

19 December 2014

PETARDS GROUP PLC (“Petards” or the “Group”)

Notice of General Meeting

Petards, the AIM quoted developer of advanced security and surveillance systems, has posted to shareholders a circular setting out certain amendments to the rules of the Petards Group plc Enterprise Management Incentive and Unapproved Option Plan, including an increase in the limit on the aggregate number of ordinary shares over which options may be granted under the Plan.

Background to and reasons for the proposed amendments to the rules of the Plan

When the Company acquired Water Hall Group plc (“Water Hall”), the Company issued Options to certain employees of Water Hall to replace the options those employees had held over shares in Water Hall (the “Replacement Options”). There are currently subsisting Replacement Options over 7.6 per cent of the Ordinary Shares. Options currently subsist over a total of 7.9 per cent of the Ordinary Shares (“Subsisting Options”). The Board considers that the number of Subsisting Options leaves insufficient headroom under the current Share Option Limit to grant the number of Options as may be required to incentivise the employees of the Company. The Board is also mindful that this situation could be exacerbated were the Company to make further company acquisitions in the future.

Accordingly, the proposed amendments to the rules of the Plan would exclude the Replacement Options and any options granted in connection with any company acquisition by the Company in the future for the purposes of determining the extent to which the Share Option Limit is reached.

The Board therefore proposes certain amendments to the rules of the Plan, of which those relating to the alteration of the share option limits require the approval of Shareholders.

Proposed amendments to the rules of the Plan

It is proposed that the rules of the Plan are amended so that any Options granted under the Plan:

- (a) which have lapsed, been exercised, been forfeited or released;
- (b) which have been satisfied, or which the Board reasonably considers will be satisfied, by the transfer of existing shares; and/or
- (c) as replacement options (in connection with any company acquisition by the Company),

are not included for the purposes of determining the extent to which the Share Option Limit is reached.

In addition, a number of other provisions have been introduced to enhance compliance with the AIM Rules and to permit increased flexibility to manage corporate transactions effectively from a procedural and corporation tax perspective.

A copy of the rules of the Plan showing all of the proposed amendments referred to above will be available for inspection on the Company’s website, at the above address during normal business hours until the conclusion of the General Meeting and at the General Meeting itself.

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A General Meeting to approve the proposed amendments is to be held at 11.00 a.m. on 7 January 2015 at which the Resolution will be proposed.

A copy of the circular is available on the Company’s website.

The Definitions which apply in the Circular have been used in this announcement.

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