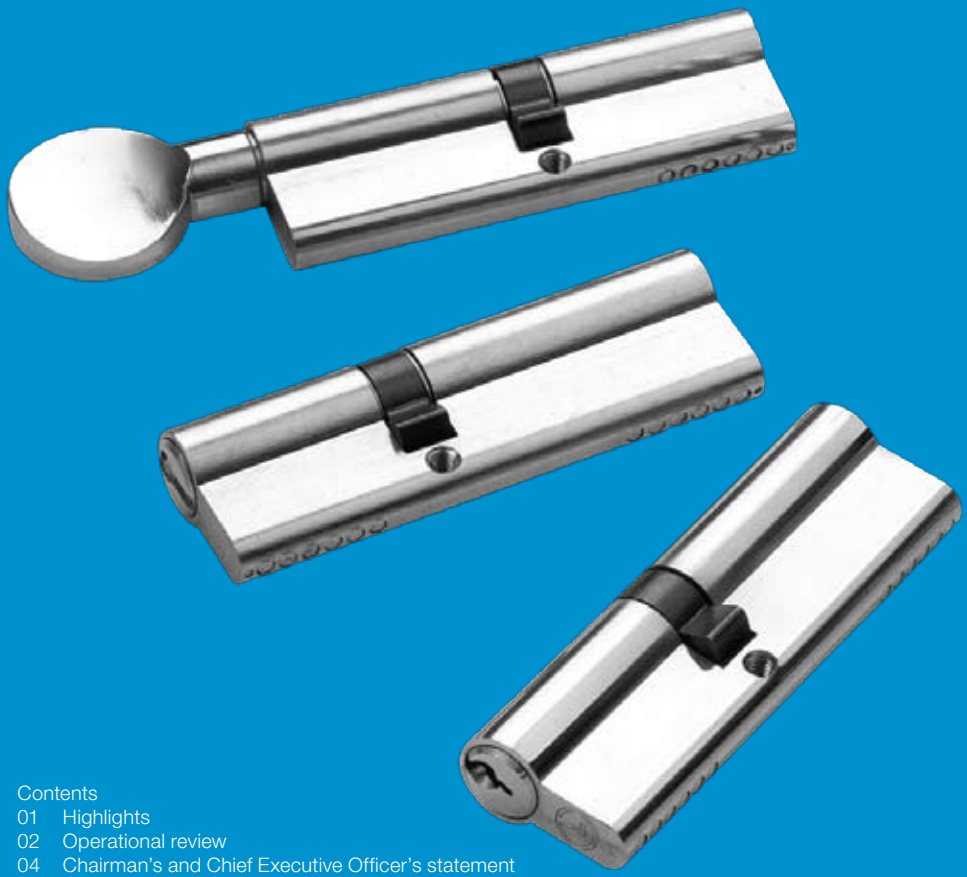
Lupus Capital plc
Interim Report 2011

LUPUS CAPITAL

Lupus Capital plc, a leading international supplier of building products to the door and window industry and the world's number one manufacturer of marine breakaway couplings, announces unaudited interim results for the six month period ended 30 June 2011.



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/ Highlights

Group Sales

£124.7m

H1 2010: £133.2m –6%

Gross Profit Margin

35.2%

H1 2010: 35.0%

Underlying Operating Profit

£15.5m

H1 2010: £17.3m –10%

Underlying Operating Margin

12.5%

H1 2010: 13.0%

Underlying Basic EPS

6.83p

H1 2010: 6.79p

Underlying Net Debt

£94.6m

H1 2010: £117.6m –20%

Underlying is defined as before amortisation of intangible assets, deferred tax on amortisation of intangible assets, exceptional items, unwinding of discount on provisions, amortisation of borrowing costs and the associated tax effect.

- Group sales in the period decreased by 4% to £124.7 million in constant currency
- Gross margins maintained despite lower volumes
- Continued successful recovery of material cost increases
- Underlying EPS performance reflecting the restructuring of the balance sheet
- Net debt at half year in line with 2010 year end despite slow trading
- Successful refinancing of debt facilities to March 2016

/ Operational review

US Building Products

Amesbury Group (41% of Group Revenues)

Sales

£50.9m

H1 2010: £56.5m –10%

Underlying Operating Profit

£4.9m

H1 2010: £6.6m –25%

UK Building Products

grouphomesafe (36% of Group Revenues)

Sales

£44.8m

H1 2010: £49.4m –9%

Underlying Operating Profit

£3.4m

H1 2010: £4.1m –16%

International Building Products

Schlegel (15% of Group Revenues)

Sales

£18.9m

H1 2010: £19.2m –2%

Underlying Operating Profit

£1.8m

H1 2010: £2.5m –25%

Oil Services

Gall Thomson (8% of Group Revenues)

Sales

£10.1m

H1 2010: £8.1m +25%

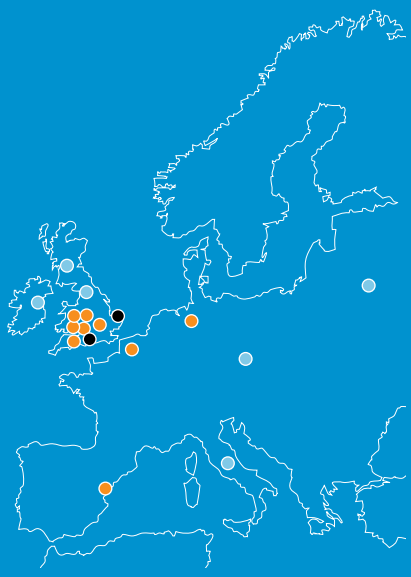
Underlying Operating Profit

£5.4m

H1 2010: £4.2m +27%

America

UK & Continental Europe



Asia & Australasia

- Building Products Manufacturing
- Building Products Sourcing/Distribution
- Gall Thomson

Chairman's and Chief Executive Officer's statement

Jamie Pike
Chairman

Louis Eperjesi
Chief Executive Officer

The successful refinancing of the Group's debt facilities gives Lupus a sound financial platform for the next four years and provides the Group with more favourable terms, reduced costs and significantly enhanced flexibility.

Overview

After an encouraging first quarter of the financial year, demand in our core residential housing markets softened during the second quarter. New build residential housing markets in the US have not been as strong as in 2010 and the repair, maintenance and improvement sectors ("RMI") in both the US and UK have been subdued. Gall Thomson, our oil and gas services business, enjoyed another period of strong performance.

Results for the period

For the six month period ended 30 June 2011, compared with the corresponding period in 2010:

Sales

Group sales were £124.7 million (2010: £133.2 million), a decrease of £8.5 million or 6 per cent. On a constant currency basis, this represents a decrease in total sales of 4 per cent. compared with the equivalent period in 2010.

Profits

Underlying earnings before interest, tax and amortisation ("Underlying Operating Profit") were £15.5 million (2010: £17.3 million), a decrease of £1.8 million or 10 per cent. On a constant currency basis, this represents a decrease of 8 per cent. compared with the equivalent period in 2010. Underlying EBITDA in the period was £18.4 million (2010: £20.7 million).

Administrative expenses decreased by £0.7 million in the period to £34.7 million (2010: £35.4 million). Underlying administrative expenses (before amortisation and exceptional items) decreased by £0.9 million in the period to £28.4 million (2010: £29.3 million) reflecting our close focus on overheads and the cost base.

Exceptional costs of £0.6 million (2010: £0.2 million) were incurred in the period, principally in connection with the restructuring of the composite doors business.

Net finance costs decreased by £1.7 million to £4.4 million (2010: £6.1 million), reflecting the deleveraging of the balance sheet and reductions in loan fee amortisation. Net cash interest payable in the period reduced to £3.1 million (2010: £4.8 million) and, as outlined in the pre-close statement, for the 2011 full year is expected to be at least £2.5 million lower than in 2010.

Underlying profit before tax was £12.4 million (2010: £12.6 million) and the Group reported profit before tax for the period of £4.9 million (2010: 5.0 million).

Margins

Gross profit margins in the period improved slightly to 35.2 per cent. (2010: 35.0 per cent.) due to increased sales volumes of Gall Thomson and Klaw couplings offsetting lower sales and gross margins in the Building Products Division.

Underlying Operating Profit margins for the Group decreased to 12.5 per cent. (2010: 13.0 per cent.) in the period, as the reduced sales volumes were affected by the Group's operational leverage.

Taxation

As a result of corporation tax rate reductions in the United Kingdom and more stable earnings profiles in overseas jurisdictions, the Group's expected underlying future tax rate is now 29 per cent. compared with 32 per cent. in the 2010 financial year.

The statutory taxation charge in the period has benefited from a £0.5 million tax credit in relation to United Kingdom corporation tax rate reductions.

Earnings and dividends

Despite the decline in Underlying Operating Profit, Underlying earnings per share increased marginally to 6.83p (2010: 6.79p) reflecting the improved interest and taxation position of the Group. Basic earnings per share increased to 2.93p (2010: 2.62p).

No interim dividend will be paid in 2011, however the Board intends to declare a full year dividend in March 2012 of not less than the 2.0p per share declared this year.

Financial position

During the period the Group has continued its tight focus on working capital, operational cash generation and reductions in net debt.

Cash flow

Net cash inflow from operating activities was £5.9 million (2010: £8.7 million) reflecting the lower levels of sales activity. Working capital investment during the period was lower than in the equivalent period last year due to the reduced levels of sales activity. Our working capital metrics remain in line with our expectations.

Operating Cash Conversion, being the proportion of Underlying Operating Profit converted into cash, in the period was 30 per cent. (2010: 44 per cent.). In the twelve months to 30 June 2011, Operating Cash Conversion was 101 per cent.; in line with the Group's aim of converting all profit into cash across any twelve month period.

Net debt position

At 30 June 2011 the Group's Underlying Net Debt was £94.6 million (2010: £117.6 million).

At 31 December 2010 the Group's Underlying Net Debt was £94.7 million. Of the movement in Underlying Net Debt since the year end, approximately £2.3 million was attributable to favourable foreign exchange rate movements.

Under the IFRS definition, which reduces debt by the unamortised bank fees, net debt at the half year was £92.6 million (2010: £113.4 million).

Chairman's and Chief Executive Officer's statement continued

Building Products
(92% of Group Revenues)

Sales

£114.6m

H1 2010: £125.1m –8%

Underlying Operating Profit

£10.2m

H1 2010: £13.1m –22%

Underlying Operating Margin

8.9%

H1 2010: 10.5%

Covenant performance
At 30 June 2011, the Group had headroom on its banking covenants under its 2009 Bank facilities ranging from 38 per cent. to 65 per cent.

At 30 June 2011, the Group's net debt to Underlying EBITDA ratio was 2.52x (2010: 3.14x), calculated on the same basis as banking covenants.

Group 2010 operational performance

The Group has maintained its close control over staffing levels and costs in general. Headcount has decreased to 2,015 at 30 June 2011 (2010: 2,145), reflecting the restructuring undertaken within the UK Composite Doors business and the reduced activity levels within the Building Products Division as a whole.

The Group's tight focus on working capital has remained in place, with investment in inventory only permitted where there is clear evidence of demand or where required to support our industry leading levels of service. Concern over customer defaults, and continued limited availability of credit insurance, means that management of receivables remains a high priority. During the period we have been successful in further extending credit insurance cover for some of our key suppliers which has had a beneficial effect on our payables position.

We have continued to flex our operational footprint in order to optimise our market position. We have exited surplus units within our Composite Door business and have started to implement the consolidation of our Door Hardware and Balance Facilities in South Dakota.

The Building Products division comprises the Group's door and window hardware and seals operations. The division's businesses are market leaders and operate across the Americas, the UK, Europe and Australasia.

US Building Products

(41% of Group Revenues)

Sales

£50.9m

H1 2010: £56.5m –10%

Underlying Operating Profit

£4.9m

H1 2010: £6.6m –25%

Underlying Operating Margin

9.7%

H1 2010: 11.7%

In the first half the division has successfully maintained its market share positions in its key markets and has fully recovered increases in input costs.

In North America the Amesbury Group has seen a weaker first half of the financial year compared with the corresponding period in 2010. The 2010 year was characterised by an uneven demand pattern in the US market with performance during the first four months of the year heavily influenced by one-off impacts of customers rebuilding inventories and consumer tax credits driving demand. Despite sluggish market conditions we remain confident that we have maintained our market share.

Local currency sales in the period for the Amesbury Group were $82.3 million (2010: $86.3 million) and Underlying Operating Profit was $8.0 million (2010: $10.1 million).

Key initiatives in the period included the further development of the National Accounts Program, the rebranding of the Amesbury Group and a number of operating businesses, recruitment of a dedicated team focused on the North American Commercial market and continued investment in new product development.

Chairman's and Chief Executive Officer's statement continued

UK and Ireland Building Products

(36% of Group Revenues)

Sales

£44.8m

H1 2010: £49.4m –9%

Underlying Operating Profit

£3.4m

H1 2010: £4.1m –16%

Underlying Operating Margin

7.6%

H1 2010: 8.2%

Note: Comparative figures for the geographical analysis of revenue for the periods ending 30 June 2010 have been revised to reflect the elimination of intragroup trading more accurately.

In the first half of the financial year, grouphomesafe saw some increases in demand for its components products, most noticeably from the distribution sector, offset by weaker demand in the OEM sector and continued to grow market share in components. As expected, the decline in social housing demand significantly impacted sales in our composite door business. grouphomesafe has seen significant input cost pressures in the period, affecting both raw materials and imported finished goods, however has successfully managed to implement price increases to offset these.

The UK and Ireland markets, which are predominately RMI, remain subdued with little sign of sustained recovery. The Scottish and Irish markets in particular remain difficult.

During the period grouphomesafe launched a number of new products into the market which have been well received. grouphomesafe also made good progress with the restructuring and repositioning initiatives within the composite doors business and have started to win door sales in the trade and retail markets.

International Building Products

(15% of Group Revenues)

Sales

£18.9m

H1 2010: £19.2m –2%

Underlying Operating Profit

£1.8m

H1 2010: £2.5m –25%

Underlying Operating Margin

9.8%

H1 2010: 12.8%

Note: Comparative figures for the geographical analysis of revenue for the periods ending 30 June 2010 have been revised to reflect the elimination of intragroup trading more accurately.

Our International Building Products division has seen local currency sales broadly in line with the corresponding period in 2010, with encouraging increases in demand in Germany and Brazil, tempered by more muted demand for products in Southern Europe. Our Australasian business had a more subdued first half than in 2010, with market demand affected by the Australian floods and the New Zealand earthquake, however in recent weeks order levels have improved. Profitability in the period in this division was affected by the mix of products sold and by the high levels of operational gearing in Southern Europe.

We have continued to focus on cross selling opportunities within the International business as well as seeking to expand our market shares in our core sealing products.

Oil Services
(8% of Group Revenues)

Sales

£10.1m

H1 2010: £8.1m +25%

Underlying Operating Profit

£5.4m

H1 2010: £4.2m +27%

Underlying Operating Margin

53.1%

H1 2010: 52.1%

Our oil services division operates through the Gall Thomson and Klaw businesses. Gall Thomson Environmental is the world's leading supplier of marine breakaway couplings and, through its Klaw subsidiary, is a supplier of industrial couplings including quick release and breakaway couplings.

During the period the division performed strongly and has delivered further growth in sales and underlying profits in both the Gall Thomson and Klaw businesses. The division's order book and enquiry levels remain healthy.

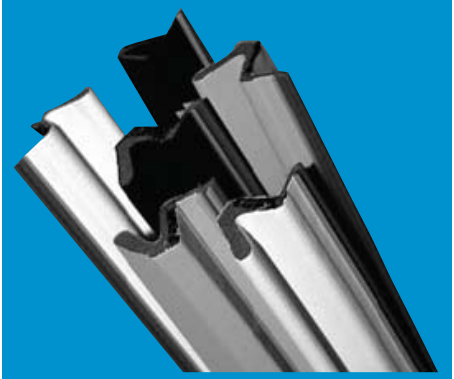
New debt facility agreement

The Group has entered into a new and significantly improved debt facility agreement which extends the Group's committed facilities until 31 March 2016. Key highlights of the new facility are as follows:

- Repayment of approximately £120 million of existing facilities.
- £110 million multicurrency term loan and a £30 million multicurrency working capital facility.
- Unsecured facilities with no debt silos and simplified covenant structures.
- Annual amortisation payments of c. £11 million from December 2012.
- Standard provisions surrounding dividends, M&A activity and capital expenditure.
- Market pricing incorporating a margin step down as the Group degears.
- Initial step down in margin payable of approximately 75 bps.
- Joint Bookrunners and Joint Mandated Lead Arrangers are Barclays, HSBC, Lloyds and RBS.
- Total fees and expenses payable in connection with the new facility agreement are estimated at £2.7 million.

Under the new debt facility agreement, the Group had pro forma headroom on the revised banking covenants of between 24 per cent. and 66 per cent. at 30 June 2011.

Double Locking Nightlatch
Designed to replace most existing front door locks, it has been designed with an ergonomic internal locking handle offering added security against forced entry. The main lock bolt is "automatically" deadlocked when the door is closed, preventing the main bolt being retracted by a credit card.



Intumescent Seal
Q-LON Fire Rated Door Seal is an all-inclusive seal that combines the superior performance of Q-Lon to resist air, water and sound penetration with the fire and smoke protection provided by Category G and H rated gaskets.

Outlook

The trading environment in the US and UK Building Products markets remains challenging and shows few indications of significant improvement over the next twelve months.

In Oil Services, given the strength of the order books at both Gall Thomson and Klaw, we expect continued solid performance across the balance of the year.

The successful refinancing of the Group's debt facilities gives Lupus a sound financial platform for the next four years and provides the Group with more favourable terms, reduced costs and significantly enhanced flexibility.

Provided there is no significant further deterioration in end markets over the remainder of the year, the Group would expect to trade satisfactorily.

Jamie Pike
Chairman

Louis Eperjesi
Chief Executive Officer

6 September 2011

Condensed consolidated income statement

For the six months ended 30 June 2011

	Note	**Six months ended 30 June 2011 (unaudited) £'000**	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Revenue	3	**124,688**	133,238	266,212
Cost of sales		**(80,779)**	(86,651)	(173,403)
Gross profit		**43,909**	46,587	92,809
Administrative expenses		**(34,705)**	(35,433)	(71,278)
Operating profit		**9,204**	11,154	21,531
Analysed as:				
Operating profit before exceptional items and amortisation of intangible assets	3	**15,544**	17,322	33,675
Exceptional items	4	**(603)**	(238)	(395)
Amortisation of intangible assets		**(5,737)**	(5,930)	(11,749)
Operating profit		**9,204**	11,154	21,531
Finance income	5	**204**	290	566
Finance costs	5	**(4,556)**	(6,396)	(12,562)
Net finance costs		**(4,352)**	(6,106)	(11,996)
Profit before taxation		**4,852**	5,048	9,535
Income tax expense	6	**(1,051)**	(1,652)	(2,488)
Profit for the period from continuing operations		**3,801**	3,396	7,047
Earnings per share				
– Basic EPS from continuing operations	7	**2.93p**	2.62p	5.43p
– Diluted EPS from continuing operations	7	**2.92p**	2.57p	5.35p

All results relate to continuing operations.

	Note	**Six months ended 30 June 2011 (unaudited) £'000**	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Non GAAP measure				
Underlying[1] profit before taxation	7	**12,428**	12,569	24,533
Earnings per share				
– Underlying[1] basic EPS from continuing operations	7	**6.83p**	6.79p	13.06p
– Underlying[1] diluted EPS from continuing operations	7	**6.80p**	6.67p	12.86p

1 Before amortisation of intangible assets, deferred tax on amortisation of intangible assets, exceptional items, unwinding of discount on provisions, amortisation of borrowing costs and the associated tax effect.

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2011

	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Profit for the period	**3,801**	3,396	7,047
Actuarial loss on defined benefit plans	**–**	–	(117)
Exchange differences on retranslation of foreign operations	**(3,610)**	2,619	4,511
Effective portion of changes in value of cash flow hedges	**455**	(578)	564
Tax on items recognised directly in other comprehensive income	**–**	–	40
Other comprehensive (expense)/income for the period	**(3,155)**	2,041	4,998
Total comprehensive income for the period, attributable to equity shareholders of the Company	**646**	5,437	12,045

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2011

	Share capital £'000	Share premium £'000	Other reserves £'000	Treasury reserve £'000	Hedging reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2010	6,864	101	10,389	(6,764)	(2,489)	28,927	189,439	226,467
Share based payments	–	–	–	–	–	–	27	27
Transactions with owners	–	–	–	–	–	–	27	27
Profit after taxation	–	–	–	–	–	–	3,396	3,396
Other comprehensive income/ (expense):								
Exchange differences on retranslation of foreign operations	–	–	–	–	–	2,619	–	2,619
Effective portion of changes in value of cash flow hedges	–	–	–	–	(578)	–	–	(578)
Total comprehensive (expense)/ income for the period	–	–	–	–	(578)	2,619	3,396	5,437
At 30 June 2010	6,864	101	10,389	(6,764)	(3,067)	31,546	192,862	231,931
Share based payments	–	–	–	–	–	–	36	36
Transactions with owners	–	–	–	–	–	–	36	36
Profit after taxation	–	–	–	–	–	–	3,651	3,651
Other comprehensive income/ (expense):								
Exchange differences on retranslation of foreign operations	–	–	–	–	–	1,892	–	1,892
Effective portion of changes in value of cash flow hedges	–	–	–	–	1,142	–	–	1,142
Actuarial loss on defined benefit pension schemes	–	–	–	–	–	–	(77)	(77)
Total comprehensive income for the period	–	–	–	–	1,142	1,892	3,574	6,608
At 31 December 2010	6,864	101	10,389	(6,764)	(1,925)	33,438	196,472	238,575
Share based payments	–	–	–	–	–	–	73	73
Dividends paid	–	–	–	–	–	–	(2,596)	(2,596)
Purchase of treasury shares	–	–	–	(250)	–	–	–	(250)
Transactions with owners	–	–	–	(250)	–	–	(2,523)	(2,773)
Profit after taxation	–	–	–	–	–	–	3,801	3,801
Other comprehensive income/ (expense):								
Exchange differences on retranslation of foreign operations	–	–	–	–	–	(3,610)	–	(3,610)
Effective portion of changes in value of cash flow hedges	–	–	–	–	455	–	–	455
Total comprehensive income/ (expense) for the period	–	–	–	–	455	(3,610)	3,801	646
At 30 June 2011	**6,864**	**101**	**10,389**	**(7,014)**	**(1,470)**	**29,828**	**197,750**	**236,448**

Condensed consolidated balance sheet

At 30 June 2011

	30 June 2011 (unaudited) £'000	30 June 2010 (unaudited) £'000	31 December 2010 (audited) £'000
Assets			
Non-current assets			
Intangible assets	**316,707**	335,219	328,240
Property, plant and equipment	**29,919**	32,941	31,457
Deferred tax	**7,289**	7,596	7,654
	353,915	375,756	367,351
Current assets			
Inventories	**29,831**	29,656	26,048
Trade and other receivables	**39,455**	39,988	32,922
Cash and cash equivalents	**25,302**	25,224	27,748
	94,588	94,868	86,718
Total Assets	**448,503**	470,624	454,069
Liabilities			
Current liabilities			
Current tax payable	**(5,288)**	(1,824)	(2,679)
Trade and other payables	**(40,082)**	(40,887)	(40,365)
Provisions	**(3,302)**	(3,421)	(3,584)
Finance lease obligations	**(6)**	(9)	(9)
Derivative financial instruments	**(1,543)**	(1,351)	–
Interest bearing loans and borrowings	**(5,081)**	(8,146)	(5,163)
	(55,302)	(55,638)	(51,800)
Non-current liabilities			
Finance lease obligations	**–**	(6)	(1)
Deferred tax	**(20,966)**	(25,572)	(23,369)
Interest bearing loans and borrowings	**(112,832)**	(130,512)	(114,304)
Employee benefit liability	**(6,753)**	(7,932)	(7,474)
Provisions	**(14,641)**	(16,737)	(14,989)
Derivative financial instruments	**–**	(1,739)	(1,998)
Other creditors	**(1,561)**	(557)	(1,559)
	(156,753)	(183,055)	(163,694)
Total Liabilities	**(212,055)**	(238,693)	(215,494)
Net Assets	**236,448**	231,931	238,575
Equity			
Capital and reserves attributable to equity holders of the Company			
Called up share capital	**6,864**	6,864	6,864
Share premium	**101**	101	101
Other reserves	**10,389**	10,389	10,389
Treasury reserve	**(7,014)**	(6,764)	(6,764)
Hedging reserve	**(1,470)**	(3,067)	(1,925)
Translation reserve	**29,828**	31,546	33,438
Retained earnings	**197,750**	192,862	196,472
Total Equity	**236,448**	231,931	238,575

Condensed consolidated cash flow statement

For the six months ended 30 June 2011

	Note	**Six months ended 30 June 2011 (unaudited) £'000**	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Cash flows from operating activities				
Profit before tax		**4,852**	5,048	9,535
Adjustments to profit before tax	8	**13,209**	15,905	30,666
Movement in inventories		**(4,047)**	(3,113)	451
Movement in trade and other receivables		**(6,684)**	(10,046)	(2,728)
Movement in trade and other payables		**600**	3,004	4,011
Provisions utilised		**(878)**	(1,348)	(2,515)
Pension contributions		**(658)**	(428)	(841)
Income tax paid		**(527)**	(322)	(2,304)
Net cash inflow from operating activities		**5,867**	8,700	36,275
Investing activities				
Payments to acquire property, plant and equipment		**(1,735)**	(1,325)	(3,314)
Payments to acquire intangible assets		**(230)**	(96)	(197)
Interest received		**204**	290	566
Net cash outflow from investing activities		**(1,761)**	(1,131)	(2,945)
Financing activities				
Interest paid		**(3,472)**	(4,556)	(9,822)
Dividends paid		**(2,596)**	–	–
Purchase of treasury shares		**(250)**	–	–
Refinancing costs paid		**–**	(20)	(23)
Repayment of short term borrowings		**–**	(3,000)	(21,147)
Repayment of capital element of finance leases		**(4)**	(3)	(8)
Net cash outflow from financing activities		**(6,322)**	(7,579)	(31,000)
(Decrease)/increase in cash and cash equivalents		**(2,216)**	(10)	2,330
Effect of exchange rates on cash and cash equivalents		**(230)**	279	463
Cash and cash equivalents at the beginning of the period		**27,748**	24,955	24,955
Cash and cash equivalents at the period end		**25,302**	25,224	27,748

Notes to the Interim Report

1. Basis of preparation

The Group's interim financial statements for the six months ended 30 June 2011 were authorised for issue by the directors on 6 September 2011. The consolidated interim financial information, which is unaudited, does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. Accordingly, this condensed report is to be read in conjunction with the Annual Report for the year ended 31 December 2010, which has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and any public announcements made by the Group during the interim reporting period.

The statutory accounts for the year ended 31 December 2010 have been reported on by the Group's auditors, received an unqualified audit report and have been filed with the registrar of companies at Companies House. The unaudited condensed interim financial statements for the six months ended 30 June 2011 have been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ending 31 December 2011, which are not expected to be significantly different to those set out in note 1 to the Group's audited financial statements for the year ended 31 December 2010.

The interim financial information has not been audited but it has been reviewed under the International Standard on Review Engagements (UK and Ireland) 2410 of the Auditing Practices Board.

After review of the Group's operations, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the unaudited condensed interim financial statements.

2. Accounting policies

The interim financial information has been prepared on the basis of the recognition and measurement requirements of IFRS, which were the accounting policies used in the Report and Accounts for the Group for the year ended 31 December 2010. The accounting policies are unchanged from those used in the last annual accounts.

3. Segmental analysis

Six months ended 30 June 2011	Building products United Kingdom £'000	Building products Americas £'000	Building products Rest of the World £'000	Building products **Total £'000**	Oil services United Kingdom £'000	**Total £'000**
Revenue						
Revenue from continuing operations	44,764	50,917	18,890	**114,571**	10,117	**124,688**
Operating profit before exceptional items and amortisation of intangible assets	3,386	4,940	1,843	**10,169**	5,375	**15,544**
Amortisation of intangible assets				**(5,737)**	–	**(5,737)**
Exceptional items (note 4)						**(603)**
Operating profit						**9,204**

Six months ended 30 June 2010	Building products United Kingdom £'000	Building products Americas £'000	Building products Rest of the World £'000	Building products **Total £'000**	Oil services United Kingdom £'000	**Total £'000**
Revenue						
Revenue from continuing operations	49,384	56,514	19,235	**125,133**	8,105	**133,238**
Operating profit before exceptional items and amortisation of intangible assets	4,056	6,583	2,464	**13,103**	4,219	**17,322**
Amortisation of intangible assets				**(5,930)**	–	**(5,930)**
Exceptional items (note 4)						**(238)**
Operating profit						**11,154**

Year ended 31 December 2010	Building products United Kingdom £'000	Building products Americas £'000	Building products Rest of the World £'000	Building products **Total £'000**	Oil services United Kingdom £'000	**Total £'000**
Revenue						
Revenue from continuing operations	97,927	116,987	37,550	**252,464**	13,748	**266,212**
Operating profit before exceptional items and amortisation of intangible assets	7,880	14,444	4,514	**26,838**	6,837	**33,675**
Amortisation of intangible assets				**(11,749)**	–	**(11,749)**
Exceptional items (note 4)						**(395)**
Operating profit						**21,531**

Comparative figures for the geographical analysis of revenue for building products for the periods ending 30 June 2010 and 31 December 2010 have been revised to more accurately reflect the elimination of intragroup trading.

4. Exceptional items

	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Redundancy and restructuring costs	**603**	–	151
Other corporate costs including EGM costs	**–**	238	244
	603	238	395

5. Finance income and costs

	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Finance income			
Bank interest receivable	**204**	290	566
Finance costs			
Interest payable on bank loans and overdraft	**(3,245)**	(5,064)	(9,429)
Amortisation of borrowing costs	**(992)**	(1,072)	(2,295)
Ineffective portion of changes in value of cash flow hedges	**(10)**	22	(26)
Finance charges payable under finance lease and hire purchase contracts	**–**	(1)	(1)
Unwinding of discount on provisions	**(244)**	(281)	(559)
Pension scheme and other finance costs	**(65)**	–	(252)
Total finance costs	**(4,556)**	(6,396)	(12,562)
Net finance costs	**(4,352)**	(6,106)	(11,996)

6. Income tax expense

	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Current income tax:			
Current income tax charge	**2,786**	2,555	5,348
Total current income tax	**2,786**	2,555	5,348
Deferred tax:			
Origination and reversal of temporary differences	**(1,227)**	(903)	(1,968)
Change in UK statutory tax rates	**(508)**	–	(892)
Total deferred tax	**(1,735)**	(903)	(2,860)
Income tax expense in the income statement	**1,051**	1,652	2,488

The effective rate of tax is expected to be 29% which has been applied to reported group profit before tax of £4,852,000 at 30 June 2011.

7. Earnings per share

(a) Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the period from continuing operations attributable to ordinary equity shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share takes into account the dilutive effect of potential ordinary shares.

	Six months ended 30 June 2011 (unaudited) '000	Six months ended 30 June 2010 (unaudited) '000	Year ended 31 December 2010 (audited) '000
Weighted average number of shares (including treasury shares)	**137,287**	137,287	137,287
Treasury shares	**(7,541)**	(7,447)	(7,447)
Weighted average number of shares – basic	**129,746**	129,840	129,840
Effect of dilutive potential ordinary shares – LTIP awards and options	**589**	2,200	1,967
Weighted average number of shares – diluted	**130,335**	132,040	131,807

	£'000	£'000	£'000
Profit after tax	**3,801**	3,396	7,047
Basic earnings per share	**2.93p**	2.62p	5.43p
Diluted earnings per share	**2.92p**	2.57p	5.35p

7. Earnings per share continued

(b) Underlying earnings per share

Underlying earnings per share is based on the profit for the period from continuing operations, adjusted for the specific items excluded from operating profit in arriving at underlying operating profit and the associated tax effect of those items.

Underlying earnings per share is calculated as follows and shown on a basic and diluted basis:

	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Profit before tax from continuing operations	**4,852**	5,048	9,535
Exceptional costs	**603**	238	395
Amortisation of intangible assets	**5,737**	5,929	11,749
Unwinding of discount on provisions	**244**	281	559
Amortisation of borrowing costs	**992**	1,073	2,295
Underlying profit before taxation	**12,428**	12,569	24,533
Income tax expense	**(1,051)**	(1,652)	(2,488)
Adjustment due to deferred tax rate change	**(508)**	–	(892)
Tax effect on exceptional costs and amortisation of intangible assets	**(2,008)**	(2,098)	(4,199)
Underlying profit after taxation	**8,861**	8,819	16,954
Earnings per share			
– Underlying basic EPS from continuing operations	**6.83p**	6.79p	13.06p
– Underlying diluted EPS from continuing operations	**6.80p**	6.67p	12.86p

8. Adjustments to cash flows from operating activities

The following non cash and financing adjustments have been made to profit before tax for the period to arrive at operating cash flow:

	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Net finance costs	**4,352**	6,106	11,996
Depreciation	**2,871**	3,406	6,493
Amortisation	**5,737**	5,930	11,749
Intangible and fixed assets written off	**–**	–	76
Non cash adjustments	**176**	436	289
Share based payments	**73**	27	63
	13,209	15,905	30,666

Independent review report to Lupus Capital plc

Introduction

We have been engaged by the Company to review the financial information in the half-yearly financial report for the six months ended 30 June 2011 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated balance sheet, condensed consolidated cash flow statement and notes. We have read the other information contained in the half yearly financial report which comprises only the Chairman's Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE (UK and Ireland) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with the basis of preparation.

Our responsibility

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with the basis of accounting described in note 1.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
LONDON
6 September 2011

The maintenance and integrity of the Lupus Capital plc website is the responsibility of the directors: the interim review does not involve consideration of these matters and, accordingly, the company's reporting accountants accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

Definitions

Where appropriate "Underlying" is defined as before amortisation of intangible assets, deferred tax on amortisation of intangible assets, exceptional items, unwinding of discount on provisions, amortisation of borrowing costs and the associated tax effect.

"Underlying Net Debt" is defined as interest bearing loans and borrowings, net of cash and cash equivalents, plus unamortised borrowing costs added back.

"Operating Cash Conversion" is defined as net cash inflow from operating activities before Income tax paid and after payments to acquire property, plant and equipment divided by underlying operating profit.

Exchange Rates

The following foreign exchange rates have been used in the financial statements:

Closing Rates:	**H1 2011**	H1 2010	FY 2010
US Dollars	**1.6018**	1.5071	1.5471
Euros	**1.1131**	1.2348	1.1675

Average Rates:	**H1 2011**	H1 2010	FY 2010
US Dollars	**1.6162**	1.5265	1.5463
Euros	**1.1525**	1.1491	1.1661

Roundings

Percentages have been calculated using figures rounded to the nearest thousand from the financial statements, which may lead to small differences in some figures and percentages quoted.

Notes

/ Directors and advisers

Directors
Jamie Pike (Non-Executive Chairman)
Louis Eperjesi (Chief Executive Officer)
James Brotherton (Chief Financial Officer)
Les Tench (Non-Executive Director)
Martin Towers (Non-Executive Director)

Secretary
Kevin O'Connell

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