

RNS Number : 1230N Southern Bear PLC 04 June 2010

Southern Bear plc ("Southern Bear" or the "Company")

Amendment to Towerinput Sale and Purchase Agreement

The Company announced on 23 February 2010 that it had disposed of the entire issued share capital of a number of its subsidiary companies. In particular, pursuant to a share sale agreement dated 23 February 2010 ("the Original Agreement") between the Company and CFC 0083 Limited ("CFC"), Towerinput Limited ("Towerinput") was sold to CFC, a company controlled by Mr Mark Rickards, a director of Towerinput.

Pursuant to the Original Agreement the consideration for the disposal of Towerinput was £1 with additional consideration of up to £200,000 being payable to the Company over a two year period in four equal six monthly instalments commencing on 23 February 2011. However, it was also agreed that the additional consideration may be reduced to £100,000 if such payment was made within 9 months of the date of the Original Agreement.

The Company has today entered into a supplemental agreement ("Supplemental Agreement") with CFC, XL Secretaries Limited, CF Secretaries Limited and John Christopher Green amending certain of the terms of the Original Agreement. Mr John Green, whose company XL Secretaries Limited previously provided company secretarial services to Southern Bear, was a director of Towerinput until November 2009 and is also a shareholder of that company. The amendments to the Original Agreement are as follows:

- (i) the Company agrees to accept £145,000 from CFC immediately in full and final settlement of outstanding consideration due under the Original Agreement;
- (ii) the £145,000 referred to above is to be satisfied by (a) £70,000 in cash, and (b) the release of the Company from its obligations to pay the aggregate sum of £75,000 to XL Secretaries Limited and/or CF Secretaries Limited; and
- (iii) save for an amount of £15,000 (plus VAT), and £20,000 nominal amount of convertible loan notes of the Company issued to John Green, all other financial or other obligations of liability due from the Company to XL Secretaries Limited, CF Secretaries Limited, CF Consultants or Mr John Green are waived.

In addition, the Company had previously granted a guarantee to Clydesdale Bank plc ("Clydesdale") in respect of any obligations of Towerinput and Towerinput Distribution Limited (a company also sold to CFC on 23 February 2010 which was subject to a separate sale and purchase agreement but which had no arrangements for additional consideration) owed to Clydesdale. Mr Rickards has entered into a personal guarantee in favour of the Company ("Personal Guarantee") to personally guarantee and indemnify the Company in respect of any and all obligations of the Company owed to Clydesdale under the Company's guarantee to Clydesdale. The Company has agreed to release Mr Rickards from his obligations under the Personal Guarantee upon termination of the Company's guarantee to Clydesdale.

As both Mr Rickards and Mr Green were directors of subsidiaries of the Company within 12 months prior to the date of entering into the Supplemental Agreement and the Personal Guarantee, both the Supplemental Agreement and the Personal Guarantee are classed as related party transactions for the purposes of the AIM Rules for Companies. The members of the Board have consulted with the Company's Nominated Adviser, Grant Thornton UK LLP, and consider the terms of the Supplemental Agreement and the Personal Guarantee to be fair and reasonable insofar as the shareholders are concerned.

For further information please contact:

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