



Outline:

This document contains mentions of Dragon Data and related items in the Welsh Development Agency (WDA) records held at the National Archive Kew London, from Feb 1982 – May 1984.

Notes:

- Extracts are presented in chronological order.
- The embedded bookmarks contain the original filenames the PDF was generated from, the first 6 numbers represent the year and month of the page (<YYYY><MM>)
- During the period of Dragons reign the parent company Mettoy was in financial difficulty and also involved with the WDA, these references have not been included unless directly related to Dragon Data.
- This document does not contain the October 1982 memorandum which outlined the financials etc. for WDA's review, in relation to getting funding. The memorandum is available as a separate document.

Disclaimer:

I've done my best to present the extracts in chronological order but due to limited time on the day at the National Archive vs the number documents, there is the possibility some references maybe out of order.

www.DragonData.co.uk

said (paragraph 3 above), there is a lack of modern property. This size of course usually goes to tenants from outside Wales, including projects from abroad. At the moment we have a very good prospect of letting a 50,000 sq ft factory at Kenfig. The market for the size is however specially speculative - the property at Kenfig has been vacant for 6 years. I propose however that we should provide a further 50,000 sq ft factory; otherwise, once the Kenfig property is let, we will have no modern 50,000 sq ft factory available at all in South Wales. Because the Government incentives are specially significant for this size (see paragraph 2(c) above), I propose that it be located at Rassau, which is in a special development area and gets the maximum Government incentives.

IAN GRAY
9 February 1982

Company Name Location Enquiry No.	Trade/Turnover/Staff	Amount Required and Purpose	Comments
<u>E741</u> Anna Roose Ltd Oxted	Dress designer. Cost of dresses £160 upwards	Taking over Jonro Fashions in Denbigh. £40 - 50,000 for working capital	Requires resolution of security arrangements with ICFC before it can proceed to investigation stage.
<u>E745</u> Andrew Zerk St Dogmaels Cardigan	Manufacturers of wooden sheets	New venture. £5,000 subsidised loan	Meeting to be held.
<u>E746</u> Chepstow Typesetters Ltd Avonmouth, Bristol moving to Wales	Typesetter and letter- press printer Staff : initially 28	Amount unknown	Proceed to application stage.
<u>E749</u> Timberfell Ltd Llanboidy	Timber felling, surgery and products	£50,000 ECSC. £10,000 secured loan to assist with the erection of premises	Proceed to application stage.
<u>E750</u> Semtek Developments Llanelli	Machine shop and injection moulding operation	£6,900 ECSC for the purchase of machinery	Banks involvement needs to be determined before Agency can proceed.
<u>E752</u> Mettoy Limited Swansea	Computer manufacturers T/o : £30 million	Amount unknown for development of a computer	Further information awaited.
<u>E753</u> Pieter J Rippen	Piano Action and key- board project	Project to continue the BPA business by buying the assets from the receiver	Meeting to be held.

5. Other building contracts completed were an extension of 1,400 sq.ft. for Porcelain of Italy Ltd, Maesteg and the provision of additional office/canteen facilities for Gould Activair Ltd, Wrexham.

6. A contract was let under the Agency's programme associated with the run-down of steelmaking in South West Wales for the first six advance factories totalling 74,500 sq.ft. at Dafen Industrial Park. A contract was also let under our normal programmes for eight advance factory units to provide 9,000 sq.ft. at Cillefwr Carmarthen.

7. Other contracts were let for an extension of 12,432 sq.ft. for Penny & Giles Ltd, Pontllanfraith and for the sub-division of the ex-Shelley Ltd premises at Corwen into eight units to provide a total area of 38,847 sq.ft. In addition two civil engineering contracts were let; one for Phase III of the site development of Queensway Meadows Newport and one for Phase I of the development of the Mamhilad site at Pontypool.

8. Currently the Agency has £40.3 million of work under construction with a further £18.7 million in the various stages of design.

Land Acquisition

9. Several sites in various parts of the Principality have recently been identified for possible acquisition. The largest is a 40 acre site adjoining the Industrial Estate at Hirwaun, whilst at Ystrad Mynach and Cardiff, sites of 20 acres have been identified and also a 15 acre site at Usk. In North Wales we are investigating the possibility of acquiring 10 acre sites at both Flint and Conwy Morfa. Smaller sites have been identified at Treforest, Monmouth, Llanerchymedd (Anglesey) and Drefach-Velindre (Dyfed).

10. We are currently pursuing the acquisition of almost 1,000 acres of land and hope that most of the cases will be completed during this financial year.

Enquiries for Sites and Premises

11. Two hundred and thirty enquiries were received in October for factory units marginally below the previous month but this was compensated by applications being received for 31 units, eleven more than in September. Lettings of 20 units (161,140 sq.ft. - 517 jobs anticipated over three years) were approved.

12. The lettings included the 50,000 sq.ft. vacant factory at Kenfig West Glamorgan for Dragon Data Ltd, formerly a subsidiary of Mettoy Ltd, but soon to be floated off. They will manufacture components for and assemble mini computers. In North Wales Robertson Research took occupation of the 10,000 sq.ft. vacant factory at Llandudno Junction for the analysis of geological samples.

Finance
and
Investment
Committee

80/9

The Board considered the Minutes of the meeting of the Finance and Investment Committee held on 11 October 1982 which are shown at Appendix A to these Minutes.

Dragon Data Ltd - Mr Rees declared an interest in the Mettoy Group and withdrew from the meeting during the discussion of this item.

The Board received a further report from the accountants commissioned by the Agency which had confirmed the viability of the project.

The Executive Director (Industry and Investment) reported that since the meeting of the Finance and Investment Committee, firm orders had increased to 44,000 units. There was however considerable pressure from the Bankers to the Mettoy Group for the appointment of a Receiver and an appointment had narrowly been avoided. Efforts were being made to persuade the Bank that the funds provided to the Mettoy Group by the sale of Dragon Data would give the group an opportunity of stabilising its financial situation and would not weaken the Bank's position in the interim.

The accountants, in their further report, had recommended that the Agency should seek legal advice on the implications of an Agency investment in this project. This advice had been obtained and it was reported to the Board that the Agency's legal advisers had agreed with the accountants concerning Section 48 of the Companies Act 1980 and the requirements of the Stock Exchange in relation to a transaction of this nature. On the involvement of the Agency as a participator in the consortium being assembled to enable the purchase of Dragon Data to take place, the Agency's legal advisers had concluded that there was no reason why the Agency should not be a party to an attempt, by purchase of an asset, to rescue Mettoy Ltd, which the Agency had been advised would otherwise go into immediate receivership if the proposed transaction did not proceed. The advisers concluded that there were no legal obstacles to the Agency proceeding.

The accountants had further proposed that the directors of Mettoy should seek legal advice on the propriety of the transaction for the Board of a listed company. It was the understanding of the Agency that this advice had been obtained by the directors and that to the best of the Agency's knowledge, the advice received had confirmed that the directors could dispose of this asset.

The Executive Director (Industry and Investment) further reported that the terms of the investment as originally reported to the Committee had been amended in that the funds to be made available by the Agency would be re-allocated on the purchase of net rather than gross assets and know-how but that this did not involve the provision of additional funds.

CONFIDENTIAL: Limited circulation.

Minutes

The following points were made in discussion of the Minutes relating to investment activities:-

81/8

- (a) It was reported that the Agency's application for membership of the Mid Glamorgan County Council Pension Scheme had been approved by the Council's Finance Committee subject to ratification by the full meeting of the Council.
- (b) Align-Rite Corporation - The Agency had been advised that the additional funds of £1.8 million had been obtained but confirmation in writing was awaited with further details of the source.

Managing Director's Progress Report on Investment Activities

The Managing Director presented his 72nd Progress Report on Investment Activities for the month of October 1982.

In discussion, Mr Herbert expressed concern at the apparent loss to Wales of a new waferboard plant but complimented the Agency staff on the efficient manner in which this enquiry had been dealt with.

81/9

Finance & Investment Committee

The Board considered the Minutes of the meeting of the Finance and Investment Committee held on 8 November 1982 which are shown at Appendix A to these Minutes.

81/10

Dragon Data Ltd

RESOLVED:

To approve the appointment of Mr Derek Morgan of PA Management Consultants Limited as the Agency's non-executive director on the board of the company.

Triang Toys Ltd

It was reported that the company's bankers had formally confirmed that the Agency was released from its guarantee to the bank in the sum of £100,000.

RESOLVED:

To adopt the recommendations contained in Minutes FIC44/2 and FIC44/4.

13. Overall the general level of interest in Agency factories, applications and letting approvals was somewhat down on earlier months.

PRIVATE FUNDING - Appendix 6

Factory Sales and new Development

14. Six tenants have expressed an interest in acquiring their factories in the last month and these interests are being followed up. A decision is expected shortly from Wilkinson Sword as to whether they will agree to the restructuring of their lease to enable the Pearl Assurance Co to purchase the factory as an investment.

15. The rental guarantee/leaseback transaction with ICF C for the development of 20,763 sq.ft. of nursery factory units at Coedcae Lane, Talbot Green Mid Glamorgan, has been completed. ICF C had found problems with the acquisition of the site but these have been resolved and construction will start shortly. Following recent advertisements in the property press, several investors are discussing the purchase of tenanted factory unit development at Bridgend, Pentwyn Cardiff, Kenfig and Barry with Healey & Baker. It is hoped that several further sales may result from this response.

LAND RECLAMATION - Appendix 7

16. The following three land reclamation schemes were formally approved in October.

<u>County</u>	<u>District</u>	<u>Project</u>	<u>Area</u> (acres)	<u>Cost</u>	<u>After-use</u>
Dyfed	Ceredigion	Tobruk	2.5	£4,000	Agriculture
Gwynedd	Meirionydd	Maes Newydd Reservoir	1.5	£57,000	Amenity
West Glam	Swansea	Mannesman/Black Tips/Flood Lake	45.2	£1,434,000	Industry/ recreation

PUBLICITY AND PROMOTION

17. The initial investments by our new venture capital subsidiary, Hafren Investment Finance, attracted considerable attention from the news media, both nationally and locally. One of Hafren's first clients, a manufacturer of dish TV aerials, demonstrated his equipment at a well attended press briefing at the Agency's head offices and I gave radio and television interviews for BBC and HTV.

18. The Agency's investment in Dragon Data Ltd made as part of a consortium formed to continue the development of Mettoy's Dragon home computer also attracted widespread publicity and there was useful new coverage of our investments in Handwell Ltd, of Cwmbran and Anna Roose Ltd at Denbigh.

<u>Premises</u>	<u>Tenant</u>	<u>Activity</u>	<u>Jobs</u>
<u>Gwent</u>			
A/F 4 & 5 Blaina (2 x 3,000 f ² / 279m ²)	Organic Fibres Ltd.	Mfr. fibre plant pots	25 - 3 yrs
A/F 8 Cwmfelin- fach ₂ (10,000 f ² / 936m ²)	Nickelsolar Ltd.	Mfr. & distbn. solar panelled water treatment plant	30 - 3 yrs
A/F 18 Cwmfelin- fach ₂ (3,000 f ² / 279m ²)	Command Enterprises Ltd.	Mfr. supermarket trolleys	38 - 3 yrs
<u>Mid Glamorgan</u>			
A/F 22 Treorchy ₂ (4,500 f ² /420 m ²)	Deltatronix (Whole- sale Security Components Ltd.)	Mfr. security equip- ment	12 - 3 yrs
A/F 20 & 21 Treorchy (2 x 3,000 f ² / 279m ²)	D & J Furnishings Ltd.	Mfr. furniture frames	25 - 3 yrs
A/F 3 Penallta ₂ (3,000 f ² /279m ²)	Cardiff Corrugated Cases	Mfr. corrugated cases	10 - 3 yrs
<u>South Glamorgan</u>			
A/F 55 Cardiff ₂ (10,000 f ² /936m ²)	West N'Welsh Windows Ltd.	Mfr. windows & doors	45 - 3 yrs
A/F 105 Portman- moor Road (2082 f ² /193m ²)	One Mane Ltd.	Joinery workshop for kitchen worktops	N/K
A/F 108 Cardiff (527 f ² /54 m ²)	Air Call PLC	Installation & service of vehicle communica- tion equipment	2 - 3 yrs
<u>West Glamorgan</u>			
A/F E Pontardawe (7,200 f ² /668m ²)	Getahead Board Co. Ltd.	Mfr. upholstered head- boards	25 - 3 yrs
A/F 3 Kenfig (50,000 f ² / 4645 m ²)	Dragon Data Ltd.	Mfr. & assembly of home computers	100 - 3 yrs
A/F 4 Neath ₂ (4,500 f ² /420m ²)	Resolven Case & Packaging Co.	Mfr. pallets & cases	16 - 3 yrs

No. of Units Formally Allocated 20

Total Floorspace 161,140 sq ft

No. of Jobs Promised 517

Torch
Computers
Limited
(contd.)

FIC43/2

The following points were made in discussion:-

- (a) In response to a question from Mr Walters, it was confirmed that the original problems associated with the computer disc peripherals had now been resolved and that the software was well documented.
- (b) Mr Walters questioned whether the Agency possessed sufficient specialist expertise to determine the relative merits of competing business micro computers. The Managing Director responded that a certain amount of expertise was available in-house but where necessary, it was established Agency practice to obtain outside specialist advice.
- (c) Mr Walters questioned the extent of Agency monitoring of Agency investment in the high technology field. It was reported that it was the Agency's intention to appoint a non-executive director having specialist expertise.

RESOLVED:

To approve an Agency investment of £250,000 in Torch Computers Ltd on the terms as now reported to the Committee.

Dragon
Data
Limited

FIC43/3

The Committee considered a discussion document setting out details of an approach to the Agency to subscribe towards £2.2 million new equity being sought by Prutec Ltd to purchase the assets of Dragon Data Ltd from the Mettoy Group. Prutec were prepared to provide £1.32 million by way of equity and loan and were seeking other investors interested in investment tranches.

They had commissioned Accountants to produce a report into the affairs of Dragon Data and the report was considered by the Committee.

On the basis of information available when the report had been prepared insufficient information was available to support a positive recommendation that the Agency should take a minority shareholding in the company. A further report was however tabled summarising additional information. The tabled paper noted that Mettoy's position had deteriorated rapidly over the past three months and a Receivership was imminent although the Banks had agreed to defer action on the appointment of a Receiver until 12 October and possibly until 19 October. Mettoy were dependent on the sale of Dragon Data for survival.

Dragon
Data
Limited
(contd)

FIC43/3

Firm orders had now been received for 11,000 computers and total sales of 25,000 units during 1982 seemed assured. A more detailed analysis of cash flow had revealed a cash requirement of £2.4 million excluding bank finance. It was now proposed that the split between equity and loan funding should be as follows:-

	<u>£'000</u>		
	<u>Equity</u>	<u>Loan</u>	<u>Total</u>
Prutec	735 (49%)	441	
Agency	449 (29%)	269	
Others	<u>316</u>	<u>190</u>	
	<u>1,500</u>	<u>900</u>	<u>£2,400,000</u>

The Prutec board had approved their investment subject to confirmation of the availability of additional funds. Due to difficulties in the Agency providing short-term funds, ECSC or EIB loan was proposed secured by way of a first charge on fixed assets.

The following points were made in the discussion:-

- (a) It was confirmed that in determining this application, the Agency could not be directly concerned with the survival or otherwise of the Mettoy company.
- (b) It was proposed that the board of Dragon Data would comprise two non-executive directors appointed by Prutec, one director appointed by the Agency and one director appointed by the two other subscribers. In addition, the Chief Executive of Dragon Data would also be a board member.
- (c) It was agreed that there was a need to motivate company executives either with the provision of share options or bonuses together with service contracts.

RESOLVED:

To recommend the Board to approve an Agency investment of £718,000 in Dragon Data in the form of £449,000 ordinary shares (29% of the equity) and a loan of £269,000 subject to the following conditions:-

- (a) The new company should be established in separate premises from Mettoy;

Dragon
Data
Limited
(contd.)

(b) the management team of the new company should be dedicated to the company's future and not over-involved in the restructuring and future management of Mettoy;

FIC43/3

(c) the purchase of all components for the computer - principally mouldings - should be on an arms length basis from tools in the ownership of the new company and

(d) Peat Marwick Mitchell be commissioned to advise on the implications of purchasing assets from a public company known to be in severe financial difficulties and to advise on the form of investment and structure of the new company.

Align-
Rite
Corporation

FIC43/4

At its July meeting the Agency Board had approved in principle an investment proposal of £1 million in a new high technology company to be set up in South Wales to manufacture photomasks for the semiconductor industry. The investment would be in the form of £425,000 equity, £325,000 cumulative redeemable preference shares and £250,000 ECSC loan secured by a first charge on fixed assets. The approval of the Board was subject to the final investment package being submitted to the Board prior to any formal offer being made to the company.

The Executive Director (Industry and Investment) reported to the Committee on his visit to the company in America to inspect the manufacturing operation, identify the sources of additional equity funds to be raised and to assess the capability of the senior executives of the company to run the UK operation. It had been agreed with the Managing Director of Align-Rite that certain management weaknesses existed and in the event of an Agency investment, it was proposed to supplement the proposed technical and sales marketing executives with a well-experienced top executive and a fourth individual to liaise with the parent company and the European customers for the project. The Agency had undertaken to assist Align-Rite in the selection of the appropriate chief executive.

The following points were made in the discussion:-

- (a) It was confirmed that the Agency investment would not be made unless the additional funds of £1.8 million would be available from other sources.
- (b) Mr Holland referred to the poor results performance of the company over the past five years but noted the significant improvement during the past six months.

INVESTMENT PORTFOLIO, QUARTERLY APPROVALS AND PROGRESS
SUMMARIES - Appendices 4, 5 and 6

7. There were seven approvals for new investments which increase the portfolio by £1,165,000 - details are as follows:-

		<u>Agency funds</u> <u>as % of total</u> <u>new funding</u>
Dragon Data Ltd. Swansea	£535,000 (equity and loan note)	22
Torch Computers Ltd Caernarfon	£250,000 (equity)	100 (Institutional investors already involved)
Manufax Engineering Ltd Sandycroft	£100,000 (ECSC loan)	60
Primographic Co Ltd Brecon	£100,000 (pref shares and loan - previous investment £50,000)	100
Messrs Owen & Nicholas Bangor	£35,000 (subsidised loan)	50
Valdon Ltd Abergorki	£25,000 (pref shares)	100
	<u>£1,165,000</u>	

8. It has been necessary to make two small adjustments to the portfolio. Another pottery company has failed and a receiver/liquidator is to be appointed to Pedler Cycles in the next few days. Although Midland Bank will lose heavily on Pedler Cycles, the Agency investment is very well secured and no provision seems necessary. Details are as follows:-

Dragon Pottery Ltd	£50,000
Pedler Cycles Ltd	£30,000
	<u>£60,000</u>

SMALL BUSINESS ACTIVITY

9. The following summary shows the activities of the SBU in October:-

Moss
Gears
& Co Ltd
(contd.)

RECOMMENDATION:

To approve an Agency investment of £280,000 comprised as follows:-

FIC44/3

- (i) £50,000 ordinary shares (25% of the equity) with the shares carrying an option in favour of the other share holders to purchase after year 8 at the then net asset value of the company or a multiple of not less than 6 times post-tax profits whichever was the higher.
- (ii) £70,000 redeemable participating convertible preference shares with a gross coupon of 8% redeemable at par plus 20% plus participation pari passu with ordinary shareholders to give the maximum additional dividend of 10% per annum and in any event a minimum of 5%.
- (iii) £160,000 ECSC loan secured by way of a first fixed charge on plant.

Delyn
Packaging
PLC

Dr T J Norris, the Agency's nominated non-executive director on the Board of Delyn declared an interest in this item and withdrew from the meeting during discussion thereof.

FIC44/4

The Committee considered an application by Delyn for an ECSC loan of £150,000. In 1977, the Agency had made an investment of £298,000 in the company comprising £118,000 for 29.65% of the issued ordinary share capital and a seven year secured loan of £180,000. The Agency retained the shares and the current balance on the loan was £78,000. In January 1982, the principal factory at Caerphilly had been destroyed by snow and in rebuilding, the opportunity was being taken to instal modern machinery and to acquire the head leases of the two factories at Caerphilly. The proposed ECSC loan was required as part of the redevelopment programme.

It was reported that the ECSC loan of £150,000, together with the Agency's existing investment in the company, would exceed the delegated limits of the Committee and it was accordingly

RESOLVED:

To recommend the Board to approve an ECSC loan of £150,000 secured by a first charge on the factory building together with a second charge behind the company's bankers on other assets.

Dragon
Data
Limited

FIC44/5

At its October meeting, the Agency Board had approved an investment of £718,000 in Dragon Data Ltd comprising £449,000 ordinary shares (29% of the equity) and a loan of £269,000. In the event, National Westminster Bank had agreed to fund Mettoy to the extent of £450,000 to enable Mettoy to join with the other institutional investors as initial shareholders in Dragon Data Ltd. To accommodate

Dragon
Data
Limited
(contd.)

the revised shareholding, the Agency's investment had been reduced to 22.12% of the equity and a total investment of £535,000.

FIC44/5

Mr Walters referred to possible difficulties for the Agency in the event of the failure of the Mettoy Group.

RESOLVED:

To note the report.

Triang
Toys
Limited

FIC44/5

At its October meeting, the Board had approved the release of the final £50,000 of the Agency loan subject to a proviso that the Agency would thereby be released from its bank guarantee of £100,000. This release had been obtained and the £50,000 released.

It had further been reported to the Board that the directors of Delyn Packaging PLC were now actively involved in the day to day management of the company but as a result of a detailed investigation into the financial position of Triang undertaken by the Delyn finance director, the Board of Delyn had advised the Agency and Morris Vulcan that Delyn no longer wished to proceed and the Directors of Delyn had subsequently resigned from the Triang board.

The Delyn finance director had reported to the Agency that a further £100,000 of funds would be necessary to regularise the position with creditors and that a 20% increase in product price would have to be achieved next year to rectify the current loss position. Delyn had been advised that no further funds were available from the Agency in addition to those already approved.

It was now reported to the Committee that the future of the Triang company was in grave doubt and whereas the company's bankers had agreed to maintain the overdraft facility until 31 December 1982, the bank position for 1983 would then need to be negotiated and it was doubted whether the company would be able to continue thereafter in the light of the heavy losses which had been incurred in 1982.

The Executive Director (Industry and Investment) reported that Deloittes (Birmingham) had been instructed by the Agency to prepare a balance sheet as at 31 October 1982 to assess the viability of the Triang operation. He also advised the Committee that the local Bank had agreed on 5 November that the conditions for the release of the guarantees had been met.

In discussion, it was noted that the Agency might incur severe criticism in the event of the failure of Triang. The Managing Director said that he had already commissioned an urgent review of Agency involvement in the Triang operation

Torch
Computers
Limited
(contd.)

FIC43/2

The following points were made in discussion:-

- (a) In response to a question from Mr Walters, it was confirmed that the original problems associated with the computer disc peripherals had now been resolved and that the software was well documented.
- (b) Mr Walters questioned whether the Agency possessed sufficient specialist expertise to determine the relative merits of competing business micro computers. The Managing Director responded that a certain amount of expertise was available in-house but where necessary, it was established Agency practice to obtain outside specialist advice.
- (c) Mr Walters questioned the extent of Agency monitoring of Agency investment in the high technology field. It was reported that it was the Agency's intention to appoint a non-executive director having specialist expertise.

RESOLVED:

To approve an Agency investment of £250,000 in Torch Computers Ltd on the terms as now reported to the Committee.

Dragon
Data
Limited

FIC43/3

The Committee considered a discussion document setting out details of an approach to the Agency to subscribe towards £2.2 million new equity being sought by Prutec Ltd to purchase the assets of Dragon Data Ltd from the Mettoy Group. Prutec were prepared to provide £1.32 million by way of equity and loan and were seeking other investors interested in investment tranches.

They had commissioned Accountants to produce a report into the affairs of Dragon Data and the report was considered by the Committee.

On the basis of information available when the report had been prepared insufficient information was available to support a positive recommendation that the Agency should take a minority shareholding in the company. A further report was however tabled summarising additional information. The tabled paper noted that Mettoy's position had deteriorated rapidly over the past three months and a Receivership was imminent although the Banks had agreed to defer action on the appointment of a Receiver until 12 October and possibly until 19 October. Mettoy were dependent on the sale of Dragon Data for survival.

Factory
Development
(contd.)

82/3

In March 1982, the Board had approved in principle the construction of a 65,000 sq ft extension for Smith Kendon Ltd. In June, it was reported to the Board that the company's requirement had increased to 120,000 sq ft, and the Board had agreed to proceed with this larger project on the basis that the company would on completion purchase the extension and the freehold reversion of the existing leasehold premises.

The Managing Director reported on the terms now agreed with the company for the conveyance of the freehold reversion of the existing factory and the freehold of the extension land to the company, with payment of the consideration monies being deferred until completion of the extension. Before commencement of the work, the company would grant a long leasehold interest to a finance house who would appoint the company as their agents to procure the construction of the factory extension with the company being responsible for providing interim finance.

The Agency would provide funds up to a total of £3 million to enable the company to construct the extension subject to detailed arrangements as to phasing of advances according to progress of work. On completion of the extension, the finance house would grant a sub-lease to the company at an agreed rent and provide the company with funds to enable the repayment to the Agency of the funding together with the consideration for the original factory and land and the Agency's administration charges. Pending repayment, the company's bankers would guarantee payment of the consideration for the land and factory and the £3 million funding (including the Agency administration costs) and the company would continue to pay the rent payable under the lease of the existing factory.

The Managing Director informed the Board that by adopting this procedure, the finance house would be enabled to secure tax advantages which would be reflected in a reduced rental being charged to the company under the sub-lease.

RESOLVED:

To note the report.

(c) Dragon Data Ltd - proposed extension at
Kenfig Industrial Estate

Dragon Data Ltd had been set up as a new company to produce market and develop the "Dragon 32" microcomputer originally produced by Mettoy Ltd. The Agency was the second largest investor in a consortium which provided substantial investment funds for this purpose, and a 50,000 sq ft Agency factory on the Kenfig Industrial Estate had been allocated to the company. It was estimated that 100 new jobs would be created.

WELSH DEVELOPMENT AGENCY82ND MEETING

10.45 A.M. TUESDAY, 21 DECEMBER 1982
AT THE AGENCY HEAD OFFICE, TREFOREST

AGENDA

1. Agency Strategy WDA/82/82/1
2. Hoover PLC - Agency factory at Abercanaid WDA/82/82/2
3. General Minutes of the 81st Meeting of the Agency held on 16 November 1982 WDA/82/82/3
4. Managing Director's General Progress Report No.73 WDA/82/82/4
5. (a) Rizla Ltd: Bespoke factory for leasehold sale WDA/82/82/5 (a)
(b) Smith Kendon Ltd WDA/82/82/5 (b)
(c) Dragon Data Ltd: Proposed extension at Kenfig WDA/82/82/5 (c)
6. Proposed sale of a site at East Moors to South Wales Workshops Ltd WDA/82/82/6
7. Additional Land Reclamation Works WDA/82/82/7
8. Investment Delegations WDA/82/82/8
9. Minutes of the meeting of the Property Funding Committee held on 6 December 1982 WDA/82/82/9
10. Investment Minutes of the 81st Meeting of the Agency held on 16 November 1982 WDA/82/82/10
11. Managing Director's Progress Report No.73 on Investment Activities WDA/82/82/11
12. Minutes of the Meeting of the Finance and Investment Committee held on 26 November 1982 WDA/82/82/12
13. Minutes of the Meeting of the Finance and Investment Committee held on 13 December 1982 WDA/82/82/13
14. Any other business

WELSH DEVELOPMENT AGENCYDRAGON DATA LTD : PROPOSED EXTENSION AT KENFIG

1. Dragon Data Limited has been set up as a new company to produce, market and develop the "Dragon 32" microcomputer originally produced by Mettoy Limited. The Agency was the second largest investor in a consortium which provided substantial investment funds for the purpose and a 50,000 sq ft advance factory on our Kenfig Industrial Estate has been allocated to the Company. It is estimated that 100 new jobs will be created.
2. This advance factory was erected in 1976 and apart from a temporary period of use by Smith Kendon Limited (following a fire at their premises) has been vacant since completion. The standards of insulation and finish in the building are below the Agency's current standards and not ideally suited for a sedentary workforce engaged in electronic assembly. It is therefore proposed to upgrade the building internally at a cost of about £56,600 (\pm 10%).
3. In addition certain external works, namely improved parking facilities and additional loading doors with associated accessways, are proposed to improve circulation on the site and conform with the security arrangements considered essential by the company. The cost of these works will amount to some £87,265 (\pm 10%).
4. Finally the Company require an additional 6,000 sq ft approximately of office and canteen space, the cost of which is estimated at £193,850 (\pm 10%).
5. The rent agreed for the factory as it stands is £80,000 (£1.60 per sq ft) which is the appropriate market rent taking account of the proposed upgrading of the interior and the structure. The external works and the additional office accommodation will attract additional rent with some elements of the work being paid for in cash by Dragon Data Limited (not yet finally estimated but expected to be in the range of £35,000/£40,000). Allowing "credit" for part of the existing space taken up by the office extension and adopting a market rent of £2.30 - £2.50 per sq ft for the office space, additional rent of about £10,000 per annum is expected as a result of extension proposals. Total rent for the upgraded and extended factory is therefore expected to be some £90,000.
6. Appraisal of the extension proposal above (based on additional marginal cost and revenue) shows a rate of return (rent/cost) of 3.37%. If however we appraise the total package - existing factory plus upgrading plus extension - the overall rate of return is 11.9%.
7. Recommendation

The Board is recommended to approve the expenditure of £337,700 (\pm 10%) on upgrading and extending the 50,000 sq ft advance factory at Kenfig Industrial Estate in readiness for occupation by Dragon Data Limited.

Factory
Development
(contd.)

82/3

The factory had been constructed in 1976 and, apart from a short temporary period of use, had been vacant since completion. The standards of insulation and finish were below the Agency's current standards and not ideally suited for a company engaged in electronic assembly. It was therefore proposed to upgrade the building internally at a cost of £56,600 \pm 10%. In addition, certain external works, namely improved parking facilities and additional loading doors with associated access ways, were proposed to improve circulation on the site and conform with the security arrangements considered essential by the company. The cost of these works would be £87,265 \pm 10%.

Finally, the company required an additional 6,000 sq ft of office and canteen space the cost of which was estimated at £193,850 \pm 10%.

The rent agreed for the factory in its existing condition (£1.60 per sq ft) was the appropriate market rent but the external works and the additional office and canteen accommodation would attract additional rent with some elements of the work being paid for in cash by the company. Additional rent of approximately £10,000 per annum was expected as a result of the extension proposals with the total rent for the upgraded and extended factory expected to be some £90,000.

RESOLVED:

To approve the expenditure of £337,700 \pm 10% on upgrading and extending the existing Agency factory and associated works at Kenfig Industrial Estate for occupation by Dragon Data Ltd.

Proposed
sale of
site at
East Moors,
Cardiff to
South Wales
Workshops
Ltd

82/4

Following the closure of the steelworks at East Moors, the Agency had acquired the site for factory development. BSC (Industry) Ltd had proposed a small workshop complex housed in redundant buildings on part of the site.

BSCI had over the last two years spent some £1 million on improving and converting over 100,000 sq ft to provide approximately 90 units of accommodation. A management company, South Wales Workshops Limited, had been established for the day to day management.

South Wales Workshops Ltd had now applied to the Agency for the purchase of the freehold of the 13.36 acre site (of which part had been designated as public open space), and a consideration of £480,000 had been agreed.

RESOLVED:

To agree to dispose of the freehold interest in part of the East Moors site comprising 13.36 acres to South Wales Workshops Ltd at a consideration of £480,000 plus costs and fees.

31 DECEMBER 1982

Company Name and Location Public (P) Subsidiary (S) Monitoring Category - A B C X	Date Offer Accepted	Total Approved Investment £000	Principal		Balances		Outstanding		Future Commitment £000	Equity %	Interest Rate %
			Total £'000	Equity and Equity Equivalent £000	Loan (C)Conv (U)Unsec (E) ECSC (EB) EIB £000	Guarantee £000					
Align Rite Ltd Rassau Gwent/ Bridgend Mid Glam (X)	- - -	1,000.000 - -	- - -	- - -	- - -	- - -	- - -	425 ord 325 pr 250 (E)	- - -	13% - -	
John Williams Foundries Ltd Cardiff (P) (S) S Glam (B)	18.11.77 -	999. -	824. -	249. -	ord -	125. 450.	(U) -	- -	- -	24.9 -	12 7/8 -
L Ryan Holdings PLC Cardiff S Glam (A)	21.10.77	800.	569.0	492.	ord	77.0	-	-	-	25.35	12 1/8
Myson Group Ltd Cardiff (P) Mid Glam (A)	23.12.79	600.	600.	600.	-	-	-	-	-	5.87	-
Robertson Research Engineering Services Ltd, Llandudno Gwynedd (B)	31.10.78 -	75. 500.	220. -	150. -	ord -	40. 30.	- -	- 340.	50. -	19 1/4 17 3/4	-
Dragon Data Ltd Swansea, West Glam (C)	25.10.82	535.	535.	332.	ord	203	(note)	-	-	22.2	-
Dragonpower Ltd Ammanford, Dyfed (X)	- -	500 -	- -	- -	- -	- -	- -	- -	250 (E) 250 pr	- -	13 -
Bramber Engineering Co Ltd Tonypany, Mid Glam (X)	- -	350. -	- -	- -	- -	- -	- -	- -	350 (E) -	- -	13 -
Delyn Packaging PLC Caerphilly (P) Mid Glam (A)	9. 9.77	298.	190.	118.	ord	72.	-	-	-	29.65	10 3/4
Moss Gears (Holdings) Ltd Merthyr Tydfil, Mid Glam (C)	- -	200. -	280. -	50. 70.	ord -	160 (E) -	- -	- -	25. -	13 -	-
A & E Circuits Ltd Newtown (P) (S) Powys (B)	14. 6.78 - 5. 4.79 -	180. - 52. 55. 1.	281. - - - -	95. - 2. 55. 1.	ord - ord pref -	- - 50. -	- - - -	- - - -	100.0 - -	- - 16.125 -	-

INVESTMENT PORTFOLIO 'A' (OVER £100,000 AT 31 DECEMBER 1982)

APPENDIX 4
(Cont'd)

Monitoring Category - A = Satisfactory B = In need of close monitoring C = In trouble or at serious risk X = Investment not yet complete

Dragon
Data
Limited
(contd.)

(b) the management team of the new company should be dedicated to the company's future and not over-involved in the restructuring and future management of Mettoy;

FIC43/3

(c) the purchase of all components for the computer - principally mouldings - should be on an arms length basis from tools in the ownership of the new company and

(d) Peat Marwick Mitchell be commissioned to advise on the implications of purchasing assets from a public company known to be in severe financial difficulties and to advise on the form of investment and structure of the new company.

Align-
Rite
Corporation

FIC43/4

At its July meeting the Agency Board had approved in principle an investment proposal of £1 million in a new high technology company to be set up in South Wales to manufacture photomasks for the semiconductor industry. The investment would be in the form of £425,000 equity, £325,000 cumulative redeemable preference shares and £250,000 ECSC loan secured by a first charge on fixed assets. The approval of the Board was subject to the final investment package being submitted to the Board prior to any formal offer being made to the company.

The Executive Director (Industry and Investment) reported to the Committee on his visit to the company in America to inspect the manufacturing operation, identify the sources of additional equity funds to be raised and to assess the capability of the senior executives of the company to run the UK operation. It had been agreed with the Managing Director of Align-Rite that certain management weaknesses existed and in the event of an Agency investment, it was proposed to supplement the proposed technical and sales marketing executives with a well-experienced top executive and a fourth individual to liaise with the parent company and the European customers for the project. The Agency had undertaken to assist Align-Rite in the selection of the appropriate chief executive.

The following points were made in the discussion:-

- (a) It was confirmed that the Agency investment would not be made unless the additional funds of £1.8 million would be available from other sources.
- (b) Mr Holland referred to the poor results performance of the company over the past five years but noted the significant improvement during the past six months.

There has been no progress in appointing a new Chairman, but the GEC deal will significantly alter the type of appointee.

Rodell Chimneys (WDA investment £57k) - Liquidation has been narrowly averted by a deal to sell the largest of the company's three factories at Brecon. This will necessitate a major restructuring of the company's operation and it will remain on the danger list for some time to come. The company's track record is poor with losses in the last three years having totalled £312k.

Moss Gears (WDA investment £310k) - The additional investment has been completed and new banking facilities completed. The company can be considered as off the danger list.

The company will (subject to SFA approval) shortly sign a deal to take over the axle production of the Eaton Group.

Advance Network Communications (WDA investment £80k) - Following interest expressed by a new investor there is now a possibility that the company will achieve viability and obtain second round financing. Agreement has been reached over the resignation of the sales director. A technical appraisal of the products will be received shortly, and a commercial link with a software company is being considered.

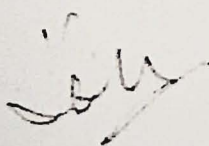
The Computer Practice (WDA investment £40k) - There have been no developments since last month. The future of this company remains uncertain.

Newport Precision (WDA investment £226k) - The additional investment has been completed and the new Managing Director took up his appointment from 1 January 1984.

Dragon Power (WDA investment £500k) - The second production line is soon to be delivered to the factory, but the company has been unable to obtain sufficient orders. A meeting is to be held with the directors and the Agency to discuss the future of the company.

Datatype (WDA investment £990k) - Following the appointment of a new Chairman, certain cuts in overheads have been implemented and it is expected that the company will make a profit in January. The sale of the German subsidiary has been delayed but it is hoped to complete within two months.

Robertson Research Engineering Services (WDA investment £575k) - There has still been no breakthrough on new contracts and losses continue. We are advised in confidence, however, of advanced plans for the parent group to obtain a full public quotation in 1984 and this will provide an opportunity for further re-negotiation of our investment.


(JOHN NORRIS)

9 January 1983

WDA had been obtained for the transfer. The Board was accordingly
Superannuation requested to approve the recommendation of the Trustees of
Scheme the Agency scheme to effect the transfer to the County Council
(contd.) scheme with effect from 1 February 1983.

83/12

The Board noted that agreement had been reached with the County Council for securing the continuation of benefits available under the Agency scheme and not currently available under the Mid Glamorgan scheme so that existing staff would be fully protected. The Mid Glamorgan scheme in turn contained benefits not available under the Agency scheme and in the event of transfer, Agency staff would secure these additional benefits immediately on transfer.

It was expected that the transfer to the Mid Glamorgan scheme would result in a financial saving in Employer's contributions and a reduction in administration costs.

The Agency had been advised that the surrender value of the existing insurance arrangements with the Scottish Amicable Insurance Company represented a good return for the Agency and this view had been confirmed by Mr Holland.

RESOLVED:

To approve the transfer of the funding of the superannuation scheme to Mid Glamorgan County Council Superannuation Scheme with effect from 1 February 1983.

April
Meeting
of the
Board

83/13

RESOLVED:

That the April meeting of the Board of the Agency be held in the Wrexham district on 19 April 1983, subject to the Managing Director ascertaining that Gwynedd County Council would not feel aggrieved.

Mettoy
PLC

83/14

Mr Herbert and Mr Rees both declared an interest in this item and took no part in the discussion.

The Executive Director (Industry and Investment) reported that the company claimed that it was currently operating at a break-even level and that it had a valuable investment in Dragon Data Ltd. The company's bankers had nevertheless insisted on the company operating within its agreed overdraft limits with the result that no additional funds were available to finance sales/stocks. The company therefore proposed to obtain additional funds by the issue of £3 million convertible preference shares and the Agency, in conjunction with Charterhouse Japhet and ICFC had been requested to underwrite the issue.

NET PORTFOLIO AT 31 MARCH 1983 OVER £100,000

Name of Company	Total £'000	PDC £'000	NLF £'000	ECSC	EIB	GIA	GTE
J.W. Foundries	999	249	750				
L.Ryan Holdings	800	492	308				
Data Type Int	750	750					
Myson Group	600	600					
Robertson Research	575	325	250				
Dragon Data	535	332	203				
Dragon Power	500	250		250			
Mettoy Company	506.281	506.281					
Bramber Engineering	350			350			
Wilcox Computers	300.853	180.853	120				
Delyn Packaging	298	118	180				
A & E Circuits	288	162	126				
Moss Gears	280	120		160			
Molynx Holdings	250	100	150				
Torch Computers	250	250					
Renslade Mining	325	200					125
Newport Precision	220	44	176				
Alf Parkman	220	60	160				
Argenthall	210		210				
Avonride	175	75	100				
Gwent Packaging	174		174				
Whewey Wetson	168	168					
Wettern Bros.	150		150				
Handwell	150	50		100			
Primographic	150	75	75				
Welshpool Timber	149	6	143				
Churchill Cartridge Co.	140	40		100			
Lifeguard Eng.	140		140				
Patol Limited	130	130					
Barcud	125	75	50				
Eurofoil	110	50	60				
Welsh Irish Ferries	115	115					
	10,133.134	5,523.134	3,525.	960	-	-	125

INVESTMENT APPROVALS DURING YEAR 1 APRIL, 1982 - 31 MARCH 1983

NAME	TOTAL APPROVED E(XX)	PDC E(XX)	NLF E(XX)	GJA E(XX)	EXSC E(XX)	ETB E(XX)	Hafren E(XX)	Guarantee E(XX)
A. OVER £50,000 CATEGORY								
1. IN DESCENDING ORDER								
Align Rite Corp	1,000	750			250			
Data Type Int	750	750						
Dragon Data	535	332	203					
Porth Textiles	510	510						
Meltoy Co PLC *	506.281	506.281						
Dragon Power*	500	250			250			
Robertson Research Eng Services	500	250	250					
	4,301.281	3,348.281	453		500			
2. IN DATE ORDER								
Gower Chemicals	19				19			
Handwell	150	50			100			
Manderwood Timber	42		18		24			
Triang Toys	100							100
Avon Ride	175	75	100					
Marcher Sound	100		100					
Deeside Paper Box	100	100						
TOP (Wallcoverings)	100	50	50					
Engart Fans	175	75	100					
Triang Toys	75		75					
Welshpool Timber	50		50					
A & E Circuits	1	1						
Lampeter Timber & Trading	50	50						
100							100	
Satellite TV Antenna Systems	100						100	
Isotec	100							
Manufax Engineering	100				100			
Torch Computers	250	250						
120							120	
Palmer Consolidated	100	75	25					
Primographic	280	120			160			
Moss Gears	150				150			
Delyn	6	6						
A & E Circuits	137	137						
Altwood & Sawyer	350				350			
Bramber Engineering	40				40			
Atlas Fabricators	140	40			100			
Churchill Cartridge Co	100							100
Deftland	115	115						
Welsh Irish Ferries	100	60			40			
R H Components	40		40					
Confederate Chemicals	80	5.1	74.9					
Inkel Audio	80	40	40					
Parkrose Pottery	75			75				
Hafodunos Hall	325	200						125
Renslade Mining & Minerals	86	86						
Wilcox Computers								
	8,112.281	4,883.381	1,125.9	75	1,581		320	325

5. The Mettoy rights issue was subscribed to approximately 49% and the Agency therefore now holds 2,025,124 25p ordinary shares, which represents approximately 7½% of the company. We have consulted our brokers and the Stock Exchange and have been advised that we should only dispose of these shares (because of our privileged knowledge of Mettoy Company Plc and Dragon Data Limited) between mid-April, when Mettoy reports and the date of their AGM at the end of May. Dragon Data Limited is currently performing well and earning profits in excess of £300 k per month - this should increase to an excess of £500 k per month by the summer. Mettoy will comfortably meet conditions necessary for it to exercise its option to subscribe at par for sufficient shares to increase its holding to approximately 33% of Dragon Data Limited. The future value of Mettoy shares is very dependent on the performance of Dragon Data Limited.

6. Six investments were deleted from the portfolio: -

	£	
Actair Holdings Ltd Cardiff	80,000 Ord. 170,000 PDC	Receiver appointed
Engart Fans Ltd Hirwaun	100,000 NLF 75,000 Prefs.	Parent company decided not to go ahead with sale of Engart
Quiblight Ltd Newtown	50,000 Hafren	Offer withdrawn by Agency - lapse of time.
Taurus Combustion Ltd. Bridgend	25,000 NLF	Receiver appointed
Ammonite Limited Cowbridge	30,000 NLF	Receiver appointed
Rempro (Scanatron) Ltd Cardiff	15,000	Offer withdrawn. Company going ahead with project until larger contract obtained.
	<hr/> £545,000 <hr/>	

7. The failure of Actair Holdings Ltd and the decision of the parent company of Enart Fans Limited to withdraw their offer to the directors for the sale of the Hirwaun subsidiary accounts for £425k of the £545k deleted. The appointment of a receiver at Actair Holdings Limited is a great disappointment as the Board will recall we negotiated the sale of our ordinary shareholding to ERC in November 1981 for approximately £150 k. The company failed due to a reduced demand for its products in the recession and the management's failure to take decisive action to control overheads.

	NATURE OF INVESTMENT (shares in £1 units unless indicated)	% HELD OF VOTING RIGHTS	OUTSTANDING . 31 MARCH 1983		
			SHARE AND OTHER RISK CAPITAL-COST £'000	LOANS £'000	FURTHER INVESTMENTS APPROVED £'000
<u>OTHER COMPANIES</u>					
<u>Quoted (Continued)</u>					
Wettern Brothers Ltd Electrical jointing boxes and compounds	Secured Loan	-	-	50	-
Wheway Watson Holdings plc Lifting equipment	1,200,000 Ord. Shares (10p) Market value (8.5p) £102,000	4.3	168	-	-
Molynx Holdings plc Closed circuit television equipment	Variable Interest Convertible Loan Stock Secured Loan	- -	100 -	- 30	- -
<u>Quoted Unlisted Securities Market</u>					
Bio Isolates (I holdings) plc Extraction of functional protein	152,700 Ord. Shares (10p)	2	17	-	-
Total Quoted	Total market value (£3,895,283)		2,001	172	-
<u>OTHER COMPANIES</u>					
<u>7.3 Unquoted</u>					
John Williams Foundries Ltd. Non-ferrous castings	249,000 Ord. Shares Unsecured loan	24.9 -	249 -	- 575	- -
Data Type International Ltd Computer peripherals	750,000 Cumulative Redeemable Convertible Preference Shares	-	750	-	-
Robertson Research Engineering Services Ltd. Borehole logging services and geologging equipment	75,000 Ord. Shares 250,000 Cumulative Redeemable Preference Shares Secured Loan	25.0 - -	75 250 -	- - 250	- - -
Dragon Data Ltd Personal computers	332,000 Ord. Shares Convertible Loan note	22.2 -	332 -	- 203	- -
Dragon Power Ltd Light bulbs	250,000 Redeemable Convertible Participating Preference Shares Secured Loan	-	250	- 250	- -
Gamilla Oil Mills Ltd. (In liquidation) Vegetable oils	Secured Loan	-	-	400	-

NET PORTFOLIO AT 30 JUNE 1983 OVER £100,000

Name of Company	Total Approved £'000	PDC £'000	NLF £'000	ECSC	EIB	GIA	GTE	NOT YET PAID
J W Foundries	999	249	750					
L Ryan Holdings	800	492	308					
Data Type Int	750	750						
Myson Group	600	600						
Robertson Research	575	325	250					
Dragon Data	535	332	203					
Dragon Power	500	250		250				
Haeffner Hldngs	350	150	130	70				350
Renslade Mining	325	200					125	325
A E Circuits	368	187	126				55	
Wilcox Computers	300.8	180.8	120					
Bramber Eng	300			300				300
Delyn Packaging	298	118	180					
Moss Gears	280	120		160				
Pensord Press	250			250				250
Mettoy Company	256.3	256.3						
Molynx Holdings	250	100	150					
Torch Computers	250	250						
Newport Precision	220	44	176					
Alf Parkman	220	60	160					
Extrusion Facilities	205	10	45	150				150
Green & Padgett	200			200				200
Avonride	175	75	100					
Gwent Packaging	174		174					
Wheway Watson	168	168						
Wettern Bros.	150		150					
Handwell	150	50		100				
Primographic	150	75	75					
Simonix	150	98.3	51.7					150
Walspool Timber	149	6	143					
Lifeguard Equip.	140		140					
Patol Limited	130	130						
Barcud	125	75	50					
Eurofoil	110		60	50				
Welsh Irish Ferries	115	115						
35 Companies	10,718.1	5,466.4	3,541.7	1,530	-	-	180	1,725

89TH MEETING

10.00 A.M. TUESDAY, 19 JULY 1983 AT
THE AGENCY HEAD OFFICE, TREForest

- | | | |
|-----|--|--------------|
| 1. | Minutes of the 88th Meeting and matters arising | WDA/83/89/1 |
| 2. | Further Land Reclamation Schemes | WDA/83/89/2 |
| 3. | Further Factory Building | WDA/83/89/3 |
| 4. | Extension to Deeside Industrial Park | WDA/83/89/4 |
| 5. | Report on WINvest Steering Committee Meeting | |
| 6. | Office Accommodation | WDA/83/89/6 |
| 7. | Minutes of meeting of Finance and Investment Committee | WDA/83/89/7 |
| 8. | Dragon Data Ltd - to ratify informal decision of Members on additional Agency investment | |
| 9. | BBC TV Series - "Make it Work" | WDA/83/89/9 |
| 10. | Audit Reports | WDA/83/89/10 |
| 11. | August Board or Appointment of Vacation Committee | WDA/83/89/11 |
| 12. | Report from WPW | WDA/83/89/12 |
| 13. | Report from AJS | WDA/83/89/13 |
| 14. | Report from TJN | WDA/83/89/14 |
| 15. | Report from AD | WDA/83/89/15 |
| 16. | Minutes of meetings of the Executive Committee | WDA/83/89/16 |
| 17. | Any other business | |
| 18. | Executive Recruitment | |

Tabled: - Agency Staff Numbers
WINvest

PROBLEM INVESTMENTS

Welsh-Irish Ferries - Negotiations by the owners of the ship, Ugland, for equity participation have failed, and the appointment of a receiver by Lloyds Bank is imminent and will result in a £115k loss by the Agency.

Torch Computers - Gross mis-management by the founder directors has been brought to light and the Agency's £0.25m investment appears in jeopardy. As its holding only represents 4.08% of the equity, the Agency will follow a policy of co-operating with but relying on the lead investors (Newmarket) to resolve issues.

Handwell - The technical problems have largely been overcome and the Agency is in discussion with the company's bankers and other investors to produce a rescue package of additional finance, which would require £30k from the Agency in addition to its present £150k investment.

J Williams Foundries - The Agency has identified a suitable new Chairman for the group and discussions continue with the group's bankers.

Moss Gears - The Agency's Portfolio Manager has been appointed to the Board. The Borecliff purchase has been abandoned and the bank accounts separated. An EGM has been requisitioned by minority shareholders after discussions with the Agency. Calls to be made on partly paid shares.

QUOTED SHARES

Mettoy - 1m shares sold at 31p to realise profit of £58k.
Current price 29p.

Bio-Isolates - Price up again to 210p on further speculation - partly generated by the exercise of London Venture Capital options. WDA should consider sale of remaining holding after anniversary of flotation in July.

Myson - £2,900 received for sale of rights not taken up by WDA.

PROPOSED RIGHTS ISSUE

Dragon Data propose 1 for 5 at £5 a share to double existing equity, involving WDA additional investment £332k. Mettoy will be assisted financially by Hill Samuel in order to subscribe for their rights, by which Hill Samuel will acquire 5,000 shares initially and hold the balance of the rights issue due to Mettoy as security for a loan. After the initial acquisition by Hill Samuel, Mettoy and the Agency will continue to control 50.8% of the equity.

A & E
Circuits
Limited
(contd.)

89/15

- (ii) The present non-executive Chairman (an Agency appointee) to remain in post for a period of three months but that weekly management reports must be provided to the Agency and the Chairman should not take any part in sale negotiations.

- (iii) To agree to provide working capital only for the company.

ACTION TJN

Wilcox
Computers
Limited

89/16

The Board received a report on negotiations between the non-executive Chairman of this company and prospective purchasers and the difficulties encountered.

It was agreed that if the present Chairman departed, it was essential that alternative arrangements were ready for an immediate replacement. This matter was being pursued.

ACTION TJN

Dragon
Data Ltd

89/17

RESOLVED:

To ratify the decision of the majority of the Members

- (i) That the Agency agrees to invest a further £332k in Dragon Data Ltd by way of 66,400 ordinary £1 shares at £5 per share and

- (ii) the Agency opposes the proposed increase in the authorised share capital of the company.

Audit
Reports

89/18

The Board received the report of the Internal Auditor for the year ended 31 March 1983 and a summary of Audit Plan 1983/84 (WDA/83/89/10).

Mr Daniel informed the Board that discussions were being held between Exchequer & Audit Department and the Internal Audit Department to avoid duplication of systems audit work and to ensure the necessary follow-up action contained in the E & A Management Letter.

ACTION AD

Bio-
Isolates
Limited

89/19

It was reported that the Stock Exchange had approved the sale by the Agency of its remaining shareholding in this company so long as the sale was achieved in an orderly manner.

RESOLVED:

To approve the sale of the remaining shareholding in the company.

ACTION TJN

Gamilla
Oil
Mills

89/20

RESOLVED

Subject to the necessary Welsh Office approval, to authorise the purchase from the Receiver of the factory constructed by the company on Waterton Industrial Estate.

ACTION WPW

90TH MEETING

10.00 A.M. MONDAY, 15 AUGUST 1983 AT
THE AGENCY HEAD OFFICE, TREFOREST

AGENDA

1. Minutes of the 89th Meeting and matters arising WDA/83/90/1
2. Torch Computers Ltd - Report WDA/83/90/2
3. Handwell Ltd - Additional Investment WDA/83/90/3
4. New Investment Proposals:
 - (a) Hi Riser Limited WDA/83/90/4(a)
 - (b) Risephade Ltd, trading as Kings Head Hotel, Newport WDA/83/90/4(b)
 - (c) Mechemia Ltd WDA/83/90/4(c)
 - (d) Parrott Corporation Ltd WDA/83/90/4(d)
5. Wilcox Computers Ltd - Report WDA/83/90/5
6. Dragon Data Ltd - Ratification of decision
7. Comdial Ltd - Updated report WDA/83/90/7
8. Sale of factories at Morryston WDA/83/90/8
9. Agency Staff Numbers WDA/83/90/9
10. Wales - The process of selling Wales to Enterprise WDA/83/90/10
11. Minutes of the meeting of the Executive Committee WDA/83/90/11
12. October meeting of the Board WDA/83/90/12
13. Report from WPI! WDA/83/90/13
14. Report from AJS WDA/83/90/14
15. Report from TJN WDA/83/90/15
16. Report from AD WDA/83/90/16
17. Any other business
18. Executive Recruitment

OP Chocolates, Dowlais

Hoover Ltd - Settlement of Debt of £1.6m

Wilcox
Computers
Limited

90/15

The Board received a progress report (WDA/83/90/5) on the present financial position of the company following the request by the Agency appointed Chairman for an additional investment of £30k to meet a cash shortfall.

Dr Norris informed the Board of the detailed terms of an unconditional offer received from a prospective purchaser for the immediate purchase of 55.1% of the issued share capital of the company followed by a commitment to purchase a further 20% of the equity on or before 31 October 1984. The detailed terms of the purchase offer were contained in a letter from the purchaser's Solicitor tabled at the meeting.

Detailed investigation had been undertaken into the background of the prospective purchaser.

RESOLVED:

Subject to satisfactory references being obtained on the prospective purchaser and the provision by the purchaser of collateral security for the Agency loan of £60k which would be made to the company on completion of the sales formalities, to approve the terms of the offer as contained in the letter from the purchaser's Solicitors.

ACTION TJN

Board Members had approved in telephone consultation the investment of a further £75,615 in the company representing a further 15,123 new shares at £5 per share.

Dragon
Data Ltd

90/16

Mr Sutton reported to the Board on an emergency Board Meeting of the company at which the absence of management control on finance and production and sales had been clearly identified. At the company Board Meeting it had been decided that Mr Derek Morgan be appointed Deputy Chairman with full executive powers. Certain other management changes had also been instituted with immediate effect including the introduction of Mr J W Shakespeare, Investment Portfolio Manager, as part of the short term financial management advisory team. It was recognised that there could be a severe cash flow problem at the company within the next 2/3 weeks.

RESOLVED:

To ratify the decision of Board Members to invest a further £76,615 and to note the report of the emergency meeting of the Board of the company.

ACTION AJS

Staff
Numbers

90/17

The Board considered a paper (WDA/83/90/9) outlining the proposed reduction in Agency staffing.

The Board was informed that the Agency was severely restricted as to its ability to offer redundancy terms in excess of those available under the Statutory scheme and the approval of the Treasury would not be issued for any improvement in the terms.

EXISTING PORTFOLIO

Subsidiary Companies

A & E Circuits Ltd - July loss was £6.1k, but this was within latest forecasts. Breakeven should be re-established by September and the company has been advised not to seek Agency approval for capital expenditure until that is achieved.

Wilcox Computers Ltd - A breakeven was reported for July after the large losses in May and June. However, from the weekly reports we have noted only five systems have been despatched in August against the revised cashflow plan assumption of seven systems. The Agency injected a £30k loan as required by the cashflow plan, and the impact of this sales shortfall is being evaluated.

Rival offers for a sale of a majority holding are under consideration from Saga (California) and Mr Jack Bennett (of whom relatively little is known in spite of intensive enquiry). Both deals offer a price for the equity which will at least repay original cost and future potential on approximately 25% to be retained. Existing loan funds will need to be re-scheduled.

PROBLEM CLIENTS

Dragon Data - Rescue operation with other institutional shareholders. Has been covered by a separate paper to the Board calling for an additional £450k loan guarantee by the Agency.

Moss Gears - The company has now secured a debenture giving it a fixed and floating charge over the assets of Borecliff, and the debt to Moss is being paid off at £2k/month. New bank facilities for Moss are yet to be arranged and the share calls have not yet been met. The possible purchase of Moss by a third party now seems unlikely.

Datatype Terminals - This £750k Agency investment has moved into the 'intensive care' category following a loss of £300k in its Swiss subsidiary. The Agency and Citicorp Development Capital have commissioned outside accountants to report on the justification of the additional £400k which the company is said to require. There appear to be prospects for selling the German subsidiary for £500k within three months.

John Williams Foundries - WDA nominee now appointed Group Deputy Chairman, but trading problems remain in spite of slight improvement in foundry subsidiary. Plan for the future of company to be produced by early October. Prospects for sale of assets to reduce dependence on bank.

Newport Precision - Rescue funding agreed in principle between WDA, Gwent County Council and Barclays Bank on basis of report from John Forbes-Dale Ltd (consultants). See separate paper seeking Board's endorsement of additional £30k from the Agency.

91ST MEETING

10.00 A.M. TUESDAY 20 SEPTEMBER 1983
AT THE AGENCY HEAD OFFICE, TREForest

AGENDA

- | | | |
|-----|--|----------------|
| 1. | Minutes of the 90th Meeting and matters arising | WDA/83/91/1 |
| 2. | Five year land development and programme 1983/88 | WDA/83/91/2 |
| 3. | Electro Acoustic Industries Ltd
Bespoke Factory at Bridgend | WDA/83/91/3 |
| 4. | Fisons PLC/Weddel Pharmacueticals Ltd
Bespoke Extension and Disposal, Wrexham | WDA/83/91/4 |
| 5. | Remploy Ltd - Disposal of factories at Merthyr | WDA/83/91/5 |
| 6. | Cardiff/St Mellons Special Employment Site | WDA/83/91/6 |
| 7. | Policy towards investment in hotel projects along the M4 in South Wales | WDA/83/91/7 |
| 8. | New Investments:- | |
| | (a) North British Shipping Line Ltd | WDA/83/91/8(a) |
| | (b) Bernard Hastie & Co Ltd | WDA/83/91/8(b) |
| | (c) Undercover Products International Ltd | WDA/83/91/8(c) |
| 9. | Newport Precision Engineering Co Ltd -
Additional Investment | WDA/83/91/9 |
| 10. | Dragon Data Ltd - to ratify decision of Members | |
| 11. | Parrot Corporation | WDA/83/91/11 |
| 12. | Professional Negligence/Criminal Liability of Agency Officers | WDA/83/91/12 |
| 13. | Comdial - Progress Report | WDA/83/91/13 |
| 14. | Civic Trust for Wales | WDA/83/91/14 |
| 15. | Minutes of the Meeting of the Executive Committee | WDA/83/91/15 |
| 16. | Report from WPW | WDA/83/91/16 |
| 17. | Report from AJS | WDA/83/91/17 |
| 18. | Report from TJN | WDA/83/91/18 |
| 19. | Report from AD | WDA/83/91/19 |
| 20. | Any other business | |
| 21. | Executive Recruitment | |

3rd National Garden Festival 1989.
 Wuntech

Salary Negotiations

Clappa Park - Refusal of Planning Consent by Newport BC

Data Type
 Moss Gears (Linbest)

INVESTMENT DIVISION REPORT NO.83 FOR SEPTEMBER 1983ENQUIRIES

Continuing the pattern of previous months, as will be noted from Appendix 1, there were 68 enquiries with 40% of them coming from outside Wales. Thirteen of the enquiries were funds over £150k, which would eventually need Board approval and representing a total potential investment of £4.6m. Excluding the £1m secured loan that we have been asked to investigate by the Welsh Office as a "rescue package" for Hymac, most of the other cases were at or just above £.25m. One enquiry for a cheese manufacturing plant in the Dyfed area will particularly have to be examined against the changes which are taking place in the industry at the national and European levels. Of the other larger enquiries, only a request for £150k from the existing South Wales based Precision Circuits looks promising.

INVESTIGATIONS

As will be seen from Appendix 2, 59 investigations were being undertaken, representing a total potential business of £7.6m - a drop of over £1m on last month's figure occasioned by a continuing high level of approvals as noted below. The 16 cases for funds over £150k are detailed in Appendices 5 and 6, and of the £5.6m potential business for these large cases about £2m is expected to be presented for Board approval in the coming month, namely the above-mentioned Hymac Ltd, Shape Technology Ltd and Pendar Environmental Ltd. Of the remaining cases, it appears questionable whether they will come to fruition in the short term, so it is anticipated that there will be some drop in the value of approvals being sought after the next month.

APPROVALS

The 15 approvals in September totalling £1.156m are detailed in Appendix 3. Although this represents some 50% of the level of activity of the previous two months, it is equivalent to an annual rate of £14m. As staff numbers in this financial year have been about 90% of that for previous years, this level of business activity naturally puts the Division under considerable stress, and it has only been achieved at the expense of maintenance work on departmental systems. If the level of activity continues commensurate with the Division having an annual budget of £10m for the next financial year, the Division will need to recruit back-up to its full strength, which was provisionally agreed as a part of the total manpower review recently.

NET PORTFOLIO AT 30 SEPTEMBER 1983 OVER £100,000

Name of Company	Total Approved £'000	PDC £'000	NLF £'000	ECSC ECSC	EIB EIB	GIA GIA	GTE GTE	NOT YET PAID PAID
Parrott Corporation Ltd	1000	1000						1000
J W Foundries	999	249	750					
Dragon Data	942.6	739.6	203					
Data Type Int	750	750		40				
Credit Grade	650	650						
Myson Group	600	600						
Robertson Research	575	325	250					
Dragon Power	500	250		250				
L Ryan Holdings	492	492						
Biomass	416.6	416.6						
A & E Circuits	418	237	126				55	
Haeffner Hldngs	350	150	130	70				
Torch Computers	349.3	349.3						250
Wilcox Computers	330.8	180.8	150					
Moss Gears	311	130		160			21	31
Bramber Eng	300			300				300
North British Ship.	300			300				300
Delyn Packaging	298	118	180					
Pensord Press	250			250				
Molynx Holdings	250	100	150					
Ace Coin	250	250						250
Newport Precision	250	74	176					
Alf Parkman	220	60	160					30
Extrusion Facilities	205	10	45	150				
Undercover Prod	200			200				200
Avonride	175	75	100					
Andwell	175	50	25	100				25
Gwent Packaging	174		174					
Wheway Watson	163	163						
Bernard Hastie	160			160				160
Wettern Bros.	150		150					
Primographic	150	75	75					
Latchrose Ltd	150			150				150
Mailer Mfg	150			150				150
Welshpool Timber	149	6	143					
Lifeguard Equip.	140		140					
Patol Limited	130	130						
Uncle Wong Food Products	130			130				130
Barcud	125	75	50					
Eurofoil	110		60	50				
Cambrian Cap	110		50	60				60
Mettoy Company*	6.3	6.3						
41 Companies	13,554.6	7,711.6	3,287	2,480	-	-	76	2,786

*Original investment cost £256.3k

Eng.No./ Company Name/ Location	Trade/Turnover/Staff	Amount Required And Purpose	Action Taken During Month	Agency Funds as % of Total New Funding
Dragon Data Ltd Cwmbran (JWS)	Manufacturer of personal computers.	£450k guarantee for additional working capital. (Existing Agency investment £942.615).	Approved.	12.7
El789 (March) Biopharm UK Ltd Penclawdd and Swansea University (SH)(H)	New venture. Dr Sawyer senior reader at Swansea University. T/o : £218k projected Staff : 3 projected	£5.971 ord shares 44.029 prefs <hr/> 50,000 To establish leech farm.	Approved.	67.5
El733 (March) Vancekarn Ltd Ruabon (MH)	Handbuilding and fabrication service.	£30,000 prefs.	Approved.	28.3
E2050 (August) J R Gilbert Ltd Llanbradach (JAC)	Surface grinding. T/o : £42k projected Staff : 2 - 3	£12k ECSC towards purchase of equipment.	Approved.	32
E2105 (September) Jeff Squire Ltd Cwmbran, Gwent (PJ/NB)	Embroidery, personalising and monogramming leisure-wear. T/o : £100k projected Staff : 4 projected	£15k ECSC towards plant and machinery.	Approved.	34.6
El990 (July) Milne Products Ltd Sirhowy (NB/LO)	Manufacture of stainless steel kitchenwear.	£25k prefs for plant and working capital. (Existing Agency investment £25k).	Approved.	48

CASES APPROVED
OCTOBER 1983

Wilcox Computers Ltd

The deteriorating trading situation at Wilcox and the special requirements occasioned by Saga's public issue in the US, rendered the original 'deal' impractical.

A new deal has been agreed which is separately presented for Board ratification, and represents the best arrangement which the Agency could achieve in its weak negotiating position. At Wilcox, the failure to meet sales targets has caused acute cashflow problems, and all payments by the company are now controlled on a daily basis by the Agency. A further £12k has been released to meet pressing creditors/salaries, and this payment will be incorporated into the deal agreed with Saga.

The September results show a loss of £10.3k on a turnover of £77k, and preliminary figures show a further loss of £20k approximately in October.

PROBLEM CLIENTS

Dragon Data Ltd

The company reported a loss of £199k for the month of September on a turnover of £1.6m. The order book position for the pre-Christmas period is encouraging and the cash position is better than expected. The 'third tranche' has not yet been called down. The Agency will attend a meeting on 22 November at which the company will present its forward plans. Concern has been expressed by a number of the shareholders at the company's failure to appoint a new chairman.

Data-Type Terminals Ltd

A rescue investment of £249k has now been completed and a strong new chairman, Mr Bryan Taylor, has been installed at the recommendation of Citicorp, who have also invested a further £249k. Mr Tuffs' shareholding has been reduced to below 50%.

Moss Gears

New bank facilities have initially been refused by Lloyds, but it is believed that this decision can be reversed on presentation of further information. Mason's shares have been forfeited and he has resigned from the Board. The appointment of Ron Lynch as chairman, and an investment by him of £25k, together with further Agency support is contingent on obtaining satisfactory bank facilities. The American order has now been confirmed.

Dragon Power

The first production line is now running and the projected turnover should be achieved once the second line is operational. Quality control has improved and bank facilities are being arranged. The Agency now has more confidence in the management team.

93RD MEETING

10.00 A.M. TUESDAY, 15 NOVEMBER 1983
AT THE AGENCY HEAD OFFICE, TREForest

AGENDA

1. Minutes of the 92nd meeting and matters arising WDA/83/93/1
2. New Land Reclamation Programme 1983/84 WDA/83/93/2
3. Disposal of Premises, East Moors, Cardiff WDA/83/93/3
4. Shape Technology Ltd - New investment WDA/83/93/4
5. Wilcox Computers Ltd - Report WDA/83/93/5
6. Property Strategy for knowledge based industries WDA/83/93/6
7. Meetings of Board and Committees - 1984 WDA/83/93/7
8. Minutes of Executive Committee WDA/83/93/8
9. Report from WPW WDA/83/93/9
10. Report from AJS WDA/83/93/10
11. Report from AD WDA/83/93/11
12. Report from TJN WDA/83/93/12
13. Any other business

Problem Clients

Dragon Data Ltd

The company has made a presentation to its shareholders of the likely outcome for 1983 and its business plan for 1984, but the latter is regarded as being both unrealistic and unsatisfactory. The search to find a suitable Chairman to replace Dr Derek Allam of Prutec has not yet been successful, although this has now been largely overtaken by GEC being possibly interested in closer co-operation with the company by marketing its products.

Moss Gears (Linbest)

Satisfactory bank facilities have now been agreed with Lloyds and an option is to be given to the newly appointed Chief Executive, Ron Lynch, to acquire control of the company. Legal documentation is being finalised. The order book is healthy and there are already signs of improvement in performance following the installation of the new management.

John Williams Foundries

A report has been prepared recommending that capital repayments be deferred pending the sale of a property which is now surplus to requirements. Interest in the shares of the parent company has pushed the price up to 26p, mainly due to the buying by a small Cardiff-based company, Wyndham Engineering Ltd, who have acquired 10% of the equity. John Williams of Cardiff Ltd has asked the Agency to consider converting its shares in the foundry subsidiary possibly part of the loan to acquire 1m, or 12½% of the parent company's quoted equity (which is authorised but as yet unissued).

Hydroglobe

Banking arrangements have now been agreed subject to a review in March 1984. The directors are confident that they have sufficient working capital to see them through the short term. They now have three months to formulate their plans for the future of the company.

The Computer Practice

The company is insolvent and the directors have been warned of the implications of continuing to trade. Proposals have been submitted which outline a scheme to set up a number of associated companies with marketing rights. The Agency has declined to support these companies. The BBC are to ask for a complete demonstration of work done on their contract and a computer company is understood to be about to remove its equipment. The company is unlikely to survive.

Tabled Paper

Copy made for
J Shakespeare
20/2

DRAGON DATA LIMITED

Proposal to Convert Loan and Guarantees to Equity

The company consistently failed to meet forecasts in 1983 and doubts as to its future caused a loss of sales even in the run up to Christmas. A loss of £4.6m on a turnover of £15m is probable, and the company would have failed without continued support from Prutec. A marketing agreement has recently been reached with GEC, who will take over all UK marketing and sell the computer under a "GEC Dragon" label. Against this background, Prutec are providing a further £1.5m finance, but on terms which will erode the position of other shareholders.

The Agency investment of just under £1.4m comprises:

Equity (23.0%)	£ 744k
Unsecured Loan	£ .203k
Guarantee	£ .450k
	<u>£1,397k</u>

Together with all other shareholders, we are asked to convert both loan and guarantee to further ordinary equity as a condition of the additional support from Prutec. Additional funds from the Prudential (via their subsidiary Prutec Ltd) will be split between ordinary and preference shares such that they will hold only 49.9% of the voting rights, but the preference shares will carry options to subscribe for further ordinaries (and redemption of the preference) on a scale increasing over ten years, such that the WDA's holding may be diluted to as little as 8.7% if the options run the full term.

These terms are undoubtedly favourable to Prutec, but their total investment in Dragon will then be £6.1m out of a total of £8.9m, and without the new proposals the company would fail immediately. It is therefore reluctantly recommended that the Board approve the conversion of £203k loans to ordinary shares and the subscription of £450k for ordinary shares in place of the £450k guarantee.

Following discussion with Finance Department on the investment budget, we are satisfied that sufficient PDC funds can be made available to meet both items.

Conversion and the necessary permission was anticipated in the letter from the Welsh Office (Owen Rees, 31 August 1983) giving approval to the £450k guarantee.

J W Shakespeare

(J W SHAKESPEARE)

16 January 1984

Lyte
Industries
(Southern)
Limited

95/9

The Board received a paper (WDA/84/95/5) reporting on the outcome of further discussions clarifying the points raised by the Board at the previous meeting.

In discussion, it was reported that the rent presently payable by the company was £19,500 per annum for a factory of 28k sq ft.

RESOLVED:

- (a) To approve an ECSC loan of £200k to Lyte Industries Limited subject to the terms and conditions as previously reported to the Board.
- (b) To authorise the disposal of factory premises at Rogerstone, Newport for a consideration of £175k ± 5%.

ACTION (a) TJN
(b) PJH

Dragon
Data Ltd

95/10

The Board received a tabled paper outlining the proposal to convert the Agency's existing loan and guarantee into equity, such conversion being required as a condition of the provision of additional financial support from Prutec.

The Board was informed that the necessary consent of the Welsh Office under the Agency's guidelines for the conversion into equity had been received.

RESOLVED:

To approve the conversion of an unsecured loan of £203k and a guarantee of £450k into ordinary shares in Dragon Data Ltd.

ACTION TJN

Lopen
Feed
Mills Ltd

95/11

The Chief Executive reported on a request received from the company for £½m ECSC loan coupled with a requirement that the funds be made available by the end of January. The company had been advised that this could not be done and it was expected that the matter would be taken up by the company with the Secretary of State in view of the existing offer of Selective Financial Assistance.

Torch
Computers
Limited

95/12

The Board received a paper (WDA/84/95/11) reporting on the Executive decision not to make a further investment in the company.

RESOLVED:

To confirm the Executive decision and to await a further report to a future meeting on the continued Agency investment in the company.

ACTION TJN

COMPLETIONS

As will be seen from Schedule 4, in the year to date there have been 113 approvals totalling £11.3m, of which £9.1m have either been accepted by the clients or withdrawn. Excluding the approvals recently made in December and January, there would appear from the Schedule to be £1.4m of approvals on which we await a decision. However, subsequently to preparing this Schedule, we have become aware of definite decisions on three of the large cases - Bramber (£300k), Shape (£400k), and Undercover Products (£200k). Of the updated outstanding balance of about £0.5m, the main approval on which we are now attempting to crystallise a decision is that of £0.25m for Ace Coin.

Cash paid out to date on completions amounts to £4.394m and excluding the £3.222m of approvals which are planned for completion and payment in the next financial year, there is a balance of just over £2m of approvals planned for payment in this financial year. Because of the critical fund availability position in this financial year as discussed below, all the investments planned for payment in 1983/84 are being now reviewed on a weekly basis.

SOURCE AND APPLICATION OF FUNDS

The very high level of approvals in this financial year has dictated careful cash planning, and the Agency will only be able to stay within the cash resources from the vote and disposals by client agreement to defer some £3.2m of payments into 1984/85. The overall position and that of individual funds is set out in Appendix 4(i), from which it will be seen that contrary to last month's expectations we have been unable to switch our Grant-in-aid for subsidised loans "GIA" into PDC, because the Welsh Office are not prepared, at this late stage, to go back to the Treasury for the necessary approval. The critical line is Total (vii). Both the overall position and that of individual cases and funds is being reviewed on a weekly basis and the latest up-dated position is shown at the bottom of Appendix 4(i). This now incorporates the fact that we will be receiving a payment of £203k back into NLF from Dragon Data, whilst at the same time making an equity subscription of £203k. It also incorporates a decision to take the opportunity to draw down a further £0.25m from ECSC, thereby reducing the mounting surplus on the NLF fund and increasing our ECSC availability. It will be seen from this latest up-dated cash position that we have moved into a deficit on PDC of £178k, and we are attempting to rectify this position by deferring sufficient of the planned PDC payments on other cases in 1983/84 to enable the capitalisation of the Dragon Data loans to go forward.

It also shows that we are currently expecting to be holding £1.758m of ECSC cash on deposit at the end of this financial year, and although this may appear excessive it should be noted that we already have £1.13m worth of approved cases which will require payment early in 1984/85 before the next offering of ECSC cash in July 1984. In effect, therefore, we only have £0.6m of ECSC cash available for new approvals over the next three months or so.

push up the amount of ECSC funds which we are holding on deposit at the year end, this could be justified on the grounds of approved cases or those likely to be approved for early payment in the financial year. To further minimise the impact of this year's approval on next year's budget, any balance in the NLF fund, estimated to be likely to be £350k, could be switched to PDC to meet such aspects as the requirement to convert the Agency's guarantee of Dragon Data into equity.

As can be seen from total at line X, we anticipate going into the financial year 1984/85 with commitments of over £5m, and this has to be seen against a total budget of new funds under the vote of £8.5m. Of this probable commitment of over £5m, £2.89m has already been approved although this can be substantially reduced by covering our commitments to Dragon Data and Parrot as described above, and by holding some ECSC funds on deposit.

EXISTING PORTFOLIO

Subsidiary Companies

Wilcox Computers Ltd - The deal with Saga Systems Inc whereby they agreed to subscribe to new equity and to purchase some of the Agency's equity so as to reduce the Agency's holding to 25% has now been completed.

Quoted Companies

Bio-Isolates (Holdings) PLC - The final holding of 7,700 shares was sold in December at 98p per share. The total profit on the sale of this £100k investment was £1,085k, although it is worthy of note that the original investment was only £10k to back a management buy-out.

Wheway Watson Holdings PLC - 600,000 shares were sold in the month at an average price of just over 6½p per share. The remaining holding of 400,000 shares have subsequently been sold in January at an average of 7.75p per share.

Ryan International PLC - The shares are currently quoted at 11½p which takes little account of future cashflows. These are primarily from the Belgian operation and are reasonably secure.

Information obtained on the USA operation suggests that this is now profitable, although less so than originally projected.

Brokers' opinions suggest that a share price of 15p would be justifiable in the short term, and it may therefore be difficult to agree an advantageous price for our investment at present.

Problem Clients

Dragon Data Ltd (WDA investment £1.4m) - A UK marketing deal with GEC has been signed and will be announced shortly under which the products will be sold as GEC/Dragon. The company has received additional financial support of up to £1.5m from Pru. Details of the dilution of the Agency's shareholding have not yet been agreed, but the company's future must now be considered more secure. The 1983 result is expected to be a loss of £4.6m on a turnover of £14.7m.

The main problem area is that we are now expecting to end the financial year with £435k of unutilised NLF. The only opportunity to use these funds would appear to be to incorporate them as part of the Hymac funding package, if this goes forward.

On the other sources of funds, it has already been mentioned that we will lose the use of the Grant-in-Aid (GIA), and we are presented with no problems under the EIB, Hafren or guarantees.

Cash planning has proved important in the latter half of 1983/84, and is also likely to be so from the start of 1984/85 as against the expected "vote" and any cash from disposals, we already have £3.222m earmarked for 1983/84 approvals.

EXISTING PORTFOLIO

Rate of Return

The existing portfolio is currently being reviewed to determine the necessary write-offs and provisions which will be the subject of a paper for Board approval. Clearly, the treatment of two major investments - Dragon Data (£1.4m) and Data Type Terminals (£1m) - will greatly affect the total provisions' figure and the rate of return. If there is a write-offs and provision figure which exceeds £1.4m, then the rate of return for the year drops below Zero, and also does so cumulatively if the write-offs/provisions' figure exceeds £2.4m.

Quoted Companies

Ryan International PLC - the Agency has been advised, in confidence, that the UK operation has cashflow problems.

Delyn Packaging PLC - there are three current enquiries for the possible disposal of the Agency's holding.

Subsidiary Company

A & E Circuits - discussions are under way with the principals of three other companies manufacturing printed circuit boards, who are interested in acquiring A & E Circuits in whole or part. In the absence of such a deal, it is clear that A&E will progressively fall behind the rest of the trade unless there is capital expenditure of at least £0.25m in the coming year. We are now hoping that A&E will make a small profit - the final quarter resulting in a pre-tax loss of £18k for the year compared with the loss last year of £93k. Without the major new capital expenditure the company's management are projecting a profit of £117k next year, possibly optimistically. The next year's budget will be reviewed at its next board meeting, but the management are aware that even essential mainstream capital expenditure will be restricted to cash generated in the company by way of depreciation and profit. Interest in A&E mainly centres around its resources of space and workforce, rather than equipment and technology.

Problem Clients

Advanced Network Communications (£80k) - the company has been taken over by a new investor. An application for the release of the final tranche of the investment is likely in February.

The Computer Practice Ltd (£40k) - the Agency has received a letter from the company's auditors withdrawing the last audited accounts because of doubts over the true value of stock and work-in-progress. The legal position of our original investment is being examined. The future of the company remains very doubtful.

Data Type (£999k) - the sale of the German subsidiary has fallen through although its financial position has improved. Pressure from Deutsche Bank has resulted in the refinancing of the overdraft by Citibank. At a board meeting, held on 7 February, Mr Tuffs was removed from office as Data Type's MD. The 1983 first draft accounts suggest losses, including exceptional items, of £1.6m.

Dragon Data Ltd (£1.4m) - it has been agreed and announced that GEC/McMichael will take over the UK/Eire marketing of Dragon's products. The agreement for the conversion of shareholders' funds is now ready for signature. The Agency has been asked to attend a further shareholders' meeting to discuss an "electronic writing pad" project.

Handwell (£175k) - failure of this company is imminent, but is dependent on further injection of capital from an existing shareholder.

Lampeter Timber (£100k) - £52k loss reported for the 11 months to 31.12.83. An accountants' investigation is likely to be requested by Barclays Bank.

Robertson Research Engineering Services Ltd (£575k) - the plans for parent group quotation are now firm, and a formal offer is now expected for the conversion of the equity into that of the parent.

Wettern Electric (£71k) - a detailed progress report is available and shows that 75% of the company has reverted to the original 'investor' and its future appears more assured.

John Williams Foundries Ltd (£999k) - the parent company has reported a group loss for the year ended 30.9.83 of £1.6m on ordinary activities. The group has since disposed of the window company. The foundry subsidiary in which we are invested is now understood to be breaking even. The Agency has been unable to agree terms with the company to convert our holding into parent company equity.

PORTFOLIO

Quoted Companies

Ryan International PLC

8,200,000 ordinary shares (25.4%) at 6p - £492k; currently 12½p - £1.03m.

We understand that Ryans are finding it increasingly difficult to obtain UK coal recovery contracts. Belgian operations are satisfactory and the new USA project is now thought to be profitable. Difficulty in repatriation of cashflow is causing problems in the UK and may prevent payment of dividends. A report from Quilters underlines the economic difficulties arising from surplus coal stocks both in the US and UK. 1983 results are due for publication on 23 March. We have received several enquiries for a sale of our investment, but may have to reduce our expectations of value if a sale were sought in the short term.

Delyn Packaging PLC

Agency investment:

- (i) 590,000 ordinary shares (29.9%) at 20p - £118k.
Currently 98p - values holding at £543k.
- (ii) Loan originally £180k - outstanding £18k.

David Waterstone has met the Board of this company to discuss the future of the Agency's shareholding. The company is also interested in exploring with the Agency ways of utilising its strong balance sheet and management and its search for areas of expansion.

Major Problem Investments

Dragon Data Ltd

Agency invest £1.4m ordinary shares.

As a part of the additional funding package, the Agency's previous guarantee (£0.5m) and loan (£203k) have been converted to equity. A new Chairman has been appointed (Bryan P Smith) replacing D Allam. GEC is now marketing the Dragon product in the UK, while pressure on retail prices of the 32/64k machines is causing the company to explore manufacture in Spain and the Far East, in part to service those markets.

	NATURE OF INVESTMENT (shares in £1 units unless indicated)	% HELD OF VOTING RIGHTS	OUTSTANDING AT 31 MARCH 1984		
			SHARE AND OTHER RISK CAPITAL-COST	LOANS	FURTHER INVESTMENTS APPROVED
			£'000	£'000	£'000
<u>OTHER COMPANIES</u>					
7.3 Unquoted					
Dragon Data Ltd Personal computers	1,066,523 Ord. Shares	24.2	1393	-	-
Credit Grade Ltd Duvet covers & pillow cases	650,000 Redeemable Convertible Participating Cumulative Preference Shares	-	650	-	-
Parrot Corporation Ltd Flexible magnetic media	125,000 Ord. Shares 875,000 Cumulative Redeemable Preference Shares	20	63 437	-	63 437
John Williams Foundries Ltd. Non-ferrous castings	249,000 Ord. Shares Unsecured Loan	24.9	249 -	- 500	- -
Data Type International Ltd Computer peripherals	52,054 Ord. Shares 750,000 Cumulative Redeemable Convertible Preference Shares Convertible Loan	8.0	10 750 -	- - 239	- - -
Dragonpower Ltd Light bulbs	250,000 Redeemable Convertible Participating Preference Shares Secured Loan	-	250 -	- 250	- -
Biomass International Ltd Biotechnology & Environmental protection	16,666 Ord. Shares 400,000 Cumulative Redeemable Preference Shares	10	17 400	-	-
Berlei (UK) Ltd Lingerie	Guarantee	-	-	-	400
Gamilla Oil Mills Ltd. (In liquidation) Vegetable oils	Secured Loan	-	-	400	-
Haeffner Holdings Ltd (130) Colour and pigments for industrial use	50,000 Ord. Shares 100,000 Cumulative Redeemable Participating Preference Shares Secured Loan	28	50 100	- 200	-
Torch Computers Ltd Micro computers	101,118 Ord. Shares	6.45	349	-	-

DRAGON DATA LTD., KENFIG, WEST GLAMORGAN

AGENCY INVESTMENT: £1,392,615 ordinary shares (24.2% equity holding)

EMPLOYEES: 154

Although the Dragon 32 home computer had enjoyed a successful launch and quickly established itself in the top half-dozen most popular home computers on the UK market, the company encountered trading difficulties during 1983 owing to the highly seasonal nature of the market and to intense competition. Dragon Data received further support from institutional shareholders, including Prutec, whose shareholding increased to 49.9 per cent of the equity. Early in 1984 Dragon Data reached a marketing agreement with GEC under which Dragon products will be marketed in the UK by GEC under the name of GEC-Dragon. The company is planning to launch a range of computer equipment and peripherals which will move it up-market and enhance its profitability.

DRAGONPOWER LTD., AMMANFORD, DYFED

AGENCY INVESTMENT: £250,000 preference shares
£250,000 ECSC loan

EMPLOYEES: 25

Dragonpower Ltd. was set up in 1983 to make domestic light bulbs. A complete production line was imported from Poland and manufacturing commenced in November, with stock in three wattages being built up after the perfection of stringent quality control procedures. A thorough marketing programme is being undertaken and a second production line is due to become operational, although the seasonality of the business means that full sales potential is not likely to be reached until late 1984.

(h) Torch Computers Ltd

Heads of agreement have been signed with Acorn following negotiations for a take-over of Torch. The purchase consideration will be based on a profits related formula to a maximum of £4.7 million. At best this will mean a write-off of £101,000, at worst £260,000.

(i) Wettern Electric plc

Discussions are taking place which might lead to a take-over by Synterials plc.

(j) Dragon Data Ltd

This company has serious problems in that its home computer market seems to have dwindled, leaving the company with a warranty expense on its old '32' model which is unquantifiable. It is hoping to enter into a manufacturing agreement with some Spanish interests and it is further hoping to make a substantial export to the People's Republic of China. If either or both of these projects succeed, the company's medium term viability is assured. It is also examining the possibility of manufacturing a peripheral which takes the form of an intelligent clip-board. This peripheral can be carried and programmed to accept data in a remote situation and subsequently be plugged into the computer and the data absorbed into the computer system. If current manufacturing problems can be overcome, this new development has enormous potential.

The company is also proposing to manufacture a new machine which it hopes will sell in the lower end of the business computer market. This market has enormous volume but intense competition and this is a very high risk venture.

The company has immediate cash requirements of approximately £300,000 which will rise to £3 million over the next 18 months. Prutec, the other major shareholder, has undertaken to cover the company's needs in the short term. In the opinion of the company's new Chairman, Mr Brian Smith, we will be in a position to assess the longer term needs more accurately in approximately 6 weeks. At that time, a decision will have to be made on the future of the company generally, and the Agency's involvement therein particularly.

MARKETING DIVISION

14. Welsh Office approval has been obtained for the Agency to provide a 2-year rental guarantee to Merthyr Borough Council in support of their 21,000 sq.ft. privately-funded development at Dix's Field. It may well be possible to initiate similar privately-funded developments with other district councils.

Minutes of the Ninety-seventh Meeting
of the Welsh Development Agency held
at 10.00 a.m. on Monday, 13 March 1984
at Post Assurance House, Cardiff

WDA/84/98

98TH MEETING

2.30 P.M. MONDAY, 16 APRIL 1984
AT THE OFFICES OF DINEFWR
BOROUGH COUNCIL, LLANDEILO

AGENDA

- | | | |
|-----|---|--------------|
| 1. | Minutes of the 97th Meeting and matters arising | WDA/84/98/1 |
| 2. | Draft Annual Report | WDA/84/98/2 |
| 3. | Strategy for the Property Function | WDA/84/98/3 |
| 4. | A Review of Strategy for Advisory Services | WDA/84/98/4 |
| 5. | Western Corrugated Ltd - Investment Proposal | WDA/84/98/5 |
| 6. | Burlington Fabrics (Holdings) Ltd - Investment | WDA/84/98/6 |
| 7. | Minutes of the meeting of the Executive
Committee held on 27 March 1984 | WDA/84/98/7 |
| 8. | Cardiff Freeport - Tremorfa Foreshore | WDA/84/98/8 |
| 9. | WINtech - an initiative for Welsh
Industry - Paper circulated at March Board | |
| 10. | Agency Cars | WDA/84/98/10 |
| 11. | Report from WPW | WDA/84/98/11 |
| 12. | Report from AJS | WDA/84/98/12 |
| 13. | Report from AD | WDA/84/98/13 |
| 14. | Report from FJ | WDA/84/98/14 |
| 15. | Any other business | |

COMMENTS ON INDIVIDUAL CLIENTS

Dragon Data - Management accounts show a loss of approximately £400k for January and February, and the company is projecting a loss of £2m in 1984 unless certain major new projects can be brought to fruition. Little benefit has yet been seen from the GEC deal due to GEC re-organisation.

The £1.5m Multipad project is to be financed by Prutec. The timetable for this is critical to meet the 1984 Christmas market. The company has a number of other projects which could result in a significant improvement to Dragon, but in the meantime will require additional funding and this is under consideration by Prutec.

Robertson Research - The offer for sale was over-subscribed 123 times. The shares were offered at £1.60 and peaked at £3. They are now traded in a more stable market at about £2.30, valuing the Agency holding at £150k, compared with the £325k original equity investment in RRES. January management accounts for RRES show a continuation of previous losses.

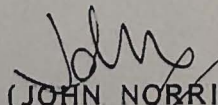
Handwell - Another funding of £250k by the controlling shareholders has been tentatively agreed. We are, nevertheless, concerned that without a strengthening of management these funds will be eroded by continuing losses and we are attempting to secure an Agency nominee as Executive Chairman. The person under consideration is Mr Jan Fridstrom, Managing Director of Eurofoil Ltd - a highly successful Agency investment client.

Dragonpower Ltd - A full monitoring report has been prepared by Lyn Osterland, which shows the company to have solved its earlier manufacturing and quality problems. Also, sales are being obtained by selling excessive stock at a loss to generate cash, whilst hopes are improving of obtaining sales at realistic margins.

T O P Wallcoverings - The recent additional funding of £25k by the Agency has been absorbed partly in payment of arrears of Agency rent, and the balance by Barclays Bank who have reduced their facility on the grounds of inadequate debtor cover. Representations are being made to Barclays, whose action is considered unethical under the circumstances. Discussions are in hand with two major customers with a view to their acquiring an equity stake.

Moss Gears & Transmissions Ltd - Due to the problems which arose with Borecliff Ltd in 1983, the company is having difficulty in obtaining the proposed leasing finance for capital re-equipment. The Agency is asked to consider a partial guarantee to Lombard North Central which would be of the order of £30k.

Newport Precision - The Agency has been asked to assist in the financing of a buy-out of part of this business, to which a receiver was appointed last month. A detailed business plan is awaited.


(JOHN NORRIS)
6 April 1984

INVESTMENT DIVISION

Enquiries

4. The number of enquiries in May fell from the high point of 64 in April to 35. This was a direct result of not advertising during the month. The number of enquiries received in April was a result of our "entrepreneur" advertisement. This will be re-run.

5. More enquiries are being received in the current month as a result of advertisements appearing in the Welsh media. This advertising campaign centres on a coupon which is cut out and sent to the Agency. It is therefore difficult to gauge what the long term response to this technique will be because the initial contact is normally the despatch of information. It will take several months to evaluate.

Investigations

6. Cases under investigation have dropped by 3 to 52, of which 22 are in the pre-investigation stage. The total possible investment on these cases is £6.1 million.

Approvals

7. Ten investments were approved during the month. These included one loan of £150,000 for plant and machinery for the manufacture of drums in Wrexham, and six small investments ranging from £2,000 to £24,000.

Cash Resources

8. The Division received a Vote of £11 million in the current year, together with a further £3.6 million arising from interest, disposals and opening bank balances: these total £14.6 million. £1.1 million has been invested in the year to date and a further £3.7 million is committed to definite investments. There is a further £6 million on cases under investigation, which leaves us with a net £3.7 million for the balance of the years. A drive will be made to step up the flow of good quality projects, which is necessary if we are to hit our investment targets.

General Comments

9. (a) Dragon Data Limited

As reported to the last Board meeting, a decision on the company's future was to be made shortly when the company's cash requirements were more accurately known. In the last week of the month, the Dragon Board resolved to call in the receivers. It is hoped that something may be salvaged from this operation, but the Agency must now look to its provision of £1 million against its total exposure of £1.3 million.

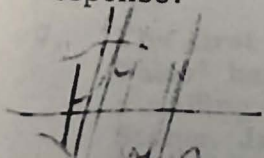
(b) Torch Computers Limited

The agreement with Acorn is still being negotiated.

MARKETING DIVISION SUMMARY REPORT

MAY 1984

1. The Welsh Office rejected the private sector funding scheme for the Innovation Centre on Swansea University campus on the grounds that the private sector was unwilling to take a significant share of the risks.
2. Decisions will need to be taken on the extent to which the Agency should become involved in studies and developments in the Milford Haven Enterprise Zone.
3. The new, controversial "dog kennel" advertisement on HTV has produced a surprisingly high level of enquiries - more than 200 in the first fortnight. Quality is variable; some useful business leads are now being followed up. The alternative "Men of Harlech" commercial, with its new investment theme, will run on HTV from 18th June. It will be interesting to measure the relative response.
4. The "outside Wales" campaign incorporating the new ten second version of earlier advertisements, will start in London on 11 June, at the same time as a new coupon campaign in the national press. A new flagship brochure "A Short Cut to the Best in Business" has been produced to support this campaign.
5. The first issue of a new publication (Technology in Wales) has been produced and will be circulated to some 6,500 businessmen in the UK and overseas. It is planned to produce an up-dated version every six months.
6. TV and press coverage relating to WINtech and to new appointments within the Agency has been very good and the expected bad publicity, following the collapse of Dragon Data, did not materialise.
7. The recent emphasis on promotion of the Agency's investment function has improved the enquiry rate for investment funds.
8. The Road Show: Dyfed, Gwynedd and Clwyd, produced some good enquiries for both factories and investment and was a particularly successful initiative which will be repeated in 1985.
9. The factory empty rate rose sharply in May (more than 1%) due mainly to the withdrawal of earlier reservations and approvals (28).
10. The contract for the telecommunications requirements of existing and new companies in Wales is placed with Logica (£25K).
11. Although enquiry levels are 20% down on the same period in 1983, visits have almost doubled in this period and are currently running at 150 per month, suggesting a continually improving quality of response.


A J Sutton
8.6.1984