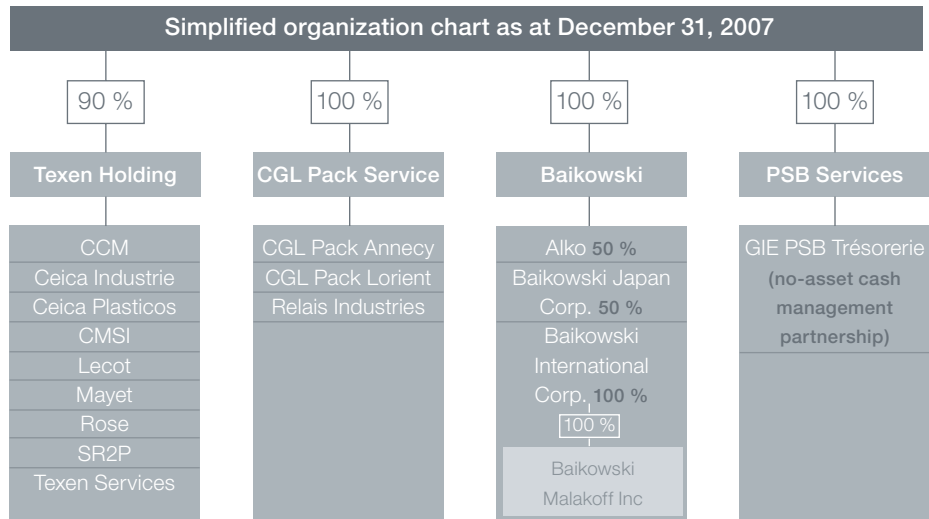
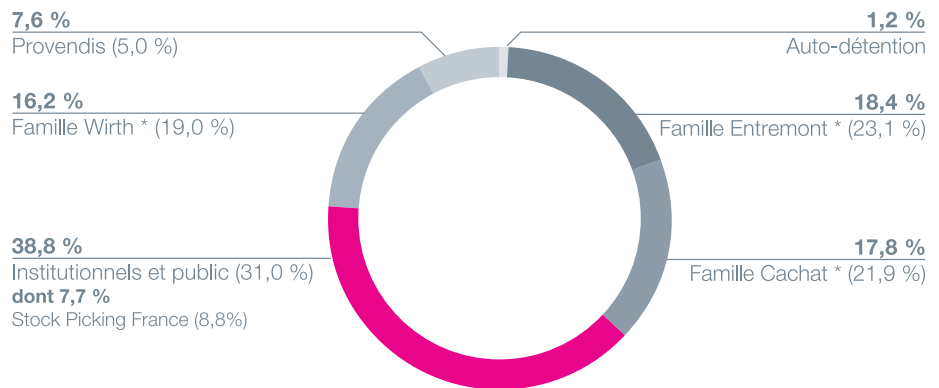


## structure of psb industries



**Ownership structure in % as at December 31, 2007**

In compliance with section L.233-13 of the French Commercial Code and in light of information received as per sections L.233-11 and L.233-12 of the same Code, we declare the principal shareholders or shareholder groups to be as follows :



\* acting jointly

(in % of voting rights) : registered stock held by the same owner for at least three years carry double voting rights

## Stock exchange listing

### Description

Capital stock : 7,350,000

Number of shares : 3,675,000

Market capitalization on 12/31/07 : €154 millions

Average volume traded per session : € 39,000

### Market facts

Date of initial public offering : 1955

ISIN code : FR0000060329

Index : CAC Small 90 and CAC Mid&Small 190

ICB Classification : 2000 (Industries)

Euronext Paris : B compartment

Reuters code : PSBP.PA

Bloomberg code : PSB FP

### Share price in 2007 (in euros) and trading data



#### as at 31/12/2007

Number of shares traded	239,010
Total volume traded (€000)	10,024
High (in euro)	46.32
Low (in euro)	36.60

Starting July, 2005 and for a one-year term renewable by tacit agreement, PSB Industries has given Oddo Midcap a liquidity contract that complies with the AFEI code of conduct approved by the French stock exchange authority (AMF) on March 22, 2005

**Dividend (in euros)**

On December 19, 2007, acting in conformity with Article L232-12, paragraph 2 of the French Commercial Code and Article 245-1, paragraph 1 of the Decree of March 23, 1967 and on condition that the auditors certify the balance sheet prepared for June 30, 2007, the Board declared an interim dividend of €2,388,750 or €0.65 on each of the 3,675,000 shares of capital stock, to be counted against the dividend that will be paid for the year ending December 31, 2007. This €0.65 per share is 8.33% higher than the dividend payment made in January of 2007. It represents half of the €1.35 dividend per share paid for all of 2006.

This interim dividend was made payable at the registered corporate office as of January 25, 2008.

<u>year</u>	<u>dividend</u>
2006	1.35
2005	1.20
2004	1.10
2003	0.92
2002	0.88

# Corporate Governance

## 1. THE BOARD OF DIRECTORS

### 1.1 Members

The Board of Directors is composed of five members, a chairman and four directors.

	First appointed	End of term
<b>Chairman</b>		
Jean-Baptiste Bosson	1991	SM of 2009 (*)
<b>Members</b>		
Jean-Claude Cachat	1978	SM of 2011 (**)
Jacques Entremont	1984	SM of 2008 (***)
Roger Rosnoble	1984	SM of 2008 (***)
Alain Wirth	1984	SM of 2008 (***)

(\*) The 2009 Shareholders' Meeting for the year ending December 31, 2008

(\*\*) The 2011 Shareholders' Meeting for the year ending December 31, 2010

(\*\*\*) The 2008 Shareholders' Meeting for the year ending December 31, 2007

### 1.2 Other responsibilities of members of the Board, currently and over the last five years

Note that for unexpired director's terms, all companies are given with their present name and form.

#### Jean-Baptiste Bosson

With respect to PSB Industries, he is also :

- manager of PSB Services SNC,
- Permanent PSB Industries representative to the boards of Baikowski SAS, Texen SAS,
- a director of CGL Pack Service SAS,
- Permanent representative of PSB Services as a director of GIE PSB Trésorerie cash management partnership.

Outside of PSB Industries, he serves on the Supervisory Board of Siparex Croissance.

He has, furthermore, held the following offices and positions over the last five years :

With respect to PSB Industries, he has been :

- Permanent PSB Industries representative to the boards of SA CGL Pack Lorient, SA Charles (absorbed by CGL Pack Lorient on 2003, October 31),

Outside of PSB Industries, he has been a director of Michaux Gestion SA.

#### Jean-Claude Cachat

Outside of PSB Industries, he is :

- A director of TV8 Mont-Blanc

- manager of the «société de participation au développement de l'Economie Savoyarde SARL»,
- chairman of the Board of Odes Immobilier,
- chairman of the Supervisory Board of SAS Sivalbp.

Furthermore, with respect to PSB Industries over the last five years, he has been :

- director of SA CGL Pack Lorient.
- chairman of the Supervisory Board of Sopreda 2,
- chairman of société Annecy Evènements SAS.

#### **Jacques Entremont**

Outside PSB Industries, he is :

- member of the Supervisory Boards of Comptoir Savoyard de Distribution and Banque de Vizille.
- director of SA SAGIR

He has held the following offices and positions over the last five years :

Outside of PSB Industries, he has been :

- chief executive officer and director of Finance and Management,
- chairman of the Supervisory Board of the Entremont Group SAS,
- director and vice-chairman of Alliance Laitière Européenne,
- director of Entremont Bénélux, Parmareggio Entremont Italie,
- permanent representative of Harfleuraise de Participations to the boards of Franche Comté Sérums and Eurosérums,
- member of the Supervisory Board of Comptoir Savoyard de Distribution.

#### **Roger Rosnoblet**

Outside PSB Industries, he is :

- director of Banque Populaire des Alpes,
- member and chairman of the supervisory board of Comptoir Savoyard de Distribution,
- chairman of SAS Genevois Distribution, Provendis, Thônes Distribution,
- vice-chairman of SAS Stefano,
- general manager of SAS Alpadistri, SAS Bernard, Douvaine Distribution, Duparc and Geslin, Proxima, Provenca Novel,
- chairman of the board and general manager of Faraglia SA et de la SA Mitaz Distribution,
- manager of Sodevim SARL,
- permanent representative of Provendis, which acts as Chairman of SE Provenca, Provenca Novel, Proved, Val 4.

He has, furthermore, held the following offices and positions over the last five years :

Outside of PSB Industries, he has been :

- chairman of SAS Société Alimentaire du Foulon, Société Financière Lejeune, SAS Chamtour, SE Provenca, Provenca Novel,

- general manager of SA Val 4,
- manager of Isabelle L., La Mie du Foulon and Planet'son,
- permanent representative of Provendis to the board of SA ETS Thiebaud Frères and SA Val 4.

#### **Alain Wirth**

With respect to PSB Industries, he is :

- executive vice-president of PSB Industries SA,
- chairman of SAS CGL Pack Annecy, CGL Pack Service, CGL Pack Lorient and Relais Industries,
- director of Baikowski SAS and Texen SAS,
- legal representative of CGL Pack Service which acts as Chairman of CGL Pack Chalon SAS (dissolved in June 2007).

He has held the following offices and positions over the last five years :

With respect to PSB Industries, he has been :

- chief executive officer of CGL Pack Lorient and Charles SA (absorbed in 2003, October 31 by CGL Pack Lorient),
- legal representative of CGL Pack Service which acts as Chairman of CGL Pack Chalon SAS.

### **1.3 Compensation**

€70,000 was allocated to directors' fees for 2007.

Only Mr. Bosson and Mr. Wirth received extra compensation on account of their executive responsibilities within Group companies.

There are no particular benefits in terms of deferred compensation.

	<b>Compensation</b>	<b>Bonus</b>	<b>Pequisites</b>	<b>Director's fees</b>	<b>Total</b>
M. Bosson	259,371	-	4,642	14,000	278,013
M. Wirth	60,000	-	19,205	14,000	93,205

## **2. GENERAL MANAGEMENT**

General management consists of :

#### **Chairman and CEO**

Jean-Baptiste Bosson

#### **Chief Operating Officer**

Alain Wirth

#### **Financial Director**

Didier Mangin

## the chairman's report

In compliance with Article L.225-37 of the French Commercial Code, this report from the Chairman of the Board of Directors explains the preparation and organization of the Board's work and the internal control systems that are in place at the Company.

### **A - how the work of the Board is prepared and organized**

Information concerning the make-up of the Board and the renewal of Directors' terms can be found in the «Corporate Governance» section (page 8).

The members of the Board of Directors meet on a schedule set at the start of the financial period, which can be altered as the need arises or upon the request of Directors. The Board is convened by a letter sent 15 days prior to the meeting. After each meeting, minutes are drawn up and a draft of them is sent to each member; the minutes are adopted at the beginning of the next meeting.

In 2007, the Board met six times, with an attendance rate of 93%, to approve the yearly and half-yearly financial statements and to review the quarterly financial statements. Six other Directors' meetings were held to take up the following subjects: budget planning, wages, asset disposals, strategic decisions, technological developments and more. In the course of such meetings, the Group's senior managers explain the operations carried on in the three business units, accompanied if need be by top management from the various business units. The PSB Board of Directors makes its opinion known on all decisions concerning the major strategic, business, employee-related, financial and technological policies of the company and ensures that these decisions are carried out by business unit management.

The Board is assisted in its work by a strategy committee and a compensation committee. The strategy committee includes all the Directors and is specifically charged with debating the direction and positioning of the various business units in terms of investments and disinvestments, alliances and partnerships, and new product and business development. The compensation committee is made up of three Directors. It deals with the compensation and benefits of all kinds that are paid to officers of the company.

Additionally, once a month the Directors receive reports on the activities of the various business units and related companies and on our stock market activity, as well as media clippings about all Group companies.

The Board is not governed by an internal policy statement and includes no independent non-executive Directors. The Chairman of the Board is responsible for the general management of PSB Industries, with no specific limitation of powers.

### **B - internal controls**

Following the recommendations of France's stock exchange authority, AMF, this report was written by applying the simplified guidelines for creating a reference document on internal controls.

PSB Industries' control system is meant to ensure that:

- All actions by management, all operations and all conduct comply with the law and

regulations and with our corporate values, standards and policies;

- The instructions and strategic direction determined by senior management and the Board of Directors are carried out;
- The company's internal processes run smoothly, especially those safeguarding the company's assets;
- Financial data are reliable;
- Risks arising from the Group's business operations are prevented or contained;
- Its operations are effective and its resources used efficiently.

However, like any control system, this one cannot provide an absolute guarantee that risks will be totally eliminated and only provides reasonable assurance as to the achievement of its objectives.

## **1. THE CORPORATE INTERNAL CONTROL SYSTEM**

This report covers all Group companies except the Japanese equity-method subsidiary.

### **1.1 Organization and persons involved**

PSB Industries is made up of three business units covering three distinct lines of business. Each business unit groups together 3 to 10 small or medium-size companies of from 20 to 250 people each. Heading up each business unit is an autonomous management team responsible for implementing the decisions made by Group senior management. The top management of each line of business organizes and supervises the control system within its delegated scope, in cooperation with PSB Industries' finance department. The senior managers of the business lines rely on the senior managers of the companies under them, as well as on the quality directors and the managerial staff.

This organization makes use of tools, practices and systems such as ISO reference documents, the budgeting process, management reporting systems, risk management groups, various procedures and specific management information systems.

Given the size and the organization of the Group, it has not been thought necessary to form an audit committee.

### **1.2 Survey and analysis of risk, leading to the dissemination of relevant, reliable information**

The size of our companies enables information to circulate rapidly, people to be responsive and the key individuals in the Group to be clearly identified. Thus within each business unit, committees of decision-makers hold weekly, bi-weekly or monthly meetings. These committees guide their business unit, always careful to identify, prevent and manage all the risks that may arise in the course of their business.

This analysis of operations is supplemented by further processes involving the senior management of the Group, including our budgeting process, reporting process and monthly business reviews.

The budgeting process brings together Group senior management with business unit senior management in November. During these meetings, the business units present their budgets and plans for approval by the parent company. What comes out of this are the capital expenditures, financial investments and strategic and business objectives that are to be implemented. Any commitment of funds deviating from the budget authorization must first receive approval at the appropriate level. The budget is broken down by month,

so it can serve as a benchmark for the Group's monthly reporting system.

The monthly reporting system has two phases. The first is a reporting, two days after closing, of sales for each company. Then, five days after close, each company draws up a detailed income statement. These income statements are first analyzed by the top management of each business unit, then sent to the parent company of the Group for a second analysis.

Both budgeting and reporting processes include several levels of control, since they are set up by decentralized companies and then centralized by the business unit and Group finance departments.

The third type of oversight provided by senior management over the subsidiaries consists of the monthly performance reviews. These bring together the Chief Executive of the Group and the General Managers of each business unit. Their purpose is to analyze monthly performance, working capital requirements, capital expenditures and the updated forecasts.

In addition, the risk management group, in cooperation with Group companies, updates a risk map for PSB Industries.

These processes, related to the specific organization of PSB Industries, allow an on-going analysis of the risks of each business unit and the rapid dissemination of reliable information throughout the Group.

### **1.3 Controls performed**

Controls are performed throughout the organization in the form of manual, computerized and managerial controls. First of all, in terms of staff personnel, every company in a business unit has a quality director who arranges internal audits with respect to ISO standards and the commitments made to customers. Then, in terms of line personnel, employees are trained to apply the principles of prudence and risk management in their day-to-day activities. Additionally, the supervision provided by upper management as described above adds to the control of operations.

### **1.4 Oversight of the internal control system**

Oversight of the internal control system falls primarily on the Group's statutory auditors, on certified public accountants at the company level and on the regulatory bodies with jurisdiction over the Group and its companies.

Furthermore, since 2007 the Group's finance department has belonged to a taskforce of mid-cap public companies which was organized to identify the best practices in the area of internal controls

## **2. PROCESSES FOR ACCOUNTING AND FINANCIAL INFORMATION**

The internal control system with regard to accounting and financial information is meant to ensure:

- Adherence to current accounting standards and principles
- Monitoring of the creation of financial information
- Reliability of the financial information prepared and reported by subsidiaries and its centralized processing at the Group level
- Advance planning for the processing of complex accounting operations
- Rapid and reliable accounting data reports

## 2.1 The accounting and financial organization

The key participants in the internal financial and accounting control system are Group general management and Group and business unit financial management. Each company's accounting is done at that level by one or two full-time accountants. Each business unit includes one accounting director who oversees the accounting done within their scope.

This organization makes use of tools, practices and systems such as the Group's accounting policies handbook, the budgeting process, the reporting process, certain procedures and specific management information systems.

## 2.2 Identification and analysis of risks impacting the accounting and financial data

Accounting and financial staff identify risks by category of operations. Organized measures are in place to prevent and limit risks at the operating level, and these are supplemented by an analysis of the monthly income statements as mentioned above.

The monthly analyses, moreover, are fine-tuned with more detailed quarterly analyses once the accounts have been consolidated. All data reported up the chain are prepared according to the same accounting standards, as set out in the Group accounting policies handbook. The quarterly consolidations are prepared as follows: 12 days after close the accountants from each company send to the Group finance department a set of restated accounting packages created by the consolidation software that interfaces with the accounting programs. The consolidation team checks the packages, validates the consolidation processing and analyzes the consolidated data for consistency with the monthly reporting data.

Moreover, in order to avoid the risks of new and complex accounting procedures at closing, the finance department has put measures in place to identify and analyze such risks, involving the two statutory auditors and the Group and business unit finance departments. At these meetings the accounting items that might have an impact on the financial statements are set forth and examined, and the participants approve the most appropriate way to account for them.

## 2.3 The accounting and financial information system

At PSB Industries our IT staff is decentralized to the business unit level. Thus the information systems used in the different business units are separate. The software programs used are interfaced with the software for production management, asset management, payroll and consolidation, in order to limit the work that must be done manually. The controls built into these systems are kept activated, so that errors will be limited.

The data are saved according to clearly established backup procedures.

The software is updated regularly to comply with regulations and to change in keeping with the needs of the companies.

## 2.4 Controls performed

The existing control system depends on computerized and managerial controls, and also, given the way accounting is organized in the Group, certain self-controls.

Furthermore, to back up the internal control system and to check that prevailing accounting principles and standards are being correctly applied, the Group companies' statements are checked at least twice a year by a firm of certified public accountants. PSB Industries' external auditing is handled by the firms of Mazars and Ernst & Young. As part of their assignment of certifying the financial statements, they look at the accounting

and internal control systems in order to evaluate the audit risk. At that time they make recommendations on the internal control procedures and systems which could impact the quality of accounting and financial data. In our constant effort to improve the reliability of our procedures, PSB companies are instructed to adopt these recommendations.

### **2.5 Financial and accounting communications**

The Group finance department distributes a schedule to all subsidiaries for gathering the financial information necessary to meet the requirements of public disclosure and of our various internal reports. Data to be publicly disclosed are checked and analyzed by the Group finance department and reconciled with the information collected in the periodic reports. Any discrepancies found are explained. Senior management is kept informed of this work and analyzes all the public data. The public data, with commentary, are sent to the Board of Directors before being published.

## **3. RISK ANALYSIS AND MANAGEMENT**

### **3.1 General principles of risk management**

In its various businesses PSB Industries applies a risk management policy based primarily on personal safety, environmental protection, customer satisfaction and asset protection.

The Group finance department, in cooperation with business unit management, surveys and ranks risks according to their likelihood of occurrence and their impact, in order to construct a risk map by business unit. Action plans to limit these risks are then created and updated to factor in regulatory, technological and economic changes. The risk map is also compared to the risk map made by the Group's outside statutory auditors.

### **3.2 Identification and analysis of the major risks**

Risks identified at the subsidiary level relate to competition, supply, product quality, the environment, key person loss, fire, and more generally to foreign exchange and interest rate and to security of manufacturing and IT operations.

The risks deemed to be major risks are competition, fire, changes in raw materials prices, forex and interest rates.

The markets where PSB Industries sells are for the most part highly competitive. Now that some of our customers have moved their production to Eastern Europe and Asia, one of the risks we have identified is finding ourselves in competition with manufacturers in these low-cost countries.

Although the likelihood of fire is fairly low, its impact would obviously be great, entailing the destruction of a Group company's assets. In the past, PSB Industries has experienced this type of accident and so remains very sensitive to it.

The raw materials used by the Group are chiefly ones whose price is geared to the price of hydrocarbons. The risk is that a surge in raw materials cost may impact our companies' margins.

The "rate" risk run by PSB Industries stems from the Group's financing activities and the foreign exchange risk from our use of different currencies. PSB Industries not only pays close attention to the rate at which it borrows but also attempts to hedge the variable-rate portion of its debt. With respect to foreign exchange rates, PSB Industries' exposure derives from the Specialty Chemicals Business unit, which does some of its business in US dollars and, to a lesser extent, in yen.

### 3.3 Procedures for managing the major risks

To deal with these risks, PSB Industries has set up specific procedures and adopted several strategies.

With regard to differentiating ourselves from the competition, PSB Industries makes continuing improvements in productivity, develops custom-made products and takes a Total-Quality Management approach, in order to give our customers the best service they can find. Simultaneously, PSB Industries is constantly involved in research and industrial innovation, alongside environmental protection efforts, such as eco-design. Moreover, even though the environmental risk was not identified as a major one for PSB Industries, the Group has commissioned a special audit of all its subsidiaries so that we can get into compliance when necessary and has adopted a code of corporate citizenship.

In terms of fire, PSB Industries runs awareness programs for its employees about situations where fires can start and equips its facilities with fire-fighting devices such as sprinklers and fire-proof doors. We also try to keep our plants as versatile as possible, as this has proved an effective solution in the past.

PSB Industries cannot escape the fluctuations in the price of its raw materials—polystyrene, polyvinyl chloride, polypropylene and PET. To limit the negative effect of price increases, PSB Industries has signed fixed-price contracts with its suppliers and price-indexed contracts with its principal customers. No hedging, however, has been adopted.

Lastly, to limit interest rate and exchange rate risk, PSB Industries employs what is known in France as a GIE (an economic interest group), a partnership that includes all the Group's subsidiaries but none of their assets.

The GIE defines our alternatives and our policies with respect to financing and forex and interest rate hedging. In this way, of the 60% of debt which is variable-rate, 57% is hedged, which brings the variable-rate portion down to 26% of total debt. Regarding foreign currency, our most exposed company hedges its sales a year ahead, either by using financial instruments or by making purchases denominated in the same currency.

### 3.4 Monitoring risks and risk management procedures

To round out its policy of risk prevention, PSB Industries has chosen to take out a general insurance policy for the Group covering property damage, personal injury, business losses and third-party liability.

## 4. PLANNED CHANGES

Considering its structure and its size, PSB Industries remains a responsive group where who is in charge of what is clearly laid out and where the employees are made aware of risk and use caution in their day-to-day work. Nevertheless, these points in our favor can also restrict the internal control system. Given the way the accounting staff is organized, for instance, it is not always easy to observe a strict separation of responsibilities.

More generally, and due to the work done in 2007, it turns out that PSB Industries needs to consolidate the various control aspects of its internal control system. To accomplish this, a person will be added to the Group finance department starting in May 2008. His or her assignment will be to audit and to add to the existing internal control system, to update procedures and risk maps, and to conduct training sessions in risk management.

# auditor's opinion on the chairman's report

(Period ending December 31, 2007)

To the shareholders,

In our capacity as statutory auditors for PSB Industries and pursuant to article L. 225-235 of the French Commercial Code, we submit to you our opinion on your company Chairman's report, made in accordance with article L. 225-37 of the French Commercial Code, with respect to the financial year ending December 31, 2007.

It is the Chairman of the Board's particular responsibility to explain in his report how the work of the Board is prepared and organized and the internal control procedures in place within the company.

It is our responsibility to convey to you our own observations on the information given in the Chairman's report concerning those internal control procedures relative to the preparation and processing of accounting and financial information.

We conducted our work in accordance with the professional standards applied in France. These require us to perform procedures to assess the accuracy of the information contained in the Chairman's report concerning the internal control procedures relative to the preparation and processing of financial and accounting data. These procedures specifically consist of:

- familiarizing ourselves with the internal control procedures relative to the preparation and processing of accounting and financial information and that underlie the information presented in the Chairman's report, as well as with the existing documentation;
- familiarizing ourselves with the work that enabled this information to be prepared and with the existing documentation;
- determining whether any major deficiencies in the internal controls relative to the preparation and processing of accounting and financial information that we might find in the course of our work are appropriately covered in the Chairman's report.

On the basis of these examinations, we have no comment to make on the information concerning the company's internal control procedures relative to the preparation and processing of accounting and financial information that was presented in the report of the Chairman of the Board of Directors made pursuant to article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Villeurbanne, February 29, 2008

Statutory Auditors

ERNST & YOUNG ET AUTRES

Nicolas JOB

MAZARS

Max DUMOULIN

# management report

To the shareholders,

We have called this Regular Shareholders' Meeting, in accordance with article 44 of our bylaws and pursuant to law, to present to shareholders the results of the financial year ended December 31, 2006. The statutory auditors' reports, the discussions of accounting principles and consolidation rules as well as the following notes will provide shareholders, we hope, with all the information they need to assess the state of the Company.

## 1. CONSOLIDATED FINANCIAL STATEMENTS

Sales in FY2007 amounted to €211.5 million, an increase of 6.2% (or 7.3% on a constant currency basis).

Beauty Packaging and Custom Packaging contributed to the growth in sales for 2007.

This growth was accompanied by an increase in net operating income of 5.2%, to €20.5 million or 9.7% on sales.

The net cost of borrowing was €3.9 million, representing 19% of net operating income.

Net income attributable to the PSB Industries Group was €10.6 million, or 5.0% on sales.

Free cash flow was €27.6 million or 13.1% on sales.

Net capital expenditures were €24.0 million, representing 11.4% on sales. These were especially high in Specialty Chemicals (finishing up the large investment in capacity at the Annecy plant, France) and in Beauty Packaging (expanding the Attignat plant, France).

Net borrowing stands at €82.1 million and represents 115% of shareholder equity and 3.0 years of free cash flow.

In the third quarter of 2007 PSB Industries raised its investment in Texen (Beauty Packaging) from 85% to 90%.

### Baikowski (Specialty Chemicals)

In a situation of under-capacity and currency weakness (in the US dollar and the yen), the company posted consolidated 2007 sales of €37.7 million, down 2.7%, though up 1.1% on a constant currency basis.

Baikowski resumed its growth (up 7.9% or 13.0% on a constant currency basis) during the fourth quarter 2007. This trend will continue into 2008 now that new productive capacity is ramping up.

Net operating income was €3.6 million, or 9.5% on sales, down from the 11.6% of the preceding year. Start-up costs and currency fluctuations explain this variance.

Free cash flow was €5.8 million and capital expenditures amounted to 9.9 million. The latter involved the last phase of the productive capacity increase that will make it possible to meet the strong demand from our large global customers in lighting. Capital expenditures will settle down to something like €2 million in 2008.

### Texen (Beauty Packaging)

Texen posted consolidated 2007 sales of €125.4 million, up 7.1%.

The year was highlighted by numerous product introductions, such as Wonder Length and a moisturizing lotion by Clarins, Dior Rouge lip gloss and an eyeliner by Gemey

Maybelline, Ryoko by Kenzo, Hypnose for Men, Virtuôse and Secret de Vie by Lancôme, Blush Délice by L'Oréal, etc.

Net operating income was €13.3 million, representing 10.6% on sales.

This high margin, particularly high for this industry, reflects Texen's manufacturing know-how and the high level of automation it brings to high-volume, worldwide product launches by its customers.

Free cash flow amounted to €17.2 million and capital expenditures were €10.1 million, of which €2.5 million was for the plant expansion mentioned above.

#### **CGL Pack (Custom packaging)**

CGL Pack found new growth and achieved consolidated sales of €48.8 million, up 12.2% over the previous year.

Net operating net income reached €3.5 million, or 7.1% on sales. This amount included non-recurring items of €700,000 mainly related to reorganization costs.

Free cash flow amounted to €4.1 million and capital expenditures were €3.9 million, of which €1.5 million was for expanding at the Lorient plant, France (food processing).

#### **PSB Industries' Outlook for 2008**

It is PSB Industries' objective to increase sales by 5%, with a net operating margin of close to 10%.

The period will see lower capital expenditures, on the order of 7% on sales.

#### **Post-closing events**

None

#### **Change in accounting method**

During this accounting period the Group adopted the new IFRS standards and their amendments, along with the new IFRIC interpretations (see Note 2.2 to the consolidated statements).

## **2. PARENT COMPANY FINANCIAL STATEMENTS**

The Shareholders, on the motion of the Board of Directors, resolve to allocate the period's net earnings of €5,216,537.44 in the following manner:

- Distribution of a €5,145,000 dividend to shareholders, or a net dividend per share of €1.40.
- The balance of €71,537.44 to be carried to "Other Reserves"

Since €0.65 of this €1.40 dividend per share was already paid on January 25, 2008 as an interim dividend (that is, €2,388,750.00) in accordance with a decision of the Board on December 19, 2007, only the balance, or v0.75 per share, remains due (that is, a total of €2,756,250.00) and shall become payable as of June 2, 2008.

With regard to dividends paid to natural persons who are French tax residents, beginning January 1, 2008 they are subject to an 11% withholding for social security levies and then to income tax, after application of a 40% tax exemption on the dividend base, unless before receiving the dividend the beneficiary elects to have the company paying the dividend withhold a 18% flat-rate withholding tax which exempts the dividend balance from income tax.

## consolidated balance sheet

### ASSETS

(in €000s)	12/31/2007	12/31/2006
<b>Non-current assets</b>		
Property, plant & equipment (note 5)	97,144	90,002
Goodwill (note 4)	21,682	21,288
Intangible fixed assets (note 4)	116	95
Fixed assets accounted for by the equity method (note 6)	1,680	1,537
Long-term financial assets (note 7)	244	307
Deferred tax assets (note 29)	966	650
<b>Total non-current assets</b>	<b>121,832</b>	<b>113,879</b>
<b>Current assets</b>		
Inventory (note 8)	36,091	32,347
Trade and related receivables (note 9)	48,354	52,316
Current income tax credits	2,017	1,453
Other receivables and credits (note 10)	5,363	5,295
Cash and equivalents (note 11)	6,066	9,960
<b>Total current assets</b>	<b>97,891</b>	<b>101,371</b>
Assets held for sale (note 12)	-	192
<b>Total assets</b>	<b>219,723</b>	<b>215,442</b>

### LIABILITIES AND EQUITY

<b>Shareholders' equity (note 13)</b>		
Capital stock	7,350	7,350
Premiums	10,122	10,122
Reserves	45,033	39,638
Translation gains/(losses)	(1,619)	(636)
Net income for the period	10,606	10,315
<b>Shareholders' equity attributable to Group</b>	<b>71,492</b>	<b>66,789</b>
Minority interests	-	-
<b>Total shareholders' equity</b>	<b>71,492</b>	<b>66,789</b>
<b>Non-current liabilities</b>		
Long-term financial debt	67,918	4,371
Put options granted to minority owners	5,951	7,431
<b>Financial liabilities of more than one year (note 14)</b>	<b>73,869</b>	<b>54,802</b>
Deferred tax liabilities (note 29)	3,059	2,978
Provisions for pensions and similar benefits (note 15)	3,356	3,085
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>80,284</b>	<b>60,865</b>
<b>Current liabilities</b>		
Trade and related payables	28,412	33,315
Financial debts of less than one year (note 14)	20,283	33,230
Current income tax accrued	1,936	9
Other debts (note 18)	17,140	20,645
Provisions for risks and current expenses (note 16)	176	589
<b>Total current liabilities</b>	<b>67,947</b>	<b>87,788</b>
<b>Total liabilities and equity</b>	<b>219,723</b>	<b>215,442</b>

Off-balance sheet obligations (note 21)

## income statement

(in €000s)	from 01/01/2007 to 12/31/2007	from 01/01/2006 to 12/31/2006
Sales (note 30)	211,474	199,152
Cost of goods sold (note 23)	(163,595)	(155,165)
R&D expense (note 24)	(2,867)	(2,723)
Selling and distribution costs	(11,261)	(10,648)
Administrative expenses	(13,781)	(12,240)
Other operating income (note 27)	952	1,809
Other operating expense (note 27)	(459)	(741)
<b>Operating income</b>	<b>20,463</b>	<b>19,444</b>
Net cost of financial indebtedness (note 28)	(3,867)	(2,806)
Other financial income and expense (note 28)	(278)	(316)
Tax (note 29)	(5,034)	(5,522)
Share of net income from equity-method interests (note 6)	289	355
<b>Annual consolidated net income</b>	<b>11,573</b>	<b>11,155</b>
Attributable to the Group	10,606	10,315
Attributable to minority interests	967	841
Annual consolidated income	11,573	11,155
Earnings per share in euros (note 22)	2.91	2.84
Fully diluted earnings per share in euros (note 22)	2.91	2.84

## consolidated statement of cash flows

(in €000s)	from 01/01/2007	from
01/01/2006	to 12/31/2007	to 12/31/2006
Net income attributable to Group	10,606	10,315
Net income attributable to minority interests	967	840
Depreciation, amortization & provision expense on fixed assets	16,071	14,901
Net provision allowances on balance sheet	(140)	(235)
Net income attributable to joint-ventures	(213)	(280)
Net cost of financial indebtedness and dividend received	3,777	2,750
Current and deferred tax	5,034	5,522
Pretax (gain)/loss on disposal of assets	(24)	(757)
Other non-cash changes	-	-
Change in working capital requirement	(6,042)	(9,010)
Tax paid	(3,414)	(7,571)
<b>Net cash flow from operations</b>	<b>26,622</b>	<b>16,475</b>
Net capital expenditures for operations	(24,028)	(23,844)
Change in long-term receivables and payables	(2,740)	(695)
Net financial investment/disinvestment	(2,454)	-
Change in loans	(87)	450
Income on cash and equivalents	193	229
Dividends received	79	76
<b>Net cash flow from / (used for) investment activities</b>	<b>(29,037)</b>	<b>(23,784)</b>
Treasury stock	(182)	186
Dividends paid to parent company shareholders	(4,915)	(4,362)
Dividends paid to minority interests in integrated companies	(376)	(271)
Increase in financial liabilities	42,001	31,782
Decrease in financial liabilities	(33,836)	(19,074)
Interest paid	(4,051)	(3,054)
<b>Net cash flow from / (used for) financing activities</b>	<b>(1,359)</b>	<b>5,207</b>
Impact of currency rate changes	(120)	(124)
Change in cash	(3,894)	(2,226)
Cash and equivalents at start of year (note 11)	9,960	12,186
Cash and equivalents at end of year (note 11)	6,066	9,960

# Auditor's opinion on the consolidated financial statements

(Period ending December 31, 2007)

To the shareholders,

In fulfillment of the assignment given to us by your shareholders in meeting, we undertook an audit of the consolidated financial statements of PSB Industries for the financial year ended December 31, 2007 and attached to this report.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

## 1. Opinion on the consolidated financial statements

We conducted our audit in accordance with French professional auditing standards. Those standards require that we carry out our audit so as to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We certify that in terms of the IFRS standards adopted by the European Union, the financial statements for the period give a true and fair view of the assets and financial position as well as of the income and expense for all of the entities that comprise the consolidation.

Without prejudice to the opinion just expressed, we would direct your attention to Note 2.2 appended to the consolidated financial statements which shows the changes in accounting method that occurred during the period.

## 2. Basis of opinion

Pursuant to Article L.823--9 of the French Commercial Code requiring the auditors to explain the basis of their opinion, we would point out the following:

- Note 2.2 to the Consolidated Financial Statements states the changes in accounting methods that occurred over the period in connection with the PSB Industries Group's adoption of the new IFRS standards and amendments, together with the new IFRIC interpretations. As part of our assessment of the accounting principles followed by the company, we examined the information on that subject provided in the notes to the consolidated financial statements.

- Note 2.21 concerning financial instruments describes the accounting treatment of put options held by a minority shareholder and does so in the absence of any specific clauses on this topic in the IFRS standards as adopted by the European Union. We are satisfied that the accounting treatment chosen does not violate the general principles of IFRS, and that the disclosures in Note 2.21 in this regard are appropriate.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### 3. Specific procedures

In accordance with professional standards applicable in France, we have also verified the information given in the management report of the Board of Directors. We find no matters to raise as to the fairness of this information or its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Villeurbanne, February 29, 2008

Statutory auditors

ERNST & YOUNG ET AUTRES

Nicolas JOB

MAZARS

Max DUMOULIN

## parent company balance sheet

### ASSETS

(in 000s)	12/31/2007	12/31/2006
<b>Intangible fixed assets</b>		
Start up costs	-	-
<b>Property, plant &amp; equipment</b>		
Land	704	687
Buildings	306	330
Technical plant and industrial machinery & equipment	60	72
Other tangible fixed assets	-	-
<b>Long term financial assets</b>		
Investments	22,445	19,379
Receivables related to investments:	1,524	1,524
Treasury shares	1,786	1,461
Other long-term financial assets	835	915
<b>Total fixed assets</b>	<b>27,660</b>	<b>24,368</b>
Advances and deposits received	7	4
Trade receivables & related accounts	-	-
Other receivables	2,902	3,071
<b>Miscellaneous</b>		
Treasury shares	-	-
Marketable securities	2,444	5,625
Cash and near-cash	90	53
<b>Equalization accounts</b>		
Prepaid expenses	-	-
<b>Total current assets</b>	<b>5,443</b>	<b>8,753</b>
<b>Total assets</b>	<b>33,103</b>	<b>33,121</b>
<b>LIABILITIES AND EQUITY</b>		
Capital stock	7,350	7,350
Issue premiums	10,122	10,122
Revaluation differences	29	29
Legal reserve	735	735
Réserves réglementées	-	-
Other reserves	9,425	10,455
Retained earnings	45	48
Period earnings	5,217	3,883
Regulated provisions	-	-
<b>Total shareholders' equity</b>	<b>32,923</b>	<b>32,622</b>
Provisions for liability and expense	-	-
Debt from lending institutions	-	-
Miscellaneous financial borrowing	77	149
Trade payables & related accounts	80	72
Tax & payroll taxes	23	278
Other debts	-	-
<b>Total indebtedness</b>	<b>180</b>	<b>499</b>
<b>Total liabilities and equity</b>	<b>33,103</b>	<b>33,121</b>

## parent company income statement

(in 000s)	12/31/2007	12/31/2006
Sales of services	432	397
<b>Net sales</b>	<b>432</b>	<b>397</b>
Other revenue	7	7
<b>Total operating revenue</b>	<b>439</b>	<b>404</b>
Other purchases and external expense	(251)	(240)
Income and other tax	(66)	(57)
Wages, salaries and payroll taxes	(87)	(40)
Amortization, depreciation and provisions expense	(44)	(42)
Other expenses	(131)	(121)
<b>Total operating expense</b>	<b>(579)</b>	<b>(500)</b>
<b>Net operating loss</b>	<b>(140)</b>	<b>(96)</b>
Financial income from investments	4,931	3,736
Other interest and related income	-	6
Income from other long-term securities and receivables	192	146
Net proceeds from sale of marketable securities	397	507
Reversal of provisions and transferred expenses	-	-
<b>Total financial income</b>	<b>5,520</b>	<b>4,395</b>
Interest and related expense	(62)	(187)
Net expense from sale of marketable securities	-	-
Other financial expense	(77)	(55)
Allocation to provisions for financial assets	(24)	-
<b>Total financial expense</b>	<b>(163)</b>	<b>(242)</b>
<b>Financial net income</b>	<b>5,357</b>	<b>4,153</b>
Current pre-tax net income	5,217	4,057
Non-recurring income from management activities	35	1
Non-recurring income from capital transactions	-	-
Reversal of provisions and transferred expenses	-	-
<b>Total non-recurring income</b>	<b>35</b>	<b>1</b>
Non-recurring expense from management activities	-	-
Non-recurring expense from capital transactions	(83)	(2)
Non-recurring amortization, depreciation and provisions expense	-	-
<b>Total non-recurring expense</b>	<b>(83)</b>	<b>(2)</b>
<b>Non-recurring net loss</b>	<b>(48)</b>	<b>(1)</b>
<b>Income tax</b>	<b>48</b>	<b>(173)</b>
Total income	6,042	4,799
Total expenses	(825)	(916)
<b>Net income (total income less total expense)</b>	<b>5,217</b>	<b>3,883</b>

## Parent company 5-year financial summary

As of December 31 (in euros)	2007	2006	2005	2004	2003
<b>Capital at end of period</b>					
Capital stock	7,350,000	7,350,000	7,350,000	7,350,000	7,350,000
Number of common shares outstanding	3,675,000	3,675,000	3,675,000	3,675,000	735,000
Maximum number of shares to be created through the exercise of subscription rights	-	-	-	-	-
<b>Results of operations for the period</b>					
Sales exclusive of tax	431,848	396,598	391,015	358,600	324,809
Income before tax, depreciation (amortization and provisions)	5,236,643	4,097,810	4,620,266	3,037,479	3,216,976
Income tax	47,646	(172,843)	(461,697)	(538,271)	(118,304)
Income after tax, depreciation (amortization and provisions)	5,216,537	3,883,150	4,114,194	3,681,002	3,195,570
Distributed income	5,145,000	4,961,250	4,410,000	4,042,500	3,381,000
<b>Per share data*</b>					
After-tax income before depreciation (amortization and provisions)	1.44	1.07	1.13	0.97	0.91
Income after tax, depreciation, (amortization and provisions)	1.42	1.06	1.12	1.00	0.87
Dividends per share	1.40	1.35	1.20	1.10	0.92
<b>Employees</b>					
Average number of employees during the period	1	0.4	-	-	-
Total payroll for the period	-**	-**	-	-	-
Total employee benefits (payroll taxes, etc.) paid over the period	-**	-**	-	-	-
<b>Share information</b>					
High *	46.32	38.60	36.80	29.98	20.00
Low*	36.60	34.70	28.80	18.43	15.00
Number of shares traded	239,010	399,094	307,246	418,887	121,880

(\*) Figures are adjusted to account for the 5-to-1 split on 12/15/2004.

(\*\*) Amounts are not provided as this would tend to provide individual compensation information

# general auditor's opinion

Period ending December 31, 2007)

To the shareholders,

In fulfillment of the assignment given to us by your shareholders in meeting, we hereby present our report for the financial year ended December 31, 2007 relative to:

- our audit of the annual financial statements of PSB Industries, which are attached to this opinion,
- the basis of our opinion, and
- the specific procedures and information required by law.

The annual statements were approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

## 1. Opinion on the annual financial statements

We conducted our audit in accordance with French professional auditing standards. Those standards require that we carry out our audit so as to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and the significant estimates made in preparing the financial statements, as well as evaluating their overall presentation. We believe that our audit provides a reasonable basis for the opinion given below.

We certify that in terms of the rules and principles of French accounting, the annual statements give a true and fair view of the results of operations during the period as well as of the financial position and assets of the company at the end of the period.

## 2. Basis of opinion

Pursuant to Article L.823--9 of the French Commercial Code requiring the auditors to explain the basis of their opinion, we would point out the following:

As indicated in the Note "Long-term financial assets," investments are valued at their historical acquisition cost. If the investments' use value at the close is lower than their acquisition value, they are written down to their utility value, through provisions. As part of our assessment of the estimates made in preparing the statements, we have examined those items that enable us to determine the use values of the principal investment securities.

The assessments thus made were part of our audit procedures for the annual statements taken as a whole and so contributed to our opinion expressed in the first part of this report.

## 3. Specific procedures and information

We have also performed the specific procedures required by law in accordance with French professional auditing standards.

We find no matters to raise regarding:

- the fairness of the information given in the management report of the Board of Directors and the documents sent to shareholders on the financial position and the financial

statements, or its consistency with those financial statements;

– the fairness of the information given in the management report in respect of (i) the compensation and benefits granted to the relevant corporate officers and (ii) the commitments made to them in connection with their appointment, termination or change in function, or subsequently

In accordance with law, we satisfied ourselves that the various disclosures about the identity of those who hold equity and voting rights were in fact communicated to you in management's report.

Villeurbanne and Neuilly-sur-Seine, February 29, 2008

Statutory auditors

MAZARS

Max Dumoulin

ERNST & YOUNG et Autres

Nicolas Job

# auditors' specific opinion concerning regulated agreements and commitments

(Period ending December 31, 2007)

To the shareholders,

In our capacity as statutory auditors of your Company, we present to you herewith our report on regulated agreements and commitments.

Pursuant to article L.225-40 of the French Commercial Code we were notified of agreements and commitments previously authorized by your Board of Directors.

We are not required to ascertain whether any other agreements and commitments exist but to report to shareholders, on the basis of the information provided to us, the main terms and conditions of agreements that have been disclosed to us, without commenting on their relevance or substance. It is the responsibility of shareholders, according to the terms of Article R. 225-31 of the Commercial Code, to weigh the import of these agreements and commitments in deciding whether to approve them.

We have carried out our work in accordance with professional standards applicable in France. These standards require that we perform procedures to verify that information given to us agrees with the documents that underlie it.

## **Agreement with Baikowski SAS, a wholly owned subsidiary of the Company**

Directors involved: Jean-Baptiste Bosson and Alain Wirth

Type and purpose: Authorization to dispose of real estate

Terms : the Board of Directors, meeting on December 19, 2007 authorized the sale of the part of the Baikowski manufacturing plant owned by your Company for a total price of at least 1.4 million.

In addition, pursuant to the French Commercial Code, we have been informed that the following agreements and commitments approved during previous periods continued into the last period.

## **Agreement with PSB Services SNC and Baikowski SAS.**

Type and purpose: Lease of premises

The Company owns land and buildings occupied by PSB Services SNC and Baikowski SAS.

Terms : The Company invoices PSB Services SNC and Baikowski SAS for rents stipulated in their respective commercial leases. During FY2007, the Company invoiced

- PSB services SNC for €66,243 excluding tax;

- and Brailowski SAS for €235,164 excluding tax.

Villeurbanne and Neuilly-sur-Seine, February 29, 2008

Statutory auditors

MAZARS

Max Dumoulin

ERNST & YOUNG et Autres

Nicolas Job

# regular annual shareholders' meeting of May 27, 2008

## DRAFT RESOLUTIONS

### First resolution

The Shareholders, after hearing the Board of Directors' report, the Management report and the Statutory Co-Auditors' opinion for the period ending December 31, 2007, approve the annual statements as presented, as well as the operations represented by these statements and summarized in these reports.

The Shareholders acknowledge that the statements for the recent period do not take into account expenses that are not deductible for income tax purposes, as identified in Article 39-4 of the French General Tax Code.

Consequently, the Shareholders give the Board final discharge in the execution of their mandate for said period.

### Second resolution

The Shareholders, after hearing the Statutory Auditors' special opinion concerning the agreements referred to in Articles L225-38 and ff. of the French Commercial Code, approve the terms of that opinion.

### Third resolution

The Shareholders, on the motion of the Board of Directors, resolve to allocate the period's net earnings of €5,216,537.44 in the following manner :

- A distribution to shareholders of a €5,145,000.00 dividend , or a net dividend per share of €1.40,

- and the balance of €71,537.44 to be carried to "Other Reserves"

Since €0.65 of this €1.40 dividend per share was already paid on January 25, 2008 as an interim dividend (that is, €2,388,750.00), in accordance with a decision of the Board on December 19, 2007, only the balance, or €0.75 per share, remains due (that is, a total of €2,756,250.00) and shall become payable as of June 2, 2008.

With regard to dividends paid to natural persons who are French tax residents, beginning January 1, 2008 they are subject to an 11% withholding for social security levies and then to income tax, after application of a 40% tax exemption on the dividend base, unless before receiving the dividend the beneficiary elects to have the company paying the dividend withhold a 18% flat-rate withholding tax which exempts the dividend balance from income tax.

In accordance with Article 243(a) of the General Tax Code, the Shareholders in meeting make note that over the last three periods the following dividends have been distributed :

<u>Financial year</u>	<u>Dividend per share</u>	<u>Income eligible or not for tax reduction</u>
12/31/2004	1.10 €	50% reduction when applicable
12/31/2005	1.20 €	40% reduction when applicable
12/31/2006	1.35 €	40% reduction when applicable

#### **Fourth resolution**

Furthermore, the Shareholders, after hearing the Board of Directors' report on the management of the Group and the Statutory Co-Auditors' Opinion on the consolidated statements for the period ending December 31, 2007, approve the consolidated financial statements, as well as the operations represented by these statements.

#### **Fifth resolution**

The Shareholders, on a motion by the Board of Directors, do renew the authorization given by the regular shareholders' meeting of May 30, 2007 within the provisions of Articles L 225—209 and ff. of the Commercial Code, for the company to undertake the purchase of company stock on the stock exchange, in order to:

- stimulate trading under a liquidity contract with an investment services provider;
- purchase stock to hold for subsequent use as exchange or payment in an external growth strategy.

The number of shares held under the present authorization cannot exceed 10% of capital stock, that is, 367,500 shares

The stock purchased under this authorization and the stock resold shall be traded within the following limitations: the maximum purchase price shall not exceed €50 per share and the minimum sale price must not be less than €25 per share.

Given the maximum purchase price per share, the total amount allocated to buying back stock shall not exceed €18,375,000.00.

This authorization is valid for a period of eighteen months from the date of this meeting. It supersedes the previous authorization.

The stock shall be bought back by market trading or through acquiring blocks of shares as allowed by governing laws and regulations. The program may be accomplished entirely by acquiring blocks of shares. The acquisitions and sales can occur during public trading, within the restrictions imposed by the stock exchange authorities.

The Board shall inform the Regular Shareholders Meeting every year of the transactions carried out under this authorization.

Accordingly, the Shareholders give the Board full power to place trading orders, conclude all agreements in terms of formalities and declarations to all organizations and generally to do what is necessary.

#### **Sixth resolution**

The Shareholders set at €80,000 the amount of directors' fees allocated to the Board of Directors for FY2008.

**Seventh resolution**

The Shareholders, noting that the Directorships of Mr. Jacques Entremont, Mr. Roger Rosnoble and Mr. Alain Wirth expire with this Shareholders Meeting, do renew their terms for six more years, that is, until the close of the Regular Shareholders Meeting to be held in 2014 to act upon the financial statements for the period ending December 31, 2013.

Each of the Directors whose term was renewed declared that he accepted the renewal of his term of office and that he satisfied the legal and regulatory requirements for serving.

**Eighth resolution**

The Shareholders confer on the bearer of an original, a copy or an abstract of these minutes full powers to perform all formalities required by law or regulation.

# special report on the purchase of stock

To the Shareholders,

Pursuant to Article L. 225-209 par. 2 of the French Commercial Code, the purpose of this report is to bring to your attention the stock purchase transactions conducted within our Company.

This report further includes all of the disclosures that must appear in the description of the stock repurchase program pursuant to Article 241-2 of the General Regulations of the AMF as amended on December 30, 2005.

Thus we will first make an assessment of the FY2007 situation in light of the two previous stock repurchase programs authorized by the Shareholders' Meetings of May 24, 2006 and May 30, 2007 and then present to you the main features of the new stock repurchase program we are submitting for your approval at the Shareholders' Meeting of May 27, 2008.

## 1. SITUATION OF THE PREVIOUS PROGRAM

### 1.1 The program authorized by the Shareholders' Meeting of May 24, 2006

The PSB Industries Regular Shareholders Meeting of May 24, 2006 had authorized the Board of Directors for a period of 18 months starting with said meeting, that is, until November 24, 2007, to carry out a stock repurchase program.

#### Declaration by the issuer of dealings in its own shares from May 25, 2006 (the day following the start of the previous repurchase program) to May 30, 2007 :

Percentage of equity that was directly or indirectly treasury stock as of May 30, 2007	0.84%
Number of shares canceled over the past 24 months	-
Number of shares in portfolio on May 30, 2007	30,862
Book value of the portfolio on May 30, 2007	€1,186,133
Portfolio market value calculated on the May 30, 2007 closing price of 43.85	€1,353,299

	Number of shares	Longest maturity	Average trade price	Average exercise price	Value (in euros)
<b>YTD gross flows*</b>					
- boughts	37,700	-	38.10	-	1,436,378
- sold or transferred	44,838	-	38.93	-	1,745,614
<b>Open positions as of the publication of the program prospectus</b>					
open long positions					
- calls bought	NA	-	-	-	-
- forward buys	NA	-	-	-	-
open short positions					
- calls sold	NA	-	-	-	-
- forward sales	NA	-	-	-	-

(\*) The period is from the day after the start of the previous program (May 25, 2006) till May 30, 2007

As of May 30, 2007 PSB Industries owned 30,862 of its own shares. All of these shares are handled by an investment services provider (Oddo Midcap) under a liquidity contract that complies with the AFEI statement of professional ethics approved by the AMF.

## 1.2 Program authorized by the Shareholders' Meeting of May 30, 2007

### Declaration by the issuer of dealings in its own shares from May 31, 2007 (the day following the start of the previous repurchase program) to February 15, 2008 :

Percentage of equity that was directly or indirectly treasury stock as of February 15, 2008		1.47%
Number of shares canceled over the past 24 months	-	
Number of shares in portfolio on February 15, 2008		53,924
Book value of the portfolio on February 15, 2008		€1,987,568
Portfolio market value calculated on the February 15, 2008 closing price of €31.50		€1,698,606

	Number of shares	Longest maturity	Average trade price	Average exercise price	Value (in euros)
<b>YTD gross flows*</b>					
- boughts	49,902	-	40.40	-	2,015,385
- sold or transferred	26,840	-	41.07	-	1,102,246
<b>Open positions as of the publication of the program prospectus</b>					
open long positions					
- calls bought	NA	-	-	-	-
- forward buys	NA	-	-	-	-
open short positions					
- calls sold	NA	-	-	-	-
- forward sales	NA	-	-	-	-

(\*) The period is from the day after the start of the previous program (May 31, 2007) till February 15, 2008.

As of February 15, 2008 PSB Industries owned 53,924 of its own shares. All of these shares are handled by an investment services provider (Oddo Midcap) under a liquidity contract that complies with the AFEI statement of professional ethics approved by the AMF.

## 2. MAIN FEATURES OF THE NEW STOCK REPURCHASE PROGRAM SUBMITTED TO THE REGULAR ANNUAL SHAREHOLDERS MEETING OF MAY 27, 2008

### 2.1 Objectives of the current repurchase program

PSB Industries intends to undertake a stock repurchase program with the following objectives, in decreasing order of priority :

- to stimulate trading under a liquidity contract with an investment services provider ;
- to purchase stock to hold for subsequent use as exchange or payment in an external growth strategy.

### 2.2 The maximum fraction of equity, maximum number of shares and maximum euro amount authorized in buying the shares the company plans to acquire

The number of shares held under the present authorization cannot exceed 10% of capital stock, that is, 367,500 shares.

The shares purchased under this authorization and the shares resold shall be traded within the following limitations: the maximum purchase price shall not exceed €50 per share and the minimum sale price must not be less than €25 per share.

Given the maximum purchase price per share, the total amount allocated to buying back shares shall not exceed €18,375,000.00.

### **2.3 Characteristics of the stock the company plans to acquire**

The Company's common stock is listed on the Paris Stock Exchange - ISIN Code FR0000060329.

#### **Method of acquiring the stock that the Company plans to buy back :**

The stock can be repurchased through an investment services provider under a liquidity contract.

### **2.4 Duration of the program**

The authorization for the Company to buy back its own shares runs through November 27, 2009.