

## Regulatory Announcement

Go to market news section



**Company** Media Steps Group PLC  
**TIDM** STEP  
**Headline** Subscription & New Adviser  
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MEDIA STEPS GROUP PLC  
("Media Steps" or "the Company")

Conditional agreement to subscribe for new equity

Agreement with key creditors

Appointment of Beaumont Cornish Limited as the Company's Nominated Adviser and  
Broker

Board changes

Shares to recommence trading on AIM

Further to the announcement of 20 November 2006, Media Steps announces that key negotiations have now been concluded for the recapitalisation of the Company including the appointment of a new Nominated Advisor and thereby the recommencement of trading in the shares on the AIM market with immediate effect.

### SHARE SUBSCRIPTION

Hansard Communications.com Limited ("Hansard") have conditionally agreed to subscribe £280,000 for 280 million new ordinary shares of 0.1pence at a price of 0.1 pence per share in Media Steps (the "Subscription") which will represent 79.5 per cent of the issued share capital as enlarged. The Subscription is subject to a number of conditions as described below, including the approval by the shareholders of the Company of the waiver of any obligations of Hansard to make a general offer to shareholders pursuant to Rule 9 of the City Code on Takeovers and Mergers. Hansard has the right to nominate persons to subscribe for all or part of such shares in its place.

Subject to fulfilment of the conditions listed below, Adam Reynolds and Paul Foulger as representatives of Hansard will join the Board of Media Steps and all existing directors with the exception of Chairman, Neil McClure, will resign.

Following the recapitalisation (as detailed below) it is expected that the Company will seek a suitable opportunity for a reverse takeover of an existing business, as detailed in the resolution passed at the Extraordinary General Meeting held on 21 August 2006 following the sale of Media Steps trading activities.

### AGREEMENT WITH CREDITORS

As outlined in the Annual Report and Accounts, following the sale of its trading subsidiary in June 2006 the Company was left with two principal liabilities.

The first is a liability of £330,000 to holders of a Series B Convertible Loan Note (the "Loan Notes") issued to certain creditors at the time of Media Steps original AIM flotation. The holders of these Loan Notes have all agreed, subject to the Subscription becoming unconditional, to accept 25 pence in the pound on the nominal value of these notes, being in total £82,500.

The second liability relates to the claim for unfair dismissal lodged by former Sales Director James Farmer. This claim for approximately £140,000 was due to be heard at an industrial tribunal shortly. Mr Farmer has agreed to accept the sum of £36,500, subject to the Subscription becoming unconditional, in full and final settlement of all claims.

#### CONDITIONS

The principal conditions attached to Hansard's share subscription agreement are, inter alia, as follows:

- (i) The settlements of the amount owed to the Loan Note holders and settlement of James Farmer's claim in accordance with the conditions set out above;
- (ii) Resolutions being passed in an Extraordinary General Meeting of the Company to approve the increase in authorised share capital necessary to allow the Subscription to proceed, the reorganisation of the share capital which will involve the subdivision of each ordinary share from 1 pence to (a) one ordinary share of 0.1pence and (b) one deferred share of 0.9 pence, a renewal of the Directors authority to allot shares pursuant to section 80 of the Companies Act 1985, a renewal of the disapplication of section 89(1) of the Companies Act 1985, a change in the name of the Company, the adoption of new Articles of Association;
- (iii) The resignations of all directors save for the Chairman, Neil McClure;
- (iv) The appointment of Adam Reynolds and Paul Foulger as Directors;
- (iv) The appointment of Beaumont Cornish as Nominated Advisor and the recommencement of trading in Media Steps shares on the AIM market; and
- (vi) The approval by the shareholders of the Company of the waiver of any obligations of Hansard to make a general offer to shareholders pursuant to Rule 9 of the City Code on Takeovers and Mergers pursuant to the Subscription.

#### APPOINTMENT OF NOMINATED ADVISOR

Following the resignation of Corporate Synergy as the Company's Nominated Advisor with effect from 21 November 2006, trading in the Company's shares was suspended on AIM.

Beaumont Cornish has today agreed to act as the Company's Nominated advisor with effect from today and accordingly the Stock Exchange has been requested to lift the suspension with immediate effect.

## RESIGNATION OF DIRECTOR

Mr Tony Jansen resigned as Managing Director of the Company with immediate effect. Mr Jansen, who in common with other Directors has taken no remuneration since June 2006, has resigned without compensation.

## EXTRAORDINARY GENERAL MEETING

A Circular containing full details of all proposals and containing Notice of an Extraordinary General Meeting will be sent to shareholders soon as feasible. It is hoped that all necessary approvals will be in place and that the Subscription by Hansard will become unconditional before the end of February 2007.

Neil McClure, Chairman, said:

"The new share subscription together with the agreement with creditors and the appointment of a new Nominated Advisor will enable the Company to concentrate on finding a suitable company to acquire so that we can rebuild shareholder value. On completion of the Subscription by Hansard, the Company will be free of overhanging liabilities.

I look forward to Adam Reynolds and Paul Foulger joining the Board in due course, with whom I have worked before, onto the Board of Media Steps and I am sure that their experience in restructuring and recapitalising other AIM quoted companies will allow us swiftly to move the Company forward from here".

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