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## PRESS RELEASE

### SWALLOWFIELD ANNOUNCES PRE-TAX PROFIT INCREASE FOR THIRD YEAR RUNNING

Swallowfield plc, the AIM-listed, cosmetics, toiletries and household goods solutions provider, has bucked the economic downturn in the manufacturing sector and announced preliminary results ahead of market expectations for the year ending 30 June 2008.

The firm, which is headquartered in Wellington, Somerset, recorded pre-tax profits of £1.32m (up 42 per cent on £0.93m in 2007), whilst also reducing its net debt by more than half (from £4.88m in 2007 to £2.42m). The company has recommended a final dividend of 4.1p per share, making 5.5p for the full year, and a considerable increase on the 1.3p per share declared last year.

Commenting on the results, Chief Executive Ian Mackinnon said:

“The results demonstrate the success of our strategic transformation from a contract manufacturer to a service provider; as well as the impact of our wider geographic footprint, particularly in the Czech Republic where we are now servicing existing and new clients since the opening of our operating facility in the country at the beginning of the year to fill and finish cosmetic and toiletry products. Also critical to the company’s performance has been the effective management of net debt, which is the lowest it has ever been in the last x years, and this has enabled us to invest carefully in new plant and equipment.”

“There is no doubt that continuing inflationary pressures and the economic backdrop in the coming year will require careful management. However, we expect continued progress in 2009 with the ongoing development of our products and solutions to add value to our customer proposition; investment in efficiency improvements, inventory consolidation and additional technology; and our growing international presence, which will present new business opportunities.”

Non-executive chairman, Shena Winning, added:

“Over the last 2½ years under Ian Mackinnon’s leadership, Swallowfield has transformed itself from a contract manufacturer to a service provider working closely with customers to deliver products

which will make them leaders in their marketplace. This is now beginning to reap dividends and we expect this to begin to be translated into organic sales growth in the coming year.”

As to the future Swallowfield will be aiming to grow its international business through the joint venture agreement it recently signed with Jahwa, IE, a subsidiary of one of China’s largest players in the toiletries sector, and Kasho, a Japanese investment company. This will see Swallowfield providing its own intellectual property, including formulations and quality systems to the Joint Venture Company (JVC) in return for exclusive access to European markets for the products produced by the JVC. Swallowfield will also open a new sales office in Paris by the end of the year.

## **NOTES TO EDITOR**

- Swallowfield is a full service provider for brands operating in the cosmetic, personal care and household goods marketplace. This includes market analysis; design, formulation and testing of products; packaging design and sourcing; and distribution and stock management.

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