

19 March 2007

Lupus Capital plc

Proposed acquisition of the Security Systems Division of The Laird Group PLC (‘Laird Security Systems’)

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Summary

- Lupus Capital announces that it has conditionally agreed to acquire the Security Systems Division of The Laird Group PLC for approximately £242.5 million in cash. Approximately £230 million of the consideration will be payable on Completion with a further £12.5 million deferred and payable 12 months after Completion.
- Laird Security Systems is a leader in the design, development, manufacture and distribution of innovative products and solutions, which aim to improve performance and thermal efficiency and enhance protection and security, for homes and buildings within the UK and US residential building and home improvement markets.
- For the year ended 31 December 2006, Laird Security Systems had sales of £237.7 million and generated operating profit after divisional management costs and before management charges, exceptional items and amortisation of acquired intangible assets of £31.6 million.
- The consideration will be funded partly through a £136 million underwritten equity offering and partly through a new debt facility of up to £120 million to be provided by HSBC, HBOS and RBS.
- HSBC has irrevocably undertaken to underwrite a £136 million equity offering to finance part of the proposed acquisition. The timing and terms of the Equity Offering will be announced in due course. It is expected that the Equity Offering will be launched once the required Prospectus in relation to the offering has been finalised and approved by the UK Listing Authority.
- Lupus Capital's shares were suspended from trading on 14 March 2007. The shares will remain suspended until publication of the Prospectus.
- The Acquisition is conditional, inter alia, on the Resolutions being passed by Lupus Capital Shareholders at the EGM, the receipt of US antitrust clearance under the Hart-Scott-Rodino Act and approval of the transaction by the shareholders of The Laird Group PLC.
- The Acquisition is categorised as a reverse take-over for Lupus Capital under the AIM Rules for Companies and as such requires the consent of Lupus Capital shareholders to be sought at the EGM expected to be held in April 2007.

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- Lupus Capital announced its preliminary results for the year ended 31 December 2006 on 2 March 2007. These results are stated in UK GAAP.
- HSBC is acting as nominated adviser and broker to Lupus Capital and has irrevocably undertaken to underwrite the Equity Offering.

Commenting on the Acquisition, Greg Hutchings, Executive Chairman of Lupus Capital, said:

'Following our recent announcement of record results, together with the successful integration of the Schlegel Building Products business, we are delighted to announce the acquisition of Laird Securities Systems. The acquisition is an exciting opportunity for Lupus and its shareholders and is entirely in line with our strategy of acquiring asset based, positive cash flow companies operating in industrial manufacturing, processes or services and is a significant step in creating a successful growing international business.'

This summary should be read in conjunction with the full text of the following announcement and the Prospectus to Shareholders relating to the Acquisition and Equity Offering, which will be posted to Shareholders shortly.

Further information on Lupus Capital is available on the company's website (www.lupuscapital.co.uk)

HSBC is acting exclusively for Lupus Capital and no one else in relation to the Acquisition and Placing and Open Offer referred to in this announcement and will not be responsible to anyone other than Lupus Capital for providing the protections afforded to their clients or for providing advice in relation to the Acquisition and Placing and Open Offer or any other matter referred to in this announcement.

No offer or invitation to acquire shares in Lupus Capital is being made by or in connection with this announcement. Any such offer will be made solely by means of the Prospectus to be published by Lupus Capital in due course and any acquisition of Ordinary Shares should be made on the basis of the information contained in such Prospectus.

The Prospectus containing details of, inter alia, the Acquisition, the Placing and Open Offer and a notice of an Extraordinary General Meeting of the Company, to be held at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY, is expected to be posted to Shareholders shortly, together with supporting documentation and separate form of proxy for use at the Extraordinary General Meeting. Copies of the Prospectus will also be available to the public, free of charge, from the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY and the registered office of the Company up until Admission.

This announcement and the information contained herein are not an offer for sale of securities in or into the United States, Australia, Canada or Japan or in any other jurisdiction. The Ordinary Shares, nor any rights to subscribe for such Ordinary Shares, have not been and are not being registered under the United States Securities Act of 1933, as amended (the Securities Act) and may not be offered or sold in the United States or to or for the account or benefit of US persons (as such terms are defined in Regulation S under such Act) absent registration under, or an exemption from registration under, or in

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a transaction not subject to the requirements of, the Securities Act. There will be no public offer of securities in the United States.

This announcement and the information contained herein does not constitute an offer to sell, exchange or transfer any securities of Lupus Capital and is not soliciting an offer to purchase, exchange or transfer such securities in any jurisdiction where the offer, sale, exchange or transfer is not permitted or to any person or entity to whom it is unlawful to make that offer, sale, exchange or transfer.

This announcement contains 'forward-looking statements' which include all statements other than statements of historical facts, including, without limitation, those regarding Lupus Capital's financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words 'targets', 'believes', 'estimates', 'expects', 'aims', 'intends', 'can', 'may', 'anticipates', 'would', 'should', 'could' or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond Lupus Capital's control that could cause the actual results, performance or achievements of Lupus Capital to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Lupus Capital's present and future business strategies and the environment in which Lupus Capital will operate in the future. These forward-looking statements speak only as at the date of this announcement. Lupus Capital expressly disclaims any obligation or undertaking to disseminate any updates or revisions in relation to any forward-looking statements contained herein to reflect any change in Lupus Capital's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based save as required by FSMA, the Prospectus Rules, Disclosure and Transparency Rules and the AIM Rules. As a result of these factors, the events described in the forward-looking statements in this announcement may not occur.

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Lupus Capital plc ('Lupus Capital' or 'the Company')

Proposed Acquisition of Laird Security Systems

Placing and Open Offer of 755,555,556 New Ordinary Shares at 18 pence per New Ordinary Share

Proposed acquisition of the Security Systems Division of The Laird Group PLC ('Laird Security Systems')

1. Background and introduction:

Lupus Capital announces that it has conditionally agreed to acquire the Laird Security Systems Division of The Laird Group PLC for approximately £242.5 million in cash. Approximately £230 million of the consideration will be payable on Completion with a further £12.5 million deferred and payable 12 months after Completion.

The consideration will be funded partly through a £136 million underwritten equity offering and partly through a new debt facility of up to £120 million to be provided by HSBC, HBOS and RBS.

HSBC has irrevocably undertaken to underwrite a £136 million equity offering to finance part of the proposed acquisition. The timing and terms of the Equity Offering will be announced in due course. It is expected that the Equity Offering will be launched once the required Prospectus in relation to the Equity Offering has been finalised and approved by the UK Listing Authority.

For the year ended 31 December 2006, Laird Security Systems had sales of £237.7 million and generated operating profit after divisional management costs and before management charges, exceptional items and amortisation of acquired intangible assets of £31.6 million.

The Acquisition is categorised as a reverse take-over for Lupus Capital under the AIM Rules for Companies and as such requires the consent of the Existing Shareholders to be sought at the EGM expected to be held in April 2007.

Lupus Capital's shares were suspended from trading on 14 March 2007. The shares will remain suspended until the publication of the Prospectus.

The Acquisition is conditional, inter alia, on the Resolutions being passed by Lupus Capital Shareholders at the EGM, the receipt of US antitrust clearance under the Hart-Scott-Rodino Act and approval of the transaction by the shareholders of The Laird Group PLC.

HSBC is acting as nominated adviser and broker to Lupus Capital and has irrevocably undertaken to underwrite the Equity Offering.

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The Directors of Lupus Capital believe that Laird Security Systems is a profitable and highly cash generative business with an international manufacturing capability that makes good margins and operates in a sector that the Lupus Capital management team know well. Laird Security Systems owns a number of brands recognised throughout the industry and the business has good market shares in its key markets.

Laird Security Systems represents a very strong fit with Lupus Capital's strategy of acquiring asset based, positive cash flow companies operating in industrial manufacturing, processes or services. The acquisition of Laird Security Systems will provide a number of operational benefits which are expected to create sustainable value for Lupus Capital shareholders:

- • The Acquisition gives Lupus Capital a good position in the building products sector where long term trends towards higher standards of manufacture and build, increased emphasis on personal security, and more stringent thermal efficiency standards are each expected to underpin secular demand.
- • Laird Security Systems complements Lupus Capital's existing Schlegel Building Products business and offers the potential for selling Laird Security Systems' products through Schlegel Building Products' extensive international distribution network.
- • Laird Security Systems' Chinese manufacturing subsidiary and developed Far East sourcing network, allied to Schlegel Building Products' existing arrangements, will help access sourcing from cost efficient locations for both Laird Security Systems and Schlegel Building Products.
- • Laird Security Systems has demonstrated a consistent track record of sales and cash generation over the past three years. The business operates in the US and UK markets which are both profitable and have long term growth characteristics.

Lupus Capital will look to use Laird Security Systems as a platform for growth and will work with the management of Laird Security Systems to drive operational improvements through the business, to pursue organic growth opportunities and to make add-on acquisitions where they will add value.

2. Principal terms of the Acquisition

The Acquisition Agreement is dated 19 March 2007, and is made between The Laird Group PLC, Laird Overseas Holdings Limited (the 'Seller'), Amesbury Acquisition Holdings, Inc., Jasper Acquisition Holdings Limited (together 'the Buyers') and Lupus Capital plc. The Buyers are wholly owned subsidiaries of Lupus Capital. The purchase consideration is approximately £242.5 million in cash with approximately £230 million of the consideration payable on Completion and a further £12.5 million deferred and payable 12 months after Completion

The Acquisition Agreement is conditional upon the satisfaction of the following conditions:

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- the readmission to trading of the Enlarged Share Capital of Lupus Capital on AIM following the cancellation of their listing pursuant to Rule 14 of the AIM Rules for Companies;
- the passing at an Extraordinary General Meeting of Lupus Capital of any resolution or resolutions required to approve the acquisition of Laird Security Systems;
- the passing at an Extraordinary General Meeting of The Laird Group PLC of any resolution or resolutions required to approve the disposal of the Laird Security Systems (this is because the disposal of Laird Security Systems is, under the Listing Rules, a Class 1 transaction for The Laird Group PLC);
- US antitrust clearance under the Hart-Scott-Rodino Antitrust Improvements Act;
- The Laird Group PLC having carried out certain pre-completion intra-group transactions such that Laird Security Systems can be disposed of as agreed between the parties; and
- The Laird Group PLC having given the requisite notice to novate or prepay certain loan stock issued by Laird Inc.

The Acquisition is expected to close approximately four weeks after the Lupus Capital EGM, if all of the above conditions are met.

Further information on the terms and conditions of the Acquisition will be contained in the Prospectus to be published and sent to shareholders shortly.

3. Information on Laird Security Systems

Laird Security Systems is a leader in the design, development, manufacture and distribution of innovative products and solutions. These aim to improve performance and thermal efficiency and enhance protection and security, for homes and buildings within the UK and US residential building and home improvement markets. Its wide range of products includes window and door hardware, composite doors, conservatories, uPVC products and window seals.

In recent years, the product range has been broadened and the business is being repositioned towards the higher growth segments of its markets. Laird Security Systems sources an increasing proportion of its hardware products from its well established supply base in China, both from its own manufacturing facilities and from its partner suppliers.

For the year ended 31 December 2006, Laird Security Systems had sales of £237.7 million (2005: £230.9 million) and generated operating profit after divisional management costs and before management charges, exceptional items and amortisation of acquired intangible assets of £31.6 million (2005: £31.7 million).

4. Information on Lupus Capital

Lupus Capital is a holding company whose shares are traded on AIM. Lupus Capital has a declared strategy:

- to build shareholder value through the acquisition of industrial assets with the potential for development;

- to apply the executive team's management skills and systems to improve profitability; and
- to use a variety of funding mechanics and exit strategies to enhance shareholder value.

Lupus Capital owns two operating businesses, Schlegel Building Products, an international manufacturer of window seals and related building products and Gall Thomson, which is a supplier of marine and industrial breakaway couplings.

On 2 March 2007, Lupus Capital announced its results for the year ended 31 December 2006. Lupus Capital recorded sales of £62.9 million (2005: £7.5 million) and operating profit of £11.5 million (2005: £2.3 million). These results are as stated under UK GAAP. The Prospectus will contain financial information as stated under IFRS. The 2006 results are not directly comparable to 2005 as they include a major acquisition.

5. Suspension in trading of Lupus Capital's shares

Further to the announcement made by Lupus Capital on 14 March 2007, Lupus Capital's shares were suspended from trading with effect from 10.00 a.m. on 14 March 2007. The Ordinary Shares will remain suspended until the Prospectus is posted to shareholders.

6. Details of the Equity Offering

HSBC has irrevocably undertaken to underwrite a £136 million equity offering to finance part of the proposed acquisition. The timing and terms of the future Equity Offering will be announced in due course. It is expected that the Equity Offering will be launched once the required Prospectus in relation to the offering has been finalised and approved by the UK Listing Authority.

7. Financial effects of the transaction on Lupus Capital

The Acquisition will have a transforming impact on the financial position of Lupus Capital. The Directors believe that, taking into account the impact of the Equity Offering, the Acquisition would have been earnings enhancing for the Enlarged Group had it occurred at the start of the 2006 financial year. This statement should not be interpreted to mean that future earnings of the Enlarged Group will necessarily match or exceed the Group's historical published earnings.

An unaudited pro forma net assets statement showing the financial effects of the Transaction on Lupus Capital will be set out in the Prospectus to be published and sent to shareholders shortly.

8. Trends in current trading and prospects

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Gall Thomson's trading in 2007 to date has been good and the business has a healthy order book. Gall Thomson expects that there will be good prospects for the offshore oil and gas market over the coming year. This is being driven by the continuing expansion in the use of sub-sea production technologies, the move into deep water areas and the exploitation of marginal fields.

KLAW has continued to extend its product range and has increased its marketing efforts to penetrate the industrial couplings market.

Schlegel Building Products has started 2007 with encouraging order levels across its various businesses and since the year end has traded in line with expectations.

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Since 31 December 2006, Laird Security Systems has continued to trade in line with expectations.

9. Directors, Employees and Key Personnel of the Enlarged Group

Following Completion, the senior management of Laird Security Systems under the existing leadership of Rich Koopmann in the US and Nick Whitwell and Vince Conroy in the UK will remain with Laird Security Systems.

The existing employment rights, including pension rights, of employees of both Lupus Capital and Laird Security Systems will be fully safeguarded.

10. Extraordinary General Meeting

It is expected that an Extraordinary General Meeting of the Company will be held in April 2007 at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY for the purpose of considering and, if thought fit, passing the Resolutions. Further details will be set out in the Prospectus to be published and sent to shareholders shortly.

11. Recommendation

The Board, which has been so advised by HSBC, consider that the Transaction is in the best interests of Lupus Capital's Shareholders. In providing this advice, HSBC has taken into account the Directors' commercial assessment of the Transaction. Accordingly, the Board recommends that you vote in favour of the Resolutions to be proposed at the EGM as the Directors intend to do in respect of their own beneficial shareholdings, amounting to 33,505,145 Ordinary Shares representing approximately 5.4 per cent. of the issued share capital of Lupus Capital. In addition, the trustees of the LESOT have indicated that they intend to vote in favour of the Resolutions in respect of their holding of 63,385,676 Ordinary Shares representing approximately 10.3 per cent. of the issued share capital of Lupus Capital.

12. Documentation

A Prospectus to Shareholders containing the full terms and conditions of the Acquisition and the Equity Offering, together with the relevant supporting documentation is expected to be published and despatched to Lupus Capital Shareholders shortly.

The Prospectus to Shareholders will also contain notice of the Extraordinary General Meeting of Lupus Capital expected to be held in April 2007 for the purposes of considering the necessary resolutions to implement the Acquisition and Equity Offering.

Copies of the Prospectus will also be available to the public, free of charge, from the offices of Slaughter and May, at One Bunhill Row, London EC1Y 8YY, and the registered office of the Company until Admission.

Appendix 1: Definitions

The following definitions are used throughout this announcement except where the context requires otherwise:

'Acquisition'	the acquisition by Lupus Capital, through the Purchasing Subsidiaries, from The Laird Group PLC, of the entire issued share capital of the Transferred Subsidiaries
'Acquisition Agreement'	the conditional agreement for the Acquisition dated 19 March 2007 between Lupus Capital, the Purchasing Subsidiaries, Laird Overseas Holdings Limited and The Laird Group PLC
'Admission'	the admission of the Enlarged Share Capital to trading on AIM
'AIM'	the Alternative Investment Market
'AIM Rules for Companies'	the rules published by the London Stock Exchange, which set out the rules and responsibilities in relation to AIM companies, as amended from time to time
'Amesbury Acquisition Holdings'	Amesbury Acquisition Holdings, Inc, a company incorporated under the laws of the State of Delaware, USA
'Basic Entitlement'	the basic pro rata entitlement of Qualifying Holders to acquire 4 Open Offer Shares for every 10 Existing Ordinary Shares held on the Record Date
'Business'	the building products related businesses as carried out by Laird Security Systems
'Companies Act' or 'Act'	the Companies Act 1985, as amended by the Companies Act 1989
'Completion'	completion of the Acquisition and the Placing and Open Offer in accordance with the terms of the Placing and Open Offer and Acquisition Agreement
'Conditional Placing Shares'	the 221,269,641 New Ordinary Shares being placed subject to clawback in respect of any Open Offer Shares applied for pursuant to the Placing Agreement
'CREST'	the system for the paperless settlement of trades and the holding of uncertificated securities operated electronically by CRESTCo in accordance with the Uncertificated Securities Regulation 2001 (SI No. 2001/3755)

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'CRESTCo'	CRESTCo Limited, the operator of CREST
'Deposit Account'	an account in the name of Lupus Capital designated by HSBC into which the proceeds of the Placing and Open Offer will be deposited pending completion of the Acquisition
'Enlarged Group'	the Lupus Capital Group as enlarged by Laird Security Systems
'Enlarged Share Capital'	the issued ordinary share capital of Lupus Capital immediately following completion of the Placing and Open Offer including the Existing Ordinary Shares and the New Ordinary Shares
'Excess Application Facility'	the arrangement pursuant to which Qualifying Holders may apply for additional Open Offer Shares in excess of their Basic Entitlement in accordance with the terms and conditions of the Open Offer
'Equity Offering'	the £136 million equity offering, irrevocably underwritten by HSBC, to part finance the proposed acquisition, the timing and terms of which will be announced in due course
'Existing Ordinary Shares'	the Ordinary Shares in issue as at the date of this announcement
'Existing Shareholders'	the holders of the Existing Ordinary Shares
'Extraordinary General Meeting'	the extraordinary general meeting of Lupus Capital expected to be held in April 2007, notice of which is set out in the Prospectus
'Firm Placing'	the placing of the Firm Placing Shares
'Firm Placing Shares'	the 534,285,915 New Ordinary shares being placed firm pursuant to the Placing Agreement
'FSA'	Financial Services Authority
'FSMA'	the Financial Services and Markets Act 2000
'Gall Thomson'	Gall Thomson Environmental Limited, incorporated in England and Wales under the Act with registered number 2852924
'HSBC'	HSBC Bank plc, a company incorporated in England and Wales under the Act with registered number 14259
'IFRS'	International Financial Reporting Standards

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'Issue Price'	18 pence per New Ordinary Share
'Jasper Acquisition Holdings'	Jasper Acquisition Holdings Limited, a company incorporated in England and Wales under the Act with registered number 6078798
'KLAW'	KLAW Products Limited, a company incorporated in England and Wales under the Act with registered number 316007
'LESOT'	the Lupus Capital Employee Share Ownership Trust
'Listing Rules'	the Listing Rules of the FSA
'London Stock Exchange'	London Stock Exchange plc
'Lupus Capital'	Lupus Capital plc, a company incorporated in England and Wales under the Act and domiciled in the UK with registered number 2806007
'Lupus Capital Group'	Lupus Capital and its subsidiaries, or any one or more of them as the context requires
'LSSD UK Limited'	LSSD UK Limited, a company incorporated in England and Wales under the Act with registered number 2838541
'LSSD UK Limited Subsidiaries'	Balance UK Limited; Designgarden Limited; ERA Products Limited; Crompton Limited; EWS (Manufacturing) Limited; Intron Limited; Homesafe Doors Limited; Laird Lifestyle Products Limited; Laird Security Hardware Limited; Omega Spring Technology Limited; LSS Trading (Ningbo) Limited; J.K. Furnex Limited; Laird Security Systems (Ningbo) Limited; Amesbury Springs Limited; Feneseal Limited; Hardware Engineering Limited; Euromond Limited; Linear Limited; Lindman Group Limited; Lindman Limited; Securidor (Holdings) Limited; Securidor Limited; Ventrolla Limited; and LSSD UK (No.1) Limited
'New Ordinary Shares'	the new ordinary shares of 0.5p each to be issued by Lupus Capital pursuant to the Placing and Open Offer
'Non-CREST Application Form'	the application form relating to applications for Open Offer Shares issued to Qualifying non-CREST Holders
'Notice'	the notice of the Extraordinary General Meeting of Lupus Capital to be held for the purpose of considering and, if thought fit, passing the Resolutions
'Open Offer'	the conditional invitation made to Qualifying Shareholders to apply to acquire the Open Offer Shares

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'Open Offer Entitlement'	an entitlement to apply to acquire Open Offer Shares, allocated to a Qualifying Holder pursuant to the Open Offer
'Open Offer Shares'	up to 221,269,641 New Ordinary Shares being made available to Qualifying Shareholders under the Open Offer excluding the Basic Entitlement of the LESOT, which have been placed by HSBC as part of the Firm Placing
'Ordinary Shares'	ordinary shares of 0.5p each in the capital of Lupus Capital
'Placing'	the proposed placing of shares in Lupus Capital
'Placing Agreement'	the conditional agreement between Lupus Capital and HSBC dated 23 March 2007 in connection with the Placing and Open Offer
'Placing Shares'	the Firm Placing Shares and the Conditional Placing Shares
'Prospectus'	the prospectus, prepared in accordance with the Prospectus Rules, to be published and despatched to Shareholders shortly
'Prospectus Rules'	the Prospectus Rules of the Financial Services Authority
'Purchasing Subsidiaries'	Amesbury Acquisition Holdings, Inc. and Jasper Acquisition Holdings Limited
'Qualifying CREST Shareholders'	Qualifying Shareholders holding Shares in uncertificated form
'Qualifying non-CREST Shareholders'	Qualifying Shareholders holding Shares in certificated form
'Qualifying Holders'	Shareholders whose names appear on the register of members of Lupus Capital on the Record Date
'Record Date'	22 March 2007
'Resolutions'	the ordinary resolutions and special resolutions approving the Acquisition and Placing and Open Offer to be proposed at the EGM
'Schlegel Building Products'	the business and the entire issued share capital of Schlegel UK (2006) Ltd. and Schlegel, Inc. and their respective subsidiaries
'Securities Act'	the US Securities Act of 1933, as amended
'Shareholders'	the holders of Ordinary Shares in Lupus Capital

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'Share Incentive Arrangements'	the LESOT and the EMI Scheme (including the option agreement between Lupus Capital and Greg Hutchings granted under the EMI Scheme) and the subscription agreement between the Trustees and Lupus Capital
'Transaction'	the Acquisition, Placing and Open Offer and the Resolutions
'Trustees'	the trustees of the LESOT
'UK' or 'United Kingdom'	the United Kingdom of Great Britain and Northern Ireland
'UK GAAP'	generally accepted accounting principles in the UK
'UK Listing Authority'	or 'UKLA' the Financial Services Authority acting in its capacity as the competent authority for the purpose of Part VI of the Financial Services and Markets Act 2000
'Uncertified Share'	a share or other security which is in an uncertificated form
'US', 'USA' or 'United States'	The United States of America, its territories and possessions, any state of the United States and the District of Columbia and all other areas subject to its jurisdiction

Ends.