.3.74	\$1.70 P.S.	1,000	48,200

C/F

FAI INSURANCES LIMITED
REGISTER OF DIRECTORS' SHAREHOLDINGS ETC. - OTHER THAN IN HIS OWN NAME

Surname	Christian Names	Description	Name of Company	Relevant Date	Consideration	Number Acquired	Number Disposed of	Number Held	
Cont.									
ADLER	LAWRENCE JAMES	ORDINARY SHARES	FAI IN-SURANCES LIMITED	1974			B/F	48,200	
1079. Shareholdings	SHAREHOLDER - LADER PTY. LIMITED	-SYDNEY REGISTER-		2.3.74	\$1.74 P.S.		800	47,400	
				5.3.74	\$1.74 P.S.		500	46,900	
				21.3.74	\$1.60 P.S.		500	46,400	
				16.4.74	1 FOR 6 ENTITL @ \$1 EACH	7,733		54,133	
				25.4.74	1 FOR 3 BONUS ISSUE	13,044		72,177	
				29.4.74	\$1.14 P.S.		1,500	70,677	
				1.5.74	\$1.59 P.S.		500	70,177	
				6.5.74	\$1.58 P.S.		500	69,677	
				1.7.74	.70 P.S.		500	69,177	
				1.7.74	BONUS SHARES ON SHARES SOLD			100	69,077
				3.7.74	" " " " "			166	68,911
				8.7.74	" " " " "			66	68,845
				13.9.74	.50 P.S.		83	68,928	
				18.9.74	.50 P.S.		17	68,945	
				24.9.74	.50 P.S.		3,000	71,945	
8.10.74	1 FOR 10 BONUS ISSUE	7,194		79,139					
10.12.74	.40 P.S.		8,000	71,139					
16.12.74	.55 P.S.		53,000	18,139					
16.12.74	BONUS SHARES SOLD		500	17,639					

Exhibit 56 - Directors' Shareholdings

FAI INSURANCES LIMITED
REGISTER OF DIRECTORS' SHAREHOLDINGS ETC. -- OTHER THAN IN HIS OWN NAME

Surname	Christian Names	Description	Name of Company	Relevant Date	Consideration	Number Acquired	Number Disposed of	Number Held
ADLER	LAWRENCE JAMES	ORDINARY	FAI INSURANCES LIMITED	7.12.71	\$3.16 PER SHARE	470,106		470,106
SHAREHOLDER -	LADER PTY. LIMITED	-N T REGISTER-		10.2.72	3 FOR 5 ENTITL @ \$1.00 EACH	282,063		752,169
				1.3.72	\$2.00 P.S.		25,000	727,169
				19.9.72	\$2.00 P.S.		10,000	717,169
				19.9.72	\$2.00 P.S.		6,100	711,069
				6.10.72	\$3.25 P.S.		4,000	707,069
				28.6.73	\$4.00 P.S.		15,000	692,069
				29.6.73	\$4.00 P.S.		59,000	633,069
				29.10.73	\$1 SHARES SPLIT INTO 50¢ UNITS			1,266,138
				7.12.73	\$2.00 P.S.	118,000		1,384,138
				16.4.74	1 FOR 6 ENTITL @ \$1.00 EACH	230,690		1,614,828
				25.4.74	1 FOR 3 BONUS ISSUE	538,276		2,153,104
				26.4.74	\$1.14 P.S.		100,000	2,053,104
				8.10.74	1 FOR 10 BONUS ISSUE	205,310		2,258,414

1080. Exhibit 56 - Directors' Shareholdings

FAI INSURANCES LIMITED
REGISTER OF DIRECTORS' SHAREHOLDINGS ETC. - OTHER THAN IN HIS OWN NAME

Surname	Christian Names	Description	Name of Company	Relevant Date	Consideration	Number Acquired	Number Disposed of	Number Held
ADLER	LAWRENCE JAMES	ORDINARY SHARES	FAI INSURANCES LIMITED	24.2.72	\$1.00 PER SHARE	750		750
SHAREHOLDER -	MIDLAND INSURANCES PTY LTD	-SYDNEY REGISTER-		29.10.73	\$1.00 SHARES SPLIT INTO 50¢ UNITS			1500
				8.4.74	\$1.00 P.S. (1 FOR 6 ENTITL)	250		1750
				24.4.74	1 FOR 3 BONUS ISSUE	583		2333
				8.10.74	1 FOR 10 BONUS ISSUE	233		2566
ADLER	LAWRENCE JAMES	ORDINARY SHARES	FAI INSURANCES LIMITED	1.3.72	\$1.00 PER SHARE	1,000		1,000
SHAREHOLDER -	MIDLAND CORPORATION PTY LTD	-SYDNEY REGISTER-		12.5.72	\$1.00 PER SHARE		750	250
				29.10.73	\$1.00 SHARES SPLIT INTO 50¢ UNITS			500
				8.4.74	\$1.00 P.S. (1 FOR 6 ENTITL)	83		583
				24.4.74	1 FOR 3 BONUS ISSUE	194		777
				8.10.74	1 FOR 10 BONUS ISSUE	78		855

1081. Exhibit 56 - Directors' Shareholdings

FAI INSURANCES LIMITED
REGISTER OF DIRECTORS' SHAREHOLDINGS ETC. - OTHER THAN IN HIS OWN NAME

Surname	Christian Names	Description	Name of Company	Relevant Date	Consideration	Number Acquired	Number Disposed of	Number Held
ADLER	LAWRENCE JAMES	ORDINARY SHARES	FAI IN-SURANCES LIMITED					
	PATRICK NOMINEES PTY LTD. IN TRUST FOR SHAREHOLDER - MIDLAND CORPORATION PTY LTD.	-SYDNEY REGISTER-		1.3.72 6.10.72 16.10.72 29.10.73 8.4.74 19.4.74 24.4.74 8.10.74	\$1.00 PER SHARE \$3.41 P.S. \$3.90 P.S. \$1.00 SHARES SPLIT INTO 50¢ UNITS \$1.00 P.S. (1 FOR 6 ENTITL.) \$1.09 P.S. 1 FOR 3 BONUS ISSUE 1 FOR 10 BONUS ISSUE	26,510	1,000 1,000 2,000	26,510 25,510 24,510 49,020 57,190 55,190 73,587 80,946
ADLER	LAWRENCE JAMES	ORDINARY SHARES	FAI IN-SURANCES LIMITED	7.6.74	\$1.14 P.S.	100,000		100,000
SHAREHOLDER -	EAGLE MOTORS PTY LTD.	-NORTHERN TERRITORY REGISTER-		8.10.74	1 FOR 10 BONUS ISSUE	10,000		110,000

1082. Exhibit 56 - Directors' Shareholdings

FAI INSURANCES LIMITED
REGISTER OF DIRECTORS' SHAREHOLDINGS ETC. - OTHER THAN IN HIS OWN NAME

Surname	Christian Names	Description	Name of Company	Relevant Date	Consideration	Number Acquired	Number Disposed of	Number Held
ADLER	LAWRENCE JAMES	ORDINARY SHARES	FAI INSURANCES LIMITED					
	SHAREHOLDER - EAGLE CORPORATION PTY LTD. IN TRUST FOR FAI SUPERANNUATION FUND.	-SYDNEY REGISTER-		31.12.71	\$3.86 PER SHARE	2,500		2,500
				1.3.72	\$1.00 PER SHARE	1,500		4,000
				1.3.72	PAR ISSUE \$1.00 P.S.	10,988		14,988
				30.6.72	\$2.80 P.S.	100		15,088
				30.6.72	\$2.90 P.S.	200		15,288
				29.10.73	\$1.00 SHARES SPLIT INTO 50¢ UNITS			30,576
				3.4.74	\$1.00 P.S. (1 FOR 6 ENTITL)	5,096		35,672
				24.4.74	1 FOR 3 BONUS ISSUE	11,891		47,563
				3.5.74	50¢ P.S.	43,529		91,092
				8.10.74	1 FOR 10 BONUS ISSUE	3,109		100,201
				22.11.74	40¢ P.S.	20,000		120,201
				30.7.75	25¢ P.S.	4,000		124,201
				8.8.75	25¢ P.S.	3,100		127,301
				15.8.75	25¢ P.S.	300		127,601
				26.9.75	25¢ P.S.	3,000		130,601
				29.9.75	25¢ P.S.	2,500		133,101
				30.9.75	30¢ P.S.	5,000		138,101
				3.10.75	30¢ P.S.	500		138,601
SAINT	HAROLD FRANCIS	ORDINARY SHARES	FAI INSURANCES LIMITED					
	SHAREHOLDER - H F SAINT NOMINEES PTY LTD.	-SYDNEY REGISTER-		31.12.71	\$4.00 PER SHARE	143,750		143,750
				29.10.73	\$1 SHARES SPLIT INTO 50¢ UNITS			287,500
				3.4.74	\$1.00 P.S. (1 FOR 6 ENTITL)	47,917		335,417
				24.4.74	1 FOR 3 BONUS ISSUE	111,806		447,223
				8.10.74	1 FOR 10 BONUS ISSUE	44,722		491,945

1083. Exhibit 56 - Directors' Shareholdings

FAI INSURANCES LIMITED
 REGISTER OF DIRECTORS' SHAREHOLDINGS ETC. - OTHER THAN IN HIS OWN NAME

Surname	Christian Names	Description	Name of Relevant Company	Date	Consideration	Number Acquired	Number Disposed of	Number Held
WILSON	JAMES REUBEN	ORDINARY SHARES	FAI IN-SURANCES LIMITED	14.4.72		300		300
SHAREHOLDER -	LINDSAY ROSS PTY LIMITED			29.10.73	\$1 SHARES SPLIT INTO 50¢ UNITS			600
				3.4.74	\$1 (1 FOR 6 ENTITL)	100		700
				24.4.74	1 FOR 3 BONUS ISSUE	233		933
				8.10.74	1 FOR 10 BONUS ISSUE	93		1,026
ATKINSON	THOMAS ERIC	ORDINARY SHARES	FAI IN-SURANCES LIMITED	13.3.74		10,000		10,000
SHAREHOLDER -	TYNEDALE INVESTMENTS PTY LTD.			3.4.74		3,336		13,336
				3.4.74	\$1.00 (1 FOR 6 ENTITL)	1,666		15,002
				24.4.74	1 FOR 3 BONUS ISSUE	5,001		20,003
				8.10.74	1 FOR 10 BONUS ISSUE	2,000		22,003
				16.1.75		4,000		26,003
BELFER	JOHN	ORDINARY SHARES	FAI IN-SURANCES LIMITED	12.2.72		1,000		1,000
SHAREHOLDER -	BELANNA PTY LIMITED	-SYDNEY REGISTER-		5.10.72		500		1,500
				5.10.72		500		2,000
				29.10.73	\$1 SHARES SPLIT INTO 50¢ UNITS			4,000
				3.4.74		3,000		7,000
				3.4.74	\$1 (1 FOR 6 ENTITL)	667		7,667
				24.4.74	1 FOR 3 BONUS ISSUE	2,556		10,223
				8.10.74	1 FOR 10 BONUS ISSUE	1,022		11,245

1084.

Exhibit 56 - Directors' Shareholdings

FAI INSURANCES LIMITED
 REGISTER OF DIRECTORS' SHAREHOLDINGS ETC. - OTHER THAN IN HIS OWN NAME

Surname	Christian Names	Description	Name of Company	Relevant Date	Consideration	Number Acquired	Number Disposed of	Number Held
BELFER	John							
SHAREHOLDER -	BELANNA	ORDINARY	FAI IN-	1.3.72		25,000		25,000
PTY LIMITED		SHARES	SURANCES					
		-N T	LIMITED	19.9.72		10,000		35,000
		REGISTER-		29.10.73	\$1.00 SHARES SPLIT INTO 50¢ UNITS			70,000
				2.4.74		30,000		100,000
				3.4.74	\$1.00 (1 FOR 6 ENTITL.)	16,667		116,667
				24.4.74	1 FOR 3 BONUS ISSUE	38,889		155,556
				8.10.74	1 FOR 10 BONUS ISSUE	15,556		171,112

1085.

Exhibit 56 - Directors'
 Shareholdings

FAI INSURANCES LIMITED
 REGISTER OF DIRECTORS' SHAREHOLDINGS ETC. - OTHER THAN IN HIS OWN NAME

Surname	Christian Names	Description	Name of Company	Relevant Date	Consideration	Number Acquired	Number Disposed of	Number Held
GREY	PETER	ORDINARY SHARES	FAI IN-SURANCES LIMITED					
SHAREHOLDER - MEREDITH TURNER PTY LTD		SYDNEY REGISTER-		21.2.72		500		500
				14.4.72		1,000		1,500
				28.10.73	\$1 SHARES SPLIT INTO 50¢ UNITS			3,000
		ORDINARY SHARES	FAI IN-SURANCES LIMITED	15.5.72		200		200
		MELBOURNE REGISTER-		12.7.72		1,300		1,500
				12.7.72		900		2,400
				29.10.73	\$1 SHARES SPLIT INTO 50¢ UNITS			4,800
		ORDINARY SHARES	FAI IN-SURANCES LIMITED			12,200		12,200
		NORTHERN TERRITORY REGISTER-						

1086. Exhibit 56 - Directors' Shareholdings

CUMBERLAND HOLDINGS LIMITED

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
HELD ON THE 12TH FLOOR, FAI INSURANCE BUILDING,
185 MACQUARIE STREET, SYDNEY, ON WEDNESDAY,
17TH JULY, 1974, AT 9:00 A.M.

PRESENT: L.J. ADLER (Chairman)
J. BELFER
G.L.A. DONOHOO

IN ATTENDANCE: J.A.J. BARRINGTON (By Invitation)

HOSPITAL RESULTS: The results of the Hospitals' operations for the month of June, 1974, were discussed, considered and approved. 10

NURSES' AWARDS: The effect of the recent various increases in the Nurses' Awards were discussed and considered.

PHARMACEUTICALS: The Chairman reported to the Meeting the results of a recent meeting with Matrons concerning pharmaceuticals.

Signed as a correct record. 20

L.J. Adler
.....
CHAIRMAN

JB GD

00066
FAI
INSURANCE
GROUP

Received from Exchange
27/11/74
Telegraphic Address:
"Fainsur"
Telex Fainsur 21755

FAI Insurances Limited
Australian and International Insurances Ltd.
Fire and All Risks Insurance Company Limited
Car Owners' Mutual Insurance Company Limited
Falkirk Assurance Society Limited

10

Head Office: FAI Insurance Building, 185 Macquarie
Street, Sydney 2000 . Telephone 221 1155

LJA:LD

23rd July, 1974.

The Secretary,
The Sydney Stock Exchange Limited,
20 O'Connell Street,
SYDNEY, N.S.W. 2000

SPREAD OF
ORD. AND PREF.
SHARES IN
CUMBERLAND
HLDGS.?

Now more than 75% less than
300 s'holds

Dear Sir,

20

RE: FAI EXPANSION

Continuing its investment activity in listed companies during the current prolonged share market lull, FAI Insurances Limited revealed itself as the buyer of Brooker Holdings Limited shares through a recent first come first served bid for 10% of the company's issued capital. Since 30th June, 1974, 141,000 shares have been purchased, amounting to 5.9% of Brooker's issued capital.

A further 197,978 Ordinary and Preference Shares have been acquired in Cumberland Holdings Limited, already a Member of the FAI Insurance Group.

30

The Group's Hotel Division acquired a 40% shareholding plus a 20% option in the capital of the Fairway Motor Inn, a newly erected licensed Motor Inn at the Rugby League Country Club, Narellan, N.S.W.

Cumberland Holdings Limited has acquired the Belgrave Private Nursing Home at Kogarah, bringing to nine the number of nursing homes and private hospitals owned by the Group.

40

Yours faithfully,
L. Adler,
Lawrence J. Adler,
Chairman.

Exhibit 46 - Correspondence FAI to Stock
Exchange - 23.7.74.
1088.

BS:amg

25th July, 1974.

The Secretary,
Cumberland Holdings Limited,
2nd Floor,
619, Pacific Highway,
ST. LEONARDS NSW 2065.

Dear Sir,

We refer to a letter received from F.A.I. Insurances Limited dated 23rd July, 1974 advising further purchases of 197,978 ordinary and preference shares in the issued capital of Cumberland Holdings Limited. 10

Regarding this matter, we would appreciate receiving copies of the Company's Substantial Shareholders Register, which is maintained in accordance with Section 69D of the Companies Act 1961, as amended, and pursuant to Listing Requirement 3.H.(7). We would also appreciate a copy of the lists of Twenty Largest Shareholders for both ordinary and preference shareholders. 20

We look forward to your early reply.

Yours faithfully,

PM

P.W. MITCHELHILL,
Manager - Companies.

Exhibit 46 - Correspondence to Cumberland Holdings - 25.7.74.

RLH:83091/4

31 July 1974

The Secretary,
Sydney Stock Exchange,
20 O'Connell Street,
SYDNEY, N.S.W. 2000.

Attention Mr P.W. Mitchelhill

Dear Sir,

We refer to your letter of the 25th July, 1974, and as requested attach copies of our Company's Substantial Shareholders Register in respect of both ordinary and preference shares. Also attached is a list of the 20 largest shareholders for both ordinary and preference shareholders. 10

You will note that Fire and All Risks Insurance Company Limited is the registered holder of the shares referred to in FAI Insurances Limited's letter dated 23rd July, 1974. Fire and All Risks Insurance Company Limited is a wholly owned subsidiary of FAI Insurances Limited.

Although transfers have been received for the shares referred to in FAI Insurances Limited's letter of the 23rd July, 1974, they have not yet been recorded in the books of our Company and therefore do not appear on the attached copies of the Shareholders Register or lists of shareholders. 20

Yours faithfully,

RH

ROBERT L. HERMAN
SECRETARY

CUMBERLAND HOLDINGS LIMITED
TOP TWENTY SHAREHOLDERS AT 29TH JULY 1974
ORDINARY SHARES

			%	
FIRE & ALL RISKS INSURANCE COMPANY LIMITED	Fai Insurance Building, 619 Pacific Highway, St. Leonards, N.S.W.	545,748	72.04	
WASHINGTON H. SOUL PATTINSON & CO.	158 Pitt Street, Sydney, N.S.W. 2000.	46,000	6.07	10
LADER PTY. LIMITED	619 Pacific Highway, St. Leonards, N.S.W. 2065.	28,600	3.78	
FALKIRK PROPER- TIES LIMITED	619 Pacific Highway, St. Leonards, N.S.W. 2065.	18,800	2.48	
WEINE, Eric E.	229 Wardell Road, Dulwich Hill, N.S.W. 2203.	8,000	1.06	
CAMPBELL, Malcolm W.	21 Brett Street, Revesby, N.S.W. 2212	4,400	.58	20
BELFER, John	7 Wolsley Road, Mosman, N.S.W. 2088.	4,000	.53	
ARMITT, John G.	Crystalbrook, Prosper- pine, North Queensland, 4800.	4,000	.53	
ADLER, Lawrence J.	10 Fitzwilliam Road, Vaucluse, N.S.W. 2030.	4,000	.53	
DONOHOO, Glen L.A.	5 Woodlands Avenue, Blakehurst, N.S.W. 2221.	4,000	.53	30
MORLEY, Frank C.	C/- Bank of New South Wales, Travel Dept., Suva, Fiji	3,200	.42	
MILLANE PTY. LIMITED	78 Northbourne Avenue, Canberra, A.C.T.	3,000	.40	
ALLIS, Gwendolyn M.	21 Salisbury Road, Kensington, N.S.W. 2033.	2,800	.37	
POWELL, Marshall N.	Townson Road, Scholfields, N.S.W. 2765.	2,600	.34	40
CAMILLERI, Lazarus	483 Horsley Drive, Fairfield, N.S.W. 2165.	2,400	.32	
EA E CORPORA- TION PTY. LIMITED	619 Pacific Highway, St. Leonards, N.S.W. 2065.	2,000	.26	

Exhibit 46 - Enclosure
to Correspondence to
Stock Exchange

Exhibit 46 - Enclosure
to Correspondence to
Stock Exchange

GRAY, E.H., J.B., W.W. & P.P., R.P.	C/- 15 Benwerrin Avenue, Carss Park, N.S.W. 2221.	2,000	.26	
MACKEY, Una Clare	37 Reden Street, Mosman, N.S.W. 2088.	2,000	.26	
BAXTER, Lavina May	14/22 Myra Road, Dulwich Hill, N.S.W. 2203.	2,000	.26	10
DORRELL, William J.	Rowan Avenue, Uralla, N.S.W. 2358.	1,800	.24	
		<u>691,348</u>	<u>91.26</u>	
Total Issued	757,536			
Ord. Shareholders	153			

Exhibit 46 - Enclosure
to Correspondence to
Stock Exchange

CUMBERLAND HOLDINGS LIMITED
TOP TWENTY SHAREHOLDERS
8% CUMULATIVE REDEEMABLE PREFERENCE SHARES
AS AT 29TH JULY, 1974

			%	
WASHINGTON H. SOUL PATTINSON & CO. LTD.	158 Pitt Street, Sydney, N.S.W. 2000.	118,000	39.333	
LADER PTY. LIMITED	619 Pacific Highway, St. Leonards, N.S.W. 2065	91,700	30.566	10
MIDLAND CORPORA- TION PTY. LIMITED	619 Pacific Highway, St. Leonards, N.S.W. 2065.	31,200	10.400	
GOLDSMITH, Nora	146 The Boulevard, Strathfield, N.S.W.2135	4,000	1.333	
WILLIAMS, Alan	Penrhiw, Dinas, Newport, Pembs SA42 OSJ, Wales, U.K.	4,000	1.333	
TEGGAH INVEST- MENTS PTY. LIMITED	83 Shirley Road, Wollstonecraft, N.S.W 2065.	3,200	1.067	20
LAMB, Richard	12 Combara Avenue, Caringbah, N.S.W. 2229.	2,600	.867	
ARNSEY, Bruce	P.O. Box M350, Sydney Mail Exchange 2012.	2,000	.667	
BURBURY, John	28 Dunois Street, Longueville, N.S.W.2066.	2,000	.667	
LENEHAN, Ruth	18 Strickland Avenue, Lindfield, N.S.W.2070.	2,000	.667	30
SCHIPP, Joseph & Rhona	32 Peters Street, Wagga Wagga, N.S.W.2650	2,000	.667	
S.M.D. CO. PTY. LIMITED	3rd Floor, 129 York Street, Sydney, N.S.W. 2000.	2,000	.667	
STINSON, Ena	174 Nasmyth Street, Toung, N.S.W. 2549.	2,000	.667	
WILLIAMS, Aalice	"Lowana", 1B Wyuna Road, Point Piper, N.S.W.2037.	2,000	.667	
YOUNG, Leslie	727 Princes Highway, Temper N.S.W. 2044.	2,000	.667	40
DARK, Dr. Eric	141 Cascade Street, Katoomba, N.S.W. 2780.	1,600	.533	
BAMBER, Ivy	32 Dudley Street, Haberfield, N.S.W.2045	1,200	.400	

Exhibit 46 - Enclosure
to Correspondence to
Stock Exchange

Exhibit 46 - Enclosure
to Correspondence to
Stock Exchange

DANCASTER, William	419 Condamine Street, Manly, N.S.W. 2100.	1,200	.400	
WILLIAMS, Charles & Mignon	169 Military Road, Dover Heights, N.S.W. 2030.	1,200	.400	
CRAWFORD, Hugh	23 Bay Road, Waverton, N.S.W. 2060.	1,000	.333	10
		<u>276,900</u>	<u>92.301</u>	
Total Issued		- 300,000		
8% Cum. Red. Pref. Shareholders		- 68		

CUMBERLAND HOLDINGS LIMITED
8% CUMULATIVE PREFERENCE SHAREHOLDERS
AS AT 29TH JULY, 1974

			%	
WASHINGTON H. SOUL PATTINSON & CO. LTD.	158 Pitt Street, Sydney, N.S.W. 2000.	183,520	60.42	
MERCANTILE MUTUAL LIFE INSURANCE CO. LTD.	50 Hunter Street, Sydney, N.S.W. 2000.	100,000	32.92	10
GEDCLIN PTY. LIMITED	Box 233, G.P.O. Sydney, N.S.W. 2001.	9,428	3.10	
ALLIS, Gwendolyn	21 Salisbury Road, Kensington, N.S.W. 2033.	2,800	.92	
CHATHAM INVESTMENT CO. LTD.	34 Hunter Street, Sydney, N.S.W. 2000.	2,350	.78	
HATMAX NOMINEES PTY. LIMITED	105 Pitt Street, Sydney, N.S.W. 2000.	1,150	.38	
BUTTRISS, Ian	230 Patrick Street, Hurstville, N.S.W. 2220.	1,000	.33	20
MOORE, Jacqueline	48 Governors Drive, Lapstone, N.S.W. 2773.	500	.17	
BOSTON, Ernest	50 Croydon Road, Croydon, N.S.W. 2132.	400	.13	
FAIRMON, Leonard	C/- P.O.Box 853, Singapore	400	.13	
HINE, Francis & Marjorie	30 Abbotsford Road, Homebush, N.S.W. 2140.	400	.13	30
KAPLERS, Peter		400	.13	
NELSON, Mona	16 Cobar Street, Willoughby, N.S.W. 2069.	400	.13	
WEST, David	31 King Edward Street, Croydon, N.S.W. 2132.	400	.13	
ODD LOT NOMINEES PTY. LIMITED	Box 4423, G.P.O. Sydney, N.S.W. 2001.	220	.07	40
WILLIAMS, Cameron	9/137 Sydney Road, Fairlight, N.S.W. 2094.	200	.07	

Exhibit 46 - Enclosure
to Correspondence to
Stock Exchange

Exhibit 46 - Enclosure
to Correspondence to
Stock Exchange

GOODMAN, Robert	P.O. Box 318, Tweed Heads, N.S.W. 2485.	100	.03
HAMMOND, Francis & Shirley	Blair Street, Moana, N.S.W. 2739.	100	.03
		<u>303,768</u>	<u>100.00</u>

Total Shareholders = 18 (As Above)

10

Total Issued / 303,768

Exhibit 46 - Enclosure
to Correspondence to
Stock Exchange

2nd August, 1974.

BS:amg

The Secretary,
F.A.I. Insurances Limited,
2nd Floor,
619, Pacific Highway,
ST. LEONARDS NSW 2065.

Dear Sir,

Re: CUMBERLAND HOLDINGS LIMITED

We refer to a letter received from Cumberland Holdings Limited dated 31st July, 1974, wherein it was advised that transfers had been received for a total of 197,978 ordinary and preference shares. We would appreciate receiving a break-down of the total number of ordinary and preference shares that make up this figure, and the respective percentage of the ordinary and preference capital held by F.A.I. Insurances Limited in Cumberland Holdings Limited, including the shares referred to above.

10

We look forward to your early reply.

20

Yours faithfully,

PM

P.W. MITCHELHILL,
Manager - Companies.

FAI
INSURANCE
GROUP

00015
Telegraphic Address: "Fainsur"
Telex: Fainsur 21755

FAI INSURANCES LIMITED
AUSTRALIAN AND INTERNATIONAL INSURANCES LTD.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
CAR OWNERS' MUTUAL INSURANCE COMPANY LIMITED
FALKIRK ASSURANCE SOCIETY LIMITED

SECRETARIAL AND ACCOUNTING DIVISION 10
2nd Floor, 619 Pacific Highway, St. Leonards 2065 .
Telephone 439 4466

JRS:S3104/2

12 August 1974

Mr. P.W. Mitchelhill,
Manager - Companies,
The Sydney Stock Exchange Limited,
20 O'Connell Street,
SYDNEY, N.S.W. 2000. (note illegible)

Dear Sir,

CUMBERLAND HOLDINGS LIMITED 20

We are in receipt of your letter dated 2nd August, 1974, Reference BS:amg, and would advise that the transfers received by Cumberland Holdings Limited were for 193,978 shares in the name of Fire and All Risks Insurance Company Limited as opposed to advices contained in their letter dated 31st July, 1974.

The breakdown of the shares is as follows:-

Ordinary Shares	55,850	
8% Cumulative Preference Shares	9,428	
8% Cumulative Redeemable Preference		30
Shares	128,700	
	<u>193,978</u>	

The percentage of Issued Capital now held by Fire and All Risks Insurance Company Limited in Cumberland Holdings Limited is as follows:

Ordinary Shares (figures illegible)	79.64%
8% Cumulative Preference Shares	3.10%
8% Cumulative Redeemable Preference	
Shares	42.90%

..... 40

1098. Exhibit 46 - Correspondence from FAI to Stock Exchange - 12.8.74

Exhibit 46 - Correspondence from FAI to Stock Exchange - 12.8.74

00016

.....2

FAI Insurances Limited does not hold shares in Cumberland Holdings Limited.

Yours faithfully,

J. Shaw

J.R. SHAW
SHARE REGISTRAR

10

CUMBERLAND HOLDINGS LIMITED admits:

1. That J.M. Messara & Co., Stock & Share Brokers, made the following purchases of ordinary stock units in the capital of Cumberland Holdings Limited on behalf of Falkirk Properties Limited on the Sydney Stock Exchange:-

1974

July	2	200	at	\$ 1-25
"	3	400	at	1-25
"	11	500	at	1-25

10

2. That the said firm made the following purchases of Ordinary stock units in the capital of Cumberland Holdings Limited on behalf of FAI Insurances Limited on the Sydney Stock Exchange:-

1974

July	12	400	at	\$ 1-25
		800	at	1-25
"	16	200	at	1-25
		300	at	1-25

CUMBERLAND HOLDINGS LIMITED

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
HELD ON THE 12TH FLOOR, FAI INSURANCE BUILDING,
185 MACQUARIE STREET, SYDNEY, ON WEDNESDAY,
14TH AUGUST, 1974, AT 9:00 A.M.

PRESENT: L.J. ADLER (Chairman)
J. BELFER
G.L.A. DONOHOO

IN ATTENDANCE: R.L. HERMAN (Secretary) 10
J.A.J. BARRINGTON (General Manager)
E.J. HARRIS (Auditor)

ANNUAL ACCOUNTS: The annual accounts of the company and its subsidiary for the year ended 30th June, 1974, were tabled for discussion.

In reply to a question put to the Meeting, Mr Barrington advised the Meeting that in his opinion the debtors as shown in the accounts were all collectable and adequate provision had been made for both bad and doubtful debts. There being no further questions required of Mr Barrington, the Chairman then excused him from the Meeting. 20

The Chairman then invited Mr E.J. Harris, partner of the company's auditors, Messrs Gibbings and Webb, to join the meeting.

Mr Harris was asked to comment on the audited financial accounts and also the general state of the company's records. Mr Harris replied that he had no complaints on the accounts but commented that the accounting operations could be improved or streamlined. In his opinion, the accounts as presented were correct and adequate provision made for both bad and doubtful debts. After a brief general discussion, Mr Harris was then excused from the Meeting. 30

A lengthy discussion took place concerning the format and presentation of the accounts and as a result the Chairman was instructed to redraft in accordance with the recommendations of the Board. 40

FINAL DIVIDEND: The dividend policy of the company was discussed and it was then RESOLVED to recommend to shareholders the payment of an increased

Exhibit 100 - Copy
Cumberland Minutes -

1101. 14.8.1974.

Exhibit 100 - Copy
Cumberland Minutes -
14.8.1974.

final dividend of 6% to be paid on the
17th October, 1974.

- 2 -

ANNUAL
GENERAL
MEETING:

It was RESOLVED that the Annual General Meeting of the Company be held on the 16th October, 1974, at 10.00 a.m. on the 12th Floor, FAI Insurance Building, 185 Macquarie Street, Sydney.

10

Signed as a correct record.

L. J. Adler
.....
CHAIRMAN

BUY				Date 19/8/74				
Name Fire & All Risks Insurance				Time 12.00.				
Address				Phone				
Special Instructions				A/c No. 2340644				
Quantity	Stock				Limit			
25000	Cumberland				50			
Date	Quantity	Price	Balance	Date	Quantity	Price	Balance	10
								A
SELL				Date 7/8/74				
Name Fire & All Risks				Time 11.09				
Address				Phone				
Special Instructions				A/c No. 2340644				
Quantity	Stock				Limit			
10000	Cumberland <u>ord</u>				70		20	
Date	Quantity	Price	Balance	Date	Quantity	Price	Balance	
								A
SELL				Date 24/8/74				
Name Fire & All Risk Insurance FAI-Insurance Co Ltd.				Time 2.15				
Address				Phone				
Special Instructions				A/c No. 2340644				
Quantity	Stock				Limit			
1000	Cumberland holdings.				1.50			
Date	Quantity	Price	Balance	Date	Quantity	Price	Balance	
								C

THE SYDNEY STOCK EXCHANGE LIMITED
20 O'Connell Street, Sydney, N.S.W. 2000
G.P.O. Box No. 1360, SYDNEY, N.S.W., 2001
Telephone: 231.0066
Cables: STOCKEX TELEX: AA20630 - AA22273

CREST

In reply please quote:
BS:jhb

4 September 1974

-8 SEP 1974

The Secretary,
Cumberland Holdings Limited,
2nd Floor,
619 Pacific Highway,
ST. LEONARDS. N.S.W. 2065

10

Dear Sir,

LISTING REQUIREMENT 3.H.(18)

We refer to a letter dated 12 August 1974 from Fire and All Risks Insurance Company Limited from which we have noted that they are the holders of approximately 80% of the company's issued capital.

20

We therefore wish to draw your attention to the above Listing Requirement which states "a company must maintain a spread of shareholdings which in the opinion of the Exchange is sufficient", and furthermore, "a company that fails to do so may be given three months by the Exchange to rectify the situation and in such event, the company will notify the shareholders within seven days on receipt of such notice and if the position is not rectified within the three month period, the company's securities may then be removed from the Official Lists."

30

Concerning such, we wish to advise that the Exchange would appreciate receiving advice prior to the 3 December 1974 that the Fire and All Risk Insurance Company Limited does not control more than 75% of the company's issued capital.

We would be pleased to receive within 14 days a copy of the company's letter notifying shareholders of this matter.

Yours faithfully,

40

P.W. Mitchelhill

P.W. MITCHELHILL

Manager - Companies

All communications should be addressed to the Secretary.

Exhibit 6 - Letter
from Stock Exchange to
Cumberland Holdings

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
HELD ON THE 12TH FLOOR, FAI INSURANCE BUILDING
185 MACQUARIE STREET, SYDNEY, ON TUESDAY, 10TH
SEPTEMBER, 1974, AT 4:00 P.M.

PRESENT: L.J. ADLER (Chairman)
J. BELFER
G.L.A. DONOHOO

IN ATTENDANCE: J.A.J. BARRINGTON

SYDNEY The Chairman tabled a letter received from 10
STOCK the Sydney Stock Exchange, a copy of which
EXCHANGE: is attached. It was RESOLVED that the matter
be discussed with Fire and All Risks
Insurance Company Limited.

As a result of such discussion, it was
RESOLVED to forward a letter to shareholders,
a copy of which is attached.

Signed as a correct record.

L. Adler
.....
CHAIRMAN

20

JB

GD.

THE SYDNEY STOCK EXCHANGE LIMITED 00019
20 O'Connell Street, Sydney, N.S.W. 2000
G.P.O. Box No. 1360 Sydney, N.S.W., 2001
Telephone: 231,0066
Cable: Stockex Telex: AA20630

CREST
In reply
please quote:
BS:jhb

4 September 1974

The Secretary,
Cumberland Holdings Limited,
2nd Floor,
619 Pacific Highway,
ST. LEONARDS. N.S.W. 2065

10

Dear Sir,

LISTING REQUIREMENT 3.11.(18)

We refer to a letter dated 12 August 1974 from Fire and All Risks Insurance Company Limited from which we have noted that they are the holders of approximately 80% of the company's issued capital.

We therefore wish to draw your attention to the above Listing Requirement which states "a company must maintain a spread of shareholdings which in the opinion of the Exchange is sufficient", and furthermore, "a company that fails to do so may be given three months by the Exchange to rectify the situation and in such event, the company will notify the shareholders within seven days on receipt of such notice and if the position is not rectified within the three month period, the company's securities may then be removed from the Official Lists."

20

Concerning such, we wish to advise that the Exchange would appreciate receiving advice prior to the 3 December, 1974 that the Fire and All Risk Insurance Company Limited does not control more than 75% of the company's issued capital.

30

We would be pleased to receive within 14 days a copy of the company's letter notifying shareholders of this matter.

Yours faithfully,

P.W. Mitchelhill
P.W. MITCHELHILL
Manager - Companies

40

All communications should be addressed to the Secretary.

Exhibit 83 - Attachment
to Minutes of Cumberland,
1106. land, 10.9.1974

CUMBERLAND HOLDINGS LIMITED

00018

Registered and Share Office:
Secretarial and Accounting Division
2nd Floor, 619 Pacific Highway, St. Leonards, 2065
Telephone: 439.4466

13 September 1974

Dear Shareholder,

Approximately 80% of your Company's issued capital is now held by its holding company, Fire and All Risks Insurance Company Limited (a wholly owned subsidiary of FAI Insurances Limited).

10

Under the Listing Requirements of the Australian Associated Stock Exchanges, a company must "maintain a spread of shareholdings which in the opinion of the Exchange is sufficient", and if the Exchange is not satisfied that this is being done, it is entitled to give the company three months' notice to rectify the situation or to face the possible delisting of its shares. The Company has now received notice from the Exchange that in its view the present spread of the Company's shareholdings does not meet these Listing Requirements, and it has given the Company until 3rd December, 1974, to advise the Exchange that Fire and All Risks Insurance Company Limited does not then control more than 75% of the Company's issued capital.

20

Fire and All Risks Insurance Company Limited has advised your Company that it is not prepared to divest itself of any part of its shareholdings in the Company. In view however, of the possibility that this may be prejudicial to the interests of minority shareholders, should the Exchange delist the shares, it is prepared to make an offer to acquire the outstanding shares in the company which it does not already own, from the minority shareholders.

30

Fire and All Risks Insurance Company Limited advise us that they will be making a formal announcement of their intention to make the offer (in the form of a Part A Statement under the provisions of the Companies Act) as soon as practicable, and Shareholders will be informed when this has been received.

40

Yours faithfully,

R. Herman
ROBERT L. HERMAN
SECRETARY

A member of the FAI Insurance Group

Exhibit 83 - Attachment
to Minutes of Cumberland,
10.9.1974

1107.

CUMBERLAND HOLDINGS LIMITED

00021

Registered and Share Office:
Secretarial and Accounting Division
2nd Floor, 619 Pacific Highway, St. Leonards, 2065
Telephone: 439.4466

13 September 1974

Dear Shareholder,

Approximately 80% of your Company's issued capital is now held by its holding company, Fire and All Risks Insurance Company Limited (a wholly owned subsidiary of FAI Insurances Limited). 10

Under the Listing Requirements of the Australian Associated Stock Exchanges, a company must "maintain a spread of shareholdings which in the opinion of the Exchange is sufficient", and if the Exchange is not satisfied that this is being done, it is entitled to give the company three months' notice to rectify the situation or to face the possible delisting of its shares. The Company has now received notice from the Exchange that in its view the present spread of the Company's shareholdings does not meet these Listing Requirements, and it has given the Company until 3rd December, 1974, to advise the Exchange that Fire and All Risks Insurance Company Limited does not then control more than 75% of the Company's issued capital. 20

Fire and All Risks Insurance Company Limited has advised your Company that it is not prepared to divest itself of any part of its shareholdings in the Company. In view however, of the possibility that this may be prejudicial to the interests of minority shareholders, should the Exchange delist the shares, it is prepared to make an offer to acquire the outstanding shares in the company which it does not already own, from the minority shareholders. 30

Fire and All Risks Insurance Company Limited advise us that they will be making a formal announcement of their intention to make the offer (in the form of a Part A Statement under the provisions of the Companies Act) as soon as practicable, and Shareholders will be informed when this has been received. 40

Yours faithfully,

R. Herman

ROBERT L. HERMAN
SECRETARY

A member of the FAI Insurance Group

Exhibit 7 - Letter
from Cumberland to
Shareholders

FIRE AND ALL RISKS INSURANCE COMPANY LIMITED

DIRECTORS' REPORT

To be presented to the fifteenth annual general meeting to be held on the

The financial statements of the group for the year ended 30th June, 1974, accompany this report and are presented in a form which complies with the New South Wales Companies Act, 1961, as amended. The consolidated results for the year compared with those for the preceding year were as follows:

10

	Year Ended 30th June 1974		Year Ended 30th June 1973	
	\$	\$	\$	\$
Profit before deducting provisions for depreciation and income tax		667,113		894,138
Provision for depreciation	30,168		17,746	
Provision for income tax	317,444	347,612	120,716	138,462
	-----	-----	-----	-----
Consolidated net profit for the year		319,501		755,676
		=====		=====

Note 4 sets out the contribution of all group companies to the profit earned and is to be read as forming part of this report.

20

Dividend

No dividend is recommended.

Insurance

Net premium income has increased by 5% and now totals \$6,793,220 (1973, \$6,466,581) whilst claims and expenses remain within the range of industry averages. Measures taken by the directors, as previously reported, to minimise expenses and take a stricter control on underwriting procedures have resulted in the group earning an increased underwriting profit of \$333,038 compared to \$181,364 for the previous year.

30

The group's insurance underwriting continues to progress satisfactorily.

Property

The group's property income contributed to the overall profit of the group. During the year under review increased income due to satisfactory occupancy ratio being achieved in all buildings is reflected in the increase in other income as reported in the accompanying financial statements. Operations in South Australia, comprising lease-backs, building and developments, have

40

Exhibit 58 - Directors'
Report

progressed satisfactorily during the year. It is further envisaged that in the current year the upward trend in the group's property income will continue.

Cumberland Holdings Limited

The nursing home industry has been and is still undergoing a most trying period and it is pleasing to report that this side of the group's activities is performing satisfactorily.

10

Investments

As foreshadowed in the previous report, during the year due to the depressed economic climate, the market value of the group's investments have fallen.

Share Capital and Debenture Borrowing

No new shares or debentures were issued during the year.

Staff

The management and staff have again given another year of excellent service for which the directors record their sincere appreciation and thanks.

20

Future Prospects

The group's activities since the commencement of the current financial year have progressed satisfactorily and the directors believe that in the absence of unforeseen circumstances and unfavourable investment climate developing due to government policies, the results of the current year should be satisfactory.

Your directors view the continued progress of the group with confidence.

Statutory Requirements

30

1. Directors in office at the time of this report are:

Lawrence James Adler (Chairman)
John Belfer
Professor James Reuben Wilson
Thomas Eric Atkinson
Joseph Arthur James Barrington
Robert Lawrence Herman

2. The principal activities of the group are:-

Insurance Underwriting
Property Development, Leasing and Investment

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**Exhibit 58 - Directors'
Report**

**Nursing Home Ownership
Investment including Short Term Finance**

There have been no significant changes in the nature of these activities during the year.

3. The following subsidiaries were acquired during the financial year:-

	Purchase Consideration \$	Equity Acquired \$	Extent of Interest %	
United Printing Works Pty. Limited	19,770	19,446	100	10
United Body Works (Qld) Pty. Limited	10,000	10,000	100	
Bellevue Private Hospital Pty. Ltd. (Acquired by Cumberland Holdings Limited - 72% owned by Fire and All Risks Insurance Company Limited)	50,300	111,438	66.66	

4. The following subsidiary companies were disposed of during the year:

	Sale Consi- deration \$	Equity Disposed of \$	Extent of Interest %	
Ceduna Foreshore Motel Pty. Ltd.	41,051	(262)	100	20
Falkirk & Stirlingshire Assurance Company Limited	3,012	1,896	100	

5. No dividends were paid during the year.

6. Movements in reserves and provisions were:

- (a) Provision for Income Tax.
A transfer of \$317,444 from profits to provision for income tax (1973, \$120,716). 30
- (b) Provision for Doubtful Debts.
 - (i) A transfer of \$1,113 from profits to other debtors (1973, \$4,066).
 - (ii) A transfer of \$2,722 from profits to agency balances (1973, \$20,109).
- (c) Asset Revaluation Reserve.
Revaluation of freehold property \$199,878.
 - (i) Based on an independent valuation made by A. Norton Pty. Limited, Members of the Real Estate Institute of New South Wales, dated 25th July, 1974, the freehold property of Bellevue Private Hospital was 40

Exhibit 58 - Directors'
Report

revalued by an amount of \$29,057. After allowance for minority interest in this revaluation the amount of \$19,371 was transferred to asset revaluation reserve.

- (ii) Based on an independent valuation made by R.W. Swan Pty. Limited, Members of the Real Estate Institute of South Australia, dated 25th July, 1974, the freehold property situated at Anzac Highway, Keswick, South Australia, owned by the Saint Properties Pty. Limited Group was revalued and the amount of \$180,507 was transferred to asset revaluation reserve. 10

7. Prior to the preparation of the company's accounts for the year, the directors took reasonable steps to ascertain : 20

- (a) what action had been taken in relation to the writing off of bad debts and the creation of a provision for doubtful debts; to cause all known bad debts to be written off and adequate provision to be made for all doubtful debts.
- (b) whether any current assets other than book debts were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the company. 30

At the date of this report the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts in any company within the group inadequate to any substantial extent, nor which would render the values attributed to current assets in the group accounts misleading.

8. At the date of this report there is: 40
- (a) no charge on the assets of any corporation in the group which has arisen since the end of the financial year which secures the liabilities of any other person or company.
- (b) no contingent liability which has arisen in respect of any corporation within the group since the end of the financial year other than in the normal course of business as an insurer.

Exhibit 58 - Directors'
Report

No contingent liability or other liability has become enforceable or is likely to become enforceable, in respect of any corporation within the group within the period of twelve months after 30th June, 1974, which in the opinion of the directors will or may substantially affect the ability of any corporation within the group to meet its obligations as and when they fall due.

10

9. (a) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the accompanying accounts which would render any amount stated in the group accounts misleading.

(b) The results of the operations of the group and of each corporation in the group for the year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

20

(c) No item, transaction or event of a material and unusual nature has arisen in the interval between 30th June, 1974, and the date of this report which, in the opinion of the directors, will affect substantially the results of the operations of any corporation in the group for the year ending 30th June, 1975.

30

10. No director of the holding company or a related corporation has received or become entitled to receive since the end of the previous financial year a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the group accounts, in accordance with the Ninth Schedule or a fixed salary of a full time employee of the company) by reason of a contract made by the company or a related corporation with a director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

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11. The company is the kind of company specified in the order published by the Corporate Affairs Commission, pursuant to Section 162C(2) of the Companies Act, 1961, published in the New South Wales Government Gazette of 22nd December, 1972, and the accounts have been prepared on the basis

Exhibit 58 - Directors'
Report

of relief from compliance with the requirements
of sub-clause (2) of clause 12 of the Ninth
Schedule relating to any unearned sums in respect
of general insurance premiums.

Signed at Sydney this 18th day of September, 1974.

Lawrence J. Adler
Chairman

J. Belfer
Director

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FIRE AND ALL RISKS INSURANCE COMPANY LIMITED

STATEMENT PURSUANT TO SECTION 162(12)
OF THE COMPANIES ACT

I, Robert Lawrence Herman, being the Officer in Charge of the preparation of the accompanying accounts of Fire and All Risks Insurance Company Limited and group accounts of Fire and All Risks Insurance Company Limited and its subsidiaries for the year ended 30th June, 1974, state that, to the best of my knowledge and belief, such accounts and group accounts give a true and fair view of the matters required by Section 162 of the Companies Act, 1961, to be dealt with therein.

10

Signed at Sydney this 18th day of September, 1974.

R. Herman
Principal Accounting Officer

STATEMENT BY DIRECTORS

In the opinion of the directors of Fire and All Risks Insurance Company Limited the accompanying balance sheet is drawn up so as to give a true and fair view of the state of affairs of the company as at 30th June, 1974, and the accompanying profit and loss account is drawn up so as to give a true and fair view of the profit of the company for the year ended 30th June, 1974.

20

It is also the opinion of the directors that the accompanying group accounts of Fire and All Risks Insurance Company Limited and its subsidiary companies are drawn up so as to give a true and fair view of

- (a) the profit of the company and its subsidiaries as at 30th June, 1974
- (b) the state of affairs of the company and its subsidiaries as at 30th June, 1974, so far as they concern members of the holding company.

30

Signed at Sydney this 18th day of September, 1974.

On behalf of the Board,
Lawrence J. Adler
J. Belfer
Directors

TO THE MEMBERS OF
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED

In our opinion

- (a) the accompanying balance sheets and accounts of the company and of the group audited by us are properly drawn up in accordance with the provisions of the Companies Act, 1961, or in the case of a subsidiary incorporated in another State of the Commonwealth, in accordance with the provisions of the corresponding law of that State so as to give a true and fair view of the state of affairs of the company and the group at the 30th June, 1974, the results of the year then ended and the other matters required by Section 162 of the relevant Acts to be dealt with in the accounts. 10
- (b) the accounting records and other records and the registers of the company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1961, or in accordance with the corresponding law of the State in which each subsidiary is incorporated. 20

We have not acted as auditors of Falkirk Assurance Society Limited.

We have examined the accounts and auditors' report of Falkirk Assurance Society Limited and are satisfied that its accounts and those of the other subsidiaries are in a form and content appropriate and proper for the purpose of the preparation of the consolidated accounts and we have received satisfactory information and explanations as required by us. 30

No qualification or any comment under sub-section 3 of section 167 or the corresponding law of any other state in which subsidiaries were incorporated have been made in the auditors' report or the accounts of any subsidiary.

Signed at Sydney this 18th day of September, 1974.

Gibbings & Webb
E.F.K. Webb
Chartered Accountants
Registered under the Public
Accountants Registration
Act, 1945, as amended 40

FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES

BALANCE SHEET AS AT 30TH JUNE 1974

	Note	Group 1974 \$	1973 \$	Holding Company 1974 \$	1973 \$
AUTHORISED CAPITAL	1	2,000,000	2,000,000	2,000,000	2,000,000
ISSUED CAPITAL	1	1,800,000	1,800,000	1,800,000	1,800,000
RESERVES AND UNAPPROPRIATED PROFITS					
Share premium		5,403	5,403	-	-
Asset revaluation	2	752,339	552,461	72,969	72,969
Capital redemption reserve		200,000	200,000	200,000	200,000
Asset realisation reserve	3	11,007	9,059	-	-
Unappropriated profits		1,612,512	1,333,123	452,483	486,458
SHAREHOLDERS' FUNDS		4,381,261	3,900,046	2,525,452	2,559,427
Minority interests in subsidiary companies		492,398	410,672	-	-
		4,873,659	4,310,718	2,525,452	2,559,427
CURRENT LIABILITIES					
Sundry creditors	5	2,451,569	1,634,096	1,474,106	1,052,808
Deposits accepted - at call and unsecured		-	20,000	-	20,000
Workers' compensation equalisation reserve		7,693	9,278	7,693	9,278
Provision for outstanding claims		3,946,506	3,430,249	3,628,100	3,148,840
Provision for unexpired risks		2,717,289	2,586,633	1,667,296	1,641,349
Provision for income tax		356,427	176,607	12,844	-
Provision for dividends		18,429	17,370	-	-
Provision for long service leave		56,900	33,411	28,152	19,387
Loans due to subsidiary companies		-	-	2,529,882	2,185,185
		9,554,813	7,907,644	9,348,073	8,076,847
NON-CURRENT LIABILITIES					
Loan - unsecured		65,345	-	-	-
Mortgage loans - secured in full	6	5,286,875	5,241,650	3,585,000	3,700,000
Registered first mortgage debenture stock - secured in full	7	53,550	81,050	-	-
Life Assurance Fund		5,405,770 20,069	5,322,700 -	3,585,000 20,069	3,700,000 -
		19,854,311	17,541,062	15,478,594	14,336,274

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Exhibit 58 - Directors'

**FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES**

BALANCE SHEET AS AT 30TH JUNE 1974

	Note	Group 1974 \$	1973 \$	Holding Company 1974 \$	1973 \$	
FIXED ASSETS	8					
Freehold property - at cost		8,124,151	7,439,592	6,582,149	6,258,376	10
Freehold property - at valuation		3,599,951	2,937,920	125,000	125,000	
Furniture, fittings, equipment and vehicles		290,539	204,985	-	-	
		<u>12,014,641</u>	<u>10,582,497</u>	<u>6,707,149</u>	<u>6,383,376</u>	
INVESTMENTS	9					
Public securities in- cluding accrued interest		11,666	11,602	-	-	20
Shares in companies listed on prescribed stock exchanges		821,539	371,824	821,539	371,824	
Shares and debentures in unlisted companies		70,017	92,870	68,997	79,701	
Loans on mortgages		100,000	-	-	-	
Fixed deposits		-	958,098	-	958,098	
Other loans		46,319	58,355	47,343	-	30
		<u>1,049,541</u>	<u>1,492,749</u>	<u>937,879</u>	<u>1,409,623</u>	
INTERESTS IN SUBSIDIARY COMPANIES						
Shares		-	-	2,305,512	2,278,478	
Advances		-	-	511,954	487,158	
		<u>-</u>	<u>-</u>	<u>2,817,466</u>	<u>2,765,636</u>	
INTANGIBLE ASSETS						
Preliminary and estab- lishment expenses		25,637	25,098	-	-	40
Goodwill on purchase of private hospital		5,806	-	-	-	
		<u>31,433</u>	<u>25,098</u>	<u>-</u>	<u>-</u>	
Excess of cost of in- vestments in subsid- iaries over net equity acquired		883,794	945,786	-	-	
CURRENT ASSETS						
Loan due by holding com- pany		273,597	503,931	273,597	503,931	50
Cash at banks and in hand	10	319,990	430,222	194,149	404,707	
Stock on hand	11	123,982	85,420	-	-	
Work in progress	12	174,288	125,885	-	-	
Other debtors and prepayments	13	1,196,315	1,203,834	794,984	902,174	
Agency balances	14	1,959,718	783,653	1,959,718	612,114	
Interest bearing loans - at call and unsecured		-	10,200	-	-	

**Exhibit 58 - Directors'
Report**

Interest bearing loans - at call and secured in full	1,018,244	907,717	1,018,244	939,713	
Deposits	788,689	444,070	755,339	415,000	
	<hr/>	<hr/>	<hr/>	<hr/>	
	5,854,823	4,494,932	4,996,031	3,777,639	
	<hr/>	<hr/>	<hr/>	<hr/>	
Life Assurance Fund - deposits at call and unsecured	20,069	-	20,069	-	10
	<hr/>	<hr/>	<hr/>	<hr/>	
	19,854,311	17,541,062	15,478,594	14,336,274	

**FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE
1974**

	Note	Group 1974 \$	1973 \$	Holding Company 1974 \$	1973 \$	
Premiums net of rein- surance		6,793,220	6,466,581	4,168,239	4,103,371	20
Less increase in un- expired insurance risks		130,656	91,789	25,947	120,281	
		<hr/>	<hr/>	<hr/>	<hr/>	
		6,662,564	6,374,792	4,142,292	3,983,090	
Losses incurred		4,397,845	4,179,797	2,614,308	2,492,120	
Management costs and commissions		1,931,681	2,013,631	1,537,589	1,555,427	
		<hr/>	<hr/>	<hr/>	<hr/>	
UNDERWRITING PROFIT (Losses)		333,038	181,364	(9,605)	(64,457)	
Other income net of expenses		271,383	164,401	22,258	2,051	30
		<hr/>	<hr/>	<hr/>	<hr/>	
Income Tax	15 16	604,421 317,444	345,765 120,716	12,653 12,844	(62,406) -	
		<hr/>	<hr/>	<hr/>	<hr/>	
		286,977	225,049	(191)	(62,406)	
Profit (Loss) attribut- ed to minority share- holders		6,028	(10,203)	-	-	
		<hr/>	<hr/>	<hr/>	<hr/>	
OPERATING PROFIT (LOSS)		280,949	235,252	(191)	(62,406)	
Extraordinary Items						
Profit (loss) on reali- sation of fixed assets and investments	17	38,552	530,627	(12,748)	488,903	40
		<hr/>	<hr/>	<hr/>	<hr/>	
Profit (loss) includ- ing extraordinary items		319,501	765,879	(12,939)	426,497	
Unappropriated profits brought forward		1,333,123	552,436	486,458	59,961	
Profit on sale of sub- sidiary companies	17	39,453	49,884	-	-	

**Exhibit 58 - Directors'
Report**

Accumulated losses of subsidiary companies sold	3,779	66,013	-	-	
Balance available for appropriation	1,695,856	1,434,212	473,519	486,458	
Appropriations -					
Transfer to Life Assurance Fund	20,069	-	20,069	-	10
Income tax for previous year underprovided	7,641	4,233	-	-	
Transfer to asset revaluation reserve	1,948	61,195	-	-	
Dividend paid	17,370	17,370	-	-	
Dividend proposed	18,429	17,370	-	-	
Preliminary expenses written off	-	921	-	-	
Costs in relation to Life Assurance Licence written off	11,139	-	-	-	20
Costs in relation to tax objection	6,748	-	967	-	
	83,344	101,089	21,036	-	
UNAPPROPRIATED PROFIT	1,612,512	1,333,123	452,483	486,458	

FIRE AND ALL RISKS INSURANCE COMPANY LIMITED

**Notes to and Forming Part of the Financial Statements
for the year ended 30th June 1974**

	Group 1974 \$	1973 \$	Holding Company 1974 \$	1973 \$	
NOTE 1 - CAPITAL					30
AUTHORISED CAPITAL					
4,000,000 ordinary shares of 50 cents each	2,000,000	2,000,000	2,000,000	2,000,000	
ISSUED CAPITAL					
3,600,000 ordinary shares of 50 cents each fully paid	1,800,000	1,800,000	1,800,000	1,800,000	
NOTE 2 - ASSET REVALUATION					40
Balance at 30th June 1973	552,461	431,564	72,969	134,164	
Revaluation of freehold properties	199,878	120,897	-	-	
Transfer on sale of properties	-	-	-	61,195	
	752,339	552,461	72,969	72,969	

Exhibit 58 - Directors'
Report

- (i) Based on an independent valuation made by A. Norton Pty. Limited, Members of the Real Estate Institute of New South Wales, dated 25th July, 1974, the freehold property of Bellevue Private Hospital was revalued by an amount of \$29,057. After allowance for minority interest in this revaluation the amount of \$19,371 was transferred to Asset Revaluation Reserve. 10
- (ii) Based on an independent valuation made by R.W. Swan Pty. Limited, Members of the Real Estate Institute of S.A., dated 25th July, 1974, the freehold property situated at Anzac Highway, Keswick, S.A. owned by the Saint Properties Pty. Limited Group was revalued and the amount of \$180,507 was transferred to asset revaluation reserve. 20

NOTE 3 - ASSET REALISATION RESERVE

Balance 30th June 1973	9,059	9,059	-	-
Amount transferred from appropriation during year	1,948	-	-	-
	11,007	9,059	-	-

NOTE 4 - SUBSIDIARY COMPANIES

Names of Corporations of the Group	Contribution to After Tax Profit 1974	Contribution to After Tax Profit 1973	Place of Incorporation	Holding Company's Beneficial Interest %	Class of Share	Holding Company's Investment \$
Australian and International Insurances Limited	67,155	13,081	Victoria	100	Ordinary	304,827
Balmoral Building Company Pty. Limited	8,629	11,289	South Australia	80	Ordinary	-
Car Owners' Mutual Insurance Company Limited	74,672	114,687	New South Wales	100	Ordinary	309,146
* Ceduna Foreshore Motel Pty. Limited	-	(988)	South Australia	100	Ordinary	-
Commercial Leasing Company Pty. Limited	6,543	3,682	South Australia	100	Ordinary	-
Cumberland Holdings Limited	104,884	65,866	New South Wales	72	Ordinary	345,960
* Falkirk Assurance Society Limited	(320)	(295)	New South Wales	100	Ordinary	100,000
Falkirk and Stirlingshire Assurance Company Limited	-	-	Scotland	100	Ordinary	-
Gleneagles Properties Pty. Limited	45,981	143,758	Victoria	100	Ordinary	600,000
Industrial Lease-Back Company of S.A. Pty. Limited	6,543	3,682	South Australia	100	Ordinary	-
Motel Investments Pty. Limited	6,543	3,682	South Australia	100	Ordinary	-
Relda Investments Pty. Limited	-	-	New South Wales	100	Ordinary	100
H.F. Saint Pty. Limited	6,545	3,591	South Australia	100	Ordinary	-
H.F. Saint Builders Pty. Limited	6,671	3,803	South Australia	100	Ordinary	-
Saint Properties Pty. Limited	9,193	(2,872)	South Australia	100	Ordinary	501,309
H.F. Saint Industries Pty. Limited	6,543	3,802	South Australia	100	Ordinary	-

H.F. Saint Investments Pty. Limited	6,712	3,585	South Australia	100	Ordinary	-
United Body Works Pty. Limited	3,323	8,996	New South Wales	100	Ordinary	44,400
United Body Works (Qld) Pty. Limited	-	-	Queensland	100	Ordinary	10,000
United Printing Works Pty. Limited	567	-	New South Wales	100	Ordinary	19,770
Wentworth Insurance Company Limited	(450)	(205)	Victoria	100	Ordinary	70,000
	<u>359,726</u>	<u>379,144</u>				<u>2,305,512</u>
Contribution by Holding Company Fire and All Risks Insurance Company Limited	(40,225)	376,532				
	<u>319,501</u>	<u>755,676</u>				

Exhibit 58 - Directors'
Report

NOTE 4 - SUBSIDIARY COMPANIES continued

Corporations in which the holding company does not have an investment are subsidiaries of Saint Properties Pty. Limited which is wholly owned by the holding company.

Corporations listed above marked with an asterisk were sold during the year and therefore contributed to the contribution to after tax profits in respect of the year ended 30th June, 1973, only.

10

NOTE 5 - SUNDRY CREDITORS

	Group 1974 \$	1973 \$	Holding Company 1974 \$	1973 \$	
Bank loans - secured in full	215,000	281,401	-	-	
Other loans - secured in full	458,550	38,900	-	-	
Loans at call - unsecured	26,980	128,230	-	60,000	
Other current creditors	1,751,039	1,185,565	1,474,106	992,808	20
	<u>2,451,569</u>	<u>1,634,096</u>	<u>1,474,106</u>	<u>1,052,808</u>	

NOTE 6 - LONG TERM LIABILITIES -

MORTGAGE LOANS				
Due within 2 years	4,453,900	195,000	3,585,000	-
Due within 2 to 5 years	676,950	4,615,725	-	3,700,000
Due later than 5 years	156,025	430,925	-	-
	<u>5,286,875</u>	<u>5,241,650</u>	<u>3,585,000</u>	<u>3,700,000</u>

NOTE 7 - REGISTERED FIRST MORTGAGE

DEBENTURE STOCK				
Due within 2 years	8,800	46,250	-	-
Due within 2 to 5 years	40,150	29,100	-	-
Due later than 5 years	4,600	5,700	-	-
	<u>53,550</u>	<u>81,050</u>	<u>-</u>	<u>-</u>

30

NOTE 8 - FIXED ASSETS
Fixed assets are included in the accounts as follows:-

	Cost or Valuation		Accumulated Depreciation or Amortisation		Written Down Value	
	1974	1973	1974	1973	1974	1973
Freehold property - at independent valuation at cost	3,599,951	2,937,920	-	-	3,599,951	2,937,920
	8,124,151	7,439,592	-	-	8,124,161	7,439,592
	11,724,102	10,377,512	-	-	11,724,102	10,377,512
Furniture, fittings, equipment and vehicles - at cost	390,246	261,184	99,707	56,199	290,539	204,985
	12,114,348	10,638,696	99,707	56,199	12,014,641	10,582,497

Holding Company

Freehold Property - at independent valuation at cost	125,000	125,000	-	-	125,000	125,000
	6,582,149	6,258,376	-	-	6,582,149	6,258,376
	6,707,149	6,383,376	-	-	6,707,149	6,383,376

Depreciation of Freehold Property

The directors have not ascertained or obtained separate valuations of land and building shown as freehold property, nor has any depreciation been provided for on buildings. These properties have been regarded as investment units and the directors have not deemed it necessary or appropriate to make such provision. Freehold land was revalued during the year based on an independent valuation. Depreciation has been calculated on a diminishing value method to write off the cost of the assets over their effective working life.

NOTE 9 - INVESTMENTS

	Group		1973		1974		Holding Company	
	1974	1973	1974	1973	1974	1973	1974	1973
	Market Value	Market Value	Market Value	Market Value	Cost	Cost	Market Value	Market Value
	\$	\$	\$	\$	\$	\$	\$	\$
Public securities	8,620	10,383	11,602	-	-	-	-	-
Shares in companies listed on prescribed stock exchanges	-	343,423	371,824	-	821,539	-	-	371,824
	8,620	353,806	383,426	-	821,539	-	-	371,824
Shares in unlisted companies								
Debt securities in unlisted companies			92,070		68,197			78,901
Loans on mortgage			800		800			800
Other loans			100,000		-			-
Shares in subsidiary companies - unlisted			46,319		58,355			47,543
Advances			-		-			2,305,512
Fixed Deposits			-		-			467,158
			958,098		-			958,098
			1,492,749		3,755,345			4,175,259

The directors have reviewed the investment portfolio and are of the opinion that the downward movement in market value experienced during 1974, brought about by uncertainties in the economy and unprecedented high interest rates, is temporary and there is no permanent diminution in the value of securities at 30th June, 1974.

Exhibit 58 - Directors' Report

**Exhibit 58 - Directors'
Report**

**NOTE 10 - CASH AT BANK AND
ON HAND**

	Group 1974	1973	Holding Company 1974	1973	
	\$	\$	\$	\$	
Cash at bank and on hand	400,949	642,460	275,108	586,525	
Less overdrawn accounts	80,959	212,238	80,959	181,818	
	<u>319,990</u>	<u>430,222</u>	<u>194,149</u>	<u>404,707</u>	

NOTE 11 - STOCK ON HAND

10

The stock on hand has been valued at lowest of cost, market or replacement value

	123,982	85,420	-	-	
	<u>123,982</u>	<u>85,420</u>	<u>-</u>	<u>-</u>	

NOTE 12 - WORK IN PROGRESS

The work in progress has been valued at cost to date

	174,288	125,885	-	-	
	<u>174,288</u>	<u>125,885</u>	<u>-</u>	<u>-</u>	

**NOTE 13 - OTHER DEBTORS
AND PREPAYMENTS**

Total debts	1,162,359	1,176,428	755,849	902,174	20
Less provision for doubtful debts	5,179	4,066	-	-	
	<u>1,157,180</u>	<u>1,172,362</u>	<u>755,849</u>	<u>902,174</u>	
Prepayments	39,135	31,472	39,135	-	
	<u>1,196,315</u>	<u>1,203,834</u>	<u>794,984</u>	<u>902,174</u>	

NOTE 14 - AGENCY DEBTORS

Total debts	2,009,967	803,762	2,009,967	627,825	
Provision for doubtful debts	50,249	20,109	50,249	15,711	
	<u>1,959,718</u>	<u>783,653</u>	<u>1,959,718</u>	<u>612,114</u>	30

NOTE 15 - PROFIT FOR YEAR

Included in the profit for the year before income tax and extraordinary items are the following items of income and expenses.

	Group 1974	1973	Holding Company 1974	1973	
	\$	\$	\$	\$	
Income					
Dividends received - listed	39,146	7,529	39,011	6,260	
- subsidiaries	-	-	27,286	49,964	40
Interest received - other persons and corporations	221,785	198,571	38,676	191,407	
- subsidiaries	-	-	-	38,209	

**Exhibit 58 - Directors'
Report**

Expenses				
Interest paid - subsidiaries	-	-	73,235	1,530
- other persons and corporations	586,391	365,600	456,242	192,136
Depreciation of fixed assets	30,168	17,746	-	-
Directors' emoluments (excluding payments by way of fixed salaries)				10
Director in full time employment of the company	10,000	3,750	-	3,000
Other directors	<u>12,000</u>	<u>7,500</u>	<u>-</u>	<u>6,000</u>
	<u>22,000</u>	<u>11,250</u>	<u>-</u>	<u>9,000</u>
Auditors' remuneration				
Auditing services	20,999	12,266	13,270	5,523
Other services	<u>5,656</u>	<u>3,257</u>	<u>3,851</u>	<u>1,800</u>
	<u>26,655</u>	<u>15,523</u>	<u>17,121</u>	<u>7,323</u>

No other benefits were received by the auditors in respect of their services to the company.

NOTE 16 - INCOME TAX

The amount set aside for the payment of income tax attributable to the financial year differs by more than 15% from the amount that would be prima facie payable, if the operating profit before income tax was the amount of taxable income, due to the recovery of prior years tax losses of subsidiary companies.

30

The Petitioner and agree
/CUMBERLAND HOLDINGS LIMITED admits:
RE FALKIRK PROPERTIES LIMITED -

- (i) That Lawrence James Adler was appointed a director of the company on 19th February 1970 and has continued as such from then until the present.
- (ii) That the said L.J. Adler has been Chairman of Directors of the company throughout that period.
- (iii) That from some time prior to 30th June 1973 until the present the issued capital of the company has comprised 2,295,500 ordinary shares of 50¢ each fully paid. 10
- (iv) That from 19th December 1973 until the present FAI Insurances Limited has been the registered owner of 1,004,690 of such shares.
- (v) That from 8th October 1973 until 14th November 1974 Lader Pty. Limited was the registered owner of 273,400 of such shares.
- (vi) That from 30th June 1972 until the present Midland Corporation Pty. Limited has been the registered owner of 5,000 of such shares. 20
- (vii) That from 24th November 1971 until the present the said L.J. Adler has been the registered owner of 2,400 of such shares.
- (viii) That from 24th July 1972 until the present Belanna Pty. Limited (John Belfer's family company) has been the registered owner of 12,000 of such shares.



FAI
INSURANCE
GROUP

REPORTER

PUBLISHED BY THE FAI INSURANCE GROUP

OCTOBER 1974

OPINION Inflation= Disaster for Insurance Industry

By Lawrence J. Adler,
Chairman,
FAI Insurances Limited.

Inflation means for the insurance industry that the dollar amount of business underwritten rises proportionately as the value of money falls. This increase comes on top of the world-wide expansion of the insurance industry created by general economic growth.

Under British and now also, Australian rules, to underwrite this increasing volume of business, a company needs a similar increase in its capital and free reserves. These free reserves are the surplus of all the company's assets over its insurance liabilities (unexpired premiums on policies that still have some time to run, plus outstanding claims). Put simply, companies need to increase these free reserves (including capital) in proportion to their growth in premium income which would seem easy enough.

In practice, however, this is not as easy as it sounds. Inflation at a steady rate is something companies can live with, allowing for it when setting premiums.

CLAIMS COSTS UP

But a rapid speed-up in the rate of inflation is quite a different matter. It first means that premium rates need to be raised for new business, but even without government intervention this is

not always easy because of the pressure of competition. Secondly, it suddenly becomes clear that for business already on the books claims arising will be more expensive than anticipated when the premiums were set.

Every insurer at any given moment has a back-log of unsettled claims, and the greater the inflation, the greater will be the cost of settling these claims. For some insurers this runoff can be quite long, and for reinsurers it can be even longer. In the latest financial year for which figures are available, the amount companies have left for ploughing back has sharply diminished, partly because of such increased claim costs and partly because of increased taxation. This means that companies will be unable to add in sufficient measure to their free capital and reserves, whereas based on the inflation-inflated volume of business they should be substantially increasing it. All of this might seem enough, yet two additional problems have arisen: government intervention and a partial collapse of the values of invested assets.

INVESTMENTS DOWN

The government intervention involves companies in considerably greater administrative expenses and, at the same time, freedom to increase rates is more limited and under closer scrutiny.

The collapse of property and stock market values further complicates the existence of insurance companies. During a period in which their free reserves, owing

to the higher premium income, should be rising, they see these asset factors falling. Companies adopting a prudent investment policy — or what in the past was deemed to be a prudent investment policy, for example, investing their funds in a mix of government bonds, BHP, Bank of New South Wales and U.A.C. — would have seen their investments reduced by (depending upon the proportion of these stocks held) anything up to 60 or 70 per cent.

Investments in property developers such as Mainline (whose shareholders include well respected insurance institutions) would, of course, cause even greater havoc. Investments across the board, according to the Sydney Stock Exchange, have lost over 55 per cent since 2 January 1973.

One might ask how much more prudent can you be than to invest in your country's bonds, your country's largest commercial enterprise, largest bank and the second largest finance company. Similar problems face the investors in property.

CAPITAL DILUTED

The fall in share prices has also meant that companies seeking to increase their capital by new issues would be involved in a much greater watering down of capital than previously. Some companies whose shares are below par obviously cannot even make an issue.

The solutions to these problems are unknown, however their key cause is inflation. If it remains unchecked, the insurance industry will be faced with problems having ultimately disastrous consequences — problems that even with all of today's financial expertise defy solution.

Exhibit 43 - FAI Insurance
Group Reporter, Volume 1,
Number 8 of October 1974,
Page 1



FAI INSURANCES LIMITED
AUSTRALIAN AND INTERNATIONAL INSURANCES LTD.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
CAR OWNERS' MUTUAL INSURANCE COMPANY LIMITED
FALKIRK ASSURANCE SOCIETY LIMITED

HEAD OFFICE: FAI INSURANCE BUILDING, 185 MACQUARIE STREET, SYDNEY 2000 • TELEPHONE 221 1155

LJA:LP

21st October, 1974.

Mr. G.L.A. Donohoo,
 Director,
 Deposit and Investment Co. Ltd.,
 1 York Street,
SYDNEY, 2000

Dear Glen,

I am enclosing herewith two copies of the draft documents which should eventually form the basis for the formal Offer to be forwarded to the shareholders of Cumberland Holdings Limited. These have been approved by my colleagues and me on behalf of FAI.

10

So far as the Part B statement is concerned, you will see that we have taken the liberty to draft paragraphs 1(a) and (b) as statements by the Board of Cumberland. This is naturally not to be taken as indicating a pre-judgement of the issues before a formal Board Meeting has taken place. We have left paragraphs 2(f) and (h) in blank for you to complete as you consider appropriate in all the circumstances. Since at this stage everything is being sent to you on a "first draft" basis, and should be regarded as being subject to amendment in the light of further discussions between us, we would naturally like you to consider your own tentative drafting in respect of any paragraphs in question on the same basis. I will naturally be happy to meet you for further discussions when you have indicated your views on that basis.

20

Our proposed timetable would be for the draft of Part A to be submitted through our solicitors (Sinclairs) to the Commissioner for Corporate Affairs and the Company's Manager of the Sydney Stock

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.../2

Exhibit 8 - Letter
 covering draft take-
 over documents

Exhibit 8 - Letter
covering draft take-over
documents

CREST

Continuation Sheet No. 2

00023

Exchange straightaway in the hope that we will obtain their formal approval (subject to any stated amendments) by the end of this week. We would then intend to deliver the Part A statement to Cumberland, the Commissioner for Corporate Affairs and the Australian Stock Exchanges on Friday, 1st November. We would propose that the Board of Cumberland should submit its Part B statement on Friday, 8th November and that the formal Offer incorporating the parts A and B statements should be posted to the shareholders of Cumberland and submitted to the Commissioner for Corporate Affairs and the Stock Exchanges on Friday, 15th November.

10

As you will note from the proposed Offer, we have fixed 31st December, 1974 as the date for acceptances, but have, of course, reserved the right to extend the date should this appear to be in the best interests of all concerned.

20

I shall look forward to hearing from you.

Yours sincerely,

LA

Encl.

Lawrence J. Adler,
Chairman.

DRAFT

STATEMENT IN ACCORDANCE WITH PART A OF THE 10TH SCHEDULE
OF THE NEW SOUTH WALES COMPANIES ACT 1961 AS AMENDED,
INCLUDING FULL PARTICULARS OF OFFER

FAI Insurances Limited, a company incorporated in the
; and its head office at F.A.I.
State of Victoria having its registered office at 412
Insurance building, 185 Macquarie Street, Sydney, N.S.W.
Collins Street, Melbourne/(hereinafter called FAI) in-

tends to make an offer for:-

10

- (a) All of the issued and fully paid Ordinary Stock
Units of 50c each; and
- (b) All of the issued and fully paid 8% Cumulative
Preference Non-Participating Stock Units of 50c
each; and
- (c) All of the issued and fully paid 8% Cumulative Re-
deemable Preference Non-Participating Stock Units
of 50c each;

in the capital of Cumberland Holdings Limited (herein-
after called Cumberland) other than those to which at
the time when the offer is made it is, through its
wholly owned subsidiary Fire & All Risks Insurance Com-
pany Limited (hereinafter called FAR), entitled within
the meaning given to that term by Section 180 (A) (5)
of the Companies Act, 1961, as amended (hereinafter
called "the Act").

20

1. Full particulars of the takeover Offer are set out
in Appendix 1 annexed to this Statement.
2. FAI is making this same offer to all of the stock
holders in Cumberland appearing on the register of
members of Cumberland at the date of the offer (ex-
cept stock holders holding stock units to which
FAI is at that date entitled within the meaning
given to that term by Section 180A (5) of the Act)
and the offer is in respect of all Stock Units in
Cumberland held by each such stock holder except
those to which FAI is so entitled. All such offers
are hereinafter called offers under the takeover

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Exhibit 8 - Draft
take-over documents

scheme. By virtue of Section 180K of the Act where at the time when a takeover offer is made to a person or at any time during the period during which the offer is open, another person is or is entitled to be registered as a holder of Stock Units to which the offer relates, then except in so far as the offer otherwise provides:-

-2-

10

- (i) A corresponding takeover offer shall be deemed to have been made to that other person in respect of these stock units and
- (ii) A corresponding takeover offer shall be deemed to have been made to the first mentioned person in respect of any other stock units to which the offer relates.

3.

- (a) The names, occupations and addresses of all the Directors of FAI are as follows:

20

Lawrence James Adler
10 Fitzwilliam Road,
VAUCLUSE. N.S.W. 2030

Company Director

Thomas Eric Atkinson
12 Elvina Avenue,
NEWPORT. N.S.W. 2106

Company Director

Joseph Arthur James Barrington
12 The Avenue,
ROSE BAY. N.S.W. 2029

Company Manager

John Belfer
7 Wolsley Road,
MOSMAN. N.S.W. 2088

Chartered Accountant

30

Robert Lawrence Herman
10/11-17 Watson Street,
NEUTRAL BAY. N.S.W. 2089

Company Secretary

James Reuben Wilson
2 Woodridge Avenue,
NORTH EPPING. N.S.W. 2121

University Professor

Exhibit 8 - Draft
take-over documents

(b) The principal activities of FAI are:-

Insurance Underwriting
Property, Leasing and Investment
Nursing Home Ownership
Investment including short term finance

(c) At the time of the making of this statement FAI is not itself the holder of any stock units in Cumberland but through FAR, it is entitled within the meaning aforesaid to the following stock units in Cumberland:-

10

-3-

Ordinary Stock Units of 50c each fully paid 607,298

8% Cumulative Preference Non Participating Stock Units of 50c each fully paid 9,428

8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each fully paid 128,700

20

Insofar as Directors of FAI may be deemed to be acting in concert with FAI (within the meaning given to that term by Section 5(ii) of the Australian Associated Stock Exchanges' Listing Manual) the following are their holdings of Stock Units in Cumberland at the time of the making of this Statement:-

Lawrence James Adler 4,000 Ordinary Stock Units of 50c each fully paid (held as nominee for FAR and included in the figure of 607,298 above appearing as its holding).

30

John Belfer 4,000 Ordinary Stock Units of 50c each fully paid.

Robert Lawrence Herman 200 Ordinary Stock Units of 50c each fully paid.

(d) Cumberland has not issued any marketable securities other than the 3 classes of stock above referred to.

Exhibit 8 - Draft
take-over documents

(e)

- (i) The reports that, if this Statement were a prospectus issued on the date on which the Statement is given to Cumberland, would be required to be set out in a statement under paragraphs 20 and 23 of the 5th Schedule of the Act, are set out in Appendices 2 and 3 appended to this Statement.

Mr. E.F.K. Webb, the person by whom the report set out in Appendix 2 was made, has appended to it a notice in writing signed by him to the effect that he consents to the inclusion of the said report in the said appendix to this Statement in the form and context in which it is included.

10

The Directors of FAI whose names are set out in paragraph 3 (a) above, being the persons by whom the report set out in Appendix 3 was made have appended to it a notice in writing signed by each of them to the effect that each of them consents to the inclusion of the said report in the said appendix to this Statement in the form and context in which it is included.

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(e)

- (ii) Full particulars of all alterations in the capital structure of FAI and of its subsidiaries during the period of 5 years immediately preceding the date this Statement is given to Cumberland and particulars of the source of increases in capital of FAI and its subsidiaries are set out in Appendix 4 annexed to this Statement.

30

- (f) None of the Directors of FAI or Cumberland or any person acting in concert with any of them (within

Exhibit 8 - Draft
take-over documents

the meaning above set out) has dealt in the shares of FAI or Cumberland during the period commencing 3 months prior to the announcement of the offer and ending as at the date of this Part A Statement delivered by FAI to Cumberland (that is November 1, 1974).

4. There is no restriction on the right to transfer the stock units in Cumberland to which the takeover scheme relates, contained in the Memorandum or Articles of Association of Cumberland which has the effect of requiring the holders of such stock units before transferring them to offer them for purchase to members of Cumberland or to any other person. 10
5. No part of the consideration for the acquisition of stock units in Cumberland by FAI is to be satisfied by the payment of cash.
6. 20
- (a) It is not proposed in connection with the takeover scheme that any payment or other benefit shall be made or given to any Director of Cumberland or of any corporation that is by virtue of sub-section (5) of Section 6 of the Act deemed to be related to Cumberland as compensation for loss of office or as consideration for or in connection with his retirement from office.
- (b) There is no other agreement or arrangement between FAI and any of the Directors of Cumberland in connection with or conditional upon the outcome of the scheme. 30
- (c) Save for such changes as have taken place in the

Exhibit 8 - Draft
take-over documents

financial position of Cumberland in consequence of the normal and satisfactory carrying on of its business since June 30, 1974 (i.e. the date of the last Balance Sheet laid before Cumberland in General Meeting) FAI is not aware of any material change in the financial position of Cumberland since that date.

- (d) There is no agreement or arrangement whereby any stock units acquired by FAI in pursuance of the scheme will or may be transferred to any other person. 10

7.

- (a) The Ordinary Shares of 50c each fully paid in FAI are listed on the following Australian Stock Exchanges, namely, Melbourne and Sydney and the following information is given in respect of the said shares.

- (i) The latest available market sale price of the said shares before the date on which this statement is given to Cumberland was ; and 20

- (ii) The highest and lowest market sale price for the said shares during the 3 months immediately preceding that date and the respective dates of the relevant sales were and respectively; and

- (iii) The latest available market sale price for the said shares immediately before 13th September, 1974, (which was the date on which Cumberland advised its shareholders that FAI through FAR was proposing to make takeover offers in respect of the minority share holdings in Cumberland) was 30

- (iv) The above information in sub-sub-paragraphs (i)

Exhibit 8 - Draft
take-over documents

and (iii) of this sub-paragraph with respect to the Ordinary Shares in FAI is given in relation to the Stock Exchange on which there have been the greatest number of recorded dealings in the said shares in the 3 months immediately preceding the date on which this statement is given to Cumberland, namely the Exchange.

- (b) It is intended by FAI that an application will be made for official quotation on the above mentioned Australian Stock Exchanges of its Ordinary Shares of 50c fully paid to be issued to accepting holders of the Ordinary Stock Units in Cumberland pursuant to Paragraphs 3 (a) of the Offer set out in Appendix 1. 10

-6-

7.

- (c) As set out in paragraph 4(b) of the Offer set out in Appendix 1 hereto, no 8% Cumulative Preference Shares in FAI are now in issue, but if the takeover scheme, particularised in Appendix 1 hereto shall be carried into effect, and shares of the said class shall be issued and allotted to accepting holders of Cumberland Stock Units pursuant thereto, FAI intends to apply to have the said shares listed upon the Exchanges referred to in sub-paragraph (a) of this paragraph. 20

Dated to Sydney this day of November, 1974.

Signed for and on behalf of FAI Insurances Limited by: 30
Lawrence James Adler and

both of whom are duly authorised to sign this statement pursuant to a resolution passed at a meeting of the Directors of FAI Insurances Limited on the day of November, 1974.

DRAFT

APPENDIX 1

The following are the full particulars of the offer referred to in paragraph 1 of the attached Statement.

OFFER

To each of the holders of:

- (a) Ordinary Stock Units of 50c each fully paid; and
- (b) 8% Cumulative Preference Non Participating Stock Units of 50c each fully paid; and 10
- (c) 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each fully paid

in Cumberland Holdings Limited (hereinafter called Cumberland), FAI Insurances Limited, a company incorporated in the State of Victoria having its registered office at 412 Collins Street, Melbourne, Victoria, (hereinafter called FAI) hereby offers to acquire on the terms set out below:

- (a) All of the issued and fully paid Ordinary Stock Units of 50c each; and 20
- (b) All of the issued and fully paid 8% Cumulative Preference Non Participating Stock Units of 50c each; and
- (c) All of the issued and fully paid 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each.

in the capital of Cumberland other than those to which at the time when the offer is made it is through its wholly owned subsidiary, Fire and All Risks Insurance Company Limited (hereinafter called FAR) entitled within the meaning given to that term by Section 180A of the Companies Act, 1961, as amended (hereinafter called "the Act"). 30

Particulars of the offers are:

1. FAI offers to acquire the following Stock Units in Cumberland (being all the issued and fully paid

Exhibit 8 - Draft
take-over documents

Stock Units in Cumberland to which it is not entitled as aforesaid at the date of this Offer) namely:-

- (a) 150,238 Ordinary Stock Units of 50c each fully paid; and
 - (b) 294,430 8% Cumulative Preference Non Participating Stock Units of 50c each fully paid; and
 - (c) 171,300 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each fully paid. 10
2. As at the date of this Offer Cumberland has not issued any marketable securities other than the 3 classes of stock units above referred to.
3. The consideration to be paid to each accepting holder of stock units is as follows:-
- (a) To each accepting holder of the issued and fully paid Ordinary Stock units of 50c each in Cumberland one Ordinary Share of 50c fully paid in FAI/for each such Stock Unit/ in respect of which the offer is accepted; and 20
 - (b) To each accepting holder of the issued and fully paid 8% Cumulative Preference Non Participating Stock Units of 50c each in Cumberland one 8% Cumulative Preference Share of 50c in FAI for each such stock unit in respect of which the offer is accepted; and
 - (c) To each accepting holder of the issued and fully paid 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each in Cumberland one 8% Cumulative Preference Share of 50c in FAI for each such stock unit in respect of which the offer is accepted. 30
4. In addition to the consideration referred to in Paragraph 3 (b) and (c) above each accepting holder of the issued and fully paid 8% Cumulative Preference Non Participating Stock Units of 50c in Cumberland and of the issued and fully paid 8%

Exhibit 8 - Draft
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Cumulative Redeemable Preference Non Participating Stock Units of 50c in Cumberland shall be entitled to retain the half yearly dividend of 4% payable by Cumberland in respect of each such Stock Unit in respect of which the offer is accepted for the period 1st July to 31st December, 1974.

- 5.(a) All ordinary shares of FAI issued and allotted to accepting holders of the Ordinary Stock Units in Cumberland as aforesaid shall rank pari passu in all respects with the Ordinary Shares of FAI in issue at the date when such issue and allotment is made. 10
- (b) There are not now in issue, and FAI warrants that until 8% Cumulative Preference Shares in FAI are issued and allotted to accepting holders of either of the classes of Preference Stock Units in Cumberland as above referred to, there will not be in issue, any 8% Cumulative Preference Shares in FAI. In terms of the Articles of Association of FAI the said Preference Shares will be redeemable by FAI at its option as therein provided. 20

-3-

6. The period within which each accepting shareholder in Cumberland will receive the shares in FAI as his consideration for the purchase of his holding is not more than 28 days after the date on which the offer has ceased to remain open for acceptance (that date being December 31, 1974 as specified in paragraph 10 hereof). 30
7. FAI is making this same offer to all of the stockholders in Cumberland appearing on the register of members of Cumberland at the date of this offer (except stockholders holding stock units to which FAI is at that date entitled within the meaning given to that term by Section 180A (5) of the Act)

Exhibit 8 - Draft
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and the offer is in respect of all stock units in Cumberland held by each such stock holder except those to which FAI is so entitled. All such offers are hereinafter called offers under the takeover scheme. By virtue of Section 180K of the Act where at the time when a takeover offer is made to a person or at any time during the period during which the offer is open, another person is or is entitled to be registered as a holder of stock units to which the offer relates, then except in so far as the offer otherwise provides:

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- (i) A corresponding takeover offer shall be deemed to have been made to that other person in respect of these stock units and
- (ii) A corresponding takeover offer shall be deemed to have been made to the first mentioned person in respect of any other stock units to which the offer relates.

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8. The offer is not conditional upon acceptance being received in respect of any minimum number of the stock units comprised in any of the classes referred to in paragraph 1 hereof above and (subject to the conditions set out in paragraph 9 hereof below) FAI will accept the offer in respect of any number of the said stock units comprised in any of the said classes which accepting holders may during the time during which the offer remains open for acceptance tender to it.

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- 9.(i) The offer is subject to the following conditions, namely that between the date of this offer and the date on which the offer has ceased to remain open for acceptance:
 - (a) Cumberland shall not by reason of any voluntary act of FAI have ceased to be a subsidiary of FAI and no events shall have occurred or appear to be likely to occur in consequence of any such voluntary

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act which would interfere with the continued exercise by FAI of its rights as the holding company of Cumberland; and

- (b) No events shall have occurred or appear to be likely to occur by reason of any voluntary act of FAI which would prevent or materially prejudice the future carrying on by Cumberland of its principle activity in the field of geriatric nursing homes. 10
- (ii) FAI may declare the offer free from both or either of the conditions set out in sub paragraph 1 of this paragraph at any time not less than 7 days before the end of the period during which the offer is open and after it does so declare, it will forthwith cause to be published a notice of such declaration. The 24th December, 1974 is hereby specified as the date for the purpose of Section 180N (3) of the Act.
10. The offer shall remain open for acceptance during a period ending at 5 p.m. N.S.W. summer time on December 31, 1974. 20
11. The offer is not conditional upon Cumberland approving or consenting to any payment or other benefit being made or given to any Director of Cumberland or any corporation which is deemed by virtue of sub-section (5) of Section 6 of the Act as amended to be related to Cumberland as compensation for loss of office or consideration for or in connection with his retirement from office. 30
12. It is a term of this offer that each holder accepting in respect of any of his stock units in the name of FAI those stock units shall be fully paid to 50c and shall otherwise be free from all charges, liens, mortgages or other encumbrances whether to Cumberland or to any other person, firm or corporation whatsoever.

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given to that term in Section 5 of the Manual)
the following are their holdings of Stock Units in
Cumberland at the time of the making of this State-
ment:

Lawrence James Adler	4,000 Ordinary Stock Units of 50c each fully paid (held as nominee for FAR and in- cluded in the figure of 607,298 above appearing (as its holding)	10
John Belfer	4,000 Ordinary Stock Units of 50c each fully paid	
Robert Lawrence Herman	200 Ordinary Stock Units of 50c each fully paid	

- (b) Each of the Directors of FAI had a beneficial in-
terest in the following holdings in FAI:

<u>Director</u>	<u>Number of Shares</u>	
Lawrence James Adler	651,606	20
Thomas Eric Atkinson	22,003	
Joseph Arthur James Barrington	7,480	
John Belfer	182,357	
Robert Lawrence Herman	2,371	
James Reuben Wilson	3,031	

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- (c) No other person acting in concert with FAI (with-
in the meaning given to that term by Section 5 of
the Manual) had a beneficial interest in any
shares in FAI. 30

- (d) The following Directors of FAI had a beneficial
interest in the following Stock Holdings in Cumber-
land.

John Belfer	4,000 Ordinary Stock Units of 50c each fully paid
Robert Lawrence Herman	200 Ordinary Stock Units of 50c each fully paid.

- (e) No other person acting in concert with FAI (with-
in the meaning above set out) had a beneficial
interest in any Stock Holding in Cumberland. 40

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13. All costs and expenses of the preparation and circulation of offers made pursuant to the takeover scheme and stamp duty payable are payable by FAI.
14. The following additional information is given to Stockholders in accordance with the provisions of Section 5 of the Australian Associated Stock Exchanges' Listing Manual (herein called "the Manual").
- (i) The Ordinary shares of FAI now in issue are quoted 10
on the following Australian Stock Exchanges, namely:-
Melbourne & Sydney. Application will be made for
official quotation on the said Exchanges of the
Ordinary Shares in FAI to be issued to accepting
holders of Ordinary Stock Units in Cumberland in
accordance with the provisions of paragraph 3 above.

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- (ii) As stated above, there are not now in issue any 8%
Cumulative Preference Shares in FAI, but applica- 20
tion will be made to the abovementioned Stock Ex-
changes for official quotation of the shares of that
class to be issued to accepting holders of the 8%
Cumulative Preference Non-Participating Stock Units
and of the 8% Cumulative Redeemable Preference Non-
Participating Stock Units in Cumberland in accor-
dance with the provisions of paragraph 3 above.

(iii) As at the date of the Part A Statement:-

- (a) FAI was not itself the holder of any stock units in
Cumberland but through FAR, it was entitled (with- 30
in the meaning given to that term in Section 5 of
the Manual) to the following Stock Units in Cumberland:-
Ordinary Stock Units of 50c each fully 607,298
paid
8% Cumulative Preference Non Partici-
pating Stock Units of 50c each fully paid 9,428
8% Cumulative Redeemable Preference Non
Participating Stock Units of 50c each fully
paid 128,700

Insofar as the Directors of FAI may be deemed to be
acting in concert with FAI (within the meaning 40

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take-over documents**

**15. To accept the offer accepting stockholders should
refer to the enclosed offer and acceptance form.**

Dated this day of November, 1974.

For and on behalf of FAI Insurances Limited

**Lawrence James Adler
Chairman**

APPENDIX TWO

AUDITOR'S REPORT IN ACCORDANCE WITH PARAGRAPH 2(e)(1)
OF PART A OF THE TENTH SCHEDULE OF THE N.S.W. COMPANIES
ACT 1961 AS AMENDED.

15 October 1974

The Directors,
FAI Insurances Limited,
12th Floor,
FAI Insurance Building,
185 Macquarie Street,
SYDNEY, N.S.W. 2000.

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Gentlemen,

We have prepared this report for inclusion in a takeover
offer to the shareholders of Cumberland Holdings Limited
to be dated 1st November, 1974.

You have advised us that your Company wishes to acquire
all the issued capital of Cumberland Holdings Limited
other than that already held by your Company's subsidi-
ary, Fire and All Risks Insurance Company Limited.

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General

FAI Insurances was incorporated in Victoria in February,
1953, as Australian and International Insurances Limited
and a controlling interest was acquired by Fire and
All Risks Insurance Company Limited during 1969 - 1970.
In December, 1971, Australian and International Insur-
ances Limited became the holding company of the group
and the company's name was subsequently changed to FAI
Insurances Limited.

30

We were the auditors of Fire and All Risks Insurance
Company Limited and its subsidiaries, with the exception
of Falkirk and Stirlingshire Assurance Company Limited
and Falkirk Assurance Society Limited, prior to the
acquisition of that group by the Company. The accounts
of United Body Works Pty. Limited and Cumberland Hold-
ings Limited were audited by us before these companies
were acquired by Fire and All Risks Insurance Company
Limited. Apart from the foregoing, we have not made
an examination of the accounts of any subsidiary com-
pany prior to its acquisition by the FAI Insurances
Limited Group.

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There are no guarantor corporations.

**Exhibit 8 - Draft
take-over documents**

Profit and Losses

The profits and losses of FAI Insurances Limited and of the Company and its subsidiaries for each of the five years ended 30th June, 1970 to 1974, after giving effect to such adjustments as we considered appropriate, were:-

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	Year ended 30th June					
	1970	1971	1972	1973	1974	
	\$	\$	\$	\$	\$	
FAI Insurances Limited Profit (Loss) before income tax and extraordinary items	118,169	(694,867)	129,752	99,680	205,492	10
Deduct provision for income tax (note 1)	-	-	-	-	-	
Profit (Loss) after income tax and before extraordinary items	118,169	(694,867)	129,752	99,680	205,492	20
Extraordinary items (note 2)	136,608	79,869	346,364	388,808	63,038	
Net Profit (Loss)	<u>254,777</u>	<u>(614,998)</u>	<u>476,116</u>	<u>488,488</u>	<u>268,530</u>	
FAI Insurances Limited and its subsidiaries Profit (Loss) before income tax and extraordinary items	132,288	(719,303)	476,524	445,627	744,524	30
Deduct income tax (note 1)	-	-	66,451	128,463	317,444	
Profit (Loss) after income tax and before extraordinary items	132,288	(719,303)	410,073	317,164	427,080	
Extraordinary items (Note 2)	136,608	79,869	533,549	540,188	133,577	
Net Profit (Loss) before minority shareholders' interests	268,896	(639,434)	943,622	857,352	560,657	40
Less minority shareholders' interests	-	-	18,020	(10,203)	6,028	
Net Profit (Loss)	<u>268,896</u>	<u>(639,434)</u>	<u>925,602</u>	<u>867,555</u>	<u>554,629</u>	

Note 1 - Income Tax

There is no charge for income tax on the profits of the holding company due to the existence of unrecouped tax losses.

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Income tax expense shown in the group table of profits varied from the apparent charge due principally to unrecouped tax losses of the holding company and some subsidiaries and the inclusion of United Kingdom tax.

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Note 2 - Extraordinary Items

	1970	1971	1972	1973	1974	
	\$	\$	\$	\$	\$	
FAI Insurances Limited						10
Profit (Loss) on sale of fixed assets	3,654	(527)	(1,819)	8,599	-	
Profit on sale of Investments	132,954	80,396	348,183	380,209	63,753	
Loss on sale of subsidiaries	-	-	-	-	(715)	
	<u>136,608</u>	<u>79,869</u>	<u>346,364</u>	<u>388,808</u>	<u>63,038</u>	

FAI Insurances Limited and its subsidiaries						20
Profit (Loss) on sale of Fixed Assets	3,654	(527)	(3,805)	189,902	42,504	
Profit on sale of Investments	132,954	80,396	177,724	242,061	59,801	
Losses of subsidiaries sold	-	-	361,862	66,010	3,673	
Life Assurance Licence Expenses	-	-	(2,232)	-	(11,139)	
Profit on sale of subsidiaries	-	-	-	49,884	38,738	
Preliminary Expenses	-	-	-	(921)	-	30
Taxation Costs and Expenses	-	-	-	(6,748)	-	
	<u>136,608</u>	<u>79,869</u>	<u>533,549</u>	<u>540,188</u>	<u>133,577</u>	

Assets and Liabilities

The assets and liabilities at 30th June, 1974, as shown by the audited accounts of the Company and Group are set out below:-

	<u>Group</u>	<u>Holding Company</u>	
	\$	\$	
<u>FIXED ASSETS</u>			40
Freehold property - at cost	10,005,724	1,881,573	
Freehold property - at valuation	3,831,951	232,000	
Leasehold property	21,809	21,809	
Furniture, fittings, equipment and vehicles	<u>375,620</u>	<u>43,945</u>	
	<u>14,235,104</u>	<u>2,179,327</u>	

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.....4			
	<u>Group</u>	<u>Holding</u>	
	\$	<u>Company</u>	
		\$	
<u>INVESTMENTS</u>			
Public securities including accrued interest	11,666	-	
Shares in companies listed on prescribed			
stock exchanges	1,875,058	1,053,519	
Shares and debentures in unlisted companies	192,848	122,831	10
Loans on mortgages	1,155,294	1,055,294	
Other loans	<u>66,332</u>	<u>20,013</u>	
	<u>3,301,198</u>	<u>2,251,657</u>	
 <u>INTEREST IN SUBSIDIARY COMPANIES</u>			
Shares	-	3,377,690	
Advances	<u>-</u>	<u>83,285</u>	
	-	3,460,975	
 <u>INTANGIBLE ASSETS</u>			
Preliminary and establishment expenses	25,637	-	
Goodwill on purchase of private hospital	<u>5,806</u>	<u>-</u>	20
	31,443	-	
 Excess of cost of investment in subsidiaries over net equity acquired	<u>1,178,774</u>	<u>-</u>	
 <u>CURRENT ASSETS</u>			
Cash at banks and in hand	377,794	56,074	
Stock on hand	174,509	-	
Work in progress	174,288	-	
Other debtors and prepayments	1,299,071	95,567	
Agency Balances	1,959,718	-	
Interest bearing loans - at call and secured in full	1,018,244	-	30
Deposits	<u>1,697,540</u>	931,401	
	<u>6,701,164</u>	<u>1,083,042</u>	
		

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.....5	<u>Group</u>	<u>Holding Company</u>	
	\$	\$	
Life Assurance Fund - deposit with bankers	20,069	-	
	<hr/>	<hr/>	
Total Assets	25,467,752	8,975,001	
	<hr/> <hr/>	<hr/> <hr/>	
From which are deducted			
<u>CURRENT LIABILITIES</u>			
Sundry creditors	3,471,077	946,306	10
Deposits accepted - at call and unsecured	239,500	262,500	
Workers' Compensation equalisation reserve	17,874	10,181	
Provision for outstanding claims	6,061,774	2,115,268	
Provision for unexpired risks	4,903,811	2,186,522	
Provision for income tax	356,427	-	
Provision for dividends	147,429	129,000	
Provision for long service leave	66,555	4,993	
Loans due to subsidiary companies	-	273,597	
	<hr/>	<hr/>	
	15,264,447	5,928,367	
	<hr/>	<hr/>	
<u>NON-CURRENT LIABILITIES</u>			20
Mortgage loans - secured in full	5,286,875	-	
Registered first mortgage debenture stock - secured in full	53,550	-	
Loan - unsecured	65,345	-	
	<hr/>	<hr/>	
	5,405,770	-	
	<hr/>	<hr/>	
Life Assurance Fund	20,069	-	
	<hr/>	<hr/>	
Total Liabilities	20,690,286	5,928,367	
	<hr/>	<hr/>	
Net assets at book value	4,777,466	3,046,634	
Deduct minority shareholders' interests	492,398	-	
	<hr/>	<hr/>	
Net assets at book value after deducting minority shareholders' interests	4,285,068	3,046,634	30
	<hr/> <hr/>	<hr/> <hr/>	
		

**Exhibit 8 - Draft
take-over documents**

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Represented by:-	<u>Group</u>	<u>Holding Company</u>
	\$	\$
<u>ISSUED CAPITAL</u>	2,150,000	2,150,000
Reserves and Unappropriated Profits		
Share premium	669,797	669,240
Asset revaluation	322,775	2,000
Asset realisation	1,948	-
Investment realisation	150,000	150,000
Unappropriated profits	990,548	75,394
	<hr/>	<hr/>
	4,285,068	3,046,634
	<hr/>	<hr/>

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<u>Investments</u>	<u>Group</u>		<u>Holding Company</u>	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Public securities	11,666	8,620	-	-
Securities listed on prescribed stock exchanges	<u>1,875,058</u>	<u>1,278,236</u>	<u>1,053,519</u>	<u>773,423</u>
	1,886,724	<u>1,286,856</u>	1,053,519	<u>773,423</u>
Shares in unlisted companies	191,048		121,831	
Debentures in unlisted companies	1,800		1,000	
Loans on mortgage	1,155,294		1,055,294	
Other loans	66,332		20,013	
Shares in subsidiary companies - unlisted	-		3,377,690	
Advances	-		83,285	
	<hr/>		<hr/>	
	3,301,198		5,712,632	
	<hr/>		<hr/>	

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Capital

The paid up capital of FAI Insurances Limited, consisting wholly of ordinary shares of 50 cents each, which were split from shares of \$1.00 each during the year ended 30th June, 1973, in respect of the five years ended 30th June, 1974, was:-

1970	\$ 618,134
1971	\$ 618,134
1972	\$ 1,000,000
1973	\$ 1,325,000
1974	\$ 2,150,000

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Dividends on Ordinary Shares

In respect of the year ended 30th June:-

1970	Nil		
1971	Nil		
1972	\$ 40,000	4% interim	
	\$ 50,000	5% final	
1973	\$ 75,000	6% interim	10
	\$ 75,000	6% final	
1974	\$ 79,500	6% interim	
	\$129,000	6% final - proposed	

Long Term Liabilities

Mortgage loans and registered first mortgage debenture stock (borrowed and issued by subsidiaries only).

Due not later than 2 years	4,462,700	
Due later than 2 years but not later than 5 years	717,100	
Due later than 5 years	160,625	20
	<u>\$5,340,425</u>	

Currency Exchange Rates

Transactions in foreign currencies have been brought to account at the rates of exchange at the time of payment or receipt and balances at 30th June each year have been converted at the rates on those dates.

Capital Commitment

Capital Expenditure contracted by a subsidiary is \$237,500.

Contingent Liabilities

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At 30th June, 1974, and on 3rd October, 1974, (being the date of the last directors' report) there were no known contingent liabilities other than those incurred in the normal course of business as an insurer.

Latest Accounts

The latest date to which the accounts were made up for

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FAI Insurances Limited and FAI Insurances and its subsidiaries, is 30th June, 1974.

Yours faithfully,
GIBBINGS & WEBB
Chartered Accountants

E.F.K. Webb

E.F.K. Webb
Partner
Registered under the Public
Accountants Registration
Act, 1945, as amended.

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I hereby consent to the inclusion of the above report in the statement made by FAI Insurances Limited and delivered to Cumberland Holdings Limited on the first day of November, 1974, in accordance with Part A of the Tenth Schedule of the N.S.W. Companies Act, 1961 as amended in the form and context in which it is included.

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Dated this first day of November, 1974.

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E.F.K. Webb

APPENDIX 3

DIRECTORS REPORT IN ACCORDANCE WITH PARAGRAPH 2(e)(1)
OF PART A OF THE TENTH SCHEDULE OF THE N.S.W. COMPANIES
ACT 1961 AS AMENDED

We the undersigned being the Directors of FAI Insurances Limited, report that after due enquiry by us in relation to the interval between the date to which the last accounts of the Company have been made up, namely 30th June, 1974, and the 31st October, 1974:

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- (a) The business of the Company has in our opinion been satisfactorily maintained;
- (b) There have not in our opinion arisen any circumstances adversely affecting the Company's trading or the value of its assets;
- (c) The current assets appear in the books at values which we believe to be realisable in the ordinary course of business;
- (d) There are no contingent liabilities by reason of any guarantees given by the Company or any of its subsidiaries other than those given in the normal course of business as an insurer;
- (e) Since the last annual report the sum of \$215,000 has been transferred out of the Share Premium Reserve Account of the Company and has been credited to the issued capital account of the Company representing payment in full for 430,000 Ordinary Shares of 50c each in the Company being a bonus issue of the said shares made to its shareholders on the eighth day of October, 1974. As at the date of this report therefore the Share Premium Account of the Company and its subsidiaries stands at the sum of \$454,797 and the issued capital of the Company stands at the sum of \$2,365,000.

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There have not been any other changes in the published reserves of the Company and its subsidiaries

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or any unusual factors affecting the profit of the
Company and its subsidiaries since the last annual
report.

Dated the first day of November, 1974.

Lawrence J. Adler
T.E. Atkinson
J. Wilson
J. Belfer
J.A.J. Barrington
R. Herman

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We the above named directors of FAI Insurances Limited
and each of us severally consent to the inclusion of
the above report in the statement made by FAI Insur-
ances Limited and delivered to Cumberland Holdings
Limited on the first day of November, 1974 in accordance
with Part A of the 10th Schedule of the N.S.W. Companies
Act 1951 as Amended in the form and context in which it
is included.

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Dated this first day of November, 1974.

All signatures again of Directors.

APPENDIX FOUR

Particulars of Alterations in the Capital Structure of FAI Insurances Limited and its subsidiary companies during the five years immediately preceding 1st November, 1974 - in accordance with paragraph 2 (e)(ii) of Part A of the Tenth Schedule of the N.S.W. Companies Act, 1961, as amended

Set out below are details of all alterations in the capital structure of FAI and of its subsidiary companies during the period of five years immediately preceding 1st November, 1974, and also particulars of the sources of any increases in capital. 10

(a) FAI Insurances Limited:-

on the 6th December 1971 a cash issue was made at par on the basis of three new shares for every five old shares held, increasing issued capital by 381,866 ordinary shares of \$1 each, to 1,000,000 ordinary shares of \$1 each. 20

on the 29th June 1972 the authorised capital was increased by 4,000,000 ordinary shares of \$1 each, to 5,000,000 ordinary shares of \$1 each.

on the 21st December 1972 an issue was made of 100,000 ordinary shares of \$1 each together with a premium of \$2.50 per share, realising \$350,000 paid in full in cash.

on the 29th December, 1972 an issue was made of 150,000 ordinary shares of \$1 each together with a premium of \$3 per share, realising \$600,000 paid in full in cash. 30

on the 26th June 1973 an issue was made of 75,000 ordinary shares of \$1 each together with a premium of \$3 per share, realising \$300,000 paid in full in cash.

on the 29th October 1973 the authorised capital of 5,000,000 ordinary shares of \$1 each were changed into 9,000,000 ordinary shares of 50 cents each and 1,000,000 8% cumulative preference shares of 50 cents each. 40

on the 17th May 1974 an issue was made of 542,342 ordinary shares of 50 cents each together with a premium of 50 cents per share, realising \$542,342 paid in full in cash.

on the 17th May, 1974 an issue was made of 43,529 ordinary shares of 50 cents each at par realising \$21,765 paid in full in cash.

on the 17th May 1974 an issue was made of 1,064,128 ordinary shares of 50 cents each, as a bonus issue, distributed out of share premium reserve. 50

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on the 8th October 1974 an issue was made of 430,000 ordinary shares of 50 cents each, as a bonus issue, distributed out of share premium reserve.

(b) Harrowby Investments Pty. Limited:-

on the 29th June 1973 an issue was made of 8,998 non-cumulative redeemable preference shares of \$1 each fully paid in cash.

(c) Saint Properties Pty. Limited:-

10

on the 16th June 1971 an issue was made of 98 ordinary shares of \$1 each fully paid in cash.

(d) United Body Works Pty. Limited:-

on the 10th September 1971 an issue was made of 4,900 ordinary shares of \$2 each together with a premium of \$4 per share, realising \$29,400 paid in full in cash.

(e) United Body Works (Qld) Pty. Limited:-

on the 18th January 1974 an issue was made of 9,998 ordinary shares of \$1 each fully paid in cash.

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D R A F T

STATEMENT BY CUMBERLAND HOLDINGS LIMITED PURSUANT TO
SECTION 180C AND PART B OF THE TENTH SCHEDULE OF THE
NEW SOUTH WALES COMPANIES ACT, 1961 ("the Act" AS
AMENDED

1.

(a) Since two of the three members of the Board of Directors of Cumberland Holdings Limited (hereinafter called "Cumberland") are also Directors of the offeror corporation, FAI Insurances Limited (hereinafter called "FAI") the Board does not wish to make a recommendation to the stockholders of Cumberland as to the acceptance or otherwise of the takeover offers to be made by FAI. 10

(b) The Board however feels it desirable to draw the attention of the stockholders of Cumberland to the fact that the Sydney Stock Exchange has already indicated that it will consider the delisting of Cumberland unless the FAI Group reduces its stock holding in the Company (which FAI has indicated that it is unwilling to do). Consequently if stock holders of Cumberland do not accept the takeover offers of FAI, and Cumberland is subsequently delisted, stockholders may find considerable difficulty in disposing of their holdings at a later date. 20

2.

(i) At the date of this Statement:- 30

(a) The Directors of Cumberland hold the following marketable securities in Cumberland:-

Lawrence James Adler 4,000 Ordinary Stock Units
of 50c each fully paid.

John Belfer 4,000 Ordinary Stock Units
of 50c each fully paid.

Glen L.A. Donohoo 4,000 Ordinary Stock Units
of 50c each fully paid.

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- (b) The said John Belfer is the beneficial owner of all the said Stock Units held by him.
- (c) Neither the said Lawrence James Adler nor the said Glen L.A. Donohoo has any direct beneficial interest in any of the said Stock Units held by either of them.
- (d) Save for FAI (in respect of the following Stock Units registered in the names of its wholly owned subsidiary, Fire and All Risks Insurance Company Limited or Lawrence James Adler) no person acting in concert with any of the Directors of Cumberland (within the meaning given to that term by Section 5(ii) of the Australian Associated Stock Exchanges' Listing Manual) holds any marketable securities in Cumberland:-
- | | | |
|--|---------|----|
| Ordinary Stock Units of 50c each fully paid | 607,298 | 10 |
| 8% Cumulative Preference Non Participating Stock Units of 50c each fully paid | 9,428 | 20 |
| 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each fully paid | 128,700 | |
- (e) The said Lawrence James Adler and John Belfer intend to accept the offer of FAI in respect of all their respective above mentioned 4,000 Ordinary Stock Units each in Cumberland.
- (f) The said Glen L.A. Donohoo intends/does not intend* to accept the offer of FAI in respect of the above-mentioned four thousand stock units in Cumberland held in his name.
- * Delete as appropriate.
- (g) Cumberland does not hold any shares in FAI.
- (h) The Directors of Cumberland or persons acting in concert with any of them (within the meaning above mentioned) have a beneficial interest in the following marketable securities of FAI, namely:-

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Lawrence James Adler 651,606 Ordinary Shares of
50c each fully paid.

Jack Belfer 182,357 Ordinary Shares of
50c each fully paid.

Glen L.A. Donohoo Ordinary Shares of 50c
each fully paid.

- (ii) It is not proposed that any payment or other benefit shall be made or given to any Director of Cumberland or of any corporation that is by virtue of sub-section (5) of Section 6 of the Act deemed to be related to that Company as compensation for loss of office or as consideration for or in connection with his retirement from office. 10

-3-

- (iii) There is no other agreement or arrangement made between any Director of Cumberland or any other person in connection with or conditional upon the outcome of the takeover scheme. 20
- (iv) No Director of Cumberland has an interest in any contract entered into by FAI.
- (v) Save for such changes as have taken place in the financial position of Cumberland in consequence of the normal and satisfactory carrying on of its business since June 30, 1974 (I.E. the date of the last Balance Sheet laid before Cumberland in General Meeting), the Directors of Cumberland are not aware of any material change in the financial position of Cumberland since that date. 30

Dated at Sydney this day of November, 1974.
Signed for and on behalf of Cumberland Holdings Limited
by:
Lawrence James Adler and
Being two directors authorised to sign this Statement
pursuant to a resolution passed at a meeting of Directors
of the Company on the day of November, 1974.

FAI INSURANCES LIMITED

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
HELD ON THE 12TH FLOOR, FAI INSURANCE BUILDING,
185 MACQUARIE STREET, SYDNEY, ON FRIDAY,
1ST NOVEMBER, 1974, AT 10:00 A.M.

PRESENT: L.J. ADLER (Chairman)
T.E. ATKINSON
J. BELFER
PROFESSOR J.R. WILSON
R.L. HERMAN 10

APOLOGIES: J.A.J. BARRINGTON (absent from Sydney on
Company business)

PROPOSED The Chairman tabled a Part A Statement pre-
TAKEOVER pared in accordance with the provisions of
OFFER FOR Part A of the Tenth Schedule of the New
MINORITY South Wales Companies Act, 1961, As
HOLDINGS Amended, a copy of which is annexed to these
IN CUMBER- Minutes and marked (A).

LAND
HOLDINGS The Chairman proposed (Mr Belfer seconded) 20
LIMITED: that the Board should approve and adopt and
authorise the completion and delivery of the
statement to Cumberland Holdings Limited,
the Commission for Corporate Affairs of New
South Wales and the Australian Associated
Stock Exchanges this day, and it was unani-
mously so RESOLVED. It was further unani-
mously RESOLVED that the Chairman and
Mr. T.E. Atkinson should be and they were
thereby authorised by the Board to sign the 30
said Part A Statement for and on behalf of
the Board.

The Chairman reported that Mr. J.A.J.
Barrington who was unavoidably absent from
this Meeting on the Company's business in
Adelaide, had already seen and approved of
the Part A Statement and of the two fore-
going resolutions and had requested that his
approval of them should be duly minuted.

The Chairman and Mr Atkinson thereupon signed 40
the statement and dated it as of this day for
delivery as aforesaid and the Secretary was
instructed to attend to such delivery forth-
with.

Signed as a correct record.

L.J. Adler
.....
CHAIRMAN

JW TA JB

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS HELD ON
THE 12TH FLOOR, FAI INSURANCE BUILDING, 185 MACQUARIE
STREET, SYDNEY, ON MONDAY, 4TH NOVEMBER, 1974 AT 9:00 A.M.
00024

PRESENT: L.J. ADLER (Chairman)
J. BELFER
G.L.A. DONOHOO

IN ATTENDANCE: R.L. HERMAN

TAKEOVER
OFFER BY
FAI INSURANCES
LIMITED:

The Secretary advised the Board that on Friday, 1st November, 1974, FAI Insurances Limited had delivered to the Company a Part A Statement pursuant to Section 180C (1)(b) of the Companies Act, 1961, of New South Wales as amended and tabled a copy of the said statement which is annexed hereto.

10

It was noted that copies of the statement had been lodged with the Corporate Affairs Commission and had been given to the Australian Associated Stock Exchanges as provided by the Act.

20

It is also noted that under the provisions of Section 180(G) of the Act, it is the duty of the Board of Cumberland Holdings Limited to prepare a Part B Statement in the form set out in the Tenth Schedule of the Act and to deliver copies to FAI Insurances Limited, the Corporate Affairs Commission and the Australian Associated Stock Exchanges.

L.J. Adler and J. Belfer formally recorded their interest in the matters in question as Directors of and Shareholders in FAI Insurances Limited. The Chairman then invited discussion on the four alternatives required to be stated by Cumberland Holdings Limited as part of the Part B Statement.

30

Discussions took place concerning the recommendation of the Board of Directors of Cumberland Holdings Limited to the shareholders of Cumberland Holdings Limited and as a result of these discussions, the following events took place.

40

A motion put by Mr. Donohoo to appoint a firm of merchant bankers or accountants to evaluate the offer was defeated on a two to one majority.

Exhibit 9 -
Minutes, 4.11.74

A motion put by Mr. Donohoo to appoint a firm of solicitors to ascertain if the offer made by FAI Insurances Limited complied with the requirements of the Companies Act and an opinion as to the alternatives open to the Board of Cumberland Holdings Limited in respect of their recommendation required in terms of the Part B Statement was carried unanimously. It was RESOLVED that the legal firm of Norton Smith & Co. be appointed, subject to them being willing, to undertake and carry out their evaluation within a reasonable time.

10

The Meeting was adjourned at 9.40 a.m. pending receipt of a reply from the investigations of Norton Smith & Co.

Signed as a correct record.

L.J. Adler

20

.....
CHAIRMAN

CUMBERLAND HOLDINGS LIMITED

11 Johnston St., Annandale 2038 , Telephone *51-8242
Head Office: FAI Insurance Building,
185 Macquarie Street, Sydney 2000 . Phone 221 1155

LJA:LP

4th November, 1974.

D. Walker, Esq.,
Norton Smith & Co.,
Solicitors,
20 Martin Place,
SYDNEY, N.S.W. 2000

10

Dear Sir,

Further to our telephone conversation of even date, we hereby confirm our request that you should advise us in the matter of a takeover offer received by us. In particular we would like you to advise us on the legality of the offer received and on the alternatives the Directors have in complying with the statement necessary by Cumberland Holdings Limited pursuant to Section 180C and Part B of the Tenth Schedule of the New South Wales Companies Act 1961 as amended.

20

Accordingly, enclosed please find Statement in accordance with Part A of the Tenth Schedule of the New South Wales Companies Act 1961 as amended, including full particulars of offer, received by us on Friday, 1st November, 1974. We also enclose Articles of Association and last published accounts of both the offeror and offeree corporations together with copy of advice received by two of the Cumberland Directors who are also Directors of FAI (the offeror) from Sinclairs.

In addition, I enclose copy of letter received from the Sydney Stock Exchange with our reply thereto, which is self-explanatory.

30

Please note that Mr. Sinclair advises that the Part A Statement has been, prior to lodgment, approved by the Corporate Affairs Commission and the Sydney Stock Exchange Limited.

Yours faithfully,

L.J. Adler

Lawrence J. Adler,
Chairman.

Encl.

40

A Member of the FAI Insurance Group

Exhibit 95 - Copy Letter
from Cumberland to
1166. Norton Smith - 4.11.74.

NORTON SMITH & CO.
Solicitors
James Wolstenholme Young
Notary Public
Ernest Ormond Butler Thomas
Notary Public
Colin Keith Yuill
David Rowland Walker
Eric John Nelson Stevenson
David Padget Avonmore Wilson

20 Martin Place
Sydney
2000
Box 1629 G.P.O.
Sydney, 2001
Cables: Nortons
Telex: 24633
Telephone: 232-8833
Your Ref:
Our Ref: DRW:KMC

10

URGENT BY HAND

November 13, 1974

Mr. Lawrence J. Adler,
Chairman,
Cumberland Holdings Limited,
185 Macquarie Street,
SYDNEY, N.S.W. 2000

Dear Sir,

Further to your letter of November 4, 1974 and its en-
closures we advise as follows:-

20

1. We have checked the Part A Statement, the Offer and the Form of Acceptance against the Companies Act and the A.A.S.E. Listing Manual. We have not checked the Accountants' Report in detail but will do so tomorrow.

Subject to the two matters mentioned below the documents are in order in terms of the Act and the Manual.

2. We have raised this point with Mr. Sinclair who is looking into it. The draftsman of the document apparently used the entry in Jobson's Year Book, naming the two classes of Preference Shares. However, the words "Non-Participating" do not appear in the articles and the word "Redeemable" should come before the word "cumulative".

30

In for instance paragraph 7 (a) and (b) it is stated that shares are listed on the Australian Associated Stock Exchanges. This is a Stock Exchange requirement and is contrary to paragraph 8 of the Tenth Schedule to the Companies Act.

40

2..

C.D.E. NO. 119

Exhibit 95 - Letter
from Norton to
1167. Cumberland - 13.11.74.

NORTON SMITH & CO.
TO Mr. Lawrence J. Adler

Sheet No.2

-
3. Mr. Sinclair has confirmed, that the Preference Shares in F.A.I. being offered comply - on the statement of Mr. Barrett of the Sydney Stock Exchange - with the Exchange's listing requirements. However, the Stock Exchange will not clear the matter in writing in advance of the offers being despatched. 10
4. In December 1960 the Company in general meeting passed resolutions to convert shares to stock units and to sub-divide in the following words:
- "THAT all the shares in the capital of the company which have been issued and fully paid up, be converted into Stock Units of 5/- each being at the rate of four (4) Stock Units for one (1) one pound share." 20
- Section 62 (i) (b) of the Companies Act uses the word "divide" and it could be argued that the shares were not split in terms statutory power to do so. In our view it is unlikely that such an argument would succeed.
5. In terms of Article 36 it will be necessary for the directors to actually approve the form of transfer accompanying the Offer document. As Article 85 requires a share qualification for directors, we suggest that each director accepting the Offer should sign two Forms of Acceptance and Transfer - one for his qualification shares and the other for the balance. 30
6. We would be glad if the Secretary would confirm the place and time of the giving of the Part A Statment to the Company.

As to the alternative available to the Directors in complying with the Part B requirements, we consider that the matter would be best dealt with at a meeting rather than by correspondence. 40

We would be pleased to deal with any queries you or your fellow directors may wish to raise.

Yours faithfully,
Norton Smith

Exhibit 95 - Letter
from Norton to
Cumberland - 13.11.74.

NORTON SMITH & CO.
Solicitors
James Wolstenholme Young
Notary Public
Ernest Ormond Butler Thomas
Notary Public
Colin Keith Yuill
David Rowland Walker
Eric John Nelson Stevenson
David Padget Avonmore Wilson

20 Martin Place
Sydney
2000
Box 1629, P.P.O.
Sydney, 2001
Cables: NORTONS
Telex: 24633
Telephone: 232-8833
Your Ref:
Our Ref: DRW:KMC

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URGENT BY HAND

December 18, 1974

Mr. L.J. Adler,
Chairman,
Cumberland Holdings Limited,
185 Macquarie Street,
SYDNEY, N.S.W. 2000

Dear Sir,

Further to our telephone conversation this morning we
enclose a copy of our letter of November 25, 1974
which enclosed copies of the redraft of the Minutes of
Directors Meeting held on November 15.

20

Yours faithfully,

Norton Smith

Enc.

C.D.E. NO. 119

DRW:KMC

November 25, 1974

Mr. R.L. Herman,
Secretary,
Cumberland Holdings Limited,
185 Macquarie Street,
SYDNEY, N.S.W. 2000

Dear Sir,

TAKEOVER SCHEME

Further to our telephone call to you this afternoon
we enclose four copies of the Minutes of the Meeting
held on November 15 which we have now redrafted.

10

We confirm our suggestion that copies of the redrafts
be circulated to the three directors before the next
Board Meeting.

Yours faithfully,

Enc.

00148
19th December, 1974.

The Chairman of Directors,
Cumberland Holdings Limited,
185 Macquarie Street,
SYDNEY. 2000

Dear Sir,

Following yesterday's meeting, I have now received a copy of Norton Smith & Co's letter to the Company dated 25th November, 1974, together with a copy of the minutes as re-drafted by them. I am pleased you saw fit to reverse your earlier decision not to make these papers available to me. 10

I note that in their letter Norton Smith state -

"We confirm our suggestion that copies of the re-drafts be circulated to the three directors before the next Board Meeting".

This seems to confirm my claim at yesterday's meeting of directors that an agreement had been made at the meeting on 15th November, 1974 to circulate the draft minutes before the next meeting of directors. You denied this was the case. 20

It is unfortunate that you persistently refused to make a copy of the draft minutes available to me prior to yesterday's meeting so that the directors could have confirmed or otherwise such minutes at the meeting. (Refer my letter to you of 29th November, 1974, my telephone request of 6th December, 1974 and my letters of 13th and 16th December, 1974 and your letter of 16th December, 1974). 30

I have now perused the draft minutes and the letter and enclosures received from Norton Smith.

I request the following amendments be made to the draft minutes -

Page 2 - 2nd paragraph

At the Board Meeting I asked Mr. Walker the following:

"Are Mr. Adler and Mr. Belfer entitled to vote on this matter. I knew of another case when there were common directors to the offeror company and offeree company. The common directors did not attend the meetings at which the offer was discussed - nor did they vote on it". 40

Exhibit 95 - Letter
from Norton Smith to
Cumberland

Would you please amend the draft minutes accordingly.

Page 2 - 4th paragraph

I request that the minutes be amended to state that a copy of the Company's transfer journals and copies of searches of various companies in which the Adler family appears to have an interest, are attached to the minutes. 10

- 2 -

00149

At the time of tabling the above documents I stated -

"FAI must consider the price of \$1.25 cash to be fair. In support of my contention I table a copy of our Transfer Journals with details of the transactions plus searches plus a copy for inclusion in our minutes."

Would you please amend the draft minutes accordingly. 20

When I started to give the meeting details of the transactions involving the Adler family and their family companies my record of the proceedings shows that the Chairman stated "the facts are not in doubt".

Would you please include this statement in the minutes.

I then went on to say -

"Mr. Walker - In the light of these transactions are we required to make mention of these matters in our Part B Statement pursuant to Section 180G (2) of the Companies Act". 30

Would you please amend the draft minutes to include this statement.

Page 3 - 5th paragraph

I request that a copy of the share quotations tabled by me at the meeting be attached to the minutes and that the paragraph be amended accordingly. 40

Page 3 - 10th paragraph

Would you please amend this to read -

'Mr. Donohoo then asked Mr. Walker what, in view of the composition of the Board and the result of the motions he had put to the meeting, he could do to discharge his responsibilities as a director".

Page 4 - 1st paragraph

10

The Chairman objected to the emphasis put on the word "reputable" when moving the motion.

It was for the emphasis placed on the word that the writer apologised, not for the use of the word.

Page 4 - 1st paragraph

I categorically deny that you stated that "both Boards were aware of such transactions, including Mr. Donohoo".

I would have strenuously opposed such a statement.

My record of the proceedings show:

20

"The Chairman stated that the share purchases are fully minuted in FAI and not improper as far as he was concerned".

Let me add that I became aware of the identity of the vendors of such share sales after inspecting the share transfer journals at the St. Leonard's office and causing searches of certain companies to be made at the office of the Corporate Affairs Commission.

GD

- 3 -

00150

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Page 4 - 1st paragraph (continued)

Upon receipt of those searches on 29th October, 1974 it then became apparent that the Adler family and their family companies had been the vendors of a large proportion of the ordinary stock units that had enabled Fire and All Risks Insurance Co. Limited to build up its equity in Cumberland's issued ordinary capital from 72% to 80% and thus precipitate the possibility of delisting of Cumberland's securities by the Sydney Stock Exchange.

40

Page 4 - After 1st paragraph

Insert -

"The Chairman then held that the aforementioned motion lapsed for want of a seconder".

Page 4 - 2nd paragraph

My records show that after the words "with Mr. Donohoo's views" the following words should be inserted -

10

"and he does not care a damn" about the success of the offer.

Page 4 - 3rd paragraph

My notes show that I stated -

"Mr. Walker, in view of the unusual circumstances that exist in this take-over offer, would I be justified in seeking such a report say from Hill Samuel Limited and if so would I be entitled to charge the expense to our Company under Section 180P of the Companies Act".

20

I request the minute be amended accordingly.

I noted at yesterday's meeting that none of the attachments referred to in the minutes were in fact attached. Would you ensure this is done when the minutes are tabled at a meeting of directors for confirmation.

Yours faithfully,

GD

c.c. Mr. John Belfer.
Norton Smith & Co.

30

Phone: 241.3871

17th Floor 00029
1 York Street
Sydney 2000

14 November, 1974.

The Chairman of Directors,
Cumberland Holdings Limited,
185 Macquarie Street,
SYDNEY. 2000

Dear Mr. Adler,

I have examined the documents relating to the take- 10
over offer FAI Insurances Limited (FAI) has made for
the shares that it does not beneficially own in Cumber-
land Holdings Limited (Cumberland).

1. Proposed Offer:

I do not consider it reasonable to ask shareholders
in Cumberland, a thriving and expanding nursing home
and surgical hospital group, to exchange their shares in
that group for shares in a company heavily involved in
the insurance industry. The insurance industry appears
to be going through particularly difficult times and 20
the outlook for the industry is uncertain. As you state
in an article in the October issue of FAI's house maga-
zine, if inflation "remains unchecked, the insurance in-
dustry will be faced with problems having ultimately
disastrous consequences - problems that even with all
of today's financial expertise defy solution".

Based on the consolidated balance sheet as at 30th
June, 1974 Cumberland's ordinary shareholders enjoy a
net tangible asset backing of \$1.22 for each 50 cent
ordinary share plus profits earned since 30th June, 1974. 30

They are being asked to accept a 50 cent ordinary
share in FAI which has a net tangible asset backing of
only 52 cents (based on the consolidated balance sheet
as at 30th June, 1974 after eliminating intangible
assets of \$1,210,217, allowing for diminution in market
value of listed securities at balance date \$599,868,

Exhibit 10 - Letter
to Cumberland,

1175. 14.11.74

allowing for the October share issue and ignoring post 30th June, 1974 profit).

If the offer proceeds and assuming a 100% acceptance Cumberland ordinary shareholders would hold ordinary shares in FAI with a net tangible asset backing of approximately 53 cents each (calculated on the above mentioned basis).

Based on these figures, it is patently clear that the real benefit of the take-over would be going to the present shareholders of FAI.

10

In my opinion the offer is most unsatisfactory not only with regard to the relative tangible assets backing of Cumberland and FAI shares, but also the absence of any cash alternative.

G.L.A.D.

-2-

00030

I note from Cumberland's share records that over recent months Fire and All Risks Insurance Co. Limited has acquired the entire holdings of shares in Cumberland owned by members of your family and companies in which you and your family appear to be interested at \$1.25 cash for each ordinary Cumberland share and 50 cents cash for each 8% preference share.

20

I believe a similar offer to minority shareholders of Cumberland should be made. A subsidiary of FAI having paid the above prices for the shares of your family and family companies, FAI must obviously consider them to be worth that much. I am not aware of any factors which would justify a lower offer. In fact, Cumberland's profits are running at a considerably higher level now than in July when these share purchases were made.

30

Any offer less than this appears to be in contravention of the Official Listing Requirements of the Australian Associated Stock Exchanges. The regulation I have in mind is Section 5(10)(e) which in effect

states that arrangements to deal or make purchases or sales of shares of the offeree corporation either during an offer or when one is reasonably in contemplation, shall not be made if such arrangements to deal, purchase or sell have attached thereto special favourable conditions which are not extended to all shareholders.

2. Stock Exchange Listing:

I refer to the letter sent to stockholders of Cumberland on 13th September last. In that letter reference is made to possible delisting of Cumberland because less than 25% of the Cumberland stock is held by members of the public. 10

I believe it is your intention to encourage acceptance of the take-over offers by pointing out to stockholders that if they do not accept the offers and delisting follows, stockholders may find considerable difficulty in disposing of their holdings at a later date. 20

This statement may be factual, but it certainly savours of stand-over tactics.

In fairness to the small shareholders who have supported Cumberland over the years, I do not believe it is a fair go to hold the gun at their head and say accept otherwise you may not be able to dispose of your shares in the future.

After all it is FAI's own action in increasing its holding from 72% to 80% of the ordinary capital that has precipitated the threat of de-listing. 30

The absence of any cash alternative means that holders of Cumberland shares under wills, trusts etc. may not have the necessary power under the instrument to accept shares in a take-over offer.

G.L.A.D.

3. Legal Adviser:

I confirm the Board's ultimate agreement to my suggestion that Messrs. Norton Smith & Co. be retained to advise the Board on the validity or otherwise of the take-over documents and to advise the Board on its obligations and responsibilities in regard to the take-over offer.

10

4. Financial Adviser:

As two of our three directors of Cumberland are also directors of FAI being the company making the take-over offer, I confirm my belief that it is essential that Cumberland should retain a Merchant Banker or a firm of chartered accountants to express an opinion on the take-over offer that can also be forwarded to our shareholders for their guidance. This is usual practice with reputable companies in a take-over such as this.

I regret the Board voted against my motion at the directors' meeting held on 4th November, 1974.

20

You stated your objection was on the basis that through FAI's 80% holding in Cumberland, it would in effect be bearing 80% of the cost of such a report.

As I stated, I am totally and unequivocally opposed to this attitude. I believe that under these unusual circumstances our minority shareholders are entitled to an independent assessment of the adequacy or otherwise of the take-over offer.

If the Board persists in objecting to the preparation of an independent report, I believe that in order to assist our minority shareholders in coming to a decision, I would be entitled to incur such expense under Section 180P of the Companies Act which appears to be specifically designed to cover the present circumstances.

30

5. Investigating Accountant's Report:

I am disappointed to see that in the take-over

Exhibit 10 - Letter
to Cumberland, 14.11.74

documents, the investigating accountant's report on the financial accounts of FAI has been prepared by the auditors of Cumberland, Gibbings and Webb of Parramatta.

I would have thought that under these circumstances it would have been preferable to have the investigating accountant's report prepared by a firm of chartered accountants which is in no way connected with either company.

10

G.L.A.D.

-4-

00032

This is in no way a reflection upon the competence or integrity of the auditors who are eligible under the Companies Act and Stock Exchange requirements to prepare such a report. However, in these days when the ravages of inflation are having such a disastrous effect upon the financial results of insurance companies and when there are two directors, common to the Board of the offeror company and the offeree company, I believe our shareholders who are being asked to exchange their shares for shares in an insurance company are entitled to a report prepared by a firm of chartered accountants that is completely independent of either company even if the cost is greater.

20

We, as directors, have an obligation to ensure that the interests of minority shareholders are protected.

Yours faithfully,

G.L.A. Donohoo

30

Glen L.A. Donohoo

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS HELD ON THE 12TH FLOOR, FAI INSURANCE BUILDING, 185 MACQUARIE STREET, SYDNEY, ON FRIDAY, 15TH NOVEMBER 1974 AT 10.00 A.M.

- PRESENT: L.J. ADLER (Chairman)
J. Belfer
G.L.A. Donohoo
- IN ATTENDANCE: R.L. Herman (Secretary 10
W.J. Sinclair of Sinclairs, Solicitors,
by invitation
D. Walker of Norton Smith, Solicitors,
by invitation
- MINUTES: The Minutes of the previous meeting were perused by all Directors and signed by the Chairman as a true and correct record of the proceedings thereat.
- TAKEOVER OFFER BY FAI INSURANCES LIMITED: The Chairman tabled a copy of a letter of instruction sent to Norton Smith in accordance with a resolution passed at the previous meeting of directors. A copy of the reply to this letter from Norton Smith dated 13th November, 1974 was also tabled. 20
- L.J. Adler and J. Belfer again formally recorded their interest in the matters in question as directors of and shareholders in FAI Insurances Limited.
- In response to a question by Mr. Walker, the Secretary confirmed that the Part A Statement was received by the company at its registered office during office hours on the 1st November, 1974. The Chairman then continued with the meeting and said that the Board of the Company was required to state in the Part B Statement one of the four alternatives listed hereunder: 30
- (i) It recommended to shareholders the acceptance of the takeover offers, or 40
- (ii) It did not recommend such acceptance, or

Exhibit 27 - Copy
Minutes of Meeting -
15.11.74.

- (iii) It did not desire to make a recommendation to shareholders, or
- (iv) It did not consider itself justified in making a recommendation.

In view of the fact that two of the three directors of the company were also directors of the offeror company, it would not be reasonable to recommend Item (i) and for

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- 2 -

00034

the same reason Items (ii) and (iv) could not be recommended. It follows therefore that Item (iii) would be the only one open to the Board for recommendation.

Mr. Donohoo asked Mr. Walker -

"Are Mr. Adler and Mr. Belfer entitled to vote on this matter? I know of another case when there were common directors to the offerer company and offeree company. The common directors did not attend the meeting at which the offer was discussed nor did they vote on it."

20

Mr. Walker and Mr. Sinclair stated that both the two common directors of the company were legally qualified to vote on the resolution forming the recommendation contained in the Part B Statement.

30

Mr. Adler moved that the company recommend to shareholders that the Board did not desire to make a recommendation to shareholders in respect of the take-over offer. After discussion concerning the recording of Mr. Donohoo as a dissenting Director in respect of this recommendation, the motion was withdrawn.

40

L.J. Adler and then D. Walker read to the meeting a draft of the proposed

Exhibit 27 - Copy
Minutes of Meeting -
15.11.74.

Part B Statement prepared by Mr. Sinclair. Mr. Donohoo asked if he could put a question on the draft Part B Statement to the meeting and he then proceeded to table a letter dated 14th November, 1974, a copy of which is attached. Mr. Donohoo then also tabled copies of the transfer journal of the company for the period to 1974 inclusive and copies of searches made at the Corporate Affairs Commission of the Company's last Annual Return in respect of companies purported to be family companies of L.J. Adler.

10

Mr. Donohoo then proceeded to put to the meeting the following motion:

20

"I move that in view of the fact that a subsidiary of FAI Insurances Limited has recently paid \$1.25 cash for an ordinary share and 50 cents cash for an 8% preference share in respect of shares acquired from members of Mr. L.J. Adler's family and from companies in which Mr. Adler's family appear to have an interest, we instruct Mr. Walker to advise FAI Insurances Limited that an offer for the shares of minority shareholders in Cumberland for a price less than those shown appears to be in contravention of the Official Listing Requirements of the Australian Associated Stock Exchanges (Section 5(10)(e))."

30

Mr. Walker then read Section 5(10)(e) of the A.A.S.E. Listing Manual and advised that, if it were held that the purchases were made in contemplation of a takeover then the use of a wholly owned subsidiary of FAI Insurances Limited would not obviate that

40

- 3 -

00035

section. Mr. Sinclair agreed with this view. The Chairman then stated that the price of \$1.25 per share was the

Exhibit 27 - Copy
Minutes of Meeting -
15.11.74.

market price at the time and that FAI would not now pay a higher price than that set out in the Part A Statement.

The Chairman then held that the above motion lapsed for want of a seconder.

Mr. Donohoo then put to the meeting the following motion:

10

"I move that the Board of this company requests the Committee of the Sydney Stock Exchange Limited to advise whether the takeover offer received from FAI Insurances Limited contravenes the Official Listing Requirements of the Australian Associated Stock Exchanges."

Mr. Donohoo also tabled a copy of the share quotations for the ordinary shares of the Company, extracted from the Financial Review.

20

The Chairman then held that the above motion lapsed for want of a seconder.

Mr. Donohoo then put to the meeting the following motion:

"I move that we instruct Mr. Walker to write to the Commissioner of Corporate Affairs seeking his opinion as to whether a full and fair market has existed in regard to our listed securities."

30

The Chairman then held that the above motion lapsed for want of a seconder.

Mr. Donohoo then asked Mr. Walker what, in view of the composition of the Board and the result of the motions he had put to the meeting, he could do to discharge his responsibilities as a director.

Mr. Walker stated that -

- (a) the Minutes should reveal and record Mr. Donohoo's actions,

Exhibit 27 - Copy
Minutes of Meeting -

Exhibit 27 - Copy
Minutes of Meeting -
15.11.74.

(b) Mr. Donohoo is entitled to approach the Corporate Affairs Commission in his personal capacity as a director (c) Mr. Donohoo is entitled to approach the committee of the Sydney Stock Exchange concerning his question about the possible contravention of Section 5 (10)(e) of the Listing Manual.

10

Mr. Donohoo then put the following motion to the meeting:

"I move that as it is usual practice with reputable companies in a takeover where there are common directors and particularly where two of our three directors are directors common to the

- 4 -

00036

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Board of both companies, that a leading merchant banker or an independent firm of chartered accountants be retained to express an opinion on the adequacy or otherwise of the takeover offer for the guidance of the minority shareholders."

The Chairman then held that the aforementioned motion lapsed for want of a seconder.

The Chairman then stated that he objected most strongly to the use of the word "reputable". Mr. Donohoo then recorded his apologies for using the word.

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Mr. Donohoo then stated -

"Mr. Walker, in view of the unusual circumstances that exist in this takeover offer, would I be justified in seeking such a report say from Hill Samuel Limited and if so, would I be entitled to charge the expense to our Company under Section 180P of the Companies Act."

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Mr. Walker replied at the request of the Chairman, that the onus was on

Exhibit 27 - Copy
Minutes of Meeting -
15.11.74.

Mr. Donohoo to prove that such expenses were reasonably incurred in accordance with the Section but it was arguable that the Section applied only to expenses incurred following a Board decision.

The meeting agreed to redraft certain sections of the Part B Statement and in this regard Mr. Walker, Mr. Sinclair and Mr. Donohoo proceeded with the re-drafting. The meeting was then adjourned so that Mr. Donohoo could consult his legal advisors on the redrafted sections. 10

The meeting then resumed after a short space of time and the new Part B Statement was submitted to the Board. 20

The Chairman then moved that the Part B Statement so submitted be adopted and signed by all three directors. The motion was carried unanimously.

Signed as a correct record,

L.J. Adler
.....
CHAIRMAN

DRAFT (N.S. &CO.) : 25/11/74

CUMBERLAND HOLDINGS LIMITED

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS HELD
ON THE 12TH FLOOR, FAI INSURANCE BUILDING, 185
MACQUARIE STREET, SYDNEY, ON FRIDAY, 15TH NOVEMBER,
1974 AT 10.00 A.M.

PRESENT: L.J. ADLER (Chairman)
J. BELFER
G.L.A. DONOHOO

IN ATTEND-
ANCE:

R.L. HERMAN (Secretary) 10
W. SINCLAIR of Sinclairs Solicitors, by
invitation
D. WALKER of Norton Smith, Solicitors, by
invitation

MINUTES: The minutes of the previous meeting were
perused by all directors and signed by the
Chairman as a true and correct record of
the proceedings thereat.

TAKEOVER
OFFER BY
FAI INSUR-
ANCES
LIMITED: The Chairman tabled a copy of a letter of
instruction sent to Norton Smith in accord- 20
ance with a resolution passed at a previous
meeting of directors. A copy of the reply
to this letter from Norton Smith dated 13th
November, 1974 was also tabled.

L.J. Adler and J. Belfer again formally re-
corded their interest in the matters in
question as directors of and shareholders in
FAI Insurances Limited.

At the Chairman's request, Mr. Walker ad- 30
dressed the meeting and advised of certain
information discussed at a previous confer-
ence with L.J. Adler, T.E. Atkinson and W.
Sinclair. Mr. Walker, said that the descrip-
tion of the preference shares, i.e. 8% cumu-
lative preference non-participating stock
units and 8% cumulative redeemable prefer-
ence non-participating stock units, was not
in accordance with the Company's Memorandum
and Articles of Association, the word non-
participating should not have been included 40
in the description of such shares and "cumu-
lative" and "redeemable" were juxtaposed.
The technical errors would enable a share-
holder wishing to "ambush" the takeover

Exhibit 74 - Draft
Minutes of Cumber-
land - 15.11.74.

scheme in the courts to begin proceedings but more would probably be needed.

In response to a question by Mr. Walker, the Secretary confirmed that the Part A Statement was received by the company at its registered office during office hours on the 1st November, 1974. The Chairman then continued with the meeting and said that the Board of the Company was required to state in the Part B Statement one of the four alternatives listed hereunder:

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- 2 -

- (i) It recommended to shareholders the acceptance of the takeover offers, or
- (ii) It did not recommend such acceptance, or
- (iii) It did not desire to make a recommendation to shareholders, or
- (iv) It did not consider itself justified in making a recommendation.

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In view of the fact that two of the three directors of the company were also directors of the offeror company, it would not be reasonable to recommend Item (i) and for the same reason Items (ii) and (iv) could not be recommended. It follows therefore that Item (iii) would be the only one open to the Board for recommendation.

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In response to a question asked of them both Mr. Walker and Mr. Sinclair stated that the two common directors of the company were legally qualified to vote on the resolution forming the recommendation contained in the Part B Statement.

Mr. Adler moved that the company recommend to shareholders that the Board did not desire to make a recommendation to shareholders in respect of the takeover offer. After discussion concerning the recording of Mr. Donohoo as a dissenting director in

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respect of this recommendation, the motion was withdrawn.

L.J. Adler and then D. Walker read to the meeting a draft of the proposed Part B Statement prepared by Mr. Sinclair. Mr. Donohoo asked if he could put a question on the draft Part B Statement to the meeting and he then proceeded to table a letter dated 14th November, 1974, a copy of which is attached. Mr. Donohoo then also tabled copies of the transfer journal of the company for the period to 1974 inclusive and copies of searches made at the Corporate Affairs Commission of the Company's last Annual Return in respect of companies purported to be family companies of L.J. Adler.

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Mr. Donohoo then proceeded to put to the meeting the following motion:

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"I move that in view of the fact that a subsidiary of FAI Insurances Limited has recently paid \$1.25 cash for an ordinary share and 50 cents cash for an 8% preference share in respect of shares acquired from members of Mr. L.J. Adler's family and from companies in which Mr. Adler's family appear to have an interest, we instruct Mr. Walker to advise FAI Insurances Limited that an offer for the shares of minority shareholders in Cumberland for a price less than those shown appears to be in contravention of the Official Listing Requirements of the Australian Associated Stock Exchanges (Section 5(10)(e))."

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- 3 -

Mr. Walker then read Section 5 (10) (e) of the A.A.S.E. Listing Manual and advised that, if it were held that the purchases were made in contemplation of a takeover, then the use of a wholly owned subsidiary of FAI Insurances Limited would not obviate that section. Mr. Sinclair agreed with this view. The Chairman then stated that the price of \$1.25 per share was the market price at the time and that FAI would not now pay a higher price than that set out in the Part A Statement.

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Exhibit 74 - Draft
Minutes of Cumber-
land - 15.11.74.

The Chairman then held that the above motion lapsed for want of a seconder.

Mr. Donohoo then put to the meeting the following motion:

"I move that the Board of this company requests the Committee of the Sydney Stock Exchange Limited to advise whether the take-over offer received from FAI Insurances Limited contravenes the Official Listing Requirements of the Australian Associated Stock Exchanges." 10

The Chairman then held that the above motion lapsed for want of a seconder.

Mr. Donohoo then stated "In my opinion there has been an unusual pattern in our share market quotations over recent months. In support of my contention I table a copy of the share quotations for our ordinary shares extracted from the Financial Review". Mr. Donohoo continued "To protect our shareholders who will be guided by the high and low prices of our shares during 1974 as quoted in the Financial Review daily, I would like to ask Mr. Walker what action we as a Board should take in this regard". 20

At this point the Chairman pointed out that it was not proper to ask Mr. Walker and that if Mr. Donohoo wanted to pursue the matter, he should put a motion to the meeting. Mr. Donohoo then put to the meeting the following motion: 30

"I move that we instruct Mr. Walker to write to the Commissioner of Corporate Affairs seeking his opinion as to whether a full and fair market has existed in regard to our listed securities".

The Chairman then held that the above motion lapsed for want of a seconder. 40

Mr. Donohoo then pointed out that the Annual Accounts of FAI Insurances Limited (page 15) incorrectly showed the company's shareholding in Bellevue Hospital as 66 2/3% instead of 48%.

Exhibit 74 - Draft
Minutes of Cumber-
land - 15.11.74.

Mr. Donohoo then said that in view of the composition of the Board and the result of the motions he had put to the meeting, what could he do to discharge his liabilities as a director. Mr. Walker stated that (a) the Minutes should reveal and record Mr. Donohoo's

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- 4 -

actions, (b) Mr. Donohoo is entitled to approach the Corporate Affairs Commission in his personal capacity as a director, (c) Mr. Donohoo is entitled to approach the committee of the Sydney Stock Exchange concerning his question about the possible contravention of Section 5 (10) (e) of the Listing Manual. Mr. Donohoo then put the following motion to the meeting:

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"I move that as it is usual practice with reputable companies in a takeover where there are common directors and particularly where two of our three directors are directors common to the Board of both companies, that a leading merchant banker or an independent firm of chartered accountants be retained to express an opinion on the adequacy or otherwise of the takeover offer for the guidance of the minority shareholders."

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The Chairman then stated that he objected most strongly to the use of the word "reputable". Mr. Donohoo then recorded his apologies for using the word. The Chairman then stated that the share transactions were fully minuted by both Boards and that both Boards were aware of such transactions, including Mr. Donohoo. The price of \$1.25 which was paid for the ordinary shares was the quoted market sale price for the shares on the date when the transactions in question took place. There had never been any question of any of the sellers being paid a price for their shares different from the then ruling market price. Unfortunately since that time and through no conceivable fault of the Offeror corporation, that level of prices had ceased to apply and the current level was in the order of 50¢ per stock unit.

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Exhibit 74 - Draft
Minutes of Cumber-
land - 15.11.74.

It would be most misleading if the Board were to have regard to transactions based on a price level which no longer existed in considering their attitude to the present proposed offer. The Chairman then discussed the takeover offer, the reasons for it and in particular pointed out that due to the common directorship of both the offeree and offeror company, great lengths were taken to comply with all Acts, Laws, Regulations, etc. The Chairman also pointed out that all directors have a responsibility to properly discharge their duties. Mr. Donohoo then asked the Chairman did he think that the shareholders were getting a fair deal from the offer, to which the Chairman replied that he genuinely and sincerely thought that it was an exceptionally fair deal.

Mr. Donohoo stated that in his opinion the shareholders of the company should keep their shares as a net tangible asset of each Cumberland share is substantially in excess of the net tangible asset backing of the offeror company's shares. Mr. Adler then stated that he did not agree with Mr. Donohoo's views.

Mr. Donohoo then asked if he could rely on Section 180 (p) of the Companies Act to recover expenses incurred in circularising shareholders of Cumberland. Mr. Walker replied at the request of the Chairman, that the onus was on Mr. Donohoo to prove that such expenses were

- 5 -

reasonably incurred in accordance with the Section but it was arguable that the Section applied only to expenses incurred following a Board decision.

The meeting then agreed to redraft certain sections of the Part B Statement and in this regard Mr. Walker, Mr. Sinclair and Mr. Donohoo proceeded with the redrafting. The meeting was then adjourned so that Mr. Donohoo could consult his legal advisors on the redrafted sections.

Exhibit 74 - Draft
Minutes of Cumber-
land - 15.11.74.

The meeting then resumed after a short space of time and the new Part B Statement was submitted to the Board.

The Chairman then moved that the Part B Statement so submitted be adopted and signed by all three directors. The motion was carried unanimously.

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Signed as a correct record.

.....
CHAIRMAN

FAI INSURANCES LIMITED

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
HELD ON MONDAY, 18TH NOVEMBER, 1974, AT 10:00 A.M.

PRESENT: L.J. ADLER (Chairman)
T.E. ATKINSON
R.L. HERMAN

APOLOGIES: J. BELFER
J.A.J. BARRINGTON
J.R. WILSON

PROPOSED
TAKEOVER
OFFER FOR
MINORITY
HOLDINGS
IN CUMBER-
LAND
HOLDINGS
LIMITED:

The Chairman advised the Meeting of the receipt of a Part B Statement dated 15th November, 1974, which had been received from Cumberland Holdings Limited, a copy of which is annexed to this Minute.

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After considering the statement, it was RESOLVED that the Chairman should sign and the Company should despatch the formal offer accompanied by the Part A and Part B Statements on 20th November, 1974, and a letter to Stockholders, and the Secretary was instructed to give the requisite notices of despatch on that date as required by the Companies Act and the Stock Exchanges.

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The Chairman reported that Messrs Barrington, Belfer and Wilson, who were all unavoidably absent from the Meeting, were in agreement with the above resolution and had requested that their concurrence be minuted.

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Signed as a correct record.

L.J. Adler
.....
CHAIRMAN

JB TE RL

Exhibit 102 - Copy
FAI Minutes -
18 November, 1974.



TELEGRAPHIC ADDRESS: "FAINSUR"
TELEX: FAINSUR 21755

**FAI INSURANCES LIMITED
AUSTRALIAN AND INTERNATIONAL INSURANCES LTD.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
CAR OWNERS' MUTUAL INSURANCE COMPANY LIMITED
FALKIRK ASSURANCE SOCIETY LIMITED**

HEAD OFFICE: FAI INSURANCE BUILDING, 185 MACQUARIE STREET, SYDNEY 2000 • TELEPHONE 221 1155

LJA:AC

20th November, 1974

Cumberland Holdings Limited,
FAI Insurance Building,
185 Macquarie Street,
SYDNEY. N.S.W. 2000

Dear Sirs,

We hereby give you notice that FAI Insurances Limited has this day despatched take-over offers to your shareholders in the terms of Appendix 1 to the Part A Statement delivered to you by us on the 1st November, 1974.

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The offer is dated the 20th day of November, 1974.

Yours faithfully,

L.J. Adler

Lawrence J. Adler
CHAIRMAN

c.c. Corporate Affairs Commission

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1194. Exhibit 96 - Letter
from Adler to Cum-
berland - 20.11.74.

THIS IS AN IMPORTANT DOCUMENT. If you are in doubt as to how to deal with it, please consult your Stockbroker, Solicitor or other financial adviser immediately.



FAI INSURANCES LIMITED

Offer to Purchase your Ordinary and Preference Stock Units

in

CUMBERLAND HOLDINGS LIMITED

In exchange for Ordinary and Preference Shares respectively

in FAI Insurances Limited

To accept this offer please complete the enclosed acceptance and transfer form in accordance with the instructions therein and send it with your Share Certificate to Gibbings & Webb, Chartered Accountants, 48 Macquarie Street, Parramatta, N.S.W. 2150, Telephone 635-6522.

20th November, 1974

TO THE STOCKHOLDERS OF CUMBERLAND HOLDINGS LIMITED

Dear Stockholders,

The attached documents contain particulars of the formal offer made by FAI Insurances Limited (FAI) to acquire the whole of your stockholdings in Cumberland Holdings Limited (Cumberland). They set out all the information which the Companies Act of N.S.W. and the regulations of the Australian Stock Exchanges require FAI to give to you in regard to it.

The FAI Group has, of course, been a substantial stockholder of Cumberland since its early days and has been the owner of a controlling interest in it for some four years past. The Group has always taken a very active part in the management of Cumberland and in particular it has planned and carried into effect a carefully controlled programme for the expansion of Cumberland's business which has resulted in Cumberland becoming one of the largest operators of privately owned nursing homes in this country. You have been able to share in the financial benefits which have accrued from this steady growth of the business.

The FAI Group has always regarded its holding in Cumberland as a permanent investment and has looked forward to continuing the long term development of the business of the Company. Until recently it has been possible for this state of affairs to continue without interfering with the position of the Company's other stockholders. However, as you were recently informed in the Company's circular letter to you of September 13, 1974, the Sydney Stock Exchange Committee have now intimated that they consider that the FAI Group's holding in the Company is too large to justify the continued listing of Cumberland Securities on the Exchange. FAI realise, of course, that if the stock can no longer be dealt with on the Australian Stock Exchanges the position of the other stockholders would be seriously prejudiced. In the circumstances FAI feels that the only fair and proper course is to make a formal take over offer for the whole of the remainder of the Company's issued capital. That is the purpose of the attached Offer.

In order to enable you to retain an interest in Cumberland's future operations FAI's offer consists of making a straight exchange of its own shares for the stock in Cumberland held by you. For each Ordinary Stock Unit of 50c fully paid in Cumberland FAI is offering one of its own Ordinary Shares of 50c fully paid and for each 8% per annum Preference Stock Unit of 50c fully paid (either Redeemable or Non-Redeemable) in Cumberland it is offering one of its own 8% per annum (Redeemable) Preference Shares of 50c fully paid. It is FAI's intention to apply for the listing on the Australian Stock Exchanges of the Ordinary and Preference Shares which are issued and allotted to accepting Cumberland Stockholders pursuant to this Offer so that stockholders will continue to own readily marketable securities in a quoted public company.

So far as holders of each of the two classes of Preference Stock in Cumberland are concerned, the offered share exchange will not, of course, result in any difference in their dividend entitlements, though on last year's published profit figures for the two companies, the FAI Preference Dividend would have been even more adequately covered than that of Cumberland. The preferential right to repayment of capital in the event of a winding up of FAI would, of course, also apply. The only material difference which appears to arise is in regard to the Non-Redeemable Preference Stock in Cumberland. As stated above, the Preference Shares which FAI is offering in exchange for the Preference Stock in Cumberland would be redeemable by FAI at its option. However it is not, in fact, the intention of FAI to exercise that option within the foreseeable future and the apparent difference between the two classes of securities would therefore be of no present practical consequence. Nevertheless under normal market conditions a Redeemable Preference Share often commands a better price on the Exchanges than a Non-Redeemable one carrying the same dividend and other rights.

As regards the Ordinary Stock in Cumberland, last year's dividends totalled 11% as against 12% paid on FAI's Ordinary Shares. In the absence of any unforeseen eventualities during the current financial year, the Directors of FAI anticipate that the same rate of dividend will be maintained this year on its ordinary capital as increased by the recently announced 1-for-10 bonus issue and the new shares to be issued in pursuance of the present Offer. Accepting Ordinary Stockholders of Cumberland can therefore anticipate an increase in the current year's income that they will receive from the FAI shares issued to them as against the income they received from their Cumberland stock. In terms of asset backing, the latest published accounts of both Cumberland and FAI reveal that the equity capital in each company has a value substantially above the par value of their issued Ordinary Stock and Ordinary Shares respectively.

Although both the Ordinary Stock in Cumberland and the Ordinary Shares in FAI are quoted and dealt in on Australian Stock Exchanges, conditions on the Exchanges have been so abnormal and unrealistic during recent months that I do not consider it would serve any useful purpose to comment on such dealings as have taken place in the two securities during that time. The relevant Statutory information regarding dealings in and quotations for FAI shares is, however, set out in the attached Statement A.

You will, no doubt, have read of the Australian Government's intention to introduce a Capital Gains Tax in respect of capital profits realised since September 17, 1974. At the moment the Government has apparently still not decided how share exchanges such as are proposed in the present Offer should be treated for Capital Gains Tax purposes. In the UK no immediate liability for Capital Gains Tax arises in such circumstances, and the shares received through the share exchange are treated as having been acquired for the same sum as that for which the shares held in the original company had been acquired. The Australian Government has intimated that it is considering introducing similar provisions in the promised new legislation in this country. Even if this is not done however, it would not appear that, in the light of prevailing market conditions, stockholders should face any immediate and substantial liability for Capital Gains Tax by accepting the Offer. Should you have any doubts as to your position in this (or any other) regard, however, you should naturally consult your own advisers on the subject.

In conclusion, I would like to say that if you decide to accept FAI's offer and thus become Shareholders of FAI you will not only be retaining an interest in the future operations of Cumberland but you will be acquiring an interest in one of the major Australian owned Insurance Groups. It is one which in recent years has demonstrated a significant capacity for dynamic growth and progress, which my colleagues and I will be striving to maintain in the years ahead. We would be happy to welcome you as shareholders.

Yours faithfully

LAWRENCE J. ADLER
Chairman.

FAI INSURANCES LTD

OFFER

To each of the holders of:

- (a) Ordinary Stock Units of 50c each fully paid; and
 - (b) 8% Cumulative Preference Non Participating Stock Units of 50c each fully paid; and
 - (c) 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each fully paid
- in Cumberland Holdings Limited (hereinafter called Cumberland).

FAI Insurances Limited, a company incorporated in the State of Victoria having its registered office at 412 Collins Street, Melbourne, Victoria, (hereinafter called FAI) hereby offers to acquire on the terms set out below:

- (a) All of the issued and fully paid Ordinary Stock Units of 50c each; and
- (b) All of the issued and fully paid 8% Cumulative Preference Non Participating Stock Units of 50c each; and
- (c) All of the issued and fully paid 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each.

in the capital of Cumberland other than those to which at the time when the offer is made it is through its wholly owned subsidiary, Fire and All Risks Insurance Company Limited (hereinafter called FAR) entitled within the meaning given to that term by Section 180A of the Companies Act, 1961, as amended (hereinafter called "the Act").

Particulars of the offers are:

1. FAI offers to acquire the following Stock Units in Cumberland (being all the issued and fully paid Stock Units in Cumberland to which it is not entitled as aforesaid at the date of this Offer) namely:—
 - (a) 150,238 Ordinary Stock Units of 50c each fully paid; and
 - (b) 294,430 8% Cumulative Preference Non Participating Stock Units of 50c each fully paid; and
 - (c) 171,300 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each fully paid.
2. As at the date of this Offer Cumberland has not issued any marketable securities other than the 3 classes of stock units above referred to.
3. The consideration to be paid to each accepting holder of stock units is as follows:—
 - (a) To each accepting holder of the issued and fully paid Ordinary Stock units of 50c each in Cumberland one Ordinary Share of 50c fully paid in FAI for each such stock unit in respect of which the offer is accepted; and
 - (b) To each accepting holder of the issued and fully paid 8% Cumulative Preference Non-Participating Stock Units of 50c each in Cumberland one 8% Cumulative Preference Share of 50c in FAI for each such stock unit in respect of which the offer is accepted; and
 - (c) To each accepting holder of the issued and fully paid 8% Cumulative Redeemable Preference Non-Participating Stock Units of 50c each in Cumberland one 8% Cumulative Preference Share of 50c in FAI for each such stock unit in respect of which the offer is accepted.
4. In addition to the consideration referred to in Paragraph 3 (b) and (c) above each accepting holder of the issued and fully paid 8% Cumulative Preference Non-Participating Stock Units of 50c in Cumberland and of the issued and fully paid 8% Cumulative Redeemable Preference Non-Participating Stock Units of 50c in Cumberland shall be entitled to retain the half yearly dividend of 4% payable by Cumberland in respect of each such Stock Unit in respect of which the offer is accepted for the period 1st July to 31st December, 1974.
5.
 - (a) All ordinary shares of FAI issued and allotted to accepting holders of the Ordinary Stock Units in Cumberland as aforesaid shall rank pari passu in all respects with the Ordinary Shares of FAI in issue at the date when such issue and allotment is made.
 - (b) There are not now in issue, and FAI warrants that until 8% Cumulative Preference Shares in FAI are issued and allotted to accepting holders of either of the classes of Preference Stock Units in Cumberland as above referred to, there will not be in issue any 8% Cumulative Preference Shares in FAI. In terms of the Articles of Association of FAI the said Preference Shares will be redeemable by FAI at its option as therein provided.
6. The period within which each accepting shareholder in Cumberland will receive the shares in FAI as his consideration for the purchase of his holding is not more than 28 days after the date on which the offer has ceased to remain open for acceptance (that date being December 31, 1974 as specified in paragraph 10 hereof).
7. FAI is making this same offer to all of the stockholders in Cumberland appearing on the register of members of Cumberland at the date of this offer (except stockholders holding stock units to which FAI is at that date entitled within the meaning given to that term by Section 180A (5) of the Act) and the offer is in respect of all stock units in Cumberland held by each such stock holder except those to which FAI is so entitled. All such offers are hereinafter called offers under the takeover scheme. By virtue of Section 180K of the Act where at the time when a takeover offer is made to a person or at any time during the period during which the offer is open, another person is or is entitled to be registered as a holder of stock units to which the offer relates, then except in so far as the offer otherwise provides:
 - (i) A corresponding takeover offer shall be deemed to have been made to that other person in respect of these stock units; and
 - (ii) A corresponding takeover offer shall be deemed to have been made to the first mentioned person in respect of any other stock units to which the offer relates.
8. The offer is not conditional upon acceptance being received in respect of any minimum number of the stock units comprised in any of the classes referred to in paragraph 1 hereof above and (subject to the conditions set out in paragraph 9 hereof below) FAI will accept the offer in respect of any number of the said stock units comprised in any of the said classes which accepting holders may during the time during which the offer remains open for acceptance tender to it.
9.
 - (i) The offer is subject to the following conditions, namely that between the date of this offer and the date on which the offer has ceased to remain open for acceptance:
 - (a) Cumberland shall not by reason of any voluntary act of FAI have ceased to be a subs subsidiary of FAI and no events shall have occurred or appear to be likely to occur in consequence of any such voluntary act which would interfere with the continued exercise by FAI of its rights as the holding company of Cumberland; and

- (b) No events shall have occurred or appear to be likely to occur by reason of any voluntary act of FAI which would prevent or materially prejudice the future carrying on by Cumberland of its principal activity in the field of geriatric nursing homes, and private hospitals.
- (c) FAI may declare the offer free from both or either of the conditions set out in sub paragraph 1 of this paragraph at any time not less than 7 days before the end of the period during which the offer is open and after it does so declare, it will forthwith cause to be published a notice of such declaration. The 24th December, 1974 is hereby specified as the date for the purpose of Section 180N (3) of the Act.
10. The offer shall remain open for acceptance during a period ending at 5 p.m. N.S.W. summer time on December 31, 1974.
11. The offer is not conditional upon Cumberland approving or consenting to any payment or other benefit being made or given to any Director of Cumberland or any corporation which is deemed by virtue of sub-section (5) of Section 6 of the Act as amended to be related to Cumberland as compensation for loss of office or consideration for or in connection with his retirement from office.
12. It is a term of this offer that each holder accepting in respect of any of his stock units in the name of FAI those stock units shall be fully paid to 50c and shall otherwise be free from all charges, liens, mortgages or other encumbrances whether to Cumberland or to any other person, firm or corporation whatsoever.
13. All costs and expenses of the preparation and circulation of offers made pursuant to the takeover scheme and stamp duty payable as a result of the acceptance of any such offers are payable by FAI.
14. The following additional information is given to Stockholders in accordance with the provisions of Section 5 of the Australian Associated Stock Exchanges' Listing Manual (herein called "the Manual").
- (i) The Ordinary shares of FAI now in issue are quoted on the Australian Associated Stock Exchanges. Application will be made for official quotation on the said Exchanges of the Ordinary Shares in FAI to be issued to accepting holders of Ordinary Stock Units in Cumberland in accordance with the provisions of paragraph 3 above.
- (ii) As stated above, there are not now in issue any 8% Cumulative Preference Shares in FAI, but application will be made to the abovementioned Stock Exchanges for official quotation of the shares of that class to be issued to accepting holders of the 8% Cumulative Preference Non-Participating Stock Units and of the 8% Cumulative Redeemable Preference Non-Participating Stock Units in Cumberland in accordance with the provisions of paragraph 3 above.
- (iii) As at the date of the Part A Statement:-
- (a) FAI was not itself the holder of any stock units in Cumberland but through FAR, it was entitled (within the meaning given to that term in Section 5 of the Manual) to the following Stock Units in Cumberland:-
- | | |
|--|---------|
| Ordinary Stock Units of 50c each fully paid | 607,298 |
| 8% Cumulative Preference Non Participating Stock Units of 50c each fully paid | 9,428 |
| 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each fully paid | 128,700 |
- Inssofar as the Directors of FAI may be deemed to be acting in concert with FAI (within the meaning given to that term by Section 5 of the Manual) the following are their holdings of Stock Units in Cumberland at the time of the making of this Statement:
- | | |
|------------------------|--|
| Lawrence James Adler | 4,000 Ordinary Stock Units of 50c each fully paid (held as nominee for FAR and included in the figure of 607,298 above appearing as its holding) |
| John Belfer | 4,000 Ordinary Stock Units of 50c each fully paid. |
| Robert Lawrence Herman | 200 Ordinary Stock Units of 50c each fully paid. |
- (b) Each of the Directors of FAI had a beneficial interest in the following holdings in FAI:
- | Director | Number of Shares |
|--------------------------------|------------------|
| Lawrence James Adler | 651,606 |
| Thomas Eric Atkinson | 22,003 |
| Joseph Arthur James Barrington | 7,480 |
| John Belfer | 182,357 |
| Robert Lawrence Herman | 2,371 |
| James Reuben Wilson | 3,031 |
- (c) No other person acting in concert with FAI (within the meaning given to that term by Section 5 of the Manual) had a beneficial interest in any shares in FAI.
- (d) The following Directors of FAI had a beneficial interest in the following Stock Holdings in Cumberland.
- | | |
|------------------------|--|
| John Belfer | 4,000 Ordinary Stock Units of 50c each fully paid. |
| Robert Lawrence Herman | 200 Ordinary Stock Units of 50c each fully paid. |
- (e) No other person acting in concert with FAI (within the meaning above set out) had a beneficial interest in any Stock Holding in Cumberland.
15. To accept the offer accepting stockholders should refer to the enclosed offer and acceptance form.

Dated this 20th day of November, 1974

For and on behalf of FAI Insurances Limited

LAWRENCE JAMES ADLER
Chairman.

**STATEMENT IN ACCORDANCE WITH PART A OF THE 10TH SCHEDULE
OF THE NEW SOUTH WALES COMPANIES ACT 1961 AS AMENDED,
INCLUDING FULL PARTICULARS OF OFFER**

FAI Insurances Limited, a company incorporated in the State of Victoria having its registered office at 412 Collins Street, Melbourne and its Head Office at FAI Insurance Building, 185 Macquarie Street, Sydney in the State of New South Wales (hereinafter called FAI) intends to make an offer for:-

- (a) All of the issued and fully paid Ordinary Stock Units of 50c each; and
- (b) All of the issued and fully paid 8% Cumulative Preference Non-Participating Stock Units of 50c each; and
- (c) All of the issued and fully paid 8% Cumulative Redeemable Preference Non-Participating Stock Units of 50c each; in the capital of Cumberland Holdings Limited (hereinafter called Cumberland) other than those to which at the time when the offer is made it is, through its wholly owned subsidiary Fire & All Risks Insurance Company Limited (hereinafter called FAR), entitled within the meaning given to that term by Section 180 (A) (5) of the Companies Act, 1961, as amended (hereinafter called "the Act").

1. Full particulars of the takeover offer are set out in Appendix 1 annexed to this Statement.
2. FAI is making this same offer to all of the stock holders in Cumberland appearing on the register of members of Cumberland at the date of the offer (except stock holders holding stock units to which FAI is at that date entitled within the meaning given to that term by Section 180A (5) of the Act) and the offer is in respect of all Stock Units in Cumberland held by each such stock holder except those to which FAI is so entitled. All such offers are hereinafter called offers under the takeover scheme. By virtue of Section 180K of the Act where at the time when a takeover offer is made to a person or at any time during the period during which the offer is open, another person is or is entitled to be registered as a holder of Stock Units to which the offer relates, then except in so far as the offer otherwise provides: -
 - (i) A corresponding takeover offer shall be deemed to have been made to that other person in respect of these stock units and
 - (ii) A corresponding takeover offer shall be deemed to have been made to the first mentioned person in respect of any other stock units to which the offer relates.
3. (a) The names, occupations and addresses of all the Directors of FAI are as follows:

Lawrence James Adler 10 Fitzwilliam Road, VAUCLUSE NSW 2030	Company Director
Thomas Eric Atkinson 12 Elvina Avenue NEWPORT NSW 2106	Company Director
Joseph Arthur James Barrington 12 The Avenue ROSE BAY NSW 2029	Company Manager
John Belfer 7 Wolsley Road MOSMAN NSW 2088	Chartered Accountant
Robert Lawrence Herman 10/11-17 Watson Street NEUTRAL BAY NSW 2089	Company Secretary
James Reuben Wilson 2 Woodridge Avenue NORTH EPPING NSW 2121	University Professor

- (b) The principal activities of FAI are:-
 - Insurance Underwriting
 - Property, Leasing and Investment
 - Nursing Home Ownership
 - Investment including short term finance
- (c) At the time of the making of this statement FAI is not itself the holder of any stock units in Cumberland but through FAR, it is entitled within the meaning aforesaid to the following stock units in Cumberland:

Ordinary Stock Units of 50c each fully paid	607,298
8% Cumulative Preference Non-Participating Stock Units of 50c each fully paid	9,428
8% Cumulative Redeemable Preference Non-Participating Stock Units of 50c each fully paid	128,700

In so far as Directors of FAI may be deemed to be acting in concert with FAI (within the meaning given to that term by Section 5 (ii) of the Australian Associated Stock Exchanges' Listing Manual) the following are their holdings of Stock Units in Cumberland at the time of the making of this Statement:-

Lawrence James Adler	4,000 Ordinary Stock Units of 50c each fully paid (held as nominee for FAR and included in the figure of 607,298 above appearing as its holding).
John Belfer	4,000 Ordinary Stock Units of 50c each fully paid.
Robert Lawrence Herman	200 Ordinary Stock Units of 50c each fully paid.

- (d) Cumberland has not issued any marketable securities other than the 3 classes of stock above referred to.
- (e) (i) The reports that, if this Statement were a prospectus issued on the date on which the Statement is given to Cumberland, would be required to be set out in a statement under paragraphs 20 and 23 of the 5th Schedule of the Act, are set out in Appendices 2 and 3 appended to this Statement.
- Mr E. F. K. Webb, a partner of the firm of Gibbings & Webb, Chartered Accountants, the person by whom the report set out in Appendix 2 was made, has appended to it a notice in writing signed by him to the effect that on behalf of the firm of Gibbings & Webb and himself he consents to the inclusion of the said report in the said appendix to this Statement in the form and context in which it is included.
- The Directors of FAI whose names are set out in paragraph 3 (a) above, being the persons by whom the report set out in Appendix 3 was made have appended to it a notice in writing signed by each of them to the effect that each of them consents to the inclusion of the said report in the said appendix to this Statement in the form and context in which it is included.
- (ii) Full particulars of all alterations in the capital structure of FAI and of its subsidiaries during the period of 5 years immediately preceding the date this Statement is given to Cumberland and particulars of the source of increases in capital of FAI and its subsidiaries are set out in Appendix 4 annexed to this Statement.
- (f) None of the Directors of FAI or Cumberland or any person acting in concert with any of them (within the meaning above set out) has dealt in the shares of FAI or Cumberland during the period commencing 3 months prior to the announcement of the offer and ending as at the date of this Part A Statement delivered by FAI to Cumberland (that is November 1, 1974).
4. There is no restriction on the right to transfer the stock units in Cumberland to which the takeover scheme relates, contained in the Memorandum or Articles of Association of Cumberland which has the effect of requiring the holders of such stock units before transferring them to offer them for purchase to members of Cumberland or to any other person.
5. No part of the consideration for the acquisition of stock units in Cumberland by FAI is to be satisfied by the payment of cash.
6. (a) It is not proposed in connection with the takeover scheme that any payment or other benefit shall be made or given to any Director of Cumberland or of any corporation that is by virtue of sub-section (5) of Section 6 of the Act deemed to be related to Cumberland as compensation for loss of office or as consideration for or in connection with his retirement from office.
- (b) There is no other agreement or arrangement between FAI and any of the Directors of Cumberland in connection with or conditional upon the outcome of the scheme.
- (c) Save for such changes as have taken place in the financial position of Cumberland in consequence of the normal and satisfactory carrying on of its business since June 30, 1974 (i.e. the date of the last Balance Sheet laid before Cumberland in General Meeting) FAI is not aware of any material change in the financial position of Cumberland since that date.
- (d) There is no agreement or arrangement whereby any stock units acquired by FAI in pursuance of the scheme will or may be transferred to any other person.
7. (a) The Ordinary Shares of 50c each fully paid in FAI are listed on the Australian Associated Stock Exchanges.
- (i) The latest available market sale price of the said shares before the date on which this statement is given to Cumberland was 57 cents;
- (ii) The highest and lowest market sale price for the said shares during the 3 months immediately preceding that date and the respective dates of the relevant sales were 70 cents on the 27th day of August 1974 and 50 cents on the 6th day of September 1974 respectively;
- (iii) The latest available market sale price for the said shares immediately before 13th September, 1974, (which was the date on which Cumberland advised its shareholders that FAI through FAR was proposing to make takeover offers in respect of the minority share holdings in Cumberland) was 60 cents;
- (iv) The above information in sub-sub-paragraphs (i) and (iii) of this sub-paragraph with respect to the Ordinary Shares in FAI is given in relation to the Stock Exchange on which there have been the greatest number of recorded dealings in the said shares in the three months immediately preceding the date on which this statement is given to Cumberland, namely the Sydney Exchange;
- (v) On the 8th day of October, 1974, a bonus issue of Ordinary Shares in FAI was made to its ordinary shareholders on the basis of one such share for every ten (10) such shares held by its said shareholders at 5 p.m. on the 4th day of October, 1974. The figures for market sale price of Ordinary shares in FAI as set out in sub-sub-paragraphs (ii) and (iii) of this sub-paragraph have not been adjusted to take into account the effect of the said bonus issue.
- (b) It is intended by FAI that an application will be made for official quotation on the above mentioned Australian Associated Stock Exchanges of its Ordinary Shares of 50c fully paid to be issued to accepting holders of the Ordinary Stock Units in Cumberland pursuant to Paragraphs 3 (a) of the Offer set out in Appendix 1.
- (c) As set out in paragraph 4 (b) of the Offer set out in Appendix 1 hereto, no 8% Cumulative Preference Shares in FAI are now in issue, but if the takeover scheme particularised in Appendix 1 hereto shall be carried into effect, and shares of the said class shall be issued and allotted to accepting holders of Cumberland Stock Units pursuant thereto, FAI intends to apply to have the said shares listed upon the Exchanges referred to in sub-paragraph (a) of this paragraph.

Dated at Sydney this 1st day of November, 1974.

Signed for and on behalf of FAI Insurances Limited by:

Lawrence James Adler and Thomas Eric Atkinson both of whom are duly authorised to sign this statement pursuant to a resolution passed at a meeting of the Directors of FAI Insurances Limited on the 1st day of November, 1974.

(Signed) L.J. Adler

(Signed) T.E. Atkinson

APPENDIX 1

The following are the full particulars of the offer referred to in paragraph 1 of the attached Statement.

OFFER

To each of the holders of:

- (a) Ordinary Stock Units of 50c each fully paid; and
- (b) 8% Cumulative Preference Non Participating Stock Units of 50c each fully paid; and
- (c) 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each fully paid

in Cumberland Holdings Limited (hereinafter called Cumberland), FAI Insurances Limited, a company incorporated in the State of Victoria having its registered office at 412 Collins Street, Melbourne, Victoria, (hereinafter called FAI), hereby offers to acquire on the terms set out below:

- (a) All of the issued and fully paid Ordinary Stock Units of 50c each; and
- (b) All of the issued and fully paid 8% Cumulative Preference Non Participating Stock Units of 50c each; and
- (c) All of the issued and fully paid 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each.

in the capital of Cumberland other than those to which at the time when the offer is made it is through its wholly owned subsidiary, Fire and All Risks Insurance Company Limited (hereinafter called FAR) entitled within the meaning given to that term by Section 180A of the Companies Act, 1961, as amended (hereinafter called "the Act").

Particulars of the offers are:

1. FAI offers to acquire the following Stock Units in Cumberland (being all the issued and fully paid Stock Units in Cumberland to which it is not entitled as aforesaid at the date of this Offer) namely: -
 - (a) 150,238 Ordinary Stock Units of 50c each fully paid; and
 - (b) 294,430 8% Cumulative Preference Non Participating Stock Units of 50c each fully paid; and
 - (c) 171,300 8% Cumulative Redeemable Preference Non-Participating Stock Units of 50c each fully paid.
2. As at the date of this Offer Cumberland has not issued any marketable securities other than the 3 classes of stock units above referred to.
3. The consideration to be paid to each accepting holder of stock units is as follows: -
 - (a) To each accepting holder of the issued and fully paid Ordinary Stock Units of 50c each in Cumberland one Ordinary Share of 50c fully paid in FAI for each such stock unit in respect of which the offer is accepted; and
 - (b) To each accepting holder of the issued and fully paid 8% Cumulative Preference Non-Participating Stock Units of 50c each in Cumberland one 8% Cumulative Preference Share of 50c in FAI for each such stock unit in respect of which the offer is accepted; and
 - (c) To each accepting holder of the issued and fully paid 8% Cumulative Redeemable Preference Non-Participating Stock Units of 50c each in Cumberland one 8% Cumulative Preference Share of 50c in FAI for each such stock unit in respect of which the offer is accepted.
4. In addition to the consideration referred to in Paragraph 3 (b) and (c) above each accepting holder of the issued and fully paid 8% Cumulative Preference Non-Participating Stock Units of 50c in Cumberland and of the issued and fully paid 8% Cumulative Redeemable Preference Non-Participating Stock Units of 50c in Cumberland shall be entitled to retain the half yearly dividend of 4% payable by Cumberland in respect of each such Stock Unit in respect of which the offer is accepted for the period 1st July to 31st December, 1974.
5.
 - (a) All ordinary shares of FAI issued and allotted to accepting holders of the Ordinary Stock Units in Cumberland as aforesaid shall rank pari passu in all respects with the Ordinary Shares of FAI in issue at the date when such issue and allotment is made.
 - (b) There are not now in issue, and FAI warrants that until 8% Cumulative Preference Shares in FAI are issued and allotted to accepting holders of either of the classes of Preference Stock Units in Cumberland as above referred to, there will not be in issue, any 8% Cumulative Preference Shares in FAI. In terms of the Articles of Association of FAI the said Preference Shares will be redeemable by FAI at its option as therein provided.
6. The period within which each accepting shareholder in Cumberland will receive the shares in FAI as his consideration for the purchase of his holding is not more than 28 days after the date on which the offer has ceased to remain open for acceptance (that date being December 31, 1974 as specified in paragraph 10 hereof).
7. FAI is making this same offer to all of the stockholders in Cumberland appearing on the register of members of Cumberland at the date of this offer (except stockholders holding stock units to which FAI is at that date entitled within the meaning given to that term by Section 180A (5) of the Act) and the offer is in respect of all stock units in Cumberland held by each such stock holder except those to which FAI is so entitled. All such offers are hereinafter called offers under the takeover scheme. By virtue of Section 180K of the Act where at the time when a takeover offer is made to a person or at any time during the period during which the offer is open, another person is or is entitled to be registered as a holder of stock units to which the offer relates, then except in so far as the offer otherwise provides:
 - (i) A corresponding takeover offer shall be deemed to have been made to that other person in respect of these stock units and
 - (ii) A corresponding takeover offer shall be deemed to have been made to the first mentioned person in respect of any other stock units to which the offer relates.
8. The offer is not conditional upon acceptance being received in respect of any minimum number of the stock units comprised in any of the classes referred to in paragraph 1 hereof above and (subject to the conditions set out in paragraph 9 hereof below) FAI will accept the offer in respect of any number of the said stock units comprised in any of the said classes which accepting holders may during the time during which the offer remains open for acceptance tender to it.
9.
 - (i) The offer is subject to the following conditions, namely that between the date of this offer and the date on which the offer has ceased to remain open for acceptance:
 - (a) Cumberland shall not by reason of any voluntary act of FAI have ceased to be a subsidiary of FAI and no events shall have occurred or appear to be likely to occur in consequence of any such voluntary act which would interfere with the continued exercise by FAI of its rights as the holding company of Cumberland; and

- (b) No events shall have occurred or appear to be likely to occur by reason of any voluntary act of FAI which would prevent or materially prejudice the future carrying on by Cumberland of its principal activity in the field of geriatric nursing homes, and private hospitals.
- (c) FAI may declare the offer free from both or either of the conditions set out in sub paragraph 1 of this paragraph at any time not less than 7 days before the end of the period during which the offer is open and after it does so declare, it will forthwith cause to be published a notice of such declaration. The 24th December, 1974 is hereby specified as the date for the purpose of Section 180N (3) of the Act.
10. The offer shall remain open for acceptance during a period ending at 5 p.m. N.S.W. summer time on December 31, 1974.
11. The offer is not conditional upon Cumberland approving or consenting to any payment or other benefit being made or given to any Director of Cumberland or any corporation which is deemed by virtue of sub-section (5) of Section 6 of the Act as amended to be related to Cumberland as compensation for loss of office or consideration for or in connection with his retirement from office.
12. It is a term of this offer that each holder accepting in respect of any of his stock units in the name of FAI those stock units shall be fully paid to 50c and shall otherwise be free from all charges, liens, mortgages or other encumbrances whether to Cumberland or to any other person, firm or corporation whatsoever.
13. All costs and expenses of the preparation and circulation of offers made pursuant to the takeover scheme and stamp duty payable as a result of the acceptance of any such offers are payable by FAI.
14. The following additional information is given to Stockholders in accordance with the provisions of Section 5 of the Australian Associated Stock Exchanges' Listing Manual (herein called "the Manual").
- (i) The Ordinary shares of FAI now in issue are quoted on the Australian Associated Stock Exchanges. Application will be made for official quotation on the said Exchanges of the Ordinary Shares in FAI to be issued to accepting holders of Ordinary Stock Units in Cumberland in accordance with the provisions of paragraph 3 above.
- (ii) As stated above, there are not now in issue any 8% Cumulative Preference Shares in FAI, but application will be made to the abovementioned Stock Exchanges for official quotation of the shares of that class to be issued to accepting holders of the 8% Cumulative Preference Non-Participating Stock Units and of the 8% Cumulative Redeemable Preference Non-Participating Stock Units in Cumberland in accordance with the provisions of paragraph 3 above.
- (iii) As at the date of the Part A Statement:--
- (a) FAI was not itself the holder of any stock units in Cumberland but through FAR, it was entitled (within the meaning given to that term in Section 5 of the Manual) to the following Stock Units in Cumberland:
- | | |
|--|---------|
| Ordinary Stock Units of 50c each fully paid | 607,298 |
| 8% Cumulative Preference Non Participating Stock Units of 50c each fully paid | 9,428 |
| 8% Cumulative Redeemable Preference Non Participating Stock Units of 50c each fully paid | 128,700 |
- Insofar as the Directors of FAI may be deemed to be acting in concert with FAI (within the meaning given to that term by Section 5 of the Manual) the following are their holdings of Stock Units in Cumberland at the time of the making of this Statement:
- | | |
|------------------------|---|
| Lawrence James Adler | 4,000 Ordinary Stock Units of 50c each fully paid (held as nominee for FAR and included in the figure of 607,298 above appearing as its holding). |
| John Belfer | 4,000 Ordinary Stock Units of 50c each fully paid. |
| Robert Lawrence Herman | 200 Ordinary Stock Units of 50c each fully paid. |
- (b) Each of the Directors of FAI had a beneficial interest in the following holdings of FAI:
- | Director | Number of Shares |
|--------------------------------|------------------|
| Lawrence James Adler | 651,606 |
| Thomas Eric Atkinson | 22,003 |
| Joseph Arthur James Barrington | 7,480 |
| John Belfer | 182,357 |
| Robert Lawrence Herman | 2,371 |
| James Reuben Wilson | 3,031 |
- (c) No other person acting in concert with FAI (within the meaning given to that term by Section 5 of the Manual) had a beneficial interest in any shares in FAI.
- (d) The following Directors of FAI had a beneficial interest in the following Stock Holdings in Cumberland.
- | | |
|------------------------|---|
| John Belfer | 4,000 Ordinary Stock Units of 50c each fully paid |
| Robert Lawrence Herman | 200 Ordinary Stock Units of 50c each fully paid. |
- (e) No other person acting in concert with FAI (within the meaning above set out) had a beneficial interest in any Stock Holding in Cumberland.
15. To accept the offer accepting stockholders should refer to the enclosed offer and acceptance form.

Dated this day of 1974.
 For and on behalf of FAI Insurances Limited

LAWRENCE JAMES ADLER
 Chairman.

APPENDIX 2

AUDITOR'S REPORT IN ACCORDANCE WITH PARAGRAPH 2 (e) (i)
OF PART A OF THE TENTH SCHEDULE OF THE NSW COMPANIES
ACT 1961 AS AMENDED

The Directors,
FAI Insurances Limited,
12th Floor,
FAI Insurance Building,
185 Macquarie Street,
SYDNEY, NSW 2000

Gentlemen,

We have prepared this report for inclusion in a takeover offer to the shareholders of Cumberland Holdings Limited to be dated 1st November, 1974.

You have advised us that your Company wishes to acquire all the issued capital of Cumberland Holdings Limited other than that already held by your Company's subsidiary, Fire and All Risks Insurance Company Limited.

General

FAI Insurances was incorporated in Victoria in February, 1953, as Australian and International Insurances Limited and a controlling interest was acquired by Fire and All Risks Insurance Company Limited during 1969-1970. In December, 1971, Australian and International Insurances Limited became the holding company of the group and the company's name was subsequently changed to FAI Insurances Limited.

We were the auditors of Fire and All Risks Insurance Company Limited and its subsidiaries, with the exception of Falkirk and Stirlingshire Assurance Company Limited and Falkirk Assurance Society Limited, prior to the acquisition of that group by the Company. The accounts of United Body Works Pty. Limited and Cumberland Holdings Limited were audited by us before these companies were acquired by Fire and All Risks Insurance Company Limited. Apart from the foregoing, we have not made an examination of the accounts of any subsidiary company prior to its acquisition by the FAI Insurances Limited Group. The preacquisition profits or losses of nine subsidiaries were obtained from the unaudited accounts of those companies, as prepared by their accountant. All other accounts information is extracted from accounts audited by us or other auditors.

There are no guarantor corporations.

Profit and Losses

The profits and losses of FAI Insurances Limited and of the Company and its subsidiaries for each of the five years ended 30th June, 1970 to 1974, after giving effect to such adjustments as we considered appropriate, were:-

	Year Ended 30th June				
	1970 \$	1971 \$	1972 \$	1973 \$	1974 \$
FAI Insurances Limited Profit (Loss) before income tax and extraordinary items	118,169	(694,867)	129,752	99,680	205,492
Deduct provision for income tax (Note 1)					-
Profit (Loss) after income tax and before extraordinary items	118,169	(694,867)	129,752	99,680	205,492
Extraordinary items (Note 2)	136,608	79,869	346,364	388,808	63,038
Net Profit (Loss)	<u>254,777</u>	<u>(614,998)</u>	<u>476,116</u>	<u>488,488</u>	<u>268,530</u>
FAI Insurances Limited and its subsidiaries Profit (Loss) before income tax and extraordinary items	132,288	(719,303)	476,524	445,627	744,524
Deduct income tax (Note 1)			66,451	128,463	317,444
Profit (Loss) after income tax and before extraordinary items	132,288	(719,303)	410,073	317,164	427,080
Extraordinary items (Note 2)	136,608	79,869	533,549	540,188	133,577
Net Profit (loss) before minority shareholders' interests	268,896	(639,434)	943,622	857,352	560,657
Less minority shareholders' interests			18,020	(10,203)	6,028
Net Profit (Loss)	<u>268,896</u>	<u>(639,434)</u>	<u>925,602</u>	<u>867,555</u>	<u>554,629</u>
Preacquisition profits (losses) of subsidiaries acquired during period	<u>180,583</u>	<u>(210,281)</u>	<u>32,225</u>	<u>3,918</u>	

Note 1 - Income Tax

There is no charge for income tax on the profits of the holding company due to the existence of unrecouped tax losses.

Income tax expenses shown in the group table of profits varied from the apparent charge due principally to unrecouped tax losses of the holding company and some subsidiaries and the inclusion of United Kingdom tax.

Note 2 – Extraordinary Items

	1970	1971	1972	1973	1974
	\$	\$	\$	\$	\$
FAI Insurances Limited Profit (Loss) on sale of fixed assets	3,654	(527)	(1,819)	8,599	–
Profit on sale of Investments	132,954	80,396	348,183	380,209	63,753
Loss on sale of subsidiaries	–	–	–	–	(715)
	<u>136,608</u>	<u>79,869</u>	<u>346,364</u>	<u>388,808</u>	<u>63,038</u>
FAI Insurances Limited and its subsidiaries					
Profit (Loss) on sale of Fixed Assets	3,654	(527)	(3,805)	189,902	42,504
Profit on sale of Investments	132,954	80,396	177,724	242,061	59,801
Losses of subsidiaries sold	–	–	361,862	66,010	3,673
Life Assurance Licence Expenses	–	–	(2,232)	–	(11,139)
Profit on sale of subsidiaries	–	–	–	49,884	38,738
Preliminary Expenses	–	–	–	(921)	–
Taxation Costs and Expenses	–	–	–	(6,748)	–
	<u>136,608</u>	<u>79,869</u>	<u>533,549</u>	<u>540,188</u>	<u>133,577</u>

Assets and Liabilities

The assets and liabilities at 30th June, 1974, as shown by the audited accounts of the Company and Group are set out below :–

	Group	Holding Company
	\$	\$
FIXED ASSETS		
Freehold property – at cost	10,005,724	1,881,573
Freehold property – at valuation	3,831,951	232,000
Leasehold property	21,809	21,809
Furniture, fittings, equipment and vehicles	375,620	43,945
	<u>14,235,104</u>	<u>2,179,327</u>
INVESTMENTS		
Public securities including accrued interest	11,666	–
Shares in companies listed on prescribed stock exchanges	1,875,058	1,053,519
Shares and debentures in unlisted companies	192,848	122,831
Loans on mortgages	1,155,294	1,055,294
Other Loans	66,332	20,013
	<u>3,301,198</u>	<u>2,251,657</u>
INTEREST IN SUBSIDIARY COMPANIES		
Shares	–	3,377,690
Advances	–	83,285
	<u>–</u>	<u>3,460,975</u>
INTANGIBLE ASSETS		
Preliminary and establishment expenses	25,637	–
Goodwill on purchase of private hospital	5,806	–
	<u>31,443</u>	<u>–</u>
Excess of cost of investment in subsidiaries over net equity acquired	<u>1,178,774</u>	<u>–</u>
CURRENT ASSETS		
Cash at banks and in hand	377,794	56,074
Stock on hand	174,509	–
Work in progress	174,288	–
Other debtors and prepayments	1,299,071	95,567
Agency Balances	1,959,718	–
Interest bearing loans – at call and secured in full	1,018,244	–
Deposits	1,697,540	931,401
	<u>6,701,164</u>	<u>1,083,042</u>
Life Assurance Fund – deposit with bankers	<u>20,069</u>	<u>–</u>
Total Assets	<u>25,467,752</u>	<u>8,975,001</u>

From which are deducted

	Group \$	Holding Company \$
CURRENT LIABILITIES		
Sundry creditors	3,471,077	946,306
Deposits accepted – at call and unsecured	239,500	262,500
Workers' Compensation equalisation reserve	17,874	10,181
Provision for outstanding claims	6,061,774	2,115,268
Provision for unexpired risks	4,903,811	2,186,522
Provision for income tax	356,427	–
Provision for dividends	147,429	129,000
Provision for long service leave	66,555	4,993
Loans due to subsidiary companies	–	273,597
	<u>15,264,447</u>	<u>5,928,367</u>
NON-CURRENT LIABILITIES		
Mortgage loans – secured in full	5,286,875	–
Registered first mortgage debenture stock – secured in full	53,550	–
Loan – unsecured	65,345	–
	<u>5,405,770</u>	<u>–</u>
Life Assurance Fund	20,069	–
Total Liabilities	<u>20,690,286</u>	<u>5,928,367</u>
Net assets at book value	4,777,466	3,046,634
Deduct minority shareholders' interests	492,398	–
Net assets at book value after deducting minority shareholders' interests	<u>4,285,068</u>	<u>3,046,634</u>

Represented by :–

ISSUED CAPITAL	2,150,000	2,150,000
Reserves and Unappropriated Profits		
Share premium	669,797	669,240
Asset revaluation	322,775	2,000
Asset realisation	1,948	–
Investment realisation	150,000	150,000
Unappropriated profits	990,548	75,394
	<u>4,285,068</u>	<u>3,046,634</u>

INVESTMENTS

	Group		Holding Company	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Public securities	11,666	8,620	–	–
Securities listed on prescribed stock exchanges	1,875,058	1,278,236	1,053,519	773,423
	<u>1,886,724</u>	<u>1,286,856</u>	<u>1,053,519</u>	<u>773,423</u>
Shares in unlisted companies	191,048		121,831	
Debentures in unlisted companies	1,800		1,000	
Loans on mortgage	1,155,294		1,055,294	
Other loans	66,332		20,013	
Shares in subsidiary companies – unlisted	–		3,377,690	
Advances	–		83,285	
	<u>3,301,198</u>		<u>5,712,632</u>	

Capital

The paid up capital of FAI Insurances Limited, consisting wholly of ordinary shares of 50 cents each, which were split from shares of \$1.00 each during the year ended 30th June, 1973, in respect of the five years ended 30th June, 1974, was:

1970	\$618,134	1973	\$1,325,000
1971	\$618,134	1974	\$2,150,000
1972	\$1,000,000		

Dividends on Ordinary Shares

In respect of the year ended 30th June:

1970	Nil		1973	\$75,000	6% interim
1971	Nil			\$75,000	6% final
1972	\$40,000	4% interim	1974	\$79,500	6% interim
	\$50,000	5% final		\$129,000	6% final - proposed

There were losses brought forward to the 1970 year which were not fully recouped by the profit for that year and a loss was incurred for the year ended 30th June, 1971. Dividends were therefore not recommended in respect of those two years.

Long Term Liabilities

Mortgage loans and registered first mortgage debenture stock (borrowed and issued by subsidiaries only)

Due not later than 2 years	4,462,700
Due later than 2 years but not later than 5 years	717,100
Due later than 5 years	160,625

	\$5,340,425

Currency Exchange Rates

Transactions in foreign currencies have been brought to account at the rates of exchange at the time of payment or receipt and balances at 30th June each year have been converted at the rates on those dates.

Capital Commitment

Capital Expenditure contracted by a subsidiary is \$237,500.

Contingent Liabilities

At 30th June, 1974, and on 3rd October, 1974 (being the date of the last directors' report) there were no known contingent liabilities other than those incurred in the normal course of business as an insurer.

Latest Accounts

The latest date to which the accounts were made up for F&I Insurances Limited and F&I Insurances and its subsidiaries, is 30th June, 1974.

Yours faithfully,
GIBBINGS & WEBB
Chartered Accountants

E.F.K. Webb
Partner
Registered under the Public
Accountants Registration Act,
1945, as amended

On behalf of Gibbings & Webb and on my own behalf I hereby consent to the inclusion of the above report in the Statement made by F&I Insurances Limited and delivered to Cumberland Holdings Limited on the First day of November, 1974, in accordance with Part A of the Tenth Schedule of the N.S.W. Companies Act, 1961 as amended in the form and context in which it is included.

Dated this 31st day of October, 1974

E.F.K. WEBB

APPENDIX 3

DIRECTORS REPORT IN ACCORDANCE WITH PARAGRAPH 2 (e) (i)
OF PART A OF THE TENTH SCHEDULE OF THE NSW COMPANIES
ACT 1961 AS AMENDED

We the undersigned, being the Directors of FAI Insurances Limited, report that after due enquiry by us in relation to the interval between the date to which the last accounts of the Company have been made up, namely 30th June, 1974, and 25th October, 1974:

- (a) The business of the Company has in our opinion been satisfactorily maintained;
- (b) There have not in our opinion arisen any circumstances adversely affecting the Company's trading or the value of its assets;
- (c) The current assets appear in the books at values which we believe to be realisable in the ordinary course of business;
- (d) There are no contingent liabilities by reason of any guarantees given by the Company or any of its subsidiaries other than those given in the normal course of business as an insurer;
- (e) Since the last annual report the sum of \$215,000 has been transferred out of the Share Premium Reserve Account of the Company and has been credited to the issued capital account of the Company representing payment in full for 430,000 Ordinary Shares of 50c each in the Company being a bonus issue of the said shares made to its shareholders on the eighth day of October, 1974. As at the date of this report therefore the Share Premium Account of the Company and its subsidiaries stands at the sum of \$454,797 and the issued capital of the Company stands at the sum of \$2,365,000. There have not been any other changes in the published reserves of the Company and its subsidiaries or any unusual factors affecting the profit of the Company and its subsidiaries since the last annual report.

Dated the 31st day of October, 1974.

Signed I. J. ADLER,
Signed E. E. ATKINSON,
Signed J. A. J. BARRINGTON,
Signed J. BELFER,
Signed R. L. HERMAN,
Signed J. R. WILSON.

We the above named directors of FAI Insurances Limited and each of us severally consent to the inclusion of the above report in the statement made by FAI Insurances Limited and delivered to Cumberland Holdings Limited on the first day of November, 1974 in accordance with Part A of the Tenth Schedule of the N.S.W. Companies Act 1961 as amended in the form and context in which it is included.

Dated this 31st day of October, 1974.

Signed I. J. ADLER,
Signed E. E. ATKINSON,
Signed J. A. J. BARRINGTON,
Signed J. BELFER,
Signed R. L. HERMAN,
Signed J. R. WILSON.

APPENDIX 4

Particulars of Alterations in the Capital Structure of FAI Insurances Limited and its subsidiary companies during the five years immediately preceding 1st November, 1974 – in accordance with paragraph 2 (e) (ii) of Part A of the Tenth Schedule of the N.S.W. Companies Act, 1961, as amended.

Set out below are details of all alterations in the capital structure of FAI and of its subsidiary companies during the period of five years immediately preceding 1st November, 1974, and also particulars of the sources of any increases in capital.

(a) FAI Insurances Limited :--

on the 6th December 1971 a cash issue was made at par on the basis of three new shares for every five old shares held, increasing issued capital by 381,866 ordinary shares of \$1 each, to 1,000,000 ordinary shares of \$1 each.

on the 29th June 1972 the authorised capital was increased by 4,000,000 ordinary shares of \$1 each, to 5,000,000 ordinary shares of \$1 each.

on the 21st December 1972 an issue was made of 100,000 ordinary shares of \$1 each together with a premium of \$2.50 per share, realising \$350,000 paid in full in cash.

on the 29th December 1972 an issue was made of 150,000 ordinary shares of \$1 each together with a premium of \$3 per share, realising \$600,000 paid in full in cash.

on the 26th June 1973 an issue was made of 75,000 ordinary shares of \$1 each together with a premium of \$3 per share, realising \$300,000 paid in full in cash.

on the 29th October 1973 the authorised capital of 5,000,000 ordinary shares of \$1 each were changed into 9,000,000 ordinary shares of 50 cents each and 1,000,000 8% cumulative preference shares of 50 cents each.

on the 17th May 1974 an issue was made of 542,342 ordinary shares of 50 cents each together with a premium of 50 cents per share, realising \$542,342 paid in full in cash.

on the 17th May 1974 an issue was made of 43,529 ordinary shares of 50 cents each at par realising \$21,765 paid in full in cash.

on the 17th May 1974 an issue was made of 1,064,128 ordinary shares of 50 cents each, as a bonus issue, distributed out of share premium reserve.

on the 8th October 1974 an issue was made of 430,000 ordinary shares of 50 cents each, as a bonus issue, distributed out of share premium reserve.

(b) Harrowby Investments Pty. Limited :-

on the 29th June 1973 an issue was made of 8,998 non-cumulative redeemable preference shares of \$1 each fully paid in cash.

(c) Saint Properties Pty. Limited :--

on the 16th June 1971 an issue was made of 98 ordinary shares of \$1 each fully paid in cash.

(d) United Body Works Pty. Limited :-

on the 10th September 1971 an issue was made of 4,900 ordinary shares of \$2 each together with a premium of \$4 per share, realising \$29,400 paid in full in cash.

(e) United Body Works (Qld) Pty. Limited :--

on the 18th January 1974 an issue was made of 9,998 ordinary shares of \$1 each fully paid in cash.

8% Cumulative Redeemable Preference Non-Participating Stock Units of 50c each fully paid 128,700

- (e) The said Lawrence James Adler and John Belfer intend to accept any take-over offer that may be made in respect of all their respective above mentioned 4,000 Ordinary Stock Units each in Cumberland. In this regard there are no persons acting in concert with them.
- (f) The said Glen L.A. Donohoo does not intend to accept any take-over offer that may be made in respect of the above mentioned four thousand Ordinary Stock Units in Cumberland held in his name.
- (g) Cumberland does not hold any shares in FAL.
- (h) The Directors of Cumberland or persons acting in concert with any of them (within the meaning above mentioned) have a beneficial interest in the following marketable securities of FAL, namely:
Lawrence James Adler 651,606 Ordinary Shares of 50c each fully paid.
Jack Belfer 182,357 Ordinary Shares of 50c each fully paid.
- (ii) It is not proposed that any payment or other benefit shall be made or given to any Director of Cumberland or of any corporation that is by virtue of sub-section (5) of Section 6 of the Act deemed to be related to that Company as compensation for loss of office or as consideration for, or in connection with, his retirement from office.
- (iii) There is no other agreement or arrangement made between any Director of Cumberland and any other person in connection with or conditional upon the outcome of the take-over scheme.
- (iv) No Director of Cumberland has an interest in any contract entered into by FAL.
- (v) The financial position of Cumberland has not materially changed since the date of the last Balance Sheet laid before Cumberland in General Meeting on 16th October 1974.

Dated at Sydney the 15th day of November 1974.

Signed for and on behalf of Cumberland Holdings Limited by the above named Directors authorised to sign this Statement pursuant to a resolution passed at a meeting of Directors of the Company on the 15th day of November 1974.

(Signed) Lawrence J. Alder

(Signed) J. Belfer

(Signed) G.L.A. Donohoo

1209.

**Exhibit 11 - Take-over
Offer**

TO: FAI INSURANCES LIMITED

I, the person named above, being the holder of stock units in Cumberland shown above: -

1. ACCEPT the Offer by FAI in respect of
 - (a) the Ordinary stock units mentioned in Table A of Column 2 above;
 - (b) the 8% Cumulative Preference Non-Participating stock units mentioned in Table B of Column 2 above;
 - (c) the 8% Cumulative Redeemable Preference Non-Participating Stock units mentioned in Table C of Column 2 above.
2. TRANSFER the said stock units to FAI subject to the several conditions on which I held the same immediately before the execution hereof (and FAI agrees to take the said shares subject to the same conditions).
3. AGREE to accept the shares in FAI to which I am entitled under this Offer subject to the Memorandum and Articles of Association of FAI.
4. AUTHORISE FAI to insert or correct on my behalf the particulars of my holding in the capital of Cumberland and to complete any other blanks herein.
5. ACKNOWLEDGE THAT a certificate for shares in FAI (which will be posted by prepaid ordinary post to the above address) will not be posted to me until after my acceptance is complete in all respects.
6. WHERE this document is signed under Power of Attorney, the donee of the Power declares that he has no notice of revocation thereof.

Please sign and date

SIGNED by the Transferor _____ X

Please
delete and/or
complete as
appropriate

- (a) I am not already a shareholder in FAI
- (b) I am already a shareholder in FAI with shares registered on the following register/s:
 - (i) Melbourne
 - (ii) Sydney
 - (iii) Northern Territory

Please
tick
Appropriate
Box/es

NOTE 1. If your name, address or shareholding is incorrect, please amend and initial the alterations.

NOTE 2. CUMBERLAND STOCK UNITS: The figures shown are the number of Stock Units in Cumberland registered in your name at the date of the posting of this form.

NOTE 3. FAI SHARES: The figures shown are the numbers of ordinary or preference shares of 50c each fully paid to be allotted to you on your acceptance of this offer.

PLEASE ENCLOSE YOUR CUMBERLAND STOCK CERTIFICATES

TO ACCEPT THE OFFER for your Stock Units in Cumberland, please complete the form overleaf in accordance with the instructions below and send it with your share certificates to:

Gibbings & Webb,
48 Macquarie Street,
PARRAMATTA, N.S.W. 2150. (Telephone 635 6522)

IF YOU HAVE SOLD YOUR HOLDING of Stock Units in Cumberland, please return the acceptance form to Gibbings & Webb. Returned acceptance forms should be endorsed with the date of sale and the name of the selling broker.

INSTRUCTIONS

1. Check or fill in your full name, address and holding of stock units.
2. Sign where marked x on the acceptance form.
3. Place this form, together with all your share certificates, in reply paid envelope, and return as soon as possible, to Gibbings & Webb.
4. If your Stock Certificates are not readily available, post the signed form now and your certificates as soon as possible thereafter.
5. If your certificates have been lost or destroyed, please notify Gibbings & Webb at the address above so that replacement can be arranged.
6. Joint holders: all must sign.
7. ATTORNEYS UNDER POWER AND DECEASED ESTATES: Powers of Attorney and Probates or Letters of Administration and other appropriate documents should be forwarded to Gibbings & Webb.

NOTE: If you are in doubt as to how to deal with this form, please contact Gibbings & Webb.

TRANSFER JOURNAL

1972-1974

TRANSFEROR				SHARES				TRANSFeree				Post-Listing																																																										
Signature	Claimant Name	Folio	Co. Name	No.	Class	Number	Amount	Christian Name	Address	Occupation	No.	Date of Meeting	Class No.																																																									
	ANITA M. HUGHES			2000	OFF MARKET SALE																																																																	
	ANITA M. HUGHES			2000	OFF MARKET SALE																																																																	
	ANITA M. HUGHES			300																																																																		
11.11	THOMAS			100																																																																		
<p>ST PAULS 100 CATHEDRAL MAY, N.S.W.</p> <p>SOLD BETWEEN 30/1/74 AND 3/4/74</p> <p>ROBERT MACDONALD AND CO.</p> <p>SALE OF 100 ON A MARKET TRANSFER - STILL HOLDS 200</p>																																																																						
<p>SHARE REGISTER LADERS PTY LTD</p>																																																																						
<table border="1" style="width: 100%;"> <thead> <tr> <th></th> <th>ACQUIRED.</th> <th>SOLD.</th> <th>BALANCE</th> </tr> </thead> <tbody> <tr> <td>1972</td> <td></td> <td></td> <td></td> </tr> <tr> <td>AUG 15.</td> <td>18,500</td> <td></td> <td>18,500</td> </tr> <tr> <td>SEP 17.</td> <td>2,800</td> <td></td> <td>21,300</td> </tr> <tr> <td>1973</td> <td></td> <td></td> <td></td> </tr> <tr> <td>FEB 24.</td> <td>2,600</td> <td></td> <td>23,900</td> </tr> <tr> <td>AUG 7.</td> <td>2,600</td> <td></td> <td>26,500</td> </tr> <tr> <td>SEP 24.</td> <td>400</td> <td></td> <td>26,900</td> </tr> <tr> <td>1974</td> <td></td> <td></td> <td></td> </tr> <tr> <td>FEB 14.</td> <td>800</td> <td></td> <td>27,700</td> </tr> <tr> <td></td> <td>800</td> <td></td> <td>28,500</td> </tr> <tr> <td>JUNE 5.</td> <td>100</td> <td></td> <td>28,600</td> </tr> <tr> <td>AUG 8.</td> <td></td> <td>100</td> <td>28,500</td> </tr> <tr> <td></td> <td></td> <td>28,500</td> <td>NIL</td> </tr> </tbody> </table>																ACQUIRED.	SOLD.	BALANCE	1972				AUG 15.	18,500		18,500	SEP 17.	2,800		21,300	1973				FEB 24.	2,600		23,900	AUG 7.	2,600		26,500	SEP 24.	400		26,900	1974				FEB 14.	800		27,700		800		28,500	JUNE 5.	100		28,600	AUG 8.		100	28,500			28,500	NIL
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TRANSFER JOURNAL

Sheet No. 2

CUMBERLAND HOLDINGS LIMITED
57, Merrimack Street, Springfield, Mass.

TRANSFEROR					SHARES					TRANSFeree					Board Member						
Date	Signature	Christian Name	Full Name	Address	City	State	Zip	Quantity	Serial	Original No.	Transfer No.	Christian Name	Full Name	Address	City	State	Zip	Date of Meeting	Signature	Signature	
5-9-72																					
5-9-72	✓	Lehn P. L.	Lehn P. L.																		

TRANSFER JOURNAL

UNITED POLYMER LIMITED
 155 Niagara St.
 Niagara Falls, N.Y.

No. Transfer	Date	Particulars	TRANSFEROR			SHARES			No.	From	To	Description	ADDRESS	CHRISTIAN NAMES	SERIALS	New Cert. No.	Date of Issue	Value
			Company	Christian Name	File	Certificate No.	Old	New										
48 R	8.5	Shareholder's Share to R. J. Lohr	Shareholder's Share to R. J. Lohr	2045	✓	1000	CONSTANCE STAN					155 Niagara St. Niagara Falls, N.Y.			2137			
49 R	8.5	Shareholder's Share to R. J. Lohr	Shareholder's Share to R. J. Lohr	2046	✓	100	RIVINGTON								2138			
50 S	8.5	Shareholder's Share to R. J. Lohr	Shareholder's Share to R. J. Lohr	2047	✓	200	CLINTON								2139			
51 R	8.5	Shareholder's Share to R. J. Lohr	Shareholder's Share to R. J. Lohr	2048	✓	200	SHARES FORTH								2140			
52 R	8.5	Shareholder's Share to R. J. Lohr	Shareholder's Share to R. J. Lohr	2049	✓	4000	CONSTANCE STAN								2141			
53 R	8.5	Shareholder's Share to R. J. Lohr	Shareholder's Share to R. J. Lohr	2050	✓	5,900	OFF MARCH AT 50 CENTS 12/7/74								2142			
			SALE OF TOTAL HOLDINGS	2120		9,100									2121			
			TOTAL HOLDINGS	2122											2123			
			HOLDINGS	2124											2125			
			SALE OF TOTAL HOLDINGS	2126											2127			
54 R		Shareholder's Share to R. J. Lohr	Shareholder's Share to R. J. Lohr	2119	✓	3,200	SALE OF TOTAL HOLDINGS								2128			
			SALE OF TOTAL HOLDINGS	2129											2130			
			SALE OF TOTAL HOLDINGS	2131											2132			
			SALE OF TOTAL HOLDINGS	2133											2134			
27	3/8/74	GEDCUM LTD. (MANAGER COMPANY OF CLINTON & CO)	GEDCUM LTD. (MANAGER COMPANY OF CLINTON & CO)			948	CLINTON								7428			
28	3/8/74	LADER AX LTD. SALE OF TOTAL HOLDINGS	LADER AX LTD. SALE OF TOTAL HOLDINGS			948	OFF MARCH AT 50 CENTS								7428			

ORDINARY

PENFOLD'S SYSTEMS
SHARE REGISTER
SYSTEM
FORM 2

No. of Transfer	Date Lodged	TRANSFEROR				Certificate No. Canceled	Certificate No. New	No.	Consecutive Number From	Consideration per Share	TRANSFeree				Date of Meeting	Board Meeting Notes
		Surname	Christian Names	Folio							SURNAME	CHRISTIAN NAMES	ADDRESS	Occupation		
TRANSFERN	30.9.73	Wheatstone	Henry		248	400				WHEATSTONE	MRS MYRTLE CLARA	12 WELCH STREET NORTH MANNLY. 2100		400	3264	
TRANSFERN					121	400								400		
740	14.2.74	Alexander	Eric Roy		117	800				Lader Pty Limited		FAI Insurance Building 185 Macquarie St. Sydney 2000		800	3265	
741		Dalglish	Margaret S.		3250	800				Lader Pty Limited				800	3266	
742					3250	1000				Cumberland Secretarial Services Pty Ltd		P.O. Box 88 FARRAMOUTH - 2150		250	3267	
														200	3268	
														200	3269	
														200	3270	
														200	3271	
743	5.6.74	CRAWFORD	DORATHEA		3066	500				CRAWFORD	HUGH MAYNARD	23 BAY STREET KOND WYVERTON. 2060		500	3272	
744	5.6.74	POWER	JONATHAN		3070	100				LADER PTY LIMITED.		FAI INSURANCE BUILDING 185 MACQUARIE ST. SYDNEY 2000		100	3273	
745	8.8.74	Reid	Robert Keith		3056	300				Midland Corporation Pty Limited		619 Pacific Highway, St Leonards 2065		300		
746					3263	100								100	CERT 3276	
747		Fairman	Leonard Jack		3232	400	500							500		
748		Becker	Bernice Margaret		3077	50								50		
749		Midland Corporation Pty Limited			CERT. 3276	450				Fire & All Risks Insurance Company Limited		FAI INSURANCE BUILDING 185 MACQUARIE STREET SYDNEY 2000		450	3274	
750		Cohen	Eli		3011	200				Fallick Properties Limited				200		
751		Woodward	Albert Bentley		3108	400								400	CERT 3277	
751(A)		Salvando	Henry Cecil		312	200								200		
751(B)		Wilson	Robert James		264	300								300		
752		Fallick Properties Limited			CERT. 3277	119,900				Fire & All Risks Insurance Company Limited		FAI INSURANCE BUILDING 185 MACQUARIE STREET SYDNEY 2000		119,900	3275	
753		Wheatstone	Myrtle Clara		3264	800								800		
754		Williams	Cameron		552 (200)	400								400		
755		Morawa Investments Pty Limited			3075	500								500		
756		Allen	Roy Patricia		531 (500)	1,500								1,500		
757		Allen	Kathy Sharon		538 (1000)	1,500								1,500		
758		Allen	Rodney Stephen		537 (1000)	1,500								1,500		
					3208 (500)	1,500								1,500		
					530 (300)											
					533 (200)											
					534 (500)											
					612 (500)											

1216. Exhibit 12 - Transfer Journal Sheet 31

Telephone: 241.3871

17th Floor 005
1 York Street
Sydney 2000

21st November, 1974.

To the Ordinary Stockholders,
Cumberland Holdings Limited.

Dear Stockholder,

THIS IS IMPORTANT - PLEASE READ CAREFULLY
TAKE-OVER OFFER BY FAI INSURANCES LIMITED

I refer to the take-over offer from FAI Insurances Limited for the ordinary stock units owned by you in Cumberland Holdings Limited. 10

Mr. L.J. Adler and Mr. J. Belfer, two of the three directors of Cumberland Holdings Limited are also directors of FAI Insurances Limited, the company making the take-over offer.

I am a director of Cumberland Holdings Limited (Cumberland) but not a director of FAI Insurances Limited (FAI).

You are being asked by FAI to accept one ordinary share of 50 cents in FAI in exchange for each ordinary stock unit of 50 cents owned by you in Cumberland. 20

I RECOMMEND THAT YOU DO NOT ACCEPT THE OFFER IN RESPECT OF YOUR STOCK UNITS.

At a Board Meeting of Cumberland I moved that as there are two directors common to the Boards of the offeror company and offeree company, a merchant banker or a firm of chartered accountants be retained to prepare a report evaluating the take-over offer for the guidance of minority stockholders. My motion was not carried. 30

I now set out for your guidance the reasons that have influenced me in recommending that stockholders do not accept the take-over offer.

I do not consider it reasonable to ask stockholders in Cumberland, a thriving and expanding nursing

Exhibit 13 - Circular
to Ordinary Stockholders

home and surgical hospital group, to exchange their stock units in that group for shares in a company heavily involved in the insurance industry. The insurance industry appears to be going through a particularly difficult time and the outlook for the industry is uncertain.

Mr. Adler, in his capacity as Chairman of FAI Insurances Limited, stated in an article in the October issue of FAI's house magazine that if inflation "remains unchecked, the insurance industry will be faced with problems having ultimately disastrous consequences - problems that even with all of today's financial expertise defy solution".

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-2-

0058

Based on the consolidated balance sheet as at 30th June, 1974 you as an ordinary stockholder in Cumberland enjoy a net tangible assets backing of \$1.22 for each 50 cents ordinary stock unit plus profits earned since that date.

20

You are being asked to accept a 50 cent ordinary share in FAI which has a net tangible assets backing of only 52 cents per share (based on the consolidated balance sheet as at 30th June, 1974 after eliminating intangible assets \$1,210,217.00, allowing for the diminution in market value of listed securities at balance date \$599,868.00, allowing for the October share issue and ignoring post 30th June, 1974 profit).

If you accept the take-over offer and assuming a 100% acceptance, you would hold ordinary shares in FAI with a net tangible assets backing per share of approximately 53 cents each (calculated on the abovementioned basis).

30

Based on these figures, it is my opinion that it is patently clear the real benefit of the take-over would be going to the present shareholders of FAI.

Exhibit 13 - Circular
to Ordinary Stockholders

In my opinion the offer is most unsatisfactory not only with regard to the relative tangible assets backing of Cumberland and FAI shares, but also the absence of any cash alternative.

For the 1973/4 year you received a dividend of 5½ cents on each ordinary stock unit held by you in Cumberland. FAI for the same year paid a dividend of 6 cents on each ordinary stock unit. The FAI directors have stated that they expect to maintain this rate for the current year on capital increased in October by a 1 for 10 bonus issue.

10

FAI Insurances Limited, through a subsidiary, recently increased its holding in Cumberland from 72% to 80%. Thereupon, the Sydney Stock Exchange indicated that it will consider the delisting of Cumberland unless the FAI Group reduces its holding in Cumberland to 75%, which FAI has stated it is not prepared to do.

In recommending that you do not accept the takeover offer for your stock units I am mindful that if Cumberland is delisted as a result of FAI increasing its holding from 72% to 80%, (or more if some stockholders accept the offer), you may find difficulty in disposing of your stock units at a later date. You will have to give due consideration to this factor in reaching your decision.

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-3-

0059

The offer made by FAI remains open until 31st December, 1974.

30

I RECOMMEND THAT YOU DO NOT ACCEPT THE OFFER IN RESPECT OF YOUR STOCK UNITS. CONSISTENT WITH THE WISHES OF THE OWNER OF THE STOCK UNITS REGISTERED IN MY NAME,

Exhibit 13 - Circular
to Ordinary Stockholders

I AM NOT ACCEPTING THE OFFER IN RESPECT OF THOSE STOCK
UNITS.

Yours faithfully,

G.L.A. Donohoo

Glen L.A. Donohoo
Director.
Cumberland Holdings Limited.

Telephone: 241.3871

17th Floor 0059
1 York Street
Sydney 2000

21st November, 1974.

To the Preference Stockholders,
Cumberland Holdings Limited.

Dear Stockholder,

THIS IS IMPORTANT - PLEASE READ CAREFULLY
TAKE-OVER OFFER BY FAI INSURANCES LIMITED

I refer to the take-over offer from FAI Insurances Limited for the preference stock units owned by you in Cumberland Holdings Limited. 10

Mr. L.J. Adler and Mr. J. Belfer, two of the three directors of Cumberland Holdings Limited, are also directors of FAI Insurances Limited, the company making the take-over offer.

I am a director of Cumberland Holdings Limited (Cumberland) but not a director of FAI Insurances Limited (FAI).

You are being asked by FAI to accept one 8% Cumulative preference share of 50 cents in FAI (redeemable by FAI at its option as provided in the Articles of Association) for each 8% cumulative preference non-participating stock unit of 50 cents or 8% cumulative redeemable preference non-participating stock unit (redeemable by Cumberland at its option) of 50 cents owned by you in Cumberland. 20

I am not the holder of any preference stock units in Cumberland.

I RECOMMEND THAT YOU DO NOT ACCEPT THE OFFER IN RESPECT OF YOUR STOCK UNITS. 30

At a Board Meeting of Cumberland I moved that as there are two directors common to the Boards of the offeror company and the offeree company, a merchant banker or a firm of chartered accountants be retained to prepare a report evaluating the take-over offer for the guidance of stockholders. My motion was not carried.

Exhibit 13 - Circular
to Preference Stockholders

I now set out for your guidance the reasons that have influenced me in recommending that preference stockholders do not accept the take-over offer.

-2- 0059B

I have prepared and attach for your information, a letter to the ordinary stockholders of Cumberland, stating why, in my view, the offer for ordinary stock units should be rejected by them.

10

The rights of the holders of preference stock units are to a preferential dividend, that is, the payment of their dividend in preference to that of ordinary stockholders, and secondly, a return of capital in the event of a winding-up in priority to the ordinary stock units. Thus one of the attractions that a preference stock unit offers is a greater degree of security than is available to ordinary stock units. Therefore, in the case of preference stock units, the manner in which the company is run and managed, and the prospects of the industry in which it is engaged are matters of primary importance. The issue for preference stockholders of Cumberland is, as I see it, to consider the wisdom of exchanging their stock units in Cumberland, a thriving and expanding nursing home and surgical hospital group, for shares in a company heavily involved in the insurance industry.

20

Admittedly, the assets cover of FAI preference shares based on book values exceeds that of Cumberland preference stock units. Any Cumberland preference stockholder who by accepting the take-over offer becomes a preference stockholder in FAI under the terms of the take-over offer, and assuming there is a 100% acceptance of the offer, would have a net tangible assets cover of \$6.05 per stock unit. This calculation is based on the consolidated balance sheet as at 30th

30

Exhibit 13 - Circular to
Preference Stockholders

June, 1974, after eliminating intangible assets of \$1,210,217.00, allowing for the diminution in market value of listed securities at balance date \$599,868.00, and allowing for the October share issue. On the other hand, based on the consolidated balance sheet as at 30th June, 1974, the net tangible assets cover for each 50 cent preference stock unit in Cumberland is \$2-03.

However, the insurance industry appears to be going through a particularly difficult time and the outlook for the industry is uncertain. As I have stated in my letter to ordinary stockholders, Mr. Adler, in his capacity as Chairman of FAI Insurances Limited, stated in an article in the October issue of FAI's House Magazine that if inflation "remains unchecked, the insurance industry will be faced with problems having ultimately disastrous consequences - problems that even with all of today's financial expertise defy solution".

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-3-

0059C

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In my judgment, there is a visible risk of a company engaged in general insurance incurring losses which could endanger its shareholders' funds, and therefore the rights and security of preference stockholders to receive dividends and repayment of capital.

There is the possibility that Cumberland will be delisted by the Sydney Stock Exchange, because FAI now owns through a subsidiary 80% of the issued ordinary stock units, having recently increased its holding from 72%. Their percentage now exceeds that allowed by the Stock Exchange listing requirements.

30

However, I believe, on the basis of preliminary discussions I have had with the Sydney Stock Exchange, that delisting of Cumberland preference stock units will not automatically follow, that is, unless a significant number of preference stockholders except the take-over

Exhibit 13 - Circular to
Preference Stockholders

offer. Furthermore, listing of the FAI preference shares issued under the take-over offer is by no means assured, and may not be granted if a sufficient number of Cumberland's preference stockholders do not accept the offer.

I consider that the offer by FAI should include a cash alternative of 50 cents per preference stock unit.

THESE CONSIDERATIONS LEAD ME TO RECOMMEND THAT YOU DO NOT ACCEPT THE OFFER. 10

The offer made by FAI remains open until 31st December, 1974.

Yours faithfully,

G.L.A. Donohoo

Glen L.A. Donohoo,
Director.
Cumberland Holdings Limited.

ADVISOR'S COPY

DUPLICATE

WJ
22/11

NAME Mr. L. J. Adler

ADDRESS 10 Fitzwilliam Road,

Vauluse. 2030. PHONE _____

BUY	ORDER TAKEN BY	HOW TAKEN	<input checked="" type="checkbox"/>	TIME TAKEN	DATE
	9	PERSONAL	<input type="checkbox"/>	4.00	21.11.74
		TELEPHONE	<input type="checkbox"/>		
		LETTER	<input type="checkbox"/>		
NO. OF UNITS	SECURITY			ORIGINAL PRICE	
10,345 10345	P.A.I. INSURANCES LTD.			.100	
SPECIAL INSTRUCTIONS					
10,345 40					

ADVISOR'S COPY

CANCELLATION ADVICE

WJ

NAME L. J. Adler

ADDRESS 10 Fitzwilliam Road

Vauluse 2030 PHONE _____

BUY OR SELL	ORDER TAKEN BY	HOW TAKEN	<input checked="" type="checkbox"/>	TIME TAKEN	DATE
	<u>buy 9</u>	PERSONAL	<input type="checkbox"/>	10.30	21.11.74
		TELEPHONE	<input type="checkbox"/>		
		LETTER	<input type="checkbox"/>		
SECURITY			No. of UNITS	PRICE	
<u>P.A.I.</u>			<u>100</u>	<u>40</u>	

ADVISOR'S COPY

DUPLICATE

WJ
22/11

NAME MRS. ETHEL ADLER,
ADDRESS 10 Fitzwilliam Rd,
Vaucluse. 2030. PHONE _____

BUY	ORDER TAKEN BY	HOW TAKEN		TIME TAKEN 4.00	DATE 21.11.74
	9	PERSONAL	<input checked="" type="checkbox"/>		
		TELEPHONE	<input type="checkbox"/>		
		LETTER	<input type="checkbox"/>		
NO. OF UNITS 1500	SECURITY P.A.I. INSURANCES			ORIGINAL PRICE .40¢	
SPECIAL INSTRUCTIONS					
1500 40					

ADVISOR'S COPY

DUPLICATE

WJ
22/11

NAME Miss R. P. Adler,
ADDRESS 10 Fitzwilliam Rd,
Vaucluse 2030. PHONE _____

BUY	ORDER TAKEN BY	HOW TAKEN		TIME TAKEN 4.00	DATE 21.11.74
	9	PERSONAL	<input checked="" type="checkbox"/>		
		TELEPHONE	<input type="checkbox"/>		
		LETTER	<input type="checkbox"/>		
NO. OF UNITS 1500	SECURITY P.A.I. INSURANCES LTD.			ORIGINAL PRICE .40¢	
SPECIAL INSTRUCTIONS					
1500 40					

ADVISOR'S COPY

DUPLICATE

WJ
22/11

NAME MISS K. S. ADLER
 ADDRESS 10 Fitzwilliam Rd,
Vaucluse 2030. PHONE _____

BUY	ORDER TAKEN BY	HOW TAKEN	<input checked="" type="checkbox"/>	TIME TAKEN	DATE
	9	PERSONAL			
		TELEPHONE			
LETTER					
NO. OF UNITS	SECURITY			4.00	21.11.74
1500	FAT INSURANCES LTD.				ORIGINAL PRICE
					.300
SPECIAL INSTRUCTIONS					
1500 40					

TBN-1P/84/50/918

ADVISOR'S COPY

DUPLICATE

WJ
22/11

NAME Mr. R. Adler
 ADDRESS 10 Fitzwilliam Rd,
Vaucluse. 2030. PHONE _____

BUY	ORDER TAKEN BY	HOW TAKEN	<input checked="" type="checkbox"/>	TIME TAKEN	DATE
	9	PERSONAL			
		TELEPHONE			
LETTER					
NO. OF UNITS	SECURITY			4.00	21.11.74
1500	F.A.T. INSURANCES				ORIGINAL PRICE
					.300
SPECIAL INSTRUCTIONS					
1500 40					

TBN-1P/84/50/918

ADVISOR'S COPY

DUPLICATE

W.S.
22/11

NAME EAGLE CORPORATION PTY. LTD.
ADDRESS c/- FAI Insurances Ltd., FAI Ins. Building,
185 Macquarie St., Sydney 2000 PHONE _____

BUY	ORDER TAKEN BY	HOW TAKEN	✓	TIME TAKEN	DATE
	9	PERSONAL		4.00	21.11.74
		TELEPHONE			
		LETTER			
NO. OF UNITS	SECURITY			ORIGINAL PRICE	
20,000	P.A.I. INSURANCES LTD.			400	
SPECIAL INSTRUCTIONS					
40					

ADVISOR'S COPY

DUPLICATE

22/11

NAME FALKIRK PROPERTIES LTD.
ADDRESS FAI INSURANCE BUILDING,
135 Macquarie St., Sydney 2000 PHONE _____

BUY	ORDER TAKEN BY	HOW TAKEN	✓	TIME TAKEN	DATE
	9	PERSONAL		4.00	21.11.74
		TELEPHONE			
		LETTER			
NO. OF UNITS	SECURITY			ORIGINAL PRICE	
20,000	P.A.I. INSURANCES			400	
SPECIAL INSTRUCTIONS					
20000 40					

ADVISOR'S COPY

DUPLICATE

22/11

NAME MRS. A. BELFER,
7 Wolseley Road,
 ADDRESS ROSMAN. 2088
 PHONE _____

BUY	ORDER TAKEN BY	HOW TAKEN		TIME TAKEN 4.00	DATE 21.11.74
	9	PERSONAL	<input checked="" type="checkbox"/>		
		TELEPHONE	<input type="checkbox"/>		
		LETTER	<input type="checkbox"/>		
NO. OF UNITS 5000	SECURITY F.A.I. INSURANCES LTD.			ORIGINAL PRICE 400	
SPECIAL INSTRUCTIONS 5000 40					

TMM-1P/04/80/018

ADVISOR'S COPY

DUPLICATE

22/11

NAME R. L. HERMAN,
10711 Watson Street,
 ADDRESS Neutral Bay 2089
 PHONE _____

BUY	ORDER TAKEN BY	HOW TAKEN		TIME TAKEN 4.00	DATE 21.11.74
	9	PERSONAL	<input checked="" type="checkbox"/>		
		TELEPHONE	<input type="checkbox"/>		
		LETTER	<input type="checkbox"/>		
NO. OF UNITS 2000	SECURITY F.A.I. INSURANCES LTD.			ORIGINAL PRICE 400	
SPECIAL INSTRUCTIONS 2000 40					

TMM-1P/04/80/018

ADVISOR'S COPY

DUPLICATE

WVW
22/11

NAME L. TRONCHIN.

ADDRESS 21 Robertson Road,

Newport. 2106. PHONE _____

BUY	ORDER TAKEN BY	HOW TAKEN	✓	TIME TAKEN	DATE
	9	PERSONAL		4.00	21.11.74
		TELEPHONE			
		LETTER			
NO. OF UNITS	SECURITY		ORIGINAL PRICE		
1000	P.A.I. INSURANCES		.400		
SPECIAL INSTRUCTIONS					
1000 40					

TMB-1P/84/50/B18

1000
 2000
 5000
 20000
 10345
 100
 1500
 1500
 1500
 1500
 40

54485

00
 21
 05 1230.
 9

Exhibit 80 - Brokers
Advisory Duplicates

SINCLAIRS
Solicitors & Notaries
117 Pitt Street
Sydney, 2000
C.D.E. 660
WJS/PH

00066

William James
Sinclair
Notary Public
Commissioner for
Affidavits

telephone 233-3377
Cables "SINSOL"

David Bruce Armati, LL.B.

21st November, 1974.

10

Glen L.A. Donohoo Esq.,
C/- Deposit & Investment Co. Ltd.,
1 York Street,
SYDNEY, N.S.W., 2000

Dear Sir,

re: F.A.I. Limited & Cumberland Holdings Limited

We are acting on behalf of F.A.I. Limited.

We have been advised by the Company's Chairman that you have sent a personal letter to the Shareholders of Cumberland Holdings Limited relating to the takeover bid made to the Shareholders of that Company by our client.

20

Your letter has been despatched by you without the courtesy of first showing it to your Co-Directors and it was first brought to the attention of the Company's Chairman by a telephone call from the press. This action contrasts sharply with the action of Mr. L.J. Adler, Chairman of F.A.I. Limited, in showing to you the letter which he sent to the Shareholders in Cumberland Holdings Limited prior to its despatch.

30

Not having seen your letter our clients are unable to comment upon it but presume that they will eventually receive a copy in their capacity through a Shareholder Subsidiary.

Yours truly,

W.J. Sinclair.

S I N C L A I R S

Exhibit 97 - Copy Letter
from Sinclair to
Donohoo - 21.11.74.

1231.

AUSTRALIAN SHAREHOLDERS' ASSOCIATION

CREST

N.S.W. Branch

P.O. Box 5210
Sydney

Telephone 27.2724

00060

22 November 1974

The Chairman,
Cumberland Holdings Ltd.
12th floor
185 Macquarie Street
SYDNEY, 2000

10

ATTENTION Mr. L.J. Adler

Dear Sir,

The Australian Shareholders' Association is most concerned at newspaper reports which suggest that the majority of your board refused a request from another director for an independent evaluation of the offer recently made by F.A.I. Insurances Ltd. for the balance of the capital in your company not already owned by the F.A.I. group. The Association deprecates the existence of the situation of conflict which stems from the common directorships of the offeror and offeree companies.

20

As Chairman of both companies we believe that you should use your influence with each board to secure the following without delay:-

1. The immediate preparation and distribution to each Cumberland shareholder of a report by a completely independent adviser giving an assessment of the adequacy of the consideration of F.A.I.'s offer.
2. An assurance that each director with common directorships between the offeror and offeree companies will refrain from voting or issuing any fresh recommendation in relation to the offers. (In this connection it is noted that a proposal currently being considered in the U.K. is that directors in positions of conflict such as in this case, must resign and remain off the board at least until the conflict ceases.)

30

/2

Exhibit 14 - Letter
from Australian Share-
holders' Association

-2- 00061

This Association does not concern itself with the commercial merits of the current proposals. That is a matter for each individual shareholder to assess but we believe that to date insufficient information has been given to enable shareholders to make an informed judgment and until this information is supplied we believe that shareholders should defer their decisions on whether or not to accept the F.A.I. offer.

10

We strongly advocate the principle that where there are dealings between public companies which do not appear to be fully at arms length reputable independent advice must be obtained and given to shareholders.

As these are important matters of principle consistent with oft repeated announcements by the Shareholders' Association we are releasing copies of this letter to the media.

20

Yours faithfully,
AUSTRALIAN SHAREHOLDERS'
ASSOCIATION (N.S.W.) BRANCH

J.W.S. Mackenzie
per (Signed)
J.W.S. Mackenzie,
CHAIRMAN.

cc: The Sydney Stock Exchange Limited
Corporate Affairs Commission



FAI INSURANCES LIMITED
AUSTRALIAN AND INTERNATIONAL INSURANCES LTD.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
CAR OWNERS' MUTUAL INSURANCE COMPANY LIMITED
FALKIRK ASSURANCE SOCIETY LIMITED

HEAD OFFICE: FAI INSURANCE BUILDING, 185 MACQUARIE STREET, SYDNEY 2000 • TELEPHONE 221 1155

25th November, 1974.

The Chairman,
Australian Shareholders Association
(N.S.W. Branch),
G.P.O. Box 5210,
SYDNEY, N.S.W. 2001

Dear Sir,

I have received your letter of 22nd November regarding the FAI Group's takeover offer for the outstanding minority stockholdings in Cumberland Holdings Limited.

10

I think it is unfortunate that you did not see fit to approach me on the subject before writing in the terms in which you did and releasing the letter to the media. This is the more so since it appears from a report in "The Australian" on Friday last (22nd November) that your Association were considering the matter on the day before your letter was written and released.

It is obvious from your letter that your Association did not appreciate the circumstances in which the offer came to be made and the reasons for it. I am accordingly forwarding herewith a copy of the offer and would invite your attention to my letter to the stockholders which appears on the first page. I am also enclosing a copy of my subsequent letter to the stockholders dated 22nd November. These documents should explain the situation to you and deal with the first point contained in your letter.

20

With regard to your request for an assurance that the FAI directors who are also directors of Cumberland Holdings Limited will not issue any fresh recommendation in relation to the offers, I would draw your attention to Paragraph 1 of the Statement B set out on the last page of the offer. You will see from this that the Cumberland Board specifically refrained from making any recommendation at all for the reasons stated, and the question of any fresh recommendation does not therefore arise.

30

Australian Shareholders Association 25th November, 1974.

I have noted with interest your comments regarding the proposal currently being considered in the U.K. that common directors should resign and remain off the Board of an offeree company whilst an offer is under consideration. It seems impossible to me to believe that such a proposal could ever be considered to be proper or necessary in the circumstances of this particular case. There are only three directors on the Cumberland Board so, if the two common directors were to resign, the Board would not be able to function at all. Furthermore, where, as in the present case, the offeree corporation is already a subsidiary of the offeror, the interests of the shareholders of the offeror corporation in ensuring its continuing management control of the offeree corporation must surely have to be taken into account. Cumberland Holdings Limited is already owned as to some 80 per cent by the FAI group. It seems to me that the FAI directors would be acting most improperly vis a vis their own shareholders if they were to withdraw from the management of the subsidiary company, even for the limited period of time involved. As I have explained, they have deliberately avoided making any Board recommendation which might have been considered as having been influenced by any conflict of interests and it seems to me that this is as far as they can be expected to go in the circumstances.

My colleagues and I consider that stockholders have been given the fullest information on all relevant points. FAI has been at pains not to attempt to pressurise them in any way at all and stockholders ought now to be in a position to be able to make up their minds where their best interests lie. We do not, therefore, consider that any further action is called for from FAI at this stage.

I trust therefore that your Association will now see fit to withdraw your previously implied criticisms of FAI and give the same publicity to the withdrawal as you have done to your original letter.

Yours truly,

L. Adler
LAWRENCE J. ADLER,
Chairman.

c.c. Commission for Corporate Affairs
Sydney Stock Exchange Limited

AUSTRALIAN SHAREHOLDERS' ASSOCIATION

CREST

N.S.W. Branch

G.P.O. Box 5210
Sydney

Telephone 27.2724

27 November 1974

The Chairman
F.A.I. Insurances Limited
12th Floor
185 Macquarie Street
SYDNEY. 2000

10

ATTENTION Mr. L.J. Adler

Dear Sir,

We have received your letter of 25 November 1974 in response to our letter of 22 November addressed to the Chairman of Cumberland Holdings Limited.

The problems which arise from wearing several hats at the same time whilst also being outspoken on issues which involve a real or potential conflict of interest are clearly manifest in the very course of this correspondence.

20

When we called upon you as Chairman of both companies to use your influence with each board to secure without delay:-

"1. The immediate preparation and distribution to each Cumberland shareholder of a report by a completely independent adviser giving an assessment of the adequacy of the consideration of F.A.I.'s offer, and

2. An assurance that each director with common directorships between the offeror and offeree companies will refrain from voting or issuing any fresh recommendation in relation to the offers."

30

we did not expect a response from you as Chairman of the offeror company that:-

"We do not ... consider that any further action is called for from F.A.I. at this stage."

/2.

Exhibit 14 - Letter
from Australian Share-
holders' Association,
27 November 1974

1236.

-2-

We are surprised that you should consider that the professed circumstances in which the offer came to be made and the reasons for it should in any way justify the course where:

1. You, as chairman of the offeror company F.A.I. Insurances Limited, wrote on 20 November 1974 to the stockholders of Cumberland and said, inter alia, 10

"... if you decide to accept F.A.I.'s offer and thus become shareholders of F.A.I. you will ... be acquiring an interest in one of the major Australian owned Insurance Groups. It is one which in recent years has demonstrated a significant capacity for dynamic growth and progress ..."

2. You, as chairman of the offeror F.A.I. Insurances Limited and also of the offeree Cumberland Holdings Limited, wrote on 22 November last to the ordinary and preference stockholders of Cumberland on F.A.I. letterhead, ran together the views of the directors of F.A.I., the views of those directors of Cumberland who were also directors of F.A.I. and your own personal views and said, inter alia, 20

"In some respects ... his (Mr. Donohoo's) (the only independent director of Cumberland's) comments appear to be misleading and to have caused misunderstandings of the position ..." 30

and,

"Mr. Donohoo has ... objected to the fact that independent merchant bankers were not engaged to advise stockholders regarding the bid. This seemed to be a pointless exercise in the circumstances which existed. As Cumberland and F.A.I. have been closely associated over a period of years, it was considered no useful purpose would be served, particularly as the real issue boils down to the question whether shareholders are going to be better off in the long run by accepting the F.A.I. offer or by continuing 40

Exhibit 14 - Letter
from Australian Share-
holders' Association,
27 November 1974

to hold shares in what will probably be an
unlisted company ..."
(the words in parenthesis are mine)

and yet,

/3

-3-

10

3. You, as chairman of Cumberland, persistently re-
fuse Mr. Donohoo's request for an independent evalu-
ation of the F.A.I. offer.

May we ask the following questions in relation to
these statements:-

1. Who considered that "it seemed to be a pointless
exercise" to have independent merchant bankers re-
view the F.A.I. offer?
2. By whom was it considered that no useful purpose
would be served by having independent merchant
bankers review the F.A.I. offer? 20
3. How can one argue that because the stock of Cumber-
land may be delisted no useful purpose would be
served by having independent merchant bankers re-
view the F.A.I. offer?

Whilst our request for an assurance that "each
director with common directorships between the offeror
and offeree companies will refrain from ... issuing any
fresh recommendation in relation to the offers" may
not have been in hand at the time when you wrote your
abovementioned letter dated 22 November 1974 to Cumber-
land's stockholders and said, inter alia, 30

"Nothing that Mr. Donohoo has had to say in his
letters has caused my colleagues and me to alter
the views which we have already expressed that the
proposed offers are very much in the best inter-
ests of all parties concerned,"

may we now look forward to receiving the assurances
previously sought?

Yours faithfully,
AUSTRALIAN SHAREHOLDERS'
ASSOCIATION (N.S.W. BRANCH)
J.W.S. Mackenzie per (Signed)
J.W.S. Mackenzie,
Chairman.

40

1238. Exhibit 14 - Letter
from Australian Share-
holders' Association,
27 November, 1974

Exhibit 14 - Letter
from Australian Share-
holders' Association,
27 November, 1974

cc: The Sydney Stock Exchange Limited
Corporate Affairs Commission
The Financial Press

1239. Exhibit 14 - Letter
from Australian Share-
holders' Association,
27 November, 1974



TELEGRAPHIC ADDRESS: "FAINSUR"
TELEX: FAINSUR 21765

**FAI INSURANCES LIMITED
AUSTRALIAN AND INTERNATIONAL INSURANCES LTD.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
CAR OWNERS' MUTUAL INSURANCE COMPANY LIMITED
FALKIRK ASSURANCE SOCIETY LIMITED**

HEAD OFFICE: FAI INSURANCE BUILDING, 185 MACQUARIE STREET, SYDNEY 2000 • TELEPHONE 221 1155

December 2, 1974.

**The Chairman,
Australian Shareholders Association,
Box 5210, G.P.O.,
SYDNEY, 2001**

Dear Sir,

**I acknowledge receipt of your letter of November 27,
which I am circulating to the other members of the
Board of Directors of FAI Insurances Limited, so that
it can be considered at the next Board meeting.**

10

Yours faithfully,

**L. Adler
LAWRENCE J. ADLER
CHAIRMAN**

**Exhibit 14 - Reply
from Mr. Adler,
1240. 2 December, 1974**



FAI INSURANCES LIMITED
AUSTRALIAN AND INTERNATIONAL INSURANCES LTD.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
CAR OWNERS' MUTUAL INSURANCE COMPANY LIMITED
FALKIRK ASSURANCE SOCIETY LIMITED

HEAD OFFICE: FAI INSURANCE BUILDING, 185 MACQUARIE STREET, SYDNEY 2000 • TELEPHONE 221 1155

22 November 1974

To the Ordinary and Preference Stockholders,
Cumberland Holdings Limited

Dear Stockholder,

Mr Donohoo's opposition to the FAI take-over will not of course have come as a surprise to stockholders, since he had already declared his opposition in the Part B Statement which has been despatched to stockholders along with the other take-over documents. In some respects however, his comments appear to be misleading and to have caused misunderstandings of the position, and it is therefore right that I should reply briefly to them. 10

In the first place, it seems to be assumed that FAI are desperately anxious to obtain 100% control of Cumberland. This is not the case. FAI has never attempted to obtain 100% control of Cumberland and has been quite happy with its position as the majority controlling shareholder. Had it not been for the threat that the Sydney Stock Exchange would delist Cumberland, FAI would not have made any moves at all. However, when this threat arose, FAI felt it was proper to give the minority stockholders of Cumberland the chance to dispose of their shares to FAI should they wish to do so. Even then FAI has not made it a condition of the take-over offers that 100% or any other specified percentage of the stockholders should accept. If the Cumberland stockholders do not wish to take advantage of it, then FAI will be quite content to leave matters as they are, although as already intimated, the Directors do not feel that this would be in the best interests of the stockholders. 20 30

In the second place, Mr Donohoo argues that by offering its own shares to Cumberland stockholders in exchange for Cumberland stock units, FAI are inviting stockholders to give up stock in "a thriving and expanding nursing home and surgical hospital group" in exchange

Exhibit 15 - FAI

Exhibit 15 - FAI Circular to Shareholders

for shares in the highly risky insurance industry. I might perhaps be forgiven for commenting that the "expanding and thriving" was only possible by the active financial backing and loan funds being made available by FAI.

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I wish I could share Mr Donohoo's view that the private nursing home business is a thriving and expanding business, profitable and risk-free at this time. Unfortunately, as I have repeatedly stated, this is not the case. The nursing home business is at least as vulnerable to the effects of inflation as the insurance business is, and it shares similar political risks. Readers will probably have heard the Minister of Social Securities recent statement that if the costs of running nursing homes continue to rise rapidly (as they are bound to do under present conditions), the Federal Government may not be able to increase its contributions proportionately. Should this happen, companies such as Cumberland could be ruined overnight. Naturally we all hope that this would not come about, but it is the sort of risk which undoubtedly exists, and in fact the Directors of FAI feel it so keenly that they have had to make their take-over offers conditional on action such as the Minister has indicated not occurring during the period of the bid.

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So far as the insurance industry is concerned, Mr Donohoo quotes remarks of my own to indicate the risk to which inflation are exposing it. These remarks I believe to be perfectly justified but I would point out that Mr Donohoo does not seem to have taken into account the fact that the FAI Group has deliberately diversified its activities into other major fields of interest outside insurance so as to protect itself against adverse developments in the insurance industry. FAI's holding in Cumberland is an example of this diversification and the Group has equally important interests in the fields of real property and finance, to name but two others. For this reason my colleagues and I could not accept that stockholders of Cumberland would be laying themselves open to any greater risks by becoming members of FAI than by remaining as members of Cumberland alone.

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Mr. Donohoo's second objection is that FAI ought to have offered a cash alternative to the bid. This however, seems to my colleagues and I to be a pointless suggestion since any cash alternative would have to be based

Exhibit 15 - FAI Circular to Shareholders

on the current market price of Cumberland Ordinary and Preference shares, and any stockholders who wish to obtain such a figure could therefore just as easily sell his stock through the market in the first place. Nevertheless when Mr Donohoo indicated his interest in a cash alternative being made available, I asked him whether his own group would be prepared to make such an offer in which event we would gladly put it forward to stockholders. This suggestion was however declined.

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Mr Donohoo has further objected to the fact that independent merchant bankers were not engaged to advise stockholders regarding the bid. This seemed to be a pointless exercise in the circumstances which existed. As Cumberland and FAI have been closely associated over a period of years, it was considered no useful purpose would be served, particularly as the real issue boils down to the question whether shareholders are going to be better off in the long run by accepting the FAI offer or by continuing to hold shares in what will probably be an unlisted company. That is not a question on which any merchant bank can really offer helpful advice. It is a matter which each stockholder must decide

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for himself.

Speaking personally, I would never dream of allowing myself to be put in the position of a minority shareholder in an unlisted company, even if every merchant banker in the country should advise me to the contrary.

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Nothing that Mr Donohoo has had to say in his letters has caused my colleagues and me to alter the views which we have already expressed that the proposed offers are very much in the best interests of all parties concerned. However, as I said, we would be quite happy to leave it to the individual stockholders to make up their own minds.

Yours faithfully,

L. Adler
Lawrence J. Adler
Chairman
FAI Insurances Limited
Cumberland Holdings Limited

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00075

DRW:KMC

November 25, 1974

Mr. R.L. Herman,
Secretary,
Cumberland Holdings Limited,
185 Macquarie Street,
SYDNEY, N.S.W. 2000

Dear Sir,

TAKEOVER SCHEME

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Further to our telephone call to you this afternoon we enclose four copies of the Minutes of the Meeting held on November 15 which we have now redrafted.

We confirm our suggestion that copies of the redrafts be circulated to the three directors before the next Board Meeting.

Yours faithfully,

Enc.

1244.

Exhibit 25 - Letter
from Norton Smith,
25.11.1974

CUMBERLAND HOLDINGS LIMITED

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
HELD ON THE 12TH FLOOR, FAI INSURANCE BUILDING,
185 MACQUARIE STREET, SYDNEY, ON FRIDAY,
15TH NOVEMBER, 1974, AT 10:00 A.M.

PRESENT: L.J. ADLER (Chairman)
J. BELFER
G.L.A. DONOHOO

IN ATTENDANCE: R.L. HERMAN (Secretary)
W. SINCLAIR of Sinclairs Solicitors, by invitation
D. WALKER of Norton Smith, Solicitors, by invitation

MINUTES: The minutes of the previous meeting were perused by all directors and signed by the Chairman as a true and correct record of the proceedings thereat.

TAKEOVER OFFER BY FAI INSURANCES LIMITED: The Chairman tabled a copy of a letter of instruction sent to Norton Smith in accordance with a resolution passed at the previous meeting of directors. A copy of the reply to this letter from Norton Smith was also tabled.

Added NB 12 No 19

L.J. Adler and J. Belfer again formally recorded their interest in the matters in question as directors of and shareholders in FAI Insurances Limited.

At the Chairman's request, Mr Walker addressed the meeting and advised of certain information discussed at a previous conference with L.J. Adler, T.E. Atkinson and W. Sinclair. Mr Walker said that the description of the preference shares, i.e. 8% cumulative preference non-participating stock units and 8% cumulative redeemable preference non-participating stock units, was not in accordance with the Company's Memorandum and Articles of Association, the word non-participating should not have been included in the description of such shares. These technical errors in itself would most probably not be ~~conclusive or a reason for ambushing the takeover offer.~~

① and "cumulative" and "redeemable" were ~~had been~~ juxtaposed.

would enable a shareholder wishing to "ambush" the take-over scheme in the courts to begin proceedings but more would probably be needed.

In response to a question by Mr Walker, the Secretary confirmed that the Part A Statement was received by the company at its registered office during office hours on the 1st November, 1974. The Chairman then continued with the meeting and said that the Board of the Company was required to state in the Part B Statement one of the four alternatives listed hereunder:

- (i) It recommended to shareholders the acceptance of the takeover offer, or
- (ii) It did not recommend such acceptance, or
- (iii) It did not desire to make a recommendation to shareholders, or
- (iv) It did not consider itself justified in making a recommendation.

In view of the fact that two of the three directors of the company were also directors of the offeror company, it would not be reasonable to recommend Item (i) and for the same reason Items (ii) and (iv) could not be recommended. It follows therefore that Item (iii) would be the only one open to the Board for recommendation.

In response to a question asked of them, both Mr Walker and Mr Sinclair stated that the two ^{company} directors of the company were legally qualified to vote on the resolution forming the recommendation contained in the Part B Statement.

Mr Adler moved that the company recommend to shareholders that the Board did not desire to make a recommendation to shareholders in respect of the takeover offer. After discussion concerning the recording of Mr Donohoo as a dissenting director in respect of this recommendation, the motion was withdrawn.

L.J. Adler and then D. Walker read to the meeting a draft of the proposed Part B Statement. Mr Donohoo asked if he could put a question on the draft Part B Statement to the meeting and he then proceeded to table a letter dated 14th November, 1974, a copy of which is attached.

Mr Donohoo then also tabled copies of the transfer journal of the company and copies of searches made at the Corporate Affairs Commission in respect of companies purported to be family companies of L.J. Adler.

Mr Donohoo then proceeded to put to the meeting the following motion:

"I move that in view of the fact that a subsidiary of FAI Insurances Limited has recently paid \$1.25 cash for an ordinary share and 50 cents cash for an 8% preference share in respect of shares acquired from members of Mr L.J. Adler's family and from companies in which Mr Adler's family appear to have an interest, we instruct Mr Walker to advise FAI Insurances Limited that an offer for the shares of minority shareholders in Cumberland for a price less than those shown above appears to be in contravention of the Official Listing Requirements of the Australian Associated Stock Exchanges (Section 5 (10) (e))."

Mr Walker advised the meeting that in his opinion the purchaser of the shares referred to above was not the offeror and in his opinion the abovementioned section has not been breached.

The chairman then said that
The above motion lapsed due to the lack of a seconder.

Mr Donohoo then put to the meeting the following motion:

"I move that the Board of this company requests the Committee of the Sydney Stock Exchange Limited to advise whether the takeover offer received from FAI Insurances Limited contravenes the Official Listing Requirements of the Australian Associated Stock Exchanges."

The chairman then held that
The above motion lapsed due to the lack of a seconder.

Mr Donohoo then stated "In my opinion there has been an
Exhibit 25 - Draft Minutes
1246. with handwritten emendations

Prepared by Mr Sinclair.

(X) for the period to 1974 incl

8 of the company's last Annual Return

Mr W then read the text of section 5(10)(e) of the AASE listing manual and advised that, if it were held that the purchase were made in contemplation of a takeover, then the use of a wholly owned subsidiary of FAI Insurances Ltd could not obviate that section.

All this agreed. The chairman then stated that there was a mistake in the use of the word "share" and that it would be better to use "equity".

that set out in the Part A Statement.

1. The Board of Directors shall have the authority to...

2. The Board of Directors shall have the authority to...

3. The Board of Directors shall have the authority to...

4. The Board of Directors shall have the authority to...

5. The Board of Directors shall have the authority to...

6. The Board of Directors shall have the authority to...

unusual pattern in our share market quotations over recent months. In support of my contention I table a copy of the share quotations for our ordinary shares extracted from the Financial Review". Mr Donohoo continued "To protect our shareholders who will be guided by the high and low prices of our shares during 1974 as quoted in the Financial Review daily, I would like to ask Mr Walker what action we as a Board should take in this regard".

At this point the Chairman pointed out that it was not proper to ask Mr Walker and that if Mr Donohoo wanted to pursue the matter, he should put a motion to the meeting. Mr Donohoo then put to the meeting the following motion:

"I move that we instruct Mr Walker to write to the Commissioner of Corporate Affairs seeking his opinion as to whether a full and fair market has existed in regard to our listed securities".

The chairman has taken that
The above motion lapsed ~~due to the lack~~ *for want* of a seconder.

Mr Donohoo then said that in view of the composition of the Board and the result of the motions he had put to the meeting, what could he do to discharge his liabilities as a director. Mr Walker stated that (a) the Minutes *should* reveal and record Mr Donohoo's actions, (b) Mr Donohoo is entitled to approach the Corporate Affairs Commission in his personal capacity as a director, (c) Mr Donohoo is entitled to approach the committee of the Sydney Stock Exchange concerning his question about the possible contravention of Section 5 (10) (e) of the Listing Manual. Mr Donohoo then put the following motion to the meeting.

"I move that as it is usual practice with reputable companies in a takeover where there are common directors and particularly where two of our three directors are directors common to the Board of both companies, that a leading merchant banker or an independent firm of chartered accountants be retained to express an opinion on the adequacy or otherwise of the takeover offer for the guidance of the minority shareholders."

The Chairman then stated that he objected most strongly to the use of the word "reputable". Mr Donohoo then recorded his apologies for using the word. The Chairman then stated that the share transactions were fully minuted by both Boards and that both Boards were aware of such transactions, including Mr Donohoo, ~~when they were first~~ *tabled* proposed. The Chairman then discussed the takeover offer, the reasons for it and in particular pointed out that due to the common directorship of both the offeree and offeror company, great lengths were taken to comply with all Acts, Laws, Regulations, etc. The Chairman also pointed out that all directors have a responsibility to properly discharge their duties. Mr Donohoo then asked the Chairman did he think that the shareholders were getting a fair deal from the offer, to which the Chairman replied that he genuinely and sincerely thought that it was an exceptionally fair deal.

Mr Donohoo stated that in his opinion the shareholders of the company should keep their shares as a net tangible asset

Mr Donohoo then pointed out that the Annual Accounts of FAI etc (Page 15) *incorrectly* showed that *Company's* shareholding in Bellevue Hospital etc as 66 ²/₃ % instead of 4 ²/₃ %.

A

The price of \$1.25 which was paid for the ordinary shares was the quoted market sale price for the shares on the date when the transactions in question took place. There had never been any question of any of the sellers being paid a price for their shares different from the then ruling market price. Unfortunately since that time and through no conceivable fault of the Offeror corporation, that level of prices had ceased to apply and the current level was in the order of 50¢ per stock unit. It would be most misleading if the Board were to have regard to transactions based on a price level which no longer existed in considering their attitude to the present proposed offer.

of each Cumberland share is substantially in excess of the net tangible asset backing of the offeror company's shares. Mr Adler then stated that he did not agree with Mr Donohoo's views.

X) it was arguable that the Section applied only to expenses incurred following a Board decision.

Mr Donohoo then asked if he could rely on Section 180 (p) of the Companies Act to recover expenses incurred in circularising shareholders of Cumberland. Mr Walker replied, at the request of the Chairman, that the onus was on Mr Donohoo to prove that such expenses were reasonably incurred in accordance with the Section but (Y)

The meeting then agreed to redraft certain sections of the Part B Statement and in this regard Mr Walker, Mr Sinclair and Mr Donohoo proceeded with the redrafting. The meeting was then adjourned so that Mr Donohoo could consult his legal advisors on the redrafted sections.

The meeting then resumed after a short space of time and the new Part B Statement was submitted to the Board.

The Chairman then moved that the Part B Statement so submitted be adopted and signed by all three directors. The motion was carried unanimously.

Signed as a correct record.

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CHAIRMAN

DRAFT (N.S. & CO.): 25/11/74

CUMBERLAND HOLDINGS LIMITED

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
HELD ON THE 12TH FLOOR, FAI INSURANCE BUILDING,
185 MACQUARIE STREET, SYDNEY, ON FRIDAY, 15TH
NOVEMBER, 1974 AT 10.00 A.M.

PRESENT: L.J. ADLER (Chairman)
J. BELFER
G.L.A. DONOHOO

IN

ATTENDANCE: R.L. HERMAN (Secretary)

W. SINCLAIR of Sinclairs Solicitors, by invitation
D. WALKER of Norton Smith, Solicitors, by invitation

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MINUTES: The minutes of the previous meeting were per-
used by all directors and signed by the Chairman
as a true and correct record of the proceedings
thereat.

TAKEOVER
OFFER BY
FAI IN-
SURANCES
LIMITED:

The Chairman tabled a copy of a letter of in-
struction sent to Norton Smith in accordance
with a resolution passed at the previous
meeting of directors. A copy of the reply
to this letter from Norton Smith dated 13th
November, 1974 was also tabled.

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L.J. Adler and J. Belfer again formally recorded
their interest in the matters in question as dir-
ectors of and shareholders in FAI Insurances
Limited.

At the Chairman's request, Mr. Walker addressed
the meeting and advised of certain information dis-
cussed at a previous conference with L.J. Adler,
T.E. Atkinson and W. Sinclair. Mr. Walker said
that the description of the preference shares, i.e.
8% cumulative preference non-participating stock
units and 8% cumulative redeemable preference non-
participating stock units, was not in accordance
with the Company's Memorandum and Articles of Asso-
ciation, the word non-participating should not
have been included in the description of such
shares and "cumulative" and "redeemable" were
juxtaposed. The technical errors would enable a
shareholder wishing to "ambush" the takeover
scheme in the courts to begin proceedings but
more would probably be needed.

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In response to a question by Mr. Walker, the Secre-
tary confirmed that the Part A Statement was

received by the company at its registered office during office hours on the 1st November, 1974. The Chairman then continued with the meeting and said that the Board of the Company was required to state in the Part B Statement one of the four alternatives listed hereunder:

-2-

- (i) It recommended to shareholders the acceptance of the takeover offers, or 10
- (ii) It did not recommend such acceptance, or
- (iii) It did not desire to make a recommendation to shareholders, or
- (iv) It did not consider itself justified in making a recommendation.

In view of the fact that two of the three directors of the company were also directors of the offeror company, it would not be reasonable to recommend Item (i) and for the same reason Items (ii) and (iv) could not be recommended. It follows therefore that Item (iii) would be the only one open to the Board for recommendation. 20

In response to a question asked of them both Mr. Walker and Mr. Sinclair stated that the two common directors of the company were legally qualified to vote on the resolution forming the recommendation contained in the Part B Statement.

Mr. Adler moved that the company recommend to shareholders that the Board did not desire to make a recommendation to shareholders in respect of the takeover offer. After discussion concerning the recording of Mr. Donohoo as a dissenting director in respect of this recommendation, the motion was withdrawn. 30

L.J. Adler and then D. Walker read to the meeting a draft of the proposed Part B Statement prepared by Mr. Sinclair. Mr. Donohoo asked if he could put a question on the draft Part B Statement to the meeting and he then proceeded to table a letter dated 14th November, 1974, a copy of which is attached. Mr. Donohoo then also tabled copies of the transfer journal of the company for the period to 1974 inclusive and copies of searches made at the Corporate Affairs Commission of the Company's last 40

Annual Return in respect of companies purported to be family companies of L.J. Adler.

Mr. Donohoo then proceeded to put to the meeting the following motion:

"I move that in view of the fact that a subsidiary of FAI Insurances Limited has recently paid \$1.25 cash for an ordinary share and 50 cents cash for an 8% preference share in respect of shares acquired from members of Mr. L.J. Adler's family and from companies in which Mr. Adler's family appear to have an interest, we instruct Mr. Walker to advise FAI Insurances Limited that an offer for the shares of minority shareholders in Cumberland for a price less than those shown appears to be in contravention of the Official Listing Requirements of the Australian Associated Stock Exchanges (Section 5(10) (e))." 10

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Mr. Walker then read Section 5 (10) (e) of the A.A.S.E. Listing Manual and advised that, if it were held that the purchases were made in contemplation of a takeover, then the use of a wholly owned subsidiary of FAI Insurances Limited would not obviate that section. Mr. Sinclair agreed with this view. The Chairman then stated that the price of \$1.25 per share was the market price at the time and that FAI would not now pay a higher price than that set out in the Part A Statement. 20 30

The Chairman then held that the above motion lapsed for want of a seconder.

Mr. Donohoo then put to the meeting the following motion:

"I move that the Board of this company requests the committee of the Sydney Stock Exchange Limited to advise whether the takeover offer received from FAI Insurances Limited contravenes the Official Listing Requirements of the Australian Associated Stock Exchanges." 40

The Chairman then held that the above motion lapsed for want of a seconder.

Mr. Donohoo then stated "In my opinion there has been an unusual pattern in our share market quotations over recent months. In support of my contention I table a copy of the share quotations for

our ordinary shares extracted from the Financial Review". Mr. Donohoo continued "To protect our shareholders who will be guided by the high and low prices of our shares during 1974 as quoted in the Financial Review daily, I would like to ask Mr. Walker what action we as a Board should take in this regard".

At this point the Chairman pointed out that it was not proper to ask Mr. Walker and that if Mr. Donohoo wanted to pursue the matter, he should put a motion to the meeting. Mr. Donohoo then put to the meeting the following motion:

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"I move that we instruct Mr. Walker to write to the Commissioner of Corporate Affairs seeking his opinion as to whether a full and fair market has existed in regard to our listed securities".

The Chairman then held that the above motion lapsed for want of a seconder.

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Mr. Donohoo then pointed out that the Annual Accounts of FAI Insurances Limited (page 15) incorrectly showed the company's shareholding in Bellevue Hospital as 66 2/3% instead of 48%.

Mr. Donohoo then said that in view of the composition of the Board and the result of the motions he had put to the meeting, what could he do to discharge his liabilities as a director. Mr. Walker stated that (a) the Minutes should reveal and record Mr. Donohoo's

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-4-

actions, (b) Mr. Donohoo is entitled to approach the Corporate Affairs Commission in his personal capacity as a director, (c) Mr. Donohoo is entitled to approach the committee of the Sydney Stock Exchange concerning his question about the possible contravention of Section 5 (10) (e) of the Listing Manual. Mr. Donohoo then put the following motion to the meeting:

"I move that as it is usual practice with reputable companies in a takeover where there are common directors and particularly where two of our three directors are directors common to the Board of both companies, that a leading merchant banker or an independent firm of chartered accountants be retained

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to express an opinion on the adequacy or otherwise of the takeover offer for the guidance of the minority shareholders."

The Chairman then stated that he objected most strongly to the use of the word "reputable". Mr. Donohoo then recorded his apologise for using the word. The Chairman then stated that the share transactions were fully minuted by both Boards and that both Boards were aware of such transactions, including Mr. Donohoo. The price of \$1.25 which was paid for the ordinary shares was the quoted market sale price for the shares on the date when the transactions in question took place. There had never been any question of any of the sellers being paid a price for their shares different from the then ruling market price. Unfortunately since that time and through no conceivable fault of the Offeror corporation, that level of prices had ceased to apply and the current level was in the order of 50c per stock unit. It would be most misleading if the Board were to have regard to transactions based on a price level which no longer existed in considering their attitude to the present proposed offer. The Chairman then discussed the takeover offer, the reasons for it and in particular pointed out that due to the common directorship of both the offeree and offeror company, great lengths were taken to comply with all Acts, Laws, Regulations, etc. The Chairman also pointed out that all directors have a responsibility to properly discharge their duties. Mr. Donohoo then asked the Chairman did he think that the shareholders were getting a fair deal from the offer, to which the Chairman replied that he genuinely and sincerely though that it was an exceptionally fair deal.

Mr. Donohoo stated that in his opinion the shareholders of the company should keep their shares as a net tangible asset of each Cumberland share is substantially in excess of the net tangible asset backing of the offeror company's shares. Mr. Adler then stated that he did not agree with Mr. Donohoo's views.

Mr. Donohoo then asked if he could rely on section 180 (p) of the Companies Act to recover expenses incurred in circularising shareholders of Cumberland. Mr. Walker replied at the request of the Chairman, that the onus was on Mr. Donohoo to prove that such expenses were

reasonably incurred in accordance with the Section but it was arguable that the Section applied only to expenses incurred following a Board decision.

The meeting then agreed to redraft certain sections of the Part B Statement and in this regard Mr. Walker, Mr. Sinclair and Mr. Donohoo proceeded with the redrafting. The meeting was then adjourn- 10
ed so that Mr. Donohoo could consult his legal advisors on the redrafted sections.

The meeting then resumed after a short space of time and the new Part B Statement was submitted to the Board.

The Chairman then moved that the Part B Statement so submitted be adopted and signed by all three Directors. The motion was carried unanimously.

Signed as a correct record.

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CHAIRMAN

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WASHINGTON H. SOUL PATTINSON & COMPANY LIMITED
Sydney's Leading Chemists
Head Office 00090
158 Pitt Street, Sydney, 2000
Warehouse - 20 Forrester Street, Kingsgrove
Telephones Cable Address
50 0201 "Pharmacy Sydney"
25 2684
25 2684

27th November, 1974. 10

To: The Ordinary Stockholders and
Preference Stockholders of
Cumberland Holdings Limited.

Dear Stockholder,

Take-over offer by FAI Insurances Limited

Let us state a few fundamental facts.

STOCK EXCHANGE LISTING -

Mr. Adler, who is Chairman of Directors of both the offeror company, FAI Insurances Limited (FAI) and the offeree company, Cumberland Holdings Limited (Cumberland) is holding himself out as a reluctant suitor of Cumberland and states that FAI is only making the take-over offer because Cumberland's listing on the Sydney Stock Exchange is in jeopardy. 20

Why is Cumberland's listing in jeopardy? Because FAI, through a wholly owned subsidiary has increased its holding in Cumberland from 72% to 80%, (by purchases on the Stock Exchange and off-market transactions) thus taking its holding over that allowed by the Sydney Stock Exchange. FAI is unwilling to reduce its holding to safeguard Cumberland's listing. 30

Where did a large proportion of that extra 8% of Cumberland's capital come from? From stock units purchased by FAI from Mr. Adler's family and family companies.

PRICE -

What did Mr. Adler's family and family companies receive for their Cumberland stock units as recently as July - just prior to FAI stating on 13th September, 1974 that it would be making this offer? \$1.25 cash. They did not have to accept FAI shares.

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Cumberland's minority ordinary stockholders are being asked to accept one FAI share with a market value of about 53c per share which contrasts sharply with the \$1.25 cash received by Mr. Adler's family and family companies.

Cumberland's 8% preference stockholders are asked to accept one 8% preference share in FAI with no cash alternative.

What did Mr. Adler's family companies receive in July for their preference stock units? 50c cash.

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Washington H. Soul Pattinson & Company Limited (Souls), which is the largest owner of stock in Cumberland other than FAI, is vigorously opposed to the take-over offer and will not accept it. It considers that Cumberland is a thriving and successful Nursing Home and Surgical Hospital company with a profit history that is impressive. Its activities are in areas in which profits should continue to be made despite the current economic difficulties facing industry generally and Souls considers that Cumberland provides a sound investment for the future. If FAI is successful in obtaining the entire issued ordinary capital of Cumberland, the fortunes of the Cumberland stockholders will largely depend in the ultimate, upon the success or otherwise of FAI's activities in the insurance industry.

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Exhibit 17 - Washington
H. Soul Circular to
Stockholders

-3-

00092

Mr. Adler, in the FAI House Magazine, stated that "if inflation remains unchecked, the insurance industry will be faced with problems having ultimately disastrous consequences - problems that even with all of today's financial expertise defy solution". In view of Mr. Adler's own words Souls has no desire to exchange its stock units in Cumberland for shares in FAI.

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Souls agrees that FAI should give the minority Cumberland stockholders a chance to dispose of their stock to FAI but believes that the only adequate offer which FAI could make would be an offer of \$1.25 cash per stock unit for ordinary stock units and an offer of 50c cash for each class of preference stock units.

Such offers would afford the Cumberland stockholders a fair price for their securities. FAI could hardly deny that these are fair prices having only a few months ago paid these prices to acquire Cumberland stock units from members of Mr. Adler's family and companies controlled by him or them.

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TANGIBLE ASSETS BACKING -

The Cumberland ordinary stock units enjoy a net tangible assets backing of \$1.22 per unit calculated on the basis of the 30th June, 1974 consolidated balance sheet, plus profits since that date. This compares unfavourably with the net tangible assets backing of FAI of 52c per stock unit (based on the consolidated balance sheet as at 30th June, 1974, after eliminating intangible assets \$1,210,217.00, allowing for the diminution in market value of listed securities at balance date \$599,868.00, allowing for the October share issue and ignoring post 30th June, 1974 profit).

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If ordinary stockholders accept the take-over offer and assuming a 100% acceptance, they would hold ordinary shares in FAI with a net tangible asset backing per share of approximately 53 cents each (calculated on the abovementioned basis). For preference stockholders there would appear to be an apparent tangible assets cover advantage in the offer.

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STOCK EXCHANGE RULES -

The rules of the Sydney Stock Exchange now provide that, in circumstances such as this, where a bidder has already acquired shares at a certain price any subsequent offer should be made at a comparable figure. These are rules known to FAI, as well as the stockholders of Cumberland.

If after the take-over closes, the stock units of minority holders are delisted and an adequate alternative cash offer has not been promised by FAI, Souls will consider what action, including Court proceedings, should be taken in order to redress the situation and to safeguard the minority stockholders. In particular an approach to the Corporate Affairs Commission is being contemplated.

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INDEPENDENT REPORT -

The Australian Shareholders' Association has come out strongly for an independent assessment of the take-over offer for the benefit of Cumberland's minority stockholders.

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A copy of this letter has of course been sent to the Sydney Stock Exchange, and some comment may be expected from that quarter.

Once again we urge stockholders not to accept the FAI offer.

Yours faithfully,
WASHINGTON H. SOUL PATTINSON & CO. LIMITED
J.S. Millner
J.S. Millner
Chairman.

Exhibit 17 - Washington
H. Soul Circular to
Stockholders



TELEGRAPHIC ADDRESS: "FAINSUR"
TELEX: FAINSUR 21755

FAI INSURANCES LIMITED
AUSTRALIAN AND INTERNATIONAL INSURANCES LTD.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
CAR OWNERS' MUTUAL INSURANCE COMPANY LIMITED
FALKIRK ASSURANCE SOCIETY LIMITED

HEAD OFFICE: FAI INSURANCE BUILDING, 185 MACQUARIE STREET, SYDNEY 2000 • TELEPHONE 221 1155

27 November 1974.

The Ordinary Stockholders and
Preference Stockholders of
Cumberland Holdings Limited.

Dear Stockholders,

I refer to the circular letter dated 27 November 1974
which I understand has been sent to you by Mr. J.S.
Millner on behalf of Messrs. Washington H. Soul Pattison
& Company Limited in reference to the takeover offer by
FAI Insurance Limited of your stockholdings in Cumber-
land Holdings Limited.

10

I think it may help you to understand the significance
of the letter in question if I draw your attention at
the outset to one important circumstance.

Prior to July 1974, Messrs. Washington H. Soul Pattison
& Company Limited had been the principal supplier of
virtually all the pharmaceutical requirements of the
nursing homes run by Cumberland Holdings Limited.

In that month as a result of complaints which had been
forthcoming from the medical and nursing staffs of nurs-
ing homes these supply arrangements were terminated,
and since that date all the pharmaceutical purchases for
the nursing homes have been transferred to other suppliers.

20

Need I say more?

Exhibit 18 - FAI
Circular to Stockholders

CREST 00099 Continuation Sheet No. ...

Mr. Millner claims that there should be a cash alternative for the proposed FAI share exchange offer based on the figure of \$1.25 per stock unit for ordinary stock units, and 50c for each class of preference stock units. He seeks to justify these figures by reference to sales of the various classes of shares which took place in July 1974 in which companies associated with my family were the sellers. 10

When those sales took place the ruling Stock Exchange prices for Cumberland stock units were \$1.25 for the ordinary units, and 50c. for the preference units. There had, in fact, been unsatisfied ordinary stock buyers at \$1.25 on the Stock Exchange for several days, both before and after the date on which the sales referred to by Mr. Millner took place.

Consequently, any stockholders of Cumberland who had wished to sell their holdings on the market at that time could have obtained similar prices to those effected in the sales referred to by Mr. Millner, and there was no question at all of any members of my family receiving any favoured terms. 20

Unfortunately, as I am sure you will all very well know, the Australian stock markets have taken a terrible "beating" since July, and the stock of Cumberland Holdings Limited has suffered just as badly as any others. In the result at the time when FAI was making its offer to you, no buyers for Cumberland stock had appeared on the Stock Exchanges for several weeks, and none have appeared since that time. 30

I am advised that when the FAI offer came to be made the nominal price for Cumberland ordinary stock units on the Exchanges was 48c., but with no buyers indicated even at that price. At the same date there were buyers of FAI shares at 57c. on the Sydney Stock Exchange.

Naturally no company making a takeover offer can offer to pay more than the current market price just because at some previous time higher prices have prevailed. I wonder if Mr. Millner would be prepared to make an offer to purchase the shares of Patrick Corporation or Queensland Mines (two other companies of which he is the Chairman) on the basis of their former share prices which were enormously higher than those now prevailing. If so, I fear he would be rapidly headed for bankruptcy. 40

Exhibit 18 - FAI
Circular to Stockholders

CREST

00096

Continuation Sheet No.

To conclude, I would just like to reiterate once more that FAI is not attempting in any way at all to pressure you into accepting the offer which has been made. My colleagues and I believed, and still believe, that the offer was one which was in your best interests in the circumstances which have arisen, but we are perfectly content to leave it to individual stockholders to consider where their best interests lie.

10

I do however feel that it is most regrettable that attempts should have been made by an obviously prejudiced stockholder to dissuade you from acceptance on the specious grounds set out in the letter under reply.

Yours faithfully,

L. Adler
Lawrence J. Adler
CHAIRMAN.

c.c. Commissioner for Corporate Affairs
The Sydney Stock Exchange Limited

20

00100

29th November, 1974.

The Chairman of Directors,
Cumberland Holdings Limited,
185 Macquarie Street,
SYDNEY. N.S.W. 2000.

Dear Sir,

Would you please advise me when a draft copy of
the minutes will be made available to me in respect of
the Directors' meeting held on the 15th November, 1974.

10

Yours faithfully,

GD

Glen L.A. Donohoo

FAI INSURANCES LIMITED

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
HELD ON THE 12TH FLOOR, FAI INSURANCE BUILDING,
185 MACQUARIE STREET, SYDNEY, ON FRIDAY,
29TH NOVEMBER, 1974, AT 11:30 A.M.

PRESENT: L.J. ADLER (Chairman)
T.E. ATKINSON
PROFESSOR J.R. WILSON
J. BELFER

APOLOGIES: R.L. HERMAN
J.A.J. BARRINGTON

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PROPOSED
TAKEOVER
OFFER FOR
MINORITY
HOLDINGS
IN CUMBER-
LAND
HOLDINGS
LIMITED:

Mr. Atkinson reported to the meeting that as a result of the action which had been taken by W.H. Soul Pattinson Limited to oppose FAI's offer for the outstanding shares of Cumberland, it appeared likely that intervention of some sort might be forthcoming from the Sydney Stock Exchange and the Commission for Corporate Affairs. As regards the Stock Exchange, a letter has already been received from the Manager, Companies, raising the point that the purchases which FAI made from the Adler Family Companies in July, 1974, might come within the scope of the listing requirements. Mr Atkinson stated that he does not believe that this should be the case, but if the Stock Exchange were right in their assessment then the bid for the Redeemable Preference Shares might be held to be in contravention of the A.A.S.E. Listing Requirements.

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As regards the Commission for Corporate Affairs, it is understood that W.H. Soul Pattinson Limited are trying to have an investigation held into dealings in Cumberland shares during the course of the past few months - apparently in order to try and establish that some "rigging" of the market had taken place, though no official word of this has yet come from the Commission for Corporate Affairs.

40

The Chairman said that until news of these moves had come to hand, his own personal view had been that it might be best if FAI were simply to let the whole offer die a natural death. He now feels however, that should this be done, it could give rise to the quite unfounded suspicion that FAI had

something to hide and was dropping the bid for that reason. After discussion it was unanimously agreed that in the circumstances the wisest course would be to allow matters to proceed and to deal resolutely with any points which might be raised either by the Stock Exchange or the Commission for Corporate Affairs.

10

Letters from the Australian Shareholders Association were also discussed and it was agreed that no further action be taken, in regard to them, at this stage.

- 2 -

PERSONNEL: The present Head Office staff problems were discussed.

COMPULSORY Appointment of Palmer Trahair Owen & Whittle
THIRD regarding Queensland compulsory third party
PARTY underwriting was discussed and confirmed.
INSURANCE:

20

DISCLOSURE:
The Chairman advised that he has been asked to join the Board of Directors of Vetro Industries Limited.

Signed as a correct record.


L.J. Adler
.....
CHAIRMAN

JW TA JB

A51190

THE SYDNEY STOCK EXCHANGE LIMITED		
Certificate No.	Date	No. of Units
1098 (1097) - 1099 (1098)	4 DEC 1974	4000
Covering Documents forwarded to Company's Office. This transfer must be completed and returned to Company's Office within three months of above date.		
Manager - Transfer Services		

PART 1 PLEASE USE BLOCK LETTERS. Marking Stamp

FULL NAME OF COMPANY OR CORPORATION	F.A.I. INSURANCES LIMITED		Register SYDNEY
DESCRIPTION OF SECURITIES	Class 50 CENT	If not fully paid, paid to	Transferor's Broker hereby certifies: (i) That the Security Transfer Form relating to the securities set out above has been or will be lodged at the company's or corporation's office. (ii) That Stamp Duty (if payable) has been or will be paid.
QUANTITY	Words Four thousand	Figures 4000	
TRANSFER IDENTIFICATION NUMBER	M 48 S 3248 788 - 5 -		<div style="border: 1px solid black; padding: 5px; text-align: center;"> STOCK BROKERS IAN POTTER & CO. 3343  </div>
FULL NAME(S) OF TRANSFEROR(S) (SELLER(S))	T.E.A. NOMINEES (NSW) LTD. Surname(s) Christian Name(s)		
			Transferor's Broker's Stamp AFFIXED AT SYDNEY ON:- -3 DEC 1974

PART 2			FOR REGISTRAR USE
Mr. Mrs. Miss Surname(s)		S-383 16-175 11084
Chris. Name(s)	TYNEDALE INVESTMENTS PTY. LTD.		
FULL NAME(S) & ADDRESS OF TRANSFEREE(S) (BUYER(S))	TYNEDALE INVESTMENTS PTY. LTD., 3 MESSRS. YOUNG, BRANDBALL & JOYE, 15 BENT STREET, SYDNEY, N.S.W. 2000.		<div style="border: 1px solid black; padding: 5px; text-align: center;"> AUSTRALIAN STOCK EXCHANGE IAN POTTER & CO. 3343 </div>
	State	Postcode	

Transferor's Broker Hereby Certifies	(i) That the securities set out in Part 1 above having been purchased in the ordinary course of business are to be registered in the name(s) of the transferee(s) named in this Part. (ii) That Stamp Duty (if payable) has been or will be paid and hereby requests that such entries be made in the register as are necessary to give effect to this transfer.	Transferor's Broker's Stamp DATE OF AFFIXING STAMP
Please enter the above securities on the <u>NSW</u> Register		16 DEC 1974

ADVISOR'S COPY

DUPLICATE

WJ
22/11

NAME TYNEPALE INVESTMENT P... LTD.

ADDRESS c/- Young Barnsall & Sons,
15 Bent St, Sidney, 20... PHONE _____

BUY	ORDER TAKEN BY	HOW TAKEN	✓	TIME TAKEN	DATE
	9	PERSONAL		1.00	11.11.74
		TELEPHONE			
		LETTER			
NO. OF UNITS	SECURITY			ORIGINAL PRICE	
5,000	F.A.I. INVESTMENTS			4.00	
SPECIAL INSTRUCTIONS					
£ 4000 40					
<small> SAN-IP/86/80/818 CRYSTAL BICL B21 5/11 11/11 </small>					



TELEGRAPHIC ADDRESS: "FAINSUR"
TELEX: FAINSUR 21755

FAI INSURANCES LIMITED
AUSTRALIAN AND INTERNATIONAL INSURANCES LTD.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
CAR OWNERS' MUTUAL INSURANCE COMPANY LIMITED
FALKIRK ASSURANCE SOCIETY LIMITED

HEAD OFFICE: FAI INSURANCE BUILDING, 185 MACQUARIE STREET, SYDNEY 2000 • TELEPHONE 221 1155

6 December 1974.

The Ordinary Stockholders and
Preference Stockholders of
Cumberland Holdings Limited.

Dear Stockholders,

You recently received from FAI Insurances Ltd an offer dated 20th November, 1974, for your shares in Cumberland Holdings Ltd.

You were informed that the offer was being made because the Sydney Stock Exchange Ltd have threatened to delist Cumberland Holdings Ltd as there was an insufficient spread of shareholders to comply with its requirements and that FAI Insurance Ltd took the view that you should have an opportunity to sell your minority holding to the major shareholder. 10

The offer has been contested by Washington H. Soul Pattinson Ltd. The suggestion is made that FAI Insurances Ltd is endeavouring to force you to dispose of your shares to them for an inadequate consideration. Nothing could be further from the truth. All that FAI Insurances Ltd desired to do was to give you the opportunity to sell if you wished. 20

To make it perfectly clear that FAI Insurances Ltd has no intention of endeavouring to acquire shares of which you do not wish to dispose, it hereby withdraws its said takeover offer. If you have already accepted you may withdraw your acceptance, or leave it be, as you wish.

Exhibit 19 - FAI
Circular to Stockholders
withdrawing offer

CREST

00115

Continuation Sheet No

FAI Insurances Ltd remains concerned to see that minority shareholders can dispose of shares if they do not wish to retain them, particularly if Cumberland Holdings Ltd is delisted by the Stock Exchange. It is exploring the possibility of replacing its takeover offer with an invitation to shareholders to sell and will advise you further when it has determined whether this is a practicable solution to the problem.

10

Yours faithfully,

L. Adler
Lawrence J. Adler
CHAIRMAN

FAI INSURANCES LIMITED

MINUTES OF A MEETING OF THE BOARD OF
DIRECTORS HELD ON THE 12TH FLOOR, FAI
INSURANCE BUILDING, 185 MACQUARIE STREET,
SYDNEY, ON FRIDAY, DECEMBER 6, 1974 AT
11.30 A.M.

PRESENT: L.J. ADLER (Chairman)
T.E. ATKINSON
PROFESSOR J.R. WILSON
J. BELFER
R.L. HERMAN

10

APOLOGIES: J.A.J. BARRINGTON

TAKEOVER
OFFER FOR
MINORITY
HOLDINGS
IN CUMBER-

The Chairman reported on a meeting which Mr Atkinson and he had had with two members of the Committee of the Sydney Stock Exchange earlier in the week, in the course of which it had become clear that the Committee were considering issuing a direction to FAI to make a cash alternative bid for all the outstanding Cumberland stock of all three classes. Since it appeared that such a direction would be contrary to the regulations of the Exchange, senior Counsel, Mr. Russell Bainton Q.C., had been consulted. Mr. Bainton agreed that such a direction would be contrary to the regulations, but had warned that if the Exchange nevertheless took this course, there would be no way in which FAI could challenge it in the Courts, or obtain any legal protection if the Committee threatened to suspend the company's listing. In the circumstances, Mr Bainton felt that it would be advisable for FAI to withdraw the takeover offer all together without delay.

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In the light of this advice it was unanimously resolved that the offer should be withdrawn. The Chairman tabled a draft circular letter to be sent to the Cumberland stock holders notifying them of the withdrawal. This letter, a copy of which is annexed to this Minute, had been drafted by Counsel, and it was unanimously resolved that it be approved and that the Chairman should sign it for immediate despatch to the stockholders.

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Signed as a correct record.

L.J. Adler
.....
CHAIRMAN

JW TA JB



TELEGRAPHIC ADDRESS: "FAINSUR"
TELEX: FAINSUR 21765

FAI INSURANCES LIMITED
AUSTRALIAN AND INTERNATIONAL INSURANCES LTD.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
CAR OWNERS' MUTUAL INSURANCE COMPANY LIMITED
FALKIRK ASSURANCE SOCIETY LIMITED

HEAD OFFICE: FAI INSURANCE BUILDING, 185 MACQUARIE STREET, SYDNEY 2000 • TELEPHONE 221 1155

6 December 1974.

The Ordinary Stockholders and
Preference Stockholders of
Cumberland Holdings Limited.

Dear Stockholders,

You recently received from FAI Insurances Ltd an offer dated 20th November, 1974, for your shares in Cumberland Holdings Ltd.

You were informed that the offer was being made because the Sydney Stock Exchange Ltd have threatened to delist Cumberland Holdings Ltd as there was an insufficient spread of shareholders to comply with its requirements and that FAI Insurance Ltd took the view that you should have an opportunity to sell your minority holding to the major shareholder. 10

The offer has been contested by Washington H. Soul Pattinson Ltd. The suggestion is made that FAI Insurances Ltd is endeavouring to force you to dispose of your shares to them for an inadequate consideration. Nothing could be further from the truth. All that FAI Insurances Ltd desired to do was to give you the opportunity to sell if you wished. 20

To make it perfectly clear that FAI Insurances Ltd has no intention of endeavouring to acquire shares of which you do not wish to dispose, it hereby withdraws its said takeover offer. If you have already accepted you may withdraw your acceptance, or leave it be, as you wish.

FAI Insurances Ltd remains concerned to see that minority shareholders can dispose of shares if they do not wish to retain them, particularly if Cumberland Holdings Ltd is delisted by the Stock Exchange. It is exploring the possibility of replacing its 30

Exhibit 70 - Annexure
to Minutes of
Meeting

Exhibit 70 - Annexure
to Minutes of
Meeting

takeover offer with an invitation to shareholders
to sell and will advise you further when it has
determined whether this is a practicable solution
to the problem.

Yours faithfully,

L.J. Adler

Lawrence J. Adler
CHAIRMAN

10



TELEGRAPHIC ADDRESS: "FAINSUR"
TELEX: FAINSUR 21765

FAI INSURANCES LIMITED
AUSTRALIAN AND INTERNATIONAL INSURANCES LTD.
FIRE AND ALL RISKS INSURANCE COMPANY LIMITED
CAR OWNERS' MUTUAL INSURANCE COMPANY LIMITED
FALKIRK ASSURANCE SOCIETY LIMITED

HEAD OFFICE: FAI INSURANCE BUILDING, 185 MACQUARIE STREET, SYDNEY 2000 • TELEPHONE 221 1155

BY HAND

W.J. Tilley, Esq.,
The Sydney Stock Exchange Ltd.,
SYDNEY, N.S.W. 2000

6th December, 1974.

Dear Mr. Tilley,

I am enclosing for your information a copy of a letter which is in the course of being despatched to shareholders in Cumberland Holdings Ltd.

As I stated in my letter to you yesterday, I will not set out what has been the market in shares in Cumberland Holdings Ltd since the beginning of the year 1972. All share transactions recorded in the share register of Cumberland Holdings Ltd are set out on the attached schedules which deal separately with ordinary shares, cumulative preference shares and redeemable preference shares. You will observe from those schedules that apart from the transfers recorded in August, 1974, from companies associated with me to Fire & All Risks Insurance Co. Ltd. (a wholly owned subsidiary of FAI Insurances Ltd), neither Fire & All Risks Insurance Co. Ltd. nor any companies associated with me have at any time been sellers of shares. You will also observe that apart from four transactions concerning ordinary shares, three concerning cumulative preference shares and one concerning redeemable preference shares, the only buyers have been Fire & All Risks Insurance Co. Ltd. or companies or individuals associated with me.

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.../2

CREST

Continuation Sheet No.2

To suggest that I have been endeavouring to rig the market is quite wrong. Fire & All Risks Insurance Co. Ltd. or companies with which I have been associated have from time to time placed on the board of the Stock Exchange prices at which we have been willing to buy and prices at which we have been willing to

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1274.

Exhibit 71 - Letter
from FAI to Stock
Exchange - 6.12.74.

Exhibit 71 - Letter
from FAI to Stock
Exchange - 6.12.74.

sell. We have bought at those prices but there have been no acceptances of any of our offers to sell. Obviously we have been the buyers of last resort.

The prices at which the sales from companies which I control to Fire & All Risks Insurance Co. Ltd. were made in July, 1974, were fixed at a Board meeting at which I did not vote, at figures which the other Directors considered to be proper prices. The fact that those prices coincided with the then current market quotations was not the determinant factor in the decision at which they arrived. Had FAI Insurances Ltd been contemplating at that time making a takeover offer in the terms in which it was recently made the last thing we would have done would have been to purchase shares at a higher price than we were contemplating offering. We were a major investor in shares of several companies around that time and the purchases of the Cumberland shares were made in conformity with that policy and for no other reason.

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Since July, 1974, the market in shares generally has moved downwards. The consideration in the takeover offer which has now been withdrawn was fixed on the basis that it represented our view of what in present circumstances represents a reasonable market price. It is quite wrong to suggest that any step has been taken at any time to endeavour to establish a market at or about that price.

30

The takeover offer was made because the Stock Exchange warned that it might delist Cumberland Holdings Ltd unless Fire & All Risks Insurance Co. Ltd disposed of some of its shares.

I am sure that your Committee would not assert a right to dictate to a listed public company whether or not it must dispose of any of its assets. FAI Insurances Ltd has not been willing to dispose of any of its shares in Cumberland Holdings Ltd so I must assume that your Committee's warning that Cumberland Holdings Ltd may be delisted is likely to be carried out. Those who would suffer from that course are the minority shareholders. When the takeover offer was made I thought, and I still think, it reasonable for FAI Insurances Ltd to

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CREST

Continuation Sheet No.3

offer those shareholders an opportunity in effect to

1275. Exhibit 71 - Letter
from FAI to Stock
Exchange - 6.12.74.

Exhibit 71 - Letter
from FAI to Stock
Exchange - 6.12.74.

exchange shares in what may be a delisted company for
shares in its ultimate parent which is listed.

I am not however willing to persist in that endeavour
if a consequence of it is that I am to be accused of
having tried to rig the market or of endeavouring to
force minority shareholders in Cumberland Holdings Ltd
to sell their shares for an inadequate price.

10

As you will note from the attached circular letter to
stockholders I am contemplating that FAI Insurances Ltd
may in place of its now withdrawn takeover offer issue
an invitation to the minority shareholders in Cumber-
land Holdings Ltd to dispose of their shares to FAI
Insurances Ltd on the terms of the present takeover
offer. Naturally before any such proposal is sent out
it will be submitted to your Committee for its consi-
deration. If your Committee takes the view that for
any reason an invitation in those terms should not be
issued then it will not be issued.

20

Yours faithfully,

L.J. Adler

Lawrence J. Adler
CHAIRMAN

IRH/JBT

9th December 1974

The Commissioner for Corporate Affairs,
Stocks and Holdings Building
174 Castlereagh Street,
SYDNEY 2000

Dear Sir,

Re: FAI Insurances Limited - Offer to Purchase
Stock Units in Cumberland Holdings Limited

Further to our recent discussions concerning the
above matter, we are now writing on behalf of
Washington H. Soul Pattinson & Company Limited
("Souls"), the holder of approximately 7% of the out-
standing Ordinary Stock Units and nearly 30,000 of the
Preference Stock Units of Cumberland Holdings Limited
("Cumberland") to inform you of certain matters relat-
ing to the take-over offer made by FAI Insurances
Limited ("FAI"). It is our client's belief that FAI
has acted in contravention of certain provisions of
the New South Wales Companies Act, 1961 and the
Securities Industry Act, 1970 in the manner in which
the take-over offer has been effected. The object of
this letter is to bring to your attention the evidence
upon which our clients base their belief. All state-
ments made in this letter are so made upon instructions
from our client.

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In support of the evidence which we set out here-
under we are enclosing:-

- (i) Stock Exchange quotations obtained by
our client with respect to the Ordinary
Stock Units of Cumberland for the period
May 17, 1974 - October 28, 1974;
- (ii) Extracts from the relevant parts of the
Transfer Journal of Cumberland with res-
pect to Ordinary and Preference Stock
Units for the same period;

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2/...

2. 9/12/74

The Commissioner for Corporate Affairs

- (iii) A brief statement of Cumberland Stock Units
purchased by Fire and All Risk Insurance
Company Limited ("FARI") (a wholly owned
subsidiary of FAI) from members of the

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Exhibit 49 - Letter to
Corporate Affairs

1277. Commission - 9.12.74

family of Mr. Lawrence J. Adler ("Adler")
(the Chairman of FAI and of Cumberland).

- (iv) Company searches relating to Adler's
family companies.

During the month of July 1974, in a series of
off-market transactions, FARI acquired 35,950 Ordinary
Stock Units and 138,128 Preference Stock Units of
Cumberland.

10

All of these purchases were from six vendors who
were either members of the family of Adler or companies
controlled by Adler or members of his family. The pur-
chase price was \$1.25 cash per Cumberland Ordinary
Stock Unit and 50¢ cash per Cumberland Preference Stock
Unit.

The result of these transactions was that the per-
centage holding of FARI in issued and outstanding
Cumberland Ordinary Stock Units rose from approximately
72% to approximately 80%. On 23rd July 1974 FARI
notified the Sydney Stock Exchange of this fact with
the result that the Exchange has informed Cumberland
that there is a possibility of the Cumberland shares
being delisted if the holding of FARI is not reduced
below 75% of all issued and outstanding Cumberland
Ordinary Stock Units.

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Subsequent to these transactions, on 13th Septem-
ber 1974, FAI announced to Cumberland, through its sub-
sidiary FARI, that it would be making a formal announce-
ment of its intention to make an offer in a Part A
statement under the provisions of the Companies Act
for the purchase of the outstanding stock units of
Cumberland not already owned by FARI.

30

In our opinion the above facts establish, at least
prima facie, the possibility that a series of offers to
acquire, or invitations relating to, stock units of
Cumberland were made to more than three persons by FAI
or persons associated with

3. 9/12/74 3/...

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The Commissioner for Corporate Affairs
it, which offers were made in contravention of Section
180C of the Companies Act.

You will note that the number of voting shares in question was, when calculated in accordance with the formula set out in Section 180D of the Companies Act, at the time immediately before such "offers" would have been made, more than fifteen. Hence the "offers" in question are not offers of the type referred to in Section 180C(2)(a) of the Act. Thus there remains the question of whether the offers were despatched over a sufficiently long period to come within the exemption in Section 180C(2)(b). On the fact of it, it seems clear from the short period over which the transactions in question were consummated and the transfers lodged, and the uniform price at which the transactions were made, that offers instigating them were made at approximately the same time; i.e. during a period of four months or less.

10

Therefore it would appear that offers or invitations were made by FAI, or persons associated with FAI, to acquire shares in Cumberland in contravention of Section 180C(1)(b) and Section 180C(3)(b) of the Act, in that no Part A statement was given to Cumberland as required in those Sections.

20

On the 1st November 1974, FAI did in fact lodge a Part A statement giving particulars of offers to be made to the remaining holders of Cumberland Stock Units of one FAI Ordinary Share for each Cumberland Ordinary Stock Unit and one FAI Preference Share for one Cumberland Preference Stock Unit. The Part A statement will of course be in your file. The offer to each Cumberland Stockholder has been despatched. Enclosed are copies of letters written by Mr. G. Donohoo, a Director of Cumberland, and by Mr. J.S. Millner, Chairman of Souls, to the minority stockholders of Cumberland. These circulars comprehensively indicate why the FAI bid is regarded as being totally inadequate.

30

On this basis, two or more offers constituting a take-over scheme having been made, the result of the "illegal" offers in July is that the listing of the stock units of the

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4. 9/12/74^{4/...}

The Commissioner for Corporate Affairs

Cumberland minority holders is at risk and also that it deprived them of the same consideration as was received by the Adler interests as is contemplated by Section 180M

of the Act. The latter principle is also adopted by the Rules of The Australian Stock Exchange, as is mentioned in the attached letters to the Cumberland minority stockholders.

The above information would also seem to indicate the possibility of a contravention of Parts VIII and VIIIA of the Securities Industry Act, 1970. You will see from the enclosed Stock Exchange quotations that on 28th June, 1974 the buyer's quote for Cumberland Ordinary Stock Units jumped from 80¢, a price which had remained unchanged during at least the preceding two months, to \$1.25. Thereafter for a period of two weeks, the price remained constant at \$1.25 on a total exchange turnover for that period of 3,400 Ordinary Stock Units. During this two week period, on 12th July, 1974 the Adlers disposed of their entire holdings 35,950 (except for 300) Ordinary Stock Units and 138,128 Preference Stock Units. Five days later the buyer's quote disappeared from the market to reappear on 31st July, 1974 showing a dramatic fall from \$1.25 to 50¢. The Cumberland Transfer Journal also reveals an on-market sale from one Adler company to another Adler company.

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Our clients, who are represented on the Board of Cumberland, know of nothing that would explain this three-stage fluctuation in the market price of Cumberland securities.

30

As a result of the activities of FAI and persons associated with it, our clients now find themselves in the unenviable situation of holding Stock Units in Cumberland which they must either dispose of now at a price far below their value based on their tangible asset backing, or retain those units in the face of the possibility that they will be delisted from the Stock Exchange and thus be extremely difficult to dispose of at a later date.

40

5. 9/12/74 5/...

The Commissioner for Corporate Affairs

The Registrar of the Workers' Compensation Commission of New South Wales has made application to that Commission to have the licence held by FAI Insurances Limited (formerly known as Australian and International Insurances Limited) revoked. A copy of the application is attached. We understand this matter may be proceeding within two to three weeks.

Exhibit 49 - Letter to
Corporate Affairs
Commission - 9.12.74

Our Clients

We believe the directors of FAI have acted im-
properly in not making a full disclosure of this fact
in their Part A Statement to Cumberland stockholders,
as this factor would be of the utmost importance to a
Cumberland stockholder in coming to a decision on the
take-over offer particularly when there is no cash
alternative. 10

A similar action was taken by the Registrar
against FAI in 1971.

We submit that the Commission should, on the
basis of the facts we have made available to it, immed-
iately seek orders pursuant to Section 180R that FAI
make or procure the making of cash offers to the minor-
ity stockholders of Cumberland equivalent to those
made to the Adler interests in July on the basis that
the provisions of Part VIB have not been complied with
and that protection of the rights of minority stock-
holders is required, they having been affected by the
take-over scheme in the manner outlined above. 20

Our clients are anxious to learn, as a matter of
urgency, whether the Commission proposes to take ac-
tion as requested in this letter, as knowledge of the
Commission's intentions would be most helpful to our
clients in determining what other means might be sought
to protect the minority shareholders of Cumberland.

Yours faithfully, 30

25th February, 1975

Commissioner for Corporate Affairs,
Stocks & Holdings Building,
174 Castlereagh Street,
SYDNEY. N.S.W. 2000

Dear Sir,

FAI Insurances Limited -
Offer to Purchase Stock Units in
Cumberland Holdings Limited.

10

On the 9th of December last we wrote to you on behalf of our clients, Washington H. Soul Pattinson & Company Limited ("Souls") in connection with a take-over offer made by FAI Insurances Limited ("FAI") for stock units in Cumberland Holdings Limited ("Cumberland"). In that letter we drew your attention to certain matters which, in the opinion of our clients indicated contraventions of relevant legislation, including parts VIII and VIIIA of the Securities Industry Act, 1970. At that time we furnished you with evidence concerning fluctuations in the market price of Cumberland Ordinary stock units during July 1974.

20

Our clients have recently forwarded to us the enclosed extract of information, prepared by the Sydney Stock Exchange, concerning fluctuations in the buyers' quote of the two classes of Cumberland Preference stock units. You will note that a substantial increase in the buyers' quote for these units occurred during the seven-day period commencing on July 12, 1974, and was followed by an even more substantial fall in the buyers' quote some eight trading days thereafter. These fluctuations closely parallel the fluctuation in the buyers' quote of Cumberland Ordinary stock units during this period which we drew to your attention in our previous letter. Moreover, the fluctuations occurred, as with the Ordinary stock units, in extremely light trading, indicating that they were not due to any strong demand in the market for the Preference units. You will no doubt recall that Mr. Adler and his family interests disposed of 138,128 Preference units to Fire and All Risks Insurance Company Limited

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2 25.2.75

Commissioner for Corporate Affairs

(a company of which he is Chairman) on July 12, in

Exhibit 49 - Letter to
Corporate Affairs
Commission - 25.2.75.

Exhibit 49 - Letter to
Corporate Affairs
Commission - 25.2.75.

off-market transactions at a price of 50c cash per Preference unit.

As in the case of Ordinary units our clients, who are represented on the Cumberland Board, know of nothing in the affairs of the company which would explain these fluctuations.

Our clients would be grateful if you could give this further evidence of possible contravention of the Securities Industry Act your urgent attention. As you may know, FAI Insurances Limited has called an Extraordinary General Meeting of Cumberland to remove Mr. Glen L.A. Donohoo from the Board, this prejudicing even further the interests of minority stock unit holders. Unless our client has reason to believe that the Commission is proposing to take firm action to protect the minority stock unit holders they will have no alternative but to seek other remedies. It would thus be most helpful to our clients to know if the Commission proposes to take any such action.

10

20

Yours faithfully,

encl.

THE SYDNEY STOCK EXCHANGE LIMITED
20 O'Connell Street, Sydney, N.S.W.,
2000
G.P.O. Box No.1360 Sydney, N.S.W.,
2001
Telephone: 231.0066
Cables: Stockex Telex:AA20630 -
AA22273.

Crest

in reply please
quote

EB:SS

27th November 1974.

Lawrence J. Adler, Esq.,
Chairman,
FAI Insurances Limited,
185 Macquarie Street,
SYDNEY. 2000.

10

Dear Sir,

CUMBERLAND HOLDINGS LIMITED

We refer to the Part "A" Statement issued in connection
with the takeover offer for the above-named company.
We should like to refer you to Clause 3 (f) thereof,
and seek your confirmation that the three month period
related to a period prior to 13th September 1974.

20

We would also draw your attention to Sections 5.(10) and
(11) of the Australian Associated Stock Exchanges
Listing Manual and should be glad of your confirmation,
not later than 5.00 p.m. on Thursday, 28th November
1974, that the statement made complies fully with the
listing requirements referred to above.

Yours faithfully,

P. Mitchelhill

P. W. MITCHELHILL
Manager - Companies.

30

CUMBERLAND HOLDINGS LIMITED
11 Johnston St., Annandale 2038 . Telephone *51-8242

28 November 1974.

RECEIVED
28 NOV 1974
THE SYDNEY STOCK
EXCHANGE
LIMITED

Mr. P. W. Mitchelhill,
Manager Companies,
The Sydney Stock Exchange Limited,
20 O'Connell Street,
SYDNEY. NSW 2000.

10

Dear Sir,

I acknowledge receipt of your letter dated 27th
November, 1974.

As the subject matter of your letter concerns legal
matters, I considered it appropriate to refer your
letter to the company's legal advisers, Sinclairs,
for reply.

Yours faithfully,

L. Adler

20

Lawrence J. Adler
CHAIRMAN.

LJA:sj

A Member of the FAI Insurance Group

SINCLAIRS

William James Sinclair
Notary Public
Commissioner for
Affidavits

Telephone: 233-3377
Cables "Sinsol"

David Bruce Armati, LL.B., WJS.ECD

Solicitors & Notaries
117 Pitt Street
Sydney, 2000
C D.E. 660

28 November 1974.

10

The Manager,
Companies,
Sydney Stock Exchange Limited,
20 O'Connell Street,
SYDNEY, N.S.W., 2000.

RECEIVED
THE SYDNEY STOCK
EXCHANGE
LIMITED

Dear Sir,

CUMBERLAND HOLDINGS LIMITED.

We are acting on behalf of FAI Insurances Limited and have been handed your letter of 27 November addressed to the Chairman of our client Company.

20

As stated in paragraph 3 (f) (not 2(f) as stated in your letter under reply) of the Part A Statement delivered by our clients on 1 November 1974, the three month period related to is a period prior to 1 November 1974. This was the correct date by reference to which the period is to be calculated.

We have advised our clients that the Part A Statement and the offer subsequently made by them comply fully with the requirements contained in Section 5(10) and (11) of the Australian Manual of Stock Exchanges.

30

We wish to draw your attention to the fact that, before our clients submitted their Part A Statement, the full documentation was submitted to a senior officer of the Stock Exchange by the writer. It was thoroughly discussed both with him and subsequently with a senior official of the Commission of Corporate Affairs and the full details of all the matters necessary to be incorporated were included and approved.

40

The Part A Statement was also subsequently considered at length by the Solicitors for Cumberland Holdings Limited who confirmed its correctness subject to one possible qualification not relevant to the points raised in your letter under reply.

Yours truly,
W.J. Sinclair
S I N C L A I R S.

Exhibit 50 - Letter
from Sinclairs -
28th November, 1974.

1286.

28 November 1974

EB:jhb

Your ref.
WJS.ECD

Messrs. Sinclairs,
Solicitors & Notaries,
117 Pitt Street,
SYDNEY. N.S.W. 2000

BY HAND

Dear Sirs,

CUMBERLAND HOLDINGS LIMITED - FAI INSURANCES LIMITED

We thank you for your letter of even date and we confirm that your Mr. Sinclair submitted the draft Part A Statement for approval by the Exchange prior to the issue thereof. 10

However, we wish to draw your attention to listing requirement Section 5(12)(a) which reads as follows:

"If any party referred to in 5(11) above has dealt in the shares in the offeror and/or offeree corporations during the period commencing three months prior to the announcement of the offer and ending as at the date of the Part "A" Statement the details of the transactions, including dates and prices, must be stated in the offer document. If no such deals have been made this fact should be stated." 20

At the time of our discussions, our Mr. Barrett was not aware of the fact that the company had made an announcement on 13 September 1974, and neither was this matter brought to his attention by Mr. Sinclair, acting on behalf of the company, and it was on the assumption that the first announcement made was at the meeting on 31 October 1974 that the Part A Statement was approved of. 30

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-2-

It is the opinion of the Exchange that the period commencing three months prior to the announcement of the offer runs from 13 September 1974.

We should be pleased to hear from you by 11 a.m. on Friday, 29 November 1974.

Yours faithfully,

P.W. MITCHELHILL
Manager - Companies

40

Exhibit 50 - Letter
from P.W. Mitchelhill -
1287. 28th November, 1974.

SINCLAIRS

William James Sinclair
Notary Public
Commissioner for
Affidavits

Telephone 233-3377
Cables "Sinsol"

David Bruce Armati, LL.B. WJS.ECD

Solicitors & Notaries
117 Pitt Street
Sydney, 2000
C.D.E. 660

29 November 1974.

10

P. W. Mitchelhill, Esq.,
Manager - Companies,
The Sydney Stock Exchange Limited,
20 O'Connell Street,
SYDNEY,

Dear Sir,

FAI INSURANCES LIMITED AND
CUMBERLAND HOLDINGS LIMITED

We acknowledge receipt of your letter of the 28th instant relative to the above.

20

We note you have formed the view that for the purpose of Section 5(12) (a) of the listing requirements the period commencing three months prior to the announcement of the offer runs from the 13th September 1974. This assumes that the circular letter sent by Cumberland Holdings Limited to its shareholders on that date constituted the announcement of an offer within the meaning of Section 5 (12) (a).

In our opinion this assumption is not well founded in law.

30

The section does not define the word "offer" and therefore it must be interpreted in accordance with its normal meaning. So far as offers for the purchase of an item are concerned, an offer must be sufficiently precise to enable the offeror to know, at any rate, the principal terms which are to govern the transaction.

In the present case the first date on which the announcement of an offer was made within that normal definition of the word was on the 1st November. It was, in fact, contained in the Part A Statement itself, so the relevant period covered by the rule is the period 1st September to 1st November. The contents of the Part A Statement are correct in relation to that period.

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Exhibit 50 - Letter
to P.W. Mitchelhill -
1288. 29th November, 1974.

Exhibit 50 - Letter
to P.W. Mitchelhill -
29th November, 1974.

We have consistently advised our client in these
terms and they have acted on our advice in

/2

29 November 1974.

-2-

SINCLAIRS

delivering the Part A Statement on that footing. We
would like to emphasise this point at this stage, in
order to make it quite plain that there has never been
any question of our clients not wishing to follow in
letter and in spirit all the requirements of the list-
ing requirements. We are emphasising this point be-
cause, if the relevant period for disclosure of pur-
chases commenced three months prior to the 13th Sept-
ember 1974, our clients would have had various trans-
actions to disclose. There has never been the slightest
question but that they would have made due disclosure
if they had been advised that this was necessary under
the listing requirements.

10

20

With regard to the comments made in the third
paragraph of your letter, we point out that a copy of
the circular letter of the 13th September 1974 referred
to above had been sent to the Sydney Stock Exchange
and was in their possession when the draft Part A
Statement was under discussion. Furthermore, the Part
A Statement itself makes specific reference to the
letter in paragraph 7 (a) (iii). The matter was not
canvassed further between Mr. Barrett and the writer
due to the fact that at no stage did the writer consi-
der that the letter could have constituted an offer
within the terms of the section above referred to. If,
in fact, Mr. Barrett did not share this opinion, then
the writer can only express regret that a misunder-
standing - of which he was certainly not aware at the
time - appears to have existed. We would again repeat
that if that was the case it was not due to any fault
of our clients.

30

Yours truly,

W.J. Sinclair.

40

S I N C L A I R S.

29 November 1974

EB:jhb

Your ref.
WJS.ECD

Messrs. Sinclairs,
Solicitors & Notaries,
115 Pitt Street,
SYDNEY. N.S.W. 2000

BY HAND

Dear Sirs,

FAI INSURANCES LIMITED AND CUMBERLAND HOLDINGS LIMITED

We are much obliged for your letter of even date and note what you state. 10

We note your opinion that our assumption is not well founded in law and that the section does not define the word 'offer'.

The opinion of the Exchange is that, in accordance with Listing Requirement Section 5(12)(a), the announcement runs from that date. Accordingly, we would ask you or your clients to furnish the required information on the various transactions which commenced on a three month period prior to 13 September 1974. This information should be given in a form suitable for public release. We should appreciate receiving such information by 5 p.m. on Monday 2 December 1974. 20

There appears to be no doubt that a misunderstanding took place between our Mr. Barrett and your Mr. Sinclair, and we apologise for any inconvenience caused you due to such a misunderstanding.

Yours faithfully,

P.W. MITCHELHILL
Manager - Companies

30

SINCLAIRS

William James Sinclair
Notary Public
Commissioner for
Affidavits

Telephone 233-3377
Cables "Sinsol"

David Bruce Armati, LL.B. WJS.ECD F.22

Solicitors & Notaries

117 Pitt Street
Sydney, 2000
C.D.E. 660

RECEIVED
-2DEC 1974
THE SYDNEY STOCK
EXCHANGE
LIMITED

2 December 1974.

10

P. W. Mitchelhill, Esq.,
Manager - Companies,
The Sydney Stock Exchange Limited,
20 O'Connell Street,
SYDNEY, N.S.W., 2000.

Dear Sir,

FAI INSURANCES LIMITED AND CUMBERLAND
HOLDINGS LIMITED

20

We acknowledge receipt of yours of the 29th
November and note the contents.

We can only reiterate the view expressed in our
letter to you of the 29th November, namely that the
first date on which the announcement of an offer was
made by our clients was on the 1st November 1974.

Since you hold a contrary view we have today con-
sulted Senior Counsel, Mr. R. J. Bainton, Q.C., who
confirms unequivocally the view expressed in our letter
above referred to.

30

Yours truly,

W.J. Sinclair

S I N C L A I R S.

Telephone 241.3871

17th Floor 00124
1 York Street
Sydney 2000
10th December, 1974.

To: The Ordinary Stockholders and
Preference Stockholders of
Cumberland Holdings Ltd.

Dear Stockholder,

Take-over offer from FAI Insurances Limited

FAI Insurances Limited (FAI) has advised that its take-over offer for your stock units in Cumberland Holdings Limited (Cumberland) has been withdrawn. 10

This vindicates the stand I took that the take-over offer made by FAI was grossly inadequate. The reasons for my stand were explained in my circular to you dated 21st November, 1974.

In another circular sent to stockholders, you were advised that a subsidiary of FAI had acquired ordinary stock units in Cumberland from the family of Mr. Adler (Chairman of FAI and Cumberland) and from Adler family companies for \$1.25 cash with which the value of the ordinary share in FAI being offered to you (worth approximately 53 cents) compared unfavourably. These sales by the Adler family were made off-market in July at a time when the market price of Cumberland ordinary stock units took a dramatic upturn to \$1.25, falling back to a buyer's quote of 50 cents shortly afterwards. Then FAI announced on 13th September that it would be making the take-over offer. 20

I trust the next offer to be made by FAI is comparable with the amount received by the Adler family and their family companies which is approximately the net tangible assets backing of the Cumberland ordinary stock units. 30

The Adler family companies received 50 cents cash for their preference stock units in Cumberland in July. I trust the next offer to be made to Cumberland preference stockholders will contain a similar cash alternative.

Yours faithfully,
G.L.A. Donohoo 40
Glen L.A. Donohoo
Director
Cumberland Holdings Limited.

c.c. The Sydney Stock Exchange Limited
Corporate Affairs Commission of N.S.W.

Exhibit 20 - Circular
to Stockholders from
1292. Mr. Donohoo

00130

13th December, 1974.

The Chairman of Directors,
Cumberland Holdings Limited,
185 Macquarie Street,
SYDNEY. 2000

Dear Mr. Adler,

At the meeting of directors held on 15th November, 1974, it was arranged that a draft of the minutes of the meeting would be perused by Norton Smith and Co. and then forwarded to each director.

10

Following my letter of 29th November and our telephone conversation on 6th December, I still have not received a draft.

Would you please forward the draft received from Norton Smith as soon as possible and well before next Wednesday's meeting.

Yours faithfully,

G.D.

1293. Exhibit 21 - Letter
to Cumberland Holdings
from Mr. Donohoo

CUMBERLAND HOLDINGS LIMITED

00137

11 Johnston St., Annandale 2038 . Telephone
51.8242

December 16, 1974.

Mr. G. Donohoo
17th Floor
1 York Street
Sydney, N.S.W. 2000

Dear Mr. Donohoo,

I acknowledge receipt of your letter of December 13,
1974. 10

In accordance with our usual practice, Minutes of the
meeting held on November 15 will be tabled at the next
meeting of the Directors.

As previously arranged the next meeting of the Directors
will be held at 9 a.m. on Wednesday, December 18, 1974.

Yours sincerely,

L. Adler
LAWRENCE J. ADLER
Chairman

20

A member of the FAI Insurance Group

00138

16th December, 1974.

Mr. L. Adler,
Chairman of Directors,
Cumberland Holdings Limited,
185 Macquarie Street,
SYDNEY. 2000

Dear Sir,

I am in receipt of your letter of even date.

I am deeply concerned at your turnabout in regard
to providing me with a copy of the minutes of the meet-
ing of directors held on 15th November, 1974 prior to
the next meeting of directors to be held on 18th
December, 1974.

10

It had been agreed at the Meeting held on 15th
November that Mr. David Walker of Messrs. Norton Smith
& Co., Solicitors to the Company, would approve the
draft minutes of the meeting and that copies of such
draft would be provided by Messrs. Norton Smith & Co.
to be circulated to each director and to Mr. Sinclair.

20

In conformity with that agreement I again request
that a copy of the minutes of the meeting of directors
held on 15th November be forwarded to me forthwith.

Yours faithfully,

GD.

shown to Belfer on
Board meeting GD 18/13/74

1295.

Exhibit 21 - Letter
from Mr. Donohoo to
Mr. Adler