

RNS Number : 2200L
Fayrewood PLC
07 January 2009

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For Immediate Release 7 January 2009

Fayrewood PLC

('Fayrewood' or the 'Company')

Further re Recommended offer by Letchworth Investments Limited

Further to the announcement released on 30 December 2008, Fayrewood makes the following statement:

Fayrewood has been in discussions with the ISI Purchasers about the ISI SPA since early November 2008. These discussions have concentrated on the valuation of ISI stock, the level of uncollected ISI debtors and the level of ISI creditors as at completion. Fayrewood is continuing to have discussions with the ISI Purchasers in relation to these matters.

The Independent Directors continue to believe that the amounts claimed to be due by the ISI Purchasers, as referred to in the announcement dated 30 December 2008 (the 'Claims'), are over inflated and they have now had the opportunity to take legal advice on this matter. This advice endorses their initial view that there is no proper basis for challenge to the validity of the liability cap of £2.0 million contained within the ISI SPA.

Fayrewood has also been advised that unless the Claims are reduced to £2.0 million or less (being the amount set aside by the Independent Directors for the purposes of protecting the ISI Purchasers as creditors), or the Claims are withdrawn or determined in some other way, it is expected that the Court will require additional creditor protection to cover the amounts of these Claims, regardless of their merit, and is therefore unlikely to approve the Scheme without amendment.

The Independent Directors will make a further announcement in relation to the Claims as soon as practicable and suggest that Fayrewood Shareholders await further details on the status of the Claims before deciding whether to accept the Cash Offer or elect for the Part Share Alternative. Shareholders for whom valid elections have been received on or before 16 January 2009 may amend these, if they wish, by contacting Fayrewood's registrars, Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who may be contacted on 0871 664 0321 or, from outside the UK, +44 20 8...). Calls to the 0871 6... number cost 10 pence per minute (including VAT) plus your service providers' network extras.

A copy of this announcement will be sent to all Fayrewood Shareholders and will also be made available on the Company's website.

Unless the context otherwise requires, terms defined in the announcement dated 10 December 2008 have the same meaning in this announcement.

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KBC Peel Hunt, which is authorised and regulated in the United Kingdom for the conduct of investment business by the Financial Services Authority, is acting exclusively for Fayrewood (and for Letchworth solely in connection with the Guidance Letter) and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than Fayrewood (or as appropriate, Letchworth) for providing the protections afforded to clients of KBC Peel Hunt nor for providing advice in relation to the matters described in this announcement.

This announcement is not intended to, and does not constitute or form any part of, an offer or invitation to sell or subscribe for or purchase any securities or solicitation of any vote or approval in any jurisdiction pursuant to the Transaction or otherwise. The Transaction will be made through the Scheme Document, which contains the full terms and conditions of the Transaction (including details of how to vote in respect of the Transaction). Any acceptance of or other response to the Transaction should be made only on the basis of the information contained in the Scheme Document. Fayrewood Shareholders are advised to read the Scheme Document carefully.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, 'interested' (directly or indirectly) in 1 per cent. or more of any class of 'relevant securities' of Letchworth or of Fayrewood, all 'dealings' in any 'relevant securities' of that company (including by means of an option in respect of, or a derivative referenced to, any such 'relevant securities') must be publicly disclosed by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant transaction. This requirement will continue until the date on which the Scheme becomes effective, the Transaction lapses or is otherwise withdrawn or on which the 'offer period' otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an 'interest' in 'relevant securities' of Letchworth or Fayrewood, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all 'dealings' in 'relevant securities' of Letchworth or of Fayrewood by Letchworth or Fayrewood, or by any of their respective 'associates', must be disclosed by no later than 12.00 noon (London time) on the Business Day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose 'relevant securities' 'dealings' should be disclosed, and the number of such securities in issue, can be found on the Panel's website at www.thetakeoverpanel.org.uk.

'Interests in securities' arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in price of securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the City Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a 'dealing' under Rule 8, you should consult the Panel.

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