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PRESS RELEASE

UK company opens major new operation in Tabor

Swallowfield plc, the £45m turnover cosmetics, toiletries and household goods solutions provider that is listed on AIM, the London Stock Exchange's international market for smaller growing companies, has opened a new operation in Tabor in the Czech Republic.

The production facility, which is designed to provide Swallowfield with significant cost efficiencies, will fill, finish and package colour cosmetics, fragrances and other liquid products the company produces for its clients, which include global brands and high street retailers. The 5,000 sq metre facility will also undertake gift packaging of toiletry and cosmetic products.

Hana Randova, Mayor of Tabor, who officially opened the new facility, said: "By deciding to establish a factory in Tabor, Swallowfield has made a long term commitment to invest in our town and the region. We take great pride in the fact that they chose Tabor above all the other potential locations in the Czech Republic.

She added : "This operation will provide Tabor with much needed employment opportunities."

Said Ian Mackinnon, Chief Executive of Swallowfield, said: "In the last 12 months we have made great strides, with operating profit up 122% to £1.32m for the year ended 30 June. Our new facility in the Czech Republic is part of our ongoing strategy to increase revenues and reduce our cost base. Whilst there will be an increase in freight costs associated with moving an operation overseas, the labour costs are approximately a third of those in the UK for the type of work that will be undertaken in our new operation, thereby providing a significant net saving.

"We believe this to be one of the biggest operations of its kind in Europe and as the facility is operated by us, rather than outsourced to a strategic partner, we feel that this gives us a major competitive edge in the marketplace. We have already received a lot of interest in our new production facility from major global players in the cosmetics and toiletries industry," continued Mackinnon.

The factory in Tabor will employ some 100 production staff when fully operational and will share the same quality systems that are operated in Swallowfield's two plants at Wellington, Somerset and Bideford, Devon in the UK.

NOTES TO EDITOR

Swallowfield is today 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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