1 August 2012

FILTRONA PLC
(“the Company”)

A leading international supplier of speciality plastic, fibre and foam products

RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2012

HY 2012: CONTINUED PROGRESS TOWARDS VISION 2015 OBJECTIVES
WELL-POSITIONED TO DELIVER FURTHER BALANCED, PROFITABLE GROWTH IN FY12

HY 2012 highlights:

- Revenue up 24% at constant FX (like-for-like[1] +9%), with all principal divisions contributing.
- Adjusted operating profit[2] up 26% (constant FX).
- Adjusted operating margin[2] expansion of +30bps (constant FX) to 16.7%, +50bps at actual FX.
- Adjusted EPS[2,3] ahead 27% (constant FX) to 16.3p.
- Net working capital improvement to 13.4% of revenue, down 100bps (constant FX).
- Net debt of £183m (FY 2011: £145m), increased predominantly due to £36m acquisition spend on Lymtech Scientific, Jae Yong and Securit.
- 18% increase in the half year dividend to 3.9p per share.

Results at a glance:

	HY 2012	HY 2011	% change Actual FX	% change Constant FX
Revenue	£324.8m	£268.6m	+21%	+24%
Operating profit – adjusted[2]	£54. 1m	£43.6m	+24%	+26%
Profit before tax – adjusted[2]	£49.1m	£39.5m	+24%	+26%
Net income – adjusted[2, 3]	£34.6m	£27.5m	+26%	+28%
Earnings per share – adjusted[2, 3]	16.3p	13.0p	+25%	+27%
Dividend per share	3.9p	3.3p	+18%	n/a
Operating profit	£45.8m	£41.9m	+9%	+11%
Net income[3]	£28.4m	£26.3m	+8%	+10%
Basic earnings per share[3]	13.3p	12.5p	+6%	+8%

[1] Adjusted to exclude the impact of acquisitions, disposals and foreign exchange
[2] Before intangible amortisation and exceptional operating items
[3] Continuing operations

Commenting on today's results, Colin Day, Chief Executive said:

"Filtrona delivered a strong set of half year results, with revenue up 9% on a like-for-like basis and adjusted EPS growth of 27% at constant exchange. The increase was supported by continued successful new product development and further expansion in existing and new markets. The integration of recent transactions is proceeding well, with synergy delivery in line with expectations.

Given this performance, Filtrona remains well-positioned to deliver further balanced growth in 2012 and to continue to make progress towards its Vision 2015 objectives of at least mid single-digit like-for-like revenue growth and double-digit adjusted EPS growth at constant exchange."

Basis of Preparation

The term "constant FX" describes the performance of the business on a comparable basis, after adjusting for the impact of foreign exchange.

The term "like-for-like" ("LFL") describes the performance of the business on a comparable basis, adjusting for the impact of acquisitions, disposals and foreign exchange. The HY 2012 results include the results of Reid Supply ("Reid", acquired on 6 September 2011), Richco, Inc. ("Richco", acquired on 21 December 2011), Securit World Ltd ("Securit", acquired on 17 February 2012), Jae Yong Co. Ltd ("Jae Yong", acquired on 23 April 2012), John R. Lyman Company and Big Blue Properties LLC (together "Lymtech Scientific", acquired on 13 June 2012) and FractureCode (divested 28 July 2011).

The term "adjusted" excludes the impact of intangible amortisation and exceptional operating items, less any associated tax relief. In HY 2012, intangible amortisation was £3.7m (HY 2011: £1.7m), and there was an exceptional pre-tax charge of £4.6m (HY 2011: £nil) mainly relating to integration costs and fees arising from the afore-mentioned acquisitions.

Change in External Reporting Segments

Filtrona today announces a revision to its operating segments for external reporting purposes. In order to improve the visibility and transparency of the performance of the Company, Enitor – which has previously been reported under the Coated & Security Products division, and comprises plastic extrusion activities based in the Netherlands – will henceforth be reported as a separate segment ("Other").

Given the different nature and drivers of the Enitor plastic extrusion business compared to the packaging solutions and authentication and identification activities of the underlying Coated & Security Products division, Enitor has been operationally managed separately at Company level since January 2012. As a result, the change to Filtrona's operating segments for external reporting purposes is consistent with the way in which the Company manages its businesses, both in terms of internal financial reporting and also managerial responsibility.

In line with IFRS 8: *Operating Segments*, the relevant half year and full year 2011 comparatives are presented on page 7 of this document.

Operating Review

HY 2012 revenue increased 20.9% (+23.8% at constant FX) to £324.8m, with LFL growth of 8.6% supported by product innovation, range development, and expansion in both existing and new geographical markets.

The gross margin rose 70bps (+50bps at constant FX) to 36.9%, benefiting from operational leverage, a positive pricing impact and ongoing operational improvement initiatives.

On an adjusted basis, operating profit was ahead 24.1% (+25.8% at constant FX) at £54.1m, equating to a 50bps uplift in the margin to 16.7% (+30bps at constant FX). Operating profit as reported was £45.8m, +9.3% versus last year (+10.9% at constant FX), owing to intangible amortisation of £3.7m and an exceptional pre-tax charge of £4.6m mainly relating to integration costs and fees arising from recent acquisitions.

Net finance expense was higher at £5.0m (HY 2011: £4.1m), largely due to increased fee amortisation and a lower pension credit. The effective tax rate on profit before tax (before exceptional operating items) reduced to 29.4% (HY 2011: 30.4%).

On an adjusted basis, net income of £34.6m was up 25.8% (+27.7% at constant FX) and earnings per share growth was 25.4% (+27.3% at constant FX) to 16.3p. On a reported basis net income was £28.4m, an increase of 8.0% (+9.7% at constant FX), with earnings per share up 6.4% versus HY 2011 at 13.3p (+8.1% at constant FX).

Business Review

Summary growth in revenue by division

% growth	**LFL**	**Acquisitions / Disposals***	**Foreign Exchange**	**Total Reported**
Protection & Finishing Products	**+12.8%**	**+48.4%**	**-2.9%**	**+58.3%**
Porous Technologies	**+2.6%**	**-1.9%***	**-0.2%**	**+0.5%**
Coated & Security Products	**+7.6%**	**+6.4%**	**-0.3%**	**+13.7%**
Filter Products	**+10.4%**	**-**	**-4.1%**	**+6.3%**
Other	**-7.8%**	**-**	**-6.1%**	**-13.9%**
Total Company	**+8.6%**	**+15.2%**	**-2.9%**	**+20.9%**

* Includes intercompany revenue

The following review is given at constant exchange rates and on an adjusted basis, unless otherwise stated.

Protection & Finishing Products

	HY 2012 £m	% growth Actual FX	% growth Constant FX
Revenue	124.3	+58.3%	+61.2%
Operating profit	27.9	+45.3%	+49.2%
Operating margin	22.4%	-210bps	-190bps

Revenue increased 61.2% to £124.3m, with LFL growth of 12.8% driven by continued improvements in marketing effectiveness and further range development, as well as the roll out of new distribution sites. The results were boosted by the inclusion of a full period contribution from both Reid and Richco.

Growth in the Component Distribution businesses of Moss, Skiffy and Alliance was broad-based across geographies and key end-market sectors. The performance was supported by further range development, with new Moss catalogues launched in the UK and China as well as a new product preview "flyer" at Alliance. Moss Austria, Alliance Express Jacksonville and Duraco East were opened during the period, and the recently established Alliance Express Albany and Duraco operations in China and Los Angeles all performed well. The integration of both Reid and Richco continued in line with expectations.

Following a strong result in 2011, MSI maintained its positive momentum into HY 2012. To underpin the future growth potential of this business, a new office, plant and warehouse was opened in Houston, US in May. The c. 136,000 square-foot facility is double the size of the previous location and, along with investment in larger injection moulding machines and mould bases, has increased production rates. The additions support a new "best in market" product line, with the "MaxX" range complying with the thread protector standard recently implemented by the American Petroleum Institute.

Continued focus on efficient marketing investment and activity, particularly the increasing use of electronic marketing media, delivered strong lead indicators versus the prior year: marketing responses were up 6%, and the number of live accounts at the end of June increased to over 134,000 partially boosted by the acquisition of Reid and Richco. Revenue from higher margin proprietary products, as opposed to custom parts, increased to 74% (on a comparable basis, excluding Reid and Richco) from 72% in HY 2011.

Operating profit grew 49.2% to £27.9m, equating to a -190bps decline in the margin: on a LFL basis, the adjusted operating margin was ahead +170bps to 26.0%. Operational leverage from the strong revenue growth, as well as operating and process efficiencies and a continued positive mix effect from moving the business further into higher margin standard parts was more than offset by the dilutive impact of the acquisitions of Reid and Richco.

Porous Technologies

	HY 2012 £m	% growth Actual FX	% growth Constant FX
Revenue	40.7	+0.5%	+0.7%
Operating profit	10.5	+1.0%	Unchanged
Operating margin	25.8%	+10bps	-20bps

Revenue increased 0.7% to £40.7m. Adjusting for the acquisition of Jae Yong in April and Lymtech in June, as well as the transfer of a portion of intercompany revenue to the Filters division, LFL growth was 2.6%. Operating profit growth was unchanged, with the margin down -20bps to 25.8%.

Healthcare (c.22% of divisional revenue) was up 7%, driven by a strong performance in wound care and further commercial success of products using porous plastics. In printer systems (c.30% of divisional revenue), an increase of 3% came from continued growth with a large global OEM partially offset by the impact of the bankruptcy filing by another global OEM account, where inventory is now recovering.

Household products & personal care ("H&PC", c.10% divisional revenue) was broadly unchanged, with growth in personal care being offset by softness in the air care end-market, primarily in Europe. Writing instruments (c.32% of divisional revenue) was down -4% on an underlying basis (ie, excluding the acquisition of Jae Yong), as result of continued weak consumer trends.

Successful efficiency improvement initiatives were offset by investment in additional porous plastics technology resources, as well as in the establishment of a regional commercial office in Singapore to strengthen the division's footprint and "Go To Market" capabilities in Asia.

Two value-adding transactions were successfully completed during the period. In April, the division acquired 100% of the share capital of Jae Yong, an internationally recognised manufacturer of reservoirs, nibs and tubes for the writing instruments industry based in South Korea. In June, the acquisition of 100% of the share capital of Lymtech Scientific was completed, a US-based manufacturer and distributor of porous speciality wiping materials used within the clean environments increasingly required by the medical, life science, electronic and industrial markets.

Coated & Security Products

	HY 2012 £m	% growth Actual FX	% growth Constant FX
Revenue	41.4	+13.7%	+ 14.0%
Operating profit	8.3	+18.6%	+16.9%
Operating margin	20.0%	+80bps	+40bps

Revenue increased 14.0% to £41.4m. Adjusting for the acquisition of Securit in February 2012 and the divestment of FractureCode in July 2011, LFL growth was 7.6%. Operating profit increased 16.9% to £8.3m, for a 40bps uplift in the margin.

Growth in tear tape (+5%) came in both the tobacco and wrapped food categories, particularly with multinational customers and in Asia, and was boosted by successful new packaging and promotional solutions. The increase in labels (+18%) was driven by a strong performance in the tobacco sector.

Underlying revenue (ie, excluding Securit and FractureCode) in authentication and identity solutions was ahead 8%, supported by the roll out of the next generation Blue Badge contract in the UK secured at the end of 2011, with over half a million packs fulfilled during the period.

The operating margin benefited from a continued focus on efficiency improvements and cost reduction.

A number of operational initiatives were successfully completed during the period, including installing a state-of-the-art labels printing press at the Cardiff, UK manufacturing facility and further investment in the Banbury, UK site.

On 22 February 2012, the division completed the acquisition of 100% of the share capital of Securit, a UK-based distributor of personal identification card systems, providing printers, software and associated accessories across a wide range of growing end-markets, including Trade Distribution, Education, Government, Health and General Industry. Since the acquisition, the trading performance of Securit and the integration of the business have both progressed in line with expectations.

Filter Products

	HY 2012 £m	**% growth Actual FX**	**% growth Constant FX**
Revenue	108.1	+6.3%	+10.4%
Operating profit	13.1	+10.1%	+12.0%
Operating margin	12.1%	+40bps	+10bps

Revenue increased 10.4% to £108.1m and operating profit was ahead 12.0% to £13.1m, with the operating margin up 10bps at 12.1%. Underlying volumes were ahead of the prior year period, with a strong performance in special filters driving significant value growth in all geographic regions. In HY 2012, Asia accounted for 58% of volumes (HY 2011: 53%).

A number of new product launches, development initiatives and service offerings were successfully implemented during the period. Several filter innovations were introduced, including distinctive recessed and flavoured variants offering high visual brand differentiation, as well as further additions to the roll your own range (“RYO”). Joint development and sample activities also increased, and packaging services for the RYO market were further extended.

Continued cost reduction, productivity improvements and quality enhancement initiatives helped mitigate higher raw material and other input costs.

The Scientific Services (“FSS”) laboratory was significantly expanded, with investment in new state-of-the-art machinery and equipment, and a doubling in the number of technical staff. As a result, FSS has increased its capabilities and can now provide customers with a complete service of analytical and commercial testing, expert guidance and innovative product solutions. The laboratory is also in the process of making a number of new testing methods available in order to meet the updated US Food and Drug Administration requirements.

Other

	HY 2012 £m	% growth Actual FX	% growth Constant FX
Revenue	11.8	-13.9%	-7.8%
Operating profit	0.9	-10.0%	Unchanged
Operating margin	7.6%	+30bps	+60bps

Revenue at Enitor declined by -7.8% to £11.8m owing to weakness in northern Europe, particularly in the building and construction industries. Operating profit of £0.9m was unchanged, with the margin up 60bps to 7.6% due to operating efficiencies.

Financial Review

Change in external reporting segments. In line with IFRS 8: *Operating Segments*, the relevant half year and full year 2011 comparatives are presented below.

Half year 2011:

£m	Protection & Finishing Products	Porous Technologies	Coated & Security Products	Filter Products	Other	Elims	Central Services	Filtrona
External revenue	78.5	38.3	36.4	101.7	13.7	-	-	268.6
Intersegment revenue	-	2.2	-	-	-	(2.2)	-	-
Total revenue	**78.5**	**40.5**	**36.4**	**101.7**	**13.7**	**(2.2)**	**-**	**268.6**
Adjusted operating profit / (loss)	19.2	10.4	7.0	11.9	1.0	-	(5.9)	43.6
Intangible amortisation	(1.2)	(0.4)	(0.1)	-	-	-	-	(1.7)
Operating profit before financing and income taxes	**18.0**	**10.0**	**6.9**	**11.9**	**1.0**	**-**	**(5.9)**	**41.9**

Full year 2011:

£m	Protection & Finishing Products	Porous Technologies	Coated & Security Products	Filter Products	Other	Elims	Central Services	Filtrona
External revenue	163.0	71.5	72.6	208.0	25.6	-	-	540.7
Intersegment revenue	-	6.4	-	-	-	(6.4)	-	-
Total revenue	**163.0**	**77.9**	**72.6**	**208.0**	**25.6**	**(6.4)**	**-**	**540.7**
Adjusted operating profit / (loss)	37.8	18.4	13.5	24.5	1.9	-	(11.6)	84.5
Intangible amortisation	(2.7)	(0.8)	(0.2)	-	-	-	-	(3.7)
Exceptional operating items	(6.3)	(1.2)	(1.9)	1.2	-	-	-	(8.2)
Operating profit before financing and income taxes	**28.8**	**16.4**	**11.4**	**25.7**	**1.9**	**-**	**(11.6)**	**72.6**

Foreign exchange rates. Movements in exchange rates relative to sterling affect actual results as reported. The constant exchange rate basis adjusts the comparative to exclude such movements, to show the underlying growth of the Company.

The principal exchange rates for Filtrona in HY 2012 were:

	Average		Closing	
	HY 2012	**HY 2011**	**HY 2012**	**HY 2011**
US$:£	1.58	1.61	1.57	1.61
€:£	1.22	1.14	1.24	1.11

Re-translating at HY 2012 average exchange rates reduces the prior year revenue and adjusted operating profit by £6.3m and £0.6m respectively.

Net finance expense. Net finance expense was £5.0m, a £0.9m increase versus HY 2011, which is broken down as follows:

£m	**HY 2012**	HY 2011
Net interest charge on net debt	4.4	4.4
Amortisation of bank fees	0.7	0.3
IAS 19 (Revised) pension finance credit	(0.1)	(0.6)
Total net interest	**5.0**	**4.1**

Positive numbers represent net finance expense, negative numbers reflect net finance income

Tax. The effective tax rate on profit before tax (before exceptional operating items) was 29.4% (HY 2011: 30.4%).

Net working capital. Net working capital is defined as "Inventories plus Trade & Other Receivables less Trade & Other Payables, adjusted to exclude Deferred Consideration Receivable / Payable, Interest Accruals / Capital Payables and Other Normalising Items ("Adjustments")".

£m	**HY 2012**	HY 2011
Inventories	80.9	63.6
Trade & other receivables	104.8	94.5
Trade & other payables	(111.7)	(79.7)
Adjustments	5.8	(2.2)
Net working capital	**79.8**	**76.2**

The net working capital / revenue ratio was 13.4% (HY 2011: 14.4%, at constant FX).

Cash flow. Operating cash flow decreased -15.8% to £36.3m. Free cash flow of £17.8m was down -22.6%.

£m	HY 2012	HY 2011	Change
Operating profit – adjusted	**54.1**	**43.6**	**+24%**
Depreciation	11.1	10.4	
Share option expense/other movements	1.9	1.7	
Change in working capital	(8.7)	(4.1)	
Net capital expenditure	(22.1)	(8.5)	
Operating cash flow - adjusted	**36.3**	**43.1**	**-16%**
Tax	(10.2)	(12.4)	
Net interest paid	(4.5)	(4.3)	
Pension obligations	(3.8)	(3.4)	
Free cash flow	**17.8**	**23.0**	**-23%**

Net debt. Net debt at the end of the period was £182.7m, an increase of £37.8m from 1 January 2012, with adjusted operating cash flow being broadly offset by the acquisitions of Lymtech Scientific, Jae Yong and Securit during the period.

	£m
Net debt as at 1 January 2012	144.9
Free cash flow	(17.8)
Dividends	15.0
Acquisitions	35.5
Foreign exchange	(2.4)
Other	7.5
Net debt as at 30 June 2012	**182.7**

The Company's financial ratios remain strong. The ratio of net debt to EBITDA as at 30 June 2012 was 1.6x (31 December 2011: 1.4x) and interest cover was 10.0x (31 December 2011: 9.3x).

Pensions. As at 30 June 2012, the Company's IAS 19 (Revised) gross pension liability was £27.1m (HY 2011: £12.7m) with a net liability of £18.9m (HY 2011: £8.9m) after accounting for a deferred tax asset of £8.2m (HY 2011: £3.8m). The deficit has been calculated after updating the asset values and certain assumptions as at 30 June 2012.

Dividends. The Board of Directors has approved an interim dividend of 3.9 pence per 25 pence ordinary share (HY 2011: 3.3 pence), an increase of 18%. The interim dividend will be paid on 26 October 2012 to equity holders on the share register on 28 September 2012.

Treasury policy and controls. Filtrona has a centralised treasury department to control external borrowings and manage exchange rate risk. Treasury policies are approved by the Board and cover the nature of the exposure to be hedged, the types of financial investments that may be employed and the criteria for investing and borrowing cash. The Company uses derivatives only to manage foreign currency and interest rate risk arising from underlying business activities. No transactions of a speculative nature are undertaken. The department is subject to independent reviews by the Group assurance department. Underlying policy assumptions and activities are reviewed by the Executive Directors.

Controls over exposure changes and transaction authenticity are in place, and dealings are restricted to those banks with the relevant combination of geographical presence and suitable credit rating. Filtrona monitors the credit ratings of its counterparties and credit exposure to each counterparty.

Foreign exchange risk. The majority of Filtrona's net assets are in currencies other than sterling. The Company's normal policy is to limit the translation exposure and the resulting impact on shareholders' funds by borrowing in those currencies in which the Company has significant net assets. As at 30 June 2012, Filtrona's US dollar-denominated assets were approximately 50% hedged by its US dollar-denominated borrowings, while its euro-denominated assets were approximately 89% hedged by its euro-denominated borrowings.

The Company does not hedge the translation effect of exchange rate movements on the income statement.

The majority of Filtrona's transactions are carried out in the functional currencies of its operations, and so transaction exposure is limited. However, where they do occur, the Company's policy is to hedge the exposures as soon as they are committed using forward foreign exchange contracts.

Management of principal risks. The management of risk underpins the Company's Vision 2015 strategy, focusing on the challenges which arise in the international environment in which Filtrona conducts business and reflecting the Company's appetite for risk in the delivery of its business objectives. As such, risks are continually monitored, associated action plans are reviewed, appropriate contingencies are provisioned and information is reported through established management control procedures.

The Company is subject to the general risks and uncertainties which impact other international businesses, including political instability in the countries in which it operates and sources raw materials, the impact of natural disasters and changes in general economic conditions, including currency and interest rate fluctuations, tax regimes and raw material costs.

The principal risks and uncertainties which the Board believes are specific to Filtrona are summarised below and are set out in full, together with the associated risk management response, on pages 34-37 of the Company's 2011 Annual Report.

Disruption to operational sites / loss of critical assets
A catastrophic loss of the use of all or a portion of any of Filtrona's manufacturing or distribution facilities could adversely affect the Company's ability to meet the demands of its customers.

Competitive pressures
Filtrona faces pressure from direct competitors, as well as competition from alternative technologies.

Challenges of business development
The rate of any future business development may in part be dependent on the success of additional acquisitions and new start-up operations, and the successful integration of recent transactions.

Customer concentration
In some of FIltrona's businesses, particularly filter products and tear tape, the customer base is relatively concentrated. In addition, trends in certain markets, particularly in the oil and gas industry, may reduce the demand for the Company's products.

Raw material supply
The Company uses significant quantities of plastic resins, and some of Filtrona's businesses are dependent on the availability of specialist raw materials or components which are incorporated into the Company's products.

Intellectual property development and protection
A key component of Filtrona's future success is the ability to develop new and innovative products and services.

Relationship with tobacco industry
A significant part of Filtrona's business relates to the supply of filter products and tear tape to manufacturers in the tobacco industry.

Loss of key executives and certain employees
Filtrona's international operations are dependent on existing key executives and certain other employees in order to sustain, develop and grow its businesses.

Compliance risk – laws and regulations
Risk related to regulatory and legislative changes involves the failure of the Company to comply with current, changing or new requirements.

Board composition. There were no changes in the composition of the Company's Board of Directors during the period.

2012 Outlook

Filtrona is well-positioned to deliver further balanced growth in 2012 and to continue to make progress towards its Vision 2015 objectives of at least mid single-digit like-for-like revenue growth and double-digit adjusted EPS growth at constant exchange.

Vision 2015

Filtrona's Vision 2015 strategy seeks to maximise shareholder value through the delivery of balanced profitable growth in both its existing and future opportunity markets and technologies. The strategy also calls for strong conversion of profit into cash and a progressive dividend policy. The Company looks to complement this balanced organic growth with value-adding acquisitions.

Enquiries

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Presentation

1. A copy of these results is available on www.filtrona.com
2. A live audiocast of today's presentation of these results to investors and analysts will start at 08:30 (UK time) on www.filtrona.com/webcasts.aspx. The audiocast can also be accessed using the following details.

Dial-in number:	+44 (0)20 3364 5381 (UK / International participants)
	+1 646 254 3365 (US participants)
Toll-free number:	0800 279 4841 (UK participants)
	+1 877 249 9037 (US participants)
PIN code:	7018134

A recording of the audiocast will be made available on the website later in the day. A replay will additionally be available as follows:

Replay number:	+44 (0)20 7111 1244 (UK / International participants)
	+1 347 366 9565 (US participants)
Replay access code:	7018134#
Replay available:	Until 7 August 2012

Cautionary forward-looking statement

These results contain forward-looking statements based on current expectations and assumptions. Various known and unknown risks, uncertainties and other factors may cause actual results to differ from any future results or developments expressed or implied from the forward-looking statements. Each forward-looking statement speaks only as of the date of this document. The Company accepts no obligation to revise or update these forward-looking statements publicly or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

Notes to Editors

About Filtrona plc

Filtrona plc ("Filtrona" or "the Company") is a FTSE 250 company and a leading international supplier of speciality plastic, fibre and foam products. Through its four principal operating divisions, Filtrona focuses on the light manufacture and distribution of high volume, essential components which serve customers in a wide variety of end-markets and geographies.

Protection & Finishing Products
A global market leading supplier of protection and finishing products, manufacturing and distributing plastic injection moulded, vinyl dip moulded, and metal items as well as pressure sensitive tapes. The division has 60 operating units in 21 countries serving a very broad industrial base of customers with a rapid supply of primarily plastic products for protection and finishing applications in industries such as hydraulics, pneumatics, oil and gas, electrical controls, point of purchase and tubular metal products.

Porous Technologies
A global market leading developer and manufacturer of custom fluid handling components, engineered from a portfolio of technologies that includes bonded fibre, polyurethane foam, and porous plastic. Representing leading innovations used in healthcare, consumer and industrial applications, its enabling components are found in a wide range of products from medical diagnostics tests to advanced wound care pads, inkjet printer cartridges, writing instruments and air fresheners. Customers in over 56 countries are served from six manufacturing facilities with research and development centres supporting the division globally.

Coated & Security Products
The global market leading producer of high quality self-adhesive tear tape and a growing supplier of labels, products and technologies for the consumer packaging, identity and valuable documents markets. Customers in over 100 countries are served from facilities operating in six countries.

Filter Products
The only global independent cigarette filter supplier. The nine worldwide locations, including a UK-based research facility and three regional development centres provide a flexible infrastructure strategically positioned to serve the tobacco industry. The division supplies a wide range of value adding high quality innovative filters, packaging solutions to the roll your own sector and analytical laboratory services for ingredient measurement for the industry.

Other
Enitor BV is a leading custom profile extruder located in The Netherlands and offers a complete design and production service. One of the first companies to extrude plastics in 1956, Enitor is now one of Europe's most advanced suppliers of co-extrusions and tri-extrusions to all branches of industry.

Headquartered in the United Kingdom, Filtrona's global network extends to 29 countries and includes c. 4,100 employees, 34 principal manufacturing facilities, 63 sales & distribution operations and 5 research & development centres.

The Company's strategy – called Vision 2015 - seeks to maximise shareholder value through the delivery of balanced profitable growth in both its existing and future opportunity markets and technologies, with the objective of delivering at least mid single-digit like-for-like revenue growth and double-digit adjusted EPS growth at constant exchange. The strategy also calls for strong conversion of profit into cash and a progressive dividend policy. The Company looks to complement this balanced organic growth with value-adding acquisitions.

For further information, please visit www.filtrona.com

Condensed consolidated income statement

	Note	**Six months ended 30 Jun 2012 £m**	Six months ended 30 Jun 2011 £m	Year ended 31 Dec 2011 £m
Revenue	2	**324.8**	268.6	540.7
Operating profit before intangible amortisation and exceptional operating items		**54.1**	43.6	84.5
Intangible amortisation		**(3.7)**	(1.7)	(3.7)
Exceptional operating items	2	**(4.6)**	-	(8.2)
Operating profit	2	**45.8**	41.9	72.6
Finance income		**5.3**	6.0	12.2
Finance expense		**(10.3)**	(10.1)	(20.5)
Profit before tax		**40.8**	37.8	64.3
Income tax expense		**(12.4)**	(11.5)	(21.9)
Profit from continuing operations		**28.4**	26.3	42.4
Profit from discontinued operations		**-**	-	1.9
Profit for the period		**28.4**	26.3	44.3
Attributable to:				
Equity holders of Filtrona plc		**27.7**	25.6	43.1
Non-controlling interests		**0.7**	0.7	1.2
Profit for the period		**28.4**	26.3	44.3
Earnings per share from continuing operations attributable to equity holders of Filtrona plc:				
Basic	3	**13.3p**	12.5p	20.9p
Diluted	3	**12.9p**	12.1p	20.2p
Earnings per share attributable to equity holders of Filtrona plc:				
Basic	3	**13.3p**	12.5p	20.0p
Diluted	3	**12.9p**	12.1p	19.3p

Condensed consolidated statement of comprehensive income

	Six months ended 30 Jun 2012 £m	Six months ended 30 Jun 2011 £m	Year ended 31 Dec 2011 £m
Profit for the period	**28.4**	26.3	44.3
Other comprehensive income			
Actuarial (losses)/gains on defined benefit pension schemes	**(7.4)**	0.8	(15.6)
Deferred tax credit/(expense) on actuarial (losses)/ gains on defined benefit pension schemes	**2.0**	(0.2)	4.8
Effective portion of changes in fair value of cash flow hedges:			
Net change in fair value of cash flow hedges transferred to the income statement	**(0.7)**	0.2	0.4
Effective portion of changes in fair value of cash flow hedges	**0.6**	(0.8)	1.3
Foreign exchange translation differences:			
Attributable to equity holders of Filtrona plc:			
Arising on translation of foreign operations	**(6.2)**	3.1	(2.2)
Arising on effective net investment hedges	**3.3**	0.9	0.2
Income tax expense on effective net investment hedges	**(0.8)**	(0.2)	(0.1)
Attributable to non-controlling interests	**(0.2)**	(0.3)	(0.7)
	(9.4)	3.5	(11.9)
Total comprehensive income	**19.0**	29.8	32.4
Attributable to:			
Equity holders of Filtrona plc	**18.5**	29.4	31.9
Non-controlling interests	**0.5**	0.4	0.5
	19.0	29.8	32.4

Condensed consolidated balance sheet

	Note	**30 Jun 2012 £m**	30 Jun 2011 £m	31 Dec 2011 £m
Assets				
Property, plant and equipment	4	**174.5**	152.7	168.1
Intangible assets		**216.3**	107.0	185.5
Deferred tax assets		**12.4**	4.0	8.9
Total non-current assets		**403.2**	263.7	362.5
Inventories		**80.9**	63.6	66.4
Income tax receivable		**5.8**	4.5	7.0
Trade and other receivables		**104.8**	94.5	85.4
Derivative assets		**1.3**	0.1	1.2
Cash and cash equivalents	6	**50.5**	45.8	35.8
Total current assets		**243.3**	208.5	195.8
Total assets		**646.5**	472.2	558.3
Equity				
Issued capital		**54.8**	54.8	54.8
Capital redemption reserve		**0.1**	0.1	0.1
Other reserve		**(132.8)**	(132.8)	(132.8)
Cash flow hedging reserve		**1.0**	(1.2)	1.1
Translation reserve		**11.8**	21.4	15.5
Retained earnings		**281.1**	269.4	268.3
Attributable to equity holders of Filtrona plc		**216.0**	211.7	207.0
Non-controlling interests		**5.0**	6.3	6.4
Total equity		**221.0**	218.0	213.4
Liabilities				
Interest bearing loans and borrowings	6	**233.1**	98.3	177.3
Derivative liabilities		**-**	0.1	-
Retirement benefit obligations	5	**27.1**	12.7	24.0
Provisions		**2.1**	1.2	2.2
Deferred tax liabilities		**22.5**	10.8	15.1
Total non-current liabilities		**284.8**	123.1	218.6
Interest bearing loans and borrowings	6	**0.1**	29.0	3.4
Derivative liabilities		**-**	2.1	0.5
Income tax payable		**18.5**	17.5	18.4
Trade and other payables		**111.7**	79.7	91.2
Provisions		**10.4**	2.8	12.8
Total current liabilities		**140.7**	131.1	126.3
Total liabilities		**425.5**	254.2	344.9
Total equity and liabilities		**646.5**	472.2	558.3

Condensed consolidated statement of changes in equity

								Six months ended 30 June 2012
	Issued capital	**Capital redemption reserve**	**Other reserve**	**Cash flow hedging reserve**	**Translation reserve**	**Retained earnings**	**Non-controlling interests**	**Total equity**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 January 2012	**54.8**	**0.1**	**(132.8)**	**1.1**	**15.5**	**268.3**	**6.4**	**213.4**
Profit for the period						27.7	0.7	**28.4**
Other comprehensive income/(loss) for the period				(0.1)	(3.7)	(5.4)	(0.2)	**(9.4)**
Acquisition of non-controlling interests						(0.9)	(1.0)	**(1.9)**
Shares options exercised						2.8		**2.8**
Share option expense						1.8		**1.8**
Tax relating to share-based incentives						1.8		**1.8**
Dividends paid						(15.0)	(0.9)	**(15.9)**
At 30 June 2012	**54.8**	**0.1**	**(132.8)**	**1.0**	**11.8**	**281.1**	**5.0**	**221.0**

								Six months ended 30 June 2011
	Issued capital	Capital redemption reserve	Other reserve	Cash flow hedging reserve	Translation reserve	Retained earnings	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2011	54.8	0.1	(132.8)	(0.6)	17.6	248.7	9.6	197.4
Profit for the period						25.6	0.7	26.3
Other comprehensive income/(loss) for the period				(0.6)	3.8	0.6	(0.3)	3.5
Acquisition of non-controlling interests						(0.4)	(0.7)	(1.1)
Purchase of employee trust shares						(2.8)		(2.8)
Shares options exercised						5.7		5.7
Share option expense						1.6		1.6
Tax relating to share-based incentives						2.7		2.7
Dividends paid						(12.3)	(3.0)	(15.3)
At 30 June 2011	54.8	0.1	(132.8)	(1.2)	21.4	269.4	6.3	218.0

								Year ended 31 December 2011
	Issued capital	Capital redemption reserve	Other reserve	Cash flow hedging reserve	Translation reserve	Retained earnings	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2011	54.8	0.1	(132.8)	(0.6)	17.6	248.7	9.6	197.4
Profit for the year						43.1	1.2	44.3
Other comprehensive income/(loss) for the year				1.7	(2.1)	(10.8)	(0.7)	(11.9)
Acquisition of non-controlling interests						(0.4)	(0.7)	(1.1)
Purchase of employee trust shares						(8.2)		(8.2)
Shares options exercised						7.1		7.1
Share option expense						3.0		3.0
Tax relating to share-based incentives						4.9		4.9
Dividends paid						(19.1)	(3.0)	(22.1)
At 31 December 2011	54.8	0.1	(132.8)	1.1	15.5	268.3	6.4	213.4

Condensed consolidated statement of cash flows

	Note	**Six months ended 30 Jun 2012 £m**	Six months ended 30 Jun 2011 £m	Year ended 31 Dec 2011 £m
Operating activities				
Profit for the period from continuing operations		**28.4**	26.3	42.4
Adjustments for:				
Income tax expense		**12.4**	11.5	21.9
Net finance expense		**5.0**	4.1	8.3
Intangible amortisation		**3.7**	1.7	3.7
Exceptional operating items		**4.6**	-	8.2
Depreciation		**11.1**	10.4	20.7
Share option expense		**1.8**	1.6	3.0
Other movements		**0.1**	0.1	3.4
Increase in inventories		**(11.9)**	(4.0)	(2.0)
Increase in trade and other receivables		**(16.1)**	(16.0)	(2.7)
Increase in trade and other payables		**19.3**	15.9	12.6
Cash (outflow)/inflow in respect of exceptional operating items		**(5.2)**	-	4.9
Purchase of employee trust shares		**-**	(2.8)	(8.2)
Additional pension contributions		**(3.8)**	(3.4)	(8.3)
Other provisions utilised in the year		**(1.2)**	-	-
Cash inflow from operating activities		**48.2**	45.4	107.9
Income tax paid		**(10.2)**	(12.4)	(21.6)
Net cash inflow from operating activities		**38.0**	33.0	86.3
Investing activities				
Interest received		**0.1**	0.1	0.2
Acquisition of property, plant and equipment		**(22.2)**	(8.5)	(27.0)
Proceeds from sale of property, plant and equipment		**0.1**	-	0.2
Acquisition of businesses net of cash acquired	7	**(35.5)**	-	(89.0)
(Costs of)/proceeds from sale of businesses		**(0.4)**	(0.4)	2.6
Income tax paid on sale of businesses		**-**	-	(0.2)
Net cash outflow from investing activities		**(57.9)**	(8.8)	(113.2)
Financing activities				
Interest paid		**(4.6)**	(4.4)	(9.3)
Dividends paid to equity holders		**(15.0)**	(12.3)	(19.1)
Dividends paid to non-controlling interests		**(0.9)**	(3.0)	(3.0)
Acquisition of non-controlling interests		**(1.9)**	(1.1)	(1.1)
Repayments of short-term loans		**(3.3)**	(7.4)	(14.4)
Proceeds from short-term loans		**-**	4.5	3.2
Repayments of long-term loans		**-**	-	(16.6)
Proceeds from long-term loans		**58.3**	-	76.8
Proceeds from sale of employee trust shares		**2.8**	5.7	7.1
Net cash inflow/(outflow) from financing activities		**35.4**	(18.0)	23.6
Net increase/(decrease) in cash and cash equivalents		**15.5**	6.2	(3.3)
Net cash and cash equivalents at the beginning of the period		**35.8**	40.0	40.0
Net increase/(decrease) in cash and cash equivalents		**15.5**	6.2	(3.3)
Net effect of currency translation on cash and cash equivalents		**(0.8)**	(0.4)	(0.9)
Net cash and cash equivalents at the end of the period	6	**50.5**	45.8	35.8

Notes

1. Basis of preparation

The condensed set of financial statements has been prepared in accordance with the accounting policies set out in the 2011 Annual Report (except as stated below) which comply with International Financial Reporting Standards as adopted by the EU and also in accordance with IAS 34: *Interim Financial Reporting* as adopted by the EU and the Disclosure and Transparency Rules ('DTR') of the Financial Services Authority. The preparation of the condensed set of financial statements requires management to make estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities at 30 June 2012. If in future such estimates and assumptions, which are based on management's best judgement at the date of the condensed set of financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

The Directors continue to believe that the Group has adequate resources to continue its activities for the foreseeable future and, therefore that it is appropriate to continue to adopt the going concern basis in the preparation of the condensed set of financial statements.

The comparative figures for the financial year ended 31 December 2011 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's Auditor and delivered to the Registrar of Companies. The report of the Auditor was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

For the purpose of the condensed set of financial statements 'Filtrona' or 'the Group' means Filtrona plc ('the Company') and its subsidiaries.

The Group operates in industries where there are no significant seasonal or cyclical variations in revenue.

Income tax expense is recognised based upon the best estimate of the weighted average income tax rate on profit before tax and exceptional operating items expected for the full financial year of 29.4% (2011: 30.4%).

2. Segment analysis

In accordance with IFRS 8, Filtrona has determined its operating segments based upon the information reported to the Group Management Committee. These segments are as follows:

Protection & Finishing Products is a global market leading supplier of protection and finishing products, manufacturing and distributing plastic injection moulded, vinyl dip moulded, and metal items as well as pressure sensitive tapes.

Porous Technologies is a global market leading developer and manufacturer of custom fluid handling components, engineered from a portfolio of technologies that includes bonded fibre, polyurethane foam, and porous plastic.

Coated & Security Products is the global market leading producer of high quality self-adhesive tear tape and a growing supplier of labels, products and technologies for the consumer packaging, identity and valuable documents markets.

Filter Products is an independent cigarette filter manufacturer supplying a wide range of value adding high quality innovative filters, packaging solutions to the roll your own sector and analytical laboratory services for ingredient measurement for the industry.

Other represents Enitor BV which is a leading custom profile extruder located in The Netherlands offering a complete design and production service.

Since 1 January 2012, Enitor, which was previously disclosed within Coated & Security Products, has been separately managed and in accordance with IFRS 8 it is now presented in the segmental analysis as Other. The results for the period ended 30 June 2011 and the year ended 31 December 2011 have been restated to reflect this change.

2. Segment analysis *(continued)*

	Revenue			Operating profit		
	Six months ended 30 Jun 2012 £m	Restated six months ended 30 Jun 2011 £m	Restated year ended 31 Dec 2011 £m	**Six months ended 30 Jun 2012 £m**	Restated six months ended 30 Jun 2011 £m	Restated year ended 31 Dec 2011 £m
Protection & Finishing Products	**124.3**	78.5	163.0	**27.9**	19.2	37.8
Porous Technologies	**40.7**	40.5	77.9	**10.5**	10.4	18.4
Coated & Security Products	**41.4**	36.4	72.6	**8.3**	7.0	13.5
Filter Products	**108.1**	101.7	208.0	**13.1**	11.9	24.5
Other	**11.8**	13.7	25.6	**0.9**	1.0	1.9
Central Services[†]	**-**	-	-	**(6.6)**	(5.9)	(11.6)
Elimination of intersegment[Δ]	**(1.5)**	(2.2)	(6.4)			
	324.8	268.6	540.7	**54.1**	43.6	84.5
Intangible amortisation				**(3.7)**	(1.7)	(3.7)
Exceptional operating items				**(4.6)**	-	(8.2)
Total	**324.8**	268.6	540.7	**45.8**	41.9	72.6
Adjusted operating margin*				**16.7%**	16.2%	15.6%

[†] Central Services includes group finance, tax, treasury, legal, group assurance, human resources, information technology, corporate development and other services provided centrally to support the operating segments

[Δ] Intersegment revenue is all attributable to Porous Technologies

* Adjusted operating margin is defined as operating profit before intangible amortisation and exceptional operating items divided by revenue

Exceptional operating items

	Six months ended 30 Jun 2012 £m	Six months ended 30 Jun 2011 £m	Year ended 31 Dec 2011 £m
Acquisition fees[1]	**1.2**	-	2.8
Integration costs[2]	**3.4**	-	2.4
Other[3]	**-**	-	3.0
	4.6	-	8.2

1 Transaction costs incurred during the period in respect of the acquisitions of Lymtech, Securit and Jae Yong (year ended 31 December 2011 acquisitions of Richco and Reid Supply)

2 Integration costs in respect of Richco and Securit incurred in the period (year ended 31 December 2011 integration costs in respect of Richco and Reid Supply)

3 Year ended 31 December 2011 included profit arising on insurance proceeds received net of associated costs (£4.6m), the loss on disposal of the Group's shares in FractureCode Corporation ApS (£1.9m) and reorganisation costs within certain of the Group's segments

3. Earnings per share

	Six months ended 30 Jun 2012 £m	Six months ended 30 Jun 2011 £m	Year ended 31 Dec 2011 £m
Continuing operations			
Earnings attributable to equity holders of Filtrona plc	**27.7**	25.6	41.2
Adjustments			
Intangible amortisation	**3.7**	1.7	3.7
Exceptional operating items	**4.6**	-	8.2
	8.3	1.7	11.9
Tax relief on adjustments	**(2.1)**	(0.5)	(1.3)
Adjusted earnings	**33.9**	26.8	51.8
Discontinued operations			
Earnings attributable to equity holders of Filtrona plc	**-**	-	1.9
Basic weighted average ordinary shares in issue (million)	**208.1**	205.6	206.3
Dilutive effect of employee share option plans (million)	**7.0**	6.8	7.0
Diluted weighted average ordinary shares (million)	**215.1**	212.4	213.3
Continuing operations			
Basic earnings per share	**13.3p**	12.5p	20.0p
Adjustment	**3.0p**	0.5p	5.1p
Adjusted earnings per share	**16.3p**	13.0p	25.1p
Diluted basic earnings per share	**12.9p**	12.1p	19.3p
Diluted adjusted earnings per share	**15.8p**	12.6p	24.3p
Discontinued operations			
Basic earnings per share	**-**	-	0.9p
Diluted basic earnings per share	**-**	-	0.9p

Adjusted earnings per share is provided to reflect the underlying earnings performance of Filtrona.

4. Property, plant and equipment

During the period Filtrona's operations spent £22.2m (six months ended 30 Jun 2011: £8.5m; year ended 31 Dec 2011: £27.0m) on land and buildings, plant and machinery and fixtures, fittings and equipment.

Land and buildings, plant and machinery and fixtures, fittings and equipment with a net book value of £0.1m (six months ended 30 Jun 2011: £0.3m; year ended 31 Dec 2011: £0.7m) were disposed of for proceeds of £0.1m (six months ended 30 Jun 2011: £nil; year ended 31 Dec 2011: £0.2m).

5. Retirement benefit obligations

Movement in fair value of net liabilities during the period

	30 Jun 2012 £m	30 Jun 2011 £m	31 Dec 2011 £m
Movements			
Beginning of period	**(24.0)**	(17.6)	(17.6)
Service cost	**(1.0)**	(1.0)	(1.9)
Employer contributions	**4.8**	4.4	10.2
Actual return less expected return on scheme assets	**1.1**	(1.3)	(3.5)
Impact of changes in assumptions relating to the present value of scheme liabilities	**(8.5)**	2.1	(12.1)
Net finance income	**0.1**	0.6	1.2
Currency translation	**0.4**	0.1	(0.3)
End of period	**(27.1)**	(12.7)	(24.0)

The principal defined benefit schemes were reviewed by independent qualified actuaries as at 30 June 2012. The assets of the schemes have been updated to the balance sheet date to take account of the investment returns achieved by the schemes and the level of contributions. The liabilities of the schemes at the balance sheet date have been updated to reflect latest discount rates and other assumptions as well as the level of contributions. The principal assumptions used by the independent qualified actuaries were:

Europe

	30 Jun 2012 £m	30 Jun 2011 £m	31 Dec 2011 £m
Rate of increase in salaries (pre-2010) [1]	**3.30%**	4.10%	3.50%
Rate of increase in salaries (post-2010) [1]	**3.00%**	3.00%	3.00%
Rate of increase in pensions (pre-2010) [1]	**3.00%**	3.60%	3.20%
Rate of increase in pensions (post-2010) [1]	**1.90%**	2.95%	2.00%
Discount rate	**4.40%**	5.50%	4.70%
Inflation rate	**2.30%**	3.60%	2.50%
Expected return on scheme assets	**5.00%**	6.20%	5.00%

US

	30 Jun 2012 £m	30 Jun 2011 £m	31 Dec 2011 £m
Rate of increase in salaries	**3.00%**	3.00%	3.00%
Rate of increase in pensions	**n/a** [2]	n/a [2]	n/a [2]
Discount rate	**4.30%**	5.40%	4.60%
Inflation rate	**n/a** [2]	n/a [2]	n/a [2]
Expected return on scheme assets	**7.10%**	7.80%	7.10%

[1] For service prior to April 2010, pension at retirement is linked to salary at retirement. For service after April 2010, pension is linked to salary at April 2010 with annual increases capped at 3%

[2] Not applicable

6. Analysis of net debt

	30 Jun 2012 **£m**	30 Jun 2011 £m	31 Dec 2011 £m
Cash at bank and in hand	**42.8**	26.7	31.0
Short-term deposits repayable on demand	**7.7**	19.1	4.8
Cash and cash equivalents	**50.5**	45.8	35.8
Debt due within one year	**(0.1)**	(29.0)	(3.4)
Debt due after one year	**(233.1)**	(98.3)	(177.3)
Net debt	**(182.7)**	(81.5)	(144.9)

At 30 June 2012 the Group's facilities comprised US$160m US Private Placement Loan Notes and revolving credit facilities of £165.6m and €187.7m.

7. Acquisitions

Filthai
On 31 January 2012, Filtrona acquired 14.555% of the share capital of Filthai Company Limited from non-controlling interests. Following the purchase of the share capital, Filtrona have increased their interest in Filthai Company Limited to 85.455% of the issued share capital. The cash consideration was £1.9m which was recorded directly to equity as acquisition of non-controlling interests.

Securit
On 17 February 2012, Filtrona acquired 100% of the share capital of Securit World Ltd ("Securit") from the Heyden family. Securit distributes desktop personal identification ("ID") card systems, providing printers, software and associated accessories across a wide range of growing end-markets, including Trade Distribution, Education, Government, Health and General Industry. The acquisition of UK-based Securit adds to the existing capabilities of Filtrona's Payne Security personal ID products business and provides new opportunities in adjacent attractive growth sectors, such as Access Control and Membership.

On acquisition the assets and liabilities of the business acquired were adjusted to reflect their fair values to Filtrona. Due to the timing of the transaction the fair value adjustments are provisional and subject to finalisation for up to one year from the date of acquisition.

Securit contributed £3.4m to revenue and £0.4m to operating profit before intangible amortisation in the period from acquisition to 30 June 2012. Related acquisition expenses of £0.1m were recognised in the income statement in exceptional operating items.

Jae Yong
On 23 April 2012, Filtrona acquired 100% of the share capital of Jae Yong Co. Ltd ("Jae Yong") from the Lee family. Based in South Korea, Jae Yong is a globally recognised manufacturer of reservoirs, nibs and tubes for the writing instruments industry, and will be reported under the Porous Technologies division.

On acquisition the assets and liabilities of the business acquired were adjusted to reflect their fair values to Filtrona. Due to the timing of the transaction the fair value adjustments are provisional and subject to finalisation for up to one year from the date of acquisition.

Jae Yong contributed £0.3m to revenue and £nil to operating profit before intangible amortisation in the period from acquisition to 30 June 2012. Related acquisition expenses of £0.4m were recognised in the income statement in exceptional operating items.

Lymtech
On 13 June 2012, Filtrona acquired 100% of the share capital of John R. Lyman Company and Big Blue Properties LLC (together "Lymtech Scientific") from William Wright and an associated family trust. Based in the US, Lymtech Scientific is a manufacturer and distributor of porous speciality wiping materials used within the clean environments increasingly required by the medical, life science, electronic and industrial markets. The acquisition of Lymtech Scientific adds complementary technology to Porous Technologies and also enhances the commercial capability of the division through the addition of a distribution selling channel.

On acquisition the assets and liabilities of the business acquired were adjusted to reflect their fair values to Filtrona. Due to the timing of the transaction the fair value adjustments are provisional and subject to finalisation for up to one year from the date of acquisition.

Lymtech Scientific contributed £nil to revenue and operating profit before intangible amortisation in the period from acquisition to 30 June 2012. Related acquisition expenses of £0.7m were recognised in the income statement in exceptional operating items.

Prior year acquisitions
In May 2012, the group received a £2.5m working capital adjustment in respect of Richco which was acquired in December 2011. This was recorded as a reduction in the value of goodwill acquired.

7. **Acquisitions** continued

A summary of the acquisitions of Securit and Jae Yong is detailed below:

	Book value at acquisition £m	Revaluation £m	Fair value of assets acquired £m
Property, plant and equipment	0.5	(0.1)	0.4
Inventories	1.3	(0.4)	0.9
Receivables	2.6	-	2.6
Cash and cash equivalents	0.8	-	0.8
Deferred tax	-	(1.9)	(1.9)
Payables	(2.7)	(0.3)	(3.0)
	2.5	(2.7)	(0.2)
Customer relationships			5.5
Other intangible assets			0.9
Goodwill			4.9
Consideration			11.1
Satisfied by:			
Initial cash consideration			9.9
Deferred consideration			0.8
Deferred contingent consideration			0.4
Cash consideration			9.9
Cash and cash equivalents acquired			(0.8)
Net cash flow in respect of the acquisitions			**9.1**

The deferred contingent consideration of £0.4m in respect of Jae Yong becomes payable between 1 and 3 years after completion subject to the achievement of certain performance conditions.

Property, plant and equipment, inventories, and payables were all reassessed to their fair value.

The adjustment to deferred tax is the tax effect of recognising customer relationships and other intangibles and the tax effect of the fair value adjustments above.

A summary of the acquisition of Lymtech Scientific is detailed below:

	Book value at acquisition £m	Revaluation £m	Fair value of assets acquired £m
Property, plant and equipment	2.8	(1.4)	1.4
Inventories	3.2	(0.3)	2.9
Receivables	2.5	(0.1)	2.4
Cash and cash equivalents	0.3	-	0.3
Deferred tax	-	(4.6)	(4.6)
Provisions	-	(0.3)	(0.3)
Payables	(1.1)	-	(1.1)
	7.7	(6.7)	1.0
Customer relationships			15.9
Goodwill			12.3
Consideration			29.2
Satisfied by:			
Initial cash consideration			29.2
Cash consideration			29.2
Cash and cash equivalents acquired			(0.3)
Net cash flow in respect of the acquisitions			28.9

Property, plant and equipment, inventories, and receivables were all reassessed to their fair value.

The adjustment to deferred tax is the tax effect of recognising customer relationships and the tax effect of the fair value adjustments above.

8. Dividends

	Per share			Total		
	Six months ended 30 Jun 2012 p	Six months ended 30 Jun 2011 p	Year ended 31 Dec 2011 p	**Six months ended 30 Jun 2012 £m**	Six months ended 30 Jun 2011 £m	Year ended 31 Dec 2011 £m
2011 interim:						
paid 28 October 2011		3.3	3.3		6.8	6.8
2011 final:						
paid 30 April 2012			7.2			15.0
2012 interim:						
payable 26 October 2012	**3.9**			**8.2**		
	3.9	3.3	10.5	**8.2**	6.8	21.8

The interim dividend for 2012 of 3.9p per 25p ordinary share will be paid on 26 October 2012 to equity holders on the share register on 28 September 2012.

9. Related party transactions

Other than the acquisition of further shares in Filthai (see below) and the compensation of key management, Filtrona has not entered into any material transactions with related parties since the last Annual Report.

On 31 January 2012, Filtrona acquired 14.555% of the share capital of Filthai Company Limited ("Filthai") from non-controlling interests. Following the purchase of the share capital, Filtrona has increased interest in Filthai to 85.455% of the issued share capital. The cash consideration was £1.9m which was recorded directly to equity as acquisition of non-controlling interests.

10. Exchange rates

The principal exchange rates for Filtrona were:

	Average			Closing		
	Six months ended 30 Jun 2012	Six months ended 30 Jun 2011	Year ended 31 Dec 2011	**Six months ended 30 Jun 2012**	Six months ended 30 Jun 2011	Year ended 31 Dec 2011
US$:£	**1.58**	1.61	1.60	**1.57**	1.61	1.55
€:£	**1.22**	1.14	1.15	**1.24**	1.11	1.20

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

• the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

• the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Colin Day
Chief Executive

Steve Crummett
Group Finance Director

1 August 2012

Independent review report to Filtrona plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Mike Barradell
for and on behalf of KPMG Audit Plc
Chartered Accountants
1 August 2012

15 Canada Square
London E14 5GL