

21 August 2013

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**Petards Group plc
("Petards" or "the Company")**

**Recommended Offer
for the entire issued and to be issued share capital of Water Hall Group plc**

Offer Update

Unconditional as to Acceptances

Background

On 1 July 2013 the boards of Water Hall and Petards announced the terms of a recommended offer to be made by Petards for the entire issued and to be issued ordinary share capital of Water Hall (the "Offer"). The full terms of, and conditions to, the Offer and the procedure for acceptance were set out in the offer document issued by Petards on 23 July 2013 (the "Offer Document").

The capitalised terms used in this announcement have the meaning given to them in the Offer Document.

Level of Acceptances

As at close of business on 20 August 2013, Petards had received valid acceptances from Water Hall Shareholders in respect of 43,883,510 representing approximately 55.10% of the existing issued ordinary share capital of Water Hall which may count toward satisfaction of the acceptance condition to the Offer (as set out in paragraph 1(a) of Part A of Appendix 1 of the Offer Document). As a result the Offer has become unconditional as to acceptances.

These acceptances include acceptances received in respect of:

- (i) 10,068,254 Water Hall Shares (representing approximately 12.64% of the existing ordinary share capital of Water Hall and 11.49% of Water Hall's share capital assuming full conversion of the Water Hall Loan Note) which were subject to irrevocable commitments procured by Petards from the Water Hall Directors; and
- (iii) 23,222,314 Water Hall Shares (representing approximately 29.16% of the existing ordinary share capital of Water Hall and 26.50% of Water Hall's share capital assuming full conversion of the Water Hall Loan Note) which were subject to irrevocable commitments procured by Petards from certain other Water Hall Shareholders.

Petards also has received irrevocable undertakings to accept the Offer from certain Water Hall Shareholders (see table below) for which valid acceptances have not yet been received in respect of a further 24,974,054 Water Hall Shares (representing approximately 31.36% of the existing ordinary share capital of Water Hall and 28.50% of Water Hall's share capital assuming full conversion of the Water Hall Loan Note). These undertakings may be withdrawn if the Offer is withdrawn or lapses. Save as disclosed below neither Petards nor its associates have any other outstanding irrevocable commitments or letters of intent to accept the Offer.

Name	Number of Water Hall Shares	% of Water Hall Shares
Yousuf Zahid	5,000,000	6.28%
Majid Zahid	5,000,000	6.28%
El Khereiji Financial Company	14,974,054	18.80%

In addition to the above El Khereiji holds a £200,000 convertible loan note in Water Hall which, subject to the Offer becoming wholly unconditional, it intends to convert into a maximum of 8 million new Water Hall shares which it has irrevocably undertaken to assent to the Offer

Extension of the Offer Period

The Offer, which remains subject to the terms and conditions set out in the Offer Document, has been extended to, and will remain open for acceptance until 1 p.m. on 3 September 2013.

Acceptance of the Offer

Water Hall Shareholders who have not yet accepted, and wish to accept, the Offer should take action to accept the Offer as soon as possible. Details of the procedure for doing so are set out in the Offer Document (including, in the case of certificated Water Hall Shares, the Form of Acceptance) sent to Water Hall Shareholders on 23 July 2013.

Interests in relevant securities

The interests (all of which are beneficial unless otherwise stated), of the Petards Directors and their respective related parties, in relevant Water Hall securities are as follows:

Name	Number of Water Hall Shares	% of Water Hall Shares
Raschid Abdullah	9,648,942	12.12
Osman Abdullah	9,665,575	12.14

Raschid Abdullah and Osman Abdullah also each hold over 3,500,000 options to subscribe for Water Hall Shares.

Neither Petards nor, so far as Petards is aware, any person acting in concert (within the meaning of the City Code) with Petards, (a) has any short position (whether conditional or absolute and whether in the money or otherwise) in respect of relevant securities of Water Hall, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, or (b) has borrowed or lent any relevant securities of Water Hall (save for any borrowed shares which have been either on-lent or sold).

For further information:

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IMPORTANT INFORMATION

WH Ireland, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Petards and no one else in connection with the Offer and will not be responsible to

anyone other than Petards for providing the protections afforded to clients of WH Ireland nor for providing advice in relation to the Offer or any other matter or arrangement referred to in this Announcement.

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. 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) an 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 p.m. (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (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 per cent. 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 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) an 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 p.m. (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 the 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 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. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

FURTHER INFORMATION

Please be aware that addresses, electronic addresses and certain other information provided by Water Hall Shareholders, persons with information rights and other relevant persons for the receipt of communications from Water Hall may be provided to Petards during the Offer Period as required under Section 4 of Appendix 4 of the Code.

If you are in any doubt about the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser authorised under the Financial Services and Market Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Copies of this announcement will be available free of charge on Water Hall's website at www.waterhallgroupplc.com and at Petards' website at www.petards.com by no later than noon (London time) on the day following this announcement. For the avoidance of doubt, the

contents of those websites are not incorporated into and do not form part of this announcement.