

Press Release

For immediate release
10 April 2007

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UKSA Announces Formation of Shareholder Action Group for Torex Retail Plc Shareholders

The UK Shareholders' Association (UKSA) has formed a group to promote the interests of ordinary shareholders in Torex Retail Plc and has requested a copy of the share register from the company with the intention of writing to all shareholders in due course.

On the 30th March the company announced a "strategic review" and said it had appointed Jefferies International to advise on its options. Typically this kind of statement usually means the company is putting itself up for sale. Plus they said there was "significant levels of interest" being shown by a wide range of parties which tends to confirm that impression. They also said the "Group's principal financiers" are fully supportive of this development. But this is an ominous sign so far as ordinary equity shareholders are concerned.

Roger Lawson, UKSA Communications Director, has this to say about the current situation: "As someone with experience both in the retail sector and in selling IT businesses, my view is that this must be one of the worst possible times to sell such a business. With the future sales pipeline possibly damaged by the uncertainty of the financial position and recent events, it seems unlikely that this would be the best time to maximise the valuation of the business. Disposal may therefore be more in the interests of the bondholders rather than that of ordinary shareholders."

UKSA will be monitoring events closely to try and ensure that the interests of ordinary shareholders, particularly the large number of private shareholders, are given due weight in any decisions by the board of the company.

Any shareholders who wish to join the group and be kept informed of future developments should contact: Roger Lawson, Communications Director, UKSA, email: uksa@uksa.org.uk, telephone: 020-8467-2686, Post: PO Box 62, Chislehurst, BR7 5YB.

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The United Kingdom Shareholders' Association Limited
Registered in England No. 4541415; Registered Office: 171 Abbots Drive, North Wembley, HA0 3SH

More Information

In January 2007, the London Stock Exchange announced an investigation into Torex Retail after the company issued a profits warning only a few days after a positive announcement about contract wins. The company requested a "temporary suspension" of the share listing at the same time and the shares have been suspended ever since. A suspension of the share listing effectively means there can be no trading of the shares on the London Stock Exchange so shareholders cannot easily sell their shares. At the same time as announcing the profits warning, the company said that year end borrowings were £23 million higher than expected. This raised a lot of concern among shareholders because the company was already highly geared with very substantial bank debts.

On the 30th January the Serious Fraud Office (SFO) announced they were also investigating the affairs of Torex and had raided several properties in Oxfordshire and Warwickshire owned by Chris Moore, who has recently resigned as Chairman, Rob Loosemore, former Chairman, and Mark Woodbridge, a company employee and associate of Mr Moore. This had apparently been prompted by Neil Mitchell, the recently appointed chief executive, who claimed to be the "leader of the Torex whistleblowers" in a letter to the Financial Times (FT). Subsequently there were a number of changes of directors, and Mr Steve Marshall was appointed as the new non-executive Chairman. A renegotiation of its banking facilities was also announced.

See the UKSA web site at www.uksa.org.uk/Torex.htm for more details.

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About The UK Shareholders Association (UKSA)

UKSA is the leading independent organisation which represents the interests of private shareholders in the United Kingdom. We campaign to protect the rights of shareholders in public companies, and to promote improved standards of corporate governance. Our educational activities, regular regional meetings, company "analyst" meetings and the resources of our web site, help to inform the public on investment management. UKSA is a "not for profit" organisation which is financially supported primarily by its individual members.