

## Press Release

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## Shareholders to Lose All in Torex Retail Debacle

Yesterday the UK Shareholders' Association (UKSA) issued a requisition to Torex Retail Plc to demand an Extraordinary General Meeting (EGM) of the company. We obtained the required support of 10% of shareholders to force this to take place. The requisition included a resolution for the EGM that would have removed Chairman Steve Marshall and Mike Grant, another non-executive director. We suggested that their past actions to pursue a disposal of the operating businesses of Torex might not be in the interests of ordinary shareholders.

Today the company announced that it was disposing of its operations for £205 million to Cerberus, a private equity house. With over £250 million of debts, this will mean that ordinary shareholders will be left with nothing. Even bondholders will be short changed and only the bankers (mainly Royal Bank of Scotland) will not be out of pocket. At the same time, the Torex Retail holding company has been put into Administration.

So basically what UKSA feared has come to pass. This company, which was valued at more than £500 million at one time, and which had revenues of £300 million, with strong product offerings, loyal staff and customers, and great products, has been sold for a pittance. But there was an alternative on the table that could have been pursued as Alix Partners, a corporate turnaround specialist, had been introduced to Torex by UKSA and they believed an alternative restructuring and refinancing proposition was achievable.

Our question is simple: why did the directors of Torex not consider this alternative more seriously because it was clear to us that this was likely to be the outcome of their chosen path some months ago (see our press release dated the 10<sup>th</sup> April for example – at: [www.uksa.org.uk/UKSA\\_Press040\\_Torex.pdf](http://www.uksa.org.uk/UKSA_Press040_Torex.pdf)).

It seems that with the company going into administration, the current directors may even avoid accounting for their actions to shareholders, which was one of the purposes of our EGM requisition. What a deplorable sequence of events that the duty to give shareholders a voice in what happens to their investment, and to keep them fully informed, seems to be being overridden in the apparent interests of one group of stakeholders.

It also appears as though the normal requirement to get shareholder consent on a major disposal under the AIM listing rules has been circumvented; although the holding company of Torex has been put into Administration, the operating companies have not been and those entities have been disposed of without shareholder consent.

More information including copies of the letter circulated to shareholders and the EGM requisition are present on the relevant page of our web site at:

[www.uksa.org.uk/Torex.htm](http://www.uksa.org.uk/Torex.htm) . The Torex RNS announcement can be seen at:

<http://www.investegate.co.uk:80/article.aspx?id=200706200700506656Y&fe=1>

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**About The UK Shareholders Association (UKSA)**

UKSA is the leading independent organisation which represents the interests of private shareholders in the United Kingdom. We campaign to protect the rights of shareholders in public companies, and to promote improved standards of corporate governance. Our educational activities, regular regional meetings, company "analyst" meetings and the resources of our web site, help to inform the public on investment management. UKSA is a "not for profit" organisation which is financially supported primarily by its individual members.