

Investor Briefing FY2009 H1

February 2009



Key Highlights

- Interim dividend increased by 29%
 - 1.8p per share; (2008: 1.4p)
- Net debt remains at a low level
 - Interest cover 7 times; Net debt/ebitda ratio 1/1.14
- Adjusted EPS 3.6p v's 4.3p last year
 - Czech / utility costs / prior year contract
- Top line growth of 7% compared with last year



Background to Results

- Continuing to grow revenues despite major economic downturn
- Czech costs higher than expected
 - exchange rate and gearing up for new customer
- Inflationary effects of exchange rate
 - but long-term improves competitiveness
- H1 utility costs almost double H1 '08 but now decreasing.
- Costs of French sales office with no revenue
- C&T market weakness in Q4 (Lauder; L'Oreal; P&G; Unilever; Avon



Progress (1)

- Improvements in customer contacts showing through in enquiry levels
- French sales office opened in September
- Bideford warehouse now consolidated into Lowmoor and marketing underway
 - Lowmoor fit out (£280k) improves handling and safety systems
 - Commercial property market very weak



Progress (2)

- Still finding cost saving ideas from the continuous improvement (Lean) programmes
- Further automation and energy savings underway
- Training continues – new programme has 36 level 2 NVQ's and 40 level 3 NVQ's
- Defined benefit pension scheme closed to new entrants and average employee contributions raised
- Focus on NPD beginning to yield results



Interim results - Jan 2009

- Net Debt £2.7m, after £1.0m of capex;
- Revenue £25m up 7%;
- EBITDA* £1.4m;
- Operating Profit* £0.7m;
- Pre-tax Profit* £0.6m;
- EPS* 3.6p;
- Interim Dividend 1.8p; up 29% (2008: 1.4p)

*Pre Exceptional Items

28 weeks	FY 2009	FY 2008	
	£'000	£'000	
Revenue	25,242	23,529	7%
EBITDA*	1,431	1,487	-4%
Operating Profit*	741	830	-11%
Exceptional Items	58	1,024	
Net Interest	(156)	(167)	-7%
Pre-tax Profit*	585	663	-12%
EPS*	3.6p	4.3p	-16%
Net Debt	2,661	1,485	79%

Capex and Revenue



Capex

- Lowmoor fit-out (£280k)
 - improves Health & Safety
 - improves operational efficiencies
 - releases Unit 4 for sale
- Automation & efficiencies (£327k)
 - likely payback within 2 years
- Energy savings (£104k)
 - likely payback in 12/18 months
- GMP Improvements (£149k)

Revenue

- + New non-aerosol work won in UK
- + Gift programme sourced in China
- + New fill & pack contract in Czech Republic
- High margin Cosmetics contract closed out in H1 2008



H1 Trading Summary

- Revenue increased by £1.7m from new wins in UK and Czech Republic;
- 3 customers (2008: one) above 10%;
- Higher mix of lower margin work;
- Increased utilities charges;
- Initial Czech production efficiencies below expectations.



Interest & Banking

- Bank interest payable* = £107k
- Operating profit/Interest cover = 7 times
- EBITDA/Interest cover = 12 times
- EBITDA/Net debt ratio = £1.14: £1 (June '08)
- Gearing = 22%
 - Main facilities linked to base rate;
 - New facilities to finance working capital on new enquiries, on 1mth LIBOR.

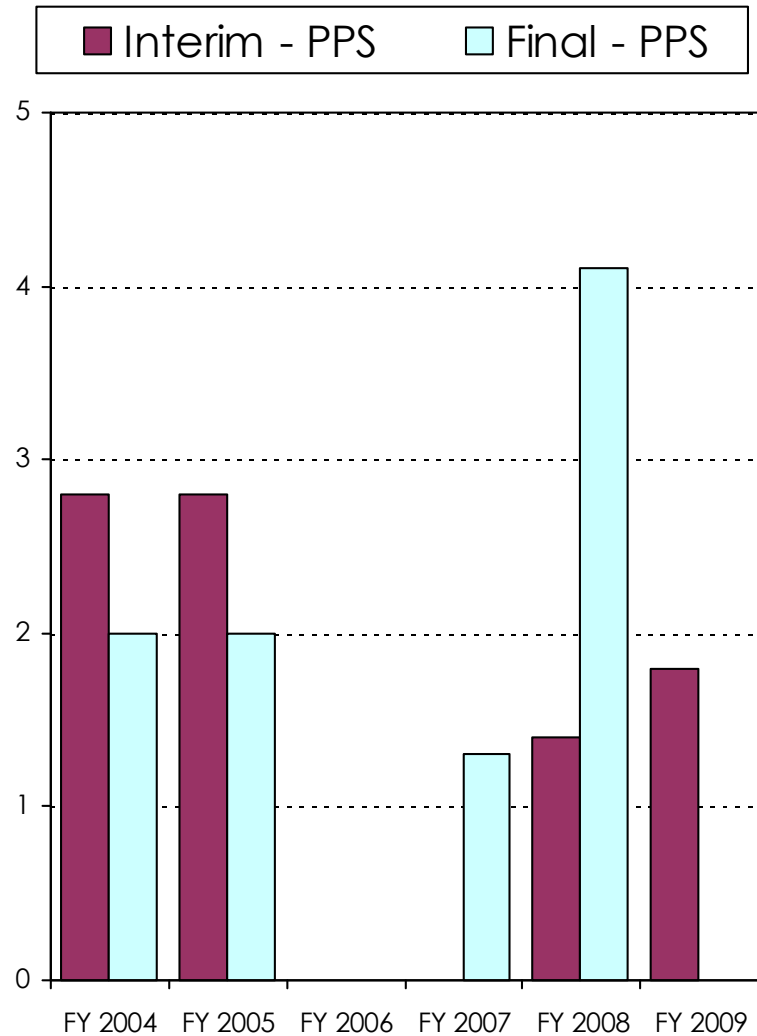
* excludes Pension related interest charge of £49k



Dividends



- Restoring full dividends from return to profitability and balance sheet strength
- 29% increase in Interim dividend to 1.8p
- Target of 1.5x times cover on 'normalised' post-tax profits in future
- Paid in May (Interim) and November (Final)





NPD Headlines

- NPD split into 2 parts
 - Customer driven and project specific
 - Can be in response to briefs or competitive product reviews
 - Blue Sky
 - Based on new raw materials
 - Based on new components
 - Based on our own internal brainstorming and marketing efforts
- Large scale internal NPD brainstorming/working session every 6 months



Looking Forward (1)

- Expect to be broadly unchanged on prior year despite weak economy:
 - Material cost pressures driven by exchange rate
 - Utility cost decreases in H2
 - Improved Czech costs
 - New launches in H2
- But economic weakness much starker than expected a few weeks ago
- More limited capex spend in H2
- Continuous improvement in Q,C,D,I,P,S showing signs of success and providing organic growth



Looking Forward (2)

- Reviewing possibility of US sales office
- Property up for sale but unable to predict disposal date
- Continue to develop Czech Republic and China
- Take advantage of improved competitive position
- Convert enquiries



Summary

- Revenues continue to grow
- Utility cost increases now reversing
- Debt maintained at a manageable level and banking relationships remain good
- Dividend increased
- Expect significantly weaker economic picture for next 18 months
 - But recent changes and enquiry levels should put us in a stronger competitive position.