24 June 2014

Pentagon Protection plc
(“Pentagon” or the “Company”)

Posting of Circular and Notice of General Meeting

Pentagon announces that it is today posting a circular to shareholders ("Circular") containing a notice convening a general meeting of the Company ("General Meeting") to be held at 10.30 a.m. on 11 July 2014, at the offices of Peterhouse Corporate Finance Limited (“Peterhouse”), 31 Lombard Street, EC3V 9BQ.

The Circular contains proposals (the "Proposals") for, inter alia:

- Company Voluntary Arrangement (“CVA”)
- the disposal of its trading subsidiaries
- the adoption of an Investing Policy under AIM Rule 15
- the conditional appointment of Peterhouse Corporate Finance Limited (“Peterhouse”) as Sole Broker and placing by Peterhouse of ordinary shares at a price of £0.013 to raise £611,600
- the issue of warrants
- the change of name to YOLO Leisure and Technology plc

Summary

Since admission to AIM, the Company has continued to experience difficult trading conditions, which have manifested into the slower than anticipated growth in sales, volatile revenues and repeated losses. The Company has recently looked at a number of ways to make the business sufficiently profitable and sought additional finance in order to allow the Group to continue trading.

The Board has not been able to secure additional short-term financing for the Company and therefore the Directors consider that, if the Proposals are not approved at the General meeting, it is likely that the only alternative will be the cessation of trading and realisation of assets, which the Directors believe would deliver very little or no value to its Shareholders.

The Directors have therefore made a proposal to creditors under a CVA process, which should provide an opportunity for the unsecured creditors to make a partial recovery of their debt which is based on realising a value for the existing AIM listing status of the business. The Directors are also proposing to dispose of the Company’s remaining businesses, as part of a CVA process, to Mr Haytham ElZayn in consideration for the residue of his loan balance.

In order to recapitalise the Company and to provide funding for the CVA and working capital, Peterhouse has conditionally raised £611,600 at £0.013 per Subscription Share, through the Subscription of 47,046,148 new Ordinary Shares. The Subscription Shares will be issued following the passing of the Resolutions.

Peterhouse Corporate Finance Limited will be appointed as Sole Broker to the Company subject to the Resolutions being passed at the General Meeting.

Subject to the resolutions being passed at the General Meeting, it is proposed that Simon Lee Robinson will join the Board as Chief Executive Officer and Mohammed Sohail Bhatti as Finance Director and that Steve Chambers and Cecil O'Brien will resign from office.

A copy of the Circular is available at www.pentagonprotection.info/

Further information on the Proposals are set out in the letter to Shareholders contained in the Circular and which is set out below. The definitions used in this announcement have the same meaning as they have in the Circular.

For further additional information please contact:

Pentagon Protection Plc Steve Chambers, Managing Director	Tel: 01923 221 910
Nominated Adviser, Cairn Financial Advisers Sandy Jamieson	Tel: 0207 148 7900
Sole Broker, Peterhouse Corporate Finance Limited Lucy Williams and Eran Zucker	Tel: 0207 469 0932

The following has been extracted from the Circular without material adjustment:

To Shareholders

Company Voluntary Arrangement
Disposal of International Glass Solutions LLC and Pentagon Protection Global Limited
Adoption of new Investing Policy
Change of name to YOLO Leisure and Technology plc
Subscription for new Ordinary Shares
and
Notice of General Meeting

Introduction

This Circular sets out the background to and the reasons for the proposed Company Voluntary Arrangement, the disposal of IGS and PPG, the adoption of an Investing Policy under Rule 15 of the AIM Rules and other matters to be proposed at the General Meeting. It also explains why the Directors consider these proposals to be in the best interests of the Company and Shareholders as a whole and why they recommend that Shareholders should vote in favour of the Resolutions to be proposed at the General Meeting.

On 22 May 2014, the Board of Pentagon announced the disposal of the entire issued share capital of SDS, the group's security division, for total consideration of £190,000 on an intercompany debt free basis, to Mr Haytham ElZayn, former chairman and existing 29.5% shareholder.

The consideration for the shares in SDS was settled by way of reduction of a loan payable by the Company to Mr ElZayn. This loan date back to October 2010 and March 2011 and was secured by way of a debenture over the assets of SDS and a fixed charge over all the shares held by the Company in SDS. Following this transaction, Mr ElZayn's loan was reduced to £149,998.66.

In the year ended 30 September 2013, SDS had a record year generating revenue of £2.8 million and profit before tax of £187,000. However, as previously announced, the trading performance of SDS, together with the other operations of the Group, have deteriorated in the current financial year.

As announced on 14 April 2014, despite a relatively healthy sales pipeline for each of the Company's three divisions, the timing of existing contract milestones being achieved, together with converting the current pipeline into new contracts, has resulted in the deterioration in available working capital in recent months and the Company remains severely cash constrained. Despite the disposal of SDS, the Board has not been able to secure appropriate, additional short-term financing, and therefore has reviewed the limited options available to the Company.

The Directors have therefore made a proposal to creditors under a CVA process, which should provide an opportunity for the unsecured creditors to make a partial recovery of their debt which is based on realising a value for the existing AIM listing status of the business. The Directors are also proposing to dispose of the Company's remaining businesses, as part of a CVA process, to Mr Haytham ElZayn in consideration for the residue of his loan balance.

In order to recapitalise the Company and to provide funding for the CVA and working capital, Peterhouse has conditionally raised £611,600 at £0.013 per Subscription Share, through the Subscription of 47,046,148 new Ordinary Shares. The Subscription Shares will be issued following the passing of the Resolutions.

Conditional on the passing of the Resolutions, Steve Chambers, and Cecil O'Brien will resign as Directors immediately following the conclusion of the General Meeting and Simon Lee Robinson and Mohammed Sohail Bhatti will be appointed as Directors of the Company.

A notice convening a General Meeting at 10:30 a.m. on 11 July 2014, at the offices of Peterhouse Corporate Finance Limited, 31 Lombard Street, London, EC3V 9BQ, to consider the Resolutions, is set out at the end of this Circular.

Information on Pentagon Protection Plc

Pentagon is an AIM listed company providing a variety of solutions focused on the security of assets and buildings through the provision, installation and project management of protective window film. Over recent years the Group has generated volatile revenues and repeated losses.

As a specialist in the provision of protective window film, Pentagon operates through the Company and its subsidiary, IGS. The Company specialises in the installation of protective window film, which improves energy efficiency in buildings, reduces the carbon footprint and provides bomb blast protection.

Background to and reasons for the Proposals

Since admission to AIM, the Company has continued to experience difficult trading conditions, which have manifested into the slower than anticipated growth in sales, volatile revenues and repeated losses. As stated above, the Company has recently looked at a number of ways to make the business sufficiently profitable and sought additional finance in order to allow the Group to continue trading.

The Board has not been able to secure additional short-term financing for the Company and therefore the Directors consider that, if the Proposals are not approved at the General meeting, it is likely that the only alternative will be the cessation of trading and realisation of assets, which the Directors believe would deliver very little or no value to its Shareholders.

The Disposal and Related Party Transaction

Pursuant to the SPA, Mr Haytham ElZayn has agreed to buy and Pentagon has agreed to sell the remaining business in Pentagon, which carry out the window film operations. The consideration will be satisfied by the full and final settlement of the remaining loan balance due to Mr ElZayn, which stands at £149,998.66.

It is therefore proposed that the trade, goodwill, fixed assets and staff of the Company will be transferred into a newly formed subsidiary company, PPG. Discussions are currently ongoing with employees with a view to renegotiating the terms of their contracts. Mr Haytham ElZayn will then acquire the shares in PPG and at the same time waive all entitlement to the balance of any loans still due by the Company to him. In addition, the shares in IGS will be sold for £1 to Mr Haytham ElZayn. The Intercompany loan due by IGS to the Company will be assigned to Mr Haytham ElZayn for £1.

The sale of IGS and the Company's business are also a related party transaction under Rule 13 of the AIM Rules as Mr Haytham ElZayn was a Director of the Company in the 12 months prior to the Disposal and is a substantial shareholder in the Company. The Directors consider, having consulted with Cairn, the Company's nominated adviser, that the terms of the Disposal are fair and reasonable insofar as the Company's Shareholders are concerned.

Under Rule 15 of the AIM Rules, the Disposal is considered to be a fundamental change in the business of Pentagon and requires the consent of Shareholders at a general meeting of the Company. Resolution 3 seeks Shareholders' approval for the Disposal.

If the Proposals are approved by Shareholders at the General Meeting, the Company will, in accordance with the AIM Rules, be treated as an investing company.

Under AIM Rule 15, where an investing company does not make an acquisition(s), which constitutes a reverse takeover under AIM Rule 14, or otherwise implement its investing policy within 12 months in accordance with the Rule, the London Stock Exchange will suspend such a company pursuant to Rule 40 of the AIM Rules.

Trading in the Company's Ordinary Shares on AIM is currently suspended. Following the approval of the CVA and of the Proposals, the raising of additional funding, pursuant to the Subscription, and subject to the Company being compliant with the AIM Rules for Companies, an application will be made to AIM, for the suspension to be lifted and trading in the Ordinary Shares of the Company to be resumed.

Terms of the CVA

Under the proposed terms of the CVA, the Creditors will, in aggregate, be offered a total of £32,800, which will be distributed on a pro rata basis to the Creditors who make a valid claim as soon as possible and within twelve months of the date of the CVA being approved. The amount owed to Creditors, who will rank for dividend in the CVA, currently stands at approximately £305,906 which means that Creditors should receive approximately 10.7 pence for every £1 of debt. However, this is not guaranteed, and if there are employee redundancies made, employees' claims could result in a lower return to creditors. It is expected that the CVA will be approved at the Creditors Meetings to be held at 10 a.m. on 11 July 2014.

For the avoidance of doubt, Shareholders will retain their Ordinary Shares in the Company and the CVA will not result in any distribution being made to the Shareholders of the Company in their capacity as Shareholders.

The Directors have requested that Robert Hewitt of Gibson Hewitt Limited, acts as Nominee in respect of the proposal of the Directors for the CVA. Robert Hewitt of Gibson Hewitt Limited has provided his consent to act and his Nominee's Report will be filed at Court as required.

In accordance with Section 246B of the Insolvency Act and Rule 12.A.12 of the Insolvency Rules 1986, as amended, notice is given that a copy of the Directors' proposal incorporating the Nominee's Report will be available for download from the following website as of 24 June 2014:

URL: www.pentagonprotection.info/

The report can be found under "Creditor Guides and Insolvency Appointments" and is titled "Proposal by the Board of Directors for a CVA and Nominee's Report". This document will be available at the above address for not less than three months from the date of this letter.

Should any Shareholder wish to receive a paper copy of the proposal please contact Hassan Baig of Gibson Hewitt Limited on 01932 336 149, or email hassan@gibsonhewitt.co.uk, or write to the above noted address.

Copies of the circular to Creditors containing information on the proposed CVA and accompanying statutory information on the Company including a statement of affairs of the Company as at 19 June 2014 can be downloaded from the website provided above.

Resolution 1 seeks Shareholder approval to the CVA.

The Subscription and the Warrants

Conditional upon the approval of the Proposals at the General Meeting, Peterhouse has placed 47,046,148 new Ordinary Shares at a price of £0.013, raising £611,600 before expenses.

In connection with the Subscription, it is proposed that the Company enter into a warrant instrument pursuant to which the Company will issue one Subscriber Warrant for every four Ordinary Shares subscribed for pursuant to the Subscription or a total of 11,761,534 Subscriber Warrant. Entry into the warrant instrument is conditional on admission of the Subscription Shares, and on approval of all of the Resolutions.

The Subscriber Warrant may be exercised at any time within 36 months of the completion of the Subscription and shall entitle the Subscribers to subscribe for one new Ordinary Share for each Subscriber Warrant held at the Subscription Price.

Additionally, conditional on the Proposals being approved by Shareholders at the General Meeting, the Company has agreed to issue Peterhouse Broker Warrants to subscribe for new Ordinary Shares at the placing price equal to 3% of the Enlarged Share Capital of the Company, upon approval of the Resolutions, exercisable at the Subscription Price for up to 5 years. Based on the current Subscription of £611,600 this equates to 1,745,401 Broker Warrants.

For the avoidance of doubt if additional subscriptions are made prior to the General Meeting, the number of Subscriber Warrants and Broker Warrants may increase which will result in a greater Enlarged Share Capital and higher fully diluted number of Ordinary Shares in issue.

Neither the Subscriber Warrant nor the Broker Warrants will be admitted to trading on AIM.

Use of Proceeds

The proceeds of the Subscription will be used to settle outstanding creditors under the terms of the CVA, as set out above, and will provide the Company working capital to pursue its new Investing Policy.

Following the settlement of creditors as part of the proposed CVA, the Company should be substantially free of debt.

Sale of New Ordinary Shares to Peterhouse

Should Shareholders wish to sell their Ordinary Shares in the Company, such Shareholders may do so by notifying Peterhouse within 14 calendar days of the date of this Circular. Peterhouse has agreed to arrange the execution of a sale of any Ordinary Shares held by Shareholders wishing to sell the same to its clients for £0.013 per share. This sale facility effectively values the current issued share capital of the Company, prior to the Subscription, at approximately £144,740.80.

Alternatively, Shareholders are free to retain their new Ordinary Shares or sell them in the market as they see fit.

Shareholders wishing to take advantage of the above sale facility should contact Peterhouse directly on 020 7469 0934 or 020 7469 0936.

Dis-application of pre-emption rights and authority to allot shares

In order to facilitate the proposed Subscription, as described above and to enable the Company to raise further funds to implement its intended Investing Policy with minimal limitations, it is necessary for the Directors to seek authority from Shareholders at the General Meeting pursuant to the Companies Act 2006 to, inter alia, issue the Subscription Shares and to issue further shares for cash.

The Directors may look to raise additional funds for the Company following the General Meeting, subject to any necessary resolutions being approved by Shareholders.

Full details of the authorities the Directors are seeking at the General Meeting are set out in the attached notice of General Meeting.

Change of Name

Subject to Shareholders' approval of the Proposals, it is proposed that the name of the Company be changed to YOLO Leisure and Technology plc.

Proposed Directors

Subject to the Resolutions being passed, it is proposed that immediately following the General Meeting Simon Lee Robinson will join the Board as Chief Executive Officer and Mohammed Sohail Bhatti as Finance Director and that Steve Chambers, and Cecil O'Brien will resign from office with no compensation for loss of office, and will waive all claims against the Company under their appointment letters.

Simon Lee Robinson (aged 46) – Chief Executive Officer

Simon Robinson's career with Thomas Cook spanned 16 years from 1997 to 2013. Simon progressed his career in the Hotel and Leisure industry, from front line customer service and commercial roles to CEO of Thomas Cook's Retail joint venture, with responsibility for £4.5bn of sales together with 6 multi-channel and 3 product businesses.

After working in Germany in a shareholder relations capacity, Simon was appointed Product Director, Tour Operations in 2001 generating sales of £1bn, and heading the rebranding strategy of the 3 customer brands. In 2003 he was appointed as Retail Director, leading a network of 480 retail stores each selling travel and financial services products. In 2007, following the merger of Thomas Cook with Mytravel, he was promoted to Managing Director, Multi-Channel Retail (UK) assuming responsibility for £3.5bn of sales incorporating ecommerce, 800 retail outlets and one of the most visited UK travel websites.

In 2010, Simon joined the newly created European Online Travel Agency Business as Managing Director for the UK region and later in 2011, was appointed CEO of the retail joint venture between Thomas Cook and Co-Operative Travel.

Mohammed Sohail Bhatti (aged 54) – Finance Director

Sohail Bhatti is a Fellow of The Association of Chartered Certified Accountant (FCCA) and has served as finance and non executive director of a number of private and quoted companies for more than 20 years. In 1998, he joined Transcomm plc, an AIM quoted telecommunications group as finance director for one of its subsidiary undertakings and served for 6 years until its acquisition by British Telecom in 2004. Later that year he supported the private equity acquisition of a former Ericsson data radio technology company and founded Woodhouseprice Limited a licenced accountancy practice.

Investing Policy

The Company's proposed Investing Policy is that the Company will invest in businesses which have some or all of the following characteristics:

- strong management with a proven track record;
- ready for investment without the need for material re-structuring by the Company;
- generating positive cash flows or imminently likely to do so;
- via an injection of new finances or specialist management, the Company can enhance the prospects and therefore the future value of the investment;
- able to benefit from the Proposed Directors existing network of contacts; and
- the potential to deliver significant returns for the Company.

The Company will focus on opportunities in the travel, technology and leisure sectors.

Whilst the Proposed Directors will be principally focused on making an investment in private businesses, they would not rule out investment in listed businesses if this presents, in their judgment, the best opportunity for Shareholders.

The Company intends to be an active investor in situations where the Company can make a clear contribution to the progress and development of the investment. In respect of other, more substantial investment opportunities, the Proposed Directors expect that the Company will be more of a passive investor.

The Proposed Directors believe that their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of appropriate investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence on prospective targets and their management teams. The Proposed Directors will also consider appointing additional directors with relevant experience if required.

There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate.

The Company's primary objective is that of securing for the Shareholders the best possible value consistent with achieving, over time, both capital growth and income for Shareholders through developing profitability coupled with dividend payments on a sustainable basis.

Share certificates

No new share certificates are being issued in respect of existing Ordinary Shares held in certificated form but any new share certificates will be issued in the name of YOLO Leisure and Technology plc. Shareholders should retain their existing share certificates which will continue to be valid.

General Meeting

There is attached to this Document the notice convening a General Meeting of the Company to be held at the offices of Peterhouse Corporate Finance Limited at 31 Lombard Street, London, EC3V 9BQ at 10:30 a.m. on 11 July 2014 at which the Resolutions will be proposed to, inter alia, approve the CVA, to appoint the Proposed Directors, to give the Directors authority to issue the New Ordinary Shares, to approve the Disposal and to change the name of the Company. A summary of the Resolutions is set out below. Please note that unless all of the Resolutions are passed the Proposals outlined in this Document will not proceed.

At the General Meeting, the following Resolutions will be proposed, of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as a special resolution:

Resolution 1 - which will be proposed as an ordinary resolution, seeks approval for the CVA

Resolution 2 - which will be proposed as an ordinary resolution, seeks approval to authorise the Directors to issue shares pursuant to section 551 of the Companies Act 2006

Resolution 3 - which will be proposed as an ordinary resolution, seeks approval for the Disposal

Resolution 4 - which will be proposed as an ordinary resolution, seeks approval for the proposed Investing Policy

Resolution 5 – which will be proposed as an ordinary resolution, seeks approval for Simon Lee Robinson to be appointed to the board of the Company

Resolution 6 - which will be proposed as an ordinary resolution, seeks approval for Mohammed Sohail Bhatti to be appointed to the board of the Company

Resolution 7 – which will be proposed as a special resolution, seeks approval to change the name of the Company to YOLO Leisure and Technology plc

Resolution 8 - – which will be proposed as a special resolution, seeks approval to disapply the statutory pre-emption rights under section 561 of the Companies Act 2006

Action to be taken

Shareholders will find a Form of Proxy enclosed for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by the Company, not later than 10:30 a.m. on 9 July 2014, being 2 business days before the time appointed for holding the General Meeting. You are entitled to appoint a proxy to attend and to exercise all or any of your rights to vote and to speak at the General Meeting instead of you. Completion of the Form of Proxy will not preclude you from attending and voting at the General Meeting in person if you so wish. Your attention is drawn to the notes to the Form of Proxy.

Recommendation

The Directors consider the Proposals to be in the best interests of the Company and the Shareholders as a whole. The Directors therefore unanimously recommend that you vote in favour of the Resolutions.

Yours faithfully,

Cecil O'Brien
For and on behalf of the Board
Pentagon Protection plc