

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON
FRIDAY, 9TH NOVEMBER 2007.

CASE REFERENCE

TAPE 1 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR NIALL IRVING

PERSONS PRESENT:

| | | |
|----------------------|---|-------------------------|
| MR GARY MURPHY | - | SERIOUS FRAUD OFFICE |
| MS BRENDA SMITHWHITE | - | SERIOUS FRAUD OFFICE |
| MS LYDIA JONSON | - | SERIOUS FRAUD OFFICE |
| MR LUKE BLACKMAN | - | SOLICITOR FOR MR IRVING |
| MR GILES BARK | - | SOLICITOR FOR MR IRVING |

G MURPHY: This interview is being tape-recorded and it may be tendered in evidence if this case is brought to court. We are in Interview Room 2 at the Serious Fraud Office, Elm House, Elm Street, London WC1. The date today is the 9th of November 2007, and the time by my watch is 9.35. I am Gary Murphy, and I am a principal investigator with the Serious Fraud Office. I am interviewing - Mr Irving, would you please state your full name, address and date of birth?

N IRVING: Niall Ronald Irving, Flat 15, 22 Church Road West, Farnborough, GU14 6QG. 19th of February 1947.

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FIRST DRAFT

G MURPHY: Thank you very much. Assisting me in this interview are -

L JONSON: Lydia JONSON, counsel, 18 Red Lion Court, instructed by the Serious Fraud Office.

B SMITHWHITE: Brenda Smithwhite, investigator, Serious Fraud Office.

G MURPHY: Also present is -

L BLACKMAN: My name's Luke Blackman, I'm from Bark & Co. Solicitors, Blackfriars, London.

G BARK: Giles Bark, Bark & Co. Solicitors.

G MURPHY: Thank you very much. Mr Irving, at the end of this interview I will give you a notice explaining the procedure for dealing with these tapes and how you may have access to them. Before we go on though, I must caution you. You do not have to say anything, but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence. Do you understand what I've just said to you there?

N IRVING: Yes.

G MURPHY: Okay, I also have to tell you that you are not under arrest, and that means that you are free to leave at any time you wish. Do you understand that?

N IRVING: Yes.

G MURPHY: All I will ask is if you do decide you want to leave at any stage, would you please just let us know, because what I'd like to do is close down the tape machine and seal the tapes up, so

that's your option, but please just let me know if you wish to exercise that option, yeah? I must also tell you that while you are here you are entitled to free and independent legal advice. Now I know you already have your lawyers with you, but I must also explain that to you as well. You can speak to a solicitor in person or on the telephone at any time throughout your time with us today.

N IRVING:

Right.

G MURPHY:

Do you wish to speak to an independent solicitor at this time?

N IRVING:

No.

G MURPHY:

Okay, I also need to tell you that while you're with us you have the chance of actually referring to a copy of the Codes of Practice, which governs how you're treated here today and how we conduct interviews. So again, if at any time you wish to consult a copy of the Codes of Practice, let me know and we'll let you have those. Do you wish to do that now?

N IRVING:

No.

G MURPHY:

Okay, Mr Irving, the reason this interview is being conducted today is because we are investigating allegations that corrupt payments were made to South African public officials by agents or advisers or consultants, we've heard these people referred to as all three things, to enable BAE Systems PLC to secure the Hawk/Gripen Contract, which formed one part of the overall strategic defence procurement package.

We want to question you about that contract, which was eventually signed between the South African government and BAE. We want to question you about your knowledge of how this contract was won, and your personal involvement. We want to question you about your knowledge of the involvement of other BAE personnel, and your knowledge and involvement in the appointment of advisers, consultants or agents, and the subsequent renewal, amendments and payments in relation to the agreements that they had with BAE. Do you understand that?

N IRVING:

Yes.

G MURPHY:

Yeah. Okay, now we're going to break this interview down into four periods really. The first period is going to be from late 1994 until October 98, okay? So that's round about the time of down select, or preferred bidder status. We're then going to look at the period from down select through to the contract signing, which was December 1999. Then we're going to look at the period of the signing of the contract till the effective dates, which is about April 2000. And then we're going to talk to you about post the effective date until your last involvement really, okay?

But what I'd like to do is just start off by asking you how it was that you came to be involved in the Hawk/Gripen contract. So maybe you could start by telling us how it was and when you got involved.

N IRVING: Well I suppose I got involved from when I was recruited to BAE Systems, and I started with BAE Systems in February 1996. And after a period of orientation to the company I was then posted to South Africa in September 1996, and that was to pursue a trainer opportunity, that is a Hawk, in our case Hawk trainer opportunity, and that was my first job with British Aerospace as was.

G MURPHY: When you joined British Aerospace, what section of division was it that you joined?

N IRVING: I think it was called IMSO, International Marketing and Sales Organisation.

G MURPHY: Okay. And that was part of -

N IRVING: Or it might have been called DMO, I'm not sure, but I think it was IMSO. The title of the organisation has changed, but effectively it was the marketing organisation, and that's where I still am.

G MURPHY: You're still in that now?

N IRVING: Yeah.

G MURPHY: Okay. So you started in South Africa in September 1996.

N IRVING: Yeah.

G MURPHY: When did you actually finally leave that contract or leave South Africa?

N IRVING: I left the overseas contract in April - erm, May 2001.

G MURPHY: May 2001. So after that date you ceased to have any involvement in the Hawk/Gripen contract?

N IRVING: I think I did. As far as I recall that was the end.

G MURPHY: That was the end of it.

N IRVING: Yeah.

G MURPHY: Okay. Right, so when you first went out to - or when you first got involved in September 1996, were you actually sent to South Africa to live there?

N IRVING: Yes.

G MURPHY: You was, all right. And how much time did you spend out of South Africa during that period?

N IRVING: Whilst I was posted in South Africa?

G MURPHY: Yeah.

N IRVING: Well I would only come back to UK for meetings, holidays, and exhibitions and customer visits where people might be in the UK that I needed to be with.

G MURPHY: Right.

N IRVING: And of course there was a tax consideration, UK tax consideration, which meant I couldn't exceed 90 days in the UK on average over four years. So I think - I recorded all of these things fairly carefully because ultimately I was coming back to the UK. So whilst I can't recall exactly, I would put it at around 90 days.

G MURPHY: Okay.

N IRVING: You know, it's sometimes a bit less, sometimes a bit more, but I know I complied with the UK tax requirement, but I knew that it was a consideration. So it might have been as much as that.

G MURPHY: Okay. What I'm trying to get a feel for here really is whether there were any long periods of

time during which you were absent from South Africa.

N IRVING: What's a long period of time?

G MURPHY: Two or three months.

N IRVING: Oh, no.

G MURPHY: No, okay.

N IRVING: Not that I recall, no. No, I was living there with my family.

G MURPHY: Right. Okay, so you go out to South Africa and you start your job out there. What actually was your role?

N IRVING: I was just trying to think of that last question. The - can we just return to that?

G MURPHY: Sure, yeah.

N IRVING: The only occasion I might have been out for a period of time was when I - I was always given a year's work visa in South Africa - sorry, a visa that lasted a year. But my third one, or maybe it was my fourth - my third one, they gave me nine months instead of one year. This was, I think, against a policy that said ultimately expatriates needed to hand over in principle the political sort of thing to a local person to do the job. I didn't notice and nor did the system, that instead of having a year's work I only had nine months.

So I went to Singapore to some sort of event and when I came back in I signed my visa saying I'd come in to work, because that's - I'd returned home. And I was stopped at the airport and told that my working visa was a few days out of date.

So, you know, under the regulations I had to return to the UK until such time as an application for a visa was submitted again.

G MURPHY: They wouldn't let you in?

N IRVING: No, because I hadn't put 'tourist'. If I'd put 'tourist' they would, but I was completely unaware then that my visa had run out because I thought it was a year.

G MURPHY: Okay.

N IRVING: So I was some weeks at the UK officially - I mean I did come back in again, but not on - not on a working visa, but effectively that would have been about - that might have been in - that was in 2000.

G MURPHY: In 2000. Could you tie that down any more for me, the month maybe?

N IRVING: It might have been April. It was whenever the Singapore Air Show was. I think it might have been April.

G MURPHY: Okay.

L JONSON: I'm sure we can check that.

N IRVING: Because - no, actually, so nine months, I'd been running September to September. It might have been - actually it might have been May, May to June, because it was a nine month visa that had run out. Instead of running out on September the 15th it ran out, so it would have been three months before or thereabouts.

G MURPHY: Right, okay.

N IRVING: So I came out, put the application through the London South African Embassy here, and they gave

me a visa and I went back again, but it took several weeks. So that was the long - that I would think was the longest time I was formally out of South Africa.

G MURPHY: Okay. Several weeks, what are we talking about? Five, six or less than that?

N IRVING: No, I think it was going to be a minimum of six weeks, so it would have been six to eight weeks, I would think, but I can't recall exactly.

G MURPHY: Okay, all right, that's fine. Did anybody else go out and cover your job during that period of time?

N IRVING: No, no, I was doing my job but just doing it from Farnborough.

G MURPHY: From the UK.

N IRVING: Yeah.

G MURPHY: Yeah, okay. Right, thank you for that. Yeah, so moving on to the role that you performed whilst you were in South Africa. When you first went out in September 96, what was it that you were actually physically doing out there?

N IRVING: Well I was in charge of the marketing office, and my specific role was to develop relationships with the South African Air Force such that I could position the Hawk aircraft as the preferred product of choice for the training requirement that existed within the South African Air Force at that time, as an ex-Air Force officer, that was my role.

G MURPHY: Okay. You're ex-Air Force yourself, are you?

N IRVING: Yeah, I'm an ex-pilot, yeah, Air Force pilot.

G MURPHY: Okay. So when you went there, who was your boss, who did you report to?

N IRVING: Allan MacDonald.

G MURPHY: And had he already been in the country for a period of time, do you know?

N IRVING: He'd done visits to South Africa, yeah.

G MURPHY: Right, okay.

N IRVING: Yeah, he was well known.

G MURPHY: Yeah. So did your role change with time at all, or did it remain the same?

N IRVING: Well it changed firstly in the sense that the trainer requirement was cancelled at some point by the South African government, and a defence review was carried out in about 1997, and then their requirement changed to a fighter aircraft requirement.

G MURPHY: Yes.

N IRVING: And for that we were teamed with Saab Aircraft, so we had a product to offer. So I then changed to leading a Gripen campaign.

G MURPHY: Okay. So was that marketed separately to the Hawk then, the Gripen?

N IRVING: It meant that I had - well the company and Saab agreed that British Aerospace would lead it, and therefore I was given the lead position as a marketer for that aircraft with Swedes working with me on the marketing side, but we led the campaign.

G MURPHY: Yeah, yeah. So when you first arrived in the country, what team did you have around you?

N IRVING: I had two British Aerospace employees, Dave

Williams and Stuart McIntyre.

G MURPHY:

And what was their role?

N IRVING:

Their role was collectively to assist me in promoting this campaign, so we I suppose - Dave Williams was a mature individual who knew the company, the British Aerospace Company well, and had been associated, I think, with Hawk before, and therefore brought a sort of business perspective for me, and would also develop sort of relationships at the technical level within South African industry, which was part of our - part of the area that we wanted to influence. And Stuart McIntyre really was the guy - he was the junior who had an ability to write well, and so therefore when I needed to transmit information then largely he was the guy who would advise and construct papers and memos and stuff like that. So he was more sort of on the administration side and on the strategising side.

G MURPHY:

Right, okay. Were they based in South Africa at the time?

N IRVING:

Yeah, both based, yeah.

G MURPHY:

Okay. Was there anybody else part of the set up out there?

N IRVING:

Not at that time.

G MURPHY:

Not at that time. What about Richard Charter, what was he up to at that time?

N IRVING:

He was our agent, so he was - and our representative in South Africa, and had been for a long time, long before I arrived there.

G MURPHY: Right.

N IRVING: So he provided local advice.

G MURPHY: I understand there was an organisation set up in South Africa called - was it British Aerospace?

L JONSON: BAE South Africa.

G MURPHY: BAE South Africa PTY.

N IRVING: Yeah.

G MURPHY: Yeah? What was that organisation? What was the role of that entity?

N IRVING: As far as I recall the role was to promote the industrial participation to show commitment by the company to South Africa, because in addition to the defence deal itself of selling aeroplanes, the South African government also wanted to address the issue of development of their own defence industry, and we would have to make a contribution to that. And one of the ways that we showed that was to set up a local company and say, 'From this we will assist in growing the defence industry business in South Africa.'

G MURPHY: Right.

N IRVING: Transfer of technology and know-how and all that ultimately was -

G MURPHY: Yeah. Were you an officer of that company?

N IRVING: Yeah.

G MURPHY: You was?

N IRVING: Yeah.

G MURPHY: What was your position in that company?

N IRVING: Well I was really the secretary.

G MURPHY: Okay.

N IRVING: I wrote the minutes as far as I recall, or approved the minutes.

G MURPHY: Okay. Now I understand Richard Charter had something to do with that company, a deputy chairman or maybe even chairman?

N IRVING: I think he was chairman.

G MURPHY: Okay, so -

N IRVING: At some point he was chairman, I'm sure.

G MURPHY: At some point.

N IRVING: Yeah.

G MURPHY: So when Richard Charter was carrying out his work, was he carrying out his work as chairman or otherwise, an officer of BAE South Africa, or was he carrying out his work as an advisor to BAE?

N IRVING: Well my perception would be that he had both roles. He was always an advisor to British Aerospace as it was.

G MURPHY: Yeah.

N IRVING: So he would provide in country advice. But then when we came to our contract - you know, the campaign to develop South African industry, then he chaired that entity, at some point chaired it anyway, but he brought the South African perspective as a successful businessman in South Africa in his own right, he brought that perspective to that company, which as far as I recall was, you know, as I say, designed to develop our industrial presence and make valid contribution to building ultimately industrial relationships with South African companies in

order to allow them to grow.

G MURPHY: Right, yeah. Who else was operating under that umbrella then?

N IRVING: What -

G MURPHY: The umbrella of BAE South Africa, and working within the industrial participation field?

N IRVING: Well the directors of the company, is that what you mean? Who made up the board?

G MURPHY: No, who was actually physically going out and doing the work? You had a company set up in order to provide this, who was actually doing it, doing the work?

N IRVING: Well I mean the company didn't eventually make much headway as far as I recall, but in the early stages I think it was set up in order for us to make some sort of industrial arrangement with Denel, which was the government owned aviation - I think it was aviation company in South Africa. The idea was that we were some - from what I saw in the note there, although I didn't record it, and the notes that you gave me, there was some discussion about hostile takeover, but then changed to something that wasn't hostile that ultimately didn't go anywhere.

So I would say that in terms of interaction there would have been a role for most of the people on the board of BAE South Africa in some way. For example, I remember having meetings with the chief executive and his sort of senior operations officer about prospects for

production of aircraft at some time in the future, but it was in a very general sense because I'm not technical, but it was more about selling the idea to the Denel authorities that we really were genuine in wanting to work with them as opposed to taking the company over and sacking them all, which was where they were very much coming from at that point. It was a white dominated administration in charge of Denel, it didn't seem to have particular success in anything it did, it was struggling with a helicopter programme, the Rooivalk Programme, and that was attracting quite a lot of bad press and consuming a lot of money, and they were somewhat - the management were very wary of British Aerospace, so I suppose part of my job was to reflect the company's position in terms of really wanting to work together with them. Richard Charter had a good knowledge of the Aerospace Company, and part of his company, Osprey, used to supply equipment into the South African armed forces, parachutes and things like that. So he also would have been interacting with Denel.

So I think the major focus, as far as I recall, was this issue of if we could come to an arrangement with Denel that was mutually beneficial but particularly beneficial to the South African industry, then that would strengthen our campaign for our product, and so that would be part of our industrial

participation strategy. But the makeup of the board, the idea of BAE South Africa and the makeup of the board, I think, was really the campaign leader's idea, Allan MacDonald, so he managed to get the chief - well I don't know if he was chief, but John Weston, who was a very powerful board member. And also Richard Laphorne, who was the financial director of British Aerospace at that time.

He actually got these guys focused, and of course from an internal campaign point of view, you know, we were but one campaign of many going around the world and clearly if you could attract the hierarchy of British Aerospace to South Africa and get their attention, then you would get the support and everything that was required in order to pursue that campaign. So the other agenda, if you like, in my opinion, but not as an experienced industry guy, which I wasn't, I'd never had any experience of industry, never did in my Air Force time.

L JONSON: Sorry, can I just ask, when you went to BAE, where did you come from? Were you in the Air Force all the way up?

N IRVING: Yeah, yeah, I was a pilot -

L JONSON: Okay.

N IRVING: - all my time - well, with a few staff jobs, but primarily a pilot.

G MURPHY: So who was involved then in dealing with Denel?

N IRVING: Well I think everybody was - well -

G MURPHY: Were you?

N IRVING: Yeah, yeah, I met the chief executive and his sort of right hand man, I don't know what he - how he - I don't know what he was called, maybe he was the chief operating officer, it would be three or four times.

G MURPHY: Okay, who were those people?

N IRVING: I would recognise the names, but I can't remember the names.

G MURPHY: Right, but they were Denel Board members, were they?

N IRVING: I don't know if they were on the board. One was definitely the chief executive, you know, he was a white South African, been there a long time, his name's on the tip of my tongue but I can't remember.

Anyway, two in particular I would have dealt with. One was the CEO at that time, and if you tell me his name I would be able to confirm it, but I can't remember.

L JONSON: I don't know off the top of my head. We can check it.

N IRVING: Mmm, so I had a few meetings, not many, because as I say, this didn't really go anywhere in the end, we never did.

G MURPHY: Are we talking 97 here? 97/98?

N IRVING: Yeah, we've been talking about that time, and there was a due diligence carried out by our company, and I don't think, although I wasn't part of it, it would have been done by an independent team from the UK of experts looking at the performance of Denel with a view to

valuing it, and I don't think Denel came out of that at all well. And so things didn't really go they way that they should have done and we never formed that partnership.

G MURPHY: No. Okay, so I'm getting the feel for the work you were doing in relation to Denel and the early days of the industrial participation. What else was your role? What other things were you physically doing?

N IRVING: No, well my primary role, because that was just an aside, because BAE South Africa didn't exist when I got there.

G MURPHY: Yeah.

N IRVING: My firm, clear job was to interact with the South African Air Force and to unblock a view, at that time this was a trainer requirement, to unblock the view that Hawk was expensive and unnecessarily sophisticated for the requirement they had to train pilots at advanced level to go on to fighters. So my job was constrained to that, I mean it was very, very clear to me that I didn't need to be doing anything else. The BAE South Africa thing came much later and was, you know, a minor industry role, but I neither had the knowledge nor the ability, the experience or the training to do anything like that initially. It was made very clear to me by MacDonald exactly what my role was, and it was to do something that he admitted he couldn't do, which was to really get time, quality time, and you know, and have good conversations with the

South African Air Force.

G MURPHY: Okay, so how did you go about doing - achieving that role?

N IRVING: Well I made appointments to see the chief -

G MURPHY: Chief of the Airforce?

N IRVING: - on the basis that - yeah, on the basis that I firmly believed then and do now almost without exception, that the chief of an armed service ultimately is the final arbiter about what equipment is or is not bought for a military entity.

And he was very accessible, but you know, the first meeting lasted maybe five minutes before he fobbed me off to his number two. And that sort of process continued for quite a long time where he would say yes to a meeting and then he wouldn't give me the time.

G MURPHY: Right. Did you - were those meetings that you attended yourself?

N IRVING: Yeah.

G MURPHY: Yeah. Didn't take anybody with you?

N IRVING: If I did it would be pretty - it would be rare, because -

G MURPHY: Because you were the only one with the technical knowledge.

N IRVING: Well not that, it's just that if you have a lot of people it waters down the quality of the meeting and the quality of the interaction, so the principle was, you know, if I could I would go by myself.

G MURPHY: Yeah.

N IRVING: If I needed an adviser for some reason, you know, or if an adviser was the only way of getting to a person then obviously, you know, one would end up with an adviser. But I think, as far as I recall, by and large the meetings - I might have taken David Williams once, I don't - I can't especially remember.

G MURPHY: No, okay.

L JONSON: Do you remember who the chief was at the time?

N IRVING: Hechter, General Hechter.

G MURPHY: You said just now that if you were required to take an advisor or seek help from an adviser to maybe get access to people you would do that. Did you have to do that? Is that something that you resorted to?

N IRVING: What, with the chief of the Air Force?

G MURPHY: Yeah, as an example, or anybody else in fact.

N IRVING: Well I mean I definitely would have had meetings with advisers. I can't recall if - I might once have had Richard Charter, who had a good relationship and knowledge of the Air Force. I mean it could well be but I can't recall that - you know, he might have set up the first meeting for, but certainly for most of the time, the majority of the time, I had the ability to just ring the chief's office and say to him, you know. So maybe the initial introductions were done, and if they were done and it was probably by Richard Charter.

G MURPHY: Okay.

N IRVING: You know, an initial introduction might have

been done that way. But in principle I think we had an understanding that, you know, that was my territory to try and persuade him that we were worth - although I mean my job was to try and persuade the South African Air Force to let us into the competition as a serious contender as opposed to what apparently happened, but it was before my time that, you know, British Aerospace was just told it wasn't a likely candidate for any competition.

G MURPHY: Right. So again here, we're obviously talking 97.

N IRVING: 96/97.

G MURPHY: Yeah, 96/97. Did your role change at all the nearer you got to being selected as the preferred bidder or down select?

N IRVING: Yeah.

G MURPHY: In what way?

N IRVING: In the broader sense in that once I'd got to know the - once I'd made headway with the South African Air Force, then I was then - my role broadened in the sense that, you know, I could latterly interact with industrialists and politicians.

G MURPHY: Okay. In that role did you use advisers to assist you at all?

N IRVING: Yeah, but I mean that was largely Richard Charter.

G MURPHY: Largely Richard Charter.

N IRVING: Yeah.

G MURPHY: Anybody else to any lesser extent?

N IRVING: If we're talking about organising meetings, I suppose really I would have used most of them at one time or another. We had a lot of advisers, so some were used to, you know, for information to give me advice on the South African scene or, you know, an inference of how we might be doing or what we needed to do in order to improve our position.

G MURPHY: Okay, let's take it from there then.

N IRVING: But - I'm just trying to think specifically have - I mean I might specifically have - I mean if I - during the transitional period I think I would be right in saying that, if we take the Minister of Defence, you know, as a key one.

G MURPHY: Who is or who was?

N IRVING: Minister Modise.

G MURPHY: Yeah.

N IRVING: It probably, almost definitely was Alan MacDonald on a visit that would have introduced me to Modise and said, 'Right, you know, I haven't wanted you to move outside the South African Air Force, because I am content with everything else,' but now because we're getting into the business of having persuaded the Air Force that we were an acceptable competitor, which was all I was tasked to do, just get into the competition, just get their mindset changed. Then the next thing of course was to influence other people on the merits of - so I would be almost certain that Allan MacDonald introduced me to Modise.

G MURPHY: Okay.

N IRVING: Who was very accessible actually, and very interested in -

G MURPHY: How - what was it that you had to influence Modise about? What were you after?

N IRVING: Well my job as a pilot was to, with - my memory of that was that I had to persuade him intellectually that in the interests of transformation of the Air Force, which didn't have a single black pilot, and certainly no prospect of a fighter pilot, that it was possible for black, relatively uneducated people, to be selected to fly fast jet fighters. And I did that on the basis of my own position, which was that I left school with O levels, and I ended up, you know, as one of the senior pilots in the Air Force, as an active pilot. Senior in rank, senior in responsibility. So I'd portrayed my own position to persuade him intellectually that if he wanted to transform the Air Force, which was a policy issue, that I and our company could contribute to that provided they bought our aeroplanes of course.

G MURPHY: Yeah. You said it was Allan MacDonald that introduced you to Joe Modise.

N IRVING: Yeah.

G MURPHY: How did you actually go about getting access to him? You said he was fairly accessible, did you have to use -

N IRVING: Just ring the office. Ring the office.

G MURPHY: It was as simple as that, was it?

N IRVING:

Yeah. Well he had an adviser called Fana Hlongwane. And so when I met Modise I would have met Fana Hlongwane either at the same time or shortly thereafter through MacDonald, and therefore, you know, just like the chief of the Air Force's office, you know, I needed to make sure that, you know, I had the telephone number for these people in order to arrange the meetings. They didn't happen very often, but when they did of course it was in, you know, we would always have an agenda and thought out exactly what our agenda was going to be, what our outcome needed to be at that time. Mostly with Modise it was around promoting the benefits latterly. We got both of the aircraft into the competition on the basis, and I wrote a short paper about why in addition to putting in a compliant bid for the fighter we should also, and it was my initiative alone, to put in another bid that said, 'Don't buy so many fighters because without the proper trainer you are in -' and the current trainer they had was not suitable in my professional opinion for going onto the sort of fighter that we were promoting, but the Hawk was. So we put in a reduced, an affordable alternative, which was some Hawk and Gripen, and that's ultimately the one, or something similar to that, that they chose.

G MURPHY:

Right, okay. I mean obviously I'm getting the impression -

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N IRVING: And that I had to obviously run past the Minister, you know. And so that was the structure of the conversation, that if you want transformation, firstly look at me, secondly, I assure you that you do not need highly educated people, and thirdly, if you take this line of training, and I at my last job in the Royal Air Force, was responsible for all fast jet pilots in the low level business and helicopter pilots. So I was speaking with some, you know, some kudos behind me around -

G MURPHY: Sure.

N IRVING: - this is the way to do it. I was also trying to sell the aircraft.

G MURPHY: And it seems to me that you had the knowledge to be able to -

N IRVING: Persuade them.

G MURPHY: - to convince, yeah, that -

N IRVING: Yeah.

G MURPHY: Was there ever any need for you to use any adviser at all in relation to that particular issue?

N IRVING: Yes, there was, because I couldn't afford to be - there's a credibility issue when you're dealing with these people, so I, you know, the approach was always to run this past, so the first person I ran it past was Richard Charter. I remember that because he wasn't in favour of it, and it seemed so obvious to me. And then I ran it past Allan MacDonald, and I remember that day because we were now getting to

a point where I couldn't see how we were going to sell unless we had some sort of credible solution like that. If they'd gone for the Italian aircraft then it's more likely they would have had to go on another route to another aeroplane that wouldn't have been ours, and that's what I was really worried about.

L JONSON: Was that the Aermacchi?

N IRVING: The Aermacchi trainer, which, you know, is - I mean nobody's bought that aeroplane since. I mean it exists, but nobody's ever bought it because it's a straight wing aeroplane instead of a swept wing, and it doesn't - it's, you know, it doesn't prepare pilots for getting into something that is a lot faster and is a swept wing, which has different flying characteristics, and if you didn't have experience before, is quite risky.

G MURPHY: Okay.

N IRVING: So I had a - it wasn't just a sales campaign, I really believed, you know, that what I was selling was actually safer and better, but safer than anything else. There's no doubt that Aermacchi was going to be cheaper, but it wasn't - it was going to kill people basically.

G MURPHY: Right. So you said you spoke to Richard Charter, got a view from him. Who else?

N IRVING: Allan MacDonald.

G MURPHY: Allan, yeah.

N IRVING: He was neutral to start with. And then probably, although I don't recall - I remember

those two conversations because they were so key. But then if - MacDonald was neutral, so he wouldn't come down on my side against Charter or the other way round, so -

G MURPHY: Why didn't Charter want you to approach Modise in the way that you did?

N IRVING: No, no, sorry, it wasn't that. He didn't want me to put in a non-compliant bid.

G MURPHY: Sorry, okay.

N IRVING: Yeah, it was just - the argument was around that we just comply with the requirement itself, 48 aeroplanes, that was the focus.

G MURPHY: Yes.

N IRVING: He was driven that way, and he was a successful businessman so he had a much more powerful influence on MacDonald than I did.

G MURPHY: So were there any other advisors?

N IRVING: Well that I would have run that past?

G MURPHY: Yeah.

N IRVING: No, there was no - there were other advisors, but there were none that I would have run that past because that was - Charter was mostly the guy giving most of the advice most of the time.

G MURPHY: Okay, okay. And at this time, again - I just need to check where we are in time, the dates here. We've just got a couple of minutes left on this tape. What sort of period of time are we talking about here?

N IRVING: I don't know, but there's a note in the disclosure documents you gave me laying out when I proposed that.

G MURPHY: Okay.

N IRVING: And I can't recall exactly when it was.

G MURPHY: Okay, that's fine. Okay, well that's the end of the first tape. The time by my watch is 10.20. the time elapsed counter is showing 45, and we'll stop the tape.

(End of tape one)

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON
FRIDAY, 9TH NOVEMBER 2007.

CASE REFERENCE

TAPE 2 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR NIALL IRVING

PERSONS PRESENT:

| | | |
|----------------------|---|-------------------------|
| MR GARY MURPHY | - | SERIOUS FRAUD OFFICE |
| MS BRENDA SMITHWHITE | - | SERIOUS FRAUD OFFICE |
| MS LYDIA JONSON | - | SERIOUS FRAUD OFFICE |
| MR LUKE BLACKMAN | - | SOLICITOR FOR MR IRVING |
| MR GILES BARK | - | SOLICITOR FOR MR IRVING |

G MURPHY: This is the continuation of an interview with Mr Niall Irving. The time by my watch is 10.28. Mr Irving, could you confirm that the same people are present now as were in the first tape?

N IRVING: Yes.

G MURPHY: Yeah. And could you also confirm that we did not discuss the case during the break?

N IRVING: That's correct.

G MURPHY: Thank you very much. I will remind you that you are under caution, and as this is only the second tape I will just state that caution again. You do not have to say anything, but it

may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence. Do you understand?

N IRVING: Yes.

G MURPHY: I will remind you again that you are not under arrest and are free to leave at any time. Okay. Yeah, we cut you short at the end of the last tape. If you'd like to continue with your answer.

N IRVING: Yeah, looking at the disclosure document here, to be specific about timing I advised the wider company officials in October 1997 of my idea that we should bid a compliant fighter bid with Gripen, but also a non-compliant bid that included the Hawk trainer, which I believed was the solution that would best suit the South African Air Force from my own professional standpoint. And in terms of what I had done to that point, I had secured the agreement of Allan MacDonald, and I believe by then, Richard Charter, that this was a good idea. And although I can't remember specifically when, I would definitely have run this past the advisor to the Minister, Fana Hlongwane, and maybe even the Minister by then, because I do recall having to explain to the Minister the philosophy of a non-compliant bid. This was all so that our formal bid would not be thrown out because it didn't strictly comply with the specific guidelines of the fighter requirement per se.

G MURPHY: Okay. And you achieved that?

N IRVING: Yeah.

G MURPHY: Yeah.

N IRVING: In other words I got agreement that that was a valid thing under the procurement process to do, and that, you know, it was acceptable to do that. And also that the company would agree to bid a small number of Hawk into the solution, because of course if they weren't prepared to manufacture the Hawk in support of our South African, then it would have been a waste of time promoting the solution. And I don't - I wouldn't have had any influence over the - I wouldn't have had any influence over the industrial considerations that went with that.

L JONSON: So who at the company persuaded others more senior that this was - that your proposed route was the best way forward?

N IRVING: Well I think the purpose of the note from me in October 1997 to the Head of Commercial, who was Geoff Doughty-(Hawk), and the people on the list that I wrote to were the people at senior management level at our factory that would have needed to be convinced that what I was proposing was a good way forward. Similarly, of course, there was a battle to be done with SAAB, which would have been done above my level, but which I got involved in because I had the - because it was my initiative to persuade SAAB that this non-compliant bid with fewer Gripen aircraft, which meant lower production for them, less

business for them in favour of Hawk, that that was a valid way forward.

L JONSON: Cos obviously with the Hawk coming in they were going to suffer in terms of -

N IRVING: They were going to suffer in terms of the size of their business. But they were still going to get the business because at this point there was no export of this aeroplane anywhere, so this was the lead campaign for the Gripen aircraft into the world market.

G MURPHY: How did you keep Allan MacDonald abreast of what was going on, on the ground in South Africa?

N IRVING: Mostly by written memo, which would be done with the assistance of Stuart McIntyre, who was my scribe in this respect, because we wrote well and he and Allan MacDonald had worked together for a long time, and Allan MacDonald had confidence in his ability to convey ideas. That was not one of my strong points on paper.

G MURPHY: Okay.

N IRVING: I could fly aeroplanes but I couldn't write very well.

G MURPHY: Yes. So would you say during this period that you had a good feel for what was going on and the direction of the campaign? I mean you were the guy on the ground. Did you say you were the manager of the office in South Africa?

N IRVING: Yeah.

G MURPHY: So would you say that you had a good feel for what was going on?

N IRVING: I think we are talking about a period, the first

year, at the moment, from September 96 to 97. And my big problem at that time was 1) no, I didn't have a good feel for the environment, and 2) because of the natural constraint I had for most of that time, which was to focus on the South African Air Force block that existed in our campaign, and secondly, I didn't have the credibility of the folk at the manufacturing end because they didn't know me, I had no track record, it was a big deal, and naturally I wasn't the only candidate, I'd found out by then, for the job that I was fulfilling. And so I'd come in from outside, so I had quite a struggle.

G MURPHY: Yeah. What about for the people that were involved, the people that were actually assisting? You've mentioned Richard Charter. Was there anybody else at this stage assisting? Other than Stuart, of course, and Allan.

N IRVING: Well we had other agents.

G MURPHY: Yeah, who were they?

N IRVING: Because we were still - I mean I was responsible for Sub-Saharan Africa at this point, not just South Africa. So I was supposed to keep a weather eye on other places. So the people that we had were - there was a guy who used to visit, Alan Curtis. There were guys from Zimbabwe, one of whom lived in South Africa. Jules Pelissier and Trevor Wilmans. There was a guy, a very senior guy in one of the metals companies that I saw very occasionally, because he was an

honorary colonel in an Air Force organisation, I've forgotten his name. I think he worked for something like - or not owned, but was - he always seemed very wealthy, Anglo-American or Anglo something, Anglo Gold, Anglo Gold it might have been that he was a past chairman of, and an honorary colonel in the Air Force, and his names I'm afraid - I've forgotten his name.

Anyway, I saw him maybe - I would have seen him maybe once in that year and a couple of times the following year just to get another perspective from the business - the senior business community about whether we were going the right way.

I think that was about it. So that was it in terms of our people that would provide advice for me, and that was - those contacts were made through, you know, Allan MacDonald would say, 'Right, now you should be aware that this guy is an adviser, and therefore you, you know, if you feel -' or maybe made an introduction.

G MURPHY: Okay.

N IRVING: During - some time at the end of that period, I would think, once the non-compliant bid business was done, so going on from then, then I probably would have started having interaction with them. But fundamentally, the day-to-day or the week-to-week advice still came from Charter, he was still my prime contact.

G MURPHY: Okay.

L JONSON: Did that change throughout the time you were in

South Africa?

N IRVING: No. No - well it changed at the end when we got the contract, because after that we didn't really have much interaction at all, because it was made clear to me that I wasn't staying, you know, there wasn't a role for me.

L JONSON: No, sorry, I meant in terms of - in the context of the other advisors.

N IRVING: No, he was always the pre-eminent advisor.

L JONSON: And in what - are you able to give us an idea about how much more you might have spoken to him than you would have other advisors?

N IRVING: Well hugely more.

L JONSON: Really?

N IRVING: Because he demanded to, you know, the quid pro quo relationship that he regarded as - what shall I say? He was a very confident, self-assured, successful businessman. This was one aspect, but what his approach was, 'If I don't know what's going on I can't', you know, so that would have been his. And so there was nothing really that he didn't know, so you know, he was the guy that I would run things off first and that I think was, you know, the guy who could influence events. Whereas I never ever was able to judge what anybody else, the quality of the information that anybody else was giving me of the advisers that we had.

Of course, if I went to the South African Air Force I could make my own judgement. Whatever the chief said went, whatever the number two

said was always going to be modified by the chief if the chief wants it to. Similarly, in the Minister's office, the advisor, Fana Hlongwane, could tell me things. And I mean he was very useful in inculcating me with the sort of ethos and culture of the ANC. So that was to me very important, for me to be able to understand the culture of the ANC, so I mean Richard Charter would give me a view and Hlongwane might give me a view on that, but ultimately I would still need to hear whether or not the Minister agreed that, you know, transformation, the way that it had been described, and we wrote a paper on transformation - well, Stuart McIntyre wrote a paper on transformation that I presented into the system to strengthen our case for the Hawk and Gripen combination. But I would have run that past Hlongwane first, but it wouldn't give me any confidence, he having said, 'It looks good to me,' that that would necessarily mean the Minister would agree. So in terms of quality of info - there was all these other avenues for getting information, including the Denel, or they would have a perspective as well about whether or not they could build Hawk in South Africa, for example. And in the end we agreed that they could assemble them there, but that they wouldn't be able to build them from bare metal. So it was those sort of things I was exploring just to

build my own case, which was purely a marketing case, not an industrial case.

L JONSON: And you went through Fana Hlongwane as almost the first port of call to run an idea past before you put it before the Minister?

N IRVING: I would do - I would - that would be my philosophy, because if he saw some sort of problem with that, or if he didn't agree with it, or if it needed to be more robust, he was a clever guy, then you know. And also obviously if the adviser's for it, there's just a possibility he'll say to the Minister before the meeting, you know, 'I'm okay with this, Minister.' I worked for a Minister myself once temporarily, and so I would have, you know, so I understood the relationship between - I was military adviser to a Defence Minister, and so therefore I was in the similar sort of role to Hlongwane, so -

L JONSON: And how long was he an advisor to Modise, do you know?

N IRVING: I think he left in 98, but I couldn't be certain exactly when it was.

L JONSON: Do you know what he did afterwards?

N IRVING: Well I used to meet him afterwards and I was never sure how he existed for a while. But then latterly he - I'm not sure when I learnt it, but he became the adviser for an airbus deal. He was working with Richard Charter on that.

L JONSON: Okay.

N IRVING: So that was that.

L JONSON: When you say you used to meet him afterwards, this is obviously after he stopped being Modise's special advisor.

N IRVING: Yeah.

L JONSON: So would that be, you think, in 98?

N IRVING: Yeah.

L JONSON: Did it carry on into 99?

N IRVING: Yeah, it carried on until really about the time, maybe before - some time into 99 - when was the contract signed, was it the end of 99?

G MURPHY: December 99.

L JONSON: December 99.

N IRVING: Yeah. Some time in 99 that relationship stopped.

L JONSON: Early or - I know it's difficult, it's a long time ago, but if you -

N IRVING: I can't recall exactly when it was.

L JONSON: Well what kind of things did you talk about when you met up with him?

N IRVING: Well I think just about anything that was - firstly the wider political situation in the country and what would happen after Mandela went.

L JONSON: Right, okay.

N IRVING: What the implications were for the tribal system in South Africa, whether or not they anointed successor, Mbeki, was going to hold it all together, etc, etc, what the different tribal - I had never been to South Africa before I was posted there.

L JONSON: Sure, right.

N IRVING: So I didn't know what it was like under apartheid, so I had nothing to go by and no previous experience. But there were other things, I mean I remember one of the defining things was when it became clear to us, operating as a consortium at one point when the deal was going to be the modernisation of the South African armed forces, it included ships and it included tanks, and at one point I was appointed as the sort of - an assistant marketeering assistant, and maybe even in a lead position for the ships and the tanks. Well when it became clear that the South African government politically had decided that it wasn't practical to give this whole thing, that at this point Sir Charles Masefield was promoting as the head of DESO, a British package, when it became clear that we were going to only get a bit of it, my personal interest was to ensure that bit was the aeroplanes.

But at this point of course there were British ships as well from GEC Marconi, which was not our company.

L JONSON: No. What date are we talking about around here? What year? I know it's -

N IRVING: I don't know, maybe early 98.

L JONSON: Right, okay.

N IRVING: It might even have been late 97 when it became clear that -

L JONSON: Are you saying that DESO - is this when Masefield's head of DESO?

N IRVING: Yeah.

L JONSON: So you're saying DESO are pushing a whole British bid?

N IRVING: A whole solution.

L JONSON: Right, okay.

N IRVING: So - and I remember briefing him on our part of that altogether. Then, you know, we started to get advice that no, the South African government wasn't going to go this way, and therefore -

L JONSON: Who was to [inaudible] -

N IRVING: Yeah, I know, I moved on.

L JONSON: Sorry.

N IRVING: It was probably Richard Charter.

L JONSON: Right, okay.

N IRVING: Who would say, 'Actually it doesn't look like we're going to get that.' So then we would have a discussion and did have a discussion about how we were going to approach this, and the answer was that we needed to undermine and extricate ourselves from this linkage with the other companies, and focus on what we needed to do to get the aeroplanes. Part of that I know that I would have explained to Hlongwane, that would have been part of a discussion at one point that was really focused, that said, 'We're not going to win everything. We, our company have no interest in ships,' and explain the rationale that sees us joined up in front of the authority one day with GEC Marconi and Vickers, and then the next day nowhere near them because -

L JONSON: Yeah. But can I ask, why would you have been

talking to Hlongwane about this when he'd stopped being the Minister's advisor?

N IRVING: Because the head of Defence Export Sales, with me in tow and other people, one day are presenting a package, a cohesive package, and then, you know, as a result of intelligence that we get that says, 'Actually the South African government are not going to go this way,' we now want to sort of explain to the authorities, and rather than go directly to the Minister with a bombshell -

L JONSON: I thought you said he wasn't an adviser at this point.

N IRVING: Ah, well -

L JONSON: Sorry, no, that's - no, I can understand your concern about wanting to place the aircraft -

N IRVING: Yeah, well it might have been before - it might have been before he-

L JONSON: Okay.

N IRVING: It probably was.

L JONSON: It's just I'm just trying to work out-

N IRVING: I'm fairly certain it would have been before he-

L JONSON: - why generally you'd be meeting up with Hlongwane after you'd -

N IRVING: Well I would - oh, after.

L JONSON: Afterwards. Because I think that's what you said, you said you met him a few times.

N IRVING: Because he was a fount of information, particularly me understanding the environment, understanding the players, understanding - he was very plugged in, well, he said he was and I

believed him, very plugged in to the political system. It wasn't just that he was the adviser of Modise, it was - the way he explained the situation was that the senior hierarchy of the ANC when the transition occurred were allocated jobs. Some were allocated a job as a Minister, others were allocated jobs in business, he was allocated a job which didn't seem as if it was very important, but was vital to advise the Minister of Defence about the restructuring of it. So his constant theme to me was, 'Don't think I'm just a medium level official, I am important.' And he knew or he said he knew all of the hierarchy.

L JONSON: Right.

N IRVING: And so therefore from my point of view he was extremely important to continue to give me advice about who was where in the situation.

L JONSON: So how many times do you think after - I'm not asking for a precise figure, but how many times do you think after he stopped being special advisor do you think you met up with him over the subsequent years?

N IRVING: Pretty regularly.

L JONSON: How?

N IRVING: Well certainly once a week, I would think, if not more.

L JONSON: Over - from what date?

N IRVING: I don't know, I can't remember.

L JONSON: Right.

N IRVING: But he was a regular, you know, between leaving

the Minister's employ and - and I don't know when he started doing Airbus, I don't have a feel for - and I had nothing to do with that.

L JONSON: So are we talking over a one year period, a two year period?

N IRVING: Oh no, I would have thought it was less. I don't know when he started as an advisor with Airbus. There was - all I remember was there was a period when he didn't appear to be employed.

L JONSON: And it was just during that period that you met up?

N IRVING: No, I met up with him all the time.

L JONSON: Sorry, I mean since leaving the DC and starting with Airbus, was it just during that period that - did you carry on meeting up with him once he started at Airbus?

N IRVING: Yeah.

L JONSON: Right.

N IRVING: I'm sure I did, yeah. It wouldn't be any difference, that wouldn't change anything. You know, he was still providing information. In the latter part of - in 99 it became less frequent, 1) because he was less available, and 2) because I think we got to a point where there wasn't as much value any more. Everything was stable.

G MURPHY: On what basis were you meeting him? Who was he? Was he employed by BAE?

N IRVING: No. I didn't ask. I mean I met lots of people, you know, just to gain information.

L JONSON: But they didn't - did they just - I mean -
G MURPHY: Was this out of the kindness -
L JONSON: - of their hearts?
N IRVING: Yeah, yeah - no, no, I know that - yeah, the
position he put to me from the outset about this
was that I should not in any way think that the
interaction we were having was anything other
than ensuring that in whatever capacity, and he
was the adviser to the Minister, he was
operating in, and I didn't need to know the -
this would be the sort of message I was - I
didn't need to know the extent of his influence,
but that he wanted the best for South Africa.
For the ANC, and then for South Africa, and that
that was their philosophy, that's why they'd
gone through the struggle, and that's where they
were going. And he made it abundantly clear too
that if our product wasn't the right one,
there'd be - so there was this - what do you
call it? This commitment to the whole business
of the ANC transforming South Africa into what
they wanted it to be, and it was on that
principle that we met. So it was therefore not
unnatural to me to continue to do this until
such time as - and he didn't say, 'Okay, well
you're, you know, I'm out of it,' he never ever
said, 'I'm out of a job,' nor was he the sort of
guy with his confidence and ego that he would
ever have said that to me. It was none of my -
I didn't know - I don't know where he lived, how
he got his money, how he pursued his lifestyle,

I knew absolutely nothing. And if I ever hinted at asking him that was - that would have been an irritation, he's very, very private. So it was not an area to go.

G MURPHY: Do you know if he was remunerated for the work that he - or for the conversations that he was having with you?

N IRVING: The only thing I know about remuneration, and it was the first time I knew anything about it, was when I read a newspaper article this year that gave a figure that had been reportedly released that showed that he had been remunerated. But to be honest I can't - I don't know if that was Airbus or whether it was BAE Systems or whether it was British Aerospace before, I don't know. But I was not aware of any agreement until the time that he was engaged to the Airbus work.

G MURPHY: Okay.

N IRVING: Where he was, you know, a free agent, and allowed to do that.

G MURPHY: Yeah.

N IRVING: He was also a director of Denel at one point, and that brought with it certain - that started to limit the sort of conversation that we could have on our engagement in Denel.

L JONSON: Well our understanding is that he was a board member of Denel from June 98, and that went all the - quite through into 99/early 2000. So if that's right, and we'll try and check it over lunch, but if that's right, did your - would your conversations have been before June 1998 or

would they have continued as he was a board member?

N IRVING: Oh, yeah, they would have. My conversations would have continued. But the Denel thing, as I say, never really went anywhere, so certainly we would have discussed anything that I wanted to pursue at the time, and I can't remember the exact timeframes that we were doing, but you know, within the bounds of, you know, what was sensible, you know, I would have continued. So I would have seen him regularly in 1998, I'm sure of that. Not so much in 99.

L JONSON: Okay. Well tell me why not so much in 99, do you think?

N IRVING: Because once we were down selected, then we weren't fighting with others over product. All we were trying to do in 1999 was protect ourselves from an attack by the other competitors. Well the French took the, I think, took the government to court and therefore they -

L JONSON: Sorry, I'm just looking out, there's a rather large amount of smoke.

N IRVING: Oh, yeah, it does look a bit like a fire, doesn't it?

L JONSON: Carry on. Sorry, you said the French -

N IRVING: So a good evacuation.

L JONSON: Yeah. You said the French -

N IRVING: Yeah, the French, you know, they decided to take legal action or threatened it publicly, so that diminished them a bit. But the Germans were

still a threat.

- L JONSON: Right.
- N IRVING: And the Italians.
- L JONSON: Okay. But obviously after down select there's a number of, if I can put it, more technical aspects of the bid to iron out, such as -
- N IRVING: Yes, a negotiating team then came in, a separate negotiating team.
- L JONSON: Right. Would Mr Hlongwane not have been able to assist in that or provide you with information during that period in relation - I mean obviously I'm talking in relation to financing the offset, defence industrial participation and national industrial participation, and I suppose the technical specifications of the planes themselves.
- N IRVING: Yeah, he wasn't a technocrat in any way, he was a lawyer - well he said he was a lawyer.
- L JONSON: Mmm-hmm, okay.
- N IRVING: People said he wasn't a lawyer, but he painted himself as a lawyer.
- L JONSON: Right.
- N IRVING: Russian trained.
- L JONSON: Okay.
- N IRVING: So he wasn't technically competent to do a lot of things, but nevertheless if I had an idea then, you know, as a guy who had the mindset of a, you know, an ANC person, I would run ideas past him, yeah, yeah.
- L JONSON: Okay.
- G MURPHY: Moving on to the next period in a moment, can I

just take us back to - you mentioned the name of somebody else who was around, I think you said you may have had dealings with him, Allan Curtis?

N IRVING: Yeah, I met Allan Curtis a few times.

G MURPHY: Yeah?

N IRVING: He used to come to South Africa, I don't know, two or three times a year perhaps.

G MURPHY: Okay. What were the meetings about? Why would you have been involved with him?

N IRVING: They were largely on the - they were largely around - well, the thing I remember most clearly was he had a connection with Ernie Ecclestone, and one of our proposals as part of the non-defence industrial participation, NIP, the national industrial participation, was to try and introduce the thought that they could have a Formula One race as part of the world programme in South Africa. And so he spent a fair amount of time on that.

But also he was plugged in to the industrial scene in South Africa as an adviser. Again, MacDonald introduced me to him, but said that he would be of very little use to us but, you know, he didn't cost anything so, you know -

L JONSON: You say he didn't cost anything. What did...

N IRVING: Well in the sense that as far as I recall, but I might be wrong on this, as far as I recall we didn't pay retainers to the agents. Certainly as a norm we didn't pay retainers, and you know, there were two ways of -

L JONSON: Sure.

N IRVING: And so if we didn't win we didn't pay anything, so it cost nothing whether you speak to him or whether you don't. But the thing is he didn't live in South Africa, so he wasn't that well plugged in.

L JONSON: Right.

G MURPHY: Did you use him at all? Did you use his - whatever knowledge/expertise that he brought?

N IRVING: Well, you know, I took every opportunity to meet everybody I could, both agents and non-agents, you know. I mean I was trying to do two things. One was promote the product, and two was promote me as a credible chaser for British Aerospace in South Africa. And if anybody could - and so, you know, but for instance with Curtis, Curtis thought that - I believed Curtis thought that I was an okay guy, so Curtis who, you know, said he'd been travelling to Africa for years and years and years and, you know, knew lots of people, was going to promote me as an okay guy, so you know, that was part of it. He was - the area that he was useful for me was that he was definitely known to the Arm Scor procurement hierarchy, so from that point of view he was sort of useful in terms of promoting my position, but in fact I had a good relationship anyway with the chairman of ARMSCOR - I don't know if he's called the chairman - anyway, with Ron Haywood, and I could get a meeting with Ron Haywood without any help from Curtis.

But that might well have been because Curtis had put a good word in for me before, you just never know. I don't know. But I didn't go to meetings with, you know, we met a few times, but essentially if I wanted a meeting with Armscor then I rang up and got one.

G MURPHY: So as far as you're aware then, limited use?

N IRVING: Oh no, he was of very little use.

G MURPHY: Yeah.

N IRVING: Very little use. But he also knew the Minister. He also knew the Defence Minister. The Defence Minister and Armscor, so from that point of view, you know, I could not ignore this guy, you know, cos you just never knew whether or not, you know, they really did respect him, or conversely if I upset him and, you know, I didn't know that he might not be representing somebody else or some other agenda.

G MURPHY: Sure. But as far as the Minister, are we talking Joe Modise?

N IRVING: Yeah.

G MURPHY: Yeah, you had good access to him anyway, didn't you?

N IRVING: Yeah.

G MURPHY: Okay, still staying with the period up to down select, you mentioned the guys that were active in Zimbabwe.

N IRVING: Yeah.

G MURPHY: Jules Pelissier and Trevor Wilmans.

N IRVING: Yeah.

G MURPHY: Were they of any use to you at this stage?

N IRVING: Well Allan MacDonald didn't rate them, but -
L JONSON: What did he say?
N IRVING: He said that - it would have been something to
the effect that, you know, it would have been
something to the effect but probably not these
words, you know, we've got a lot of advisers, we
could actually do without these two and it
wouldn't make any difference.

L JONSON: Right, okay.
G MURPHY: Did you feel that?
N IRVING: Yeah, but I, you know, it was my - you know, I
was, you know, I was new to the environment, and
it was two other people to listen to. I mean
Pelissier wasn't there very often, but Wilmans
was there, so I mean I would go and have a cup
of tea and a cigarette and get a perspective
from a white Namibian living in South Africa who
would give a white position as a youngish man
who'd been in the South African security forces
on call up on national service, I don't
understand, why the South Africans called him up
but anyway they did. But, you know, he would
just give a different perspective from the one
that I'd get from Hlongwane.

L JONSON: Sure.
N IRVING: So - and he was useful. And he's also, you
know, I got on all right with him.
L JONSON: Sure, sure. I mean I'm just - I mean we're
staying with this period obviously at the
moment. How useful do you think the area of
information that they provided was?

N IRVING: They provided me with comfort sometimes that what I was getting elsewhere was true or not. But mostly was true, so it was of very limited use, it was just comfort, it was another confirmation of something.

L JONSON: What did you understand - you've obviously spoken about Wilmans. What do you understand Pelissier's expertise or experience has been in South Africa?

N IRVING: Well I think quite limited in South Africa. He's Rhodesian, describes himself as Rhodesian, from Zimbabwe, and I think that apart from the fact that MacDonald, you know, included them ultimately in the introductions at some point in probably 98 or 97, we had a coincident business interest in the Hawks in Zimbabwe and also the prospect of Botswana buying Hawks. So I mean I went with Pelissier since I came back from South Africa, Pelissier and Wilmans to Botswana to try and promote a Hawk deal in there. So on the South Africa side it was very limited and low-key, just confirmatory.

L JONSON: Okay.

N IRVING: Yeah.

G MURPHY: And you were introduced to them by?

N IRVING: By MacDonald.

G MURPHY: By - oh, MacDonald.

N IRVING: Yeah, I mean my introduction, you know, he was very rigid at the start, you know, the agents, 'I'll deal with the agents, you deal with South African Air Force,' and I'd say that persisted

for quite a long time.

G MURPHY: Yeah, yeah. Okay, I think moving on?

L JONSON: Yeah.

G MURPHY: Yeah. We'll move on to the period now round about down select, just after down select, so we're talking late 98 through in fact 99 in its entirety, because it was December 99 the contract was signed. Allan MacDonald left around about down select, as we're aware. Is that right?

N IRVING: I think he left in the February of 99.

G MURPHY: Okay.

N IRVING: Yeah.

G MURPHY: What do you know about the circumstances of him leaving?

N IRVING: Well he was in the marketing organisation, he was managing director for certainly Africa and Asia, which is quite a senior position. And he told me that his task had been to bring in a deal in South Africa, which would be big by our standards. And that that would, this is what he told me, that would assure him a place on the board of British Aerospace, and that that was very - that had been indicated to him by Sir Richard Evans.

And then in that February, which it probably was because I'm sure that's when he left, I got a phone call one night from him, he was extremely upset, and he said, 'I want you to be the first to know,' and I hasten to add that he's told other people reportedly since, said the same

thing, 'I want you to be the first to know that I'm leaving the company. I put in a letter of resignation,' which I think was on the basis that he hadn't been given the - after the down select he hadn't been given the board position that he expected. He'd been told he'd have to wait a bit longer, and he put in a letter of resignation.

But John Weston, who was by then the chief executive, accepted it, which was not what I think he expected would happen because he was valuable to the company and he'd been there man and boy, and so you know, he was very distraught, and he said, 'I want you to be the first to know that I'm leaving the company and that Kevin Smith will succeed me, and that I want you to give him your unrestricted support to ensure that this deal comes home.'

G MURPHY: Right.

N IRVING: That's as much as I know.

G MURPHY: Okay. I take it there must have been some sort of strategy that was being followed as far as BAE were concerned. I mean they must have had a strategy as to how they were going to go about trying to win this contract. Am I right?

N IRVING: Well there'd be lots of strands to it.

G MURPHY: Yes.

N IRVING: Yeah, there'd be an industrial strand, there'd be a product strand, there'd be a political strand.

G MURPHY: And they would change according to -

N IRVING: Exactly.

G MURPHY: - to progress. Do you know who was responsible for the overall strategy?

N IRVING: To the company? It was definitely Allan MacDonald who was responsible.

G MURPHY: It was.

N IRVING: But of course, he relied heavily on us in the country to provide papers on strategy, which we did, which were largely written by Stuart McIntyre and either presented by him or by me through to Allan MacDonald to influence it. I mean MacDonald would never write a strategy paper himself, he would get us to produce it.

G MURPHY: So Allan MacDonald is going to leave. Does your role change at all at this stage?

N IRVING: My role per se doesn't change. Kevin Smith comes in and I have to introduce him to everybody.

G MURPHY: Okay, so tell me a bit about that.

N IRVING: I don't recall - I remember MacDonald's call to me because it was one, a shock, and two, I obviously hadn't seen him really upset before, I mean genuinely upset for himself. I don't recall Kevin Smith's first visit, but I imagine the task would have been - and I didn't know Kevin Smith, I imagine the task would be to bring him in. Now he was a more senior person in that he was responsible for all of marketing in British - BAE Systems or British Aerospace at that point, so he was a sort of level above Allan MacDonald, and so my job would have been

to present him as Allan MacDonald's successor, and more important and totally committed to South Africa bla-di-bla, and I would have wanted him to see everybody who was a mover and shaker in South Africa. And I would want to organise that programme so that I could demonstrate to Kevin Smith that I was doing my job properly in the sense that I had the weight to deliver. So probably the Minister, the head of the Air Force, the head of the Procurement Agency, of course Richard Charter who would demand to see this guy and did.

G MURPHY:

Yes.

N IRVING:

But they didn't have a good relationship, so - they didn't get on particularly well.

G MURPHY:

Who didn't get on?

N IRVING:

Richard Charter and Kevin Smith didn't - didn't hit it off in the way that MacDonald and he, they didn't gel naturally.

G MURPHY:

Do you know why that was?

N IRVING:

No, no. I only know that it happened - I didn't even know it had happened until Charter asked for a meeting on one of the visits, and Smith said he wasn't going to have one and I needed to cover that. So clearly there was - I think he didn't rate the value of - or he didn't see the value of Charter's advice in the same way that Charter saw it. That was how I think would be the most accurate way of putting it.

G MURPHY:

Right. So did you then have meetings with Kevin Smith to explain what people were helping you

and were adding value?

N IRVING: Oh, definitely, yeah. I would have given him a full briefing when he arrived on our set up, our contacts, our strategy, our position and our perception of how we were perceived, our contacts and all that sort of thing. But I don't recall any of this, I'm afraid, I just know that that's what I would have done.

G MURPHY: Okay. Was this a written briefing, would there have been a written -

N IRVING: Yeah, yeah, there would have been. I'm sure there would have been slides probably, unless he said, 'I don't want slides.' I mean he was not as formal as MacDonald was. MacDonald wanted everything - presentation was everything to MacDonald, whereas Smith wasn't that sort of guy. So he may have said, 'I don't want a written presentation,' but I don't recall, but I would certainly have been in the mould of expecting him to have one that we would have produced.

G MURPHY: Okay. Finally, just before this tape ends, did MacDonald prepare any form of handover?

N IRVING: Not that I'm aware of.

G MURPHY: Not that you're aware of. We'll leave it just there, thank you. The time by my watch is 11.13. The time elapsed counter is showing 45, and we'll stop this tape.

(End of tape two)

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON
FRIDAY, 9TH NOVEMBER 2007.

CASE REFERENCE

TAPE 3 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR NIALL IRVING

PERSONS PRESENT:

| | | |
|----------------------|---|-------------------------|
| MR GARY MURPHY | - | SERIOUS FRAUD OFFICE |
| MS BRENDA SMITHWHITE | - | SERIOUS FRAUD OFFICE |
| MS LYDIA JONSON | - | SERIOUS FRAUD OFFICE |
| MR LUKE BLACKMAN | - | SOLICITOR FOR MR IRVING |
| MR GILES BARK | - | SOLICITOR FOR MR IRVING |

G MURPHY: This is the continuation of an interview with Mr Niall Irving. The time by my watch is 11.29. Mr Irving, would you please confirm that the same people are present as before?

N IRVING: They are.

G MURPHY: And that during the interview break we have not discussed the case at all.

N IRVING: That's correct.

G MURPHY: Thank you. I will remind you that you are still under caution, and also that you are not under arrest and are free to leave at any time.

N IRVING: Yes.

G MURPHY: Okay, at the end of the last tape we were just

beginning to talk about the period after down select, leading up to the signing of the contract. And we were discussing the leaving of Allan MacDonald and Sir Kevin Smith, or Kevin Smith as he was then, entering into the contract negotiations. You told us that you would have prepared a briefing or did prepare a briefing for Sir Kevin Smith, although you couldn't remember too much about that.

I'm particularly interested in who you might have briefed Sir Kevin Smith about, so I'd just like to explore that a little bit with you now. Who would have been the main players that you would have felt it necessary to brief Kevin Smith about?

N IRVING: Definitely the Defence Minister, the head of Armscor, probably the Denel players that I knew. Pretorius, Hans Pretorius was the number two Denel contact that I had, I've just remembered that.

G MURPHY: Okay.

N IRVING: Not the CEO, whose name still escapes me. And the head of the Air Force and the deputy head of the Air Force.

G MURPHY: Okay, let me help you a little bit here. Would you have thought it necessary to brief Kevin Smith on the advisers?

N IRVING: Oh, yeah, definitely, yes. I was coming to those, yeah.

G MURPHY: Okay, all right. So who -

N IRVING: Then on the - and then obviously the staff in my

office, so that they were familiar with them, and then the advisers. So Richard Charter and Trevor Wilmans and Pelissier. Then I would have briefed about Fana Hlongwane and - and then possibly the guy who worked for Anglo Gold, whose name escapes me, and Allan Curtis.

G MURPHY: Right.

N IRVING: I can't think of anybody else.

G MURPHY: Okay. Now, I think you said this would have been a written brief.

N IRVING: I don't recall a written brief, but it was the normal procedure.

G MURPHY: Okay.

N IRVING: We were really into briefs in a big way, written briefs. For a normal visitor, whenever visitors came, even visitors from within the company, technical people and that, I would have given a brief. For example, one of the reasons that prompted us was the general security situation in South Africa, so there'd be a standard section on that about how to conduct yourself to minimise the chances of personal injury, personal issues around being attacked, because Johannesburg is quite dangerous.

G MURPHY: Right.

N IRVING: So that's - so it was a standard practice to brief anybody who came in on the campaign in general, and indeed when the negotiators came in we produced a major brief to the new negotiating team, which numbered something like 40. That again would have covered most of that stuff.

L JONSON: Would it have also covered advisers?

N IRVING: Probably not.

L JONSON: That would be to the negotiations?

N IRVING: I mean it would - there might have been advice that the advisers - there might have been something to the effect that we had advisers, but that, you know, they were my preserve or my team's preserve, and that, you know, that any contact with advisers would need to come through me. There was probably some statement to that effect for the technical people, but obviously for Kevin Smith, you know, I would have wanted him to meet the advisers, I've no doubt.

L JONSON: Can I just ask, I'm not sure if we covered this, were all of the advisers that you've mentioned appointed before you arrived in South Africa?

N IRVING: Yes.

L JONSON: Okay.

G MURPHY: Okay. The meetings that you would have had with the advisers, were they noted? You said that you were into briefings in a big way, is that something that would have been noted?

N IRVING: If I'd personally had meetings with advisers, at that time we didn't have an obligation to record, so only if there was something of particular interest that I wanted to report back to my boss, or to - or that led somewhere, but no, I didn't feel under an obligation every time I spoke to somebody to make a note of it.

G MURPHY: Okay. If a certain piece of advice had been given and you felt it necessary to pass that up

the chain to your boss say, how would you do that?

N IRVING: Well I would either, depending on what it was, I would either phone or I would write - fax, mostly fax, secure fax we had.

G MURPHY: Right.

N IRVING: Secure fax.

G MURPHY: Okay. So did your role change at all with Allan MacDonald leaving and Kevin Smith coming in?

N IRVING: Yes, it was a reduced role, because coincidentally the negotiating team were now - we were now in negotiation, so my role became adviser to the negotiating team, so I would attend the negotiations, the main negotiations largely with a non-speaking part, just to observe what was going on and to provide any guidance that the head negotiator might require. So there wasn't the same contact with the customer that we had previously.

G MURPHY: Okay. Now you've mentioned the negotiation team. Who was in the negotiation team?

N IRVING: Well it was led by Pat Gosden, who was a commercial guy, and sometimes Kevin Smith was there, and maybe Phil Thornber would have been there, I'm not sure if he'd gone by then.

G MURPHY: What did he do?

N IRVING: He was commercial-Hawk. But he was also the commercial guy attached to our team throughout the campaign until a certain point when we moved away. I think he was subordinate to Geoff Doughty, but he was my link if I ever wanted to

check anything was valid or if I had any queries about how we would go about presenting the price of something, what the price makeup was going to be. It was that sort of information, and my first point of contact for commercial queries would have been Phil Thornber, commercial advice would have been Phil Thornber.

G MURPHY: Okay. So how many people sort of made up the whole negotiation?

N IRVING: Well he had about 40, because he had them in two hotels. I remember that because he put himself in a hotel with 20 of them that had air-conditioning, and he put the other half in a hotel that had none, so it wasn't a very happy team.

G MURPHY: Who's he?

N IRVING: Pat Gosden.

G MURPHY: Pat Gosden, okay. Okay, so 40, round about 40.

N IRVING: And they would have been technocrats. I don't know exactly what they did, but actually at the negotiation itself I don't know, there might have been six on our side but far more on the other side and we would have negotiations, you know, in separate - you know, there'd be a bit on the technical and then others on the industrial participation. So their side would change, and I suppose to a certain extent so would ours. John MacBeath might have been involved probably on the industrial participation side.

L JONSON: What was his role?

N IRVING: He's the head of the industrial participation entity within the headquarters that dealt with non-defence industrial participation at that stage, so he had a team of people looking at options like the Denel - no, sorry, not the Denel, non-defence - well, I don't - he would have developed options like, you know, instead of exporting pure gold from South Africa that, you know, they could turn it into jewellery, and one of our solutions to our industrial participation was set up a jewellery factory.

G MURPHY: Okay.

N IRVING: That's the sort of thing he did.

G MURPHY: Okay. So are we talking this sort of team of 40 people have been BAE personnel?

N IRVING: Yeah.

G MURPHY: All BAE?

N IRVING: Yeah, as far as I recall -

G MURPHY: [Inaudible]

N IRVING: - as oppose to - what do you think it -

G MURPHY: Well as opposed to advisers.

N IRVING: Oh, I see. I think the only adviser that would have been there would have been Richard Charter, if ever there was anybody there, and I can't recall whether he was or not. He certainly wasn't there all the time. I can't recall whether he ever came into it, but you know, the company, Pat Gosden, I don't think would have supported having somebody that, you know, he couldn't sort of, if you like, control. It was his team, and I wasn't part of his team, I was

simply there as the local man on the ground.

G MURPHY: Yeah, yeah.

L JONSON: How long were this team in South Africa?

N IRVING: Oh, a long time, I mean maybe six months.

L JONSON: Really? The whole 40 people in two hotels?

N IRVING: Well four to six months, yeah, I would have thought it was quite a long time, yeah. Because I'm sure it went through a season of summer.

L JONSON: Was this before or after, or did it cross the record of understanding that was signed in May or June of 99?

N IRVING: You'll have to remind me what the record of understanding was.

L JONSON: Oh, I'm sorry, it was the document signed by Jay Naidoo and Kevin Smith where the basic element of the contract, would be the contract, was set out giving, I think, the South Africans a couple of choices but otherwise generally the specifications were there.

N IRVING: Yeah. Yeah, that would have been drawn up by all those experts, yeah, that were under Gosden, yeah.

L JONSON: Right, okay.

G MURPHY: So what advice - how did you sort of interface with the negotiating team? You said you would be there as the man on the ground giving advice when called for. What sort of things were you involved in advising on?

N IRVING: Well if - there was always an issue around affordability of the programme, so when the aircraft specification was reduced, then you

know, I might be invited to ask whether or not the South Africa Air Force would view it still as a valid solution to their problem. And then I remember having, on another side, having quite a lot of debate with quite a difficult guy in the DTI as part of the negotiations where he was demanding industrial activity in South Africa that was rather more than the company - the company and Pat Gosden actually wanted to transfer the minimum amount of activity into South Africa because that meant less activity in the UK and therefore less profit. So his agenda would always be to - and the DTI in South Africa would want as much as possible, and so, you know, I might advise on whether or not, knowing the personalities in the DTI, and bearing in mind they were being extremely robust in their demands, whether or not Pat Gosden really needed to worry about whether that was a deal breaker or not. So we had a few meetings with this guy whose name escapes me, but who was the head of the defence side in which, you know, my job would be to gauge, knowing him, whether or not we were in trouble. And put, you know, put the more considered but not technical issues to him. So Pat Gosden might use me to get across a point in a way that would be acceptable to them.

G MURPHY:

Okay. Did you have to use advisers at this stage yourself to inform yourself on something that the negotiation team may well have been

asking you?

N IRVING: Well the advisers were very keen at this point to sort of prove their worth, so I would say that the advisers were full on, providing whatever information they could on how things were going, you know. You know, what the opposition were doing, you know, what the general attitude to this defence. This was quite a critical time in that, you know, the advice I was getting is, 'This is a very dangerous time in the campaign, it's the most critical, the closure of the contract is the one thing that people generally find the most difficult,' so -

G MURPHY: Who was giving you that advice?

N IRVING: All the advisers were giving me advice.

L JONSON: Could you just name them again, sorry, just so that we know?

N IRVING: Well Charter would be the first one, and then - I don't suppose really Wilmans and Pelissier had any particular significant role at this point. Fana Hlongwane would probably be giving advice, although I think he was more Denel focused at that stage, and also my relationship with him tailed off in that year, largely because he was getting closer to Charter on Airbus and stuff, so my interaction with him diminished quite a bit. And Allan Curtis. There was another guy who I interacted with, but he was not an adviser, but you know, i.e. I did use him for an ANC perspective, and he was on

the defence select committee. And his name was Maswimbye, Nsike Maswimbye. So, you know, I remember that in that year I would have spent some time with him because he gave a valuable - he was a sort of counterbalance - not a counterbalance, but an adjunct to Fana Hlongwane in the sense that he was a well respected but much younger ANC guy, and he was on the defence select committee, so you know, I've no doubt, although I don't recall exactly, but the defence select committee's view of the deal would be something that he would be able to talk about, and so that would have been of particular interest to me because they would have been a lobbying element if everything had started to falter in any way, which these things tend to do when they see the actual price of, you know, because price is something that we don't reveal until about this stage in the whole campaign process.

And of course I'd be doing the rounds. I mean this isn't answering the question really, but people who are not advisers, like the head of the Air Force, the head of Armscor, the officials who were dealing with the procurement side within Armscor, the DTI to ensure that the task we had around industrial participation was beginning to look like it was real, cos that's where all the difficulties show.

G MURPHY: Sorry, can I just clarify something?

N IRVING: Yeah.

G MURPHY: When I first asked the question you said that they were - they were - the agents, the advisers were quite active, they were saying this is the time when you have to be careful of competitors, you have to close the deal.

N IRVING: Yeah.

G MURPHY: And then when you actually mention them individually it didn't appear that they did too much at all. So I'm just getting two conflicting sides there. Can we just try and clarify again how much work they specifically did and maybe what that specific work was?

N IRVING: Well they would advise me that, you know, to -

G MURPHY: Sorry, were they coming to you or were you going to them?

N IRVING: Both. Definitely both.

G MURPHY: Both, okay.

N IRVING: Yeah, you know, I could be called up and told, you know, 'Let's have a meeting, I've got some advice to give you,' you know, then he would claim that, you know, the aircraft's too expensive - the obvious one is, 'The aircraft's too - or one of the aircraft is too expensive, you know, if you don't reduce it,' and then, you know, my natural reaction to that is, 'Well where is this coming from?' and the usual reaction was, you know, 'I don't reveal my sources, you know, you just need to know,' and then I'd make a judgement about how to portray that to Pat Gosden or to Kevin Smith in terms of, you know, its veracity.

But of course one of the ways I would first think of doing that would be to go to another adviser and just see whether or not anybody else is getting the same message. That was the sort of activity. Does that clarify?

L JONSON: Well, I mean can I summarise what I think you said? You started off by saying that it was time for advisers to really prove their worth, and you mentioned Charter.

N IRVING: No, not they prove their worth, they wanted to.

L JONSON: They wanted to prove their worth. And I think you said the purpose -

N IRVING: Because they wanted to stay in because obviously, you know, they - you know, their perception of value needed to - they needed to, you know, the time when everybody gets excited is when the contract's signed, and everybody wants to be associated with that.

L JONSON: And I think you started off with Richard Charter. So -

N IRVING: Yeah, he is always the prime first point of contact.

B SMITHWHITE: And I think you said that Wilmans and Pelissier had no significant role at this point.

N IRVING: I don't recall that they did really. I mean they used to - they would phone me rather than me phone - my recollection is they weren't people I would naturally go to for advice because I didn't sense they were particularly well plugged in. But they would ask for advice, so I would more likely have written a note or -

and yeah, or phoned and said, you know, 'I've had a meeting with Wilmans,' who it normally was, and, you know -

L JONSON: Who would you have phoned, sorry?

N IRVING: I would have phoned MacDonald if there was anything important to say.

L JONSON: But at this stage -

N IRVING: Oh, sorry, sorry, Smith, yeah. But my interaction with Smith was generally less than it was with MacDonald. MacDonald was very accessible and all the rest of it whereas Smith was trying to run the whole of marketing at this stage, and therefore was less frequent and, you know, didn't have the same, obviously didn't have the same working relationship with him because I didn't - apart from meeting him once on a course that he organised, a leadership course, I didn't.

L JONSON: Okay. You then went on to talk about Fana Hlongwane, who I think you said earlier was not an actual adviser in terms, he didn't have an agreement with BAE.

N IRVING: I don't recall that he had an agreement with us, no.

L JONSON: But -

N IRVING: Because I do recall - I didn't actually know at one point, you know, how he funded himself.

L JONSON: Sure. Because I think you've - but you then went on to say the reality was in that year your relationship tailed off with him in any event because -

N IRVING: Well towards the end of the time it definitely tailed off. Now I don't recall whether or not, I do not recall whether or not he ever approached me and said, you know - well I don't think he did, 'I don't have a job, I'd like to become an adviser.' A lot of people did that.

L JONSON: I mean was there anybody else, do you think, just sticking with Mr Hlongwane, that he would have talked to in your team, or with the people that you worked with in South Africa?

N IRVING: Well Hlongwane in terms of contact was talking to Charter increasingly.

L JONSON: Right, okay.

N IRVING: And he also would speak to my boss.

L JONSON: To?

N IRVING: Both, well MacDonald and then Smith.

L JONSON: Right, okay. Do you know how often?

N IRVING: I mean he did come to the UK a couple of times and, you know, had meetings, but I don't know when exactly that was. It was certainly after he was adviser to the Minister, in fact it might have been around Airbus stuff, because I'm not exactly clear when he started it. But he might have, you know, I did get approaches from people sort of, you know, asking to be - particularly when we got down selected we suddenly became very popular. So, you know, but you know, my focus was trying to hold the deal together, and one had to make a judgement about whether or not these people could be helpful, but more especially whether they could undermine our

position.

L JONSON: Sure.

N IRVING: So I was really quite sensitive to any approaches.

L JONSON: I understand.

N IRVING: And in other words I didn't just dismiss anybody, mainly because if I didn't know them I couldn't make a judgement.

L JONSON: Sure. And I think the other person in terms of formal adviser that you mentioned was Allan Curtis.

N IRVING: Yeah.

L JONSON: You also earlier on mentioned a man whose name you couldn't remember, but you thought he was involved in Anglo Gold.

N IRVING: Yeah.

L JONSON: Was he around at that time or -

N IRVING: Yeah, yeah, he was around. I mean I very rarely saw him, and he very rarely gave me anything valuable. But I'm sure that I would have met up with him, I just can't remember his name.

L JONSON: Okay.

N IRVING: He was an old man. I went to his office a couple of times. I just can't remember his name. Hersov, Basil Hersov.

L JONSON: Right, okay.

N IRVING: Basil Hersov.

G MURPHY: Oh, right.

N IRVING: Yeah. But I could never work out what value Basil Hersov was really. In fact I was constantly trying to find out.

G MURPHY: Was he in -

L JONSON: You say you were constantly trying to - from him?

N IRVING: Well, you know I was constant - no -

L JONSON: Or from other people?

N IRVING: No, from him, no, no, I'd never discuss him or, you know, didn't discuss the advisers with the others, that was -

L JONSON: No, I was just wondering if you were trying to find out what value he was, did you ever speak to, I don't know, either MacDonald or anyone else about why someone, an adviser was appointed?

N IRVING: No, I don't think I would have ever had that sort of conversation because - no, I think I just took that at face value, you know, we've got these advisers, they were appointed, they were all there beforehand, you know, they all might or might not, you know, it was almost sometimes an implication that maybe there'd been there even longer than MacDonald had been there, I don't know.

L JONSON: Right.

N IRVING: You know, so that maybe he inherited them. I mean I do know at the end there was, out of the lessons learned, you know, we had too many advisers for the campaign and, you know, we wouldn't do that again because, you know, a lot of them were just superfluous because they were giving us the same information, presumably from the same sources. And they all cost, so -

G MURPHY: Basil Hersov, you said you were constantly trying to find out what it was that he could do.

N IRVING: Well not what he could do, what advice he could give, because the quality of his advice in my opinion wasn't particularly revealing. I mean he did give a senior industrial white pre-ANC type perspective to things, but I never knew really, you know, what he, you know, he never told me anything. Okay, I think the way to put it is he never told me anything to my knowledge that I didn't already know.

G MURPHY: Right.

N IRVING: I think that's the way I want to put it. I didn't see who he was really plugged into, what part of - you know, probably I would have focused again on the Denel restructuring side with him in terms of, you know, was it valid? Did it really work? Did the people running Denel, were they really wedded to this or conversely did they feel really threatened, like I sensed they did, about their own jobs, that we would take over.

G MURPHY: Did he ever give you anything that you could say really helped or really added, you know, anything -

N IRVING: I can't think of anything that he did that really, really changed my mindset. I mean he was an honorary colonel in the Air Force, so you know, that meant the South African Air Force valued him and rated him and put him in quite an important position as an honorary colonel. So

therefore, you know, if anything, you know, I might have wanted to ensure that he knew exactly how we were approaching the configuration of these aircraft and, you know, I would sort of suggest that, you know, if he ever had the opportunity, this was the line that we were pushing, and that I would want him to push, you know, and understand first and then push it to the South African Air Force.

So I think really, you know, it was any influence he might have had on the South African Air Force that was - is a potential area of assistance.

G MURPHY: Okay. Is there anything more on that?

L JONSON: Not at the moment.

G MURPHY: You mentioned a short while ago that you believed Fana Hlongwane was meeting with, or had meetings with Kevin Smith.

N IRVING: Yeah.

G MURPHY: Could you tell me how you know that?

N IRVING: Well probably I would have organised the first one, I don't know, but probably.

G MURPHY: Right, why do you say probably?

N IRVING: Well because Kevin Smith was sort of parachuted in and my job would have been to ensure that he, you know, had a feeling. You know, I didn't adopt a policy of, you know, at any time that I had exclusive contacts that my boss didn't need to know about or didn't need to have access to.

G MURPHY: Are you talking here about the meetings that took place when Kevin first came onboard?

N IRVING: Yeah.

G MURPHY: Is this part of the -

N IRVING: Yeah.

G MURPHY: Okay, okay. As time moved on through the negotiations, through industrial participation, all the financing negotiations that were going on, all leading up towards, you know, signing of the contract, are you aware of any involvement that Fana Hlongwane had then?

N IRVING: Well I'm sure that, you know, meetings would have continued around that, yeah, I'm quite sure.

G MURPHY: But do you know?

N IRVING: I can't be certain, but I'd be surprised if I didn't meet him during that period.

G MURPHY: Is it something that would have been ongoing, meetings with him during that period?

N IRVING: I mean there was a period where he did back off, so there were periods, there were quite long periods, but I thought that was the following year when I never saw him at all. I thought that was the following year. My recollection would be that I probably would have had meetings with him, yeah.

G MURPHY: Okay.

N IRVING: I wouldn't have, you know, it would only have been -

L JONSON: Except you said that it tailed off in 99.

N IRVING: Yes, it tailed off in the sense that we weren't promoting our product any more, you know, so - and I didn't have to, you know, be constantly

thinking about how I was going to beat the competition in terms of sales. You know, we were into a negotiation process, so you know -

G MURPHY: So how was he being useful at that stage then?

N IRVING: Well one, he was, as far as I recall, he was a Denel board member, so certainly the industrial participation part, which was, you know, although it would appear a soft issue, it was actually a potential deal breaker because the requirements, the expectations of the South African government on industrial participation were massive, they were huge, they were almost unrealistic, but clearly we had to turn them in for - we had to do one of two things, either dampen down the expectation or get our act together. So that would have definitely been part of it, but I -

L JONSON: Can I just pause you there? I think you mentioned that other BAE personnel who were involved in the offset side as part of the negotiation team.

N IRVING: Yeah.

L JONSON: Would he have been working with them?

N IRVING: He was very reluctant to move outside of a very few people, so I can't remember specifically. He might have met the odd expert now and again to get a perspective on something that I couldn't answer of a technical or specialist nature. So maybe he met, you know, one or two or three people maybe once, but there was no, as far as I recall, he didn't go off in a different

direction and interact regularly with the -

L JONSON: But how was his value in relation to Denel or industrial participation transmitted to the people who were in charge of it? In charge of that aspect, for example, Pat Gosden and John MacBeath -

N IRVING: No, no, well I mean that would be through me, but - yeah, that would be probably through me or through Kevin. I think it was more the other way round, that you know, we wanted to sort of position Denel to be more approachable and more constructive and more cooperative about our ambitions for the industry.

Then, you know, he was - he and the CEO and Hans Pretorius would be natural people for me to try and persuade, you know, 'This is a good deal for you, you know, this is mutually beneficial,' you know, it's not - I mean I do once remember implying to Hans Pretorius and the other guy that, you know, and I do remember having to say, you know, 'This is not about a change in management, you know. When we start working together we are not going to be parachuting in a new chief executive, you know, and that was a key message on one occasion. And I would have wanted Fana to understand that that was -

G MURPHY: Sure.

L JONSON: And I understand that as a member of the board of Denel, but I mean did it go any wider than Denel?

N IRVING: Well, I mean he had - I mean, you know, he was

well, what shall I say, well connected, so anything that promoted our cause, you know, then we could talk, you know, there was the whole gamut of our negotiations were something that, you know, although I can't remember exactly the timing of when things tailed off, you know, it was a different sort of type of conversation. And yes, maybe it was less frequent, but it was still important that he and others, you know, understood exactly what was going on in much the same way as I'm sure I felt compelled to call on the head of Armscor a couple of times just to say, you know, 'You might be interested to know from our perspective that we think the negotiation - we think we're doing all right, we think that we're satisfying your requirements, do you want, you know, is there anything that you're worried about at the moment?' That would be the sort of role I saw myself doing, sort of like a trouble-shooter, because I was the local guy on the ground, I mean I saw that as a normal part. But this was largely my own initiative.

L JONSON: So almost you passing information to Hlongwane rather necessarily than him proactively assisting in projects.

N IRVING: Oh, yeah, yeah. Oh, yeah.

L JONSON: I'm just wondering how much -

N IRVING: I think it's more likely to be the former, but it doesn't, you know, that's not exclusive. I mean I can't think if he had any -

L JONSON: I'm just looking at any detail you might have

got into.

N IRVING: Well things like the, you know, we were doing a housing project for the MKMVA, these are the retired people, the retired veterans of the ANC. Now he would have had a sort of emotional attachment to that. He was quite an emotional sort of guy, and you know, very dedicated, and so I would have definitely sort of briefed him on that and said, 'You know' -

L JONSON: 'This is what we're doing.'

N IRVING: 'I want you to be aware of this, but actually want you to support this, you know, I want you to promote the message out there that, you know, we're not just focused on industry, we're focused in a wider context on [inaudible],' and I would have - and he might, you know, and he might have said, 'Yeah, well you know, I know exactly where that message needs to go within the political scene,' I would have expected him to take it away. I wouldn't have expected him - I would not have expected to know, because of the nature of the relationship, what he did with that information, it would just be a good news thing that I would want him to promote somewhere.

L JONSON: Okay.

G MURPHY: So have we covered Allan Curtis during this period?

L JONSON: Not really.

G MURPHY: No, okay. Allan Curtis then, during the negotiation period.

N IRVING: Mmm.

G MURPHY: What value was he adding, if any, at this time?

N IRVING: Definitely wanted to keep his profile up, and would suggest that he had a feel for what Armscor were thinking, the procurement organisation, and probably, although I don't recall exactly, what the Minister was thinking, that would be - he would see that as having been the sort of advice and value advice that he would give. But I didn't - I wouldn't say that any of his advice was - I was never inclined to - or maybe once only would I have said to Allan MacDonald or Kevin Smith, and I think it was Allan MacDonald, I think once, that there was something that we really needed to act on because of Allan Curtis because, as I say, his reputation as valuable was very low, and that would have undermined my position.

But he was a very charming sort of guy, and I witnessed his relationship with the Armscor people and with the Minister, and you know, from that point of view I would not have agreed that we should, you know, cease at that critical time or at any time in the run up to the contract that we would have ceased the relationship. You know, it was not that I dismissed or saw anything wrong with the value of information. He certainly didn't, in my opinion, mislead us in any way, but the actual quality of stuff was - he was a visitor anyway, he isn't somebody on the ground all the time. So yeah, limited

value.

G MURPHY:

Okay.

N IRVING:

And mainly this - the time I did get excited and did want to do something was when he told me that he had a relationship with Ernie Eccleston, which he undoubtedly did, because he made sure I heard a phone call between them once. You know, if this guy was going to bring Formula One into South Africa. I mean he actually said it was, you know, he rated that as a far more important element of our industrial participation than I did, for our social programme, as we called it, than I did. But he, you know, that did get me excited because that was going to bring real, you know, tangible value pretty quickly.

G MURPHY:

Okay. Any other advisers for that period?

L JONSON:

No, I think we've covered all the ones that we're concerned with.

G MURPHY:

Does the name **Alex Roberts** mean anything to you?

N IRVING:

Yeah.

G MURPHY:

What do you know about Alex Roberts?

N IRVING:

I don't know much about him. I met him probably twice when I was in South Africa. He was working for Shorts or had retired from Shorts. Mostly Allan MacDonald met him, and he was somebody that nobody really spoke to me much about. And the one time that I recognised that - and he did give me a perspective once in that - cos he stayed in the hotel in Johannesburg that we, the company, used. And he did give me a perspective on South Africa and he was the

sort of wise but very senior industrialist. But it became clear to me in the year that I worked with Kevin Smith that he was involved in the process, because Kevin Smith asked me when it became clear that affordability was going to - or the inability to pay for our project was potentially going to screw the deal, that I was tasked by Kevin Smith to reduce the agents' fees.

G MURPHY: Okay.

N IRVING: And so he was one on the list that I had to go and see, so -

G MURPHY: Okay. How did you go about this thing, reducing the fees?

N IRVING: Well I had to get access to all of the information, which clearly I hadn't had up till then because I used to sign off the renewals on our agents - no, sorry, I used to sign the recommendation for renewal of our agents.

G MURPHY: The proposals?

N IRVING: The proposals.

G MURPHY: Yeah.

N IRVING: And then they would be authorised by the MD. But in the case of some of the, latterly some of the agents, which you know, became clear when - and from the disclosure, although I didn't recall at the time, I was tasked by Kevin Smith to go and see Hugh Dickinson and find out what the extent of agents' fees was for the deal. And then basically I was told by Kevin Smith to reduce the agents' fees by a certain percentage,

and then my job was to go and see each of the agents and give them the bad news.

G MURPHY: Okay. How was that taken?

N IRVING: Oh no, badly.

G MURPHY: Yeah, I can imagine. Could you take us through maybe the agents and -

L JONSON: And what happened?

N IRVING: Well Allan Curtis had to be reduced. Probably - he had a very small percentage, you know, it was sort of less than one, I believe, and I think I - it wasn't exactly done on a sort of - I don't know how exactly the percentages, reductions were arrived at, but I was given a list, probably by Hugh Dickinson, but on Kevin Smith's instructions, with percentages and advice on what the percentages were to be reduced from to. So I had to go and see Charter and do that.

G MURPHY: Okay, I think that's probably a good place to stop there, and we can go in to the various meetings on the next tape.

Okay, the time by my watch is 12.14. Time elapsed counter is showing 45, and we'll stop the tape.

(End of tape three)

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON
FRIDAY, 9TH NOVEMBER 2007.

CASE REFERENCE

TAPE 4 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR NIALL IRVING

PERSONS PRESENT:

| | | |
|----------------------|---|-------------------------|
| MR GARY MURPHY | - | SERIOUS FRAUD OFFICE |
| MS BRENDA SMITHWHITE | - | SERIOUS FRAUD OFFICE |
| MS LYDIA JONSON | - | SERIOUS FRAUD OFFICE |
| MR LUKE BLACKMAN | - | SOLICITOR FOR MR IRVING |
| MR GILES BARK | - | SOLICITOR FOR MR IRVING |

G MURPHY: This is the continuation of an interview with Mr Niall Irving. The time by my watch is 12.40. Mr Irving, could you confirm that the same people are present?

N IRVING: Yes.

G MURPHY: And that we haven't discussed the case during the break.

N IRVING: That's correct.

G MURPHY: I will remind you that you are still under caution, and also that you are not under arrest and free to leave at any time.

N IRVING: Yes.

G MURPHY: Now during the break we handed you a number of

documents in relation to proposals, agent proposals and agreements. We will get on to asking you about those in due course, but for the time being I'd just like to go back to where we were at the end of the last tape. And we were just about to discuss meetings that you were about to have or had to have with advisers in order to shrink their fees.

N IRVING: Mmm.

G MURPHY: I think you were just about to tell us about the meeting you had with Mr Roberts.

L JONSON: Actually I think we were still on Alan Curtis at the time.

G MURPHY: Were we?

L JONSON: Had we finished Alan Curtis? I can't remember.

N IRVING: In terms of a meeting over reduction of fees?

L JONSON: Yes, yes.

N IRVING: No, I think it was - well I mean I met them all one way or another. So my recollection, but I can't be certain of it, was that Richard Charter's fees had to be reduced and they were.

G MURPHY: How did he take that?

N IRVING: Badly, but I don't know if he'd - I can't recall if he'd had any pre-warning of this. This was at the time that I worked for Kevin Smith, and they didn't engage very often at that point. I was generally speaking the person who engaged Charter for the advice etc. that we would normally expect from agents.

So whilst I don't remember precisely, I do remember that Charter wasn't happy, but I did

secure an agreement that the fees had to be reduced, as I did from Alan Curtis. And as I did, I think, from Pelissier, Jules Pelissier. And the other one I recall was Alex Roberts, and I didn't get any movement from Alex Roberts.

G MURPHY: You didn't?

N IRVING: No. And I didn't know Alex Roberts, so that was the most difficult. Whereas I had engaged with all the others, I mean I'd just met him a couple of times and didn't really know him. And also, I mean I think he just said no, and that was it. It was a very short meeting.

G MURPHY: Okay. Obviously you had to report that up to somebody.

N IRVING: Yeah. Well no, no, I would - I definitely reported it back to Kevin Smith, yeah.

G MURPHY: And what happened there, do you know?

N IRVING: Well I think Kevin Smith was quite pleased with the job I'd done.

G MURPHY: Mmm-hmm.

N IRVING: Because I don't think then, my recollection is he didn't expect me to get the reductions through for the majority. I was more concerned that I'd failed to get one, but my mind was put at rest, I recall, that I'd done enough to - I mean I didn't know what the overall picture was in terms of the pricing issue, you know, that wasn't part of my responsibility. He was in charge of where the company needed to go, that wasn't my role.

L JONSON: What about Basil Hersov, did you speak to -

N IRVING: Oh, and Basil Hersov, yes, I reduced Basil Hersov, that was the other guy.

L JONSON: And was it - did you physically visit all of these people -

N IRVING: Yeah.

L JONSON: - or was it - it wasn't done by phone?

N IRVING: No, no, no.

L JONSON: Was it your decision in terms of how much to take off their fees or suggest -

N IRVING: No.

L JONSON: - or was that given to you?

N IRVING: No, I was given that information by Kevin Smith. I mean I wouldn't have known what to take off because I didn't know where we were trying to get to.

L JONSON: Right. But it wasn't a question of him saying, 'I want you to reduce the overall figures by say 5% to 7% and it's up to you whether 1% comes off Richard Charter -'

N IRVING: No, no, it wasn't my - because whatever the formula was, I seem to remember I was able to say that everybody's taking the same pain.

L JONSON: Okay.

N IRVING: And quite how they arrived at that I'm not sure, but somehow or other I was able to demonstrate, whilst one didn't discuss, I know that I would not have discussed percentages of one agent with another, there were some demonstrable argument for equal pain across the piece.

L JONSON: Right.

N IRVING: And as I say, the only person I couldn't move,

didn't move, was Alex Roberts.

L JONSON: All the others -

N IRVING: Yeah.

L JONSON: - you said they took it badly.

N IRVING: Yeah.

L JONSON: Which I can understand.

N IRVING: Yeah.

L JONSON: However, did they ultimately accept it from you, or did they take it up with your superiors or - as far as you're aware?

N IRVING: I think as far as I recall, all of them would have said that, you know, that they would have wished to take it further, but fundamentally I came back with their agreement that these reductions were going to be put in place. It wasn't - I mean the task was to reduce, not to advise that a reduction was likely. Effectively the instructions were to come back and be able to formally arrive or put in place the revised figures so that one could go forward from there. So I had - my recollection is I had agreement from everybody at those meetings in the end, that yes, okay, in my head that I could say to Kevin Smith, 'Yes, we can reduce all of these to the level that you asked me to, except for Alex Roberts.'

L JONSON: Right. What was Hugh Dickinson's involvement, if any, in the amount that the agents should be reduced?

N IRVING: I don't know that there was any, and I'd be surprised if there was any. He was an

administrator.

G MURPHY: Right.

N IRVING: Normally it was the regional managing director and the agent who were responsible, in my experience, for agreeing what the reasonable - what the percentage would be.

L JONSON: Right, okay.

N IRVING: They would hammer that out. That would be the normal process.

L JONSON: Okay, fine, all right, thank you.

G MURPHY: At this stage when you were having these meetings you - by this stage you knew exactly the worth of the different advisers, how useful they'd been to you, how helpful they'd been to you. Did it ever appear to you that maybe some of the advisers ought to have been reduced by more than what had been - asked you to do?

N IRVING: No. That wouldn't have been within my terms of reference to make any judgement on that.

G MURPHY: Right, okay.

B SMITHWHITE: Okay, I'm just picking up again -

N IRVING: I mean because every adviser was, you know, telling me that of course I didn't have the full picture, and of course, you know, they were the ones that were actually behind this deal, you know, the rest were worthless, and they'd been telling me that for years, so it was a constant theme from each one of them. It would be quite impossible for me to make that judgement. But anyway, it wasn't my job.

B SMITHWHITE: No.

N IRVING: I mean I just had a straightforward task to do, which was on the basis of negotiations or pricing that I didn't understand and didn't have access to and didn't know about, that these various percentages needed to be reduced by this specific amount, and plus an argument that said, 'And you're all being treated equally because,' and that was - and the alternative was no deal at all. From best information we were getting, these reductions didn't come in, there wasn't going to be a deal. So that was the simple task that I had.

G MURPHY: Okay. For the time being I'm just going to leave those meetings, unless there's anything particularly you want to -

L JONSON: Do you want to deal with that one.

G MURPHY: Yeah, yeah, that's right, thank you. There is another adviser that we'd like to ask you about, at least we think was an adviser, and I'd like to know whether you had any dealings with him or not. It was a gentleman by the name of Nabil Hijazr. Does that mean anything to you?

N IRVING: Well I think it does, but I never met him, to my recollection, during my time in South Africa. No, I don't recall actually, let me think. Certainly he was a guy that I was introduced to by Kevin Smith fairly late on. By Kevin Smith? I think by Kevin Smith. Yeah, so - no, actually it would have been - yeah, it would have been whilst I was in South Africa, but I only ever met him in England.

G MURPHY: You only ever met him in England.

N IRVING: Yeah.

G MURPHY: Okay.

L JONSON: Did you know he was an adviser?

N IRVING: Not specifically, but I assumed that he had a connection with the company in some advisery position because - I'm just trying to think if it was South Africa that I met him on. Yeah, it was, yeah. Yeah, I assumed that he would be, but I'm pretty certain that Kevin Smith introduced me to him and it would have been in the UK, and I met him three or four times. But I wasn't aware of his specific role. As far as I was concerned he was another source of information.

L JONSON: Okay. Was he one of the people that you spoke to about reducing?

N IRVING: No.

L JONSON: No, okay.

N IRVING: No. I am sure I met him after this exercise, but I'm not sure, I can't recall.

G MURPHY: Okay. Right, I'd just like to go back to Alex Roberts.

N IRVING: Yeah.

G MURPHY: Did Alex Roberts do anything at all to assist you in winning of the campaign?

N IRVING: I had very little interaction with him. I don't recall anything other than he was another guy with extensive experience in South Africa, so I can't think of anything specific, but he was clearly regarded as important and, you know, he

was valued, he was respected in a way that perhaps Alan Curtis wasn't. My perception was he was highly respected.

G MURPHY: By who?

N IRVING: Definitely by Allan MacDonald.

G MURPHY: Okay, so you're talking people within BAE. Highly respected by people -

N IRVING: Oh, yeah, yeah.

G MURPHY: - within BAE.

N IRVING: Yeah, yeah.

G MURPHY: Okay. You've told us about your role assisting, advising the negotiations team.

N IRVING: Yeah.

G MURPHY: Are you aware of any role that Alex Roberts played in the negotiations?

N IRVING: I don't recall anything.

G MURPHY: Meetings you were at you don't -

N IRVING: No. You mean like he might have been at the negotiations?

G MURPHY: Might have been at them, or maybe informing others in relation to negotiations.

N IRVING: No, I don't recall that at all.

L JONSON: Do you involve - sorry, do you recall -

N IRVING: I mean he might have visited at the time, and if he did, you know, I might have given him an update on the negotiations because he was, you know, a sort of important - his view was important. But I would only think his view was important because, you know, he was clearly highly respected, but actually I think I met him - I can't recall when I met him, so I don't know

whether - I know - I remember seeing him with Allan MacDonald, and you know, and a few visits, maybe two visits or so, and I was never involved. And then, you know, on a later visit I was introduced to him, and my job was to explain where we were in the campaign, and I don't recall exactly when that was, and I don't recall any specific role that he might have - you know, anything that I particularly want Alex Roberts to do, because I didn't know him that well. I didn't know what his capabilities were.

L JONSON: Do you remember him proactively advising in relation to, during 1999 or late 1998 in relation to offset?

N IRVING: There was some tie-up with Shorts at one point, so there might have been some industrial, defence industrial stuff.

L JONSON: But apart from that?

N IRVING: No.

L JONSON: No?

N IRVING: No, I don't. Non-defence, do you mean?

L JONSON: Defence or non-defence.

N IRVING: No, I mean my perception was that latterly he was - he might have been involved in the Airbus business.

L JONSON: Right.

N IRVING: But no, I don't recall. I mean he wasn't really a contact of mine in the way that the others were, he was more a contact at the next level up.

L JONSON: But you've obviously mentioned Allan MacDonald.

Do you have any - after Allan left do you know anyone else that Roberts would have had contact with in relation to any type of advice he would be giving? Who else could we speak to basically about the advice that - if he did give any, that he gave?

N IRVING: Well if it were Airbus then it would be Geoghegan, who came down a few times, and Fana Hlongwane.

L JONSON: Yeah, not Airbus, just Hawk & Gripen. Negotiation for - offset really, I suppose, is what I'm looking for.

N IRVING: Well John McBeath came down a couple of times to deal with offset.

L JONSON: Right. What about Pat Gosden, would he have had any relationship with Roberts?

N IRVING: Well I'd be surprised if he did. I suppose - I just can't recall Pat Gosden and I meeting with Alex Roberts, I can't recall that.

L JONSON: We're obviously - one of the things we're trying to look into is what work various advisers provided.

N IRVING: Yeah.

L JONSON: And particularly during - in relation to Alex Roberts, the post down select or just prior to down select and during the whole period of 1999. And if he didn't speak with you on regular occasions and proactively advise you in any great respect, who if there was anybody else, that might have -

N IRVING: Oh, he would - well it would be MD level, yeah.

I mean he was above the normal - my sense was that he was not an adviser to me. I think - I'm sure he gave me the benefit of his wisdom on one occasion, but you know, there was definitely the relationship between him and the managing director, the level above me was more a mutually respectful one. The atmosphere was much more formal, he was an ex-industrialist, he was presented as being the chairman or the vice-chairman of - ex-vice-chairman of a missile company in Belfast, you know -

G MURPHY:

Shorts?

N IRVING:

Shorts. Extensive experience of - and -

L JONSON:

So him and Kevin Smith then, they met?

N IRVING:

Yeah, I think Kevin Smith, because of the timing, Kevin Smith must have met him, but I only remember Allan MacDonald was definitely the guy who introduced me, almost certainly introduced me, to Alex Roberts the first time. I'm trying to - I can't actually recall Kevin Smith and him together, but the timing suggests that maybe they would have been. I just don't recall a meeting with Kevin Smith and Alex Roberts and me.

L JONSON:

I was trying to think who else he might have briefed.

N IRVING:

Within the company?

L JONSON:

Yeah.

N IRVING:

Well, I mean he - I - the short answer is I honestly don't know, but it would have been senior level, it wasn't my level generally.

L JONSON: Right.

N IRVING: You know, he was more a sage than a, you know, than a working level, you know, just picked up this bit of information, you know, that's not the role I would have seen him in. He would have been more strategic.

G MURPHY: Okay. Are you aware of how much time Alex Roberts would have spent in South Africa in relation to Hawk/Gripen?

N IRVING: No. You know, the office generally organised the accommodation for visitors. But if we organised it we definitely didn't organise it everytime, maybe we did when he first came or he last came, but he was - although he stayed, as far as I know, he stayed in the hotel that were in, so maybe three times in a year he might have been there to my knowledge. Didn't - never knew what his programme was, who he was meeting, nor had any particular interest, because I'm still - I don't know if he was retired from Shorts when I first met him or not, but he was very much, you know, out of my remit.

G MURPHY: Yeah.

N IRVING: I felt that I needed to know what people that were working with me and my campaign team or representing BAE Systems were doing. I didn't put him in that category.

G MURPHY: Okay. In your dealings with Fana Hlongwane, did you ever become aware of a business relationship between Hlongwane and Alex Roberts?

N IRVING: I wasn't aware of a business relationship, but I

was aware latterly through Geoghegan, more because I observed it because I spend a lot of time in that hotel where most of my meetings were. So I might have come in to meet Hlongwane and find that the three of them are there.

L JONSON: Which three, sorry?

N IRVING: Well Geoghegan - you know, I'm not absolutely certain about this, but my recollection says it was Geoghegan or Hlongwane and Roberts that would have been dealing with the Airbus deal. And I was absolutely excluded from that.

G MURPHY: Yeah. So that's Airbus. What about in relation to Hawk/Gripen?

N IRVING: Alex Roberts, Hlongwane, who's the third person, sorry?

L JONSON: No, just the two of them.

N IRVING: Oh, the two of them.

G MURPHY: Just the two guys.

N IRVING: Well -

G MURPHY: Did Hlongwane ever tell you -

N IRVING: - I would be - I mean Hlongwane, in my opinion, is a self-promoter. He would have accepted that Alex Roberts was different from other contacts he might have seen, and would always be wanting to know who and what. And one of my challenges was to ensure that information I got from one agent didn't go to Hlongwane, because he was so inquisitive and I wasn't comfortable with his level of questioning sometimes, and that was always a potential problem that, you know, he wanted, you know, this was a two-way thing. I

was trying to learn about South Africa and about how one might do things in the best way to secure our deal. But, you know, I never really honestly would be entirely confident about what his role was. I mean, you know, was he a member of the South African security services, for example? So there was always the balance. And the other thing was, who was he going to give this information to? So whilst there was a certain element of trust, it didn't extend to - and I was aware that he was meeting with Alex Roberts, but I would have been surprised if, you know, it was really focused on Gripen and Hawk in the sense of somehow or other promoting our campaign.

L JONSON: Our investigation has revealed that Mr Hlongwane received a substantial amount of money, and by that I mean at least over £5 million from Mr Roberts as part of a consultancy fee. So the way the money trail goes is BAE paid Roberts, through his company vehicle, who then passed on through almost like a subcontract, sub-consultancy agreement, a proportion of that money to Fana Hlongwane, or companies associated with, for which he is the beneficiary. We understand, or at least we suspect, that that is - well I should say it has been alleged that it's for work done under the Hawk/Gripen deal. Can you think - I mean firstly, does that surprise you?

N IRVING: Yeah.

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FIRST DRAFT

L JONSON: Can you think of work, legitimate work that Mr Hlongwane provided on the Hawk and Gripen campaign during certainly your currency there, which would have justified a fee of that amount?

N IRVING: Well there's no doubt that in terms of me getting to understand the South African environment and how the ANC worked and all that, that - that in the same way that Charter provided a white South African senior business level perspective that was very important to educating me and influencing the way that I dealt with people, that Hlongwane gave me a perspective right from the first time I met him from an ANC perspective. And there is no doubt that, you know, whatever it was that we finally did, you know, meant we succeeded in selling our aeroplanes. So I do think that there was valuable advice given by Hlongwane to enable me to do my job.

The figure is a surprise to me in all honesty.

L JONSON: It could be higher than that, that's the minimum.

N IRVING: Right. Well, I mean it's surprising to me. But I would temper that with one point about Hlongwane, which I've referred to before, which is he had a very, very, very expensive lifestyle. You know, I mean this guy was, you know, just - I mean in my presence in Soweto once when he decided that it would be good for me to go and see how real South Africa - I mean he only did it once. But actually he took one

of my children on another occasion, or if he didn't he organised for my children to go and visit Soweto. He gave money away in my presence.

L JONSON:

Right.

N IRVING:

So I don't know - when I say lifestyle, the only lifestyle I saw was the cars, the fact that, you know, money just didn't seem to stay very long with him. You know, he bought gold watches and things like that on occasions, and then he'd buy another one.

So he had a different approach to money from the one I would have had, but I would never have, you know, said, 'But a car is a car,' you know, I mean it's still - and when you're talking, you know, tens of thousands of pounds. He had a BMW when I first met him, you know, which was way out of any league that I'd ever been able to afford, and it had all the gadgets in it.

G MURPHY:

Did he ever discuss fees with you?

N IRVING:

I don't know whether he ever tried to suggest that we should - that I should - that the company should take him on, I honestly don't remember having a conversation around that. And the only reference that I can recall would have been that in the fullness of time, when he got out of the Minister's job, that he was going to launch himself into business like Tony Sexwale, who was an up and coming successful black businessman who proved they could do it on their own without the benefit of black empowerment to,

you know, just pay them fees for what was generally regarded as their black face. So I think he had ambitions there, and so - but fees precisely, I can't think of any time that - fees probably, one of the inquisitive aspects would have been, you know, how much you're paying the other advisers, i.e. wouldn't be surprised if that was a regular thing. But I can't recall anything about fees themselves.

L JONSON: I presume there by your response then that when you spoke to Alex Roberts about reducing his fee he didn't say, 'Good Lord, I can't do that, I'm already paying x amount to Fana Hlongwane'?

N IRVING: Oh, no, no, otherwise I would have remembered that.

L JONSON: Yes.

N IRVING: No, I mean the conversation was unbelievably short, and I realised immediately he said no that I was - there was no way that I was going to be able to apply any logic to this guy.

L JONSON: Right.

N IRVING: He was just, you know, he's in a different position altogether. And probably I was cowed a bit by the fact that I didn't know him, hadn't had real interaction with. When I had it was very gentlemanly and, you know, and very businesslike, and as I say, I knew that people respected him and that he was important to the company and therefore - and whilst my remit was to go away and get these reductions, there was also at the back of my mind a feeling that this

was a little - this was a bit unfair, you know, that, you know, I was being set up to go and do, you know, an unpleasant job.

L JONSON: Can I ask another thing? Obviously we've given you some proposal forms there, and I think earlier you said that you generally were - forgive me if I've got it wrong, but responsible for renewals of the agreements.

N IRVING: Yeah, well I could propose people, I just can't recall that I did, but I could.

L JONSON: What we've tended to find is that you've got your straightforward agreement, which is the initial agreement between the company in one way, shape or form, and the adviser's company.

N IRVING: Yeah.

L JONSON: And then sometimes you have what's called variations, which are simply extensions of that agreement because they're only a year in duration.

N IRVING: Yeah.

L JONSON: And then sometimes there are amendments to those agreements, and that's when actually the specifics of the payments change...

L JONSON: ...either the amount of success fee or, for example, if there's a one off fee for a particular reason or the payment terms, i.e. when the adviser would get paid that changes. Now these tend to happen all the way through with various agents, not just in South Africa. Would you in the period - after MacDonald has gone but after Kevin Smith arrives there are a

number of these amendments, who would have been responsible for proposing those? So we're talking actual changes in - well for example, let's take a simple one where if we had a one off payment, would you be responsible for suggesting that or would that be somebody else? I can give you a specific example if you'd like.

N IRVING:

Yeah, yeah.

L JONSON:

Sure. Well it's actually - it's Mr Roberts's agreement. Do you know what company he operated through?

N IRVING:

I can't recall.

L JONSON:

It was called Arstow Commercial Corporation, it's one of the ones that you've got there.

N IRVING:

Right, okay. I didn't recognise it.

L JONSON:

Arstow had an amendment to its agreement in late 99, just before the contract was signed.

N IRVING:

Right.

L JONSON:

Which allowed for a one off payment of £100,000. It was the 27th of September 99, and the contract is signed in very early October, I think the 6th of the 5th, one of the two.

N IRVING:

Right.

L JONSON:

The amendment to the agreement states that £100,000 will be paid as an upfront fee within 30 days of the signature of the amendment. We don't have a copy of the proposal, which would presumably look something like that, explaining why that has been decided. My question really for you firstly is would you have been involved in something like that? Because on the face of

it it's giving Mr Roberts £100,000 and before any contract is signed.

N IRVING: It's possible that I would have been.

L JONSON: How did that happen? Would he have come to you and said, 'I want £100,000,' or -

N IRVING: No, no, definitely no.

B SMITHWHITE: So how -

N IRVING: No, it's all done at the RMD level or above. I mean most of these, like these amendments, whilst I am proposing them, it's advice. Like this one where I'd been in post a few months, you know, the advice would have come from my MD, Kayswell, and I can't recall who Kayswell is at the moment.

G MURPHY: That's -

L JONSON: Pelissier.

G MURPHY: Yeah, Jules Pelissier.

N IRVING: That's Jules Pelissier, right. I thought it would be him or Charter. So there would have been a negotiation in the UK around this that would have caused Allan MacDonald - I mean this is hypothetical of course, but this is how I anticipate it would have happened. Alan MacDonald would have agreed this figure from whatever it was before, which of course I wouldn't have had any part in because I wasn't in the company then.

MacDonald would have said, 'Look, I've had a negotiation with Pelissier, I've decided that the figure is to be amended to 4% so can you raise the paperwork?' So I would raise the

paperwork, sign it and then, you know, he would approve it, if it were he. And as far as I know it would be normal for the EVP to propose and for the RMD to sign, not for any other -

L JONSON:

EVP?

N IRVING:

Yeah. Now this didn't - pardon?

L JONSON:

Sorry, EBP meaning?

N IRVING:

Pardon me, I'm executive vice-president, I'm one below a managing director.

L JONSON:

Right, okay.

N IRVING:

So and that's why it's exec v-p here.

L JONSON:

But I mean so this is after, the Roberts amendment is well after MacDonald goes.

N IRVING:

Yeah.

L JONSON:

And in the latter part of the Smith era, because we know that Kevin Smith left around the period of the signature of the contract.

N IRVING:

Yeah.

L JONSON:

Now who - if someone, you say, would have come to you and said, 'Raise the paperwork for this,' if you did the proposal, which obviously we don't know. Who are the likely - who are the possible candidates for saying, 'Roberts wants £100,000, we've got to give it to him'? Who would Roberts have negotiated that with?

N IRVING:

Well in my opinion it would have had to be Kevin Smith.

L JONSON:

Right. Could it not have come from anyone else?

N IRVING:

Well if you mean somebody like Hugh Dickinson, then I would say no, he was never in that. You know, the next person down the list is me.

L JONSON: What about up from Kevin Smith? I know obviously we're getting close - we're getting at board level, but would those people have been involved at all.

N IRVING: Well, I mean I don't know if Chris Geoghegan was on the board when he was dealing with Airbus in the same period, but I would presume on the Airbus side he would have been the final approver for -

L JONSON: No, this is definitely Hawk/Gripen.

N IRVING: No, I understand that, but I'm just trying to illustrate a point. I wouldn't have seen why I don't - unless Kevin Smith wasn't there, I wouldn't have seen why anybody else would be assuming responsibility for what was effectively a standard procedure. I mean what this didn't do, except that I wasn't at this point interacting with any agents at all, at the point that I signed this one on Gripen, you know, my remit is very, very strictly South African Air Force only, don't even think about, you know, going - if you want advice I'm going to give it to you, and that was all about, you know, just giving me enough to be able to cope with and getting to the root problem of our campaign, which was that we couldn't make any headway with the South African Air Force.

So at this time I'm simply fulfilling a function, but I'm not a decision maker. But where I'm coming from is later on, by the time we get to 99, it's possible that, you know, I

could have identified an agent that I felt, you know, the eleventh hour, was probably somebody who could help us, and I wouldn't have felt reticent about proposing somebody. But what I wouldn't be doing by and large would be getting somebody below me to propose it and for me to endorse, by and large. Although I notice here there's one where I, for some reason after the whole thing's done, I'm in another box.

L JONSON: What happened after Kevin Smith left? Who did you report to after that?

N IRVING: Charles Masefield.

L JONSON: Is it possible, bearing in mind the timing for this which is late September and Kevin Smith leaving around the time of signature, is it possible that Masefield would have proposed this?

N IRVING: Well Masefield - I mean it's highly unlikely. Masefield was really off the scene, it was Kevin's deal to close, not Masefield's deal to close. So it would be far more likely that, in my opinion, but I don't - I don't know.

L JONSON: Right, okay. Can you think of any reason why an agent would be entitled to receive money in advance?

N IRVING: Yeah, well I can in the sense that, I mean the system was either lump sum payments on success or retainers, because some agents just can't afford to sustain themselves without some sort of income, and so that constant judgement that has to be made, and it's always a sticky one

because in principle we don't like paying retainers, but there are plenty of agents, you know, now that I've had further experience, who do operate on retainers otherwise we wouldn't have their advice, they wouldn't exist. So I mean, you know, so £100,000 for someone like Alex Roberts wouldn't surprise me. I mean I don't know if he was employed at that stage, you know, if he was still working for Shorts or whether he'd gone, but my feeling was that he'd probably resigned or gone by that point.

L JONSON: This £100,000 went straight into an account controlled by Roberts from the company and then went straight out to Hlongwane.

N IRVING: Ah, okay.

L JONSON: So I don't know if that helps as to why, again, if you can give any possible reason why such an amendment to a contract might be made.

N IRVING: Ah, I see. Well obviously to support, you know, obviously there was some sort of arrangement there then.

L JONSON: So really, I mean Kevin Smith is the person we need to speak to about that.

N IRVING: Yeah, I mean I - you know, I don't - I don't think that, you know - well firstly I wouldn't - I don't - I didn't know until you told me -

L JONSON: Sure.

N IRVING: - that there was a sort of financial arrangement between the two of them. I still go back to the point that this still might have been an Airbus thing - although no, you said that it was

described somewhere as a payment on that. So I don't know that there's much else I can say -

L JONSON: No, no, that's fine.

N IRVING: - in terms of the process.

L JONSON: You've answered the question, that's fine, thank you. Sorry, Gary.

G MURPHY: When you spoke to Richard Charter about reducing his fee, can you remember what company, the company vehicle that was in relation to?

N IRVING: There were two. I suppose Osprey would have been one of them, but I can't be certain.

G MURPHY: Osprey was one of them. You said there was a second one?

N IRVING: And the other one, latterly I assume from what I've read that it's Huderfield.

G MURPHY: That's right.

N IRVING: Yeah.

G MURPHY: Do you have any knowledge as to why Richard Charter would have two such agreements?

N IRVING: Well Richard Charter - I don't know much if anything about the financial role, but one of the messages he would put across to me very fervently was that his children would not grow up in South Africa, that the days of whites in South Africa were limited and that therefore, you know, every guy who has white skin, you know, was trying to find another home for his wealth if indeed he could sell it - sell whatever he'd got, his property. And so, you know, I would assume, but I don't know, that, you know, it would be part of Osprey, which was

a South African company, and then, you know, maybe wanted to operate the other one or did operate the other one in a different sort of way.

G MURPHY: Yeah, but why would he - he's an adviser to BAE.

N IRVING: Yeah.

G MURPHY: Why would he want to be paid for some work through one company and then other work through another company? Did you ever discuss that with him?

N IRVING: No. I mean reduction in risk, I don't know.

G MURPHY: No.

L JONSON: I mean Huderfield didn't operate out of another jurisdiction in terms of it being a company with a presence, an industrial presence elsewhere, it was an off the shelf BVI or Bahamian company.

N IRVING: It didn't operate in a different jurisdiction from Osprey?

L JONSON: No, I mean Osprey is a registered South African company with a, one might say, legitimate presence. You yourself mentioned the parachutes for the armed forces.

N IRVING: Yeah, yeah.

L JONSON: Huderfield is what we call an off the shelf company, you purchase it in a, what's traditionally known as a tax haven, the Bahamas, Panama, Jersey. For this one it's the British Virgin Islands, I think.

N IRVING: But it's legal.

L JONSON: Oh, it's legal.

N IRVING: Yeah.

B SMITHWHITE: It's legal, but there are a number of reasons, some legitimate, some illegitimate for purchasing these types of companies, and it doesn't - you wouldn't find that it has an operating presence in the B - if you go to the BVI it'll be literally a door with a thousand names on as to companies that are registered there. But it doesn't have what I would call a commercial or industrial presence in a country. One might say it's a way of setting up a bank account and just routing monies through it. It can be - it is legitimate in some ways, but can be used for illegitimate purposes.

N IRVING: Well I mean no, I didn't go into any conversations on those sort of things. I wouldn't understand that side anyway.

G MURPHY: Okay, we'll stop the tape here, I think. The time by my watch is 13.25. The time elapsed counter showing 45, and we'll stop the tape.

(End of tape four)

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON
FRIDAY, 9TH NOVEMBER 2007.

CASE REFERENCE

TAPE 5 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR NIALL IRVING

PERSONS PRESENT:

| | | |
|----------------------|---|-------------------------|
| MR GARY MURPHY | - | SERIOUS FRAUD OFFICE |
| MS BRENDA SMITHWHITE | - | SERIOUS FRAUD OFFICE |
| MS LYDIA JONSON | - | SERIOUS FRAUD OFFICE |
| MR LUKE BLACKMAN | - | SOLICITOR FOR MR IRVING |
| MR GILES BARK | - | SOLICITOR FOR MR IRVING |

G MURPHY: This is the continuation of an interview with Mr Niall Irving. The date is still the 9th of November, and the time by my watch is now 14.10. Mr Irving, we've obviously broken for a short lunch break. Could you just confirm that the same people as before lunch are still present in this interview?

N IRVING: Yes.

G MURPHY: And would you also confirm that we've not discussed the case at all during the break.

N IRVING: That's correct.

G MURPHY: I will remind you that you are still under caution, and I will caution you again. You do

not have to say anything but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence. Do you understand that?

N IRVING: Yes.

G MURPHY: Okay. I'll remind you also that you're not under arrest, you're free to leave, and also that should you want independent free legal advice just let me know and we'll stop the interview for that.

N IRVING: Right.

G MURPHY: Okay, just before the break we were talking about agents and their agreements and proposals, amendments, that type of thing. I'd like to ask you, have you ever heard of a term 'overt' or 'covert' agreements?

N IRVING: I think those were the - yeah, agreements that BAE Systems had with agents.

G MURPHY: Okay. Can you tell me what you understand by an overt agreement?

N IRVING: An overt agreement is one where the paperwork, like in front of me at the moment, where I propose an agreement, which is authorised by the managing director, authorised by the managing director after I've done my proposal. Whereas a covert agreement, I don't recall I had any role in authorising. I don't recall that I did, but I'm not sure.

G MURPHY: D'you know whether there was any particular reason why an agent - an adviser would have an

overt or a covert agreement?

N IRVING:

No.

G MURPHY:

You don't know. If we could just - the bundle that you have in front of you, if you could just turn to the document that's marked - just bear with me a sec, please. It's marked in the bottom right hand corner as SD9, and in the top left hand corner, this is a number I have to say just for reasons of continuity, it's DOCMAN reference 009582000229.

N IRVING:

Yeah.

G MURPHY:

Do you see that's a proposal to amend a consultancy agreement for the company, Huderfield?

N IRVING:

Yes.

G MURPHY:

And then just before lunch we were saying that was Richard Charter.

N IRVING:

Yes.

G MURPHY:

Yes. You'll see at the bottom there, there is a signature.

N IRVING:

Yes.

G MURPHY:

Proposed by.

N IRVING:

Yeah.

G MURPHY:

Is that your signature?

N IRVING:

Yes.

G MURPHY:

Did you complete this form?

N IRVING:

Yes.

G MURPHY:

So that's your handwriting on there.

N IRVING:

Yes, that is my handwriting.

G MURPHY:

Huderfield is what we believe is a covert agreement.

N IRVING: Right.

G MURPHY: Now just thinking back to when you said you didn't think you had a role in authorising those agreements, clearly you have had some sort of a role here.

N IRVING: Yes.

G MURPHY: And that may well be that you just didn't remember that, I don't know.

N IRVING: No, no, I didn't remember.

G MURPHY: Okay. Did you know that Huderfield was a covert agreement?

N IRVING: **(pause)** I knew it wasn't the same as Osprey, but I don't actually know why I didn't. Because Osprey was our formal agency representative, if you like, but I don't actually know the basis of the difference, I can't recall the basis of the difference.

G MURPHY: During your work, and you told us you've worked quite a lot with Richard Charter on this campaign, was it ever made clear to you that some of the work Richard was carrying out was to go through his overt agreement and some was to go through his covert? I did ask a similar question earlier, but I'm asking now whether Richard ever actually told you that -

N IRVING: No, I think as far as I recall I became aware of this when I had to do the reductions in the... so to my knowledge, we didn't have any discussion about the role of Huderfield as oppose to the role of Osprey, my sense was that, you know, he was an adviser operating on a company name. So

I think the first time I would have been aware of this was when I was given the information in order to reduce the percentages. That's the first time I would have had awareness that there were more than just a few companies involved.

G MURPHY: Okay. You've signed this form -

N IRVING: Yeah.

G MURPHY: - as you agreed. How did you come to sign that? Did you sign that of your own volition or were you asked to sign this document?

N IRVING: I would have been asked to sign it, or raise it and sign it, and that would probably have been on the basis that I'd negotiated the reduction, probably.

G MURPHY: Okay.

L JONSON: Can I just ask, why do you think that the company would have a covert agreement? What would distinguish between covert and overt groups?

N IRVING: Well the only reason I could think is that the authorities, certainly in certain countries, I can't recall the law in South Africa, would need a mechanism for directing visibility of procurement requirements to a representative in-country company in order to advise BAE Systems and other companies that a procurement was beginning, a procurement process was beginning. And so, you know, maybe Osprey was the registered company for BAE Systems in South Africa through which that sort of information would pass. I mean I know since, for instance

in, you know, other countries, there is a legal requirement to have a local company - we didn't have a local company at this point, BAE South Africa wasn't set up, wasn't manned, so you would need a point of contact for the procurement authority to just -

L JONSON: But why not just pay Richard Charter's entire fee through Osprey?

N IRVING: No, I don't know why there would be more than one company.

L JONSON: Okay.

G MURPHY: Have you -

N IRVING: The only - just to follow on from what I said previously, the only thing would be whether or not he wished to have payment, a different form of payment for certain elements of his work as opposed to others in order to protect his income in order to ensure that, you know, his wealth was not all in one pot, if you like. I'm not an expert in finance, so I don't know.

G MURPHY: Have you ever heard of the terminology, 'first world practices' and 'third world practices'?

N IRVING: I'm not familiar with that, no.

G MURPHY: It's not something that you've heard?

N IRVING: No.

G MURPHY: Not something that you've heard in relation to the Hawk/Gripen contract?

N IRVING: No, I don't recognise "first world practices", no. Is it a legal term?

G MURPHY: Erm -

N IRVING: No, I don't recognise it, no.

G MURPHY: Okay.

N IRVING: I don't recall ever coming across it. I mean of course one uses the term 'first world' and 'third world', but in a different context.

G MURPHY: Of course. You've never heard it in terms of or in relation to the defence industry?

N IRVING: No.

G MURPHY: No, okay. I just want to know your knowledge at the moment. Do you think, or do you know if the payment of bribes in relation to the defence industry and winning contracts is a problem? Generally?

N IRVING: Well I mean from what I read in the papers there's a lot of publicity about bribery and corruption associated with the defence industry.

G MURPHY: Was that something -

N IRVING: Which I think also applies to other aspects of industry as well, but the defence industry attracts a lot of publicity around it.

G MURPHY: Yeah. Have you ever experienced any particular activity of the paying of bribes?

N IRVING: I've never experienced the payment of bribes. I've been approached, at the end of that campaign I was approached by somebody I didn't know who wanted me to arrange a payment to ensure that our deal went through.

G MURPHY: Okay. Could you explain a little bit more about that? Who was that, first?

N IRVING: I don't know, he was a Frenchman and I can't recall his name, but he said he needed - he demanded a million dollars to guarantee that our

deal went through, and that he was well enough connected to stop it.

G MURPHY: Okay. What did you do about that?

N IRVING: Well I didn't respond to him at all, and I reported that event, and obviously on the back of the fact that my own view of that was that this was, you know - something that we absolutely shouldn't pursue and I got endorsement that that was exactly right. But I did tell - I certainly told - well I believe I told Kevin Smith. I might also have told Richard Charter that this approach had been made, on the basis that I didn't know this man, I'd never met him before, and I think the approach came - it was a call into the office.

L JONSON: Telephone call or ...

N IRVING: Yeah, something like that, and I went to meet him at a hotel, and this is what he told me.

G MURPHY: Right, when was this?

N IRVING: It was after we had won the contract, but it must have been - or the contract or our success as the preferred supplier was -

G MURPHY: Yes.

N IRVING: - known, but before we'd actually got ink on paper.

G MURPHY: Right.

N IRVING: So it felt like a threat to me in the sense that, you know, we were not in a secure position with ink on paper, so it was shortly before the contract would have been signed, whenever that was, I can't recall.

G MURPHY: That was December 99.

N IRVING: Yeah.

G MURPHY: Early December 99.

N IRVING: So it would have been in the late November or early December timeframe, it was very soon before the contract, it was, you know, quite a critical time.

G MURPHY: Right. Do you know if Richard Charter followed anything up on that?

N IRVING: I wouldn't have thought so. I think it was something that was dismissed immediately, but not because anybody knew who this guy was, but just because this sort of thing happens when you get to - I mean that's the first time I'd ever been involved in securing a contract, so -

L JONSON: Did you go and see the man on your own?

N IRVING: Yeah, I'm pretty certain I did.

L JONSON: And can you just describe, you say the call comes through to the office.

N IRVING: Yeah.

L JONSON: And what did you say?

N IRVING: I don't know, it wasn't to me. It would have - I don't know, it would have just been a request by somebody to meet, you know, probably stating a company name or something like that, and you know, wanted to talk about the contract. That's an experience I had, it was a one off, never met him again, never met him before. But that's made me aware of the fact that, you know -

L JONSON: Did you keep a record of his name?

N IRVING: Not that I'm aware of. Not that I'm aware of,

but I would have had to have his name in order to report it.

L JONSON: Did you keep a diary at the time?

N IRVING: No.

L JONSON: No.

G MURPHY: How can you be sure that nobody from BAE made that payment?

N IRVING: My view was that it was rejected out of hand straightaway as, you know, 'Niall, this sort of thing happens,' you know, 'you've done what you're supposed to do which was report it, we are taking no action, you know, we feel secure, you know, we sort of feel secure we've got the contract.'

G MURPHY: Yeah.

L JONSON: Did you give anybody else his details? By that I mean his name.

N IRVING: I would think that - I don't recall, but I would think that I gave the name of the company to my boss and probably to Richard Charter, because he would have been there. Or I might have asked if I could share this with Richard Charter to get a local view of whether or not he knew this company, knew what this was about, was this, you know, was this something that we somehow or other needed to be worried about in any way? My reaction was that we - my reaction there and then was not to pursue this conversation once I knew what it was about- it was a very short meeting.

L JONSON: Sure.

N IRVING: And it was the only one I ever had of that kind.

G MURPHY: Are you aware of anybody else working within your office in South Africa being asked for fees in order to win the contract?

N IRVING: I can't recall. To win the contract, no. No, I don't think so.

L JONSON: For anything else?

N IRVING: I mean Dave Williams said to me not to talk, but by then there were quite a few people at the end - do you mean at the end of the contract?

L JONSON: No, I mean during the entire campaign. I mean obviously -

N IRVING: Yeah.

L JONSON: - you've got David, and Stuart McIntyre.

N IRVING: Yeah, yeah.

L JONSON: Had either of them been approached by people suggesting that money should pass hands in one way, shape or form?

N IRVING: No, but I don't know about money passing hands, but there was always offers of help from people. People who'd say, 'I can help your campaign.' I'm just trying to think if there's anybody specifically. It's possible, but I can't be certain of this, that Stuart McIntyre, who got quite close to Nsiki Mashimbye might have proposed that we took him on at some point.

L JONSON: Right, okay. As what?

N IRVING: As an adviser.

L JONSON: Right.

N IRVING: But that's all I can think of.

G MURPHY: In November, middle of November 1999, which is

from what you've said maybe around the time of that particular call.

N IRVING: Yeah, I mean just underline this point, I mean I don't believe I ever, just to be clear about this, 1) that meeting ceased, 2) I didn't meet that guy again, and 3) I do not recall raising any paperwork to enable a payment like that to be made.

G MURPHY: Okay.

L JONSON: Understood.

G MURPHY: Around mid-November there was an amendment made to Huderfield, to Huderfield's agreement. It's not the one that you've got in front of you, the one that you signed.

N IRVING: In November, right.

G MURPHY: In November. An amendment was made to make a payment of \$4 million to Huderfield, which is Richard Charter, on the signing of the agreement. Now the agreement was signed on, I think, the 3rd of December, and I believe the payment was actually made, of \$4 million, was made to Richard Charter, Charter's company, Huderfield, two or three days later, it was round about the 5th or the 7th of December, I haven't got the date immediately to hand. Do you - thank you, it was on the 7th of December. Now we have the agreement, the amendment to the agreement and your name's not on that, okay? But what we don't have is we don't have the proposal to amend that agreement. Now in relation to this particular amendment and

payment, first off, do you ever remember proposing that Richard Charter and Huderfield are to be given this payment of \$4 million in December?

N IRVING:

No.

G MURPHY:

You don't remember making that proposal?

N IRVING:

No.

G MURPHY:

Can you think of any reason why Richard Charter would be paid \$4 million by BAE immediately after the signing of the contract?

N IRVING:

Well - no, I mean if he's owed the money then he'd be paid the money. No. No, I don't. You mean the timing of it?

G MURPHY:

Mmm.

N IRVING:

No.

G MURPHY:

The timing.

N IRVING:

I mean if the contract's secure then you pay what you have to pay, I suppose, so -

G MURPHY:

Yeah.

N IRVING:

But I think I would remember authorising something of that magnitude, because the magnitude of this thing, despite the fact there are percentages here, was not something that was at the forefront of my mind at all. The only - the size of these things I didn't go away and work out how many dollars all of this meant, that wasn't immediately obvious to me or relevant to me as far as I was concerned, because the percentages were something that weren't negotiated by me in the first place apart from the reductions. And then they were

described in percentage terms, not in -

G MURPHY: Sure, yeah. Do you think Richard Charter is beyond paying bribes to public officials?

N IRVING: Personally I would be surprised if, as described, subsequently as the - in the papers as the fifth richest man in South Africa, I think it would be a massive risk. A massive risk, and it's illegal, so I would be surprised if he exposed himself to that. The other thing is he was wealthy in his own right, and I'm not sure exact timing, but I mean he was building a golf course and he was building a wildlife park and he was buying animals at what seemed to me to be massive prices, so I mean I could see him easily spend that money.

G MURPHY: Right.

N IRVING: So, you know, when I knew him there was - he never suggested to me that he was, you know, using money or going to take money in order to pay off other people, it was always about me, me, me, because he had a very big ego as well, and plenty to spend his money on.

G MURPHY: Do you know if that \$4 million was paid to the particular gentleman that you had the meeting with in November?

N IRVING: I've absolutely no idea.

G MURPHY: To win the - to secure the contract and secure a signature?

N IRVING: No, I - no, well to my knowledge it wouldn't have been because there was, to my knowledge, never any contact with that guy again. And also

in order to get contact with that guy again somebody would have had to contact the office to get his details, and to my knowledge that never happened, because I think the office was small enough that if that had ever happened, you know, I would have been informed that there'd been another call.

L JONSON: I thought you said that you shared the details with -

N IRVING: Yeah, but not telephone numbers. All I would have done was probably the name and the, you know, why would I - I wouldn't have - I would only have handed over a contact if I expected that somebody else would contact this man. To my certain knowledge, nobody - well certainly nobody implied they were going to contact him again, and it wouldn't have been logical for me to hand out contact details unless I thought that I was - unless that was going to be in my mind pursued, and in my mind that was never pursued.

L JONSON: I appreciate that, but you accept that you gave the name of the person.

N IRVING: I'm sure I would have given the name because the point is I didn't know him, but I didn't know that others didn't know him. I didn't know whether this was a guy that, you know, was a potential threat to the deal, you know. I didn't know that, you know, he might not have to be met or be dealt with at some - you know, at some higher level. What I did know was that I

didn't pursue it, I didn't - my sense was that it was a sort of threat.

L JONSON: Sure.

N IRVING: And it's the first and only time that it ever happened, as far as I recall.

L JONSON: Who would have proposed that amendment to Richard Charter's agreement? Who else could have done that? I'm not suggesting your team.

N IRVING: Well the process would have been the RMD, the - well he was the group managing director.

L JONSON: So Kevin Smith?

N IRVING: Yeah. But it normally have, you know, the form would have come to me with the advice on it. Because although I raised this one, mostly I didn't raise them, they were mostly filled in and then the advice would be, 'You're going to receive a thing,' or I would be in the UK and do it. I can't recall exactly how it was done, whether they were faxed or whether they waited for me to come on a visit to the UK and then, you know, I would go to Hugh Dickinson's department after a briefing with, you know, advice that, you know, I needed to propose, this guy or that.

L JONSON: Okay.

G MURPHY: Did you ever propose any agent for an agreement?

N IRVING: I was definitely empowered to do so latterly, but I can't recall - of my own volition?

G MURPHY: Yes.

N IRVING: I can't recall doing that, but I wouldn't have - if I believed there was somebody who could

advise us. I mean we had a lot of agents anyway, but I mean I didn't feel constrained, you know, I would have felt -

G MURPHY: You could have done if you felt -

N IRVING: - I had a right not at the beginning -

G MURPHY: Sure.

N IRVING: - not in the first couple of years, but towards the end when I knew everybody then.

G MURPHY: Okay.

N IRVING: But I can't recall.

G MURPHY: Did you ever propose any amendment to any agreement, or propose any extension to an agreement or propose any one off payments in relation to agreements of your own volition?

N IRVING: Not that I can recall.

G MURPHY: So would I be right to conclude from that that any proposal that you made, the decision to make that amendment or that payment was made by somebody else and you were simply asked to put your signature on the proposal form because that was the process?

N IRVING: In the sense that the value of our advisers was something that I didn't judge, that was - it was done by the - that didn't stop me proposing people, and it didn't stop me latterly deciding what they were worth, but in the case of this deal, and my first job, I don't recall that I ever was the instigator. Why would I be, because, you know, we had a fair amount of advice already and I was - once I got to a position where I felt that I could do that I

think we were pretty mob-handed with help. And there were also people like Hlongwane who had a - whose motives, in my opinion, were driven, definitely initially, definitely by their beliefs, that the ANC government had to succeed and things had to be right, they were motivated on that grounds, not on the grounds of financial benefit. And that I firmly believe.

G MURPHY: Okay. I'll move on.

L JONSON: Yeah.

G MURPHY: Now we understand that DESO were active in South Africa during the campaign.

N IRVING: Mmm.

G MURPHY: Could you tell me what role DESO played and whether they brought any - or added any significant value to winning of the contract, to the strategy?

N IRVING: Well there was a guy appointed by DESO at some point during the campaign, Keith somebody.

G MURPHY: Norris?

N IRVING: Norris. And he would visit and he would get access to ministers, the political side through the auspices of government to government activity. And I would meet with him during his visits, during most of his visits I would meet with him for a debrief. I hadn't at that point got anything to compare DESO behaviour with, but - and benefit to campaigns with, but I suppose I regarded his - I underestimated with hindsight the level of support that he gave because government, British government support for our

activities does of course influence the customer and give them more confidence in what they were doing.

And I hadn't recognised that because I never saw from MacDonald, who introduced me to the job, I never saw any overt support for anybody other than the head of defence sales, the head of DESO. Now that side of it was definitely useful, but I think it was Sir Charles Masefield who was heading DESO at the time, and he was definitely influential in the sense that he could create the right sort of atmosphere and rapport at a senior level that I couldn't do because I wasn't of that stature.

So Keith Norris was of very limited benefit, but Charles Masefield, as I say, was able - well firstly he was accessible to me, so I briefed him on two occasions that I can think of, and then he went in and briefed the government, on one occasion I went to, one of his briefings. And then the third strand of that was we had to deal with ECGD, the government financing department, and they have their rules for providing cover for deals, and there were some negotiations required around those in order to get ECGD to be more supportive, and the deputy head of DESO at the time, who was a civil servant, who is now today HDES, Tony Pawson, played a very short, but I think from my recollection, important role in swaying ECGD to look upon our deal with - operating obviously

within the constraints of their - of whatever regulations they had. But, you know, sort of bending over a bit to help us to ensure that the terms of the ECGD cover were acceptable to South Africa, because at one point they weren't, in comparison with the other countries. So that is the sum total, as I recall, of DESO's assistance to us.

G MURPHY: Right, okay.

N IRVING: So it wasn't vital to - well I suppose it was, everything was important, but certainly on a day-to-day basis it wasn't that important. Just ECGD and the odd meeting that Charles Masefield did.

G MURPHY: Okay.

N IRVING: And they moved the - they moved Keith Norris out before we got the contract anyway, which surprised me. It was only when he'd gone I thought it would have been nice, but no more than that, it would have been nice to have had him round till the end.

G MURPHY: Yeah. Okay, I'd like to go back and just think for a moment about the strategy that was in place, and I think you said Allan MacDonald was certainly instrumental in pulling together a strategy. It had different lines to it, but there was an overall strategy and it changed as the campaign progressed.

N IRVING: Yeah, he directed the - he arranged meetings, mostly in South Africa, but sometimes in the UK that drew together people that he felt would

influence our thinking in order to direct our efforts in an appropriate direction. So he was a strategist in his own right, but he consulted a lot and he was into brainstorming sessions in a big way, so that's how the strategy normally emerged.

And when it was presented, which was normally on paper, it was written by Stuart McIntyre with my input, to present to him as an output of a particular meeting that - a strategy meeting that MacDonald would have generated.

G MURPHY: Okay. Was that in a document that would have been created? Was that given any particular name? If we wanted to find that document what would we ask for?

N IRVING: Knowing MacDonald it would have been given a name. The early ones were all conducted at Osprey, so they might even have been on Osprey headed paper, because Charter always wanted to - Richard Charter believed he was a strategist too. So, you know, the document might have come out on - I know, I remember Stuart McIntyre used to go to Osprey a lot to produce papers.

G MURPHY: Right.

N IRVING: And really primarily to get the final agreement, Richard Charter's agreement to whatever we're doing was very important in the early days because he demanded to be part of the senior - to influence the strategic direction of the campaign, he needed to feel that that's what he was doing, you know, I needed to ensure that he

felt that.

G MURPHY:

Right.

N IRVING:

So, yeah, but I haven't - I don't recall what the name, but it would be very obvious, it would be a meeting report, but -

G MURPHY:

Okay. Have you ever heard of anything called a mapping plan?

N IRVING:

No.

G MURPHY:

I'd like to move on.

N IRVING:

I don't recognise that at all.

G MURPHY:

No, okay. I just want to talk very briefly about SAAB.

N IRVING:

Yeah.

G MURPHY:

As far as agents were concerned, now you've told us that you were periodically meeting the advisers.

N IRVING:

Yeah.

G MURPHY:

Did Saab have anybody in South Africa that sort of interfaced with you and dealt with advisers?

N IRVING:

That interfaced with me and dealt with advisers. On a separate basis from me? You mean somebody -

G MURPHY:

Well either separately to you or jointly with you, but only in relation to the Hawk/Gripen campaign.

N IRVING:

The guy who was leading the Saab element on a day-to-day basis was Siol Muller in SAAB. And Siol Muller did at one point attempt to undermine my position on the basis that the Gripen value of the campaign was far greater than that of Hawk when it was a combined, and

that therefore logically SAAB should lead it. So he tried to take over the campaign. In the course of that, or in the run up to that, certainly I would have introduced him to Richard Charter. I'm certain, in fact I know that he met Fana Hlongwane, but I don't know that he met him very much, and I do recall that Fana Hlongwane was approached by Siol Muller without my knowledge. And then at a following meeting with me he said that he couldn't operate this sort of two-pronged system, and that what I needed to do if I was in charge of this campaign was to ensure that Muller didn't approach him again or vice versa, I didn't by implication. That was, you know, for us within the organisation, that was a very important development because it began to demonstrate strains in the relationship when we should have been a cohesive one-team thing, which I was responsible for, but it was clear that we weren't. So having learnt that this approach was made, I think it was when MacDonald was there not Smith, so I think it was in 1998 that this happened, and so I reported to MacDonald, and I think he asked me to write a report about it. And the upshot of that was that there was a senior level meeting with the CEO of SAAB, Bengt Halse, and maybe me and maybe Siol Muller, to try and put the whole thing back together and to ensure that Siol Muller, who was a little bit of an unguided character now and again, and very

ambitious, that he didn't undermine our position.

So his - there was no doubt that my reluctance to share meetings with advisers with him was an irritant to him, and I don't think I ever solved that problem.

G MURPHY: Right.

N IRVING: So he might have tried to engage advisers, it wouldn't surprise me if he did. He certainly tried to engage Hlongwane, who he perceived as being a very useful fount of information and advice. But that relationship just didn't go anywhere as far as I know.

L JONSON: And do you know what Saab's involvement was in the appointment of agents?

N IRVING: I'm not aware they had any.

L JONSON: Right.

N IRVING: I mean there was no formal process that I was aware of. We were leading it and we were -

L JONSON: Sure. But what about for example when decisions, for example, like the one that was taken to pay Richard Charter \$4 million, would that have had to go via Saab for their approval as well, or would that just have been within the remit of BAE?

N IRVING: To be honest, I don't know. I don't know how that would have - what the mechanisms were for payments, I don't know.

L JONSON: Okay.

G MURPHY: I think we might as well just deal with mechanisms. Have you heard of a company called

Red Diamond? Red Diamond Trading?

N IRVING: I've only heard of that from the papers, as far as I recall, I don't recall knowing that company before.

G MURPHY: Okay.

N IRVING: Before it was associated, I think, with payments into the US, I think.

G MURPHY: Payments into the US?

N IRVING: Into a US bank. I think that was Red Diamond. Anyway, the fact is in South Africa - yes -

G MURPHY: You hadn't heard of Red -

N IRVING: No, I'm not aware of - it doesn't ring any bells with me at all other than what I read in the papers.

G MURPHY: Okay, that's fine. Right, the time now is 14.54, and the time elapsed counter is showing 44, we'll stop the tape.

(End of tape five)

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON
FRIDAY, 9TH NOVEMBER 2007.

CASE REFERENCE

TAPE 6 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR NIALL IRVING

PERSONS PRESENT:

| | | |
|----------------------|---|-------------------------|
| MR GARY MURPHY | - | SERIOUS FRAUD OFFICE |
| MS BRENDA SMITHWHITE | - | SERIOUS FRAUD OFFICE |
| MS LYDIA JONSON | - | SERIOUS FRAUD OFFICE |
| MR LUKE BLACKMAN | - | SOLICITOR FOR MR IRVING |
| MR GILES BARK | - | SOLICITOR FOR MR IRVING |

G MURPHY: This is the continuation of an interview with Mr
Niall Irving. The time by my watch is now
14.58.

Mr Irving, can you confirm that again the same
people are present as before?

N IRVING: Yes.

G MURPHY: And that we've not discussed the case during the
break.

N IRVING: That's correct.

G MURPHY: Okay. Again, I have to remind you that you are
still under caution, and that you are not under
arrest and free to leave.

N IRVING: Yes.

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G MURPHY: Okay, we just started to mention Red Diamond there. Have you ever - are you aware of any other offices that BAE have in relation to agents' agreements?

N IRVING: No.

G MURPHY: Do you know where agents' agreements are kept?

N IRVING: As I understand it they're raised in Farnborough and they're kept in Switzerland.

G MURPHY: They're kept in Switzerland.

N IRVING: Yeah.

G MURPHY: Yeah. Do you know anything about that office in Switzerland?

N IRVING: No, I don't know.

G MURPHY: Have you ever been there?

N IRVING: No, never.

G MURPHY: Do you know why they're kept in Switzerland?

N IRVING: No.

G MURPHY: Who told you that they were kept in Switzerland?

N IRVING: Probably Hugh Dickinson, because sometimes when - like if our agreement had to be amended then he would say, 'Well I'll need to go to Switzerland to get it,' so it implied to me that everything was lodged in one place, so regardless of what happened to the company, there was one constant sort of place. I mean he never mentioned going anywhere else.

G MURPHY: Right. And you never asked him why they were kept there?

N IRVING: No.

G MURPHY: No, okay.

N IRVING: I don't know why they were kept there.

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G MURPHY: Right. Moving on then, what's your knowledge of a committee called the Referrals Committee?

N IRVING: I've heard of it, but I can't recall.

G MURPHY: Okay. When you've signed documents such as those proposal forms you have in front of you, do you know what the procedure is next, do you know what happens next in order to actually get that proposal authorised?

N IRVING: Well I mean it gets approved by the RMD, that I definitely do know, and so I guess from your previous question it therefore goes to an authority that will implement or reject it.

G MURPHY: But you didn't know -

N IRVING: I've definitely heard of the Referrals Committee, but I don't know who sits on the Referrals Committee.

G MURPHY: That was my next question actually. Okay. I've got no more questions on that then, okay. Just one question on Hugh Dickinson. Do you still keep in contact with Hugh Dickinson?

N IRVING: No.

G MURPHY: No. Does he still work at BAE?

N IRVING: As far as I know he's retired, and then he had a - he was then a consultant for a time where, you know, he might appear occasionally, but I haven't seen him for a few years.

G MURPHY: Right. So he retired from BAE and then what, continued employment as a consultant?

N IRVING: I think he used - I think that was what I heard.

G MURPHY: Okay.

N IRVING: I'm not sure if he told me that or not. I can't

recall who told me that. That's the impression I had. I certainly saw him around now and again after his formal retirement, but I haven't seen him for some years.

G MURPHY: Okay. Do you happen to know when the consultancy ceased?

N IRVING: No, well - no.

G MURPHY: No.

N IRVING: No, I wasn't involved with that.

L JONSON: I'm just going to ask you just a few names at BAE, and what I'd just like to know is what their role was in relation to the South African campaign.

N IRVING: Right.

L JONSON: And what their job title was overall during that period so - they're in no particular order, I'm afraid.

N IRVING: Right.

L JONSON: So my first name is John McBeath, and I think you've told me a little bit about him. He did national industrial participation.

N IRVING: That's right.

L JONSON: So did he head up that or -

N IRVING: Yes.

L JONSON: Did he report to somebody else?

N IRVING: No, I'm pretty certain that although he had the title vice-president to start with, of what is now called business development, and I don't know what it was called then, but it was definitely something different. But yeah, he's always been in charge of that organisation.

L JONSON: Right, okay. Andrew Humphreys.

N IRVING: Yeah, Andrew Humphreys worked for me latterly. I mean today he is EVP in the Greek office, running the Greek - the office in Greece.

L JONSON: Right, okay. What about -

N IRVING: And he worked for me as a - it would have been director level, which is below me and directly before me in the latter part of the campaign. Before that he worked at Farnborough as part of Allan MacDonald's UK based team, operating in Asia and South Africa. But then when the task became bigger then he was posted down to South Africa in the latter part of the campaign.

L JONSON: Do you know when that was, in terms of which part of which year?

N IRVING: Well it was either 98 or 99.

L JONSON: Mike Turner. Obviously I know what he does now, but what did he do?

N IRVING: When I joined the company he was, I think, the head of the international marketing and sales organisation.

L JONSON: Is that IMSO?

N IRVING: IMSO? yeah. And so he was Allan MacDonald's boss, so he was my boss's boss.

L JONSON: Mmm-hmm. And during the campaign what involvement did he have, if any, that you -

N IRVING: Well at the beginning on my - the first exhibition, it was some sort of exhibition, but not longer after I got into living in South Africa, so this would have been around the end of 96. Allan MacDonald and he were in South

Africa, and I remember that only because he told Allan MacDonald that I was clearly very industrious, or words to that effect, and obviously made a good impression, or at least that's what MacDonald told me he said, and I think he probably did.

And then after that the - I don't recall any more visits, but the next key role he had was when we were trying to decide the price that should go in to the contract, and there was a late night meeting of the top level of BAE Systems, it was a teleconference call, and John Weston was part of it, Allan MacDonald was part of it, and so was sorry - so was -

L JONSON: Turner?

N IRVING: - Turner, Mike Turner. Because Mike Turner was the one guy who didn't agree that we should be promoting Gripen at the price that was being bandied around at that point. He was the one who was effectively overruled, and so I just remember it on that basis.

But other than that - I mean he might have come down for a visit for an exhibition, but you know -

L JONSON: Do you know if he had any relationships with any of your advisors?

N IRVING: I think he had a social relationship with Richard Charter, but I couldn't be certain, but it seems to ring a bell that he knew Charter from way back. But I would say probably no one else that I was aware of at that time.

L JONSON: Okay. Dick Evans.

N IRVING: He was the chief executive when I joined the company and then became the chairman of the company.

L JONSON: Again, involvement in the South African campaign?

N IRVING: Allan MacDonald presented himself to me as a protégé of Dick Evans from way back, and so claimed that he was very close to Sir Dick Evans, and would tell me that, you know, he was writing to Dick Evans on a particular point. So he would also say that Dick Evans was well connected around the place as a sort of businessman of, you know, of reputation, of, you know - he was, you know, a powerful industrialist and therefore if one wanted to get the message across then it would be more powerful for Dick Evans to do the message than anybody else.

L JONSON: What about relationships with advisers?

N IRVING: Well the advisers would always - the advisers meet with the chief executive, or some, in my experience, meet with the chief executive as a method of proving their worth every so often, and there was, you know, there would be occasions when, you know, I would be advised that an adviser had seen Dick Evans, had lunch with Dick Evans, I mean it's just a favourite statement that they make to ensure that I, at my level, am aware that they have their ability, 1) to capture his time, and 2) maybe to influence

what they say about me, and there's that sort of relationship around the relationship with the chief executive or the chairman.

L JONSON: Did you know if he had any particular relationships with any of the South African advisers?

N IRVING: I'm sure he did with a lot of them. I mean I'm sure - I mean we did have a meeting with Dick Evans over one point where - it might have been the idea of trying to get Hawk back into what was a fighter campaign. I can't remember exactly, but I remember that Richard Charter and I went to see Dick Evans, whereas Richard Charter would like to have gone by himself, I went with him. And I may even have arranged the meeting in order to make some strategic point. And MacDonald was not uncomfortable right from the beginning with me interacting with the senior hierarchy. He was very uncomfortable about advisers doing it by themselves for the reasons I've just explained, but not with me, he was unselfish in that respect, which is quite unusual. So my interaction with Dick Evans wouldn't be unusual, a meeting with him without Allan MacDonald wouldn't be unusual. MacDonald anyway travelled extensively, particularly in Asia and so on, so a lot of the time he wasn't actually in the country.

The only thing I recall about Dick Evans was that on one occasion I had to provide a brief under his direction for, I think but I'm not

absolutely certain, but I think for Prince Bandar. Because Prince Bandar was visiting South Africa, and Dick Evans thought he could make a plug in his meetings for Hawk. So I produced a sort of half page thing, and then I met Bandar and he didn't really have any questions, and I didn't get any feedback afterwards as to how it went other than, you know, the message about Hawk was transmitted. And there was one other thing. Something else about Dick Evans. Oh, yeah, the other thing was that Tony Blair came down on one occasion, and again I interacted with the chairman's office with the brief that I had to give to Tony Blair, which I sent to him maybe via the MD, probably via the MD. And then - so he would have taken a personal interest in that. So it wasn't very frequent.

L JONSON:

Okay, thank you. Neils Petersen.

N IRVING:

Now, he's been chief of staff to the head of marketing, the group marketing director, or that sort of role since about 97 or - yeah, about 97 or 98. He took quite an interest in South Africa initially, initially when he was new in post he associated himself with it. He's the financial controller of the day-to-day budget for marketing in BAE systems. So he's important to people like me out in the field in terms of having the ability to man an office, get extra people in, paying for them, that sort of thing.

L JONSON:

Okay.

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N IRVING: And then - but he has a finger in every, you know, in everything on behalf of the head of marketing, so he's a sort of right hand man to the head of marketing.

L JONSON: Does that include advisers?

N IRVING: He definitely met advisers, but he would have done that through the auspices of the MD rather than me. I can't recall that he and I and an adviser ever met, but he definitely did meet advisers, yeah. I mean he didn't - he wasn't - you know, he needed to know everything that was going on.

L JONSON: Right. Steve Meighan.

N IRVING: Steve Meighan is currently my boss today, our RMD Asia Pacific, the job that Allan MacDonald had. But in about a year or two years after I was in the company he was the private secretary to Sir Charles Masefield, head of defence export services, and was then recruited by Allan MacDonald, who was the marketing MD, to become his chief of staff, his sort of, you know, man on the ground, you know, knowing everything about everything. But, you know, at a more junior level than me, at that time. Now, as I say, I work for him.

L JONSON: All right. Julia Aldridge.

N IRVING: Julia Aldridge was Hugh Dickinson's sort of admin person who was responsible, as far as I know, for the production of these, the paperwork. And I did have some meetings with her years ago. Probably if in the case of

wanting to change these percentages I would have had to brief her as oppose to the Valerie person, because the Valerie person was a pure administrator.

L JONSON: Valerie Hanscombe

N IRVING: Yeah. But if - and I didn't interact with Hugh Dickinson very much.

L JONSON: Okay.

N IRVING: So if I needed to get a message into the system where, you know, this reduction had been done, and then, you know, I would explain I need the paperwork raised to do this because - because Kevin Smith had, you know, instructed that that be done.

L JONSON: Okay. Philip Riley.

N IRVING: Philip Riley was a lawyer.

L JONSON: Any particular involvement in South Africa?

N IRVING: Definitely had an interest in it. I mean my perception would be that he made sure the things were legal. I did consult him over something once, which was - which might have been in the contract negotiations. I think he was a sort of legal adviser to the market - I'm not even sure if it was the marketing fraternity. I'm not sure exactly, but I definitely consulted him over one or two legal issues that needed to be around -

L JONSON: Was it in relation to advisers or not?

N IRVING: No, it wouldn't have been in relation to advisers because it was a standard form. No, it would probably have been - no.

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L JONSON: Rolf Rue.

N IRVING: Rolf Rue was my boss after Kevin Smith left the company. So he left shortly before the contract was signed, and the contract was signed, and then Rolf Rue was given Sub Saharan Africa as part - and so he's a managing director of marketing, so I worked for him for a couple of years next.

L JONSON: Right, okay. Robbie Roberts.

N IRVING: I took over from Robbie Roberts in South Africa, I - well not exactly. I was supposed to take over from him, so he was the previous incumbent in South Africa, so I had my interview with Allan MacDonald and accepted the job, and then went to South Africa, and it was Robbie Roberts who sort of gave me a briefing, took me to Cape Town, told me very little, sent me back. And then they actually, as far as I know, they actually put an in-company man into the post, and he didn't last very long, and then I came in, and I'm not really sure - I'm not very clear. So I didn't directly follow Robbie Roberts, there was one guy called David - it's just on the tip of my tongue, but anyway there was one guy in between me and Robbie Roberts. So Robbie Roberts was the previous guy responsible for Sub Saharan Africa, and who retired after...

L JONSON: Did you keep in contact with him?

N IRVING: I did keep - I did meet him maybe two or three times more, he wasn't very well.

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L JONSON: D'you know if he's still alive?

N IRVING: No.

L JONSON: No. You haven't -

N IRVING: Last year he was still alive because I heard something of him.

L JONSON: Right, okay.

N IRVING: And I think - yeah, I definitely met him after retirement because I met his wife as well, who was very, very young, you know, about half his age, so I remember that.

L JONSON: Jerry Wooding.

N IRVING: Jerry Wooding was another of the RMDs in MacDonald's time, who as far as I know, was removed from marketing, he wasn't very effective. But he tried to associate himself with the South Africa deal in some way because I had to accept a visit from him in South Africa on the instructions of MacDonald. And he came down and I was never really sure what his agenda was, but it might have been, you know, a day or two days meeting Denel people or something like that, and then he disappeared off the scene and the next thing he didn't have a job any more.

L JONSON: Okay. James Caldwell?

N IRVING: I don't know what his title is, but he's sort of MD level and he's - he is now responsible for an organisation, two men under him, that deal with the banks and select the banks and provide the financing for deals. But at the time of South Africa, it wasn't that effective, and he was more the man dealing with Barclays who would

have been looking after the company's interests in terms of how much it cost us to have Barclays formalise a financing solution.

L JONSON: Okay, thanks. Okay, I was going to - we've dealt with that now. Oh, yeah, yeah, you want to deal with that?

G MURPHY: Yeah. Richard Charter again, you've told us about your working relationship with Richard Charter, and you alluded to a number of things that he was involved in, the way that he helped. Do you know how much Richard Charter got paid?

N IRVING: No.

G MURPHY: Did you know the mechanisms that were in place to pay the agents, were you aware of those payment mechanisms?

N IRVING: No.

G MURPHY: Okay.

N IRVING: On the basis that, you know, from a military background, we always adopted in the military the need to know principle, and it seemed to me that it wasn't part of my responsibilities. You know, my job was to try and do what I was supposed to be doing properly, which was marketing, so I never asked, nobody told me, so no, I don't know how that was done.

G MURPHY: Okay. Richard Charter through his two agreements, one with Osprey, one with Huderfield, was paid about £30 million. Do you think that was good value for money from a BAE perspective?

N IRVING: I think it's a huge amount of money, but I

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suppose being new to business and to the defence business, we were talking about billions of dollars of aircraft here, and he was the guy that advised us, and provided information. But, you know, the size of his organisation in order to do that I wasn't aware of. You know, he ran premises, he employed people, he travelled extensively. To my knowledge he wasn't on a retainer. To my knowledge he'd been working on this campaign for years and years and years, and used to claim that he'd been working for 25 years for British Aerospace. So if you start to extrapolate it over that, I don't think I can make a judgement about what it cost him in terms of personal effort and personal expense to bring in the deal, but the fact is he was a key - maybe not at the end, but you know, for a large part of the time for me he was a key, so I can't make a judgement about that. And the thing is, most defence deals fail. Most campaigns that we go for fail.

G MURPHY:

Yeah.

N IRVING:

I mean I've never been associated with a deal since, that was that big. So whether there's an element of, you know, compensation for all the years that, you know, bring nothing, in the end to recompense somebody who is valuable and who has the potential to bring a deal would be difficult to judge.

G MURPHY:

But if that was -

N IRVING:

I know that in the cold light of day it's an

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enormous amount of money, and no, I was not aware of that size of -

G MURPHY: And I'd just like to point out that the agreements that Richard Charter signed up to was for work on Hawk/Gripen. It doesn't mention anything about what happened years ago and compensation for years ago, it's just Hawk/Gripen.

N IRVING: Yeah. But I mean I worked on it four and a half years before we got the contract, but of course I didn't start it. So, you know, how long that Hawk proposal had been going, I mean in India, for instance, it took us 19 years to sell the Hawk. That was a 19-year campaign. I don't know how long the Hawk campaign went on in South Africa, but I do know that my predecessor's predecessor, the guy you mentioned who was there who initially met me in South Africa, he was working on Hawk years before, so -

G MURPHY: Yeah, okay.

L JONSON: I'm just going to revert to Kayswell.

G MURPHY: Yeah, before we do that, it's just dawned on me that there's a period of time that we haven't actually touched on yet.

L JONSON: Oh, the -

G MURPHY: Yeah. We might be able to cover this fairly quickly. Signing of the agreement, which was December the 3rd 1999. And then we understand there was a further period between December and April 2000. I'm not quite sure what was happening at that stage, but the agreement, the

contract didn't actually become effective until 2000, April 2000. What was actually going on during that period of time? I mean what happened to the negotiating team? Did they up sticks and come back to the UK? Just give me a feel for what was happening then.

N IRVING:

Well I think everybody went home for Christmas that year. And then I think Pat Gosden came back again with a reduced team because there was always the possibility that, you know, this was not a sealed contract, was not a commitment until the first payment had been made, which was due in the April. So Gosden was around during that time.

I think, although I don't precisely remember, my sense was that we were in - I think we were just in sort of intelligence gathering mode, was there anything that was likely to threaten us. But I don't think there was anything we had to do that I recall, other than just make sure that everybody was happy. So I probably would have gone and called on the key players, you know, to give them news that Saab were gearing up to start production or that the - there was probably quite a focus on how we were going to deliver the industrial participation that Kevin Smith negotiated, and he was the lead on that and I had no part in that, but which was a massive commitment to the company. So the focus would have been on a diminished presence negotiating-wise, and then an

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increasing presence in terms of our plans for industrial participation delivery. And still some discussions with Denel and people like that about how we were going to translate this, and other companies that got involved.

G MURPHY: What was the involvement of advisers as far as you were concerned at this stage?

N IRVING: Well it would have been the same in the sense that probably their instructions would have been, 'If you get any hint that there's a problem with the South African government starting their payments on April the 1st, you know, we need to know about it immediately,' so that the advice would have been keep your ears to the ground on that side. But I think the general level of activity apart from on industrial participation would have diminished somewhat. I probably would have gone on holiday, although I can't - I haven't got a record of that.

G MURPHY: You said just now that the instructions to the advisers would probably have been along the lines of.

N IRVING: Yeah.

G MURPHY: Do you know that?

N IRVING: No.

G MURPHY: Or was that the instruction that was given?

N IRVING: No.

G MURPHY: Did you give that instruction, for instance?

N IRVING: No, but that's what I think I would have done, but I don't specifically recall doing it.

G MURPHY: Okay.

N IRVING: I'm just trying to think if there was any other role at that time. We had a guy parachuted in - now what was his name? Nick - Nick - oh, I'll think of his name in a minute. But anyway he was a guy appointed to oversee the delivery of the contract. He was an ex-army officer, and finance director of I think Marconi. Nick - anyway, he came in pretty -

[Tannoy announcement about a fire alarm]

So can I continue?

G MURPHY: Yeah, continue, we'll see how loud this is, I've not sat through this for a while.

N IRVING: Okay. And so Nick came in, and my job was to introduce him to the scene, and his job would be to deliver it. Before that I had to go and meet him in the UK, and I remember I met him with Sir Richard Evans, Mike Turner and I think George Rose because, you know, his appointment to oversee this very important contract was clearly important to them, so I attended a meeting where he was given a briefing on this and what his role was. And I suppose with hindsight, to ensure that he, Nick, knew that the board had confidence in a marketeer to hand over the responsibilities for South Africa to him, which I did over the ensuing months. So he - and I definitely introduced him to Richard Charter.

G MURPHY: Okay. Was anybody else about active at that time, Fana Hlongwane?

N IRVING: Yeah, I'm quite sure Fana was. I'm sure that

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they met and didn't get on. I don't think there was any -

G MURPHY: Right.

N IRVING: - there was no - there was no relationship there.

G MURPHY: What was Fana physically doing at this stage?

N IRVING: He was probably involved with the - I think he was 99% on Airbus by then. I saw him very - just after the contract, you know, just after the contract. I think my prime interaction with him would have been the social programmes, like the housing project and something else.

G MURPHY: Do you have paperwork that would support exactly what you said you would have been involved in?

Do you have, you know, notes of meetings, further reports that would have been written?

N IRVING: I don't physically have anything.

G MURPHY: No, no. But were they produced at the time?

N IRVING: There wouldn't have been a great deal of paperwork at that time. There would have been - I was effectively relinquishing - I wasn't in control any more of the day-to-day activities for South Africa because I'd effectively handed those over to Nick. He was in charge, and you know, he wasn't - he was very much his own man and wanted to do it his own way, so -

L JONSON: Is this Nick Franks?

N IRVING: Nick Franks, yeah. Nick Franks. So, you know, my roles diminished quite markedly once the contract was signed, and it became clear to me then that I probably did not have a role going

forward in South Africa.

G MURPHY: I was just trying to - you seemed sort of unsure of exactly what certain people were doing, and I wondered whether there was anything that was written down at the time that we could refer to, to get a bit more detail.

N IRVING: Well I definitely would have produced a briefing for Nick Franks, an introductory briefing. And I probably would have copied him on stuff like the MKMVA type thing, but the way that he conducted his business, he really, as I say, just wanted to do it himself, and the faces were changing at this point, he was bringing in people, like a financial controller that I never really dealt with. And the Hawk technical team started to come in to prepare Denel for production of Hawks. And the office got bigger, and - but all of these decisions were outside of my responsibility, control or indeed, you know, wish to be part of. So I was very peripheral.

G MURPHY: Sorry, just remind me again, when was it you actually left South Africa?

N IRVING: I left South Africa in about the January of 2001.

G MURPHY: Okay.

N IRVING: And then, you know, but still had residual responsibility, so I still spent a fair amount of time there beyond that. And then I was officially posted back ultimately in May, 2nd of May, and that was the end of my claim to residency abroad.

G MURPHY: Okay.

L JONSON: Julien Pelissier and Trevor Wilmans.

N IRVING: Yeah.

L JONSON: Their vehicle is Kayswell, okay? Did you or do you know anyone else involved in that team? Are you aware of any other players?

N IRVING: I only became aware this year, according to newspaper reports that John Bredenkamp was involved with Kayswell, at least I think that's the case. I was completely unaware that John Bredenkamp had any involvement in South Africa at all, and the reason I can be adamant about that was part of my very early, early briefing from Anal MacDonald, not just to me but to an assembled number of people that definitely included Richard Charter, was when the guy's name came up MacDonald got very excited and said, 'That guy once threatened me, he is no friend of mine and he's no friend of BAE Systems, and I am instructing all of you never to mention his name again.' And to my knowledge it never was.

L JONSON: Who were the other people there apart from Richard Charter? Was this in South Africa?

N IRVING: I think it was one of our strategy sessions, I think probably, yeah, Stuart McIntyre - I remember it because it was such a vehemently emotionally delivered message. It was the sort of message that said, 'If you do mention him you're sacked,' sort of thing. And so I was completely unaware that there was

any connection between Bredenkamp throughout the whole of my time in South - if indeed there was, by the way. Because I still don't -

L JONSON: Well there was.

N IRVING: - actually know. Okay.

L JONSON: Yes, there was.

N IRVING: Okay.

L JONSON: Yeah, I mean John Bredenkamp is Kayswell, he's the 60% shareholder. Julien Pelissier owns 10%, Trevor Wilmans owns 10% and two others. A guy called Rick Passaportis, do you know him?

N IRVING: Yeah, I met him, he - but he's in Zimbabwe.

L JONSON: And Walter Hailwax?

N IRVING: Yeah, met him once, but I don't know really know him. He was in Namibia as a part of Pelissier's company. But that wasn't Kayswell.

L JONSON: No, no, no.

N IRVING: So no, I didn't know that.

L JONSON: Right. Now, I presume from your answers that meant that you - have you ever even met Bredenkamp?

N IRVING: I only met Bredenkamp about two years ago when I was invited to a rugby match.

L JONSON: Right.

N IRVING: And he was the host.

L JONSON: Right. Where was this?

N IRVING: Twickenham.

L JONSON: Did you go with anyone else from BAE or was it just you?

N IRVING: I can't be certain, but I think I went with Kevin Smith.

L JONSON: Right, okay.

N IRVING: I think I did.

L JONSON: This is a couple of years ago.

N IRVING: Yeah, it would have been about - yeah, two - certainly long after I came back from South Africa. Jules Pelissier was - I wasn't actually invited by Bredenkamp because I didn't know Bredenkamp, but Bredenkamp was there. And then the other occasion was when I was, I think, I was in Zimbabwe - yeah, I was in Zimbabwe, and I went to - and this was trying to pursue business before the whole country fell to bits. And I went to what I was told was one of Bredenkamp's houses, where I met Bredenkamp and his wife. But it was a brief meeting. We sat on the porch and we discussed the situation, political situation in Zimbabwe, the fact that things were caving in and the fact that my advice to the company was we're just completely wasting our time here, which of course resulted in me having Sub Saharan Africa taken off me because, you know, there was no business - you know, on my recommendation there was no more business. And that actually contributed to, I think, to me being moved, in that there were no other prospects and we felt that the South African government wouldn't be spending any more money for a long time after buying the ships and the submarines and the tanks and the aircraft, so -

L JONSON: Do you know how much Kayswell got paid?

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N IRVING: No.

L JONSON: Did you -

N IRVING: I mean what I never did was this - I mean it sounds strange, but the percentages were just percentages. I never tried to translate the cost of the ultimate contract into percentages. I mean apart from anything else it was quite complicated.

L JONSON: Are you aware of whether or not -

N IRVING: But I don't know.

L JONSON: - they paid more or less than Richard Charter?

N IRVING: I think that I would be aware that Kayswell got a bigger chunk for Hawk than did Charter, but I think that was only because Jules Pelissier was the one that I negotiated the reduction with, and he was - and I think the number was bigger, and so I was able to say legitimately, you know, 'You're all taking the same pay in terms of percentage, but you're actually getting more and this deal is going to fall through if we don't make these reductions.'

L JONSON: When you negotiated the reduction with Pelissier did he say anything about having to speak to Bredenkamp and coming back to you?

N IRVING: Oh, no. No, I didn't know anything about Bredenkamp. And he never ever mentioned Bredenkamp in all the time I was in South Africa living there.

L JONSON: Kayswell got paid -

N IRVING: I mean - sorry, but just to emphasise, I came back to Kevin Smith with the conviction that all

of the people bar Roberts had agreed, albeit very reluctantly, that they were taking these cuts, so there was never any - I mean there was a sort of conversation that went, 'Yes, okay, I hear you and I understand what you've got to do, but I am going to take this to a higher authority,' that sort of conversation I'm pretty certain went on with Pelissier.

L JONSON: Okay. Kayswell got paid in excess of £40 million. Now, I accept that you arrived at a certain stage in the campaign, but from what you've told us about Pelissier and Wilmans's contribution during the time that you were involved in the campaign, do you think that represents value for money?

N IRVING: Well I think it's very difficult for me to judge that one.

L JONSON: Why?

N IRVING: Well because again, they were in place before I arrived, I don't know how long they'd been working and I don't know what their overheads were and I don't know what their organisation was, and I hardly ever saw Pelissier anyway, it was Wilmans on a day-to-day basis. So to me it sounds like a huge amount of money.

L JONSON: Okay.

N IRVING: But I suppose against the whole value of the contract it's a small, very small percentage.

L JONSON: For the purpose of argument, let's say that they contributed little prior to you arriving on the campaign, little tangible - little to no

tangible value, do you still think that that is

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N IRVING: Well they, Pelissier has claimed to me that if it wasn't for him and that organisation the contract just could not have come in.

L JONSON: All right, I'm going to pause there.

G MURPHY: I'm sorry, can I hold you, yeah. Okay, the time by my watch is now 15.43. The time elapsed counter is showing 45, and we'll stop that tape.

(End of tape six)

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON
FRIDAY, 9TH NOVEMBER 2007.

CASE REFERENCE

TAPE 7 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR NIALL IRVING

PERSONS PRESENT:

| | | |
|----------------------|---|-------------------------|
| MR GARY MURPHY | - | SERIOUS FRAUD OFFICE |
| MS BRENDA SMITHWHITE | - | SERIOUS FRAUD OFFICE |
| MS LYDIA JONSON | - | SERIOUS FRAUD OFFICE |
| MR LUKE BLACKMAN | - | SOLICITOR FOR MR IRVING |
| MR GILES BARK | - | SOLICITOR FOR MR IRVING |

G MURPHY: This is the continuation of an interview with Mr Niall Irving, and the time by my watch is 15.50. This is the seventh tape.

Mr Irving, can you confirm that the same people are present as previously?

N IRVING: Yes.

G MURPHY: And also that during the break we have not discussed the case at all.

N IRVING: That's correct.

G MURPHY: Thank you. I will remind you once again that you are still under caution, and that you are not under arrest and you're free to leave.

N IRVING: Mmm-hmm.

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FIRST DRAFT

L JONSON: Mr Irving, just before the last tape I was asking you about the involvement of the participants of Kayswell, namely John Bredenkamp, Julien Pelissier and Trevor Wilmans. And I think your last words were, before the tape came to a close, were that Pelissier had claimed that were it not for him the contract would not have come in.

N IRVING: Mmm.

L JONSON: Do you know or did you have any - did you ask him what he meant by that?

N IRVING: Probably I didn't ask him, although I can't recollect because it was the sort of thing that advisers and agents claim and it's a useless conversation in that one would assume that they were only pursuing a conversation like that in order to change the terms of the agreement. And the last thing we wanted, you know, at any point was any change to anything after the reductions had had to be put in place.

So, as always, it's very difficult to judge who might have helped most in persuading the South African government that, you know, ours was the best solution. I mean, I never claimed it, but I think I had a pivotal part to play in persuading them, but whether or not the message really got through because of agents is, you know, something I can't really judge.

L JONSON: I mean did you ever see for yourself first hand evidence of legitimate services that could have justified that type of comment, i.e. that the

contract wouldn't have happened had they not done something that you were aware about?

N IRVING:

No, I mean the key role that they had was the role of providing advice on, you know, which way we should go, as opposed to arranging meetings for me to promote on my own behalf the messages around our products. So they were more, you know, intelligence gatherers about, you know, the lie of the land.

What was useful from my perspective as far as Wilmans went was that they were representing Agusta, and therefore, you know, where Agusta might be grappling with a problem or something, provided it didn't break commercial in confidence activity - sorry, rules, then you know, I found it helpful to know that they had a perspective in terms of representation of another company, at the same time, also one running a campaign and then secondly negotiating and so forth.

And in fact they did broker an agreement between - broker a meeting between our negotiators and the Italians at one point where we - where our negotiators got to a point of being unable to move things forward, and the Italians and ourselves, I think, both agreed to adopt the same stance on whatever it was, and you know, the level of industrial participation or whatever it was that was a sticking point. And so at least we had the comfort of knowing that, you know, there was something that they were

prepared to talk about and adopt the same stance with the customer. So there was that sort of activity.

I think the reason I'm hesitant is I didn't appoint these people in the first place, I simply inherited them, therefore you know, I took everybody at face value and just tried to get, you know, what information I could that would assist me in, you know, closing this contract in our favour.

L JONSON: Do you recognise the name Yusuf Surtee

N IRVING: No.

L JONSON: No. What about Mohammed Surtee?

N IRVING: No.

L JONSON: Did Mr Pelissier or either Mr Wilmans mention anything to you about having their own consultancy agreement with Mohammed Surtee?

N IRVING: No.

L JONSON: There was a consultancy agreement that was entered into between Kayswell and Mohammed Surtee, who we think is the brother of a gentleman called Yusuf Surtee, who is close to senior South African politicians. The agreement was entered into in 2000 before April. Can you think of any reason, bearing in mind the conversations they would be having with you, why they would enter into such an agreement?

N IRVING: No. So at this point the contract's signed and

-

L JONSON: Yeah, but it's not effective.

N IRVING: No. No.

L JONSON: You can't think of any reason?

N IRVING: No, I don't know who these people are.

L JONSON: Okay.

G MURPHY: I'd just like to go back to the meeting that you described a short time ago where Allan MacDonald spoke so vehemently against John Bredenkamp.

N IRVING: Yeah.

G MURPHY: Did you do anything after that meeting yourself to find out what provoked such an outburst from Allan MacDonald?

N IRVING: No.

G MURPHY: No?

N IRVING: No, no.

G MURPHY: Didn't discuss it with anybody else?

N IRVING: No, not that I recall. It would - my reaction to a message like that would be clearly that is, you know, a subject that's off, you know, because it's not permitted, and at that point I was trying to prove that I was, you know, worthy of the job, so it wouldn't have been in my nature to start - the danger is - I say this against the backdrop that I didn't know any of these people before I joined BAE Systems, including MacDonald, or British Aerospace. What I did learn from my appointment was that there were people I'd met in the run up to my appointment for BAE Systems that appeared on the surface to be very friendly and so on, but in fact were not supporters of my appointment. And so therefore I would say that my attitude was one of distrust with everybody.

L JONSON: Who were they?

N IRVING: Well like anybody in British Aerospace, so I mean I wouldn't, having had express orders not to even mention the guy's name, it would have been extremely unwise of me to go to somebody that I know little or not at all, but you know, another employee, and say, 'What was all that about?' because the danger with that was, particularly as McIntyre in particular had a much closer relationship with MacDonald that went back years, they worked together at Prestwick, and you know, and similarly David -

L JONSON: Williams?

N IRVING: - David Williams was again a complete unknown to me. But there wasn't the level of trust that would enable me to even have had that conversation even if I'd wanted to, but it seemed to me I'd got - we'd got the strong message that, you know, it was just not to be - you know, it wasn't going to be tolerated therefore it wouldn't be in my nature to pursue something like that. I mean why would I do it unless I was in some sort of self-destructive mode?

G MURPHY: What year was this?

N IRVING: That would have been - probably it was 96. If it wasn't it was early 97.

G MURPHY: Okay.

N IRVING: I mean it was definitely after -

G MURPHY: Did it not intrigue you why such an outburst, were you not curious?

N IRVING: Not really, because MacDonald was the sort of person that really did take exception very easily to people. And he had, you know, he came to very firm views about whether somebody was worth it or not, so - and he also destabilised me a bit because I was in the country about - well it was early December of that first year when I made some suggestion to him, and I can't remember what it was about, industrial participation or something, and he said to me - there was a silence and then he said to me, 'I realise I've made a terrible mistake. You're not the guy for the job,' and put the phone down. So I remember telling my wife that, well, you know, good try but - and we'd seen South Africa, but basically I was sacked. And then a day later he phoned me back as if nothing had happened and said, 'I've been thinking about what you said last night, I think it's a good idea, go ahead with it.' This wasn't a guy to be trifled with at my level, bearing in mind I'd been searching, you know, in the job market, and then this had - this job had come available to me and I had decided by that point that I really, you know, that I could do it and I liked it.

G MURPHY: Yeah.

N IRVING: So - but the relationship with MacDonald was - I was never under any illusion that he - he employed me and without a second's doubt he would - so there was never any question of me

wanting to - I'm not saying that I was a lapdog, because actually after that threat of, or that prospect of losing my job, I did actually adopt a different approach with him, which was that I concluded that one could say what one wanted to say, but you just had to make absolutely certain that you could justify it. And then even if he expressed massive negativity about it, it was always possible that the following day after some thought, because it did happen more than once, not to that extreme level, he would come back and support it, or he would say, 'I thought what you going to say and I was,' you know, 'and you're not going to do that,' you know, 'we're not going to pursue that.' So no, there was never a question of me wanting to go against his express order.

G MURPHY: Okay. When you first mentioned Pelissier and Wilmans -

N IRVING: Yeah.

G MURPHY: - way back on tape one, I made a note that you referred to them initially as the Zimbabwe guys.

N IRVING: Yeah.

G MURPHY: Could you explain to me why it triggered that thought in your mind, those names?

N IRVING: Because Pelissier came from Rhodesia, he was in the police in Rhodesia, and because I tried to pursue some stuff on the Hawk in Zimbabwe with their help, and because they had this company that represented us, which was ACS, which was as far as I recall, was all about pursuing business

in Zimbabwe. And so outside of South Africa I only ever went to Zimbabwe, and I think once to Kenya, but Zimbabwe. So Zimbabwe, they were our contacts, they were our agents there.

G MURPHY: Do you have any knowledge about any deals that they may have been involved in, in Zimbabwe?

N IRVING: No.

G MURPHY: No, right.

L JONSON: There's just one final thing for me actually. Can I just take you to page 2 of the advanced disclosure that we've provided? For the benefit of the tape it's DOCMAN reference 011224000182. This is a short memo from somebody called Valerie.

N IRVING: Yeah.

L JONSON: Suggesting writing in relation to Kayswell that, 'Niall Irving has suggested appointing the above for light gun, blade, MCS, grenade launcher, etc., all at TBA,' presumably to be arranged.

N IRVING: Yeah.

L JONSON: Could you just explain a little bit of background to this, because it appears that this is you suggesting that Kayswell should have a consultancy agreement for other items. Do you remember this?

N IRVING: No. I don't remember this specifically. This was less than six months after I first arrived in South Africa, and I think that this relates, although it doesn't say - oh yes, it does. It - oh, no, no, it doesn't say. I get the impression that this is for business for South

Africa, but I'm not sure. It might be business for Zimbabwe, I suppose, I don't know. But I mean what I would say is that it is likely that I would have been advised that Kayswell were the people, if I'd identified these requirements, that these were the people that we should appoint to represent us in that sort of equipment.

L JONSON: But what was it about Kayswell that made you think they were worthwhile appointing for -

N IRVING: Well I don't think that I would have come to that conclusion myself.

L JONSON: Right, it would have been?

N IRVING: MacDonald.

L JONSON: Okay, fine.

G MURPHY: And finally on -

N IRVING: I might have identified the opportunity, but I didn't at this point know, nor was I dealing with advisers, I wouldn't, you know, and specifically I was dealing with the South African Air Force at this point.

L JONSON: Yeah. Yeah, I understand.

G MURPHY: Knowing the level of work that Richard Charter was doing for you and advising, and looking at the level of work with which Pelissier and Wilmans were involved, the sort of material they were reporting back to you, did it ever surprise you that they were earning a bigger percentage than Richard Charter, based on what you saw them do?

N IRVING: Well my recollection would be that I wasn't

involved in the setting up of the agreement, and I don't know upon what basis those percentages were adopted. The whole scenario of the requirements in South Africa was a moving feast in that at one stage we had lots of potential options and then we had fewer. I was also very conscious when I eventually did access to these, the relationship that I had with the agents was by no means only reporting lines that they had. You know, they were reporting in to my boss, they were reporting - they weren't reporting to anybody below me, but they were - and, you know, on selective occasions they were even going as high as the chairman of the company. So it would have been, in my opinion, rather stupid to try and gauge from my level, you know, what their overall value was. I mean that really was, in my opinion, above my level to make a judgement like that. So I generally would not have - I wouldn't have considered trying to make a judgement around their worth because I didn't see the whole picture.

G MURPHY: Okay, that's fine.

Moving on to another agent. We've already mentioned his name, you mentioned him to us, Basil Hersov.

N IRVING: Yeah.

G MURPHY: Yes? Basil Hersov's vehicle as an adviser was a company called FTNSA.

N IRVING: Yeah.

G MURPHY: Did you know that, were you aware of that?

N IRVING: I was definitely aware of that when I went to negotiate a reduction, and I seem to remember it wasn't very big, but I probably was not aware that his company was FTNSA before that. He was simply somebody that I'd go and talk to when I felt inclined.

G MURPHY: Yeah.

N IRVING: Or brief.

G MURPHY: Okay. And when you had the meeting with Basil, was that in South Africa?

N IRVING: Yeah. Yeah, in his office.

G MURPHY: Yeah.

L JONSON: Was anyone else there?

N IRVING: On one occasion there was another guy there that he described as his partner, and his first name was Richard, but I can't remember his surname. He was a much younger guy who didn't say much.

G MURPHY: Sorry, he was introduced to you as?

N IRVING: His partner.

G MURPHY: His partner.

N IRVING: Yeah. And he sort of purported to explain to me that, you know, he was well plugged into the system and that, you know, he had a feel for what was going on and so on, but I do remember not being particularly impressed with him.

G MURPHY: Okay. Did you meet him on any other occasions, this Richard?

N IRVING: Richard? No, I don't think so. No, it was only the once with - I might have spoken to him on the phone, I do remember possibly there was some follow up, you know, I might - he might have

said, you know, 'I could give you some further advice on something,' so yeah, I might have spoken to him on the phone, but I'm pretty certain I never met him again.

G MURPHY: What was their area of expertise? What made them good for BAE?

N IRVING: Well for the Richard guy, I didn't -

G MURPHY: No.

N IRVING: - I couldn't answer. But for Hersov, he was - he portrayed himself as a sort of senior influential industrialist who'd made the transition successfully from the apartheid era into the ANC government atmosphere, that he was a rich man in his own right, which meant he was successful and therefore would have the ear of, you know, senior industrialists in the country. But I suppose more specifically, particularly on first meeting was the fact that he had this connection with the South African Air Force, and that therefore potentially as my role was to try and unblock this problem with the chief who just did not want to consider a British product, that he might in some way assist that process if the chief, you know, if he really had the ear of the chief, which of course one would assume he did as he'd been appointed as this into - this honorary colonel position.

G MURPHY: I'm not sure if you've told us this, but who introduced you to Basil Hersov?

N IRVING: It would almost definitely have been Allan MacDonald.

G MURPHY: Allan?

N IRVING: Yeah.

G MURPHY: Okay.

N IRVING: In fact I'm pretty certain that was the case with all the advisers, yeah. I mean when I first got into South Africa of course I didn't know that Hersov was, you know, there was any connection. So I might have met him before I knew he was an agent, because I did go to South African Air Force events, parades and stuff like that.

G MURPHY: Right. Can you remember when that would have been that you were first introduced to him, knowing that he was an agent?

N IRVING: Probably in late 1997.

G MURPHY: Okay.

N IRVING: But I can't remember for certain.

L JONSON: Nabil Hijazi.

N IRVING: Yeah.

L JONSON: Did you see him do any work on the South African campaign?

N IRVING: No.

L JONSON: Who introduced you to him?

N IRVING: Kevin Smith.

L JONSON: Right, so that was after MacDonald left?

N IRVING: Yeah.

L JONSON: I think I asked you earlier whether or not you approached him in relation - when you were asked to reduce the agents' fees.

N IRVING: No, no.

L JONSON: You weren't -

N IRVING: I'm certain I didn't. I'm pretty - 99% certain that I wasn't aware of any agreement then, 99% certain.

L JONSON: Do you know why - I mean do you know why therefore he had an advice - he had an agency agreement for South Africa, when you found out later on?

N IRVING: Well I don't recall that he did.

L JONSON: Sorry, his vehicle was a company called Zomita. Does that ring a bell?

N IRVING: Well it only rings a bell because it's here and I've got my signature on it.

L JONSON: Mmm, yeah.

N IRVING: Yeah.

G MURPHY: If you go to the back of this larger bundle, SD10.

N IRVING: Okay.

G MURPHY: I'm sorry, it's DOCMAN reference 012293000042.

L JONSON: This is a proposal to amend a consultancy agreement, and it's signed it appears by yourself, Mr Irving -

N IRVING: Yeah.

L JONSON: - in May 2000.

N IRVING: Yeah.

L JONSON: Which is obviously after the contract became effective. Can you remember the reason behind that?

N IRVING: It looks like a reduction in the fee.

L JONSON: But do you remember why that would have been done after the -

N IRVING: No.

L JONSON: And would it have been at your instigation or would you have been told to do it?

N IRVING: No, it definitely wouldn't have been at my instigation, I'm quite certain of that.

L JONSON: But who at that time would have asked you to do that, May 2000?

N IRVING: Well it could only have been Kevin Smith.

L JONSON: I think he's gone by then, May 2000.

N IRVING: Has he?

L JONSON: Yes, he went just after contract signature.

N IRVING: Oh, which was in 99.

L JONSON: I think earlier on you said that he was replaced.

N IRVING: Well I'm working for - okay, so then I'm working for Charles Masefield at this point.

L JONSON: Right. What about Rolf Rue

N IRVING: Yeah, I worked for - well I was - I don't remember exactly when I started with Rolf Rue. And I don't recall at the meeting - no, I can't recall when I started working for Rolf Rue. I don't re - you see, the thing is I don't remember this.

L JONSON: Right. I mean when you - but that's not your handwriting, is it, on - above?

N IRVING: No.

L JONSON: D'you know whose handwriting it is?

N IRVING: No. No.

L JONSON: When you put this forward, did you know that Zomita was Nabil Hijazi?

N IRVING: No, I just don't recall this document. I just don't remember it.

L JONSON: Okay. I mean Hijazi - Zomita, was paid almost 8 million under the South African agreement. Any idea of any type of services that he would have provided to justify this payment?

N IRVING: Well my interpretation of the ability to promote our products was that there was, you know, there was the industrial element, there was the South African Air Force element, and then there was - which was predominantly, you know, where I played a part and so did Richard Charter and others. And there was the political element. And there was always one guy that Charter and Allan MacDonald would discuss, who never had a name, and right through the time that I was there, and my assumption but I have no evidence to support it, but my feeling is that although I don't recognise his name, I don't remember this name, was that that guy was the one that you've just mentioned.

L JONSON: Nabil?

N IRVING: Yeah.

L JONSON: Right. What makes you think - what kind of conversations did they have about him?

N IRVING: Well mostly it was Charter wanting to know who he was and whether or not he could really, you know, influence the - and get access to the people in order to promote, because I think Charter's line was always 'I'm good enough to do this myself,' and MacDonald would almost taunt him and say, 'I know better,' or 'I'm not taking the risk that you, Charter,' so there was a sort

of antagonistic, sometimes an antagonistic relationship between the two of them, which was visible not just to me but to others. And this issue of somebody who, you know, was at the level of, you know, influencing on the political side was -

L JONSON: You say influencing. I mean in what way? I mean what - what would these people be expected to do at that particular level?

N IRVING: Well it's always a problem of access to - I mean ultimately the deputy president was the guy who was tasked with making the final decision about the procurement, and getting to the deputy president in order to give him the sort of brief that by this, by - at some stage I was able to give to the defence minister, for me it was, you know, not possible. One needed, you know, somebody to, you know, persuade -

L JONSON: Wasn't there a danger that - Sorry, Gary.

G MURPHY: I was just going to say, was that not something that there are other people better equipped to deal with, that sort of access. I mean you had DESO there. The UK government, for instance.

N IRVING: We didn't have much in the way of ministerial involvement until the PM came down there, and I don't know whether, you know, part of that particular meeting between Blair or another one would have been Mandelson. I mean Mandelson told me after a 24 hour visit that he'd sold the Hawk for me into South Africa. His view was that he'd done it. Now I don't know who

brokered the meeting between Mandelson and the Deputy President that enabled him to push the line that I had supplied Mandelson with. But I assume that that's what the political interface is, and I believe that Allan MacDonald didn't think that Charter could negotiate a sort of meeting like that, or organise a meeting like that.

Now, I mean if you go into the government to government side of life, well then, you know, if we go to meet a very senior politician, certainly at Deputy President level, then you probably expect that the ambassador would be with you, and you'd expect the guy from DESO to be with you, and then there would be you and so it would be sort of four against one more-or-less. And, you know, our experience and certainly mine now is that doesn't work. You never ever get the sort of attention and the focus, it's not the sort of environment in which you can so easily get across the messages and the persuasive, you know, advice that really rings home. There's an element of formality that reduces the impact. And whilst this is a soft point, I think it's quite an important one.

L JONSON: But all these people who are behind the scenes potentially, you know, opening doors.

N IRVING: Yeah.

L JONSON: D'you not think there's a danger that there's one very good way to open doors, and that's, 'You grease my palm and I'll get you access'?

N IRVING: Well I never saw any evidence of that.

L JONSON: I appreciate of course that that's your account. Isn't it possible though that if that had happened it would have been deliberately kept away from you? People aren't going to come rushing to you and say, 'I've done it, I've paid X person X amount to get us access,' at a particular level.

N IRVING: Yeah. No, I don't think anybody would have shared that sort of information with me if that had been going on. But by the same token, you know, I never asked anybody to do that sort of thing either.

L JONSON: Are you aware of a company called Commercial International Corporation?

N IRVING: Not that I've been aware of, no.

L JONSON: Well that's a short topic. Sujana Limited is a vehicle, or was a vehicle, run by Roger Harding. Are you aware of Roger Harding?

N IRVING: I am aware of Roger Harding because I think he worked in DESO, and he certainly came out to South Africa on a couple of occasions. And then subsequently he did become an adviser to the company. My job was to update Roger Harding on instructions, but I never really saw what Roger Harding did other than bring, you know, ex-senior government sort of presence, and was highly regarded from the point of view of his experience of the sales business, the government sales business. So he would have brought a sort of retired DESO aspect to it, but I thought he

was taken on after the - I thought it was after the contract was signed that he came to us.

L JONSON: Okay. One final thing in relation, for me, in relation to just Basil Hersov for one moment, did you ever have a conversation with anybody about Hersov having entered into a settlement agreement, an out of court settlement with the company in relation to work or monies he thought were owed to him under other agreements?

N IRVING: No, I mean there's some reference in a document that I've seen today that said something about a settlement for Hersov, but I was not aware that he was in any way at loggerheads with the company at any time, no.

G MURPHY: One final question from me. It's really throughout today or maybe on three or four occasions you've mentioned the Airbus deal, and we've sort of quickly, you know, moved on from that because we're not really interested in the Airbus deal. But it's just struck me that we probably need to know what the Airbus deal was. Was that BAE/Airbus selling the Airbus to South Africa?

N IRVING: Well firstly I didn't have any direct or indirect involvement in that, I simply observed a situation in which we the company at that time had a 20% stake in Airbus, and presumably had a marketing commitment somewhere in Airbus. But my perception was that Chris Geoghegan came to South Africa to promote a sale of Airbus into South African Airways, and my perception also

was that Hlongwane assisted that process. And I'm not sure if Hlongwane by that stage was - had some association with the board of South African Airways or not, but certainly knew the decision makers, because he knew most people. And so I observed meetings from afar but I didn't attend them between him and Geoghegan, and may even have set up for Geoghegan to meet Hlongwane, but I never attended any of their meetings, and the explanation was, you know, 'This is strictly Airbus business and you don't have a role in that,' and of course I didn't. As a marketeer I was defence equipment and not commercial aircraft.

And I assumed that there was some sort of agreement with Hlongwane because at that point he didn't appear, you know, he'd stopped working for the minister, but his lifestyle hadn't diminished so I assumed that, you know, maybe Airbus had taken him on as a representative.

G MURPHY: Right. Can you help us with the timeframe for that?

N IRVING: I would have thought it was 99 that that started, before we signed the contract, because my relationship with Hlongwane tailed off - it might have been 2000.

G MURPHY: Right, okay.

N IRVING: But, you know, he became more and more involved in those other things after the contract was signed and, you know, as I say, we just - in fact probably in the last half a dozen months of

my time in South Africa I probably didn't meet him.

G MURPHY: Right, so it was certainly in the latter stages of the -

N IRVING: Oh, yeah, yeah.

G MURPHY: - the deal with Airbus.

N IRVING: No, no, it was well, yeah, yeah, it was well into the latter stages, yeah.

G MURPHY: Okay. I have no more questions.

L JONSON: Yeah, I've just got one more question. How much contact did Stuart McIntyre have with the advisors?

N IRVING: Initially he had none at all, but I think latterly - he succeeded me, so definitely a lot of contact with Hlongwane and some contact with Wilmans and Pelissier. I wouldn't have thought with Hersov. Oh, and with Charter to a certain extent as well, yeah, with Charter. In fact, you know, I mean a lot of access to Charter actually, a lot of access to Charter throughout because when we had our brainstorming sessions he would - McIntyre would turn what we'd decided into words, and he worked with Charter on that. So yeah, he would have actually had a lot of time with Charter throughout when I wasn't there as well as when I was there. But with the others, latterly with Hlongwane and a little bit with Pelissier and Wilmans. But I don't think he had a very good relationship with Pelissier and Wilmans. Yeah, I think that's about it.

L JONSON: Thanks.

G MURPHY: Okay, thank you very much. Before I stop the tapes, is there anything that anybody would like to add, or any comment you'd like to make?

MR BARK: No.

MR BLACKMAN: No, thanks.

G MURPHY: No. Mr Irving?

N IRVING: No, I don't think so.

G MURPHY: Okay, thank you very much. At the beginning I did say I would give you a notice which explained how you may have access to a copy of the tapes, so I'll hand that over to you now.

N IRVING: Thank you.

G MURPHY: Okay, the time by my watch then is 16.31. The time elapsed counter is showing 41, and we'll terminate the interview.

(Interview concluded)