

Capcon Holdings PLC  
09 October 2006

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Capcon Holdings plc  
( 'Capcon' or 'the Company' )

Disposal of a non-core business unit

The Directors are pleased to announce the disposal of the business and assets of Capcon Surveillance Bureau Limited ('CSB'), a wholly owned subsidiary of Capcon, to Bureau of Specialised Services Limited a company owned by Mr Stephen Cook, a director of CSB.

In the year to September 2005, CSB had sales of £77,900 and made trading losses of £125,600; and the losses as derived from unaudited management accounts, for the eleven months to 31 August 2006 have amounted to £78,600. The approximate value of the assets being sold is £10,000.

The consideration for the disposal is £215,000 in total, split as to £50,000 on completion (including £40,000 for the licensing of the name) and a further £165,000 in license payments spread over 6 years at £27,500 pa. All amounts are payable in cash.

Mr Stephen Cook is a director of CSB and this sale is therefore a related party transaction. The directors of Capcon, who have consulted with Insinger de Beaufort, consider the terms of the disposal of the business and assets of CSB to be fair and reasonable in so far as shareholders are concerned. In its discussions with the Company, Insinger de Beaufort has taken into account the commercial assessments of the directors in relation to the disposal.

CSB, which carries out surveillance on behalf of insurance groups, is peripheral to Capcon's main businesses and the disposal will stem any further losses from this unit.

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