

RNS Number : 9003K  
Fayrewood PLC  
30 December 2008

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Fayrewood PLC

("Fayrewood" or the "Company")

Further re Recommended offer by Letchworth Investments Limited

On 24 December 2008, Fayrewood received notification of a claim from the ISI Purchasers in relation to certain obligations entered into by the Company when it sold ISI and SLS.

The claims relate to disputes over the valuation of stocks, debtors and creditors and totals £4,564,754. The ISI Purchasers also dispute the enforceability of the clause of the ISI SPA that caps Fayrewood's liability under that agreement at £2.0 million.

Fayrewood is currently taking legal advice on the validity of these claims and the enforceability of the liability cap. However, the Company's initial reaction is that the claims made are over inflated and will be vigorously defended. Fayrewood also believes that in any event, the liability cap of £2.0 million remains valid.

Given the time of year, the Independent Directors will not have received detailed legal advice on these matters prior to the EGM and Court Meeting being held on 5 January 2009. The Independent Directors therefore propose to proceed with these meetings as planned in order that the Company retains the flexibility to implement the Scheme if it is able to do so.

Further details in relation to these matters will be announced as soon as appropriate.

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

Enquiries:

Letchworth Investments

Tel: David Kleeman

Fayrewood Tel: +44 (0)1398 331 215/07785 731130

Richard Templeton

KBC Peel Hunt Limited (Financial Adviser to Fayrewood) Tel:

Oliver Scott

Richard Kauffer

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](http://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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