

Ard-stiùiriche na h-Eaconomaidh
Director-General Economy
Liz Ditchburn



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: [REDACTED]
E: [REDACTED]

[REDACTED]
By email

We will continue to progress discussions with other stakeholders with a view to supporting the business to continue trading.

Yours Sincerely

[REDACTED]

LIZ DITCHBURN

12 August 2019

Dear [REDACTED]

Ferguson Marine Engineering Limited ("FMELE") and Ferguson Marine Engineering (Holdings) Limited ("FMEHL") (together the "Group")

I refer to your letter of 10 August 2019.

As previously confirmed in both writing and in discussions, Scottish Ministers cannot agree to your proposal where CBC's ranking is changed i.e. it could be paid out ahead of Scottish Ministers. Even if the debt is unenforceable, which is not how we understand your proposal from the call of 8 August 2019, it would not be proper to agree a proposal changing the ranking or terms when the business will not have generated sufficient funds by the proposed date.

We understand your responsibility to your investors but, as you are aware, in the solution you propose, these conflict with our own duties to taxpayers. Also, when faced with a situation where a company is insolvent it is usual to conclude that equity and third ranking debt has no value. I see no reason to consider your position in a different context, especially given the recent actions of directors.

I do not propose to further rehearse the discussion on FMELE's dispute with CMAL, the [REDACTED] investment or your proposal as these statements do not appear to have moved discussions forward. We disagree with you on the substance, and your presentation, of these discussions.

The directors' notice of intention to appoint an administrator appears to be incongruous with an amendment in favour of CBC and would be even more difficult to justify with such a clear statement of the business's inability to pay creditors.

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