

**9 July 2008**

## **Zotefoams plc**

### **Investment in Unique Foam Technology**

Zotefoams plc announces today that, effective July 8 2008, it has acquired a 30% stake in a subsidiary set up specifically by Trexel Inc. to exploit and further develop microcellular foam technology for extrusion. The new subsidiary, MuCell Extrusion LLC, will be owned 70% by Trexel Inc., a US-based company specialising in microcellular foaming of thermoplastic polymers by injection moulding and extrusion.

Trexel has established a global proprietary position with patents and know how under the MuCell® brand in microcellular foaming using supercritical nitrogen and CO<sub>2</sub>. Zotefoams is the world market leader in high-performance, cross-linked foams using pure nitrogen. Trexel licensees in the extrusion field apply the MuCell Process to a wide range of applications in electronics, sealing systems, packaging, and wire and cable production.

Zotefoams will install a commercial-scale MuCell extrusion line in its Croydon factory to facilitate scale up of the MuCell Extrusion technology for third party licensees. Zotefoams will also become a licensee to develop microcellular foams for certain advanced materials.

Zotefoams' initial investment in MuCell Extrusion LLC is US\$3 million, which will be met from existing cash resources, and includes an option to purchase 100% ownership. The earliest this option can be exercised is July 2010 but, depending on certain performance conditions, may be exercised as late as June 2011.

MuCell Extrusion LLC is a newly created company with intellectual property rights, minimal tangible assets and US\$0.5 million of cash. The business previously traded as part of Trexel Inc., a privately held company, and in the year ending 30 June 2007 it is estimated that it had a profit before tax of US\$0.6 million. The acquisition of a 30% stake is expected to have a marginal impact on Zotefoams' earnings per share in 2008 but it is anticipated that it will generate a growing income from its licensing portfolio in addition to allowing Zotefoams to develop its own microcellular foams for certain advanced materials as a licensee.

Commenting on the deal David Stirling, Managing Director of Zotefoams plc, said: "I am delighted that we have concluded a deal to bring the MuCell technology into Zotefoams. The benefits of a clean and consistent foaming technology are well known to Zotefoams' customers. The structure of this deal allows Zotefoams plc to operate under the MuCell license to offer thin roll foams of a high consistency with no chemical agents which has the potential to open significant new markets for us. Participation in the MuCell extrusion venture allows us to broaden our markets and to assist in the profitable growth of MuCell Extrusion LLC by bringing our own industry knowledge and contacts to the business."

**Enquiries:**

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### **About Zotefoams plc**

Zotefoams plc (LSE - ZTF) is the world's leading producer of light weight, cross-linked, closed-cell block foams. These pure, consistent foams are manufactured using a unique environmentally friendly nitrogen expansion technology. Zotefoams was the first to develop cross-linked polyolefin foams and is increasingly using its production technology to manufacture foamed materials based on high performance polymers. Based in Croydon, UK, Zotefoams also manufactures in Kentucky, USA and markets its products worldwide through a global sales network. <http://www.zotefoams.com/>