

31 July 2012

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

Response to Water Hall Letter concerning General Meeting

Petards, the AIM quoted developer of advanced security and surveillance systems, announces that it is aware that Water Hall Group plc ("Water Hall"), which holds 29.9% of Petards voting share capital, has written to Petards' shareholders indicating that it will be voting against the resolution to be proposed at the general meeting being held on 9 August 2012. Although Water Hall say that their response is in the interests of all Petards' shareholders it is the opinion of Petards independent directors that Water Hall is actually pursuing its own agenda.

The Company has wished to raise capital for some time to fund the development of its business and the Petards independent directors are concerned that since increasing its shareholding in Petards to 29.99% in 2010, Water Hall has voted against all resolutions put to shareholders relating to the raising of capital. This has been in contrast to the other shareholders; over 99.8% of those voting have consistently supported the Board's position and voted in favour of those resolutions,

The resolution presently being put to shareholders is seeking an authority which, if passed, will increase the options available to the Company when considering how best to provide funding for the Company's continued development. The Company is aware that its two other major shareholders have voted in favour of the resolution as have the vast majority of other shareholders whose votes have been counted at the date of this announcement.

Approval of the resolution would enable the Company to undertake a fundraising but only on the basis of a pre-emptive open offer to shareholders which means that any such offer would be available to all shareholders equally on the same terms and would not favour one shareholder over any other. However it should be noted that an open offer will only be undertaken if the Directors are satisfied that it represents the best available option to the Company and therefore that it is in the best interests of the Company and its shareholders as a whole.

The Directors, other than Osman Abdullah, continue to recommend that all shareholders vote in favour of the resolution to be proposed at the general meeting.

For further information:

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