RPC DATA LIMITED
(Incorporated in the Republic of Botswana)
Registration Number 89/1844
BSE Share Code: RPC DATA

ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER (“Announcement”)

1. INTRODUCTION

Further to the cautionary announcement issued on 24th April 2013, the board of RPC Data Limited (“RPC” or “the Company”) is pleased to confirm to its shareholders (“Shareholders”) that the Company has received a written offer (“the MBO Offer”) from members of senior management of the Company (the “MBO Consortium”), to acquire 100% of the issued share capital in the Company. The MBO Offer is subject to the conditions precedent set out below.

The proposed MBO Offer will form part of a scheme of arrangement in terms of Section 240 of the Companies Act (Chapter 42:01), (“the Scheme”) pursuant to which, simultaneously with the implementation of the MBO Offer, the Company will offer to repurchase a percentage of shares owned by Shareholders (“Buy Back Offer”) and thereby redistribute surplus capital from the Company to Shareholders.

This Scheme, if successfully implemented, will result in the MBO Consortium owning 100% of the issued share capital of the Company and the delisting of RPC Data from the Botswana Stock Exchange (“BSE”).

Approval for the acquisition by the MBO consortium of 100% of the issued equity of the Company, that will result from the successful finalisation of the Scheme, has been received from the Competition Authority pursuant to the provisions of Section 55 of the Competition Act, 2009.

The Scheme will result in a total cash offer (“Consideration”) in terms of the MBO Offer and the Buy Back Offer of approximately 65.6 thebe per share. The Consideration is approximate due to the potential impact of the conditions precedent as set out below and the potential outcome of a court action against the company by an ex-employee (the “Action”).

The Consideration represents a 124% premium to the weighted average price of 29 thebe per share for the 16,045 RPC shares that traded on the BSE over the past six months and exceeds the net asset value of the Company as last reported in the unaudited results as at 30 November 2012, by 27%.

The Scheme provides Shareholders with an opportunity to make a cash exit from a highly illiquid share.

This Announcement is issued in compliance with the Listing Requirements of the BSE.
2. RATIONALE FOR THE SCHEME

Shareholders supported the adoption by the board of directors of the Company ("the Board") of a strategy to improve Shareholder value at the Company’s annual general meeting in December 2011. In August 2012 the Board, having considered a number of proposals since the annual general meeting, agreed that the interests of Shareholders would be best served if the assets of the Company were converted to cash and returned to Shareholders. The Board, having reviewed the environment in which the Company is currently operating and the future prospects for this type of business and the costs associated with the listing of the Company shares measured against the benefits associated with a listing on the BSE, concluded that the Company was better suited to an owner managed structure and that the cost of remaining listed on the BSE far outweigh the benefits.

On 25th February 2013, the Company issued an announcement to Shareholders confirming the sale of the Company’s 33.33% minority stake in associate company, ASC Services (Pty) Limited, for a gross cash consideration of P1,050,000. The transaction has been effected and the consideration held by the Company in specie and in an interest bearing account.

The Company’s head office situated in Gaborone International Commerce Park (the “Commercial Property”) represents a material asset to the Company. The Board has determined to dispose of the Property in terms of the overall strategy of converting assets into cash. Accordingly an offer for P6,250,000 (excluding VAT) has been received from a reputable property investment company, supported by a letter of undertaking from Botswana Building Society in respect of the full offer price. Approval for disposal of the Commercial Property is required in terms of the Listing Requirements of the BSE as a category 1 transaction. This offer has been accepted by the Company, subject to Shareholder approval (see paragraph 5, Conditions Precedent below), which will be sought at an extra ordinary meeting of shareholders to be held just prior to the Scheme Meeting.

3. INDEPENDENT DIRECTORS

When transactions that are deemed to be takeovers are concerned, the BSE Listing Regulations require BSE listed companies to adhere to the South African Companies Act, 2008 (Act No. 71 of 2008) (the “Companies Act”) and in particular the Companies Regulations 2011 (“Regulations”), as published in terms of the Companies Act. The Regulations require the Independent Directors to provide an independent opinion on the transaction and make a recommendation to Shareholders. While non-executive directors, namely Christopher John Bray and Jayaraman Ramesh are independent of the MBO Consortium they are substantial shareholders in the Company and thus do not qualify, in terms of the Regulations, as being independent and accordingly the Company has appointed three new independent directors (“Independent Directors”). Their names and brief resumes are detailed below.

Robert Matthews, a Fellow of the Institute of Chartered Accountants in England and Wales, is a Fellow of the Botswana Institute of Chartered Accountants and qualified as a Certified Public Accountant (DC Institute USA). He retired as an audit and business advisory partner of PricewaterhouseCoopers Botswana in 2003 and is currently carrying out consultancy and advisory work for a number of companies and other clients in Botswana. He is a non executive director of a number of public and private companies and a public entity board, and acts as the Chairman of seven and a member of two audit committees for public and private companies and a public entity in Botswana.
John Hinchcliffe, a Fellow of the Botswana Institute of Chartered Accountants and a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW), is also the nominated contact member for the ICAEW in Botswana. John has been operating independently running his own consultancy and accounting practice since 1995 having previously been finance manager at Kgalagadi Breweries and audit manager with Coopers and Lybrand. He is also resident partner for DCDM Economic and Management Consultants and is an independent non executive director on the board of Botswana Insurance Holdings Limited and a member of the audit and risk committee for that company.

John Stevens, a Fellow of The Botswana Institute of Accountants and member of The South African Institute of Accountants. He is also the past President of The Botswana Institute of Accountants. He retired as the Senior partner of Deloitte Botswana as well as a Board Member of Deloitte Southern Africa in 2007. He currently is carrying out consultancy and advisory work through his firm Stevens, Fricker & Associates.

He is also a board member of a number of Public and Parastatal entities in Botswana.

4. MATERIAL TERMS OF THE SCHEME

The Scheme is made subject to the conditions precedent set out in paragraph 4, and incorporates the following material terms:–

4.1. the Scheme is being effected in terms of the Companies Act (Cap 42:01) and is subject to the procedure set out therein, including, inter alia, an application to the High Court of Botswana for the requisitioning of a meeting of Shareholders (“the Scheme Meeting”) to consider and if deemed fit, to approve the Scheme subject to the final approval of the High Court. The date of such judicial approval will constitute the date upon which the Scheme will be implemented (“the Implementation Date”);

4.2. the Scheme Consideration is estimated to be approximately P20,650,000 (approximately 65.6 thebe per Share) and comprises two elements:– the MBO Offer and the Buy Back Offer. The MBO Offer is fixed at P7,400,000 while the Share Buy Back is estimated at P13,250,000;

4.3. the Scheme Consideration is calculated as being approximately 65.6 thebe per Share held on the Implementation Date. Payment of the Scheme Consideration will be administered by the Company’s transfer secretaries, and will not bear interest;

4.4. the Scheme Consideration cannot be precisely determined at this juncture as the Implement Date cannot be determined with accuracy at the date of this Announcement. The consequences of this uncertainty dictates that interest that will be earned on cash resources available to fund the Scheme Consideration from the Effective Date to the Implementation Date and additional costs may be incurred during this period to secure satisfaction of the outstanding Conditions Precedent and the resolution of the Action; and

4.5. following implementation of the Scheme, the entire issued equity of the Company will be held by the MBO Consortium. The Board has agreed that notwithstanding the Implementation Date the risk and benefit in the Company’s Shares will accrue to the MBO Consortium with effect from 01 June 2013.

5. CONDITIONS PRECEDENT

The MBO Offer and Buy Back Offer and where appropriate the posting of the Scheme circular to Shareholders is subject to the fulfilment or, to the extent possible in law, the waiver (in whole or in part) by the Company of the following conditions precedent within the period permitted by regulation –
5.1. the independent financial advisor appointed by the Independent Directors, confirming in writing to the Independent Directors and the Scheme Members that the MBO Offer is fair and reasonable;
5.2. the Independent Directors recommending to Shareholders that they vote in favour of the Scheme;
5.3. the directors of RPC Data eligible to vote at the Scheme Meeting agreeing to vote in favour of the Scheme in respect of any RPC Data Shares under their direct or indirect control;
5.4. the approval of Shareholders to the disposal of the Commercial Property and the successful completion of the disposal of the Commercial Property;
5.5. the approval of Shareholders for the delisting of the Company from the BSE;
5.6. the approval of the Scheme circular by the BSE;
5.7. the requisition of the Scheme Meeting by the High Court;
5.8. the Scheme being placed before Shareholders at the Scheme Meeting and thereafter approved by a special resolution of the Shareholders entitled to vote at the Scheme Meeting (the “Special Resolution”) in terms of the Companies Act (Cap 42:01); and
5.9. the Scheme being approved by the High Court.

6. IRREVOCABLE UNDERTAKINGS BY SHAREHOLDERS

Irrevocable undertakings to vote in favour of the Special Resolution have been received from Shareholders with an effective 71% of the total shares held by those Shareholders entitled to vote at the Scheme meeting (excluding the shares held by the MBO consortium who are precluded from voting). For the Special Resolution to be approved it will require a 75% majority vote in favour from qualified Shareholders present and voting at the Scheme Meeting.

7. CONFIRMATION OF FUNDING

The MBO Consortium have provided the Independent Directors with an irrevocable undertaking from Capital Bank Limited, a registered commercial bank in Botswana, confirming that they have sufficient funds to meet the full cash settlement obligations in terms of the MBO Offer.

The Board is of the opinion that subject to the approval of the disposal of the Commercial Property (and incorporating a provision for the costs of the Scheme that are known or can be reliably estimated at this time) the Company will be able to meet its obligations to wholly fund the Buy Back Offer.

8. DELISTING OF RPC DATA

Following the approval of the Scheme, application will be made to terminate the listing of the Company’s Shares on the BSE.

9. MBO CONSORTIUM INTERESTS IN THE COMPANY

The MBO consortium comprises four individuals (Davison Charamba, Shejon Nambiath Ramankutty, Komal Venkat Rao and John Robert Pool), the latter two being executive directors of the Company. The members of the MBO Consortium control 3,490,724 shares in RPC representing an effective 11% of the issued share capital of the Company. The MBO Consortium will not be permitted to vote on the Special Resolution nor will their shareholding contribute to the determination of the quorum at the Scheme Meeting. The MBO Consortium will be the ultimate purchaser and are acting alone and not in conjunction with, or as agent or broker, for any other party.
10. RECOMMENDATION AND FAIRNESS OPINION

The Independent Directors, based on the information currently available to it, intends to make a recommendation to Scheme Members to vote in favour of the resolutions to be proposed at the extraordinary general meeting and the Special Resolution, provided that the Independent Directors receive an opinion from the independent financial advisor that the MBO Offer is fair and reasonable.

The substance of the external advice of the independent financial advisor and the opinion and recommendation of the Independent Directors will be detailed in the circular to be sent to Scheme Members in relation to the Scheme.

11. DOCUMENTATION

Further details of the Scheme will be included in a circular to be sent to Scheme Members, containing, inter alia, a notice of the Scheme Meeting, a form of proxy and a form of surrender and transfer. The circular is expected to be posted to Scheme Members in terms of the order of the High Court requisitioning the Scheme Meeting. The salient dates in relation to the Scheme will be contained in the circular.

12. RESPONSIBILITY STATEMENT

The Independent Directors accept responsibility for the information contained in this Announcement. To the best of its knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the import of the information contained herein.

By Order of the Independent Directors - 05 August, 2013