

Regulatory Announcement

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| Company | Cantono PLC |
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| Headline | GM Update |
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Cantono PLC
23 October 2008

Cantono plc

("Cantono" or the "Company")

Fundraising Update

23 October 2008

The purpose of this announcement is to update Cantono Shareholders and the market with further information about the reasons for convening a General Meeting on Wednesday, 29 October 2008 ("the GM").

The Circular posted to Shareholders on 6 October 2008 ("the Circular") included the notice of GM and provided limited information about the need to raise funds to finance capital expenditure and power sourcing commitments the Company has made and to invest further in its Data Centre business.

It also informed Shareholders that the Directors sought at this time *inter alia* an increase in the authorised share capital, a share re-organisation, the authority for the Directors to allot the balance of the unissued shares and to disapply pre-emption rights for existing shareholders.

At that time, in order to give institutional shareholders sufficient head room, it was envisaged that the instrument most likely to be used for the fundraising would be a type of debt instrument in the form of a Convertible Loan Note. Under those circumstances the increase in share capital sought was to cover the capital and accumulated interest value when the Convertible Loan Notes were converted into ordinary shares, at the worst potential fixed conversion price, at some point in the future (most likely to be three years) being sought by some potential investors. Although the Circular referred to the potential dilution that could have taken place, it was always the Directors' intention to make all reasonable endeavours to repay either all or a substantial proportion of the debt before it came due, thus limiting this dilution to a minimum.

Current indications are that the proposed fundraising is likely to be at a level that can be achieved by an equity placing rather than by issuing convertible debt. The effect of dilution for Shareholders by issuing equity rather than convertible debt will be significantly less. Shareholders should also note that the high level authorities to be considered at the GM relate specifically to this fundraising and will not be available at such levels afterwards.

The Company is not in a position today to inform Shareholders of the exact terms of the proposed institutional placing. However, the Directors believe that it is important to apprise Shareholders of the above changes in advance of the GM to be held on 29 October to clarify any misconceptions about either the nature of the fundraising or its effects.

The Directors and the institutional investors who plan to participate in the proposed fundraising believe that the best way to increase shareholder value is to develop the Company's data centre business and they remain committed to this strategy. Accordingly, Shareholders are urged to vote in favour of the resolutions being proposed at the GM to give the authorities being sought so that this strategy can be developed. Shareholders are welcome to attend the GM to vote in person and those unable to attend should complete and return a proxy form in accordance with the instructions thereon by 10.00 am on Monday, 27 October (fax returns to 0121 585 1132 are acceptable). A copy of the proxy form is available on the Cantono website; members intending to vote in person are requested to advise the Company so that appropriate arrangements can be made.

For further information please contact:

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|----------------|------------------------|-----------------------|
| Cantono plc | Eamus Halpin | Tel: +44 1895 444420 |
| Brewin Dolphin | Neil Baldwin, Director | Tel: 0845 270 8612 |
| Biddicks | Katie Tzouliadis | Tel: +44 20 7448 2000 |

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