

Regulatory Announcement

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Cantono PLC

27 November 2008

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PROPOSED DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF BLUE RIVER SYSTEMS LIMITED AND OF CERTAIN ASSETS RELATING TO THE MSB SUBSIDIARIES

A circular has today been sent to shareholders convening a general meeting for 15 December 2008 to seek shareholder approval of the sale to certain subsidiaries of Xploite plc of the entire issued share capital of Blue River, one of the Company's subsidiaries, and of the business and assets of the MSB Subsidiaries, which together comprise the Company's Managed Services Business. The Disposal will allow the Company and the Directors to concentrate solely on the development of the Data Centre Business.

Under the AIM Rules the Disposal constitutes a transaction which results in a fundamental change of business. The Board for this reason is required to issue a circular setting out the reasons for the Disposal and to seek Shareholder consent to the Disposal in a general meeting.

The business and assets to be disposed of

At present the MSB Business comprises four trading subsidiaries - Blue River, iRevolution Limited, CSF Managed Services plc, and NSA Solutions Limited. The main activities comprise the provision of managed IT and communications services, and hosting solutions for medium sized organisations, with a typical client base ranging from 100-1,000 users. The Managed Services Business provides a range of services from individual applications to fully managed IT environments.

In the year ended 31 May 2007, the latest period for which audited accounts have been published, the Managed Services Business reported sales of £4.469 million and posted an operating loss of £6.951 million, albeit £1.106 million of this related to restructuring costs within the MSB Subsidiaries and Blue River. These assets posted a significant loss in the year ended 31 May 2008.

Summary of the Disposal and of the Sale Agreements

Four conditional agreements have been entered into - one for the disposal of the entire issued share capital of Blue River, and the other three for the disposal of the business and assets of the MSB Subsidiaries. These agreements are inter-conditional. Pursuant to the Sale Agreements, the Company will receive an aggregate consideration of £3 million to be satisfied in cash, with £1,903,500 being paid upon Completion and £1,096,500 being paid net of certain expenses within a period of 3 months from Completion.

Each of the Sale Agreements contains warranties for the benefit of each purchasing company which are usual for transactions of this nature. Each of the Sale Agreements also contains a tax indemnity given by the Company or the MSB subsidiaries (as the case may be). The maximum aggregate amount of the liability of the Company and/or the MSB Subsidiaries under the Sale Agreements is limited to the total consideration to be received thereunder (i.e. £3 million in aggregate).

The only significant assets and contracts which will remain within the MSB Subsidiaries following the Disposal are the leases on the Company's offices in West Drayton (which expires in May 2009) and on its Cannon Street offices (which expires in 2013).

Reasons for the Disposal

At the time of the placing of shares in the Company in July 2007, the Directors stated that they believed there was an opportunity to enter the high growth, co-location data centre market. With the funds raised at that time, the Directors succeeded in identifying a suitable location for the site of the Company's first data centre and in May 2008 an agreement for lease was entered into for premises near Southampton that would provide 80,000 sq ft of data centre space. In August 2008 it was announced that Fareham Borough Council had granted planning permission to fully develop the newly acquired facility into an enterprise class Data Centre.

The Board remains convinced that the opportunity presented in addressing the systemic shortfall in appropriately powered, technologically advanced data centres is significant, and furthermore has come to the conclusion, based on the size of the opportunity, that Shareholders' interests are best served if the Company focuses exclusively on implementing a business model to address this market.

Use of proceeds

The Group will receive £1,903,500 in cash immediately upon Completion, with a further £1,096,500 falling due 3 months thereafter. These funds, together with its existing cash balances, will be utilised to satisfy certain liabilities and to further fund the development of its data centre programme.

Fundraising

The Company obtained authority from Shareholders at a general meeting on 29 October 2008 to raise finance by means of issuing new Ordinary Shares, or other financial instruments convertible into new Ordinary Shares, free from statutory pre-emption provisions. It is expected that the details of this fundraising will be announced shortly. Each of Eamus Halpin, Ian Williams and Mike Northall have expressed an interest in investing in new Ordinary Shares as part of this fundraising. Any such

participation will however be subject to the Company not being in a close period, and as any investment by Directors on a non-pre-emptive basis is likely to be a related party transaction, it will require the independent Director(s) (if there are any), to consult with the Company's nominated adviser to assess whether such investment is "fair and reasonable insofar as shareholders are concerned" under AIM Rule 13. The above Directors will only invest if the independent director(s) (if any) and the Nominated Adviser are able to make this assessment.

Preliminary Results of the year ended 31 May 2008

The Company is planning to release its preliminary announcement, and to publish its report and accounts for the year ending 31 May 2008, on or before 30 November 2008.

Board Change

It is proposed that the Financial Director, Graham Partridge, will resign from the Board with immediate effect. As the Company will be a significantly smaller business following the Disposal, the Board believes it does not need a full time Financial Director. The Board wishes to express its appreciation to Mr Partridge for his contribution to the Company and wishes him well for the future.

General Meeting

The Disposal constitutes a transaction by the Company resulting in a fundamental change of business for the purpose of Rule 15 of the AIM Rules, and accordingly completion of the Disposal is conditional on the consent of the Shareholders in general meeting. The Disposal Resolution seeks this consent and gives the Directors the requisite authority to complete the Disposal. The GM has been convened for 10.00 a.m. on 15 December 2008 to be held at the offices of Halliwells LLP, One Threadneedle Street, London, EC2R 8AY.

Recommendation

The Directors consider that the Disposal is in the best interests of Shareholders. In the event that the Disposal is not approved by Shareholders, the Company will be required to raise more funds in its proposed fundraising. Accordingly, the Directors strongly and unanimously recommend Shareholders to vote in favour of the Disposal Resolution at the General Meeting as they intend to do in respect of their own beneficial holdings of 764,679 Ordinary Shares representing 2.64 per cent. of the issued Ordinary Shares at the date of this document.

TIMETABLE

	<i>2008</i>
Last date and time for receipt of Form of Proxy for the General Meeting	10.00 a.m. on 13 December
General Meeting	10.00 a.m. on 15 December
Anticipated completion of Disposal	15 December

DEFINITIONS

"Act"	the Companies Act 1985 (as amended) or as replaced by the Companies Act 2006 or otherwise
"AIM"	a market operated by London Stock Exchange plc
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) which govern the rules and responsibilities of companies whose shares are admitted to trading on AIM
"Articles"	the articles of association of the Company
"Asset Sale Agreements"	the agreements dated 26 November 2008 and made between Blue River (1) and each of the MSB subsidiaries (2) relating to the disposal of certain assets by each of the MSB Subsidiaries
"Blue River"	Blue River Systems Limited, a subsidiary of the Company
"Board"	the board of directors of the Company at the date of this document
"Brewin Dolphin"	Brewin Dolphin Limited, the Company's nominated adviser and broker
"Company" or "Cantono"	Cantono plc
"Completion"	completion of the Disposal, expected to be 15 December 2008, following the passing of the Disposal Resolution at the General Meeting
"Data Centre Business"	the provision of co-location data centre services carried on by Cantono Data Centre Services Limited, a wholly owned subsidiary of the Company
"Directors"	the directors of the Company
"Disposal"	together the proposed disposal to certain subsidiaries of Xploite plc, pursuant to the terms and conditions of the Sale Agreements, of the entire issued share capital of Blue River and certain assets relating to the MSB Subsidiaries
"Disposal Resolution"	the resolution to be proposed at the General Meeting to approve the Disposal
"Form of Proxy"	the form of proxy for use by Shareholders in connection with the GM
"General Meeting" or "GM"	the general meeting of the Company, convened for 10.00 a.m. on 15 December 2008, and any

	adjournment thereof, notice of which is set out at the end of this document, which will consider the Disposal Resolution
"Group"	Cantono and its subsidiaries
"Managed Services Business" or "MSB"	the business offering outsourced managed services and products, which is undertaken by the MSB Subsidiaries and Blue River
"MSB Subsidiaries"	together iRevolution Limited, CSF Managed Services plc, and NSA Solutions Limited
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"Sale Agreements"	together the Sale & Purchase Agreement and the Asset Sale Agreements
"Sale & Purchase Agreement"	the agreement dated 26 November 2008 and made between the Company (1) and VBHG Limited (a subsidiary of Xploite plc) (2) relating to the sale and purchase of the entire issued share capital of Blue River
"Shareholders"	holders of Ordinary Shares
"UK"	the United Kingdom of Great Britain and Northern Ireland

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