



ROMAG HOLDINGS PLC
Preliminary results for the year to 30 September 2007

Romag Holdings plc, a specialist manufacturer of glass and plastic composites for renewable energy, security, transport and architectural applications, announces its preliminary results for the year to 30 September 2007.

12 December 2007

FINANCIAL HIGHLIGHTS

- Sales up 6% to £17.4m (2006 £16.4m)
- Gross margins improved to 34% (2006 31%)
- Pre-tax profits up 44% to £2.76m (2006 £1.92m)
- Earnings per share up 52% to 4.7p (2006 3.1p)
- Total dividend up 15% to 1.15p per share
- Successful placing raised £7.3m net

POWERGLAZ HIGHLIGHTS

- PowerGlaz sales up 40% year on year and now 40% of total sales
- Five-year, €80m Spanish contract signed
- Second PowerGlaz line commissioned and in production
- Orders placed for two additional PowerGlaz production lines to increase capacity from 12 MW to 28 MW
- Two new cell supply agreements, including ten-year contract with Q-Cells
- BP Solar Global Alliance Agreement extended for further two years

Chairman, John Kennair, said

“2007 was another successful year for PowerGlaz, our photovoltaic glass product. PowerGlaz has developed a strong reputation and growing foothold in the solar energy market, which has led to sales growth of 40% in the last 12 months.

The installation of our second PowerGlaz production line has allowed us to expand our customer base and we anticipate further strong sales growth looking forward. Following the successful raising of £7.3m in July, we have ordered two further production lines that will increase our capacity from 12MW to 28MW per year.

While our traditional products of security, transport and architectural glass remain a key element to the business, we foresee future growth to be predominantly driven by the PowerGlaz range.”

ENQUIRIES

Romag Holdings plc

Lyn Miles, Chief Executive
David Banks, Finance Director

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Alan Stewart (Corporate finance)
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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.

CHAIRMAN'S STATEMENT

The year to 30 September 2007 has again seen excellent progress in the development of the business, in particular with regard to sales of the group's PowerGlaz products into the solar industry.

Results

Sales in the year to 30 September 2007 grew by 6% to £17.4m (2006: £16.4m). Gross profit margins improved to 34% (2006: 31%) enabling pre-tax profits to increase by 44% to £2.76m (2006: £1.92m). This in turn has contributed to an increase in earnings per share of 52% to 4.7p per share (2006: 3.1p per share).

Earnings per share also benefited from a lower than normal tax charge of 21% (2006: 29%). This occurred due to one-off benefits arising from the recent changes in legislation regarding industrial buildings allowances and the future rate of corporation tax. The tax rate is expected to return to more normal levels from next year.

PowerGlaz

It is the growth in sales of PowerGlaz that has dominated the group's trading profile in 2007. A number of contracts have been won in the European market, including the five-year, €80m contract in Spain announced with the interim results.

A second production line was installed and this came into production in July 2007. This has enabled PowerGlaz sales growth of 40% over 2006, achieved largely in the last quarter. PowerGlaz sales were more than 40% of the group's total business in 2007.

In order to ensure that the group is able to meet its sales targets for PowerGlaz, the company entered into a ten-year photovoltaic cell supply agreement with Q-Cells, as announced in February 2007. Since the year end, the directors have entered into a further cell supply agreement with Gintech Energy Corporation which is in addition to the supply arrangements currently in place with both E-Ton Solar and BP Solar.

The company has reached agreement with BP Solar to extend the Global Alliance Agreement for a further two years.

Having secured cell supplies and with the growth of orders and enquiries for PowerGlaz, the directors have ordered two new production lines for PowerGlaz products, which are expected to come on stream in the summer of 2008.

Investment

Investment in tangible fixed assets in the course of the financial year of £6.9m included:

- installation of the second PowerGlaz production line, building works and associated equipment
- deposits for two further PowerGlaz production lines which will come on stream in the summer of 2008.

Intangible assets have increased as a result of a payment to acquire a long-term cell supply contract.

Whilst adequate banking facilities were available to cover the capital investment programme, the directors, having regard to the pending uncertainties in the financial markets, arranged a share placing in July 2007 to raise a net £7.3m, further strengthening both the balance sheet and the shareholder base.

CHAIRMAN'S STATEMENT (continued)

Dividend

The directors recommend a final dividend of 0.75p per share payable on 29 February 2008 to shareholders on the register of members at 15 February 2008 which, following the dividend of 0.4p per share paid on 22 June 2007, will bring the total dividend for the year to 1.15p per share, representing a 15% increase over 2006.

Outlook

The growth in demand for renewable power supplies is evidenced daily through the national and international news media and it is apparent that solar energy is becoming a significant force in this field which, in turn, is providing a substantial and growing number of opportunities for Romag's PowerGlaz products, particularly in the European market.

The traditional security, transport and architectural products which are now focused on the higher margin areas, continue to play an important role in the development of the business, however, the directors now expect the major growth to flow from the group's PowerGlaz range of products over the coming years.

JOHN M. KENNAIR, MBE
Chairman

12 December 2007

GROUP PROFIT AND LOSS ACCOUNT
for the year to 30 September 2007

	Notes	<i>2007</i> <i>Unaudited</i> <i>£'000</i>	<i>2006</i> <i>Audited</i> <i>£'000</i>
Turnover		17,388	16,370
Cost of sales		<u>11,477</u>	<u>11,332</u>
Gross profit		5,911	5,038
Distribution costs		355	376
Administrative expenses		2,346	2,418
Other operating income		(57)	(57)
Operating profit		<u>3,267</u>	<u>2,301</u>
Interest payable		<u>510</u>	<u>385</u>
Profit on ordinary activities before taxation		2,757	1,916
Tax charge on profit on ordinary activities	3	<u>591</u>	<u>553</u>
Profit on ordinary activities after taxation		<u><u>2,166</u></u>	<u><u>1,363</u></u>
Earnings per share:			
Basic and diluted	5	4.7p	3.1p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year to 30 September 2007

There are no recognised gains and losses other than those stated above.

GROUP BALANCE SHEET

at 30 September 2007

	2007 <i>Unaudited</i> £'000	2006 <i>Audited</i> £'000
Fixed assets		
Intangible assets	2,732	241
Tangible assets	23,632	18,570
	26,364	18,811
Current assets		
Stocks	6,056	4,103
Debtors	10,291	7,280
Cash balances	407	-
	16,754	11,383
Creditors: amounts falling due within one year	<u>3,987</u>	<u>4,568</u>
Net current assets	<u>12,767</u>	<u>6,815</u>
Total assets less current liabilities	39,131	25,626
Creditors: amounts falling due after more than one year	6,642	2,705
Provisions for liabilities		
Deferred tax	2,421	1,830
Deferred income		
Government grants	152	209
	<u>29,916</u>	<u>20,882</u>
Capital and reserves		
Called up share capital	12,505	11,359
Share premium	10,924	4,725
Capital reserve	965	965
Merger reserve	406	406
Profit and loss account	5,116	3,427
Equity shareholders' funds	<u>29,916</u>	<u>20,882</u>

GROUP STATEMENT OF CASH FLOWS

for the year to 30 September 2007

	Notes	2007 Unaudited £'000	2006 Audited £'000
Net cash inflow from operating activities	6a	1,064	2,282
Returns on investments and servicing of finance	6b	(463)	(385)
Taxation recovered		-	20
Capital expenditure and financial investment	6b	(9,489)	(3,811)
Equity dividends paid		(477)	(410)
Financing	6b	11,603	2,057
Increase/(decrease) in cash		<u>2,238</u>	<u>(247)</u>

Reconciliation of net cash flow to movement in net debt

		2007 Unaudited £'000	2006 Audited £'000
Increase/(decrease) in cash		2,238	(247)
Cash used to repay capital element of hire purchase contracts		522	500
Cash used to repay loans		1,500	-
New loans		(5,883)	-
Decrease in advances from invoice discounting company		1,065	182
Advance from hire purchase company		(1,000)	-
Increase in trade bills		(462)	(169)
(Increase)/decrease in net debt resulting from cash flows	6c	<u>(2,020)</u>	<u>266</u>
New hire purchase contracts		-	(1,050)
Increase in net debt		<u>(2,020)</u>	<u>(784)</u>
Net debt at beginning of year	6c	<u>(6,377)</u>	<u>(5,593)</u>
Net debt at end of year	6c	<u>(8,397)</u>	<u>(6,377)</u>

NOTES

1. Basis of preparation

The preliminary results have been prepared under the historical cost convention and in accordance with applicable accounting standards. They have been prepared on the basis of consistent accounting policies as set out in the group's statutory accounts for the year to 30 September 2007, which will be mailed to shareholders shortly.

2. Basis of consolidation

The group results consolidate the accounts of Romag Holdings plc and all its subsidiary undertakings drawn up to 30 September 2007.

3. Tax

(a) Tax on profit on ordinary activities

The tax charge for the year is made up as follows:

	2007 <i>Unaudited</i> £'000	2006 <i>Audited</i> £'000
<i>Deferred tax</i>		
Origination and reversal of timing differences	742	553
Effect of changes in tax rates and legislation on opening liability *	(151)	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	591	553

* These are the change in corporation tax rate from 30% to 28%, effective from 6 April 2008, and the changes to tax legislation in respect of industrial buildings allowances.

Current tax in the year amounted to £Nil (2006: £Nil).

(b) Factors affecting current tax charge

The current tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006: 30%). The difference is reconciled below.

	2007 <i>Unaudited</i> £'000	2006 <i>Audited</i> £'000
Profit on ordinary activities before taxation	<hr/> 2,757	<hr/> 1,916
Profit on ordinary activities before taxation at 30% (2006: 30%)	827	575
Expenses not deductible for tax purposes	31	44
Items allowable for tax purposes in excess of charges in the profit and loss account	(51)	(58)
Capital allowances in excess of depreciation	(937)	(627)
Other timing differences	(17)	(17)
Unrelieved tax losses	147	83
	<hr/>	<hr/>
Total current tax	-	-

NOTES (continued)

4. Dividends

The directors recommend a final dividend of 0.75p per share, payable on 29 February 2008 to shareholders on the register at 15 February 2008.

In order to comply with the requirements of Financial Reporting Standard No. 21, Events after the balance sheet date, dividends are included in the accounting period in which the dividend is approved for payment. Consequently, the final dividend referred to above has not been included in these results.

Dividends were:

	<i>2007</i> <i>Unaudited</i> £'000	<i>2006</i> <i>Audited</i> £'000
Final dividend 0.6p per share paid on 17 March 2006	-	259
Interim dividend 0.35p per share paid on 23 June 2006	-	151
Final dividend 0.65p per share paid on 2 March 2007	296	-
Interim dividend 0.4p per share paid on 22 June 2007	181	-
	<hr/> 477	<hr/> 410
	<hr/> <hr/>	<hr/> <hr/>

5. Earnings per share

The calculation of basic earnings per share is based on earnings of £2,166,000 (2006: £1,363,000) and 46,329,874 (2006: 43,907,653) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The diluted earnings per share is based on the same earnings and on 46,360,859 (2006: 43,952,935) ordinary shares, the difference from the basic calculation being the inclusion of a weighted average of 30,985 (2006: 45,282) dilutive ordinary shares under share option schemes, based on an average price per share of 166p (2006: 118p).

6. Notes to the group statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	<i>2007</i> <i>Unaudited</i> £'000	<i>2006</i> <i>Audited</i> £'000
Operating profit	3,267	2,301
Depreciation	1,758	1,674
Amortisation of intangible fixed assets	115	102
Deferred government grants released	<hr/> (57)	<hr/> (57)
	5,083	4,020
Increase in stocks	(1,953)	(508)
Increase in operating debtors	(3,011)	(890)
Increase/(decrease) in operating creditors	<hr/> 945	<hr/> (340)
Net cash inflow from operating activities	<hr/> <hr/> 1,064	<hr/> <hr/> 2,282

NOTES (continued)

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

(b) Analysis of cash flows for headings netted in the statement of cash flows

	2007 <i>Unaudited</i> £'000	2006 <i>Audited</i> £'000
<i>Returns on investments and servicing of finance</i>		
Interest paid	(378)	(287)
Interest element of payments for hire purchase contracts	(85)	(98)
	<u>(463)</u>	<u>(385)</u>
	2007 <i>Unaudited</i> £'000	2006 <i>Audited</i> £'000
<i>Capital expenditure and financial investment</i>		
Payments to acquire intangible fixed assets	(2,606)	-
Payments to acquire tangible fixed assets	(6,883)	(3,811)
	<u>(9,489)</u>	<u>(3,811)</u>
	2007 <i>Unaudited</i> £'000	2006 <i>Audited</i> £'000
<i>Financing</i>		
Receipts from share issues	7,747	2,648
Share issue costs	(402)	(115)
VAT recovered on prior year share issue costs	-	37
Repayment of loans	(1,500)	-
New loans	5,883	-
Decrease in advances by invoice discounting company	(1,065)	(182)
Increase in trade bills	462	169
Advance from hire purchase company *	1,000	-
Repayment of capital element of hire purchase contracts	(522)	(500)
	<u>11,603</u>	<u>2,057</u>

* During the year, the group received an advance of £1,000,000 in respect of hire purchase contracts entered into after 30 September 2007.

(c) Analysis of changes in net debt

	At 1 October 2006 <i>Audited</i> £'000	Cash flow <i>Unaudited</i> £'000	At 30 September 2007 <i>Unaudited</i> £'000
Cash balances/(overdraft)	(1,831)	2,238	407
Advances by invoice discounting company	(1,065)	1,065	-
Trade bills	(254)	(462)	(716)
Debt due after one year	(1,500)	(4,383)	(5,883)
Hire purchase contracts	(1,727)	(478)	(2,205)
	<u>(6,377)</u>	<u>(2,020)</u>	<u>(8,397)</u>

NOTES (continued)

7. Report and financial statements

The above financial information does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The audit report is yet to be signed. The audited accounts will be mailed to shareholders shortly and will be available from the registered office at Lope Hill Road, Leadgate Industrial Estate, Lope Hill, Consett, County Durham, DH8 7RS.

The comparative financial information has been extracted from the 2006 statutory accounts of Romag Holdings plc. The 2006 accounts, which have been filed with the Registrar of Companies, received an unqualified audit report and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.