

Date: 31 July 2006

Scapa Group plc



Proposed disposal of Megolon

Introduction

Following the announcement on 8 June of the proposed sale of the Megolon Division ("**Megolon**") subject to due diligence, the Board of Scapa announces today that Scapa UK Limited ("**Scapa UK**") has entered into a conditional agreement to sell the business and assets of Megolon to Alphagary Limited ("**Alphagary**"), a subsidiary of Rockwood Holdings Inc, for a consideration of £16.75 million in cash (before transaction costs and taxation), subject to possible adjustment by reference to stock value at Completion. It is the intention that the cash proceeds from this transaction will be applied to repay secured borrowings in full ahead of the expiry of the medium term facility in September 2007. The proposed disposal is expected to be earnings neutral in the short term.

In view of the size of the proposed disposal relative to the Group, the proposed disposal is conditional upon the approval of shareholders. A circular, incorporating notice of an extraordinary general meeting, is expected to be posted to shareholders shortly.

The proposed disposal is also conditional upon receipt of various merger control clearances and it is anticipated that Completion will take place at the end of September 2006.

Principal terms of the Proposed Disposal

Pursuant to the terms of the sale agreement, Alphagary will pay £16.75m in cash to Scapa UK on Completion. Alphagary is to acquire the fixed assets, intellectual property, stock and goodwill in Megolon, together with the Group's freehold property at Columbine Street, Openshaw, Manchester, and will take over the orders and other contracts of Megolon which are outstanding at Completion. The Group is to grant a licence to Alphagary in respect of that part of the property at Manchester Road, Ashton occupied by Megolon. The Group will also provide support to Alphagary pursuant to a transitional services arrangement.

Background to and reasons for the Disposal

During the second half of the year we completed a major review of the Company. Scapa has good technology in the specialist adhesive tape market where technical performance and service are paramount and good margins are attained. Unfortunately a number of poorly performing acquisitions and investments in past years give us little room for manoeuvre and as a first step we have decided to sell a number of our peripheral operations to pay down our debt and improve our financial position.

Whilst the performance of the Megolon compounding operations has continued to be satisfactory, it is not a core part of the Group's ongoing business and the Board has concluded that the proposed disposal is in the best interests of Shareholders.

Information on Megolon

The Megolon business supplies halogen free compounds with fire retardant and low smoke properties for sheathing and insulation. Products are sold internationally with over 80 per cent. of sales made outside the UK.

In the year to 31 March 2006 Megolon had sales of £20.3m and trading profit of £1.1m. Gross assets at 31 March 2006, subject to the transaction, were £6.7m.

Enquiries:-

Calvin O'Connor, Chief Executive; Telephone 0161 301 7430

Colin White, Finance Director; Telephone 0161 301 7430

Steve Baldwin, JP Morgan Cazenove; Telephone 0207 588 2828

Jonathan Walker, JP Morgan Cazenove; Telephone 0207 588 2828