

ENVIRON GROUP (INVESTMENTS) PLC

("Environ" or "THE GROUP" OR "The COMPANY")

Proposed Cancellation from AIM

1. Background to and Reasons for the Cancellation

Despite returning to profit during the year to 31 March 2011, the Group has reported a loss for the 6 months to 30 September 2011 and the Directors believe that there will be a loss for the year to 31 March 2012.

In increasingly competitive markets, the Group needs to reduce costs and be able to compete with local privately run companies within the areas that each subsidiary operates. The Directors believe that the half year results and the outlook for the second half of the year to 31 March 2012 will further reduce the share price and liquidity in the Ordinary Shares.

The Directors believe that the most practicable way to resolve the present trading problems of the Group is to produce a number of years of profitable trading away from the obligations and costs associated with being an AIM listed company that is limited in its ability to raise capital to assist in the Group's recovery.

The Directors unanimously support the Cancellation for the following reasons:

- in the current economic climate, AIM registration does not offer any meaningful liquidity in the Ordinary Shares;
- the ability to raise new finance has been reduced by the continuing losses, and poor stock market conditions;
- in this context the costs associated with maintaining the listing on AIM and regulatory requirements are not a justifiable expense; and
- other methods to raise finance in the future may be available to a group that is not listed on AIM.

As a result of these carefully considered reasons, the Directors believe that greater Shareholder value can be derived by operating the businesses as an unquoted private Group and consider that it is in the best interests of every Shareholder to seek a Cancellation immediately.

The Cancellation is subject to the approval of not less than 75 per cent. of the votes cast by Shareholders (whether in person or by proxy) at the General Meeting.

2. Current Trading And Prospects

The Chairman reported on 23 December 2011 in the announcement accompanying the Group's interim results for the 6 months to 30 September 2011 that the Group has been pushed back into losses and that the second half of the year to 31 March 2012 will doubtless continue to be tough.

Today, Environ agreed heads of terms relating to the sale of 51 per cent. of the issued share capital of its wholly owned subsidiary BGC Limited to MSSH1 Limited, a company owned by Mark Sims, for a consideration of £1.00, subject to shareholder approval and any necessary banking consents.

The heads of terms also include an option for the Company to buy back 20 per cent. of the issued share capital of BGC Limited MSSH1 Limited for a consideration of £1million in cash.

3. Effect Of The Cancellation On Shareholders

If the Company's listing on AIM is cancelled:

- There would no longer be a market to trade in Ordinary Shares.
- Upon the Cancellation becoming effective, the Company's CREST facility will be cancelled and Shareholders who hold Ordinary Shares in uncertificated form prior to Cancellation will receive share certificates.
- The Company would not be bound to announce material events, administrative changes or material transactions, nor to announce interim results.
- The Company would no longer be required to comply with any of the typical corporate governance requirements for companies admitted to trading on AIM.
- The Company would no longer be subject to the AIM Rules and Shareholders would therefore no longer be afforded the protections given by the AIM Rules. Such protections include the requirement to be notified of certain events including, amongst other things, substantial transactions (as defined by rule 12 of the AIM Rules) and related party transactions (as defined by rule 13 of the AIM Rules) and the requirement to obtain shareholder approval for reverse takeovers (as defined by rule 14 of the AIM Rules) and fundamental changes in the Company's business as defined by rule 15 of the AIM Rules).
- The Company would no longer be subject to the Disclosure Rules and Transparency Rules of the Financial Services Authority and would therefore no longer be required specifically to disclose major shareholdings in the Company.

4. City Code On Takeovers And Mergers

For a period of up to 10 years following Cancellation and for as long as it remains a public limited company, the Company will remain subject to the provisions of the City Code on Takeovers and Mergers.

5. Future Dealings In Ordinary Shares

The Directors are aware that Shareholders may still wish to acquire or dispose of Ordinary Shares and accordingly, intend to use reasonable endeavours to create and maintain a matched bargain settlement facility for off-market trades. Under this facility, Shareholders or persons wishing to acquire Ordinary Shares will be able to leave an indication with the Company Secretary that they are prepared to buy or sell at an agreed price. In the event that the Company Secretary is able to match that order with an opposite sell or buy instruction, the Company Secretary will contact both parties and then effect the order.

6. Following Cancellation

The Directors intend to continue to:

- hold general meetings in accordance with applicable statutory requirements and the Company's articles of association;
- provide copies of the audited financial statements in accordance with applicable auditing and statutory standards; and
- maximise Shareholder value.

7. Process For Cancellation

In accordance with Rule 41 of the AIM Rules, the Company has notified the London Stock Exchange of the intention to cancel the admission of the Ordinary Shares to trading on AIM, subject to Shareholder approval. Under the AIM Rules, it is a requirement that the Cancellation is approved by the requisite majority of Shareholders voting at the General Meeting (being not less than 75 per cent. of the votes cast).

A Circular will be sent to shareholders containing further details of the proposed cancellation. The Circular will include a notice convening a General Meeting setting out a resolution seeking Shareholders' approval of the Cancellation (the "Resolution"). Subject to the Resolution approving the Cancellation being passed at the General Meeting, it is anticipated that trading in the Ordinary Shares on AIM will cease at the close of business on 1 February 2012 with Cancellation taking effect at 7.00 a.m. on 2 February 2012.

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