

operating throughout the world, and at the same time for the Board and the Government to stop other companies from operating in the same way. The absolute exclusion of others who were in a position to bid enabled Vestey's to shelter under these conditions and get our works at their own price, with the result that the shareholders lost all their capital, and the guarantors are liable to be called on for a substantial amount. In the year 1919 the bank held two guarantees of the directors, one for £350,000 and another for £20,000, but these guarantees were reduced to £120,000 during 1922 in consequence of the then improved financial position of the company.

The directors feel strongly that the spirit and intention of the legislation against trusts was clearly intended by Parliament to meet such a case as this and stop such works passing over to such a powerful combine or trust.

The directors consider that none of the oversea concerns should be allowed to acquire interests in New Zealand freezing-works, but if one is allowed, particularly the most powerful of all, then all the oversea interests should be allowed to operate. It has been openly stated by Sir William Vestey that his company is three times stronger than any one of the American meat trusts. It was also openly admitted that the only bidder was to be Vestey Bros., and in this way your directors feel that a very great wrong has been done to the shareholders as well as to the district as a whole.

The first intimation the directors received in the matter was the following telegram which the local manager of the bank received from his general manager and communicated to the directors on the 6th September last, which read as follows:—

"Have received word from A. Rowlands that offer made to-day for Poverty Bay Farmers' Meat Co. exclusive of 'Admiral Codrington.' Inform W. D. Lysnar and other directors that in my opinion immediate sale is only way to stop further loss to both the guarantors and the bank, and unless accepted by directors immediately the bank will take steps for compulsory liquidation. Reply by telegram earliest date directors can meet to consider offer."

Later on, on the same date, a definite offer was received on behalf of Vestey Bros. offering £225,000 for the works, &c., but not to include the ship, this offer to remain open for seven days; terms, £150,000 to be paid in cash, balance to be arranged.

Your directors at once took steps to approach the general manager of the bank with a request not to force the position, and offered alternative proposals to save the position, all of which he declined, and at the same time the directors refused to accede to the bank's request to agree to the suggested sale.

The directors took immediate steps to call a meeting of shareholders to acquaint them of the position, when the following resolution was passed with only two dissentient voices:—

"That this meeting of shareholders expressed its entire approval of the course adopted by the directors in refusing to sanction the sale of the works to Vestey Bros., and it endorses the resolution of the directors, for in the opinion of the shareholders it would be a calamity and contrary to the spirit and intention of the legislation and the pledges of the Government if a sale was sanctioned to such a huge combination, as it will unquestionably give Vestey Bros. an undue advantage as against other buyers of stock and so stifle competition to the detriment of trade generally.

"The meeting further suggests that a respectful request be again made to the bank not to force the suggested sale, and while fully recognizing that the bank has acted very fairly and reasonably in the past, this meeting desires to assure the bank that the individual shareholders will do their very utmost to support the company with their stock and any extra shares the bank may consider necessary to fully protect its position, providing time is given; or, alternatively, to agree to a definite levy against stock.

"That if the bank still refuses to give time, then a further appeal should be made both to the Government and to the Meat Producers' Board to stop the sale, and failing this being successful, then this meeting pledges itself to take every legitimate step possible to prevent Vestey Bros. or any other oversea interest from continuing to work or acquire any freezing-works in New Zealand."

Since the passing of the above resolution your directors did everything possible within the very short time at their disposal to save the works from being sold, without result; and the land, buildings, plant, and machinery affixed thereto, including the railway-siding, were finally sold by the bank, through the Registrar of the Supreme Court, on the 3rd November to Nelson Bros., on behalf of Vestey Bros., for £192,000, subject to a mortgage of £25,000; and although your directors have no official intimation of the actual result, they understand the bank is selling other assets to Vestey Bros. that makes the total price paid up to £225,000, the amount of the original offer.

On the 3rd October last your directors sent a copy of the above resolution to the Hon. Minister of Agriculture, Mr. Nosworthy, but they regret to say they received no reply whatever from him.

When your directors reported to the shareholders on the 30th October last they made the following statement: "We have received a letter from a large meat-buyer who put through the local works last year equivalent to about 90,000 sheep and lambs, in which he states that if Vestey Bros. purchase these works it will entirely eliminate their competition at Gisborne, as they will cease to operate here, which would be very detrimental to the producers."

Your directors regret to state that since Vestey Bros. purchased the works this buyer has now officially intimated that he has ceased to operate in this district, which is very detrimental to the general welfare of the district.

Regarding the price realized for the works, your directors have no hesitation in saying it was sold at a very serious sacrifice and much below its true value, and in justification of this your directors had in September, 1921, obtained a detailed report of the valuation of this company's works, plant, and buildings by two freezing-works engineering experts—viz., Messrs. C. J. McCarthy and Alexander James, both of Wellington—which showed the works to be worth £401,802 18s. 6d. This included £35,455