

# Armour Group plc (“Armour” or the “Group”)

## Loan facility and trading update

Armour, the UK’s leading consumer electronics group focused on the in-car communications and entertainment and home entertainment markets, announces that Hawk Investment Holdings Limited (“Hawk”) has agreed to loan the Group £1.2m.

Armour has existing funding facilities totalling £16m in aggregate of which approximately £7.8m had been drawn down at 30 June 2011. These facilities provide a variable level of funding due to the invoice discounting and inventory elements. Due to the challenging trading conditions, the Group has not been able to fully utilise these facilities and as a consequence the Board has decided to proceed with a loan from Hawk.

Despite a strong performance at Armour Automotive, the difficult trading environment in the retail consumer electronics market has continued to impact the performance at Armour Home, resulting in a reduction in management’s expectations for the Group for the financial year ending 31 August 2011. As highlighted in the interim statement, the Board believes that the ongoing restructuring plan at Armour Home, combined with the growth being seen in the automotive division and overseas, will return the Group to profit in 2012 and will allow Armour to prosper as and when a more sustained consumer recovery takes hold.

### *Terms of loan*

Hawk will lend the Group £1.2m for a period of 364 days. The loan carries an interest rate of 1% per month and can be repaid at any time at the request of the Company with no early redemption cost. The loan will be secured by way of a debenture, which will rank behind the security in respect of the existing funding facilities.

Hawk is an investment vehicle controlled by ALR Morton. Hawk owns 29.9% of the issued ordinary share capital of Armour and is deemed to be in concert with various other parties as detailed in the circular of 28 January 2011. In aggregate, ALR Morton and persons acting in concert, hold 39.1% of the issued ordinary share capital of Armour.

Due to the above shareholding and ALR Morton’s position as Chairman of Armour, the loan from Hawk is deemed a related party transaction under Rule 13 of the AIM Rules. The Independent Directors (being all directors excluding ALR Morton), having consulted with the Group’s nominated adviser finnCap, consider that the proposed transaction is fair and reasonable insofar as the Group’s shareholders are concerned.

25 July 2011

### Further Details:

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