

Regulatory Announcement

[Go to market news section](#)



Company ReEnergy Group PLC
TIDM RGY
Headline Re Placing
Released 11:45 25-Apr-06
Number 9405B



RNS Number:9405B
 ReEnergy Group PLC
 25 April 2006

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ReEnergy Group Plc ("ReEnergy" or the "Company")

Lifting of Suspension and Issue of Equity

The Company announces that trading in its ordinary shares on AIM will recommence with immediate effect.

The readmission follows the successful Placing of 42,500,000 new ordinary shares of 5p ("Shares") at 30p per Share ("the Placing") with institutional investors to raise £12.75 million before expenses. Such funds are required by the Company due to the default by Boston Equities International ("BEI") relating to certain irrevocable funding commitments set out in the Admission Document published on 22 December, 2005 ("Admission Document").

Application has been made for the Shares issued pursuant to the Placing to be admitted to trading on AIM on 28 April, 2006.

The net proceeds of the successful Placing will provide working capital availability above the Company's requirements as set out in the Admission Document in accordance with the AIM Rules for Companies and will enable ReEnergy to repay existing secured debt.

The Company also announces that Brian Harcourt has resigned with immediate effect as Executive Deputy Chairman and as an employee of ReEnergy and as a director of all subsidiaries. Boston Equities Corporation, which holds 5,164,217 Shares, remains subject to the provisions of the lock-in disclosed in the Admission Document.

A letter will today be sent by ReEnergy to Shareholders explaining the background to and reasons for the Placing. The letter also explains the Company's intention to make an offer to all existing shareholders, where practicable, in the near future on substantially the same economic terms as the

current placing. The text of this letter is attached to this announcement.

End

Further enquiries:

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Following is the text of the letter sent by ReEnergy to their shareholders on 25 April 2006.

"25 April, 2006

Dear Shareholders,

Please find below the relevant extract of a letter sent on Friday 21 April, 2006 to certain institutional funders. You will note the salient points. The Company will be writing to you shortly concerning the proposed secondary offering, which shall be made only to those shareholders resident in the UK. Due to legal and regulatory constraints, offerings cannot be made to overseas shareholders and primarily those in the United States, Canada, Australia, Japan and the Republic of Ireland. As far as possible the Company will seek to secure the availability of shares under the secondary offering on a 1:1 basis.

"BACKGROUND

The Company's ordinary shares were admitted to trading on AIM on 30 December, 2005 pursuant to a placing conducted in reliance upon an Admission Document dated 22 December, 2005 (the "Admission Document") (and together the "Admission"). Contained within the Admission Document were certain commitments made by Boston Equities International ("BEI"), a Maltese company, relating to the future funding of the Company required by the Company's working capital projections. As a result of the default by BEI to meet a commitment due of it on 31 March this year and the doubt in which this put their further commitments (totalling £6.25m) in working capital, on 11 April, 2006 the Company requested that trading in its ordinary shares be suspended.

STRUCTURE

In order to secure its future and move forward in the development of the Company's business, the Company has sought at this juncture to raise a minimum gross amount of £8 million. This is a reflection of the £6.25 million rendered unreliable by BEI's recent default together with a more aggressive approach to delivery at the subsidiary level which has a consequent effect on the Company's working capital requirements.

The Company has now secured commitments from places of £12.75m. This is by way of a subscription for ordinary shares at a price of 30 pence per ordinary share. In total the committed placing will see an issuance of 42,500,000 ordinary shares resulting in a total of 80,333,567 ordinary shares being in issue. The use of the funds being raised will include fees payable to advisors which will be approximately £800,000.

You should note that in order to fund the Company's cashflow requirements in the past weeks, Strand Partners Limited ("Strand Partners"), the Company's nominated advisors, has loaned to the Company £850,000, £500,000 of which is secured on the Company's assets. In the event of a deficit in the realisation of the security and the value of Strand Partner's outstanding loans, the Company Chairman (me) has guaranteed up to £350,000 against personal assets. These loans are to be repaid from the net proceeds received pursuant to the Placing. The remaining net proceeds of the placing will be utilised by the Company as replacement and additional working capital which the Board believes is in excess of the working capital requirement of the Company for more than the next 12 months.

STATUS OF THE COMPANY AND ITS SUBSIDIARIES

The Company continues to implement the business plan in substantially the manner described in the Admission Document and has no reason to doubt that the expectations expressed therein, subject to minor delay, should not continue to subsist. You should note that certain of the minority holders of Estech Europe Limited ("Estech") who were vendors of their Estech holdings to the Company have voiced concerns surrounding the Company's ability to fund adequately the Estech business as required pursuant to the sale and purchase agreement by which the Company became the majority shareholder. The Company believes that the concerns raised by these Estech shareholders/vendors are without basis and that upon receipt of the funds raised pursuant to the Placing, the Company will be in a sound position to deliver the promise of the Estech business. The Company believes that although legal action is threatened by the Estech shareholders/vendors there are no substantive grounds for any such action and has rejected claims made by these Estech shareholders in the strongest terms. A meeting is proposed by the Estech shareholders/vendors relating to the possible reacquisition of the Company's holding in Estech. As is prudent, the Company will attend that meeting and evaluate any offer made. At this time, the Company can see no circumstances which would result in a sale of its holding in Estech; any such offer would have to be at a level where shareholder value would necessitate the Company referring any such offer to all of its shareholders.

FURTHER SECURITIES ISSUES

The Company believes, having taken prudent and appropriate levels of advice, that certain existing shareholders of the Company (being those shareholders who are not overseas, who are not current places (or those institutions who have been approached as part of the current Placing) and who were on the register of members at the time of suspension of trading in the Company's ordinary shares)

should be given the opportunity to participate in the current round of funding. To this end, the Company intends to make an offer to these selected shareholders in the near future on substantially the same economic terms as the current Placing; subject to legal and regulatory constraints. To this end you may be required to give an irrevocable undertaking not to take up rights you may otherwise have had pursuant to that secondary offering.

BEI

As noted above, the current refinancing was necessitated by BEI's default and the doubt which such default cast doubt on their total £6.25m commitment. The Company has reserved its position over this default and is taking appropriate advice on the avenues available to it in terms of redress. You should also note that Brian Harcourt, who is described in the Admission Document as the Executive Deputy Chairman of the Company is also a Director of BEI. The Company also understands that he is ultimately the main shareholder of BEI. Due to the subsisting default position, Mr Harcourt has agreed to resign as a Director and employee of the Company with effect from 20 April, 2006. BEI has subsequently changed its name to Enviro-Energy Equities Limited.

FINANCE DIRECTOR

The Board of the Company has been actively engaged in the recruitment of a Finance Director. The Company expects to make an announcement relating to a successful candidate shortly. The Directors believe that the current exercise puts the Company on a firm financial footing which is key to attracting and retaining a suitable calibre of candidate for this significant role.

ADMISSION AND RE-ADMISSION

Following discussion between Strand and the AIM Team, the Directors expect that as a result of securing the financial position of the Company and pursuant to the Placing, that the suspension of trading of its Company's existing ordinary shares will be lifted with immediate effect and trading in the Placing Shares will commence on 28 April, 2006."

The directors now look forward to developing the considerable opportunities presented by the group's markets.

Yours faithfully,

M Roger Hewitt

Executive Chairman"

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