

INTERIM RESULTS 2007
SEPTEMBER 2007

Being part of all our lives



Adrian Whitfield

Chief Executive



Highlights – H1 2007

- Underlying group sales up 4.4% to £294.2m
- Profit before taxation up 5.1% to £17.0m
- Earnings per share up 0.5p to 8.1p
- Dividend 3.9p, up 0.1p
- Continued volume growth in Polymers
- Sales and profit growth within Pharma
- Impact Chemicals returns to profit
- Borrowings reduced to £164.3m (2005: £175.8m)
- IAS 19 deficit reduced to £25.0m



ANDREW BURNETT

Acting Finance Director



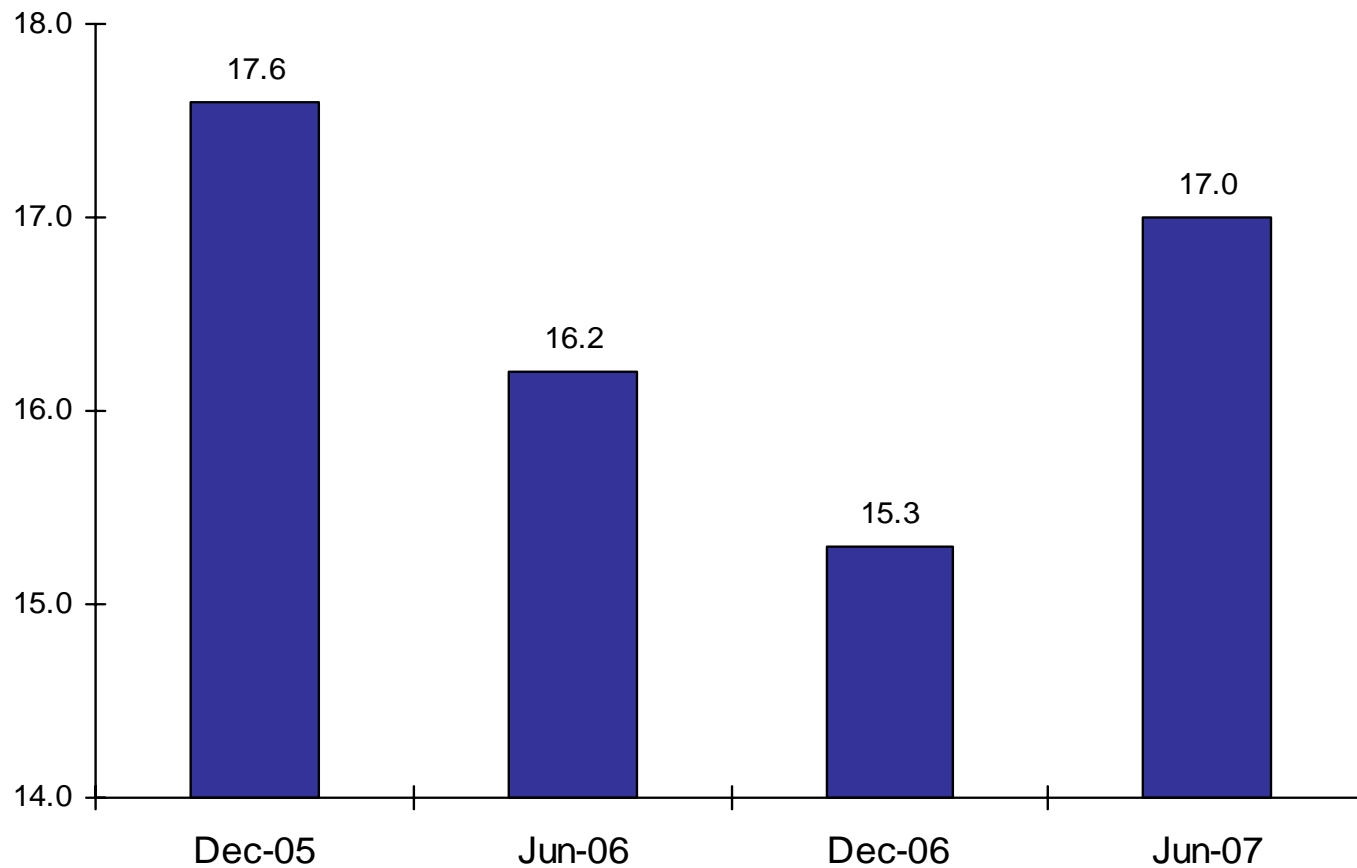
Consolidated Income Statement

	2007			2006		
		£'000			£'000	
	Underlying	Special items	IFRS	Underlying	Special items	IFRS
Total sales	294,181	-	294,181	281,835	8,429	290,264
Operating profit	22,754	(6,802)	15,952	22,453	(159)	22,294
Finance cost	(5,725)	2,237	(3,488)	(6,254)	(2,742)	(8,996)
Profit/(loss) before tax	17,029	(4,565)	12,464	16,199	(2,901)	13,298
Tax	(4,428)	-	(4,428)	(4,536)	48	(4,488)
Minorities	(757)	-	(757)	(576)	-	(576)
Attributable to equity holders of the parent	11,844	(4,565)	7,279	11,087	(2,853)	8,234
EPS	8.1p	(3.1)p	5.0p	7.6p	(2.0)p	5.6p



Trend in Half Yearly Profits

Underlying profit before taxation (£m)



Currency Rates

Average

	2007	2006
US \$	1.98	1.79
Euro	1.48	1.45
Malaysian ringgit	6.84	6.60
South African rand	14.20	11.50



Consolidated Balance Sheet

	2007	2006	2006
	30 June	30 June	31 December
	£'000	£'000	£'000
Goodwill	172.4	172.4	172.4
Other non-current assets	116.6	136.2	115.1
Working capital	47.2	69.3	46.0
Provision for liability & tax	(60.3)	(59.6)	(58.4)
Derivatives at fair value	(24.4)	(16.5)	(22.3)
Dividend	(8.0)	(7.7)	-
Post retirement benefits	(33.7)	(61.7)	(77.9)
Net borrowings	(144.5)	(172.1)	(150.7)
Net assets	65.3	60.3	24.2
Underlying borrowings	164.3	175.8	166.2



UK Pension Fund

Triennial valuation

- Trustees have agreed to maintain contributions at the 2006 levels
- Benefit changes reduced deficit by £10.5m
- Benefit changes will reduce IAS 19 charge by £1m per annum starting in July 2007

IAS 19 deficit

	£'m
Deficit at 31.12.06	69.3
Impact of benefit changes	(10.5)
Fund performance: Jan-June 2007	(33.8)
Deficit at 30.06.07	25.0



Cash Flow Statement – Underlying Performance

	2007 £'m	2006 £'m
Operating profit (before JV)	22.3	22.0
Movement in working capital	(6.2)	(23.8)
Depreciation	7.6	9.4
Capital expenditure (net)	(9.1)	(7.1)
Cash impact of restructuring	(1.7)	(3.2)
Interest	(5.5)	(6.3)
Tax paid	(2.6)	(4.1)
Other	(2.7)	(1.7)
Free cash flow	2.1	(14.8)
Disposal proceeds	-	3.8
Issue of shares	-	1.2
Exchange etc	(0.1)	(0.4)
Movement in borrowings from 31 December	2.0	(10.2)



Divisional Review

Polymer Chemicals

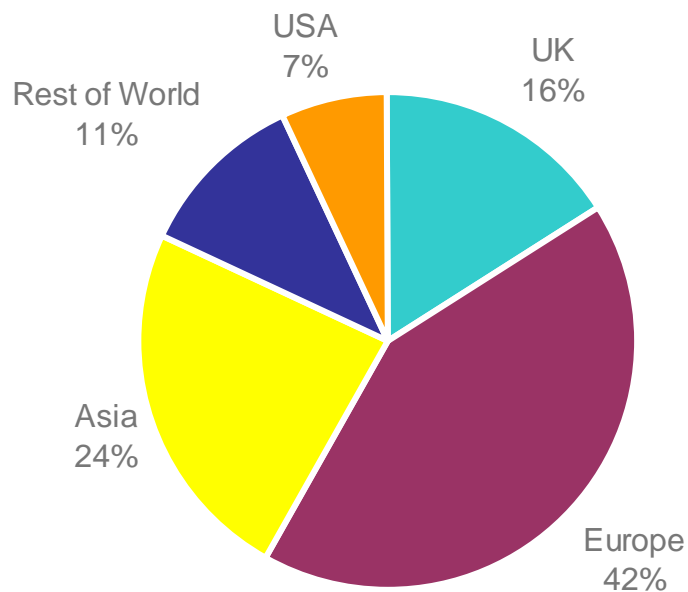
Pharma & Fine Chemicals

Impact Chemicals



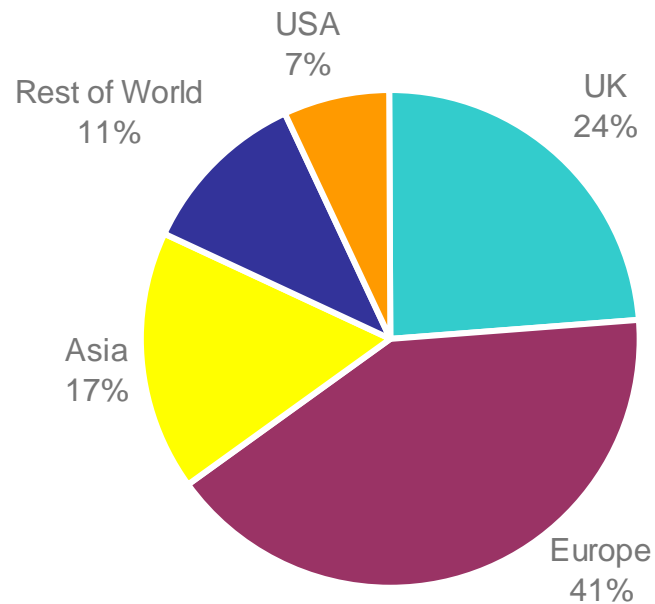
Total Sales by Territory

2007



£294.2m

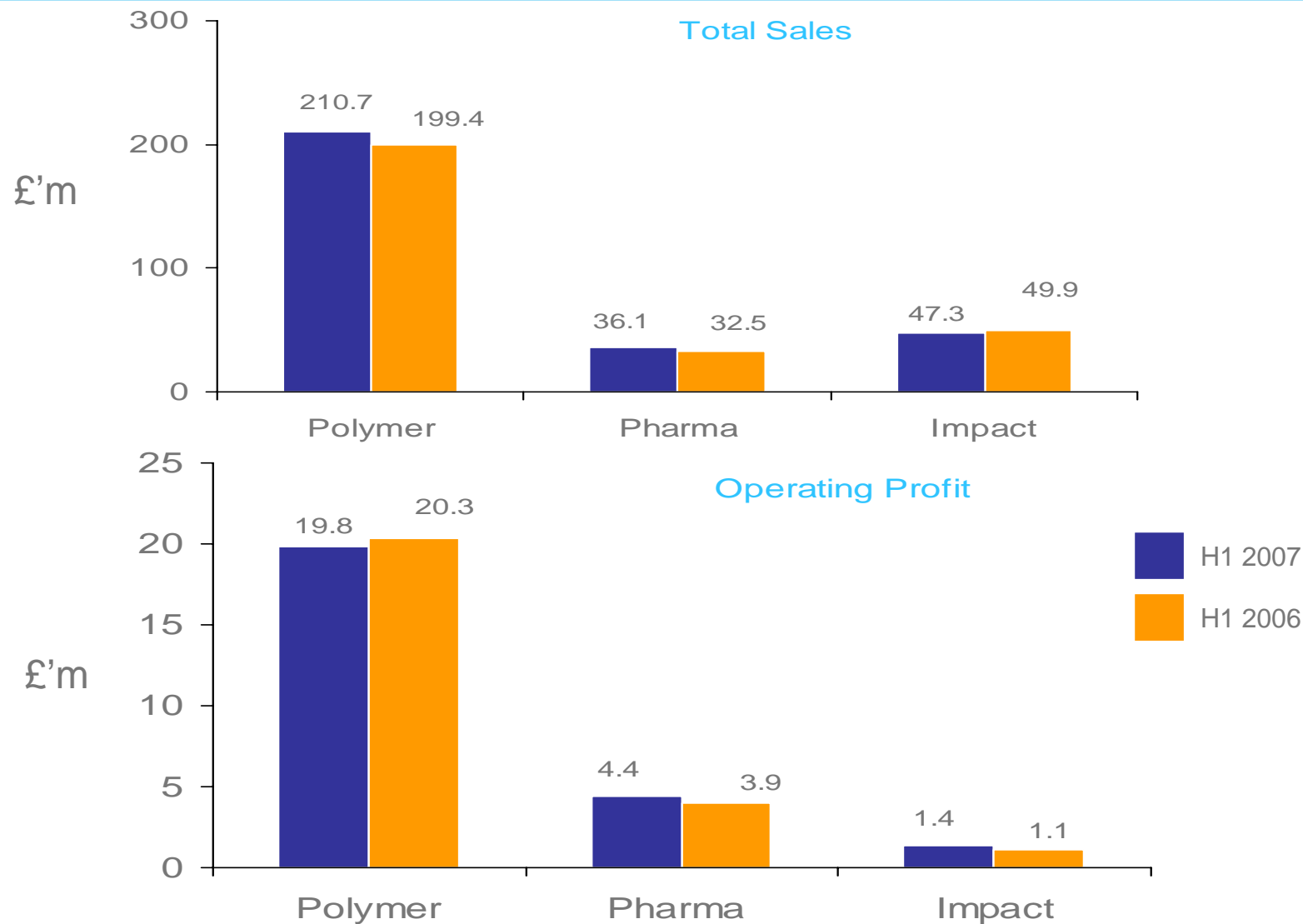
2004



£274.5m



H1 Divisional Performance



Polymer Chemicals – Detailed Discussion

- Volume growth (+6.25%) BUT reduced profitability £20.3m → £19.8m
 - Raw material prices +7%
 - Competitive pricing in Europe
 - Operating margins recovered to 9.4% 'v' H2 '06
- Demand for Nitrile latex at record levels (+40% y-o-y)
 - +40 kwtes to be commissioned '07
 - +60 kwtes sanctioned for '08
 - Nitrile prices firming
- Dispersion volumes continue to grow in Europe and the Middle East
- Overall business dynamics still positive



Polymers Operating Strategy Update

- Enhance and extend our “Key Product” portfolio
 - “2nd Generation” Nitrile Latex launched Q1 2007
 - Thickeners and other complementary Dispersion products launched H2
- Expand geographically around our existing “hubs”
 - Malaysia latex capacity increased 60% in 2007. Further 60% to be commissioned Q3 2008.
 - Continental European Dispersion capacity being increased by 50% through 2007.
- Maximise inter-regional synergies
 - Nitrile product development in Malaysia
 - Global range of standard products



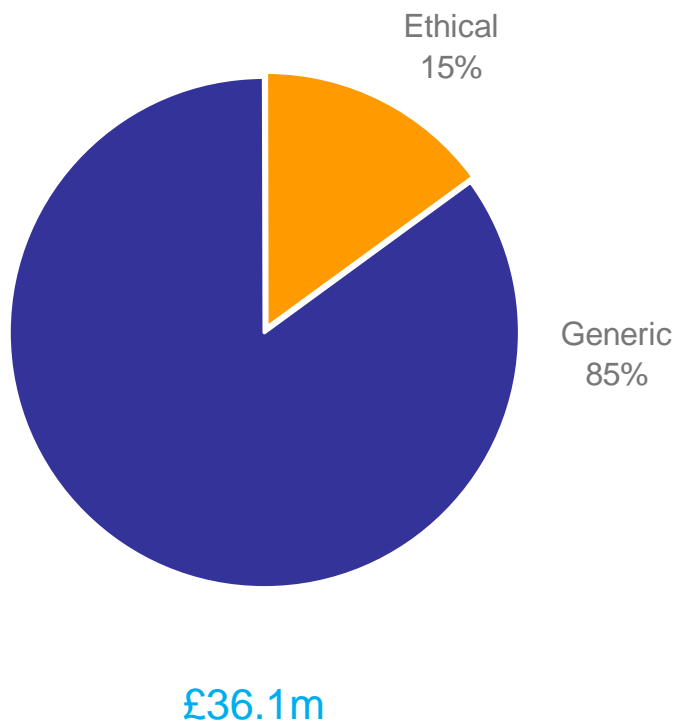
Polymers – Additional Comments

- New regional Managing Directors appointed for Europe and the Far East
- Consultants engaged to assist in reviewing our European cost base
- Continue to look for “Bolt on” acquisitions around our existing hubs

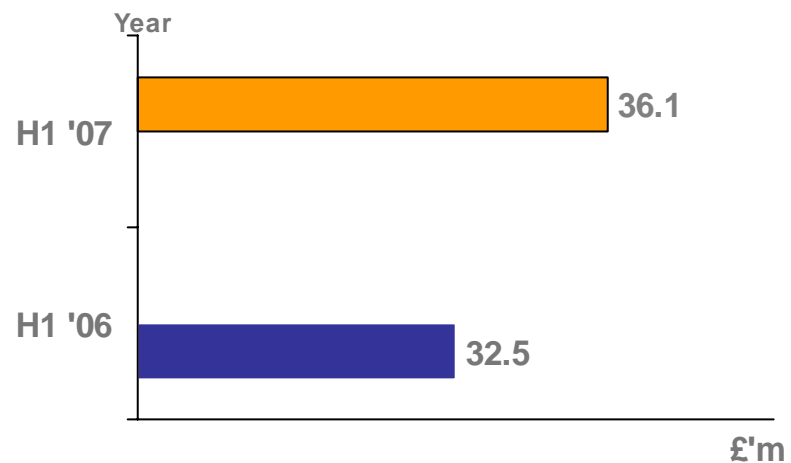
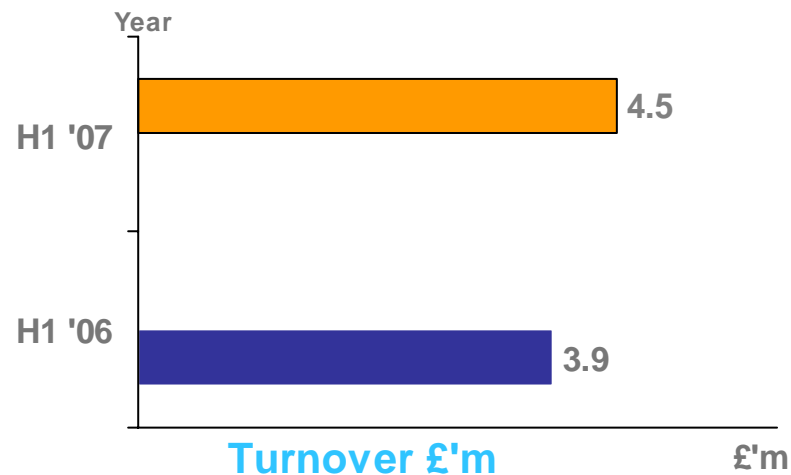


Pharma Chemicals - Overview

Sales by Market



Operating Profit £'m



Pharma Chemicals – Detailed Discussion

- Sales and profit growth
 - Omeprazole
 - Increased value add
 - New product launches
- Ongoing need to reinforce margins
 - Product pipeline (2 DMF's)
 - Closure of Italian plant
 - Transfer products
 - Planned investment in China
- H 2 profitability will be reduced



Pharma Operating Strategy Update

- Expand the pipeline of Generic API's
 - 2 DMF's registered H1
- Broaden the range of products to be manufactured in each location
 - Ongoing NPD/NBD
 - 15+ products to be relocated from Italy to Spain/Mexico
 - Selective production of JRG product to be transferred in
- Drive down manufactured cost
 - Increase internal value added
 - Closure of main Italian plant
 - Chinese Fine Chemical asset
 - Ongoing outsourcing of intermediate manufacture as appropriate



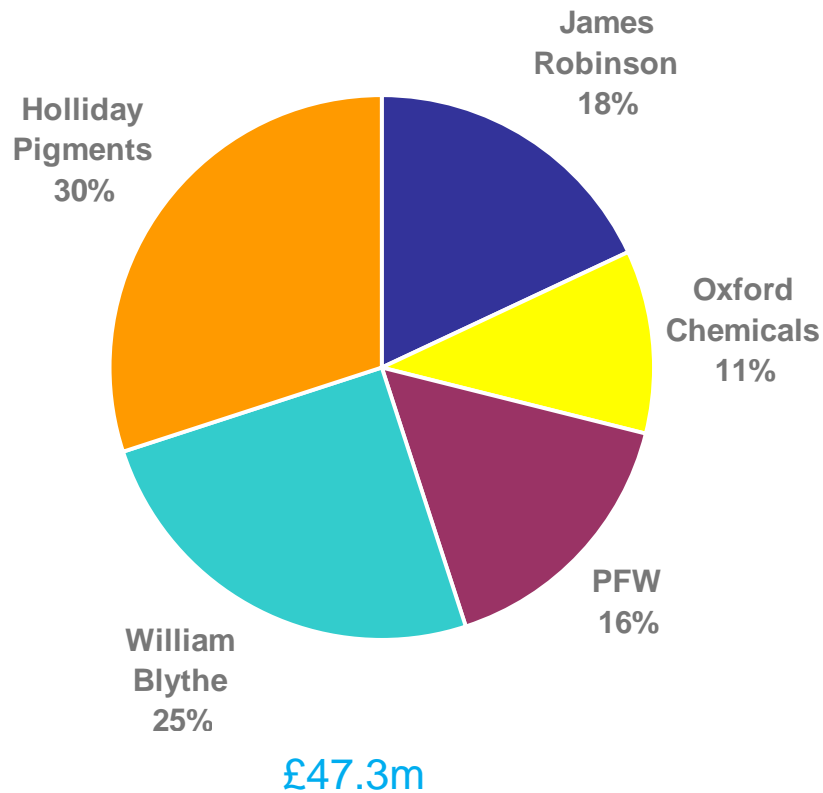
Pharma – Additional Comments

- There was significant spare capacity across our Pharma plants
- Following the outlined changes still adequate capacity for incremental sales
- Good understanding from our main customers as to the need to rationalise our manufacturing base

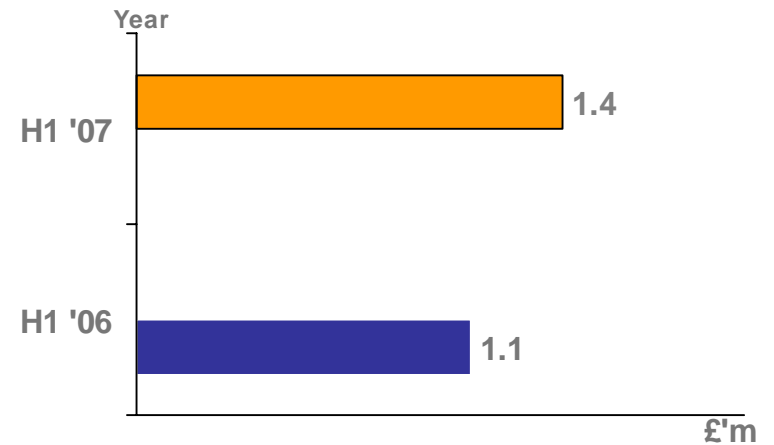


Impact Chemicals - Overview

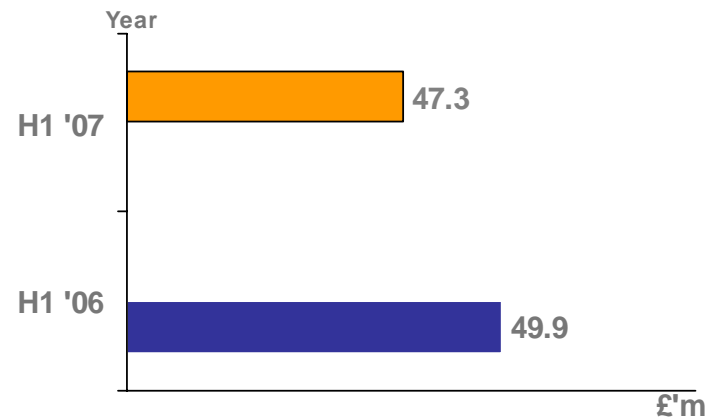
% Sales by Business



Operating Profit £'m



Turnover £'m



Impact Chemicals – Detailed Discussion

- Profit growth
 - Restructure/reduce costs
 - Increase prices
 - Focus on higher margin products
- Further actions will be taken as appropriate
- Hapton site of William Blythe and Huddersfield site of James Robinson successfully exited



Impact Chemicals Operating Strategy Update

- Review each business on a stand alone basis
 - Ongoing
- Maximise short term profitability and cash flow
 - H2 2006 → H1 2007 turnaround from (£0.2M) to £1.4M underlying profit
 - Imminent sale of Huddersfield site (£2.2m)
- Restructure, divest or close those businesses that cannot consistently deliver acceptable returns
 - Closure of Holliday Pigments (UK) announced in June 2007
 - Closure of James Robinson (Germany) announced in June 2007



Medium Term Group Performance Targets

- Maintain average Group capex at or below depreciation
 - Short term investment in Asian expansion
 - Medium term target remains
- Return Polymer Division to its historic average EBIT margins (11-12%)
 - Price increases
 - Mix management
 - Operating costs
 - Consultants engaged to assist in reducing costs
 - Margin improved H2 '06 → H1 '07
- Maintain Polymer Division growth at or above GDP
 - 2007 volume growth 6.25%
- Pharma operating margin recovery to in excess of 15%
 - Closure of Italian plant
 - Transfer of products
 - New product development
- Register 6 DMF's per year
 - On target for 2007



Summary

- 4.4% Sales increase
- 5.1% increase in PBT
- Tight control of cash/working capital reduces borrowings to £164.3m
- IAS 19 deficit significantly reduced
- Strategic plans in place
- Divisions delivering against their respective operating strategies.



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- our technical excellence – we recently won the Queen’s Award for Enterprise
- our quality – many of our plants are either ISO 9000 or FDA approved
- our approach – we are responsive, flexible and committed to success
- our environmental record – we are fully compliant
- our financial stability – we manage our business responsibly



Appendices



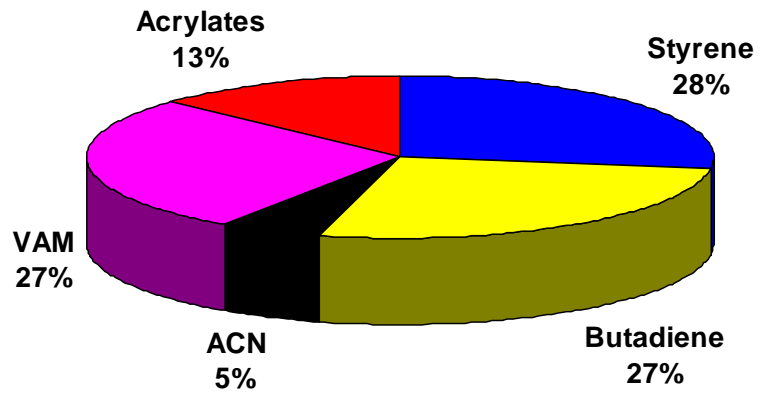
Currency Rates

	Average		Year end	
	2006	2005	2006	2005
US \$	1.85	1.81	1.96	1.72
Euro	1.47	1.46	1.49	1.45
Malaysian ringgit	6.78	6.86	6.92	6.52
South African rand	12.64	11.56	13.82	10.92

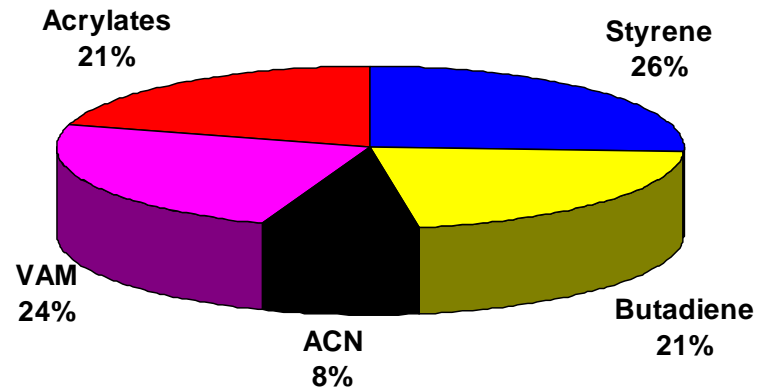


Raw Material Usage

Volume (Tonnes)

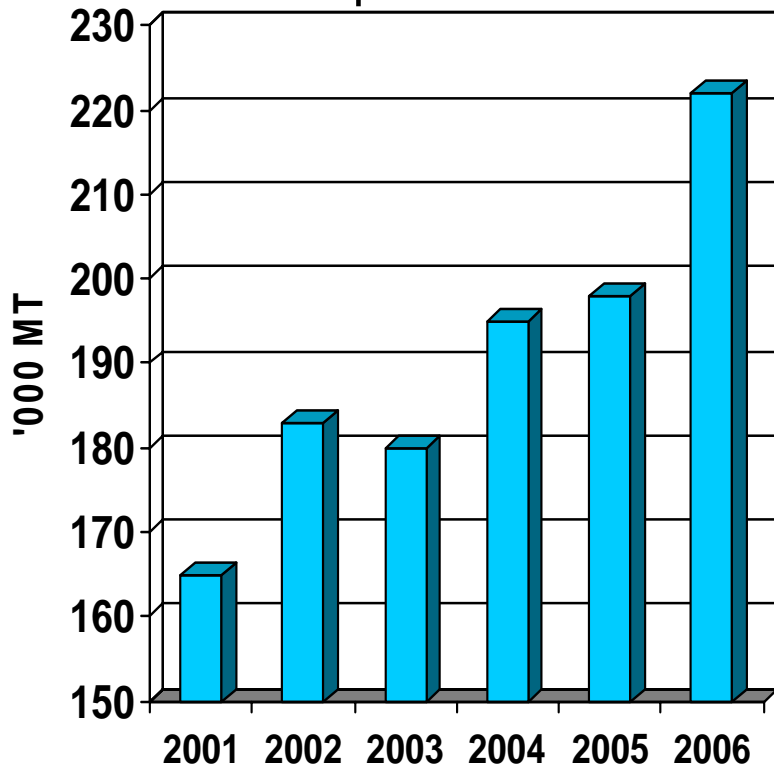


Value (%)



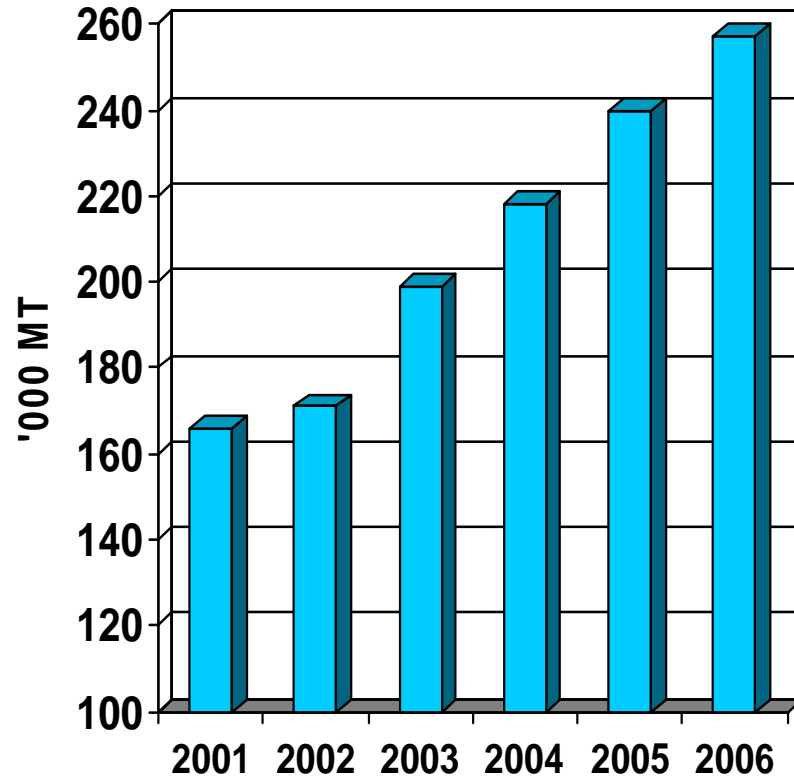
Sales Volume by Product

Dispersions



• 34% growth over 5 years

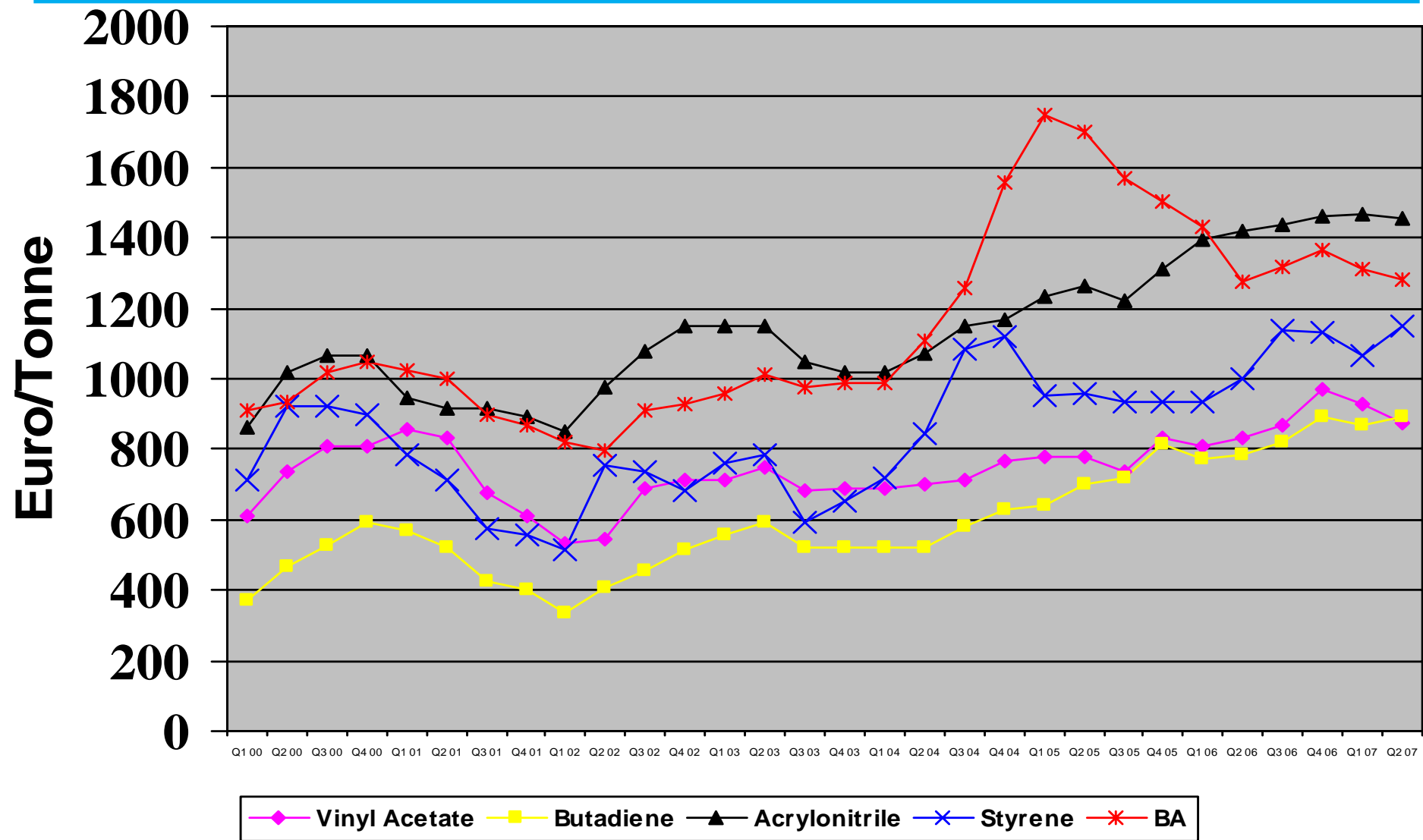
Latex



• 54% growth over 5 years



Raw Material Prices



UQUIFA Short Term Development Pipeline

Product	Brand Name	US Patent Expiry	2006 US Sales \$M
Zolpidem	Ambien	2007	2,700
Gatifloxacin	Tequin	2007	130
Terbinafine	Lamisil	2007	690
Venlafaxine	Effexor	2008	2,700
Lamotrigine	Lamictal	2008	1,650
Bicalutamide	Casodex	2008	290
Duloxetine	Cymbalta	2008	1,200
Lansoprazole	Prevacid	2009	3,900
Pantoprazole (NI)	Protonix	2010	2,400
Quetiapine (NI)	Seroquel	2011	2,900
Valsartan (NI)	Diovan	2012	2,200
Fluvastatin	Lescol	2012	290
Sodium Risedronate	Actonel	2013	1,000

