

**21 October 2008**

**Filtrona plc**

**Interim Management Statement**

Filtrona plc (“Filtrona” or the “Company”), the international, market leading, speciality plastic and fibre products supplier, today issues its interim management statement for the period from 1 July 2008 in accordance with the UK Listing Authority’s Disclosure and Transparency Rules.

**FINANCIAL PERFORMANCE**

During the period from 1 July 2008 to 30 September 2008, Filtrona has delivered results consistent with the trends established during the first half of the year. On a group basis, reported revenue was up 4.5% versus the comparable period for the prior year (3.5% lower at constant exchange rates). Throughout this statement “comparable period for the prior year” refers to the period 1 July 2007 to 30 September 2007.

Plastic Technologies has continued to trade ahead of the comparable period for the prior year. Good performances from Protection and Finishing Products and Coated and Security Products have been partially offset by the impact in Plastic Profile and Sheet of ongoing reduced volumes and further escalation in its raw material costs.

Fibre Technologies’ performance continued to be weak as a result of reduced volumes in the Filter Products division and the continued depressed demand within the writing instrument segment of the Porous Technologies division.

On a group basis, reported revenue for the period from 1 January 2008 to 30 September 2008 was 3.4% ahead of the same period in 2007 (1.4% lower at constant exchange rates).

**PLASTIC TECHNOLOGIES**

The **Protection and Finishing Products** division has performed ahead of the comparable period for the prior year in both the US and Europe, despite the interruption to production in September at the MSI, Houston facility, caused by Hurricane Ike.

The **Coated and Security Products** division has also continued to perform well ahead of the comparable period for the prior year with robust tear tape revenues supported by the benefit of the previously announced new business for the Payne authentication system.

The **Plastic Profile and Sheet** division continued to experience soft demand in the US and further escalation in raw material prices. The current industrial action at Boeing, an important customer of this division, has reduced profits in the period and will continue to have a material impact on this division for the duration of the strike.

### **FIBRE TECHNOLOGIES**

Within the **Filter Products** division, Asia continued to deliver good growth. As expected, volumes in the Americas were weak and the previously announced new volumes in Europe commenced production. The overall volume reduction was in line with the reductions experienced in the first half of the year, which together with £0.3m of further restructuring costs, led to performance behind the comparable period for the prior year.

The newly named **Porous Technologies** division had a weak quarter due to continued depressed demand in the writing instrument market. The acquisition of the business and assets of Lendell Manufacturing, Inc. ("Lendell") was completed on 17 October 2008 and the addition of this speciality hydrophilic foam producer will significantly enhance the division's product offering and customer base.

### **FINANCIAL POSITION**

On 17 October 2008, the Company completed the acquisition of the business and assets of Lendell for US\$35m. Payment was in cash from existing debt facilities. Other than this, there have been no other significant changes in the financial position of the Company.

### **OUTLOOK**

Current business trends, combined with the ongoing impact of the Boeing strike, indicate that Filtrona's performance in 2008 is likely to be at the lower end of the Board's previous expectations.

The Company has begun to experience reductions in the cost of some of its key raw materials which should assist in underpinning the Company's margins in 2009 and is taking actions to reduce its cost base in anticipation of a more difficult trading environment throughout 2009 in some of its markets.

**Enquiries**

Filtrona plc

Financial Dynamics

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