



Merchant Securities Group

AIM: MERC
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THIS ANNOUNCEMENT IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE, NOR AS TO THE TERMS ON WHICH ANY OFFER WILL BE MADE.

MERCHANT SECURITIES GROUP PLC
("Merchant Securities" or the "Company")
Update on possible offer

On 31 August 2011, Merchant Securities Group plc (the "Company") announced that it had received a preliminary approach in relation to a possible offer for the Company from Sanlam UK Limited ("Sanlam"), a wholly owned subsidiary of Sanlam Limited, a leading South African Financial Services group. As announced on 1 September 2011, Sanlam has indicated that any offer, if made, will be satisfied entirely in cash and will not include shares in Sanlam Limited.

In accordance with Rule 2.6(a) of the Code, Sanlam must, by no later than 5.00 p.m. on 17 October 2011, either announce a firm intention to make an offer for the Company in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be extended with the consent of the Panel in accordance with Rule 2.6(c) of the Code.

This announcement has been made with the consent of Sanlam.

A further announcement will be made in due course.

A copy of this announcement will be made available on www.merchantsecurities.co.uk.

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