

Company [Petards Group PLC](#)
TIDM PEG
Headline Disposal
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Petards Group plc ("Petards", "the Company" or "the Group")

Disposal

Petards, the AIM listed developer of advanced surveillance systems, announces that it has completed the disposal of its UK Government and Commercial software business ("the UK Software Business") to BAE Systems Integrated System Technologies Limited ("BAE") for a total cash consideration of £2.5m.

The disposal forms part of the board's recently announced strategy to focus the Company's resources on a more limited range of technologies and markets. £2.4m of the consideration is payable on completion with the balance of £0.1m conditional upon certain future events. The proceeds will be used to reduce the Group's bank indebtedness and to invest in the remaining parts of the Group. The Group balance sheet will be strengthened by a profit on disposal expected to be in the region of £1m, subject to the finalisation of certain post completion balances. Net debt as at 31 December 2007 is now forecast to be approximately £3m.

The UK Software Business comprised Petards Limited's UVMS™ network video recording and Advantage command and control software, together with the legacy software products 2nd Eyes, COBYT and Argus that were the forerunners to UVMS and Advantage. In the year ended 31 December 2006, the UK Software Business had revenues of £1.8m (Group total: £23.2m) and made a gross profit of £0.4m (Group total: £8.4m). Total gross assets of the UK Software Business as at 30 June 2007 were £1.6m (Group total: £8.3m).

Under the terms of the deal Petards will continue to be able to exploit UVMS™ in the USA having been granted exclusive rights to develop, sell and maintain UVMS™ to the US casino gaming market as well as rights to continue to sell the product to other non-defence related US customers. BAE will continue to develop UVMS™ and will be working in partnership with Petards to support and enhance the product to the benefit of Petards current and prospective customers in the USA.

Petards Limited retains its Swift rapidly deployable wireless camera technology and ProVida range of video, speed detection and ANPR products. Petards eyeTrain™ on-board CCTV and defence activities as well as its specialist camera technologies are also unaffected by the disposal.

Petards Chairman Tim Wightman said "This is an important step in the Board's strategy. We are focussing our efforts where the Group has strong market positions and technologies while significantly reducing the Group's net debt, improving the balance sheet and providing additional working capital for its remaining operations."

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