

**23 November 2017**

**PETARDS GROUP PLC  
AIM: PEG**

**(“Petards” or the “Group”)**

**Proposed Conversion of Loan Notes**

Petards, the AIM quoted developer of advanced security and surveillance systems is pleased to announce that it will be posting a circular to Noteholders tomorrow convening a general meeting of Noteholders at which approval for the conversion of the Loan Notes into New Ordinary Shares will be sought.

Approval of the Loan Note Conversion would result in the Company issuing 18,498,400 New Ordinary Shares in exchange for all of the Company’s outstanding £1,479,872 Loan Notes in issue.

All capitalised terms in this announcement are as defined in the Circular to Noteholders to which will be available on the Company’s website: [www.petards.com](http://www.petards.com).

**1. Background to and reasons for Modification of Noteholder Rights**

The Loan Notes were issued in 2013 in connection with the Company’s acquisition of the entire share capital of Water Hall Group plc. The Loan Notes are unsecured and are convertible into New Ordinary Shares at a price of £0.08 per New Ordinary Share. Since the Loan Notes were issued, the closing mid-market price of the Ordinary Shares has been consistently above £0.08. As at close of business on 23 November 2017, the mid-market price of the Ordinary Shares was £0.225.

At the present time the Company requires its cash reserves to finance its on-going working capital and investment activities. The Loan Notes mature in September 2018 and the Board does not wish to enter 2018 with the outstanding Loan Notes of £1,479,872 showing as current liabilities as it believes this may have an adverse effect on the perception of the Company from both a commercial and investment perspective. Therefore the Company is seeking the approval of Noteholders to convert all outstanding Loan Notes in issue into Ordinary Shares prior to the end of the current financial year.

The Board believes this to be in the best interests of the Company.

**2. Loan Note Conversion**

Pursuant to the Loan Note Instrument, a meeting of Noteholders has the power, exercisable by Special Resolution, to sanction any abrogation, modification or compromise of the Noteholders’ rights which has been approved by the Company in accordance with the Loan Note Instrument. Accordingly the Resolution is being proposed at the Noteholder Meeting to approve the Modification of Noteholder Rights.

If the Resolution is approved by the Noteholders:

- (a) New Ordinary Shares (rounded down to the nearest whole number of New Ordinary Shares) will be allotted fully paid to each Noteholder on the register of Noteholders on the Record Date in exchange for and in satisfaction of the whole of the principal amount of Loan Notes held by that Noteholder at the rate of one New Ordinary Share for each £0.08 in nominal amount of Loan Notes held by that Noteholder;
- (b) an amount equal to all interest accrued but unpaid up to and including the Conversion

Date in respect of the Loan Notes will be paid to each Noteholder; and

- (c) no further action is required by Noteholders in relation to the Loan Note Conversion and the Resolution shall be binding on all Noteholders whether or not they are present at the Noteholder Meeting.

The Loan Note Conversion will take effect on 15 December 2017.

The New Ordinary Shares issued and allotted pursuant to the Loan Note Conversion shall rank *pari passu* with all other Ordinary Shares of the Company in issue on the date of the Loan Note Conversion.

Application will be made to the London Stock Exchange for all of the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will take effect on 15 December 2017.

### **3. The Noteholder Meeting**

The Circular will contain a notice convening the Noteholder Meeting to be held on 14 December 2017 at the offices of Simmons & Simmons LLP, CityPoint, One Ropemaker Street, London EC2Y 9SS at 11.30 a.m. at which the Resolution will be proposed as a Special Resolution.

### **4. Undertakings to vote at the Noteholder Meeting**

As at the latest practicable date prior to the publication of the document (being close of business on 21 November 2017), each of El Khereiji Financial Company WLL, Rashid Abdullah, Water Hall Group PLC, Joan Margaret Abdullah and Osman Abdullah (who together hold legally or beneficially approximately 49.84% in nominal amount of the outstanding Loan Notes) have irrevocably undertaken to vote in favour of the Resolution to be proposed at the Noteholder Meeting.

### **TIMETABLE OF PRINCIPAL EVENTS**

Publication of Noteholder Circular	24 November 2017
Latest time and date for receipt of Form of Proxy	11.00 a.m. on 12 December 2017
Noteholder Meeting	11.00 a.m. on 14 December 2017
Announcement of result of the Noteholder Meeting	14 December 2017
Record Date	6.00 p.m. on 14 December 2017
Admission and commencement of dealings of the New Ordinary Shares	8.00 a.m. on 15 December 2017

**\*\*ENDS\*\***

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