21 February 2013

FILTRONA PLC
("the Company")

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

RESULTS FOR THE FULL YEAR ENDED 31 DECEMBER 2012

FY 2012: CONTINUED STRONG PROGRESS TOWARDS VISION 2015 OBJECTIVES
WELL-POSITIONED FOR FURTHER BALANCED GROWTH IN 2013

FY 2012 highlights:

- Revenue up 26% at constant FX (like-for-like[1] +11%): growth in all principal divisions, led by Filter Products (LFL +17%).
- Adjusted operating profit[2] up 28% (constant FX).
- Adjusted operating margin[2] expansion of 30bps (at constant and actual FX) to 15.9%.
- Adjusted EPS[2,3] ahead 30% (constant FX) to 31.7p.
- Net working capital improvement to 11.8% of revenue, down 110bps (constant FX).
- Net debt of £164m (FY 2011: £145m), with strong cash flow generation being offset by higher dividend payments and the acquisitions of Lymtech, Jae Yong and Securit.
- 19% increase in the full year dividend to 12.5p per share.
- Further investment and organisational change to support future growth opportunities.

Results at a glance:

	FY 2012	FY 2011	% change Actual FX	% change Constant FX
Revenue	**£663.4m**	**£540.7m**	**+23%**	**+26%**
Operating profit – adjusted[2]	**£105.3m**	**£84.5m**	**+25%**	**+28%**
Profit before tax – adjusted[2]	**£95.8m**	**£76.2m**	**+26%**	**+29%**
Net income – adjusted[2, 3]	**£67.6m**	**£53.0m**	**+28%**	**+31%**
Earnings per share – adjusted[2, 3]	**31.7p**	**25.1p**	**+26%**	**+30%**
Dividend per share	**12.5p**	**10.5p**	**+19%**	
Operating profit	**£86.4m**	**£72.6m**	**+19%**	**+23%**
Net income[3]	**£53.5m**	**£42.4m**	**+26%**	**+31%**
Basic earnings per share[3]	**25.0p**	**20.0p**	**+25%**	**+30%**

[1] "LFL" - 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:

"With like-for-like revenue up 11% and adjusted EPS growth of 30% at constant exchange in FY 2012, Filtrona continued to make excellent progress towards its Vision 2015 objectives. Our results were supported by successful new product development, range expansion and geographic roll-out, and were underpinned by further investment, organisational changes and a more focused commercial structure. The integration of recent acquisitions continues to proceed well, with synergy delivery in line with expectations.

As such, Filtrona is well-positioned to deliver further balanced growth in 2013 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 FY 2012 results and the FY 2011 comparatives reflect the results of Reid Supply Company ("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", acquired on 13 June 2012) and FractureCode (divested on 28 July 2011).

The term "adjusted" excludes the impact of intangible amortisation and exceptional operating items, less any associated tax relief. In FY 2012, intangible amortisation was £8.3m (FY 2011: £3.7m), and there was an exceptional pre-tax charge of £10.6m (FY 2011: £8.2m) mainly relating to integration costs and fees arising from the afore-mentioned acquisitions.

Change in External Reporting Segments

On 20 December 2012, Filtrona announced a new organisational structure for its Protection & Finishing Products businesses, which became effective on 1 January 2013 and is designed to allow the Company to better exploit previously untapped cross-selling and end-market potential.

Component Distribution – comprising the Moss, Skiffy, Alliance, Reid and Richco operations – will now be managed under a common structure within three geographical regions. Separately, MSI Pipe Protection Technologies will seek to leverage its expertise in developing and manufacturing innovative products into industries beyond oil and gas.

In FY 2013, Component Distribution and Pipe Protection Technologies will be reported together as the renamed "Component & Protection Solutions division". The Speciality Tapes business of Duraco will henceforth form part of the Coated & Security Product division. In line with IFRS 8: *Operating Segments*, the FY 2012 results under this new divisional organisational structure are presented on page 29 of this document for reference.

Operating Review

FY 2012 revenue was 22.7% ahead of the prior year (+26.0% at constant FX) to £663.4m, with LFL growth of 11.1% coming from both a product and geographic perspective. Across its operating divisions, the Company continued its successful conversion of intellectual property and manufacturing know-how into innovative new products, as well as broadened its offering to customers. There was also investment in increasing penetration in existing markets, as well as further expansion in faster-growing geographies.

The gross margin rose 20bps (+10bps at constant FX) to 35.9%. Ongoing volume leverage, operational initiatives and successful pricing programmes to mitigate input cost increases were largely offset by the dilutive mix impact of the very strong revenue growth in the lower margin Filter Products division.

On an adjusted basis, operating profit was ahead 24.6% (+27.8% at constant FX) at £105.3m, equating to a 30bps uplift in the margin to 15.9% (at both actual and constant FX). Operating profit as reported was £86.4m, 19.0% higher than last year (+22.9% at constant FX) owing to an exceptional pre-tax charge of £10.6m mainly relating to integration and restructuring costs and fees arising from recent acquisitions.

Net finance expense increased to £9.5m (FY 2011: £8.3m), due to strong operating cash flow generation being more than offset by acquisition spend and a higher net pension expense. The effective tax rate on adjusted profit before tax reduced to 29.4% (FY 2011: 30.4%).

On an adjusted basis, net income was up 27.5% (+31.0% at constant FX) to £67.6m, and earnings per share growth was 26.3% (+29.9% at constant FX) to 31.7p. On a reported basis net income was £53.5m, an increase of 26.2% (+31.1% at constant FX), with earnings per share 25.0% higher at 25.0p (+30.2% at constant FX).

Business Review

Summary growth in revenue by division

% growth	**LFL**	**Acquisitions / Disposals**	**Foreign Exchange**	**Total Reported**
Protection & Finishing Products	**+9.6%**	**+39.0%**	**-2.8%**	**+45.8%**
Porous Technologies*	**+5.6%**	**+6.2%**	**-1.7%**	**+10.1%**
Coated & Security Products	**+10.0%**	**+8.6%**	**-1.1%**	**+17.5%**
Filter Products	**+16.9%**	**-**	**-4.6%**	**+12.3%**
Other	**-2.4%**	**-**	**-6.2%**	**-8.6%**
Total Company	**+11.1%**	**+14.9%**	**-3.3%**	**+22.7%**

* Includes intercompany revenue

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

Protection & Finishing Products

	FY 2012 £m	% growth Actual FX	% growth Constant FX
Revenue	237.7	+45.8%	+48.6%
Operating profit	53.1	+40.5%	+44.1%
Operating margin	22.3%	-90bps	-70bps

Revenue increased 48.6% to £237.7m, with like-for-like growth of 9.6% driven by continued range expansion, new distribution site roll-outs and improved marketing effectiveness. The results were boosted by the inclusion of a full year contribution from Richco, as well as an incremental eight months from Reid.

Underlying growth in the Component Distribution businesses of Moss, Skiffy and Alliance was broad-based across geographies and key end-market sectors. The product range was broadened further and the successful roll-out programme continued, with the establishment of new sites for Moss in Xiamen, China and Alliance Express at Jacksonville, US, as well as market entry into Austria, Switzerland and Slovakia.

The integration of Richco and Reid proceeded in line with expectations. Richco's US operations were successfully transferred, with progress similarly being made on consolidating sites in Continental Europe and in the UK. Cross-selling opportunities were also leveraged, with new Richco catalogues in Asia and Europe now featuring Moss products, as well as greater integration of the Richco and Moss field sales teams.

The Speciality Tapes business of Duraco performed well. Growth was supported by new product ranges, a strong result in China and a very encouraging start for the Express sites in New Jersey and Houston opened during the year. The Stera Tape business was renamed as Duraco Europe, with cross-selling opportunities benefiting from the launch of the first catalogue in the region.

Notwithstanding a record year in 2011, MSI delivered further growth across all sites in 2012. To underpin the future potential of this business, a new office, plant and warehouse was opened in Houston, US in May, doubling the size of the facility and supporting the launch of the innovative and industry-compliant MaxX product range.

Boosted by the increasing use of electronic marketing media, the continued focus on efficient marketing investment and activity delivered strong lead indicators versus 2011: marketing responses were 25% ahead, and the number of live accounts at the end of December increased to a record level of 156,000, up 17% versus 2011. Revenue from higher margin proprietary products, as opposed to custom parts, increased to 72% from 70% in FY 2011 on a comparable basis (ie, adjusted for recent acquisitions).

Operating profit grew 44.1% to £53.1m, equating to margin dilution of -70bps. Operating and process efficiencies, together with leverage from the strong revenue growth and a continued positive mix effect from moving the business further into higher margin standard parts were more than offset by the dilutive impact of Reid and Richco. However, as anticipated, the successful integration and delivery of synergy savings is progressively closing the margin differential between the acquired and the underlying businesses.

Porous Technologies

	FY 2012 £m	% growth Actual FX	% growth Constant FX
Revenue	85.8	+10.1%	+11.8%
Operating profit	20.7	+12.5%	+12.9%
Operating margin	24.1%	+50bps	+20bps

Revenue increased 11.8% to £85.8m. 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 5.6%.

Revenue growth of 9% in healthcare (c. 20% of divisional revenue) was boosted by further success in point of care diagnostics, and infectious fluid collection and disposal systems using porous plastics. Printer systems (c. 30% of divisional revenue) was up 3%, supported by new product development and geographic expansion but partially impacted by the bankruptcy filing by a global OEM account early in the year.

Household products & personal care (together c. 10% of divisional revenue) increased 2%, supported by the expansion of sales to an existing customer in an additional geographic region. Writing instruments (c. 30% of divisional revenue) was ahead 2% on an underlying basis (ie, excluding the acquisition of Jae Yong), with continued success in capturing new business in developing markets partially offset by lower volumes in more established markets.

In 2012, the division continued its successful track record of converting its intellectual property and manufacturing know-how into commercial success. Key new products included an advanced wound care therapy incorporating foam components, a fibre wick technology for use in road-side breathalyser test kits and both porous plastic and polyester fibre nibs for writing instruments.

A number of operational initiatives were completed during the year, including the opening of a corporate office in Singapore and investment in further capacity expansion at the St. Charles and Richmond, US sites for porous plastic. In addition, the division was re-aligned behind the core technologies of speciality foam, bonded fibre and porous plastics and non-woven products, with the commercial teams also being restructured to create a single sales organisation grouped by region, in order to support the collective technology platform more efficiently.

Two value-adding acquisitions were completed in the period: Jae Yong for an undisclosed sum and Lymtech for a cash consideration of US$45.3m. Based in South Korea, Jae Yong is a globally recognised manufacturer of reservoirs, nibs and tubes for the writing instrument industry, while US-based Lymtech is a manufacturer and distributor of porous wiping materials used within the clean environments increasingly required by the medical, life science, electronic and industrial markets.

Operating profit rose 12.9% to £20.7m, for a 20bps uplift in the operating margin. Continued initiatives to improve efficiency were partially offset by the cost of establishing the new commercial office in Singapore, further investment in porous plastics technology resources and the short-term dilutive impact of acquisitions.

Coated & Security Products

	FY 2012 £m	% growth Actual FX	% growth Constant FX
Revenue	85.3	+17.5%	+18.6%
Operating profit	14.9	+10.4%	+9.3%
Operating margin	17.5%	-110bps	-150bps

Revenue increased 18.6% to £85.3m. Adjusting for the acquisition of Securit in February 2012 and the divestment of FractureCode in July 2011, LFL growth was 10.0%.

Revenue in tear tape was ahead 9%, and was boosted by winning further business in Asia with a major multinational tobacco customer, as well as successful new packaging and promotional innovations in the wrapped food sector. Growth in labels of 14% was driven by a strong result in the tobacco segment.

In authentication and identity solutions, underlying revenue growth (ie, excluding Securit and FractureCode) was 15%. During the year, the division fulfilled one million packs for the roll out of the next generation Blue Badge contract in the UK and also supplied accreditation solutions ("LOCOG") to the London 2012 Games.

Innovation continued to gain recognition, with the division winning an Asian Manufacturing Award 2012 in the Innovation Packaging Solution category for Supastrip Variable Data Print tape and, together with Northgate Public Services and the Department for Transport, the accolade of IT Project Team of the Year in the Organisational Excellence category of the 2012 UK IT Industry Awards for the Blue Badge Improvement Service.

To support future growth opportunities for the division, a number of successful operational initiatives were completed during the year, including investment in a state-of-the-art labels printing press at the Cardiff facility and in additional authentication technologies and manufacturing capability at Banbury, UK.

In February, the division added to its existing capabilities in personal identification products through the acquisition of Securit for a cash consideration of £6m. UK-based Securit distributes desktop personal identification card systems, providing printers, software and associated accessories, and the integration of the business to date is in line with expectations.

Operating profit increased 9.3% to £14.9m, equating to a margin decline of -150bps: on a LFL basis, the margin was unchanged. The continued focus on efficiency improvements such as waste reduction, combined with other cost savings initiatives, were more than offset by investment in further technologies and the initial dilutive impact of the acquisition of Securit.

Filter Products

	FY 2012 £m	% growth Actual FX	% growth Constant FX
Revenue	233.6	+12.3%	+16.9%
Operating profit	28.9	+18.0%	+23.3%
Operating margin	12.4%	+60bps	+70bps

Revenue increased 16.9% to £233.6m. Underlying volumes were ahead of the prior year, with significant value growth driven by the increase in special filters in all geographic regions. In FY 2012, Asia accounted for 56% of volumes (FY 2011: 54%).

Revenue growth was supported by successful new product launches, development initiatives and service offerings. A number of proprietary filter products were introduced, including distinctive shaped and flavoured variants such as Autograph and Super Slim Kretek Aroma, as well as further additions to the roll your own range of filters and packaging services. Joint development activity increased by more than 20% in 2012, and the division's future innovation capabilities were further underpinned by the filing of 11 patent and trademark applications.

The Scientific Services ("FSS") laboratory in Jarrow, UK, was significantly expanded during the year, 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.

In addition, the investment in new, flexible, high speed equipment continued, with successful internal initiatives aimed at improving flexibility also improving productivity. In response to the need to meet increased demand from new business opportunities, investment in capacity at a number of sites is required. The additional demand will result in future incremental revenue, although it is not expected to have a material impact on the FY 2013 results.

Operating profit rose 23.3% to £28.9m, for a 70bps improvement in the margin. Higher raw material and other input costs were successfully mitigated by continued cost control, as well as quality enhancement initiatives and productivity improvements.

Other

	FY 2012 £m	**% growth Actual FX**	**% growth Constant FX**
Revenue	23.4	-8.6%	-2.4%
Operating profit	1.6	-15.8%	-7.2%
Operating margin	6.8%	-60bps	-30bps

Revenue at Enitor was -2.4% lower at £23.4m, with weakness in northern Europe (particularly in the building and construction industries) partially offset by new business wins. Operating profit of £1.6m declined -7.2% for a -30bps reduction in the margin, owing to investment in further growth opportunities.

Financial Review

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 FY 2012 were:

	Average		Closing	
	FY 2012	**FY 2011**	**FY 2012**	**FY 2011**
US$:£	1.59	1.60	1.63	1.55
€:£	1.23	1.15	1.23	1.20

Re-translating at FY 2012 average exchange rates reduces the prior year revenue and adjusted operating profit by £14m and £2m respectively.

Net finance expense. Net finance expense was £9.5m, a £1.2m increase versus FY 2011, which is broken down as follows:

£m	**FY 2012**	FY 2011
Net interest charge on net debt	8.9	8.6
Amortisation of bank facility fees	1.3	0.8
IAS 19 pension finance credit	(0.3)	(1.2)
Other	(0.4)	0.1
Total net finance expense	**9.5**	**8.3**

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% (FY 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	**FY 2012**	FY 2011
Inventories	76.7	66.4
Trade & other receivables	94.5	85.4
Trade & other payables	(100.9)	(91.2)
Adjustments	7.7	10.5
Net working capital	**78.0**	**71.1**

The net working capital/revenue ratio was 11.8% (FY 2011: 12.9%, at constant FX).

Cash flow. Operating cash flow decreased 14.5% to £79.3m. Free cash flow of £44.4m was down 17.3%.

£m	**FY 2012**	FY 2011	Change
Operating profit – adjusted	**105.3**	**84.5**	**+25%**
Depreciation	22.6	20.7	
Share option expense/other movements	2.4	6.4	
Change in working capital	(7.8)	7.9	
Net capital expenditure	(43.2)	(26.8)	
Operating cash flow - adjusted	**79.3**	**92.7**	**-15%**
Tax	(17.6)	(21.6)	
Net interest paid	(8.9)	(9.1)	
Pension contributions	(8.4)	(8.3)	
Free cash flow	**44.4**	**53.7**	**-17%**

Net debt. Net debt at the end of the period was £163.5m, an increase of £18.6m from 1 January 2012, with strong cash flow generation being offset by higher dividend payments and the acquisitions of Lymtech, Jae Yong and Securit during the year.

	£m
Net debt as at 1 January 2012	144.9
Free cash flow	(44.4)
Dividends	23.2
Acquisitions/disposals	35.0
Foreign exchange & other items	4.8
Net debt as at 31 December 2012	**163.5**

The Company's financial ratios remain strong. The ratio of net debt to EBITDA as at 31 December 2012 was 1.3x (31 December 2011: 1.4x) and interest cover was 11.1x (31 December 2011: 9.3x).

Balance sheet. At the end of 2012, the Company had shareholders' funds of £235.0m (2011: £207.0m), an increase of 13.5%. Net debt was £163.5m (2011: £144.9m) and total capital employed in the business was £403.8m (2011: £358.3m).

This finances non-current assets of £407.8m (2011: £362.5m), of which £180.3m (2011: £168.1m) is tangible fixed assets, the remainder being intangible assets, deferred tax assets and retirement benefit assets. The Company has net working capital of £78.0m (2011: £71.1m), current provisions of £17.5m (2011: £12.8m) and long-term liabilities other than borrowings of £46.5m (2011: £41.3m).

Pensions. As at 31 December 2012, the Company's IAS 19 pension liability was £8.3m (2011: £24.0m) with a net liability of £4.5m (FY 2011: £16.6m) after accounting for a deferred tax asset of £3.8m (FY 2011: £7.4m). The deficit has been calculated after updating the asset values and certain assumptions as at 31 December 2012.

Dividends. The Board of Directors recommends a final dividend of 8.6 pence per share (2011: 7.2 pence), an increase of 19.4%. This takes the FY 2012 dividend to 12.5 pence per share (+19.0% versus FY 2011). Subject to approval at the Company's Annual General Meeting on 25 April 2013, the final dividend will be paid on 30 April 2013 to equity holders on the share register on 12 April 2013: the ex-dividend date will be 10 April 2013.

Board changes. Matthew Gregory was appointed to the Board as Group Finance Director, with effect from 7 September 2012. Steve Crummett stood down from the Board on 7 September 2012 and left the Company on 31 December 2012.

On 5 February 2013, the Company announced that Lars Emilson had offered his resignation as a Non-Executive Director of the Company on health grounds, which the Board accepted with immediate effect. The Board would like to thank Lars for his wise counsel and valued contribution to the development and success of the Company during the six years he served as a Non-Executive Director of Filtrona, and to wish him a rapid return to full health.

A search for the replacement of Lars Emilson has been initiated, having proper regard to the benefits of diversity, to ensure that the Board composition continues to be appropriate for the Company as it makes further progress towards its strategic objectives. The Board's commitment remains to ensuring that it employs the best people to do the best job for the benefit of Filtrona and its shareholders, in line with the Company's diversity policy. In recognising the benefits of gender diversity, in conjunction with the development of robust succession planning, the Board has specifically instructed that the widest possible field of female candidates is identified for consideration.

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 transaction exposure and the resulting impact on shareholders' funds by borrowing in those currencies in which the Company has significant net assets. As at 31 December 2012, Filtrona's US dollar-denominated assets were approximately 47% hedged by its US dollar-denominated borrowings, while its euro-denominated assets were approximately 90% 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.

2013 Outlook

Filtrona is well-positioned to deliver further balanced growth in 2013 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 webcast of today's presentation of these results to investors and analysts will start at 08:30 (UK time) on www.filtrona.com/webcasts.aspx

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

Filtrona plc 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.

Component & Protection Solutions

Component Distribution is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded and metal items. Operating units in 23 countries serve a very broad industrial base of customers with a rapid supply of primarily plastic products for a variety of applications in industries such as hydraulics, pneumatics, electrical controls and construction.

The Pipe Protection Technologies business specialises in the manufacture of high performance innovative products from commodity resins to engineering-grade thermoplastics and polymer alloys for use in a range of end-markets. Locations in four countries, combined with a wide distributor network, serve customers around the world.

Porous Technologies

A global market leading developer and manufacturer of custom fluid handling components, engineered from a portfolio of technologies that includes bonded and non-woven 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, clean room wipes 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 speciality tapes, fasteners and labels for the consumer and specialist packaging, point of sale and paper and board industries. The division is also a leading supplier of authentication technologies and identity solutions. Customers in over 100 countries are served from facilities operating in five 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 28 countries and includes c. 4,100 employees, 32 principal manufacturing facilities, 64 sales & distribution operations and 5 research & development centres.

For further information, please visit www.filtrona.com

Consolidated Income Statement
for the year ended 31 December 2012

	Note	**2012 £m**	2011 £m
Revenue	2	**663.4**	540.7
Operating profit before intangible amortisation and exceptional operating items		**105.3**	84.5
Intangible amortisation		**(8.3)**	(3.7)
Exceptional operating items	3	**(10.6)**	(8.2)
Operating profit	2	**86.4**	72.6
Finance income	4	**10.8**	12.2
Finance expense	4	**(20.3)**	(20.5)
Profit before tax		**76.9**	64.3
Income tax expense		**(23.4)**	(21.9)
Profit from continuing operations		**53.5**	42.4
Profit from discontinued operations	11	**-**	1.9
Profit for the year		**53.5**	44.3
Attributable to:			
Equity holders of Filtrona plc		**52.2**	43.1
Non-controlling interests		**1.3**	1.2
Profit for the year		**53.5**	44.3
Earnings per share attributable to equity holders of Filtrona plc:			
Basic	5	**25.0p**	20.9p
Diluted	5	**24.2p**	20.2p
Earnings per share from continuing operations attributable to equity holders of Filtrona plc:			
Basic	5	**25.0p**	20.0p
Diluted	5	**24.2p**	19.3p

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2012

	Note	**2012** **£m**	2011 £m
Profit for the year		**53.5**	44.3
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension schemes	8	**4.1**	(15.6)
Deferred tax (charge)/credit on actuarial gains/(losses) on defined benefit pension schemes		**(0.6)**	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		**(1.1)**	0.4
Effective portion of changes in fair value of cash flow hedges		**(0.1)**	1.3
Foreign exchange translation differences:			
Attributable to equity holders of Filtrona plc:			
Arising on translation of foreign operations		**(15.7)**	(2.2)
Arising on effective net investment hedges		**6.4**	0.2
Income tax charge on effective net investment hedges		**(1.6)**	(0.1)
Attributable to non-controlling interests		**(0.2)**	(0.7)
		(8.8)	(11.9)
Total comprehensive income		**44.7**	32.4
Attributable to:			
Equity holders of Filtrona plc		**43.6**	31.9
Non-controlling interests		**1.1**	0.5
Total comprehensive income		**44.7**	32.4

Consolidated Balance Sheet
at 31 December 2012

	Note	**2012 £m**	2011 £m
Assets			
Property, plant and equipment	6	**180.3**	168.1
Intangible assets	7	**206.3**	185.5
Deferred tax assets		**11.5**	8.9
Retirement benefit assets	8	**9.7**	-
Total non-current assets		**407.8**	362.5
Inventories		**76.7**	66.4
Income tax receivable		**2.2**	7.0
Trade and other receivables		**94.5**	85.4
Derivative assets		**0.3**	1.2
Cash and cash equivalents		**41.4**	35.8
Total current assets		**215.1**	195.8
Total assets		**622.9**	558.3
Equity			
Issued capital		**54.8**	54.8
Capital redemption reserve		**0.1**	0.1
Other reserve		**(132.8)**	(132.8)
Cash flow hedging reserve		**(0.1)**	1.1
Translation reserve		**4.6**	15.5
Retained earnings		**308.4**	268.3
Attributable to equity holders of Filtrona plc		**235.0**	207.0
Non-controlling interests		**5.3**	6.4
Total equity		**240.3**	213.4
Liabilities			
Interest bearing loans and borrowings		**204.9**	177.3
Retirement benefit obligations	8	**18.0**	24.0
Provisions		**2.8**	2.2
Deferred tax liabilities		**25.7**	15.1
Total non-current liabilities		**251.4**	218.6
Interest bearing loans and borrowings		**-**	3.4
Derivative liabilities		**0.2**	0.5
Income tax payable		**12.6**	18.4
Trade and other payables		**100.9**	91.2
Provisions		**17.5**	12.8
Total current liabilities		**131.2**	126.3
Total liabilities		**382.6**	344.9
Total equity and liabilities		**622.9**	558.3

Consolidated Statement of Changes in Equity
for the year ended 31 December 2012

								2012
	Issued capital £m	**Capital redemption reserve £m**	**Other reserve £m**	**Cash flow hedging reserve £m**	**Translation reserve £m**	**Retained earnings £m**	**Non-controlling interests £m**	**Total equity £m**
At 1 January 2012	**54.8**	**0.1**	**(132.8)**	**1.1**	**15.5**	**268.3**	**6.4**	**213.4**
Total comprehensive income for the year				**(1.2)**	**(10.9)**	**55.7**	**1.1**	**44.7**
Acquisition of non-controlling interests						**(0.9)**	**(1.0)**	**(1.9)**
Purchase of employee trust shares						**(6.1)**		**(6.1)**
Share options exercised						**5.7**		**5.7**
Share option expense						**4.0**		**4.0**
Tax relating to share-based incentives						**4.9**		**4.9**
Dividends paid						**(23.2)**	**(1.2)**	**(24.4)**
At 31 December 2012	**54.8**	**0.1**	**(132.8)**	**(0.1)**	**4.6**	**308.4**	**5.3**	**240.3**

								2011
	Issued capital £m	Capital redemption reserve £m	Other reserve £m	Cash flow hedging reserve £m	Translation reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 January 2011	54.8	0.1	(132.8)	(0.6)	17.6	248.7	9.6	197.4
Total comprehensive income for the year				1.7	(2.1)	32.3	0.5	32.4
Acquisition of non-controlling interests						(0.4)	(0.7)	(1.1)
Purchase of employee trust shares						(8.2)		(8.2)
Share 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

Consolidated Statement of Cash Flows
for the year ended 31 December 2012

	Note	2012 £m	2011 £m
Operating activities			
Profit for the year from continuing operations		**53.5**	42.4
Adjustments for:			
Income tax expense		**23.4**	21.9
Net finance expense	4	**9.5**	8.3
Intangible amortisation	7	**8.3**	3.7
Exceptional operating items	3	**10.6**	8.2
Depreciation	6	**22.6**	20.7
Share option expense		**4.0**	3.0
Other movements		**(1.6)**	3.4
Increase in inventories		**(9.2)**	(2.0)
Increase in trade and other receivables		**(10.4)**	(2.7)
Increase in trade and other payables		**11.8**	12.6
Cash (outflow)/inflow in respect of exceptional operating items		**(7.5)**	4.9
Purchase of employee trust shares		**(6.1)**	(8.2)
Additional pension contributions		**(8.4)**	(8.3)
Cash inflow from operating activities		**100.5**	107.9
Income tax paid		**(17.6)**	(21.6)
Net cash inflow from operating activities		**82.9**	86.3
Investing activities			
Interest received		**0.3**	0.2
Acquisition of property, plant and equipment		**(43.8)**	(27.0)
Proceeds from sale of property, plant and equipment		**0.6**	0.2
Acquisition of businesses net of cash acquired	10	**(36.0)**	(89.0)
Proceeds from sale of businesses		**3.1**	2.6
Income tax paid on sale of businesses		**(0.2)**	(0.2)
Net cash outflow from investing activities		**(76.0)**	(113.2)
Financing activities			
Interest paid		**(9.2)**	(9.3)
Dividends paid to equity holders		**(23.2)**	(19.1)
Dividends paid to non-controlling interests		**(1.2)**	(3.0)
Acquisition of non-controlling interests		**(1.9)**	(1.1)
Repayments of short-term loans		**(3.3)**	(14.4)
Proceeds from short-term loans		**-**	3.2
Repayment of long-term loans		-	(16.6)
Proceeds from long-term loans		**32.9**	76.8
Proceeds from sale of employee trust shares		**5.7**	7.1
Net cash (outflow)/inflow from financing activities		**(0.2)**	23.6
Net increase/(decrease) in cash and cash equivalents	9	**6.7**	(3.3)
Net cash and cash equivalents at the beginning of the year		**35.8**	40.0
Net increase/(decrease) in cash and cash equivalents		**6.7**	(3.3)
Net effect of currency translation on cash and cash equivalents		**(1.1)**	(0.9)
Net cash and cash equivalents at the end of the year	9	**41.4**	35.8

1. Accounting policies

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ('EU') in accordance with EU law (IAS Regulation EC 1606/2002) ('adopted IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared under the historical cost convention except for derivatives which are stated at fair value and retirement benefit obligations which are accounted for in accordance with IAS 19 (Revised): Employee benefits.

The 2012 Annual Report will be despatched to shareholders during March 2013. The financial information set out herein does not constitute the Company's statutory accounts for the year ended 31 December 2012 but is derived from those accounts and the accompanying Directors' report. Statutory accounts for 2012 will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held on 25 April 2013. The auditors have reported on those accounts and their report was unqualified.

2. Segment analysis

In accordance with IFRS 8, Filtrona has determined its operating segments based upon the information reported to the Group Management Committee (refer to Corporate Governance Report). 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. The division has 62 operating units in 23 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 is a global market leading developer and manufacturer of custom fluid handling components, engineered from a portfolio of technologies that includes bonded and non-woven 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, clean room wipes 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 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. Customers in over 100 countries are served from facilities operating in five countries.

Filter Products is 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 represents Enitor BV which is a leading plastic profile extrusion business 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 year ended 31 December 2011 have been restated to reflect this change.

2. Segment analysis continued

	Protection & Finishing Products £m	Porous Techno-logies £m	Coated & Security Products £m	Filter Products £m	Other £m	Elimin-ations £m	Central Services[1] £m	Continuing operations £m	Discontinued operations £m	Total £m
										2012
External revenue	237.7	83.4	85.3	233.6	23.4	-	-	663.4	-	663.4
Intersegment revenue	-	2.4	-	-	-	(2.4)	-	-	-	-
Total revenue	**237.7**	**85.8**	**85.3**	**233.6**	**23.4**	**(2.4)**	**-**	**663.4**	**-**	**663.4**
Operating profit/(loss) before intangible amortisation and exceptional operating items	53.1	20.7	14.9	28.9	1.6	-	(13.9)	105.3	-	105.3
Intangible amortisation	(6.1)	(1.6)	(0.6)	-	-	-	-	(8.3)	-	(8.3)
Exceptional operating items	(7.8)	(2.5)	(1.5)	-	1.6	-	(0.4)	(10.6)	-	(10.6)
Operating profit/(loss)	**39.2**	**16.6**	**12.8**	**28.9**	**3.2**	**-**	**(14.3)**	**86.4**	**-**	**86.4**
Segment assets	125.3	60.8	47.2	105.0	12.1	-	1.2	351.6	-	351.6
Intangible assets	135.5	47.0	17.2	-	6.6	-	-	206.3	-	206.3
Unallocated items							65.0	65.0		65.0
Total assets	**260.8**	**107.8**	**64.4**	**105.0**	**18.7**	**-**	**66.2**	**622.9**	**-**	**622.9**
Segment liabilities	40.9	11.8	10.8	43.1	1.7	-	10.6	118.9	2.3	121.2
Unallocated items							261.4	261.4		261.4
Total liabilities	**40.9**	**11.8**	**10.8**	**43.1**	**1.7**	**-**	**272.0**	**380.3**	**2.3**	**382.6**
Other segment items										
Capital expenditure	19.9	3.3	4.9	14.2	1.3	-	0.2	43.8	-	43.8
Depreciation	7.6	3.1	3.4	7.1	1.3	-	0.1	22.6	-	22.6
Average number of employees	1,603	546	418	1,263	207	-	38	4,075	-	4,075

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

2. Segment analysis continued

	Protection & Finishing Products £m	Porous Techno-logies £m	Coated & Security Products (Restated) £m	Filter Products £m	Other (Restated) £m	Elimin-ations £m	Central Services[1] £m	Continuing operations £m	Discontinued operations £m	Total £m
										2011
External revenue	163.0	71.5	72.6	208.0	25.6	-	-	540.7	-	540.7
Intersegment revenue	-	6.4	-	-	-	(6.4)	-	-	-	-
Total revenue	163.0	77.9	72.6	208.0	25.6	(6.4)	-	540.7	-	540.7
Operating profit/(loss) before intangible amortisation and exceptional operating items	37.8	18.4	13.5	24.5	1.9	-	(11.6)	84.5	-	84.5
Intangible amortisation	(2.7)	(0.8)	(0.2)	-	-	-	-	(3.7)	-	(3.7)
Exceptional operating items	(6.3)	(1.2)	(1.9)	1.2	-	-	-	(8.2)	-	(8.2)
Operating profit/(loss)	28.8	16.4	11.4	25.7	1.9	-	(11.6)	72.6	-	72.6
Segment assets	118.0	50.0	41.0	95.3	12.3	-	3.5	320.1	-	320.1
Intangible assets	149.5	18.5	10.7	-	6.8	-	-	185.5	-	185.5
Unallocated items							52.7	52.7		52.7
Total assets	267.5	68.5	51.7	95.3	19.1	-	56.2	558.3	-	558.3
Segment liabilities	41.9	9.1	7.7	32.9	2.2	-	10.0	103.8	2.4	106.2
Unallocated items							238.7	238.7		238.7
Total liabilities	41.9	9.1	7.7	32.9	2.2	-	248.7	342.5	2.4	344.9
Other segment items										
Capital expenditure	12.5	2.3	2.0	9.1	0.8	-	0.3	27.0	-	27.0
Impairment to property, plant and equipment	1.7	-	-	4.1	-	-	-	5.8	-	5.8
Depreciation	5.8	2.9	3.1	7.3	1.5	-	0.1	20.7	-	20.7
Average number of employees	1,020	458	367	1,261	208	-	28	3,342	-	3,342

[1] 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

3. Exceptional operating items

	2012 £m	2011 £m
Acquisition fees[1]	**1.2**	2.8
Acquisition integration and restructuring costs[2]	**8.8**	2.4
Other[3]	**0.6**	3.0
Net operating expense	**10.6**	8.2

1 Transaction costs incurred during the year in respect of the acquisitions of Securit, Jae Yong and Lymtech (2011: acquisitions of Reid Supply and Richco)
2 Acquisition integration and restructuring costs incurred during the year in respect of Richco, Securit, Jae Yong and Lymtech (2011: Reid Supply and Richco)
3 Other exceptional items incurred during the year, which comprise a release of pension obligations in Enitor (£1.7m) and costs arising from further reconfiguration of the Group (2011: a profit arising on insurance proceeds received net of associated costs (£4.6m), a loss on disposal of the Group's shares in FractureCode Corporation ApS (£1.9m) and reorganisation costs within certain of the Group's segments)

4. Net finance expense

	2012 £m	2011 £m
Finance income		
Bank deposits	**0.3**	0.1
Other finance income	**0.5**	0.1
Expected return on pension scheme assets	**10.0**	12.0
	10.8	12.2
Finance expense		
Interest on loans and overdrafts	**(9.2)**	(8.7)
Amortisation of bank facility fees	**(1.3)**	(0.8)
Other finance expense	**(0.1)**	(0.2)
Interest on pension scheme liabilities	**(9.7)**	(10.8)
	(20.3)	(20.5)
Net finance expense	**(9.5)**	(8.3)

5. Earnings per share

	2012 £m	2011 £m
Continuing operations		
Earnings attributable to equity holders of Filtrona plc	**52.2**	41.2
Adjustments		
Intangible amortisation	**8.3**	3.7
Exceptional operating items	**10.6**	8.2
	71.1	11.9
Tax relief on adjustments	**(4.8)**	(1.3)
Adjusted earnings	**66.3**	51.8
Discontinued operations		
Earnings attributable to equity holders of Filtrona plc	**-**	1.9
Basic weighted average ordinary shares in issue (m)	**209.0**	206.3
Dilutive effect of employee share option plans (m)	**7.1**	7.0
Diluted weighted average ordinary shares (m)	**216.1**	213.3
Continuing operations		
Basic earnings per share	**25.0p**	20.0p
Adjustment	**6.7p**	5.1p
Adjusted earnings per share	**31.7p**	25.1p
Diluted basic earnings per share	**24.2p**	19.3p
Diluted adjusted earnings per share	**30.7p**	24.3p
Discontinued operations		
Basic earnings per share	**-**	0.9p
Diluted basic earnings per share	**-**	0.9p

The basic weighted average number of ordinary shares in issue excludes shares held in treasury and shares held by an employee benefit trust.

6. Property, plant and equipment

				2012
	Land and buildings £m	Plant and machinery £m	Fixtures, fittings and equipment £m	Total £m
Cost				
Beginning of year	**82.8**	**262.7**	**42.2**	**387.7**
Acquisitions	1.1	0.6	-	**1.7**
Additions	6.9	27.6	5.6	**40.1**
Disposals	(0.7)	(2.0)	(0.8)	**(3.5)**
Currency translation	(2.9)	(6.8)	(2.9)	**(12.6)**
End of year	**87.2**	**282.1**	**44.1**	**413.4**
Depreciation				
Beginning of year	**23.8**	**166.3**	**29.5**	**219.6**
Expense in year	2.3	17.4	2.9	**22.6**
Disposals	(0.2)	(1.8)	(0.8)	**(2.8)**
Currency translation	(1.6)	(3.9)	(0.8)	**(6.3)**
End of year	**24.3**	**178.0**	**30.8**	**233.1**
Net book value at end of year	**62.9**	**104.1**	**13.3**	**180.3**

7. Intangible assets

	2012	2011
	£m	£m
Goodwill		
Beginning of year	**86.4**	58.9
Acquisitions (note 10)	**13.2**	27.4
Currency translation	**(3.1)**	0.1
End of year	**96.5**	86.4
Customer relationships		
Cost		
Beginning of year	**104.0**	54.8
Acquisitions (note 10)	**21.8**	48.8
Currency translation	**(4.5)**	0.4
End of year	**121.3**	104.0
Amortisation		
Beginning of year	**14.5**	11.7
Expense in year	**7.1**	2.9
Currency translation	**(0.6)**	(0.1)
End of year	**21.0**	14.5
Net book value at end of year	**100.3**	89.5
Net book value at beginning of year	**89.5**	43.1
Other		
Cost		
Beginning of year	**11.7**	6.6
Acquisitions (note 10)	**1.7**	4.9
Currency translation	**(0.7)**	0.2
End of year	**12.7**	11.7
Amortisation		
Beginning of year	**2.1**	1.3
Expense in year	**1.2**	0.8
Currency translation	**(0.1)**	-
End of year	**3.2**	2.1
Net book value at end of year	**9.5**	9.6
Net book value at beginning of year	**9.6**	5.3
Total net book value of intangible assets at end of year	**206.3**	185.5

Other intangible assets principally comprise trade names acquired with Lendell and Reid Supply, and developed technology acquired with Lendell, Richco and Lymtech.

8. Employee benefits

Post-retirement benefits

The amounts included in the consolidated financial statements are as follows:

	2012 £m	2011 £m
Amounts expensed against operating profit		
Defined contribution schemes	**2.4**	2.2
Defined benefit schemes	**1.5**	1.9
Total operating expense	**3.9**	4.1
Amounts included in exceptional operating items		
Settlement of pension obligations	**(1.7)**	-
Total credit to exceptional operating items	**(1.7)**	-
Amounts included as finance (income)/expense		
Expected return on scheme assets	**(10.0)**	(12.0)
Interest on scheme liabilities	**9.7**	10.8
Net financial income	**(0.3)**	(1.2)
Amounts recognised in the consolidated statement of comprehensive income		
Actual return less expected return on scheme assets	**5.4**	(3.5)
Impact of changes in assumptions relating to the present value of scheme liabilities	**(1.3)**	(12.1)
Actuarial gain/(loss)	**4.1**	(15.6)

The principal assumptions used by the independent qualified actuaries for the purposes of IAS 19 were:

		2012		2011
	Europe	**US**	Europe	US
Increase in salaries (pre-2010) [1]	3.00%	3.00%	3.50%	3.00%
Increase in salaries (post-2010) [1]	3.00%	3.00%	3.00%	3.00%
Increase in pensions (pre-2010) [1]	3.20%	n/a	3.20%	n/a
Increase in pensions (post-2010) [1]	2.00%	n/a	2.00%	n/a
Discount rate	4.50%	4.60%	4.70%	4.60%
Inflation rate	2.50%	n/a	2.50%	n/a
Expected return on scheme assets	4.80%	7.10%	5.00%	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%.

The assumptions used by the actuaries are the estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not be borne out in practice.

The life expectancy assumptions used to estimate defined benefit obligations at the year end are:

		2012		2011
	Europe	**US**	Europe	US
Male retiring today at age 65	**21.3**	**19.2**	20.8	19.1
Female retiring today at age 65	**24.0**	**21.0**	23.5	21.0
Male retiring in 20 years at age 65	**23.2**	**19.2**	22.8	19.1
Female retiring in 20 years at age 65	**25.9**	**21.0**	25.5	21.0

8. Employee benefits continued

Movement in fair value of scheme assets/(liabilities) during the year

	2012			2011		
	Scheme assets £m	**Scheme liabilities £m**	**Total £m**	Scheme assets £m	Scheme liabilities £m	Total £m
Beginning of year	**198.8**	**(222.8)**	**(24.0)**	187.2	(204.8)	(17.6)
Service cost	**-**	**(1.5)**	**(1.5)**	-	(1.9)	(1.9)
Employer contributions	**9.9**	**-**	**9.9**	10.2	-	10.2
Employee contributions	**0.4**	**(0.4)**	**-**	0.5	(0.5)	-
Actuarial gains/(losses)	**5.4**	**(1.3)**	**4.1**	(3.5)	(12.1)	(15.6)
Finance income/(expense)	**10.0**	**(9.7)**	**0.3**	12.0	(10.8)	1.2
Benefits paid	**(7.2)**	**7.2**	**-**	(7.4)	7.4	-
Settlements	**(7.9)**	**9.6**	**1.7**			
Currency translation and other	**(2.2)**	**3.4**	**1.2**	(0.2)	(0.1)	(0.3)
End of year	**207.2**	**(215.5)**	**(8.3)**	198.8	(222.8)	(24.0)

The total retirement benefit obligations of £8.3m (2011: £24.0m) were made up of retirement benefit assets of £9.7m (2011: liabilities of £5.5m) in the European schemes and retirement benefit liabilities of £18.0m (2011: £18.5m) in the US schemes.

	2012		2011	
	% of scheme assets/ liabilities	**£m**	% of scheme assets/ liabilities	£m
Experience gains and losses				
Difference between actual and expected return on scheme assets	**2.7**	**5.4**	(1.9)	(3.5)
Net actuarial gains/(losses) recognised in the statement of comprehensive income	**(1.8)**	**4.1**	7.6	(15.6)

Sensitivity

For the significant assumptions used in determining post-retirement costs and liabilities, the following sensitivity analysis gives the estimate of the impact on the income statement and balance sheet for the year ended 31 December 2012.

	Scheme liabilities			**Annual service cost**		
	Europe £m	US £m	**Total £m**	Europe £m	US £m	**Total £m**
0.5% decrease in the discount rate	(15.2)	(4.1)	**(19.3)**	(0.1)	(0.1)	**(0.2)**
1.0% increase in the rate of inflation	(5.7)	n/a	**(5.7)**	-	-	**-**
1 year increase in life expectancy	(5.2)	(1.4)	**(6.6)**	-	-	**-**
0.5% increase in the discount rate	9.2	3.7	**12.9**	0.1	0.1	**0.2**
1.0% decrease in the rate of inflation	11.3	n/a	**11.3**	-	-	**-**

9. Analysis of net debt

	1 Jan 2012 £m	Cash flow £m	Exchange movements £m	Non-cash movements £m	**31 Dec 2012 £m**
Cash at bank and in hand	31.0	10.4	(1.2)	-	**40.2**
Short-term bank deposits and investments	4.8	(3.7)	0.1	-	**1.2**
Cash and cash equivalents in the statement of cash flows	35.8	6.7	(1.1)	-	**41.4**
Debt due within one year	(3.4)	3.3	0.1	-	**-**
Debt due after one year	(177.3)	(32.9)	6.6	(1.3)	**(204.9)**
Net debt	(144.9)	(22.9)	5.6	(1.3)	**(163.5)**

The non-cash movements are the amortisation of prepaid facility fees.

10. Acquisitions

Securit and Jae Yong

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. The fair value adjustments are provisional and subject to finalisation for up to one year from the date of acquisition.

It is estimated that if the acquisition of Securit had been completed on 1 January 2012 the contribution to 2012 Group revenue would have been £10.2m and to Group operating profit before intangible amortisation would have been £1.3m.

Securit contributed £8.7m to revenue and £1.1m to operating profit before intangible amortisation in the period from acquisition to 31 December 2012. Related acquisition expenses of £0.2m were recognised in the income statement in exceptional operating items.

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. The fair value adjustments are provisional and subject to finalisation for up to one year from the date of acquisition.

It is estimated that if the acquisition of Jae Yong had been completed on 1 January 2012 the contribution to 2012 Group revenue would have been £2.5m and to Group operating profit before intangible amortisation would have been £nil.

Jae Yong contributed £1.6m to revenue and made a £0.2m loss before intangible amortisation in the period from acquisition to 31 December 2012. Related acquisition expenses of £0.4m were recognised in the income statement in exceptional operating items.

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	2.3	-	2.3
Cash and cash equivalents	0.8	-	0.8
Corporation tax payable	0.2	-	0.2
Deferred tax	-	(1.9)	(1.9)
Payables	(2.7)	(0.2)	(2.9)
Provisions	(0.1)	-	(0.1)
	2.3	(2.6)	(0.3)
Customer relationships			6.4
Other intangible assets			0.4
Goodwill			4.9
Consideration			11.4
Satisfied by:			
Initial cash consideration			10.2
Deferred consideration			0.8
Deferred contingent consideration			0.4
Cash consideration (initial and deferred)			11.0
Cash and cash equivalents acquired			(0.8)
Net cash flow in respect of the acquisitions			**10.2**

10. **Acquisitions** continued

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.

Included in the £4.9m of goodwill recognised above is the value of revenue and cost synergies and an assembled workforce. Due to their nature these assets cannot be individually identified or measured. It is expected that none of the goodwill and other acquired intangible assets will be allowable for tax deduction in future years.

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. The fair value adjustments are provisional and subject to finalisation for up to one year from the date of acquisition.

It is estimated that if the acquisition of Lymtech had been completed on 1 January 2012 the contribution to 2012 Group revenue would have been £17.8m and to Group operating profit before intangible amortisation would have been £2.8m.

Lymtech Scientific contributed £8.2m to revenue and £1.9m to operating profit before intangible amortisation in the period from acquisition to 31 December 2012. Related acquisition expenses of £0.6m were recognised in the income statement in exceptional operating items.

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	2.7	(1.4)	1.3
Inventories	3.3	(0.3)	3.0
Receivables	2.4	(0.1)	2.3
Cash and cash equivalents	0.3	-	0.3
Deferred tax	-	(4.0)	(4.0)
Provisions	-	(0.3)	(0.3)
Payables	(1.0)	(0.1)	(1.1)
	7.7	(6.2)	1.5
Customer relationships			15.4
Other intangible assets			1.3
Goodwill			10.4
Consideration			28.6
Satisfied by:			
Initial cash consideration			28.6
Cash consideration			28.6
Cash and cash equivalents acquired			(0.3)
Net cash flow in respect of the acquisitions			28.3

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.

Included in the £10.4m of goodwill recognised above is the value of revenue and cost synergies and an assembled workforce. Due to their nature these assets cannot be individually identified or measured. It is expected that none of the goodwill and other acquired intangible assets will be allowable for tax deduction in future years.

11. Disposals and discontinued operations

In December 2012, Filtrona received £2.9m from the Itavema Group which represented the final instalment due in relation to the deferred consideration for the disposal on 29 June 2007 of Globalpack, its Brazilian consumer packaging business. During 2011, Filtrona received a £2.7m instalment in relation to the deferred consideration and released tax warranty provisions of £1.9m in respect of Globalpack, which was recognised as discontinued operations in the income statement.

In July 2011, Filtrona disposed of its shares in FractureCode Corporation ApS ("FractureCode") to ITO Technologies ApS for consideration of £0.3m payable over two years. The disposal resulted in a loss after tax of £1.9m which was treated as an exceptional operating item. Cash disposed and disposal expenses were in total £0.1m in 2011. In 2012, Filtrona received £0.2m from ITO Technologies ApS, which represented the final instalment of the consideration.

12. Dividends

	Per share		Total	
	2012	2011	**2012**	2011
	p	p	**£m**	£m
2011 interim: paid 28 October 2011		3.3		6.8
2011 final: paid 30 April 2012		7.2		15.0
2012 interim: paid 26 October 2012	**3.9**		**8.2**	
2012 proposed final: payable 30 April 2013	**8.6**		**18.1**	
	12.5	10.5	**26.3**	21.8

13. Transactions with related parties

Other than the acquisition of further shares in Filthai Company Limited ("Filthai") 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 from non-controlling interests. Following the purchase of the share capital, Filtrona increased its interest in Filthai to 85.455% of the issued share capital. The cash consideration was £1.9m which was recorded directly to equity as an acquisition of non-controlling interests.

14. Post balance sheet events

On 31 January 2013, Filtrona entered into an agreement to form a joint venture with BBM Bommidala ("BBM") in the United Arab Emirates to manufacture filters. BBM is an Indian-based producer of tobacco products and by-products and a leading cigarette exporter from India. The joint venture, in which Filtrona will be the majority shareholder, is expected to be operational during Q3 2013.

On 20 February 2013, Filtrona acquired 100% of the share capital of Ulinco Components AB ("Ulinco Components") from Ulinco Invest Aktiebolag. Ulinco Components is a distributor of plastic protection and finishing products, hardware and specialist masking solutions in the Nordic region of Europe, and will be reported under the Component & Protection Solutions division. The acquisition of Ulinco Components will expand the product range and customer base of the Component Distribution businesses and extend the division's geographic presence in Scandinavia.

15. Non-GAAP measures

Management reviews the adjusted operating profit and operating cash flow as measures of the performance of the business. Adjusted operating profit is stated before intangible amortisation and exceptional operating items which are considered not relevant to measuring the performance of the business. Operating cash flow is adjusted operating profit before depreciation, share option expense and other non-cash items, less working capital movements and net capital expenditure as shown below:

	2012	2011
	£m	£m
Operating profit	**86.4**	72.6
Intangible amortisation	**8.3**	3.7
Exceptional operating items	**10.6**	8.2
Adjusted operating profit	**105.3**	84.5
Depreciation and other amounts written off property, plant and equipment	**22.6**	20.7
Share option expense	**4.0**	3.0
Other non-cash items	**(1.6)**	3.4
Working capital movements	**(7.8)**	7.9
Net capital expenditure	**(43.2)**	(26.8)
Operating cash inflow	**79.3**	92.7

16. Additional segmental analysis

With effect from 1 January 2013, Filtrona has implemented a new organisational structure for its Protection & Finishing Products division. Going forward, the Component Distribution businesses, together with MSI Pipe Protection Technologies, will be reported together as the renamed "Component & Protection Solutions division". The Speciality Tapes activities of Duraco will henceforth form part of the Coated & Security Products division. Comparatives for the new organisational structure are shown below:

								2012
	Component & Protection Solutions	**Porous Techno-logies**	**Coated & Security Products**	**Filter Products**	**Other**	**Elimin-ations**	**Central Services**[1]	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
External revenue	208.3	83.4	114.7	233.6	23.4	-	-	663.4
Intersegment revenue	0.1	2.4	0.2	-	-	(2.7)	-	-
Total revenue	**208.4**	**85.8**	**114.9**	**233.6**	**23.4**	**(2.7)**	**-**	**663.4**
Operating profit/(loss) before intangible amortisation and exceptional operating items	46.0	20.7	22.0	28.9	1.6	-	(13.9)	105.3
Intangible amortisation	(4.7)	(1.6)	(2.0)	-	-	-	-	(8.3)
Exceptional operating items	(7.6)	(2.5)	(1.7)	-	1.6	-	(0.4)	(10.6)
Operating profit/(loss)	**33.7**	**16.6**	**18.3**	**28.9**	**3.2**	**-**	**(14.3)**	**86.4**

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

17. Cautionary forward-looking statements

This Report contains 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 publicly revise or update these forward-looking statements 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.

18. Directors' responsibility statement

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- this announcement includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Colin Day	Matthew Gregory
Chief Executive	Group Finance Director

21 February 2013

Principal Risks

Effective management of risk and opportunity is essential to the protection of Filtrona's reputation and the achievement of sustainable shareholder value.

Vision 2015

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 continuously monitored, associated action plans are reviewed, appropriate contingencies are provisioned and information is reported through established management control procedures.

The Company seeks to continuously improve its risk management processes and developed new systems during 2012 which serve to enhance the Company's response to the risks inherent in its international business activities.

Filtrona recognises that the ability to monitor, assess and respond to business risks may provide a competitive advantage. Reporting within the Group is structured so that key issues are escalated through the management team and ultimately to the Board if appropriate. Each area of the business is required to review its principal areas of risk and uncertainty formally and regularly. This is an ongoing process to ensure that there are clear and consistent procedures for monitoring, updating and implementing appropriate controls to manage identified risks.

Filtrona's short- and long-term performance can be impacted by many risks and uncertainties not all of which are within the Company's control.

The Company is subject to the general risks and uncertainties which impact other international organisations, including political instability in the countries in which the Company 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.

Detailed below are the principal risks and uncertainties which the Board believes are specific to Filtrona, having regard to its strategic objectives, together with the Company risk management response thereto. The details provided are not exhaustive and do not purport to be a complete explanation of all potentially relevant issues. There may be other risks and uncertainties which are unknown to the Board or which may not be deemed by the Board to be material at present but which could prove to be material in the future.

Disruption to infrastructure

<table>
<tr><td colspan="2">Risk
A catastrophic loss of the use of all or a portion of any of Filtrona's manufacturing or distribution facilities due to accident, labour issues, fire, weather conditions, terrorist attack, natural disaster or otherwise which whether short- or long-term could adversely affect the Company's ability to meet the demands of its customers. Some of the assets maintained by the Company, such as tooling and IT systems, are critical to the manufacture and delivery of particular products.</td></tr>
<tr><td>Impact – A material disruption to operational facilities or the loss of critical assets may negatively affect the Company's:
• Production capability and asset base
• Supply chain management
• Customer relationships
• Reputation
• Revenue
• Profit
• Financial condition</td><td>Mitigation – Filtrona seeks to manage the risk of potential disruption of the supply of its customers by:
• Operating within a flexible global infrastructure
• Installing fire and other risk prevention systems
• Implementing disaster recovery and business continuity plans
• Assessing operational risks
• Maintaining comprehensive insurance</td></tr>
</table>

Competitive pressures

<table>
<tr><td colspan="2">Risk
Filtrona faces pressures from direct competitors as well as competition from alternative technologies. Some of the Company's competitors may derive competitive advantage from greater financial resources, economies of scale, additional purchasing power or a lower cost base, and Filtrona may face aggressive pricing practices.</td></tr>
<tr><td>Impact
Demand for competitors' products and the development of competing technologies may result in:
Loss of market positions
Erosion of margins
Intellectual property challenges
Decline in revenue
Decline in profitability
Deterioration in financial condition</td><td>Mitigation
Filtrona's seeks to mitigate the risk of competitive pressure by:
Sustained investment in research and development to develop the quality and breadth of its product and service offering
Exploiting its innovative and manufacturing capabilities in new technologies, products and services
Developing long-term relationships with customers at a senior level
Protecting its intellectual property rights
Expanding its international distribution, sales and marketing expertise
Investing in both organic and acquisition growth opportunities</td></tr>
</table>

Failure to drive business development

<table>
<tr><td colspan="2">Risk
Filtrona's development and growth has benefited from acquisitions and the success of start-up operations. The rate of any future business development may in part be dependent on the success of additional acquisitions and new start-up operations. There can be no assurance that the Company will be successful in completing and integrating suitable acquisitions or developing and expanding further start-up operations.</td></tr>
<tr><td>Impact
If Filtrona fails to meet the challenges of business development arising from acquisitions and start-up operations, the Company may experience:
Lower growth rates
Delay in the achievement of strategic objectives
Increased costs
Reduced profitability</td><td>Mitigation
Filtrona's addresses the challenges of international business development with:
Experienced and skilled management
Detailed due diligence and planning
Project risk reviews
External expert advice</td></tr>
</table>

Customer concentration

<table>
<tr><td colspan="2">Risk
In some of Filtrona's businesses, particularly filter products and packaging solutions, the customer base is relatively concentrated. In addition, trends in certain markets, particularly in the oil and gas industry, may reduce the demands for the Company's products. Should Filtrona's customers decide to satisfy their requirements internally or from other suppliers and if Filtrona were unable to secure new business this could result in a significant loss of business.</td></tr>
<tr><td>Impact
The loss of certain of Filtrona's key customers exposes the Company to
Reduced revenue
Restructuring costs
Profit decline
Deterioration in financial condition
Reputational damage</td><td>Mitigation
To counteract the Company's exposure to a number of key customers, Filtrona:
Invests in innovative, high quality, value added products and services
Develops long-term relationships and loyalty with customers at all levels through Key Account Management techniques
Seeks new markets and growth opportunities to expand the customer base</td></tr>
</table>

Key raw material supply

<table>
<tr><td colspan="2">Risk
Some of Filtrona's businesses are dependent on the availability of specialist raw materials or components which are incorporated into the Company's products. Key raw materials may be subject to price fluctuations from supply shortages. If rapid increases occur in the price of such raw materials prices, including energy costs, the Company's revenue and profitability may be materially and adversely affected.</td></tr>
<tr><td>Impact
If Filtrona is exposed to raw material price increases or supply shortages, the Company may suffer
Disruption to supply
Increased costs
Profit decline
Reduced revenue</td><td>Mitigation
To counteract the Company's exposure to increases in raw material costs or supply shortages, Filtrona seeks to:
Adopt appropriate procurement practices
Secure longer term supply agreements
Implement cost recovery programmes
Ensure the availability of alternative supply options
Use consignment stock</td></tr>
</table>

Intellectual property development and protection

<table>
<tr><td colspan="2">Risk
A key component to Filtrona's future success is the ability to develop new and innovative products and services. In addition to seeking internationally applied patent and trademark rights, the Company relies on unpatented proprietary know-how and trade secrets. In the event that Filtrona is unable to respond to competitive technological advances or to protect its intellectual property portfolio, the future performance of the Company may be adversely affected.</td></tr>
<tr><td>Impact
Failure to develop and protect intellectual property rights exposes the Company to
Reduced revenue
Profit decline
Litigation
Reputational damage</td><td>Mitigation
To counteract the Company's exposure to the erosion of its intellectual property portfolio, Filtrona:
Invests in R&D
Secures formal registrations of patent and trademark rights
Adopts appropriate confidentiality and licensing practices
Monitors potential infringements and takes appropriate enforcement actions</td></tr>
</table>

Relationship with tobacco industry

<table>
<tr><td colspan="2">Risk
A significant part of Filtrona's business relates to the supply of filter products and packaging solutions to manufacturers in the tobacco industry. Future performance may be affected by trends in the tobacco industry, such as changes in the consumption of filter products, self-manufacture and increasingly restrictive regulations. Tobacco- related litigation could also adversely affect Filtrona, although there is no history of the Company being involved in such claims.</td></tr>
<tr><td>Impact
Filtrona's relationship with the tobacco industry may lead to:
Reduced revenue
Restructuring costs
Profit decline
Reputational damage
Deterioration in financial condition</td><td>Mitigation
In seeking to minimise the potential impact of the exposure to the tobacco industry, Filtrona:
Invests in the research and development of innovative value-added products and services
Targets growth opportunities outside the manufacture of filter products
Focuses on low cost filter production
Takes internal and external legal advice to manage litigation risk
Seeks to add value with a range of low cost and innovative packaging solutions</td></tr>
</table>

Talent management

<table>
<tr><td colspan="2">Risk
Filtrona's international operations are dependent on existing key executives and certain other employees in order to sustain, develop and grow its businesses and there can be no assurances that these employees will remain with the Company. The success of the Company will reflect its ability to retain, attract and motivate highly qualified executives and other personnel equipped to deliver on Filtrona's strategic objectives.</td></tr>
<tr><td>Impact
If Filtrona fails to retain, attract or motivate the required calibre of employees, its operational performance and financial condition may be materially impacted by a lack of :
Experience
Expertise
Commercial relationships
Market insight
Product innovation</td><td>Mitigation
In order to manage the risk of personnel change, Filtrona:
Reviews personal development and succession planning
Sets appropriate Key Performance Indicators
Conducts management development schemes and other training programmes
Sets effective remuneration programmes
Provides long-term share-based incentive plans
Uses a talent management system
Has increased the number of graduates on its development program</td></tr>
</table>

Compliance risk – laws and regulations

<table>
<tr><td colspan="2">Risk
Risk related to regulatory and legislative changes involves the possible inability of the Company to comply with current, changing or new requirements. Many of Filtrona's current business activities are subject to increasing regulation and enforcement activity by relevant authorities. As the Company moves into new markets and territories in pursuit of its strategic priorities, Filtrona is exposed to new and additional compliance risk.</td></tr>
<tr><td>Impact
Failure by the Company or its employees or others acting on its behalf to abide by the laws and regulations could result in
Administrative, civil or criminal liability
Significant fines and penalties
Suspense or debarment of the Company from trading
Reputational damage
Loss of commercial relationships</td><td>Mitigation
In order to manage our compliance risk, Filtrona:
Establishes a clear compliance culture from the top down
Conducts risk assessments and ongoing compliance reviews
Implements policies and procedures
Provides behavioural guidance and training to all employees
Monitors compliance through verification procedures</td></tr>
</table>