

10 December 2008

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

Argen litigation update

Capcon is pleased to announce that, following successful mediation discussions that have been ongoing for a number of months, the litigation proceedings brought against the Company by the vendors of Argen Limited (the "Vendors") have been dismissed on agreed terms with no payment being made by the Company to the Vendors.

The litigation proceedings related to claims by the Vendors of entitlement to the payment of further cash consideration under an agreement between the Company and the Vendors dated 23 January 2003. The claims have always been refuted by the Company and the proceedings have been vigourously resisted since they were issued. In addition to the dismissal of the claims, the agreed settlement terms provide for the payment by the Vendors of £36,000 as a contribution towards the costs incurred by the Company in resisting the proceedings and a further sum, to be determined by reference to the value at the date of sale of 473,912 ordinary shares in the Company currently held by the Vendors and certain of their associated parties and which are to be sold to a third party or parties with the net proceeds of such sale being paid to the Company. If such sale had been transacted at the closing mid market price of shares in the Company on 9 December 2008 (being, 6p per share), this would have resulted in an aggregate payment to the Company (before deduction of the costs associated with such sale) of approximately £28,435. The amount ultimately to be paid to the Company in this regard and the timing of that payment will, however, depend upon the price at which such sale(s) actually take place and the availability of a suitable purchaser or purchasers in the market.

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