



ROMAG HOLDINGS PLC
Unaudited results for the six months to 31 March 2008

Romag Holdings plc, a specialist manufacturer of glass and plastic composites for renewable energy, security, transport and architectural applications is pleased to announce its interim results for the six months to 31 March 2008.

20 May 2008

Highlights

- Sales up 69% on same period last year
- Exports at 72% of total sales
- Gross margin in line with expectations at 22% (2007: 33%)
- Pre-tax profits up 21%
- Earnings per share up 8%
- Interim dividend increased by 8%
- New PowerGlaz investment on schedule for summer commissioning

JOHN M. KENNAIR, MBE, Chairman said:

“Romag has had an excellent start to the year in all markets continuing from last year’s good results. We see particularly strong growth in our PowerGlaz products which will be underpinned by the doubling of production capacity in the second half of the year.

Our product range is being well received in overseas markets and we are actively looking at further opportunities to expand our sales reach.”

ENQUIRIES

Romag Holdings plc

Lyn Miles, Chief Executive

Today only: 020 7554 1400

After today: 01207 500 000

Gavin Anderson & Company

Ken Cronin

Michael Turner

Natalie Biasin

Tel: 020 7554 1400

Arbuthnot Securities

Tom Griffiths

Antonio Bossi

Tel: 020 7012 2000

Note to editors:

Romag Holdings plc is a leading manufacturer of glass and plastic composites based in Consett, County Durham. Romag has developed a range of photovoltaic glass products (PowerGlaz) for use in the generation of renewable energy.

Romag also manufactures a wide range of products for the security, transport and architecture markets to protect people against a variety of risks and threats. Businesses using the group's high-impact glass products include BAA, Securicor, government departments, banks, building societies and train operators.

ROMAG HOLDINGS PLC

Chairman's statement

Results

The group has achieved sales growth of 69% over the corresponding period last year to £11.58m (2007 £6.86m). This higher level of sales has led to growth of 21% in pre-tax profits to £0.90m (2007 £0.74m). In line with directors' expectations, gross profit margin has reduced to 22% (2007 33%). Earnings per share increased by 8% to 1.3p per share.

Trading

Trading in the group's products and in particular PowerGlaz, continues to be buoyant. The successful introduction of the second PowerGlaz production line has enabled the group to increase its share of the rapidly growing market in photovoltaic modules for 'tracker', roofing and other solar installations throughout mainland Europe as well as projects using more sophisticated building integrated photovoltaics (BIPV).

Two further PowerGlaz production lines are currently being installed and are due to be commissioned in the July-September quarter. These will more than double the group's capacity in this rapidly expanding market from 12MW to 28MW. The directors anticipate that the PV cell supply agreements that the group has entered into in the past two years will be adequate to support this increased capacity.

The high level of trading has enabled pre-tax profits to grow by 21%. Higher depreciation charges relating to the new equipment and the increased labour costs associated with the extensive training programmes being undertaken prior to the introduction of the third and fourth PV production lines, combined with the change in the product mix, has resulted, as anticipated, in a reduction in gross profit margins to 22% (2007 33%).

The group has maintained its position as UK market leader in both bespoke BIPV and security glass. It has increased its market share in mainland Europe and has recently entered into an agreement with Gulf International Trading Group (Gulf) with the aim of more vigorously promoting the group's entire product range in the United Arab Emirates. Exports, in fact, accounted for 72% of sales in the six months.

The group has recently agreed (subject to contract) the purchase of the remaining land and buildings on the section of Leadgate Industrial Estate where its current facilities are situated. Combined with property already owned, this purchase will make available approximately 4 acres of expansion land on the site.

Dividend

The directors have declared an interim dividend of 0.43p per share (2007 0.4p per share) payable on 20 June 2008 to shareholders on the register on 6 June 2008.

ROMAG HOLDINGS PLC

Chairman's statement (continued)

Outlook

With the two new PowerGlaz production lines currently being installed and the continued dynamic growth in the market for renewable energy, the directors anticipate strong sales growth in the second half and into the next financial year.

Steady growth in BIPV sales, which the directors anticipate will impact more strongly in 2009/10, will enable gross profit margins to improve in future years. However, these products are sold into the commercial property sector and therefore the directors are cautious about BIPV growth in the UK over the short term because of the economic difficulties currently being experienced and the muted actions taken so far by the UK government to support the development of renewable energy.

In response, the group continues to pursue solar energy opportunities overseas, including BIPV. The recent agreement with Gulf, which it is hoped will improve the group's sales in the Middle East, is a prime example.

JOHN M. KENNAIR, MBE
Chairman

20 May 2008

ROMAG HOLDINGS PLC
Consolidated income statement

Unaudited results for the six months to 31 March 2008

	Notes	Six months to 31 March		Year to 30
		2008	2007	September
		<i>Unaudited</i>	<i>Restated</i>	<i>Restated</i>
		£'000	£'000	Audited
				£'000
Group revenue		11,580	6,864	17,388
Cost of sales		9,054	4,621	11,463
Gross profit		2,526	2,243	5,925
Distribution costs		180	145	355
Administrative expenses		1,219	1,159	2,346
Group trading profit		1,127	939	3,224
Other operating income		30	28	57
Group operating profit from continuing operations		1,157	967	3,281
Finance costs		258	227	510
Profit on ordinary activities before taxation		899	740	2,771
Tax expense	2	252	206	691
Profit for the period from continuing operations		647	534	2,080
Earnings per share - basic and diluted	3	1.3p	1.2p	4.5p

Consolidated statement of total recognised income and expense

Unaudited results for the six months to 31 March 2008

	Six months to 31 March		Year to 30
	2008	2007	September
	<i>Unaudited</i>	<i>Restated</i>	<i>Restated</i>
	£'000	£'000	Audited
			£'000
Income and expense recognised directly in equity			
Tax recognised directly in equity	-	14	15
Net income recognised directly in equity	-	14	15
Profit for the period	647	534	2,080
Total recognised income and expense for the period	647	548	2,095

ROMAG HOLDINGS PLC
Consolidated balance sheet

Unaudited results for the six months to 31 March 2008

	31 March		30 September
	<i>2008</i>	<i>2007</i>	<i>2007</i>
	<i>Unaudited</i>	<i>Restated</i>	<i>Restated</i>
	<i>£'000</i>	<i>Unaudited</i>	<i>Audited</i>
		<i>£'000</i>	<i>£'000</i>
Assets			
Non-current assets			
Property, plant and equipment	23,672	17,950	23,632
Intangible assets	2,676	976	2,746
	<u>26,348</u>	<u>18,926</u>	<u>26,378</u>
Current assets			
Inventories	7,956	6,623	6,056
Trade and other receivables	11,274	7,428	10,291
Cash and short term deposits	-	-	407
	<u>19,230</u>	<u>14,051</u>	<u>16,754</u>
Total assets	45,578	32,977	43,132
Equity and liabilities			
Current liabilities			
Trade and other payables	1,073	622	2,246
Interest-bearing loans and borrowings	1,754	6,354	1,446
Accruals and deferred income	37	98	204
Government grants	57	57	57
Employment taxes and VAT	105	86	91
Income tax payable	168	-	-
	<u>3,194</u>	<u>7,217</u>	<u>4,044</u>
Non-current liabilities			
Interest-bearing loans and borrowings	9,612	2,463	6,642
Government grants	65	124	95
Deferred tax liabilities	2,574	2,006	2,490
	<u>12,251</u>	<u>4,593</u>	<u>9,227</u>
Total liabilities	15,445	11,810	13,271
Net assets	30,133	21,167	29,861
Capital and reserves			
Equity share capital	12,505	11,367	12,505
Share premium	10,924	4,734	10,924
Merger reserve	406	406	406
Retained earnings	6,298	4,660	6,026
	<u>30,133</u>	<u>21,167</u>	<u>29,861</u>
Equity shareholders' funds	30,133	21,167	29,861

ROMAG HOLDINGS PLC

Consolidated statement of cash flows

Unaudited results for the six months to 31 March 2008

	Notes	Six months to 31 March		Year to 30
		2008	2007	September
		Unaudited	Unaudited	Audited
		£'000	£'000	£'000
Cash flow from operating activities				
Cash (outflow)/inflow from operations	5a	(1,101)	(895)	1,121
Finance expense		(215)	(180)	(378)
Interest element of hire purchase payments		(90)	(47)	(85)
Deferred government grants released		(30)	(28)	(57)
Net cash flow from operating activities		<u>(1,436)</u>	<u>(1,150)</u>	<u>601</u>
Investing activities				
Payments to acquire property, plant & equipment		(878)	(272)	(6,883)
Purchase of intangible assets		-	(772)	(2,606)
Net cash flow from investing activities		<u>(878)</u>	<u>(1,044)</u>	<u>(9,489)</u>
Financing activities				
Dividends paid		(375)	(296)	(477)
Proceeds from share issue		-	17	7,747
Share issue costs		-	-	(402)
Repayment of loans		-	-	(1,500)
Increase in use of revolving credit facilities		2,267	-	5,883
Decrease in advances from invoice discounting company		-	(1,065)	(1,065)
(Decrease)/increase in trade bills		(664)	(220)	462
Advance from hire purchase company		-	-	1,000
Repayment of capital element of hire purchase contracts		(337)	(294)	(522)
Net cash flow from financing activities		<u>891</u>	<u>(1,858)</u>	<u>11,126</u>
Net (decrease)/increase in cash and cash equivalents		(1,423)	(4,052)	2,238
Cash and equivalents at the start of the period		407	(1,831)	(1,831)
Cash and equivalents at the end of period	5b	<u>(1,016)</u>	<u>(5,883)</u>	<u>407</u>

ROMAG HOLDINGS PLC

Notes

Unaudited results for the six months to 31 March 2008

1. Basis of preparation

The condensed consolidated interim financial statements of the group for the six months ended 31 March 2008 consolidate the accounts of Romag Holdings plc and its subsidiary undertakings.

The group is required to adopt International Financial Reporting Standards (IFRS) with effect from 1 October 2007. The results for the six months to 31 March 2008 represent the group's first interim financial statements prepared in accordance with IFRS. The group's first IFRS Annual Report and Financial Statements will be for the year ending 30 September 2008.

Previously, the group reported under United Kingdom Generally Accepted Accounting Practice (UK GAAP). The accounting policies used in this statement are consistent with those to be used in the September 2008 annual report. Detailed reconciliations, showing the impact of transition to IFRS, are reported in a separate document, which is available on our website www.romag.co.uk.

The interim report has been prepared using those standards that the group expects to be endorsed and applicable when the IFRS financial statements are prepared for the year ending 30 September 2008. These standards are subject to ongoing review and endorsement by the European Union or possible amendment by interpretive guidance from the International Accounting Standards Board and the International Financial Reporting Interpretations Committee and are, therefore, still subject to change.

The interim results are not reviewed by the auditors, Ernst & Young LLP.

2. Taxation

The interim tax charge is based on an estimate of the likely effective tax rate for the full year, expressed as a percentage of the expected results for the year and then applied to the interim profit before tax.

3. Earnings per share

The calculations of earnings per share are based on earnings of £647,000 (2007 - £534,000), a basic weighted average of 50,019,813 shares in issue (2007 - 45,444,765) and a diluted weighted average of 50,041,790 shares in issue (2007 - 45,482,679).

The calculations of basic and diluted earnings per share for the year to 30 September 2007 are based on earnings of £2,080,000, a basic weighted average of 46,329,874 shares in issue and a diluted weighted average of 46,360,859 shares in issue.

ROMAG HOLDINGS PLC

Notes (continued)

Unaudited results for the six months to 31 March 2008

4. Dividends

The directors have declared an interim dividend of 0.43p per share (2007 - 0.4p) payable on 20 June 2008 to shareholders on the register on 6 June 2008.

Dividends paid were:

	Six months to 31 March		Year to 30
	<i>2008</i>	<i>2007</i>	September
	<i>Unaudited</i>	<i>Unaudited</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Final dividend 0.65p per share paid on 2 March 2007	-	296	296
Interim dividend 0.4p per share paid on 22 June 2007	-	-	181
Final dividend 0.75p per share paid on 29 February 2008	375	-	-
	<u>375</u>	<u>296</u>	<u>477</u>

5. Notes to the consolidated statement of cash flows

a) reconciliation of operating profit to net cash flow from operating activities:

	Six months to 31 March		Year to 30
	<i>2008</i>	<i>2007</i>	September
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating profit	1,157	967	3,281
Adjustments for:			
Depreciation	1,120	837	1,758
Amortisation	70	37	101
Changes in working capital:			
Increase in inventories	(1,900)	(2,520)	(1,953)
Increase in operating receivables	(983)	(148)	(3,011)
(Decrease)/increase in trade and other payables	(565)	(68)	945
Net cash (outflow)/inflow from operating activities	<u>(1,101)</u>	<u>(895)</u>	<u>1,121</u>

ROMAG HOLDINGS PLC

Notes (continued)

Unaudited results for the six months to 31 March 2008

5. Notes to the group statement of cash flows (continued)

b) analysis of net debt:

	31 March		30 September
	<i>2008</i>	<i>2007</i>	<i>2007</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash balances	-	-	407
Overdraft	(1,016)	(5,883)	-
Cash and equivalents	(1,016)	(5,883)	407
Other debt due within one year excluding hire purchase contracts	(52)	(34)	(1,716)
Debt due after one year	(8,150)	(1,500)	(5,883)
Hire purchase contracts	(2,148)	(1,433)	(1,205)
Net debt	(11,366)	(8,850)	(8,397)

6. Publication of non-statutory financial statements

The information contained in the interim results does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and the results are unaudited. The financial information for the year to 30 September 2007 and the six months to 31 March 2007 has been extracted from the group's IFRS transitional document, which is based on the group's 2007 Annual Report and the 2007 Interim Report.

The 2007 Annual Report has been filed with the Registrar of Companies. The audit report on the Annual Report 2007 was unqualified and did not contain a statement under Section 237 (2) or (3), of the Companies Act.