



25 June 2007

**FILTRONA PLC**  
**TRADING UPDATE ON PROGRESS IN 2007 AND DISPOSAL OF**  
**GLOBALPACK FOR \$56M**

Filtrona plc ('Filtrona'), the international, market leading, speciality plastic and fibre products supplier, today issues a pre-close trading statement ahead of its interim results for the six months ending 30 June 2007, which will be announced on 30 August 2007. Filtrona also announces that it has signed an agreement for the sale of Globalpack, its Brazilian consumer packaging business.

**TRADING UPDATE**

In the first five months of 2007, Filtrona has delivered encouraging results with strong underlying organic growth. The adverse impact of currency translation, particularly the movement of the US dollar, has lowered the Company's reported growth towards historical rates and, at the half year, the translation impact on operating profit is expected to be circa £2m.

**Plastic Technologies**

The moderation of Plastic Technologies' sales growth in the second half of 2006 has continued into 2007 with the US Profile and Sheet business principally affected. Protection and Finishing Products has traded well with new distribution units starting up successfully in Hungary, Poland and the USA. The Duraco acquisition, completed in May, has made a good start. The Coated and Security Products business has delivered improved performance assisted by the recovery in promotional tear tape volumes.

**Fibre Technologies**

Fibre Technologies has delivered strong profit performance with both Cigarette Filters and Bonded Fibre Components performing very well in spite of the expected sales volume and revenue reduction in Cigarette Filters. The previously announced restructuring programme within the Cigarette Filters business has progressed to plan with the completion of the Richmond, Virginia plant closure and the successful transfer of volumes to Greensboro, North Carolina and Monterrey, Mexico. The Monterrey facility is performing well as a result of sustained operational improvement and performance in Asia has also been good. Cigarette Filters' new policy of obtaining enhanced value for R&D services is already proving beneficial. The Bonded Fibre Components business is performing well at all locations as a result of market share gains in the writing instruments market and the success of new projects.

Despite lower revenues in Fibre Technologies, the success of profit improvement programmes has generated substantially improved margins in the segment and enhanced margins for the Company as a whole.

Overall, with strong underlying organic growth now being supplemented by the first contribution from the Duraco acquisition, the Board remains confident that Filtrona's financial performance will continue to progress in line with the Board's expectations.

**DISPOSAL OF GLOBALPACK FOR \$56m**

Filtrona is pleased to announce it has signed an agreement for the sale of Globalpack, its Brazilian consumer packaging business, to the Itavema Group for a cash consideration payable of \$56m.

Completion of the transaction is conditional upon Filtrona's receipt of the initial consideration of \$31m and the purchaser's provision of security via a major international bank for the deferred consideration of \$25m, which is payable in five equal annual instalments. For the year ended 31 December 2006, Globalpack's profit before tax was £2.1m and gross assets were £23.5m.

Filtrona intends to use the net proceeds from the sale to repay Group debt and completion of the transaction is anticipated to take place on 27 June 2007.

Commenting on the disposal, Chief Executive, Mark Harper said:-

"The disposal of Globalpack confirms Filtrona's commitment to maintain a clear focus on the growth of its core international businesses within plastic and fibre technologies. Globalpack did not fit the Board's longer term strategic plans. I would like to thank everyone at Globalpack for their contribution to Filtrona and to wish them every success for the future.

**Enquiries:**

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