

**FULL OFFER BY
MILLSTREAM EQUITIES LIMITED**

a wholly-owned subsidiary of

ALLIED DOMESTIC PLC

to acquire all of the voting securities in

MONTANA GROUP (NZ) LIMITED

(To accept this Offer see page 1)

IMPORTANT

IF YOU ARE IN ANY DOUBT AS TO ANY ASPECT OF THIS OFFER YOU SHOULD CONSULT A MEMBER OF THE NEW ZEALAND STOCK EXCHANGE OR A FINANCIAL OR LEGAL ADVISOR

IF YOU HAVE SOLD ALL YOUR SHARES IN MONTANA GROUP (NZ) LIMITED YOU SHOULD IMMEDIATELY HAND THIS OFFER DOCUMENT AND THE ACCOMPANYING ACCEPTANCE FORM TO THE PURCHASER, OR TO THE MEMBER OF THE NEW ZEALAND STOCK EXCHANGE OR OTHER AGENT THROUGH WHOM THE SALE WAS MADE, TO BE PASSED TO THE PURCHASER.

TAKEOVER OFFER

1

SUMMARY OF OFFER

On 4 July 2001 Millstream Equities Limited (*Millstream*) announced that it would make a full offer under the Takeovers Code for all of the shares in Montana Group (NZ) Limited (*Montana*) not already held by Millstream. The key terms of the Offer are:

- consideration of \$4.80 per share in Montana.
- conditional on receipt of acceptances which take Millstream's voting rights to more than 50% of the voting rights in Montana.
- Offer closes 5 p.m. on 17 August 2001 (unless extended).

The detailed terms of the Offer are set out at pages 2 to 6 of this document.

HOW TO ACCEPT THIS OFFER

To accept the Offer by Millstream Equities Limited, you should complete the Form of Acceptance and Transfer enclosed with this Offer, in accordance with the instructions set out on the Form. Then deliver or mail the Form in the enclosed reply paid envelope to:

Millstream Equities Limited
c/- Computershare Registry Services Limited
Level 2
159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland

If you have sold all or some of your shares, please refer to the instructions on page 12 of this document.

Your early response to this Offer will assist in the processing of acceptances and, if sufficient acceptances are received, may enable Millstream to declare this Offer unconditional prior to the closing date, resulting in an earlier payment of the consideration.

If you cannot readily locate your Faster Identification Number (*FIN number*), please complete and return the Form and complete the indemnity on the reverse of the Form.

IMPORTANT

**ACCEPTANCES MUST BE RECEIVED BY 5 PM ON 17 AUGUST 2001
(SUBJECT TO PARAGRAPH 3.1 OF THIS OFFER)**

TAKEOVER OFFER

2

**FULL OFFER BY MILLSTREAM EQUITIES LIMITED
IN RELATION TO MONTANA GROUP (NZ) LIMITED**

19 July 2001

To: The Shareholders of Montana Group (NZ) Limited

Dear Shareholder

Millstream Equities Limited (*Millstream or Offeror*) hereby offers to acquire, on the terms and conditions set out in this document (*this Offer*), all of the ordinary shares (being all voting securities) of Montana Group (NZ) Limited (*Montana or the Company*) which it does not already hold.

All such shares are referred to in this Offer as *the Shares* and each of them singly is referred to as a *Share*.

This Offer is made subject to the following terms and conditions:

1 Consideration

- 1.1 The consideration offered for each of the Shares is \$4.80 cash.
- 1.2 The consideration for the Offer will be sent to shareholders whose Shares are taken up under the Offer not later than 7 days after the later of:
 - (a) the date this Offer becomes unconditional; or
 - (b) the date on which an acceptance is received,

but in any event not later than 7 September 2001, being the date not later than 7 days after the last date on which the Offer can become unconditional.

- 1.3 If the consideration for the Offer is not sent within the period specified in paragraph 1.2 to any shareholder whose Shares are taken up under the Offer, that shareholder may withdraw acceptance of the Offer:
 - (a) by notice in writing to the Offeror; but only
 - (b) after the expiration of 7 days' written notice to the Offeror of that shareholder's intention to do so.

This right to withdraw acceptance of the Offer will not apply if the shareholder receives the consideration during the 7 day period referred to in this paragraph.

TAKEOVER OFFER

3

2 How to Accept this Offer

If you wish to accept this Offer, you need only:

- 2.1 Complete the enclosed Form of Acceptance and Transfer in accordance with the instructions set out in the Form; and
- 2.2 Return the completed Form in the enclosed reply paid envelope as soon as possible, but in any event so as to be received by the Offeror not later than 5 p.m. on 17 August 2001 (subject to paragraph 3.1 below). If the reply paid envelope has been mislaid, please deliver or mail your acceptance to:

Millstream Equities Limited
C/- Computershare Registry Services Limited
Level 2
159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland

The Offeror may, in its discretion, treat any Form of Acceptance and Transfer as valid notwithstanding that it does not comply with this paragraph, and may, in its discretion, rectify any errors in, or omissions from, any Form.

Acceptance of this Offer by each acceptor constitutes a contract between that acceptor and the Offeror on the terms and subject to the conditions of this Offer. Other than in the circumstances set out in paragraph 1.3 above, you may not withdraw your acceptance during the time this Offer is open for acceptance, whether or not there has been any variation of this Offer.

3 Terms of Offer

This Offer is subject to the following terms:

- 3.1 Unless this Offer is totally withdrawn in accordance with the Takeovers Code and every person is released from every obligation incurred under the terms of it, or it lapses in accordance with its terms, this Offer remains open for acceptance until and including the closing date of 17 August 2001, or such later closing date(s) as the Offeror may decide in accordance with the Takeovers Code.
- 3.2 The latest date on which the Offeror can declare this Offer to have become unconditional is 31 August 2001. If this Offer is not declared unconditional by or on that date, the Offer will lapse.
- 3.3 The enclosed Form of Acceptance and Transfer comprises part of this Offer. That Form duly completed may be treated by the Offeror as a valid acceptance of this Offer whether or not accompanied by the relevant FIN number.

TAKEOVER OFFER

4

- 3.4 This Offer is open for acceptance by any person who holds Shares, whether acquired before or after the date of this Offer, upon production of satisfactory evidence of such person's entitlement to those Shares.
- 3.5 The Shares are to be acquired free from all liens, charges, mortgages, and encumbrances of any kind whatever, but together with all rights attaching to them, including the right to all dividends and other distributions arriving after or by reference to a date occurring on or after a date upon which settlement of this Offer occurs in accordance with paragraph 7 below.

4 Conditions of Offer

This Offer and any contract arising from it is subject to the conditions (subject to the right of the Offeror at its sole discretion to waive all or any of such conditions in whole or in part to the extent permitted by the Takeovers Code or any exemption granted by the Takeovers Panel) that, during the period from 2 July 2001 until the date of settlement referred to in paragraph 7 below:

- 4.1 no dividends, bonuses or other payments or distributions of any nature have been or will be declared, paid, or made upon or in respect of any of the Shares.
- 4.2 no further shares or convertible notes or any voting securities of any description of the Company or any of its subsidiaries have been or will be issued or agreed to be issued (except any issue of debentures in the ordinary course of the business of the Company or such subsidiary) and there have been or will be no alteration of rights, privileges and restrictions attaching to the Shares.
- 4.3 no shares in the Company have been or will be made the subject of any option or right to subscribe.
- 4.4 there has been and will be no alteration to the Constitution of the Company or any of its subsidiaries.

5 Minimum Acceptance

This Offer and any contract arising from acceptance of it is conditional on the Offeror receiving acceptances in respect of voting securities that, when taken together with voting rights already held or controlled by the Offeror, confer more than 50% of the voting rights in the Company. The Offeror may not take up any shares under the Offer unless this condition is satisfied by the end of the offer period or unless the Takeovers Panel grants the Offeror an exemption from this requirement and allows the Offeror to waive this condition.

6 Notices

- 6.1 Notice to the Company, the Takeovers Panel and the New Zealand Stock Exchange:
- (a) declaring this Offer unconditional; or

TAKEOVER OFFER

5

- (b) advising that this Offer is withdrawn in accordance with the Takeovers Code or has lapsed in accordance with its terms,

in each case, will be deemed to be notice to all offerees.

- 6.2 Notice of any variation of the Offer will be sent to each offeree, the Company, the Takeovers Panel and the New Zealand Stock Exchange in accordance with the Takeovers Code.

7 Method of Settlement

- 7.1 No acknowledgement of the receipt of acceptances of this Offer will be issued.

7.2 If:

- (a) this Offer is declared unconditional or the conditions are waived by the Offeror; and
- (b) the Form of Acceptance and Transfer is in order and accompanied by the relevant FIN number (or an indemnity acceptable in the opinion of the Offeror is given if the FIN is not available),

then a cheque for the amount payable to you will be posted in accordance with the authority contained in the Form by the date specified in paragraph 1.2.

- 7.3 If this Offer does not become unconditional and the conditions are not waived by the Offeror, the Offer will lapse.

- 7.4 The Offeror's obligations under this paragraph will be subject to registration of the transfer of the Shares to the Offeror. The Offeror will present all Forms of Acceptance and Transfer to the Company for registration as soon as possible following this Offer being declared unconditional or the conditions being waived by the Offeror.

8 Change of Circumstances

- 8.1 If, after 2 July 2001, the Company declares or pays any dividend or makes any other distribution to its shareholders and the condition contained in paragraph 4.1 above is waived by the Offeror, acceptors of this Offer will be bound to pay to the Offeror an amount equivalent to such dividend or the value of such other distribution or, at the option of the Offeror, the cash consideration which would otherwise have been paid to such acceptors shall be reduced by an amount equivalent to such dividend or the value of such other distribution.
- 8.2 If, after the date of the Takeover Notice, the Company makes any issue of shares or convertible notes or voting securities or grants any other rights or interests in its shares to its shareholders by way of bonus issue (and the condition contained in paragraph 4.2 above is waived by the Offeror), acceptors of this Offer will be bound to transfer such

TAKEOVER OFFER

6

shares or convertible notes or other rights and interests to the Offeror, without any additional consideration.

- 8.3 If all or any of the Shares of the Company are consolidated or subdivided after the date of this Offer then this Offer will be interpreted to take into account such consolidation or subdivision and will be deemed to be for the securities resulting from such consolidation or subdivision and the consideration per Share provided for under paragraph 1 above will be increased or reduced, as the case may require, in proportion to such consolidation or subdivision, and acceptors will be bound to transfer such consolidated or subdivided shares to the Offeror on the basis of the consideration so increased or reduced.
- 8.4 If the Company makes any issue of shares to any person on or after the date of this Offer other than by way of bonus issue and the condition contained in paragraph 4.2 above is waived by the Offeror, then this Offer will be deemed to extend to and include such shares and the consideration payable for them will be as provided in paragraph 1 above.

9 Further Information

Further information relating to the Offeror, as required by Schedule 1 to the Takeovers Code, is set out in the Appendix to, and forms part of, this Offer.

10 Miscellaneous

In this document:

- 10.1 Any reference to the Takeovers Code means the takeovers code recorded in the Takeovers Code Approval Order 2000 (SR 2000/210).
- 10.2 Except if expressly defined in this document, or where the context requires otherwise, terms defined in the Takeovers Code shall have the same meaning in this document.
- 10.3 All sums of money referred to in this Offer are in New Zealand currency.
- 10.4 This Offer and any contract arising from it shall be governed by and construed in accordance with the laws of New Zealand.

This Offer is dated this 19th day of July 2001



Philip Bowman
Director
Millstream Equities Limited

TAKEOVER OFFER

7

**THE APPENDIX: INFORMATION REQUIRED
BY SCHEDULE 1 TO THE TAKEOVERS CODE**

- 1 Date**
The Offer is dated the 19th day of July 2001.
- 2 Offeror and its Directors**
- (a) *Offeror:*
Millstream Equities Limited
C/- Chapman Tripp
Level 35, ANZ Centre
23-29 Albert Street
Auckland
- (b) *Directors of the Offeror:*
Philip Bowman of the United Kingdom

Diana Jane Houghton of the United Kingdom
- 3 Target Company**
Montana Group (NZ) Limited
- 4 Advice Statement**
The advice statement required under this paragraph is set out on the cover page of the offer document.
- 5 Offer Terms**
The terms and conditions of the Offer are set out on pages 2 to 6 of the offer document.
- 6 Ownership of Equity Securities of Target Company**
The persons listed in the table below hold or control equity securities of the Company in the numbers, designations and percentages shown beside their respective identities.

	Number of and class of equity securities held or controlled	Percentage of class
(a) Offeror:	58,017,717 ordinary shares held by Millstream Equities Limited.	27.0276%
(b) Related company of the Offeror	58,017,717 ordinary shares controlled by Allied Domecq PLC.	27.0276%
(c) Persons acting jointly or in concert with the Offeror	Nil	N/A
(d) Director of any person described in (a), (b) or (c) above	Nil	N/A
(e) Person holding or controlling 5% or more of class of equity security.	Lion Nathan Limited controls, and its related company Lion Nathan Enterprises Limited holds, 134,890,121 ordinary shares according to their most recent public filings.*	62.84%

TAKEOVER OFFER

8

*Note: Lion Nathan Enterprises Limited has announced that it intends to sell 40,785,501 ordinary shares in the Company pursuant to a decision of the Standing Committee appointed by the Market Surveillance Panel of the New Zealand Stock Exchange made on 29 June 2001, within one month of the date of that decision. As at the morning of 19 July 2001, being the most recent knowledge of the Offeror, the Offeror was not aware that those ordinary shares had been disposed of.

7 Trading in Target Company Equity Securities

The persons listed in the table below have, during the 6 month period before the date of this Offer, acquired or disposed of equity securities of the Company in the numbers and designations, and for the consideration and on the dates, shown below.

	Number and class of equity securities acquired or disposed of	Consideration	Date of transaction
(a) Offeror (Millstream Equities Ltd)	19,031 acquired	\$73,269.35	04/01/01
	5,528 acquired	\$21,669.76	23/01/01
	32,397 acquired	\$129,588	31/01/01
	12,724,453 acquired	\$57,896,261.15	14/05/01
	1,462,001 acquired	\$6,811,316.46	14/05/01
	22,643 acquired	\$105,154.09	15/05/01
	7,200,000 acquired	\$34,560,000.00	15/05/01
	620,950 acquired	\$2,961,372.65	16/05/01
	106,373 acquired	\$510,590.40	18/05/01
	124,471 acquired	\$595,593.74	21/05/01
	216,817 acquired	\$1,040,721.60	22/05/01
	22,129 acquired	\$105,112.75	24/05/01
	34,900,000 acquired	\$167,520,000.00	25/05/01
	36,907 acquired	\$176,463.44	28/05/01
	22,500 acquired	\$108,000.00	30/05/01
	5,390 acquired	\$25,872.00	31/05/01
	5,698 acquired	\$27,350.40	06/06/01
	76,343 acquired	\$366,446.40	07/06/01
	21,887 acquired	\$105,057.60	08/06/01
	36,159 acquired	\$173,563.20	11/06/01
58,404 acquired	\$280,339.20	12/06/01	
27,398 acquired	\$131,510.40	13/06/01	
14,319 acquired	\$68,731.20	14/06/01	
56,833 acquired	\$272,798.40	15/06/01	
61,687 acquired	\$296,097.60	18/06/01	
5,711 acquired	\$27,412.80	19/06/01	
46,531 acquired	\$223,348.80	20/06/01	
19,488 acquired	\$93,542.40	21/06/01	
16,573 acquired	\$79,550.40	22/06/01	
17,970 acquired	\$86,256.00	25/06/01	
6,092 acquired	\$29,241.60	26/06/01	
19,534 acquired	\$93,763.20	27/06/01	
5,500 acquired	\$26,400.00	28/06/01	
(b) Related company of the Offeror	Nil	N/A	N/A
(c) Person acting jointly or in concert with the Offeror	Nil	N/A	N/A
(d) Director of any person described in (a), (b) or (c) above.	Nil	N/A	N/A

TAKEOVER OFFER

9

(e) Person holding or controlling 5% or more of class of equity security	39,041,357 acquired by Lion Nathan Enterprises Ltd	\$161,542,310.05	09/02/01
	9,760,343 acquired by Lion Nathan Enterprises Ltd	\$45,385,594.95	14/02/01
	2,301,500 acquired by Lion Nathan Enterprises Ltd	\$10,571,252.17	11 and 14/05/01
	20,392,750 acquired by Lion Nathan Group Ventures Ltd, a related company of Lion Nathan Enterprises Ltd and Lion Nathan Ltd	\$102,983,367.50	17/05/01
	609,766 acquired by Lion Nathan Group Ventures Ltd	\$2,931,711	25 and 28/05/01
	21,459,531 acquired by Lion Nathan Enterprises Ltd from Lion Nathan Group Ventures Ltd	\$108,092,464	30/06/01
	746,326 acquired by Lion Nathan Enterprises Ltd from Lion Nathan Group Ventures Ltd	\$3,763,796	30/06/01

Note: The disclosures for Lion Nathan Enterprises Ltd and Lion Nathan Group Ventures Ltd are the disclosures made by those entities in substantial security holder notices lodged with the New Zealand Stock Exchange, being the only such information within the knowledge of the Offeror.*

8 Agreements to Accept Offer

No persons have agreed conditionally or unconditionally to accept the Offer.

9 Arrangements to Pay Consideration

9.1 The Offeror's parent, Allied Domecq PLC has irrevocably agreed to provide or procure sufficient funding to enable the Offeror to meet its obligations under the Offer. Allied Domecq PLC is a company with substantial assets which is listed on the London Stock Exchange. As such, the Offeror confirms that resources will be available to it sufficient to meet the consideration to be provided on full acceptance of the Offer and to pay any debts incurred in connection with the Offer (including debts arising under rule 49 of the Takeovers Code).

9.2 A statement setting out the rights of each offeree under rule 34 of the Takeovers Code, to withdraw its acceptance for non-payment by the Offeror of the consideration, is set out in paragraph 1.3 of the offer document.

10 No arrangements Between Offeror and Target Company

No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Offeror or any associates of the Offeror, and the

TAKEOVER OFFER

10

Company or any related company of the Company, in connection with, in anticipation of, or in response to, the Offer.

11 No arrangements Between Offeror, and Directors and Officers of Target Company

No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between the Offeror or any associates of the Offeror, and any of the directors or senior officers of the Company or of any related company of the Company (including any payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office) in connection with, in anticipation of, or in response to, the Offer.

12 No Financial Assistance

No agreement or arrangement has been made, or is proposed to be made, under which the Company or any related company of the Company will give (directly or indirectly) financial assistance for the purpose of, or in connection with, the Offer.

13 Acquisitions of Securities

13.1 On 29 June 2001 the Offeror entered into an oral contractual obligation to buy up to 50,081,000 shares in the Company, from persons holding shares in the Company then or at any time prior to 16 August 2001, at \$4.80 per share. The oral contract entered into conferred a benefit, on all such persons, enforceable at the suit of any of them. As a consequence of a Takeover's Panel ruling on Friday 6 July 2001, on 9 July 2001 the obligation was discharged under section 5 of the Contracts (Privity) Act 1983.

13.2 The Offeror may acquire securities during the offer period, as permitted by rule 36 of the Takeovers Code, if the Offer becomes unconditional and the other requirements of rule 36 are met.

14 Likelihood of Changes in Target Company

The Offeror does not intend to make any material changes in respect of the business activities of the Company and its subsidiaries.

15 Pre-emption Clauses in Target Company's Constitution

There is no restriction on the right to transfer equity securities to which the Offer relates contained in the constitution of the Company which has the effect of requiring the holders of the securities to offer the securities for purchase to members of the Company or to any other person before transferring the securities.

16 No Escalation Clause

There is no agreement or arrangement (whether legally enforceable or not) under which any existing holder of equity securities in the Company will or may receive in relation to, or as a consequence of, the Offer any additional consideration or other benefit over and above the consideration set out in the Offer, or any prior holder of equity securities in the Company will or may receive any consideration or other benefit as a consequence of the Offer.

TAKEOVER OFFER

17 Independent Adviser's Report

An independent adviser's report is not required under rule 22 of the Takeovers Code (which requires an independent adviser to report on fairness between different classes of securities, whether voting or non-voting) because the Company does not have any non-voting equity securities or more than 1 class of voting securities on issue at the date of this document.

18 Additional Disclosures Required if Consideration Includes Securities

No securities have been offered by the Offeror as consideration under the Offer.

19 Certificate

To the best of our knowledge and belief, after making proper inquiry, the information contained in this offer document (including the Appendix) is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Offeror under the Takeovers Code.

Signed by the persons named below or their respective agents authorised in writing.



Philip Bowman
Chief Executive Officer
Millstream Equities Limited



Diana Houghton
Chief Financial Officer
Millstream Equities Limited



Philip Bowman
Director
for and on behalf of the board of
directors of
Millstream Equities Limited



Diana Houghton
Director
for and on behalf of the board of
directors of
Millstream Equities Limited

TAKEOVER OFFER

12

PLEASE NOTE**IF YOU HAVE SOLD ALL YOUR MONTANA GROUP (NZ) LIMITED SHARES**

Please send this Offer and all enclosures (including the Form of Transfer and Acceptance) at once to the new Montana Group (NZ) Limited shareholder or the broker through whom you made the sale requesting that they be forwarded to the new Montana Group (NZ) Limited shareholder.

IF YOU HAVE SOLD SOME OF YOUR MONTANA GROUP (NZ) LIMITED SHARES

Please alter the total holding on the Form of Transfer and Acceptance to the number of Shares which you have retained and forward the amended form in the reply paid envelope supplied to Millstream Equities Limited.

Upon receipt of the amended Form, Millstream Equities Limited will recalculate the amount of cash comprising your consideration to reflect the number of Shares sold by you.

Please also request the broker through whom you made the sale to advise the purchaser or purchasers of your Shares of this Offer and that copies of it are available from the Share Registrar, Computershare Registry Services Limited, Level 2, 159 Hurstmere Road, Takapuna, Private Bag 92-119, Auckland, and advise the Share Registrar of the number of Shares sold and the broker concerned.