

1 July 2009

Lupus Capital plc

Renegotiation of Banking Arrangements Directorate Changes Trading Update

Lupus Capital plc ('Lupus' or 'the Company') today provides the following update on the successful agreement of new banking arrangements and changes to the Board. The Company is also providing a trading update ahead of the Company's half year end.

Banking Arrangements

As previously announced, Lupus has been in discussions with its bankers in relation to renegotiating its debt facilities. Lupus has now successfully concluded these discussions, and reached agreement with its LSS (comprising LSSD in the UK and Amesbury in the US) and Schlegel syndicates of lending banks on certain amendments to its debt facilities to take effect on the satisfaction of certain conditions, expected within approximately 30 days. The amendments include:

- Roll-over of the existing \$230.0m LSS facilities and £25.0m Schlegel facilities, including the reduction of the revolving credit facilities to \$14.0m and £5.0m respectively
- Extension of the term of the Schlegel facilities by one year until mid 2012 to match the final maturity date of the LSS facilities
- Significant reduction in the fixed repayment profile, with a focus on debt amortisation serviced from free available cash flow of LSS, Schlegel and Gall Thomson Environmental ('GT') and full repayment at maturity
- Amendments to the debt and interest cover financial covenants, the inclusion of a cash flow cover covenant and removal of all other financial covenants
- Increased margins to reflect current market conditions
- Provision of security over the majority of the LSS and Schlegel assets, including a share pledge over GT by Lupus.

The Company has incurred exceptional costs for fees and expenses of some £7.5m.

The Board believes that, upon satisfaction of the conditions, the renegotiated banking arrangements will give the Company significantly improved headroom.

Board Changes

Following the successful negotiation of new banking arrangements, Greg Hutchings, Executive Chairman, is to step down from the Board and his resignation as a Director is with immediate effect.

Michael Jackson, currently a non-executive Director, has been appointed non-executive Chairman with immediate effect.

The Company has appointed Keith Taylor to the Board, with immediate effect, as Chief Executive Officer.

Keith has significant public company Board experience and most recently completed five months as Chief Executive of Torex Retail plc, where he oversaw the stabilisation and subsequent sale of the business to Cerberus Private Equity in 2007.

Prior to this, he acted as Turnaround Director in the NHS for the Worthing & Southlands Hospitals Trust. Previously he had been appointed interim managing director of the principal operating company of Morse plc in order to lead its turnaround. Keith was also previously interim Chief Operating Officer of Admiral plc, where he led the re-structuring of the business prior to its sale to CMG in 2000.

Denis Mulhall, currently Executive Director, has been appointed Chief Operating Officer.

The Company is also appointing Paul Felton-Smith to the Board, with immediate effect, as Chief Financial Officer. Paul is an experienced turnaround specialist and, in various finance director/chief restructuring officer roles, has over 25 years of financial and management expertise in a variety of sectors and internationally.

Paul has been Chief Financial Officer at Metronet Rail since 2007, overseeing the successful transfer of the company from administration into TfL. Prior to that he served as Finance Director at a number of companies, including Highbury House Communications plc, Regent Inns PLC and Asprey & Garrard.

Trading Update

Despite there being limited improvement in the overall economic environment outlook, the Company is currently performing in line with management expectations, but, as normal, forward order visibility in the building products business remains short.

However, given management's tight focus on the operating cost base and identifying cost reduction opportunities, the Company remains well placed to take advantage of any increase in activity levels.

Market conditions for the building products business in both the US and Europe remain difficult and are projected to continue to be so. There have been some signs of distributors starting to restock and build on their very low inventory levels following the widespread destocking seen at the end of 2008 and the start of 2009. GT, our oil services business, continues to perform well.

Keith Taylor has been instructed to conduct a review of the Company's operations and deliver recommendations to the Board concerning the optimal structure for the business

going forward. This exercise will be concluded as soon as practicable and further announcements will be made as appropriate.

The new Board will evaluate all options for delivering shareholder value, including the desirability of further consolidating the Company's financial position.

Michael Jackson, Chairman, commented:

'I would like to thank Greg Hutchings for his work in developing the Company and wish him well for the future. I would also like to welcome Keith Taylor to the Board and look forward to the contribution which he and Paul Felton-Smith will make in the coming months towards the stabilisation and future development of the Company.'

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Further information required by Rule 17 and Schedule 2(g) of the AIM Rules for Companies

Keith Wilhall Taylor (age 61)

Present directorships and/or partnerships:

Crispins Partnership Limited

Former directorships and/or partnerships (within the last five years):

Torex Retail PLC
ADS Anker Limited
ADS Retail Systems Limited
Anker (U.K.) Limited
Anker Limited
Anker Systems Limited
Arciris Holdings Limited
Arciris Limited
C T N Systems Limited
Channel Connect Limited
Compass Software (UK) Limited
Compass Software Group Limited
CTN Data Limited
CTN Software Limited
Eclipse Computer Systems Limited
Epos Computing Services Limited
Flexiline Forecourt Services Ltd
Guided Image Limited
Hugin Sweda International Limited
Infocare (Rentals) Limited
Infocare Limited
KPOS Limited
M.H.G. (Systems) Limited
MDA Solutions Limited
Mercury Petroleum Systems Ltd
Moss House Group (Systems) Limited
MRS Software Limited
Multepos Computer Systems Limited
Peak Service Solutions Limited
Piquet Computer Services Limited
POS Technologies U.K. Limited
Radii Limited
Retail Accounting Systems Limited

Keith Taylor was appointed as Acting Chief Executive Officer of Torex Retail plc ('Torex') on 7 February 2007 (and subsequently was appointed Chief Executive Officer on 1 June 2007) with the brief to stabilise the company following the suspension of trading of its shares on the AIM market of the London Stock Exchange, the announcement of an investigation by the serious fraud office into the affairs of Torex and serious breaches of banking covenants. All of the operating subsidiaries of Torex were subsequently sold on 20 June 2007 to affiliated purchasers of Cerberus European Investments, LLC. Torex Retail plc, as the holding company of the Torex group of companies, was subsequently placed into administration at the same time.

Keith Taylor was also appointed chairman of Panini (Europe) Limited in 2003 but resigned prior to the company's entry into a creditors' voluntary liquidation in December 2004.

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As at the date of his appointment as a director of the Company, Mr. Taylor did not own any ordinary shares in Lupus.

No further disclosures are required under Schedule 2(g) of the AIM Rules for Companies.

Paul Jonathan Felton-Smith (age 50)

Present directorships and/or partnerships:

Cordville Capital Limited
Dnick Holding PLC
Homepageventures Limited
Lansdowne Financial Management Limited

Former directorships and/or partnerships (within the last five years):

LUL Nominees SSL Limited
LUL Nominees BCV Limited
Metronet TMU Limited
Regent Inns PLC

The following companies were dissolved within twelve months of Paul Felton-Smith's resignation as a director, as part of the restructuring of the Asprey group of companies, in which Mr Felton-Smith was involved:

Alexander Clark Company Limited
Arthur Conley & Son Limited
Conleys (Wholesale) Limited
Mappin & Webb (Jewellers) Limited
Olivant & Botsford Limited
Ronald A. Lee (Fine Arts) Limited
Sheffield Silver Plate and Cutlery Company Limited
Wilson & Sharp Limited*

* Mr Felton-Smith was a director at the time of this company's dissolution

Optimum Health & Nutrition Limited was dissolved for reasons of dormancy with Mr Felton-Smith in position as a director

As at the date of his appointment as a director of the Company, Mr. Felton-Smith did not own any ordinary shares in Lupus.

No further disclosures are required under Schedule 2(g) of the AIM Rules for Companies.

Ends.