

9 December 2013

**PETARDS GROUP PLC**  
**(“Petards” or “the Company”)**

**Proposed Placing**

Petards announced today that it proposes to raise approximately £1.15 million (before expenses) by way of a placing of 11,500,000 new Ordinary Shares at a price of 10 pence per share. The Placing is conditional, inter alia, upon the Company obtaining approval from its Shareholders to disapply statutory pre-emption rights and to grant the Board authority to allot the Placing Shares. The Placing, which has been arranged by Hybridan and WH Ireland pursuant to the terms of the Placing Agreement, is also conditional upon Admission. The Placing has not been underwritten.

**Background to and reasons for the Placing**

While trading conditions for 2013 have remained difficult, the Board's expectation that order intake would improve in the second half of the year has been realised. In the period since the Company reported its 2013 Interim Results on 30 September 2013, it has been awarded a number of significant contracts by both its rail and defence customers. The principal contract wins are as follows:

- On 13 November 2013, the Company announced that it had been awarded a contract worth over £7 million by the Ministry of Defence (“MOD”) for the supply and support of secure radio equipment for the RAF. The contract is for the replacement of the RAF's entire current Secure Management Radio Equipment (“SMRE”) capability. The purpose of SMRE is to allow Air Traffic Control at RAF bases to direct the safe movement of vehicles and personnel on the airfield manoeuvring area. It is also used in a secondary role to provide direct communication between Air Traffic Control and those in an airfield support role such as guards, medical personnel, re-fuelling and fire crews. The project, the bulk of which will be delivered in 2014, includes a contract to provide maintenance and support to SMRE over a ten year period until November 2023 with the option to extend that support contract by a further five years.
- On 11 November 2013, the Company announced that it had been awarded a contract to supply Hyundai Rotem of South Korea with Petards eyeTrain on-board digital CCTV systems for Electrical Multiple Unit (“EMU”) trains that they are supplying to New Zealand. The contract is for the supply of eyeTrain systems comprising saloon CCTV, forward facing cameras and automatic passenger counting to be installed on 70 additional 'Matangi' EMU cars that Hyundai Rotem will supply to Greater Wellington Railways as part of a new extension order. Petards already supplied the systems on the previous 96 'Matangi' EMU cars delivered by Hyundai Rotem to the same customer. The contract is worth over £1 million and deliveries are expected to commence in the second half of 2014 and to be completed by the end of that year.
- On 24 October 2013, the Company announced that it had received a contract for its eyeTrain on-board digital CCTV systems to be installed on new Alstom Coradia Nordic X60 suburban EMU trains that are to be built by Alstom at their Salzgitter plant in Germany.
- On 9 October the Company announced that it had secured a contract to supply Bombardier Transportation (“Bombardier”) with Petards eyeTrain saloon and Driver Only Operation (“DOO”) CCTV systems for the 116 new Bombardier Electrostar EMU vehicles that they are building for Southern Railway which will initially operate on the Thameslink route before being cascaded onto newly electrified routes. The contract is worth over £1.75 million and deliveries are expected to commence and be completed during 2014.

The value of these orders is in excess of £10 million and, as anticipated, the revenue benefit of these orders will be largely seen in 2014. The Company's current order book is approaching £20 million of which approximately half is expected to be delivered in 2014.

The significant increase in its order book brings with it a requirement for greater working capital. Having reviewed its options for addressing this requirement, the Board and has concluded that, at the

current time, raising equity through the Placing, which has the added benefit of further strengthening the balance sheet, is the most appropriate method of addressing this requirement.

### **Settlement and Dealings**

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective on 30 December 2013.

The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive dividends and other distributions declared following Admission.

### **Use of Proceeds**

The Directors intend that the net proceeds of the Placing of approximately £1.065 million will be applied principally to meet the increase in working capital arising from the recent contract wins. Some of the proceeds will also be used for reorganisation within the Company and further product development.

### **General Meeting**

The General Meeting to approve the necessary resolutions to implement the proposals has been convened to be held at The County Club, 158 High Street, Guildford, Surrey GU1 3HJ at 11.00 a.m. on 27 December 2013.

The Definitions which apply in the Circular (a copy of which can be found at the Company website [www.petards.com](http://www.petards.com)) have been used in this announcement.

### **For further information:**

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