

27 February 2009

Lupus Capital plc

Pre Close Trading Statement

Lupus Capital plc (“Lupus” or the “Company”) announces a pre close trading statement on the financial year ended 31 December 2008, an update on its current trading and its debt position.

Lupus reports that its results for the 12 months to 31 December 2008 will be satisfactory, particularly bearing in mind the financial and economic turmoil during the period, and will be in line with or exceed current average analysts’ 2008 expectations.

The majority of Lupus’ businesses are manufacturers and suppliers to the door and window sector mainly for the refurbishment, and less so, for the new build markets in the USA and Europe. The Company’s main products are locks, seals, hinges, handles, doors and balances.

Throughout 2008 the US market declined significantly. Then in Europe, starting with Spain followed later by the UK and finally the rest of Europe, our customers cut back on orders. Both in advance of, and in response to, these conditions we have taken very decisive actions to cut our costs accordingly. Both staff and shop floor personnel have been reduced and temporary labour let go. Overheads have been lowered and factories consolidated or rationalised. Short time working practices have been instigated and wages frozen. Cash has been generated from working capital reductions (although reduced credit insurance terms have limited this) and capital expenditure sanctioned only if necessary. Fragile customers are sold to on a cash only basis where appropriate (although regrettably we have had some bad debts). Input costs have been renegotiated. These numerous actions have ameliorated profit reductions in comparison to 2007.

Gall Thomson Environmental, which manufactures products primarily for the oil and gas sector, has had another excellent performance. At the year-end order books were solid both in marine and industrial breakaway couplings.

In relation to our group debt, the dollar to pound exchange rate changed rapidly last year by over 25% from \$2.1 to around \$1.5 to the pound. We comfortably met all our interest and debt repayments during 2008. However, the group's net debt increased significantly in sterling terms when translated at the year end exchange rate and this increase, upon translation, was greater than that of the group's dollar earnings measured in sterling at the average exchange rate of the year. This issue, which is relevant to the debt taken on for the Laird division acquisition, has brought us to enter into discussions with our bankers, who are supportive and understanding of the situation. Together, we are re-examining and renegotiating our debt facilities and banking covenants to more appropriate levels through 2009 and beyond. It is anticipated that these discussions will be successfully concluded prior to the announcement of the 2008 results due on 29 April 2009 and will likely result in certain exceptional costs arising. Revised banking facilities will reflect current market conditions.

LUPUS CAPITAL

All our businesses have generated good cash flow during 2008 enabling us to service our interest costs and to meet our debt obligations as they fell due.

The general economic climate for 2009 is still very uncertain. The oil and gas services sector remains good, despite the recent declines in the oil price. The US housing environment continues to decline and the European building components market is following the US trends, albeit delayed. These business conditions require continuous monitoring and control of our cost base.

Given the uncertainty in our building products end markets, the Board believes that predicting the 2009 outcome is difficult. Our businesses both in the US and Europe face unprecedented market conditions which may continue to deteriorate for a while longer. We are confident that we have excellent management teams who will be reacting to these market forces and maximising profitability and cash generation.

For Further Information:

Lupus Capital plc
Greg Hutchings

Tel: +44 (0) 207 976 8000

Collins Stewart Europe Limited
Mark Dickenson / Stewart Wallace

Tel: +44 (0) 207 523 8350

Ends.