



## Merchant Securities Group

**AIM: MERC**

**31 August 2011**

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THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE TAKEOVER CODE (THE "CODE"). IT DOES NOT REPRESENT A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.5 OF THE CODE. ACCORDINGLY, THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE NOR AS TO THE TERMS ON WHICH ANY OFFER MIGHT BE MADE.

**MERCHANT SECURITIES GROUP PLC**  
("Merchant Securities" or the "Company")

### **Statement re Possible Offer**

The Board of Merchant Securities announces that it has received a preliminary approach from Sanlam UK Limited ("Sanlam"), a wholly owned subsidiary of Sanlam Limited, a leading South African Financial Services group, that may or may not lead to an offer being made for the entire issued and to be issued share capital of the Company.

The preliminary approach has been made subject to a number of pre-conditions including, inter alia, obtaining a unanimous recommendation from the Board of Merchant Securities and the satisfactory completion of certain due diligence requirements. Sanlam reserves the right to waive any or all of its pre-conditions. The Board of Merchant Securities advises that the approach does not amount to a firm intention to make an offer and, accordingly, there can be no certainty that an offer will be made, even if the pre-conditions are satisfied or waived, or of the timing of any offer. This announcement is being made with the approval of Sanlam.

A further announcement will be made, as appropriate, in due course.

The Company was notified on 30 August 2011 that Sanlam had acquired 5,000,000 ordinary shares in the Company at a price of 14 pence per ordinary share representing approximately 9.74% of the issued share capital of Merchant Securities. The Company has made a separate notification of the dealing in accordance with AIM Rule 17.

In accordance with Rule 2.10 of the Code, the Company confirms that it currently has in issue 51,347,872 ordinary shares of 1 pence each with voting rights. The International Securities Identification Number for the ordinary shares is GB00B1FRQG03.

A copy of this announcement will be made available on [www.merchantsecurities.co.uk](http://www.merchantsecurities.co.uk).

Enquiries:



## Merchant Securities Group

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Disclosure requirements of the Takeover Code (the "Code")

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10<sup>th</sup> business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.*