

Company ReEnergy Group PLC
TIDM RGY
Headline Heads of Terms agreed
Released 07:00 09-May-08
Number 0446U



RNS Number:0446U
ReEnergy Group PLC
09 May 2008

ReEnergy Group plc
("ReEnergy" or "the Group")

Heads of Terms agreed

Further to the update announced on 1 May 2008, ReEnergy announces that it has entered into non-binding heads of agreement regarding the possible disposal of its wholly-owned subsidiary, Estech Europe Limited ("Estech") to a company listed on the Official List of the London Stock Exchange ("Acquirer").

Estech is the Group's only operating subsidiary, and is a developer of autoclaving technology. In the year to 31 December 2006, Estech reported unaudited revenue of nil and net loss before tax of £3.9 million.

The key terms of the heads of agreement are, inter alia, as follows:

- total consideration of up to £1.9 million, payable in cash, subject to completion of due diligence;
- prior to the signing of a sale and purchase agreement in relation to Estech, the Acquirer will fund the Group's daily cash burn of £5,800, up to a maximum of £180,000. Such payments will be deducted from the consideration price on completion of the transaction;
- a binding sale and purchase agreement, which will be subject to ReEnergy shareholder approval, is targeted to be signed on or before 15 May 2008; and
- the Acquirer is granted exclusivity regarding the acquisition of Estech for a period of 31 days from 8 May 2008.

The disposal of Estech will require shareholder approval, and a circular will be dispatched to shareholders as soon as practicable following the signing of the sale and purchase agreement. As Estech comprises the Group's only operating subsidiary, the circular will include information regarding the future of the

Group, which is expected to be either the adoption of a revised investing strategy or an outline proposal to return cash to shareholders and wind up the affairs of ReEnergy.

A further announcement will be made as appropriate.

Further enquiries:

Roger Hewitt, Non-Executive Chairman
ReEnergy Group plc

020 7432 0340

Simon Raggett, Chief Executive
Strand Partners Limited

020 7409 3494

This information is provided by RNS
The company news service from the London Stock Exchange

END