



Interim Results for the six months ended 29 February 2008

*towards a brighter future*

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Tim Ross, Chairman

# Interim Results

for the six months ended 29 February 2008

**Superglass Holdings** (“Superglass” or the “Group”), one of the UK’s leading manufacturers of glass mineral fibre insulation products is pleased to announce its interim results for the six months ended 29 February 2008.

## Highlights

- Good trading results on a like for like basis
- EBITA maintained at £4.6m
- PBT (pre amortisation) up 27% to £3.3m
- CERT successfully implemented on 1 April 2008
- EPS of 1.3p (2007: 0.3p)
- Maiden interim dividend of 1.7p
- Second phase of capital investment programme completed
- Improving trading conditions

**Tim Ross, Chairman commented:**

“Our plant is in excellent condition and with greater production capacity than ever before, we are eagerly awaiting the sales opportunities presented by the Government’s Carbon Emissions Reduction Target (“CERT”) programme. Now that the programme is officially underway, we expect increasing levels of demand. Against this background, we remain confident of the out-turn for the full year.”

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# Chief Executive's statement



## Introduction

I am pleased to present the Group's interim results for the six months ended 29 February 2008.

The result for the first half was maintained at the level of the comparable period for 2007 as we prepared for the implementation of the new CERT which I can confirm came into effect on 1 April 2008.

## Interim Results

EBITA for the six months was maintained at £4.6m (2007: £4.6m) whilst profit before tax and amortisation rose to £3.3m, up 27% from £2.6m in 2007. However, this result was based on turnover of £20.5m, down 4.2% from £21.4m in the six months to 28 February 2007.

As previously explained in January's Interim Management Statement, sales in the first half of the year were affected by a delay in the implementation of CERT which had originally been expected to commence in the first quarter of 2008. CERT is important to Superglass as it doubles the targets previously set by the Government under its Energy Efficiency Commitment ("EEC2") which completed in March 2008. This means that energy suppliers are legally obliged to make twice the level of energy savings in the residential sector as part of their regulatory obligations over the next three years. Effective insulation is the most cost effective method of achieving this.

I am delighted to say that although sales are reduced due to the late implementation of CERT, profit is on track as a result of stringent cost control and our ability to export our product in a weaker home market. Whilst export margins are lower in general than the domestic market, they have been higher than in previous years.

Our relationship with our key customers has been built up over 20 years and is founded on our excellent quality of service and a flexible approach. This provides for good sales visibility. As a result of this we gained a number of new contracts during the period without the loss of any existing customers.

We sell our product predominantly to the retrofit market via distributors, builders' merchants and contractors. Our exposure to the new build market is relatively small. Based on our current estimates we believe that only 13% of our insulation products reach that market.

## Production Plant

The first phase of the Group's capital investment plan has been completed, commissioned and is now operational as planned. We have spent approximately £11.8m since 2003 on improving the plant to bring it to a current production capacity of 60,000 tonnes. We are on target to increase production capacity by 16% to 70,000 tonnes by the end of this year and have the potential for further increases beyond that at relatively low capital cost, should that capacity be needed.

Superglass is regulated by both the Scottish Environmental Protection Agency ("S.E.P.A.") and Stirling Council. The Group has placed particular emphasis on environmental issues and ensuring that the plant is run in an environmentally friendly manner. In some cases this has the added benefit of reducing costs through reduced requirements for water and through lower raw material requirements as a result of reduced wastage.

We have recently increased the capacity and capability of our environmental equipment. This has been done to handle our current capacity increase and to ensure that future environmental requirements from S.E.P.A. are satisfied.

## Dividend

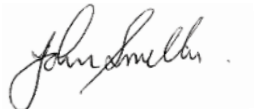
The Board proposes to pay a first interim dividend of 1.7p per share. The dividend will be paid on 11 June 2008 to shareholders on the register on 9 May 2008.

## Outlook

Our strategy is to increase our market share by continuing to utilise our plant to its maximum capacity and where appropriate to add additional capacity where there is demand at relatively low capital cost.

Trading conditions have improved since the start of 2008. Although the initial take-up of CERT has been slower than originally expected, volumes are now expected to increase to the levels planned. We are experiencing some higher energy costs which we will continue to hedge where it is economic to do so.

Taking all factors into account, we remain optimistic of the Group's prospects for the second half of the year.



**John Smellie**  
Chief Executive

29 April 2008

## Condensed Consolidated Income Statement for the six months ended 29 February 2008

	Unaudited six months ended 29.02.08	Unaudited six months ended 28.02.07	Year ended 31.08.07
Note	£000	£000	£000
3	<b>Revenue</b>	21,375	44,029
	Cost of sales	(13,081)	(25,577)
	<b>Gross profit</b>	8,294	18,452
	Distribution expenses	(2,721)	(5,538)
	Administrative expenses		
	- normal	(3,272)	(6,401)
	- non recurring relating to flotation of the group	-	(1,675)
	Other operating income	65	272
	Operating profit before non recurring costs	2,366	6,785
	Non recurring costs	-	(1,675)
	<b>Operating Profit</b>	2,366	5,110
	Finance income	192	345
	Finance expenses	(2,157)	(3,893)
	<b>Profit before tax</b>	401	1,562
4	Taxation	(231)	(934)
	<b>Profit for the period attributable to equity holders of the parent</b>	170	628
	Basic earnings per share	0.3p	6.4p
	Diluted earnings per share	0.3p	6.4p

## Consolidated Statement of Recognised Income and Expense for the six months ended 29 February 2008

	Unaudited six months ended 29.02.08	Unaudited six months ended 28.02.07	Year ended 31.08.07
Note	£000	£000	£000
8	Electricity purchasing hedge: effective portion on net changes in fair value	-	-
	Tax on items taken directly to equity	-	-
	<b>Net income recognised directly in equity</b>	-	-
	Profit for the period	170	628
	Total recognised income and expense for the period attributable to equity holders of the parent	170	628

## Condensed Consolidated Balance Sheet as at 29 February 2008

Note	Unaudited as at 29.02.08 £000	Unaudited as at 28.02.07 £000	As at 31.08.07 £000
<b>Non-current assets</b>			
5 Property, plant and equipment	15,476	15,744	15,551
6 Intangible assets	25,186	29,573	27,378
Derivative financial instruments	921	-	-
	<b>41,583</b>	45,317	42,929
<b>Current assets</b>			
Inventories	3,147	1,824	3,088
Trade and other receivables	3,588	2,665	3,920
Cash and cash equivalents	1,200	4,351	134
Derivative financial instruments	897	332	395
	<b>8,832</b>	9,172	7,537
<b>Total assets</b>	<b>50,415</b>	54,489	50,466
<b>Current liabilities</b>			
Other interest-bearing loans and borrowings	3,286	2,937	3,286
Trade and other payables	11,434	11,294	11,423
Deferred government grants	110	-	110
4 Current tax	1,789	908	1,543
	<b>16,619</b>	15,139	16,362
<b>Non-current liabilities</b>			
Other interest-bearing loans and borrowings	22,345	30,145	23,988
Deferred government grants	248	-	321
Deferred tax	6,599	7,391	6,824
	<b>29,192</b>	37,536	31,133
<b>Total liabilities</b>	<b>45,811</b>	52,675	47,495
<b>Net assets</b>	<b>4,604</b>	1,814	2,971
<b>Equity attributable to equity holders of the parent</b>			
Share capital	583	4	583
Share premium	1,108	380	1,108
8 Hedging reserve	1,137	-	-
8 Retained earnings	1,776	1,430	1,280
<b>Total equity</b>	<b>4,604</b>	1,814	2,971

## Condensed Consolidated Cash Flow Statement for the six months ended 29 February 2008

Note	Unaudited six months ended 29.02.08	Unaudited six months ended 28.02.07	Year ended 31.08.07
	£000	£000	£000
<b>Cash flows from operating activities</b>			
Profit for the year/period	772	170	628
<i>Adjustments for:</i>			
Depreciation and amortisation	3,343	3,295	6,490
Net financial expense	1,276	1,965	3,548
Taxation	328	231	934
<b>Cash from operating activities before changes in working capital and provisions</b>	<b>5,719</b>	5,661	11,600
Decrease/(increase) in trade and other receivables	332	13	(1,242)
Increase in stock	(59)	(288)	(1,552)
(Decrease)/increase in trade and other payables	(125)	1,203	1,640
<b>Cash generated from the operations</b>	<b>5,867</b>	6,589	10,446
Interest paid	(967)	(1,079)	(3,020)
Tax paid	(795)	(1,326)	(1,914)
<b>Net cash from operating activities</b>	<b>4,105</b>	4,184	5,512
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(1,072)	(2,298)	(2,603)
<b>Net cash used in investing activities</b>	<b>(1,072)</b>	(2,298)	(2,603)
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	-	-	9
Shares repurchased	(324)	-	(37)
Proceeds from new loan	-	-	28,000
Repayment of borrowings	(1,643)	(5,965)	(38,338)
Payment of finance lease liabilities	-	(18)	(32)
Dividends paid on shares classed as a liability	-	-	(825)
<b>Net cash absorbed by financing activities</b>	<b>(1,967)</b>	(5,983)	(11,223)
Net increase/(decrease) in cash and cash equivalents	1,066	(4,097)	(8,314)
Cash and cash equivalents at beginning of period	134	8,448	8,448
Cash and cash equivalents at end of period	1,200	4,351	134

## Notes

### 1 Basis of preparation

These interim financial statements represent the condensed consolidated financial information of the company and its subsidiaries (together referred to as “the Group”) for the 6 months ended 29 February 2008. It has been prepared in accordance with the Disclosure and Transparency Rules of the UK’s Financial Services Authority and the requirements of IAS 34 *Interim Financial Reporting* as adopted by the EU. The interim financial statements were approved by the Board of Directors on 29 April 2008. The interim financial statements do not constitute financial statements as defined in section 240 of the Companies Act 1985 and do not include all of the information and disclosures required for full annual financial statements. They should be read in conjunction with the Annual Report and Consolidated Financial Statements for the year ended 31 August 2007 which are available on request from the company’s registered office or to download from [www.superglass.co.uk](http://www.superglass.co.uk).

The financial information contained in this report in respect of the year ended 31 August 2007 has been extracted from the Annual Report and Consolidated Financial Statements for the year ended 31 August 2007 which have been filed with the Registrar of Companies. The auditors report on these financial statements was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

The interim financial statements for the current and comparative periods are unaudited. The auditors have carried out a review of the interim financial statements and their report is set out on page 13 at the end of this document.

### 2 Accounting policies

The interim financial statements are prepared on the historical cost basis (except in relation to derivative financial instruments which are stated at fair value) and are presented in pounds sterling, rounded to the nearest thousand.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group as disclosed in its consolidated financial statements as at and for the year ending 31 August 2007.

During the year the group has entered a cash flow hedge and, as such, discloses for the first time its policy in relation to accounting for cash flow hedges.

The portion of the gain or loss on the swap that is determined to be an effective hedge is recognised in the consolidated statement of recognised income and expense, with any ineffective portion recognised in the consolidated income statement. When hedged cash flows result in the recognition of a non-financial asset or liability, the associated gains or losses previously recognised in shareholders’ equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in shareholders’ equity are transferred to the consolidated income statement in the same period in which the hedged cash flows affect the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the consolidated income statement.”

### New IFRS and amendments to IAS

The financial statements for the year ended 31 August 2008 are impacted by the following new standards and interpretations: IFRS 7 *Financial instruments: Disclosure* and IAS 1 *Presentation of Financial Statements – Capital disclosures* will increase the amount of disclosure in the full financial statements. The accounting, income and net assets will remain unchanged. The Group’s financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 August 2007.

### 3 Segment information

The group has only one class of business – the manufacturing and sale of insulation materials.

Segmental information is presented in respect of the Group's geographical segments by location of customers. The primary format is based on the Group's management and internal reporting structure. Segmental results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The directors are of the opinion that the group has two reportable geographic segments as defined by IAS 14 *Segment Reporting*.

#### Geographic segments

	Revenue	Segment Result	Net Financing cost	Profit before tax	Income tax expense	Profit for the Period
	£000	£000	£000	£000	£000	£000
29 February 2008						
U.K. & Ireland	19,142	2,071	-	2,071	-	2,071
Other Europe	1,393	305	-	305	-	305
Unallocated	-	-	(1,276)	(1,276)	(328)	(1,604)
<b>Consolidated</b>	<b>20,535</b>	<b>2,376</b>	<b>(1,276)</b>	<b>1,100</b>	<b>(328)</b>	<b>772</b>
28 February 2007						
U.K. & Ireland	18,983	2,039	-	2,039	-	2,039
Other Europe	2,392	327	-	327	-	327
Unallocated	-	-	(1,965)	(1,965)	(231)	(2,196)
<b>Consolidated</b>	<b>21,375</b>	<b>2,366</b>	<b>(1,965)</b>	<b>401</b>	<b>(231)</b>	<b>170</b>
31 August 2007						
U.K. & Ireland	39,162	4,370	-	4,370	-	4,370
Other Europe	4,867	740	-	740	-	740
Unallocated	-	-	(3,548)	(3,548)	(934)	(4,482)
<b>Consolidated</b>	<b>44,029</b>	<b>5,110</b>	<b>(3,548)</b>	<b>1,562</b>	<b>(934)</b>	<b>628</b>

### 4 Tax charge

Corporation tax for the interim period is charged at 32% (28 February 2007 57%) representing the estimated annual effective tax rate for the full year. The underlying tax rate, after allowing for amortisation of ineligible intangible assets and flotation cost which are not tax deductible, for the six months ended 28 February 2007 was 34% (Year ended 31 August 2007: 60%).

**5 Property, plant and equipment**

	Six months ended 29.02.08	Six months ended 28.02.07	Year ended 31.08.07
	£000	£000	£000
<b>At 31 August 2007</b>	<b>15,551</b>	14,782	14,782
Additions	1,072	2,060	2,867
Disposals	-		(1)
Depreciation	(1,147)	(1,098)	(2,097)
<b>At 29 February 2008</b>	<b>15,476</b>	<b>15,744</b>	<b>15,551</b>

The closing balance includes £980,000 (28 February 2007: £88,000; 31 August 2007: £282,000) of assets under construction.

**6 Intangible assets**

	Six months ended 29.02.08	Six months ended 28.02.07	Year ended 31.08.07
	£000	£000	£000
<b>At 31 August 2007</b>	<b>27,378</b>	31,770	31,770
Additions	4	-	1
Amortisation	(2,196)	(2,197)	(4,393)
<b>At 29 February 2008</b>	<b>25,186</b>	<b>29,573</b>	<b>27,378</b>

**7 Retirement benefit obligations**

The group operates a defined contribution Group Sponsored Personal Pension Plan, membership of which is voluntary. The assets of the scheme are held separately from those of the company in independently administered funds. Contributions to the fund are recognised as an employee benefit expense when they are due, contributions made in the period were £84,000 (28 February 2007: £76,000; 31 August 2007: £156,000).

## 8 Capital and reserves attributable to equity shareholders

	Share Capital	Share Premium	Hedging Reserve	Retained Earnings
	£000	£000	£000	£000
Balance at 1 September 2006	4	379	-	1,260
Profit for the period	-	-	-	170
<b>Balance at 28 February 2007</b>	<b>4</b>	<b>379</b>	<b>-</b>	<b>1,430</b>
Profit for period	-	-	-	458
Issue of bonus shares	571	-	-	(571)
Redesignation of shares to equity previously treated as a liability	7	721	-	-
Issue of Ordinary shares	1	8	-	-
Redemption of shares	-	-	-	(37)
<b>Balance at 31 August 2007</b>	<b>583</b>	<b>1,108</b>	<b>-</b>	<b>1,280</b>
Profit for the period	-	-	-	772
Current cashflow Hedge during the period	-	-	1,625	-
Tax on items taken directly to equity	-	-	(488)	-
Own shares purchased	-	-	-	(324)
IFRS 2 charge in relation to equity settled share based payments	-	-	-	48
Balance At 29 February 2008	583	1,108	1,137	1,776

During the six months to 29 February 2008 the company purchased 221,400 shares to meet future requirements of the company's employee share schemes(28 February 2007: nil).

The cashflow hedge relates to the group's forward purchase of a substantial proportion of its electricity requirement to September 2010, under a consortium arranged contract.

## 9 Earnings per share

The calculation of basic and diluted earnings per share at 29 February 2008 was based on the profit attributable to ordinary shareholders of £772,000 (six months ended 28 February 2007: £170,000; year ended 31 August 2007 £628,000) Earnings per share for the six months ended 28 February 2007 was based on the weighted average number of shares in 2008 for comparative purposes.

	Six months ended 29.02.08 £000	Year ended 31.08.07 £000
Weighted average number of ordinary shares		
At 1 September	58,333	383
Effect of own shares held	(10)	-
Effect of shares issued and redeemed in 2007	-	9,367
Weighted average number of ordinary shares	58,323	9,750
Effect of share options	71	10
Diluted weighted average number of ordinary shares	58,394	9,760

## 10 Contingencies and commitments

	As at 29.02.08 £000	As at 28.02.07 £000	As at 31.08.07 £000
Commitments for the acquisition of plant and equipment, for which no provision has been made in the financial statements	1,005	204	413

## 11 Transactions with key management personnel

Group key management personnel receive compensation in the form of salaries, short-term benefits and share based payments. Group key management received total compensation of £187,000, for the six months ended 29 February 2008 (six months ended 28 February 2007: £175,000).

## 12 Post balance sheet events

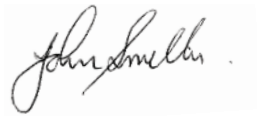
The first interim dividend of 1.7p per share was approved by the board on 29 April 2008 and will be paid to shareholders on 11 June 2008. The ex-div and record dates will be 7 May 2008 and 9 May 2008 respectively.

# Statement of Director's Responsibilities

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The current directors of Superglass Holdings are as listed in the annual report for the year ended 31 August 2007.

By order of the board



**John Smellie**  
CEO



**Tony Kirkbright**  
CFO

# Independent review report to Superglass Holdings

## Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 29 February 2008 which comprises the condensed consolidated income statement, the condensed consolidated statement of recognised income and expense, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

## Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 29 February 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

## KPMG Audit

Chartered Accountants  
191 West George Street, Glasgow G2 2LJ

29 April 2008



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