

NEWS

JULY 20, 2012

WEST TRENTON, NJ – Homasote Company, America's oldest manufacturer of building products made from recycled cellulose fiber, recently released its Annual Report for 2011 along with an Interim Financial Report for the first six months of 2012.

Net sales for 2011 were \$19,283,283 versus 2010 sales of \$18,117,531, an increase of \$1,165,752 or 6.4%. Net loss for the year was \$(944,737), resulting in a basic and diluted net loss per common share of \$(2.69). The 2010 net loss was \$(1,193,566).

Although we continued our string of yearly losses, 2011 did set us up to turn the corner both through market share gains and improved manufacturing, said Chairman and CEO, Warren L. Flicker. Flicker also highlighted that sales increases continued into 2012 for both its millboard and industrial product lines.

Net sales for the three months ended March 31, 2012 were \$5,037,963, compared to \$4,423,355 for 2011, an increase of \$614,608. Net income for the three months ended March 31, 2012 was \$376,622, or \$1.07 per share, compared to net loss of \$(632,366), or \$(1.80) per share, for the year earlier period.

Net sales for the six months ended June 30, 2012 were \$10,222,807, compared to \$9,460,453 for 2011, an increase of \$762,354. Net income for the six months ended June 30, 2012 was \$718,589, or \$2.04 per share, versus net loss of \$(646,247), or \$(1.85) per share, in 2011.

Unaudited comparative summarized operational information for the period ended June 30, 2012 and 2011 are as follows:

	Three Months Ended March 31,		Six Months Ended June 30,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net sales	\$5,037,963	\$4,423,355	\$10,222,807	\$9,460,453
Operating income (loss)	\$450,479	\$(583,765)	\$860,219	\$(532,788)
Net income (loss)	\$376,622	\$(632,366)	\$718,589	\$(646,247)
Net income (loss) per common share	\$1.07	\$(1.80)	\$2.04	\$(1.85)
Common shares outstanding (weighted average)	353,199	351,599	353,199	351,599

The summarized financial data above for the six month period ended June 30, 2012 and 2011 are derived from unaudited financial information. The historical results are not necessarily indicative of the results of operations to be expected in the future. Results for the six months ended June 30, 2012 may not be indicative of the results for the full fiscal year or for any other future period. Homasote Company information may be obtained on OTCMarkets.com with the locator HMTc.

Forward-Looking Statements

Some statements in this supplement may be "forward-looking statements" for the purposes of the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by words such as "believe," "expect," "anticipate," "plan," "potential," "continue" or similar expressions. Such forward-looking statements are based upon current expectations and beliefs and are subject to a number of factors. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements, including but not limited to: events or conditions that affect the building and manufacturing industries in general and the Company in particular, such as general economic conditions, employment levels, inflation, costs of energy, weather, strikes, international unrest, terrorist acts and other factors; competitive, regulatory and market conditions, such as changes in choices regarding building materials by architects and builders and packing products by industrial firms; the performance of new products and the continued acceptance of current products in the marketplace; the execution of strategic initiatives and alliances; and other important factors disclosed previously and from time to time in the Company's Annual Report. Therefore, the reader is cautioned not to rely on these forward-looking statements. The Company disclaims any intent or obligation to update these forward-looking statements.