

Petards Group plc

Statement re. Possible Offer

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Petards Group plc (“Petards” or the “Company”)

Statement re. Possible Offer and Rule 2.10 announcement

The Board of Petards announces that it has received a preliminary approach which may or may not lead to an offer being made for the Company.

The Company announces that it has received a preliminary approach from Water Hall Group plc that may or may not lead to an offer being made for the Company. There can be no certainty that an offer will be made for Petards, nor as to the terms on which an offer may be made.

Rule 2.6(a) of the City Code on Takeovers and Mergers (the "Takeover Code"), requires that Water Hall Group plc, by not later than 5.00 p.m. on 18 October 2012 (the "relevant deadline"), either announce a firm intention to make an offer for Petards in accordance with Rule 2.7 of the Takeover Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Takeover Code applies.

The relevant deadline will cease to apply to Water Hall Group plc if another offeror announces, prior to the relevant deadline, a firm intention to make an offer for Petards. In such circumstances, Water Hall Group plc will be required to clarify its intentions in accordance with Rule 2.6(d) of the Takeover Code.

This is an announcement falling under Rule 2.4 of the Takeover Code and does not constitute an announcement of a firm intention to make an offer under Rule 2.7 of the Takeover Code. There can be no certainty that an offer will be made nor as to the terms on which any offer might be made.

A further announcement will be made as and when appropriate.

Rule 2.10

In accordance with Rule 2.10 of the Takeovers Code, the Company confirms that it has 6,367,100 ordinary shares of 1 pence each in issue. The ISIN reference for these securities is GB00B4YL8F73.

Ends

Contact:

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WH Ireland Limited (“**WH Ireland**”) which is regulated in the United Kingdom by The Financial Services Authority is acting for the Company in relation to the matters described in this announcement and is not advising any other person, and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to customers of WH Ireland or for providing advice in relation to the matters described in this announcement.

The directors of Petards ,(other than Osman Abdullah) accept responsibility for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Disclosure requirements of the Takeover Code (the "Code")

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the

Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure”.