

Regulatory Story

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Press Release

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Abbeycrest plc

("Abbeycrest", "the Company" or "the Group")

Placing to raise £ 2.02 million gross

Notice of General Meeting

Abbeycrest plc (LSE: ACR), a leading international jewellery designer and manufacturer, is pleased to announce that it has raised £2.02 million (approximately £1.72 million net of expenses) through a Cash Placing of 40,300,000 New Ordinary Shares of 1 pence each at a price of 5 pence per New Ordinary Share with existing and new investors.

A further 4,625,000 New Ordinary Shares are to be issued in settlement of a £100,000 fee payable to Moorgarth in relation to deeds of variation of its leases for the Group's former head office site at Wilmington Grove and £131,250 of lump sum interest charges due to lender, Agilo.

The net proceeds of the Placing will be used to:

- reduce the Group's borrowings;
- invest in the marketing and merchandising of new products; and
- invest in new, higher-margin branded jewellery collections.

The Company is to seek shareholder approval for the placing at a General Meeting to be convened for 10:00 a.m. on 23 September 2009 at the offices of Pinsent Masons LLP, 1 Park Row, Leeds LS1 5AB.

Under the leadership of Simon Ashton, Abbeycrest has successfully completed the first phase of its restructuring programme. The Group has renewed its banking facilities and considerably reduced net debt, costs and working capital by focussing

on fewer more productive customers, suppliers and product lines. Abbeycrest is in the second phase of the restructuring programme to consolidate its existing operations supplying mainstream global markets and to target higher-end markets with branded jewellery collections. Since autumn 2008, the Group has:

- successfully increased banking facilities with Siam Commercial Bank in Thailand;
- established a brand portfolio business, Global Edge™, to market and merchandise the Group's brands;
- launched three higher-margin branded collections Gorgeous Gold®, Fluid®, and Osare®, aimed at the growing ABC1 male and female consumer demographic segments; and
- strengthened the Board with the appointment of Graham Partridge as Group Finance & Operations Director and Nick Hamley as Group Sales & Marketing Director.

The Group is now well placed to enhance the returns from its traditional mainstream business, as well as exploit the market for higher value fashion-driven pieces of jewellery.

Commenting on the Placing, Simon Ashton, Executive Chairman of Abbeycrest, said: "Abbeycrest now has a solid platform for future growth. It has an experienced team and products focused to take advantage of the significant opportunities within the global jewellery market. The Group's dedicated team of designers combined with our world class in-house manufacturing capabilities enable us to quickly identify and respond to the latest market trends and opportunities.

"The Group already has a global footprint with design, manufacture and established distribution capabilities across all of the major jewellery markets and I am confident that the funds raised will help us to reach the next stage in our evolution. I would like to thank our new and existing shareholders for recognising the potential of the Group."

- Ends -

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This Announcement is an advertisement and not a prospectus and investors should not subscribe for or purchase any Placing Shares referred to in this Announcement in connection with the Placing except on the basis of information to be contained in the Prospectus expected to be published on 28 August 2009 by the Company in connection with the proposed Placing. Copies of the Prospectus will be available from the Company's registered office.

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Evolution, which is authorised and regulated by the Financial Services Authority ("FSA") in the United Kingdom, is acting exclusively for the Company as Sponsor and broker in connection with the Placing and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or any other matters referred to in this Announcement.

This Announcement contains forward-looking statements which reflect the Group's or, as appropriate, the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Company's products and services).

These statements include forward-looking statements both with respect to the Group and the sectors and industries in which the Group operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements of a future or forward-looking nature identify forward-looking statements.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group's actual results to differ materially from those indicated in these statements. Any forward looking statements in this Announcement reflect the Group's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity.

These forward-looking statements speak only as of the date of this Announcement. Subject to any obligations under the Prospectus Rules, the Disclosure and Transparency Rules or the Listing Rules and save as required by law, the Company undertakes no obligation to update publicly or to review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting for and on behalf of the Company are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in the Prospectus which could cause actual results to differ before making an investment decision.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. Any indication in this Announcement of the price at which the Ordinary Shares of the Company have been bought or sold in the past cannot be relied upon as a guide to future performance. No statement in this Announcement is intended to be a profit forecast.

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The following information is extracted from a prospectus to Shareholders (the "Prospectus") expected to be posted today. Copies of the Prospectus will be available at the offices of Evolution Securities Ltd (Kings House, 1 King Street, Leeds LS1 2HH) upon request. Definitions used in the Prospectus apply in this Announcement unless the context otherwise requires.

Proposed Placing of 44,925,000 Placing Shares at 5 pence per Placing Share, Related Party Transactions, Capital Reorganisation

Notice of General Meeting

1. Introduction

Abbeycrest announces that, subject to Shareholder approval, the Company proposes to issue by way of a Placing 44,925,000 Placing Shares at five pence per Placing Share, representing approximately 154 per cent. of the existing issued Ordinary Share capital of the Company and approximately 61 per cent. of the enlarged issued Ordinary Share capital of the Company immediately following completion of the Placing.

Of the 44,925,000 Placing Shares that the Company proposes to issue, 40,300,000 New Ordinary Shares will be issued pursuant to the Cash Placing, raising approximately £1.72 million (net of expenses) and 4,625,000 New Ordinary Shares

will be issued under the terms of the Moorgarth Subscription Deed and the Agilo Subscription Deed, as detailed in paragraphs 6 and 7 below. The Placing Shares, to be issued pursuant to the Placing, will, when fully paid, rank *pari passu* with the New Ordinary Shares.

2. Background to and reasons for the Placing and use of proceeds

Over recent years, Abbeycrest's performance has suffered as a consequence of, *inter alia*, rising gold prices and increased competition due to low cost imports and a market trend towards costume jewellery. The resulting proliferation of low margin product forced the Group to refinance its UK banking facilities under distressed circumstances in June 2006.

In January 2008, Simon Ashton was appointed to the Board to drive the reduction of Abbeycrest's cost base and borrowing levels in the short-term. This process made apparent the requirement for a change in strategy to address Abbeycrest's competitive position in the long-term. The Board set about rejuvenating Abbeycrest in two distinct phases.

Phase 1 - Straight Edge

The aim in Phase 1 was, and remains, to focus on fewer, more productive, customers, suppliers and product lines through leaner supply chains, processes and teams, with a view to reducing costs and working capital.

Key elements were to:

- reduce the number of product lines, basing the reduction on design, margin and demand criteria;
- wind down UK distribution in favour of direct supply from the Group's Far East facilities;
- transfer third party manufactured product to Group manufacture where possible; and
- decrease headcount and overheads in line with the above measures.

Whilst this phase has necessitated planned exceptional costs of £9.1m, including a cash element of £3.1m, the Company has:

- reduced net debt, linked principally to working capital reductions, from £11.6m at 29 February 2008 to £8.0m at 28 February 2009, with a corresponding reduction in product lines from 22,159 to 18,919 over the same period and product lines have since been reduced by a further 14.0 per cent. to 16,268 as at 30 June 2009;
- reduced fixed costs, within the reported results, from £13.2m for the year ended 29 February 2008 to £10.7m for the year ended 28 February 2009, with a corresponding reduction in average headcount from 1,042 to 891 over the same periods and headcount level has since been reduced by a further 19.5 per cent. to 717 as at 30 June 2009; and
- successfully increased banking facilities with Siam Commercial Bank in Thailand by £1.3m, in line with the transfer from UK distribution to direct supply from the Far East to major UK customers.

This phase is largely complete, but the Directors will remain alert to opportunities for further improvement in the above areas.

Phase 2 - Leading Edge

The aim in Phase 2 is to move our thinking from 'sell what we make' to 'make what will sell', and to recognise the trend toward buying 'less but better', with a view to targeting higher-margin, lower-volume segments of the jewellery market.

Key elements are to:

- consolidate Abbeycrest's existing operations supplying mainstream global markets into an 'Essentials' division, targeting fewer customers with more focused ranges;
- create a 'Brands' division (now established), incorporating Brown & Newirth, to target higher-end markets with branded jewellery collections;
- drive new product development through a formal process underpinned by market trends and consumer research; and
- introduce new management with relevant experience as well as clearer objectives and lines of communication to make better use of Group resource, infrastructure and distribution channels

Whilst this phase only commenced in the autumn of 2008, the Company has already:

- launched three new brands, Gorgeous Gold®, Fluid®, and Osare® collections, aimed at the growing ABC1 working women's, silver, and men's segments respectively;
- formed Global Edge™, Abbeycrest's brand portfolio business, to market and merchandise the Group's brands;
- launched Studio Edge™, Abbeycrest's on-line gallery, selling designer jewellery collections direct to consumers, to capitalise on this growing channel and the associated retail margin;
- recruited two new board directors with relevant expertise and one national sales manager and four regional sales managers, all with brand experience; and
- devised a new corporate identity programme to communicate Abbeycrest's vision both internally and externally.

The Directors believe that the Group is now in a position both to enhance the returns from its traditional mainstream business through the Essentials Division, and to exploit the market for higher value fashion driven pieces of jewellery through the Brands Division. However, in order to do this, the Group needs to secure additional funds to further reduce its net debt, removing its dependency on expensive finance, and to invest in the marketing and merchandising of new and planned branded jewellery collections.

As discussed in the "Emphasis of matter - going concern" paragraph in the independent auditor's report within the Group's Annual Report and Accounts for the year ended 28 February 2009, Abbeycrest's forecasts anticipate that it will require additional funds to meet its liabilities as they fall due (such liabilities including £1.6 million due to HM Revenue & Customs, which the Group has applied to pay in instalments) and without these additional funds, a material uncertainty exists as to the Group's ability to continue as a going concern.

The Group is therefore seeking to raise net proceeds of £1.72 million from the Cash Placing, which shall be applied in the first instance to reducing the Group's borrowing. Under the terms of a £1.75 million loan to the Group from Agilo, £0.4 million is due for repayment on or before 30 September 2009. Sizeable lump sum interest charges also accrue monthly, currently at the rate of 1.5 per cent. and increasing to 3.0 per cent. from and including 30 September 2009 and to 4.5 per cent. from and including 31 December 2009 (in addition to the fixed interest rate of 15 per cent. per annum), however, the lump sums cease to accrue from the point that the Company has repaid in aggregate at least £0.75 million of the principal. Agilo has agreed to accept repayment of the additional lump sum payments accrued up to 31 August 2009, being £131,250, by way of issue of New Ordinary Shares at the Issue Price equalling that sum. The balance of the lump sums which may accrue after 31 August 2009 will be payable in full on maturity of the Agilo loan on 28 February 2010. Abbeycrest has obtained the consent of Burdale to make the payment of £131,250 of accrued lump sum charges by way of the issue of New

Ordinary Shares to Agilo, and also to make the £0.75 million repayment to Agilo on or before 30 September 2009 provided that the Placing proceeds. It is the intention of the Board to repay the £0.75 million immediately following completion of the Placing in order to prevent any further lump sum payments accruing, with the remainder of the net proceeds of the Cash Placing to be used for the marketing and merchandising of new products and investment in new branded collections. Should the Placing not proceed, all lump sum interest payments accrued (including the £131,250 accrued to 31 August 2009) will be payable in full and in cash on 28 February 2010.

3. Undertaking by existing Shareholder

15,000,000 Placing Shares have been conditionally placed with existing Shareholder, Peter Gyllenhammar, who has also entered into an irrevocable undertaking to vote in favour of the Placing at the General Meeting.

4. Principal terms of the Placing

Assuming that the market price of a New Ordinary Share immediately after completion of the Capital Reorganisation remains the same as the market price of an existing Ordinary Share immediately prior to the Capital Reorganisation, the Issue Price of 5 pence per Placing Share represents a 45.95 per cent. discount to the Closing Price of 9.25 pence per Ordinary Share on 27 August 2009 (being the latest practicable date before the announcement of the terms of the Placing).

The Directors have given a great deal of thought as to how to structure the proposed equity fundraising, having regard to a number of factors including current market conditions, the level of the Company's share price and the size of the issue and level of expenses associated with the issue. After consideration of these factors, the Directors have concluded that the Placing is the most suitable option available to the Company and its shareholders. The issue price of 5 pence per Placing Share has been calculated following a period of marketing of the Placing and taking into account a number of factors including, inter alia, the level of demand for the Placing Shares. The Placees, with whom the Placing Shares have been placed, include both existing and new institutional Shareholders as well as the existing Shareholder referred to in paragraph 3 above.

The Placing will result in the issue of up to 44,925,000 Placing Shares free of the statutory rights of pre-emption (representing approximately 154 per cent. of both the existing issued Ordinary Shares and approximately 61 per cent. of the New Ordinary Shares immediately following the completion of the Capital Reorganisation and the Placing). The Placing Shares will, when issued and fully paid, rank equally in all respects to the New Ordinary Shares, including the right to receive all further dividends or distributions made, paid or declared after the date of their issue. Application has been made for the Placing Shares to be admitted to CREST and held in uncertificated form. The Placing Shares are capable of being held in certificated form.

In order to facilitate the Placing and, subject to the passing of the Resolutions, it is proposed that the Company's authorised Ordinary Share capital be increased from 31,000,000 Ordinary Shares to 100,000,000 New Ordinary Shares, representing an increase of approximately 223 per cent. of the existing authorised Ordinary Share capital.

Following the issue of the Placing Shares allotted pursuant to the Placing, Shareholders will be diluted by approximately 61 per cent. as to their interests in the Company. The rights attaching to the Placing Shares are governed by the Articles of Abbeycrest, a summary of which, together with the proposed amendments thereto, is set out in paragraph 4 of Part VII "Additional Information" of the Prospectus.

The Issue Price represents a discount of 45.95 per cent. to the Closing Price on 27 August 2009. Under the Listing Rules, the Company is required to seek the approval of the Shareholders where an offer or placing is made at a discount of more than 10 per cent.

The Placing is conditional upon:

- (a) the passing of Resolutions 1, 2, 3, 4, 5 and 6 without material amendment at the General Meeting, and not, except with the prior written consent of the Sponsor, at any adjournment thereof;
- (b) Admission, subject to approval by the UK Listing Authority, becoming effective by not later than 8.00am. on 24 September 2009 (or such later time and/or date as the Sponsor and Abbeycrest may agree); and
- (c) the Placing Agreement otherwise having become unconditional in all respects and not having been terminated in accordance with its terms prior to Admission.

A summary of the material terms of the Placing Agreement is set out in paragraph 13.1.1 of Part VII "Additional Information" of the Prospectus. Evolution is acting as sole financial adviser and Sponsor to the Company in relation to the Placing and is also acting as broker to the Company in relation to the Placing.

5. Related Party Transactions

The Placees with whom the Placing Shares have been conditionally placed are, as at the date of the Prospectus, primarily existing Shareholders. Peter Gyllenhammar holds approximately 21.15 per cent. of the Ordinary Shares. 15,000,000 Placing Shares have been conditionally placed with Peter Gyllenhammar on the same terms as the other Placees, and the placing to Peter Gyllenhammar constitutes a related party transaction under the Listing Rules.

As a consequence, Shareholder approval is required with regard to this Related Party Transaction. Peter Gyllenhammar will, given the related party nature of the proposed placing, not vote on Resolution 5 to authorise the Directors to allot and issue in aggregate 15,000,000 Placing Shares to him at the General Meeting. Peter Gyllenhammar has taken all reasonable steps to ensure that his associates will also not vote on Resolution 5.

Shareholder approval is also required in respect of the Lever Facility Agreement entered into by the Company on 13 March 2009, which constituted a related party transaction under the Listing Rules. The Directors were not aware that Shareholder approval was required of the Lever Facility Agreement at the time that the Company entered into this arrangement. The Company is therefore now seeking Shareholder approval and ratification of the Lever Facility Agreement. Further details of the Lever Facility Agreement have been provided in paragraph 13.2.3 of Part VII of the Prospectus. Michael Lever will not vote on Resolution 8 to ratify the entry into the Lever Facility Agreement by the Company. Michael Lever has taken all reasonable steps to ensure his associates will also not vote on Resolution 8.

The Board, having been so advised by Evolution, believes that the issue of 15,000,000 Placing Shares to Peter Gyllenhammar and the entry into the Lever Facility Agreement by the Company on 13 March 2009 are both fair and reasonable as far as shareholders are concerned.

6. Moorgarth Subscription Deed

In June 2006, the Company entered into a 15 year lease of its then head office site at Wilmington Grove in Leeds and a corresponding 15 year lease of the adjacent car park. The Company subsequently vacated these premises and relocated to its new head office premises in May 2009. Abbeycrest, however, remains a tenant of Moorgarth at the former head office and car park until June 2021, at a current annual cost of £0.35 million under the Premises Lease and the Car Park Lease.

The Company has entered into deeds of variation with Moorgarth which give the Company the right, subject to certain conditions, to terminate the two leases on 28 September 2011. The aggregate fee payable by the Company under the deeds of variation is £100,000 which is payable subject to the passing of Resolutions 1 to 6. Subject to the passing of Resolutions 1 to 6, the Company will issue 2,000,000 New Ordinary Shares to Moorgarth at the Issue Price in full satisfaction of the fee under the Moorgarth Subscription Deed (as described in further detail in paragraph 13.1.6 of Part VII "Additional Information" of the Prospectus). Should the Company choose to exercise the option to terminate the leases, one year's rent (at the level of rent then payable) would also become payable on 28 September 2011.

7. Agilo Subscription Deed

As documented in Part I of the Prospectus, lump sum interest charges of £131,250 will have accrued up to 31 August 2009 under the Agilo Facility Agreement and will be payable in full upon its maturity on 28 February 2010. Under the Agilo Subscription Deed (as described in further detail in paragraph 13.2.6 of Part VII "Additional Information" of the Prospectus), the Company has agreed, subject to the Placing Agreement becoming unconditional, to issue 2,625,000 New Ordinary Shares to Agilo at the Issue Price in full satisfaction of the lump sum interest charges accrued up to 31 August 2009.

8. The Capital Reorganisation

Reasons for the Capital Reorganisation

It is proposed that the Placing will be undertaken at five pence per Placing Share which is less than the current nominal value of an Ordinary Share of 10 pence. Under the Companies Act, it is not permissible to issue shares at a discount to their nominal value. Therefore, in order to provide the Company with flexibility in relation to its capital structure in the future, the Placing is conditional on, amongst other things, the completion of the Capital Reorganisation, which will result in the nominal value of each Ordinary Share being reduced to one pence.

9. Directors' conflicts

Recent changes to the Companies Act set out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, since 1 October 2008, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation.

The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The proposed amendment to the Articles set out in Resolution 7 in the Notice of General Meeting gives the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to which they were previously handled.

10. Proposed management incentive scheme

Given the significant changes to the Group that have taken place since Simon Ashton's appointment in January 2008 and the continued implementation of Phase 2, it is considered key to the long-term interests of all of Abbeycrest's shareholders that the executive Directors and senior management of the Company remain appropriately incentivised. The Company's existing share incentive arrangements comprise the 2002 Scheme (its other Existing Schemes now having expired for new grants), which does not provide the necessary flexibility to make awards that will enhance the Company's ability to retain and expand its management team, which is of critical importance to the continuing successful implementation of the

restructuring program and overall objective of establishing a viable long-term business.

Following completion of the Placing, it is the intention of the Remuneration Committee to implement a management incentive scheme. Once its structure has been finalised, the management incentive scheme shall then be put to Shareholders for their approval at a later date.

11. Dividend policy

Abbeycrest does not currently pay dividends. The Company continues to monitor its dividend policy, with no dividend being proposed for the foreseeable future. However, it remains the Board's intention, subject to the Group's trading and financial position and prevailing economic circumstances, to resume dividend payments once the underlying financial performance has sufficiently improved and there are distributable reserves available to make dividend payments at a sustainable level.

12. Board changes

Following the General Meeting, Peter Gyllenhammar will be invited by the Directors to nominate one person to be appointed to the Board. It is also the current intention of the Directors to appoint a further new non-executive director to Abbeycrest's Board in due course.

13. General Meeting

The notice convening the General Meeting of the Company to be held at the offices of Pinsent Masons LLP, 1 Park Row, Leeds LS1 5AB on 23 September 2009 at 10.00 am is enclosed with the Prospectus. The purpose of this meeting is to seek Shareholders' approval of the Resolutions set out in the notice of the General Meeting.

14. Working capital and Importance of the Vote

The Company is of the opinion that taking into account the net proceeds of the Cash Placing and the banking and other facilities available to the Group, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of the Prospectus. The net proceeds of £1.72 million from the Cash Placing will enable the Company to repay £0.75 million of a £1.75 million loan to the Group from Agilo on or before 30 September 2009 and therefore avoid particularly onerous lump sum interest charges that will be applied on the full balance of the loan if this amount is not repaid by this date. Burdale, the Group's senior lender, has also confirmed in writing that it is their current intention to look favourably on a request from Abbeycrest to Burdale to grant permission under the terms of the intercreditor deed to the Company for the repayment of the remainder of the Agilo loan upon its maturity on 28 February 2010, albeit that this statement is not binding on Burdale.

Lump sum interest charges of £131,250 will have already accrued by 31 August 2009 under the Agilo Facility Agreement. Agilo have agreed, if the Cash Placing proceeds, to accept this payment by way of issue of New Ordinary Shares in the Company instead of the sum being payable in cash and Burdale has consented to this.

Burdale has also agreed, subject to the Cash Placing completing and the net proceeds of the Cash Placing exceeding £1.7 million, to (a) amend the existing financial covenants over its debt facilities to the Company's advantage, in particular with respect to reducing the frequency of the testing dates and seeking to minimise the possibility of the Company triggering financial covenant breaches due to adverse foreign exchange movements impacting on the translation into sterling of the results of the Group's overseas operations; and (b) waive the breach by the Company of the net worth covenant that occurred at the end of April 2009 and any further financial covenant breaches up to 30 September 2009.

If, however, the resolutions to approve the Placing are not passed at the General Meeting or the Placing does not proceed for some other reason, the Board cannot confirm that the Company will have sufficient working capital for its present requirements, that is for at least 12 months from the date of the Prospectus, which could be extremely harmful to the Group and the interests of Shareholders. As discussed in the "Emphasis of matter - going concern" paragraph in the independent auditors' report within the Group's Annual Report and Accounts for the year ended 28 February 2009, without additional funds, a material uncertainty exists as to the Group's ability to continue as a going concern.

Should the Cash Placing not proceed, Burdale will not amend the financial covenants over its debt facilities and, in any event, would have the right to take immediate action in respect of the April 2009 net worth covenant breach and any further covenant breaches that may have since taken place. The Directors are of the opinion that Burdale is likely to choose immediately to enforce the guarantees and security in place over the Group. In such circumstances, the Directors believe that there would be no alternative course of action other than for the Company to enter administration or for insolvency proceedings to be commenced against the Company.

Should the Cash Placing not proceed and in the unlikely event that Burdale chooses not to take enforcement action over the covenant breach(es), the Directors estimate that, in any case, by 30 September 2009, the Company may not have sufficient working capital to continue trading. The Directors' estimate takes into account the cash flow constraints imposed by the lump sum interest charges on the Agilo loan if £0.75 million is not repaid on or before 30 September 2009, such interest charges being applied as the Group approaches its seasonal working capital peak funding requirement. Agilo would also not receive payment of the £131,250 accrued by 31 August 2009 by way of lump sum interest charges in New Ordinary Shares and, consequently, this payment would have to be met on 28 February 2010 in cash.

If Burdale chooses not to take any enforcement action in respect of the covenant breach(es), the opportunity for the Board to take any alternative actions before 30 September 2009, such as the sale of some of the Group's assets or the raising of alternative sources of funding from one or more of the Company's Shareholders in the form of debt or equity financing or further support from an existing or new lender will be highly restricted, given the limited time available.

Whilst the Board has held some discussions with third parties regarding such courses of action, these remain at a preliminary stage and the Directors therefore firmly believe that the Placing is the only appropriate option for the Company. If the Placing does not proceed, the Board cannot therefore be certain that it would be successful in seeking alternative sources of finance and that any such alternative funding will be forthcoming, in which case the Company would no longer be able to continue as a going concern. This, in the opinion of the Directors, would result in the Company entering into administration or insolvency proceedings being commenced against the Company.

Accordingly, it is very important that Shareholders vote in favour of the Resolutions in order that the Placing can proceed. If the Resolutions are not passed and the Placing does not proceed, there is a material risk of the Group, by 30 September 2009, being unable to continue as a going concern, which would be extremely harmful to Abbeycrest and the interests of Shareholders.

15. Recommendation

The Board has received financial advice from Evolution in relation to the Placing, the Capital Reorganisation and the Related Party Transactions. In providing advice to the Board, Evolution has relied upon the Board's commercial assessment of the Group's funding requirements.

The Board, having been so advised by Evolution, believes that the issue of 15,000,000 Placing Shares to Peter Gyllenhammar is fair and reasonable as far as Shareholders are concerned. Peter Gyllenhammar will, given the related party nature of the proposed Placing, not vote on Resolution 5 to authorise the Directors to allot and issue in aggregate 15,000,000 Placing Shares to him at the General Meeting. Peter Gyllenhammar will take all reasonable steps to ensure that his associates will also not vote on Resolution 5.

The Board, having been so advised by Evolution, believes that the Lever Facility Agreement, as entered into by the Company on 13 March 2009, is fair and reasonable as far as Shareholders are concerned. Michael Lever will, given the related party nature of this transaction, not vote on Resolution 8 seeking ratification and Shareholder approval of the Lever Facility Agreement at the General Meeting. Michael Lever has taken all reasonable steps to ensure his associates will also not vote on Resolution 8.

The Board considers the Placing, the Capital Reorganisation, the Related Party Transactions and each of the associated Resolutions to be in the best interests of the Company and its Shareholders as a whole.

The Company has received an irrevocable undertaking from Peter Gyllenhammar who holds 6,179,000 Ordinary Shares, representing approximately 21.15 per cent. of the current issued ordinary share capital, to vote in favour of all of the Resolutions except for Resolution 5. Peter Gyllenhammar will not vote on Resolution 5, given the related party nature of that Resolution.

The Board unanimously recommends Shareholders to vote accordingly in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings of 40,000 Ordinary Shares, representing approximately 0.13 per cent. of the current issued Ordinary Share capital.

16. Directors' intentions

The Directors intend to subscribe for an aggregate total of 2,000,000 Placing Shares, representing 6.85 per cent. of the Company's issued Ordinary Share capital. Following the Placing, the Directors will beneficially own, in aggregate, 2.80 per cent. of the enlarged issued Ordinary Share capital.

17. Timetable

Each of the times and dates in the timetable below is indicative only and may be subject to change

Announcement of the Placing	28 August 2009
Despatch of Prospectus	28 August 2009
Latest time and date for receipt of Forms of Proxy for use at the General Meeting	10.00 am on 21 September 2009
Latest time and date for receipt of electronic proxy appointments via the CREST system	10.00 am on 21 September 2009
General Meeting	10.00 am on 23 September
Capital Reorganisation implemented	by 5.00 pm on 23 September 2009
Payment received from Placees	by 4.00 pm on 23 September 2009
Admission and commencement of dealings in Placing Shares on the London Stock Exchange and Placing Shares credited to	8.00am on 24 September 2009

CREST stock accounts (uncertificated holders only)

Despatch of definitive share certificates for Placing Shares in certificated form (certificated holders only) by 1 October 2009

DEFINITIONS

The following definitions apply throughout this Announcement, unless the context otherwise requires

"2002 Scheme"	the Abbeycrest 2002 Unapproved Executive Share Option Scheme, the terms of which are summarised in paragraph 5.1 of Part VII of the Prospectus
"A"	social grade "A" meaning upper middle class as set out in the Keynote Market Report 2008 (24th Edition, October 2008)
"Act" or "Companies Act"	the Companies Act 1985 (as amended from time to time) or the Companies Act 2006, as the context so requires
"Admission"	the admission of the Placing Shares to the Official List becoming effective in accordance with the Listing Rules (LR 3.2.7G) and of such shares to trading on the market for listed securities of the London Stock Exchange becoming effective in accordance with the requirements contained in paragraph 2.1 of the publication "Admission and Disclosure Standards" dated November 2007, published by the London Stock Exchange and as amended from time to time containing amongst other things the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's market for listed securities
"Agilo"	Agilo Master Fund Limited
"Agilo Facility Agreement"	a facility agreement dated 22 April 2004 and amended on 7 February 2005, 20 October 2005, 14 February 2006, 4 April 2006, and 16 June 2006 amended and restated on 13 March 2009 and amended on 11 August 2009 and 27 August 2009 and made between the Company as borrower, the Guarantor as guarantor and Agilo
"Agilo Subscription Deed"	as defined at paragraph 13.2.6 of Part VII of the Prospectus
"Annual Report and Accounts"	the annual report and accounts for the Company
"Articles" or "Articles of Association"	the articles of association of the Company;
"Australia"	the Commonwealth of Australia, its territories and possessions
"B"	social grade "B" meaning middle class as set out in the Keynote Market Report 2008 (24th Edition, October 2008)
"B&N" or "Brown & Newirth"	Brown & Newirth Limited
"Board" or "Directors"	the directors of the Company named on page 24 of the Prospectus
"Brands Division" or "Brands"	the division of the Group that manages the branded products of the Group
"Burdale"	Burdale Financial Limited
"Canada"	Canada, its provinces and territories and all areas under its jurisdiction and political subsidiaries thereof

"Capital Reorganisation"	the proposed reorganisation of the Ordinary Shares into New Ordinary Shares and Deferred Shares, as more particularly described in the Prospectus
"Cash Placing"	the issue of 40,300,000 New Ordinary Shares to Placees for cash on the terms of and subject to the Placing Agreement
"C1"	social grade C1 meaning lower middle class as set out in the Keynote Market Report 2008 (24 th Edition October 2008)
"certificated" or "in certificated form"	a share or other security which is not in uncertificated form (that is, not in CREST)
"Car Park Lease"	the lease of the car park land at Barrack Street and Wilmington Grove, Leeds (registered at the Land Registry under title number WYK585103) between the Company and Moorgarth dated 16 June 2006
"Closing Price"	the closing middle market quotation of an Ordinary Share, or a New Ordinary Share (as appropriate), as derived from the Daily Official List
"Companies Acts"	the Companies Act 1985 and the Companies Act 2006, in each case as amended from time to time
"Company" or "Abbeycrest"	Abbeycrest PLC
"CREST"	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time
"Daily Official List"	the Daily Official List of the London Stock Exchange
"Deferred Shares"	the non-voting deferred shares of nine pence each in the capital of the Company to be created as a result of the Capital Reorganisation, and "Deferred Share" means one of them
"Disclosure and Transparency Rules"	the rules relating to the disclosure of information made in accordance with Section 73A(3) of the FSMA, as amended from time to time
"Essentials Division" or "Essentials"	the division of the Group that manages the un-branded products of the Group
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST
"Evolution" or "Sponsor"	Evolution Securities Limited, financial advisor to the Company and sponsor and broker in respect of the Placing
"Existing Schemes"	the existing share schemes of the Company the terms of which are summarised at paragraph 5 of Part VII of the Prospectus
"Financial Services Authority"	the UK Financial Services Authority
"Financial Services and Market Acts" or "FSMA"	the Financial Services and Markets Act 2000 (as amended from time to time)
"Form of Proxy"	the form of proxy for use at the general meeting which accompanies this Prospectus
"General Meeting"	the extraordinary general meeting of the Company, notice for which is contained in the Prospectus, convened for 10.00am on 23 September 2009 at the offices of Pinsent Masons LLP, 1 Park Row, Leeds LS1 5AB and at any adjournment thereof at which the Resolutions will be proposed
"Global Edge"	Global Edge Jewellery Limited
"Group"	the Company, its subsidiaries and its subsidiary undertakings from time to time
"Issue Price"	five pence per Placing Share

"Lever Facility Agreement"	the facility agreement dated 13 March 2009 and made between the Company and a previous director of the Company, Michael Lever, pursuant to which Michael Lever agreed to make available to the Company a secured term loan of £250,000
"Listing Rules"	the listing rules of the UK Listing Authority (as amended from time to time) made pursuant to section 73A of the FSMA
"London Stock Exchange"	London Stock Exchange or its successor
"Moorgarth"	Moorgarth Investments Limited (company number 04500290) whose registered office is at 64 Wellington Street, Leeds LS1 2EE
"Moorgarth Subscription Deed"	as defined in paragraph 13.1.6 of Part VII of the Prospectus
"New Ordinary Shares"	the New Ordinary Shares of one pence each in the capital of the Company following sub-division of the Ordinary Shares as a result of the Capital Reorganisation, and "New Ordinary Share" means one of them
"Official List"	the official list maintained by the UK Listing Authority pursuant to Part VI of the FSMA
"Ordinary Shares"	existing ordinary shares of 10 pence (or, as appropriate, following the Capital Reorganisation New Ordinary Shares of one pence) each in the capital of the Company, and "Ordinary Share" means one of them
"Phase One" or "Phase 1"	phase one of the Group's restructuring programme
"Phase Two" or "Phase 2"	phase two of the Group's restructuring programme
"Placees"	the persons to whom Placing Shares are issued pursuant to the Placing Agreement
"Placing"	(i) the Cash Placing and (ii) the issue of 4,625,000 New Ordinary Shares to Moorgarth and Agilo pursuant to the Subscription Deeds
"Placing Agreement"	the conditional placing agreement dated 28 August 2009 between the Company and the Sponsor relating to the Cash Placing, the principal terms of which are set out in paragraph 13.1.1 of Part VII - "Additional Information" of the Prospectus
"Placing Shares"	the 44,925,000 New Ordinary Shares to be issued pursuant to the Placing (of which 40,300,000 New Ordinary Shares are issued as part of the Cash Placing and 4,625,000 New Ordinary Shares are issued under the terms of the Subscription Deeds) and "Placing Share" means any of such New Ordinary Shares
"Premises Lease"	the lease of the land and buildings at Wilmington Street and Wilmington Grove, Leeds (registered at the Land Registry under title numbers YWE66038 and WYK585103) between the Company and Moorgarth dated 16 June 2006
"Prospectus"	a prospectus, dated 28 August 2009, issued by the Company in respect of the Placing, together with any supplements or amendments thereto
"Prospective Directive"	the directive of the European Parliament on the prospectus to be published when securities are offered to the public or admitted to trading (No. 2003/71/EC)
"Prospectus Rules"	the prospectus rules of the UK Listing Authority (as amended from time to time) made pursuant to section 73A of the FSMA and brought into effect on 1

July 2005

"Related Party Transactions"	the placing of 15,000,000 Placing Shares with Peter Gyllenhammar, as described in further detail in paragraph 20 of Part VII of the Prospectus and the entry into the Lever Facility Agreement by the Company on 13 March 2009, as described in paragraph 20 of Part VII of the Prospectus
"Remuneration Committee"	the remuneration committee of the Company
"Resolutions"	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting contained in the Prospectus
"SCB" or "Siam Commercial Bank"	Siam Commercial Bank PCL
"Securities Act"	the US Securities Act of 1933, as amended
"Shareholders"	the holders of Ordinary Shares, or following the Capital Reorganisation, New Ordinary Shares or Deferred Shares
"South Africa"	the Republic of South Africa
"Subscription Deeds"	the Moorgarth Subscription Deed and the Agilo Subscription Deed
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act including where the context so permits, any committee, employee, officer or servant to whom any function of the UK Listing Authority may for the time being be delegated
"uncertificated" or "in uncertificated form"	recorded on relevant register of the share or security concerned as being held in uncertificated form in CREST, the title of which, by virtue of the CREST Regulations may be transferred by means of CREST
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland, its territories and dependencies
"United States" or "US"	the United States of America, its territories and possessions, any State of the United States and the District of Columbia

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