ESSENTRA

31 July 2013

ESSENTRA PLC
("the Company")

A leading international supplier of speciality plastic, fibre, foam & packaging components

RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2013

HY 2013: CONTINUED STRONG PROGRESS TOWARDS VISION 2015 OBJECTIVES ON TRACK TO DELIVER FURTHER BALANCED, PROFITABLE GROWTH IN 2013

HY 2013 highlights:

- Revenue up 17% at constant FX (like-for-like[1] +9%), with growth in all principal divisions.
- Adjusted operating profit[2, 3] up 19% (constant FX).
- Adjusted operating margin[2, 3] expansion of +40bps (constant FX) to 17.0%, +50bps at actual FX.
- Adjusted EPS[2, 3] ahead 18% (constant FX) to 19.4p.
- Increase in net working capital to 15.4% of revenue (up 170bps, constant FX), impacted by the acquisition of Contego Healthcare Limited. Tax rate reduced by 200bps to 27.4%.
- Net debt of £212m (FY 2012: £164m), increased predominantly due to recent M&A transactions and higher dividend payments.
- 23% increase in the half year dividend to 4.8p per share.

Results at a glance:

	HY 2013	HY 2012[3]	% change Actual FX	% change Constant FX
Revenue	£384.6m	£324.8m	+18%	+17%
Operating profit – adjusted[2]	£65.2m	£53.7m	+21%	+19%
Pre-tax profit – adjusted[2]	£60.3m	£48.1m	+25%	+22%
Net income – adjusted[2]	£43.8m	£33.9m	+29%	+26%
Earnings per share – adjusted[2]	19.4p	16.0p	+21%	+18%
Dividend per share	4.8p	3.9p	+23%	
Operating profit	£50.3m	£45.4m	+11%	+8%
Net income	£31.6m	£27.7m	+14%	+11%
Basic earnings per share	13.9p	13.0p	+7%	+4%

[1] Adjusted to exclude the impact of acquisitions, disposals and foreign exchange (see page 2)
[2] Before intangible amortisation and exceptional operating items
[3] HY 2012 restated to reflect the adoption of IAS 19 (Revised 2011)

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

"Essentra had a strong first half year, with like-for-like revenue ahead 9% and adjusted EPS up 18% at constant exchange. The growth was underpinned by continued expansion in both existing and new markets, as well as ongoing successful product innovation. The integration of recent acquisitions, including the Company's largest acquisition to date of Contego Healthcare Limited, is proceeding well and is in line with expectations. During the period, the Company also successfully re-branded to Essentra plc, a name specifically chosen to encapsulate what each of the businesses does, is and aspires to be.

Given these interim results, Essentra remains on-track to deliver further balanced, profitable 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 HY 2013 LFL results are adjusted to exclude the results of John R. Lyman Company and Big Blue Properties LLC (together "Lymtech Scientific", acquired on 13 June 2012), Ulinco Components AB ("Ulinco Components", acquired on 20 February 2013) and Contego Healthcare Limited ("Contego", acquired on 30 April 2013). The impact of Securit World Limited (acquired on 17 February 2012) and Jae Yong Co. Ltd (acquired on 23 April 2012) are not excluded from the LFL results as they are no longer separately identifiable.

The term "adjusted" excludes the impact of intangible amortisation and exceptional operating items, less any associated tax relief. In HY 2013, intangible amortisation was £5.6m (HY 2012: £3.7m), and there was an exceptional pre-tax charge of £9.3m (HY 2012: £4.6m) mainly relating to integration costs and fees arising from the afore-mentioned acquisitions, and the re-branding of the Company to Essentra plc.

Changes in Accounting Policy

In the current financial year, Essentra adopted the amendments to IAS 1: *Presentation of Items of Other Comprehensive Income*, IAS 19 (revised 2011): *Employee Benefits* and IFRS 13: *Fair Value Measurements.* For the six months ended 30 June 2012, the restated adjusted operating profit and pre-tax profit are £0.4m and £1.0m lower respectively. Further details of these changes in accounting policy are set out in Note 1: Basis of Preparation on page 20.

Operating Review

HY 2013 revenue increased 18.4% (+16.6% at constant exchange) to £384.6m, with LFL growth of 8.6% supported by continued range development, product innovation and investment in both existing and new geographical markets.

The gross margin declined 100bps at both actual and constant exchange, to 35.9%. Ongoing operational initiatives, volume leverage and successful pricing programmes to mitigate input cost increases were more than offset by the mix effect of the very strong revenue growth in the lower margin Filter Products division and the dilutive impact of acquisitions.

On an adjusted basis, operating profit was ahead 21.4% (+18.8% at constant FX) at £65.2m, driven by ongoing cost efficiencies and the successful delivery of synergy savings: this equated to a 50bps uplift in the margin to 17.0% (+40bps at constant FX). Operating profit as reported was £50.3m, +10.8% versus last year (+8.4% at constant FX), owing to intangible amortisation of £5.6m and an exceptional pre-tax charge of £9.3m mainly relating to integration costs and fees arising from recent acquisitions, and the re-branding of the Company to Essentra plc.

Net finance expense was lower at £4.9m (HY 2012: £5.6m), largely due to higher net finance income on defined benefit pension schemes. The effective tax rate on profit before tax (before exceptional operating items) reduced to 27.4% (HY 2012: 29.4%).

On an adjusted basis, net income of £43.8m was up 29.2% (+25.9% at constant FX) and earnings per share growth was 21.3% (+18.3% at constant FX) to 19.4p. On a reported basis, net income was £31.6m, an increase of 14.1% (+10.9% at constant FX), with earnings per share up 6.9% versus HY 2012 at 13.9p (+3.7% at constant FX).

Business Review

Summary growth in revenue by division

% growth	LFL	Acquisitions / Disposals	Foreign Exchange	Total Reported
Component & Protection Solutions	+2.1%	+1.1%	+2.0%	+5.2%
Porous Technologies*	+6.2%	+18.3%	+3.0%	27.5%
Packaging & Securing Solutions	+7.5%	+28.6%	+0.8%	+36.9%
Filter Products	+18.3%	-	+1.5%	+19.8%
Other	0.0%	-	+3.4%	+3.4%
Total Company	**+8.6%**	**+8.0%**	**+1.8%**	**+18.4%**

* Includes intercompany revenue

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

Component & Protection Solutions

	HY 2013 £m	% growth Actual FX	% growth Constant FX
Revenue	115.6	+5.2%	+3.2%
Operating profit	28.5	+15.4%	+12.6%
Operating margin	24.7%	+220bps	+210bps

Revenue increased 3.2% to £115.6m. Adjusting for the acquisition of Ulinco Components in February 2013, LFL growth was 2.1% and was supported by ongoing range development, improved marketing effectiveness and the roll out of new distribution sites.

The range in the Components businesses was broadened further, with the addition of an additional 2,000 products in both existing end-market segments (particularly protection, masking, hardware and fasteners) and in new areas such as vibration mounts and slide bearings. In Europe, the first integrated catalogue, featuring both Moss and Richco ranges, was launched, with a combined 24,000 products now available for next-day delivery to their respective customer bases. Alliance introduced a new master catalogue in the US, Canada and Brazil, featuring over 1,400 new products with significant additions in access hardware, wire management and fasteners. Alliance Express sites in Memphis and Greensboro, US, were opened during the period, and the recently-established sites in Austria and Slovakia both performed well.

As anticipated, following a record year for the Pipe Protection Technologies business of MSI in 2012, the HY 2013 result reflected the impact of a very strong prior year comparative. As previously stated, growth is expected to be weighted towards the second half of the year, with the business well-positioned from both a customer and product perspective.

Strong lead indicators versus the prior year were driven by a continued focus on efficient marketing investment and activity, in particular the increasing use of electronic marketing media: marketing responses were ahead 11%, and the number of live accounts at the end of June rose by 10.9% to over 145,000.

Operating profit grew 12.6% to £28.5m, equating to a 210bps uplift in the margin. This improvement was driven by the continued successful integration and delivery of synergy savings from the acquisition of Richco and the reorganisation of the Components businesses along regional lines, as well as further operating and process efficiencies.

On 21 February 2013, the division announced the acquisition of Ulinco Components, a leading distributor of plastic protection and finishing products, hardware and specialist masking solutions in the Nordic region. The integration of Ulinco Components to date is in line with expectations.

Porous Technologies

	HY 2013 £m	% growth Actual FX	% growth Constant FX
Revenue	51.9	+27.5%	+24.5%
Operating profit	13.0	+23.8%	+21.5%
Operating margin	25.0%	-80bps	-70bps

Revenue increased 24.5% to £51.9m. Adjusting for the acquisition of Lymtech Scientific in June 2012, LFL growth was 6.2%.

Growth of 10% in writing instruments (c. 29% divisional revenue) was driven by an earlier and stronger back-to-school season in the US versus the prior year period, as well as new sales of nibs to several global writing instrument reservoir customers. In printer systems (c. 25% divisional revenue), an increase of 6% was led by further growth with a large global OEM.

Healthcare (c. 17% of divisional revenue) was down -5%, with continued success for new products using bonded fibre, foam and porous plastics more than offset by the impact of a significant customer insourcing their wound care production. Household products & personal care (together c. 9% divisional revenue) rose 10%, boosted in particular by new business wins in air care with multinational customers.

The Lymtech Scientific cleanroom wipes business generated encouraging new sales in both Europe and Asia, as investment in resources in these regions started to deliver progress towards the objective of globalising the product line.

Operating profit rose 21.5% to £13.0m, being a -70bps margin decline. Successful productivity and cost initiatives were more than offset by the short-term dilutive impact of infrastructure investment at Lymtech Scientific to drive future growth opportunities.

Packaging & Securing Solutions

	HY 2013 £m	% growth Actual FX	% growth Constant FX
Revenue	76.5	+36.9%	+36.1%
Operating profit	13.5	+17.4%	+16.4%
Operating margin	17.6%	-300bps	-300bps

Revenue increased 36.1% to £76.5m. Adjusting for the acquisition of Contego in April 2013, LFL growth was 7.5%.

The increase in Packaging (+5%) was led by growth in the tobacco sector, particularly in Asia, and was supported by successful new product launches (such as HoloSense added-value labels) and promotional solutions in the wrapped food category.

Growth in Security (+10%) was driven by card solutions, with continued sales from the Blue Badge contract in the UK augmented by the distribution of personal ID products and other transport-related card renewal activity.

The Speciality Tapes business of Duraco performed well, with growth at all global locations and a strong contribution from the expanding Express footprint in North America. From a product perspective, the Finger Lift and Foam Tape ranges continued to drive growth, boosted by more recently launched products such as Hook and Loop and Duraco Red tape.

Operating profit increased 16.4% to £13.5m, with the margin down -300bps to 17.6%: on a LFL basis, the margin reduced -90bps. Ongoing cost savings initiatives, combined with a continued focus on efficiency improvements, were more than offset by the initial dilutive impact of the acquisition of Contego and additional infrastructure investment.

On 19 March 2013, the division announced the acquisition of Contego Healthcare Limited, a leading pan-European specialist business providing a range of innovative print, packaging and support services to the pharmaceutical and healthcare markets. The consideration of £156.6m was funded in part by a placing of 21,142,613 new ordinary shares, representing 9.99% of the issued ordinary share capital of the Company prior to the placing. The acquisition of Contego completed on 30 April 2013, and the integration to date is in line with expectations.

Filter Products

	HY 2013 £m	% growth Actual FX	% growth Constant FX
Revenue	129.5	+19.8%	+18.3%
Operating profit	18.0	+37.4%	+36.4%
Operating margin	13.9%	+180bps	+180bps

Revenue increased 18.3% to £129.5m. Underlying volumes were ahead of the prior year period, notably in Asia with the region accounting for 63% of volumes in HY 2013 (HY 2012: 58%).

During the period, a number of new product launches and development initiatives were successfully implemented. Further proprietary innovations were introduced, including distinctive shaped variants offering high visual brand differentiation, as well as filters aimed at reducing overall cost for manufacturers without comprising on taste or brand quality. Joint development activity further increased, and the division filed three new patent and trademark applications to help support its future innovation capabilities.

Following the investment in the Scientific Services (“FSS”) laboratory in Jarrow, UK in 2012, it is now fully accredited to provide the testing methods proposed by the US Food and Drug Administration, as well as cigarette ignition propensity. In addition, the laboratory has secured a three-year Government contract for testing all brands in the UK market.

Operating profit grew 36.4% to £18.0m, for a 180bps improvement in the margin. Ongoing investment in new flexible, high-speed machinery to improve productivity, combined with successful internal cost and quality enhancement initiatives, more than offset higher raw material and other input costs.

On 21 February 2013, the division announced the formation of a joint venture with BBM Bommidala Group in the United Arab Emirates to manufacture filters. The joint venture, in which Essentra will be the majority shareholder, is on track to be fully operational during Q3 2013.

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Other

	HY 2013 £m	% growth Actual FX	% growth Constant FX
Revenue	12.2	+3.4%	0.0%
Operating profit	0.9	0.0%	0.0%
Operating margin	7.4%	-20bps	+0bps

Revenue at Enitor was broadly unchanged at £12.2m, with new business wins offset by continued weakness in northern European end-markets. Operating profit of £0.9m was consistent with the prior year period, with cost savings initiatives offset by continued investment in future 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 Essentra in HY 2013 were:

	Average		Closing	
	HY 2013	HY 2012	HY 2013	HY 2012
US$:£	1.55	1.58	1.52	1.57
€:£	1.18	1.22	1.17	1.24

Re-translating at HY 2013 average exchange rates increases the prior year revenue and adjusted operating profit by £5.1m and £1.2m respectively.

Net finance expense. Net finance expense was £4.9m, a £0.7m decrease versus HY 2012, which is broken down as follows:

£m	HY 2013	HY 2012
Net interest charged on net debt	4.5	4.4
Amortisation of bank fees	0.5	0.7
IAS 19 pension finance (credit) / charge	(0.1)	0.5
Total net interest expense	**4.9**	**5.6**

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 27.4% (HY 2012: 29.4%).

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 2013	HY 2012
Inventories	87.1	80.9
Trade & other receivables	151.7	104.8
Trade & other payables	(130.1)	(111.7)
Adjustments	4.1	5.8
Net working capital	**112.8**	**79.8**

The net working capital / revenue ratio was 15.4% (HY 2012: 13.7%, at constant FX).

Cash flow. Operating cash flow decreased 16.7% to £29.9m. Free cash flow of £11.8m was £6.0m lower than HY 2012 (-33.7%).

£m	HY 2013	HY 2012
Operating profit – adjusted	**65.2**	**53.7**
Depreciation	12.4	11.1
Share option expense / other movements	2.7	1.9
Change in working capital	(24.6)	(8.7)
Net capital expenditure	(25.8)	(22.1)
Operating cash flow – adjusted	**29.9**	**35.9**
Tax	(10.7)	(10.2)
Net interest paid	(4.5)	(4.5)
Pension obligations	(2.9)	(3.4)
Free cash flow - adjusted	**11.8**	**17.8**

Net debt. Net debt at the end of the period was £212.2m, a £48.7m increase from 1 January 2013, primarily due to the impact of acquisitions and higher dividend payments.

£m	HY 2013
Net debt as at 1 January 2013	163.5
Free cash flow	(11.8)
Dividends	20.0
Acquisitions	167.1
Issue of shares	(141.7)
Foreign exchange	7.6
Other	7.5
Net debt as at 30 June 2013	**212.2**

The Company's financial ratios remain strong. The ratio of net debt to EBITDA as at 30 June 2013 was 1.5x (31 December 2012: 1.3x) and interest cover was 12.3x (31 December 2012: 11.0x).

Pensions. As at 30 June 2013, the Company's IAS 19 pension asset was £9.0m (HY 2012: liability of £22.7m) and the associated deferred tax asset was £2.5m (HY 2012: £7.2m). The pension asset has been calculated after updating the asset values and certain assumptions as at 30 June 2013.

Dividends. The Board of Directors has approved an interim dividend of 4.8 pence per 25 pence ordinary share (HY 2012: 3.9 pence), an increase of 23%. The interim dividend will be paid on 28 October 2013 to equity holders on the share register on 27 September 2013: the ex-dividend date will be 25 September 2013. Essentra operates a Dividend Re-Investment Programme ("DRIP"), details of which are available from the Company's Registrars, Computershare Investor Services PLC.

Board changes. On 27 June 2013, the Company announced the appointment of Lorraine Trainer and Peter Hill, CBE, as Non-Executive Directors of the Company with effect from 1 July 2013.

The Board noted with regret the passing of Lars Emilson in June 2013. Lars resigned as a Non-Executive Director on 5 February 2013 on health grounds, having served on the Board since 2007. He was a valued colleague who made a significant contribution to the development and success of the Company, and will be sadly missed by all who worked with him.

Treasury policy and controls. Essentra 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 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 dealing is restricted to those banks with the relevant combination of geographical presence and suitable credit rating. Essentra monitors the credit ratings of its counterparties and credit exposure to each counterparty.

Foreign exchange risk. The majority of Essentra'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 2013, Essentra's US dollar-denominated assets were approximately 45% hedged by its US dollar-denominated borrowings, while its euro-denominated assets were approximately 83% 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 Essentra'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 Essentra 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 Essentra are summarised below and are set out in full, together with the associated risk management response, on pages 38-41 of the Company's 2012 Annual Report.

Disruption to operational sites / loss of critical assets

A catastrophic loss of the use of all or a portion of any of Essentra's manufacturing or distribution facilities could adversely affect the Company's ability to meet the demands of its customers.

Competitive pressures

Essentra 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 Essentra's businesses, particularly filter products and tear tape, the customer base is relatively concentrated, while the recent acquisition of Contego has increased the Company's exposure to the pharmaceutical and healthcare end-markets. 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 Essentra'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 Essentra's future success is the ability to develop new and innovative products and services.

Relationship with the tobacco industry

A significant part of Essentra's business relates to the supply of filter products and tear tape to manufacturers in the tobacco industry, and trends in this end-market may impact the Company's future performance.

Loss of key executives and certain employees

Essentra'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.

2013 Outlook

Essentra is well-positioned to deliver further balanced growth in 2013 and is on track to achieve 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

Essentra'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.essentra.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.essentra.com/webcasts.aspx. The audiocast can also be accessed using the following details.

Dial-in number:	+44 (0)20 3427 1903 (UK / international participants) +1 646 254 3361 (US participants)
Toll-free number:	0800 279 5004 (UK participants) +1 877 280 1254 (US participants)
PIN code:	5559706

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 3427 0598 (UK / international participants) +1 347 366 9565 (US participants)
Toll-free number:	0800 358 7735 (UK participants) +1 866 932 5017 (US participants)
Replay access code:	5559706
Replay available:	For 7 days

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 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 of developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

Notes to Editors

Essentra plc is a FTSE 250 company and a leading international supplier of speciality plastic, fibre, foam and packaging products. Through its four principal operating divisions, Essentra 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

The Components business 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.

Packaging & Securing Solutions

A leading global provider of packaging and securing solutions to a diversified blue-chip customer base. With a focus on delivering value adding innovation, quality and service to customers through a range of cartons, tapes, leaflets, foils and labels for the consumer and specialist packaging, point of sale and paper & 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 eight 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, Essentra's global network extends to 29 countries and includes c. 5,000 employees, 42 principal manufacturing facilities, 64 sales & distribution operations and 5 research & development centres. For further information, please visit www.essentra.com.

Condensed consolidated income statement

	Note	**Six months ended 30 Jun 2013 £m**	Six months ended 30 Jun 2012 (Restated) £m	Year ended 31 Dec 2012 (Restated) £m
Revenue	2	**384.6**	324.8	663.4
Operating profit before intangible amortisation and exceptional operating items		**65.2**	53.7	104.5
Intangible amortisation		**(5.6)**	(3.7)	(8.3)
Exceptional operating items	2	**(9.3)**	(4.6)	(10.6)
Operating profit	2	**50.3**	45.4	85.6
Finance income		**4.9**	4.7	9.6
Finance expense		**(9.8)**	(10.3)	(20.3)
Profit before tax		**45.4**	39.8	74.9
Income tax expense		**(13.8)**	(12.1)	(22.8)
Profit for the period		**31.6**	27.7	52.1
Attributable to:				
Equity holders of Essentra plc		**31.1**	27.0	50.8
Non-controlling interests		**0.5**	0.7	1.3
Profit for the period		**31.6**	27.7	52.1
Earnings per share attributable to equity holders of Essentra plc:				
Basic	3	**13.9p**	13.0p	24.3p
Diluted	3	**13.5p**	12.6p	23.5p

Condensed consolidated statement of comprehensive income

	Six months ended 30 Jun 2013 £m	Six months ended 30 Jun 2012 (Restated) £m	Year ended 31 Dec 2012 (Restated) £m
Profit for the period	**31.6**	27.7	52.1
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	**13.9**	(6.4)	6.1
Deferred tax (expense)/credit on remeasurement of defined benefit pension schemes	**(3.9)**	1.7	(1.2)
	10.0	(4.7)	4.9
Items that may be reclassified subsequently to profit or loss:			
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	**0.1**	(0.7)	(1.1)
Effective portion of changes in fair value of cash flow hedges	**(0.3)**	0.6	(0.1)
Foreign exchange translation differences:			
Attributable to equity holders of Essentra plc:			
Arising on translation of foreign operations	**20.2**	(6.2)	(15.7)
Arising on effective net investment hedges	**(9.9)**	3.3	6.4
Income tax expense on effective net investment hedges	**2.3**	(0.8)	(1.6)
Attributable to non-controlling interests	**-**	(0.2)	(0.2)
	12.4	(4.0)	(12.3)
Other comprehensive income for the period, net of tax	**22.4**	(8.7)	(7.4)
Total comprehensive income for the period	**54.0**	19.0	44.7
Attributable to:			
Equity holders of Essentra plc	**53.5**	18.5	43.6
Non-controlling interests	**0.5**	0.5	1.1
	54.0	19.0	44.7

Condensed consolidated balance sheet

	Note	**30 Jun 2013 £m**	30 Jun 2012 (Restated) £m	31 Dec 2012 (Restated) £m
Assets				
Property, plant and equipment	4	**225.0**	174.5	180.3
Intangible assets		**376.9**	216.3	206.3
Deferred tax assets		**7.5**	11.4	11.5
Retirement benefit assets	5	**29.5**	-	14.1
Total non-current assets		**638.9**	402.2	412.2
Inventories		**87.1**	80.9	76.7
Income tax receivable		**1.4**	5.8	2.2
Trade and other receivables		**151.7**	104.8	94.5
Derivative assets		**0.3**	1.3	0.3
Cash and cash equivalents	6	**46.4**	50.5	41.4
Total current assets		**286.9**	243.3	215.1
Total assets		**925.8**	645.5	627.3
Equity				
Issued capital		**60.1**	54.8	54.8
Merger relief reserve	7	**136.4**	-	-
Capital redemption reserve		**0.1**	0.1	0.1
Other reserve		**(132.8)**	(132.8)	(132.8)
Cash flow hedging reserve		**(0.3)**	1.0	(0.1)
Translation reserve		**17.2**	11.8	4.6
Retained earnings		**337.0**	284.5	311.8
Attributable to equity holders of Essentra plc		**417.7**	219.4	238.4
Non-controlling interests		**5.7**	5.0	5.3
Total equity		**423.4**	224.4	243.7
Liabilities				
Interest bearing loans and borrowings	6	**254.8**	233.1	204.9
Retirement benefit obligations	5	**20.5**	22.7	18.0
Provisions		**2.9**	2.1	2.8
Deferred tax liabilities		**50.0**	22.5	26.7
Total non-current liabilities		**328.2**	280.4	252.4
Interest bearing loans and borrowings	6	**3.8**	0.1	-
Derivative liabilities		**0.8**	-	0.2
Income tax payable		**20.2**	18.5	12.6
Trade and other payables		**130.1**	111.7	100.9
Provisions		**19.3**	10.4	17.5
Total current liabilities		**174.2**	140.7	131.2
Total liabilities		**502.4**	421.1	383.6
Total equity and liabilities		**925.8**	645.5	627.3

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Condensed consolidated statement of changes in equity

Six months ended 30 June 2013

	Issued capital £m	**Merger relief reserve £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 2013 – As previously reported	**54.8**	**-**	**0.1**	**(132.8)**	**(0.1)**	**4.6**	**308.4**	**5.3**	**240.3**
Impact of changes in accounting policies (note 1)							3.4		**3.4**
At 1 January 2013 – Restated	**54.8**	**-**	**0.1**	**(132.8)**	**(0.1)**	**4.6**	**311.8**	**5.3**	**243.7**
Profit for the period							31.1	0.5	**31.6**
Other comprehensive income					(0.2)	12.6	10.0	-	**22.4**
Total comprehensive income for the period	-	-	-	-	(0.2)	12.6	41.1	0.5	**54.0**
Issue of shares	5.3	136.4							**141.7**
Issue of shares to non-controlling interests								0.7	**0.7**
Purchase of employee trust shares							(3.5)		**(3.5)**
Shares options exercised							3.8		**3.8**
Share option expense							2.2		**2.2**
Tax relating to share-based incentives							1.6		**1.6**
Dividends paid							(20.0)	(0.8)	**(20.8)**
At 30 June 2013	**60.1**	**136.4**	**0.1**	**(132.8)**	**(0.3)**	**17.2**	**337.0**	**5.7**	**423.4**

Six months ended 30 June 2012 (Restated)

	Issued capital £m	Merger relief reserve £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 – As previously reported	54.8	-	0.1	(132.8)	1.1	15.5	268.3	6.4	213.4
Impact of changes in accounting policies (note 1)							3.4		3.4
At 1 January 2012 – Restated	54.8	-	0.1	(132.8)	1.1	15.5	271.7	6.4	216.8
Profit for the period							27.0	0.7	27.7
Other comprehensive income					(0.1)	(3.7)	(4.7)	(0.2)	(8.7)
Total comprehensive income for the period	-	-	-	-	(0.1)	(3.7)	22.3	0.5	19.0
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	284.5	5.0	224.4

Condensed consolidated statement of changes in equity *(continued)*

Year ended 31 December 2012 (Restated)

	Issued capital £m	Merger relief reserve £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 – As previously reported	54.8	-	0.1	(132.8)	1.1	15.5	268.3	6.4	213.4
Impact of changes in accounting policies (note 1)							3.4		3.4
At 1 January 2012 – Restated	54.8	-	0.1	(132.8)	1.1	15.5	271.7	6.4	216.8
Profit for the period							50.8	1.3	52.1
Other comprehensive income					(1.2)	(10.9)	4.9	(0.2)	(7.4)
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)
Shares 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	311.8	5.3	243.7

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Condensed consolidated statement of cash flows

	Note	**Six months ended 30 Jun 2013 £m**	Six months ended 30 Jun 2012 (Restated) £m	Year ended 31 Dec 2012 (Restated) £m
Operating activities				
Profit for the period from continuing operations		**31.6**	27.7	52.1
Adjustments for:				
Income tax expense		**13.8**	12.1	22.8
Net finance expense		**4.9**	5.6	10.7
Intangible amortisation		**5.6**	3.7	8.3
Exceptional operating items		**9.3**	4.6	10.6
Depreciation		**12.4**	11.1	22.6
Share option expense		**2.2**	1.8	4.0
Other movements		**1.9**	0.1	(1.6)
Increase in inventories		**(0.9)**	(11.9)	(9.2)
Increase in trade and other receivables		**(28.9)**	(16.1)	(10.4)
Increase in trade and other payables		**5.2**	19.3	11.8
Cash outflow in respect of exceptional operating items		**(4.3)**	(5.2)	(7.5)
Additional pension contributions		**(2.9)**	(3.4)	(7.6)
Provisions (utilised)/created in the period		**(4.2)**	(1.2)	-
Cash inflow from operating activities		**45.7**	48.2	106.6
Income tax paid		**(10.7)**	(10.2)	(17.6)
Net cash inflow from operating activities		**35.0**	38.0	89.0
Investing activities				
Interest received		**0.2**	0.1	0.3
Acquisition of property, plant and equipment		**(26.2)**	(22.2)	(43.8)
Proceeds from sale of property, plant and equipment		**0.4**	0.1	0.6
Acquisition of businesses net of cash acquired		**(153.1)**	(35.5)	(36.0)
(Costs of)/proceeds from sale of businesses		**-**	(0.4)	3.1
Income tax paid on sale of businesses		**-**	-	(0.2)
Net cash outflow from investing activities		**(178.7)**	(57.9)	(76.0)
Financing activities				
Interest paid		**(4.7)**	(4.6)	(9.2)
Dividends paid to equity holders		**(20.0)**	(15.0)	(23.2)
Dividends paid to non-controlling interests		**(0.8)**	(0.9)	(1.2)
Acquisition of non-controlling interests		**-**	(1.9)	(1.9)
Proceeds from equity issue		**141.7**	-	-
Proceeds from issue of shares to non-controlling interests		**0.7**	-	-
Repayments of short-term loans		**(2.0)**	(3.3)	(3.3)
Proceeds from short-term loans		**-**	-	-
Repayments of long-term loans		**-**	-	-
Proceeds from long-term loans		**31.1**	58.3	32.9
Purchase of employee trust shares		**(3.5)**	-	(6.1)
Proceeds from sale of employee trust shares		**3.8**	2.8	5.7
Net cash inflow/(outflow) from financing activities		**146.3**	35.4	(6.3)
Net increase in cash and cash equivalents		**2.6**	15.5	6.7
Net cash and cash equivalents at the beginning of the period		**41.4**	35.8	35.8
Net increase in cash and cash equivalents		**2.6**	15.5	6.7
Net effect of currency translation on cash and cash equivalents		**2.4**	(0.8)	(1.1)
Net cash and cash equivalents at the end of the period	6	**46.4**	50.5	41.4

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Notes

1. Basis of preparation

The condensed set of financial statements has been prepared in accordance with the accounting policies set out in the 2012 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 Conduct 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 2013. If in the 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.

In the view of the Directors, the Group has adequate resources to continue its activities for the foreseeable future and, therefore 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 2012 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 'Essentra' or 'the Group' means Essentra plc ('the Company', formerly Filtrona plc) and its subsidiaries.

The Group operates in industries where there are no significant seasonal or cyclical variations in revenue. All results in the current period were attributable to continuing operations.

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, taking into account the weighted average rate for each jurisdiction.

The cash flow statements for the comparative periods have been re-presented to include cash flows relating to the purchase of employee trust shares within financing activities.

Changes in accounting policy
In the current financial year, Essentra adopted the amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*, IAS 19 (revised 2011) *Employee Benefits* and IFRS 13 *Fair Value Measurements*. Otherwise, the accounting policies and presentation in the condensed set of financial statements are consistent with those in Essentra's latest annual audited financial statements.

The amendments to IAS 1 requires items of other comprehensive income to be grouped by those items that are or may be reclassified subsequently to profit or loss and those that will not, together with the associated income tax. The amendments have been applied retrospectively. The effect is evident from the condensed consolidated statement of comprehensive income.

IAS 19 (revised 2011) and the related consequential amendments have impacted the Group's accounting for defined benefit schemes, by replacing the interest cost and expected return on plan assets with a net interest charge on the net defined benefit asset/liability. For the year ended 31 December 2012, the restated profit is £1.4m lower (including associated tax impact of £0.6m) and other comprehensive income £1.4m higher than previously reported. For the six months ended 30 June 2012, the restated profit is £0.7m lower (including associated tax impact of £0.3m) and other comprehensive income £0.7m higher than previously reported. In addition, IAS 19 (revised 2011) requires the costs of administering the schemes to be recognised when the administration services are provided, with costs relating to the management of plan assets deducted from the return on plan assets. As a result, the defined benefit obligation as at 1 January 2013 decreased by £4.4m to remove the impact of actuarial assumption for administration costs, with an associated decrease in the deferred tax liability of £1.0m.

The adoption of IFRS 13 did not have any impact on the measurement of fair value of assets and liabilities. The new disclosures introduced by IFRS 13 are set out in note 10.

2. Segment analysis

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

Component & Protection Solutions consists of a Component Distribution business and a Pipe Protection Technologies business. Component Distribution is a global market leading manufacturer and distributor of plastic injection moulded, vinyl dip moulded, and metal items. The Pipe Protection Technologies business specialises in the manufacture of high performance innovative products from commodity resins to engineering-grade thermoplastics and polymer alloys.

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.

Packaging & Securing Solutions is a global market leading provider of packaging and securing solutions through a range of cartons, tapes, leaflets, foils and labels for the consumer and specialist packaging, point of sale and paper & board industries. The division is also a leading supplier of authentication technologies and identity solutions.

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.

On 1 January 2013, Essentra implemented a new organisational structure for its previous Protection & Finishing Products division. From 1 January 2013, the Component Distribution businesses, together with MSI Pipe Protection Technologies, have been reported together as the renamed "Component & Protection Solutions division". The Speciality Tapes activities of Duraco now form part of the Packaging & Securing Solutions division. The results for the period ended 30 June 2012 and the year ended 31 December 2012 have been restated to reflect this change.

			Revenue			**Operating profit**
	Six months ended 30 Jun 2013 £m	Six months ended 30 Jun 2012 (Restated) £m	Year ended 31 Dec 2012 (Restated) £m	**Six months ended 30 Jun 2013 £m**	Six months ended 30 Jun 2012 (Restated) £m	Year ended 31 Dec 2012 (Restated) £m
Component & Protection Solutions	**115.6**	109.9	208.4	**28.5**	24.7	46.0
Porous Technologies	**51.9**	40.7	85.8	**13.0**	10.5	20.7
Packaging & Securing Solutions	**76.5**	55.9	114.9	**13.5**	11.5	22.0
Filter Products	**129.5**	108.1	233.6	**18.0**	13.1	28.9
Other	**12.2**	11.8	23.4	**0.9**	0.9	1.6
Central Services [1]	**-**	-	-	**(8.7)**	(7.0)	(14.7)
Elimination of intersegment [2]	**(1.1)**	(1.6)	(2.7)	**-**	-	-
	384.6	324.8	663.4	**65.2**	53.7	104.5
Intangible amortisation				**(5.6)**	(3.7)	(8.3)
Exceptional operating items				**(9.3)**	(4.6)	(10.6)
Total	**384.6**	324.8	663.4	**50.3**	45.4	85.6
Adjusted operating margin [3]				**17.0%**	16.5%	15.8%

[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
[2] Intersegment revenue is all attributable to Porous Technologies
[3] Adjusted operating margin is defined as operating profit before intangible amortisation and exceptional operating items divided by revenue

2. Segment analysis *(continued)*

Exceptional operating items

	Six months ended 30 Jun 2013 £m	Six months ended 30 Jun 2012 £m	Year ended 31 Dec 2012 £m
Acquisition fees[1]	**2.8**	1.2	1.2
Acquisition integration and restructuring costs[2]	**4.1**	3.4	8.8
Other[3]	**2.4**	-	0.6
	9.3	4.6	10.6

1 Acquisition-related costs incurred during the period in respect of the acquisitions of Ulinco and Contego (period ended 30 June 2012 and year ended 31 December 2012: acquisitions of Securit, Jae Yong and Lymtech)

2 Acquisition integration and restructuring costs incurred during the period in respect of Contego and Ulinco (period ended 30 June 2012: Richco and Securit; year ended 31 December 2012: Richco, Securit, Jae Yong and Lymtech)

3 Other exceptional items incurred during the period, which comprise £2.4m relating to costs incurred in relation to rebranding of the Group to Essentra (the amount in year ended 31 December 2012 comprised a release of pension obligations in Enitor (£1.7m) and costs arising from further reconfiguration of the Group)

3. Earnings per share

	Six months ended 30 Jun 2013 £m	Six months ended 30 Jun 2012 (Restated) £m	Year ended 31 Dec 2012 (Restated) £m
Continuing operations			
Earnings attributable to equity holders of Essentra plc	**31.1**	27.0	50.8
Adjustments			
Intangible amortisation	**5.6**	3.7	8.3
Exceptional operating items	**9.3**	4.6	10.6
	14.9	8.3	18.9
Tax relief on adjustments	**(2.7)**	(2.1)	(4.8)
Adjusted earnings	**43.3**	33.2	64.9
Basic weighted average ordinary shares in issue (million)	**223.1**	208.1	209.0
Dilutive effect of employee share option plans (million)	**6.8**	7.0	7.1
Diluted weighted average ordinary shares (million)	**229.9**	215.1	216.1
Continuing operations			
Basic earnings per share	**13.9p**	13.0p	24.3p
Adjustment	**5.5p**	3.0p	6.8p
Adjusted earnings per share	**19.4p**	16.0p	31.1p
Diluted earnings per share	**13.5p**	12.6p	23.5p
Diluted adjusted earnings per share	**18.8p**	15.4p	30.0p

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

4. Property, plant and equipment

During the period Essentra's operations spent £23.7m (six months ended 30 Jun 2012: £22.2m; year ended 31 Dec 2012: £40.1m) 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 £0.3m (six months ended 30 Jun 2012: £0.1m; year ended 31 Dec 2012: £0.7m) were disposed of for proceeds of £0.4m (six months ended 30 Jun 2012: £0.1m; year ended 31 Dec 2012: £0.6m).

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5. Retirement benefit obligations

Movement in fair value of net assets/(liabilities) during the period

	30 Jun 2013 £m	30 Jun 2012 (Restated) £m	31 Dec 2012 (Restated) £m
Movements			
Beginning of period	**(3.9)**	(19.6)	(19.6)
Service cost	**(1.3)**	(1.4)	(2.3)
Employer contributions	**4.2**	4.8	9.9
Return on plan assets excluding amounts in net finance income	**4.4**	2.1	7.4
Actuarial gain/(loss) arising from changes in financial assumptions	**9.5**	(8.5)	(1.3)
Net finance income	**0.1**	(0.5)	(0.9)
Settlements	**-**	-	1.7
Other	**(2.7)**	-	-
Currency translation	**(1.3)**	0.4	1.2
End of period	**9.0**	(22.7)	(3.9)

The principal defined benefit schemes were reviewed by independent qualified actuaries as at 30 June 2013. 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 as follows:

Europe

	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m
Rate of increase in salaries (pre-2010) [1]	**3.00%**	3.30%	3.00%
Rate of increase in salaries (post-2010) [1]	**3.00%**	3.00%	3.00%
Rate of increase in pensions (pre-2010) [1]	**3.30%**	3.00%	3.20%
Rate of increase in pensions (post-2010) [1]	**2.00%**	1.90%	2.00%
Discount rate	**4.80%**	4.40%	4.50%
Inflation rate	**3.00%**	2.30%	2.50%

US

	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m
Rate of increase in salaries	**3.00%**	3.00%	3.00%
Rate of increase in pensions	**n/a**	n/a	n/a
Discount rate	**4.80%**	4.30%	4.60%
Inflation rate	**n/a**	n/a	n/a

[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%

6. Analysis of net debt

	30 Jun 2013 £m	30 Jun 2012 £m	31 Dec 2012 £m
Cash at bank and in hand	**45.4**	42.8	40.2
Short-term deposits repayable on demand	**1.0**	7.7	1.2
Cash and cash equivalents	**46.4**	50.5	41.4
Debt due within one year	**(3.8)**	(0.1)	-
Debt due after one year	**(254.8)**	(233.1)	(204.9)
Net debt	**(212.2)**	(182.7)	(163.5)

At 30 June 2013 the Group's facilities primarily comprised US$160m US Private Placement Loan Notes and revolving credit facilities of £165.6m and €187.7m.

7. Acquisitions

2013 acquisitions: Ulinco

On 20 February 2013, Essentra 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 is reported under the Component & Protection Solutions division. The acquisition of Ulinco Components expanded the product range and customer base of the Component Distribution businesses and extended the division's geographical presence in the Nordic region.

On acquisition the assets and liabilities of the business acquired were adjusted to reflect their fair values to Essentra. 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. The impact on Group revenue and operating profit if the acquisition had been completed on 1 January 2013 is currently being assessed.

Ulinco Components contributed £1.4m to revenue and £0.2m to operating profit before intangible amortisation in the period from acquisition to 30 June 2013. Related acquisition expenses of £0.3m were recognised in the income statement in exceptional operating items.

A summary of the acquisition of Ulinco Components is detailed below:

	Fair value of assets/(liabilities) acquired £m
Property, plant and equipment	-
Inventories	0.4
Receivables	0.4
Cash and cash equivalents	0.2
Deferred tax	(1.2)
Payables	(0.5)
Provisions	(0.1)
	(0.8)
Customer relationships	5.3
Goodwill	3.0
Consideration	7.5
Satisfied by:	
Initial cash consideration	6.7
Deferred contingent consideration	0.8
Cash consideration	6.7
Cash and cash equivalents acquired	(0.2)
Net cash flow in respect of the acquisitions	**6.5**

The deferred contingent consideration of £0.8m becomes payable between 1 and 2 years after completion subject to the achievement of certain performance conditions.

Property, plant and equipment, inventories, receivables and payables were all reassessed to their fair value. The fair value of receivables represents the gross contractual amounts receivable.

Goodwill represents the expected operating synergies and financial synergies, and the value of an assembled workforce. Goodwill is not deductible for tax purposes. 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.

2013 acquisitions: Contego

On 30 April 2013, Essentra acquired 100% of the share capital of Contego Healthcare Limited ("Contego") from Maximus Holding II. S.Á.R.L. and Storey Evans & Company Limited. Contego is a pan-European specialist business, providing a range of innovative print, packaging and support services to the pharmaceutical and healthcare markets from operational sites across Europe. Contego's product portfolio is complementary to Essentra's existing packaging solutions capabilities in the pharmaceutical and healthcare markets of labels, tear tape and authentication technologies. As such, the acquisition enhances the range and innovation offered to existing Contego and Essentra customers, and provides access to potential new customers through leveraging skills in the combined Group. The acquisition of Contego also provides opportunities for further development in both Porous Technologies and in speciality tapes through an expanded and more focused category-based commercial approach.

7. Acquisitions *(continued)*

On acquisition the assets and liabilities of the business acquired were adjusted to reflect their fair values to Essentra. 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. The impact on Group revenue and operating profit if the acquisition had been completed on 1 January 2013 is currently being assessed.

Contego contributed £16.1m to revenue and £1.7m to operating profit before intangible amortisation in the period from acquisition to 30 June 2013. Related acquisition expenses of £2.5m were recognised in the income statement in exceptional operating items.

A summary of the acquisition of Contego is detailed below:

	Fair value of assets/(liabilities) acquired £m
Property, plant and equipment	24.2
Inventories	6.0
Receivables	24.6
Cash and cash equivalents	10.7
Deferred tax	(22.1)
Loans and borrowings	(14.0)
Payables	(19.8)
Provisions	(6.0)
Retirement benefit obligations	(1.1)
	2.5
Customer relationships	80.8
Other intangible assets	0.1
Goodwill	73.2
Consideration	156.6
Satisfied by:	
Initial cash consideration	156.6
Cash consideration	156.6
Cash and cash equivalents acquired	(10.7)
Net cash flow in respect of the acquisitions	**145.9**

Property, plant and equipment, inventories, receivables and payables were all reassessed to their fair value. The fair value of trade receivables acquired is stated net of impairment losses of £0.9m.

Goodwill represents the expected operating synergies and financial synergies, and the value of an assembled workforce. Goodwill is not deductible for tax purposes. 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.

In order to fund the consideration, Essentra issued a total of 21,142,613 new ordinary shares of 25p each at a price of 675p per share, raising gross proceeds of £142.7m. Issue costs of £1.0m were incurred. The excess of the net proceeds over the nominal value of shares issued is recorded in a merger relief reserve in accordance with Section 612 of the Companies Act 2006.

Relevant previous acquisitions
During 2013, Essentra reassessed the fair value adjustments made in respect of Securit, Lymtech and Jae Yong, which were acquired in 2012, and made changes to certain accruals and adjustments to the fair value of receivables and inventories. These adjustments were insignificant individually and in aggregate, and had no overall impact on goodwill recognised in respect of these acquisitions. In addition, deferred tax in relation to Lymtech was increased by £1.8m, resulting in an increase in goodwill by the same amount.

ESSENTRA

8. Dividends

	Per share			Total		
	Six months ended 30 Jun 2013 p	Six months ended 30 Jun 2012 p	Year ended 31 Dec 2012 p	**Six months ended 30 Jun 2013 £m**	Six months ended 30 Jun 2012 £m	Year ended 31 Dec 2012 £m
2012 interim: paid 26 October 2012		3.9	3.9		8.2	8.2
2012 final: paid 30 April 2013			8.6			20.0
2013 interim: payable 28 October 2013	**4.8**			**11.2**		
	4.8	3.9	12.5	**11.2**	8.2	28.2

The interim dividend for 2013 of 4.8p per 25p ordinary share will be paid on 28 October 2013 to equity holders on the share register on 27 September 2013.

9. Related party transactions

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

Subsequent events
On 3 July 2013, Essentra acquired a further 14.545% of the share capital of Filthai Company Limited ("Filthai") from the minority shareholders for a cash consideration of £1.9m.

10. Financial instruments

Essentra held the following financial instruments at fair value at 30 June 2013. The only financial instrument with fair value determined by reference to significant unobservable inputs, which is classified as level 3 in the fair value hierarchy, is the deferred contingent consideration of £0.8m relating to the acquisition of Ulinco Components (2012: deferred contingent consideration of £1.2m relating to the acquisition of Reid Supply Company). The other financial instruments included in the table below are determined to be level 2 in the fair value hierarchy. There have been no transfers between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

	30 Jun 2013 £m	31 Dec 2012 £m
Financial assets		
Derivatives	**0.3**	0.3
Financial liabilities		
Derivatives	**(0.8)**	(0.2)
Deferred contingent consideration	**(0.8)**	(1.2)
Total	**(1.3)**	(1.1)

The fair values of the derivatives have been calculated based on period end forward exchange rates compared to contracted rates.

The carrying amount and fair value of the US Private Placement Loan Notes are £104.3m (31 December 2012: £97.1m) and £116.6m (31 December 2012: £111.7m) respectively. The carrying amount of the other financial instruments is a reasonable approximation of their fair value.

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

Matthew Gregory
Group Finance Director

31 July 2013

Independent review report to Essentra 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 2013 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 Conduct Authority ("the UK FCA"). 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 FCA.

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 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Mike Barradell
for and on behalf of KPMG Audit Plc
Chartered Accountants
31 July 2013

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