

# Matrix Communications Group Plc

## Proposed Disposal of Integration Division for up to £40.5m

Matrix Communications Group Plc ('Matrix' or 'the Group') announces that it plans to sell its Integration Division to Calyx Group plc ("Calyx"), one of the largest single-source providers of information and communication technology network solutions in Ireland, for up to £40.5 million in cash and shares.

### Transaction

- The consideration will comprise of an initial cash element of £33.5 million and £2.0 million in Calyx shares.
- Deferred payment of up to £3.0 million and £2.0 million will be payable, based on earn outs in the periods June to December 2006 and January to May 2007 respectively.
- Matrix retains an equity stake (locked-in for up to two years) to realise a share of any future gain from the combined entity, which will be one of the largest independent integration groups covering the UK and Ireland and a top 10 player in terms of its turnover
- The Integration Division, which excludes the Fujin mobile content filtering business, is the main source of revenue and profit for the Group and in the year to 31 October 2005 had proforma revenue of £35.2 million and operating profit contribution before tax of £4.1 million. The net assets as at 31 October 2005 were £18.9 million, comprising operating net liabilities (excluding net debt and inter company balances) of (£0.4) million and goodwill of £19.3 million. Including goodwill, the total gross assets were £30.3 million.
- In accordance with Rule 15 of the AIM Rules, the Board will seek approval from shareholders at an EGM, which is being convened on 9 June 2006. A circular containing full details of the proposals set out in this announcement will be posted to shareholders shortly.

### Fujin Technology plc

- Subject to shareholder approval at the EGM, the Group will change its name to Fujin Technology plc ("Fujin") as it focuses on developing and deploying world-leading technology in the field of content filtering and enabling for mobile operators.
- Fujin will continue its international deployment with Vodafone and its recently announced new contract with another major European mobile operator.
- The Board expects Fujin to launch its first internally developed appliance in June 2006 and believes Fujin will complete the first stage of its own designed and developed content filtering engine in July 2006.
- The Board continues to regard Fujin as having the potential to generate significant shareholder value. It believes that the realisation of optimal returns for shareholders from Fujin is likely to involve the development of strategic partnerships and consequently has already commenced discussions with potential partners.

### Use of Proceeds

- In order to maximise value for the Company's shareholders, a distribution of cash will be made in the near future. The Board expects that the initial distribution of cash to shareholders will be in the region of £10 million.

**Board**

- Ian Smith, the Group's CEO, will also become a non-executive Director of Calyx.
- Tony Weaver, the Group's COO, will become Managing Director of Calyx's UK business. He will become a non-executive Director of Matrix.
- All the current Directors will continue as Directors of Matrix, save for Ric Piper who will step down as a non-executive Director of the Company on Completion.

**Ian Smith**, Matrix Chief Executive commented:

*"We believe that through this disposal we are realising good value today for the Integration Division, whilst benefiting further from a share of any future gains of the combined entity. In a fast consolidating market, our Integration Division needed to scale up rapidly to take part in the growth opportunity in managed services. This transaction will secure the future success of the Integration business and its employees as part of an enlarged Group which is now a top 10 in this sector in the UK and Ireland.*

*"We intend to build Fujin into a major content management business in the mobile sector. Accordingly the Board continues to regard Fujin as having the potential to generate significant shareholder value."*

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**Enquiries**

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